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### **Social Policy in Developing Countries**

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The Oxford Handbook of Historical Institutionalism

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### **Abstract and Keywords**

This chapter reviews the growing body of scholarly literature on welfare regimes in developing countries. Many studies in this research program explicitly or implicitly draw on the approaches and methods of historical institutionalism. However, the authors argue that a true appreciation of the origins and transformation of welfare regimes in developing countries calls for more extensive and systematic applications of the methods and approaches from the historical institutionalist toolkit and should incorporate greater attention to the role of non-state actors in the welfare mix.

Keywords: welfare regimes, authoritarianism, state-building, non-state welfare provision

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RESEARCH on welfare states in the historical institutionalist tradition has largely centered on the advanced capitalist countries.<sup>1</sup> Alongside this work, a growing body of research focuses on welfare regimes in developing countries, some of which explicitly or implicitly draws on historical institutionalist approaches. As we argue in this chapter, however, a true appreciation of the origins and evolution of welfare regimes in developing countries calls for more extensive and systematic applications of the methods and approaches from the historical institutionalist toolbox to this expanding research program.

In this chapter, we review the findings of the limited, yet growing number of studies on the origins and transformation of social policies in developing countries, and explore their affinities with historical institutionalist approaches. We also emphasize the importance of including non-state welfare in this research agenda, whether in the industrialized or developing worlds. Non-state actors are an important part of all welfare regimes, but arguably are all the more critical in developing countries, where state capacity tends to be more limited than in wealthier, more industrialized countries.

## Historical Institutionalism and the Welfare State Research Program

For decades, the vast majority of social science research on welfare states concentrated on advanced, industrialized countries and historical institutionalism has figured prominently in this work. Can this research program be productively extended to cases in developing regions? Can evidence be derived from developing countries generate new insights that will strengthen a broader research program on welfare regimes?

(p. 240) The predominant assumptions about the origins of welfare states in the scholarly literature are largely derived from the experiences of Organisation for Economic Co-operation and Development (OECD) countries, primarily in Europe or the United States. A precursor to historical institutionalist research on welfare regimes, one strand of scholarly literature emphasizes the role of the societal interests and groups in shaping welfare regimes. In this approach, which is known as the power resources model, social policies originate from labor-based mobilization within the context of class struggle in capitalist, industrialized societies (Korpi 1983). Yet this analytical framework is less appropriate for many less developed countries (LDCs), where industrialization is not as extensive and labor generally is not as powerful in the domestic political arena. Furthermore, many governments in LDCs enacted social policies, even if they were not triggered by labor demands from below.

A second variant of historical institutionalist research on welfare states in industrialized countries builds on some of the core insights of the power resource approach but points to a broader array of social actors and coalitions in explaining variation in social policies in industrialized countries (Esping-Andersen 1990). The presumption that welfare policies emerge through a demand-side dynamic, however, limits the applicability of this approach to the initial emergence of welfare policies in many developing countries, particularly where democracy is less consolidated or virtually absent. As we argue in this chapter, however, the approach is more useful in explaining the dynamics of change (or the limits to change) in such contexts.

Shaped by the power resources approach, a third strand of research stresses the effects of formal political institutions on welfare regimes (Huber and Stephens 2001). Despite its strong logical and empirical foundations, this argument is not as valuable for explaining variation in social policies in many developing countries. In these countries, formal political institutions are frequently not the main locus of policymaking, party politics and constitutions do not always constrain rulers, and political regimes are not democratic.

A fourth line of research in the historical institutionalist research program emphasizes the role of the state and state capacity in shaping welfare regimes (Skocpol 1992; Steinmo 1993). State actors can design and implement decisions autonomously, especially if they have developed a high level of administrative capacity, and can shape the identities, capacities, and goals of social groups that aim to affect state policies. Once in place, social policies form novel constituencies of support, and create strong incentives for politicians to expand or maintain social programs, although retrenchment can occur under some conditions (Hacker 2004, 2005; Mahoney and Thelen 2010; Pierson 1994, 2001; Streeck and Thelen 2005; Thelen 2004). Grounded in small-n, historical analyses, this line of research is at the core of the historical institutionalist research agenda (Thelen 1999).

