REVIEW ESSAYS

CHANGING SOCIAL PROGRAMS AND ECONOMIC STRATEGIES:
Implications for Poverty and Inequality

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ADMINISTERING TARGETED SOCIAL PROGRAMS IN LATIN AMERICA: FROM PLATITUDES TO PRACTICE. By Margaret E. Grosh. (Washington, D.C.: World Bank, 1994. Pp. 174. $10.95 paper.)

GOVERNMENT SPENDING AND INCOME DISTRIBUTION IN LATIN AMERICA. Edited by Ricardo Hausmann and Roberto Rigobón. (Washington, D.C.: Inter-American Development Bank, 1993. Distributed by the Johns Hopkins University Press. Pp. 221. $18.50 paper.)

STRATEGIES TO COMBAT POVERTY IN LATIN AMERICA. Edited by Dagmar Raczynski. (Washington, D.C.: Inter-American Development Bank, 1995. Distributed by the Johns Hopkins University Press. Pp. 274. $18.50 paper.)

SAFETY NETS, POLITICS, AND THE POOR: TRANSITIONS TO MARKET ECONOMIES. By Carol Graham. (Washington, D.C.: Brookings Institution, 1994, Pp. 378. $32.95 cloth.)

PRIVATIZATION AMIDST POVERTY: CONTEMPORARY CHALLENGES IN LATIN AMERICAN POLITICAL ECONOMY. Edited by Jorge A. Lawton. (Miami, Fla.: North-South Center Press, University of Miami, 1995. Distributed by Lynne Rienner. Pp. 307. $21.95 paper.)

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THE NEW ECONOMIC MODEL IN LATIN AMERICA AND ITS IMPACT ON INCOME DISTRIBUTION AND POVERTY. Edited by Victor Bulmer-Thomas. (New York: St. Martin's, 1996. Pp. 370. $41.95 cloth.)

EQUIDAD Y TRANSFORMACION PRODUCTIVA: UN ENFOQUE INTEGRADO. By the Comisión Económica para América Latina y el Caribe, Naciones Unidas. (Santiago: CEPAL, 1992. Pp. 254. Paper.) Available in English as *SOCIAL EQUITY AND CHANGING PRODUCTION PATTERNS: AN INTEGRATED APPROACH.* (New York: United Nations, 1992. $17.50 paper.)

The fundamental changes in social programs and economic strategies throughout Latin America in the 1980s and 1990s share a common logic that has far-reaching implications for poverty and inequality. For social programs, the basic change has been the widespread adoption of "targeted programs" focused on specific groups of low-income persons, as opposed to the "universal methods" that have long dominated forms of social intervention in the region. For economic strategy, the change has been away from state controls, public investment, and protection and toward open economic systems relying primarily on private investment and market forces. The first four volumes that will be discussed here examine experiences with social policies. The last three include such policies but are more concerned with economic strategy, in particular the effects of economic liberalization.

The "universal" social programs familiar in postwar Latin America have commonly included wage policies, credit subsidies for agriculture or housing, and subsidies or price controls to hold down prices of basic foods, urban bus fares, electricity, or gasoline. In contrast, targeting means designing programs to help specified groups such as malnourished children, expectant mothers, or small farmers in particularly poor areas by methods that direct the benefits as accurately as possible to the poor. That may sound easier than it is. Perpetual problems include administrative costs that drain away resources, political pressures to serve partisan interests, and the ability of the nonpoor (always better informed and better positioned) to capture high shares of any benefits.

It is no accident that targeted social programs gained importance at the same time as the region shifted economic strategies toward liberalization and reliance on private-market forces. Targeting appeals to the same ideas of efficiency, of trying to gain benefits with the least possible costs, that are intended by economic liberalization. It also responds to the increased emphasis on fiscal balance by promising to meet social goals with less strain on the budget. Proponents of economic liberalization, within Latin American countries and in the international institutions, have strongly supported moving away from universal programs because they involve intervention in markets, while targeted programs need not conflict with market forces.

This consistency between social targeting and economic liberalization helps explain the growth of such programs and may also account for some suspicion that the point of targeting is not just to help the poor but also, perhaps mainly, to eliminate interference with markets. Such suspicions are not unreasonable. But it would be a shame to let suspicion block interest in targeted programs because they could conceivably become openings for genuine social change. If taken seriously, targeted programs imply a far more active orientation of social policy, with new agencies going into the ways in which families live, the educational system operates, firms train and use workers, and social groups interact with each other. Such programs could deteriorate into narrow exercises intended mainly to hold down spending, but they could conceivably become instead dynamic forces for social change.

