

UNIVERSIDADE ESTADUAL DE CAMPINAS – UNICAMP
NÚCLEO DE ESTUDOS DE POLÍTICAS PÚBLICAS – NEPP

2002

CADERNO DE
PESQUISA
Nº 53

sônia Miriam Draibe*



UNICAMP

* Sônia Miriam Draibe is Professor at the University of Campinas, UNICAMP, Brazil and ancient Director of UNICAMP's Center for the Study of Public Policies (Núcleo de Estudos de Políticas Públicas – NEPP). This paper is a review and restructuration of the ancient essay *Draibe, Sônia Miriam; Guimarães de Castro, Maria Helena; Azeredo, Beatriz* (1995) - *The System of Social Protection in Brazil, Democracy and Social Policy, Democracy and Social Policies Series*, Working Paper #3, Spring 1995, Project "Social Policies for the Urban Poor in Southern Latin America: Welfare Reform in a Democratic Context", Kellogg Institute: Univ. of Notre Dame, 90 págs (translated by Jenny K. Pilling and Mara Cornner).



Os cadernos de Pesquisa do NEPP, escritos pelos professores, estudantes de pós-graduação e outros membros associados, aparecerão intermitentemente. Alguns serão comunicações de pesquisa preliminarmente em andamento, ou exploração de idéias teóricas, e a sua publicação visa a estimular discussão e gerar críticas úteis. Como resultados de tais discussões e críticas, é provável que apareçam publicações de versões mais elaboradas em outra parte.

Introduction	10
Part I Construction and Expansion of the Welfare State in Brazil	12
1. Historical Summary.....	12
2. Political and Ideological Characteristics	16
2.1. Populism and Social Policy	17
2.2. Bureaucratic-Authoritarianism and Social Policy	22
3. Structural Characteristics and Dynamics of the System.....	27
3.1. Programs, Criteria of Eligibility, and Clientele	27
3.1.1. Social Security	27
3.1.2. Welfare	31
3.1.3. Health Care	32
3.1.4. Education	35
3.1.5. Housing	37
3.2. Profiles and Dimensions of the Beneficiaries	38
3.2.1. Social Security	38
3.2.2. Welfare	39
3.2.3. Health Care.....	41
3.2.4. Education	42
3.2.5. Housing	43
4. Financing and Social Expenditure Patterns	46
4.1. Financing Pattern	46
4.1.1. Some Considerations about Public Sector Financing.....	46
4.1.2. Financing Social Policies	48
4.2. Social Spending	53
4.2.1. Consolidated Social Spending	53
4.2.2. Federal Social Spending	56
5. The Conservative Pattern of Brazil's Welfare State: A Preliminary Evaluation of Social Policies, Inequalities, and Poverty	61
5.1. Principal Social Indicators Long-Term Performance	62
5.2. The Welfare State, Social Inequalities, and Policy Inequities	63
5.2.1. Inequalities Based on Gender and Racial Differences	63
5.2.2. Regional Differences	64
5.2.3. Age Differences	65
5.2.4. Retirement Inequities	66
5.2.5. Inequities Associated with Income Inequality	67
5.3. The Limitations of Social Policy Organization and Operation	70
5.4. The Limitations of Social Policies Narrow Structural Bases	72
Part II The Reform Agenda of the 1980s and the 90s Experience	76
1. The 80s: the democratic agenda of social programs reform	76
1.1. The political bases: actors and trends	77
1.1.1. Social Demands and New Collective Actors	77
1.1.2. Social policies in the political agenda of democratization	78
1.1.2.1. The Formation Process of the Social Reforms Political Agenda.....	78

1.1.2.2. Crisis, economic adjustment and social policy: the other face of the reform agenda.....	80
1.2. The Constitution of 88: a more generous standard of social protection?	82
1.2.1. The Principles and Content of the Changes	82
1.2.2. The New Profile of Funding for Social Expenditures	84
1.2.3. Constitutional changes and real interests: the limits of the reforms	87
2. The 1990s and the New Reform Agenda	89
2.1. Economic adjustment and reforms: paradoxes of neoliberal experimentation	89
2.2. The social protection system in the context of economic adjustment and institutional reforms	91
2.2.1. The New Strategy for Social Development	92
2.2.2. Fiscal stabilization and the Social Expenditure: the brazilian recent experience.....	94
2.2.3. The axles of the changes	96
3. Welfare State and reforms: towards social policies of a new generation?	99
References	103

Tables and Figures

Table 1

Participation in LBA Children=s Welfare Programs, 1977-1988

Table 2

Food and Nutrition Programs Clientele (in thousands) Brazil, 1984-1988

Table 3

Distribution of Housing Finances within the Federal Housing System by Income Group, 1965-1984

Table 4

Summary of Principal Brazilian Programs and Clientele

Table 5

Current Account and Capital Formation of Consolidated Governmenta as a Percentage of GDP 1970-1988

Table 6

Gross Tax Burden by Levels of Government and Principle Tax Sources Brazil, 1984-88 as percentage of GDP

Table 7

Social Spending by Program at the Federal and State and Municipal Levels Brazil, 1986

Table 8

Structure of Revenues for Public Spending on Social Programs: Brazil, 1986

Table 9

Evolution of Total and Per Capita Federal Spending on Social Programs Brazil, 1980-89

Table 10

Distribution of Social Benefits by Age

Table 11

Benefits by Income Bracket, Brazil, 1986

Table 12

Access to Education: Distribution of Students by Family Income, 1982

Table 13

Gross Assessment of Primary Taxes by Level of Government Brazil, 1989-1990

Chart 1

The Welfare State in Brazil by Period

Chart 2

The Welfare State in Brazil: Development and Recent Transformation

Chart 3

Brief Chronology of Brazilian Political History 1930B1990

Chart 4

Summary of Primary Social Contributions

Chart 5 Synopsis of Primary Social Contributions

Glossary of Acronyms Used Frequently in the Text

AIS	Ações Integradas de Saúde Integrated Health Programs
ARENA	Aliança Renovadora Nacional National Renewal Alliance
BNDES	Banco Nacional de Desenvolvimento Econômico e Social National Economic and Social Development Bank
BNH	Banco Nacional da Habitação National Housing Bank
CEF	Caixa Econômica Federal Federal Economic Savings and Credit Bank
CEME	Central de Medicamentos State Pharmaceutical Enterprise
COHABs	Companhias de Habitação Housing Companies
DATAPREV	Empresa de Processamento de Dados da Previdência Social Social Security Data Processing Enterprise
DNER	Departamento Nacional de Endemias Rurais National Department of Rural Endemic Diseases
FAS	Fundo de Apoio de Desenvolvimento Social Social Development Support Fund
FGTS	Fundo de Garantia por Tempo de Serviço Employee Savings Fund
FGV	Fundação Getúlio Vargas Getúlio Vargas Foundation
FIBGE	Fundação Instituto Brasileiro de Geografia e Estatística Brazilian Geographical and Statistical Institute Foundation
FICAM da	Programa de Financiamento da Construção, Conclusão, Ampliação ou Melhoria da Habitação de Interesse Social Program for Financing the Construction, Completion, Extension, or Improvement of Housing in the Social Interest
FINSOCIAL	Fundo de Investimento Social Social Investment Fund
FNDE	Fundo Nacional de Desenvolvimento da Educação National Education Development Fund
FPAS	Fundo de Previdência e Assistência Social Social Security and Welfare Fund
FUNABEM	Fundação Nacional de Bem-Estar do Menor National Children's Welfare Foundation
FUNRURAL	Fundo de Assistência ao Trabalhador Rural Rural Workers' Assistance Fund
GDP	Gross Domestic Product
IAP(s)	Instituto(s) de Aposentadorias e Pensões Retirement and Pension Institute(s)
IAPAS	Instituto de Administração Financeira da Previdência Social Social Security Financial Administration Institute

IBGE Instituto Brasileiro de Geografia e Estatística
Brazilian Geographical and Statistical Institute

INAMPS Instituto Nacional de Assistência Médica Previdenciária
National Health Insurance Institute

INAN Instituto Nacional de Alimentação e Nutrição National
Food and Nutrition Institute

INPS Instituto Nacional de Previdência Social
National Social Security Institute

INSS Instituto Nacional do Seguro Social
National Social Insurance Institute

IPEA Instituto de Planejamento Econômico e Administrativo
Economic and Administrative Planning Institute

LBA Legião Brasileira de Assistência
Brazilian Aid League

LOPS Lei Orgânica da Previdência Social
Organic Law of Social Security

MOBRAL Movimento Brasileiro de Alfabetização de Adultos
Brazilian Movement for Adult Literacy

MPAS Ministério da Previdência e Assistência Social
Ministry of Social Security and Welfare

NGO(s) Nongovernmental organization(s)

PAIE Programa de Alimentação dos Irmãos dos Escolares
Schoolchildren=s Sibling Meals Program

PAN Programa de Apoio Nutricional Nutritional Aid Program

PASEP Programa de Formação de Patrimônio do Servidor Público
Civil Servants= Asset Formation Program

PAT Programa de Alimentação do Trabalhador
Workers= Meals Program

PCA Programa de Complementação Alimentar
Complementary Food Program

PDS Partido Democrático Social
Democratic Social Party

PDT Partido Democrático Trabalhista
Democratic Labor Party

PFL Partido da Frente Liberal
Liberal Front Party

PIASS Programa de Interiorização das Ações em Saúde e Saneamento
Program for Interiorization of Health and Sanitation Services

PIS Programa de Integração Social
Social Integration Program

PLANHAP Plano Nacional de Habitação Popular
National Low-Income Housing Plan

PMDB Partido do Movimento Democrático Brasileiro
Brazilian Democratic Movement Party

PME Programa de Merenda Escolar
School Lunch Program

PNAD Pesquisa Nacional por Amostra de Domicílios
National Survey by Household Samples

PNAE Programa Nacional de Alimentação Escolar
National School Meals Program

PNLCC	Programa Nacional de Leite para Crianças Carentes National Milk Program for Needy Children
PNS	Programa de Nutrição em Saúde Nutrition in Health Program
PRN	Partido da Reconstrução Nacional National Reconstruction Party
PROFILURB	Programa de Financiamento de Lotes Urbanizados Urban Lots Financing Program
PROMORAR	Programa de Erradicação da Sub-Habitação Program to Eradicate Substandard Housing
PRONAN	Programa Nacional de Alimentação e Nutrição para o Grupo Materno-Infantil National Food and Nutrition Program for Mothers and Infants
PRORURAL	Programa de Assistência ao Trabalhador Rural Rural Workers= Assistance Program
PSA	Programa de Suplementação Alimentar Nutritional Supplement Program
PSD	Partido Social Democrático Social Democratic Party
PSDB	Partido da Social Democracia Brasileira Brazilian Social Democracy Party
PT	Partido dos Trabalhadores Workers= Party
PTB	Partido Trabalhista Brasileiro Brazilian Labor Party
RMV	Renda Mensal Vitalícia Lifelong Monthly Income
SEAC	Secretaria Especial de Ação Comunitária Special Secretariat for Community Action
SFH	Sistema Financeiro Habitacional Housing Finance System
SINPAS	Sistema Nacional de Previdência e Assistência Social National System of Social Security and Welfare
SUDS	Sistema Unificado e Descentralizado de Saúde Unified and Decentralized System of Health Care
SUS	Sistema Unificado de Saúde Unified System of Health Care

INTRODUCTION

The consolidation of the Brazilian welfare state in the mid-1970s, under the aegis of an authoritarian regime, reinforced the conservative features that have characterized the system throughout its existence and that maintain an intimate relationship with the socioeconomic structure of low salaries, poverty, and social exclusion on which it is based. These conservative features are: the notion of social security supporting the system; protection, first for urban workers formally linked to the job market and then for segments of the corporately organized middle class, as opposed to basic social rights granted to all citizens; fragmented access, associated positively with systems of force, bargaining, and privileges, and negatively with low levels of universality and uniformity of social benefits; and high proportionality between benefits, on one side, and employment, wages, and past contributions, on the other; terms fostering low levels of redistribution.

Placed within the international panorama, the Brazilian social policy system can best be examined by using the concept of the social welfare state (*Estado do Bem Estar Social*) and by approximating it to the conservative or meritocratic-particularist model according to current international classifications.¹

During the 1980s, in a movement apparently coinciding with the general direction of modifications of social welfare states since World War II, serious attempts were made in Brazil to displace the conservative model in favor of an institutional-redistributive system of comprehensive social protection.² This movement was extremely problematic, given the context of social crisis in which it occurred, under extreme conditions of poverty, coupled with severe restrictions on public sector financing.

While the reform cycle begun in the 1980s achieved some of its objectives and from this perspective, social policy effectively prevented the crisis from further eroding living conditions, the direction of reform in the 1990s seems to be rapidly shifting. Earlier themes are reemerging in new forms, suggesting alternatives that could reverse the direction of the movement.

1 We believe this general concept to be adequate for treating the Brazilian case; however, it should be clear that we are building, in the country, a specific type of welfare state, which would be classified as *conservative* or *meritocratic-particularist*, based on the typologies of Esping-Andersen (1990), Titmuss (1958) or Ascoli (1984), who distinguish this from two other types, the *residual* or *liberal* and the *social-democratic* or *institutional-redistributive*.

2 Elsewhere in the paper "seguridade social" is rendered as "social protection" to distinguish it from "previdência social", which is translated as "social security", similar to the US sense of the system of benefits related to temporary or permanent inability to work.CED.

The dilemmas posited for the new decade once again question the current system of social protection, which has a number of serious weaknesses, particularly in the area of financing.

All these issues were brought up to date in the new agenda of reforms that emerged in the 90s. Collor de Mello government's liberalizing bias, but above all its institutional disasters, distorted the beginning of this process. Since 1995, another cycle of social policies reform is open by Fernando Henrique

Cardoso Administration. The whole social policy system still remains his secular pattern of delivery social benefits, it's true that new contents, styles and profiles are reorganizing the social policies. The rigidities of the political context - which intend to combine economic adjustment, institutional reforms and democratic consolidation - indeed impose crucial issues to this reformist agenda. And actualize the challenge of to construct a socialdemocratic alternative³ of social reform in the actual terms.

In this article, we examine the Brazilian Social Welfare State in this perspective.

PART I

3 Here the expression "socialdemocratic" is used in reference to the institutional-redistributive model of Welfare State, in the Esping-Anderson terms, different from both the liberal and the conservative models. (See Note 1). So, this concept doesn't may be confused with neither any socialdemocratic party nor a socialdemocratic political orientation

CONSTRUCTION AND EXPANSION OF THE WELFARE STATE IN BRAZIL

1. HISTORICAL SUMMARY

Between the 1930s and the 1970s, a specific system of social protection was constructed and institutionally consolidated in Brazil. At least three dimensions permit us identifying in this historic movement, the Welfare State structure and mechanisms's construction' process, althout limited and distorted it was.

One is the substantive content of the social policies that, at different moments, composed the heart of the welfare state. They include mechanisms of social security and welfare benefits,⁴ the construction of an integrated network of primary and secondary education, and health care and housing policies. Another is the character of a nationally articulated system acquired by this body of legislation, rules, benefits, and social protection services, leading to complementary relationships that did not exist initially. Finally, the national state assumes an organizational and regulative character. This character guarantees the dynamics and permanence of the system, in relation to the public dimensions of the organization (internal relations and economic policy) and to the private sector, producer and provider of social goods and services.

These criteria also permit us to consider the 1930s as the point of departure for this movement in Brazil: the rupture of the oligarchic state and its federalist base and the emergence of a new form of state (Estado Novo), which centralized and concentrated power, endowing itself with mechanisms that

facilitated the implementation of *national* policies. These policies constituted the political and

of the government.

4 The distinction between social security and welfare is less strongly marked in Brazil than in the United States, and there is considerable overlap with regard to both administration and financing. As the Brazilian social protection system developed since the 1930s, it came to include both work-related, social insurance programs, which usually pay according to the level of contributions received – like retirement benefits - and some welfare programs, which usually allocate benefits according to need – like the Lifelong Monthly Income (RMV). But, since 1988, it includes too a universal program, the public health system, the SUS, accessible to the entire Brazilian population (at least in theory). But unemployment benefits are operate independently of the social security system.

In this paper, for convenience, health care is treated as a separate category; public safety-net programs for food and nutrition, day-care and other cash or kind benefits awarded on the basis of need are grouped together as "welfare programs". and the term "social security" is used to refer to retirement benefits (and associated pensions) and other benefits related to temporary or permanent inability to work.

The term "welfare state" (Estado do Bem Estar Social) is retained because of its historical associations but should be understood to refer to all public and private social programs implemented from federal to local government levels. This *social protection system* is suppose to including education, health, housing, labor protection, social security, and welfare. The different types of programs (and levels of government) varying in importance over time within the whole.

institutional conditions that gave rise to a new and more substantial arena of public action, legalizing and self-legitimizing state presence in the field of social protection.

Legislation produced within the period 1930-1943 was fundamentally concerned with the creation of retirement and pension institutes (Institutos de Aposentadorias e Pensões or IAPs), and with labor legislation that was consolidated in 1943. While these were clearly the most important innovations, the period also saw changes in public health and educational policies, where high degrees of policy "nationalization" appeared in the form of centralized resources and institutional and administrative instruments at the federal executive level (protecting certain powers typical of the federal organization of the country).

Between 1945 and 1964, within the limits of the existing democratic regime, there was a simultaneous movement toward legal-institutional innovation (in education, health, social welfare and, to a lesser degree, public housing) and the expansion of the social protection system within the same parameters defined by the innovations of the 1930–1943 period.

The social dimensions of this process was the incorporation of new social groups into social protection schemes within a pattern that was simultaneously *selective* (regarding beneficiaries), *heterogeneous* (regarding benefits), and *fragmented* (institutionally and financially).

The period from the mid-1960s to approximately the mid-1970s was very different in nature, content, and social impact. This was the consolidation phase of the system when, relative to the previous period, the body of legislative measures took on a radically transformed vision of the institutional and financial framework behind social policy.

Supporting these measures were the accelerated processes of industrialization, urbanization, and transformation of Brazil's social structure. Social policy changes were radical due to the organization of national or state-regulated public systems in the areas of basic social goods and services (education, health, welfare, social security, and housing).

These surpassed their earlier fragmented and socially selective forms, paving the way for various universalizing tendencies, specifically the implementation of social policies with wide coverage of the lower class. Additionally, a number of social policy innovations emerged: state intervention in housing was approved, mechanisms were introduced for establishing workers's assets and profit sharing with the Employee Savings Fund (Fundo de Garantia por Tempo de Serviço or FGTS) and the Civil Servants's Assets Formation Program (Programa de Integração Social-Programa de Formação de Patrimônio do Servidor Público or PIS-PASEP), and there were moves to extend

(See also footnote 1.) ED.

social protection to rural workers, although their coverage was limited and they continued to suffer from social discrimination.

Thus, under the authoritarian and technocratically inclined regime installed in 1964, Brazil's social policy system was completed: the solid core of state social intervention was defined; the centralized apparatus to support this intervention was set up; the funds and resources to finance social policy measures were established; the principles and operational mechanisms were defined, as were the rules of social inclusion/exclusion that characterized the system. In the mid-1970s a massive expansion occurred under this model, but by the late 1970s symptoms of exhaustion and crisis were beginning to show up in its organizational, financial, and social aspects. In fact, the 1980s began with an agenda of reforms composed of two levels and two types of issues. On one hand, the beginning of the political transition at the end of the 1970s imposed the issue of *democratization* of the system. Above all, the rules of inclusion or exclusion, the privileges and inequalities, and the hypercentralized mode of organization and decision-making were questioned. Social and political forces, fighting for the end of the authoritarian regime, proposed more democratic forms of the state, which necessarily resulted in an examination of the prevalent standard of social protection.

On the other hand, questions were raised about *the instability and fragility of the system's financial basis*, which was very sensitive to economic cycles and employment rates, as well as to average and total salaries paid in the economy. The high inflationary rates, the economy's oscillations and the continuous and unsuccessful stabilization plans, during the 80s, depict a situation of economic crisis that, inevitably aggravated the above mentioned structural constraints, demanding alternative proposals for financing and resource allocation.

In response to these two main issues, attempts to restructure the system were undertaken, albeit timidly. At the beginning of the 1980s the technocracy of the military regime adopted measures to financially reinforce the system, adjusting revenues and expenditures. The 1982 creation of the Social Investment Fund (Fundo de Investimento Social or FINSOCIAL) and the modification of contribution rates were steps in this direction. In 1985, under the new civilian government, an ambitious set of reforms issues - intended to democratize the system and reinforce its financial basis – were designed in the political agenda. These proposals were eventually presented to the Constitutional Congress and some of them were adopted in the 1988 Constitution. But at the end of this first cycle of social reforms, few alterations in fact had been implemented.

A new agenda and, in some measure, a new cycle of reforms emerged in the beginning of the 1990s. Since the end of the 80's, the aggravation of socioeconomic conditions – perceived and

evaluated through ideological and political filters very different from those at the beginning of the decade – led to the proposal of new alternatives for organizing social protection in the country. Even before the new issues and terms of changes was completely matured, it was becoming clear that the cycle that began in the 1980s had exhausted itself, while urgency and possibilities for rethinking the welfare state in alternative terms were gaining strength. The new phase became clear only in the mid-90s, under the effects of both the economic stabilization and the institutional reforms, in the political context of the democracy' consolidation process.

The chronology of the development, consolidation, crisis, and restructuring of the welfare state in Brazil is summarized in Chart 1. The moments of greatest institutional modification and legislative production occurred during the four periods of most intense alterations in the contemporary Brazilian state: 1930, 1964, 1988 and 1995-1998

Chart 1

The Welfare State in Brazil by Period

Emergence and institucionalization**1930-1964 Emergence and fragmented expansion of the social policies system**

1930-1943 Emergence

1943-1964 Fragmented and selective expansion

1964-1977 Institutional consolidation

1964-1967 Institutional consolidation

1967-1977 Massive expansion

1978-1985 Political liberalization

The first cycle of reforms**1985-1990 Democratic Transition , crisis and conservative reformulation**

1985-1988 Democratization reformistic agenda's formation

1988 Restructuring the System: Inovations and continuities under the New Constitution

1988-1989 Conservative Stagnation

The new cycle of reforms**1990-1998 Democratic Consolidation, Economic Adjustment and Institutional Reforms**

1990-1993 Formation of new reform agenda under a Neoliberal inflection

1993-1994 Limited Stabilization

1995-1998 Reforming the Welfare State: the new social policies generation

This sequence can be explained first by the organizational ability of labor groups and later by professional segments of the middle class. Nevertheless, particular moments of change and of the expansion and generalization of benefits were closely associated with characteristics of the larger political system, especially those of the state.

In the earlier period, urban worker groups in the public sector (e.g., dock workers and railroad workers) succeeded most quickly in obtaining access to social security benefits. They were

followed by groups in industrial and service activities, and later by middle-class professionals and civil servants. Finally in 1971 rural workers belatedly gained restricted benefits. Although the emergence and consolidation phases were characterized by strong and concentrated movements toward generalization, uniformity, and even universality of coverage and benefits, it was only with the restructuring of 1988 that, in terms of the redefinition of the general principles of the system, new movements toward a more universalistic and homogeneous model of social policy were introduced. In the subsequent period, a new balance tendency between universal and target-oriented programs was reinforced.

2. POLITICAL AND IDEOLOGICAL CHARACTERISTICS

The political context of the 80's and the 90's will be considered at Part II, dedicate to the changes of that system. This section examines the past stages, by analyzing the political and ideological determinants that characterized the consolidation process and crisis of the social policy system.

In terms of this historic process, may be the principal characteristics be the fact that the formation and expansion movements are are centred in the authoritarian periods of Getúlio Vargas (1930-45; 1950-54) and the post-1964 military regime. In fact, the manner in which the organizational structures of the state became fixed and their influence in the formation processes of policies and in the configuration of forms of political mediation among social actors allow us to distinguish three principal periods:

1. 1930–1964, the period of formation and fragmented expansion of the system, can be subdivided into organic corporatism (1930–1945) and populist democracy (1945–1964), both strongly characterized by populist ideology.
2. 1964–1980, characterized by the relationship between an authoritarian regime with a technocratic/modernizing ideology and the consolidation of the system of social policies.
3. The beginning of the 1980s, democratic transition and crisis in the political system in relation to transformations of social policies.

Chart 2 provides a brief chronology of recent political history, illustrating the changes and most significant characteristics of the political regime between 1930 and 1990.

Chart 2
Brief Chronology of Brazilian Political History
1930-1998

Period	Political Regime	President of the Republic
1930 - 1945	POPULIST AUTHORITARIANISM Implantation of state corporatism; labor populism	<ul style="list-style-type: none"> • Getúlio Vargas
1945-1964	POPULIST DEMOCRACY Limited multipartisanship; free elections at all levels; universal suffrage except for illiterates; presidential system September 1961-January 1963: Parliamentary system	<ul style="list-style-type: none"> • Eurico G. Dutra (1946-1950; PDS) • Getúlio Vargas (1950-1954; PSD-PTB Alliance) • Café Filho (1954-1956; transitory government) • Juscelino Kubitscheck (1956-1960; PSD-PTB Alliance) • Jânio Quadros (1960-1961; PDC-UDN Alliance) • João Goulart (1961-1964; PSD-PTB Alliance)
1964 - 1984	MILITARY AUTHORITARIANISM Abolition of political parties; bipartisanship; indirect elections for President of the Republic; appointment of governors and mayors in capitals and national security areas Gradual opening of the regime; reformulation of partisanship; abolition of bipartisanship Free elections for state governors; indirect vote for President of the Republic	<ul style="list-style-type: none"> • Gen. Castelo Branco (1964-1968) • Gen. Costa e Silva (1968-1970) • Gen. Garrastazu Médici (1970-1974) • Gen. Ernesto Geisel (1974-1979) • Gen. João B. Figueiredo (1979-1985)
1985 - 1989	DEMOCRATIC TRANSITION Full party pluralism; universal suffrage including illiterates; free elections at all levels; presidential system; Federal Republic 1988 - Promulgation of the Constitution 1988-1989- Conservative Stagnation	<ul style="list-style-type: none"> • Tancredo Neves (March-April 1985; Democratic Alliance) • José Sarney (1985-1989; Democratic Alliance)
1990 -1998	DEMOCRATIC CONSOLIDATION AND, ECONOMIC ADJUSTMENT, INSTITUCIONAL REFORMS Neoliberal Turbulence . Presidential Impeachment Economic Stabilization and Presidential election The experience of economic adjustment and institucional reforms	<ul style="list-style-type: none"> • Fernando Collor de Mello (1990-1993;PRN) • Itamar Franco (1993-1994; PMDE) • Fernando Henrique Cardoso(1995-1998, PSDB and PFL Alliance)

2.1 Populism and social policy

It is commonplace in the literature⁵ to explain the evolution of social policies in Brazil after 1930 as the result of particular actions of a centralized, authoritarian, and developmentalist state as opposed to the result of direct pressure from organized social forces and group or class interests, channeled through the structures of representation. This tendency expresses one of the characteristic dimensions of state-society relations in the process of socioeconomic regulation and capitalist modernization which has marked the recent history of the country.

