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BOOK REVIEW ESSAY

Aging, Poverty, and Social Protection in Latin America: How Does the Future Look for the Elderly Population?

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This essay reviews the following works:
Los sistemas de pensiones en la encrucijada: Desafíos para la sostenibilidad en América Latina. By Alberto Arenas de Mesa. Santiago: CEPAL, 2019. Pp. 315. Open access.

Power, Alliances, and Redistribution: The Politics of Social Protection for Low-income Earners in Argentina, 1943–2015. By Carl Freidrich Bossert. Berlin: Budrich Academic Press, Opladen, 2021. Pp. 373. Open access.

El porvenir de la vejez: Demografía, empleo y ahorro. By María Amparo Cruz Saco, Bruno Seminario, Favio Leiva, Carla Moreno, and María Alejandra Zegarra. Lima: Universidad del Pacífico, 2021. Pp. 430. S/.52.00 paperback, S/.28.00 ebook.

La desestructuración del sistema peruano de pensiones. By María Amparo Cruz-Saco, Bruno Seminario, Favio Leiva, Carla Moreno, María Alejandra Zegarra. Lima: Universidad del Pacífico, 2020. Pp. 96.

Welfare and Social Protection in Contemporary Latin America. Edited By Gibrán Cruz-Martínez. New York: Routledge, 2019. Pp. 254. $47.65 e-book.

Pensiones de capitalización individual en América Latina: Efectos, reformas, impacto del COVID-19 y propuestas de política. By Carmelo Mesa-Lago. Santiago: CEPAL, 2022. Pp. 104. Open access.

As noted by Carmelo Mesa-Lago in the introduction to the book reviewed here, three crucial events have had a fundamental impact on social security and pensions in Latin America: The late twentieth-century structural reforms that transformed the publicly administered defined benefit system into privately administered defined contributions system, the COVID-19 pandemic, and the aging of the population. The books reviewed here address all or some of these issues and provide solutions to both the actual and the impending pension crises. These books are concerned with the sustainability of the Latin American pension systems given the aging of the population, the nature of the regional economies, the substantial number of people who are in the informal sector and social policy dualism, which involves the existence of a publicly financed social assistance program that provides transfers to disadvantaged groups and a Bismarckian social insurance system for some of those who are formally employed.

The question of the survivability of the pension systems and their ability to provide benefits in the future will become particularly acute as a larger group of people will retire with little or no income, given the disastrous performance of the private pension systems and the limited capacity of governments to provide publicly funded benefits. In addition to the structural problems noted, the pandemic produced a devastating effect due to the increase in unemployment and the ensuing reduction of contributions. At least in the cases of Chile and Peru, which are analyzed here, the problem was made worse by the governments' authorization of multiple withdrawals of funds.

The books and the analysis here address the questions of the status and the future of pensions of an aging population in the context of limited resources in the hands of the public sector and private pensions that are insufficient and profit driven. This essay pays special attention to the current situation of pension funds in Chile and Peru, as well as the situation of women given the exceptionally large pension gap, or the difference of retirement income for men and women, that exists in the region. In the process, two critical questions are addressed: whether governments politically capable of resolving the current and future pension problems given the conditions already mentioned and the extent to which solutions will be limited by the very nature of the regional economies and their interactions with the international economic system.

What are the books telling us?

Two books included in this essay involve single-country case studies of Argentina and Peru, whereas the other four analyze policies and provide solutions at the regional level. The two case studies are analyzed first, followed by books that have comparative data and analysis. It is noteworthy that most of the books were written before or during the pandemic, but as we know, the pandemic effects have only magnified existing socioeconomic problems and inequalities.

The single-country stories and lessons

In *La desestructuración del sistema peruano de pensiones*, by Cruz-Saco and colleagues, introduces general concepts used in the field and provides a succinct and comprehensive history of the Peruvian pension system. Peru's social security history began in the nineteenth century with pensions to the members of the armed forces and their survivors and then to those involved in critical economic activities. During the first half of the twentieth century, blue- and white-collar workers also began to receive benefits in a piecemeal form. These funds were unified in 1973 under the Sistema Nacional de Pensiones, which included both blue- and white-collar workers and the self-employed, but excluded the Armed Forces, a pattern typical in the region. By the early 1990s, under the Fujimori administration, Peru partially followed the Chilean model by creating a defined-benefits, privately administered pension system. However, as opposed to its neighbor, it maintained the public system, structuring two parallel models that were expected to compete even though they respond to quite different logics. In addition to the private and public contributive pillars, the Peruvian government offers Pension 65, which provides 250 soles, or about US$67 per month to those older than age sixty-five who find themselves below the poverty line, a much-needed program because more than half of the over-sixty-five population does not contribute to either the public or the private system.

