

# Chapter 13

## Unemployment Benefits: Discursive Convergence, Distant Realities



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**Abstract** Unemployment protection systems have certain characteristics in common in Argentina, Uruguay, Spain and Italy: they are compulsory and contributory-proportional, although in Uruguay, it also has a capitalisation supplement. Despite the similarities, they work differently because the context of informal employment chiefly, and unemployment, low salaries and precariousness differ greatly. Consequently, the unemployment protection coverage rate varies. Theories of the Active Welfare State, the Investor State and the reforms of unemployment protection systems have led to a certain modernising language being adopted in these countries: activation, employability, conditionality, lifelong learning, flexibility, which are, among others, words shared with Europe.

However, the meanings of these words differ according to the institutional context of each country. In Latin America the welfare state is low institutionalised even almost non-existent, while in Europe it is a diverse institution. Despite this, the four countries share an upward trend in benefit policies, in accordance with the increase in poverty risk.

**Keywords** Unemployment · Benefits · Subsidies · Coverage · Salary replacement rate · Welfarism

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## 13.1 Introduction

Unemployment is major source of income insecurity and inequality. This can be important in times of economic downturn (Pfeifer 2012). On the contrary, contributory unemployment protection systems have been one of the great social achievements to cushion the effects of the economic cycle on employment. Public opinion surveys from different European and Latin American countries coincide on the importance of matters related to employment and the social protection of same (Chebez 2007). This author observes that employment is one of the fundamental pillars in the structure of social order, its legitimacy and access to social rights. Consequently, unemployment is a threat to the legitimacy of social order. Therefrom the crucial importance of institutionalising matters linked to employment and unemployment. However, one of the differences between Europe and Latin American lies in the degree of institutionalisation of matters related to employment and the protection of the unemployed.

Contributory unemployment protection systems differ from non-contributory ones, because these latter ones are of a welfare nature to combat severe poverty (Amarante and Bucheli 2006). Throughout the twentieth century, social protection systems developed in Europe, and at a weaker rate in the majority of Latin American countries, as the historical result of social conflicts to reduce and correct the social inequalities generated by the labour market. Today these social protection institutions are undergoing a reform process.

At present, the academic and social interest in compared social protection policies is linked to the growth in inequalities after the Great Recession in the United States and Europe between 2008 and 2015. Inequalities and the poverty risk have risen in countries from the European Union and in some countries from Latin America. Social inclusion and income security are on the political agenda of both hemispheres today. The reason behind this chapter is the fact that unemployment protection in Europe is associated with the active inclusion policy. The guarantee of families' economic income is crucial in the context of long-term unemployment and the consequent poverty risk (Classen and Clegg 2012). In Europe, social protection systems are being reformed with a view to associating passive social policies with active employment policies, inspired by the Active Welfare State theory (Boyer 2005; Cassier et al. 2005; Fernández and Serrano 2014).

Without a doubt, the unemployment protection debate is also acquiring increasing political importance in Europe as a result of the plan to establish a protection system for supranational unemployment, in the European sphere (Dullien et al. 2017). Initially, it is a concept of social protection as a mechanism to cushion the economic cycle and to cooperate with member states. On the contrary, according to Filgueira (2015), institutions from the "social-democratic" welfare state are almost non-existent in Latin America, because historically none of the variables that promoted it in Europe have occurred there, although in River Plate countries it is more important.

This chapter has two goals: the first is to conduct a comparative analysis of the compulsory and contributory unemployment protection systems in four countries (Spain, Italy, Argentina and Uruguay) participating in the INCASI project: *What are their similarities and differences?*; the second aim is to analyse the trends in the reforms of the unemployment benefit systems. To do so we ask: *Despite the differences between countries, are there common trends in the reform policy?*

Italy and Spain were selected because they are two countries from the south of Europe which share a series of problems, such as high unemployment, long-term unemployment for certain groups, precarious employment especially among youths, low salaries, a fragmented and weak social protection system, and a contributory-proportional unemployment protection model (Del Pino and Ramos 2013), as well as a “familiarist” welfare state (Moreno 2007; Baglioni and Oliveira 2013). These two countries are part of the coordinated economies (Hall and Soskice 2001), which means the state plays a considerable role and social actors participate in the social macro-economic dialogue, as we saw in Chap. 2.

Argentina and Uruguay have been selected for the comparison because they are included in the so-called “*structural heterogeneity*” model of peripheral capitalism (Presbich 1981; Ricupero 2004) or “*economies with hierarchical labour markets*” (Schneider 2009). Both countries have very weak unemployment protection, a high volume of informal employment, a bi-monetised economy and a subsistence economy (Cecchini and Martínez 2011). Therefore, the labour market is more segmented than in Italy and Spain. But despite the institutional differences, these Latin American countries appear to share certain similarities with Spain and Italy, such as the existence of compulsory, contributory and proportional unemployment benefit and the existence of informal employment, although with different volumes and degrees of fiscal discipline.

Our theory is that similarities in the unemployment benefit systems are apparent, but in actual fact they operate differently. In other words, relatively similar institutions work in very different ways when the context changes. In the four countries, the language of liberal modernisation has led to the use of specific concepts linked to the activation policy. Social models are historical legacies and are associated with the economic and political processes of the region. Italy and Spain are protected by the European Social Model, by the neo-corporatist tradition, a system of regularised labour relations, with effective unions and coordinated economies (Scharpf 2000; Hall and Soskice 2001). While in Argentina and Uruguay the neo-corporatist structures are very weak and are conditioned by the *structural heterogeneity* characterising the region. In other words, a type of peripheral capitalism dependent on the central economies, but with a dual nature in which economic experiences similar to the developed world coexist alongside others which do not even manage to resolve the struggle between them, demonstrating strong productive heterogeneities depending on the size of the company (Presbich 1981; Schneider 2009; Ricupero 2004). Despite the differences, there are certain similar trends in the discourses about the reforms of unemployment protection benefits, such as the “formal discursive” link between active and passive policies (in actual fact, non-existent), the demand for conditionality regarding unemployment benefit and the increase in welfarism.

This chapter is divided into four sections. (1) In the first we have seen the introduction. (2) In the second section a more general section which frames the debate, we do a brief theoretical conceptualisation of the concept of unemployment benefits, as well as a review of the comparative models of unemployment protection and their functions, from which two hypotheses will be drawn. We will also analyse a classification of the models based on two dimensions: one, the pre-distributive dimension, which refers to variables such as the unemployment rate, the under-employment time due to a lack of work hours, and the informal employment rate; and the other, the post-distributive dimension, which refers to variables such as the rate of subsidies for people of working age, the salary replacement rate of the unemployment benefits and the coverage rate of the unemployed workers. The analysis of the classification will reveal the similarities and dissimilarities between the models. (3) In the third more specific section, we will examine the specific characteristics of unemployment benefits in Spain, Italy, Argentina and Uruguay, which formally share the definition of contributory-proportional systems linked to formal employment. Here we will also analyse the emerging trends in the design and/or reform of unemployment protection systems. These trends are characterised by the use of a modernising language inspired by the neoliberal paradigm of activation and the conditionality of benefits. Lastly, (4) in the fourth section, we will draw some conclusions.