Margaret Grosh's *Administering Targeted Social Programs in Latin America: From Platitudes to Practice* is a model of clarity, balance, and concern for finding ways to focus help on the poor. She reviews thirty social programs in eleven Latin American countries, discusses alternate methods of evaluating their outcomes, and provides quantitative estimates of their impact. The main criterion she uses to judge successful targeting is the share of benefits going to persons in the poorest 40 percent of the population. She demonstrates reasonably good results for the targeted programs, with a median of 72 percent of the benefits going to the lowest four deciles, and comparably effective results for spending on primary education and health care. Both kinds of social action contrast favorably with results for general food subsidies and with subsidies for university education. The "least regressive" of the food subsidies reviewed managed to get only 37 percent of its spending to the lowest four deciles (p. 35).

Such analysis can help greatly in choosing and designing programs that genuinely help the poor. But it could be seriously misleading to classify food subsidies as "regressive" because less than 40 percent of the benefits go to the poorest four deciles. Some kinds of subsidies can be unambiguously regressive, such as those used for gasoline in Peru and Venezuela in the 1980s and the system of housing subsidies in the Dominican Republic, as analyzed in the country chapters in *Government Spending and Income Distribution in Latin America*, edited by Ricardo Hausmann and Roberto Rigobón. Subsidies for gasoline in Venezuela were defended as helping the poor because they held down bus fares, but analysis of their incidence shows that high-income individuals gained five times as much as the poor. The main consequence was to make gasoline cheaper for Venezuelans with automobiles (see Gustavo Márquez et al. in Hausmann and Rigobón, p. 205). But food subsidies can be very different. If the poorest four deciles receive 37 percent of the benefits, that proportion is far higher than their share of income. Cheap tortillas can raise the real income of the poor in Mexico by a significant percentage of their income. To cut back or eliminate food subsidies, as so many governments did in the 1980s, is no big deal for the rich but can hurt the poor badly (see Nora Lustig's contribution to the volume edited by Jorge Lawton, p. 80).

Administering targeted programs can mean headaches for all concerned, especially for decisions as to who is to be helped and who is not. Grosh is conscientious in bringing out the difficulties. But she also offers strong reassurance that effective targeting can be achieved by a variety of methods, administrative costs can be held to reasonably low levels, and these programs can do a great deal of good. To cite only one example, the Zurza Integrated Urban Development Project in Santo Domingo used geographical targeting to focus on a small district in which 95 percent of the residents were below the poverty line (pp. 102–3). The project included a health-education program, nutrition, microenterprise support, and erosion and drainage infrastructure activities. For children under five, malnutrition rates were a miserable 50 percent in 1988 but were cut to 25 percent by 1990. Rates of vaccination increased, the birthrate decreased, and the percentage of women who were pregnant was halved.

At the same time, targeted programs can have a potent bias. The eminently reasonable goal of focusing benefits on the poor requires limits on participation by the nonpoor. The problem is that the nature of the limits may exclude many of the poor as well. A common error of universal programs is excessive inclusion of persons who are not poor. The opposite problem of many targeted programs is exclusion of those who are truly poor. It is easy to get a high score for focused incidence if the conditions for participation are so unpleasant, time-consuming, or personally demeaning that no family with any alternative would consider applying. But that may also mean that many poor families will also avoid the process, even without any real alternatives. The rich are not the only ones who recoil from demeaning treatment. Grosh is crystal clear on this issue: "The inability to study errors of exclusion was the major disappointment in this research" (p. 29).

Government Spending and Income Distribution in Latin America is limited to discussing social expenditures in the 1980s and does not cover targeted programs. But the volume provides illuminating analyses of universal-type programs in that decade, with discussions focusing on Chile, the Dominican Republic, Peru, and Venezuela. The indictments of subsidies for agricultural credit, crops, and gasoline in Peru under the Alan García administration—all far more helpful for upper-income individuals than for the poor—effectively complement the analysis by Grosh. The experience of the Dominican Republic was more mixed, but the housing subsidy discussed at length by Isidoro Santana and Magdalena Rathe sounds as if it was designed to direct its benefits to higher-income groups.