Given the insufficiency of the existing systems, there are several reform proposals circulating in Peru, as of 2024. The authors conclude that while a solidarity-based system is highly needed, Peru's demographic and job market characteristics and the low rate of participation in the contributive system reduce its chances of success. As a result, they opt

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for a multipronged system with several pillars and a sustained increase in the funds dedicated to Pension 65.

As the authors of this book, Mesa-Lago, and myself among many others have noted, the promises made by those who supported and developed the private system have not been fulfilled. In fact, not only have the promises of better pensions, expansion of coverage, and reduction of costs not been realized; the opposite has happened because administrative costs are high, pensions are insufficient, and the population is dissatisfied with the system. In the case of Peru, 64 percent of the population support a reform of the system.[1] In the case of Chile, demands for an end or substantial modifications to the Administradoras de Fondos de Pensiones (AFPs, or Pension Fund Administrators) managed system can be traced back to at least the early 2000s, and calls for the demise of the system were at the core of the October 2019 social movement when a million people marched in the streets of Santiago demanding a reform of the pension system under the slogan "NoMoreAFPs (No+AFPs)."

Carl Friedrich Bossert, author of *Power, Alliances and Redistribution: The Politics of Social Protection for Low-Income Earners in Argentina, 1943–2015*, argues that by focusing on Argentina over a long period, he can "develop and modify existing theories—in particular the power resources approach—and develop a theoretical framework for the analysis of social protection for low-income earners in Latin America that can be subsequently inform future research on other countries as well as comparative studies" (28). The first chapter of the book contains an extensive review of the theoretical literature on social protection including the power resources approach, which is both criticized and used by the author in subsequent chapters. This is followed by a methodological chapter and a comprehensive history of the politics of social protection for low-income earners in Argentina and by a chapter on the structural bases, actors and political mechanisms of change, and the conclusions.

Focusing on the power resource theory, which explains social policy expansion by pointing to the role of workers, their labor market position, and their unions is critically important to the author, who provides both an extensive analysis and a criticism of the approach.[2] He concludes that the approach is too limited because it focuses only on the role of the leftist political parties and their association with organized labor. The author proposes instead focusing on the power of what he calls the popular classes and their multiple forms of association and on the centrist parties and the church. The contribution here lies in arguing that in any concrete struggle over social policy different actors bring to bear associational, structural, institutional, and discursive power. Their ability to combine and mobilize those powers are the keys to success. From a methodological standpoint the author opts for a historical political analysis, which has been widely used before.[3]

Chapter 4 contains a detailed and nuanced history of social policies in Argentina from the nineteenth century until 2015. Here we see the same patterns followed by other "early adopters," the phrase used by Mesa-Lago to characterize the countries in the Southern Cone that adopted an array of social policies in the early part of the twentieth century.[4] Similarly to other countries in the region, the pattern of policy expansion, stagnation, and

[1] "Quiénes están más a favor que el Congreso apruebe reforma de pensiones del Gobierno?," *Gestión*, November 13, 2023, https://gestion.pe/economia/datum-el-64-de-peruanos-quiere-que-congreso-apruebe-reforma-de-pensiones-del-gobierno-sistema-de-pensiones-noticia/.

[2] Gøsta Esping Andersen, *The Three Worlds of Welfare Capitalism* (Princeton, NJ: Princeton University Press, 1990).

[3] For similar approaches, see, e.g., Silvia Borzutzky, *Vital Connections: Politics, Social Security, and Inequality in Chile* (Notre Dame, IN: University of Notre Dame Press, 2002); Hugh Heclo, *Modern Social Politics in Britain and Sweden* (New Haven, CT: Yale University Press, 1997).

[4] Carmelo Mesa-Lago, *Social Security in Latin America: Pressure Groups, Stratification and Inequality* (Pittsburgh, PA: University of Pittsburgh Press, 1978).

