BRAZIL:
Progressive Policies, Insufficient Infrastructure

By: Logan Blouin, Mariana Grisales and Emily Miller

Introduction

"Order and Progress," the country motto of Brazil, has come to represent not only the 203 million that reside within Brazil, but also the new political and economic initiatives that are taking place in the South American giant. Recent developments within Brazil have given it great regional economic presence and have empowered the country to undertake investment in infrastructure and social spending. Brazil's path to development in the 2000s has balanced responsible fiscal and monetary policy with support for its most vulnerable citizens. As Mahatma Ghandi once said, "a nation's greatness is measured by how it treats its weakest members."

Brazil covers nearly half of South America; it is the fifth largest country in the world and covers diverse landscapes and biodiversity. Brazil shares borders with all South American countries except Chile and Ecuador. The geographic zones of the country include the North with vast Amazon rainforest, the Northeast that is subject to drought, the Southeast with rugged mountain terrain, and the South with temperate climate conditions. This variety of ecological diversity is only matched by the cultures and populations that makeup the population of Brazil.

Demographics

After the initial colonization by the Portuguese in 1500 and independence in 1822 Brazil has experienced mass immigration. Migrants from countries such as Portugal, Japan, Spain, Italy, and Lebanon have come in large waves. Currently, 53% of the population is white, 38.5% Mulatto, 6.2% Black, and 0.9% Japanese, Arab and Amerindian. The total population stands at 203,429,733 (Central Intelligence Agency, 2011). A comparison to that of its neighbor Argentina and its colonizer Portugal provide further demographic statistics and an insightful contrast.

	Brazil	Argentina	Portugal
Population	203,429,773	41,769,726	10,760,305
Fertility *(Children born/Woman)*	2.18	2.31	1.5
Birth Rate *(Births/1,000 people)*	17.79	17.54	9.94
Life Expectancy	72.53	76.95	78.54
Death Rate *(Deaths/1,000 people)*	6.36	7.38	10.8
Urban Population *(% of total population)*	87%	92%	61%

With respect to the age structure, Brazil has a fairly young majority with 26.2% under the age of 14, and 67% between the ages of 15 and 64. The country boasts a working force of 101 million, the largest in Latin America, which has contributed to its rapid development. The development and growth within the country has concentrated 87% of the population in major cities. Southern Brazil is the most densely populated, with the inhabitants of its largest city of Sao Paolo totaling an estimated 19.6 million (Central Intelligence Agency, 2011).

Political Development

Brazil continues to combat the challenges of its past while working to harnessing the progress embedded in a bright future. Brazil has experienced the growth of a modern democracy out of the shadows of a military regime. Brazil underwent over 30 years of populist rule followed by a military regime that began in 1964 and did not transition to democracy until 1985. Both the populist regime and the military government pursued vast industrial expansion. In the 1980s and 1990s, fiscal responsibility and austerity programs took the main stage in Brazil's pursuit of economic stability. In recent years, prudent fiscal practices were matched with social spending through cash transfers for Brazil's poor. Even with such economic power and wealth,

Brazil has one of the most unequal distributions of incomes in Latin America. Newly elected Dilma Rouseff, the first female president, has continued the work of Lula in promoting growth, fiscal austerity, and government transparency (Central Intelligence Agency, 2011).

An Innovative Approach to Development: Brazil in Indicators

Our research of Brazil is principally based on the innovative and alternative forms which Brazil's development has taken. Thus, it is useful to see where Brazil ranks in the most commonly used development indicators.

Global Competitiveness Index

In the Global Competitiveness Index (GCI) put together by the World Economic Forum, Brazil ranks 58th in the world and 8th in the Americas. It ranks above its neighbors Paraguay, Uruguay and Bolivia, among others, but below countries such as Chile, Puerto Rico and Costa Rica. The GCI is based on factors such as public institutions, property rights, ethics and corruption and diversion of public funds.

Rankings - GCI Global Competitiveness Index 2010-2011

Country/Economy	Rank	Score
United States	4	5.43
Canada	10	5.30
Chile	30	4.69
Puerto Rico	41	4.49
Barbados	43	4.45
Panama	53	4.33
Costa Rica	56	4.31
Brazil	58	4.28
Uruguay	64	4.23
Mexico	66	4.19
Colombia	68	4.14
Peru	73	4.11
Guatemala	78	4.04
El Salvador	82	3.99
Trinidad and Tobago	84	3.97
Argentina	87	3.95
Honduras	91	3.89
Jamaica	95	3.85
Dominican Republic	101	3.72
Ecuador	105	3.65
Bolivia	108	3.64
Guyana	110	3.62
Nicaragua	112	3.57
Paraguay	120	3.49
Venezuela	122	3.48

Human Development Index

In the Human Development Index (HDI), put together by the United Nations Development Programme, Brazil ranks 73rd overall. The HDI "measures the average achievements in a country in three basic dimensions of human development: a long and healthy

life, access to knowledge and a decent standard of living." Brazil falls only slightly below the average for Latin America in HDI trends (in 2010, HDI for Brazil was 0.699; for Latin America and the Caribbean it was 0.706). It is important to note the difference between the HDI rank (0.699) and the inequality-adjusted HDI value (0.509). This substantial difference illustrates the still large income that exists in Brazilian society.

BRAZIL: Country profile of human development indicators

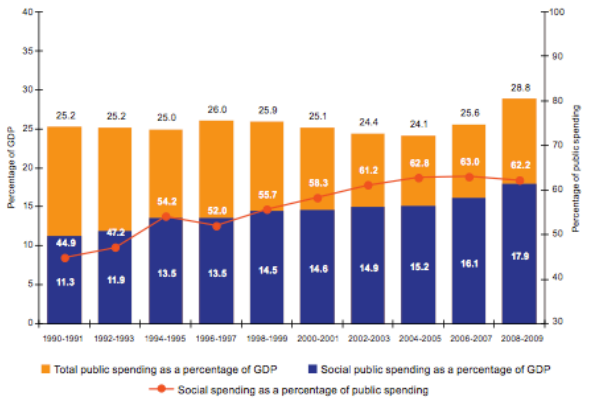
Health	Life expectancy at birth (years) 72.9
Education	Mean years of schooling (of adults) (years) 7.2
Income	GNI per capita (2008 PPP US$) LN 9.3
Inequality	Inequality-adjusted HDI value 0.509
Poverty	Multidimensional poverty index (k greater than or equal to 3) 0.039
Gender	Gender Inequality Index, value 0.631
Sustainability	Adjusted net savings (% of GNI) 5.2
Human Security	Refugees (thousands) 1.4
Composite Indices	HDI value 0.699
Human Development Index	Rank 73

Social Spending

Exemplifying Brazil's innovative programs are its social programs which intend to help its most vulnerable populations. The accompanying graph illustrates the overall increase in social public spending as a percent of GDP in Latin America over the past two decades. It

LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES): TOTAL PUBLIC SPENDING [a] AND SOCIAL PUBLIC SPENDING, AND SOCIAL PUBLIC SPENDING AS A PROPORTION OF TOTAL PUBLIC SPENDING, 1990-1991 TO 2008-2009

(Percentages of GDP and of total public spending)

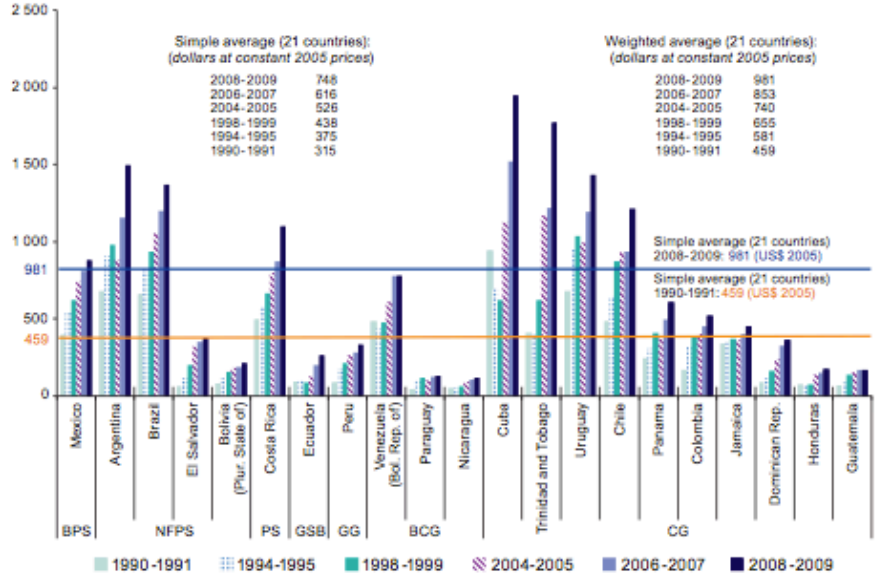


Source: Economic Commission for Latin America and the Caribbean (ECLAC), social expenditure database.

[a] Official figures using a functional classification of spending, which may not coincide with those obtained from an economic classification of spending.

is important to recognize that the social spending exemplified by the policies discussed in this paper, is part of a larger trend on the continent. Nevertheless, Brazil is one of the more progressive nations, as exemplified by the following graph which illustrates per capita social public spending. While Brazil has had above average rates of social spending throughout the

Figure 18
LATIN AMERICA AND THE CARIBBEAN (21 COUNTRIES): PER CAPITA SOCIAL PUBLIC SPENDING, 1990-1991 TO 2008-2009
(Dollars at constant 2005 prices)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), social expenditure database.

[a] BPS, budgetary public sector; NFPS, non-financial public sector; PS, public sector; GSB, General State budget; GG, general government; BCG, budgetary central government; CG, central government.

1990s, likely due to the "derecho social" established in the 1988 Constitution, Brazil has had elevated levels of growth in the late 2000s. It now boasts one of the highest levels of per capita social spending in Latin America and the Caribbean. Thus, this paper seeks to expand on these high levels of social spending, looking at the progressive policies Brazil has passed and what their impacts have been. This paper explores three such areas.

Layout

The following topics this paper will discuss include: the favela movement in Brazil and

the need for infrastructure development, health care policy with a focus on resources for the HIV/AIDS population, and lastly, the conditional cash transfer program of Bolsa Família.

Favelas:

The favela movement is a challenge for the growing urban centers of Brazil. Favela is the Portuguese name given to shanty towns or informal communities built upon private or public land. The rapid urbanization movement has created a severe housing shortage of 10 million homes. Moreover, a lack of infrastructure and social policy has further marginalized populations. These populations are physically segregated from the city and are exposed to harsh discrimination socially and politically. Historically, social policies have denied these populations rights to the city, however, this is being challenged and reversed with the recent incorporation of social inclusion into policies and government support.

Health Care:

Health policy in Brazil has been innovative in that it intends to provide universal health care to all its citizens. This stemmed from the 1988 Constitution which established the right to healthcare. SUS, or the unified health system, is a decentralized system that shifted all the power to the municipalities in order to reach and care citizens more efficiently. SUS has continued to grow and two very important programs have emerged. The Family Health Care program was designed to reach out in a more personal way to the citizens, especially those in rural areas where healthcare was not accessible. The second commendable program is the HIV/AIDS program which has been revolutionary and now functions an example to every other country worldwide in their attempt to combat and treat this disease. Although Brazil's new healthcare system has benefitted many people in the country who otherwise would not have had access to care, the questions have turned to how universal it really is. Is enough money being invested to the

system in order to keep it growing and successful? What does the future hold for the health care system and how can it overcome current obstacles to continue to help those most in need?

Bolsa Família:

Brazil has historically been one of the most unequal countries in the world. Bolsa Família is a conditional cash transfer program implemented under Lula da Silva in 2003 which integrated and expanded the reach of four previous social programs. The program seeks to reduce poverty and inequality in Brazil through fostering the development of human capital, thus targeting both today's and tomorrow's poverty. In order to receive the monetary transfers, families must send their children to school and take them for regular health check-ups, among other conditions. This section of the paper will give a detailed outline of the requirements and conditions necessary to participate in the program and will also discuss the results regarding poverty and inequality, education and health. It will conclude with a discussion of criticisms the program has received along with challenges for the future.

