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Neoliberal Welfare Policy Reforms and Trust: Connecting the Dots

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ABSTRACT

Using Argentina as an illustrative example, this article attempts to show how welfare policy framings, discourses and tools can negatively impact social trust. In an era where trust has become a politicized tool used to promote collective and coordinated action, we must pay close attention to the less obvious but critically important political factors affecting the formation of trust. This article proposes a tentative framework to analyze how trust is affected by welfare policies, particularly neoliberal policies. It puts a spotlight on the impact of neoliberal ideas and tools on social imaginaries, paying particular attention to pensions, health and education. The article concludes with a reminder of how Argentina's neoliberal legacy has undermined trust and a word of warning against underestimating the dangers of an increasingly autonomous and self-reinforcing process which continues to pose serious challenges even in the current post-neoliberal period.

KEYWORDS

Neoliberalism; Trust; Welfare;
Public Policies; Social
Imaginaries; Argentina

How do we promote social trust?¹ What role should public policy play in creating social perceptions of trustworthiness? These are the paramount questions in a growing body of literature on the subject of trust.² I suggest that the State is central to understanding social trust (hereafter referred to as trust), not in a direct manner but through a complex and indirect path. If trust is the result of perceptions related to who we are or who others are; and if those others are trustworthy, the collective memories and social imaginary and the experiences that arise from public places are extremely important. Scholars define a group's or a society's collective memory as contested ideological ground, where different actors try to establish their particular interpretations of the past as the collective memory for a particular group. This approach has the advantage of viewing the creation of ideas and social norms as a strategic and political process.³ By social imaginaries we mean socially shared mental constructs that give meaning and sense to the social world. Imaginaries form a structuring part of thought, making certain aspects of social life relevant while excluding others. This selection process influences the present and future identity of a society and the perceptions that we have of others. Public places, meanwhile, are spaces where people are seen and see others, they can provide clues to a community's cultural patterns.⁴ For our purposes, we

consider public places to be spaces of co-presence where encounters or connectivity between subjects can occur, places where people visualize both what unites and that which divides. What interests us from a social trust perspective is that public space makes it possible to forge an affective feeling of the we, allowing individuals to think in collective terms by giving visibility to our differences and building upon them.⁵

Bearing this in mind, I argue that the words, framing and tools used for public policies—particularly welfare policies—are relevant in shaping social imaginaries and practices; and thus important to trust. My hypothesis is that the decline of trust in Argentina (as we can see in Figure 1) is linked to changes in structures (new labor relations, precarity and the resulting social stratification), subjectivities (imaginaries) and new types of informal socialization (less open and more endogamic).⁶ In this article I propose a theoretical schema to interpret the performative power of the effect of neoliberal welfare policies on imaginaries and behaviors, and hence their impact on trust.

The main goal of this article is, therefore, to highlight the complex (and initially imperceptible) ways in which public policies, particularly welfare policies, may affect social trust. Then I will go on to show how neoliberal ideas and tools negatively impact trust. This article builds on the work of Norbert Lechner to understand how neoliberalism reinforces the rise of individualism while undermining the concept of us, thereby impairing the development of social capital.⁷ This insight leads us to reflect on the less explored, long term effects of the restructuring ethos of market-based ideas. It is also relevant to the current debate on the global crisis in scenarios such as Europe where the political agenda proposes neoliberal policies to overcome the crisis. I shed light on the manner in which the theological free-market ideology has affected social relationships in Latin America.⁸

The choice of Argentina to illustrate this phenomenon is not arbitrary. Once a regional pioneer in terms of economic development, welfare policies and the emergence of a large middle class (similar to those in continental European countries and so different from other Latin American countries), in recent years Argentina has become an unfortunate testing ground for the dramatic social, economic and political challenges caused by the profound and rapid implementation of neoliberal shock therapy in the 1990s (see column Variation 1990-2002 in Table 1).⁹

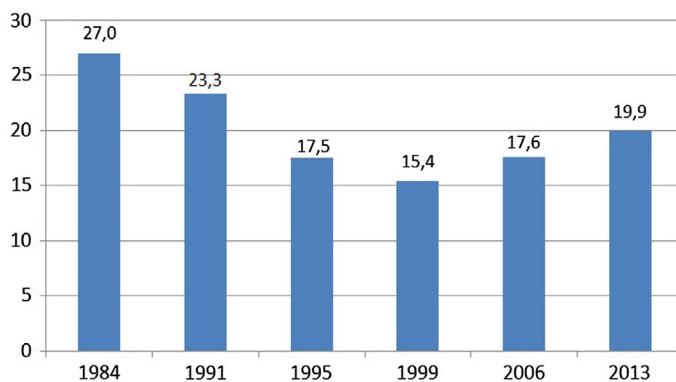


Figure 1. Trust in Argentina 1984-2013. Source: World Value Survey: Most People Can Be Trusted.

Table 1. Argentina: Economic and Social Index 1990-2002-2011.

	1990	2002	Variation 1990-2002%	2011	Variation 2002-2011%
Gross domestic Product	9,432	11,239	19	11,959 (e)	6
-Real GDP per capita (Constant Prices: Laspeyers)					
Unemployment	6.8 (a)	17.9	163	7.4	-59
Informal employment	32.5	44.1	36	34.1	
sector -share of salaried workers not having the right to a pension when retired					-23
Wage (monthly at con- stant price in 2000)	677.6 (a)	598.2 (c)	-12	2,234	273,5
Gini index (per capita per home)	0.46 (b)	0.53	15	0.43	-19
Social Polarization (Bipo- larisation, EGR, Wolfson)	0.40 (b)	0.52	30	0.41	-21
Poverty	33.1	57.5	74	13.2 (e)	-77
Extreme Poverty	6.6	27.5	317	3.5 (e)	-87
Trust	23.3 (b)	15.4 (d)	-34	19.9 (f)	14

Note: (a) Year of measurement is 1992, (b) Year of measurement is 1991, (c) Year of measurement is 2001, (d) Year of measurement is 1999, (e) Year of measurement is 2009, (f) Year of measurement is 2013. For Poverty and Extreme Poverty, first years of measurement are 1990/1991 and are only for Greater Buenos Aires.

