



Overcoming Political Barriers to Sustainable Growth in Latin America and the Caribbean

Carlos Scartascini

Making Reforms Happen in Latin America

17-18 November 2025



Passing fiscal reforms is not easy in LAC

COLOMBIA

2019

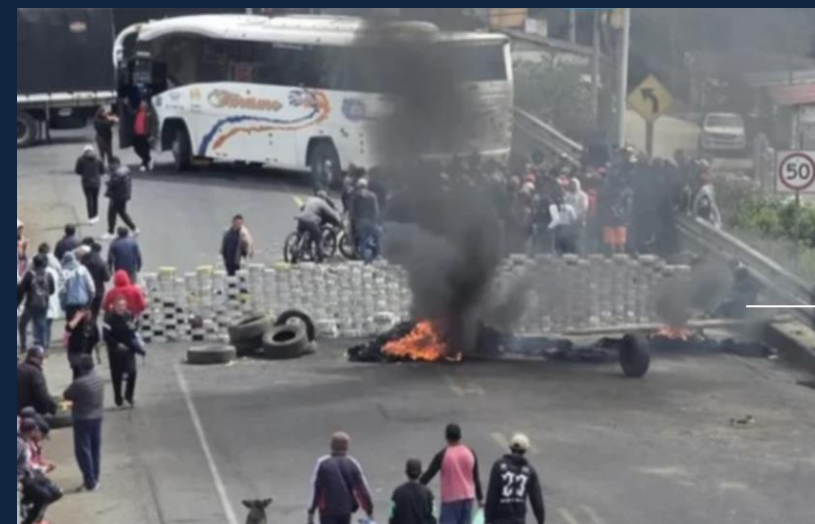


BRAZIL

2021

CHILE

2019



ECUADOR

2025

Determinants of reforms (“traditional” PolEcon)

- The role of crises as catalyst of reform
 - Alesina et al., 2006; Drazen and Easterly, 2001; Drazen and Grilli, 1993; Hallerberg and Scartascini, 2015
- The timing of the reform (e.g., the electoral calendar)
 - Alesina et al., 2006; Hallerberg and Scartascini, 2017
- The configuration of domestic political institutions
 - Ardanaz et al., 2020; Giuliano et al., 2013; Sturzenegger and Tommasi, 1998; Tommasi et al., 2014
- The ability to reach intertemporal cooperation
 - Spiller and Tommasi, 2007; Tommasi and coauthors (many)

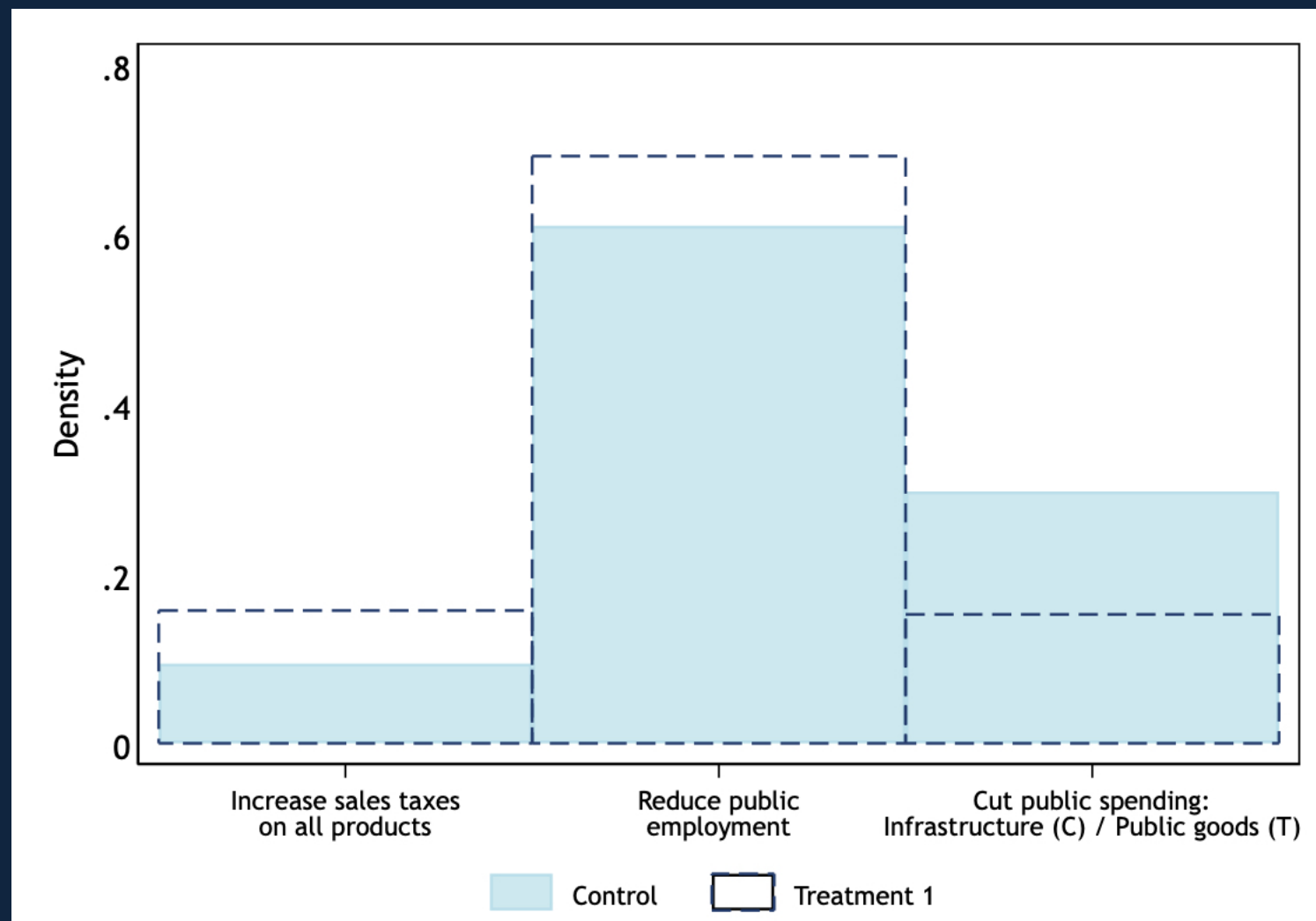
Other potential determinants

- Preferences and distributive effects (given [sometimes biased] beliefs)
- Salience of the reform
- Ability to organize against the reform
- Therefore, it may matter:
 - The size of the reform
 - The composition of the reform
 - Compensation mechanisms
 - The path of the reform
 - The information about the reform
 - The origin and the confidence in the source of the information

The background is a colorful, abstract painting. It depicts a dense crowd of people, likely at a festival or celebration, under a dark blue night sky. The figures are rendered with bold, expressive brushstrokes and a rich palette of reds, yellows, blues, and purples. Some figures are wearing traditional or festive hats, and one in the lower right has a white face with red accents. In the upper center, there's a structure that looks like a balcony or a small stage with a dark silhouette of a person. The overall mood is festive and dynamic.

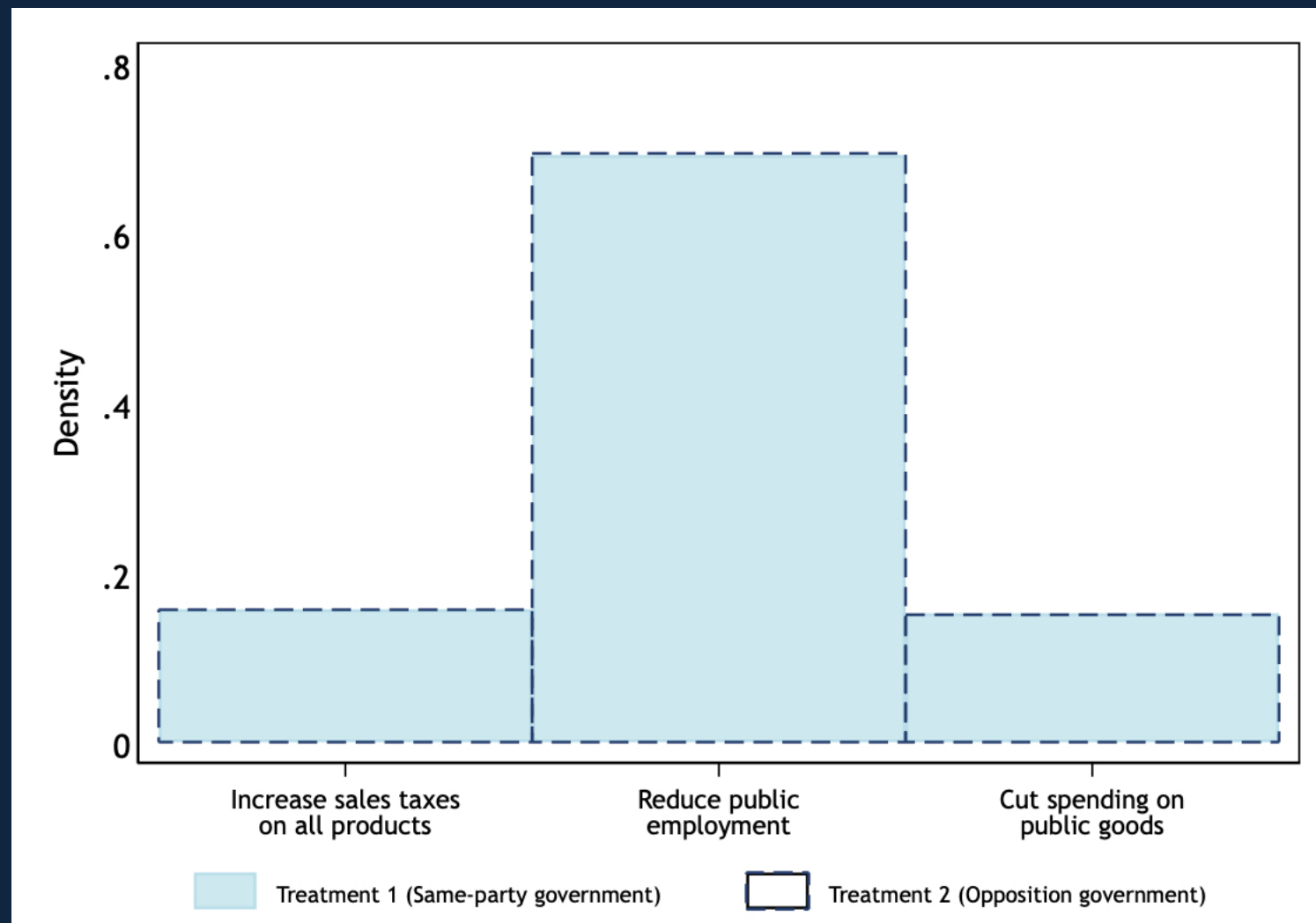
What do people prefer?

Fiscal consolidation preferences during crises



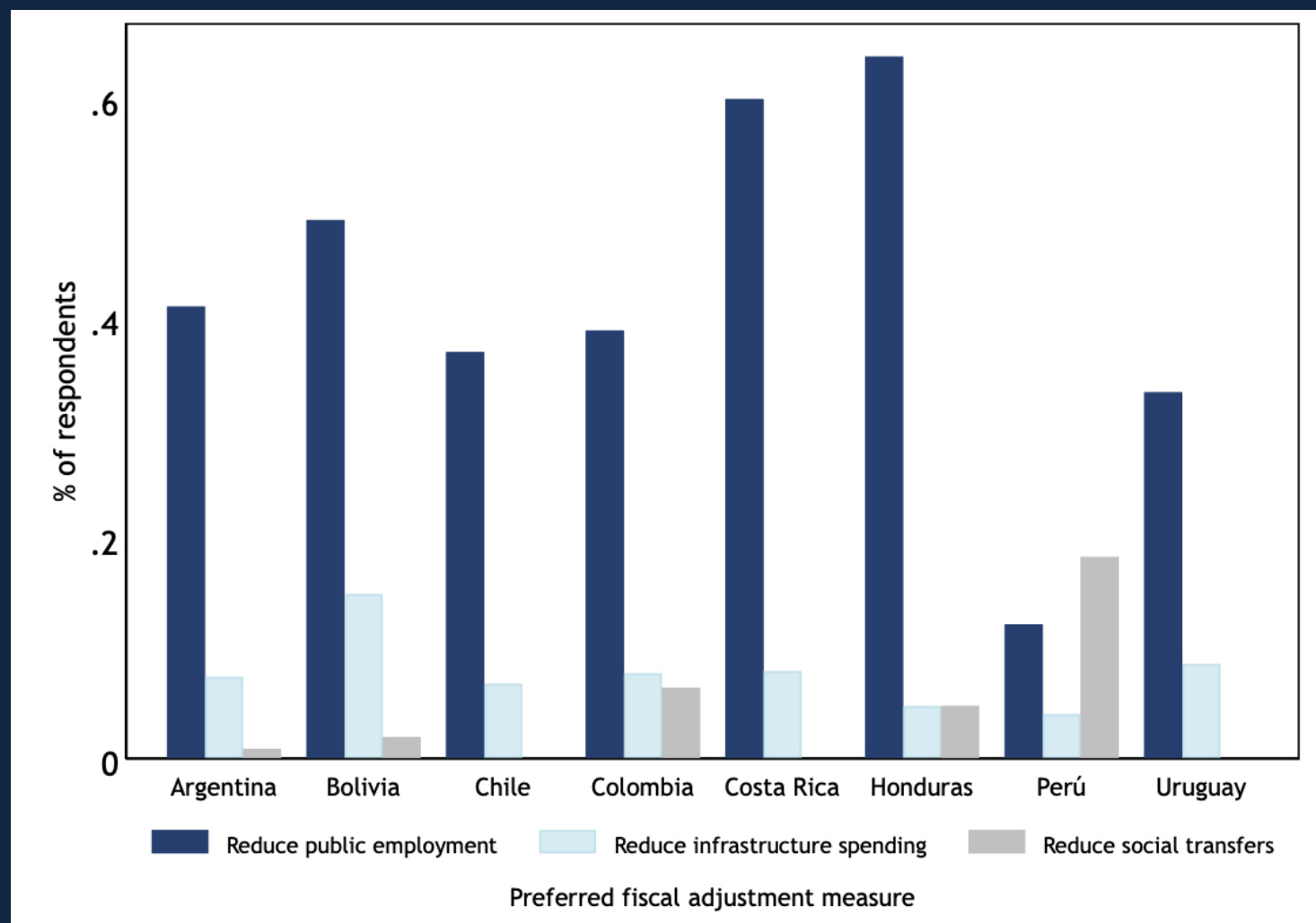
Source: LAPOP–IDB Online Survey (2023). Data from 9,100 individuals across nine countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Mexico, Panama, and Peru (N = 9,100).