We see these issues – housing, health, and poverty/inequality – not only as representative of the challenges Brazil faces, especially with respect to infrastructure, but also as progressive initiatives which have the potential to set an example for the world.

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The Political Economy of Brazil

By: Emily Miller

In understanding the state of Brazil today and the challenges the country faces, it is useful to understand how Brazilian society developed into its present state. This section presents a brief overview of the nation's political economy trajectory.

The Early Years: Independence through the Great Depression

Brazil's independence was significantly less bloody than that of its neighbors. Brazil largely owes its independence to the fact that Napoleon's army invaded Portugal. In response the royal court fled to Brazil, quite enjoying the colony and prolonging their staying longer than was explicitly necessary. The king's son in the end chose to remain there and proclaimed Brazil's independence in 1822. Dom Pedro thus became Brazil's first monarch. This is in an important distinction from other Latin American nations which suffered divisive wars of independence (Wiarda and Kline 133-134).

In a historic war with Paraguay from 1864-1867 that devastated Paraguay for decades, doubts began to arise within Brazil regarding the war and more specifically about their unrepresentative form of government. The monarchy was eventually overthrown and the Republic of Brazil was proclaimed on November 15, 1889 (Wiarda and Kline 135). This republic was primarily dominated by oligarchic rule in which landed interests were the most powerful. By 1915, the important and monopolistic role in politics played by the wealthy few was apparent. Before 1930 only 3.5% of the population had the ability to vote in the presidential elections, as only literate male adults were able to vote (Wiarda and Kline 139).

In the 18th and 19th centuries Brazil's economy, like the rest of Latin America, was an export economy. Agricultural export-led growth fell into the traditional boom and bust cycles. Sugar dominated the economy in the 19th century, while rubber took over in the early 20th

century. Coffee was a consistent stronghold of the economy, however the need to plant trees 6 years in advance required an almost impossible prediction of demand. Due to high levels of economic dependence on exports, the significant devaluation of their currency and drastic contraction in world demand caused by the Great Depression devastated Brazil's economy, as with the majority of Latin America. The demand for Brazilian coffee sharply fell from 75% of the world market in 1900 to 67% in 1930. The crash of 1929 in the United States prompted industrialization in much of Latin America, Brazil included, as the nations sought to reduce their economic dependence on other nations. Heavy industries such as steel and automobile production grew rapidly in Brazil, and a surge in urbanization resulted. By 1960, industrial production was up to more than 25% of GDP (Skidmore and Smith 147-151).

The Estado Novo: 1930-1945

Key regions such as Sao Paulo and Minas Gerais played an important role in national politics. Typically, presidential candidates came from one of the two regions, alternating each term in a pattern dubbed "café com leite", or "coffee with milk" after the agricultural products of the two states. However, this tradition was broken as Getúlio Vargas (from Minas Gerais) was deprived of the candidacy. Feeling robbed of victory, he took the capital with a minimum of force (Skidmore and Smith 157-158). This led Brazil into the Estado Novo (New State) era and began the period of populism (1930-1964). Vargas sought to rebuild Brazil's economy after the collapse of the coffee market due to the Great Depression, focusing on economic stimulus, tax breaks, and heavy tariffs (Skidmore and Smith 161). In this way, the Great Depression marked the end of the agro-exporting model, and the beginning of import-substitution industrialization (ISI). The ISI model was characterized by a central role for the state in regulation of the economic activity, the provision of incentives and production, and state-controlled enterprises

often in control of natural resources such as oil and minerals (Santiso 118).

Vargas was later termed the "father of the poor, as he created the social security system, state enterprises and a new labor code, and nationalized various economic institutions and natural resources". In Vargas' first term in power the state remained largely a corporatist model, heavily dependent on pleasing specific interest groups. Between 1937 and 1945, however, Vargas sought to preserve his position of power and assumed dictatorial tendencies, centralizing power, imposing censorship, and suspending Congress and political parties (Wiarda and Kline 140).

Brazil did not enter WWII until 1942, but finally did so on the side of the Allied powers. In fighting to support democracy, demands within Brazil for a freer system increased. In October 1945 Vargas was ushered out by military officers and Gaspar Dutra became president (Skidmore and Smith 163). A new constitution was written in 1946 which guaranteed civil liberties and free elections, however a large degree of centralization was maintained. Dutra committed suicide (avoiding a possible coup) after one of his aides was involved in an assassination attempt of an opposition journalist, which resulted in the killing on an air force major instead. In 1950, Vargas returned to power after being popularly elected (Wiarda and Kline 141).

The Second Republic: 1946-1964

During the period of the Second Republic, industrialization was the primary focus. Petrobras, the Brazilian state oil enterprise, was also founded during this time. In 1955, Juscelino Kubitshek became president and attempted the infamous "fifty years of progress in five," his promise actually resulting in "40 years' inflation in four" (Crow 865). His agenda included large investments in public works projects, new universities, and infrastructural projects such as major highways and airports. The capital was also moved inward to Brasilia – a highly

ambitious move. Although important in transitioning to a modern state, such projects were pushed too quickly and thus resulted in large amounts of debt (Wiarda and Kline 141).

Jânio Quadros followed Kubitshek and reformed exchange controls, ended consumer subsidies and curtailed printing of money. Although necessary to stem inflation, these changes drastically hurt the poor, thus eroding his support base. He resigned abruptly, leaving João Goulart (vice-president under Kubitshek and Minister of Labor under Vargas) in power. Goulart was in China when this occurred and by the time he returned to Brazil, the deck had been stacked against him. While he was still away, a prime minister position was created for the sole purpose of reducing his power as president. Goulart spent much of his term working to undo this, finally succeeding but accomplishing little else.

A populist and demagogic man, Goulart did manage to create institutions for organizing workers. This was highly problematic, however, because in mobilizing peasants as well as workers he created the conditions for a *class-wide* worker-peasant alliance, a serious threat to elites ((Skidmore and Smith 171). As a result, the military (aligned with the middle and upper classes) "exercised its longstanding veto power" and proceeded to create a bureaucratic-authoritarian regime. This bloodless takeover exemplified the historical role of the military as a moderating power (poder moderador), intervening on occasion to ensure "order and progress" (Wiarda and Kline 143).

The Military Dictatorship: 1964-1985

Although not as clear-cut in terms of ideology as Pinochet in Chile, the military dictatorship in Brazil intended to transform Brazil into a "modern capitalist economy," promoting economic development through a combination of export led growth and industrialization. This entailed increasing the production of manufactured goods through

modernizing the industrial base and increasing investment in energy, telecommunications, transportation, mining and agriculture. The large quantity of borrowed capital necessary to finance this led to great debt burdens in the 1980s (Galano 325). Although Brazil did enjoy high levels of economic growth in the late 1960s and early 1970s (during which manufactured goods replace coffee as the country's leading export), Brazil suffered from soaring debt, record high inflation levels and rising inequality starting in 1974 (Skidmore and Smith 172).

Like other dictatorships in Latin America, press censorship, torture, disappearances of political activists, trade unionists and journalists, a restrictive Constitution, and stifled freedom of speech accompanied these unpopular economic changes. The greatest human rights abuses occurred under Emíllio Médici (1969-1974), ironically during the most successful economic growth period. Only recently has a Truth Commission been formed in Brazil to review these past injustices.[1]

The first military president was Humberto Castello Branco, a reasonable man who saw himself as a transition to a civilian president. He intended to maintain democracy and leave power after completing the remainder of Goulart's term (planning to restore civilian rule in 1966). Nevertheless the military, in favor a long period of apolitical government, argued for a prolonged stay in power. Military hard-liners pushed for the purging of legislators, suppression of direct elections and firing of civil servants as part of a "long recuperation." Even relatively moderate military members felt a brief period of reorganization was necessary to return Brazil to "the electoral democracy recently endangered by irresponsible politicians" (Skidmore and Smith 172). Military hard-liners accordingly forced Branco's hand in purging Congress of left-wing and populist supporters.

[1] For more on this, see "Truth Commission Formed in Brazil."

Nevertheless, Branco was credited with laying the foundation for the economic growth seen in the 1970s, dubbed the "Brazilian Miracle" during which GDP grew at 11% annually. Such reforms included an overhaul of the banking system leading the creation of Central Bank, the institutionalization of the stock market and government securities, and the simplification of export regulations. Government subsidies were eliminated, wage hikes were ended and foreign direct investment was increased ("Brazil Toward Stability"). Roberto Campos, the Minister of Economic Planning at the time, argued that capitalism had not failed in Brazil because it had not yet been tried (Skidmore and Smith 172).

With the populist left suppressed, the foundation was laid for future authoritarian governments. Two institutional acts further ensured this: Ato Instiucional[2] 1 (AI 1) proclaimed the unchecked ability of the president to change the constitution and remove anyone from office, AI 2 ensured the president would be elected indirectly, thus allowing the current president to hand-pick his successor. Political parties were abolished and two political organizations were established: the National Renovating Alliance (the military government's party) and a single opposition party, the Brazilian democratic movement (Wiarda and Kline 144).

In 1969 under Artur da Costa e Silva's presidency (1967-1969), rebels kidnapped the US Ambassador to Brazil and demanded the release of imprisoned dissidents. An increase in protests during this period was matched by greater measures of counter-insurgency (Skidmore and Smith 172). AI 5 suspended habeas corpus, shut down all branches of the government other than the executive and declared a national state of siege. By the end of 1970 the minimum wage was so low, Brazilian workers with their wages tied to it had lost 50% of their purchasing power compared to 1960 ("Raising the Ransom Price").

[2] Institutional Act in English.

The oil shock of 1973 resulted in a serious debt crisis, as substantial amounts of foreign borrowing were necessary to finance the current account. Importantly, the oil shock of led to the *abertura* – an opening toward the eventual resumption of democracy (Wiarda and Kline 144). General Ernesto Geisel (1974-1979) led a less oppressive rule, striving to achieve "the maximum of development possible with the minimum of indispensable security." Brazil was opened up to foreign oil companies for the first time since the 1950s. Geisel allowed exiles to return, restored habeas corpus and repealed the extraordinary powers granted by AI 5. A second oil shock of 1979 further increased Brazil's debt burden, reaching exorbitant levels in the 1980s as is quite evident in Figure 1.

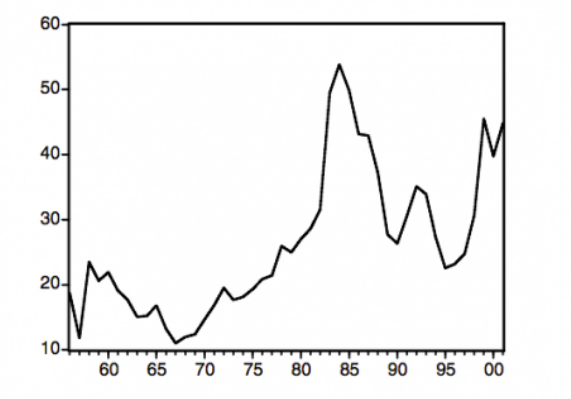

Figure 1: Ratio of Foreign Debt to GDP

Source: Instituto de Pesquisa Econômica Aplicada (IPEA) data, available at ipeadata.gov.br/ipeaweb.dll.

The 1980s, as elsewhere in Latin America, was characterized by the end of the dictatorship and the debilitating effects of chronic inflation and stagnant economies. For these reasons, the 1980s in Latin America is often termed the "lost decade." In 1982, Brazil had the largest foreign debt in the world at $87 billion. In 1983, President João Baptista (1979-1985, final president in the military dictatorship) imposed an austerity program in conjunction with the IMF[3] which allowed Brazil to make interest payments on its debt and earn a trade surplus. However inflation continued to soar to record heights, reaching 2,398% in 1990 (Skidmore and Smith 172).