## 13.2 Models and Institutions of Unemployment Protection

### 13.2.1 Conceptualisation

The literature discusses unemployment benefits, which is a restrictive term because it refers to contributory systems and to the rights of the covered person. In general, the benefit systems follow the guideline stipulated in Recommendation number 1 of the ILO, in 1919,<sup>1</sup> in which governments were encouraged to “*organise an efficient system of unemployment benefits*” (Topalov 2000). The causes usually stipulated are involuntary job loss, temporary suspension of a contract and reduced hours due to the restructuring of companies (Amarante and Bucheli 2006). Furthermore, unemployment “protection” is discussed; this term has a broader connotation and includes non-contributory welfare benefits, aimed at long-term unemployed people who have lost the contributory right, to homes that have lost their incomes and to people at risk of poverty. Initially they were “*rescue funds*”, but from the 1940s onwards in Europe they began to be called “*subsidies*” on account of being linked to the Welfare State based on the Rule of Law with the

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<sup>1</sup>In 1919, at the first International Labour Conference, there were only two countries with compulsory unemployment benefit: the United Kingdom and Italy (Chebez 2007: 3).

Social Security Generalisation Law in 1946 in France, a fundamental milestone (see Castel 1997; Topalov 2000; Chebez 2007).

The unemployment benefit systems were brought into effect towards the beginning of the twentieth century and they evolved throughout the century, inspired by the Bismarck model (Cecchini and Martínez 2011). These benefits were first implemented in Europe and then in Latin America (Diez and Bucheli 2002) and they can be classified as a model of “*segmented universalism*” in the four countries. Despite their universalist vocation, in practice, they have protected salary earners, the middle classes and the organised sectors of the manual working class. The unemployment benefit programmes differ between countries according to the structure and level of benefits, duration of the benefits, requirements to obtain it, and financing and administration. In a considerable number of countries the programmes are anchored in the legislation. In many countries the unemployment benefit programmes are compulsory, in some they are voluntary and in others they are individual, operating as a capitalisation savings system (Chile). In other cases (for example, in Uruguay) there is a supplementary payment of unemployment benefit via capitalisation (Cecchini and Martínez 2011). In a small number of countries there are additional welfare systems for those people who have exhausted the contributory benefits.

The four countries (Spain, Italy, Argentina and Uruguay) have public, compulsory and contributory-proportional unemployment benefit systems. The unemployment protection programmes provide income support for a specific period of time for unemployed workers, in addition to guaranteed minimum income programmes; these programmes are important to guarantee income security to the unemployed and underemployed, workers and their families, thereby contributing towards preventing poverty, at least in its most extreme form. Worldwide, only 38.6% of the labour force is covered by unemployment protection (ILO 2017), to a large extent as a result of the high levels of informal employment and the lack of unemployment protection.

### 13.2.1.1 Functions of Unemployment Benefit Systems

The programme offers a transitory benefit which essentially seeks to: relieve the loss of income and provide a possibility of returning to the work force; cushion the decline in additional expenditure during recessions; contribute towards stabilising the economy, by supporting consumption; sustain professional activity, retain the skilled work force in the labour market; reduce the risk of poverty and social conflict, as well as being a moral principle guaranteeing income to facilitate social cohesion (Esping-Andersen 2000; Palier 2010; Gómez and Buendía 2014). The unemployment benefit programmes are contributory and differ from welfare programmes in that these are non-contributory.

These social functions of the unemployment protection institution are today questioned and debated from the perspective of neoliberal policies. The hegemony

**Table 13.1** Compared unemployment rate (%)

Country	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Italy	6.8	6.1	6.7	7.7	8.4	8.4	10.7	12.1	12.7	11.9	11.7	11.2	10.4
Spain	8.5	8.2	11.3	17.9	19.9	21.4	24.8	26.1	24.5	22.1	19.6	17.2	14.4
Argentina	10.9	9.0	8.2	8.7	8.0	7.4	7.1	7.6	7.4	6.8	8.1	9.0	9.6
Uruguay	10.7	9.3	8.0	7.7	7.1	6.3	6.5	6.4	6.5	7.5	7.8	6.9	8.4

Source: Own elaboration based on OECD (2019) and Eurostat (2019)

of the neoliberal paradigm has led to the argument that unemployment protection discourages the return to the labour market, and consequently, commitment must be encouraged with active job-seeking; and an employment creation policy should also be implemented with tax relief.

The increase in unemployment (see Table 13.1) and long-term unemployment (more than 2 years) has also influenced the debate about its reform, since the high volume of economies studied hinders the financing of unemployment benefits hugely.

The heavy debt of states (Tables 13.2 and 13.3 in the Appendix) today contributes to the demand for reform policies of unemployment benefits. Many analysts state that passive policies would have to move towards active policies to encourage professional training and upskilling (Ciace 2009; Cnel 2014; Heidenreich and Rice 2016) and, with this, transfer the responsibility to the individual (Fernández and Serrano 2014; Del Pino and Ramos 2013). However, this debate on the reforms of the social protection systems differs between countries. As a result, we must discuss the variety of unemployment protection systems, as observed by Chebez (2007).<sup>2</sup> Said author warned that Argentina still had a long way to go to “*institutionalise a state policy that places employment at the centre of the social question and overcome the economic and political resistances*” (2006: 8). In other words, the persistent problem is still the weakness of the *institutionalisation* of the unemployment protection system.

### 13.2.2 Analysis of the Compared Models

The specialised literature differentiates between three unemployment protection models in the western countries of the European Union: the social democratic Scandinavian model, the Bismarck model and the Mediterranean model (Esping-Andersen 2000; Pfeifer 2012; Burroni 2014). In addition, we can define a fourth model that is typical of the River Plate countries in South America (ILO 2018).

<sup>2</sup>Chebez (2007) studied a comparison between Argentina and Spain and highlights that the total resources dedicated to the activation of unemployed people is only 13% in Argentina, and 33% in Spain.

### 13.2.2.1 Social-Democratic Scandinavian Model

The Scandinavian model (Sweden, Denmark, Norway and Finland) is characterised by being a universalist protection model, with a long duration, and for the generosity of the benefits for the unemployed. However, this model links these benefits to a condition (*conditionality*) for the unemployed person: they must undertake professional training and upskilling (Bambra and Eikemo 2009). An example of this is Denmark, which has introduced *flexi-security* (Burroni 2014), a long-term unemployment benefit in exchange for training and accepting job offers (Kluve et al. 2007; Heidenreich and Rice 2016); apart from individuals aged less than 30 who must accept the training and job offers after 3 months of becoming unemployed. The monitoring and training of unemployed people is performed on an individual basis in order to provide them with guidance. These countries have high expenditure in training, mediation and policies with incentives for those aged over 45. The Scandinavian countries have a “*relatively decommercialised*” unemployment protection model (Esping-Andersen 2000; Ferrera 2013; Bonoli 2010). Said countries are part of the social democratic political tradition, with considerable participation from unions in social concertation.

### 13.2.2.2 Bismarck Protection Model

The unemployment protection system is contributory-proportional in Germany and the Netherlands, as well as in other Germanic countries. The benefits depend on the unemployed person’s previous contributions (Del Pino and Ramos 2013). In addition, there is an additional social system of transfers to families and subsidies for certain precarious jobs (youths’ mini-jobs), such as housing and transport subsidies.