Fiscal consolidation preferences during crises



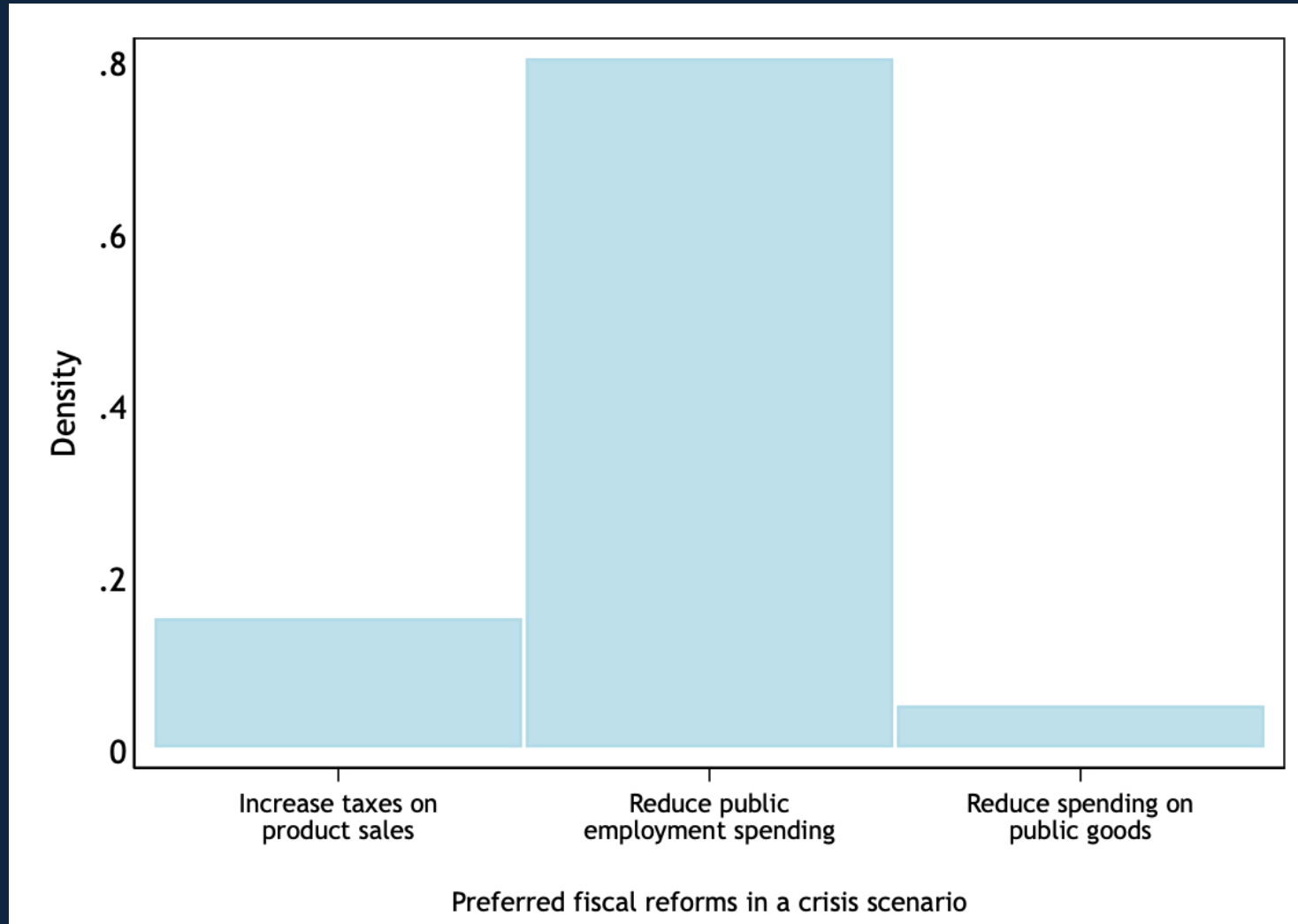
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Fiscal consolidation preferences during crises



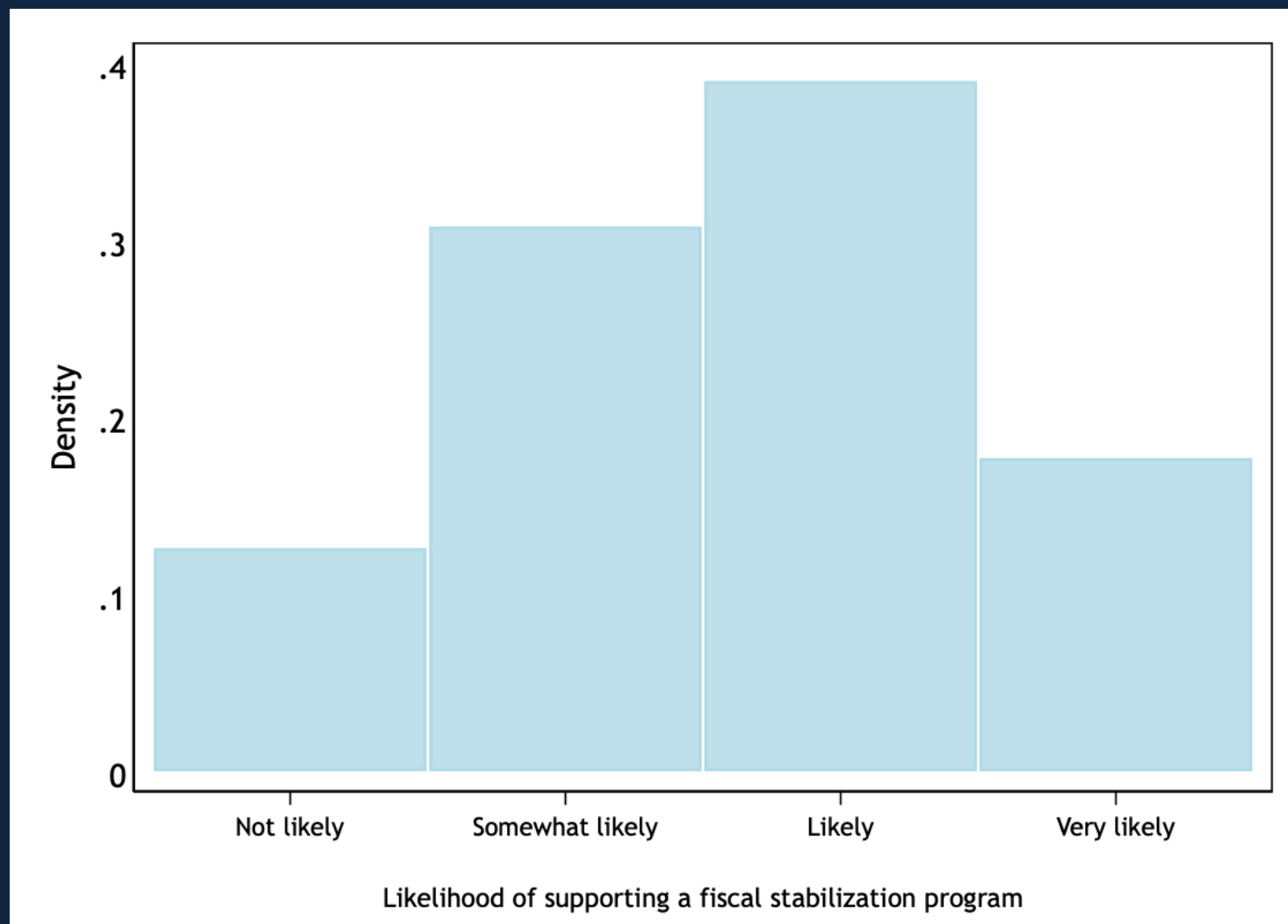
Source: Latin American Parliamentary Elites Project (PELA) Survey (2022). Data from 8 countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, Honduras, Peru, and Uruguay (N = 643).

Policymakers share the preferences for public employment reduction



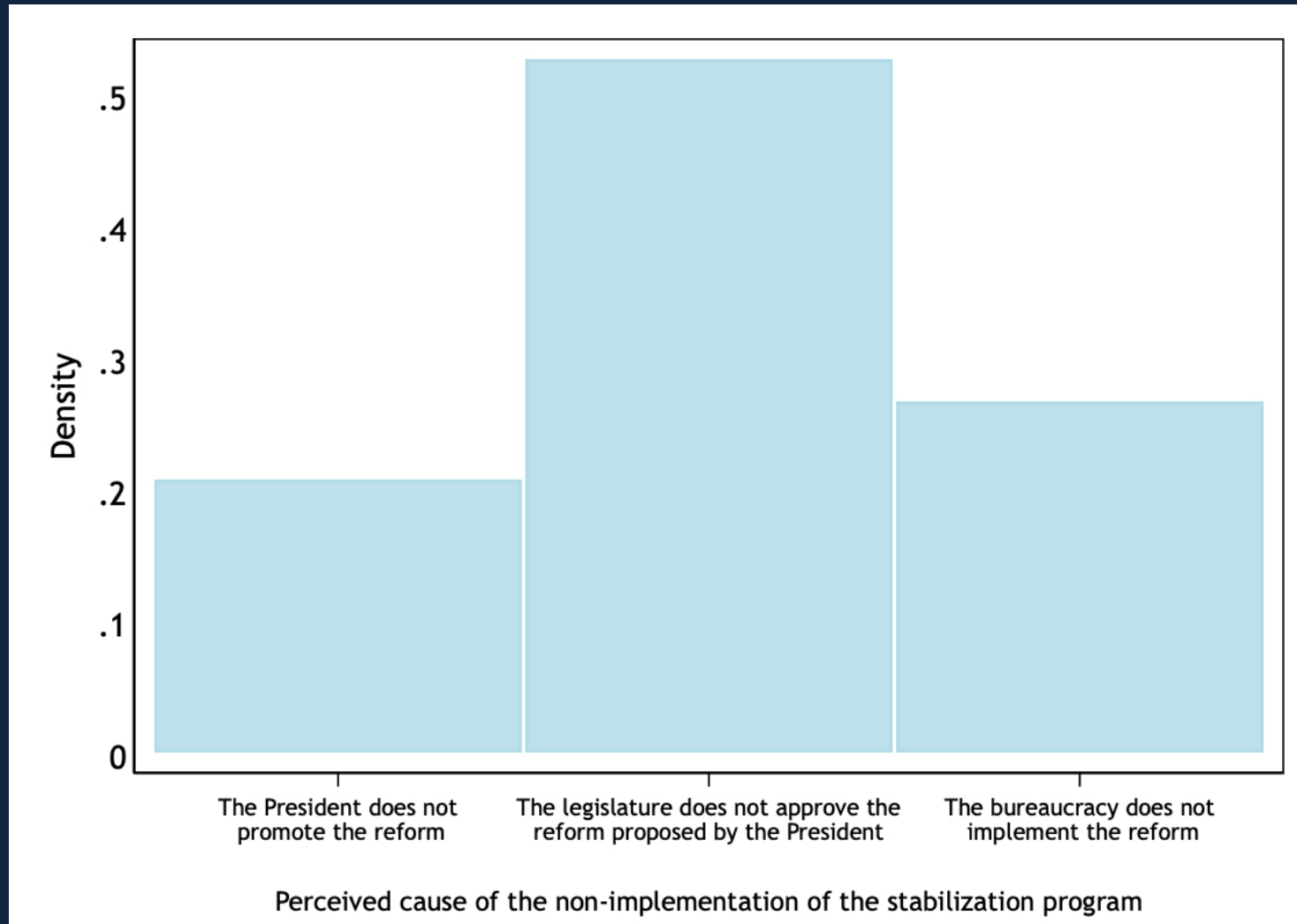
Source: IDB–UMD Survey (2023). Data from 973 public officials (CoPLAC) across 19 Latin American countries (N = 973).