Some kinds of social expenditures make inequality worse than it would have been without the spending.

The essay on Venezuela by Gustavo Márquez et al. is particularly lively and effective. Besides an unusually good review of the degrees to which poverty and inequality increased in the 1980s, it offers clear analyses of the distributive effects of social insurance (including medical insurance), public education, and subsidies for gasoline and electricity. As was found in all the other discussions of education, most of the benefits of public spending on primary and secondary education went to the poor, but spending on higher education mainly helped those with higher incomes. On a per capita basis, gains for the highest-income fifth were five times as high as those for the poor (p. 188). At the time of the study, fully 47 percent of public spending on education was directed to the university level, where it was spectacularly regressive.

Subsidies for electricity had the same regressive tendency, although with an intriguing twist. Considering the persons who actually pay for their electricity, it was the rich who gained most because they consumed far more. But a different kind of subsidy in the form of theft was highly progressive: illegal branching to the electric lines, which is readily verifiable but costly to stop. Only the poor steal power. The rich are too honest. The discussion is a gem: Márquez et al. do not want to praise stealing power, but it is so clearly helpful to the poor that they suggest several possibilities for approximating the same result in legal ways.

Benefits of public medical insurance in Venezuela proved to be clearly progressive for all those covered by the national system. Márquez et al. calculate a striking gain for the poorest decile of participants, equal to 74 percent of their earned income. For all four of the lowest deciles, the subsidy equaled one-fourth or more of their income, in contrast to 5 percent for the top decile (p. 180). Universal programs can make a significant positive difference when designed to do so. But Venezuela's system had grave defects. One was that its coverage did not extend to workers outside the formal sector: its costs to employers were a major reason for staying outside the formal sector in the first place. Further, the delivery side of the system deteriorated badly. Poor care and long waiting periods became means of holding down usage. The authors blame that failure on the fact that the public health system joined both insurance and direct state provision of care. They urge separating the two functions, with health care to be provided by the private sector but the state continuing to provide insurance coverage and cost control. In their view, to abandon the system of state insurance could lead to the kind of breakdown of cost control that the United States has so far proven unable to resolve (p. 181).

Strategies to Combat Poverty in Latin America, edited by Dagmar Raczynski, covers many of the issues of targeting discussed by Grosh but from a different perspective. Instead of analysis organized by types of programs across countries, it consists of country studies made by various researchers for Argentina, Brazil, Chile, and Costa Rica. The country cases bring in much more consideration of the historical evolution of social programs, political contexts, and economic conditions. They also include detailed treatment of a few of the major new programs in each country, with more attention to problems of implementation.

The contribution on Argentina by Roberto Martínez Noguiera and that on Brazil by Sónia Miriam Draibe and Marta Teresa Arretche include a good deal of information about major programs and systematic reviews of "lessons" to be learned from them. Some of the programs sound highly promising, such as Argentina's attempt to help small farmers in particularly poor areas to organize agricultural processing activities, and the Integral Child Development Program in the state of São Paulo. But the discussions come across with a crushing emphasis on problems rather than any sense of achievement. Established agencies at the national level have not demonstrated much flexibility, and attempts to decentralize to the municipal level have run into lack of training combined with habits of political manipulation and (apparently often in Brazil) heavy losses due to corruption.

In his contribution on Costa Rica, Juan Diego Trejos is rightly proud of Costa Rica's strong tradition of concern for inclusion of the poor but also expresses fear that it is losing ground. The problem now is not so much one of weaknesses in specific programs as a loss of prior balance between economic and social objectives. Social spending per capita was cut by a fifth between 1981 and 1992. Targeting has not been much help so far: the share of benefits going to the poorest quintile has not been raised significantly (pp. 154–57). The basic problem is "the recent excessive importance accorded to economic policy at the expense of social policy" (p. 163).