⁵ See Malloy (1986); Santos (1979); Abranches (1982); Draibe (1989).

In effect, 1930 marks the beginning of the formation of the modern national state, which plays a strong role in capitalist industrialization and current social transformations, in a style distinct from the classic model of bourgeois revolution. Using the concept of "state of compromise", Weffort (1968) defined the specificities of this state, endowed with special autonomy based on the hegemonic incapacity of all the dominant sectors—oligarchies and urban-industrialists. The product of a prolonged agrarian crisis, of increasing political pressure from popular sectors, and of the economic dependence of urban middle sectors, the state of compromise expressed the absence of hegemony of the dominant groups, acted as an arbitrator among these interests, and had its source of legitimacy in a direct, not institutionally mediated relationship with the masses.

The fact that this state acted simultaneously as an institution and a source of political power in the process of expanding citizenship seems fundamental in comprehending the movement to develop and expand social policies, legitimized as popular policies and justified, according to populist thought, as policies "of national interest". Without harming the interests of oligarchs or agro-exporters, the state's social policies considered the interests of the urban middle sectors and the industrial bourgeoisie, by increasingly including urban masses and excluding the rural sector. On this unstable field of fragmented and heterogeneous interests, state autonomy was grounded⁶. Autonomy was limited, however, because it reproduced the prevalent forms of domination and responded to interests present in the transformation process. Thus, the state's regulatory and interventionist capacities gained shape through policies aimed at multiple and conflictive interests.

It is noteworthy that the Brazilian state, while still in the process of constructing a national state, had already expanded its structures to strengthen a social arena—education, public health, social security, and welfare. This progressive extension of state power into social areas, which sought to define the political and ideological parameters of its citizens' socialization process and to consider the objectives of a stage of capital accumulation, was significantly different from the classic models of contemporary welfare state formation. It distinguished itself from models that, according to historical and political particulars in various countries, were guided by the progressive incorporation of citizenship through state policies responding to demands for more equality.

In Brazil the industrialization process, while deepening the structural heterogeneity of the economic system, accentuated the fragmentation of an already segmented social structure. This hampered the formation of collective identities and intensified the divergence of interests—even among social segments participating in the same productive sectors – with serious political implications. In addition to destabilizing the political coalitions of the propertied classes, extreme

social fragmentation stimulated constant disputes among the dominant interests and frequent political realignments, rendering the coalition that supported the state extremely unstable.

Although the process of economic development implied increasing fragmentation and social heterogeneity, it was accompanied by growing state intervention in the socioeconomic sphere. This phenomenon, recurrent in contemporary capitalism, has significant political consequences, especially regarding government policies. One consequence was a tendency to concentrate control mechanisms and policy formation in the executive branch. The decisive locus of state power was established in the organs of the executive, to the detriment of the legislature's decision-making capacity, and fostered conflict over the resources of power at the disposal of the executive. These aspects are clearly identifiable in all social policies, especially in the central feature of state social intervention—social security.

A second consequence, and a corollary to the first, was the tendency of private interests, through various forms of co-optation or pressure, to capture the administrative organs of the state. Due to the absence of effective forms of representing and expressing the interests of society, the direct presence of dominant interests and, in some situations, of those within the governmental apparatus of social policies, constituted the most effective access channel for the interests at play. In sum, as the state expanded its apparatus and its capacity to regulate and intervene in additional areas of social and economic life, the very formulation and implementation of these actions exacerbated the politicization of opposing interests within the centralized structures of the state. Thus, the bureaucracy became the center of conflicts which plagued the state organs linked to the social arena, intensifying the political dimension of technical decisions.

The organization of the social security system in the 1930s was a crucial component of the Vargas dictatorship, operating as a decisive source of power in the formation of his political regime. Conceived as a system that divided the working classes into specific sectors through IAPs, which were organized in corporatist structures controlled by the central government, it simultaneously created barriers to entering the political arena – incorporating only those professional, unionized categories recognized by the state – and defined those who could make legitimate demands on social policies such as education, public health, and housing.

The state's emphases on modernizing the productive structure, on industrial accumulation, and on social regulation via "regulated citizenship" (Santos 1979) conditioned the structure of inequalities that marked the economic development process. These emphases also conditioned the structure of political conflict between the dominant and the dominated, with the predominant

6 On the autonomy of the Brazilian state from 1930 to 1960, see Draibe (1985).

practices of co-optation and repression mediated by the state.

The social security system implanted by Vargas remained practically intact until the 1960s. Besides its importance in the structure of co-optation and control, the system contributed to the tremendous expansion of the state apparatus and its functional power.

With the creation of the Ministry of Labor in 1931, the responsibility for defining and initiating social policies transferred from the legislative to the executive, manifesting the nature of corporatist state domination (Schmitter 1971). Decisions over expansion, allocation of social benefits, and the administrative development of the IAPs now belonged to the executive. Social security coverage for professional categories recognized by the state was guaranteed, placing the expansion of social rights at the mercy of the political weight and role in the productive structure of the urban workers regulated by the state.

The "weak" point of the social security system turned out to be the interconnection between the state bureaucracy and union leaders, generated by the system itself. This had important political consequences after the rupture of Vargas's authoritarian regime. First, as the organizational structures of the state expanded, the number of semi-autonomous entities pressuring in defense of particular interests also expanded. Second, as the class base expanded, new channels emerged through which the state-organized working class increased the volume of demands on the system. Third, disputes heated up between the state and union bureaucracies over maintaining their respective positions of power over the social security machine.

During the period of populist democracy, the full consolidation of the co-optation model operated via social policies. As the workers' movement became more dependent on the system of privileges administered by the state and political parties, social conflict became structured on two levels. In the sphere of production, the unions pressured to maximize the economic interests of the workers. In the distributive sphere, the conflict was structured bureaucratically through the defense of privileges acquired by the labor categories recognized by the state; furthermore, these privileged categories tended to oppose reforms debated in the legislature.

The utilization of social policy to expand participation in a context of low liberal institutionalization (Santos 1988) had two consequences. On one hand, the space for political action and the strength of the state bureaucracy in the allocation of resources and social benefits increased before liberal values and ideology became hegemonic in the process of political socialization. On the other hand, the formation of collective identities by political parties was hindered. The legislative branch was therefore transformed into an arena of debates over social reforms that became immobile if the initiatives did not result from direct pressure on the state by competitive

interests. The classic example is the 14-year period before the social security reform was approved as the Organic Law of Social Security (Lei Orgânica da Previdência Social or LOPS) in 1960.⁷

Although political parties were constituted as essential supports to the executive under the populist democracy, the very logic of electoral politics based on the Social Democratic Party-Brazilian Labor Party alliance (Partido Social Democrático-Partido Trabalhista Brasileiro or PSD-PTB, parties created and controlled by Vargas) ended up reinforcing the distributive-clientelist dynamic of the previous regime. Party and union elites who mediated the interaction between the popular classes and the state solidified their control over the political system. Furthermore, the internal divisions of the regime coalition exacerbated tensions between the state (and military) bureaucracy and the union bureaucracy. The former positioned themselves against the party machine and propitiated the technocratic action of the executive. The latter aligned themselves with the parties to block state initiatives and to secure particularistic access to the distributive arena⁸.

Varga's return to power through elections and the mobilization of the salaried urban classes brought about the increased centrality of social security policy in the process of power legitimization. As a source of power for the urban salaried masses, the social security machine under the aegis of the PTB and the union bureaucracy – found itself divided between the rationalization of the system proposed by the technical experts and the resistance of workers's forces entrenched in the social security institutions.

Risking extreme analytical simplification of the relationship between populism and social policy, one can characterize the process of social policy formation during the populist period around two principal axes. First, policy initiative – defining issues and proposing reforms – were monopolized by the administrative elites. Second, loyalty to the dominant power pact was guaranteed in the distributive arena through the distribution of social benefits in accordance with electoral cycles and the occupation of strategic posts in the bureaucratic machine (principally social security institutions – by union leaders. Thus, the clientelism-patronage-corporatist relationship constituted a key mechanism for the control by politicians of the urban working-class vote.

With the regime change in 1964 the authoritarian state, faced with the crisis of populist alliance and heightened social conflict, promoted widespread restructuring of social policies around the

7 See Cohn (1981) and Malloy (1986).

8 This conflict was particularly visible in the impasse surrounding the social security reform. Sought by the social security technocracy, the reform was blocked in the legislature by interest groups linked to the parties.

growth of large business complexes as part of the process of transforming the productive system and redirecting capital accumulation. A new phase had begun: its development would be conditioned by the state's new organizational structures and the technocratic-modernizing ideology of bureaucratic elites.

2.2. Bureaucratic-authoritarianism and social policy

Restructuring the model for social intervention under authoritarianism accentuated the inequity of Brazil's social policy system, despite the increasing incorporation of new social groups, expansion of benefits, and the tendency towards universalization in some areas of sectoral intervention. Subordinated to the imperatives of economic policy, social policy decisions were made and implemented as restricting decisions of the technocracy, within the authoritarian power structure. Popular sectors were excluded from the political process, political parties were eliminated, the activities of unions and social movements were repressed, the legislative was marginalized, and decision-making was centralized. Given this suspension of political citizenship, some analysts view the expansion of social policies under authoritarianism as the regime's attempt at legitimating itself (Andrade 1980).

The 1967 Tax Reform federalized sectoral policies, reducing the financial capacity of states and municipalities and impeding them from directly intervening in the production of social goods and equipment. This process redefined the degrees of dependence in intergovernmental relations. At the same time, however, large organizational complexes were created at local, regional, and national levels, with ample capability to intervene and produce social goods and services. Reordering the social policy apparatus was primarily articulated around two of these large complexes – the Housing Finance System (Sistema Financeiro Habitacional or SFH) and the Health Insurance/Social Security Complex (Complexo Médico-Previdenciário), although all areas of social policy went through profound transformations.

This strategy was solidified by the allocation of resources through negotiated transfers, by the logic that basic social investment should be self-financing, and by the multiplication of autonomous public entities, state enterprises, and foundations, resulting in extreme institutional fragmentation. Consequently, this model engendered an increased number of channels for articulating private interests within the governmental machine; overlapping activities; and the emergence of privileged groups with connections to state power and the bureaucracy, totally protected from any type of public control, given the nature of the regime.

One can distinguish three main phases in the development and implementation of social policies during the authoritarian period:

- i. 1964-1974: the complex system of social intervention was established and consolidated, instituting a centralized control apparatus for program development and installing finance mechanisms linked to business interests. Privatization of social policies was accentuated, particularly in the areas of housing and medical assistance. The political power of state bureaucratic agencies grew, gaining increasingly autonomous control of policies and co-opting business interests, in a context of extremely centralized decision-making and complete closure of participating channels.
- ii. 1974-1980: characterized by increased relaxation of the authoritarian order and gradual opening of the relations between the regime and the opposition which, through the electoral process, applied considerable pressure for the redefinition of the regime. The Council for Social Development (Conselho de Desenvolvimento Social) was created and, through the Second National Development Plan (II Plano Nacional de Desenvolvimento), the state forged a new direction for the social policies system. It gave priority to low-income sectors, increased the political and organizational space for governmental decisions on social policy, and promoted a tremendous expansion of state structures and social spending. In this context of controlled political opening, the space for clientelism in some social programs grew, aimed at increasing the regime's chances of electoral success.
- iii. 1980- 1984: this phase marks the crisis of the social policy system within a context of economic crisis and the agony of the military regime. As we shall see, some tentative social policy reforms were outlined in this period.

One central aspect of bureaucratic-authoritarianism, thoroughly analyzed in the literature⁹, was the alliance of the military and the technocracy which, from the Estado Novo on, increased their scope of action within the state apparatus. It is important to remember that the authoritarian regime did not adopt a corporatist approach to the social policy system, such as the one under populism. The most paradigmatic example of rupture from the earlier model appears to be the elimination of representation from the social security system (in 1967), associated with the separation of the union bureaucracy from the state apparatus, political persecution of union leaders, repression of workers' movements, and the abrogation of political parties. Instead of stimulating class organization or establishing corporatist links as the base for political rule, the state tended to relate to civil society through the co-optation of individuals and private interests, thereby excluding any type of representation. This was exemplified by strong clientelistic actions of the Federal Council on Education (Conselho Federal de Educação), by the predominantly clientelistic relationship between the National Housing Bank (Banco Nacional da Habitação or BNH) and private real estate-linked interests, and by the relationship between the National Health Insurance Institute (Instituto Nacional de Assistência Médica Previdenciária or INAMPS) and the business sector involved in producing health services.

The increased autonomy of the state's technocratic segment in defining and implementing policy is notable. Since the official ideology emphasized the technical character of government policy formulation, a hierarchic and technocratic mentality prevailed. It was based on a strengthened state apparatus, the nonpartisan character of government and public policy, the imposition of political exclusion rules benefitting the business sector, and the de-politization of decision-making in keeping with the technical, administrative rationality.

The enormous expansion of bureaucratic spheres in the diverse social areas of the state apparatus created a unique situation. On one hand, the regime sought to destroy the traditional bureaucracies linked to education, health, etc. Discouraged by low salaries, lack of career plans, and the lack of programs for professional qualification, the bureaucratic corps in the social area adopted the saying *Ganha-se mal, mas trabalha-se pouco* (The pay is bad but the workload is light). On the other hand, given the demand for defining suitable policies and programs to meet the objectives of sociopolitical control and economic development, the regime created * pockets* of high-level bureaucrats, which formed virtual "islands" of competence and specialized knowledge within the state.

In practice, however, factional politics reappeared. Because the idea of representation had been eliminated from the official ideology and the state-society relationship was guided by the obscure

9 See Collier (1982); F.H. Cardoso (1974); O'Donnell (1982).

criteria of co-optation, the process of choosing valid interlocutors of the technobureaucracy tended to obey two rules:

- I. Those who control the state apparatus choose who will participate in the decision-making process and for how long.¹⁰
- II. Interest groups that penetrate the decision-making circles seek to promote their own particular interests, without being recognized as legitimate representatives or delegates of their own constituents.

From 1968 to 1973 this 'bureaucratic rings' mode of articulating interests (F.H. Cardoso 1974) predominated under the military regime. Beginning in 1974, with the gradual opening of the electoral process, competition for state benefits increased as the centers of power progressively fragmented.

Throughout the opening process there were signs of change in the state-society relationship, especially in the formation and implementation of social policies. The tendency of social policies to operate through clientelism became more visible. For example, the implementation of the Rural Workers' Assistance Fund (Fundo de Assistência ao Trabalhador Rural or FUNRURAL) was used in part for political and electoral ends (Malloy and Parodi 1988). Aliança Renovadora Nacional (ARENA), the incumbent party, set up a system of clientelistic patronage and began to penetrate the executive, taking over intermediate administrative positions. The clientelistic network also enabled ARENA to widen its electoral bases of support.

During the period of regime opening, we also note the strong tendency to allocate federal resources for social policy development in the Northeast (especially for low-income housing, child care centers, and food programs). This process led to the redefinition of regional patterns of domination. A group of young politicians, with a more technical profile and a new message, were named as mayors of the Northeastern state capitals. They initiated a new style of governance, emphasizing participation and decentralization. With ties to the rising local urban capital, these mayors implemented a vast program of low-income housing and extended their control over the social movements in the peripheries of urban centers.¹¹ This process, forging loyalty between the

10 For more on the functioning of the bureaucratic-authoritarian regime, see F.H. Cardoso (1982), 48B51.

11 Several names stand out among these young Northeastern mayors: Agripino Maia (Natal), Gustavo Krause (Recife), Tasso Jereissatti (Fortaleza), Fernando Collor de Melo (Maceió). In Natal alone 45,000 housing units were constructed between 1978 and 1985 (Andrade 1985).

federal sphere and the Northeastern states, strengthened party structures linked to the regime: the Partido Democrático Social (PDS) and, in the 1980s, the Partido da Frente Liberal (PFL).

The expansion of social policies within the climate of political opening encouraged the association of professional groups, directly or indirectly linked to sectoral politics. Within the area of health care, the medical-sanitary movement played an important role; unionization intensified; and with the expansion of group health care, new associations linked to the business sector arose. In the educational sector, organizations at various levels of public and private schooling proliferated. Various professional associations concerned with influencing housing policy emerged such as the Brazilian Association of Architects (Associação Brasileira de Arquitetos). The number of organizations with ties to real estate businesses also grew significantly. With varying degrees of access to actual decision-making levels, these associations imposed a new dynamic on social policy implementation.

Those who benefitted from social policies also organized themselves in movements, reflecting the functional differentiation of the state apparatus: BNH loan recipients, retirees, People Without Land, People Without Housing (Movimento dos Sem-Terra e dos Sem-Teto), and the National Confederation of Tenant Associations (Confederação Nacional das Associações de Moradores). Organizing was also intense in urban areas, expanding at an explosive rate at the end of the 1970s. Urban associations articulated the demands from the outlying urban areas for child care centers, health care, transportation, and sanitation. The ineffectiveness of the social policy model consolidated under the authoritarian regime reinforced a new conception of rights among those who were targeted by unproductive policies or those who demanded inclusion in the system, and it promoted new forms of social solidarity.

The dynamic of the political opening set in motion social forces in opposition to the regime. This stimulated discussion about the perverse model of economic growth, which was increasing inequalities, and put social policy reforms back at the center of political debate. The 1979 party system reform that ended bipartism, the role of business, legal, and scientific associations in the emerging political debate, the rise of a new unionism, and the multiplication of social movements in the cities and the countryside, influenced primarily by the Church, mark the emergence of a society that has organized itself slowly and has experienced an increased degree of heterogeneity and social inequality. These factors conditioned the political debate and the transition agenda in the 1980s.

3. STRUCTURAL CHARACTERISTICS AND DYNAMICS OF THE SYSTEM

3.1. Programs, criteria of eligibility, and clientele

3.1.1. Social security

The public social security system began in the 1930s with the creation of the IAPs, which covered risks related to the temporary or permanent loss of ability to work (old age, disability and sickness, and survivors= benefits) and organized medical assistance services. In the previous decade, organized segments of the workers= movement had achieved some regulation in the relationship between employees and employers in the workplace (the Eloi Chaves Law of 1923) as well as legislation on work-related accidents, jointly with the creation of mutual aid societies organized in the anarchist tradition.

Structured by worker category, according to local and regional divisions, the IAPs created a heterogeneous system of benefits, with little uniformity. This situation improved in 1961 after many attempts and despite strong resistance when the social security reform law (LOPS) equalized benefits for all salaried urban workers formally registered in the benefit system. A new centralizing impulse occurred in 1967, under the military regime, with the creation of the National Social Security Institute (Instituto Nacional de Previdência Social or INPS), which unified the IAPs. In 1977 an extensive restructuring took place and the National System of Social Security and Welfare (Sistema Nacional de Previdência e Assistência Social or SINPAS) was created, administered by a new Ministry of Social Security and Welfare (Ministério da Previdência e Assistência Social or MPAS). SINPAS was composed of six units: the Social Security Financial Administration Institute (Instituto de Administração Financeira da Previdência Social or IAPAS), the accounts receivable and payable agency for the entire system; the Social Security Data Processing Enterprise (Empresa de Processamento de Dados da Previdência Social or DATAPREV), a data-analysis company; INPS, responsible for social security benefits; the Brazilian Aid League (Legião Brasileira de Assistência or LBA) and National Children=s Welfare Foundation (Fundação Nacional de Bem-Estar do Menor or FUNABEM), two social welfare organizations; and INAMPS, the entity responsible for medical services. Thus, a superstructure was created, centralized at the ministerial level but functionally decentralized through public agencies and institutes, which gained increasing autonomy. By the late 1970s this system employed some 250,000 people.

A new wave of institutional reforms, implemented in the first half of the 1990s, alters the system once again.

In fact, after the health reform of the late 1980s, medical care is concentrated in a Unified System of Health (Sistema Unificado de Saúde or the SUS), under the Ministry of Health's direction. As a consequence, only health insurance remains a part of the social security system. On the other side, until the mid- 90s, the organization of policies for welfare programs is modified by three subsequent measures: i) the elimination of FUNABEM and the creation of the Brazilian Child and Adolescent Center (Centro Brasileiro da Criança e Adolescente) - CBIA; ii) the shifting of the LBA and the CBIA to the newly created Ministry of Social Welfare (Ministerio do Bem Estar) and iii) In the first days of the Fernando Henrique Cardoso government (1995), the elimination of the Ministry of Social Welfare (and of the historically centralized and clientilistic social service agency - the LBA, whose programs were once again moved to the Ministry of Social Security (Ministerio da Previdencia Social).

The three traditional areas of the social security system - social insurance, health and welfare - emerged from this process with more clear and independent profiles, in their operating and financing mechanisms. This is a somewhat paradoxical result, when one considers the explicit intention of the 1980s reformists to integrate these three areas completely and, in doing so, to expand the system of protection under the guidelines of the concept of "social protection". We will see this in Part II of this paper.

As far as benefits offered and segments of the population incorporated, the patterns of development and expansion of the welfare system in Brazil are similar to the ones of Argentina and Chile (the oldest welfare systems of Latin America), although with some differences of timing and pace.

The initial core of benefits was comprised of retirement benefits and pensions (old age, disability, length of service, and dependents' and survivors' benefits) and medical services. In 1967 the system incorporated the program for work-related accidents, which until then had been administered separately. In 1974 another benefit, the Lifelong Monthly Income (Renda Mensal Vitalícia or RMV), was created for invalids and the elderly over 70 who had not contributed to social security. Three family benefits were created between 1963 and 1974: family pay, maternity pay, and a maternity benefit for the last month of pregnancy. By the mid-1970s, the urban social benefit plan included 18 types of benefit, while the rural plan included only six. Most noteworthy are the small number and extremely low payment levels of family benefits.

The social security system did not develop an unemployment insurance program until the mid-1980s. The Employee Savings Fund (FGTS), created in 1966 as a substitute for the stability statute which benefitted workers with 10 or more years on the job, was intended to protect the unemployed but failed to do so. Based on length of service, the FGTS was to be used in case of

being fired, for retirement, or for a down payment on a house. Whether because of faulty design or due to the high turnover of low-income workers, many were not able to build assets in the fund. In 1986, at the time of the Cruzado Plan, an unemployment insurance program was created but, lacking its own funding, it depended on available Treasury funds. Only with the 1988 Constitution was an unemployment insurance program introduced into the Brazilian social security system, o Fundo de Apoio ao Trabalhador- FAT, with PIS-PASEP resources. The basic criterion for access is the worker 's participation in the formal market (proof of 15 months of work in the last two years). In 1995, benefit coverage reached about 66% of unemployed workers (fired without cause), with an average distribution of benefits at 1.56 minimum wages¹² .

Prior to 1970, social security benefits were allocated almost exclusively to urban workers; federal civil servants enjoyed a separate plan, also administered by social security. In 1971, the FUNRURAL was created to extend benefits to rural workers, but they were not entirely incorporated by the social security system until after the Constitution of 1988. Domestic workers were integrated in 1972, followed by self-employed workers in 1973. Some additional categories were added later: members of religious orders, students, and homemakers. Workers formally linked to the job market qualified for urban social security, according to terms of contribution, differentiated by type of benefit. Before 1988, legal retirement age for men was 70 and for women 65; after 1988 these ages dropped to 65 and 60, respectively. Another type of retirement (or length of service) is guaranteed to beneficiaries who have worked 35 years (men) or 30 years (women).

Originally financed by tri-party contributions (employees, employers and the State), the social security system rapidly became dependent by 95% on employee and employer contributions. The State 's participation was reduced to administrative and personnel expenses and, at the federal level, to payment of federal government employee pensions. The funds are administered by the Social Security and Welfare Fund (Fundo de Previdência e Assistência Social or FPAS) according to the logic of simple distribution.

In this system, the position of government employees is privileged. At all three levels of government, they have their own retirement and pension systems, to which they generally contribute much lower aliquots than the private sector. Their retirement salaries are equivalent to their working salaries. Due to this in part, their benefits gradually began to be financed only with fiscal resources and the relation between their contributions and their benefits gradually ceased to exist. In the 90s, these public systems presented the most serious financial bankruptcy problems.

12 Approximately US\$180 per month.

The Brazilian social security system was based on the organizational principles of individually contracted social insurance; access is gained through proportional contribution. Most social security benefits are based on previous income and employment and never exceed the income levels on which contributions are based. Thus, those outside the formal job market - about 50% of the economically active population - are excluded, and among the retired, the income disparities that existed during their years of employment continue. From a redistribution standpoint, the system was always limited and, in some senses, regressive. The pensions tended to produce the same inequality that is seen among the salaries of active workers - differences that reach up to 100 times the average salary. In this way, the system provides transfers only among those covered (and their dependents): from economically active to inactive; from healthy to sick; and, in small part, from insured contributors to beneficiaries who did not contribute - rural workers and the older RMV beneficiaries.

A non-contributive principle was tenuously introduced through assistance programs, medical benefits, and especially RMV, a non-contributive pension. The extension of some basic benefits to rural workers in 1971 reinforced the non-contributive principle. These benefits did not require worker contributions since their administration was financed by rural employers and a percentage of urban social security revenues. The 1988 Constitution, as we will see, enforces the contributive principle but anticipates the possibility of organizing a general plan of minimum benefits, in addition to affirming the principle of selectivity. In 1994, with the new Welfare Law (Lei da Assistência Social), welfare benefits, including the RMV, ceased to be a part of the social security system and were included, in a different mode, in welfare programs.

Through the incorporation of additional social sectors, the system grew enormously, making benefits more general and uniform, although still stratified. In a segmented and diffused manner, the system aggregated multiple diverse loyalties and corporately organized interests through various political dynamics of expansion and support. In defense of the privileges previously attained, these organized interest groups strongly resisted the attempts of social security reform.