Policymakers would support the reform

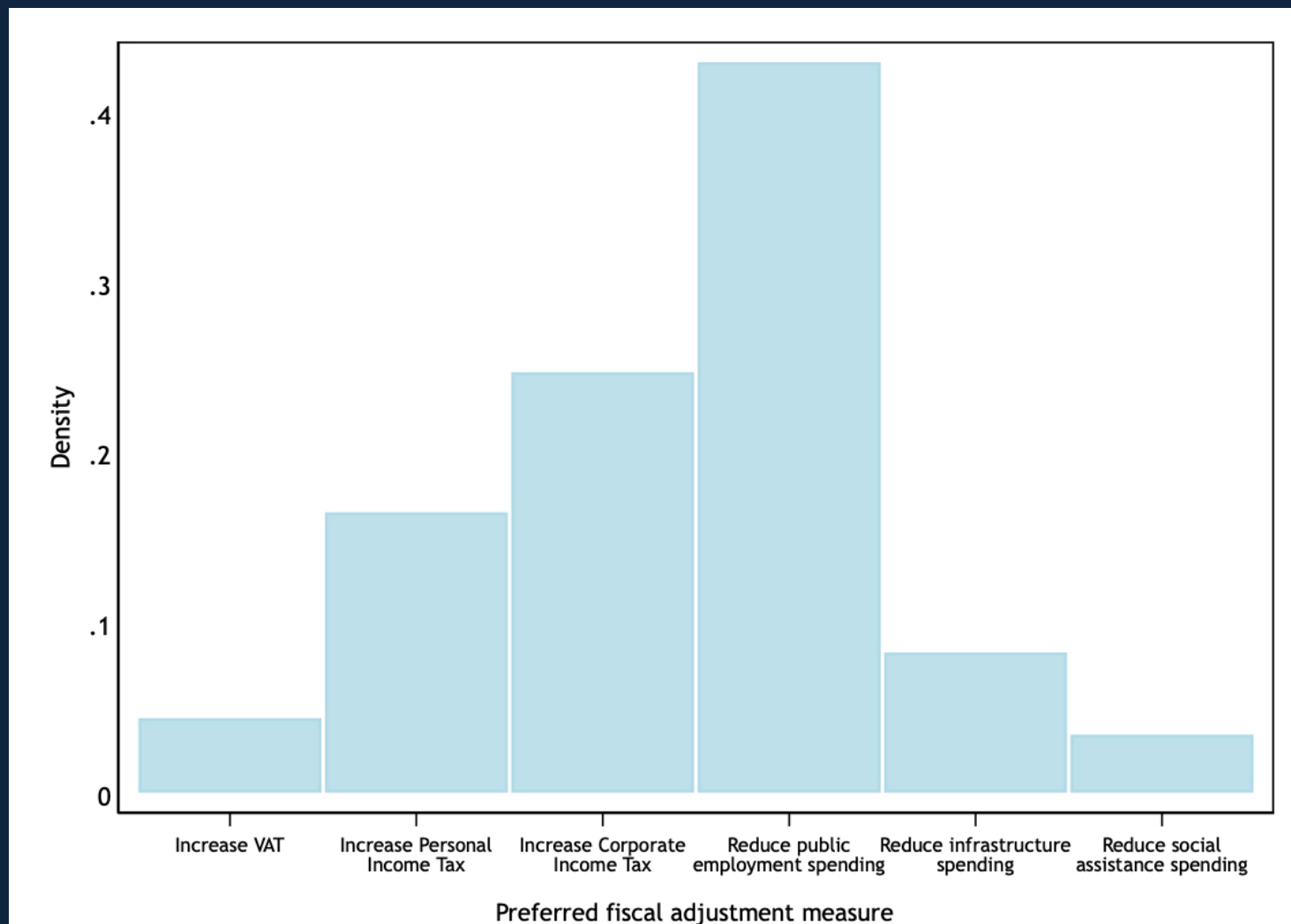


Source: IDB–UMD Survey (2023). Data from 973 public officials (CoPLAC) across 19 Latin American countries (N = 973).

But they don't believe that legislators will do it too

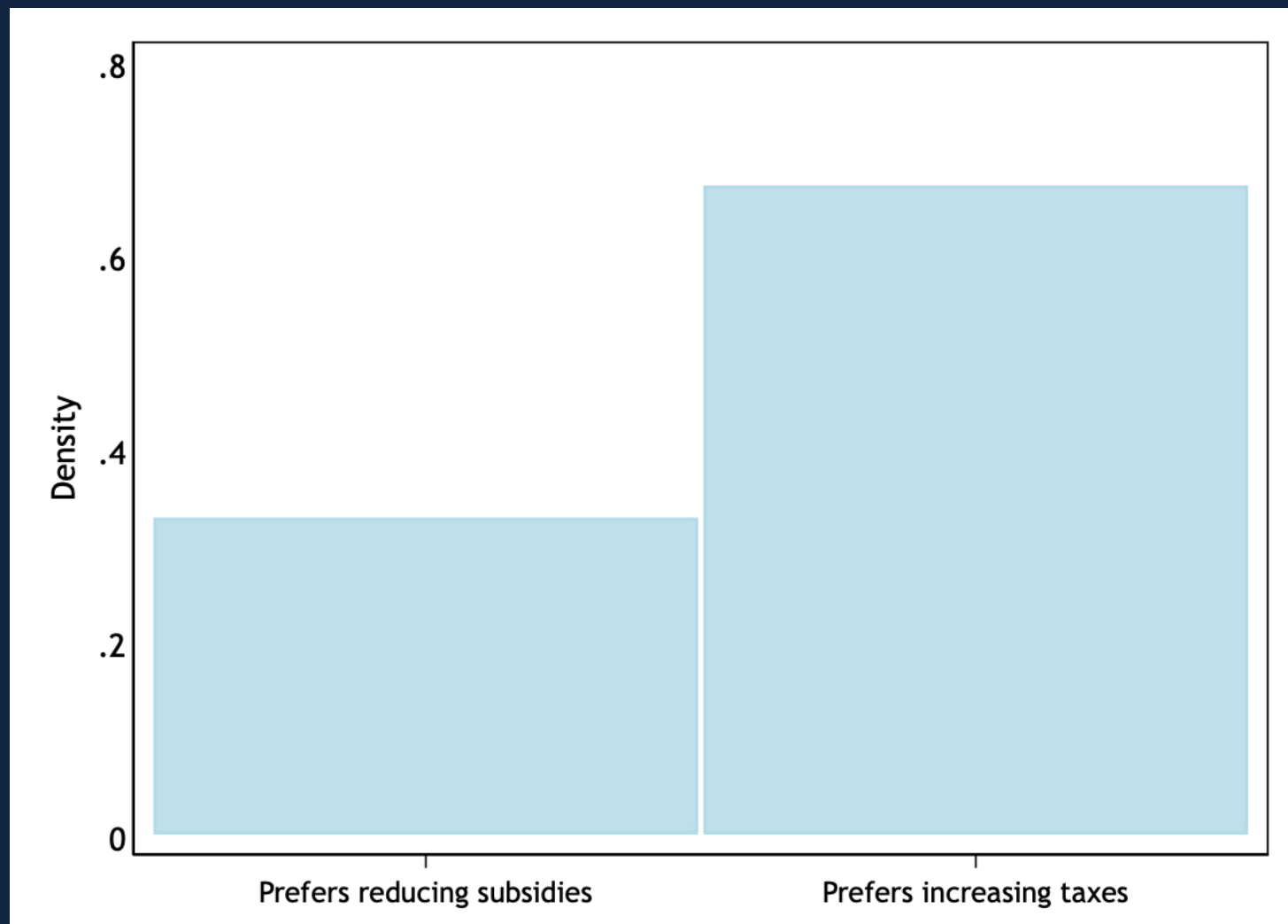


Legislators are also willing to reduce public employment



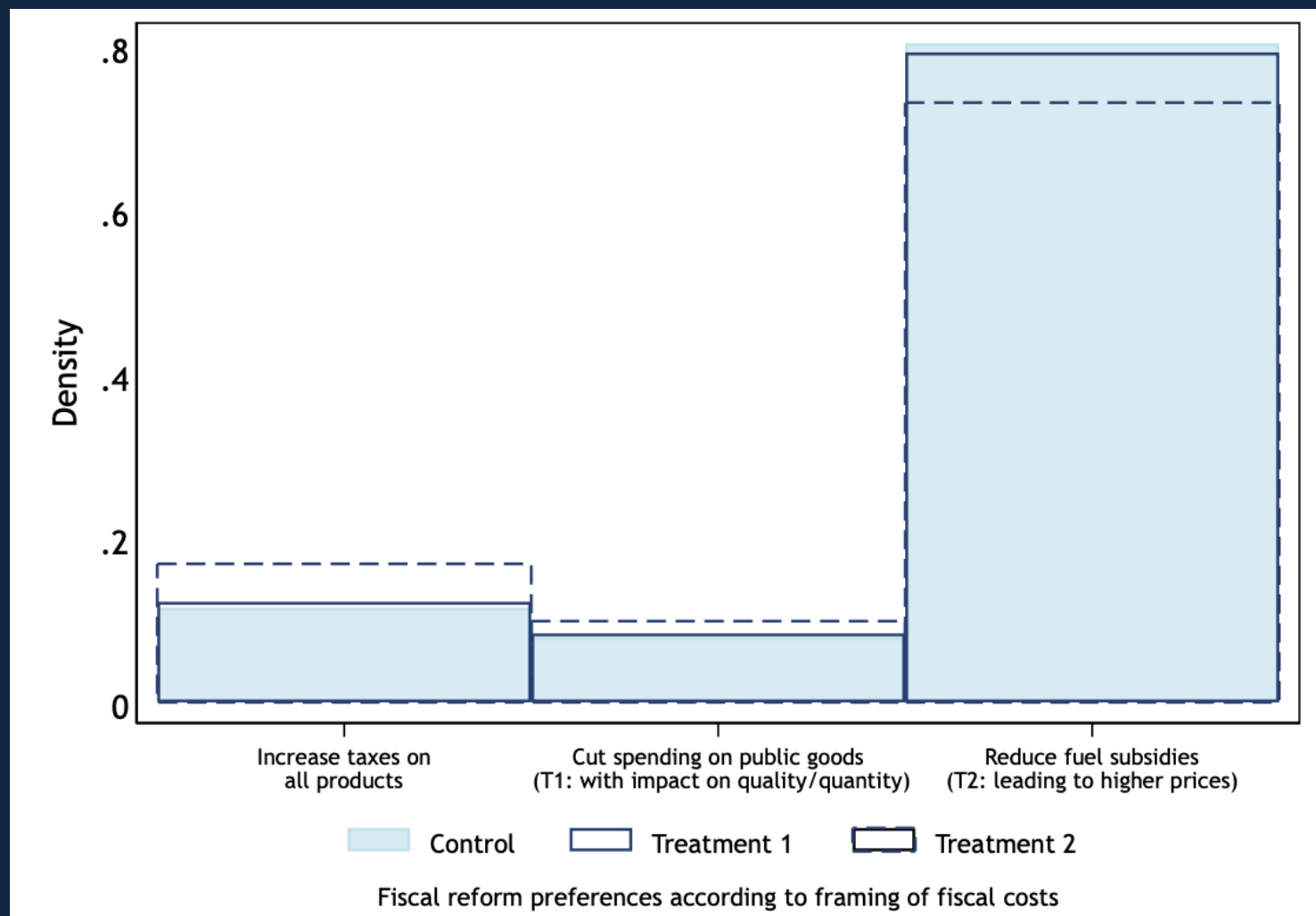
Source: Latin American Parliamentary Elites Project (PELA) Survey (2022). Data from 8 countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, Honduras, Peru, and Uruguay (N = 643).