Sources: For Unemployment, Informal Employment Sector, Wage, Gini, Social Polarisation & Poverty: Socio-Economic Database for Latin America and the Caribbean (SEDLAC and WB) <http://sedlac.econo.unlp.edu.ar/esp/estadisticas.php> Accessed March 3, 2012.

For GDP: Penn World Table http://pwt.econo.upenn.edu/php_site/pwt_index.php Accessed May 26, 2011.

For Trust: World Values Survey <http://www.worldvaluessurvey.org/> Accessed March 7, 2015.

From this we can formulate the following hypothesis: welfare policies that use mercantilist rhetoric and targeted privatizing policy tools weaken the us and are less able to enhance trust.

In order to be able to address these hypotheses we need to know more about the link between trust, public policies and welfare. For that reason, first, I briefly review the literature on the relationship between the state, public policies and social trust, specifically focusing on the link between trust and welfare policies while also highlighting the relevance of ideas and informal socialization. Second, I suggest a tentative framework for the analysis of the effects of neoliberal public policies on trust. I explore neoliberal reforms of welfare in general terms, then in Latin America, and then zoom in on the case of Argentina. I will point out that neoliberalism, without being the only one, is a fundamental factor in understanding the variation of trust in Argentina. Paying particular attention to pensions, health and educational reforms, we suggest how changes may impact trust. This analysis is not a complete investigation but more of a starting point to illustrate the analytic framework. When designing the study, I focused exclusively on the language and tools involved in reforms for each welfare area mentioned, while using research and papers which made in depth reviews of those reforms. Finally, I outline some thoughts to take into account when considering post-neoliberal challenges.

Theoretical Discussions: The State, Welfare, and Trust

Unlike strong ties such as those between family or friends, I define social trust as the idea of weak or long-range ties developed between groups and individuals of different identities

and degrees of socio-political power. In short, social trust refers to trust between unspecified people.¹⁰ Trust may be thought of as a functional prerequisite for the possibility of society and collective attitudes that allow social interactions to proceed on a simple and confident basis. Trust is seen to include emotional, cognitive and social dimensions. The cognitive element in trust is characterized by a leap beyond the expectations that reason and experience alone would warrant. The affective components of trust consist of an emotional bond among all those who participate in the relationship. The sociological base of trust is its behavioral enactment, the undertaking of a risky course of action on the confident expectation that all persons involved in the action will act competently and dutifully.¹¹

Commonly understood as a perception of the trustworthiness of others, as well as a potential predisposition to cooperate or engage, this perception is influenced by the ways in which we perceive social reality, how we typify the behavior of others, and our understanding of how we should behave. In this sense, perceptions are not merely reactions to objective facts but also rely on how we perceive experience and make sense of social actions. In other words, the body of experience and information that each individual brings along to their interactions is articulated and ordered according to cognitive framings.¹² Furthermore, the idea of “us” is very important to trust because it links individual luck and social destiny; people feel part of something bigger. The language and worldviews that policies employ are therefore pivotal to trust for the following reasons: first, because they invoke cultural images, which in turn shape how we think about people; second, because trust has to be learned, a process which is often subconscious and accidental, a by-product of social activities and street-level experiences.¹³

The interaction between these variables can be summed up in the following way. First, people decide to trust or not to trust using cognitive frames which are made up of rational preferences but also collective memories, a sense of community and emotions about who others are and how other people in the community might act in similar situations. Second, public policies have the performative power to shape those collective memories and cognitive frames, but this power is subtle and it can only be understood by looking at policy framing, discourse and the tools used. Third, within public policies, welfare policies are very important because they create the cultural and structural conditions for a thriving and pluralistic civil society. Welfare policies, furthermore, send out signs about what the social community is and what it would like to be.

While the chain of cause and effect is complex, I seek to clarify how welfare policies act at less obvious and direct levels in the creation of social trust.¹⁴ An important line of study points to the relevance of social redistribution and welfare policies. This idea can be empirically backed by the negative association between social trust and economic inequality, as well as the positive correlation found between trust and certain types of welfare state.

I understand public policies as the government’s action programs that seek to solve a problem or issue of interest. Within them can be identified the ideas, tools and processes that often result in rules, regulations and practices. Thus, public welfare policies are the ways in which the state generates welfare outcomes in terms of de commodification and well-being, in terms of autonomy and need satisfaction. Welfare is historically linked with the idea of social consciousness, awareness of the interdependence among social groups in society, responsibility for the condition of the poor and identification with the larger community interest. Collective solutions to social problems have become more common and more encompassing.¹⁵ The type and size of welfare state is very important for social trust. Welfare policies shape systems of social life, define life opportunities and transmit

values and beliefs from which individuals derive cognitive inferences about society and others.¹⁶ So, welfare policies may be central to social trust because they promote equality but also because they spread ideas that matter to the imaginary, solidarity, and the way in which individuals interpret their world and behave in it. This approach seeks to determine to what degree “group collective memory” and individual “mental maps” can be constructed by political leaders and public policies.¹⁷

It is important to consider the interpretative and normative studies on public policies that emphasize its expressive and performative facets. The policy-making process operates through a conceptual system, and the framing of policies involves the combination of a variety of languages, the accommodation of conflicting demands, and the need to achieve an uneasy balance between the demand for consistency as exemplified by the paradigm and the need for ambiguity. To sum up, policies involve a worldview; this is a practical and tacit relationship with things. Social imaginaries can be enriched, modified or changed as a consequence of the values, language and tools used by public policy-makers to deal with practical problems and ensure legitimacy.¹⁸ Thus, the words that welfare policies make use of carry unspoken assumptions and connotations that may powerfully influence society, setting social perceptions and helping to define the boundaries of the thinkable versus the unthinkable.¹⁹ For this reason, they are essential for trust. Furthermore, the tools and strategies that policies use to pursue their goals are important. By tools, I mean the practical mechanisms used to operationalize the aims embedded in programs; the diverse ways in which rules are exercised. They are not neutral; they are in fact based on a certain reading of the world.²⁰ Scholars argue that when policies use ideas and tools associated with collectivization, solidarity and universalism, they generate a social conscience which encourages the formation of trust. A social conscience is an awareness of the interdependence that links all members of a national community and which is coupled with an abstract sense of responsibility and concern to seek out solutions for the hardships and deficiencies that affect us.²¹ Conversely, policies that promote individual assurance and market satisfaction legitimize ideas about merit and personal responsibility, leading to the development of segmented imaginaries that reinforce the logic of the proactive and entrepreneurial self-made man who through sheer force of will and unyielding perseverance takes charge of his life, thus redeeming himself and his family. This is a perception which justifies the socioeconomic and market position of both the haves and have nots and consequently does not promote a social conscience that requires trust.²² The following section highlights the ways in which neoliberal reforms have changed rhetoric and imaginaries. Starting with a summary of the effects described by the literature in general terms, I will then present some brief reflections on the Latin American situation, after which I will take a deeper look at the Argentinian case. This is not an in-depth study but a starting point from which to further explore the effects of policies on trust.

