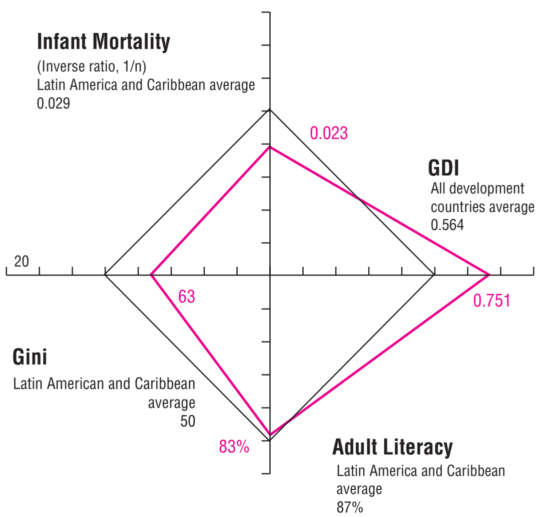
BRAZIL

REPORT

FROM FORMALITY TO REALITY

• Amélia Cohn



The Equity Diamond: National values in terracotta compared to regional ones in blue.
Source: **Infant mortality:** UNICEF, *The State of the World's Children,1998*; **Adult literacy:** UNICEF, *The State of the World's Children, 1998*; **GDI** (Gender Development index): UNDP, *Human Development Report 1998*; **GINI**: World Bank, *World Development indicators 1998*. (The regional average for this indicator was calculated by *Social Watch*).

Increasing restrictions placed by macroeconomic policies on the struggle against social inequality and poverty in Brazil continue to be essentially antagonistic and contradictory from the standpoint of social inequality. While the decentralization of initiatives to create jobs and income is a novelty, open unemployment and job insecurity are rising, the informal market is growing and labour relationships are becoming more flexible. Furthermore, proposals for new forms of social service management have become synonymous with «implementation of private sector rationality in the public sector», compromising the essence of the State's responsibility to implement redistribution policies.

Previous *Social Watch* reports have shown that, in *merely formal terms*, Brazil is complying with the ten commitments of the World Summit for Social Development. The reports also show, however, that Brazil is far from effectively fulfiling those commitments.

Brazil's shortcomings in this respect bring to light a basic contradiction between the economic model Brazil has adopted and the possibility of promoting policies that positively affect social development. It demonstrates the non–viability of the central thesis of the current administration–that the Real Plan's redistributive effects would, in and of themselves, constitute an effective social policy. The mechanism for this was elimination of the «inflation tax», which was to transfer income toward the poorer sector (nearly one third of our population). There is a basic contradiction between macroeconomic policies that generate unemployment, and government programmes to create jobs that have little impact on the growth of unemployment.

As a consequence, Brazil will have difficulty fulfiling Social Summit commitments 1, 2, 3 and 4, since this would require the formulation and implementation of a different macroeconomic policy from the one presently in force. This new economic policy would have to be aimed at the other extreme, that is to say, social integration.

It is necessary and urgent that Brazil overcome the fragmentation of analysis concerning our level of social development. This fragmentation regards the prevailing and growing dichotomy between economic and social development on the one hand, and the segmentation of policies and programmes on the other.

If we fail to overcome this fragmentation, not only will it spell doom for the construction of a new social solidarity pact that would formulate and effectively implement redistributive social and economic policies. It will also mean that social policies and programmes will continue to be narrowly limited to actions for poverty alleviation. Such actions will always be condemned to failure, since they will be limited to struggling against «specific points» of poverty, inequality and social injustice created by the market itself, that is to say, created by macroeconomic policies.

It was not surprising when a recent study by the Economic Commission for Latin America and the Caribbean (ECLAC) concluded that the economic crisis of the eighties and the structural reforms of the following years increased the concentration of income and social inequality in the region. **Brazil is the country with the greatest regional disparities and highest index of income concentration**. While the regional average annual income *per capita* is USD 4,500 and the Brazilian average is USD 4,800, in the State of Piaui it is only USD 500 (the same as in Haiti, the country in the region with the lowest income). This contrasts with the State of Sao Paulo, where the average is USD 6,000, the highest in the country. Furthermore, 42% of national income is presently held by the richest 10% of Brazilian families, while 11.8% of national income goes to 40% of the population made up of the poorest families.

The persistence of the above social indicators for income distribution and the prevailing logic governing anti–poverty measures indicates that, in a country like Brazil, the fulfilment of Social Summit commitments should be assessed not only from a quantitative perspective (volume of resources aimed at the social area, diversification and types of social policies and programmes, *inter alia*). Above all, assessment should be made from a qualitative standpoint, with quality of social policy being understood as the content of policies that promote citizenship–building while satisfying certain social needs of the poorest sectors of the population.

There is no doubt that, thanks to the existence of a legal framework ensuring gender and racial equity and equality and the elimination of all forms of discrimination, Brazil formally fulfils the necessary human rights requirements. Brazil's 1988 Constitution guarantees human and fundamental rights to all Brazilian citizens. There is also no doubt that successive Brazilian governments, including those subsequent to the Social Summit, have been far from effectively enforcing the rights ensured by this institutional legal framework.

We find a persistence of inequality in income and access to basic services for reasons of race or gender. We also find a predominance in the country of the idea that defending human rights means defending citizens against State violence. These views are aggravated by the practices of the very bodies and institutions responsible for implementing measures and programmes to promote social equity. For example, **the institutions that have the more efficient vocational training programmes are white, urban, industrialist, masculine and private.** Their real objective is not to promote viable possibilities for stability and economic growth; still less do they want these possibilities to be equally absorbed by all sectors and social groups.