The Return to Democracy and an Unruly Economy: 1985-2002

Tancredo Neves consolidated various groups which were in favor of replacing the

[3] It should be noted that in 2005, Brazil (under Lula) severed ties with the IMF, preferring to "go it alone" as the funding for desired infrastructure improvements would have exceeded IMF-imposed budget constraints. Kirchner in Argentina followed suit by prepaying its debt with the IMF.

military with democracy. José Sarney, Neves' vice-president, was added to the ticket at the last minute to appeal to those who had originally supported the military but were now "jumping on the civilian bandwagon" (Wiarda and Kline 146). Although Neves was elected, he fell ill the day before the inauguration. Sarney took office (1985-1990) and Neves died soon after.

In 1988, a new constitution was created and democracy was fully in place. Presidential terms were limited to five years. The period after the dictatorship can be characterized as a seemingly endless stream of stabilization reforms in a desperate attempt to control hyperinflation that held Brazil hostage during the 1970s and 1980s. Various economic stabilization efforts took place in 1953-54, 1955-56, 1958-59, 1961, the Cruzado Plan of 1986, the Bresser Plan of 1987, the summer plan of 1989, the Collor Plans of 1991 and 1992 (Skidmore and Smith 169; Santiso 117), and the Plano Real of 1994. Stabilization programs typically meant falling real wages, a reduction of government deficit, and painful reductions in credit. Sarney's economic policy (the Cruzado Plan) led to short terms successes, but was unable to ebb inflation in the long run (Wiarda and Kline 146).

Fernando Collor (1990-1992) was the first president to be directly elected by the people after the military regime.[4] He implemented ambitious neoliberal reforms (with mixed results) yet eventually became enmeshed in corruption and favoritism. He was accused of receiving money from private companies for profitable contracts. This resulted in his impeachment in 1992, which was truly a testament to the strength of democracy in Brazil. He was replaced by Itamar Franco (1992-1995), who inherited exorbitant levels of inflation: 2,490% in 1993. Together with Cardoso, at the time his finance minister, Franco implemented another series of economic reforms called the Plano Real, which finally put an end to the stream of stabilization

[4] He was also the youngest president in Brazil's history.

programs and brought hyperinflation under control in two years. This stabilization plan notably entailed the creation of a new currency altogether: the real. Drawing off his success as finance minister, Feranando Cardoso went on to become president (1995-2002). He became known for following IMF suggestions to the tee, such as floating the *real*, and privatizing important state enterprises to attract foreign investment. Capital flight slowed, but this came at the cost of economic growth. During this period, Brazil also joined MERCOSUR (Skidmore and Smith 177-178).

Social Spending + Economic Orthodoxy: 2003-present

Lula da Silva took office in 2003, after three prior unsuccessful attempts at the presidency. As international markets reflected, there was widespread concern that he would not maintain Cardoso's tight fiscal policy but rather would pursue more socialist economic policies. Much to their surprise and relief, Lula chose orthodox figures for important economic policy positions and actually managed to push through some of Cardoso's reforms that had been previously stalled (Santiso 125-129). The main difference between Lula and Cardoso was not in economic policy but rather in social policy. For example, the conditional cash transfer policy, Bolsa Família (to be discussed in a later section of this paper), became a priority of his administration. Dilma Rouseff, Lula's chief-of-staff was hand-picked as his successor and was elected in 2010. She is the first female president of Brazil and is continuing Lula's pragmatic policies toward development.[5,6]

A Few "Traditional" Features of Brazilian Politics

It is worth pointing out a few specific characteristics common to Brazilian politics. First is the important role of labor, a particularly strong interest group. The Workers' Party (PT) has

[5] For more on Dilma's administration and policies, see "Dilma holds her own."
[6] For more on the design of Brazil's political system, see the Politics section of "Brazil Basics."

historically been the strongest opposition to neoliberal policies, instead pushing for state-led development (Wiarda and Kline 149). Notably in 1980, metalworkers in Sao Paulo shut down the automobile industry for three weeks and Lula (their then leader) was jailed. Secondly, the strength of the president in Brazil should be mentioned. Although not to the extent seen in Venezuela, the president of Brazil holds substantial power as he chooses and heads a cabinet, and coordinates the action of all ministries. Finally, *papelada* (bureaucratic red tape) and corruption[7] are widespread in Brazil. Both lead to systematic inefficiencies and the importance of personal and political linkages over merit and efficiency (Wiarda and Kline 139-154).

Foreign Policy

In terms of foreign policy, Brazil has a history of commitment of multilateralism, as exemplified by its participation in various treaties and international organizations, such as the UN, WTO and MERCOSUR. In the 1990s and 2000s, Brazil sought to integrate itself competitively into the global economy, and has seen its identity shift from a "Latin American country" to a "South American power" (Soares and Hirst 25-29). Lula's furthering of Brazil's democracy can been seen as an attempt to promote regional political stability and as a step towards an increased global presence (advanced by its increased regional presence). Overall in Brazil, foreign policy has had a strong developmentalist component as Brazil has sought collaboration with countries of similar interests, deepening trade and cooperation in infrastructure projects. Especially since 2003 when Lula came to power, this same focus on development has been mirrored in social policies at home through the increasing articulation of national projects focused on social inequalities. As Soares and Hirst state, "the government's assertive and activist foreign policy and its fight against poverty and unequal income distribution

[7] For more on corruption in Dilma's administration, see "The Latest on Corruption."

at home can be viewed as two sides of the same coin" (21-22). Examples of Brazil's focus on social domestic issues are discussed in the following sections.

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Brazil's Innovative Approaches to Favela Populations

By: Logan Blouin

Introduction

UN forecasts declare by the year 2007 our world will become predominantly urban. For the first time in history, more people will be living in cities than in rural areas. Moreover, according to UN projections all of the population growth in the world over the following 25 years will be concentrated in developing countries. The cities of developing countries will experience the growth, but the vast majority will be people living in slums and squatter settlements. These informal settlements are referred to as "subnormal agglomerations"; they currently account for 30% to 60% of the urban populations of Asia, Africa, and Latin America (Perlman 3).

The existence and expansion of the favela population brings to the forefront the segregation between the formal city and the informal sectors of urban Brazil. These informal communities are the direct result of a combination of factors: intensive migration and restricted access to land and housing, high costs of housing production, high inflation, unequal income distribution, and insufficient policy (Fernandez 213). "Advanced Marginality" a term used by sociologist Loïc Wacquant argues that in the late stages of global capitalism there exist disconnected ghettos of concentrated outcasts for which society has no use, and who will have little hope for exit (Fernandez 4).

In Brazil the poor created their own space, occupying vacant areas close to the city centers because of the high cost of transportation and the greater availability of services and jobs in town. The urbanization process and establishment of favelas began in the 1930s; from their inception they lacked State presence. The cities remained fragmented and functionally ungoverned. This fragmentation gave way to the formation of neighborhood associations to

ensure public good (Soares and Soares 1).

The absence of regular provisions of city services and public services such as sewerage, electricity, and security remain under-provided. Favelas have been excluded from public safety nets and urban infrastructure with the informal settlements lacking road systems and anything more than a minimum balance between public spaces and residential areas. There also exists a silent approval of the occupation of steep and unsafe hills (Fernandez 222). Negative environmental and health hazards such as high rates of disease and fatal mudslides are a constant reality.

The current estimate of the housing shortage in Brazil is 10 million (Soares and Soares). The urban development of cities and the occupation of private and public land are not uncommon and do not solely pertain to Brazils largest cities such as Recife in the north or Rio de Janeiro in the south. Favelas exist in 80% of cities with 100,000 to 500,000 inhabitant and 45% of the cities with 20,000 to 100,000 inhabitants in Brazil (Fernandes, Constructing The 'Right To The City' in Brazil 203). The favela movements have long been seen as destabilizing forms of radical social action and the favelados are immediately identified as illegitimate tenants challenging institutional order (Soares and Soares). Perlman explains, “The stigma of living in a favela is more pernicious than that of color, class or gender” (7).

The fragmented favelas take the socio-geographical form of urban enclaves. The relationship of the enclaves was never properly acknowledged by the city, hence the lack of development and state presence. The lack of recognition consequently leaves the opportunity for discrimination and violence against the favelados (Fernandez 222). In order to protect themselves the residents rely on their own means, enacting isolation, control, separation, and distancing from the outside. As a result of the public isolation, stigma and criminalization of the

favelados, the police do not serve to *protect* the population but rather to *control* the marginalized population (Arias and Rodrigues 59).

The recent prosperity of Brazil, the success of food exports and recent discovery of oil reserves have fueled development. Nevertheless, the millennium development goals of Brazil reflect the deeply rooted social problems. They highlight the eradication of poverty and hunger, promotion of gender equality, universal primary education, reduction of child mortality, improvement of maternal health, combating HIV/AIDS, environmental sustainability and global partnership of development (MDG Country Profiles). While Brazilian citizens are subject to discrimination from banks and employers, and work against a complex bureaucracy to own land, where does sufficient and dignified housing become a reality or a priority (Schaller)?

Development and Urban Policy

To better understand the progression of the state response to the favela movement we must understand the past and current policies that seek to help (or control) the favela population. The rapid growth and urbanization of Brazil has ignited significant growth and immigration to its major cities. As of 2005, 84.2% of Brazil's population lived in urban areas. This was the fifth highest rate in Latin America (see table below).

	Percentage of National Population in Urban Areas				
Country	*1850*	*1910*	*1950*	*1970*	*2005*
Argentina	12.0	28.4	65.3	78.9	90.1
Bolivia	4.0	9.2	33.8	39.8	64.2
Brazil	7.0	9.8	36.2	55.8	84.2
Chile	5.9	24.2	58.4	75.2	87.6
Colombia	3.0	7.3	42.1	56.6	72.7
Ecuador	6.0	12.0	28.3	39.3	62.8
Paraguay	4.0	17.7	34.6	37.1	58.5
Peru	5.9	5.4	41.0	57.4	72.6
Uruguay	13.0	26.0	77.9	82.4	92.0
Venezuela	7.0	9.0	46.8	71.6	93.4

Sources: Clawson, David L., *Latin America and the Caribbean: Lands and Peoples,* McGraw-Hill, 2006, p. 350; Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Urbanization Prospects: The 2005 Revision*, http://esa.un.org/unup, June 25, 2006.

Out of the top ten most populated metropolitan areas of South America, six out of the ten cities are Brazilian cities.

	Population (in thousands)				
Metropolitan Area, Ranked by 2005 Estimates	*1930*	*1950*	*1970*	*1990*	*2005*
1. São Paulo, Brazil	1,000	2,334	7,620	14,776	18,333
2. Buenos Aires, Argentina	2,000	5,098	8,105	10,513	12,550
3. Rio de Janeiro, Brazil	1,500	2,950	6,637	9,595	11,469
4. Bogotá, Colombia	235	676	2,391	4,905	7,747
5. Lima, Peru	250	973	2,927	5,825	7,186
6. Santiago, Chile	600	1,322	2,647	4,616	5,683
7. Belo Horizonte, Brazil	350	412	1,485	3,548	5,304
8. Porto Alegre, Brazil	220	488	1,398	2,934	3,795
9. Recife, Brazil	300	661	1,638	2,690	3,527
10. Salvador, Brazil	350	403	1,069	2,331	3,331

Sources: Charles S. Sargent, "The Latin American City," in Brian W. Blouet and Olwyn M. Blouet, *Latin America and the Caribbean: A Systematic and Regional Survey,* p. 188; Population Division of the Department of Economic and Social Affairs of the United Nations Secretariat, *World Urbanization Prospects: The 2005 Revision*, http://esa.un.org/unup, June 25, 2006.

Prior to the 1950s, society and state response to the favela movement sought to eradicate settlements and relocate the favelados, but only as a secondary objective. The populations that were removed were taken to distant places, lacking urban infrastructure thus allowing for the creation of new favelas. Belo Horizonte of Minas Gerais saw evictions and removals in the 1930s under the grounds of sanitation and urbanization works within the occupied settlements. Despite the state's justifications, the true motives were the economic interests in the growing city (Fernandez 215).

The church was the only body implementing neighborhood improvement projects, and providing urbanization and social services to favelas. The actions by the Catholic Church served as a catalyst for the change in perception of the favelados (Fernandez 215). During the 1940s up until 1963 the intense urban growth of Brazil and Rio de Janeiro saw the emergence of collective action movements amidst the transition into the dictatorship period (Arias and Rodrigues 55).