In the case of Germany, unemployment benefit is also linked to dual professional training, which offers specialised training in companies, facilitating a swift transfer to the labour market. The unions have an active role in social concertation. In general, we can deduce that rights and duties are closely interrelated in the goals to face unemployment.

### 13.2.2.3 Mediterranean Protection Model

The Mediterranean model (Spain and Italy), is also characterised by being a contributory-proportional system linked to employment, typical of neo-corporatist models (Guillén 2010). Social concertation, with the participation of unions and business-owners, is important for the sustainability of the welfare system. These two countries have unstable labour markets, with economies based on small companies, a high level of temporary employment contracts, high job turnover and informal hiring. This all hinders young people’s and women’s access to the right to unemployment protection, due to the insufficient number of accumulated contributory days. In this context, the insufficiency of the contributory unemployment benefits is accompanied



by a welfare system of subsidies, transfers and supplementary minimum income (Martín Artiles et al. 2017). The result is a very fragmented unemployment protection (Bonoli 2010), which is why the European Union demands ending the fragmentation, standardising the unemployment protection system and linking political policies with active policies to encourage unemployed people and introduce conditionality clauses (Rodríguez Cabrero 2012; Gualmini and Rizza 2015).

#### 13.2.2.4 Latin American Models of Unemployment Benefit

In the Latin American social model (Presbich 1981), market economies coexist with bi-monetised economies (national currency and American dollar) and subsistence economies. Unemployment protection is quite recent in Argentina. It began in 1967 in the construction sector (Diez and Bucheli 2002). But a programme for the entire formal sector of the economy was not introduced until Law 24.013 of 1991 when it was definitively implemented. The unemployment protection programme is financed with a contribution from the company (1.5% of the salary); the worker does not contribute, but the state incurs the deficits.

The institutional protection models of unemployment benefits revolve around protections that are similar to the Mediterranean model, but they present very particular limits, especially, in Argentina (Chebez 2007). The high lack of protection of informal employees limits the scope of the benefit, thereby limiting the capacity of contributory contribution to public coffers, which is an endemic problem in Latin American countries (Cecchini and Martínez 2011). Therefore, the contribution capacity is very restricted, the total number of unemployed people with unemployment benefits is low in Argentina (4.9%, ILO 2019), while in Uruguay it is moderate (27.9%).

In short, based on the above, we can consider two hypotheses.

The first hypothesis (H1) is that the benefit systems, despite having seemingly similar characteristics as contributory-proportional systems, operate differently due to the context of each country, and the informality of employment.

The second hypothesis (H2) is that—despite the institutional similarities and differences in the four countries—the reforms tend to converge in a liberalism-inspired modernising language that follows certain disciplinary patterns.

### 13.2.3 Classification of Unemployment Protection Models

The following statistical analysis seeks to classify countries in a general framework according to the models and to contrast the two hypotheses. This analysis can be summarised in two dimensions. The first dimension refers to the pre-distributive institutions and the second to the post-distributive ones (Hacker 2011; Zalakain and Barragúé 2017). Pre-distributive institutions refer to the labour market and highlight



the primary inequalities generated by employment, unemployment and informality in work. Post-distributive institutions refer to the institutions that correct the inequalities generated in the labour market, for example unemployment benefit systems and subsidies implemented to reduce the poverty risk (Barragué 2011, 2013).

Based on this distinction between the two dimensions, below we develop an analysis model to study a classification of six variables. On the one hand, for the analysis of pre-distributive indicators we take three variables: (1) the country's unemployment rate; (2) the underemployment rate due to a lack of work hours and (3) the volume of informal employment. In short, these indicators demonstrate inequality, precariousness of employment and the demand for the transfer of contributory unemployment benefits and subsidies.

Furthermore, for the analysis of social protection transfers we take another three variables: (1) the coverage rate of workers with unemployment protection benefit; (2) the rate of salary replacement represented by the unemployment benefit and (3) the proportion of the population of working age who receive subsidies to avoid poverty risk (see Table 13.4).

### 13.2.3.1 Analysis of Similarities and Differences

The cluster analysis shows the similarities and dissimilarities between the countries, expressed according to the closeness or distance between them, and the models in which they are registered. In Fig. 13.1 we present the dendrogram of the possible associations among standardised variables. Following the analysis of these associations we can observe four groups.

### 13.2.3.2 Cluster 1: Liberal and Latin-American Countries—Low Unemployment Protection

This first cluster shows the two Latin American countries being analysed: Chile, Argentina and Uruguay, which, alongside Brazil, are part of the model of economies with structural heterogeneity (Presbich 1981) or hierarchised labour markets (Schneider 2009). This cluster is characterised by having very high rates of precariousness, underemployment, informal employment and unemployment. The low unemployment protection in Uruguay and Argentina seems to be essentially explained by four reasons: the high volume of informal work, because many of the unemployed individuals were previously self-employed, because they come from a period of inactivity and because many of them are long-term unemployed who have exhausted the coverage (Amarante and Bucheli 2006). This all leads to strong inequalities, as demonstrated by the pre and post-distributive Gini indices (see details in Chap. 2 and here average in Table 13.5). The countries from this cluster

**Table 13.4** Pre and post-distribution indicators (%)

Countries	Pre-distribution			Post-distribution		
	(1) Unemployment rate	(2) Underemployment rate due to a lack of work hours	(3) Volume of informal employment	(1) Coverage rate of workers with unemployment protection benefit	(2) Rate of salary replacement represented by the unemployment benefit	(3) Proportion of the population of working age who receive subsidies to avoid poverty risk
1. Argentina	9.5	11.9	47.1	4.9	50	5.1
2. Austria	4.8	3.5	10	90.5	61	4.6
3. Belgium	6.3	3.7	13.5	80.2	84	7.8
4. Brazil	12.5	7.3	46.8	8.0	50	2.6
5. Bulgaria	5.3	0.6	15.9	25.6	77	2.7
6. Chile	7.2	8.7	22.2	29.9	50	1.3
7. Czech Republic	2.4	0.4	9.2	21.2	77	4.4
8. Denmark	5.0	2.8	11.2	77.2	84	9.4
9. Finland	7.8	4.0	6.3	59.2	67	7.8
10. France	9.2	5.6	9.8	56.2	68	4.8
11. Germany	3.4	2.9	10.2	88.0	59	5.0
12. Greece	19.2	6.4	32.8	43.1	39	2.0
13. Hungary	3.7	0.7	12.2	31.4	68	4.9
14. Ireland	5.7	5.1	13.5	21.6	61	6.3
15. Italy	10.2	2.9	19	56.8	75	3.4
16. Netherland	3.9	4.3	9	62.0	72	8.0
17. Poland	3.7	1.2	38	16.8	65	3.6
18. Portugal	6.9	3.6	12.1	42.1	75	4.4

19. Slovakia	6.8	1.8	16.7	11.2	63	3.5
20. Slovenia	5.5	2.2	5	30.8	85	3.7
21. Spain	15.5	6.6	27.3	46.9	78	7.4
22. Sweden	6.4	3.0	8.2	28.0	72	7.6
23. United Kingdom	4.0	4.4	13.3	62.6	48	4.1
24. Uruguay	8.0	9.4	44.3	27.9	50	0.8
25. USA	3.9	10	36	26.5	60	2.9