But they are not willing to reduce subsidies



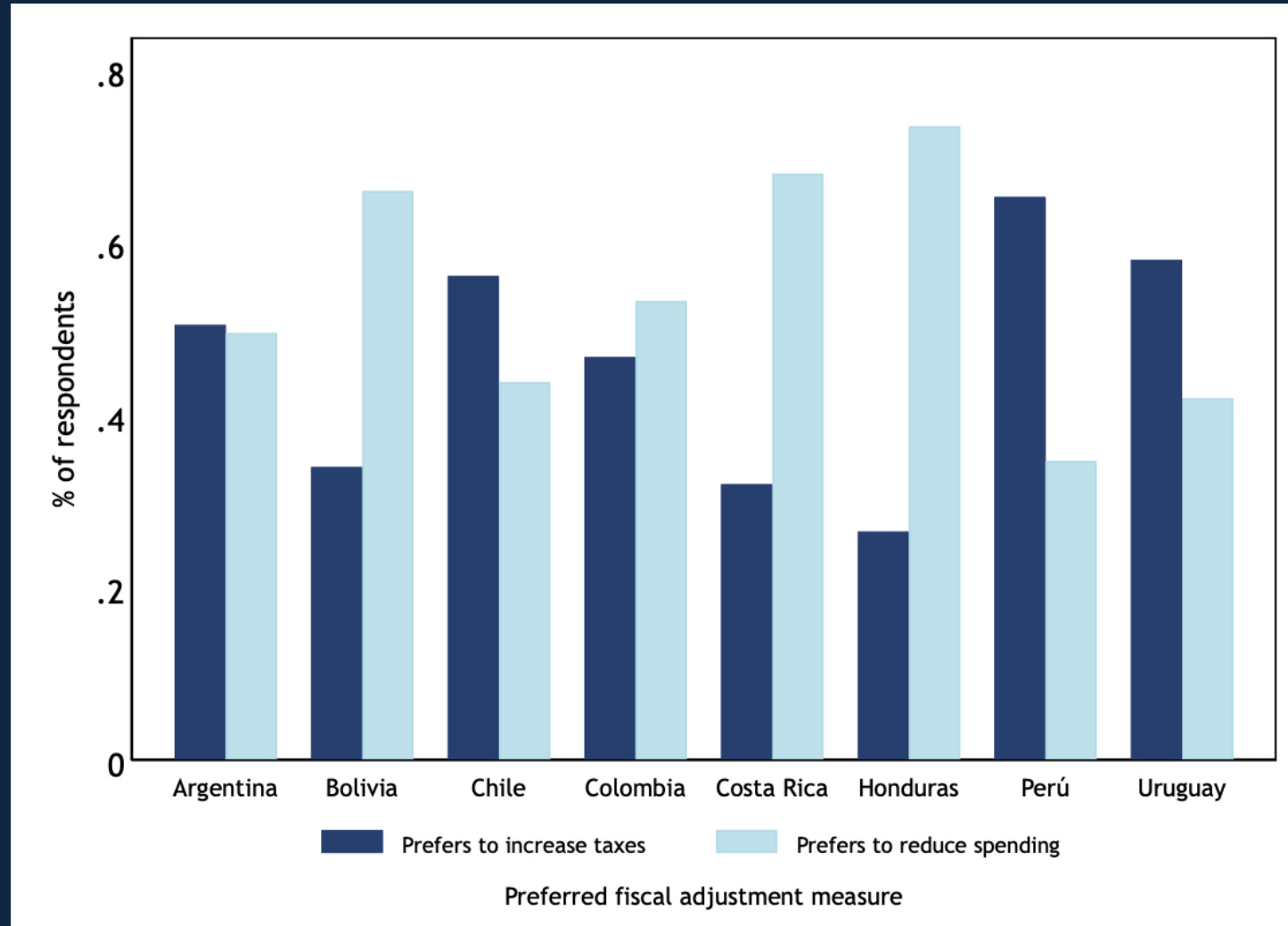
Source: Survey of Colombian Legislators (2022). Data from 211 respondents, including 66 Senators and 145 Representatives (N = 211).

Even if people prefer it to higher taxes



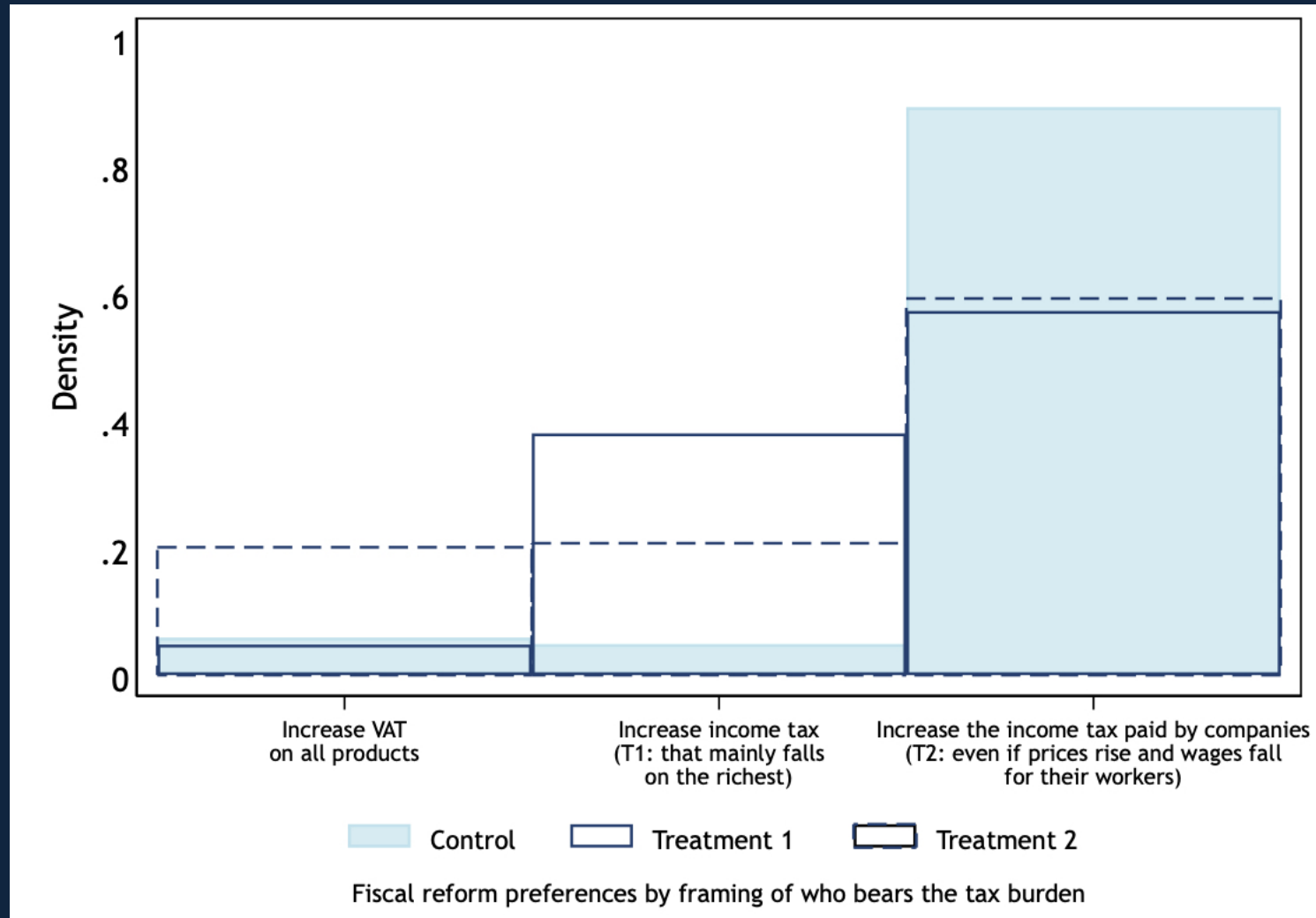
Source: LAPOP–IDB Country Survey (2023). Data from 31,388 respondents across 19 Latin American and Caribbean countries: Mexico, Guatemala, El Salvador, Honduras, Costa Rica, Panama, Colombia, Ecuador, Bolivia, Peru, Paraguay, Chile, Uruguay, Brazil, Argentina, Dominican Republic, Trinidad and Tobago, Suriname, Bahamas, and Grenada (N = 31,388).

Preferences for taxes or spending is not uniform across countries



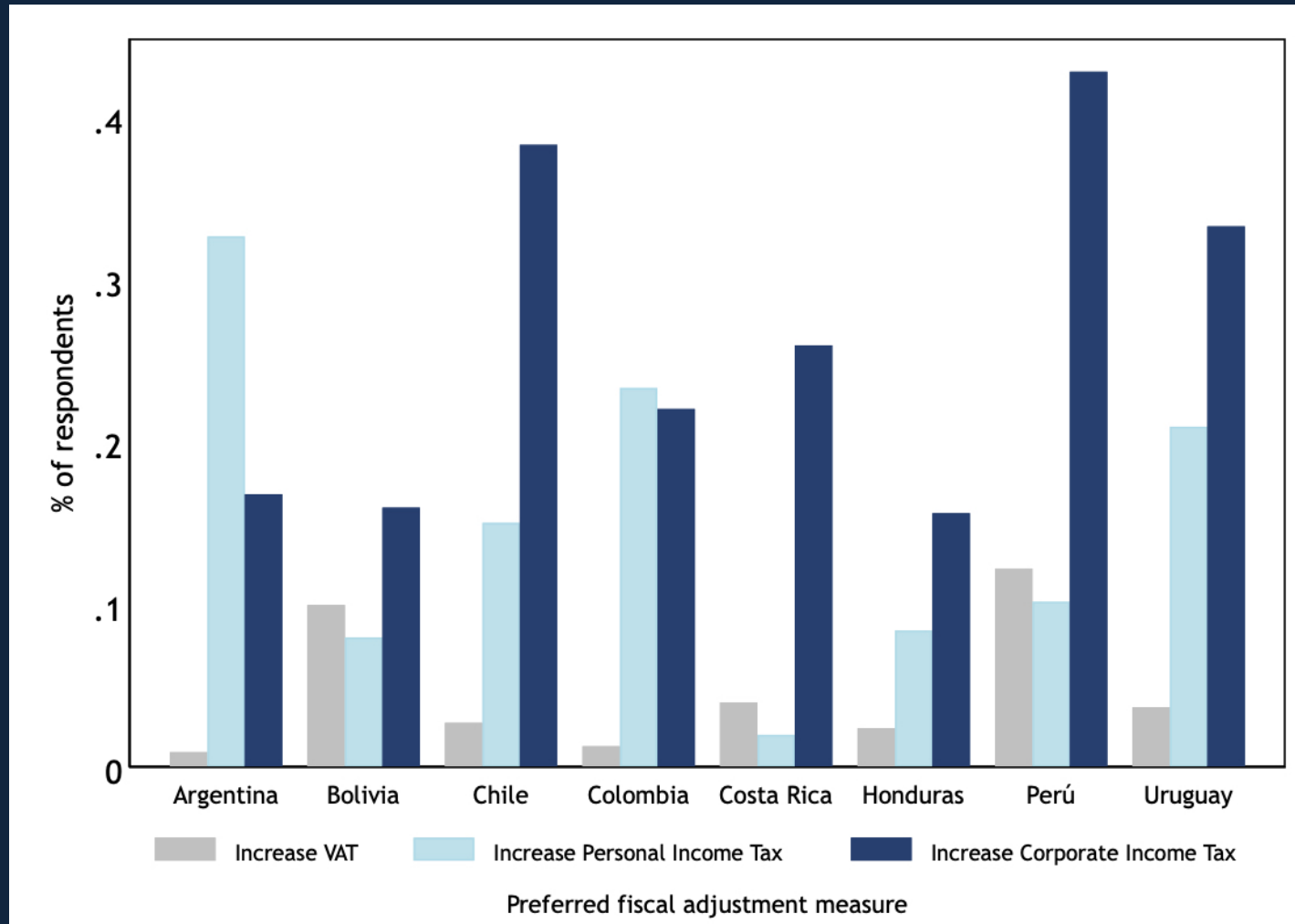
Source: Latin American Parliamentary Elites Project (PELA) Survey (2022). Data from 8 countries: Argentina, Bolivia, Chile, Colombia, Costa Rica, Honduras, Peru, and Uruguay (N = 643).