As mentioned earlier, the military dictatorship (1964-1985) sought to modernize and transform Brazil into a true a capitalist economy with its sights set on great economic growth. However, soaring debt, record high inflation levels, rising inequality and widespread censorship

and torture/disappearances became the reality of the time period. Despite the physical danger, trade unions, civic organizations, social movements, and the progressive branch of the Catholic Church supported the growing social mobilization of Brazil from the 1970s to the 1980s. The first attempts to democratize urban management at the municipal level appear during this time period (Fernandes, Implementing the urban reform agenda in Brazil 179).

From the 1960s until the 1980s, the local resident associations were the arenas of local political power and the "proving ground" for home grown activists. These grassroots movements led by the favela dwellers were a reaction to policies of favela eradication in the 1960s. In turn, the "old" notion that squatter settlements are an eyesore that must be eradicated had been replaced by the continued formation of community solidarity and mutual support (Perlman 4).

The dictatorship implemented a policy approach to deal with the favelas of Rio de Janeiro, which was later instituted in other cities in the country. This "new" policy combined old practices with the invention of several new practices, which had lasting effects. The policy entailed massive eradication, removal to "embryo houses" and apartments in the periphery of the city. The elimination of the physical existence favelas was done by taking advantage of the cheaper prices of suburban land, converting the favelados into landowners of normal houses in the city. The combination of old practices with the creation of the National Housing Bank at the time was a well-developed method of dealing with the urban movement (Portes 6).

The downfall of having a bank run the program was the economic lens through which it carried out the program. The program perpetuated the occupation by the poor of valuable land in the city's residential south zone, eliminated incentives to private construction, and did not take into account the economic restrictions of the favelados. The program isolated favela dwellers

from employment, and participants were made to pay for housing. The payments would not exceed more than 25% of their income, which was later reduced to 18%. The removed favelados were also required to pay for additional services of water, electricity, and gas. The program thus led to massive default on payments at an estimated 77% of all participants (Portes 6).

In 1988 the Federal Constitution set legal and political promise for Brazil's development, which has progressed and developed over the last twenty-three years. Specifically, it laid the basis for the promotion of urban reform in Brazil. There were no constitutional provisions to guide the process of land development and urban management before this time (Fernandes, Implementing the urban reform agenda in Brazil 179). Thus, the constitution contained an improved approach to urban infrastructure, particularly on the matter of land use and controls.

During the re-democratization of the country, a national urban reform movement supported by trade unions and academic organizations continued to grow (Fernandes, Implementing the urban reform agenda in Brazil 179). Most housing programs in the 1980s were undertaken by the states or by federal agencies. The housing programs continued to build in areas far away from city centers in areas that lacked basic infrastructure. The states and municipalities were directed by the 1988 Constitution in the promotion of housing construction programs. Improvements of the existing conditions, housing, and sanitation were the main objectives. Combating the causes of marginalization through the promotion of social integration of the less favored settlements and the right to urban 'usucapio' was the new mission.

Usucapio or usucaption refers to the ownership of property gained by the lapse of time. Usucapio was granted to those who occupied private areas less than $250m^2$ for more than five years (Fernandes, Implementing the urban reform agenda in Brazil 179). The 1988 socially oriented constitution challenged the 1916 liberal legal code, according to which the interests of

property owners exclusively determined the economic exploitation of real property. The new urban policy amendments of the 1988 constitution reflected the view that private property should be recognized by the state when it accomplishes a social function, granting the favela dwellers a place and a space in the city.

Drug Trafficking

Though it is outside the scope of this paper to fully cover and expand upon the emergence of drug trafficking and violence within Brazil, most specifically in the favelas, it is nevertheless important to address briefly here. The historical lack of state presence within favelas allowed for the excluded settlements to create their own order and support networks, first appearing in the form of housing associations, but later through the protection of drug trafficking cartels. The growth of drug trafficking is traced to the emergence of Andean cocaine within Rio de Janeiro. Cocaine on route to Europe and North America made Rio de Janeiro one of its transshipment hubs (Penglase 61). As the illegal drugs flowed into the city over the next ten years, often concealed in favelas, the deterioration of housing associations and newfound order and stability through the drug traffickers was evident (Arias and Rodrigues 48).

It is argued that traffickers maintain order; the residents expect traffickers to resolve disputes, prevent theft, and distribute certain basic goods to the community. Traffickers who better support the community in these function and basic norms will experience longer time periods of stability. The trafficker's favela population creates a social contract of protection and order for the population as well as silence, or "lei de moro" or "lei do silencio," with respect to the actions and business of the drug traffickers (Arias and Rodrigues 62). However the presence of the drug trafficking has created a violent relationship with the state evident through invasions of favelas by the police and deadly shoot outs. These only serve to destabilize the marginalized

communities and create a dangerous reality.

Modern Policy Initiatives

More than 100,000 social organizations and individuals were involved in the urban reform movement that signed the Urban Policy Amendment. The 1988 Constitution and the Urban Policy amendments recognized the following general principles: the autonomy of municipal governments, democratic management of cities, the social right to housing, the right to regularization of consolidated informal settlements, social function of urban policy, and the need to combat land and property speculation in urban areas (Fernandes, Implementing the urban reform agenda in Brazil 180).

The new legal-urban order created by the 1988 Federal Constitutions had finally given the favela dwellers a right to the city. The years of insufficient housing policies, socio-spatial exclusion, lack of political address, stigma, and discrimination of urban development in Brazil were finally being challenged. The nature of the state action or its failure to act also created new challenges to Brazil's government.

The National Forum of Urban Planning was created in an attempt to include those on a local level. The social inclusion was directed at dismantling the elitist and technocratic past of city planning. Favelas incorporation into existing municipal land zoning was an appropriate move, allowing the newly recognized favelados to be treated within the context of urban policy and social integrations (Fernandez 222).

The creation of the NFUR in the beginning of the 1990s directly included input from locals; as a result the organization in the urban reform movement used the NFUR as an instrument to promote reform. Giving reform a voice through NFUR and combing this with the incorporation of the social right to housing called for an apparatus at the national level to

promote urban planning and policy in Brazil. In 2000 the social right to housing was approved (Fernandes, Implementing the urban reform agenda in Brazil 182).

The 2001 City Statute regulated and expanded the social right to housing and the National Fund for Social Housing. Not only did this elaborate on the "social function of property," but it also led to additional support campaigns and created new innovative and inclusive steps toward urban policy (Fernandes, Implementing the urban reform agenda in Brazil 182). Following the enactment of the 2001 City Statute, further improvements upon the legal-urban order of Brazil have been enacted through federal laws. These laws regulate inter municipal consortia, public-private partnerships, and the creation of national fund for social housing (Fernandes, Constructing The 'Right To The City' in Brazil 214).

Moreover, municipalities were given increased ability and scope in interfering with/ possibly reversing social exclusion and spatial segregation (Fernandes, Implementing the urban reform agenda in Brazil 182). All of these new changes enacted at the municipal and state level supported the incorporation and recognition of stakeholders. Social partnerships also legitimated the work of the city statute. Through these partnerships councils were created, and reports on environmental and neighborhood impact, population initiatives for the proposal of urban laws, public litigation and perhaps most importantly, the practices of a participatory budgeting process were produced (Fernandes, Implementing the urban reform agenda in Brazil 182).

In 2003, Lula de Silva implemented the Ministry of Cities' national campaign which encouraged municipalities to act through collaboration. In the Ministry of Cities, the executive secretariat presides over four national cities: housing, environmental sanitation, transportation and mobility, and urban programs (Fernandes, Implementing the urban reform agenda in Brazil 184). The aim was to unite these main social issues with development goals. It also initiated the

training for and drafting of Municipal Master Plans. The national campaign for Participatory Municipal Master Plans required the 1,700+ Brazilian municipalities with a population level of more than 20,000 to create and approve master plans in 5 years.

The Nation Conferences of Cities held in 2003 and in 2005 produced proposals and elections for city and state delegates. About 2,800 delegates discussed the initial national policy on urban development. The specific proposals consisted of sectoral housing, sanitation and transportation national policies. In the end, the National Council of Cities (NCC) was created. It is composed of 86 members, 49 representatives of civil society, and 37 representatives of federal federated states and municipalities. Members are elected for two-year terms to ensure citizen participation (Fernandes, Implementing the urban reform agenda in Brazil 187).

A great degree of the sociopolitical legitimacy in the decision-making process in urban policy has been secured through the National Council of Cities. However, the decisions and made by the NCC still need to be accepted by the federal government. The initiatives implemented in Brazil have received the 2006 UN-Habitat scroll of Honor Award. Thus, the innovation and social inclusion of Brazilian urban favelas policies have gained international praise.

In finding a balance between pragmatism and domestic interests, Brazil has presented interesting new approaches with respect to municipality collaboration and virtual networks. The virtual networks played an important role, promoting partnerships through a "bank of experiences" for 700 ongoing experiences to be shared. This led to the legal reform on a municipality-by-municipality basis. (Fernandes, Implementing the urban reform agenda in Brazil 185).

One of the programs created by the NCC is The National Program to Support Sustainable

Urban Land Regularization. The program combines intervention, articulation and mobilization strategies, financial, urban planning and political facilitation. A virtual network was created to link people and institutions over all of Brazil. One of the most innovative and successful projects was the promotion of urban land regularization course in 2006. Aimed at 900 people from several professional backgrounds and institutional positions, 3-month long course was a product of the Ministry of Cities and the virtual department of Minas Gerais Catholic University (Fernandes, Implementing the urban reform agenda in Brazil 184).

Though it has shined a light and brought visibility to long-neglected urban development, the Ministry of Cities faces the challenges of small teams and limited financial resources. In 2006 the budget for the National Fund for Housing was one billion reais. This number was decreased with only 458 million Reais being earmarked for the federal budget in 2007. Nevertheless, this decrease in federal expenditure was later met with another new federal program. The large undertaking of a multibillion-dollar infrastructure investment for Brazil was announced in 2007.

In 2007 when the Programa de Aceleração do Crescimento (PAC) was implemented, Dilma Rousseff, then chief of staff for Lula, was appointed head of the program. The overarching goals of investment within Brazil included higher employment and social benefits for the people, but also highlighted modernization of the economy, increased global competitiveness, and the improvement of relations between the private and public sectors. The PAC has a total expenditure of $872 billion dollars, and was orchestrated by government representatives, ministers from Casa Civil, Fazenda, and Planning (Moraes 12).

Minha Casa Minha Vida

My House, My Life, or Minha Casa Minha Vida, is one of the six initiatives undertaken

in the second phase of the PAC. Minha Casa Minha Vida the largest investment in Brazilian real estate, and was launched in March of 2009 with an original budget of R$ 278.2 billion (154 billion USD). Through the federal government initiative 1 million houses are in the process of being built.

Eligibility for Minha Casa Minha Vida is determined by the total income. Households with a total income of up to 3 times the minimum wage can access full allowances without paying insurance or registration fees. Households with a total income of 3 to 6 times the minimum wage can gain income supplements for loans and a 90% reduction of registration cost. Households with total income of between 6 and 10 times the minimum wage can receive a lower cost of insurance and an 80% reduction of registration fee (EcoHouse Development).

The government owned bank "Caixa Económica Federal Bank" finances the government program. Caixa is the largest public bank in Latin America and leads the Brazilian mortgage market. Through the investment in land and creation of homes, Brazil is hoping to build over three million homes by 2015. However, the relatively new program already faces criticisms.

The program only seeks to construct homes in large urban municipalities, thus people from smaller municipalities complain that the program denies them the chance of buying their own houses. This may be problematic in that it may encourage more migration to larger cities. Another reoccurring criticism of housing construction is the fact that the poor planning of where houses will be built. This results in some homes being built at the periphery of the city, which entails higher production costs and leaves families largely removed from sources of income and community ties.