Source: ILO (2019) and CEPAL (2019)

*N/d* no data

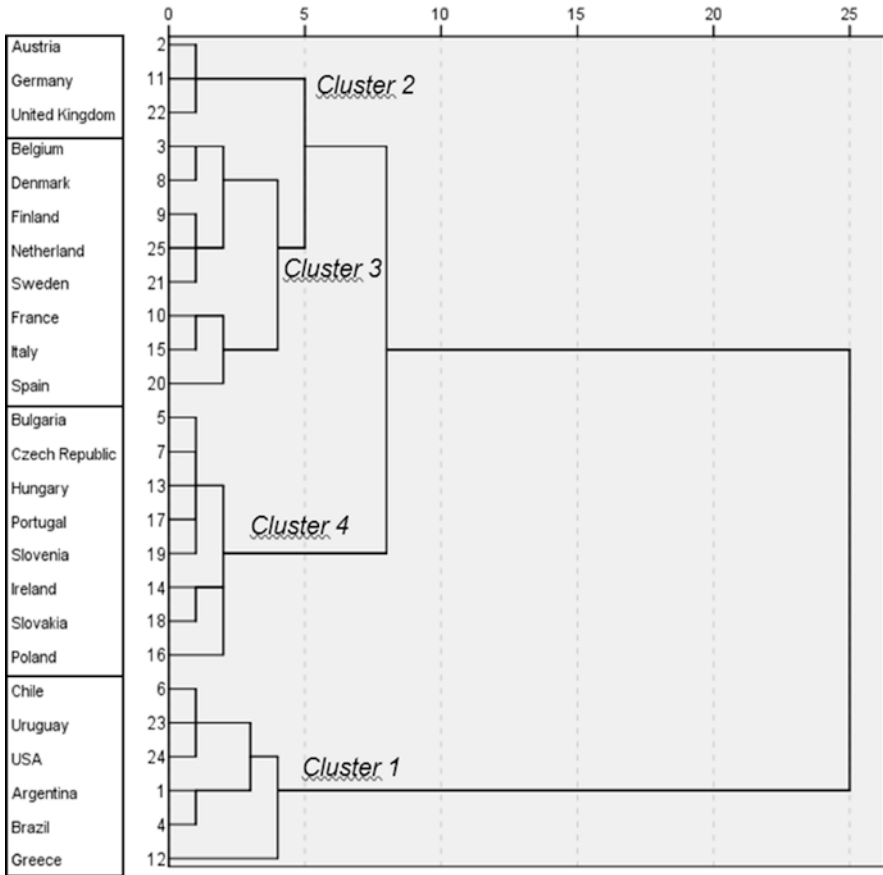


Fig. 13.1 Cluster of countries and models. Dendrogram. Source: Own elaboration

show higher than average Gini indices. The average Gini labour index in 2018 was high and the post-distributive one was also high. In other words, the difference between both indicators highlights that the capacity for correction through post-distributive policies is limited.

### 13.2.3.3 Cluster 2: Germanic Area—High Unemployment Protection

This cluster contains the neo-corporatist countries, such as Austria, and Germany. These countries share high unemployment protection, subsidies and salary replacement rates, underscoring their protection systems through their welfare states, classified as a Bismarck model (Esping-Andersen 2000; Menz 2008). Even here it is included UK. In this cluster the distances between the Gini labour index, pre-distributive and the post-distributive are reduced. Therefore, the capacity for correction through post-distributive policies is high.

**Table 13.5** Classification in four models

Average by cluster (ward method)	Unemployment rate %	Underemployment %	Informal employment %	Subsidises %	Replacement rate %	Unemployment coverage %	Gini-pre	Gini-post
1. Liberal and Latin American countries	10.0	8.9	38.1	2.5	49.8	23.3	0.45	0.39
2. Germanic Area	4.0	3.6	11.0	4.67	56.0	80.3	0.35	0.28
3. Neo-corporatist & Southern Bismarkians	8.0	4.1	13.0	7.0	75.0	58.2	0.35	0.28
4. Eastern and other	4.9	2.0	15.3	4.2	71.3	25.1	0.36	0.30
Total	7.0	4.5	19.5	4.7	65.5	41.9	0.38	0.31

Average by cluster  
Source: Own elaboration

### 13.2.3.4 Cluster 3: Scandinavian Neocorporatist and Southern Bismarkian Countries

The third group contains two subgroups. In one hand, the Scandinavian countries, characterised by strong neocorporatist model. In other hand, Southern bismarkian contributive models, such France, Spain and Italy, whose main characteristics are an unemployment protection and subsidies rate that is close to the average; a salary replacement rate higher than the average of the 25 countries studied; and a high rate of salary replacement due to unemployment. Moreover, these countries have an unemployment level that is close to the average. Informal employment and under-employment stand below the average. The inequalities in this cluster are relatively high, but thanks to the unemployment protection and subsidies, the distances between the pre-distributive labour Gini and the post-distributive Gini are reduced to the same extent as in Cluster 2.

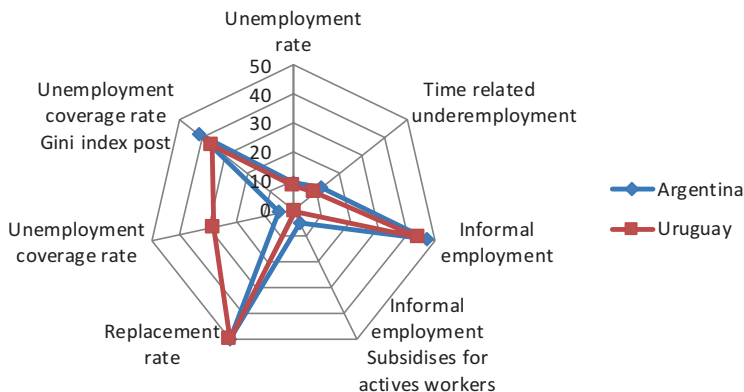
### 13.2.3.5 Cluster 4: Eastern Countries Model

Finally, this cluster contains the post-communist countries: Hungary, Poland, Chequia, Slovenia, Slovaquia, Bulgaria, with low coverage of unemployment protection, low unemployment rate and intermediate inequalities in Gini Index.