Neoliberalism and Welfare

A Panoramic View

Neoliberalism’s history as an explicit ideational project, distinct from classical liberalism, can be traced back at least as far as the 1920s, while its traction as a program of state restructuring dates back to the 1970s and, as such, it might be considered to be a post-globalization

keyword.²³ The U.S. and U.K. models of neoliberalism were defined as the answer to global problems, coming together in the so-called Washington Consensus of the mid-1990s. This was a set of ten economic policy prescriptions considered to constitute the standard reform package with emphasis on budgetary restraints and the continued fight against inflation promoted by international institutions such as the World Bank or IMF and sometimes imposed as a condition for receiving loans.²⁴

Although neoliberalism has never been a monocentric doctrine, there are some common doxas and dogmas related to welfare. This has led to attacks on universal social welfare and the reduction of the protection that it provided for people against the effects of the markets. Welfare states are seen as costly, overburdened, inefficient, and incapable of eliminating poverty, as well as overly oriented to cash entitlements rather than empowerment, and so on.²⁵

Accordingly, social goals have been subordinated to economic goals. This is summed up by two metaphors: the trickle-down effect; and growth as a rising tide. The former suggests that growth will flow from the top of the pyramid to the bottom, while the latter implies that the tide will lift all boats, even the smaller ones, so that everyone benefits. Both metaphors imply that government intervention is not necessary for better distribution. In this sense, the rhetoric and framing of public policy should be understood in the context of excessive confidence in the market's potential as an efficient regulator, and also a negative image of state and public administration.²⁶

The main political discourse consistently addresses the consumers and the people rather than citizens; it refers to service management instead of social rights; and it holds individuals and families responsible for their own well-being. Thus, traditional values, associated with equality and solidarity, are subordinated to those of quality, efficiency, excellence, competitiveness, flexibility, diversity and empowerment. These ideas colonized communications in all areas, becoming a kind of common sense, with an intrinsic normative power that arises from public debate and subsists through it. Market language colonizes and extends its reign into welfare policies and the depoliticization of political issues.²⁷ The concepts invoke cultural images of competition and self-reliance reinforcing individualist ideology and shaping the way we think about people. These ideas impose a long-lasting lens through which to look at reality as well as classify and define desirable social scenarios. Appealing to individual effort and responsibility as a fair and dignified way to satisfy basic needs implies the legitimization of ideas such as merit as a basis for social protection, bypassing asymmetries of power, human capital and opportunities for the different social groups.²⁸

While private management has been introduced into public administration via new public management,²⁹ the most important policy tools are:

- the choice of a targeted and assistance-based model;
- privatization (either direct transfer to the private sector or encouragement of private choice);
- decentralization of service provision (ignoring the asymmetrical institutional capabilities of regions to deal with them);³⁰
- the incorporation of the third sector as providers of welfare and key actors in de-institutionalization.

These ideas are summarized in Figure 2.

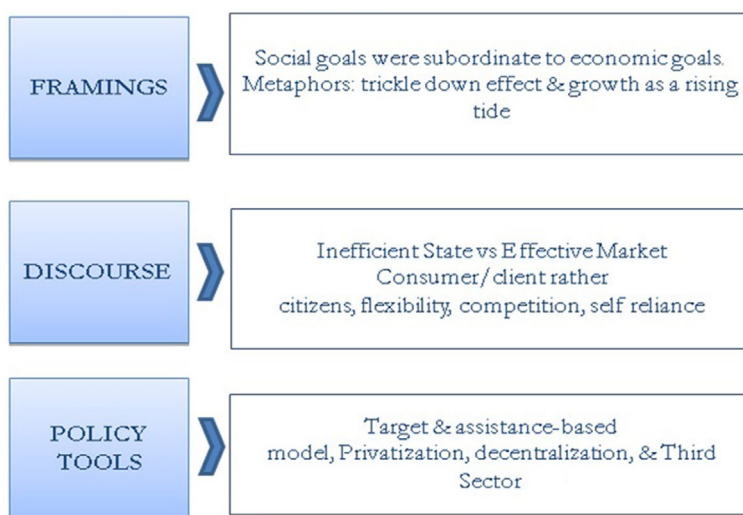


Figure 2. Neoliberal Doxas & Dogmas about Welfare. Source: Author.

Neoliberalism and Welfare Regimes in Latin America

In contrast to the European typology and southern European regime and pathway, the construction of Latin American welfare systems was not marked by a long period of political stability, nor did they result from competitive struggles between political parties.³¹ They flourished from political violence and in a context of authoritarian and dictatorial practices. This meant the consolidation of corporative features of welfare, a state of engagement rather than welfare, creating an unstable and fragmented citizenship status and social rights. Historically, precariousness and informality have been the most notable features of Latin American welfare provision. Before the implementation of neoliberal policies, Latin American welfare regimes exhibited many of the key features of the Southern European variant of conservative welfare, but this applied only to formal workers (resulting in the exclusion of wide sections of the population) and was provided by employers, trade unions and the state. In the cases of education and health, some benefits were guaranteed by the state, but private and family provision also coexisted with it. Millions of rural workers, as well as unemployed and informal workers lack protection and rely heavily upon community and family relationships to meet their needs. These relationships are usually hierarchical and asymmetrical. The result is problematic inclusion or adverse incorporation, whereby poorer people trade some short-term security for longer-term vulnerability and dependence. Insecurity and uncertainty induce risk-averse behavior because they expose poor people to livelihood-threatening risk. The imperatives of risk aversion in the present may deliver short-term security, while reproducing the conditions for long-term insecurity in the future.³²