3.1.2. Welfare

Although government programs targeting those in need have been regularly implemented in Brazil, only in the last 20 years it is possible to identify a national welfare policy comprised of objectives, resources and institutional density. Welfare programs, a fragile area of the system of social protection, were consistently prisoners of the vicious cycle of lack of resources and inefficient expenditure of funds. The funds were historically compromised by distortion and discontinuity.

The institutionalism on which Brazilian welfare policies depend has changed a great deal. Although the federal structure provides for the distribution of welfare jurisdictions throughout the three levels of government, dispersment of programs throughout ministries and state and municipal secretaries is recurring and accentuated. The competing welfare jurisdictions among levels of the federation and the institutional fragmentation of the welfare system did not lessen the strong centralization of these programs in the executive branch of the federal government until very recently. In fact, the formulation and administration of these programs were monopolized until 1995 by the Brazilian Aid League (Legião Brasileira de Assistência or LBA). The LBA was founded in the 40s and transformed over time into a vehicle for clientelism and particularistic interests. Until 1989, the National Children=s Welfare Foundation (Fundação Nacional do Bem Estar do Menor or FUNABEM), was responsible for programs serving minors who were delinquent or at risk. FUNABEM was replaced by the Brazilian Child and Adolescent Center (Centro Brasileiro da Infância e da Adolescência) - CBIA, which was also eliminated in 1995.

The Welfare programs are not tied to previous contributions but are selectively directed to the needy population. Their eligibility criteria theoretically involve some type of income identification. The constitution of 1988 and the 1993 Organic Welfare Law (Lei Orgânica da Assistência Social or LOAS) expanded this concept by defining welfare as policies focusing on the family, maternity, infancy, adolescence and old age; aid to needy children and adolescents; integration of persons into the job market; and rehabilitation and integration of persons with special needs (handicapped). This is a non-contributive policy that is accomplished through an integrated group of public and private initiatives. The principles of universal coverage and care and of selectivity and distribution apply to its benefits and services.

The decisive step towards breaking the historically centralized organizational standard of the system was taken in the beginning of the Cardoso=s presidency with the elimination of the LBA and CBIA. The transfer of federal resources to State and Municipal Social Assistance Funds, and the strengthening of territorial and income eligibility criteria also brought greater focus to the programs. The National Welfare Council (Conselho Nacional de Assistência Social), comprised of

governmental and non-governmental members, is the primary vehicle for policy deliberation. The Secretary of National Welfare (Secretaria Nacional da Assistência Social or SNAS), part of the Ministry of Social Security and Welfare, is the primary vehicle for policy implementation.

Various social programs are currently a part of the welfare policy. These programs include *welfare and social promotion for children and adolescents; monetary transfers; food and nutrition; health; employment and income; and rural development*. Other programs, targeting specific states and municipalities, also exist. Table 1 lists the main programs and their clientele.

In addition to the diversification of welfare programs, the government's efforts to combat poverty using a specific strategy, with adequate, focused criteria are also recent. In 1995, following two less successful initiatives- the New Republic's Social Priority Plans (Planos de Prioridades Sociais da Nova República or PPS) and the 1993 Program to Combat Hunger and Misery for Life (Programa de Combate à Fome e à Miséria pela Vida or PCFMV) - the Comunidade Solidária Program was founded. This was not a new program, but a strategy of articulation, coordination and potentialization of existent federal programs and of governmental actions taken by the Union, States and Municipalities for the needy. The CS is coordinated by the Executive Secretary, which is linked to the Presidency of the Republic, and the Council of Comunidade Solidária, an entity with strong civic participation. Its design relies on criteria that focus on municipal territories of greatest poverty (1,311 in 1998) and on family income. Since 1995, another significant institutional innovation is the increase of *municipal programs for minimal income* aimed at poor families with school age children. These programs address educational and income improvement objectives.

3.1.3. Health care

Before 1930, Brazil had no national health policy. Various state or federal organisms sporadically developed public hygiene campaigns, and fragmented health services were offered by businesses or, beginning in the 1920s, by retirement funds of some employment sectors. After the 1930 creation of the Ministry of Education and Health (Ministério de Educação e Saúde) and its National Department of Health and Social-Medical Assistance (Departamento Nacional de Saúde e Assistência Médico-Social), two structures were organized: public health, carried out by the Ministry through national campaigns, and health insurance, administered through the medical services of the IAPs.

This dual plan, although initially dominated by the public health sector, over time tended to favor the health insurance sector, which emphasized curative, hospital-centered medicine to the detriment of preventive and primary care. In 1949 13% of the public health budget went to curative medicine and 87% to preventive medicine. By the late 1980s the proportions were almost reversed – 78% was spent on curative and 22% on preventative medicine (Braga, J. ; Paula, S.G., 1981). This had serious policy implications, inhibiting the formation of a national health system. Despite earlier attempts, such a system did not take shape until the Unified System of Health Care (Sistema Unificado de Saúde or SUS) was created by the 1988 Constitution.

It is difficult to identify the most important programmatic lines of the health care policy during the period from the late 1960s until the 1980s. Large national hygiene campaigns and campaigns against endemic diseases and epidemics were carried out. The Maternal-Infant Health Program (Programa de Saúde Materno-Infantil), serving a potential clientele of 70% of the population, made a significant impact on maternal-infantile morbidity and mortality rates. The program, developed by the Ministry of Health, INAN, and the state secretaries of health, includes maternal assistance (prenatal and birthing assistance and meal supplements) and aid to children and adolescents (health checkups to monitor the development and growth of children under five, encouragement of breast feeding, nutritional supplements). In the mid 90s, health policy favored the combat of infant mortality.

In the late 70s and early 80s, under the dual health system which emphasized curative medicine, emergency health care was made available to all citizens (even those not covered by social insurance). The complete elimination of the distinctions between the insured and uninsured with respect to medical attention only took place with the creation and implementation of the Unified System of Health (Sistema Único de Saúde or SUS).

With regards to financing, the incipient universal health care system remained heavily dependent on resources from social security contributions. These resources were experiencing big oscillations and the system floundered in a perverse matrix of conflicts which, especially in a time of economic crisis, tended to pit pensioners and retirees against those needing medical attention - given that spending for the former is naturally more rigid and resistant to reductions. In the 90s, the structural fragility of the health sector 's financing system and the low expenditure efficiency, led the system to its most serious economic crisis. Without social protection resources - which were completely absorbed by security benefits whose values and coverage were greatly increased by the Constitution of 88 - the government 's financing of health policy began to collapse. In 1996, this collapse was only temporarily resolved by a special tax deliberately

imposed to salvage the system.

From the point of view of institutional organization and relations between the public and private sectors, two characteristics dominated health care policy prior to the 1980s. First, the exaggerated centralization of funds and decision-making power within INAMPS and the Ministry of Social Security and Welfare relegated the Ministry of Health and the state and municipal secretaries responsible for health care programs to the background. The great novelty of the second half of the 1980s (when SUS was introduced) was decentralization, giving the health system a strong municipal focus.

Second, the health care dimension of the Brazilian welfare state was based on a tight partnership between the state and the private sector. The state accredited doctors and contracted with private sector hospital services, clinics, and laboratories. This strongly influenced the formation and strengthening of interests linked to the private medical-business complex, responsible for 70% of medical services offered in the country in the mid-1980s.

This was not merely a strong autonomous private sector offering medical services within the Brazilian welfare state. It was, rather, an important mechanism for strengthening the private sector through public funding, even for original investments a kind of privatization of policy that produced paradoxical results during the restructuring of the system in the 1980s. On the one hand, it created institutional and financial bases that led to the emergence of an independent, powerful and effectively privatized sector, comprised of national and international companies that provide health insurance programs for individuals and groups. Confronting the gradual bankruptcy and the poor quality of services offered by the public health system, that sector was able to efficiently address two groups: the middle class sectors that sought to protect themselves with private health insurance programs; and businesses, that also opted for private health care programs for their employees.

On the other hand, the decreasing financial capacity and draining of public resources to the private health sector led the system to a paradoxical >statization=, as the private sector began to distance itself from the system, reinforcing the tendency for the increasing of private health insurance. However, contrary to what was proposed, the new decentralized, municipal model of assistance - the SUS, had little success in its efforts to stimulate the growth of public health resources through greater participation of state and municipal governments. Efforts also failed to decisively revert the emphasis on curative medicine, this is, the expensive hospital-centered model still in existence today.

3.1.4. Education

The first republican constitution in Brazil (1891) defined free, mandatory, four-year primary education and outlined the responsibilities of the states and municipalities in providing education and creating an educational network under the federal government's supervision. The Brazilian state, however, did not have the institutional resources to sustain an effective national education policy.

It was only at the height of the centralizing transformations and the statist and nationalist ideology of the 1930 Revolution that the federal government unleashed an effective movement to organize a national educational system. In effect, between the 30s and the 60s, the educational system sought to become nationally integrated, with increased state control over education. During this period of institutional building, 8-years of basic education provided by the State at no cost became mandatory; the free participation of the private and confessional sectors in the educational offer was assured and the public regulatory power over the private offer was affirmed.

The Constitution of the Republic and the 1961 Law of Directives and Basics of National Education (Lei de Diretrizes e Básicas da Educação Nacional), reformulated in 1996, define the jurisdictions of governmental levels in educational offerings and administration. In terms of administration, the federal government's function, through the Ministry of Education and Sports (Ministério da Educação e do Desporto or MEC) and the National Education Council (Conselho Nacional de Educação) is to coordinate and elaborate the National Education Plans, to offer technical and financial assistance to states, municipalities and the Federal District; to maintain, administer and develop its own network of technical and superior education and to supervise the private network of university teaching. The states and municipalities carry out similar functions, through their State and Municipal Secretaries of Education, and their State and Municipal Councils of Education. Respecting minimal parameters, the curricula are elaborated freely by the different levels of government, private entities and universities. States and municipalities may recruit and obtain personnel remuneration autonomously, complying only with the constitutional requirement (since 1988) to search publicly to fill vacancies.

The participation of federal agencies in educational matters is less clear, due to strong overlapping of jurisdictions among the three levels of government: in addition to being free to implement any level of instruction, states and municipalities have ample autonomy and jurisdiction to legislate on the most important dimensions of education - curricula, length of school day, recruitment systems, personnel training and remuneration, etc . This leads to an incredibly heterogeneous educational system.

In terms of participation in the supply, states are responsible for primary and secondary education and municipalities for pre-schools. In this sense, in international comparative terms, the Brazilian educational system is quite decentralized. However, the regulatory and economic powers of the federal government are also strong at most educational levels. This accentuates the dependence of sub-national entities, particularly states and municipalities located in the poorest regions of the country. In time, the decentralization of educational policy became one of the main objectives of the system's reorganization, although concrete measures were only implemented in the mid- 90s. The public financing of education comes from two sources: revenue from general taxes, in aliquots constitutionally tied to area --18% for the Union, 25% for states and municipalities-- and the Education-Salary --a compulsory 2.5% contribution imposed on salaries paid by businesses. The decentralization of educational policy became one of the main mandates of the system's reorganization, but only in the mid 90s were the measures decisively implemented within the area of basic education.

The State at its three levels - national, states, and municipal - the main provider of education in Brazil, except for higher education. In 1994 the autonomous private educational sector had 23.4% of preschool enrollment, 11.6% of elementary, 23.0% of secondary, and almost 80% of higher education (university undergraduates). In the 1940s, a quasi-public sector of professional education was formed. This sector was administered by the business sector with financing from payroll contributions - involving the National Service of Industry (Serviço Nacional de Aprendizado Indústria or SENAI), the National Service of Commerce (Serviço Nacional de Aprendizado Comercio or SENAC) and others.

Within this institutional framework, the educational system expanded markedly during the 1970s and 1980s: nearly universal access was achieved at the primary level, and also the rate of university and pre-school enrollment increased. The weak coverage of secondary education is also noteworthy. In the mid 90s, it reaches only 25% of the corresponding age group. The low rate of primary education completion is of even greater concern - only about 50% of students who begin are able to complete that level of schooling. As a result, in addition to the high illiteracy rate - 18.1% in 1991 - the Brazilian population, on average, complete less than four years of schooling. With the new demands that economic transformations are imposing on educational systems, the Brazilian educational system's inefficiency and the low qualifications of the labor force took on very quickly a central position among the reformists' concerns. Reformists dedicated themselves to designing new institutional arrangements to effectively improve the formulation and implementation of educational policy.

3.1.5. Housing

A national housing system with clear objectives and goals, and with specific financial

mechanisms, did not appear until 1964. All previous measures in the area of housing carried out by the IAPs and the Low-Income Housing Foundation (Fundação da Casa Popular or FCP) were specific and modest in design.

The 1964 creation of the Federal Service for Housing and Urban Development (Serviço Federal do Habitação e Urbanismo), linked to BNH and the National Housing Plan (Plano Nacional de Habitação), defined the pillars of Brazil's housing policy. The system was backed financially by the interest from FGTS investments and by savings account deposits. Designed to stimulate construction of public housing and financing for private home ownership, especially for low-income sectors of the population, this policy enjoyed the strong support of the state, as financier and provider, and of the private sector, which carried out the policy and produced the housing units.

Access to individual housing assistance was originally based on three income brackets: 'popular' (*popular*), for family incomes of up to three minimum salaries; 'economic' (*econômico*) for family incomes between three and six; and 'average' (*medio*), for six minimum salaries and up. In fact, the system differentiated between the low-income stratum, on the one hand, and the middle- and upper-income brackets on the other. In both, the state played a strategic role. And both were administered according to the principle of self-financing and safe investment returns, with no consideration of subsidies to those with less ability to pay. The system, therefore, diverted programs from the popular sectors and reinforced those for the middle class, which guaranteed the best investment return.

In the mid-1970s the system underwent several changes. Responding to increased demands for housing, new, unconventional programs were developed for the neediest sector. At the same time, heavy subsidies were granted to middle- and upper-income borrowers when loan adjustments became linked to salary adjustments, a solution imposed by the economic crisis and the high rates of inflation.

These modifications were not sufficient, however, to resolve the bottlenecks of housing policy. Having accumulated extremely large deficits, the system collapsed financially in the 1980s. The BNH was abolished in 1986, and since then the country has been without an effective housing policy. During the 1980s, state and municipal governments were responsible for innovative housing initiatives, but their results were modest. At the federal level, although the government expanded its budget for housing programs, alternative resources are not available beyond those obtained through the FGTS, the only financial base for housing policy. In this way, in the mid 90s, the country faces an increasingly serious housing crisis, manifested in housing deficits of about 6

million units.

Between 1995 and 1996, governmental efforts have been specifically focus, once again, on redefining housing policy. Parallel to the strengthening of the FGTS Council and its relationship with the fiscal agent, the Federal Economic Savings (Caixa Economica Federal), a decentralized housing system was introduced. This system was supported by state, municipalities and private sector partnership strategies. State councils were responsible for organizing and selecting projects and soliciting credits for housing, via FGTS resources. Finally, social criteria for expenditure of resources were linked to income levels, concentrating 100% of expenditures on the lower levels of the population- of 1 to 5 minimum wages.

Policy performance still responded minimally to these alterations, demonstrating the importance of a more global policy restructuring. According to federal authorities, greater efficiency of housing policy will depend on governmental capacity to define a new system of housing financing. This system must be capable of simultaneously providing homes, guaranteeing the economic balance of contracts, complying with parameters of income/payment relation and equity objectives.

3.2. Profiles and dimensions of the beneficiaries

Two characteristics of the Brazilian welfare state' s organization deserve attention: i) the speed of incorporation; ii) the enormous size of the system and its numerous clientele, principally of its social security, welfare, education, and health care subsystems. Both characteristics play a significant role in explaining its greatest successes and many of its most serious difficulties.

3.2.1. Social security

The social security system, following the previously discussed principles of access, inclusion, and exclusion, has reached its highest points of incorporation in the last three decades. In 1995, the social security system covered 46,2 million people, distributed among 30 million contributors and 16.2 million retirees and pensioners. Recently, demographic pressures on the system have become more pronounced. These pressures are due to aging of the population and the high percentage of persons in the informal job market. As a result, current dependence upon the social security system is at about 2.5 active contributors to each beneficiary, a rate similar to countries with higher percentages of elderly persons, such as Japan, the USA, France and Germany.

The beneficiary clientele of the social security system is made up primarily of retirees and

pensioners, followed by those receiving RMV. In recent years, primarily since the mid-1970s, retiree groups have significantly increased their organization and mobilization capacity, in response to a reduction in benefit values. This is true above all for government employee groups. Gaining voice and influence, they were relatively successful during the voting process for the 1988 Constitution and the complementary legislation regarding the value of social security system benefits that increased significantly since then.

Given the rules of access, institutional and management factors and, lastly, the growing informal market, we can assume that nearly 59,5% of the economically active population (EPA) who do not satisfy the formal conditions of eligibility are still excluded from the system. Exclusion is most common in highly informal sectors with unstable work relations, such as construction and unskilled urban services.

3.2.2. Welfare

Characterizing and measuring the numbers of welfare beneficiaries is troublesome for three reasons: programs and clientele frequently overlap; since 1990, programs and organizations experienced great changes, with the elimination of older programs and the creation of new ones. This prohibits the development of accurate historical series. Finally, aggregate data at the three levels of government is not available. For these reasons, only current federal programs are listed here, according to their nature and target group, as illustrated in Table 1. Ahead in Table 4, their beneficiaries are listed.

Table 1
Federal Welfare Programs - 1996

Nature	Programs	Entities	Characteristics/ Target Groups
Food and Nutrition^a	PNAE Milk PRODEA PAT	MEC/FNDE INAN/MS MAA MTb/business	School Lunch (Merenda Escolar) Undernourished children Basic Food Basket Worker Nourishment
Social Assistance and Protection of Children and Adolescents	Support to Needy School Reinforcement Sport Support Elimination of Child Workers	SNAS/MPAS SNAS/MPAS INDESP/MEE SNAS/MTb	Day Cares - Children 0 to 6 years 7-14 years group Social and Sport Development School Scholarship for the Family
Health Initiatives	Community Health Agent (Agentes Comunitários de Saúde or PACS)	MS/FNS	Infant Mortality Combat Priority Municipalities
Educational Support	School Health Basket School Material Basket School Transportation	MEC/FNDE MEC/FNDE MEC/FNDE	Students/Needy Municipalities Students/Needy Municipalities Students from rural areas
Monetary Benefits	RMV/Elderly Income Monthly Disability Income	SNAS/MPAS SNAS/MPAS	Needy Elderly Persons with Serious Disabilities
Urban Development	Inhabit -Brazil Sanitation (PASS)	MPO-SEPURB MPO-SEPURB	Families - Up to 3 minimum wage income Needy Municipalities
Combat of Poverty	Community Support Program	PR/CC/SECS	1.311 municipalities

^a- Programs: The National School Meals Program (Programa Nacional de Alimentação Escolar); Milk Program for Undernourished Children (Programa do Leite para Crianças Desnutridas); Program of Emergency Food Distribution (Programa de Distribuição Emergencial de Alimentos or PRODEA); Program of Worker Alimentation (Programa de Alimentação do Trabalhador or PAT);

Among principals recent institutional innovations is the introduction of 'productive insertion' type of programs that generate jobs and improve poor people's income. These objectives are attained through training (Plano Nacional de Educação Profissional or PLANFOR), credits targeting micro and small urban businesses (MPE), or specifically via training and credits supporting small family agricultural producers. Table 2 lists these programs.

Table 2
Federal Programs to Generate Jobs and Income - 1996

Programs ^a	Entities	Nature	Values/beneficiaries
PROGER Urb.	FAT/MTb	Credit - MPE	US\$612,000,000 /195,000 jobs
PROGER Rur.	FAT/MTb	Credit- MPE	US\$1,200,000/264,000 jobs
PRONAF	MAA	Credit - MPEA	383 municipalities
PLANFOR	FAT/MTb	Professional Qualification	1,100,000 workers

Source: IPEA, 1996

^a Program to Generate Urban Income (Programa de Geração de Renda Urbano or PROGER Urbano); Program to Generate Rural Income (Programa de Geracao de Renda Rural or PROGER Rural); Program for Support of Familial Agriculture (Programa de Apoio à Agricultura Familiar or PRONAF); Program of Professional Education (Programa de Educação Profissional or PLANFOR).

3.2.3. Health care

Before 1980, the most outstanding characteristic of the clientele needing health care services was the dichotomy between those insured by the social security system and those uninsured, each with very different rights and access to the health care system. Given the universalization that formally took place in the 1980s, the system's clientele today potentially comprises the entire Brazilian population of 148 million people, with varying needs according to age and income, geographic location, the epidemiological profile of the regions in which they live, and the concrete conditions of access to the public-private health care system. It is important therefore, to examine the system's capacity to meet health care needs according to these specific characteristics.

The capacity of Brazil's health care system increased during the 1970s and 1990s. The number of health care centers increased by more than 135% between 1976 and 1986, from 13,133 to 30,672 - and more than 60% in following years, reaching 50 thousand in 1992. Most of this growth occurred in the out-patient network (health care centers without overnight admittance) - which increased from 7,823 to 42,246 centers between 1976 and 1992. The number of hospitals increased at more modest rates, from 5,310 in 1976 to 6,920 in 1986, and even decreased to 6,653 by 1992.

The number of hospital beds per population followed a growth trend similar to that of the hospital system. The 1960 rate of 3 beds per 1,000 inhabitants increased to 4.2 in 1982, and then fell to 3.6 in 1986, remaining the same until 1992. In this movement, the relative participation of the public sector decreased, falling from 27% of hospital beds in 1976 to 24.8% in 1992. The hospital system registered modest growth in hospitalization rates per 100 inhabitants, from 11.0 in 1981 to 13.3 in 1992.

In 1992, the public sector accounted for 54% of total health establishments, but the private sector's participation grew substantially, from 22% to 45% between 1980 and 1992. This growth was primarily in the hospital sector, of which 78.2% was administered by the private sector by the end of the last period. However, since the beginning of SUS implementation, the most significant change in the health system was the decentralization of public participation in the form of municipalization, this is, an increase of municipalities' participation in the global supply of services. In fact, between 1980 and 1992, the participation of municipal networks grew from 14.6 to 37.6%. Public establishments at the municipal level increased from 26.6% to 69% in that same time period. The tendency towards municipalization was also accentuated in the later period. In fact, between 1991 and 1994, the municipal hospital network went from 4.4% to 8.1% of total SUS hospitalizations, and from 3.9% to 7% participation in total bed offerings. Similarly, its participation in expenses for SUS hospitalizations grew from 2.9 to 5.3% in that same time period.

Both indicators decreased, in participation of federal hospital networks (to about 1% or less) and in the philanthropic/contracted network (from 80.6% to 72.2% in hospitalizations and from 78 to 65% in hospitalizations expenses).

Employment in health-related professions increased during the 1980s. Between 1981 and 1992, the number of total positions rose from 515,800 to 1.438.708; that of doctors increased from 155,819 to 293,204. Accordingly, the number of annual medical consultations per inhabitant rose from 1.9 in 1981 to 2.6 in 1992, approaching the World Health Organization's (WHO) standard of 2.8 medical consultations per adult inhabitant.

Unfortunately, reliable information on the performance and coverage of primary health care programs is not available. We only have records of vaccination coverage of children under one year of age, which register notable increases in immunizations against polio, DPT (combined diphtheria, polio, and tetanus), and measles since 1975. In 1996, vaccine coverage against poliomyelitis reached 95,1% of children. In relation to 1994, there was a 22% reduction in immune preventative diseases among the general population.

3.2.4 Education

The educational system expanded significantly during the 1970s and mid 90s, principally at the elementary level but also at the preschool and advanced levels. In 1994 the clientele under this system, consisting of those registered at all levels of education and under all administrative jurisdictions, public and private, totaled 43.078.105 students, taught by 2.089.271 teachers, and distributed in 302.001 centers of instruction. The majority of enrollment (72,5%) was in elementary education, followed by preschool (13%), secondary education (10,5%), and higher education (4%).

Enrollment patterns between 1960 and end of the 1980s show vigorous growth rates for the elementary level prior to 1980. During the 1980s, the increase in preschool enrollment was extraordinary. University-level enrollment expanded considerably in the 1970s, then grew at more modest rates, even declining in the latter half of the 1980s. Secondary education enrollment grew at a moderate rate until 1991. Between 1991 and 1994, it began to grow at a faster pace with an average annual rate of 6.1%, three times larger than the respective rates presented by the other three educational levels (about 2% a.a).

Brazil's educational enrollment rates have been among the lowest in Latin America. Only at the elementary level has effective progress been made towards universalization of access and expansion of coverage. In 1994, 96.2% of the population of ages 7 to 14 years were enrolled for

basic education. At the preschool level, enrollment of children of up to 6 years old rose steadily from 5.9% in 1980 to 19,1% in 1994 – one of the most remarkable social and educational outcomes in the last decade. Enrollment rates of the population between 15 and 19 in secondary education increased modestly between 1980 and 1994 from 14.5% to 19.3%, but the already mentioned acceleration of its growth rate permits predictions of rapid coverage expansion by the end of the 90s. At the university level, where enrollment is determined by entrance exams, the number of applicants per available spaces dropped from 4.5 in 1980 to 3.9 in 1994, when the coverage of the population between 18 and 24 years was only 11%. Universities offered 5.562 courses in 1994 and 240,000 people graduated.

3.2.5. Housing

The former Federal Housing System, between 1965 and 1986, produced an estimated 4,575,992 housing units and urban lots. A significant part of these resources benefited higher income groups. Although beneficiaries with family incomes of 5 minimum salaries or less represented 65% of the total recipients, they received only 20% of total financing. Eighty percent of the financing benefited 35% of the recipients – many in middle and upper income brackets.

The low efficiency of that program manifests itself in the strong deficit of housing units for the low income population, estimated at 6 million in 1989 (1989 (Ministry of Interior 1989; Martoni Branco, Silva, and Tadeschi 1989). During the 80s and early 90s, many states and municipalities introduced or strengthened housing programs. This led, in general, to few results, given the great housing demands. Between 1986 and 1996, the federal government, while administering financial deficits inherited from the previous housing system, introduced and developed new programs of modest objectives but generally focusing more on the low income population. Table 3, below, cites the outcome of the most significant federal programs and also shows the strong oscillation in housing policy during that period.