If taxes are going up, make the firms (or the rich) pay

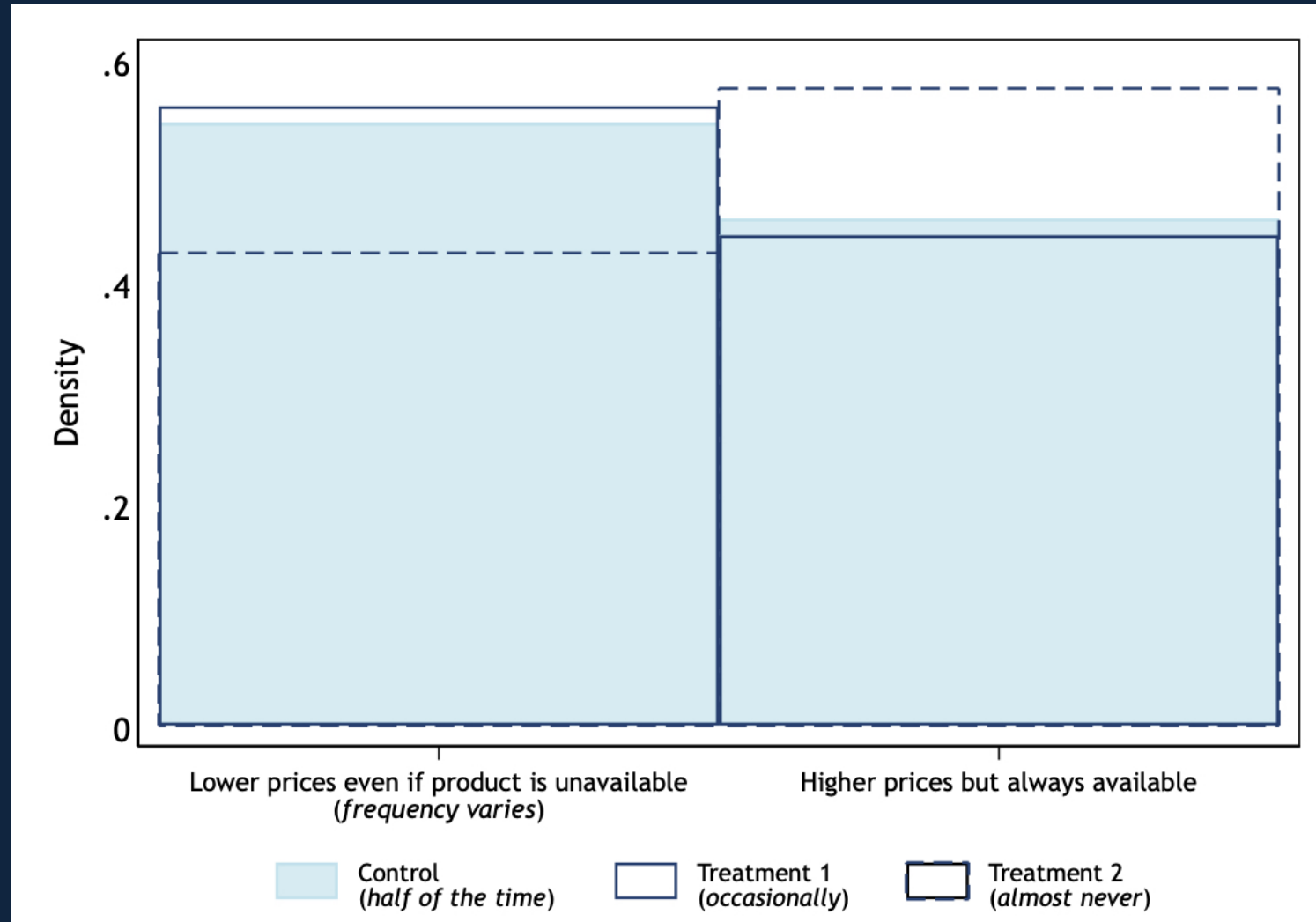


Source: LAPOP–IDB Country Survey (2023). Data from 31,388 respondents across 19 Latin American and Caribbean countries: Mexico, Guatemala, El Salvador, Honduras, Costa Rica, Panama, Colombia, Ecuador, Bolivia, Peru, Paraguay, Chile, Uruguay, Brazil, Argentina, Dominican Republic, Trinidad and Tobago, Suriname, Bahamas, and Grenada (N = 31,388).

If taxes are going up, make the firms pay

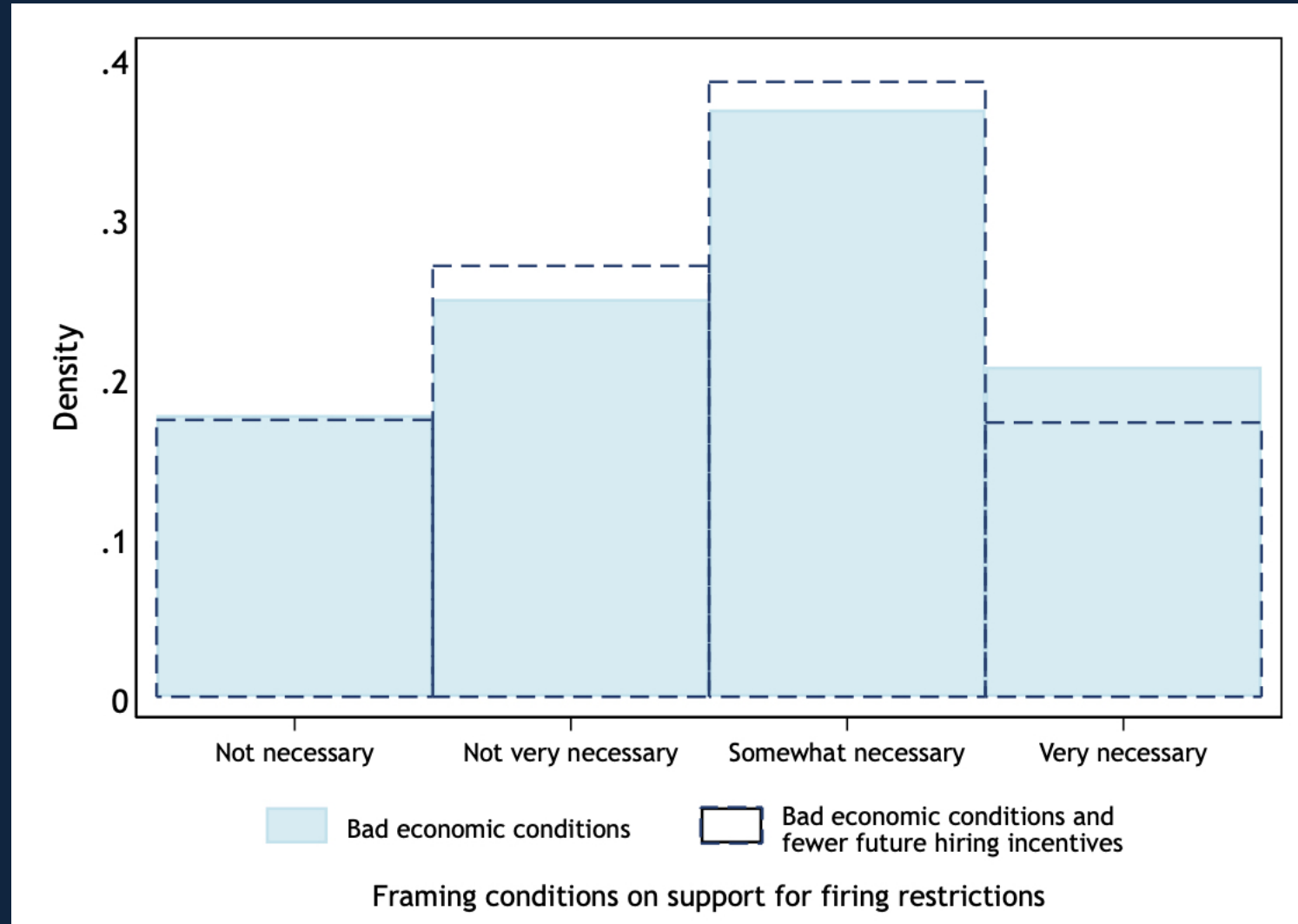


Price controls are popular

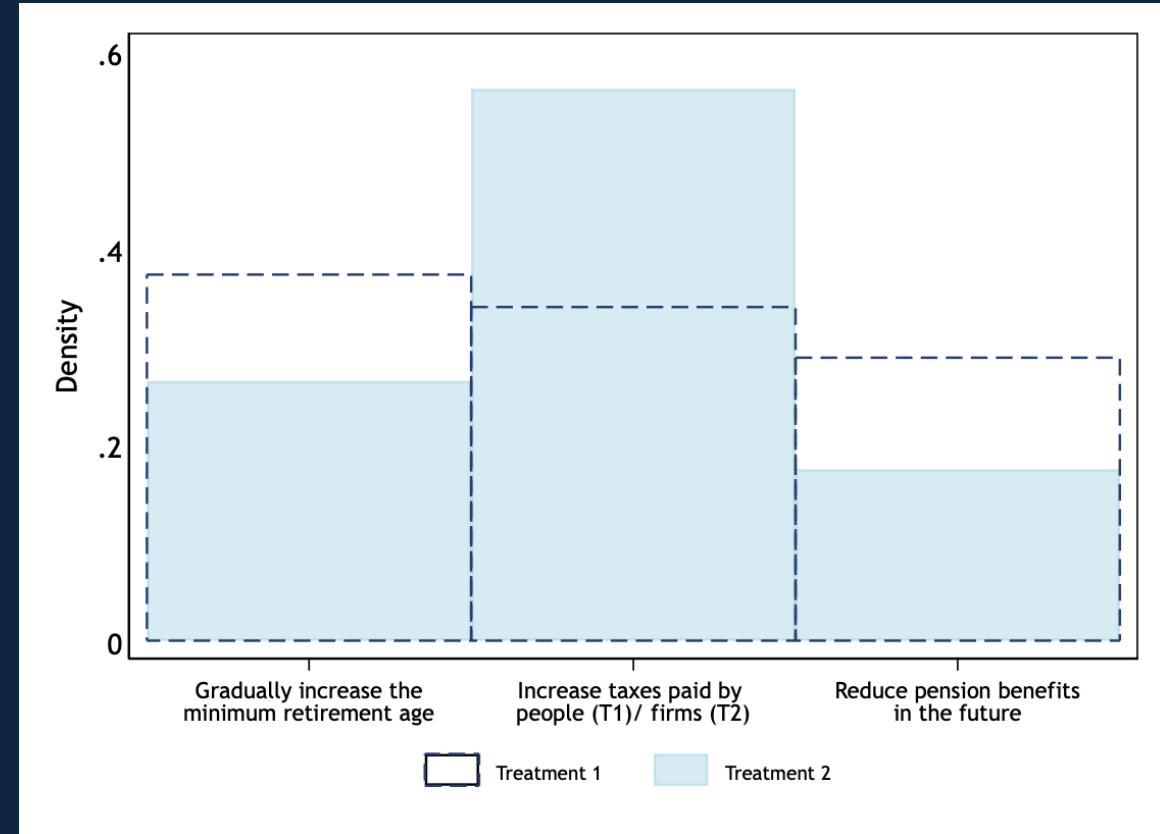
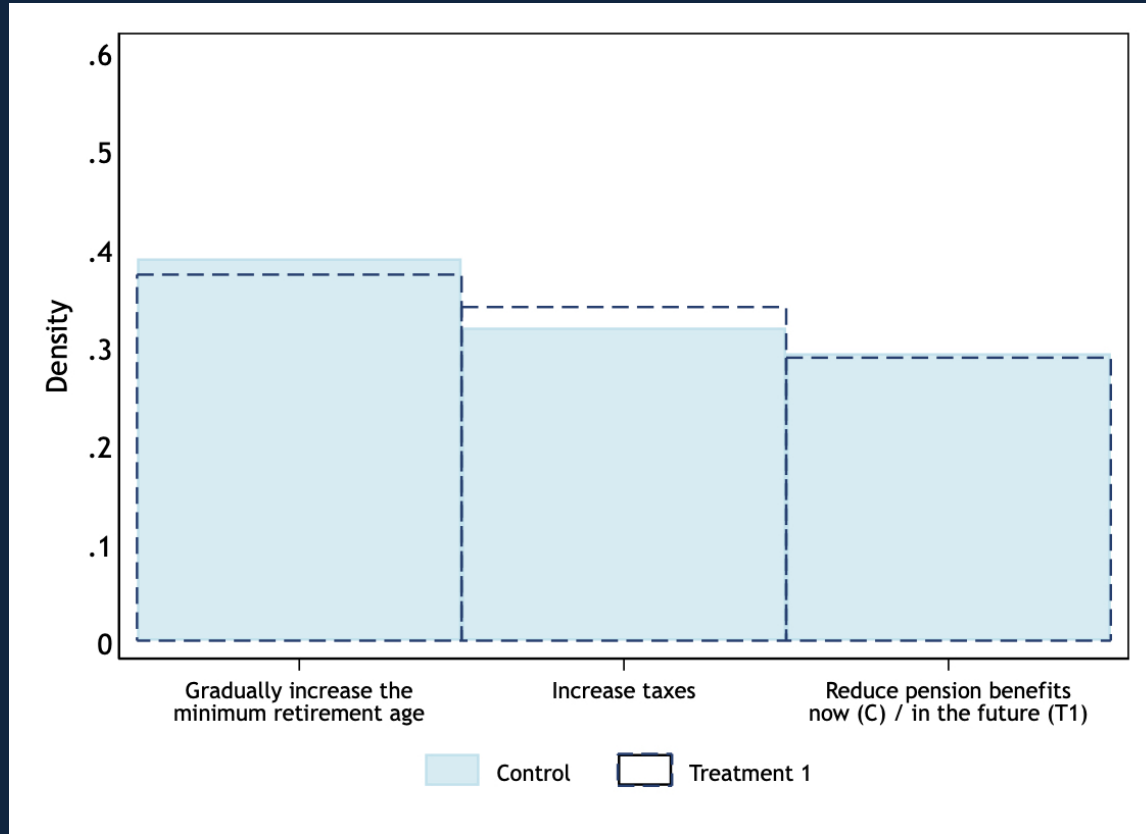


Source: LAPOP–IDB Online Survey (2023). Data from 9,100 individuals across nine countries: Argentina, Brazil, Chile, Colombia, Costa Rica, Guatemala, Mexico, Panama, and Peru (N = 9,100).