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retrenchment was determined by the political and economic conditions prevailing at the time and the constellation of actors, interests, and the existing power distribution. In the concluding chapter, Bossert argues that his analysis shows that important levels of popular class power resources favor the extension of social protection for low-income earners while low levels of popular class power favor retrenchment, which is what has been argued by multiple authors working in this field for the past twenty or thirty years.[5]

In brief, there is no doubt that Argentina has a long history of social policies, and this book provides the reader with an in-depth analysis of each of them. This long and complex history has, as a result, provided fertile ground to analysts attempting to understand and to build theory around its history, starting with Mesa-Lago's pathbreaking work on the role of interest groups, which in turn inspired a large group of analysts. To what extent this rich history can be used to build a general theory of Latin American social policy and to what extent the approach pursued here is different from existing work in the field is unclear to this reviewer. Additionally, one wonders how the groups analyzed in this book are going to react to Javier Milei's drastic reductions of social spending in a country where more than 57 percent of the population and over 70 percent of the children are living below the poverty line. Is the traditional assertiveness of the Argentinian working class going to mobilize against these economic policies or just wait for better times?

The pension systems, the economies, and proposed solutions

Alberto Arenas de Mesa's *Los sistemas de pensiones en la encrucijada: Desafíos para la sostenibilidad en América Latina*, invites the reader to evaluate the sustainability of Latin American pension plans from the standpoint of coverage, sufficiency of benefits, and financial sustainability. Even though the book was written before the pandemic, the author, who has a long trajectory as both policymaker and analyst, is concerned with the already low growth in gross domestic product (GDP) of the region's economies, which declined even further with the pandemic and has yet to recuperate: the regional rate of growth for 2023 was 2.2 percent and the expected growth for 2024 is just 1.9 percent.

This book is a valuable source of comparative data and comparative analysis and provides the reader with a comprehensive analysis of the present and future of pensions and pensioners in the region. Here, and in his previous work, Arenas de Mesa has shown a dedication to analyzing and providing evidence about the exceptionally large gender disparities that exist in the regional pension systems. In this context, Chile's 2008 reform is an exception because it created a special mechanism to compensate women for time taken out from work for child-rearing and other family reasons. However, even with these reforms Chile still has the largest pension gap in the region, an issue that is analyzed here. The problem of low women's pensions will be only exacerbated by the aging of the population and the fact that women live longer than men.

While providing a detailed analysis of the post 2005 reforms, also known as re-reforms, which have increased the solidarity component of the pension systems, Arenas de Mesa calls for a new "pension social pact" that focus its attention on the long-term sustainability of pension systems. In fact, Arenas de Mesa argues that the financial sustainability of the pension systems is threatened by changes in international economic relations and specifically the end of the export boom of the first years of the twenty-first century, which has reduced the rate of economic growth of the regional economies. The aging of the population deserves special attention because birth rates continue to decline while people live longer, and these problems will not be solved by the existing defined-contribution,

[5] See Jennifer Pribble, *Welfare and Party Politics in Latin America* (Cambridge: Cambridge University Press, 2013); Sara Niedzwiecki, *Uneven Social Policies: The Politics of Subnational Variation in Latin America* (Cambridge: Cambridge University Press, 2018).

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privately administered systems of individual capitalization or any other system. Instead, data-based holistic reforms that tackle the question of future pensions in its entirety are needed. Therefore, countries should start by working toward having timely actuarial data that can be used to inform future reforms.

Other critical elements needed to produce sustainable reforms and that are missing in several countries include financial transparency and the lack of a standardized accounting system to measure and estimate public spending. The significant difference between the South American countries that spend 6.1 percent of GDP in social spending and the ones that spend only 1.9 percent is worth mentioning here. The author concludes by calling for a new fiscal social pact, which would require a massive institutional, fiscal, and political exercise geared to conduct both fiscal and pension reforms focused on both the concepts of rights and solidarity to confront inequality. In many ways, this call is also made by the other books reviewed here, especially the one that follows. How to achieve that massive reform is the critical question.

El porvenir de la vejez: Demografía, empleo y ahorro is also concerned with the connections between population issues, employment, and savings in the case of Peru, but with historical and current references to other countries both in Latin America and Europe. The book begins by outlining the history of social security programs across the world and their history in Peru. The authors provide the reader with an in-depth analysis of the multiple variables that affect the Peruvian pension system, including the aging of the Peruvian population, the territorial distribution of the population, the country's socioeconomic development, and the past and present characteristics of employment, savings, and spending at the family and the country levels. We also find throughout the book a wealth of statistical data and analysis that illustrate the magnitude of the problems.