DECENTRALISATION AND SOCIAL DEVELOPMENT

Brazil has recently undergone a process of decentralising social policy, which has afforded a wide range of local, innovative and creative experience in dealing with poverty.

This decentralization process, however, has been marked by a contradiction between central and local interests. In keeping with the rules of economic adjustment, at the central level decentralization means exerting greater spending control in the social arena in order to reduce the public deficit. The municipalities–the smallest sub–national government administrative units–are obliged to cover the demand for local social services. In most cases, we find that agreements between the central government and state and municipal governments to finance social policies compromise the development of social services. Such policies continue to depend on unstable resource sources and are open to frequent contingencies, ie, cuts imposed to maintain monetary stability based on various international and national trends.

Once again, in practice, economic policies and social policies are contradictory, and the «dictatorship of economists» weighs on them. In response to this situation, *associations* and *new forms of management* of social programmes and services have arisen as a solution for the social arena. Faced with the State's incapacity to solve growing local social problems and inequalities, the public sector is establishing associations with various sectors of society and seeking new forms of social service management that foster their rationalization.

With respect to associations, Brazil lacks a cultural tradition that would enable civil society to replace the State in the provision of basic social services except in a few very specific cases, such as for HIV carriers, people with AIDS, and the handicapped. Private sector associations are still limited and most of them depend on strong tax subsidies, which although not detracting from the merit of such initiatives, makes them excessively dependent on government action and, therefore, not autonomous.

With respect to seeking new forms of management, the main objective is to further rationalize state–run public services. Perhaps this is where the main problem lies, since criticising the lack of rationality and public control over the State implies criticising the State by inferring that irrationality, waste and impunity of public servants are among its characteristics. This is the focus of defenders of the equation «less State–more market».

Some aspects should be clearly distinguished. First, the heterogeneity of regulations regarding the responsibilities of the various government spheres in the social service sector tends to aggravate the chronic insufficiency of the sector. In the education sector, the division of responsibilities is well defined and the percentage of budget resources is fixed by the Constitution itself, but in the case of health, decentralization of assistance conflicts with the funding mechanism that is not linked to the budget and is strongly centralised at the federal level. In the same way, there are still no regulations to guide the decentralization of the National Human Rights Programme and the promotion of gender equality. **Consequently, fulfilment of the Social Summit commitments is at the mercy of local policy logic and dynamics; it is closely linked to the municipalities' degree of financial autonomy *vis–à–vis* other federal programmes, as this affects their ability to cover the cost of social policies.**

Secondly, the new management models being tried and recommended by government officials responsible for the Brazilian state reform do not include consistent mechanisms to ensure that health policies and programmes respond to the public interest. There is no doubt that this is the main problem. An artificial communion has been established between «administrative reform» and «State reform», which has led to the two being considered as synonymous. Hence **proposals for new forms of social services** –

through social organizations, work cooperatives, etc.– **have become synonymous with «implementation of private sector rationality in the public sector.»** Consequently, the «cost–effectiveness» logic prevailing in the private sector is transplanted to public services. In this way, «efficiency»–producing more at a lower cost–is translated into «effectiveness»–producing at a lower cost and causing the greatest impact. **This compromises the essence of State responsibility, which consists of implementing effective redistributive social policies, and–especially in an unequal society like Brazil's–tends to exacerbate the most notorious historical trait of social policies, the reproduction of social inequality**, as shown by the Brazilian document for the World Summit for Social Development.

Thirdly, and here we go back to the beginning, growing limitations imposed by macroeconomic policy on the struggle against social inequality and poverty continue to be antagonistic and contradictory from the standpoint of social inequality. There is no lack of examples: **while the decentralization of initiatives to create jobs and income is a novelty** (hundreds of secretariats have been opened with the aim of implementing programmes and the National Plan for Vocational Training trained 1.2 million people in 1996, 1.6 million in 1997 and plans to train 8 million male and female workers by 1999), **open unemployment and job insecurity are rising, the informal market is growing and labour relationships are becoming more flexible.**

The country faces a situation which poses serious limitations on fulfiling its commitments to the UN social agenda. The enormous social inequality that characterises our society –and which is showing signs of increasing– prevents social integration, promotion and protection of human rights, respect for diversity and participation of all citizens in social life. **Similarly, it will be difficult to achieve equality and equity among men and women. Although women presently have more schooling than men, men still dominate the labour market with higher salaries, more formal labour relationships, and more management posts.**

LESS SOCIAL INVESTMENT

With the IMF mandated cuts of 40.5% in social expenditures in the new central government budget, agriculture underwent the highest relative loss, 47.1%, education 12.3%, labour 12.5% and health 6.6%. The Social Action Sanitation Programme took an even more serious cut: 83.1%. With these «adjustment cuts», training programmes for unemployed workers, considered essential by the government itself, will also be reduced by about 50%.

In this context, fulfiling commitments to achieve universal and equitable access by all people to primary health care, for example, becomes an increasingly complex task. Programmes such as PAB (Basic Minimum Assistance), whereby municipalities receive a fixed amount per inhabitant to cover basic services, are proving scantly redistributive in terms of states and even regions. Furthermore, it promotes other forms of exclusion and selectivity with respect to access by the poorest sectors of the population to more technologically complex health care. There is risk of creating a double network of basic social services–one aimed at the poor and the other at those who can survive in the market, even if precariously. This double network will end up increasing inequality and social exclusion.

Although Brazil has formal programmes and policies on the UN agenda commitments, the country is far from fulfiling these commitments because a structural contradiction exists between macroeconomic policies and the promotion of social justice.

● IBASE (coordination), CEDEC, FASE, INESC and SOS–CORPO comprise the reference group for Social Watch.