Table 3

Federal Popular Housing Programs: Aggregated Outcomes 1986/1996 (in thousands)

Aggregated Outcomes	1986	1988	1990	1991	1992	1994	1995	1996*	1986-1996* TOTAL
Contracts Effected	260	384	638	1.446	0	5	211	736	4.249
Predicted Units	44.350	98.249	165.280	353.080	0	0	16.200	27.324	835.327

Source: CEF/GEAFU/GEGAP (1996) *Informativo Gerencial: Gestão de Fundos*

* Until November^a - Programs: Credit Card (Carta de Crédito or CC); Immediate Plan of Action for Housing (Plano de Ação Imediata para a Habitação or PAIH); Program of Popular Housing (Programa de Habitação Popular or PROHAP); Program Inhabit-Brasil (Programa Habitar-Brasil); Pro-Housing Program (Programa Pró-Moradia).

Table 4 gives a general summary of the dimensions of Brazil's social policy system and the population covered by these programs from 1992 to 1997:

Table 4
Brazil: Social Programs and clientele

Social Security (1995)		
Contributors and retirees		46.000.000
• Insured		30.000.000
	% of PEA 40,5%	
• Retirees		9.423.325
	% population up 65 years -70%	
• Old Age		5.101.356
• Lengh		2.271.376
• Disability		2.560.537
	% of PEA 0,75%	
Health (1992)		
General clientele (total population)		148.000.000
Nº of health care centers		49.676
Nº of hospital admissions		19.864.441
	% of total population 13,3%	
Nº of consultations		394.575.147
	% of total population 264,2%	
Nº of hospital beds		544.357
	% of total population 0,36%	
Health Community Agents Program families		6.700.000
Education (Enrollement 1997)		
Preschool		4.292.483
Public		3.304.796
Private		987.687
Elementary		34.233.369
	% population 7-14 years 91%	
Public		30.568.714
Private		3.664.665
Secondary		6.405.057
	% population 15-17 years 25%	
Public		5.137.992
Private		1.267.065
University		1.661.034
	% population 18-24 years 1,1%	
Educational Support programs (MEC)		
School health	students	1.400.000
School Materials	municipalities	827
School Transportation	Municipalities	940
School TV program	school set s	52.000
School Financiag	schools	51.000
Cholar books	books	200.000.000
Welfare (1996)		
Nurseries population 0-6 years		1.526.769
School Support population 7-14 years		762.546
Elderly care		347.139
Training adult population		192.780
Community Social Program families		240.289
Monetary Benefits (1996) adult population		1.035.236
Montly Elderly Income population up 70 years		306.352
Montly Disability Income		729.618
Food and Nutrition		
School Meal	Students 7-14 years	35.000.000
Milk for Undermouished		
Food Basket (PRODEA) basket/year		7.500.000
Worker's Food Program (PAT)		
Urban Development (1996)		
Inhabit-Brasil families		763.324
Houses contracted		736
Houses (prevision)		27.324
Social Sanitation Iniciative (PASS) families		540.000
Professional Training		
Professional Formation (Planfor-1997)		1.800.000
Youth Training Program (Comum. Solidária –1997)		5.000
Solidaristic Literacy program (97/98) students		40.000
Popular Credit/Employment/Income programs (1996)		
Proger Urbano Funding (US\$)/employment	US\$ 12.000.000/195.000	
Proger Rural Funding (US\$)/employment	US\$ 1.200.000/264.000	
Pronaf municipalities		383

4. FINANCING AND SOCIAL EXPENDITURE PATTERNS

4.1. Financing pattern

4.1.1. Some considerations about public sector financing

Brazil's public sector, financed through tax revenues, faced serious constraints throughout the 1980s. Gross tax revenues, which averaged around 25% of gross domestic product (GDP) in the 1970s and early 1980s, declined markedly in 1984 to 21.8%, the lowest level in recent years. In 1985 and 1986, the rate recovered to 22.5% and 24.9%, respectively. Then it declined again, dropping to 21.9% of GDP in 1988.

The reversal of the economic cycle, accompanied by an exacerbated inflationary pattern – interrupted only momentarily by the recovery of 1985 and 1986 – helps explain this process. The proliferation of fiscal incentives promoted by the government also eroded the tax base and reduced the effectiveness of the incentives.

A further problem is the regressive tax structures: the individual tax burden declines markedly as income rises. This is explained, in part, by the heavy weight of indirect taxes in the composition of tax revenues. Other problems stem from loopholes in the taxation of corporate income and capital gains and of some financial transactions, all of which go against the principles of tax equity.

Another destabilizing factor produced by the taxation system in force prior to the 1988 Constitutional Reform was the weakening of the federal character of Brazil's institutional system. The Tax Reform of 1965–67 promoted the centralization of tax collection in the hands of the federal government, which was then able to collect increased taxes from a broader economic base. Before 1968 the federal government collected half of all national revenues; during the first half of the 1980s, it collected over 60%. This was largely due to the positive performance of the income tax and the expansion of employer- and employee-withheld contributions for social programs. Centralization becomes more evident when we consider the tax resources actually available at all levels of government after the completion of constitutional transfers and tributary allocations. Comparing the average distribution of tax revenues in the 1964–68 and 1980–85 periods, we observe that the federal government's share increased from 39% to just over 50%, the municipalities maintained their levels at 15%, and the states saw their share reduced from 46% to one-third of all available resources.

The contraction of their tax bases forced state and municipal governments to resort to deficit

spending and "irregular" transfers requiring political negotiation with the federal government. In addition, a growing number of local government responsibilities became centralized in the hands of the federal government. The resulting loss of financial, technical, and political autonomy rendered state and municipal governments incapable of addressing the basic needs of their populations.

The strangulation of public sector financing by the tax system is only one of the elements of the fiscal crisis of the 1980s. Serious imbalances developed between public revenues and expenditures, evidenced by the marked decline of the public savings rate, which plummeted from a level above 6% in the early 1970s to a negative figure beginning in 1985 (see Table 5).

Table 5
Current Account and Capital Formation of Consolidated Government^a as a Percentage of GDP
1970B1988

Years	Available tax revenues	Transfers			Subsidies	Public savings	Gross fixed capital formation
		Consumption	Social Security and Welfare	Internal debt service			
1970B79	25.35	10.21	7.24	.48	1.51	5.39	3.70
1980	24.69	9.20	7.77	0.76	3.71	2.28	2.37
1981	24.65	9.32	8.22	1.08	2.68	2.28	2.60
1982	25.27	10.01	8.58	1.12	2.48	1.81	2.35
1983	25.07	9.66	8.36	1.61	2.65	1.24	1.83
1984	21.82	8.28	7.76	2.44	1.59	1.01	1.90
1985	22.53	9.88	7.24	3.35	1.58	-0.38	2.32
1986	25.34	10.95	8.00	3.58	1.47	-0.71	3.05
1987	23.34	12.16	7.54	3.14	1.59	-0.07	3.15
1988	21.89	12.61	7.18	3.12	1.23	0.48	3.17
1989	21.91	14.32	7.50	6.06	1.93	-3.74	2.93

Source: National Accounts/Government Accounts CFGV/IBGE/CEF (until 1987) and FIBGE/DECNA (1988/1989)

^a Consolidated government includes accounts of the central government, the states, and the municipalities. It covers central and decentralized administration, including the social security system and workers' savings funds (FGTS and PIS-PASEP), the Central Bank, and public enterprises.

In the first half of the 1980s, transfers were the main factor responsible for the rise in government spending: service on the international debt, discounted by monetary adjustment, rose from just under 0.5% in the 1970s to almost 3.6% of GDP in 1986; transfers of social security and welfare programs rose above 8% of GDP from 1981 to 1983 and then declined slightly. In 1980, expenditures on subsidies were more than double the 1970–79 average, but the rate steadily

declined thereafter. In the latter half of the decade continued increases in internal debt service and notable growth in consumption aggravated the fiscal crisis.

The progressive reduction of public savings, however, was not accompanied by an equal reduction in the rate of government investment. Although the rate declined somewhat in the early 1980s, in 1984 it began to rise, reaching 3.15% of GDP in 1987, a level not registered since 1978. This rise in investment further elevated the level of government indebtedness.

It is important to note that this aggregate information obscures significant differences among the three levels of government. The fiscal imbalance was most acute in the consolidated current account of the federal public administration in the internal debt service and in expenses for personnel and obligations. For example, while the federal government registered increasingly negative public savings rates since 1984, the states and municipalities maintained positive although insignificant rates throughout the period (except in 1988 at the state level).

4.1.2. Financing social policies

The financing of Brazilian social policies is characterized by the predominance of funds linked to specific sectors or clientele through their designated social contributions. One estimate of social spending for 1986 indicates that social contributions covered at least 35% of total consolidated spending. At the federal level, these funds covered an average of 70% of all social spending between 1980 and 1988.

Until 1964, contributions to social security represented the only important example of a social contribution tax. From the mid-1970s until the early 1980s, however, a varied group of additional para-fiscal social contributions were created, representing an amount almost equal to that constituted by federal tax revenues. For example, in 1988 social contributions represented close to 6.32% of GDP while federal taxes equaled 8.7%. The largest contribution, in volume of resources, was from social security payroll deductions. Between 1984 and 1988 these resources on average represented close to 4.6% of GDP higher than revenues from income tax, the principal federal tax (see Table 6).

The various social contributions are similar to taxes in that they are compulsory and are levied indirectly.¹³ Nevertheless, the contributions are not submitted to the same rules that govern the tax system, such as the principle of annual certification, which prohibits the addition of a further tax in the same fiscal period in which a first tax was levied. Additionally, the linkage of revenues to expenditures – a characteristic of social contributions, whose revenues are allocated to

particular clienteles or specific social sectors – is explicitly prohibited by the Constitution in the chapter on federal budgets¹⁴. The absence of the sort of regulations that restrict the collection of other taxes created opportunities for developing additional contributions, which was exactly what the government did beginning in the 1970s.

Table 6
Gross Tax Burden by Levels of Government and Principle Tax Sources Brazil, 1984-1988 as percentage of GDP

Description	1984	1985	1986	1987	1988
1. Federal government ^a	16.07	16.39	17.54	16.40	15.69
Principle tax fiscal budget	8.61	8.87	8.89	8.35	8.73
Income tax	4.03	4.44	4.47	3.72	4.11
Industrial products tax	1.25	1.74	2.07	2.34	2.03
Financial operations tax	0.78	0.52	0.64	0.55	0.33
Others	2.55	2.17	1.71	1.74	2.26
Social contributions	7.03	6.96	8.18	7.08	6.32
Social security ^b (payroll)	4.70	4.56	4.96	4.56	4.12
FGTS (payroll)	0.99	1.00	1.47	1.06	0.80
FINSOCIAL (gross earnings)	0.52	0.58	0.68	0.65	0.72
PIS-PASEP (gross earnings)	0.82	0.82	1.07	0.81	0.68
Other taxes	0.43	0.56	0.47	0.97	0.64
2. States	5.17	5.60	6.72	5.89	5.60
Commodities circulation tax	4.63	5.13	6.07	5.26	5.00
Other taxes	0.53	0.47	0.65	0.63	0.60
3. Municipalities	0.58	0.54	0.62	0.58	0.60
TOTAL	21.82	22.53	24.88	22.87	21.89

Source: Afonso and Villela 1990. Based on: Contas Nacionais, FGV, and FIBGE (GDP and tax revenues by level of government, until 1989); FGV/CEF; FIBGE/OCNA; General Federal Balance; MPAS/DATAPREV; BNH/CEF desegregated federal tax revenues; NEPP/CONFAZ (commodities and service circulation taxes).

^a Tax revenues and contribution revenues found in the General Federal Balance, excluding social contributions

^b Paid by employees and employers of INPS

The principal types of social contribution existing prior to the 1988 Constitution can be classified in three categories (Chart 3). First are those that are linked to an unwritten social contract through which the state guarantees some benefits to workers, as is the case of social security. In this category, salaried workers contribute one-third of the cost of the total system; the remaining two-thirds are paid by companies based on payroll percentages.

¹³ For a detailed analysis of social funds, see Azeredo 1987.

¹⁴ Article 62 of the Constitution of the Federal Republic of Brazil, House of Deputies, Brasília, DF, 1986.

The second group consists of workers' asset funds, administered for them by the state. Private companies make contributions calculated either on the basis of their workers' earnings (FGTS) or on the entrepreneurs= gross revenues (PIS). PASEP is made up of contributions from all levels of the public sector employers.

The third category includes contributions that are identified with fiscal revenues directly attached to certain social programs. The main examples of this group are FINSOCIAL and the Education Salary contribution.

Chart 3
Summary of Primary Social Contributions

	Destination of funds	Contributor	Basis of calculation	Contribution
1. Social security	To IAPAS for allocation through SINPAS to social security, welfare benefits, and medical aid	Employee and Employer	Contributor=s salary	Employee: 8.5% to 3 m.s. ^a 8.75% from 3 to 5 m.s. 9.0% 5B10 m.s. 9.5% 10B15 m.s. 10.0%above 15 m.s 10.0%employer 6.0%civil servant 19.2%self-employed
2. Workers= savings funds				
FGTS	To the BNH for spending on housing programs	Employer, private sector	Worker=s earnings	8.0%
PIS	To the National Economic Development Bank (BNDE) for financing activities in various areas of the national economy	Employer, private sector	Gross revenue of enterprises business income tax	Gross revenue of enterprises: 0.75% Reduction of income tax owed: 5.0%
PASEP	To the BNDE for financing activities in various areas of the national economy	Public sector at all levels: federal government, states, municipal-ities, decentralized public enterprises, mixed economy societies, and foundations	Current revenue of federal government, states, and municipalities; budgetary revenues of decentralized public enterprises, mixed economy societies, and foundations	Federal government, states, and municipalities: 2.0% decentralized public enterprises, public businesses, mixed economy societies, and foundations: 0.8%
3. Other funds				
FINSOCIAL	Assistance programs in housing, health, education, and nutrition	Private and public businesses	Gross monthly revenue of commercial businesses trading; operating and non-operating revenue of financial institutions; income tax owed by service-sector businesses	Exclusively service-sector businesses: 5.0% Commercial, financial, and insurance businesses: 0.5%
Education salary	One-third to the National Education Development Fund (FNDE) and two-thirds for the Secretaries of Education of the states, territories, and Federal District, both for priority application to elementary teaching	Employers and businesses linked to social security, rural businesses and producers	Payroll and honoraria defined in social legislation and commercial value of rural products of agricultural businesses	Businesses in general:2.5% Rural producers: 0.8%
Social security tax	Federal government	Lottery ticket purchasers, tourist and automobile fuel consumers	Gross revenue from lotteries and horse bets. Post-refinery price of gasoline type AA.®	Federal Lottery Tickets Sporting lottery: 10.0% Numbers lottery:5.0% Horse racing:3.0% Automobile fuels:6.0%

^a Minimum Salary

The realm of social contributions grew under the progressive expansion of the social protection

system, particularly from the mid-1960s to the early 1970s. In 1964, the Education Salary contribution was created to comply with the constitutional mandate (1964) that companies provide free primary education to their workers and workers' children between age seven and fourteen. In 1966, the FGTS was created to provide guarantees to workers in the formal job market. PIS and PASEP were created in 1970 and 1971, respectively, to ensure workers the right to participate in the life and development of the companies that employed them, as provided for in the Brazilian Constitution.

Thus, by the early 1970s, the system of social contributions that would remain in effect until the late 1980s was almost completely formed. The exception was FINSOCIAL, created in 1982 to support social investments in health, public housing, education, food, and aid for small-scale farmers. The creation of some of these funds was linked closely to important changes in public policy financing patterns in the late 1960s. The four main institutional reforms accomplished in this period – administrative, tax, banking, and social security – modernized the structure of the state to meet the requirements of the development process. At that moment, two important conditions had to be met: the expansion of the investment program's financing capabilities and the concentration of those resources in large governmental institutions, responsible for sectoral politics of infrastructure expansion necessary for a qualitative balance in the process of industrialization (Rezende 1985).

This is how the creation of FGTS and PIS-PASEP, despite the apparent advance in terms of the social protection system, was severely conditioned by economic policy. At the same time that FGTS created a workers' compensation fund for cases of dismissal, it permitted the resources collected to be channeled to the BNH, with the justification of implementing a housing policy aimed at the most needy sectors of the population. PIS-PASEP, which could have facilitated the formation of an individual worker's savings fund, primarily represented the accumulation of a large volume of resources for the short-term financing of investment programs under the National Economic Development Bank (Banco Nacional de Desenvolvimento Econômico or BNDE).

One characteristic of social contributions that bears emphasizing is that, with the exceptions of FINSOCIAL and the Education Salary contribution, most of these revenues were not included in the Federal Budget (Orçamento da União). Social security contributions, for example, were part of a separate budget within the Budget of State-Owned Companies (Orçamento das Empresas Estatais). Beginning in 1988 the budget for FPAS was included under the Federal Budget, but only as an appendix.¹⁵ The workers' savings funds (FGTS and PIS-PASEP) were never included in a government budget.

15 The 1988 Constitution created the Social Protection Budget (Orçamento da Seguridade Social) to encompass the majority of the social contribution funds. This issue will be analyzed later.

Linking the majority of social contributions to payroll deductions causes a high level of instability of government revenues, given the oscillations in economic activity. Periods of recession, unemployment, and wage freezes shrink workers' payrolls, immediately affecting the levels of fund contributions. Thus, precisely when social demands rise because of the economic crisis, the government's capacity to intervene is limited by its inability to increase social spending. In the case of FGTS, whose contributions are salary based, the instability of collection due to economic cycles is compounded in periods of recession by a rise in compensation payments for dismissed workers. This dual pressure causes extreme instability in FGTS revenues available for housing programs.

It is important to note that, in addition to the predominance of resources appropriated from social contribution funds, the financing of social policies counts on a significant linkage of tax revenues for the area of education. The 1983 Constitutional Amendment No. 24, known as the Calmon Amendment,¹⁶ established that the federal government must allocate at least 13% and the states, the Federal District, and the municipalities at least 25% of their tax revenues to educational development.

4.2. Social spending

4.2.1. Consolidated social spending

In Brazil, there is no systematic accounting of consolidated public social spending for the three levels of government. The difficulties involved are numerous, the major challenge being the significant volume of inter- and intra-governmental transfers. Although these transactions can be identified at the federal level, this is not always possible at the state and municipal levels. Thus, it is difficult to totally eliminate duplicate accounting of resources, which greatly hinders any attempt to estimate consolidated social spending.

Nevertheless, some attempts have been made, notably a report by the World Bank (1988b), which presents consolidated social spending for 1986. Although that year was extremely atypical, due to the momentary economic recovery and control of inflation (which may have resulted in a spending volume higher than the tendency registered for the rest of the decade), these data allow us to evaluate the structure of social spending according to principle sectors, the weight of each level of government, and their financial basis.

According to this report, social spending by the public sector totaled US \$47,202 million in 1986,

¹⁶ This amendment was not enforced until 1985, by Law no. 7,348, and the resulting financial impact was not felt until 1986.

equivalent to 18% of GDP and representing a per capita expenditure of \$400. Roughly half of this spending occurred at the federal level and half at the state and municipal level. The main expenditure, social security, represented 43% of the total. The second largest expenditure was for education and culture, representing 23% of total spending. Two other significant spending areas were housing and urban development (17%) and health care (13%). The remaining areas included water and sanitation (2.4%), food and nutrition (1.4%), urban transportation (1.2%), and employment (0.4%) (Table 7).

At the federal level, social security spending represented more than 50% of the total. Spending on health care occupied a secondary position at 18%, followed closely by spending on education and culture, representing 16%. Expenditures for housing and urban development, water and sanitation, food and nutrition, and employment each represented less than 4% of the federal government's social spending.

At the state and local levels social security spending was on a par with that for education and culture and housing and urban development, each accounting for close to 30% of total spending. Like social security, health care expenditures at these levels were proportionately lower than at the federal level. Urban transportation represented 2.5% and water and sanitation 2% of total spending.

Table 7
Social Spending by Program at the Federal and State and Municipal Levels Brazil, 1986
(US million \$)

Program	Federal	%	State & municipal	%	Total	%
Social security	13,404	56.3	6,649	28.4	20,053	42.5
Education and culture	3,827	16.1	6,996	29.9	10,823	22.9
Housing and urban development	890	3.7	6,986	29.8	7,876	16.7
Health care	4,166	17.5	1,732	7.4	5,898	12.5
Water and sanitation	676	2.8	463	2.0	1,139	2.4
Food and nutrition	656	2.8	-	0.0	656	1.4
Urban transportation	-	0.0	584	2.5	584	1.2
Employment	173	0.7	-	0.0	173	0.4
Total	23,792	99.9	23,410	100.0	47,202	100.0

Source: World Bank (1988b), Vol. 1.

A more detailed assessment of social expenditures by state and local governments shows that state expenditures accounted for close to 30% of their combined spending, representing close to 15% of the total spending at all three levels of government.¹⁷ Thus, municipal spending accounted for 70% of all social expenditures by sub-national governments and 35% of the consolidated total. Spending on

¹⁷ World Bank estimates for 1984.

education was equivalent and significant at both the state and municipal levels. Although municipal governments spent a large proportion of their budgets on housing and urban development, state spending in this area was insignificant. In contrast, health care represented close to 12% of state expenditures, but only 6% for municipalities. States spent 42% of their social expenditures on employment, social security, and welfare, compared to 17% on the part of municipalities.

Table 8 enables us to evaluate the resource structure that maintains social spending. Although some resources are not discriminated here, we observe that in 1986 federal resources represented just over 50% of all revenues. Of this group, social contributions provided for at least 34% of all social spending, and the social security contribution alone represented 28% of all resources. State revenues represented 21.8% and municipal resources 6.6% of the total.

Table 8
Structure of Revenues for Public Spending on Social Programs
Brazil, 1986

Sources of revenues	US billion \$	% of total spending
Social contributions		
Social security contribution	13.4	28.4
FGTS	1.1	2.3
Education salary	0.05	0.1
FINSOCIAL	1.2	2.5
Social development support fund	0.1	0.2
Total social contributions	15.85	33.6
Other federal revenues	9.2	19.5
Tax on aggregate value (Commodities Circulation Tax/States)	10.3	21.8
Local taxes (urban property; service)	3.1	6.6
Other revenues ^a	8.7	18.4
Overall total	47.2	100.0

Source: World Bank (1988b)

^a Includes PASEP, other social funds, and loans.

These data confirm one frequently noted aspect of the financing pattern of social spending—excessive centralization in the hands of the federal government. Sub-national governments must depend heavily on federal transfers to meet their expenditures for social programs. These governments were responsible for close to half of all social spending in 1986, but their own resources represented only 28% of all resources. Municipal governments, responsible for 35% of all social spending, generated only 6.6% of available resources, making them dependent on both federal and state resources and transfers.

4.2.2. Federal social spending

Evaluating federal social spending has always been a difficult task. Social expenditures are not included in a single budget nor are they accounted for on a single balance sheet. In addition to the

programs under the sectoral ministries within the fiscal budget, significant expenditures occur in the budget of FPAS and, more recently, in the social protection budget. Other sources, such as FGTS and the Social Development Support Fund (Fundo de Apoio de Desenvolvimento Social or FAS), are not counted under any budget. Furthermore, the very consolidation of social programs within the fiscal budget is in itself an onerous task, due to the form in which they are registered.

Since 1986, however, a tentative and pioneering plan, called the Consolidated Social Account (Conta Social Consolidada), has been in development under the Economic and Administrative Planning Institute (Instituto de Planejamento Econômico e Administrativo or IPEA). It encompasses resources from the treasury, FINSOCIAL (those generated by BNDE and those allocated to the sectoral ministries), FPAS, FGTS, and FAS. The result of this measure is highly representative of federal social spending¹⁸.

The first published Consolidated Social Account was for the 1980-1986 period. A more recent version incorporated data from 1987 to 1989, comprising a historically significant series spanning the entire decade. Before analyzing the data, however, we must point out that, due to data gathering problems in 1989, it is difficult to compare the 1989 data with those from previous years. Although we include the 1989 data in the tables, we limit our analysis and conclusions to the 1980-1988 period unless the 1989 data are compatible.

If we compare the evolution of GDP and social spending during the 1980s, it is clear that both change in the same direction, with little or no compensatory, anti-cyclical effect from social spending. In 1981, federal social spending represented 10% of GDP. Following the 1982 economic crisis, this expenditure declined significantly, falling to 7.9% of GDP in 1984. Thereafter, the participation of federal social spending in GDP rose again, and by the end of the decade, it recovered a level similar to that at the beginning of the period.

The performances of total and per capita social spending throughout the decade were similar, although the cycles presented by per capita spending were more accentuated. In other words, growth rates in per capita spending always lagged behind the rates for total spending, and the 1983-84 decreases were more acute for per capita spending (Table 9). The level attained in 1982, \$234, was not surpassed until 1988 when per capita social spending reached \$283.

18 For a more detailed account of the methodology adopted by IPEA, see Viana et al. 1987.

Table 9
Evolution of Total and Per Capita Federal Spending on Social Programs
Brazil, 1980B89

Year	Cr\$ million ^a	Total Var. %	US\$ ^b	Cr\$	Per capita var. %	US\$ ^b	Spending as % of GDP
1980	3,106,105	C	21,763	25,607	C	179	9.25
1981	3,203,237	3.13	26,679	25,812	0.80	220	10.10
1982	3,372,414	5.28	28,412	26,575	2.96	234	10.09
1983	2,862,069	-15.13	19,078	22,050	-17.03	157	9.39
1984	2,483,553	-13.23	16,714	18,716	-15.12	138	7.94
1985	2,905,040	16.97	18,835	21,424	14.47	155	8.44
1986	3,284,258	13.05	23,522	23,713	10.69	194	8.73
1987	3,515,162	7.03	28,252	24,842	4.76	233	9.63
1988	3,639,001	3.52	34,285	25,201	1.44	283	10.47
1989	4,047,312	11.22	50,644	27,402	8.74	418	11.25

Source: Consolidated Account of Social Spending, IPEA/IPLAN and IBGE

^a 1990 pricesCFGV=s general price index (Índice Geral de Preços-Disponibilidade Interna or IGP-DI) is used to deflate.

^b Converted by the average dollar rate, each year, on the official exchange rate (selling price).

To analyze the structure of resources that fund federal social spending, we begin by evaluating the relative participation of social contributions and treasury resources. This analysis is important because social contribution resources are allocated to specific clienteles, as in the case of social security contributions, or to determined programs, such as FGTS, FINSOCIAL, and FAS.