The first chapter offers an in-depth analysis of the aging of not only the Peruvian population but also the regional and the globe's population. The data shows that the rate of dependency of older adults on the working population (relationship between the population over sixty-five years old and population between fourteen and sixty-five years) will increase in Peru from 10.5 percent in 2015 to 30 percent in 2030, 59 percent in 2075 and 88 percent in 2100 (70). In other words, this serious financial challenge will not be met by changing the type of pension system a country chooses but only through a sustainable plan that satisfies the needs of an aging population.

In Peru and other countries in the region, the problem is further complicated by the coexistence in urban and rural areas of a formal and an informal employment sector. Notably, in the case of Peru, the informal sector is large and does not contribute to either the privately managed AFPs or the public Oficina de Normalización Provisional (ONP). This problem is particularly acute in rural areas where government institutions such as the Banco de la Nación are not present. Given the isolation and poverty of many rural communities, it is the job of the government to design a publicly financed universal policy that assigns benefits both to individuals and families who, following traditional norms, are supporting their elders.

The authors of this very comprehensive and invaluable book also address changes in the country's economic structure and their impact on employment. They argue that the Peruvian economy has transitioned from an agrarian/extractive economy to an economy based on services, skipping the industrial phase. Even though their projections show that the portion of the insured population will grow from one fourth to one third, public policies should focus on that large uninsured population that will be reaching their retirement age in the next fifteen to twenty years. In subsequent chapters, the authors analyze family spending patterns and come to the sad but realistic conclusion that those in the lower eight income deciles, about 80 percent of the population, spend about 50 percent of their income on food—in other words, they work to survive. In the case of older families and individuals, the elevated level of spending on food is followed by sizable spending on

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health, leaving these groups with no disposable income and no opportunity to save or contribute to a pension system. The last chapter of the introductory section deals with savings, which mostly depend on the rate of economic growth. However, the funds accumulated in the hands of the private pension system have increased to about one-fifth of GDP and half the total national savings in Peruvian currency.

The second section of the book is dedicated to analyzing various aspects of the individual capitalization system, the services provided by the AFPs between 1993 and 2015, and the regulations and the profitability of the private pension system. In the Peruvian case, only 16 percent of the economically active population (EAP) is engaged with the private pension system, and another 10 percent contributes to the publicly administered system. Just as in the other countries that have adopted this system, the administrative costs are high, pensions are insufficient, and the workers do not participate in the investments of the funds, which have discouraged participation. Also, much like in other countries with private pension systems, the government regulations have provided limited protection to the contributors while encouraging a free market in pensions, empowering the private administrators to pursue rent-seeking policies.

In brief, there is a need for a massive policy overhaul because of the demographic changes: most of the population finds itself in the lowest income brackets and is unable to save, and there is low coverage provided by the current systems. The massive reforms should include at least a publicly funded pension for the older population and some measures that would increase gender equality in the pension system, as was done partially in Chile through the 2008 reform. Other reforms should include increasing the competitiveness of the private pension providers through the creation of a public AFP and enhancing the role of the public system. However, these reforms cannot operate in a vacuum, and much as Arenas de Mesa does, the authors suggest considering the overall macroeconomic picture of the country, its export-import patterns, the nature and effectiveness of the tax system, the type and direction of new investment, and the need for policies geared to increasing Peruvian workers' productivity.

Welfare and Social Protection in Contemporary Latin America, edited by Gibrán Cruz-Martínez, is a massive undertaking that covers multiple topics, policy areas, and countries. The authors make a point of not using the word *welfare* as it is used in the United States (income-tested benefit), but as a human right, which in turn requires universal programs. Like the other books reviewed here, this one traces a comprehensive history of social programs and the models that inspired both programs and reforms, arguing that there are four models of universalism in the region, but in all four cases, dualism and limited reach have characterized those policies.