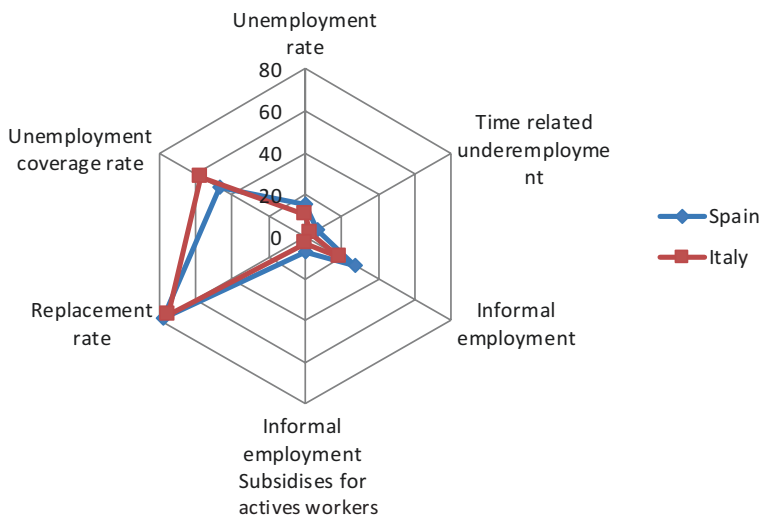
## 13.2.4 Summary: Argentina and Uruguay Versus Spain and Italy

Figures 13.2 and 13.3 represent the differences between the four countries. On the one hand, Argentina and Uruguay display higher post-distributive Gini indices, that is, they reflect greater inequality and less unemployment protection. Therefore, in relation to the first hypothesis (H1) we can confirm that a high rate of informal employment weakens the protection system. In addition, the contributory capacity of business owners and workers is also weak. This is a structural problem that has continued for many years and does not reduce inequalities.

On the other hand, Spain and Italy have less inequality comparatively and greater unemployment protection. The context of a greater comparative volume of formal employment (H1) contributes to a certain capacity towards sustaining the benefit system. However, Spain and Italy have, although to a lesser extent than the Latin American countries analysed, a considerable volume of informal employment, long-term unemployment, precarious and temporary jobs, and low salaries, representing a potential threat to the maintenance of unemployment benefits. Hypothetically, this seems to be a point of convergence between the four countries mentioned, which we will explore if it applies in the analysis of the second hypothesis (H2).



**Fig. 13.2** Unemployment and inequality protection indicators in Argentina and Uruguay. Source: Own elaboration base on CEPAL (2019)



**Fig. 13.3** Unemployment and inequality protection indicators in Spain and Italy. Source: Own elaboration base on Eurostat (2019)

According to the comparison between the semi-coordinated economy models (Spain and Italy) and the *structural heterogeneity* model (Argentina and Uruguay) we can observe the different unemployment benefit mechanisms and the trend of their reforms. Unemployment protection can adopt different forms and typically, they have been associated with the aim of cushioning the financial costs generated by losing one’s job. However, this approach is incomplete, since it does not include the reincorporation of the unemployed person into the workplace as the final stage of the protection process against the loss of the source of work. From this



perspective, job-seeking for the reincorporation of the unemployed person into the workplace acquires at least similar importance to the monetary compensation (Van Breugel 2014). In European countries, the response to this problem has consisted of the development of active and passive policies (Fernández and Serrano 2014), the association of unemployment benefits with the obligation to train, upskill and return to the labour market (Martín Artiles et al. 2017). In other words, associating the passive policies (benefits and subsidies) with the active employment policies (mediation, job-seeking and continuous training). In short, the new paradigm is the Active Welfare State, a type of welfare state with liberal and social traits (Boyer 2005).

### 13.3 Compared Unemployment Protection: Argentina, Uruguay, Spain and Italy

Following the general comparative perspective of models and their classification, set out in previous paragraphs, we now move on to specifically observing the unemployment benefit systems in the four countries (see summarised Table 13.6). The unemployment benefit systems are compulsory, contributory and proportional in the four countries, but with notable differences. In Spain and Italy the company's contribution to the social security contributions is relatively high, in comparative terms. On the contrary, in Argentina and Uruguay it is very low.

The contribution from workers is relatively low in the four countries. The state finances the deficits in all of them. But, in addition, the state allocates resources from the national budget to the unemployment benefits of people who have exhausted the social benefits. In other words, there are two types of transfers: (1) *contributory benefits* for unemployment and (2) *welfare subsidies* for those people who have exhausted the coverage time of the contributory benefit or are at risk of severe poverty.

#### 13.3.1 Unemployment Benefits in Argentina

In Argentina the unemployment benefit has been in force since the beginning of the 1990s. It is contributory in nature (due to its financing scheme), and its role has diminished. In a segmented labour market with a high level of informal labour, only a low percentage of unemployed people meet the access requirements: they must have worked in the formal sector for at least 6 months in the 3 years prior to the termination of the professional relationship, with 1.5% of the employer's contribution going to the National Employment Fund in Argentina. In other words, the context of a high volume of informal employment limits the contributory income to the unemployment protection system, as we pointed out in the first hypothesis.

Table 13.6 Panorama of unemployment insurance

Country	Type of program	With contributions			Benefits			Eligibility conditions
		Employee	Employer	Status	Replacement rate	Duration		
Argentina	Mandatory unemployment insurance Integrated unemployment benefit system (SIPD, 1967)	0%	0.89–1.11%	Finances deficits	50% in the first 4 months; 42.5% between month 5 and 8, and 37.5% in months 9–12. Decline	Up to 12 months	Employment agency willingness to work and involuntary unemployment. At least 12 quotes	
Uruguay	Social security system Social Security Bank (origin 1958, current reform 1981)	Yes, it cannot be separated from the general quotation of 12.5%	Yes, it cannot be separated from the general quotation of 12.5%	Finances deficits	From 66 to 40%, and it exists supplement of 20% for family charges supplement. Decline	6 months	6 months of quotation and involuntary unemployment	
Spain	Mandatory contribution system	(a) Gross Social Security: 4.7% (b) Part destined to unemployment: 1.60 temporary 1.55 indefinite	(a) Gross: 23.6% (b) To unemployment: 6.70 temporary 5.60 indefinite	Finances deficits	70% last salary and decline	From 6 to 24 months Subsidies Regional Subsidies (RMI)	Contribution of at least 6 months for 6 years: To Social Security Being Unemployed	
Italy	Contributory system NASPI—Nuova assicurazione sociale per l'impiego (from 1-5-2015) Sussidio (Wage compensation fund—CIG ordinaria) CIG straordinaria	0.3%	1.61 2.2 companies of more than 50 employees 1.9 little companies of less than 50 employees	Finances deficits	75% and decline	Up to 24 months	Contribution 52 weeks in the last 2 years 13 weeks of consecutive weeks—max 52 weeks 36 months	

Source: CEPAL (2019) and Eurostat (2019)

Since the 1990s the Spanish model has had some influence on the unemployment protection systems in Argentina, according to Chebez (2007). This influences the use of certain “*modernising concepts*” (second hypothesis), such as “*activation, conditionality, lifelong learning, availability, etc.*” Said modernity does not necessarily mean a strong institutionalisation of the unemployment benefit. Actually, it appears there is not sufficient union pressure to strengthen the benefit system in the private sector out of fear that the compensation might be a greater flexibilization of the labour market. The unions preferred to emphasise the payment of severance pay because it can be a considerable amount,<sup>3</sup> which in many cases is used as a type of capitalisation to become self-employed or to relieve the period of unemployment.

The total benefit is a small proportion of the lost salary (approximately 120 dollars per month), and as such, even for those entitled to receive the benefit, it is clearly insufficient. Thus, the function of the benefit as income support is limited. In certain cases it even leads to the self-exclusion of the beneficiary due to the low rate of salary replacement.<sup>4</sup>

The duration of the benefit is relatively short, up to 12 months (Argentina) and 6 months (Uruguay). In Argentina there is “formally” a “*conditionality*” policy for active job-seeking and training. However, the means of monitoring and follow-up are very weak or non-existent, and as such, the modernisation is merely discursive. This is a problem in the Southern Cone region: benefit and subsidy systems are not really associated with the employment, training and job-seeking support policy (Amarante and Bucheli 2006).