Treasury resources, however, are not linked to any specific program or clientele and, except for the part spent on federal personnel and on inactive and pensioned workers, their allocation depends on political decisions made each fiscal period.

The participation of social contributions in the financing of public social spending was, on average, 70% until 1987, but by 1988 social contributions covered only 62% of social spending. The remaining 38% was funded by treasury resources, which were increasingly used to finance social spending after 1984. It bears noting that the treasury resources cover expenditures for personnel, maintenance, and administrative costs of almost all of the social departments and their related organs, as well as those related to PASEP.

Of the various social contributions, the main item to consider is the social security payroll contribution, constituting the FPAS. Throughout most of the decade, this represented more than half of all federal social spending, reaching a high of 60% in 1984. Its participation decreased towards the end of the period, falling to 48% in 1988. Because these revenues come from workers= payroll deductions, the performance of the FPAS-social spending ratio confirms what other indicators have suggested: a decline in total salaries (*massa salarial*).

FGTS and FINSOCIAL are other significant social contributions. Throughout the 1980s they covered an average of approximately 7% of social spending. Despite the similar average participation of these two funds, FGTS resources were unstable and decreased substantially: until 1983 they represented 13% of overall spending, but in the 1984–1988 period they accounted for only 6%.

The principle areas of social spending financed with treasury resources were, first, social security and welfare programs and, second, education and culture. The former represented 14% of overall federal expenditures between 1980 and 1985, then fell to 8% between 1986 and 1989. Expenditures for education and culture were more stable, representing around 11% of the federal budget throughout the decade.

Other noteworthy areas financed with treasury resources include health care, which accounted for almost 2.5% of federal expenditures, and food and nutrition. Until 1984, spending for food and nutrition programs represented only 0.5% of federal expenditures, but between 1985 and 1988 this proportion rose to 1.5%¹⁹.

19 This increase was sustained by funding from FINSOCIAL. Food and nutrition programs absorbed close to 32% of this fund=s revenues in 1985 and 41% in 1986.

The average distribution of all social spending by program area during the 1980s reveals the predominance of social security and welfare programs, which absorbed more than half of all resources (Table 7). Health care received the second largest share of resources, an average of 19%. However, beginning in 1987, when the Unified and Decentralized System of Health Care (Sistema Unificado e Descentralizado de Saúde or SUDS) was implemented, this area's share rose to 23%.

Educational programs also accounted for growing federal social expenditures. Until 1984, education expenditures absorbed close to 11% of total resources. In 1985 that share rose to 14%, and in the 1986-1989 period it increased to 18%. Housing and urban development took an opposite path: its participation dropped from 12% of total social spending in 1980, to almost 9% between 1981 and 1983, and to 4.5% in 1984.

Sanitation and environmental protection represented a relatively stable budget item, accounting for 2% to 4% of social spending during the period. In contrast, spending for food-related programs grew significantly in the second half of the decade. Largely due to resources from FINSOCIAL, these expenditures more than doubled the 1980 levels. Another significant growth area was that of the Ministry of Labor; accounting for only 0.6% of social spending for the total period, it represented 2.9% of overall spending in 1989²⁰.

As a percentage of GDP, the 1988 expenditures for social security and welfare programs represented 4.7%, health care, 2.3%, and education and culture, 2.0%. Combined expenditures for housing and urbanization, sanitation and environmental protection, food and nutrition, and employment were less than 1.5% of GDP.

Examining the relative weight of the various funding sources by type of expenditure shows that most social programs, except food and nutrition and employment, rely heavily on earmarked resources from social contribution funds. During the 1980s, FPAS covered 80% of health care expenditures and close to 74% of social security and welfare spending.²¹ Education-related programs rely on tax revenues, as provided for in the Calmon Amendment. Housing and urban development and sanitation are largely funded by the FGTS. The federal treasury, primarily through the resources of FINSOCIAL, provides major funding for food programs. The labor sector

20 This is explained by the collection of PIS-PASEP resources specifically for this program, as provided for by the 1988 Constitution. This issue will be dealt with later in this section.

21 The elevated participation of treasury resources in meeting the balance of social security and welfare expenditures (close to 26%) is explained by the spending on compulsory social contributions of the Federal Government (Encargos Previdenciários da União or EPU) and PASEP. In 1989, we observe an exaggerated and artificial increase in the participation of treasury funding in this expenditure, due to the incorrect accounting of FINSOCIAL resources and the percentage of profits as a federal contribution to FPAS. This issue will be addressed further.

also relies on treasury resources.²² FAS participates in the funding of some programs in the areas of health care, social security and welfare, education and culture, and employment. The resources of this fund, however, do not represent significant portions of spending in any of these areas.

Several conclusions can be drawn from the analysis of federal social spending during the 1980s. First is the importance of social contributions in the financing structure of spending. The largest areas of social spending, social security and welfare and health care, all rely on social security contributions as their basic funding sources. Additionally, those sectors whose funding grew the most during this period (education and food and nutrition) have relied, since 1985, on a substantial reinforcement of FINSOCIAL funding.

Second, federal social spending is dominated by allocations for social security and welfare. The logic, the dynamic, and the tendencies of federal social spending can be explained, at least in principle, by the fact that social security expenditures represented more than half of all social spending in this period.

Third, the data point to a rise in spending financed through treasury resources, especially in the second half of the decade. The increased importance of these resources, however, cannot be interpreted as a political decision in favor of social programs. A substantial part of treasury-financed social spending corresponds to the payment of personnel and maintenance, as well as retired workers and pensioners from every governmental agency involved. The cyclical nature of social security receipts further pressures the federal treasury to cover the deficits of the system.

Fourth, the financial support for education from the treasury is bound by budgetary requirements established by the Calmon Amendment, which allocates a minimum percentage of the federal budget to this area. Unlike other items in the budget, the education allocation does not require annual approval by Congress. Nevertheless, governmental obligations to education are being financed through budgetary manipulations and have not met the priorities of basic education for which they were created.

To interpret the overall increase in federal social spending as an indicator of the government's commitment to social policies is problematic. In addition to questions already raised about treasury resources, it must be remembered that FPAS is the main item of the consolidated social account. The amount spent every year on social security is inelastic and does not allow for new social initiatives by the government. Nevertheless, one area within FPAS was responsible for an increase in health care expenditures. Our analysis showed increased spending in SUDS,

²² In 1989 PIS-PASEP resources began to finance the unemployment insurance program.

particularly between 1987 and 1988.

Food and nutrition programs, under the Ministry of Education, the Ministry of Health, and the Special Secretary of Community Action (Secretaria Especial de Ação Comunitária or SAC), linked to the Office of the President, also deserve mention. These programs were privileged in the distribution of FINSOCIAL resources, resulting in significant spending increases. The Unemployment Insurance Program (Programa de Seguro Desemprego), created in 1986 to commemorate the inauguration of the Cruzado Plan, is yet another example of new growth. But even in this case, the government's decision did not go beyond instituting a program. Without its own source of funding, the unemployment program remained dependent for three years on the availability of treasury funds. The program was not consolidated until the 1988 Constitution allocated part of PIS-PASEP resources for this end.

Thus, despite the growth in federal social spending that began in 1985 and the increased participation of treasury resources, the so-called social priority of the first New Republic government may have been limited to a few programs whose continuity, in some cases, was not even guaranteed.

5. THE CONSERVATIVE PATTERN OF BRAZIL'S WELFARE STATE: A PRELIMINARY EVALUATION OF SOCIAL POLICIES, INEQUALITIES, AND POVERTY

Since its inception, the Brazilian social protection system has not considered the reduction of poverty and inequality as its principal objective. Certainly the strong conservative pattern and particularistic tone of the system limited the gains in greater equity. Nevertheless, no system of social protection and transfers however generous its financial resources, progressive its social priorities, and proper its procedures of allocation and administration is capable of single-handedly reversing massive structural and socioeconomic constraints that powerfully reinforce misery, poverty, and inequalities. In other words, while many problems and distortions in the Brazilian welfare state warrant correction, many positive results have been achieved. Furthermore, many difficulties that have been incorrectly attributed to the social policy system are due to problems insoluble within the scope and capabilities of this system.

5.1. Principal social indicators long-term performance

In this section, we examine several social indicators associated with "the social state of the nation". The classic social indicators – general mortality, infant mortality, life expectancy, level of basic education among adults, and housing conditions show a positive long-term trend. Much of the credit for this trend undeniably belongs to the expanded access and coverage of social programs.

Between 1940 and 1980, the general mortality rate declined substantially. The rate of decline was most impressive after 1960, when the coefficient dropped from 14 per 1000 to 9 per 1000 in 1980. Large regional differences exist, however: in the 1970s the Southeastern and Southern regions registered coefficients of 6.9 per 1000, while the Northeast registered 12.1 per 1000. The epidemiological profile of the population has also changed: infectious diseases and parasites have declined as the leading causes of death, replaced by circulatory system illnesses, external causes, and tumors.

Allowing for a discrepancy in the available data on infant mortality, the rate has decreased substantially since 1940, but principally since 1970. In 1940, 163.5 deaths were registered for every 1,000 live births; in 1980 the indicator decreased by 45% to 87.9 per 1000. Since then, it has decreased consistently, reaching 59 per 100 in 1986, 54 per 1,000 in 1992 and 42.5 per 1,000 in 1995. During this same period, infant mortality causes related to poverty (infectious intestinal diseases, preventable immune diseases, nutritional deficiencies and pneumonia) tended to decline and causes related to the poor quality of medical services (prenatal causes, septicemia and congenital anomalies) (PNUD/IPEA.1996) tended to increase.

Consistent with these improved mortality rates, the average life expectancy of Brazilians rose by approximately 20 years between the 1940s and the 1980s - from 41.2 years in 1940 to 60.1 years in 1980, and to 64.89 in 1988. In 1992, this indicator was at 66 years.

The illiteracy rate for adults above age 15, which remained around 50% in the 1950s, decreased to an average of 17.5% by the late 1980s and 15.6% in 1995. In the past year, the 15- to 19-year-old population registered a rate of 6.8%, while the 50- to 59-year-old cohort registered 25.7%, indicating the positive impact of expanded educational access. The degree of schooling for the general population rose consistently during the 1980s. In 1981, 23.1% of people 10 years and older had not completed one year of instruction and only 18.3% of the total population had completed eight or more years of schooling. By 1989, these values were nearly inverse: 18.7% and 24.3%, respectively.

This long period also indicates improved sanitation indicators: the percentage of urban

households connected to a main water line increased from 42% to 90,3% between 1960 and 1995, while 71% of urban households were connected to a sewage system or septic tank in 1995 (up from 46% in 1984).

Brazil's social policy system is commonly evaluated by one of two methods, each drawing a negative conclusion. International comparisons of social indicators place Brazil in an unfavorable position distinct from the position that it occupies in terms of economic growth and development. The human development indicator of the United Nations Development Program (UNDP) ranking Brazil 58 of 130 countries in 1996.

The other method evaluates the performance of social policies based on the outcome and efficiency of social spending: it has become a common assumption since the late 1980s that Brazil spends a lot and spends badly. According to this diagnosis, as or more important than to increase resources is to improve efficiency of social expenditure.

In the discussion that follows, we adopt a different methodology, examining the performance of nearly sixty years of social policies from another perspective: In which ways has Brazil's social welfare system been capable of reducing the most glaring inequalities present in society of income, and in respect to gender, age, and region?

We will examine the most serious distortions within the social policy system from this perspective.

5.2. The welfare state, social inequalities and policy inequities

Wanderley G. dos Santos (1979) began his studies on the Brazilian social welfare state by questioning the achievements and limitations of social policies in alleviating the most glaring needs and inequalities in the country. Following that inspiration, we will examine the present period and the changes that have occurred in the major social indicators and in the structure of opportunities, taking into account gender, race, region, age, and income.

5.2.1. Inequalities based on gender and racial differences

In his 1979 study, dos Santos underlined the decrease in gender differences in literacy rates. In 1940, 8.2 percentage points distinguished men and women, but by 1987 this difference fell to 0.2 percentage points. In 1990, while men averaged 5.1 years of study, women averaged 4.9, a differential that has decreased since 1960 (IPEA/PNUD, 1996).

Differences in literacy rates attributed to race have also declined, although they remain relatively high. In 1940, when the general literacy rate was 38.2%, the rate for the white population was 46.9%, for the mulatto population 25.5%, and for the black population 18.5%. In 1950 these percentages were 42.7%, 52.7%, 26.6%, and 23.5%, respectively. In 1986 the country registered a general literacy rate of 78.5%; the rate for the white population was 86.5%, for the mulatto population 65.3%, and for the black population 68.2%.

When comparing illiteracy rates among the population over age 25, it is evident that racial differences were still quite high in 1990 - whites (15.1), blacks (35.2), mulattos (33.6) and yellow (4.8). Or, for the population of age 14, the percentage of delays of more than two years in school was 34.9 among whites, 72.6 among blacks, 59.7 among mulattos and 0.0 among the yellow population (IPEA/PNUD, op.cit). Even greater are salary differences attributed to race: blacks and mulattos earn 40 to 45% less than whites, a ratio that has remained the same during the last 30 years (Barros, 1997).

5.2.2. Regional differences

In Brazil major indicators of living conditions vary considerably by region, and in some cases these differences have grown more acute. In 1995, the Indicators of Human Development in the five Brazilian regions were as follows: 0.844 (Southern Region); 0.838 (Southeast Region); 0.826 (Midwestern Region); 0.706(Northern Region) e 0.548 (Northeast Region).

Following the national tendency, almost all regional social indicators show improvement in the long term. However, when evaluating the relative distance of each region in relation to the national average, regional inequalities have increased, according to some indicators. A recent study (Draibe, 1997) verified the increased dispersion of regional averages in relation to the national average indicators of infant mortality, doctor visits per inhabitant, doctors per inhabitant and illiteracy rate. There was a decrease in regional differences for indicators of life expectancy at birth, urban population with water supply, rate of illiterate adults, rate of schooling and number of students per teacher.

Intra-regional differences also worsened, increasing distances among states in the same region. In this manner, as illustrated in the PNUD 's 1996 Report of Human Development in Brazil (Relatório do Desenvolvimento Humano no Brazil), from a social viewpoint, more than a polarization among two regions, the country appeared to be split into three areas. The best located area neared industrialized countries ' IDH, while the worst have indicators such as those of underdeveloped countries.

As indicated in the table below, the performance indicators for social programs also show many discrepancies among the regions:

Table 10

Regional Differences according to selected education and health indicators

Indicator	Year	BRASIL	Nort	N.East	MidWest	S.East	Sou
Average Vaccine Coverage (%)	1989	80	82	71	70	85	97
Children with Insufficient Weight (per 1.000)	1989	2.2	--	2.6	2.1	2.0	1.4
School Age Children Not in School (1.000)	1991	3,705	465	2,468	102	483	188
Rate of Repeating Students in basic education (%)	1991	18	20	23	17	16	15

Source: Draibe (1997)

5.2.3. Age differences

There are no longitudinal data available for an accurate evaluation of changes in equitable access to the benefits of social programs according to age groups. Theoretically, two groups should constitute the most protected clientele of social programs: children, because of their greater dependence on family resources, and the elderly, because of their greater dependence on social security benefits. There are additional factors in Brazil to reinforce this thesis.

A large proportion of Brazil's children are found in low-income families, thus concentrating among the poor much of the demand for social programs and benefits directed at children. In 1987, 28% of the poorest households in the country sheltered 45% of children under 15, and 60% of children younger than one year lived in households without adequate sanitary conditions. Lopes (1993) verified that, in 1989, more than 40% of children in the poorest region of the country, the Northeast, were poor and two third were indigent. At the other end of the age spectrum, the inequities that characterize the retirement system in Brazil, which will be discussed further, increase the probability of impoverishment for the elderly population.

Table 11 shows the proportion of social benefits received by these vulnerable age groups. The elderly population, representing 4% of the population in 1985, received through social security almost one-third of all spending on benefits. Even with the increased number of food and nutrition programs directed at them, small children, who constitute 13% of the population receive only 5% of total benefit spending. The 5- to 14-year-old group received a more equitable share, due to the near universal system of public primary education. In contrast, the 15- to 19-year-old group is disadvantaged due to the low priority given to secondary education.

Table 11
Distribution of Social Benefits by Age

Age groups	Distribution of benefits		Age group as percentage of total population	
	1985	1985	1985	1990
65 and older	31	4	5	
55B65	16	5	5	
40B54	5	16	13	
25B39	6	18	23	
20B24	10	10	10	
15B19	6	10	10	
5B14	22	23	23	
0B4	5	13	11	
Total	100	100	100	

Source: World Bank 1986; Magno de Carvalho 1989

5.2.4. Retirement inequities

The trend in aging of the population, as well as factors related to the effective rate of income substitution of social security benefits (especially retirement and pension benefits), should be increasing the probability that the elderly gain wider access to social benefits. To better evaluate their actual appropriation of social benefits, however, one must recognize certain distortions in the retirement and pension system which tend to place potential advantages in perspective.

The retirement system has perpetuated various inequities. For example, only in 1992, when reforms introduced by the Constitution of 88 were implemented, were rural workers on a par with urban workers, in terms of type and value of social security benefits. As a result, until the end of the 80s, the inequality among those segments of the population remained very pronounced: for example, in 1985, rural benefits, which in numbers represent an average of 28% of all benefits, amount to only 14% of the total benefit value. Of total spending on social security benefits, it was estimated that 83.9% was allocated to urban sectors (of which 61.8% was for retirement and pension benefits) and 16.1% to rural areas (of which 11.9% was for retirement and pension benefits).

Within the urban population, the discrepancies among number and values of retirement benefits for disability, old age, and length of service are extremely high, indicating a regressive pattern. One of the greatest distortions relates to the privileges of government employees, whose retirement benefits are 7 times higher, on average, than those of private sector workers. In 1996, federal government employees represented only 4.5% of all retired or pensioned persons in the country. But, they represented 19.2% of INSS' total expense regarding retirements and pensions plans.

Among the types of retirements, the most regressive is the retirement by length of service. Almost none of its beneficiaries belong to the lowest income sectors of the population. On the other

hand, these retirements are of the highest value: in 1995, although retirees by length of service represent only 24.1% of all retirees, they receive 51.6% of all retirement benefits. Finally, close to 60% of those who retire under this criterion are under 55 at the time of their retirement. In the case of government employees, 20% retire before age 50.

5.2.5 Inequities associated with income inequality

It is difficult to draw a consistent picture of the differences in access to social goods and services based on income levels, although such differences visibly exist. It is even more difficult to detect changes in the structure of opportunities. Policies that have tended to universalize access and extend coverage, such as basic education and medical attention, theoretically should have reduced the effect of income differences, at least in term of access to the system if not necessarily in terms of the quality of the services rendered. Nevertheless, the few existing data register very strong inequities associated with income differences.

In 1986, the World Bank conducted a study of the levels of benefits received by different income groups. The poorest sector, with per capita incomes of less than half of one minimum salary, comprised 41% of the population but received only 18% of all social benefits.

Table 13
Benefits by Income Bracket, Brazil, 1986

Minimum salary per capita	Percentage of total population	Percentages of benefits
20 and above	0.3	0
10-20	1.0	4
5-10	3.0	14
2-5	12.0	21
1-2	18.0	21
1/2-1	24.0	22
1/4-1/2	22.0	11
4 and less	19.0	7

Source: World Bank (1988b)

More recently, Lopes (1993) estimated, for 1989, the differential access to some social programs (preschool, health, nutrition and food programs targeting young children, primary school, school meals, and, for persons 60 years and older - pensions and retirement plans) for poor and indigent groups. Additional information found in this study follows.

In wealthier regions - South and Southeast - *prenatal examinations* were provided to more than 50% of pregnant indigent mothers and to 75% of poor non-indigent pregnant mothers. In the poorest regions of the country, those percentages were 30 and 47 percent respectively. Greater progress, in regional terms, was seen in access to nutrition programs for pregnant and nursing mothers. In the poorest regions about one fifth of indigent pregnant women were enrolled in these programs while in the Southern and Southeastern regions, although treatment of indigent and poor persons is higher, enrollment rates were lower. In other words, nutrition and food programs focused more on income levels and poorer regions. But, pre-natal programs that provided better information, education and service opportunities affected persons less in the poorest regions of the country.

Nutritional and supplementary food programs targeting children ages zero to seven years provided much less coverage than their predecessors, between 12 and 20% of children effectively received food. Objectives were strayed from in this area as well: the programs reached less the indigent (than the non-indigent poor) and the structural poor (than the recent poor). Research revealed, however, at least one positive statistic relating to food and nutrition programs: among children receiving food, more than one third also received some type of health service - 43.4% indigent; 35.7% poor non-indigent; 33.4% non-poor and 37.4% of the total population. It appears, therefore, that linking food and health programs is a successful endeavor.

The same study indicates that 52.2% of indigent and 66.4% of non-indigent poor students attending school participated in school meal programs. Ratios were much lower in poorer regions. This information confirms Peliano's (1990) appraisal that food programs were regressive in nature. This study indicates that only 63% of students from the poorest families, compared to 83% from families in the highest income level, attend schools that have a meal program. In discussing the Worker=s Meal Program (Programa de Alimentação do Trabalhador or PAT), the author emphasizes that in 1989, 18% of the programs beneficiaries earned less than two minimum salaries, compared to 40% who earned more than 5 minimum salaries. Only 7% of beneficiaries were from the Northeast, while 70% were from the Southeast, the most economically developed region in the country (Peliano 1990).

Lopes study also revealed interesting information *regarding access to education* according to

poverty level. With regard to preschools, 17.3 of children ages zero to six years in Brazil attend day nurseries. In 1989, this percentage was only 11.7% among poor and indigent households. This coverage refers mostly to children ages four to six in poor households, since the rate of attendance for younger children was insignificant: 2% for children zero to three years and 7% for those ages three and four. Also of interest are the high percentages of poor children who attended free day nurseries (76%) that provide meals to almost all children.

Income differences among families correlate strongly with inequality of access to education among children. A 1982 comparison of income levels and educational opportunities demonstrated restricted access to education for the poorest sectors of the population (Table 13). Children from families earning less than two minimum salaries had little chance of attending secondary school, university or even basic education: in 1989, while 89.5% of the non-poor population ages seven to fourteen attended school, only 71% of indigent and 83% of non-poor indigent also attended school. Inequality was also evident among different regions: school attendance for the same age cohort was lower in the poorest regions (76.5%) than in the less poor regions (87%) (Lopes, op.cit.)

Table 13

Access to Education: Distribution of Students by Family Income, 1982

Family income (minimum salary)	Percent of total population	Primary education enrollment (%)	Secondary education enrollment (%)	University enrollment (%)
1 and less	30.8	14.2	2.7	1
1-2	27.9	23.1	9.9	2.5
2-5	26.5	37.5	33.9	20.6
5-10	9.0	17.3	30.3	30.1
More than 10	5.8	7.9	23.2	45.8

Source: World Bank (1988b) and Folha de São Paulo, 29 April 1990

Another frequently identified inequity within educational policy is the distribution of resources at each level of instruction, which proportionally provides greater benefits at the university level. Higher education is accessible mainly to upper-income families who can afford to pay for private, better-quality secondary education. Almost half of public university students come from families with incomes above 10 minimum salaries. Students from families earning less than 2 minimum salaries barely represent 4% of students in public higher education and those from families earning less than 1 minimum salary represent only 1%²³.

Access to social security and health service benefits comply with a different standard in relation to differences in income. Lopes (1993) shows, for example that 65% of indigent and 70% of non-

²³ World Bank, 1988b, 13,15

indigent poor over age 60, received retirement and pension plans in 1989. Therefore, about one third of poor elderly were excluded from these benefits. Although they received relatively good coverage - when comparing to other programs - it is still probable that a large number of the retired and pensioned poor received RMV, a type of benefit with limited value.

Differences in income also affect access to health services. Income levels relate to rates of utilization as well as to access to private services, generally of better quality than public or free services. In fact, service utilization rates increase according to income level; and the higher the per capita family income, the higher the percentage of persons that pay for services. In the poorest regions, percentages of utilization and payment are lower for all income levels (IPEA/PNUD, 1996).

5.3 The Limitations of social policy organization and operation

When examined as a whole, it is evident that some social programs have succeeded in affecting the poor, especially more universal programs, such as basic education, school meal or, on the other end of the age spectrum, retirements and pensions. On the other hand, the information cited in the previous section reiterates that Brazilian social expenditure for poor groups has not been very effective: *there is less access to programs, proportionally, for the poorest among the poor (the indigent, the structural poor, poor in poor regions, particularly in rural areas) than for the less poor and non-poor.*

In other words, the Brazilian system of social policies historically demonstrated poor capacity to improve the structure of opportunities in Brazil, via the reduction of inequality in basic living conditions. When considering the information from the previous section, it is especially significant that a proportion of social programs do not reach or reach with difficulty the individuals and families who most need them. The limitations of social policies have been attributed largely to characteristics of their organization and development, particularly the absurd degree of administrative centralization and the distortions in the effective targeting of beneficiaries. Many of these characteristics have been studied and discussed, allowing us to compile the following list. We will later elaborate on those issue we consider fundamental:

- extreme political and financial centralization of government social programs at the federal level;
- a high degree of institutional fragmentation;
- exclusion of social and political participation from decision-making processes;
- the self-financing principle of social investments;
- the principle of privatization;

the clientelistic use of state institutions.

These characteristics undergirded the consolidation of the Brazilian welfare state and characterized its operation until restructuring occurred in the late 1980s. Since ample sources document the distortions that mounted in the system, we wish only to emphasize certain widely accepted viewpoints regarding its organization and operation.

The organization of social policies was marked by excessive centralization, institutional fragmentation, overwhelming size, bureaucratism, technocratism, inappropriate autonomization of agencies, and high costs. These produced a host of negative effects:

- highly inefficient and ineffective social programs;
- counterproductive, but highly resistant, overlapping functions, agencies, target clientele, objectives, operating mechanisms, etc.;
- mistargeting of social programs;
- partial or insufficient ways of perceiving and treating social needs, fragmenting the demand and pulverizing financial, human, and institutional resources;
- exaggerated delays between allocating and applying resources, occasioning a high degree of loss and the absorption of resources in high proportions before reaching the intended beneficiaries;
- an undesirable distancing between policymakers/implementors and the beneficiaries, resulting in poorly defined social programs in relation to the specific characteristics of needs;
- a near total absence of mechanisms to control and evaluate social programs and thus correct deficiencies or inhibit clientelistic or fraudulent uses of benefits;
- high instability and discontinuity of social programs, especially those that fostered innovation and experimentation;
- a disproportionate weight of bureaucratic, corporatist, and private interests in the definition and dynamic of state social institutions.