Raczynski's contribution on Chile is the most positive of the country studies, although it contains many criticisms and suggestions for improving particular programs. It includes a review of the development of Chilean social policies: a sustained series of programs from the turn of the century up to the 1970s, cutbacks and radical reorientation under the military government from 1973 to 1990, and then the greatly increased and diversified programs established by the restored democratic government. Prior to the 1970s, social spending recorded a strong upward trend but with little concern for targeting. Toward the end of the 1960s, only 18 percent of the benefits of social programs went to the poorest 30 percent of the population (p. 210). The military government cut back many forms of social spending, introduced elements of implementation by the private sector, and emphasized targeting for the first time. Some of its programs were highly effective, especially the one aimed at reducing infant mortality, but they were essentially limited to welfare measures, with little attention paid to human investment. The restored democratic government stepped up social spending by 29 percent between 1990 and 1993 and carried targeting past palliative measures to reduce poverty. It did so "by raising the level of learning and bridging social gaps in the quality of education, reducing the exclusion of low-income youth from jobs, and enhancing the voice, information and skills of social organizations in poor areas so that they can participate in the design and execution of social projects that benefit them" (p. 220).

The three Chilean programs analyzed in detail include a focused attack on problems of educational quality in public schools identified for particularly weak performance, a job-training and placement program for marginalized young people (Chile Joven), and the "Entre Todos" project dedicated to stimulating self-development activities by those living in depressed areas. All these programs attained considerable success in the short-term performance that could be observed until the time of writing, although Raczynski points out a number of limiting factors and explains doubts about the self-sustaining character of the Entre Todos program. Chile Joven had the greatest initial success. Its first three years provided training for seventy thousand unemployed youths drawn from particularly difficult backgrounds, using close links to firms (some five thousand participating) to design training to fit identified needs. Three-fourths of the participants came from households in the lowest 30 percent of the income distribution. Twenty-six weeks after completing the programs, 61 percent of the participants either had regular jobs or had gone on to further schooling (pp. 227–37). As Raczynski notes, that achievement owed a great deal to complementary success on the side of economic management: sustained growth created a tight labor market in which firms were actively looking for new workers (pp. 235–36).

One of Raczynski's most helpful points is that targeted and universal programs should not be viewed as mutually exclusive opposites. Chile has maintained a traditional nontargeted program that can help many of the poor, namely minimum-wage standards. The military government, establishing a practice followed by governments in several other countries adopting economic liberalization, kept a nominal program of minimum wages but allowed them to fall so steeply in real terms that they lost meaning. The democratic government later raised them to levels that could actually help while expanding targeted programs. The poor can be assisted from both directions, even if one of them involves intervention in markets.

Carol Graham provides yet another angle of vision on these questions in *Safety Nets, Politics, and the Poor: Transitions to Market Economies.* Her thorough study is not limited to Latin America. She examines experiences in Bolivia, Chile, Peru and three unusual contrasting cases outside the region: Poland, Senegal, and Zambia. These country studies are not forced into any pre-fixed explanatory model. They demonstrate an impressive ability to enter into the individual contexts of different cultures and historical conditions.

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All of these economic transitions created severe shocks for many groups of people, poor and nonpoor, as structures of production changed and long-standing protective measures were curtailed or swept away. Governments and supporting international agencies tried to respond by creating various kinds of safety nets, in part out of concern for the poor and in part to forestall protests that might endanger the economic transitions. The safety nets included direct public employment (as in the make-work programs of the Pinochet government), soup kitchens to feed the desperately hungry in Peru, and "demand-based" social funds with wide scope for inventive programs. "Demand-based" refers to the common intent of such funds to involve local groups in the design and management of their own projects: to get the poor, and often the nonpoor as well, to speak up and play active roles in responding to encouragement and scope for financing.

Perhaps the most striking individual chapter is that focused on Bolivia's Emergency Social Fund. It proved to be exceptionally successful in its first four years, in large part because it was set up as an independent agency, outside existing ministries and the political process, under an efficient manager from the private sector. The fund stimulated community development programs, employment, and local activism. Graham concludes, "By encouraging independent interaction with the state, the fund may have made local organizations and groups more willing to go beyond traditional party politics and exercise autonomous political choice" (p. 81).

While giving great credit to the autonomy of the Emergency Social Fund, Graham also notes its problematic side: separation from the state meant that the permanent ministries developed no new flexibility or experience in promoting effective social programs nor any commitment to their continuance. When a new government entered in 1989, it took the unhappily familiar position that the fund was a creation of the prior government, not its own, and turned the program toward more traditional political manipulation. Once the "transition" was assured, the independent safety net lost priority.