The unemployment benefit is a certain rate of the salary received and it is known as the unemployment replacement rate (see Table 13.6). This unemployment replacement rate tends to decline in all the countries as a means of pressurising the unemployed individual to actively start looking for work. In Argentina and Uruguay this rate also tends to decrease to encourage active job-seeking. A new aspect in Uruguay is that since the 1996 reform there has been a combination between the system of contributory and proportional solidarity (managed by Banco de Previsión Social, BPS) and another *individuals system of capitalisation* (managed by Administradoras de Fondos de Ahorro de Previsión Social, AFPS) (see Amarante and Bucheli 2006; Ferrer and Riddell 2011). One of the problems in Uruguay is that the incentive for active job-seeking is weak as a “*conditionality*” policy. One of the essential problems is the tradition of the state to mediate between supply and demand in the labour market, an aspect that differentiates these two Latin American countries from Spain and Italy.

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<sup>3</sup>The Latin American model can be characterised more by the sum of unfair dismissal pay than by unemployment protection. The conditions of unfair dismissal are a real capitalisation process for the worker through the severance pay. However, in recent years unions have demanded the consideration of a more protective unemployment benefit, in view of the wave of dismissals. And, especially, that perhaps the capitalisation—through severance pay for the worker—is more volatile in the context of very high inflation.

<sup>4</sup>It is regulated by three laws: The National Employment Law (Law 24.013). The Rural Workers’ Law (Law 25.191) and the Construction Industry Law (Law 25.371).

But the great problem is informal employment, which does not contribute to the sustainability of the system. The result is a strong dualization: those who have had contributory employment can receive a small unemployment protection. And, informal workers are completely unprotected, at risk of severe poverty. Although there are welfare policies, these can be insufficient in inflationary processes, and they are not updated according to said process, like in Argentina from 2016 to 2019.

### ***13.3.2 Unemployment Benefits in Uruguay***

Originally in Uruguay the programme covered private workers and excluded domestic and rural workers and workers from the financial sector. From 2001 rural workers were also included (Decree 211/01), although under more restrictive conditions, and from 2006 domestic workers were included (Law 18,065). Under the general regime and in the case of workers receiving a fixed salary, to access the subsidy, the workers must have worked for at least 6 months in the last year and must be involuntarily unemployed. In the case of dismissed workers, the new regime replaced the flat rate of 50% of the average salary from the last 6 months with a decreasing payment scheme. Workers with a family to support can receive an additional 20%. The rate of workers with unemployment coverage is 27.9% (Cepal 2019). The worker cannot use the unemployment benefit again until 12 months have passed since he/she last received it. Although the benefit can be received for a maximum period of 6 months (1 year in the case of people aged over 50), the Executive Power can extend this period.

It is important to highlight the “suspension” modality in the benefit, also known as “reduced work time”. This modality covers those workers whose work hours in a company have been reduced or who are part-time employees. In America, only Canada, the United States and Uruguay have this benefit. In Latin American it is an exclusive feature of the Uruguayan model (ILO 2017).

### ***13.3.3 Welfare Subsidies in Argentina and Uruguay***

Welfare subsidies are another means of protection for the long-term unemployed who have no more contributory benefits. In Argentina there is also a welfare benefit policy, called the Training and Employment Benefit for people in situations of vulnerability. There is no requirement to have contributed previously<sup>5</sup> (Decree 336/2006). The benefits can extend to 12 months and count towards future retirement. But the benefit is basic (equivalent to 3.21 Euro monthly in 2019); although it

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<sup>5</sup>Reference: Ministry of Employment of Argentina: <https://www.argentina.gob.ar/acceder-al-seguro-de-capacitacion-y-empleo>

can increase according to the number of dependent children and attendance at training workshops, reaching 22.86 Euros. This requirement can be considered a conditionality. Another *conditionality* is attending the employment offices twice a month to demonstrate active job-seeking.

Furthermore, there is a system called the Universal Child Allowance, a social inclusion programme to avoid severe poverty. An allowance can be granted for up to three children and generally informal workers also receive it; the *conditionality* is that they have to take their children to school and have them vaccinated. The allowance is approximately 100 Euros per month according to the number of children.<sup>6</sup>

In comparative terms Uruguay is the country with most similarities to the European social-democratic model in terms of rights guaranteed by the Constitution and the social policies system (Cecchini and Martínez 2011), although there are also vast social sectors excluded and with low coverage in the contributory social protection system. The generosity index of the OECD (see Table 13.7 in Appendix) gives it a low score (15%).

In short, as regards the first hypothesis, we can summarise that in Argentina and Uruguay informal employment hinders the capacity to protect the unemployed. And in relation to the second hypothesis, both countries have included the *modernising discourse of activation*.

### 13.3.4 Unemployment Protection in Spain and Italy

In Spain and Italy unemployment benefit is compulsory, contributory and proportional (see Table 13.6). The sum and period of the benefit has declined and there is a policy associated with the training and job-seeking support policy. This policy is linked to the follow-up and monitoring of benefits through a system of indicators managed by the employment offices, following the guideline of *conditionality of the benefit* defined by the Active Employment Policies of the European Union (H1), which cofinances certain assistance programmes through the European Social Fund<sup>7</sup> and the Social Cohesion Fund, among others.

However, the follow-up and monitoring of the *conditionality* are implemented unequally in the administrative regions of the two countries, meaning that to a certain extent the conditionality is merely a formality in some regions with a very high volume of unemployment. The problem is that the application of the *principle of conditionality* requires administrative and professional staff that the employment offices do not have. The ILO recommends a ratio of one civil servant to 80

<sup>6</sup>For more information, see: <https://www.anses.gob.ar/informacion/montos-de-asignacion-universal-por-hijo-y-por-embarazo-para-proteccion-social>

<sup>7</sup>The total investments from the European Social Fund made between 2014 and 2020 rose in Spain and Italy, and was equivalent to 0.59% of the GDP of each country. The highest investments were recorded in Hungary (4.10%) and Portugal (3.99%). These investments were dedicated to active employment policies, training and welfare subsidies for the long-term unemployed.

unemployed people to support active job-seeking; however, the ratio in Spain is 1/607 and in Italy 1/611 (Martín Artiles et al. 2017). As a result, to a certain extent, in line with Chebez' idea (2007) about convergence in the discourse of *liquid modernity*: the meta-accounts of *conditionality* (H2) have been taken as a universally applied great theoretical interpretation without taking into account the context of each country.