Firing restrictions are also popular



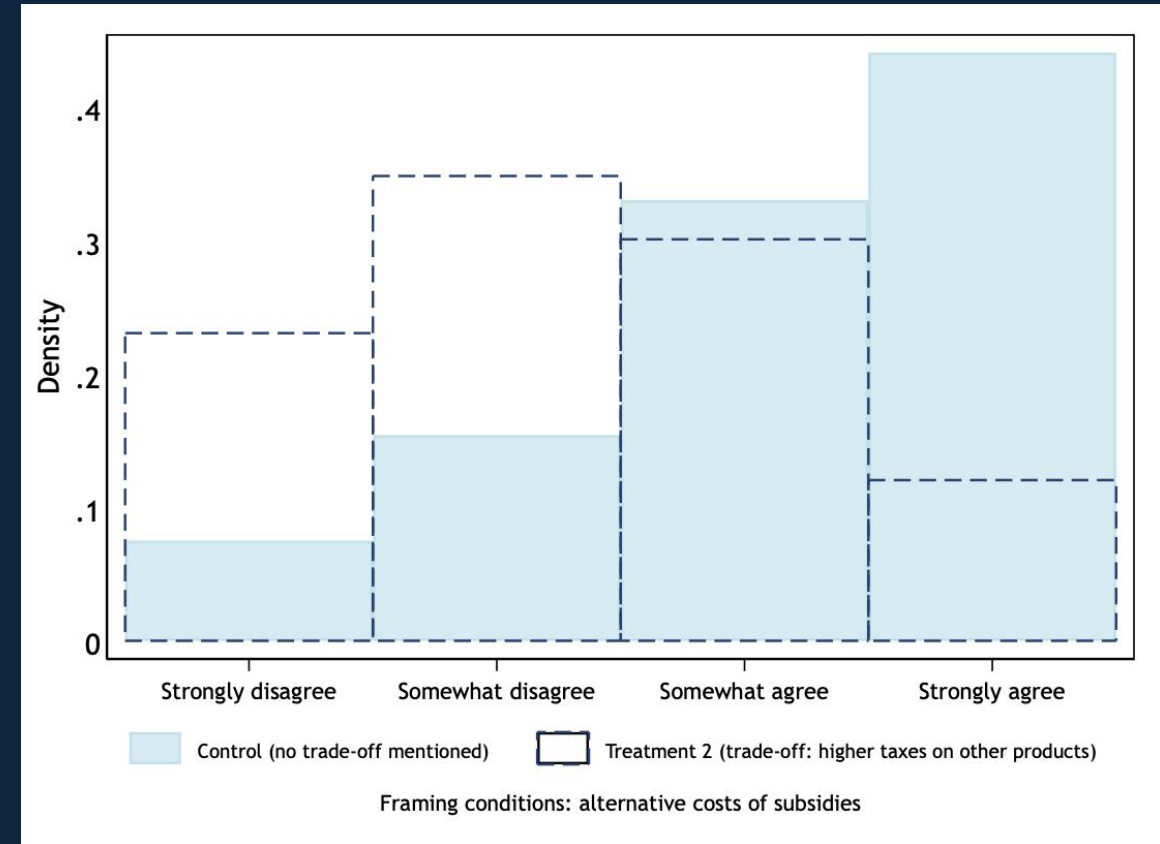
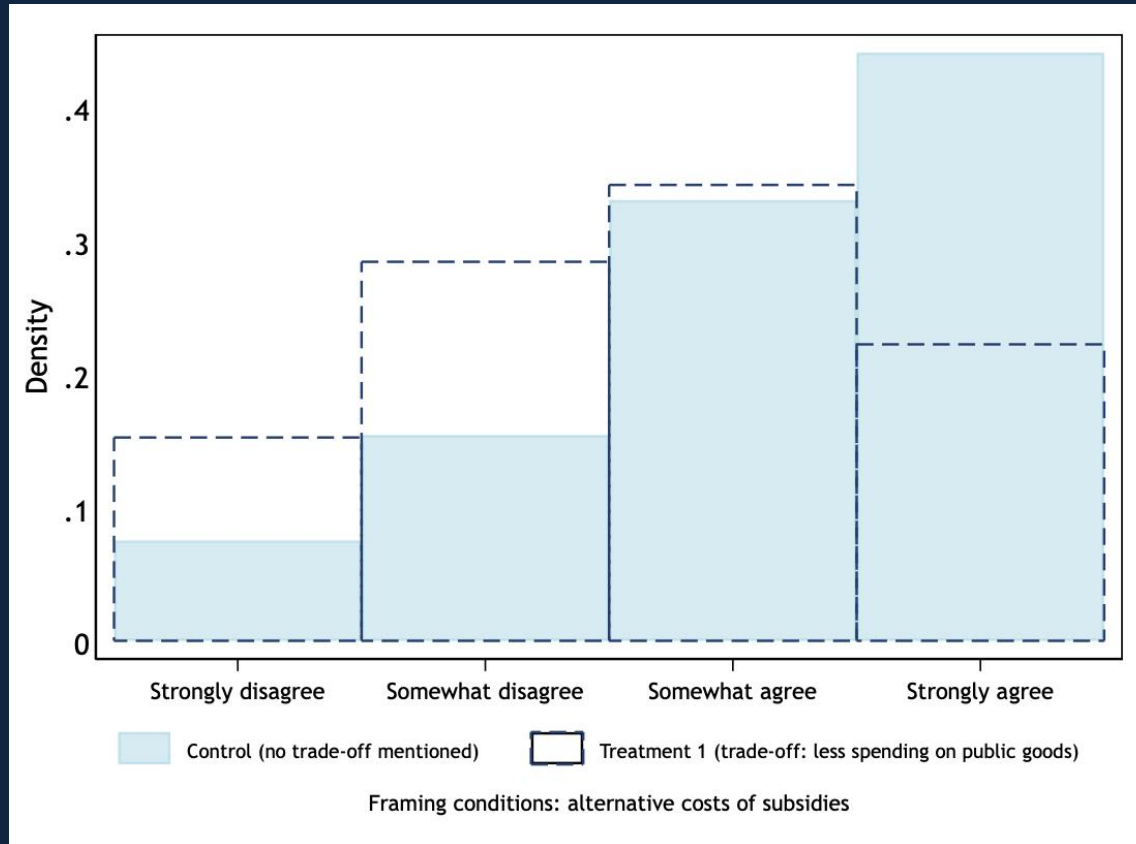
And with social security reforms either push them to the future or make firms pay



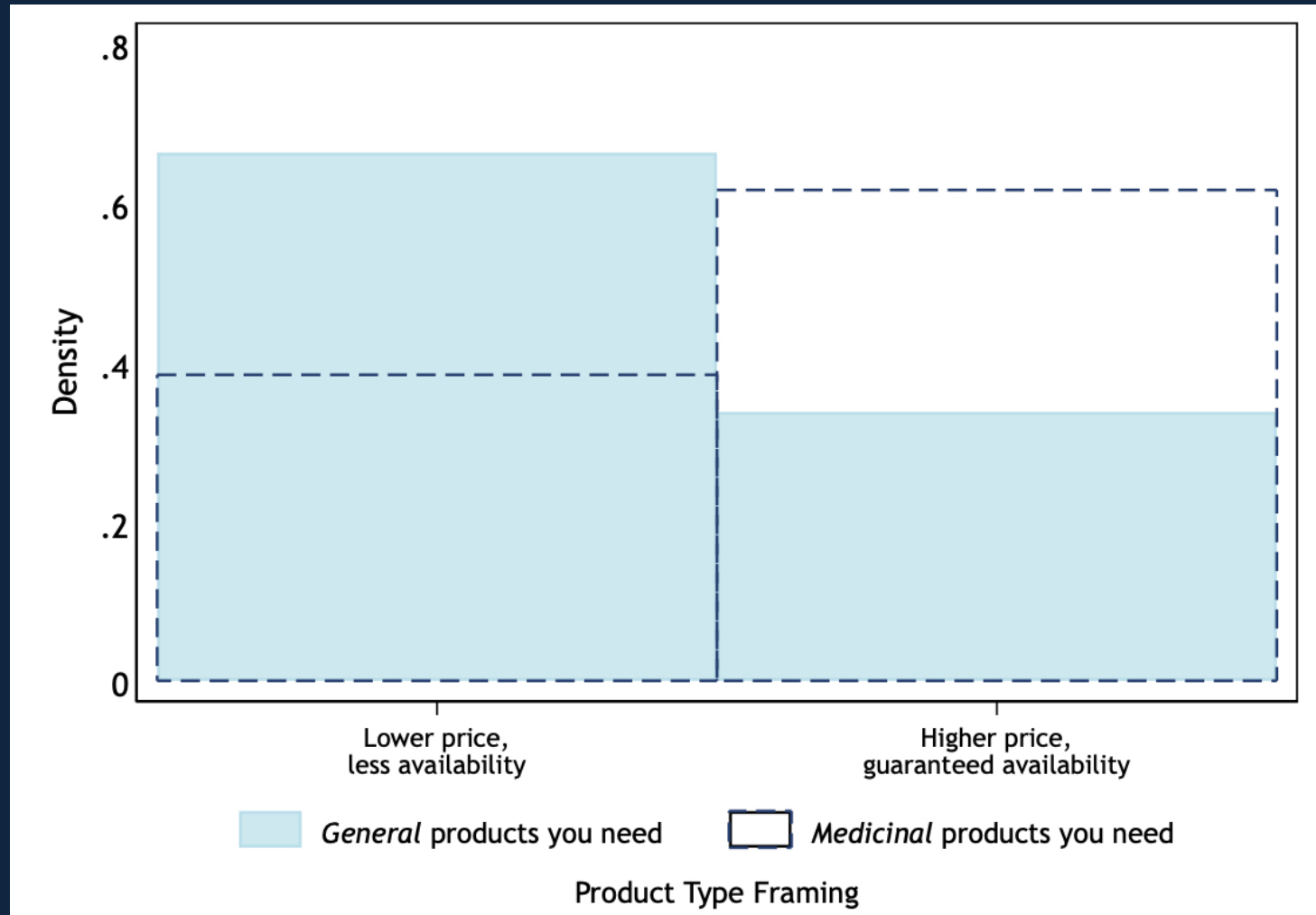
The background is a colorful, abstract painting depicting a festive crowd. In the foreground, several figures are visible, some wearing hats and holding up streamers or confetti. The colors are rich and varied, including deep blues, reds, yellows, and purples. The overall style is expressive and celebratory, suggesting a large gathering or a cultural festival. The text is overlaid on the center of the image, providing a message about tradeoffs and reforms.

The right tradeoffs may
facilitate reforms

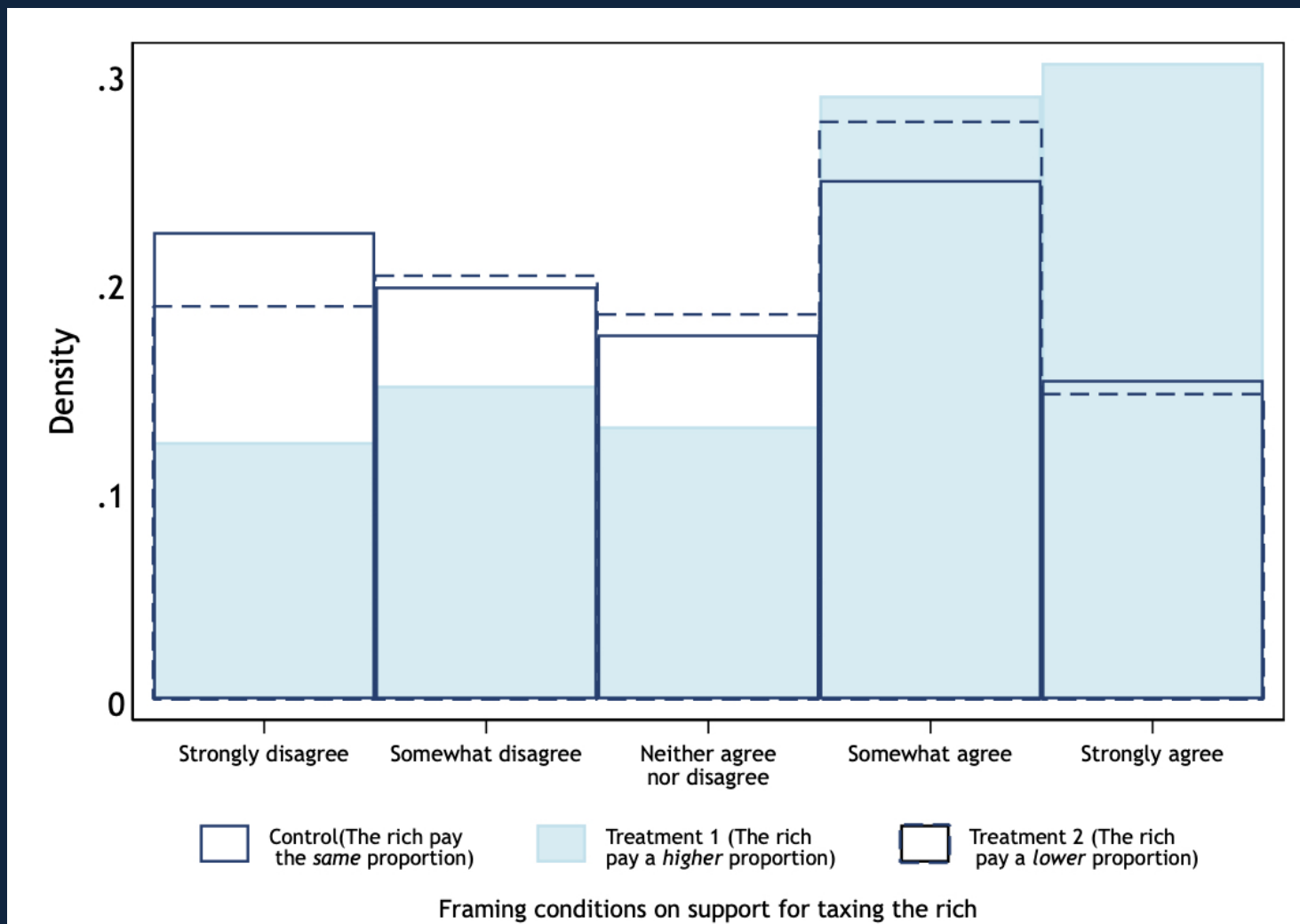
Tradeoffs matter: people like subsidies unless they imply lower spending or higher taxes