Safety nets are in principle short-run measures that can reduce shocks for the poor, not in themselves contributions to long-term reduction of poverty or inequality. But their key component, diversified social funds, is not inherently limited in this sense. Given a reasonable degree of commitment by a government actually concerned with poverty, they offer promising flexibility for ongoing exploration of ways to bring the poor more actively into designing and managing social programs. They could gain effectiveness well past current emergencies.

Privatization amidst Poverty: Contemporary Challenges in Latin American Political Economy, edited by Jorge Lawton, features privatizations in its title, but that is only one of many subjects discussed. It is an eclectic collection of essays going in many different directions, from social and economic change to issues of women in development, environmental policies, and Japanese perspectives on NAFTA. Most of these contributions are appropriate for general readers or introductory area-study courses. Moisés Naím's analysis of political-economic change in Venezuela and Robert Pastor's superlative review of U.S. policies toward the Caribbean are exceptionally good examples of how readily accessible analyses can illuminate fundamental issues. So are the reprints of earlier studies on Chile and Mexico by Carol Graham and Nora Lustig.

Kevin Healy's examination of the interlinked effects of structural adjustment and of attempts to counteract the growing importance of coca in Bolivia makes a forceful criticism of social consequences of economic liberalization. In contrast, the two contributions on Argentina and Brazil by Margaret Sarles and Richard Newfarmer give pungently negative accounts of the prior "corporatist systems" in these countries and great credit to the Carlos Menem administration for the political and economic changes it has accomplished. One of Newfarmer's comments on protected industrialization in Argentina is too neat to miss: "By 1989, Argentina's closed trade regime . . . made it the world's largest producer of 1968 Ford Falcons" (p. 185). His enthusiasm for Argentina's escape from that kind of economic regime is perhaps responsible for an over-optimistic evaluation of its new strategy. The perceptive comments on Argentina by Alejandro Foxley in his preface to the volume edited by Victor Bulmer-Thomas could serve as much needed corrections.

The one contribution devoted to privatization, by Felipe Larraín on Chilean experiences, clarifies important distinctions between different ways of achieving this goal. He sharply criticizes the methods used at first in the 1970s, which served to subsidize wealthy buyers and increase concentration of property ownership, and he explains the more socially responsible methods used on a second round in the 1980s. Unfortunately, Larraín does not provide much follow-up on later consequences or clarify the problems of potential monopoly abuse in privatized basic services.

The discussions in *The New Economic Model in Latin America and Its Impact on Income Distribution and Poverty*, edited by Victor Bulmer-Thomas, include wide-ranging critiques of the social consequences of this "new model" (NEM throughout the book). The majority of the contributors expect, and some demonstrate for specific cases, that economic liberalization can worsen inequality and delay reduction of poverty. Common themes emphasize increased unemployment, falling real wages, and a shift to profits relative to earnings of labor. The essay on Mexico by Humberto Pánuco-Laguette and Miguel Székely clearly analyzes such effects in the 1980s, as does that on labor markets in general by Jim Thomas. In his chapter on Honduras, Andy Thorpe makes an appropriate comment, "The NEM recommends labor market flexibility, especially in a downward direction" (p. 244). Honduras itself did not implement the NEM fully because pressures to maintain support for wages were too strong. In the event, at least for the period discussed, employment and wages went up instead of down.

The chapter on Brazil by Francisco Ferreira and Julie Litchfield is different. It is entirely concerned with economic and social performance in years when the country was not following the NEM. The contribution is presented as a counter-factual test of what would have happened in the other countries had they not adopted the NEM. This analysis is particularly interesting for its econometric tests of causation, using an unusually rich database for poverty and inequality. The tests emphasize that the main factor hurting the poor in the 1980s was high inflation: the distribution of income improved when inflation went down and worsened when it went up. The conclusion, which goes against most of the rest of the volume, is that the NEM should help the poor and reduce inequality because it promises to hold inflation down.

The well-balanced contribution by Stephany Griffith-Jones on international capital brings out the ways that capital inflows have helped stimulate recoveries in some countries as well as their costly potential for causing overvaluations of the currency that hurt industry and limit growth of employment. Laurence Whitehead introduces longer-term structural considerations in his essay on "chronic fiscal stress," with a similarly open-minded approach. Alejandro Foxley's brilliantly concise preface takes the NEM as basically positive, although posing serious dangers for countries that do not limit or offset some of its potentially harmful features. Victor Bulmer-Thomas, in his introductory and concluding chapters, offers a well-organized explanation and assessment of both positive and negative factors. That analysis leads him to a firm (and convincing) conclusion that the negative consequences are likely to be dominant.