### 13.3.5 Welfare Subsidies in Spain and Italy

In Spain there is a wide range of transfers for the long-term unemployed who have exhausted the contributory benefits, such as the Prodi Programme, Plan Prepara 2011, the non-contributory job seeker's allowance, benefits for unemployed people aged above 45, returned immigrants aged above 45, and disabled people. In addition, there is a benefit for people aged above 52, an Agricultural Regime subsidy, and lastly—last social protection network—the guaranteed minimum income (RMI) of the regions, which oscillates between 300 and 800 Euros depending on the region. These welfare benefits increased during the Great European Recession (2007–2015) (Martín Artiles et al. 2017). The subsidies have a duration of 6 months, but they tend to be extended. The European Union has recommended that Spain reduces the fragmentation of the benefits and the regional heterogeneity of the guaranteed minimum income (Sarasa 2018; Rodríguez Cabrero 2012). In 2020 has been implemented a new national Minimum Income (Ingreso Mínimo Vital-BOE n. 165, 12/06/2020-) in order to avoid severe poverty, reduce inequalities between regions and the fragmentation of subsidises schemes, as suggested European Union (Rodríguez Cabrero 2012; Pizzuti 2009; Gualmini and Rizza 2015).

In Italy the system is also very fragmented (Strati 2012; Kazepov and Barberis 2013), and the benefits are called: Naspi; mini-Naspi; Mobility allowance (Indennità di mobilità); Wage Guarantee Funds (Cassa Integrazione Guadagni) and recently Citezenship Income (Renta de Cittadinanza). Several years ago, in his keynote speech at the University of Padua (2009), the then Governor of the Bank of Italy, Mario Draghi, defined the Italian system of social security networks as “*notoriously fragmented*”, with a benefit coverage that is “*extremely heterogeneous per sector, per company size and per work contract*”, underscoring how, “*to deal with the recession, the government's action was reduced to facing problems not structurally, but operating with existing instruments, temporarily extending the coverage and allowing exceptions in access criteria and duration*”. In both countries the contributory benefits and subsidies cushion the relative poverty. Despite this, both in Spain and Italy, the Third Sector is gaining increasing importance in the protection of the unemployed—women, immigrants, people aged above 45, etc.—at risk of social exclusion (Rodríguez Cabrero 2005; Ezquerria and Iglesias 2013; Pavolini and Raitano 2015).

### 13.3.6 Trends in the Reforms of Unemployment Protection

In the second hypothesis (H2) we indicated that the reforms tend to converge in a modernising model, inspired by neoliberalism, which follows certain disciplinary guidelines based on the *idea of activation*. An element of political pressure to reform unemployment benefits is the high volume of unemployment (Table 13.8). The following table shows how during the Great Recession (2007–2015) unemployment increased at an alarming rate in Spain, and in Italy. On the contrary, in Argentina and Uruguay it decreased slightly.

#### 13.3.6.1 Common Trends and Differences Between Spain and Italy

The elements characterising the reforms are as follows: (1) A trend towards associating active and passive policies via “conditionality” clauses; (2) A trend towards reforming the fragmented structure of the benefits and subsidies system; (3) Exhaustion of the contributory benefits and supplementary payment with subsidies (Molina 2015). These elements are analysed below.

One of the common goals in the reforms undertaken in Spain and Italy is to promote expenditure on active policies and combine it with passive policies (Ferrera 2013; Coacia and Legini 2013). The case of Denmark is often taken as a reference, as it has high expenditure on mediation between supply and demand, with individualised and supervised monitoring of the unemployed; it also has high expenditure on training unemployed people, as well as specific groups (Fernández and Serrano 2014). On the contrary, Spain and Italy spend more on incentives for private employment, to encourage job-creation in companies. They also spend more on direct job-creation in the local sphere. These local initiatives, coordinated by the town councils, are aimed at giving support through work and income to those unemployed people who have exhausted the contributory unemployment benefit and are receiving grants or are about to come to the end of the coverage period (Burroni and Pedaci 2014).

Many unemployed people exhausted the contributory unemployment benefits, which became a source of pressure to introduce new non-contributory benefit and subsidy systems. Such is the case of Spain during this period, with the approval of

**Table 13.8** Public unemployment spending. In % of GDP

Country	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Spain	1.779	1.740	2.184	3.352	3.003	3.34	3.232	3.116	2.543	2.025	nd
Italy	0.476	0.424	0.49	0.773	0.821	0.796	0.91	1.045	1.017	0.996	nd
France	1.438	1.303	1.251	1.555	1.599	1.506	1.574	1.628	1.626	1.620	nd
Finland	1.742	1.489	1.392	1.884	1.938	1.642	1.724	1.937	2.205	2.369	nd
Chile	0.032	0.03	0.057	0.066	0.104	0.035	0.017	0.052	0.055	0.085	0.02
UK	0.218	0.203	0.287	0.446	0.374	0.394	0.39	0.314	0.214	0.173	nd

In % of GDP

Source: OECD (2019)

Nd no data



the subsidy programmes Prodi and Prepara in 2011, as well as other subsidies reformed during the recession, as we will see below. It also occurred in Italy, with the recent approval of the Citizenship Income (Reddito di Cittadinanza) (2018). Many analysts have classified this policy as “*welfarist*” since it seeks to avoid the risk of severe poverty (Kazepov and Barberis 2013; De la Rica 2015).

An examination of the measures implemented in the programmes in the fight against unemployment reveals the existence of a certain convergence in the policies in Europe, such as (1) the growing importance of local job-creation programmes by the public administration; (2) the promotion of training and professional upskilling programmes, and (3) advice for unemployed people through incentives and sanctions and the growing trend in the EU towards a supranational coordination through the European Social Fund, the European Regional Development Fund and the Cohesion Fund, among others. This all appears to conclude in a trend towards the introduction of common patterns in European policies against unemployment. This shared pattern of convergence in the elements mentioned is a demonstration of the “*vertical coordination*” of the spill-over effect of the European Union policy (Scharpf 2000).

But despite the convergence, Spain and Italy have a problem in common: a very fragmented unemployment protection and subsidies system, criticised by the recommendations from the European Union, which insists on streamlining the mentioned systems. Italy recently started (2018) a system unification policy through the Guaranteed Minimum Income (Tridico 2015; Baldini and Gori 2019). Also in Spain has been implemented in 2020 the Ingreso Mínimo Vital with the same purpose.<sup>8</sup>

### 13.3.6.2 Common Features of the Reform Trends in Argentina and Uruguay

Unemployment protection in these two countries shows three main characteristics: (1) varied instruments, often superimposed and with little relation between them, and (2) a partial efficacy to guarantee benefits that make up for salary loss and that support the reincorporation of the unemployed person into the workplace. (3) The protection is incomplete as it does not always guarantee that an unemployed person will have monetary assistance (severance pay comes into effect in specific circumstances). Or when they are entitled to it, there is no guarantee that the resources will be sufficient to finance the duration of the unemployment (individual savings accounts).

The discourse on the modernisation of the protection systems is also present in the policies of Argentina and Uruguay, although formally. An indicator of this is that the effectiveness of the unemployment protection can be strengthened through a combination of passive and active labour market policies. The formal objective of the discourse seeks to move from passive regimes, exclusively oriented towards

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<sup>8</sup>Data from the National Institute of Social Insurance (INPS) show that 1.3 million Italians receive an average subsidy of 519 Euros. These are essentially long-term unemployed people from the south of Italy (55%). The payment of the income is individual, but through family implications it adds up to more than two million people who are receiving UGL (General Labour Union) Survey of Public Employment Services in Italy and Europe (2018).

replacing income for unemployed people, to a combination of these with measures that support its beneficiaries in the search for a new job or that improve their employability through job training. In other words, a discourse with modernisation arguments similar to those used in Spain and Italy, as we suggested in hypothesis 2.