The book is divided in three parts dedicated to examining the welfare regimes in Latin America, exploring the role played by national and international actors shaping policy in the region and, in the concluding part, addressing a variety of debates around social protection and welfare in the region. Some of the essential questions raised here are: What has been the impact of social policy reform in the region? Can we speak about a general policy model for the entire region? Has the expansion of social assistance and the inclusion of "outsiders" created dual social protection institutions? And what has been the impact of welfare regimes' reforms in the universalization of citizenship rights? The second part deals with questions of citizenship and the role of trade unions, as well as the role of international financial institutions and international trade agreements both in the development of policies such as conditional cash transfers (CCTs) and the enshrinement of labor rights in international agreements. This topic is developed further in the third part as the authors explore the impact of CCTs on women, the dilemma between state and market-driven alternatives, and the preferences of those who receive benefits. Other chapters look at theoretical approaches to the Latin American social policy literature by analyzing both the theories and the experiences of several countries. As is well known, the corporatist structures of the early programs were replaced by the market structures of the neoliberal reforms, which were at least partially replaced by the partial re-reforms that followed the so-called Pink Tide. Current and future challenges are addressed in the conclusion.

The chapter by Armando Barrientos tackles the question of dualism by focusing on the two forms of social protection that have emerged in the region: social assistance and the Bismarckian social insurance systems for some of those who are formally employed. Among the most common forms of social assistance are CCTs, found in every country in the region. As Barrientos acutely observes, the growing body of literature calling for universalism is normative and tells governments what they ought to do, but it does not reflect what is happening. In practice, welfare regimes are the result of path dependency, or the power of existing political coalitions. Whereas in Europe the emerging welfare regimes were universal, in Latin America they were defined for and by the power of interest groups, and as a result, they were geared to benefit a group or groups, not society at large. On the other hand, as noted by Barrientos, causal explanations of the growth of social assistance are harder to find, but they are clearly linked to the process of democratization, the rise of power of the left, economic growth, and an enhanced fiscal space. Barrientos concludes that the current dualism is here to stay, and the role of asocial assistance programs will expand as the population gets older and is not covered by formal social security or pension programs. The remaining questions for this reviewer are how generous those programs will be, the extent to which they will keep people above the poverty line, and how they will be financed, given that in many countries the tax system is inefficient.

Of particular interest to this review is the chapter on the impact of CCTs on women. Here the argument has always been that while these programs are women-centered because the benefits are accessed by women, the policy also generates an additional number of obligations on women who are already overwhelmed and experiencing multiple family and work-related commitments. Moreover, these women are unable to break the cycle of poverty by enhancing their education or skills given the multiple tasks they have on their hands. It is also noteworthy that while CCTs give women economic and symbolic power, they do not change the traditional family structure or the patterns of intrafamily violence which are common in the region. What is clear is that despite the large amount of research done in the context of CCTs, much more needs to be done to understand family dynamics The chapter on challenges to the future of social protection adds the challenges that emerge from climate change and their impact on the poor and especially on women.

Pensiones de capitalización individual en América Latina: Efectos y reformas, impacto del COVID-19 y propuesta de política is the most recent of the books reviewed here and the only one that directly addresses the devastating impact of COVID-19 on the region. Mesa-Lago starts this CEPAL-published book by reviewing the regional private pension systems and their impact, followed by a review of the main reforms implemented between 2008 and 2022 and by analysis of the impact of COVID-19. The book concludes with a chapter on the lessons learned and the recommendations. Between 1981 (the date of the Chilean reform) and 2008, eleven Latin American countries opted for either a total or partial defined contribution, individual capitalization, and privately administered pension systems. In some cases, there was a total replacement of the public system, in some cases the public system coexisted with the new private pension system, and in still other cases the private and the public systems competed. As Mesa-Lago concludes, the private systems have failed to fulfill their promises of more coverage and better pensions, as in fact coverage has diminished and pensions are insufficient. As a result of the failures, several countries engaged in a process of partial but insufficient re-reforms.

Most importantly for the future of pensions in the region, Mesa-Lago concludes with the chapter "Lessons Learned and Recommendations." Among the lessons is the

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insufficient performance of the privately administered pension system, even in the cases in which they were partially reformed because of both the low coverage and the low pensions provided by the private system. The impact of the pandemic, which the Organisation for Economic Co-operation and Development estimates to have caused a reduction of at least 6 percent in the value of the funds due to extended periods of unemployment, has only magnified these problems. In the case of several Latin American countries, these funds were further depleted by the *retiros*, or authorized anticipated withdrawals. Thus, it is imperative that the state expand noncontributive pensions to cover not just the unemployed, the informally employed, and those who lost their funds because of the withdrawals. According to Mesa-Lago, the state must also increase funding to bridge the pension gender gap by providing equal salaries and retirement conditions to everyone. These measures will make the pensions sufficient and increase the replacement rate, which in the privately administered systems is just 39.8 percent as opposed to 64.7 percent in the public systems (77). To achieve this, he argues that the state should increase contributions and the retirement age. Other important measures are expansion of information and diversification of investments. Similarly to other authors, Mesa-Lago argues that the success of any reform should be based on a broad social dialogue and on a detailed actuarial analysis of the sustainability of the system given the population changes and the economic performance of the country.