Tradeoffs matter: people like regulation, unless it affects medicine availability

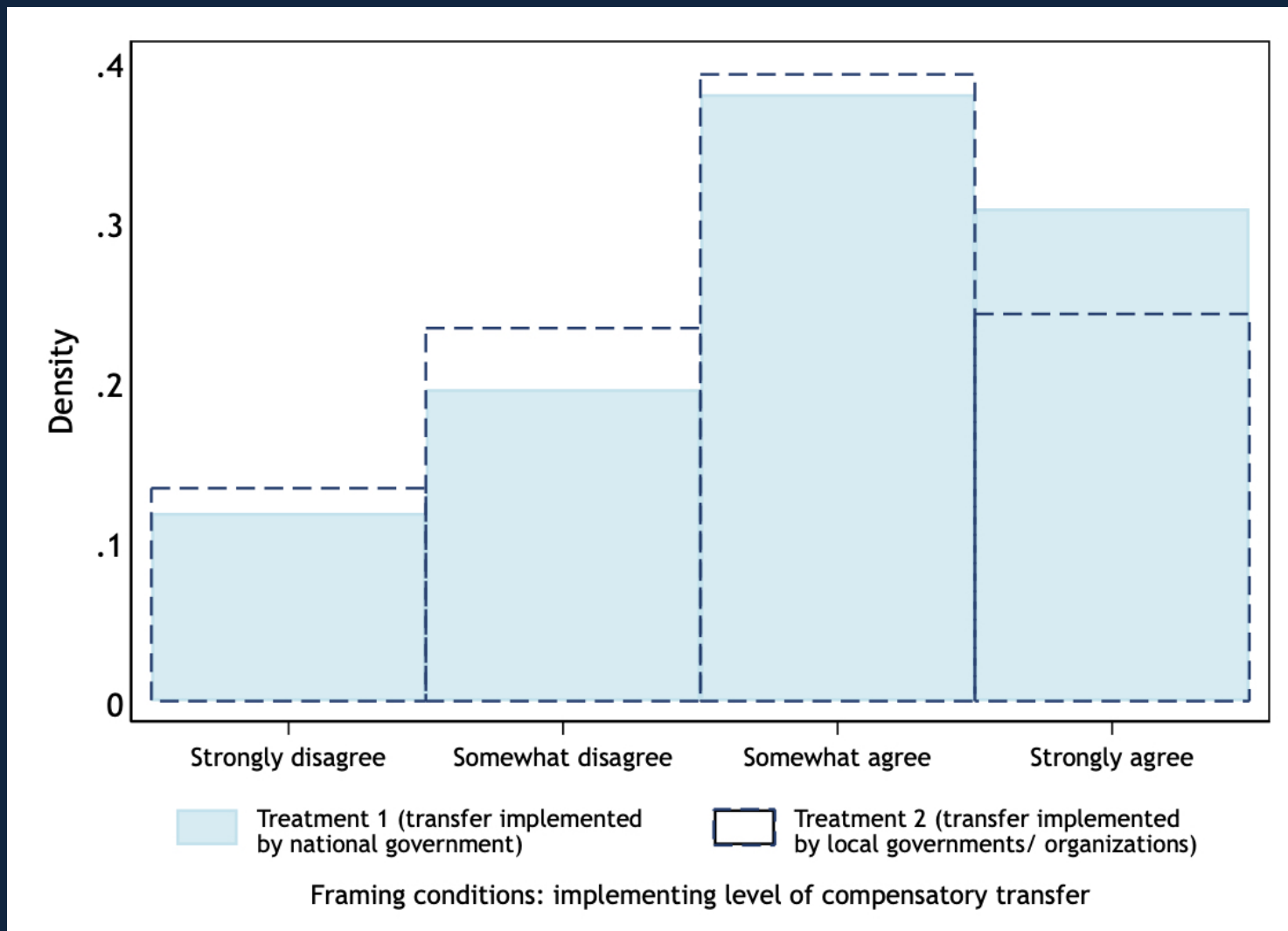


Who pays matters

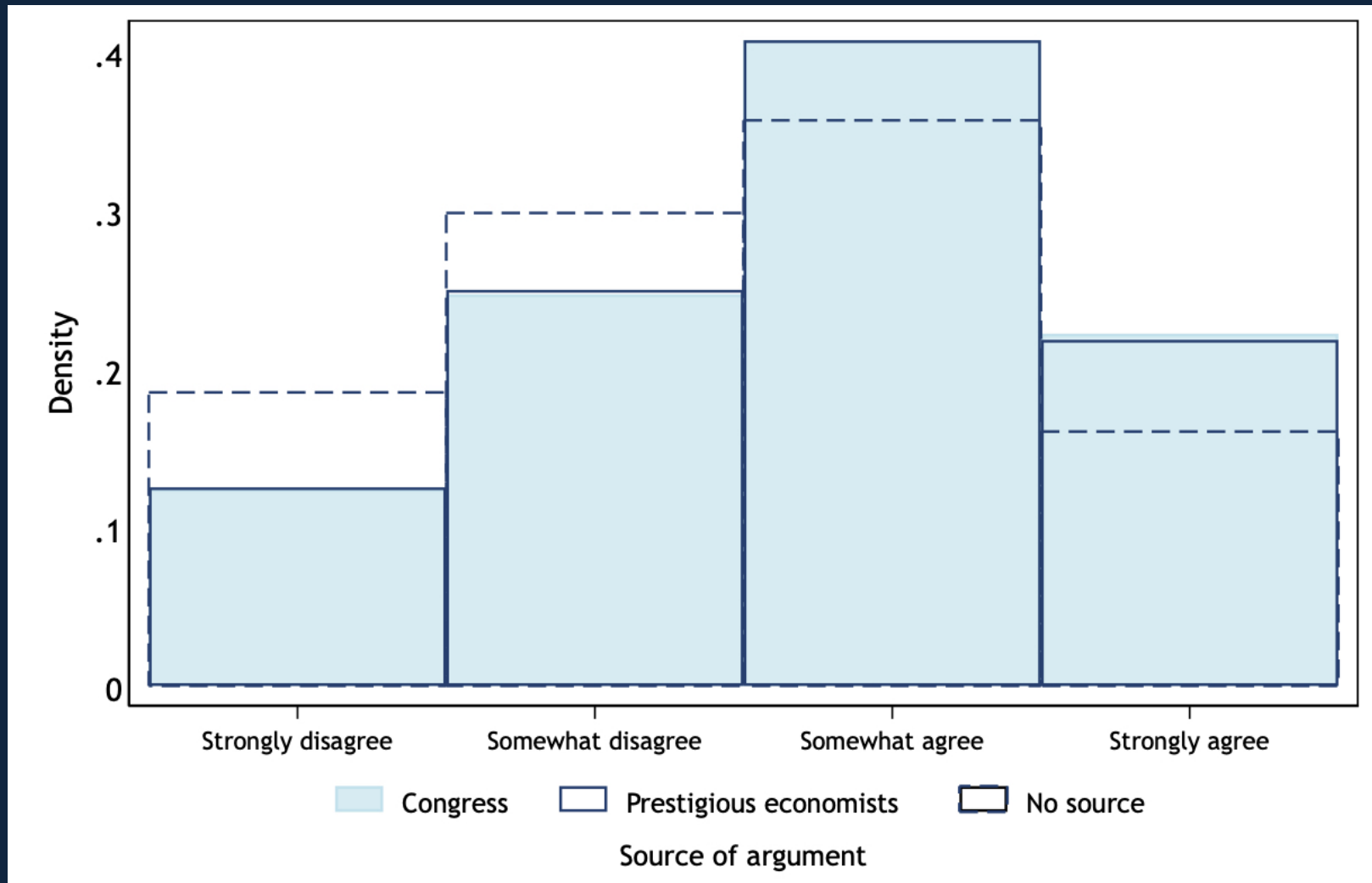


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And who compensates for the costs



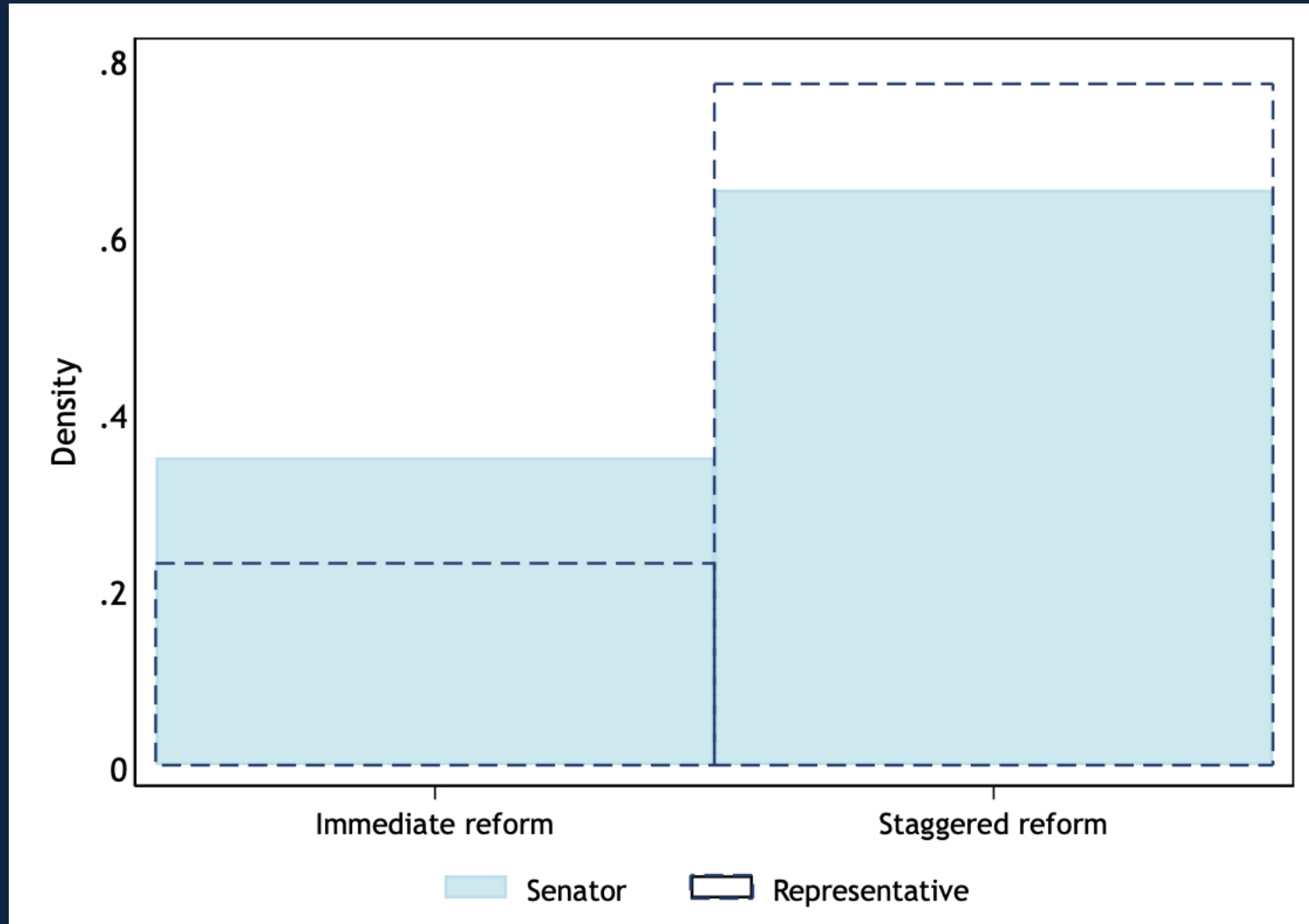
The credibility of the information matters



The background is a complex, abstract painting. It features a dense crowd of figures in the foreground, rendered with bold, expressive brushstrokes. The figures are wearing various colorful garments, including red, blue, yellow, and purple. Some faces are clearly defined, while others are more abstract. In the background, there are architectural elements like a building with a balcony and a tower, all in a warm, reddish-brown color palette. The sky is a deep blue. The overall style is reminiscent of modernist or expressionist art.