These diverse perspectives on welfare regimes in industrialized countries share some presumptions about the origins of protective welfare policies. First, many (but not all) regard democracy as a prerequisite for the foundation of extensive social protection regimes, through which the class pressure of labor can be moderated and/or politicians gain (p. 241) the support of the masses. Yet some developing countries (and, of course, industrialized countries) have established and maintained social policies without democratic governance mechanisms in place.<sup>2</sup> Second, historical institutionalist research on welfare regimes tends to emphasize or presume the role of relatively strong and autonomous states in shaping the formulation of social policies, a condition that is often absent, or at least qualified, in developing countries. Third, until recently, most work on the welfare state in developed countries has downplayed the effects of the international setting and globalization on national social policies. For developing countries, these factors cannot be overlooked in analyzing the formulation and transformation of social policies, which are directly influenced by a variety of supranational factors such as the prescriptions of international financial institutions and the ramifications of global competition for labor and protective social policies.

The study of welfare regimes in developing countries is a relatively new frontier for the historical institutionalist research program. In the following sections, we review the current state of literature, focusing on work related to the origins and transformation of welfare regimes.<sup>3</sup> In so doing, we assess the extent to which historical institutionalism has been employed by scholars of welfare in developing countries.

Before proceeding, a quick note on the conceptual underpinnings of welfare policies is in order. Welfare policies are largely defined as public policies through which governments exercise responsibility for the “injury and dependency of their citizens on market exchanges” (Lowi 1986, 113, cited by Rudra 2008, 11). In advanced, industrialized countries relevant social policies generally include (1) social insurance systems that provide protection against dependency in the case of old age, temporary unemployment,

and chronic sickness; (2) non-contributory social assistance mechanisms that provide protection in various cases of poverty; and (3) the provision of social services such as health, education, early childhood care, and elder care. In developing countries, however, the administrative and fiscal capacities of the state are often not sufficiently articulated to sustain an extensive mix of policies. Therefore, states in developing countries often use public sector employment, subsidies for basic foodstuffs and utilities including fuel, and input subsidies in a similar function to social protection.<sup>4</sup> As historical institutionalists would predict, once subsidies are instituted, it is very hard for political leaders to repeal them. Consumer subsidy programs for basic foodstuffs and utilities therefore tend to grow rapidly and become entrenched, especially in volatile economic environments. Thus, subsidies, public sector employment, and other features of welfare regimes in the developing world should be at the core of the expanding research agenda on welfare in the non-OECD countries.

## The Origins of Welfare Regimes in Developing Countries

In the past decade, a number of scholars have proposed classifications of welfare regimes across developing regions and countries (Rudra 2008; Seekings 2008; Wood and Gough (p. 242) 2006; Haggard and Kaufman 2008). In this section, we review how these and other studies explain the origins of welfare regimes in developing countries: How and why have social policies emerged in developing countries? To what extent does historical institutionalism explicitly or implicitly inform these studies?

### Social Coalitions or Authoritarian Strategies?

Reminiscent of Esping-Andersen's (1990) framework, Haggard and Kaufman (2008) emphasize the role of "critical realignments" at key historical moments in shaping welfare regimes across different global regions.<sup>5</sup> The origins of these diverse regional welfare regimes can be traced to the international setting in which countries found themselves in the aftermath of World War II, when new coalitions of domestic groups and political contenders had to form to remain in or secure power. In Eastern Europe and East Asia, political elites did not need to seek as much support from domestic forces because newly installed regimes enjoyed the backing of global powers. As a result, elites in these regions had more leeway to introduce their own political and economic projects without the support of the urban or rural classes. In Latin America, on the other hand, contenders for political power had to rely on the "support of cross-class coalitions that

offered legal status and influence to segments of organized labor and, in some instances, to popularly based parties” (Haggard and Kaufman 2008, 8).