The analysis of shifts in Latin American welfare must therefore take into account changes in two key stratification filters which have supported it: the labor market and employment relationships. Liberalization has produced a restructuring of employment, a rise in unemployment and a major decline in the coverage of formal social protection. Conservative components have tended to disappear and the emerging patterns, as Armando Barrientos puts it, can best be characterized as liberal-informal.³³ Individual savings accounts constitute

the main model of protection against social risk, adopted not only for pensions but also for health and unemployment. This reduces the scope for wider risk-pooling, and reinforces greater heterogeneity in the distribution of social risk, while strengthening market provision without any attempt to develop safety nets. Primary responsibility has been transferred to the workers themselves (and their families) and away from employers and the state. In short, the region has thus moved closer to the liberal regime we find in the North, albeit lacking the kind of solid, targeted programmes associated with this regime and grappling with a greater number of people excluded from the formal labor market (still the key mechanism to access social protection benefits).

Neoliberalism and Welfare Regimes in Argentina

Argentina's welfare regime has been characterized as stratified universalism, or a potential welfare state regime. It has been identified as partially supportive in its configuration, but also as having a corporatized and fragmented pattern where benefits, conditions of access, and the risks covered by insurance are highly stratified according to labor market or occupational status. There are parallels with the Mediterranean model (characterized by systems of contribution and an important role for the family as a social safety net), which merges elements of liberal regimes (especially social assistance and poverty reduction policies) and some characteristics of social-state regimes (such as the universality of education provision).³⁴

Historically, Argentina had a large formal labor market and a small proportion of unqualified workers. Compared with other countries in the region, coverage of social services has been high, and the state has played an active role in improving workforce productivity through education and training. The key tool of welfare has traditionally been social security linked to formal work.

Rubén Lo Vuolo believes Argentina offers an excellent case-study of “the retrenchment of the welfare states,” that is those institutional transformations associated with the neo-conservative revolutions of recent years.³⁵ The literature distinguishes between two fields of analysis: firstly the systemic retrenchment which is linked to changes in the referential environment of social policy institutions, especially changes in the economic, fiscal, labor market and politico-institutional contexts; secondly the programmatic retrenchment which refers to changes in the institutional ordering of specific social policies. Other studies affirm that the Argentinian welfare state did not suffer retrenchment in terms of percentage of GDP, neither was it impoverished beyond what the Argentinian society itself suffered and, finally, it experienced no major structural changes.³⁶ The amalgamation of populist sectors with the representatives of neoliberalism and home-grown conservatives made it easy to present those policies as progressive and with the ability to resolve economic efficiency and social inequality problems. These policies may not have radically transformed the system but silently installed new social meanings associated with ideas of social deserving that undermined the organization of Argentinian welfare provision. The scarce solidarity and lack of equality that they promoted blurred the sense of community and social responsibility, while also making the creation of social trust more difficult.³⁷ I will focus on the changes occurring in three traditional welfare programs—pensions, health and education—as an example of how the analytical framework can work.

As far as pensions are concerned, the Argentinian system was born as a system of capitalization but expanded its coverage following the model of social insurance based on the employment relationship. With broad support from the IMF, the World Bank and the national financial and banking sector, the 1993 reform transformed a system of inter-generational solidarity and state administration into a system of individual accumulation. Law 24.241, which transformed the pension system, was justified as a response to the pension scheme crisis, the very low pension payments for retirees, the inefficiency of the State in the management of resources and the desire to promote domestic savings and create a capital market. This new system was referred to as mixed, because it initially combined the traditional distribution model with the new capitalization, so at the beginning contributors could opt for either system, but over time it resulted in outright privatization.³⁸

The adoption of a defined-contribution system deepened the individualization of benefits which started to more closely reflect the contributory history of each worker, and the performance the contributions made over his or her working life. With references to customers and efficiency, the management and administration was mainly transferred to the private sector and pensions now depended on the profit rates of privately accumulated capital. Quite apart from criticisms that may be made about efficiency, I am interested in seeing its effects on cognitive frames. A fragmented and deficient system (only for formal workers) turned into a new system, one that was also deficient and fragmented as well as private and suffused with the idea that each person is responsible for his or her future. It is no longer the state and society that assumes social protection in old age; it is all about individual expertise of managing one's own resources.

In the health area, the system is managed by *obrassociales*, the state, the private sector and charities. The *obrassociales*, which mostly cover the population in formal employment, are funded by contributions from employees and employers under the logic of solidarity and mutualism. The state and charity are for those without *obrassociales* (informally employed or unemployed). Private health insurers, historically specialized in sectors with greater resources, now also cover a wide section of people with medium and low income who are not covered by *obrassociales* and distrust public services.³⁹ The reforms of this system, itself characterized by high fragmentation, heterogeneity and limited solidarity, tried to conform to World Bank recommendations around efficiency. As Susana Belmartino states, no such legal reforms became fully effective.⁴⁰ Nevertheless, I wish to emphasize the underlying logic and its possible impact on the imaginary.

The law of the self-managed hospital (Decree Law 578/93) argued for decentralized and private management. First, health costs were to be borne by the provinces and municipalities, which resulted in the decentralization of hospitals, meaning infrastructure-rich hospitals located in residential areas and with fewer patients are at an advantage compared to those which are not. Later, individuals with the capacity to contribute would be expected pay when they used most public services. Hospitals were authorized to provide services to individuals with *obra social* or private insurers and to charge them for it. In order to capture users with greater resources and disposable income, the law encouraged hospitals to focus on patients with the ability to pay. So, the need to raise funds would lead to the rejection of poorer patients from hospitals when, ironically, spending is supposed to be focused on the neediest. On the other hand, the legislation that promoted free choice of *obra social* in 1993 had two positive features: it fought corruption in the unions (who managed them), and it

dealt with the captive population in the professional area (all workers were required to join the *obra social* corresponding to their profession and social benefits thus differed widely).⁴¹