Discussion: Chile and Peru as microcosms of the region

The books reviewed here provide a comprehensive and realistic analysis of the current state and the future of pensions and pensioners in the region. All the authors offer well-founded analyses of past policies and adequate solutions to the existing problems, but one wonders to what extent governments have either the political or the economic capacity to implement at least some of these solutions given the current and future issues affecting the pension systems. I first address the current situation of pension funds in Chile and Peru, which is followed by a brief analysis of the gender pension gap. Future solutions are assessed from the standpoint of governance and government capacity, a by-product of the current political and economic conditions and the economic limitations generated by the international economic structure and the post-COVID period.

While all countries in the region share several of the characteristics outlined in the books reviewed here, the analysis is centered on Chile and Peru as two cases that are paradigmatic of the depth and implications of the problems. In these two cases, the questions of limited coverage, insufficient pensions, high administrative charges, and low replacement rates of the pensions provided by the private pension systems have been magnified by the pandemic and the *retiros* that took place during the pandemic and that are still taking place.

What was the COVID-19 impact on pensions? As already noted, the size of pension systems declined worldwide and in some Latin American countries that decline was magnified by multiple *retiros*, or early withdrawals. Here governments were caught in a bind because to propagate the popularity of the private systems, they have been arguing that the funds belong to the contributors or potential retirees. Given the economic hardships produced by the pandemic and the distrust of the system, people began to demand access to their funds. In Chile and Peru, the governments had no option but to authorize multiple withdrawals that in some cases fully depleted or massively reduced the savings accounts. But this process has not ended.

In Chile, the opportunity to access pension fund savings proved to be overwhelmingly popular during the pandemic, and despite the opposition of the AFPs, the government authorized three withdrawals per person. By 2021, approximately 10.5 million workers had withdrawn about US$20 billion and by the end of the process, the total amount withdrawn was about US$50 billion. Early estimates showed that women's pensions will be reduced by 33.3 percent and men's by 24.3 percent. As of early 2024, the government is considering a fourth 10 percent withdrawal, which, according to a report, will defund the accounts of about 4.16 million in addition to the 1.37 million contributors who did not have any monies in their accounts as of December 2023 and the 2.79 million people who could withdraw all the money in their accounts. If this is authorized, the amount to be withdrawn will total 5.72 percent of the gross industrial product and 12 percent of total accumulated funds.[6]

In the wake of the COVID-19 crisis, Peru allowed six withdrawals, and as a result, by the end of July 2020, 3.7 million Peruvians had requested an average of US$1,470, totaling US $5.5 billion, or approximately 13 percent of assets under management. In March 2021, the legislature permitted additional withdrawals of up to US$4,665 and would allow workers over forty years of age who had not contributed in five years to withdraw 100 percent of their savings, a measure that could lead to a reduction of 27.2 percent of total pension fund managed assets. By the end of 2023, the total amount withdrawn from the funds amounted to about US$23 billion. On April 11, 2024, the Peruvian Congress authorized a seventh withdrawal that could lead to about $7 billion in withdrawals. The existing estimates indicate that about 8.2 million people affiliated to the system, or 28.5 percent of the contributors, have already depleted their accounts and that the new *retiro* will deplete the accounts of about 79 percent of the contributors to the pension system and thereby hasten the death of the private system.[7]

The gender factor is also addressed in the books reviewed here and must be addressed separately because of the challenges involved. Women in the region and elsewhere live longer than men. In the cases of Chile and Costa Rica women's life expectancy, at about eighty-two years, is longer than in many developed countries, including the United States. Longer life expectancy, early retirement age provisions, the wage gap (about 17 percent for the region), and the fact that women need to take time off due to pregnancy, child rearing, and other family obligations easily explain the pension gap. A recent report shows that the pension gap is the highest in Chile at 50.2 percent, followed by Mexico at 43 percent, Colombia at 33 percent and Bolivia and Peru at 17 and 16.4 percent, respectively.[8]

In Chile, the 2008 reform was geared to diminish some of these negative effects, but obviously it did not do enough, as the country has the largest gender pension gap in the region. If the problem of exceptionally low pensions and replacement rates for women was bad before 2019, the *retiros* made it worse, because they have left women's funds either totally depleted or with monies for only a few years. To ameliorate the problem, the 2008 reform established a public pillar that reduced the gap by about half. However, this situation is unsustainable because women are contributing to the private pension system, which will give them an insufficient pension, and then must rely on the minimum pensions provided by the state to survive.