Beyond its emphasis on the geopolitical context, Haggard and Kaufman’s framework of critical realignments is inspired (especially in the case of Latin America) by elements of Esping-Andersen’s argument (1990), which highlights the distinct social foundations of varied welfare state configurations. Accordingly, as political contenders vied for the support of organized labor at a critical historical juncture, limited segments of the urban working class received benefits in the form of social insurance. By highlighting the social and political struggles underlying distinct social policy configurations, Haggard and Kaufman’s explanation is consistent with the spirit of a sociologically grounded historical institutionalist approach.

By contrast, Mares and Carnes (2009) propose an argument based on the strategic actions of autocratic leaders who bargain with political influential components of society. Consistent with a rational choice historical institutionalist approach, they highlight the ways in which leaders can use social policies to secure their power, particularly in non-democratic developing countries. In their model, autocratic leaders maneuver in three distinct political scenarios. First, if the social groups or coalition which initially supported the autocratic leader falls apart or is sidelined, then the leader is likely to become a stationary bandit, who forms a predatory regime to extract economic surpluses and does not invest in social policies to shore up support from specific groups. Second, if these actors (i.e., military, political parties, etc.) are powerful, the dictator seeks to prevent potential coups by providing their leadership with a stream of rents in selected economic sectors, whether through the creation of de facto monopolies or other privileges such as trade tariffs. In this case, welfare regimes are characterized (p. 243) by restrictive social policies with narrow and general benefits for privileged sectors. Finally, if more than one organization pose potential threats, the dictator may adopt a strategy of “organizational multiplication” to diffuse political tensions and avoid further strengthening of organizations. In this case, the autocrat would confer economic rights to broader segments of the population, albeit in a selective, unequal, and piecemeal way. Although the coverage of social policies is broader under this scenario, it entails greater institutional fragmentation and inequality.<sup>6</sup>

## Development Strategies and Production Regimes

A distinct explanation for the emergence of varied welfare regimes in developing countries emphasizes the macroeconomic context within which policies are adopted. Although this type of arguments differs from a historical institutionalist approach, it has implications for the latter research tradition: The policies adopted in response to

macroeconomic circumstances create or consolidate actors which then develop vested interests in particularly welfare regimes. In addition to social coalitions, Haggard and Kaufman's (2008) critical realignments framework incorporates a second channel through which distinct welfare state configurations arise—the choice of development strategy. This explanation builds on the “varieties of capitalism” framework (Hall and Soskice 2001), an influential approach in the historical institutionalist tradition for explaining policy variation in developed country contexts. In this framework, the interlinkages between production regimes and social policies explain differences in welfare systems across developing countries.

As Haggard and Kaufman (2008) argue, an additional by-product of struggles among political contenders in the mid-twentieth century was a reordering of the macro-level approaches to industrialization and development pursued by political elites. These broad developmental strategies are associated with distinct types of production regimes, which reinforce and perpetuate distinct types of social policy regime. For example, with the support of the Western powers, the East Asian countries opted for an export-led production regime in the aftermath of World War II. This externally-oriented development strategy fostered resistance to broad social insurance schemes while incentivizing governments to expand access to primary and secondary education in order to create more globally competitive workforces. In Eastern Europe, where planned industrialization was adopted in the context of communist systems, government provision of social insurance and basic services emerged as part and parcel of the socialization of the economy. In Latin America, the types of cross-class coalitions that emerged during the period of critical realignments were conducive to the adoption of import-substitution industrialization. This type of development strategy prioritized entitlements for the organized urban working classes while reducing the incentives for governments to invest in education.

Other approaches stress the importance of economic endowments in generating distinct developmental regimes, which in turn explain variation in social policy (p. 244) configurations in developing countries. According to Wibbels and Ahlquist (2011), the relative scarcity of factors in different national economies in the postwar closed international economy resulted in the selection of different industrial development strategies. In developing countries, where capital endowments were limited by definition, the relative scarcity of land and labor was pivotal. In labor scarce economies, particularly those with large domestic markets and high levels of inequality in rural land ownership, coalitions between protectionist capital and labor formed, which led to the adoption of inward-focused development strategies, notably import-substituting industrialization (ISI). Through this cross-factoral coalition, labor had the bargaining power to lobby governments to enact its policy preferences for employment guarantees and insurance

policies. Over time, labor's interest in maintaining the policies further strengthened, which then evolved into an insurance-based social policy regime.