As the social benefits provided by *obrassociales* depend on their capacity to attract high-income people with small family groups, this kind of reform favors the establishment of mechanisms of adverse selection and different social benefits based on ability to contribute. As expected, affiliates on high salaries were concentrated in a few *obrassociales* (or the more expensive plans within them) and the financing of the poorest *obrassociales* fell due to leakage of members with greater contributions.⁴² To sum up, the wealthier self-employed and higher-paid salaried workers can afford to contract health services from private suppliers with access to cutting-edge technology, while those who have been excluded from the formal labor market, the unemployed or low earners can only afford to use the overburdened public subsystem, with its scarce resources. Free choice only exists for those who have greater resources.⁴³

In education, neoliberal changes affected provision and quality rather than the imaginaries around which it is constructed. Being public, free and secular has been the key feature of education in Argentina since the nineteenth century, critical to integration and social mobility. These values have not changed over the years but the introduction of other logic has reduced its integrative potential. Two reforms are of particular importance. First, Law No. 24,049 under which educational services were transferred to the provinces and City of Buenos Aires. This transfer was fuelled by the Ministry of the Economy of Argentina on the basis of tax policy considerations and was strongly resisted by the provinces. Fiscal inequality (partially derived from an unfair tax sharing system) and unequal distribution of tangible (buildings) and human resources (staff training) between the provinces strengthened territorial asymmetries. Second, the 1993 Federal Education Act no. 24.195 established the axis of an educational project at the federal level for all levels and types of education, proposing a new model of organization of the national education system where the family and the Church were categorized as education agents on the same level as the state (Article 4 of the Act), while the latter assumed a subsidiary role promoting regulation and financing for private schools. I emphasize the incorporation of ideas of competitiveness and efficiency in educational management. Social equality and the desire to provide a homogeneous service to the entire population remained targets of educational policies, but now share space with improving quality, competitiveness and efficiency, principles that are difficult to reconcile.⁴⁴ So, although neoliberal policies did not initiate segmentation, they did exacerbate it. The transfer of service management to local governments with limited capacity and resources, the financial support of the private sector to the detriment of public education, and the growing need for schools to deal with social impoverishment all resulted in a lower quality of public education.

Summarizing, single or family purchasing power indicated the quality and quantity of health, education and pension that is accessed. If purchasing power is low, users have to settle for the underfunded public system, which now seeks to capture those who have resources. The private values that neoliberal policies promote in a context of rising inequality, social fragmentation and workplace disintegration advance a notion of intimate, homogeneous and endogamic solidarity. In a context of social disruption in which private and market principles prevail, it becomes impossible to develop a sense of shared destiny and a common future. It is more likely for interpersonal distrust and family ties to increase, as each group develops conflicting notions about what solidarity, trust, cooperation and civic engagement mean.

Rights appear to be based on *Gemeinschaft* rather than on *Gesellschaft*, as Geoff Wood puts it, and we witness “a throwback to mechanical solidarity” in Alejandro Portes’s words.⁴⁵

Conclusion and Challenges to Post-neoliberalism

If trust must be promoted, because I believe that it is either trust or bust, then one must also consider the role of the ideas and tools that welfare policies use, and their impact on social imaginaries and experiences. Post-neoliberal times require more than new economic and productive policies to promote development. Finding a linear relationship between public imaginaries and trust policies is difficult, but I postulate a number of reasons and arguments to interpret the relationship. This assumes that: 1. the emergence of new terms in politics is not merely semantic evolution but a cognitive operation that assigns an identity;⁴⁶ 2. public policies are not only showcases where the dominant ideas and values are emerging but they have a performative function of social reality; 3. the area of welfare is a core field in shaping ideas about “us” and “them”.

Where there is no universal and widespread solidarity, the introduction of mercantilist, private decentralizing mechanisms contributes to reinforcing inequalities (access to social benefits happens to be mediated by the economic capacity of the individual). Furthermore, such mechanisms send signals that go in the opposite direction to the idea of collective responsibility. For the losers, this not only condemns them to marginalization but also makes them responsible for their misfortune with no possibility of identifying those events beyond their control or developing a shared narrative.⁴⁷

The Argentinian case study illustrates how neoliberal ideas and tools negatively affect the opportunities for creating trust. Neoliberal policies reinforced and stabilized spatial and cultural borders, increased social inequality and worsened segmentation. In general terms, the neoliberal legacy on ideas and social experiences enhanced an individualist worldview in which everyone is on his or her own. This instils a privatistic imaginary, legitimizes free-riding and sociofugal strategies. These effects survive even after neoliberal policies are replaced, becoming great obstacles to the creation of trust. However, the last decade has seen some important modifications in Argentinian social policy as many of the previous institutional changes have been repealed or extensively modified. Universal programs were developed for maternity and child care, as well as policies connected with sexual and reproductive health, and measures aimed at guaranteeing equal access to medicines.⁴⁸ Some argue that these reforms have had significant effects in terms of combating poverty and inequality, and we can see the improvement of the social and economic indices (second part of Table 1).⁴⁹ Others criticize them for the way they have been implemented: party political interests, lack of media transparency and the strengthening of clientelism.⁵⁰

In terms of welfare, the official strategy continues to prioritize employment policies as the main instrument for achieving greater levels of social inclusion. As a result, current policies opt for an increase in formal employment as the key to social integration and the extension of social protection coverage. Consequently, efforts to increase the coverage of social benefits and to reduce inequality are incorporated in an attempt to recover and strengthen the corporative aspect of the welfare system. Thus, it continues to consolidate aid programs and the access to social benefits mainly through employment, camouflaging them behind cooperative and supportive rhetoric. The structure of the welfare system in Argentina still retains its historical features.