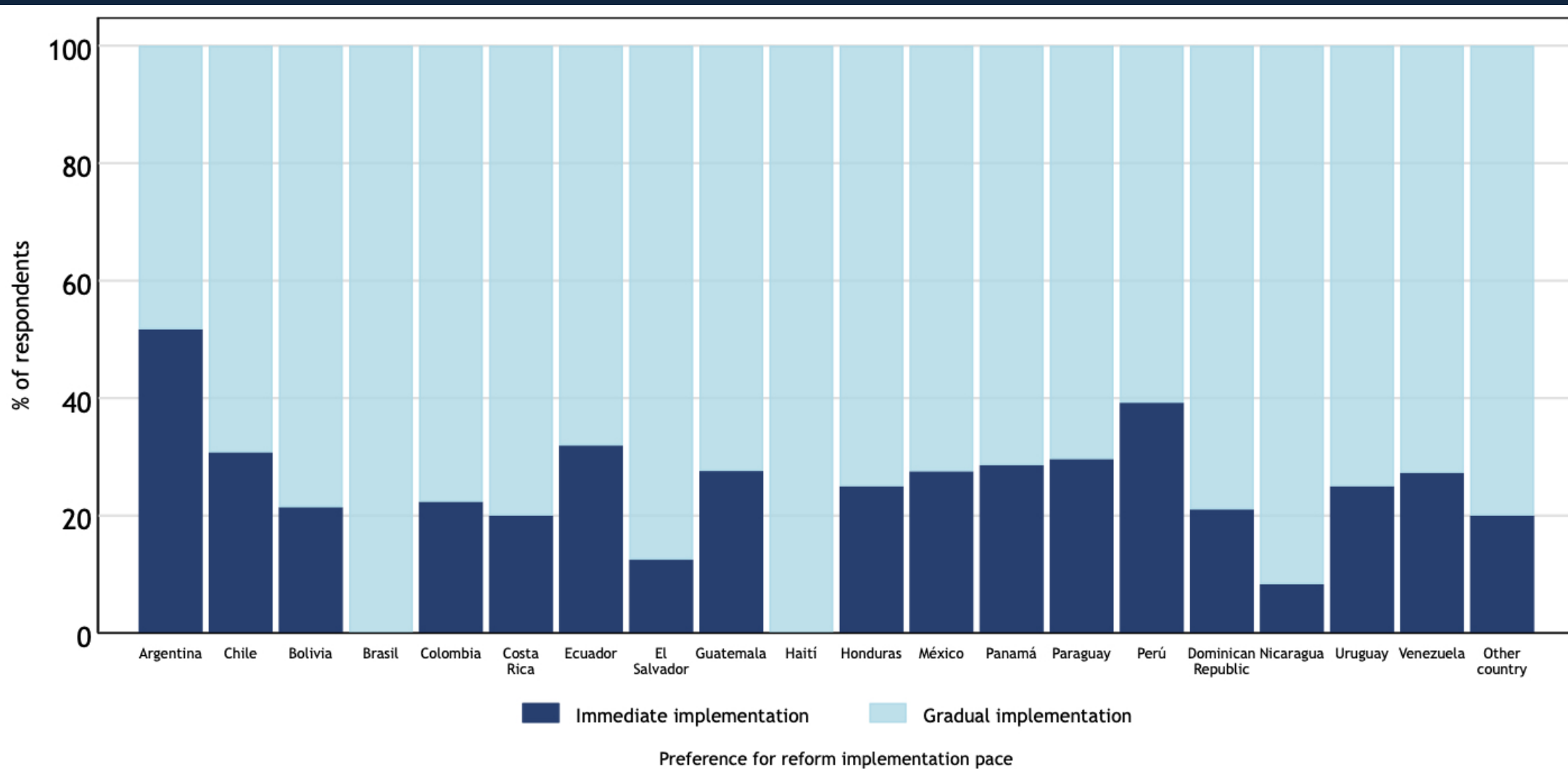
Does the size and path
matter?

Legislators prefer step-wise increases

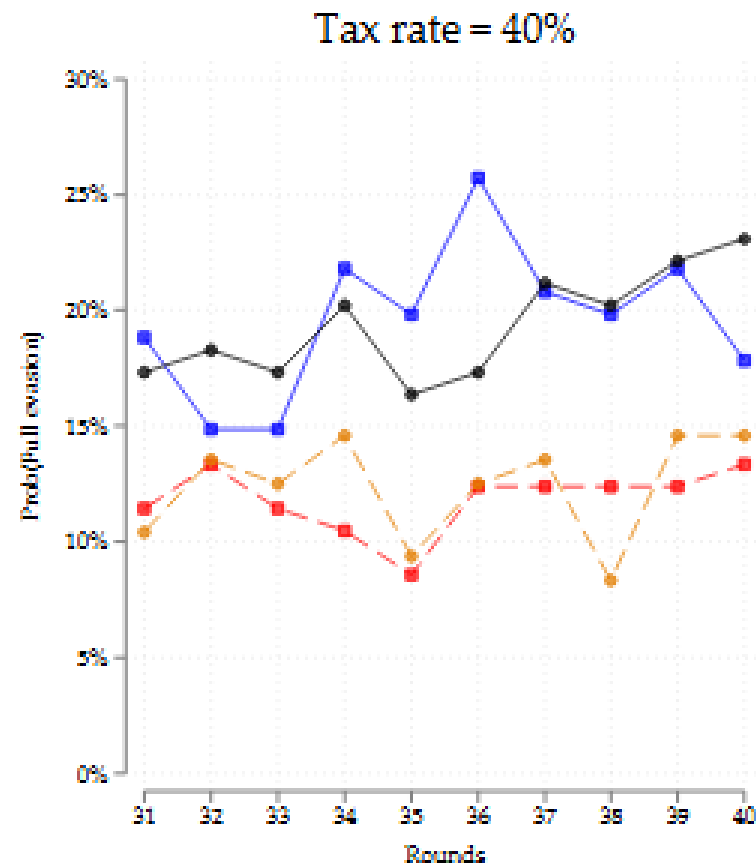
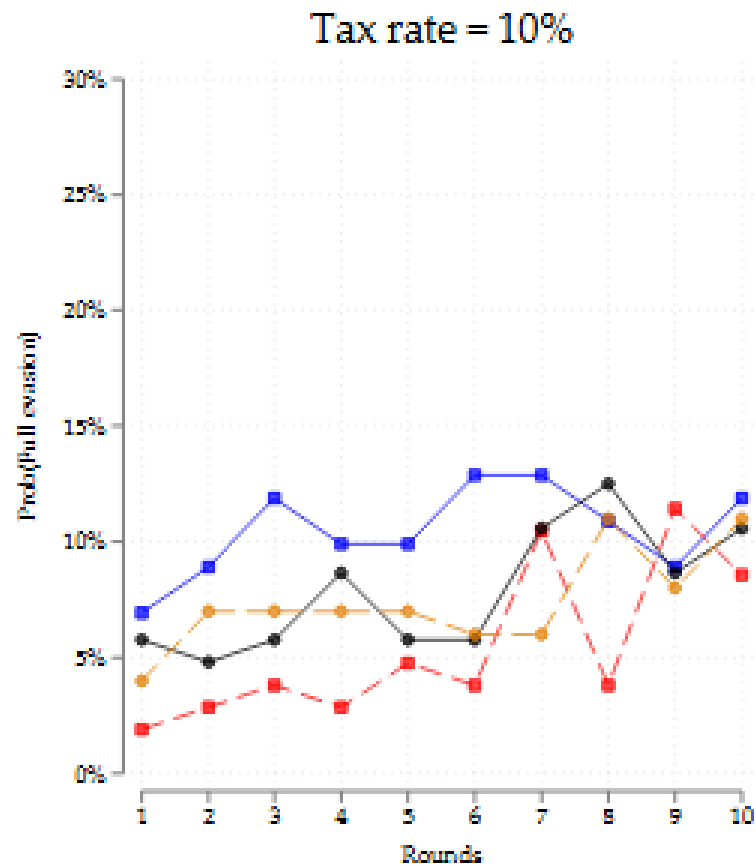


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And policymakers too

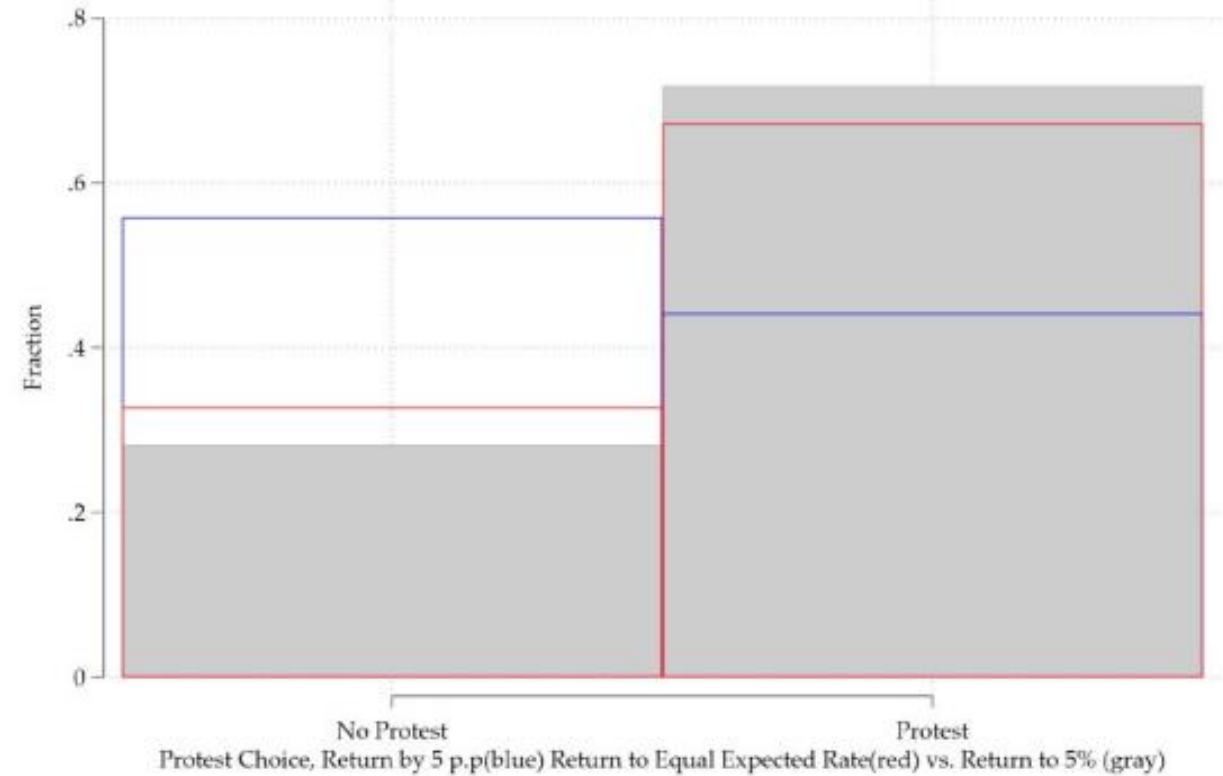
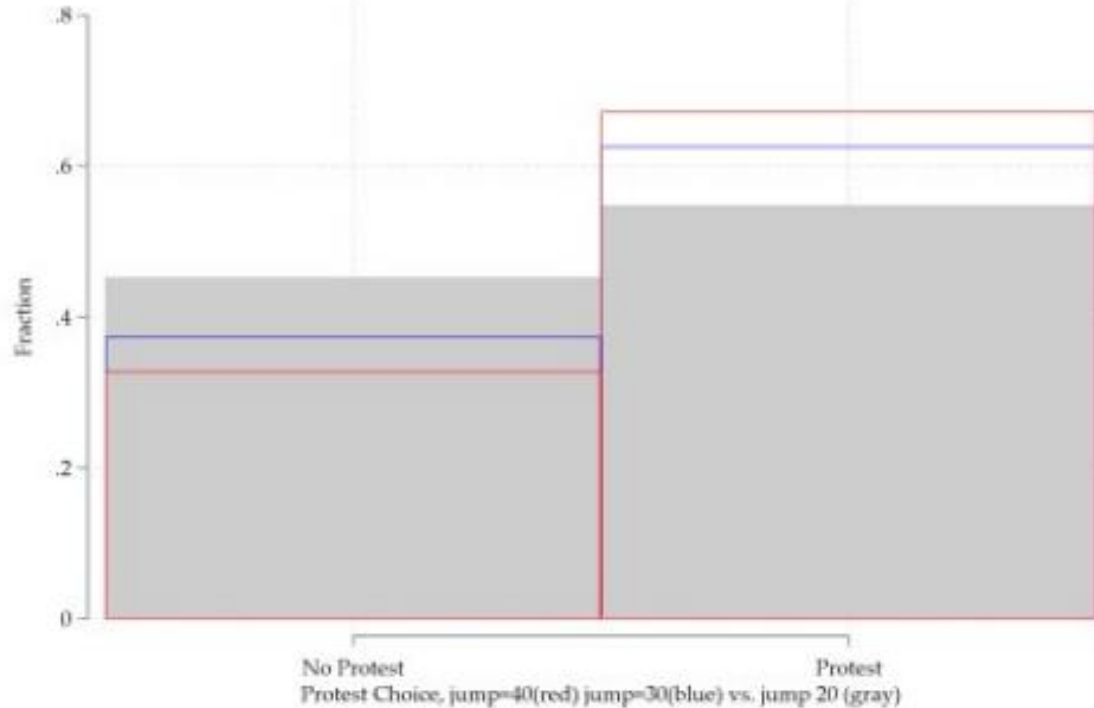


Our evidence does not seem to indicate that it matters (once the reforms have passed)



- Abrupt with no information
- Staggered with no information
- Abrupt with information
- Staggered with information

But the size and the strength of the government matter for passing the reform



Thanks a lot!