Wibbels and Ahlquist (2011) base their empirical claims on cross-national statistical analyses with little if any attention to the context in which political struggles over policy formulation and adoption unfold. As such, their approach differs from the analytical approaches at the core of historical institutionalism, which is better equipped to trace the dynamics of institutional formation and persistence. Furthermore, various conceptual and methodological concerns limit their contributions to studies of the origins and evolution of welfare regimes in developing countries. First, the dependent variable they used in the empirical tests does not capture the diverse tools developing countries use as welfare and social policies. Second, the explanatory variables they use are time variant and are themselves affected by the developmental policies of governments. Furthermore, by their own admission, their simplified conceptualization of politics assumes the near-automatic adoption and implementation of policies, while neglecting the motivations of the political elites or other actors. Their account also cannot explain why capitalists in countries that adopted ISI viewed education and health services as undesirable (Mares and Carnes 2009).

### **State-Building and Welfare Regimes in Developing Regions**

In the research program on welfare regimes in industrialized countries, the historical development of institutions, the state and, especially, state capacity figure prominently. In the growing body of work on welfare in the developing world, however, state effectiveness has received less attention. This undoubtedly stems from the fact that state capacity is generally perceived to be lacking and at the root of development failures (Acemoglu and Robinson 2012; Evans 1995; Kohli 2004; Mahoney 2010). Yet scholarship on the varieties of welfare regimes in the developing world should pay more attention to this critical variable and, more generally, to the effects of state-building on the adoption and implementation of social policies.

(p. 245) In their typology of welfare regimes in developed and developing countries, Wood and Gough (2006) pay special attention to the role of institutional conditions in shaping the welfare mix of that country. The most important of these conditions include the pervasiveness and character of markets, the extent of societal integration, and the legitimacy and capabilities of state institutions. All of these institutional conditions can be seen as institutional subsystems shaped by their own histories. Given its emphasis on state capacity, this framework is in line with a classic historical institutionalist approach to welfare regimes. Unlike most accounts of welfare regimes in either industrialized or developing countries, however, Wood and Gough emphasize the importance of non-state

actors, such as formal and informal community organizations and supranational institutions, in the welfare mixes of developing countries (also see Gough and Therborn 2010; Gough 2014). Using this framework and data from more than 60 developing countries, they identify four clusters of welfare (or “illfare”) regimes in the developing world and order them in a moral hierarchy beginning with “formal security” regimes and descending to “dependent insecurity regimes.”<sup>7</sup>

Research on the Middle East and North Africa, a neglected geographic region in the literature on welfare regimes, also suggests that distinct state-building histories accounts for some variation in social policies in the region (Cammett 2014). Theories linking the origins and variation of social policies to power resources, developmental strategies, or political regime type cannot adequately explain the diversity of welfare regimes across the Middle East. Autocratic leaders in the region introduced social policies with minimal pressure from below: organized labor and other mass-based social groups have been notoriously weak or fragmented, and the predominant post-independence development paradigms called for an interventionist state in promoting social mobility. Yet even countries following the same general development strategies adopted distinct welfare policy configurations in the Middle East.

As a first cut, a historical institutionalist approach attentive to the varied levels of bureaucratic capacity, understood as the product of distinct state-building histories, may explain why some rulers opted for and were able to implement more comprehensive systems of social protection than others. Analyses of welfare regime development in the non-oil economies of the Middle East, including Egypt, Jordan, Lebanon, Morocco, and Tunisia, helps to illustrate this point. These countries share similar resource profiles and significant budget constraints yet have adopted distinct welfare policies and responded to fiscal crises in varied ways. For example, the health systems of these non-oil Middle Eastern countries differ in their levels of government spending on this sector, the burden of out-of-pocket expenses on households, the extent of insurance coverage of the population, and health outcomes. The causes of each of these factors cannot be reduced to a single variable, but collectively they suggest that health systems in some of these countries are more effective at assuring access to medical care and well-being than in others. Despite problems in the quality of care and mounting health disparities, Tunisia and, especially, Jordan stand out for their comparatively well-developed capacities to meet population health needs in comparison with Egypt, Lebanon, and Morocco.