Significant effort is needed to reverse the legacy of neoliberalism and to construct trust-friendly social scenarios, and there are serious obstacles to be overcome. In order to see whether post-neoliberalism is capable of changing imaginaries and values, it would be necessary to verify not only whether it subverts existing legal provisions, but also whether it is powerful enough to alter the inherited unequal social structures. These are difficult and expensive tasks that yield no short-term political benefits to the actors who undertake such initiatives. On the other hand, we need to fight against inertia and tackle the difficulties of changing ideas and reducing mistrust. Ideas associated with social merit and private and individualistic strategies of social provision are usually resistant to change, especially when they have become part of common sense. Similarly, increasing distrust is difficult to reverse; it has an inherent tendency to endorse and reinforce itself in social interaction. Uncertain expectations are learned much more firmly and are more stable psychologically than safe expectations; once trust has been destroyed its rebuilding often requires extraordinary and complex efforts.⁵¹

The mark left by the ways in which policy is built will endure and it is extremely difficult to discuss new policy proposals without first explaining and legitimating them in terms of previous policy.⁵² Neoliberalism might be dead as an intellectual project in Latin America, but its effects on imaginaries may be entering a zombie phase. In these matters, unfortunately, there is no reset button. “All of this begs the question of what it will take truly to escape the neoliberal mind trap.”⁵³

Notes

1. I am very thankful to Ludolfo Paramio and Francisco Herreros for their fruitful comments on a previous version of the article and to English Fabric for the English language support.
2. Bo Rothstein, “Trust, Social Dilemmas, and the Strategic Construction of Collective Memories,” *Journal of Theoretical Politics* 12 (2000): 477-501; Francisco Herreros and Henar Criado, “El problema de la formación del capital social: Estado, asociaciones voluntarias y confianza generalizada,” *Zona Abierta* 94/95 (2001): 201-231; Elinor Ostrom and T.K. Ahn, “Una perspectiva del capital social desde las ciencias sociales: capital social y acción colectiva,” *Revista Mexicana de Sociología* 1 (2003): 155-233.
3. Rothstein, “Trust, Social Dilemmas,” 478.
4. Jonas Frykman, et al., “Sense of Community: Trust, Hope and Worries in the Welfare State,” *Ethnologica Europaea*, 39, no. 1 (2009): 7-46, 19.
5. Cecilia Güemes, *Trátame suavemente: confianza social en Latinoamérica; Argentina bajo la lupa* (San José de Costa Rica: FLACSO, 2016), 119, 148.
6. Cecilia Güemes, “Estrategia metodológica para un análisis del impacto de las políticas públicas sobre la confianza social,” *Circunstancia* 26, no. 9 (2011). Available at <https://goo.gl/JjEKiB>
7. Norbert Lechner, “Desafíos de un desarrollo humano: individualización y capital social,” *Instituciones y Desarrollo* 7 (2000): 7-34; Norbert Lechner, “La recomposición del Nosotros: un desafío cultural,” *Desarrollo Humano Chile PNUD* (Oct. 2010), www.desarrollohumano.cl/pdf/2002/05.pdf
8. Jamie Peck, Nik Theodore and Neil Brenner, “Postneoliberalism and its Malcontents,” *Antipode* 41 (2010): 94-116.
9. Ernesto Isuani, “The Argentine Welfare State: Enduring and Resisting Change,” *International Journal of Social Welfare* 19, no. 1 (2010): 104-114; Rubén Lo Vuolo, Alberto Barbeito and Corina Rodríguez, *La inseguridad socio-económica como política pública transformación del sistema de protección social y financiamiento social en Argentina*, Documento N° 33 (Buenos Aires: Centro Interdisciplinario para el Estudio de Políticas Públicas [CIEPP], 2002).

10. Mark Granovetter, "The Strength of Weak Ties," *American Journal of Sociology* 78, no. 6 (1973): 1360-1380; Margaret Levi, "A State of Trust," in *Trust and Governance*, ed. Valerie Braithwaite and Margaret Levi, 77-101 (New York: Russell Sage Foundation, 1998); Bo Rothstein, "Is the Universal Welfare State a Cause or an Effect of Social Capital?" *QOG Working Paper Series* 16 (2008).
11. David J. Lewis and Andrew Weigert, "Trust as a Social Reality," *Social Force* 63, no. 4 (1985): 967-985.
12. Hardin states: "The cognitive premise relates to the behavioral preferences and inclinations of others in terms of their preparedness to contribute, to cooperate, and to refrain from selfish, opportunistic and hostile courses of action [...] images and cognitive frames by which people anticipate likely reactions of other people at the micro level will constrain policies, as well as investment strategies, at the macro level." Russell Hardin, "The Street-Level Epistemology of Trust," *Analyse & Kritik* 14 (1992): 152-156, 155-156.
13. Niklas Luhmann, *Confianza* (Barcelona: Anthropos, 1996); Bo Rothstein and Erik Uslaner, "All for All: Equality, Corruption, and Social Trust," *World Politics* 58 (2005): 41-72; Frykman, et al.
14. Güemes, 2016.
15. Abram De Swaan, *A cargo del Estado* (Barcelona: Pomares-Corredor, 1992).
16. Richard Wilkinson and Kate Pickett, "Sociedades disfuncionales ¿por qué tiene importancia la desigualdad?" Dossier *La Vanguardia* "El mundo de las clases medias," 2013, 59-63. More information in <http://www.lavanguardia.com/internacional/20130313/54369245846/el-mundo-de-la-clase-media.html>; Wim Van Oorschot and Arts Wil, "The Social Capital of European Welfare States: The Crowding Out Hypothesis Revisited," *Journal of European Social Policy* 15, no. 1 (2005): 5-26; Roger Patulny, "Social Rights and Social Capital: Welfare and Co-operation in Complex Global Society," *American Review of Public Affairs* 6, no. 1 (2005): 59-75; Larysa Tampilina, "The Impact of Welfare State Development on Social Trust Formation: An Empirical Investigation," *Electronic Journal of Knowledge Management* 7, no. 4 (2009): 501-508; Rothstein and Uslaner.
17. Rothstein, "Trust, Social Dilemmas." I use mental maps as equivalents of cognitive framing.
18. Bruno Jobert, "The Normative Frameworks of Public Policy," *Political Study* XXXVII (1989): 376-386; Pierre Bourdieu, *El sentido práctico* (Madrid: Ed Taurus, 1991); Judith Goldstein and Robert Keohane, "Ideas and Foreign Policy: An Analytical Framework," in *Ideas and Foreign Policy: Beliefs, Institutions, and Political Change*, ed. Judith Goldstein and Robert Keohane, 3-30 (Ithaca and London: Cornell University Press, 1993); Norman Fairclough, "Critical Discourse Analysis in Researching Language in the New Capitalism: Overdetermination, Transdisciplinarity and Textual Analysis," in *Systemic Functional Linguistics and Critical Discourse Analysis*, ed. Lynne Young and Claire Harrison, 103-122 (London: Continuum, 2004). Norman Fairclough, *Discourse and Social Change* (Cambridge: Polity Press, 1992); Frank Fischer, *Reframing Public Policy: Discursive Politics and Deliberative Practices* (Oxford: Oxford Univ. Press, 2003); George Lakoff, *No pienses en un elefante: lenguaje y debate político* (Madrid: Foro Complutense, 2007); Philippe Zittoun, "Understanding Policy Change as a Discursive Problem," *Journal of Comparative Policy Analysis* 11, no. 1 (2009): 65-82.
19. I am calling attention to the consequences of the unspoken assumptions, connotations, and belief that words still have, irrespective of the intentions policy makers may have had.
20. Nikolas Rose and Peter Miller, "Political Power beyond the State: Problematics of Government," *British Journal of Sociology* 43 (1992): 173-205. Rose and Miller use the term technologies of government to suggest a particular approach to the analysis of the activity of ruling, one which pays great attention to the actual mechanisms through which authorities of various sorts have sought to shape, normalize, and instrumentalize the conduct, thought, decisions, and aspirations of others in order to achieve the objectives they consider desirable. See also Rothstein, "Universal Welfare," 3, who talks about how welfare states are organized and highlights the relevance of *modus operandi* of welfare states.
21. Rothstein, "Trust, Social Dilemmas"; Rothstein, "Universal Welfare."