Two of these characteristics bear special emphasis: the *(mis)targeting* of programs and certain dimensions and results of highly centralized financing and spending.

In Brazil, the English expression " (mis)targeting " has been used to identify various situations in which social spending fails to reach the appropriate sectors of the population (Macedo, 1989). As we have seen, social spending often fails to reach the neediest because it is allocated to

programs that benefit primarily the middle and upper classes. Even within programs of more universalistic coverage, it tends to subsidize areas that benefit the middle and upper classes (hospitals and higher education) more than the poorest sectors of the population. Since the end of the 70s, but primarily with the country's democratization, diagnoses of this nature accumulated, pointing to the necessity for reforms that would significantly improve the efficiency and effectiveness of social expenditure. In Part II, we will attempt to examine the reformist agenda's proposals, as well as the measures already implemented during the 90s.

5.4 The limitations of social policies's narrow structural bases

Given the origins and principles responsible for the expansion and reproduction of the social policy system, it is easy to understand the insufficiencies and distortions discussed in this study. On the other hand, we should be careful not to blame social policies for problems that they did not generate and whose solution is beyond their scope. With this caveat in mind, we outline here some of the socioeconomic factors that shaped the context for Brazil's welfare state, particularly the inequality, the poverty, certain characteristics of the job market and of the tributary structure.

Brazil entered the 1980s with a per capita GDP of close to US \$1,300 dollars; by 1989 this figure rose to almost US \$2,000 and in the mid 90s, reaches about US\$3,800. Economic growth took place together with a very regressive income distribution: in the early 90s, the country had one of the highest levels of inequality in the world. The average income of the wealthiest 10% was almost 30 times that of the poorest 40% - far exceeding the 10 to 1 ratio of many countries. Throughout earlier decades, although all of the population's income levels improved, the improvement was less for those at the lower end of society. Barros & Mendonca & Duarte (1997) showed a clear increase in inequality between 1960 and 1990: "... A portion of the income appropriated by the wealthiest 20% increased 11 percentage points (from 54 to 65%), while the portion of income appropriated by the poorest 50% decreased by 6 percentage points (from 18% in 1960 to 12% in 1990) " (idem:26).

The increasing inequality has co-existed with the high incidence of poverty, a relationship that reinforces even more the limitations encountered by social policies. Lopes (1993) emphasizes a tendency of decreasing poverty rates between 1960 and 1980 and the growth and oscillation of these same rates during the 80s. These indicators were quite high in the early part of the decade (42% in 1993), less high in 1986, with the Cruzado Plan (Plano Cruzado), increasing again until 1989, when they practically returned to the 1980 level. Recent revisions of information and

studies concerning poverty trends in the 80s (World Bank, 1995; Rocha, 1996) show a decline in the incidence of absolute poverty, although the levels of the decrease vary according to the methodology utilized. Other characteristics of that trend have also been revealed. On the one hand, the relation to economic dynamics, since "... the changes in poverty and social well-being accompanied the growth trend, improving when there was growth and worsening when the growth declined". (Barros & Mendonca & Duarte, 1997:34). On the other hand, the contradictory tendency, in the 80s, between the clear improvement of social indicators affecting poor groups, and the deterioration of the job market indicators that affect the same population (Rocha, 1996).

The 90s indicate some important alterations in these indicators. With the Real Plan (Plano Real), initiated in 1994, the economic stabilization translated into the elimination of the deterioration of the income of the most poor from inflationary tax, causing strong reduction of the poverty index: between 1994 and 1996, the index falls from 33.4% to 25.1%, or rather, from about one third to about a fourth of the population, about 14 million people no longer in poverty (IPEA, 1997). However, such effects were still insufficient to correct the country's accentuated inequality and, even more so, to compensate for the worsening of living conditions during the immediately preceding years. In 1996, the income of the wealthiest 10% was equivalent to 6.36 times the income of the poorest 40% (Barros, 1997). The greatest reduction took place in the lower income levels. This might be considered one of the economic stability's positive effects (Neri & Considera, 1996).

In terms of the job market, social policies encounter strong restrictions, despite the relatively high proportion of the population of active age²⁴. Four characteristics define the current trends of the labor market: its largely informal nature (60% of the PEA); the prevalence of low salaries in an incredibly open salary spectrum; the high rate of job rotation and, more recently, the high unemployment rate (about 7.9% in 1995).

High levels of inequality and poverty and adverse conditions in the labor market constitute undeniably negative factors affecting the efficiency of social programs. To this should be added the country's narrow tributary base. Besides the traditionally regressive characteristics of the Brazilian fiscal structure, an unprecedented increase in tax evasion recently took place. This brought about a decrease in state revenues precisely when social demands were most pressing.

We now have at our disposal the most important elements for assessing the conservative character of the Brazilian welfare state and its narrow socioeconomic foundation. As we have seen, the social interventions of the state are based on the contributive capacity of the workers,

24 In 1995, for a population of about 147 million people, 122 million (87%) were of active age, 71.6 million (48%) were

thereby reinforcing what we call the Primary Distribution of Income and introducing only mild corrective tendencies. Herein lie some of the most severe limits of the social policy system. Low salaries for the majority coupled with a very high degree of income concentration constitute serious and resistant constraints on social programs and are responsible for a substantial part of the system ' s negative characteristics.

Note the small percentage of workers contributing to social security and the reduced dimension of the formal market, upon which a large percentage of the social policies funds are based. Add to this the low purchasing power of the salaried population. In other words, we are dealing with a narrow contribution base which, in itself, explains an important part of the low and insufficient value of benefits as well as the undesirable qualities of the social services it finances. Additionally, the insufficient degree of formality in the job market, low wage levels, and the concentration of wealth tend to overburden social policies. In fact, there is an increasing demand for social policies to address the most basic needs, including food. People are unable to satisfy these basic needs even when they are formally employed and working, much less when they are part of the poorest fringes of the immense informal market.

Thus, the conservative model of the Brazilian social welfare state reaches few people, excluding and penalizing a significant part of the needy population through its internal working and distortions. However, many of the system ' s limitations stem from external causes, such as employment, salary levels, and income distribution and, consequently, from other state policies and unyielding structural constraints.

In other words, despite the social programs ' own distortions, not all the indicators of insufficiency and distortion can be attributed to current social policy arrangements. Many problems result from socioeconomic factors whose negative impact can hardly be reversed by the social action of the state. But, undeniably, social policies, provided the strongest barriers to the perverse social effects of economic trends. In this sense, the 1980s reveal important lessons.

As we indicated in section 5.1, long term indicators evolved positively in response to the State ' s social initiatives in the 60 years following the 1930s. In a country characterized by deep inequalities and high levels of poverty as Brazil, positive and sustainable results, such as greater social equity and better living conditions for the population should not be minimized.

Even during the 1980s, when increasing inflation and oscillations in the economy imposed high social costs on the population, Brazil registered improvements in literacy rates, school enrollment,

economically active (EEP) and 66 million (44%) were economically occupied.

preschool attendance and basic education, and in health care services and housing. In fact, this result is not paradoxical when one remembers, as Vilmar Faria (1989) does, that it was also the decade of Brazil's democratization. An increase in popular organization and political mobilization reinforced and gave greater chances of success to the movements of popular demands for better living conditions, to which the increase supply and flow of social goods and services available to the most needy segments of the population corresponded.

The pressure for the expansion of social programs was also accompanied, during the democratization period, by the demand for their *reform*. These reforms were understood as a precondition for the expansion of programs or as the possibility of extending equity and the standard of social equality in the country. In the 80s, optimism relating to both democratization and the possibility of economic growth led to the creation of an ambitious agenda to reform the Brazilian Welfare State.

This agenda was fully expressed during the drafting of the Constitution of 88. However, its implementation, delayed until the 90s, has been facing a context of economic stabilization and institutional reforms.

Part II

THE REFORM AGENDA OF THE 1980S AND THE 90S EXPERIENCE²⁵

The restructuring of the Brazilian system of social protection is one dimension of the process of democratic transition and consolidation; its trajectory and changes are the same as that of the overall movement. In the early 80s, the system of social protection was exposed to the same contradictory pressures and demands that unleashed political liberalization and the first stages of the transition to democracy. Later, it experienced the conservative interregnum of the late 80s and endured significant inflections during the period of institutional perplexity and turbulence that characterized the Collor government. In the mid 90s, the reform of social programs follows the order of the day and subscribes to the more universal - and above all more complex and tense - trend of democratic consolidation under conditions of economic adjustment and institutional reform.

This Part examines the profile of reformist agendas during the last 16 or 17 years and the real changes that have affected the profile and purpose of Brazil=s social programs.

1. THE 80S: THE DEMOCRATIC AGENDA OF SOCIAL PROGRAMS REFORM

As the conservative Brazilian system of social protection moved into the 80s, it have to deal with the dual impact of democratization and economic crisis. One of the most explicit and politicized facets of the process of democratic building is synthesized in the goal "rescue of the social debt". The pressures of economic instability were also placed on state capabilities and especially on public financial resources. The agendas of social reform were defined and processed in the battlefield created by these contradictory forces.

²⁵ This Part was based in Draibe 1995b and Draibe1997.

1.1. The political bases: actors and trends

When analyzing social policies, it is important to understand the social terrain in which democratic transition took root, as well as the paradoxical process to formulate and implement the social reform agenda.

1.1.1 Social demands and new collective actors

The unleashing of the democratization process made evident the stark contrast between widespread poverty – and consequently, of the destitute and politically disorganized – and the rise of new collective actors, better organized and oriented by new forms of political action. The emergence of new grassroots organizations and parties and the revitalization of electoral competition significantly influenced the democratization process and the political debate about the restructuring of social policies.

In the labor sphere, the Central Workers Union (Central Única dos Trabalhadores or CUT) and the General Workers Union (Central Geral dos Trabalhadores or CGT) were created and led more autonomously. This was different from the populist tradition²⁶. The revitalization of public sector unionism and the expansion of autonomous professionals initiated organizing patterns that expressed new forms of sociopolitical involvement. Middle-class activists became increasingly politicized, calling for employment-related benefits, but also for the expansion of rights and social policies²⁷. The almost explosive proliferation of social movements, stimulated in large part by the Catholic Church, demanded for public social goods and services²⁸.

Within the sphere of party politics, the opposition >s discussion of alternatives to conservative policies began with the following premise: A major hiatus had been caused by the accelerated process of economic development and by the existence of enormous social disparities and extremely low levels of well-being. Besides the restoration of the Rule of Law (Estado de Direito) -

26 The social thematic was relatively absent from the new sindicalism=s agenda, expressing overall generic demands such as "free public education" and "health care for all". This point is based on research developed by Noronha (1990).

27 In fact, a state-employed middle class emerged, composed of professors, physicians, technicians, and researchers. Distinct from the state techno-bureaucrats, they were greatly affected by the crisis in the early 1980s. According to Santos (1986), 60% of professional and technical associations were created after 1964; the number of scientific associations practically double between 1975 and 1985.

28 Various studies analyze movements organized around sectoral demands (health care, daycare, housing, transportation) and their growing importance in the agenda of public power, especially beginning with the 1982 direct elections for state governors. See R. Cardoso (1983); Jacobi (1989); Boschi (1985).

a demand expressed by the slogan "Direct Elections Now" (Diretas Já)²⁹ - the anti-authoritarian party consensus also embraced such themes as banner' growth, income redistribution, and greater social justice.

Rooted in the social and political fabric of these new collective identities and of their corporate interests, the agenda of democratic transition conferred undeniable centrality to the social issue. The Constitution of 1988, to a large degree, reaffirmed the principles and content of the intended reforms, projecting a new profile for the Brazilian system of social protection. However, confronting contradictory forces emanating from economic restrictions as well as from corporate distortions of organized interests, the social reformism of the 80s was hardly successful in implementing the new social program.

1.1.2. Social policies in the political agenda of democratization

In the 80s, the process of social policies restructuring was based on **two separate** trends. These responded to pressures originating from two related, but independent systems of forces - the process of democratic transition and the course of economic instability, crisis and stabilization attempts.

1.1.2.1. The Formation Process of the Social Reforms Political Agenda

The first trend in the formation of the reform agenda stemmed, for the most part, from the **political** agenda of the democratic transition. Primarily, its dimensions were normative and judicial-organizational. Basically, this trend followed these steps:

- The opening of the political system with growing levels of grassroots and organizational support brought greater social demands and manifestations of these demands. This led to the initiation of the reform process, which in turn led to the more global demand for reform of the social protection system as a whole.
- The victory of opposing sectors (mayors and governors) in 1982 brought many states and municipalities to implement quite diversified initiatives to expand and reorganize social programs. Since then, successful experiments, with decentralized and participatory policy

29 Under the slogan "Diretas Já!", intense popular mobilization was promoted in 1984, led by opposition parties (PMDB, PT, PDT), demanding direct elections for President of the Republic. The campaign's failure notwithstanding, it expressed the population's heightened expectations for the urgent return of democracy.

designs, have grown in number. This experiences became a vital part of the more global reform of social policies: the 80s agenda focused on these same themes of decentralization, municipalization and participation.

- In 1983 and 1984, under the conservative arc of alliances that will establish the change in regime, the oppositionist and *Diretas Já*, movements gained strength. With this, the terms for confrontation of the social issue in the democratic agenda became defined decisively. In simple terms, we can affirm that this confrontation established the outline of a strategy that would signify the conciliation between two sides. On one side, a non-recessive stabilization program, an active policy of economic development (generating adequate employment levels), salary increases and distribution of income. On the other side, proposals referring more directly to the reforms of the social policy system. Among these proposals were:
 - i. immediately, a program to combat poverty or at least to concentrate more decisively on the most poor and indigent areas and segments of the population.
 - ii. increased levels of efficiency and redistribution of social expenditure, including revision of program financing standards;
 - iii. reform of social protection parameters and profiles, according to criteria that are more socially just in terms of equality and equity.
 - iv. finally, an administrative reform of the state machine responsible for social policies, so as to correct its worst distortions and support implementation of previously established objectives.

These are the generic terms for the discourse that claims to be the *social debt's rescue*. This debt was as important as the other debts that accumulated during the authoritarian regime - the institutional debt restoration of the Rule of Law (Estado de Direito) and the external debt.

- With the New Republic from 85-87, a dual movement altered the country's social protection profile: Structurally, through the Large Commissions (Grandes Comissoes) created by the Executive branch, a reform of each social policy subsystem occurred; in the short-term, some programs were altered and a program for the urgent combat of poverty was initiated³⁰.
- In 1988, the new Federal Constitution coins the general principles that would preside, more decisively, over the reform of the Brazilian system of social protection;

30 Many decentralizing measures were introduced in different federal programs. The BNH was eliminated in 1986. In 1987, agreements between the three levels of government were initiated. They focused on the structure of SUS - Unified System of Decentralized Health. The Priority Social Plans or PPS were in effect until 1986 and 1987, and will be addressed further ahead.

- Between 1988 and the end of the decade, legislative initiatives kept pace with constitutional dispositions. The process moved into the next years with new concepts of social policy and a new agenda.

The trend described above accounts for only one dimension of the process of reforming the system of social protection during the democratic transition. The other dimension that allows for a more complete understanding of the reformist agenda operates within the government's concrete plan of action and responds with greater sensitivity to inflation's immediate pressures, to oscillations in the economy and to economic adjustments that attempt to manage those oscillations.

1.1.2.2. Crisis, economic adjustment and social policy: the other face of the reform agenda

Linked to the process of political opening and democratization, there is another trend that dynamically shapes the relation between economic adjustment and social programs.

Perhaps it would be convenient to explain, at this time, the conservative policy direction that the process of political liberalization and democratic transition took in Brazil from Geisel to Tancredo. The logic of "passive adjustment" predominant in the first part of the 80s³¹ will also be explained. During this period, it was possible to promote the restructuring of the private sector and to protect the existing standard and level of wealth, by preserving the power structure on which it was based. But, severe social costs were incurred, of which the most serious manifestations were increased poverty and unemployment rates. These rates reached their worst levels in 1983.

This process was initiated during the second half of the 70s. After the II PND's³² optimism wore off, negative diagnoses relating to social policy gained strength in light of the economic crisis that quickly consumed the accumulated social deficit. With that, the limitations of financing and social expenditure profiles became evident. They were bound to social contributions and for this

31 See Cardoso de Mello, 1989 and 1995, in respect to this issue.

32 II National Development Plan (II Plano Nacional de Desenvolvimento), implemented by the Geisel Government, intended to advance the import substitution process and promote social development.

reason, were so sensitive to the economy's cyclical patterns. However, measures were not taken to compensate for or minimize the social effects of recession³³, except in relation to unemployment³⁴.

The idea of urgent attention to poverty and unemployment was introduced during the new political arena of 1985-86. According to the terms of the transition's reform strategy, an effort was made to couple a program of structural reforms with immediate actions. The immediate actions were directed at segments of the population that were most acutely affected by the economic situation. With this concern, the first heterodox stabilization program - the Cruzado Plan (Plano Cruzado) of 1986 - introduced a 15% increase in the minimum wage and the Social Priority Plans (Planos de Prioridades Sociais or PPS). The PPS, conceived as an emergency program to combat hunger, unemployment and poverty, mobilized resources that amounted to about 1.6% of the PIB³⁵. The lack of political support was a barrier for the stabilization program, as well as for the PPS, that became invisible inside the inefficient public machine.

In the last two years of Sarney's administration (1988 - 1989), under the Summer Plan (Plano Verão), social policy and its reform went from focused to stagnant. At this time, the government pursued what was known as the "operação desmonte" which consisted of decentralizing actions to reduce federal social policy initiatives and implementation. On the other hand, as presidential elections approached, the clientilistic content of social policy increased, straightened by SEAC's assistance initiatives and by the LBA³⁶, whose motto was *tudo pelo social* (everything for the social question).

The agenda of social policy reforms during the democratic transition was shaped and implemented in the midst of the two above mentioned trends. With this understanding, it is now possible to evaluate the meaning and the limitations of the changes introduced.

33 Only three measures of some compensatory meaning may be credited to the federal authorities: the creation of FINSOCIAL, in 1982; the indexation of mortgage payments according to the salary readjustments of borrowers and modest control of rentals.

34 The Work Fronts (Frentes de Trabalho) created in the Northeast (in 83/84), deserve recognition. Conceived of to respond to the drought problem, they also provided an alternative for emergency employment, or at least minimal employment for the region's unemployed persons (approximately 2 million "frentistas" were involved), retaining them during a period of strong recession and unemployment in the South and Southeast.

35 The effective expense did not exceed 1% of the PIB, almost equivalent to the FINSOCIAL, a fund that financed almost all PPS programs.

36 Special Secretary of Community Action and Brazilian Assistance Legion.

1.2. The constitution of 88: a more generous standard of social protection?

Undeniably, the Brazilian Constitution promulgated in October 1988 represented a significant advance from previous social policy models. The constitutional modifications, at least as presented prior to the greater detail to be added by complementary legislation, appeared to reflect a movement from the meritocratic-particularistic model towards a social democratic or institutional-redistributive model³⁷. That is, the modifications appear to have moved towards a more universal and egalitarian social policy orientation in Brazil

This is due to the fact that when analyzed as a whole, the innovations suggest a straightening of the redistributive character of social policies, as well as greater public responsibility regarding its regulation, production and operation. In fact, the Constitution of 88 includes:

- the expansion and extension of social rights
- the concept of social security as a more broad based form of protection;
- a weakening of the bond to contributions as a structural component of the system;
- the universalization of access and the expansion of coverage;
- the recovery and redefining of minimal levels (in terms of value) of social benefits;
- a greater commitment by the State, predicting even elevated levels of social goods and services, provided by the State.

There was also significant improvement in the area of worker 's rights, such as reduction of the work day; introduction of additional vacation pay; extended work prohibition from 12 to 14 years of age³⁸.

Organizationally, decentralization and increased levels of social participation in the design and format of programs took place. This participation took place through councils, that once again provided strong guidelines in the program's reorganization.

Finally, in the financial arena, the Constitution provided for the strengthening, diversification, and convergence of resources. The most significant measures are presented below.

1.2.1. The principles and content of the changes

Considered together, the innovations suggest an intensification of the redistributive character of social policies and greater public responsibility in their regulation, formulation, and operation. The Constitution provides for the expansion of social rights and emphasizes the concept of comprehensive social protection. Proposed reforms include universalization of access and

37 See Note 1.

38 For a detailed analysis of constitutional changes affecting social policy, see Azeredo and Lobo (1991).

expansion of coverage, the re-enacting and redefining of minimum levels for social benefits, weakening the structural link between benefits and contributions, and a greater commitment from the state and society to financing the entire system.

As far as *social security benefits*, the goal of comprehensive social protection was translated into the adoption of a new concept - expressed in the national language as social protection (*seguridade social*) - so as to differentiate from social insurance (*seguro social*). This term simultaneously embraced social security, health care, welfare and the following principles: universal coverage; equity, uniformity and equivalence of benefits; application of selectivity criteria to distribute benefits and services to those most in need; irreducibility of benefit values; diversification of funding; community participation, especially by workers, business people, and retirees; and democratic and decentralized administration.

Some constitutional decisions were specifically intended to deepen the protection and reduce inequalities and privileges in social security benefits. The equalization of benefits for urban and rural workers undoubtedly constitutes the most important step in correcting the system's previous inequities. In addition to renewing coverage of previously considered risks, modifications were introduced to permit the utilization of selectivity criteria for greater protection of low-income individuals and their dependents (family bonus).

Protection was reinforced for maternity (maternity leave extended to 120 days) and paternity leave was introduced. Benefit values were also altered: by defining a minimum level for all benefits and by changing the criteria for retirement and benefit calculation, values were effectively increased and guaranteed. In terms of the system's funding, the new constitutional text determined that social protection would be financed, directly or indirectly, by society as a whole. This thinking coincided with the goal of building collective insurance against social risks although the idea of individual insurance was still maintained by directly linking social security benefits to contributions.

Finally, in reference to minimum income, the social protection design opens the possibility for the future introduction of a "citizenship salary" like that coined by Dain (1982, 223). The most radical modification was introduced in the health sector. Supported by the integration effort initiated in 1987, the Constitution of 88 instituted the Unified System of Health (Sistema Unificado de Saúde or SUS) and defined the organization's principles. Free, universal and equal access is now legally available to the entire population. The state is given the primary responsibility of rendering services. A complementary role is reserved for private health services, with preference given to philanthropic institutions and non-profit organizations. The new organizational structure is defined as an integrated, decentralized, regionalized, and hierarchical network, comprising a unique

system at each level of government. In addition to decentralization, emphasis is placed on an integrated approach to health care with priority given to preventive activities and community participation.

Welfare programs were defined as a right for all citizens regardless of any type of contributions record. Substantively, according to the 1988 Constitution, social welfare provides for the protection of families, maternity, infancy, and old age; help for needy children and adolescents; assistance in finding employment; and training and rehabilitation of persons with serious disabilities. In terms of income, a monthly benefit of one minimum salary is guaranteed to elderly who do not have the means to support themselves and to seriously disabled people³⁹.

The Constitutional text also considerably extended social rights in the area of education and, for the first time, dedicates a chapter to urban policy. The federal government is charged with the task of defining the guidelines for urban development, including housing, basic sanitation, and urban transportation. Implementation of urban development policies is placed in the hands of the municipalities⁴⁰.

1.2.2 The new profile of funding for social expenditures

The constitutional reform - and later complementary legislation- produced a variety of changes with implications for the issue of public sector financing, particularly the financing of social policies.

It is important to emphasize that the tax reform profoundly altered the structure of centralized financing by the federal government, which had characterized public sector financing since the late 1960s. A significant part of the change in tax revenue distribution is due to the reapportioning of federal taxes allocated to states and municipalities. According to the new rules, sub-national governments automatically receive nearly half (instead of one-third) of the revenues from the two primary federal taxes (income tax and the industrial products tax).

39 In organizational terms, the Constitution prescribes that welfare programs be administered at the municipal level, and that citizens participate in the formulation and implementation of policies

40 Details of this constitutional chapter include the mandatory establishment of a master urban plan and cover subjects such as the social function of property, legal grounds for eviction, and tools for a policy to utilize vacant urban spaces. A provision addressing the participation of the population in local planning is also included.

The structure of public revenue distribution for 1993 entailed a loss in federal resources of about 1% of GDP, or close to one-fourth of total tax revenues. Meanwhile, the tax revenues available to states and municipalities increased by nearly 13% and 30%, respectively⁴¹. This tax decentralization, however, was not accompanied by a compatible distribution of responsibilities among the three levels of government. The imbalance between responsibilities and reduced revenue at the federal level presents serious problems for the administration of public finances, as we shall discuss later.

Education was awarded an increase in its financing at the federal level; the mandatory minimum level of funding increased from 13% to 18% of tax revenues, and remained at 25% for states and municipalities. The impact of this increase, however, should be reduced by the financial decentralization promoted by the tax reform. Another source of guaranteed resources for education was preserved in the constitutional text, coming from the social contribution to the Education Salary. Two-thirds of these resources are allocated to the Secretaries of Education at state, territory, or Federal District levels, representing a significant portion of spending on primary and secondary education in these governments. The remaining one-third of the collected revenue stays with the federal government, in the National Education Development Fund (Fundo Nacional de Desenvolvimento da Educação or FNDE).

The specification of gross income and profits (*faturamento e lucro*), in addition to payroll, as bases for employer contribution to social protection introduced a diversification of financing sources. For many years this measure had been pointed out as fundamental in reducing the dependency on payroll resources and the consequent vulnerability of social security payments to economic cycles.

In addition, the resources of two important funds, FINSOCIAL, substituted in 1992 by the Contribution for the Funding of Social Protection (Contribuição para o Financiamento da Seguridade Social or COFINS) and PIS-PASEP, were directed toward social protection expenditures, together with lottery revenues, which constitute the base of FAS. FINSOCIAL/COFINS and lottery resources significantly reinforce the funding of social protection policies. PIS-PASEP, linked specifically to the payment of unemployment insurance and bonus salaries to workers who earn less than two minimum salaries, opens the possibility of instituting a genuine unemployment protection program. As a result, to finance the unemployment insurance,

41 See Afonso, Rezende, and Varsano (1989). For the federal government, the impact of reform was concentrated in 1989, the year the new tax system went into effect; it experienced a reduction of almost 12% in its available tax resources.

the complementary legislation created the Worker=s Aid Fund (Fundo de Amparo ao Trabalhador or FAT) in 1990, comprised of resources from PIS- PASEP.