Conclusion

With Brazil's economy being the 7th largest in the world not only are the favelados

depending on proper infrastructure but so does the economy as whole. In a sense Brazil is "Changing the wheels while the car is moving" (Fernandes, Implementing the urban reform agenda in Brazil 177). Brazil is attempting to implement progressive policies while maintaining its economic growth, however it lacks a solid infrastructure on which to support these initiatives. The economic power that has accompanied Brazil's transition into a time of stability and growth must address the needs of the poor, but cannot sacrifice an expanding economy. Thus, in order for the economic growth and social growth to continue there must be an increased initiative and support for equal distribution of wealth throughout the population (Schaller).

A lasting improvement in urban reform also depends upon the stability and efficiency of the country's leadership and government control, institutional change and legal reform. The continued support of newly created apparatuses such as the Ministry of Cities and The National Program to Support Sustainable Urban Land Regularization is pivotal. The council and its programs must continue to be a social arena of mobilization that dismantles social segregation and creates a collective voice for favela communities (Fernandes, Implementing the urban reform agenda in Brazil 184). The continued support and development of social programs such as PAC, which has dedicated itself to widespread infrastructure development, must confront the root causes and not just remedy the immediate problem at hands. In the end, Brazil must continue to address the ongoing effects of its historical lack of investment in its marginalized populations, because a right to the city is also a right to an urbanizing and modern world.

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Health Policy in Brazil

By: Mariana Grisales

Healthcare has become a main subject of debate worldwide as many believe health and wellbeing should be considered a guaranteed right for all. The health policy in Brazil is considered to be revolutionary as it has facilitated widespread access to healthcare. Since its inception it has proven to be successful and innovative. In this paper I will discuss the history of the healthcare policy in Brazil and the importance of granting the right to care to all citizens. I will explore Sistema Unico de Saude (SUS) which is the publicly funded healthcare program and its two divisions: the Family Programme and the HIV/AIDS program. I will attempt to identify whether the program is truly universal, reaching everyone in Brazil, and if it does not, why? I will also discuss the criticisms of the system and possible solutions which may help make the system more efficient and effective.

However first, some basic statistical information is in order. According to the World Bank, Brazil's population growth rate is 1.134%. The maternal mortality rate is 58 deaths/ 100,000 live births and the infant mortality rate is 21.17 deaths/1,000 live births. The life expectancy for males it is 68.97 years and for females it is 76.27 years. It should be noted that there is no information on people living with HIV/AIDS, neither with respect to those who are living with HIV/AIDS or who have died from it (World Bank).

History

As previously mentioned, after the end of the military regime in Brazil the Constitution of 1988 sought to establish and protect individual freedoms. In the constitution, health was recognized as a citizen's right and a duty of the state to provide for its citizens. Some of the Guiding Principles of the reform in the constitution were: health as a right of citizen, equal access, health as a component of social welfare, a single administration for the public system,

integrated and hierarchical health care, social control and social participation, and decentralization and regionalism (SUS). The Constitution of 1988 laid the foundations for the public health service known now as Sistema Unico de Saude (SUS) with the creation of the Sistema Unico e Decentralizado de Saude (SUDS) – the Unified and Decentralized Health System. Two sectors of healthcare were also established: the private health care subsector and the private health insurance subsector. The private health care subsector is financed through public and private funds. The private health insurance sector, or the supplementary system, consists of multiple health plans, tax subsidies and different insurance premiums. The private sector is clearly part of the system, however it has to be under contract and in the end, the public officials have the right to inspect and control the services that are being provided. Decentralization has become one of the most important aspects of SUS and the health care system as a whole. This is due to the fact that it transferred responsibilities and resources to local governments (municipalities) however the health care system is still funded by the federal government (Paim et. al).

Sistema Unico de Saude (SUS) or the Unified Health System

The role of the Municipal Health Secretary administers funds that are provided by the federal, state and municipal governments. Since social control and social participation were such a major component of the health reform in the constitution, health councils were created to initiate participation and thus facilitate the implementation of the policies. Health councils were established on the federal, state and local/municipal levels. This is also an important factor of the health sector's decentralization process in which power was transfered to the municipal governments. The Municipal Health Council consists of governmental institutions, providers of health services, health professionals, civil societies organizations and citizens. Its main role is to

promote discourse. This means that everyone is given a place in which they can get together to create policies and discussion. They approve annual plans and health budgets, however if the council cannot come to an agreement on something no funding is provided. Therefore, the council remains fundamental for the municipality to receive federal funds (Coelho).

The Basic Operative Norms or the Normas Operacional Basicas (NOB) help improve the functionality of the council by addressing how the municipalities will carry out the policies. It focuses transferring resources from the federal government ,which allocates more than half of its budget to the municipalities on the existence of the municipal health council. The NOB also clearly states the guiding principles in order for the municipalities to provide the health care at its best capabilities. Two different management sectors were also created in order to benefit and better manage the system. They are the bi-partisan manager and the tri-partisan manager's commission. The bi-partisan manager's commission consisted of state and municipal representatives. The tri-partisan manager's commission consisted of federal representatives. In 1996, a new operational standard was adopted by the Ministry of Health which took effect in 1997. The NOB made regulating managing at the municipalities' level more effective in allowing them to apply for two different levels of management autonomy: one refers to the responsibility for all primary care and the other to responsibility for the municipal health system as a whole (Vera et. al).

Brazil's unified health system (SUS) is one of the largest universal health care systems in the world. It is the main supplier of health care in Brazil, providing care to 76% of the population. It has 5,900 thousand registered hospitals, maintaining an agreement with almost all public hospitals, private and university hospitals which guarantees all citizens the right to care. It also has 64,000 primary health care units and 28,000 family health care teams. Moreover, it

created the Mobile Emergency Health Care Service (SAMU) and National Policies for Women's Integral Health Care. The mobile service was created in 2003 as part of the National Emergency attention policy. It is the largest public organ and tissue transplant program: it carries out 2.3 billion outpatient procedures, an annually has 11.3 inpatient stays, 254 million medical consultations and 2.3 million babies delivered. Their national immunization program applies about 130 million vaccinations every year. They also have a project called the Farmacia Popular or the Popular Pharmacy in which certain drugs are provided to people at very low costs. Drugs for diabetics, to treat high cholesterol and various others are becoming available to the public. There are about 520 drugstores now available nationwide, a substantial increase from the initial 27 drugstores. In 2006, a new project called Aqui tem Farmacia Popular (There is a Popular Drugstore Here) began. This allowed people to purchase up to three different types of medicine in a private pharmacy and only pay 10% of the cost, with the federal government covering the remainder. A health line was also created called Disque Saúde which provides users of SUS health advice and information. It also gives them a way to voice complaints about any irregularities in the health care that is being provided, or to raise suggestions on how to improve the care. There is also another line specifically addressing women needs and care called the Disque Saúde da Mulher (Health).

Family Health Program

The family health program is a division of SUS which began in 1994 was to be completely dedicated to families, as the name suggests, in order to spread the care to additional groups of people. It also became one of the most, if not the most important, division of SUS. It is based on multidisciplinary teams, comprised of a doctor, a nurse, a nurse auxiliary and four to six community health workers that work in health units located in geographically defined areas,

each covering no more than 5000 residents. Community health workers are responsible for up to 120 families in a defined area and aim to provide home visits to every household at least once a month. The care is supposed to enhance the relationship between the residents in the given area with the health providers given that it is in a smaller defined place. The personal attention is hoped to increase the benefit to residents, as there is a better network of communication. In other words, the health providers are more aware of the conditions that most of these people are facing. This also enhances the ability of community health workers to distribute information and teach the residents about certain health issues. Finally, it gives the people who are unable to go to one of the clinics in the rural or very poor areas a chance to receive health care.

In order to recruit qualified personnel to the program, the Ministry of Health created regional training centers. The municipalities have also been able to invest in better technology such as regulatory systems, increase service supplies, create clinical guidelines, and use electronic medical records in order to incorporate them into specialized systems for more individualized care. People have found these community based teams to be helpful, as they provide referrals which allow for treatment in specialized hospitals. The teams have also succeeded in preventing the worsening of diseases in the area as they have become accustomed to the different external factors that can hinder any of the residents living in those rural areas. Although, at first the family program was intended only for the people living in rural areas, the program has grown and expanded to urban areas where these teams have begun to help residents and set up health clinics (Departamento de Atenção Básica).

HIV/AIDS Program

The HIV/AIDS program in Brazil has been a program that has effectively been able to curb the spread of the disease and create specific and helpful ways to treat those living with

HIV/AIDS. The first case of AIDS in Brazil was in 1982. In 1985, the government set up the National AIDS Program (NAP) in association with different civil society groups. These society groups wanted to ensure the government was aware of what was going on with regards to the disease in order to give the people the care they needed. Around the same time the first HIV/AIDS NGOs were created. GAPA (AIDS Prevention and Support Group) was formed by gay men, human rights activists and health professionals in 1985. Grupo Pela Vida (Group for Life) was the first group of self-identified people living with HIV/AIDS and was formed in 1989. ABIA (Brazilian Interdisciplinary AIDS Association) consisted of activists, health professionals and researchers and was formed in 1986. These groups constantly pressured politicians to improve the treatment and care of those living with this disease. The constitution of 1988 gave legal protection to infected people from any type of discrimination and defended their right to free health care. In 1996, antiretroviral drugs had been shown to considerably help the victims of HIV/AIDS. Many activist groups began to pressure the Brazilian government to provide the drug to everyone living with HIV/AIDS. Later that same year, the Brazilian Minister of Health announced that the drug would be provided to all free of cost (Avert).

HIV/AIDS testing is an important aspect of the prevention campaign. Testing usually takes place in public health clinics or in counseling/testing centers. The inception of the antiretroviral drugs motivated many people to get tested. Media campaigns have also played a huge role in encouraging people get tested. One major initiative is called Fique Sabendo (Be in the Know) which enlists various celebrities to promote getting tested.

Due to the size of the pharmaceutical industry in Brazil, the antiretroviral drugs have been able to be manufactured in Brazil. Brazil has also maintained a strong stance against pharmaceutical companies that were trying to make the drugs inaccessible to the people.

However, due to increasing costs Brazil has been looking for cheaper ways to get a hold of antiretroviral drugs in order to ensure access for everyone. The mortality rate began to decline and by 2002, the Ministry of Health had determined that due to the availability of the drug it had prevented around 358,000 HIV-related hospitalizations. By 2008, it was estimated that almost 200,000 people living with HIV were receiving the antiretroviral drugs. The extent of the success of the program in Brazil is evident. Consider, for example, the contrast between the World Bank's predication that 1.2 million people in Brazil would be infected with HIV/AIDS by the year 2000, and the reality of only 600,000 people infected. The program been so successful it has claimed attention as a model for other countries. Although of course not every country is the same and perhaps what worked in Brazil may not be as effective in other countries, it remains a great example off of which programs abroad should draw.

The most effective aspect of the HIV/AIDS program in Brazil was its civil society movement. Different groups and even those who were marginalized in the beginning when the disease was thought to only infect gay people, got together in order to help push government into action even before the 1988 Constitution. Nevertheless, this is not to take away from the government who at the end of the day is the one with the final say in the actions toward combating the HIV/AIDS epidemic. Moreover, the Brazilian government was a very important actor in educating the rest of the country about the disease. The fact that in Brazil health is recognized as a human right also cannot be overlooked as it has been crucial in not only prevention but in treatment and care. The government has also established a Business Council on HIV/AIDS Prevention in which the pubic and private sectors can come together in order to fund the programs.

The Brazilian government has even garnered a disagreement with the U.S. over its

policies. With respect to prevention, Brazil tends to promote condom use as opposed to promoting abstinence. This has caused tension because the USAID program is designed with the motto of "Abstinence, Be faithful and Condoms" or ABC. Brazil seems to realize that it cannot force the people to be abstinent or faithful so it promotes condom usage most often. Tensions have also risen due to Brazil's intent to produce drugs locally in order to make them affordable to its people. The U.S. believes that Brazil in its pressure to lower prices is not allowing the pharmaceutical companies to research and create new antiretroviral drugs (HIV and AIDS in Brazil).