### 13.4 Conclusions

1. In general terms we distinguished four models of unemployment protection: (1) Liberal and Latin-American countries; (2) Bismarkian model in Germanic Area; (3) Scandinavian neocorporatist model and Southern Bismarkian countries; (4) Eastern countries.

2. As regards the first hypothesis, we have demonstrated that the unemployment benefit systems operate differently in the European and Latin American contexts, despite both formally having contributory-proportional systems. We can conclude that effectively there are certain similarities in Spain, Italy, Argentina and Uruguay in certain aspects of the institutional design, such as the fact that the benefit system is compulsory, contributory-proportional and the ultimate responsibility of the state to save the system through the financing of deficits. But we must immediately mention the strong differences depending on the context. We can even discuss contributory “*fiscal indiscipline*” in Argentina and Uruguay. While in Spain and Italy the business contribution is much higher, monitored by the Labour Inspection and disciplined.

The unemployment coverage level presents very low rates in Argentina and Uruguay, due to the high volume of informal employment and the low institutionalisation of the system,—let us remember that the institutionalisation of unemployment benefit should be a powerful institution to correct inequalities—. While in Spain and Italy the coverage is comparatively high, because those who have exhausted the contributory benefits also receive income subsidies. The degree of informal employment is comparatively less in Spain and Italy. In these two countries the benefits and subsidies system is fragmented. Hence, the European Union is calling for the different types of benefits to be streamlined.

Likewise, there are differences between Spain and Italy as there also are between Argentina and Uruguay. In Spain, the generosity index is wider, although Italy has just implemented the Citizenship Income (*Renta de Cidadanza*), which could contribute towards improving it and towards reducing the territorial north-south inequalities. Also Spain has just implemented in 2020 other national Minimum Income in order to reduce inequalities and harmonise territorial differences in the context of covid’s pandemic and strong pressure of Trade Unions.

3. As regards our second hypothesis, we conclude that unemployment benefits are ballasted. The weight of long-term unemployment, as well as temporary and precarious employment, has been hanging over Spain and Italy for years. This entails a lack of continuity in the contribution and low financial contributions to the social security. The response to these problems has consisted of the promotion of active employment policies associated with the unemployment benefit or

subsidy. Said response is part of the European Union active employment policy, which has financing instruments (European Social Funds), which can act as disciplinary rules for those countries that breach the regulations.

However, the activation discourse has a certain air of formal modernity. But in practice, some of its postulates are relatively discursive and empty, such as that of “*conditionality, activation, job-seeking support, employability and continuous lifelong learning*”. Only certain regions with low unemployment can implement said policies in Italy and Spain. In some regions the employment offices are unable to implement the discourse because they lack resources and staff.

Paradoxically, this *modernising activation discourse* has also transferred to Argentina and Uruguay. However, it is limited by the informal employment problem, the black economy, the weakness of its tax base and the weak institutionalisation of the unemployment benefits. In the case of Argentina, perhaps the challenge today will be for the existing benefits to institutionalise, consolidate and extend their coverage in the context of the Argentinian economic recession and its extremely high inflation rate. However, the debate on unemployment benefits has emerged again in Argentina and Uruguay as a result of the increase in unemployment and the dismissals in the formal private sector.

In short, certain modernising theories have taken root in the discourse of the reform policies, such as the Active Welfare State, the Investor State and a series of concepts that are incoherent with the context of the four countries. But said liberal discourse seeks to introduce *social discipline mechanisms though the principle of activation, responsibility and placing the blame on the individual as regards unemployment and poverty risk*. The state, the community and the social structure are no longer responsible, it would appear.

4. To conclude, the four countries share some similarities in their trends, such as: (1) the increase in welfare policies; (2) the growth of the Third Sector to tackle inequalities and poverty risk, in view of the state’s “withdrawal”: in Italy and Spain because long-term unemployment has increased and as a result of the precariousness of new jobs. In Uruguay and Argentina as a result of the high volume of informal employment and the low salaries; (3) likewise, in the four countries, the high volume of public debt restricts the possibilities of political manoeuvre; (4) the responsibility of job-creation lies on the market, not on public intervention because the states are indebted; (5) another similarity is the implementation of a discourse aimed at the association of passive and active policies, even with a certain degree of conditionality for unemployed people so they can receive benefits although said discourse is still merely a formality, and is far from a reality. Lastly, (6) another common feature is the emphasis on pre-distributive policies, focused on development in the labour market, where the idea that the *first distributive social policy must be employment* is emphasised.

As a final note, it is important to point out a final difference between Europe and Latin America: despite the reforms of the unemployment protection systems, in Europe the bureaucracy and fiscal system has a considerable capacity to monitor and sanction. In addition, there are strong trade unions that have contributed towards the pressure to sustain the welfare state.

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## Appendix

**Table 13.2** Public debt in % of GDP

Country	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Spain	38.9	35.6	39.5	52.8	60.1	69.5	85.7	95.5	100.4	99.4	99.0	98.3	97.6
Italy	102.6	99.8	102.4	112.5	115.4	116.5	123.4	129	131.8	131.5	132.0	131.8	132.2
Argentina	70.8	62.1	53.8	55.4	43.5	38.9	40.4	43.5	44.7	52.6	53.1	57.1	86.3
Uruguay	75.7	68.0	59.8	63.1	59.4	58.1	58.0	60.4	61.4	64.6	61.6	65.7	70.0

Source: Cepal (2019) and Eurostat (2019)

**Table 13.3** Public deficit or surplus (In % of GDP)

Country	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Italy	-3.6	-1.3	-2.6	-5.1	-4.2	-3.6	-2.9	-2.9	-3.00	-2.6	-2.4	-2.4	-2.2
Spain	2.12	1.89	-4.57	-11.28	-9.53	-9.74	-10.74	-7.04	-5.92	-5.18	-4.31	-3.02	-2.54
Argentina	1.65	0.76	0.35	-1.83	1.39	-2.75	-3.02	-2.37	-1.88	-4.25	-6.00	-6.7	-5.22
Uruguay	-0.7	-0.17	-1.42	-1.52	-0.42	-0.36	-2.37	-1.88	-2.84	-2.22	-3.1	-2.7	-2.02

Source: Cepal (2019) and Eurostat (2019)

**Table 13.7** Generosity index

Countries	First year %	Average substitutions of income over a period of 5 years (tax benefit and welfare subsidies) %
Noway	72	72
Belgium	65	63
Germany	64	45
France	67	45
Finland	60	43
Spain	69	39
United Kingdom	28	28
Argentina	50	22.6
Uruguay	50	15
Brazil	50	15.1
Chile	50	4
Italy	75	7 <sup>a</sup>

Sources: For European countries OECD (2007), from Latin America Chebez (2007)

The OECD generosity index (2007), calculated for a period of 5 years, provides us with an idea of the role played by contributory benefits and welfare subsidies for the unemployed. The following table provides us with a brief overview of the countries analysed, as well as of other countries

<sup>a</sup>This indicator has recently changed with Cittadinanza Income

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