The establishment of the social protection budget was another important innovation in the 1988 Constitution. This budget may become an instrument for integrating the diverse areas that make up social protection; its elaboration may provide the opportunity for a joint discussion of the system ' s goals and priorities. However, the principle merit of this measure is the fact that almost all social contributions will be part of one budget, affording greater visibility and control of public spending on social sectors⁴².

The constitutional reform initiated a process of change, to be completed by the passage of complementary and ordinary legislation. However, the regulation of constitutional provisions relating to funding, although it was accelerated until 1990,⁴³ remained fragmented and incomplete. Many crucial points, especially those establishing criteria for redistributing resources to states and municipalities, remain uncertain or undefined.

In fact, the federal budget was sharply reduced after the tax reform of 1988, and the capacity to maneuver fiscal adjustments by raising tax rates decreased significantly⁴⁴. The federative problem is even greater when one considers the permanence, in the constitutional and posterior legislation, of contradictions between the stated principle of decentralization of health care and welfare programs and the financing of social protection, which is totally centralized in the hands of the federal government. Only recently were resource transferal mechanisms introduced to the states and municipalities to ensure the intended decentralization.

One cannot neglect, however, the positive effect of the fiscal decentralization of 1988 on the federative structure of social expenditures. To a certain degree, as illustrated in Table 14, although the federal government still assumed responsibility for 57% of the expenditures, in 1992, its concentration of expenditures was less by about 10 percentage points, when compared to 1980. More spectacular was the increase, during that time, of municipal participation, which grew six percentage points:

42 The social protection budget encompasses all social contributions except the Education Salary, which is included in the fiscal budget, and the FGTS, which is not part of any budget.

43 In the second half of 1990, two health care related laws were passed: Law no. 8,080 of Sept. 19, 1990 and Law no. 8,142 of Dec. 28, 1990.

44 This is because, for any increases in income tax and the industrial products tax (Imposto Sobre Produtos Industrializados), almost half of the resources must be transferred to the states and municipalities. Furthermore, close to 64% of federal tax revenues are committed to personnel expenditures and 18% are allocated to education. The federal budget is therefore extremely rigid and, as a result, treasury spending on social programs is likely to diminish.

Table 14

Distribution of Social Expenditure per Areas of Government

	1980	1985	1992
Global Social Expenditure	100%	100%	100%
Union	65.8	62.0	57.0
States	23.6	24.6	26.5
Municipalities	10,6	13.4	16.5

Source: Médici & Maciel, 1996
NEPP/UNICAMP, 1996

However, recently, sub-national governments also confront problems. First, the economic crisis has had negative effects on tax collection levels. Later, with monetary stabilization and strong fiscal adjustment, state and municipal finances felt pressures, primarily due to the fact that the federal government has required more rigid payments of state and municipal debts. Furthermore, the reduction of negotiated transfers has had a significant impact on state and municipal finances which depend heavily on these resources, especially for social program expenditures.

1.2.3. Constitutional changes and real interests: the limits of the reforms

As illustrated above, the ambitious attempts at social reform to deepening democratization, encountered the barriers of economic crisis and its effects on increasing demands and decreasing resources.

Other barriers presented limitations to social reform. The increasing difficulty with ever more scarce public resources brought to light the limits of the reform's objectives and design, as outlined in the Constitution of 88. At least, these restrictions are evident in three areas.

As the system's financial bases struggled to expand and diversify funding sources, social policy funding maintained its dependency on social contributions (and their corresponding funds). These contributions were collected from certain segments of the population - generally employees and employers - for specific objectives. As pre-reform diagnoses indicated, there are always limits to utilization of these funds when the salary mass is reduced or when preservation of the funds main objective is threatened.

Due in part to this situation, funding sources for social policies remained very centralized in the Federal Executive, thus reducing efforts to decentralize. Fiscal decentralization, implemented by the tributary reform of 1988, had strong municipalistic tendencies. Since fiscal decentralization

was not accompanied by an equal amount of policy decentralization, the distorted tendency towards federative distribution of responsibilities was reinforced in the social policy arena.

Probably, among the most accentuated limitations of the 80s reformist efforts is the maintenance of strong corporate privileges in the system of social policies. In other words, the egalitarian and universalistic principles that legitimately oriented those reforms were not strong enough, however, to confront the corporate defense of special benefits. Consequently, part of the resources that privileged certain social categories could not be committed to those principles.

The social security system presents a more dramatic scenario. Given the victorious resistance of organized interests, the changes of 88 did not reduce the intolerable inequalities that benefit certain types of retirements (for example, those related to length of service), certain regimens (for example, those of government employees) or certain categories of workers (for example, members of the judiciary or university professors). Appropriating a significant part of available resources, these privileges operate as an obstacle to implementation of basic principles and programs that are more universal or that incorporate the most vulnerable segments. Accordingly, although the social protection system began to appropriate practically all social security resources - to the detriment of health policy and welfare programs - it still confronted financial deficits during the last period (1995 and 1996).

As a consequence, health policy - exactly while attempting to implement the SUS and its universal and integrated programs - had practically no secure funding bases. In addition to no longer being able to rely, since 1993, on resources from the social security system, it also encountered increasing legal difficulties with CONFINS. Depending on insufficient federal budget resources - that account for 80% of its funding - the health sector began to be funded, in 1997, by a new tax - the Temporary Contribution on Financial Movement, (a Contribuicao Provisoria sobre Movimentacao Financeira or CPMF). This temporary solution, and new tax, surround the funding of SUS with many unknown variables.

Almost ten years after the Constitution of 88, the Brazilian social system ' s reform continues according to the order of the day. To a large degree, this recurrence stems from recent alterations of the economic scene that imposed a new agenda of reforms. It is also due to insufficient or partial attempts to implement the democratic reform agenda of the 80s. As we attempted to illustrate, the undeniable goals of greater equality and equity - fed by economic optimism that in the end was unrealistic - were always tensely contradicted by the dynamics of particular interests in their relations with the political system - populism, clientelism, patrimonialism - and, by the

powerful conservative standard of social well-being that the reform agenda attempted to overcome.

2. THE 1990S AND THE NEW REFORM AGENDA

At the end of the 80s, many sectors of the population had already experienced political defeats (for example, of the Direct Elections Now or Diretas Ja) and the failure of various stabilization efforts. It was clear that not only the previous regime had decomposed but also that the State inherited from authoritarianism was in crisis, or rather, had expended its regulation capacities. Although the Constitution of 88 had initiated the process of reforming state structures, they remained intact. The political transition was able to accomplish the change in regime, but little or nothing altered the State ' s tenacious structure.

Even less was altered in terms of the State ' s relation to the economy and to society. The worsening of economic instability and the failure of stabilization efforts were accompanied by a decrease in the optimism that believed it possible to recompose and resurrect a development model promoted by state interventionism. In terms of interests, the inflationary environment pedagogically revealed an almost patrimonial manner of defending old wealth. This was accomplished through new types of benefits for the same beneficiaries.

Expanding the scope of social policy reforms, the reform of the State was integrated to a new agenda. The working up of the agenda took place as Constitutional novelties were being implemented. Under this broader modality, the agenda became a component in political platforms for candidates competing in the presidential elections of 1989; next, it occupied a central role in the modernizing discourse of Collor de Mello ' s government. It was not until the second half of the 90 ' s that it acquired more mature features and composition.

Therefore, with the economic adjustment and institutional reforms of the 90s came the new agenda to restructure the social policy system.

2.1. Economic adjustment and reforms: paradoxes of neoliberal experimentation

The assertion that the Collor government had the virtue to introduce economic and institutional modernization to the country ' s political agenda is very recent. If true, this thesis, however, does not apply to the system of social policies. In this case, the political nucleus of the Collor

government proved to be extremely conservative, patrimonialist and populist. This contradicted, therefore, to a certain degree, the universalistic principles of the social reform still in progress through infra-constitutional legislation.

In effect, one can distinguish two dynamic and contradictory social policy levels during this fast and turbulent period of the government (1990-1993). The first, developed above all in Congress, has intense legislative activity complementing the principles of the Constitution of 88. Most of the infra-constitutional legislation is completed in 1991, particularly that of Social Security and the SUS. In December of 1994, at the end of Itamar Franco ' s government, the Organic Law of Social Assistance (Lei Organica de Assistencia Social) was passed.

The second level has the Executive branch at its dynamic center and entails a stagnant and to a certain degree, destructive administration of the social policies in effect at that time. Rigorously speaking, during this period, reforms of the social programs does not go beyond administrative changes⁴⁵. Although, as we will illustrate, these changes were important. The National Reconstruction Project (Projeto de Reconstrucao Nacional) of 1993, announced ambitious guidelines for reform of the social security system (suppression of some types of retirements and more limits for higher benefits) or funding for higher education (introduction of co-payment), but it did not go beyond initial discourse of the plan.

However, at least three events, which negatively affected social policy, revealed the government ' s true orientation:

- The strong reduction of federal social expenditure due to the economic adjustment program and ensuing fiscal restrictions⁴⁶;
- The deterioration of social service networks, indirectly due to the disastrous administrative reform and directly due to cuts in social programs, primarily welfare programs: for example, all food and nutrition programs were eliminated until 1990, with the exception of the school meal program and the PAT;
- The style of administering social policy was clientilistic and patrimonialistic. This led to visible outcomes such as (re) centralization of Federal Executive decisions (accompanied by the strengthening of direct political relations with municipal city halls) and welfare-oriented social policy (prioritization of welfare programs and strengthening of arbitrary mechanisms for the concession of benefits).

If one considers the negative effects on poverty and inequality of fiscal adjustment, it is possible to understand the paradoxical situation in which Brazil found itself at this time. At the same time

45 It is true that emphasizing its commitments to the >descamisados= (>shirtless=) the federal government announced the following plans and social programs: Literacy Plan; Project Child; Immediate-Housing Plan of Action; Quinquennial Health Plan; Education Program 91-95; National Reconstruction Plan; Our People Project - CIACS etc. Rarely, however, were they accompanied by funds.

46 Federal expenditure fell to its lowest level during 1993. Per capita expenditure on health, for example, went from US\$80 in 1989 to US\$40 in 1993.

that generous reforms of the social protection system were implemented, the country experienced strong stagnation in its social programs and the most serious deterioration of public service networks in its contemporary history.

In analyzing the democratic agenda of social program reforms, one encounters this disconcerting situation: social protection is now based on a much more generous group of definitions and principles than those in existence until the 80s, but it becomes more distant from real demands. As a result, it is more fragile and less capable of managing the social situation that has been aggravated by economic instability and by the adjustment.

This situation is even more paradoxical when examined from the angle of protection for the poorest segments of the population: in the 90s, many welfare programs were no longer accessible to the segments that most relied on them. In other words, with the new constitutional and legislative definitions came the expansion, in the Judicial-institutional arena, of social rights and of social protection objectives. But, at the same time, the social gap deepened.

Certainly, this outcome cannot be solely attributed to the Collor government. But in that period of strong social condensation, of an incomplete and incompetent neoliberal modernization effort, enmeshed with the State's patrimonialistic administration, one of the most merciless adjustments in Latin America was designed. These adjustments, ironically, were implemented in a country that had delayed conventional institutional reforms in the name of more democratic forms of restructuring.

In the next period, among the heavy legacies inherited, the new program of social reforms was forced to deal with the consequences of these actions.

2.2. The social protection system in the context of economic adjustment and institutional reforms

Economic stability and institutional reforms are the two main goals of President Cardoso's government plan (1995 -1998). Recognizing the inevitable social cost of economic adjustment, the government intended to, from the outset, confront the challenge of simultaneously implementing the necessary reforms and consolidating democracy. The political and judicial dimensions of the State's reform constitute one vector of the democratic institutions's modernization. The other vector, that points to the social content of democracy, embraces such goals as the restructuring of the Welfare State and the lowering of poverty and inequality.

Indeed, the difficulties in preserving the socialdemocratic commitment in a context of economic adjustment, institutional reform and integration into the global economy constitute the main challenge for the reformistic coalization, at least for its progressive components. In a great degree, the brazilian experience explore the limits of the social democratic alternative of social reform' possibility. To better evaluate this attempts, we examine both the social policy reforming agenda *and* the concrete initiatives that has been implementing in this area until now.

2.2.1. The new strategy for social development

The governmental strategy of social development (Brazil, Republic' Presidency, 1996) establish three necessary conditions, in the start point: macroeconomic stability, reform of the State and the rebirth of economic growth. And identify the three axles on which social development rests are also established:

- *basic services*, of universal character, involving social security programs, health, education, welfare, housing and sanitation;
- *work, employment and income programs*, focused on generating new job opportunities and on reducing social discrimination, still prevalent in the job market;
- *priority programs* (aimed at the elimination of poverty), those that stand out within universal programs, as well as those that are part of the *Comunidade Solidária Program*.

The combination and balance between universal and focused programs, as well as the establishment of short and medium term goals determined the organization of this social policy program. The emphasis on universal social policies reaffirms the government 's commitment to allocate resources to these sectors, instead of just financing emergency and compensatory programs. At the same time, the urgency to reform and restructure basic social services is emphasized. The intent is to universalize, improve the efficiency and quality, as well as to increase the redistributive impact of these services.

By the other hand, decentralization, social participation and partnerships (the state with business sectors and non-governmental organizations) constitute the guidelines of the restructuring effort.

The *employment* axle makes it clear that in the midst of efforts to restructure the economy, social policy must involve a mix of public programs that promote *employment generation*⁴⁷; improvement of *professional qualifications*⁴⁸ and guaranteed *protection for workers*⁴⁹.

A novelty regarding of *priority programs* is the distinction between, on the one hand, a group of third three programs, that stand out among those that make up universal social policies; and, on the other hand, the pragmatic system comprised of the Comunidade Solidária Program. In the first case, priority is given to programs that, although universally distributed, are of greater redistributive impact, reaching primarily those segments of the population with the lowest income. Strategic institutional programs are combined there including the valorization of basic education, the consolidation of SUS, the expansion of technical education, and the reduction of infant mortality. Programs benefitting rural settlements and family-oriented agriculture are also included. In other words, the strategic option is to attend to vulnerable groups and priority actions *within* the frame of universal programs, and not by competing with them.

The Comunidade Solidária Program offers the opportunity to identify the procedural innovations introduced in most of social programs. In fact, so as to avoid the traditional impasses and obstacles and, still, gain efficiency in the elimination of poverty, the new program concentrated on innovative forms of action and control. Integrated social initiatives of universal and urgent character are favored, as well as those that are flexible and decentralized⁵⁰. Another innovation was the introduction of territorial delineation - municipalities with greater poverty incidences - as one of the criteria that, linked to income, determine beneficiaries. As a federal program, it was based on the partnership and articulation at three levels of government. Partnerships were also established with the private sector - business and philanthropic. Initiatives in this area were implemented by the Council, comprised of mostly civil society members.

The concept and design of the program to combat poverty attempted to distance itself from the clientilistic tradition, as well as the limited, compensatory and assistance-oriented mechanisms present in the menus and recipes of adjustment. In fact, to guarantee the necessary distance - as well as to avoid new parallelisms with the State's organization - the program opted not to create special funding - such as the Social Emergency Fund (Fundo Social de Emergencia). Nor did it compete with universal social programs; on the contrary, it was integrated by them.

In the discursive and in the practical level, this social reform strategy recognizes the insufficiency of

47 Through financing of small businesses; through public investments in urban infrastructures; deregulation of contractual work relations and modernization of labor force intermediation.

48 Programs for qualification and improvement of labor force employability, including incentives to businesses to this end.

49 Involving reinforcement of unemployment insurance and benefits to needy and rural retired workers.

50 Through diverse sectorial programs and specific actions, the program reaches five areas: health and nutrition; urban services (sanitation and popular housing); rural settlements; generation of employment and income (credit and labor force qualification programs) and social promotion (especially for the infant-juvenile population).

the market's logic and mechanisms to improve the social equity. In this matter, the role of the state is conceived like crucial. But in face the well known public machine 's inefficiency in the provision of social services, the social programas reform and, in general, the administrative reform, are also considered decisives.

It is also acknowledged that such a development strategy cannot alone revert tendencies - such as unemployment - that dependes on the economy 's dynamism. Not by chance, economic growth was established as one of the conditions for this social program 's viability and success. To a large degree, the successful implementation of this social development strategy depends on, in the short-term, the progress of stabilization policies; and in the medium-term, the economic growth and the global process of policy reform implementation.

The possibilities and limits of this social reform strategy can be visualized trough two set of indicators, those concerning the social expenditure and those related of the principal govenemntal initiatives in the social programs.

2.2.2. Fiscal stabilization and the social expenditure: the brazilian recent experience

The alterations in the pattern of the social expediture, in Brazil, since the end of the 80's until now express the medium-term effects of constitutional determinations as well as oscillations that respond more directly to the decisions and orientatios of economic and social policy. This is depicted in Table 15:

Table 15

Consolidated Federal Social Expenditure

(In one thousand constant Reais, according to December of 1995 prices*About 1 R\$=1 US\$)

Year	Social Security	All Other Social Areas	TOTAL
1986	28.891.934	22.235.461	51.127.395
1987	28.408.726	31.762.923	58.171.649
1988	29.866.215	37.036.205	66.902.420
1989	39.137.178	39.672.962	78.810.140
1990	34.002.968	33.601.867	67.604.835
1991	30.431.937	28.703.093	59.135.030
1992	32.920.270	25.909.728	58.829.996
1993	46.556.120	31.262.303	77.818.423
1994	45.545.169	29.739.473	75.284.642
1995	52.251.164	27.887.350	80.138.514
1996**	53.703.900	32.084.400	85.788.300

Source: IPEA,1997 * IGP/DI utilized ** Budgetary Proposal

The principal change in the structure of federal social expenditure is concerning the greater participation of Social Security in total expenditure, due to factors such as the aging of the population, the universalization of rights and the valorization of benefits defined in the Constitution

of 88 and implemented from 1992-1993 to the present.

As indicated, between 1986 and 1996, expenditure for social security benefits grew more than 80%, while in all other areas growth was 44% and the total growth was about 68%. Expenditures in other areas (not social security) was 43.4% of total expenditure in 1986 and only 37% in 1996.

Of note in Table 15's historic series is the negative impact of the Collor government (1990-1992) on the level of expenditure, which fell by 32% between 1989 and 1992. Later, during the governments of Itamar Franco (1993/1994) and of Fernando Henrique Cardoso (1995/1996), the effort to recover is evident in the expenditure growth by 37% between 1992 and 1996⁵¹.

Social policy priorities are revealed by analyzing expenditures by areas. Consequently, from 1995-1996, in addition to the area of social security, expenditures were made in the following areas: professional qualifications (60%), basic sanitation (45%), basic education (26%), monetary benefits for the elderly and disabled persons (26%), health (20%) and unemployment insurance (15%)⁵².

This trend of expenditure reveals a great deal. In the 80s, Brazil had already show a *sui generis* standard of social expenditure, when compared to other Latin-American countries: although expenditure levels oscillated a great deal due to the economic crisis, the overall tendency was, however, to increase it. By the end of the decade, it had more than recovered its level.

Recently, with economic restructuring, the Brazilian trend of social expenditure not only did *not* fall, it was recomposed after the blow suffered during the turbulent Collor years. This is different from what took place in other countries during equivalent periods of fiscal adjustment and stabilization program.⁵³ In other words, until now, fiscal adjustment has not taken place at the expense of social expenditure.

And this is, undoubtedly, a positive dimension to be credited to the limited but decisive experience of democratization, in the last decade, and the socialdemocratic character - or, at least, non-neoliberal - of recent adjustment and institutional reform experiences.

51 During the first year of the current government, federal social expenditure grew 21.1% in relation to 1994. In 1996, the growth was only 7.78% in relation to 1995.

52 IPEA, *Evolução do Gasto Social Federal*, FSP, 22/03/1997

53 Draibe, SM, 1995. *Latin America: The System of Social Protection in the Decade of Crisis and Reforms*, Santiago: Cepal.

2.2.3. The axles of the changes

Almost in the end of the 90's, no structural reform have yet transformed the brazilian social system nor its sectorial social policies. But, after the 80's first cycle of changes, we assist in the recent years a new set of transformations that seems project a social policy system' diferent profile of what was in effect until just recently.

In order to identificate the prinicipal meaning of this process, we summarize in Chart 5 the more visible alterations which has accompanied the organizational changes already refered in Part I.

Chart 5

Brazilian Social Policies in the 90's: Principals axles and contents of changes

Axles	Contents
<i>In the Conceptions</i> Policy fundament Universalistic X focalized programs balance Policy style	Social Wrigts in the social policy basis
	Focalization in the universal
	Clientelism reduction
<i>In Public/private balance</i> <ul style="list-style-type: none"> • Funding • Provision 	Reinforce of the partnership with the Third Sectorr (NGO's) Intorduction of the partnership with private firms and entrepreneurs.
<i>In the social programs composition</i>	Introduction of "productive" programs(training/ loan/ income generation) Intoduction of family monetary benefits Modernization and reinforce of public educaion
<i>In the organizational structure and dynamics</i> In the social spending system In the decisionmakeking system In participatory and social controls system	Descentralisation of decisions and ressources Federative funcions delegation
	Social participation institucionalization (councils)

In other terms, as far as systemic alterations to the administration and orientation of policies – described in Part I - the following are distinguishable characteristics of the new social policies profile in Brazil:

- *New participatory institutionalization of social policy* - Brazilian social programs began to rely on a decisive participatory format, such as councils, which institutionalize previous experiences. This may be due to the fact that constitutional provisions were implemented more quickly, or because of management options. National councils comprised of representatives from the government and different sectors of the population began to play a central role in the decision-making structures of social policy. Presently, there are about

20 or more national councils concerning social policies.⁵⁴

- *Alteration of spending parameters for universal programs and straightening of the redistributive role of federal social spending in relation to regional and local inequalities.* Via legislative changes and new program designs, national *per capita* parameters were introduced to determine expenditure for basic education⁵⁵ and health (in this case, still in discussion) and redistributive federal expenditure criteria benefitting poorer regions and municipalities.
- *Decentralization of programs and of expenditures* - The guideline to decentralize social programs has been implemented at various levels: i) extinction of central agencies and delegation of functions to states and municipalities⁵⁶; ii) incentives at the municipal level; iii) direct transfers of resources to service units (schools), funds and municipal and state organs responsible for social programs⁵⁷. In the last case, institutional innovation has been quite significant.
- *Introduction of technical criteria in the allocation of resources* - Clientilistic mechanisms for resource allocation, such as centralized agencies or direct bargaining systems, were suppressed via special projects. These projects will affect assistance and poverty combat programs, as well as the transferal of federal resources for education⁵⁸.

54 The councils and their respective areas are as follows: *Employment*: National Employment Council; Worker=s Aid Fund Council (Condefat); FGTS Council. *Social Security*: National Council of Social Security. *Welfare*: National Council of Welfare (CNAS). *Education*: National Education Council; National Council of State Secretaries of Education (Consed); National Council of Basic Education; National Council of Middle Education; National Council of Higher Education; *Health*: National Health Council (CNS); National Council of State Health Secretaries (CONASS); National Council of Municipal Health Secretaries (CONASEM); National Commission of Intermanagers; *Combat of Poverty and Defense of Social Rights*: Council of Comunidade Solidária; National Council of Child and Adolescent Rights (CONADA); Council for Handicap Persons ; National Council for Women Conditions; National Black Council. About the new institutionalization of social policies, see Draibe, 1997a.

55 The new law of Magisterial Education Maintenance and Valorization, approved in 1996 for basic education, established a minimal expense per student/year of US \$300. This cost will be covered by the states or federal government when it cannot be paid by the family. This law has provided a strong incentive for municipalization at this level of instruction.

56 One of the government=s first steps involved the elimination of the LBA and CBIA - the largest clientilistic agencies in the area of welfare.

57 In the school meal program (PNAE), as well as the MEC/FNDE programs, federal resources have once again been directly transferred to Parent Associations at schools. Transferrals were also made to city halls in the latter case; and to State Secretaries in the case of school meal programs.

58 In the case of the Comunidade Solidária Program, were attended all - and only those- municipalities of high poverty incidences, according to IBGE measurement standards. In the case of MEC transferrals, the resources are calculated on a per capita per student base. In the poorest regions and municipalities, they are 50% greater.

- *Measurement and improvement of quality standards for public social service networks -* Monitoring and evaluation systems have been introduced primarily in the basic education system, but also in public social services overall⁵⁹.

In relation to concrete outcomes, many successes may be credited to new federal guidelines in the social arena. However, the barriers encountered are enormous, especially in some areas. Consider, for example, the unemployment issue. With incredible sensibility, credit and training programs have been implemented to address this issue. However, it is evident that these efforts are insufficient, in spite of the demographic transition now underway. The pressure of the youth population on the job market will continue for a long time. Economic growth with employment generation it does not seem to be a possible solution in the near future.

Among the programs, the health system continues to be enmeshed in all kinds of problems that affect its performance. Among them is the incredible size of SUS and of its clientele; the barriers to implementing good administration; as well as its tragic financial situation, which has not equated since the beginning of the decade. Given the increasing dissatisfaction of the population and pressures to revert to constitutional definitions of free and universal medical-sanitary attention, these government initiatives are still quite modest.

However, the decentralization of health and other basic social services does not appear to be a solution for the medium term. Where decentralization was accelerated, the results have been undeniably positive. This is evident in the cases of federal programs for education and even in the more decentralized forms of health management. These and other examples show that the effectiveness and ample margin allow for organizational reform of the programs, even when operating with restricted resources. This is the premise on which the government's strategy seems to be based. There are limits that can rapidly be imposed on such processes, especially when isolated from other improvement measures, including the one that contemplates raising the expenditure level.

This definitely applies to the area of health policy which is still at the same situation it was at three or four years ago; and it will surely apply to other areas whenever they confront fiscal and financial difficulties during the process of decentralization. These difficulties have been experienced by the states and a large number of municipalities, as a result of the fiscal adjustment to which they have been submitted. Greater coordination of the decentralization

59 National pedagogical evaluations were accelerated and extended to other instructional series and levels. National curricular parameters were also drafted for basic and middle level (high school) education. Through the national TV network, an ambitious program of teachers capititation is being transmitted, since 1996.

policy, which is appropriate for our federalist structure, is indispensable for proper implementation of the proposed social strategy.