Financing SUS

Health expenditure is 9% of GDP according to the World Bank. Only 3% of this, however, is public expenditure. The spending per capita in Brazil in 2007 was $715 USD and the budget for 2010 was R$62.5 billion which had increased 4.5% from the previous year. (Associação da Industria Faramaceutica de Pesquisa). Brazil's federal, state and local governments all come together to raise funds. In total, the budget derives two thirds from the public sector and one third from the private sector. The government derives money from the Social Security budget which is predominately composed of individual contributions and taxes on employees and business profits. In 1996, the Ministry of Health derived a new source of revenue from taxes on all financial transactions. In 2001, a constitutional amendment reverted the system back to receiving funds from the general revenues. The government now has to allocate and spend an amount equivalent to the previous year's budget, using the 1999 budget as a basis.

State and local governments have also been mandated to increase their spending on health until it reaches 12% and 15% of their respective budgets (Paulo et. al). In 2000 there was

an amendment to the constitution which specified the percentage of resources for each of the three divisions of government. It also reinforced the role of the Health Councils in inspection and stated there would be sanctions to those who failed to meet the minimum funding requirements for health (SUS).

The Family Health Program is funded by the federal, state and municipal governments. The program's budget in 2005 was U.S. $1,175 million and the cost per team was $173,400 USD. This amounts to $31-$50 USD per person, depending on the municipality (Soares and Romero). In 1992, Brazil received a loan from the World Bank of $160 million USD however it required that the Brazilian treasury match it with $90 million USD. The total cost thus amounted to a $250 million USD loan for a period of five years (Parket et. al). The HIV/AIDS program in 1998 had a budget of $436 million USD; the federal government spent roughly $352 million USD for treatment, $42 million USD for prevention, $41 million USD for institutional development, and $1 million USD for surveillance. In 2000, treatment still represented the largest component of the budget with the antiretroviral drug taking the largest share (Page-Schafer). Through USAID, Brazil received in 2009 $800,000 for HIV/AIDS programs (USAID).

Problems with the Health Care System

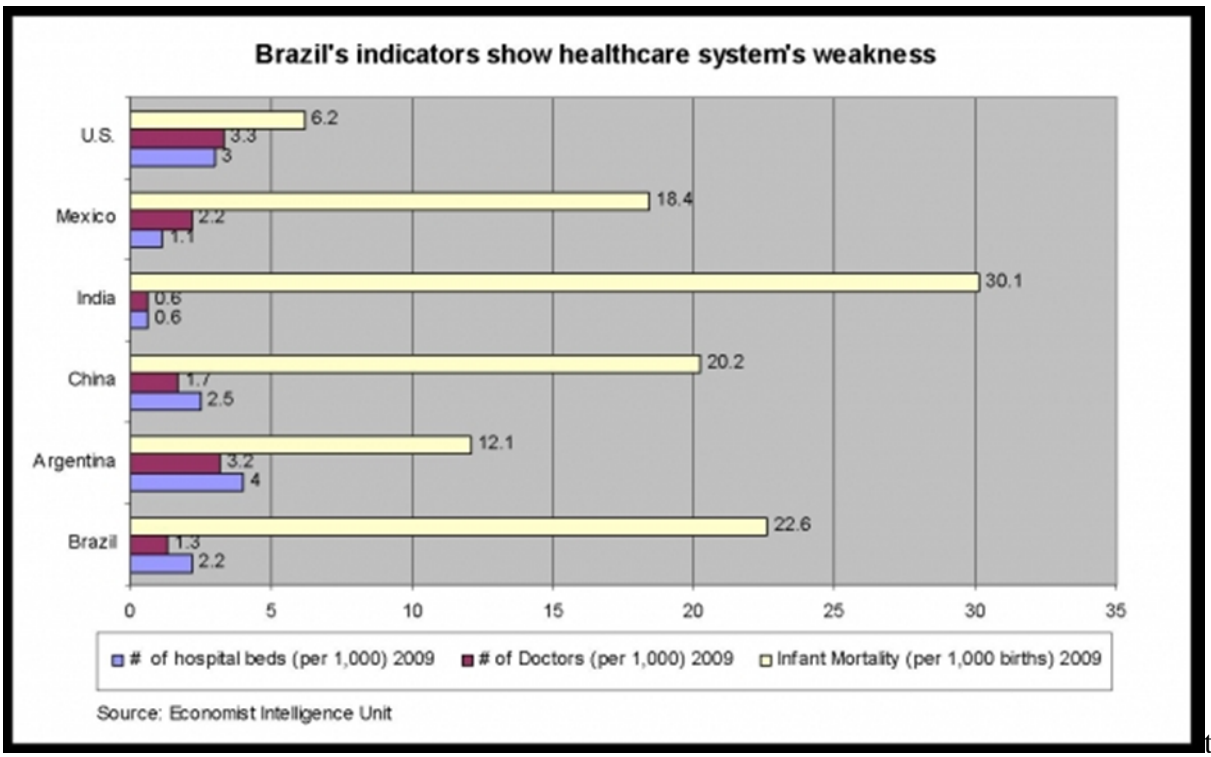
Although the health care system in Brazil intends to provide universal access, this is not the reality. It is believed now that in Brazil there now exists a two tier system of health care: one provided by the government (SUS) and the other through private health insurance, presumed to be reasonably better. The problem tends to be that the public health care system is not living up to the demands of a growing population. Those people who have switched to the private health care system seem to find it more convenient and of better quality. Also, since the public health

care is free, many people often have to wait long lines and travel far distances just to receive some kind of care.

The funding of the public healthcare system tends to be more complicated and often privileges some more than others. Since funding comes from the federal, state and municipalities, the larger states will get more funding than the smaller states. This results in larger states having better care and facilities to treat people in comparison with the smaller and poorer states. The percentage of GDP that is spent on SUS is only 3% which is fully insufficient to serve the amount of people who depend on that system. The majority of health expenditure is invested in the private sector. This leads to a constant competition between the public and private sectors which in turn creates conflicting goals (The Economist).

There also seems to have been corruption within the Ministry of Health as funds designated to the SUS were not fully entering they system. Since only a specific percentage has to be recorded, the amount that could have been taken for private gain is not known. There were also instances in which the same doctor was being hired in multiple different specialties instead of just one. The doctors were also found to be charging patients for surgeries or practices that were already covered by SUS. This necessitates a system of checks and balances within the health care system (Bryson). There was also a lack of implementation of the policies within the SUS as many municipalities were not meeting the government demands which made them responsible for a certain percentage of the funding for SUS. This was mainly due to a lack of oversight.

For many health programs in Latin America, a large problem seems to be that there are not enough doctors, nurses, clean hospitals, equipment and sanitation. This is shown in the figure above. There are not enough beds to service the population who rely on the system and



the long waits for care often cause people to worsen in their respective conditions. In the example of the Family Health Program there are not enough qualified personnel to join the teams in the rural and urban areas. Plus, the amount of people originally designated for each team is sufficient to properly care for the vast majority of the people designated to them in their area. Moreover, the salary a doctor receives in the public sector is half of what he can receive in the private sector. Thus, there is no incentive for any doctor to stay in the public health sector when they can easily switch to the growing private sector. The income inequality is especially large in Brazil. However, as people rise out of poverty they are leaving the public system in order to receive better care in the private sector. In October of this year there was a massive strike in Rio and 21 other states led by doctors and health professionals in protest against the low pay and poor working conditions. They were also protesting that the care that is being provided through SUS is not sufficient for the people and for those who provide it (Stark, SUS Doctors). A federal hospital in Rio also went on strike because of a lack of physicians, other medical professionals

and funding being provided. A survey was later conducted and showed that there were many parts of the hospitals that were shut down due to a lack of professionals working in them (Stark, Federal Hospitals).

Healthcare indicators by region in Brazil

	Infant mortality (per 1,000 births)[1]	Mortality by infectious and parasitical diseases[1]	Mortality by conditions originating in prenatal period[1]	Number of doctors (per 1,000)[2]	Number of hospital beds (per 1,000)[3]	
					Overall	Overall
Brazil	20.7	4.92	2.99	1.74	2.41	2.04
North	22.8	6.89	7.19	0.85	1.85	1.59
North-east	29.8	5.49	4.40	1.03	2.27	2.19
South-east	15.0	4.67	2.17	2.33	2.44	1.93
South	13.3	4.00	1.90	1.81	2.76	2.22
Centre-west	17.1	5.35	3.27	1.76	2.62	2.25

1 Source: DataSUS, 2006 figures.

2 Source: DataSUS, 2007 figures.

3Source: DataSUS, 2005 figures.

Regional differences seem to be a major issue as well in Brazil. The above graph shows that in the wealthy south and southeast regions infant mortalities rates are much lower than the poorer northeast and northern regions. This is related to the fact that accessibility to health care is much more difficult in the poor northern regions than in the wealthier south (Timmins et. al).

Conclusion

The healthcare system in Brazil has been innovative and helpful to the poor population. It has reduced many indicators such as infant mortality and transmission of and death due to HIV/AIDS. It is a decentralized system which many believe has been the foundation to its

success. Due to the success of the SUS, two other programs were developed. The Family Health Program is a successful program in which teams of health professionals go into areas where care is not readily accessible to the people and provide care at home and in newly set-up clinics. The HIV/AIDS programs was successful in part because of the major role civil society groups played in the persistent pressuring of the government to create policy in order to help those with HIV/AIDS. The government has also played a major role in making antiretroviral drugs accessible to all free of cost and continually finding low cost drugs to help those who need them.

The idea of providing universal healthcare to all is an ambitious and a positive step in Brazil's development, however there remain many obstacles that the Brazilian government must still overcome. For example, funding is unequally distributed in the health sector. Health spending is only 9% of GDP which is one of the lowest in Latin America let alone very low for a country with as much economic presence such as Brazil. Argentina for example has higher health expenditures per person than Brazil yet Brazil is more than twice its size. A possible solution was attempted in 2000 with a constitutional amendment, EC-29, that defined minimum contributions to healthcare for all levels of government (Croix). It brought greater stability to the public funding of health care but it still requires major reform. Another possible solution was that of public-private partnerships. In Brazil certain hospitals operating under this system have been more successful than those operating under the usual "either-or" (public or private) model. This would also resolve the private vs. public competition that exists. Dilma Rouseff, the current president of Brazil, has vowed to make changes to health care system, however she has claimed the financial crisis is only making the funding of the program more difficult. Only time will tell whether or not she will work to create a better health sector which increasingly needs the help.

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Bolsa Família: Poverty reduction through conditional cash transfers

By: Emily Miller

In line with Brazil's alternate route to development falls Bolsa Família, a conditional cash transfer program initiated under President Lula da Silva which purports to reduce poverty and hunger. The program seeks to address short-term poverty through increases in immediate income as well as to break the cycle of intergenerational poverty through promoting the development of human capital. Javier Santiso prides Brazil on its pragmatic approach to development, combining strict economic fiscal and monetary policy with social spending to create a social net for those in need. In this way, Santiso characterizes Lula as an exemplary figure of the new wave of "possibilism," which does not rely on a specific ideology or paradigm but rather illustrates a more practical approach in facing development challenges (134-136).

Poverty and Inequality in Brazil

Before Bolsa Família was initiated, Brazil ranked only 5th in Latin America in terms of poverty. In 1998 before any national social programs were implemented, the poverty rate was 34% (Arbache 11). With respect to inequality on the other hand, Brazil had one of the most unequal distributions of income in the world in 1998. For decades, the bottom 60% of the population held only 4% of the nation's wealth (World Bank). This is shown both quantitatively with a high GINI index, but also in society's perceptions toward the poor. The World Values Survey executed in 1996 found that 76% of Brazilians thought society was unjust. 71% believed that the poor had very few opportunities to escape

Table 1 – Perceptions of Poverty in Brazil, LAC, Europe and the United States

	PERCEPTIONS: % who believe that:		
	The poor are poor because:		
	"Society is Unjust"	"They are Lazy"	"The poor have very little chance to escape from poverty"
LAC - Average	**65.8**	**28.3**	**62.0**
Mexico	65.8	24.6	56.9
Argentina	74.0	26.0	74.5
Brazil	75.7	20.5	70.5
Chile	55.6	36.9	58.5
Peru	56.5	34.2	47.1
Venezuela	52.9	47.1	59.6
Uruguay	77.2	12.4	73.5
Dom. Republic	68.6	24.5	61.2
Colombia	n.a.	n.a.	55.8
Continental Europe	**63.3**	**17.1**	**60.2**
United States	**38.8**	**61.2**	**29.5**

Source: Adapted from Lindert , Skoufias and Shapiro (2006), drawing on data from the World Values Survey (1995-97)

poverty (Castiñeria 85). This stands in stark contrast to the perceptions in the United States where the majority (61%) believed the poor are poor because they are lazy.