22. Tamilina, "The Impact of Welfare State," 502; Patulny, "Social Rights and Social Capital," 60; Pedro Güell, "¿Quién le apuesta al Capital Social en América Latina?" Draft, *Conference in Universidad del Rosario* (Bogotá, 2002).
23. Peck, Theodore, and Brenner.
24. David Harvey, *A Brief History of Neoliberalism* (Oxford: Oxford Univ. Press, 2005).
25. Bob Jessop, "Liberalism, Neoliberalism and Urban Governance: A State Theoretical Perspective," *Antipode* 34, no. 3 (2002): 452-472.
26. Peter Evans, "The Eclipse of the State? Reflections on Stateness in an Era of Globalization," *World Politics* 50 (1997): 62-87; Rafael Muñoz de Bustillo, *Estado de Bienestar en el cambio de siglo* (Madrid: Alianza, 2000); Joseph Stiglitz, "El rumbo de las reformas: hacia una nueva agenda para América Latina," *Revista de la CEPAL* 80 (2003): 7-40.
27. Depoliticization refers, ironically, to a way of constructing discourse that is apparently technical, neutral, and apolitical. In reality, however, it seeks a resignification, and marks a profoundly political area in market terms. Jessop, "Liberalism, Neoliberalism and Urban Governance," 468; and Pierre Bourdieu and Loïc Wacquant, "Neoliberal Newspeak," *Radical Philosophy* 5 (2001): 1-6.
28. José Luis Coraggio, "Es posible pensar alternativas a la política social neoliberal?" *Nueva Sociedad*, 164 (1999): 95-105; Bourdieu and Wacquant, "Neoliberal Newspeak," 2-5; Fairclough, "Critical Discourse Analysis," 104.
29. Wolfgang Dreschler, "The Rise and Demise of the New Public Management: Lessons and Opportunities for South East Europe," *Uprava – Administration*, 7 (2009): 7-27; Jon Pierre, "We Are All Customers Now: Understanding the Influence of Economic Theory in Public Administration," *QoC Working Paper Series*, 6 (2009).
30. We include decentralization because—as Harvey, *A Brief History*, and Jessop, "Liberalism, Neoliberalism and Urban Governance," suggest—decentralization is a form of state-rescaling and its relationship to policies of the local state assumes that a rescaled state will reduce the social safety net and unleash market forces. Jessop describes decentralization as part of neocorporatist strategies to promote or adjust to global neoliberalism, and enhance the role of the third sector as neocommunitarian strategies. It emphasizes the contribution of the third sector and/or the social economy (both located between market and state) to economic development and social cohesion, as well as the role of grassroots economic and social mobilization in developing and implementing economic strategies. Jessop, 463.
31. Gosta Esping Anderson, *The Three Worlds of Welfare Capitalism* (Princeton: Princeton University Press, 1990); Bernhard Ebbinghaus, "Comparing Welfare State Regimes: Are Typologies an Ideal or Realistic Strategy?" (paper presented at European Social Policy Analysis Network, ESPANet Conference, Edinburgh, UK, September 6-8, 2012); Sebastià Sarasa and Luis Moreno, *El Estado del Bienestar en la Europa del Sur* (Madrid: CSIC, 1995).
32. Armando Barrientos, "Latin America: Towards a Liberal-Informal Welfare Regime," in *Insecurity and Welfare Regimes in Asia, Africa and Latin America*, ed. Ian Gough and Geoff Wood, 121-167 (Cambridge: Cambridge Univ. Press, 2004); Ian Gough, "Welfare Regimes in Development Context: A Global and Regional Analysis," in *Insecurity and Welfare Regimes*, ed. Ian Gough and Geoff Wood, 15-48; Geoff Wood, "Informal Security Regimes: The Strength of Relationship," in *Insecurity and Welfare Regimes*, ed. Ian Gough and Geoff Wood, 49-87; Philip Oxhorn, "Social Inequality, Civil Society, and the Limits of Citizenship in Latin America," in *What Justice? Whose Justice?*, ed. Eva Eckstein and Timothy Wickham-Crowley, 35-63 (Berkeley: Univ. of California Press, 2003).
33. Barrientos, 154-155.
34. Ruben Lo Vuolo and Alberto Barbeito, *La nueva oscuridad de la política social: del Estado populista al neoconservador* (Buenos Aires: Miño y Dávila- CIEPP, 1998); Susana Belmartino, "Las obras sociales: continuidad o ruptura en la Argentina de los 40," in *Política, médicos y enfermedades: lecturas de historia de la salud*, ed. Mirta Lobato, 211-246 (Buenos Aires: Biblos y Universidad Nacional de Mar del Plata, 1996); Fernando Filgueira, "Nuevo modelo de prestaciones sociales en América Latina: eficiencia, residualismo y ciudadanía estratificada," *Documento de Trabajo, Serie Políticas Sociales*, 135 CEPAL- Naciones Unidas, 2007. Available