While the private administrators are suggesting increasing women's retirement age to reduce the gap, I would argue that without a reduction of the exorbitant charges imposed by the pension administrators, and without any controls on the investments, the problem will get only worse. An alternative path is a primary public system supplemented by private savings and efforts to increase women's salaries and access to all-male professions.

6 CIEDESS, April 4, 2024, https://www.ciedess.cl/601/w3-channel.html.

7 Defensoría del Pueblo, "Constantes retiros de fondos de las AFP desnaturalizan el sistema privado de pensiones, April 5, 2022, https://www.defensoria.gob.pe/defensoria-del-pueblo-constantes-retiros-de-fondos-de-las-afp-desnaturalizan-el-sistema-privado-de-pensiones/.

8 Federación Internacional de Fondos de Pensiones, *Pension Notes*, no. 69, March 2023, 5, https://www.fiapinternacional.org/wp-content/uploads/2023/03/NP69-nota-de-pensiones-eng.pdf.

Women's pensions have become the avatar and signal what eventually will happen with pensions across the board. Thus, what are the chances that governments can implement any of the solutions proposed by the authors reviewed here? The answer to this question is related to government and economic capacity. Regarding government capacity, there are governments in the region willing to address the issues, but their capacity to govern is limited by the fact that presidents do not have a congressional majority that would allow them to legislate, as in the cases of Chile, Peru, and Colombia, among others. In Chile, the governmental paralysis is due both to the lack of a congressional majority and to tensions within the government coalition. In the case of Peru, it is because of the permanent disarray of the political party system and pervasive corruption. In other cases, it is unlikely that the proposed solutions will be implemented because of the ideological makeup of the government, as in Argentina with Mr. Milei, who does not have a congressional majority either, or because some leaders are becoming outright authoritarian, as in El Salvador.

Popular support for these regimes is also limited both regionally and at the national level by the massive growth in violence resulting from the presence of powerful narcotrafficking groups. Thus, while a Boric or a Petro might be highly sympathetic to these reforms, they do not have either the congressional or the popular support to implement them. A case in point is Chile's failed attempt to reform the current pension system that began during the second Bachelet administration, continued during the second Piñera administration, and is currently being discussed in Chile's Congress with very little hope of an agreement between the right and the left. The situation is even worse in Peru, where not only is Congress in disarray; the past two presidents are in jail or just getting out of jail, and the current president, Dina Boluarte, is being investigated for possible illicit enrichment and failure to declare ownership of luxury watches, among other issues. As of April 2024, Boric's approval rating stands at 29 percent and Boluarte's is at 9 percent.

Regional governments are also plagued by a series of economic woes resulting both from the end of "export boom," due to the massive reduction of Chinese demand for raw materials, and from the pandemic. As noted, economies have struggled to maintain a rate of growth of about 2 percent, and the prospects for next year are not much better. To the extent that the Chinese economy is suffering from "economic long COVID," featuring a persistent dearth of investment and consumer demand, as noted by Adam S. Posen, the Latin American economies are also suffering from long COVID.[9] Much like in the case of humans suffering from this disease, the prognosis is uncertain. Is future Latin American economic policy going to be a modified neoliberal approach, or a return to a policy of selective industrialization? Or should countries opt for becoming the providers of specific services? Whatever the answer is going to be, it would require massive changes in education and well-developed plans, which have yet to be drafted.

In conclusion, the future of Latin American pensions and pensioners is going to be determined by the capacity of governments to implement reforms that control the power of the private pension fund administrators by delimiting their charges and forcing them to guarantee a reasonable pension, Governments should also establish public pillars that will provide a decent pension—one that at least keeps people above the poverty line—to those who either did not contribute to a private system or saw their accounts depleted during the pandemic, the elderly, and those in the informal sector.

[9] Adam S. Posen, "The End of China's Economic Miracle: How Beijing's Struggles Could Be an Opportunity for Washington," *Foreign Affairs*, September–October 2023, https://www.foreignaffairs.com/china/end-china-economic-miracle-beijing-washington.

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