

Book Review

Michelle L. Dion (2010) *Workers and Welfare: Comparative Institutional Change in Twentieth-Century Mexico*. Pittsburgh: University of Pittsburgh. ISBN: 978-0822-9604-54

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Michelle L. Dion's *Workers and Welfare* is the most comprehensive account and analysis we have of Mexico's social welfare system, its historical evolution and its structures and functions. Her book supersedes earlier studies bringing the story of the interaction between labor unions, social welfare institutions, political parties and the state right up to the presidency of today's chief of state, Felipe Calderón. Organized around a simple, powerful thesis – the key role of labor in political cross-class coalition – the author provides a coherent and compelling argument that both drives the historical account and illuminates the structural analysis.

Dion argues that the most important factor in accounting for the origin, development, and subsequent complex articulation of the social welfare system in Mexico has been the strength – or weakness – of the labor movement and its role in the cross-class coalitions that form the basis for Mexican political parties. Simply put, where labor has been well organized and powerful and had an important insertion in the dominant political party and government, the social welfare system expanded and tended to become more universal. When labor was weak, poorly organized, or less significant in the dominant party and in government, the growth and the tendency toward universal coverage was less significant. Wisely, Dion's own account is never so simply put.

Dion recognizes the complexity of the system that results from many other factors that intervene in the historical process. While the role of labor in the political coalition may be at the center, other factors such as institutional momentum or inertia, changes in the political system from authoritarianism to multi-party democracy, and the transformation of the national and international economic model from Keynesianism to neoliberalism have also had a significant impact on the evolution of social welfare and its complex structuring. Attempts by labor unions or the state to reform the system, whether to make it more universal or to make it more restrictive, always confront the inertia of the institutions themselves. Consequently, reformers have tended to leave old systems in place while layering new ones in, over and around the others, leading to what Dion calls the 'patchwork' of today's Mexican social welfare system.

The book opens with the question: what accounts for the creation of modern social welfare systems in nations like Mexico? Dion explains that social scientists have attributed their appearance to economic development, the expansion of the state's capacity, the international diffusion of social policy, and the power of the labor movement. Each of these explanations finds proponents in the disciplines of economics, political science, and sociology, and the intellectual debate between and among them leads to methods that emphasize the role of history, the significance of social structures

or the economic transformations. While denying none of these and offering her appreciation of each of them in her initial chapter, Dion subordinates them to the armature of her own explanation: the role of labor in political coalition and takes up that history.

Dion traces the origin of the Mexican welfare system from the Mexican Revolution of 1910-1920 and the first steps in the creation of social welfare in the new revolutionary governments of Obregón and Calles in the 1920s, through the expansive era of President Lázaro Cárdenas and the labor upheaval of the 1930s. The actual establishment of the modern social system and its central pillar – the Mexican Institute of Social Security (IMSS) serving industrial workers established in 1943 – took place during the period following the labor upheaval. In fact, Mexico's social security system was created during those years of the 1940s when labor radicalism was first restrained and then repressed, while at the same time the politically loyal labor officialdom became firmly established in the Institutional Revolutionary Party (PRI) serving as governors, congressmen and senators. Dion suggests that the central role of labor in society and in the political coalition has generally been shaped by the state's tendency to respond to labor upheavals by first repressing the movement and then adopting a reform in order to co-opt it. Similarly, the movements of teachers and public employees in the 1950s led to the establishment of ISSSTE, the public employees' social security institute, in 1960, as about the same time that a militant teachers movement was being repressed. Again in the 1970s, President Echeverría and the PRI expanded social security to other sectors of society even as they quelled the worker insurgency that had arisen in the late 1960s. Throughout these years from the 1940s to the 1970s, the social security system expanded as the institutions grew to become large employers of unionized professionals and workers who themselves had an enormous state in the system. The tendency was for the systems to become more universal, extending services to rural, agricultural workers and to the urban poor.

The neoliberal economic model emerged in Mexico in the 1980s – ushered in by the experience of the New York City crisis of the mid-1970s, the Pinochet coup in Chile, Ronald Reagan's attack on the welfare state in the USA and Margaret Thatcher's slogan 'TINA = There is No Alternative'. In Mexico the PRI technocrats and the National Action Party (PAN) conservatives pushed for reform of the social welfare system. They found, however, that with the end of the one-party state and the emergency of a multi-party political system together with the weight of the social welfare unions, a straightforward reconstruction of the social welfare system was impossible. Therefore presidents Salinas, Zedillo, Fox and Calderón and their administrations tended to avoid a head-on confrontation by creating new systems.

Mexican welfare reform in the period from the 1980s to 2010 was piecemeal, yet generally effective in accomplishing the goals of its conservative backers in both major parties. The funding of the IMSS retirement system was successfully privatized, though reorganizing the health system proved more difficult because of the powerful social security workers unions. Presidents from Salinas through Calderón therefore created new social welfare programs and institutions with names like PRONASOL, PROGRESA, Opportunities and Popular Insurance. Some of these were non-contributory programs aimed at rural workers outside the existing system; others were programs that allowed workers and the self-employed to buy into existing systems through their own contributions. Many of them were underfunded and all of them taken together were inadequate to deal with the issues of poverty facing Mexico. The new system reflected the government's acquiescence to a system

of informal work and the political parties' needs to win new supporters in a competitive party system. They did not embody a commitment to abolish poverty and deal with the health care and pensions of Mexican workers. As Dion writes, these changes redistributed the responsibility of social welfare from the public sector to the private sector and the family, enhanced economic competition, led to contracting out to private parties, and left many Mexicans to resolve their health problems for themselves in the health care market.

Dion ends her book with a chapter that compares the evolution of Mexico's health system with the experiences of Chile, Argentina and Brazil. Despite the different experiences of these countries during the period from the 1960s to today, the trend in all countries is for retrenchment of benefits in the formal economy and for means-tested benefits for the poor.

Since her book focuses on policy, institutions, and broad historical and economic trends, one does not find in these pages the experience or the voices of Mexico's ordinary working people. When the author refers to 'labor' she generally means the union officials of Mexico's state-supported, authoritarian, and corrupt 'official' labor unions. I wanted to know more about how officials expressed or failed to express the needs of the workers they supposedly represented. Reading this book, one cannot help but wonder about the role of the independent unions in these processes, and the role of Mexico's rank-and-file workers. To what extent do their experiences, needs, ideas and feelings find expression in the working out of the social welfare policy? But perhaps these are questions for another, future book by Dion or by some other scholar.

Originally a Ph.D. dissertation in Political Science at Chapel Hill, this book's rigorous argument and densely written pages will not make it attractive to the general reader or undergraduates. Dion's *Workers and Welfare* belongs in every major public library and university research library, since it is now the best account and analysis of the Mexican social welfare system. University professors in political science and Latin American studies will find this a useful textbook for graduate courses dealing with social policy and with modern Latin America.

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