**(p. 246)** What explains the relatively effective Jordanian and Tunisian health sectors in comparison with other Middle Eastern non-oil countries? Whether measured by population or territorial expanse, country size does not provide a satisfying explanation. First, not all small countries have equally comprehensive and effective health infrastructure. The contrast between Lebanon, on the one hand, and Jordan and Tunisia,

on the other hand, illustrates this point. Ethno-religious diversity provides another possible explanation for health system variation in the Middle East. A substantial literature holds that societal divisions have detrimental effects on public goods provision (Alesina, Baqir, and Easterly 1999; Easterly and Levine 1997; Habyarimana et al. 2009; Miguel 2004; Tsai 2007; but see Baldwin and Huber 2010; Gao 2011; and Gerring, Thacker, and Alfaro 2012 for partial critiques). Lebanon's comparatively poor performance with respect to health inputs and outputs seems to confirm this argument. By this logic, however, Jordan's superior health system is anomalous. First, Jordan is a colonial fabrication (Massad 2001), which lacked an organic or even imagined national political community to serve as the basis for solidaristic social programs. Second, the social cleavage between Jordanians of West and East Bank origins is politicized and, since the 1970s, Jordanians who initially came from the Palestinian Territories have been virtually excluded from coveted public sector and military jobs, which feature the most generous social benefits (Baylouny 2010).

Historical analyses of bureaucratic development are essential to trace the sources of variation in state capacity in the selected countries. Tunisia and Jordan emerged with more effective bureaucracies than their neighbors, albeit via distinct paths. New leaders in post-independence Tunisia inherited a relatively intact state bureaucracy from the French and even acquired valuable administrative and technical skills during the colonial period (Anderson 1986; Charrad 2001; Hermassi 1975). The dynamics of post-independence bureaucratic development differed in Jordan, which was a colonial creation established after World War I. British officials helped to run state agencies for the first few decades after Jordan gained independence in 1946 (Massad 2001).

Conversely, in Lebanon, the state is notoriously weak—not just with respect to providing physical security and protection from violence but also in assuring well-being. The fragmentation of the Lebanese state is a product of political institutions established during the Mandate period, which institutionalized power along sectarian lines. The power-sharing system was further cemented in independent Lebanon, in which politicians maintain tight control over patronage opportunities (Cammett 2014; Gates 1998; El-Khazen 2000; Makdisi 2000; Picard 2002).

State capacity is essential for the design and execution of public health measures and for proper “stewardship” of public and private health care providers (WHO 2000). In turn, variable levels of state capacity likely result from both colonial and post-independence institution-building in the region. With its emphasis on the historical processes of state-building and their linkages to the development of welfare regimes in the Middle East, this account adapts key insights from the historical institutionalist research program for developing country contexts.

(p. 247) **The Transformation of Welfare Regimes in the Developing World**

Theories of welfare regime formation should also be equipped to explain the evolution of social policies in subsequent periods. A major consensus holds that the 1980s ushered in broad transformations of economic and social policy across most developing regions (Haggard and Kaufman 2008; Huber and Niedzwiecki 2015, *inter alia*). The initial impetuses behind these changes range from state fiscal crises and democratization to pressures from international markets or international financial institutions, each of which are weighted differently in distinct accounts.

In response to economic crises beginning in the 1980s, an earlier wave of research on welfare reform in industrialized countries suggested that mobilized and organized labor, among other constituencies, could counterbalance the pressures of globalization (Garrett 1998) and pre-existing social and political institutions would prevent institutional “convergence” (Berger and Dore 1996). In developing countries, where welfare institutions were less developed and the beneficiaries of social programs were less equipped to block reform, global market integration was widely presumed to lead to a “race to the bottom” in welfare policies.

