Contents

	t of Fi t of Ta	gures ables	xii xvi
1713	t OI 16	iores	AVI
Pre	eface		1
1.		al Insurance, Informality, and Labor Markets: v to Protect Workers While Creating Good Jobs	9
•		nen Pagés, Jamele Rigolini, David Robalino	,
	1.1.		9
	1.2.		
	1.2.	Social Insurance and the Labor Market	11
	1.3.		**
	2.0.	on Labor Markets	13
	1.4.	Setting the Mandate of the Insurance Programs	18
	1.5.	ů ů	23
	1.6.	Concluding Remarks	26
	Note	•	29
	Refe	rences	29
Pa	rt I	Assessing the Effects of Social Insurance on Labor Markets	
		on Labor Markets	
2.	The	Evolution of Social Security Systems	
	in L	atin America	33
	Davi	d S. Kaplan, Santiago Levy	
	2.1.	Introduction	33
	2.2.	The Bismarckian Vision of Social Security	35
	2.3.	When Did Latin America Adopt	
		the Bismarckian Model?	37

	2.4.	A Comparison Between Social Security Policy and	
		Education Policy	39
	2.5.	The Beveridge Model of Social Security	41
	2.6.	Why Did Latin America Adopt	
		the Bismarckian Model?	42
	2.7.	The Expected Expansion of Coverage Never Materialized	45
	2.8.	Why Has Informality Been So Persistent?	47
	2.9.	The Movement Towards Parallel Non-Contributory	
		Programs	51
	2.10.	The Result of a Long Historical Process is a Poorly	
		Designed Patchwork System of Social Security	52
	2.11.	An Alternative Social Security Model Can Be	
		Implemented	53
	2.12.	Conclusions	55
	Notes		56
	Refere	nces	56
3.	Labor	Informality and the Incentive Effects of Social	l
	Prote	ction Systems: Evidence from a Health Reform i	n
	Urugi	•	58
	Marcelo	o Bérgolo, Guillermo Cruces	
	3.1.	Introduction	58
	3.2.	The Social Protection System in Uruguay	60
	3.3.	The Health Reform and its Labor Market Incentive Effects	61
	3.4.	Data and Identification Strategy	64
	3.5.	Empirical Results: Incentive Effects and the Health	
		Reform in Uruguay	65
	3.6.	Conclusions and Policy Discussion	70
	Notes		<i>77</i>
	Referer	nces	78
4.	Effect	s of Non-Contributory Systems on Informality:	
	Takin	g Stock of Eight Years of Implementation	
	of Mex	cico's Seguro Popular	80
	Marian	o Bosch, M. Belén Cobacho, Carmen Pagés	
	4.1.	Introduction	80
	4.2.	The Reform	83
	4.3.	Implementation of, and Affiliation to,	
		Seguro Popular	85

	4.4.	Direct Effect of Seguro Popular on	
		Health Services Provision and Health Outcomes	87
	4.5.	Unintended Effects of Seguro Popular	
		on the Labor Market	94
	4.6.	Discussion and Conclusions	104
	Notes		109
	Refere	ences	109
5.	Unen	nployment Insurance, Job Search,	
		informal Employment	112
		N. Margolis, Lucas Navarro, David Robalino	
	5.1.	Introduction	112
	5.2.	Overview of Current Malaysian Labor Markets	114
	5.3.	The Model Framework	119
	5.4.	The Data	122
	5.5.	Estimation	124
	5.6.	Microsimulations of Policy Experiments	130
	5.7.	Conclusion	135
	Apper	ndix A-C	137
	Notes		144
	Refere	ences	146
6.	Does	Formal Work Pay? The Role of Labor Taxatio	n
	and S	Social Benefit Design in the New Member Stat	tes 147
		nes Koettl, Michael Weber	
	6.1.	Introduction	147
	6.2.	Measurements of Informality	
		and Disincentives for Formal Work	151
	6.3.	Do Disincentives for Formal Work Matter?	168
	6.4.	Conclusions and Policy Implications	184
	Notes		186
	Refere	ences	187

Part II Setting the Mandate of the Insurance Programs and Designing Redistributive Arrangements