History and Creation of Bolsa Família

Although various conditional cash-transfer programs existed previously in Brazil and can be found in various parts of Latin America today, Bolsa Família distinguishes itself in being the largest conditional cash-transfer program not only in Latin America, but in the world.[8] In addition, Bolsa Família has become a central policy of Brazil's administration, unlike earlier programs which remained fragmented and at a low priority level for the government. Thus, Bolsa Família marks a break with previous social programs in that it has become an integrated, national strategy toward combating poverty (Draibe 1).

Brazil was much later than its neighbors in implementing a poverty reduction policy as it spent substantially more time working to regain control of its economy (i.e. hyperinflation). Through the 1980s and the beginning of the 1990s, the poor remained almost wholly unprotected as various stabilization programs were implemented. These stabilization programs (further discussed in the Political Economy section) called for reductions in public spending and thus could not be accompanied by any compensation programs for the poor and vulnerable (Draibe 5). The Constitution of 1988, as previously discussed in this paper, established "el derecho social" which placed importance on the social security[9] of the population, with the goal of universal and equal protection (Draibe 3). This new politics of social assistance functioned as the basis of social programs in Brazil, with conceptions of social justice building strength throughout the 1990s.

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[8] Other conditional cash-transfer programs in Latin America are: Progresa/Oportunidades in Mexico, Chile Solidário in Chile, Familias en Acción in Colombia, Jefes de Hogar in Argentina, and Bono de Desarrollo Humano in Ecuador. For indicators of coverage and public spending on these programs, see the table in "A Final Note on Conditional Cash Transfers in Latin America."

[9] Understood as the wellbeing of the people, not as the insurance program.

Programs intended to eradicate hunger and poverty through income-transfer programs were based on a proposal made by Senator Eduardo Suplicy of the Workers Party in 1991. Suplicy sought to define a minimum income for Brazilians and in 1995, a variation on the minimum income programs was created, although they included conditions which were not part of Suplicy's proposal. These programs existed on a purely local level and were found in municipalities such as Brasilia and Campinas. Although well intentioned, the positive effects of these programs were stymied by the size of municipal budgets. The limited fiscal capacity of municipalities served a founding reason for the creation of federally funded programs addressing socioeconomic development issues such as poverty (Zimmermann 147-148).

President Cardoso used two different approaches in addressing poverty. In his first term (1995-1998), he took an economist's perspective, predicting that the stabilization of the economy would lead to the eradication of hunger and poverty. This conclusion relies on the assumption that increased economic growth increases the income of all citizens, however it is often found that capitalism produces poverty just as efficiently as it produces wealth.[10] Thus, social policies during this time took a subordinate role to economic adjustment and the rules of the market. In other words, Cardoso at first focused more on inserting Brazil into the global economy than addressing the precarious living conditions of many Brazilians (Zimmermann 148). In Cardoso's second term (1999-2002), he abandoned this perspective and instead implemented various programs to address food security and other poverty-related issues. These programs included Bolsa Escola (School Grant), Bolsa de Alimentação (Food Grant), and Auxílio Gas (Gas Allowance Program). It is important to note that these programs existed in separate silos, each

[10] See blog entry Economic growth + social programs = success?? for a further discussion of this.

attached to its relative, independent ministry.[11]

In 2003, Lula de Silva was elected president. Lula's focus on social policy was evidenced in the creation of the Extraordinary Ministry for Food Security and Eradication of Hunger (MESA) which sought to implement a national policy of food and nutritional security. In 2004, this ministry was replaced by the Ministry for Social Development (MDS) which focused on issues such as social inclusion, eradication of hunger, poverty and social inequalities (Zimmermann 151). Lula started an ambitious program addressing hunger (Fome Zero), establishing a Food Card program (Carão Alimentação) similar to programs under Cardoso (Draibe 15).

On October 20, 2003, Bolsa Família was founded and combined the four federal income transfer programs: Food Grant/Bolsa Alimentação, Gas Allowance/Auxílio Gas, School Grant/Bolsa Escola and Food Card/ Cartão Alimentação. In the absence of inter-ministerial coordination, programs had competed with each other for funding, overlapped in the provision of services, and in general inefficiently run. (Zimmermann 151). Lindert, a senior economist at the World Bank, explains that

> The separate programs were redundant and difficult to administer….each had its own separate administrative structure, data collection, fiduciary procedures, and public reporting. The resulting safety net was filled with both gaps and redundancies in coverage and the programmatic fragmentation sacrificed opportunities for synergies at the family level among schooling, health, nutrition, and other services (68).

Under the new Ministry of Social Development, the Bolsa Família program was able to provide a more comprehensive and better-integrated safety net. Through reducing inefficiencies, administrative costs, and bureaucratic complexity, this integration facilitated a better targeting of the recipient population, a more efficient use of public resources, and made it easier for families

[11] The School Grant was linked to the Ministry of Education, Food Grant to the Ministry of Health, and the Gas Allowance Program to the Ministry of Mining and Power (later renamed the Ministry of Mines and Energy).

to request inclusion in the program.

Design and Functioning

OBJECTIVES

The Bolsa Família program seeks to reduce *current* poverty and inequality in Brazil through direct monetary transfers to poor families, as well as *future* poverty and inequality through the development of human capital (i.e. keeping children in school, sending them to health centers regularly and seeking other complementary social services). Thus there exists both a quantitative aspect – bringing more people into the safety net – and a qualitative aspect – improving the well being of the beneficiaries. Bolsa Família also aligns with some of the Millennium Development Goals, such as reducing malnutrition, achieving universal education, reducing child mortality, and improving maternal health (Lindert 68).

LOGIC BEHIND CONDITIONAL CASH TRANSFERS

As previously mentioned, Bolsa Família is a conditional cash transfer program. This consists of periodic disbursements of a sum of money to a previously established target population granted that certain predetermined conditions are met. The attached conditions create incentives for favorable behavior modification. Lindert categorizes this system as a "social contract" between the government and the beneficiaries (67). As opposed to handing out items (such as food or clothing), cash transfers enable the beneficiaries to use the money however they choose, enabling them to tailor its use to their needs and possibly to create further opportunities for themselves. Bolsa Família targets the family unit as the appropriate entity to receive funding. One of the unique characteristics of Bolsa Família is that 93% of cash-transfer recipients are women (i.e. mothers of the household). This is based on a substantial body of research which has shown that women are more likely to invest in their children's education, health, and

nutrition (Lindert 68).

In economic terms, Bolsa Família resolves a time inconsistency problem in that it provides short-term incentives for behavior that induces long-term benefits. For example, the cost of keeping children in school is especially high for poor families. Thus, kids of poor families often enter the labor market at a very young age to earn an immediate income for their families. However, as they become adults, they find themselves trapped in precarious and low-paying jobs due to their low level of education, and the cycle of poverty continues. With conditional cash-transfers, outside income is provided while kids remain in school; then with their increased educational levels, individuals are able to get higher paying jobs, and an increased income can lead to a life out of poverty.[12] Thus, the program seeks to break the vicious cycle of intergenerational poverty as "today's poverty is presumed to generate the poverty of tomorrow" (Zimmermann 148).

REQUIREMENTS AND PROVISIONS

In order to benefit from Bolsa Família, families must have a monthly income of less than 120 reais per capita (USD $55.28). Bolsa Família targets two groups – the "extremely poor" (families with less than US $27 per month) and the "moderately poor" (monthly income between $27 and $55 USD). Cash transfers range from 20 to 182 reais, and are a function of monthly income and number of kids (up to 17 years old). Lindert points out that these levels were set, in part, to minimize the number of people who might lose benefits from previous programs. On a per capita basis, the average transfer per beneficiary represents about 6% of the minimum wage (Linder 68). Tables 1 and 2 on the following page delineate the cash transfer structure (Castiñeira 87).

[12] Note the importance of the amount of income the cash transfers provide; if they are less than what could have been earned if the kids were working, cash transfers may have a negative effect on food consumption.

Table 2

Transferencias a las familias según estructura familiar (familias pobres)

Número de hijos Hasta 15 años	Número de hijos de 16 o17 años	Transferencia R$
0	0	0,001
1	0	20,001
2	0	40,001
3+	0	60,001
0	1	30,001
1	1	50,001
2	1	70,001
3+	1	90,001
0	2+	60,001
1	2+	80,001
2	2+	100,001
3+	2+	120,001

Fuente: Ministerio de Desenvolvimento Social e Combate à Fome.[5]

Table 2

Transferencias a las familias según estructura familiar (familias muy pobres)

Número de hijos Hasta 15 años	Número de hijos de 16 o17 años	Transferencia R$
0	0	62,00
1	0	82,00
2	0	102,00
3+	0	122,00
0	1	92,00
1	1	112,00
2	1	132,00
3+	1	152,00
0	2+	122,00
1	2+	142,00
2	2+	162,00
3+	2+	182,00

Fuente: Ministerio de Desenvolvimento Social e Combate à Fome.[5]

To summarize, the poorest families receive a base transfer of 62 R$ independent of the number of kids they have. Both groups receive 20 R$ per child from birth to age 15, with a maximum of 60 R$ per month. All families included in the program receive an additional cash transfer of 30 R$ (maximum of 60 R$) for each teenager (16-17 year old) that attends school (Castiñeira et al. 88). It is important to note that there are no additional cash bonuses given for health-related activities. This difference has the potential to affect the distribution of the program's effects on education and health.

Table 3 on the following page illustrates the conditions with which compliance is necessary to receive the cash-transfers (table complied from Castiñeira 88; Lindert et al. 18). In terms of education, a minimum level of attendance is required: 85% for children ages 6-15 and 75% for teenagers ages 16-17. With respect to health, children through 7 years old must receive recommended vaccines and pregnant and lactating women must seek pre-natal care (Castiñeria et al. 88). Participation in municipal-level seminars on health and nutrition is also required

Table 3

Education	Health
Children ages 6-15 years old Required attendance: 85% *Children ages 16-17 years old* Required attendance: 75% *(Parents)* - If child misses school, inform the school of the reason - Inform local BFP coordinator if the child moves schools	*Children 0-7 years old:* - Vaccine schedules - Regular health check-ups and growth monitoring of children *Lactating and pregnant women:* - Prenatal check-ups - Postnatal check-ups - Participate in educational health and nutrition seminars offered by local health teams

although it is not monitored (Lindert et al. 58). It should be noted that there does not exist a maximum time limit for participation in the program. One can continue receiving benefits as long as the eligibility criteria and conditions are met (Draibe 21).

REGISTRATION

All families previously enrolled in the four programs which were merged to create Bolsa Família were automatically registered on the unified registry, Cadastro Único. If eligibility requirements were met, families were added to the Bolsa Família registry. The fact that there are no longer any restrictions on registration in the Cadastro Único helps to improve transparency. Currently, any family that requests registration will be added to the overarching registry and from there will be interviewed to determine whether inclusion in the Bolsa Família program is appropriate. In general, selection of families depends on meeting eligibility criteria, availability in the predetermined quotas, and agreements formed between the federal government, states and municipalities (Draibe 21). The federal government allocates Bolsa Família quotas to municipalities based on estimates of poverty at municipal levels. Quotas thus serve to reinforce geographic targeting (higher quotas for poorer areas) and reduce excess registration by

municipalities (Lindert et al. 34). The program's targeting has been found to be satisfactorily accurate, "with 73% of the transfers of BFP [Bolsa Família Program] going to the poorest quintile and 94% going to the poorest two quintiles" (Lindert et al. 115). Nevertheless, quotas have received criticism for a lack of transparency, opportunities for political manipulation (as vote-seeking politicians can register certain households with certain political affiliations), and the potential for replicating inequalities on a local level as the extreme poor may be excluded from quotas because they are less informed or less connected (Lindert et al. 31).

