

## Brazil

Brazil is a republic of 28 states, occupying nearly half the continent of South America, with a population of approximately 170,000,000. The population of Brazil is highly mixed in racial composition and has been formed of three racial stocks, namely, the native Indians, the black African slaves and the white Portuguese and other European immigrants. Crossing these differences, there is a common cultural background strongly unifying the national community.

Between 1930 and 1970 the economy changed from agricultural to industrial due to an intensive process of industrialisation and urbanisation. In the 1970's Brazil achieved 8<sup>th</sup> position in the world industrial ranking and dropped to 10<sup>th</sup> after the 1980's.

The accelerated economic development was not followed by distributive measures, resulting in one of the worst wealth distributions in the world. The poorest 50% of the population receive 14% of the total wealth while the richest 1% receive 33,1% (Census, 2000). When considering the land distribution the concentration is even higher.

More than a century after abolishing slavery, the afro-descendent situation shows the persistence of hidden discrimination. African-Brazilians represent the majority of the poor, illiterate, and working children.

81% of the population live in urban areas in 2000. In the last century, the migration from the rural to the urban areas and from the poor Northeast region to the industrialised Southeast generated a demographic explosion in the big cities. Since the migration flow was not accompanied by consistent urban and housing policies, there was an increase in the number and density of neighbourhoods illegally occupied. These slums are not provided properly with basic public services such as sewage, mail delivery, health and educational services, garbage collection, etc. In the last decades of the 20<sup>th</sup> century they came to be dominated by violent gangs of drug dealers.

This permanent disparity is a product of many years of authoritarian rule. During the Portuguese rule (1500-1822), the Colony was forbidden to trade and develop industries, universities and press. Only when the Portuguese Court moved to Brazil (1808), these prohibitions were lifted, but it also resulted in leaving there a huge bureaucratic apparatus, comparatively with the incipient civil society. In 1888, the slaves' freedom was not followed by an agrarian reform, leaving them in poverty.

During the Old Republic (1889-1929), the agrarian elite strictly controlled the political system. Nonetheless, the first measures to regulate the work conditions and to guarantee retirement pensions were launched in the 1920's, in response to political pressure from the industrial workers, mainly European immigrants with strong labour union traditions.

A new political system started in 1930 when a revolt broke out in which a broad coalition of middle class, military officers and, new agrarian factions opposed to the traditional elite.

Getulio Vargas, a figure that was to remain central in Brazilian politics until his suicide in 1954, led the successful rebellion, and built a modern state that remained untouched up to the 1980's. Concentrating practically absolute power in his hands, during his first government (1930-45), Vargas managed to increasingly curtail the state's rights and local elite's power, deport the workers' immigrant leaders, and suppress opposition. He inaugurated a modern model of economic development, changing the economy from rural production towards urban industrialisation. Heading this process, the state had to modernise its apparatus and instruments, creating a professional state bureaucracy, introducing mechanisms of control and building the infrastructure conditions necessary to the industrialisation.

Combining repression and mobilisation, Vargas adopted a populist style in his relationship with the popular urban mass, exchanging social benefits by their political support. Concerning the union movement, Vargas attended its most important claims, regulating the working conditions, establishing a minimal wage, and building a social insurance system.

Urban workers, in formal market, were progressively covered by social insurance, including health insurance, family pensions, accidents insurance and retirement pensions. Each category of workers had its own social insurance, with benefits and contributions depending on its bargain capacity.

This corporatist pattern of governmental response to social demands led to a double fold impact on the societal structure. It led to a stratified inclusion, with social rights regulated by the worker insertion in the labour market. In this way, social policy became an instrument to segment the workers and co-opt them to sustain the government. Meanwhile, poorest people, living in rural areas or unable to get a formal job in the urban market, were excluded from social rights and benefits.

As part of the modernisation of the state, Vargas created the Labour Ministry, and also the Education and Health Ministry, and welfare programs for poor families and war veterans.

The deposition of Vargas in 1945 was the result of stress and contradictions among his internal allies and also his contradictory foreign policy, in a context where Brazil came under the increasing hegemony of the United States. From 1945 to 1963, Brazil had a democratic political system with a competitive political party system.

Democratically elected president in 1950, Vargas created important instruments of economic planning and public finance in order to conclude the industrialisation cycle. The other presidents during this period followed the state development model, playing the same populist political game. In response to the demand for subsidies by the protected industry, and for social benefits by the organised workers, the government policies increased inflation, postponing the crisis.

Although the mobilisation of political support was based on a nationalist ideology, the industrialisation process was continuously more dependent on the association of international capital with national, private and governmental, resources.

All these contradictions ascended to an unbearable point in the 1960's, culminating in the army coup d'état in 1964.

During the two decades of military rule, governments went further into Vargas' economical development model while repudiating his political structure. All the instruments of populist mobilisation were suppressed or controlled. Political parties were first abolished and later changed into a bi-partisan system. Union leaders were arrested, workers lost control of social insurance institutions and intellectuals were exiled.

The public administration became more centralised, under the strict control of a powerful emergent technical bureaucracy. Many public enterprises were created aiming to achieve a competitive position among industrialised countries. The country experienced a period of fast economic growth, although the concentration of wealth increased.

Nevertheless, the government maintained social policies as the main resource to achieve political legitimacy. Social insurance coverage was expanded including new groups such as rural workers and domestic servants.

In order to finance social policies, several funds were created from salary contributions. But funds created to support housing policy for the poor were progressively conveyed to middle-class.

Another tendency was the privatisation of social policies, generating a boom of private schools, universities and hospitals. Contracting out services and leaving the public network underfunded were the main mechanisms used to stimulate the expansion of social services market.

Since the victory of the opposition in the 1970's elections, a strong movement demanding democracy emerged. A powerful coalition was formed in the 1980's including new unionism and social movements, activists from the Catholic Church and non-governmental organisations, and political parties.

The new constitution (1988) settled the principles of democracy, and the country began to be governed under the rule of law. In response to the demands to democratise social policies, the constitution designed a new format where social insurance, health and welfare policies were linked under the social security concept. For the first time, the benefits of these policies were considered universal social rights to be guaranteed by the State. This measure implied the unification of public health care services, transferring to Health Ministry the ones from the social insurance.

A public, decentralised, and participatory model of policy-making was settled for social sectors. The concentrated decision-making process was reversed to a bottom up process requiring the existence of a council in each level of the government, where state and society have equitable representation. Several instances of negotiation were created in order to generate agreements among the spheres of government, designing a new federalist structure.

As a result, the empowerment of local actors is markedly present. Around the turn of the 20<sup>th</sup> century there was a constant tendency to the improvement of social indicators, especially concerning health and education, although the gap between the poorest and the richest did not change.

The implementation of the new social policies' design occurred in an adverse economic context marked by escalating inflation and fiscal debt. Structural reforms implemented to face the financial crisis reduced the role of the state, lifted trade barriers and opened the economy to foreign investments. The results were a more regressive income distribution, growing unemployment and increasing inequality.

Nevertheless, the coalition that supported the constitutional design for social policies was able to defend this universal model and resist to international pressure to change it towards target policies. In parallel with the public system a market flourished in social sectors as well as many no-profitable organisations.

Nowadays, there are many innovations in social policies mainly at the local level, although the lack of quality and difficulties in access to the public services are still unsolved problems.

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