- at <http://www.inau.gub.uy/biblioteca/mofi.pdf>; Juliana Martínez Franzoni, *Regímenes de bienestar en América Latina: ¿Cuáles y cómo son?* (Madrid: Fundación Carolina, 2007).
35. Rubén Lo Vuolo, "The Retrenchment of the Welfare State in Latin America: The Case of Argentina," *Social Policy & Administration* 31, no. 4 (1997): 390–409, 390.
 36. Paul Pierson, *Dismantling the Welfare State? Reagan, Thatcher and the Politics of Retrenchment* (Cambridge: Cambridge University Press, 1997); Isuani, "The Argentine Welfare State."
 37. Lo Vuolo, "Retrenchment of the Welfare State," 404. The reforms implemented during the 1990s in Argentina were formally initiated under two laws in 1989, the State Reform Law (which declared an administrative emergency and opened the door to privatization) and the Economic Emergency Law (which suspended public subsidies, industrial and mineral promotion policies, and changed restrictive foreign capital investment rules, among other things). In light of this legislation most public enterprises were privatized, economic liberalization was strengthened through lower tariffs, the money supply was tied to Central Bank reserves, debt was rescheduled (domestic debt was transferred to the future by issuing public securities, while international debt increased sharply), the labor system was modified, reducing stability, and most social policies were changed. Lo Vuolo, Barbeito and Rodríguez, 5.
 38. Mariano Nino, "Privatización 2- Reforma Previsional-La subordinación del interés público en el proceso democrático de decisión y negociación en la Argentina," *Realidad Económica*, 195 (2003); Oscar Centrólogo and Carlos Grushka, *Sistema previsional argentino: crisis, reforma y crisis de la reforma* (Santiago de Chile, CEPAL, 2004); Olimpia del Aguila Cazorla, "Transformación y reforma de los sistemas de pensiones: ¿hacia un nuevo modelo?" (PhD diss., Universidad Complutense de Madrid, 2010); Camila Alza, "The Politics of Counter-Reform in the Argentine Pension System: Actors, Political Discourse, and Policy Performance," *International Journal of Social Welfare* 21, no. 1 (2012): 46–60.
 39. Susana Belmartino, "Estado social o Estado de compromiso? Agotamiento, crisis y reformulación de las instituciones de atención médica: Argentina 1920-1945," in *Las políticas sociales en perspectiva histórica. Argentina, 1870-1952*, ed. Daniel Lvovich and Juan Suriano, 111-134 (Buenos Aires: Prometeo, Universidad Nacional General Sarmiento, 2005); Adrián Carbonetti and Ricardo González Leandri, *Historias de salud y enfermedad en América Latina: siglos XIX y XX* (Córdoba-Madrid: Universidad Nacional de Córdoba/Centro de Estudios Avanzados, 2008).
 40. Belmartino, "Estado social."
 41. To understand how unions have been involved in social provision and their position in neoliberal reforms, see Victoria Murillo, "From Populism to Neoliberalism: Labor Unions and Market Reforms in Latin America," *World Politics* 5, no. 2 (2000): 135-174.
 42. Oscar Centrólogo and Florencia Devoto, "Reformas en la política de salud en Argentina durante los años noventa, con especial referencia a la equidad," *Serie Estudios* 27 (Buenos Aires: CECE, 1998).
 43. World Bank, *Investing in Health* (Washington: World Development Report, 1993).
 44. Ma. Anita Fernández, Ma. Luisa Lemos, and David Wiñar, *La Argentina fragmentada: el caso de la educación* (Buenos Aires: Miño y Davila, 1997); Ángel Márquez, *La quiebra del sistema educativo argentino* (Montevideo: Libros del Quirquincho, 1996); Olga Pelayes, "La hipocresía neoliberal: las nuevas formas de privatización de la educación como utopía democratizadora," *Revista Herramienta* 12 (2000). Available at <https://goo.gl/OVtOxO>; Juan Carlos Tedesco and Emilio Tenti Fanfani, *La reforma educativa en la Argentina: semejanzas y particularidades* (Buenos Aires: IIPE-UNESCO, 2001).
 45. Wood, "Informal Security Regimes"; Alejandro Portes and Erik Vickstrom, "Diversity, Social Capital and Cohesion," *Annual Review of Sociology* 37 (2011): 461-479.
 46. Denis Merklen, *Pobres ciudadanos: las clases populares en la Era Democrática (Argentina, 1983-2003)* (Buenos Aires: Gorla, 2005).
 47. Richard Sennet, *La corrosión del carácter: las consecuencias personales del trabajo en el nuevo capitalismo* (Barcelona: Anagrama, 2006).
 48. In terms of pensions, see: the Pension Moratorium Program in 2005; Law of Pension Mobility; and the renationalization of the pension funds in 2008 (a public pay-as-you-go model; workers

affiliated to the private system were transferred to the state and the funds in their pension accounts began to be managed collectively by National Social Security Administration, ANSES). For more information see Olimpia del Aguila Cazorla, "Transformación y reforma de los sistemas de pensiones: ¿hacia un nuevo modelo?," (PhD diss., Universidad Complutense de Madrid, 2010). Available at <http://eprints.ucm.es/10353/> The Self-Management Hospital Decree was repealed by Article 22 of Decree 939/2000. For education, the Federal Law of Education was repealed in 2006 when the National Education Law was passed. In the health sector the rules for self-managed hospitals have been transformed.

49. Fabián Repetto, "Política social y redistribución en la Argentina: la historia reciente, los retos futuros," Draft, 2008, Buenos Aires.
50. Liliana De Riz, "Argentina una vez más en la encrucijada," in *Cultura Política y Alternancia en América Latina*, ed. Ludolfo Paramio, 47-70 (Madrid: Fundación Pablo Iglesias, 2008).
51. Luhmann, *Confianza*, 137; Piotr Sztompka, *Trust: A Sociological Theory* (Port Chester, NY: Cambridge Univ. Press, 2000).
52. Jessop, "Liberalism, Neoliberalism," 52; Cristian Lavan, *La escuela no es una empresa* (Barcelona: Paidós, 2004).
53. Peck, Theodore, and Brenner, 110.