Interpretation of actual experiences so far is complicated by their common mixture of recessionary effects, as countries try to establish a noninflationary macroeconomic balance, with structural effects intrinsic to the NEM. If the initial stage is dominated by restrictive monetary and fiscal policies, it is almost bound to worsen unemployment and hurt the poor in the short run, regardless of structural changes. That consideration encourages firm believers in the virtues of liberalization to counsel patience and reject any changes in the NEM strategy itself: all will turn out well if the country just hangs onto the new approach long enough. How do we know it will turn out well? For a time, the answer was to explain the virtues of market forces and to cite two successful examples: Chile and Mexico. Citations of the latter as a success story became less frequent after the Mexican economy crashed in 1994–1995, although they are beginning to reappear with its apparent recovery now. Chile remains the strongest case, and that makes it important to be clear about the way its version of the NEM was changed to make success possible.

The contributions by E. V. K. Fitzgerald and Stephany Griffith-Jones highlight an issue that has been central for Chile. The question is how the NEM affects a country's competitive strength. In principle, it should make countries better able to compete in export markets, particularly for exports that generate employment. But in practice, the priority given to eliminating inflation has led almost all these countries to avoid devaluation like the plague, and that approach has left most with currency values too high to encourage new exports. In this respect, these countries are following the same dead-end strategy that has long been criticized when used by populist governments.

Chile followed this strategy in the second half of the 1970s, until it led to a financial crisis in 1981 followed by a severe depression. But then the government switched over to using devaluation and other measures of export promotion aggessively. By making that change, Chile escaped from a defeated and increasingly unequal economy to a dynamic, even somewhat less unequal success story. The otherwise good chapter on Chile by Christopher Scott clarifies many of the details but concludes in a way that fails to bring out the fundamental character of this reversal. He concludes that "the NEM" gradually became an egalitarian strategy after "it" was finally consolidated (pp. 178, 180). What this formulation leaves out is that "it" consisted of two radically different kinds of strategies: one that failed badly and a contrasting alternative that worked much better. This conclusion could be seriously misleading if taken to suggest that all the other countries need do is to hang onto "the NEM" they now have. If they do so, they are unlikely to become stories of sustained success.

Why do the discussions of Argentina, Brazil, and Venezuela in the Lawton volume sound so positive about an economic strategy that comes through with such negative social effects in most of the Bulmer-Thomas volume? Abstracting from questions of personal orientation, a major difference is that these chapters in the Lawton volume are chiefly concerned with the frustrating experiences of the countries before they liberalized their economies, while most of the contributors to the Bulmer-Thomas volume focus on negative effects of the NEM itself. Both views are right. The earlier strategy was neither efficient nor egalitarian. The new one is much more efficient but may be equally or more adverse for equality. Is this the best that can be hoped for? Bulmer-Thomas concludes, "There is no danger for the foreseeable future of countries sliding back into the old model nor is there any coherent alternative available to be adopted" (p. 295). A somber outlook—too much so. It is unlikely that many countries would at present be able to or wish to reject the main themes of economic liberalization: fiscal and monetary restraint to hold down inflation, relatively open economies depending on competition rather than on protection, and primary reliance on private investment rather than on state control. But this general orientation leaves open a wide range of possibilities that could make a world of difference. The last volume under review, by the Economic Commission for Latin America and the Caribbean, spells out many of them.

Equidad y transformación productiva: Un enfoque integrado explains an "integrated view" of social goals and economic transformation. It combines a strong emphasis on macroecomic stability, in a relatively open economy, with progressive social programs and activist proposals for promoting growth in ways favorable to learning, employment, and reduction of poverty. This document provides detailed discussions of alternatives for promoting growth in productivity and technological change, revising tax structures, and developing new exports, wage policies, and social programs. The strategy discussed is no less coherent than present versions of the NEM, just more focused on promoting competitive economies able to combine growth with reduction of inequality. Under present conditions, this approach may be too activist to be widely accepted. Conditions can change. As they do, this discussion offers a genuine alternative, or rather a collection of alternatives in many dimensions, that democratic countries might modify in detail according to their own contexts and goals. Latin America is not limited to a choice between two inegalitarian strategies. It has many new openings to steer among, some needlessly unequal and some highly promising.