<i>7</i> .	Participation in Mandated and Voluntary Social Risk			
•	Management Arrangements: The Role and Limits			
	of Fin	ancial Education and Other Interventions	191	
	Robert Holzmann			
	7.1.	Introduction: Background, Motivation,		
		and Structure	191	
	7.2.	The Role and Limits of Information/Capability		
		to Foster Individual Self-Provision		
		and Reduce the Need for Compulsion	194	
	7.3.	The Role and Limits of Financial Literacy/Capability	205	
	<i>7</i> .4.	The Role and Limits of Financial Education		
		and Other Interventions	212	
	<i>7</i> .5.	Conclusions	221	
	Notes		224	
	References		225	
8.	Labor	r Income and the Design of Default Portfolios		
٠.		andatory Pension Systems:		
		oplication to Chile	227	
	_	R. Sánchez Martín, Sergi Jiménez Martín,		
	David Robalino, Federico A. Todeschini			
	8.1.	Introduction	227	
	8.2.	A Model of Life-Cycle Behavior	230	
	8.3.		233	
	8.4.	Results	237	
	8.5.	Conclusions	248	
	Appendix A-B		250	
	Notes		260	
	Refere	nces	262	

9.	Syste	ssing Redistribution within Social Insurance ms: The Cases of Argentina, Brazil, Chile,			
		co, and Uruguay	264		
		Forteza			
	9.1.	Introduction	264		
	9.2.	The Old-Age Pension and Unemployment Insurance			
		Programs	265		
	9.3.	Conceptual Framework	266		
	9.4.	Data	271		
	9.5.	Methods	273		
	9.6.	Results	277		
	9.7.	Concluding Remarks	286		
	Notes		288		
	Refere	ences	288		
10.	The Design of a Multi-Tier Contributory Pension System:				
		Distributional Impact of the 2008	201		
		an Pension Reform	291		
		Attanasio, Costas Meghir, Andres Otero	201		
		Introduction	291		
		The Chilean Pension System and Its Reform	295		
		Data	301		
		Methodology	302		
		Results	310		
		Conclusions	326		
	Appendix A-D		327		
	Notes		344		
	Refere	ences	346		
11.		ld Cash Transfers Be Confined to the Poor?			
	Impl	ications for Poverty and Inequality in Latin			
	Amei		347		
	Pablo .	Acosta, Phillippe Leite, Jamele Rigolini			
	11.1.	Introduction	347		
	11.2.	The Cash and Targeting Revolutions	353		
	11.3.	Data and Methodology	356		
	11.4.	Results	357		
	11.5.	Conclusions	369		
	Apper	ndix	370		
	Notes		371		
	Refere	ences	371		

Part III Financing Social Insurance Programs

12	. Labo	r Market Institutions and Informality in	
	Trans	sition and Latin American Countries	375
	Hartm	ut Lehmann, Alexander Muravyev	
	12.1.	Introduction	375
	12.2.	Using a Broad Definition of Informality	379
	12.3.	The Impact of Policies to Lower Labor Costs	
		and to Reduce Regulation	379
	12.4.	Taxation and Informality within the Formal Sector	392
	12.5.	Empirical Analysis with Macro Data	394
	12.6.	Conclusions	405
	Appen	dix	406
	Notes		408
	Refere	nces	409
13.	. Finan	cing Social Expenditures in	
		oping Countries: Payroll or Value-Added Taxes?	411
		d Bird, Michael Smart	
	13.1.	Introduction	411
	13.2.	Financing SI in Latin America	415
	13.3.	The Choice of Tax Base	421
	13.4.	A Formal Model	426
	13.5.	Concluding Remarks	437
	Notes	_	438
	Refere	nces	439
14.	Finan	cing Universal Social Security in Mexico	442
	Arturo	Antón, Fausto Hernández	
	14.1.	Introduction	442
	14.2.	Current Social Insurance and Tax Policy vs. USI	444
	14.3.	The Model	448
	14.4.	Taking the Model to the Data	452
	14.5.	Is the New Scheme Financially Sound?	456
	14.6.	Conclusions	461
	Notes		463
	Referen	nces	463

15. Alter	native Ways of Pricing		
and F	inancing Social Insurance	465	
Robert	Gillingham, Alain Jousten		
15.1.	Introduction	465	
15.2.	Current Social Insurance and Tax Structures	467	
15.3.	Problems with Payroll Financing of Social Insurance	473	
15.4.	How Can Pricing Issues Be Addressed?	477	
15.5.	Implications for Informality	482	
15.6.	Implications for Financing Social Insurance	485	
Appen	dix A-C	486	
Notes		495	
Refere	nces	495	
Notes on E	ditors and Authors	497	
Index	Index 5		