Rudra (2008) finds support for the race to the bottom hypothesis. Through a series of econometric analyses, she concludes that trade openness in interaction with weak labor power is associated with decreased spending on social security.<sup>8</sup> At the same time, her data indicate that global market integration may induce some increase in public education spending, as concerns about market competitiveness call for greater investment in education.<sup>9</sup> Rudra further contends that global market integration hurts the middle classes through its negative effects on social security spending. Yet strong legacies of protective social policies, which cultivated vested interest groups, particularly among the middle classes, ensures that these groups were less vulnerable to the effects of globalization than workers or the poor, who never benefited extensively from social policies in the first place. Case studies of India, Brazil, and South Korea support these arguments by showing how the middle classes in these countries were able to defend the policies and programs from which they benefited. Rudra’s soft rational choice approach therefore borrows from institutionalist approaches to explain the path dependence of protective social policies.

Since the 1980s, the privatization of old-age pension systems has become a widespread policy prescription from international financial institutions for welfare reform in developing countries. The privatization of pensions presents an important puzzle for the

institutionalist welfare state research because retrenchment in such an expansive and consolidated policy area should face serious resistance. In a study of 66 countries across the globe, however, Brooks (2008) finds that, between 1980 and 2002, 23 countries undertook structural reforms to add a private pillar to their old-age pension systems. Brooks argues that the extent of privatization (measured by private sector involvement (p. 248) in both premiums and pensions) depends both on the policy legacies of the public pension system and the capabilities of the government to pay the political and economic costs of the transition to a privatized pension system.

Through quantitative analyses and case studies of six Latin American countries, Brooks shows that the magnitude of the pension debt, or the cost of transitioning to a private pension system, can positively affect privatization up to a certain level, after which the depth and breadth of coverage in the previous public system prevents the government from bearing the cost of transition, especially in the context of globalized financial markets. The political legacies of the public pension system, too, affect the extent of privatization. If public coverage was already low and if citizens hold negative views of the system, then *path-departing* forces of institutional change can occur (Brooks 2008, 12). Governments may win support for reform, particularly if they are left-leaning and enjoy high credibility on issues of social justice. Brooks' emphasis on the ways in which prior institutional legacies either limit subsequent reform processes or create the possibility for reform is consistent with a historical institutionalist approach.<sup>10</sup>

Other scholars deploy frameworks grounded in the strategic interactions of social collectivities to explain the evolution of welfare regimes in developing countries. For Mares and Carnes (2009), the preferences of the middle class (and especially formal sector workers) are critical for explaining divergent patterns of social policy reform in developing countries. Perceived economic security, the legacies of previous policies, and the extractive capacity of the state shape middle class preferences. If the middle class perceives that its economic future is insecure, it is more likely to form an alliance with the lower class. In countries where the extractive capacity of the state is high, members of the middle class calculate favor universalistic social policies because taxation will be spread out more broadly across society. Conversely, if the extractive capacity of the state is underdeveloped, a middle class alliance with the lower class leads to means-tested, targeted social assistance programs. When the middle class expects a secure economic future, it tends to ally with the upper classes. In this scenario, perceptions of low state extractive capacity lead to a retrenchment of welfare policies. Elements of this explanatory framework build on some key insights of historical institutionalism because the perception of risk on the part of the middle classes depends on the legacies of former social policies and on policy feedback mechanisms. At the same time, the emphasis on strategic interactions among collective actors distinguishes it from classic historical institutionalist approaches and adheres more closely to rational choice institutionalism.

The configuration and actions of civil society, rather than explicitly class-based actors, are also invoked to explain the evolution of welfare regimes in developing countries. In a recent study of welfare state transformation in Latin America and East Asia, Lee (2012) contends that a well-structured “civil society” is a key agent militating for the universalistic expansion of welfare policies. Based on comparisons of Brazil, South Korea, Argentina, and Taiwan, Lee asks why the first two countries were able to enact more comprehensive social policies and expand their welfare states, despite the fact that they confronted similar challenges as the latter two countries. Using social network analysis techniques, Lee shows that distinct structures of civil society explain this variation. In (p. 249) Brazil and South Korea, the formal political parties, unions, and professional organizations are cohesive (that is, they embody long-lasting social ties that facilitate coordination) and are embedded in the associational sector (i.e., formal sector organizations are tied to more informal networks of associations). Pressure from a more unified and effective civil society compels governments to launch expansionary programs toward universal welfare states, or, in the context of poor economic conditions, to at least resist pressures to retrench existing welfare programs.