Lastly, is the issue of resources, which has already been addressed somewhat. Fiscal restrictions - which are even more stringent since 1995 - when the Fiscal Stabilization Fund (Fundo de Estabilizacao Fiscal) was established - definitely affect the entire system, leaving very narrow margins for the improvement of policies and programs. Undoubtedly, higher levels of expense efficacy must be attained via administrative restructuring. This approach has been pursued by many federal administrators.

3. WELFARE STATE AND REFORMS: TOWARDS SOCIAL POLICIES OF A NEW GENERATION?

The study presented here permits us to speculate, on a more general level, about the conditions and meaning of changes that have been affecting the Brazilian system of social protection.

As we attempted to illustrate, until now, Brazil tolerated unacceptable standards of inequality and poverty. With the transforming wave of globalization, these standards were exposed to new and strong mechanisms that strengthen differentiation, inequities and social exclusion. Those are forces that can debilitate sustainability of the emerging democracy.

The capacity to respond to such circumstances has required, since the 80s, considerable efforts to reconsider the *social issue*. After more than a decade of restructuring, the weaknesses and limitations of the States actions were completely exposed through social policies and programs. And for two reasons.

In the past, the embryonic and distorted system of social protection revealed its lack of efficacy in the reduction of poverty and in the reversal of the citizens' strong, segmented and awkward differences - *which called for the restructuring of the system*. Even more so, when later it was dangerously debilitated by inflationary corrosion and by fiscal restrictions, at same time was called to respond to the new demands imposed by the restructuring efforts - *which called for its immediate strengthening*.

This dual requirement defines the *horizon* on which the reform agenda of the Brazilian system of social protection has been assimilated during the 90s. This is the challenge facing the government. The difficult aspect of that challenge lies in the capacity to combine two tasks. The first task is to sustain structural conditions of global competition, which requires an environment of

austerity and fiscal restrictions. The second is to pursue social justice objectives which assumes efficient, inclusive and competent social policies to respond to demands and to restrict the socially negative effects of globalization. This is also the difficult nucleus of the socialdemocratic agenda - of the social agenda of a government that acts with the perspective of democratic consolidation, sustained by economic dynamism and competent forms of international integration.

Many will argue that a full-fledged Welfare State was never created in Brazil - and this is true. It is also true, like we argue in Part 1, that the Brazilian social policy system that prevailed until the 80s, didn't produce cohesive, equal and equitable social benefits. But it was like a specific kind of Welfare State that Brazilian Developmentalist State - based on corporatist dynamics of growth and on clientilistic ways of administering the programs - organized the way of the mass' incorporation. As is typical of "hybrid" forms that lean on the dual pillar of universal health and education programs, the difficulties of this *meritocratic* social protection system were related to their low levels of equity and high levels of exclusion, above all the exclusion of the social segments that were not tied to the formal job market.

One must recognize however that, dynamically, the growth and consolidation of the embryonic Welfare State, according to the country's timing of industrialization and urbanization, pointed towards a more redistributive standard of social protection. In fact, between 1950 and 1970, reinforcement of universalistic principles in education and health was noted. And, in the area of social security, coverage was extended to broader population groups, eventually abandoning the occupational criteria that supported the original system. Also, since the 70s, the increase in programs targeting poor groups, in particular, would seem to strengthen the redistributive mechanisms of all the social programs. This was translated into a constant tendency to reduce absolute poverty until the 80s.

But, undoubtedly the patterns of development of the Brazilian Welfare State included many distortions. On one side, a negative selectivity standard or exclusion reinforced historical social inequalities: of income, between rural-urban populations, between regions, which were further divided by color, race and gender. On the other side, it tended to benefit less those who were most in need, in particular, population groups below the poverty line or more vulnerable populations, such as children and the elderly. Greater benefits to the middle sectors expressed both the greater *voice* of this social segment and the effects of the Welfare State's standard: its growth mode was suggestively characterized as the "massification of privileges" (Mesa-Lago, 1989) because it vertically expanded new benefits to groups that were already privileged and horizontally incorporated new groups into the basic system of privileges.

In a certain way, social expenditure crystalized, in its composition, those forms of appropriation: the growing and more than proportional percentage of social security or university education expenses tended to introduce rigidity into the management of the resources. This rigidity was most evident during periods of recession, inflation and economic crisis, when defensive corporate interests attempted to resist abrupt priority changes.

The Developmentalist State (Estado Desenvolvimentista), in Brazil, developed the social dimension of its intervention according the above noted characteristics. This State was not generous and did not guarantee the effective well-being of its citizens. But, from the point of view of structure and dynamics, it qualified as a Social Welfare State (Estado de Bem Estar Social). It was in this manner that it kept its developmentalist promise to incorporate the masses. This fragile modality of social progress, with its distortions and insufficiencies, rendered the developmentalist crisis a historic episode of deep frustration. With this legacy, the Brazilian system of social protection was submitted, from the early 80s on, to multiple and contradictory pressures of democratization, economic crisis and adjustments.

The social protection system's key to enter into the reform agenda was democratization, since the last years of the authoritarian regime. As we did argue before, with the process of political liberalization, expectations of social policy reorganization were raised. For the whole social protection system, the demand for expansion of *social rights* was translated into goals to increase levels of universality, extension of coverage in programs and improved social expenditure efficiency. Institutionally, *decentralization, transparency of decision-making processes and broadening of social participation* were stated as democratization goals.

This was the mission delegated to the Constitution that was written in 1988. Pressures coming from some political sectors did not always carry this progressive connotation: mobilizations of strong corporate content, on the one side, and the well-known clientilistic mechanisms (almost always associated with the government's populist practices) tended to predominate. They seized the demands and some reform attempts, imposing limits on the democratic scope of policy reform. Not by chance, the vague expression of demands was almost always translated into pressures to expand social programs according to the formula "do more of the same". These conditions rendered even more difficult the democratic reform and modernization process of social policies. It was in this intellectual vacuum that the impact of the stabilizing adjustments are felt.

The outcome of more than sixteen years of reformist experimentation in the field of social policies paradoxically frustrates and gratifies. At the end of the 80's, the absence of a consistent reorganization of the social protection systems indicates that the agenda of reforms included a

combination of *economic policies with clear objectives and social policies loosely defined and with unclear objectives*. This is certainly not the best scenario in which to aspire for greater equity, much less for the correction and improvement of social programs and policies.

However, the system of social policies presents positive outcomes from this first wave of transformations. One of them has been expressed in terms of social values: resistance to some alternatives of reform – basically those more committed to the market logic or the merely compensatory view of the social policy – reveal the persistence of solidaristic values which might support new forms of social action.

The reinforce of the social rights, preservation of the universal and public conception of education and health, and the preference for social security models that involve solidarity agreements, point in that direction. This ethic potential is manifest in the partial overcoming of the antagonism which, at the beginning of the reform cycle, opposed universal conceptions against focused conceptions of social programs.

This radical and simple polarization led to what is today a more complex matrix where opposition is primarily to forms and ways of combining the universal and the focused; the structural and the urgent; the short and the long term. This movement expresses, in the whole society, the *aggiornamento* of social justice concepts and the maturation of social thinking as it recognizes the importance of improving social expenditure efficiency to build citizenship rights.

The most palpable, positive results in this phase of changes took place within institutions. Although a comprehensive reform of the social protection system did not occur, the period did bring about a great deal of institutional experimentation, changes and innovations, which were concentrated in three main areas: the decentralization of social service provision; the relative increase in social participation that tends to accompany innovative programs; lastly, the formidable growth and experimentation with partnerships between the public sector, the private sector and principally NGOs.

The impact has been modest and heterogeneous. However, the processes undoubtedly indicate new policy styles that have been creatively constructed in the field of Brazilian social protection, even though social policy systems have not been adequately or fully modified.

This is the fertile terrain in which the socialdemocratic perspective may strengthen the roots that support a new generation of social policies.

REFERENCES

- Abranches, S.H. 1982. The Politics of Social Welfare Development in Latin America. Paper presented at the VI annual meeting of ANPOCS (Associação Nacional de Pós-Graduação e Pesquisa em Ciências Sociais, Friburgo, RJ).
- Abranches, S.H.; Wanderley G. dos Santos; and Marcos Coimbra. 1987. Política social e combate à pobreza (Rio de Janeiro: Zahar).
- Afonso, J.R.; F. Resende; and R. Varsano. 1989. A reforma tributária e o financiamento do investimento público. Mimeo (Rio de Janeiro).
- Afonso, J.R. and R. Villela. 1990. Estimativa da carga tributária no Brasil em 1990 e sua evolução nas duas últimas décadas. Boletim Conjuntural do IPEA 13 (April).
- Almeida, Maria Hermínia T. de. 1989. Direitos sociais, organização de interesses e corporativismo no Brasil. Novos Estudos CEBRAP 25 (October).
- _____. 1990. Reformismo democrático em tempos de crise. Lua Nova 22 (December).
- Amaral, Sobrinho, Jr. 1990. Políticas públicas de educação básica. IPEA Text No. 15 (Rio de Janeiro).
- Andrade, Ilza A. Leão de. 1985. Estado, poder local e organizações populares. Mimeo, Federal University of Rio Grande do Norte/UFRN.
- Andrade, Regis de C. 1980. Política social e normalização institucional no Brasil. In Luiz Maira, et al., eds., América Latina: Novas estratégias de dominação (São Paulo: Vozes/CEDEC).
- Arretche, M.T.S. and S. de C. Nahas. 1990. São Paulo: A política habitacional nos anos 80, Cadernos de Pesquisa NEPP 18 (Campinas).
- Ascoli, Ugo. 1984. All sistema italiano de Welfare. In Ascoli et al., eds., Welfare State all'italiana (Rome: Laterza).
- Avelino F., George. 1991. Política e políticas sociais no Brasil: Um estudo sobre a previdência. Master's thesis, Faculdade de Filosofia, Letras e Ciências, University of São Paulo.
- Azeredo, Beatriz. 1987. Um estudo sobre as contribuições sociais. Master's Thesis, IEI, Federal University of Rio de Janeiro.
- _____. 1990. AO hábito do cachimbo e o congresso nacional. IEI Text for Discussion No. 245 (Rio de Janeiro).
- Azeredo, Beatriz and T. Lobo. 1991. Política social: Regulamentação constitucional e processo orçamentário. UNDP Research Report.
- Azevedo, S. 1982. Habitação e poder. Da fundação da casa popular ao Banco Nacional da Habitação (Rio de Janeiro: Zahar).
- Bacha, Edmar and Herbert S. Klein, eds. 1986. A transição incompleta Vol. 2 (Rio de Janeiro: Paz e Terra).
- Barros, 1997
- Barros & Mendonca & Duarte (1997)
- Bonini, Roque. 1983. Orçamento público, políticas sociais, 1970B1980. Research Report.
- Boschi, R.R. 1985. A abertura e a nova classe média na política brasileira: 1977B1982. ANPOCS Annual Report.
- Braga, José Carlos and S. Goes de Paula. 1981. Saúde e previdência. Estudos de política social (São Paulo: CEBES/HUCITEC).
- Braga, José Carlos et al. 1986. Recessão e financiamento das políticas sociais (São Paulo: FUNDAP).
- Branco, P.P. Martoni; R.T. Silva; and A. Tadeschi. 1989. Habitação Popular: programa de metas para a década de 90 (São Paulo: FUNDAP).
- Brasileiro, Ana Maria and Diogo L. Mello. 1988. AOs mais pobres entre os pobres e os programas de assistência social no município. Revista de Administração Municipal 187 (April/June).
- Calsing, Eliseu F.; B.V. Schmidt; and A. Ramonaval. 1986. O menor e a pobreza. IPLAN/IPEA-UNICEF-SUDENE, Série instrumental para a ação No. 5 (Brasília, DF).
- Cardoso de Mello, 1989 and 1995
- Cardoso, Fernando Henrique. 1974. Autoritarismo e democratização (Rio de Janeiro: Paz e Terra).
- _____. 1982. Da caracterização dos regimes autoritários. In Collier 1982.
- Cardoso, Ruth. 1983. Movimentos sociais urbanos: Balanço crítico. In M.H.T. Almeida and B. Sorg, eds., Sociedade política no Brasil pós-64 (São Paulo, Brazil).
- Castro, Cláudio de Moura and Marcos A.E.L. Coimbra. 1985. O problema alimentar no Brasil. (Campinas,

- SP: ALMED/Editora da UNICAMP).
- Castro, Maria Helena G. de. 1991. Descentralização e política social no estado de São Paulo. Revista CEPAM 2 (January-March).
- Cohn, Amélia. 1981. Previdência social e processo político no Brasil (São Paulo: Ed. Moderna).
- Coimbra, Marcos E.L.S. 1982. Comer e aprender: Uma história da alimentação escolar no Brasil (Belo Horizonte, MG: Fundação João Pinheiro).
- _____. 1984. A Case Study on Social Policy in Brazil: The Nutrition Policy. PhD dissertation, Manchester University.
- Collier, D., ed. 1982. O novo autoritarismo na América Latina (Rio de Janeiro: Paz e Terra).
- Cordeiro, M.A. 1980. A indústria da saúde no Brasil (Rio de Janeiro: Graal).
- Cornia, G. Andrea; R. Jolly; and F. Stewart. 1987. Adjustment with a Human Face: Protecting the Vulnerable and Promoting Growth, UNICEF, Vol. 1 (Oxford: Clarendon Press).
- Cunha, L.A. 1975. Educação e desenvolvimento no Brasil (Rio de Janeiro: Francisco Alves).
- Daim, Sulamis. 1982. Crise fiscal e dilema redistributivo. PhD dissertation, FEA/Federal University of Rio de Janeiro.
- Daim, Sulamis et al. 1988. A política social em tempos de crise: Articulação institucional e descentralização (Rio de Janeiro: CEPAL/MPAS).
- Demo, Pedro. 1979. APolíticas sociais no Brasil pós 64. @ Research Report.
- _____. 1981. A política social nas décadas de 60 e 70 (Fortaleza, CE: Imprensa Universitária).
- _____. 1988. APolítica social e consolidação democrática no Brasil. Mimeo.
- Diniz, Eli, ed. 1981. Políticas públicas para áreas urbanas (Rio de Janeiro: Zahar).
- Donângelo, Maria C.F. and L. Pereira. 1979. Saúde e sociedade (São Paulo: Duas Cidades).
- Draibe, Sônia Miriam. 1985. Rumos e metamorfoses: Um estudo sobre a constituição do estado e as alternativas da industrialização no Brasil, 1930B60 (Rio de Janeiro: Paz e Terra).
- _____. 1986. O padrão brasileiro de proteção social: Desafios à democratização. Análise Conjuntural IPARDES 8 (2).
- _____. 1989. Ha tendências e tendências: Com que estado de bem-estar social haveremos de conviver neste fim de século? Paper presented at the seminar Brasil Século XXI (Campinas, UNICAMP).
- _____. 1990. As políticas sociais brasileiras: Diagnósticos e perspectivas. In Prioridades e perspectivas públicas para a década de 90 (Brasília: IPEA/IPLAN).
- _____. 1990. Una Perspectiva del Desarrollo Social en Brasil em Gurrieri, A. & Torres-Riva, (coord.) - Los Años Noventa: Desarrollo con equidad?, FLACSO-Cepal, S. Jose, Costa Rica, pp. 217-256.
- _____. 1995. Latin America: The System of Social Protection in the Decade of Crisis and Reforms, Santiago: Cepal.
- 1995b. Repensando a Política Social: dos anos 80 ao início dos 90 em Sola, L.;
- Paulani, L. (organiz.) - Lições da Década de 80, São Paulo: EDUSP/UNRISD.
- _____. 1997. Uma Nova Institucionalidade das Políticas Sociais? Reflexões a propósito da experiência latinoamericana recente de reformas e programas em São Paulo em Perspectiva, Revista da Fundação SEADE, São Paulo, vol. 11, no 4, out-dez/1997, pp. 3-15.
- _____. Draibe, 1997a.
- Draibe, Sônia Miriam and Liana Aureliano. 1989. A especificidade do Welfare State brasileiro. Economia e Desenvolvimento 3.
- ECLAC (Economic Commission for Latin America and the Caribbean). See CEPAL.
- Eris, I.; C. Eris; and D. Kadota. 1979. Distribuição de renda e sistema tributário no Brasil. Anais do VII Encontro Nacional de Economia (ANPEC, Atibaia, December).
- Esping-Anderson, G. 1990. The Three Worlds of Welfare Capitalism (Princeton: Princeton University Press).
- Faleiros, Vicente de Paula. 1986. Previdência social e sociedade em período de crise. In Vilma Figueiredo, ed., Cidadão, estado e políticas no Brasil contemporâneo (Brasília: Universidade Nacional de Brasília).
- Faria, Vilmar and Maria Helena G. de Castro. 1990. Social Policy and Democratic Consolidation in Brazil. In Robert Wilson, ed., The Political Economy of Brazil: Public Policies in an Era of Transition (Austin: University of Texas Press).
- IPEA, 1997
- Jacobi, Pedro. 1989. Movimentos sociais e políticas públicas (São Paulo: Cortez).
- Jaguaribe, Hélio et al. 1986. Brasil 2000: Para um novo pacto social (Rio de Janeiro: Paz e Terra).

- Lamounier, Bolívar. 1986. Apontamentos sobre a questão democrática. In Lamounier, Jorge Schvarzer, and Alain Rouquie, eds., *Como renascem as democracias* (São Paulo: Brasiliense).
- _____. 1990. *Partidos e utopias* (São Paulo: Edições Loyola).
- Lamounier, Bolívar and Rachel Meneguello. 1986. *Partidos políticos e consolidação democrática: O caso brasileiro* (São Paulo: Brasiliense).
- Leite, Celso Barroso. 1963. *Um século de previdência: Balanços e perspectivas no Brasil e no mundo* (Rio de Janeiro: Zahar).
- Leite, Celso Barroso and P. L. Velloso. 1983. *Previdência social* (Rio de Janeiro: Zahar).
- Lopes (1994)
- Luz, T. Madel. 1979. *As instituições médicas no Brasil: Instituição e estratégia de hegemonia* (Rio de Janeiro: Graal).
- Macedo, Roberto. *The (Mis)targetting of Social Programs in Brazil: The Federal Health and Nutrition Programs*. IEI/UFRJ (Rio de Janeiro).
- Magalhães, Paulo et al. 1987. *Habitação popular e negociação política*. IEI Text for Discussion No. 145, Federal University of Rio de Janeiro.
- Magalhães, Rafael de A. 1988. *Obstáculos a modernização do estado*. Cadernos de Conjuntura 14 (April).
- Magno de Carvalho, J.A. 1989. *Projeções demográficas*. Mimeo.
- Mainwaring, Scott. 1995. *Brazil: Weak Parties, Feckless Democracy*. In Mainwaring and T. Scully, eds., *Building Democratic Institutions: Party Systems in Latin America* (Stanford: Stanford University Press).
- Malloy, James. M. 1977. *Authoritarianism and Corporatism in Latin America* (Pittsburgh: University of Pittsburgh Press).
- _____. 1986. *Política de previdência social no Brasil* (Rio de Janeiro: Graal).
- Malloy, James. M. and C.A. Parodi. 1988. *Statecraft, Social Policy and Regime Transition in Brazil*. Paper presented at the XIV International Congress of the Latin American Studies Association (New Orleans, LA).
- Martini, George, et al. 1991. *Século XXI: Onde andar a população brasileira?* (Campinas, SP: NEPP/UNICAMP).
- Martoni Branco, P.P.; R. Silva; and A. Tadeschi. 1989. *Habitação popular: Programa de metas para a década de 90* (São Paulo: FUNDAP).
- Medici, A. C. 1988. *ACrise econômica e políticas sociais: A questão da saúde no Brasil*. Master's thesis, IE/UNICAMP.
- Mello, C. Gentile de. 1977. *Saúde e assistência médica no Brasil* (São Paulo: CEBES/HUCITEC).
- Melo, Marcos A. de. 1987. *The State, the Housing Question and Policy Formation in Brazil, 1937B1975*. PhD dissertation, University of Sussex.
- _____. 1989. *Políticas públicas e habitação popular: Continuidade e ruptura, 1979B1988*. @ Federal University of Pernambuco Text for Discussion No. 9.
- _____. 1990. *Explicando a formação de políticas: Atores, interesses, agendas e a análise da política habitacional*. Paper presented at the XVI annual meeting of ANPOCS (Caxambú, MG, 22B26 October).
- Ministry of the Interior, Brazil. 1989. *Necessidades habitacionais para o período 1990B1995* (Brasília).
- NEPP/UNICAMP (Núcleo de Estudos de Políticas Públicas/Universidade de Campinas). 1986. *Brasil 1985: Relatório sobre a situação social do país*. Vols. 1 and 2 (Campinas: Editora UNICAMP).
- _____. 1988. *Brasil 1986: Relatório sobre a situação social do país* (São Paulo: Editora SEADE).
- _____. 1989. *Brasil 1987: Relatório sobre a situação social do país* (São Paulo: Editora SEADE).
- _____. 1990a. *Indicadores de mercado de trabalho no Brasil segundo a situação de domicílio, 1988*. In *Relatório interno com base na IBGE/PNADB88* (Campinas).
- _____. 1990b. *Indicadores da PEO-população economicamente ocupada, 1988*. In *Relatório interno com base na IBGE/PNADB88* (Campinas).
- (Neri & Considera, 1996).
- Noronha, E. 1990. *Sindicalismo brasileiro nos anos 80*. Paper presented at the XIV annual meeting of ANPOCS (Caxambú, MG, 22B26 October).
- O'Donnell, Guillermo. 1982. *Tensões do estado autoritário-burocrático e a questão da democracia*. In Collier 1982.
- _____. 1987. *ATransição democrática e políticas sociais*. *Revista de Administração Pública* 4.
- Oliveira, J.A.A. and S.F. Teixeira. 1986. *Previdência social: 60 anos de história da previdência no Brasil* (Petrópolis, RJ: Vozes).
- Paula, S.G. and José Carlos Braga. 1981. *Saúde e previdência: Estudos de política social* (São Paulo:

- CEBES/HUCITEC).
- Peliano, Ana M. 1990. AO que podemos aprender com a experiência de uma década: Uma análise dos programas assistências de abastecimento e alimentação. Unpublished paper.
- PNUD/IPEA. 1996. Report of Human Development in Brazil, Brasília
- POF-IBGE. 1988. Pesquisa de orçamento familiar-Instituto Brasileiro de Geografia e Estatística. Reported in O Estado de São Paulo and Folha de São Paulo, 19 June 1991.
- Possas, Cristina. 1989. Saúde e trabalho: A crise de previdência social (São Paulo: HUCITEC).
- Rezende, Fernando. 1985. Financiamento do setor público: As reformas fiscal e financeira. In Perspectivas do longo prazo da economia brasileira (Rio de Janeiro: IPEA/INPES).
- Rezende, F. and D. Mahar. 1974. Saúde e previdência social: Uma análise econômica. IPEA Research Report No. 21 (Rio de Janeiro).
- (Rocha, 1996:12).
- Romanelli, O. 1982. A história da educação no Brasil (Petrópolis, RJ: Vozes).
- Salm, Cláudio. 1984. Financiamento das políticas sociais. NEPP/UNICAMP Research Report.
- Santos, Wanderley G. dos. 1979. Cidadania e justiça (Rio de Janeiro: Campus).
- _____. 1985. AA pós-revolução brasileira. In Hélio Jaguaribe, ed., Brasil: Sociedade democrática (Rio de Janeiro: José Olímpio Editora).
- _____. 1986. Édipo e Sísifo. A trágica condição da política social. IUPERJ Série Estudos No. 45 (Rio de Janeiro, March).
- _____. 1988. A Gênese e apocalipse Celementos para uma teoria da crise institucional latino-americana. Novos Estudos CEBRAP 20.
- Schmitter, P.C. 1971. Interest Conflict and Political Change in Brazil (Stanford: Stanford University Press).
- Silva, Pedro L. de Barros. 1983. O perfil médico-assistencial privatista e suas contradições: Análise política da intervenção estatal em atenção à saúde no Brasil na década de 70. Cadernos FUNDAP 6 (July).
- _____. 1990. Descentralização no setor saúde. Paper presented at the XIV annual meeting of ANPOCS (Caxambú, MG, 22B26 October).
- Silva, Pedro L. de Barros and E. Fagnini. 1985. ADilemas do reordenamento da política social na transição democrática. ANPOCS mimeo.
- Silveira, Mário Magalhães. 1981. A política de saúde pública e o Brasil no últimos 50 anos (Brasília, DF).
- Sposati, Aldaiza de O. et al. 1986. Assistência na trajetória das políticas sociais brasileiras (São Paulo: Cortez).
- Titmuss, R. 1958. Essays on the Welfare State (London: Allen and Unwin).
- Valladares, Lúcia do Prado. 1979. Passa-se uma casa: Análise da remoção de favelas no Rio de Janeiro (Rio de Janeiro: Zahar).
- Viana, Ana Luiza. 1990. Tendências e perspectivas da política de saúde em São Paulo. Caderno de Pesquisa NEPP 20.
- Viana, Ana Luiza et al. 1987. Recessão e gasto social: A conta social consolidada, 1980B1986 (Brasília: IPEA/IPLAN).
- Vianna, Maria Lucia W. 1989. Política social e transição democrática: O caso do INAMPS. IEI/UFRJ Text for Discussion No. 226 (Rio de Janeiro).
- Weffort, Francisco. 1968. O populismo no política brasileira. In Celso Furtado, ed., Brasil, tempos modernos (Rio de Janeiro: Paz e Terra).
- World Bank. 1988a. Brazil. Public Spending on Social Programs: Issues and Options. (Washington, DC: World Bank).
- _____. 1988b. Report of the Public Social Expenditure Review Mission 1988 (Washington, DC: World Bank).



UNICAMP

UNIVERSIDADE ESTADUAL DE CAMPINAS

NEPP

NÚCLEO DE ESTUDOS DE POLÍTICAS PÚBLICAS

Cidade Universitária "Zeferino Vaz"

Av. Albert Einstein, 1300

Campinas - SP - Brasil

CEP. 13083-852

TEL: (019) 3788-2495 / 3788-2496 / 3289-3901 / 3289-3143

FAX: (019) 3289-4519

Caixa Postal - 6166

E-mail: nucleo@nepp.unicamp.br

Homepage: www.nepp.unicamp.br