This emphasis on civil society rather than the state as the dominant actor in driving social policy outcomes is a departure from much historical institutionalist research on welfare regimes. For developing countries, however, the emphasis on societal actors may be especially useful, particularly after democratic transitions. While class-based actors and organizations tend to be weak in many developing countries, other types of social actors such as issue-based NGOs, indigenous movements, and ethnoreligious groups are often more articulated.

## Non-State Welfare Provision

Until the past decade, the research program on welfare states was dominated by specialists on the advanced, industrialized countries. As our preceding review shows, scholarship on welfare in developing countries has brought new insights to this research agenda by highlighting the ways in which distinct types of social coalitions, industrialization strategies, and authoritarian rule help to create distinct configurations of social policies. A new line of research on non-state welfare in developing countries adds critical dimensions to studies of welfare regimes, including in industrialized countries, but is only in its early stages. The types of non-state providers and their relationships with the state in a given national context affects the ways in which populations experience and access social welfare and shape, in a mutually constitutive fashion, the nature of welfare states (Cammett and MacLean 2014). These insights are

just as applicable to industrialized countries, where non-profits play a major role in some countries (Salamon 1999; Allard 2009) and religious institutions affected the varieties of welfare regimes that emerged in twentieth-century Europe (van Kersbergen and Manow 2009).

Any study of social welfare in developing countries that neglects non-state providers (NSPs) misses important aspects of welfare regimes. In developing countries, NSPs encompass a wide array of actors, including international and national NGOs, community-based groups, multinational corporations, private domestic corporations, family and friendship networks, ethnic and sectarian organizations, faith-based organizations, and informal brokers. These distinct types of NSPs have varied implications for citizen access to social services, the accountability of providers to communities, and even for state capacity. The effects of non-state provision, however, vary depending on the type of NSP and its relationship with state institutions (Cammett and MacLean 2014).

(p. 250) Historical institutionalism offers a potentially valuable lens through which to study the origins and political consequences of non-state provision. For example, Lauren Morris MacLean (2010) contrasts the informal institutions of social reciprocity among extended families, friends, and village communities in neighboring regions of Ghana and Côte d'Ivoire. In response to the fiscal crises in the 1990s, fewer people were exchanging help in the Ghanaian region in comparison with the Ivoirian region, where greater numbers of village residents gave more significant amounts of help, albeit among narrower groups of immediate family members. MacLean argues that the distinct histories of the state's role in mediating risk in the two countries explain this variation. The local experience of state formation over time shaped both the extent and structure of the informal institutions of social reciprocity. In post-communist Russia, Linda Cook (2014) argues that the historical role of the Soviet state shaped the origins of non-state provision. The centralized, bureaucratized Soviet health care system left a dense legacy of statist institutions and interests that resisted the privatizing initiatives of neoliberal reformers and helped to foster a process of "spontaneous privatization" whereby service providers use their direct control over facilities to act as informal brokers of citizens' access to medical care. Cook therefore highlights the ways in which institutional legacies from the communist period shaped subsequent social policies, even after profound economic and political change.

These studies of non-state welfare in very different contexts implicitly draw on a historical institutionalist approach to show how long-term institutional legacies shape the nature and extent of distinct forms of non-state welfare in the contemporary period.<sup>11</sup> Ongoing research on welfare regimes—in developing and developed countries alike—should incorporate greater attention to non-state actors, which have potentially important

ramifications for welfare outcomes, the political attitudes and behavior of beneficiaries and community members, and other important questions.

## Conclusion

This chapter reviews the current literature on social welfare in developing countries and evaluates the extent to which the insights of historical institutionalism have shaped this area of inquiry. Especially during the foundation periods of welfare regimes, small-n, comparative historical analyses of developing countries—a key methodological hallmark of the historical institutionalist approach—help to identify the ways in which factors such as relative state capacity, the goals and behavior of political leaders, and the relationships between public and non-state actors affect the formation of social policies. The special focus of historical institutionalism on the state and different dimensions of state capacity is also essential to understand the origins and even the consequences of welfare state provision. In studying the transformation of welfare policies, a diverse array of scholars—even those who do not necessarily self-identify as historical institutionalists—employ the assumptions of policy feedback mechanisms in their (p. 251) work. Furthermore, as more and more scholars aim to identify and explain the varieties of welfare regimes across the Global South, their analyses have and will rely on core insights of historical institutionalism such as its emphasis on the ways in which diverse institutional configurations shape policy formation and the interests and behavior of key social actors. Ongoing work on welfare regimes should pay more attention to the role of informal institutions, non-state actors and civil society in shaping the formation and transformation of welfare regimes. These factors are increasingly highlighted in work on social welfare in developing countries but are equally relevant for industrialized countries, albeit in distinct institutional contexts.

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### Notes:

- (1.) For an in-depth treatment, see Julia Lynch and Martin Rhodes (Chapter 25, this volume).
- (2.) Historically, this of course was also true for some Western European countries, such as Bismarck's Germany.
- (3.) An important line of work, which we do not address in this chapter, examines social outcomes in the diverse welfare regimes of developing countries (see McGuire 2010).
- (4.) Bril-Mascarenhas and Post (2012) report that the sums spent on consumer subsidies often approach and even exceed the amount spent on health or education in developing countries. Consumer subsidies serve as a key source of income support and as a tool to help populations to cope with price shocks. Similarly, product and input subsidies in agriculture can also be used widely as an income support and unemployment insurance mechanism, as documented by Eder (2010) in the Turkish context.
- (5.) Critical realignments refer to new ruling coalitions and the social groups that sustain or support them.
- (6.) Mares and Carnes (2009) further support this theoretical argument with examples of countries that would fit the second and third alternatives described above. Accordingly, the immigrant nationalist regime in Taiwan with its selective benefits to the leaders of the nationalist party, and the Institutional Revolutionary Party or Partido Revolucionario Institucional (PRI) regime in Mexico, where a highly fragmented social policy mix developed, are examples of these scenarios, respectively.
- (7.) "Formal security" regimes are characterized by high state commitments and relatively high welfare outcomes. This cluster of "proto-welfare states" includes much of Eastern Europe, the southern cone of Latin America, some countries from Africa (i.e., Tunisia, Kenya, Algeria), and Thailand. The remaining two clusters are labeled as variants of "informal security regimes," in which developmental states attain relatively good welfare outcomes with lower levels of state social spending, suggesting that informal institutions and/or international remittances are important in the welfare mix. More effective informal security regimes include parts of Southeast Asia, Sri Lanka, the remaining countries of Latin America, and parts of the Middle East. Less effective informal security regimes, which are more dependent on international flows, include

South Asia and certain countries in sub-Saharan Africa. The final cluster of “dependent insecurity regimes” comprises the bulk of sub-Saharan Africa (Wood and Gough 2006).

(8.) The effects of other indicators of globalization, including exposure to portfolio investment and foreign direct investment, are ambiguous, while the effects on health and education spending are not robust.

(9.) Rudra (2008) also conducts cluster analysis of the welfare policy mixes in developing countries to assess the degree to which globalization induces convergence toward minimalist welfare regimes. Her identification of three discernible welfare regimes in developing countries (productive, protective, dual) belies the extreme variant of the “race to the bottom” thesis. Nonetheless, it is difficult to draw definitive conclusions from her findings because her analysis is time-invariant and coincides with a period in which changes in global markets and country responses were occurring quickly.

(10.) It is worth noting that her arguments presuppose the willingness of governments to undertake retrenchment policies in the first place and pay limited attention to the role of societal actors in shaping reform processes.

(11.) For additional examples, see the contributions to the edited volume on non-state welfare by Cammett and MacLean (2014).

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