Bolsa Família, although a federally sponsored program, is supported in funding and personnel by states and municipalities (Draibe 4). The Bolsa Família family registry is maintained by the municipalities and includes data on beneficiaries. This includes characteristics of the home (number of people living there, construction type, availability of water, etc.), family composition, schooling levels, professional qualifications, income and fixed expenses (rent, transportation, etc.). Monitoring of eligibility criteria is done through periodic checks of the registry. In the program's early years fraud was widespread, but it has been significantly reduced after a special training to teach officials how to detect fraud was implemented in 2005 (Draibe 22).[13]

COST

The total cost of the program amounts to 0.47% of Brazil's GDP. This is about 2% of Brazil's social spending, a small fraction especially considering the program's widespread effects. Total spending on Bolsa Família, for example, is dwarfed by spending on regressive social insurance programs such as social security and unemployment insurance (Lindert et al. 19). Castiñeira et al. explain that the conditional cash-transfers represent a significant increase in

[13] For a further discussion of fraud, see pages 70 and 71 of "The Nuts and Bolts of Brazil's Bolsa Família Program" (Lindert et al.).

income for families enrolled in the program, yet the outlays only represent 0.5% of per capita incomes when examined in the aggregate (at the national level). Conditional cash-transfers are thus often seen as a highly cost-effective way to explicitly target the poor.[14] For a further breakdown of costs, see the table below.

Table 4 – Public Spending on CCTs, in the Context of Social Spending and GDP

Percent of GDP	2002	2003	2004	2005
Social Spending (consolidated: federal/state/municipal)	23.2%	24.2%	24.1%	21.9%
Education	4.2%	5.3%	4.8%	4.3%
Health	4.1%	4.7%	4.9%	4.4%
Social Protection	13.5%	12.8%	13.1%	12.0%
Other Social Spending	1.5%	1.4%	1.2%	1.1%
Social Protection (consolidated: federal/state/municipal)				
Social Assistance	1.2%	1.2%	1.4%	1.4%
Social Insurance (labor + social security)	12.3%	11.7%	11.7%	10.6%
Social Assistance (federal only)	0.71%	0.88%	0.89%	0.97%
CCTs:	0.18%	0.23%	0.31%	0.36%
Pre-reform programs	0.18%	0.23%	0.09%	--
Bolsa Família	--	--	0.22%	0.36%
BPC-LOAS (cash assistance for poor elderly/disabled)	0.40%	0.42%	0.44%	0.46%
School Feeding	0.06%	0.06%	0.06%	0.06%
Other	0.07%	0.17%	0.08%	0.09%

Source: Compiled by the authors using data from SIAFI, MDS

Program Results

To reiterate, the program's objectives are:

> The reduction of poverty and inequality through direct monetary transfers to extremely poor families, and thus the rupture of the cycle of intergenerational transmission of poverty through the establishment of requirements related to the development of human capital as a necessary condition to be a beneficiary (Castiñeira et al. 87).

In 2010, 12.6 million poor families were benefitting from this program (ECLAC 141). This is equivalent to 51 million people, or, notably, 26% of Brazil's population. The North and Northeast regions of Brazil have the highest levels of enrollment in the social program, as is expected given the higher poverty levels in those regions (Draibe 27).

EFFECTS ON POVERTY AND INEQUALITY

Significant headway has been made in terms of poverty and inequality. In Brazil, 21.4%

[14] There are of course, issues of selectivity which are discussed in the Criticisms section.

of the population currently lives below the poverty line.[15] In terms of poverty, Brazil ranks 65th in the world and 4th in Latin America (following Cuba, Guatemala and Mexico). As illustrated in Figure 1, poverty in Brazil currently pales in comparison to poverty rates in Africa and is significantly lower than many other countries in Latin America. Bolsa Família is responsible for 21% of the decrease in poverty since 1995 (Castiñeira et al. 89). This is especially noteworthy given that Bolsa Família was not implemented until 2003. Nevertheless, it should be remembered that Brazil has not historically had extremely high poverty levels (especially relative to the developing world).

Figure 2: Poverty headcount ratio at $1.25 a day

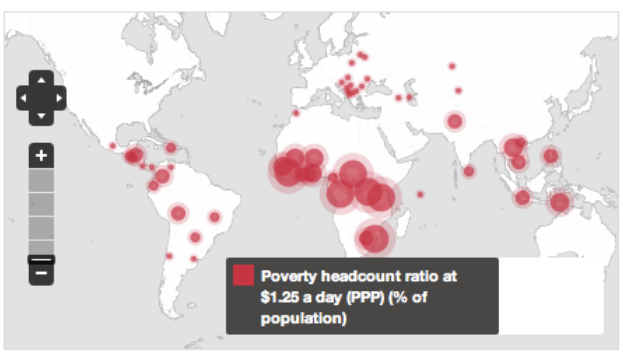
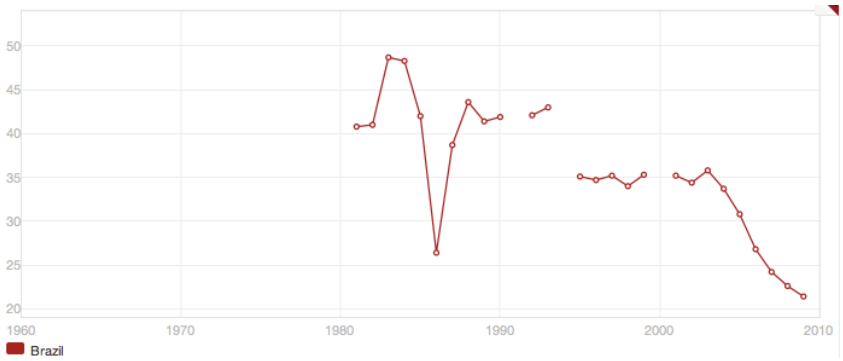


Figure2: Falling Poverty Rates in Brazil

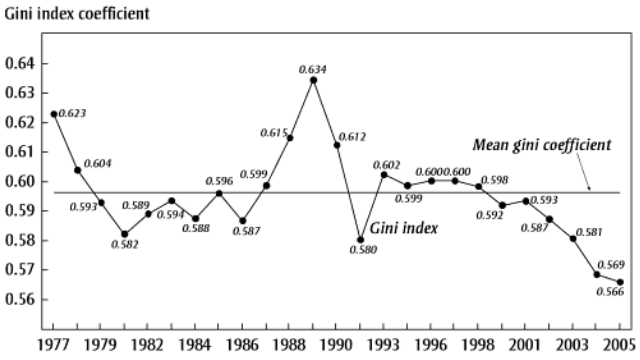


Although the decrease in poverty is commendable, many scholars state that the main success of Bolsa Família has actually been in reducing the intensity and severity of poverty and abject poverty (Castiñeira et al. 89; Draibe 32). Castiñeira et al. state, Bolsa Família "reduce en un 12% el hiato medio de la pobreza y su severidad alrededor del 19%" (89). These results are best understood through the GINI index which measures inequality. The GINI index is currently

[15] This is defined here as $1.25 USD a day. This applies to both Figures 1 and 2.

the lowest it has been since its measurement began in the 1970s (see Figure 3). The current GINI index is 0.539 which fell from 0.607 in 1998 (0=perfect equality; 1=perfect inequality). For comparison, Spain's current GINI is 0.32 and value for the United States is 0.45 (CIA World Factbook).

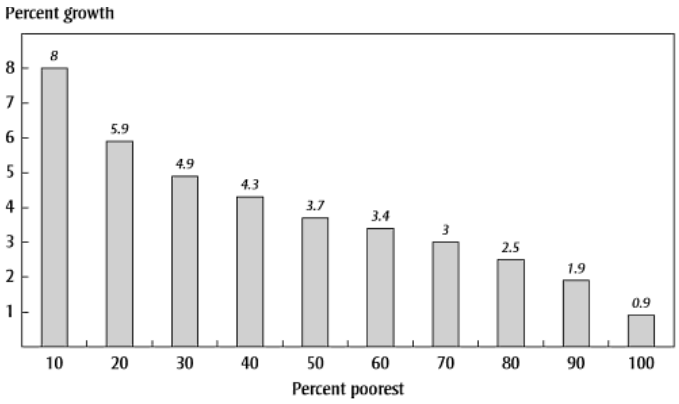
Figure 3: Gini Income Distribution Coefficient, Brazil, 1977-2005



Sources: Paes de Barros (2006).

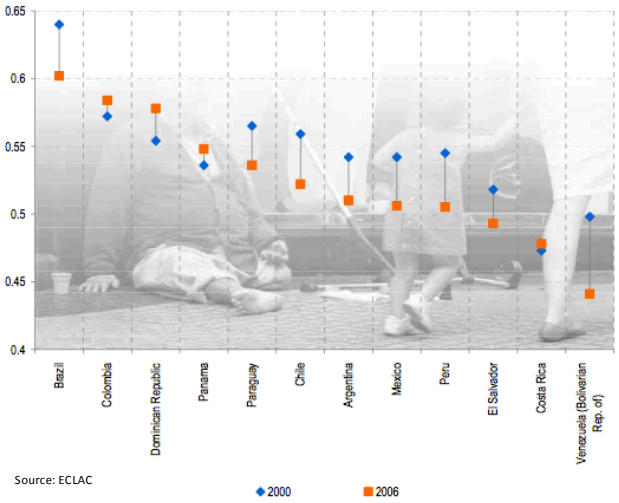
It is estimated that one third of the reduction in equality between 2001 and 2004 was due to government transfers, Bolsa Família being one of them. Draibe notes that Bolsa Família alone has contributed a 14% reduction in inequality of income between families and a 27% reduction in the difference between the 20% richest and the 20% poorest (32). Figure 4 highlights the redistributive impact of the program. Figure 5 shows the significant reductions in inequality in context with other countries in Latin America. Other countries making a significant decrease in inequality between 2000 and 2006 are Argentina, Mexico, Peru and Venezuela. Nevertheless, it should be noted that although Brazil has made significant declines in the past thirteen years, inequality still remains high today.

Figure 4: Per Capita Growth According to the Poorest Accumulated Classes, Brazil, 2001-2005



Sources: Paes de Barros (2006).

Figure 5: Gini Index, Latin American countries, 12 countries, 2000-2004



Source: ECLAC

EFFECTS ON EDUCATION

With respect to education, attendance levels have been found to be sufficiently high. In 2005, less than 2% of students (benefiting from Bolsa Família) missed more than 15% of classes without justification. However, a well-justified criticism of the education component of Bolsa Família is that the program initially targeted the age group 7-14, which was the group that presented the highest attendance levels prior to the incentives, thus making Bolsa Família a redundant stimulus (Draibe 33). This has partially been corrected by extending the age range of kids benefitting from the program up to 17 years. However, this still ignores 5 and 6 year olds who may be entering the labor force.

Castiñeira et al. importantly point out that increased attendance does not necessarily lead to better grades or increased participation in school-related complementary activities. One of the main improvements suggested for the program is the introduction of goals and incentives which would reward the completion of studies in a certain number of years (i.e. 9 years for elementary education) (Draibe 34). Lindert et al. concur, citing the need to "go beyond enrolment and attendance and provide links to grade attainment and completion, learning and performance (e.g., via testing) (96). Nevertheless, even absent of these goals education may in part help generate long term positive effects in the area of health. Schooling that provides information on health and hygiene has been shown to increase the value individuals place on their own health. Moreover, kids attending school benefit from nutritional meals served in the cafeterias as food is provided by the Programa Nacional de Alimentación Escolar (PNAE) (Castiñeira et al. 93).[16]

[16] It should be noted that there exists, to a certain extent, the false perception that a requirement of the program is to have kids that are currently enrolled in school; this could then lead to self-selection and help explain the more successful results of education in comparison to health. However, Castiñeira et al. suggest this does not carry substantial explanatory power (92).

EFFECTS ON HEALTH

The area of health has shown the most disappointing results. The effects of Bolsa Família on chronic malnutrition are inconclusive, with some citing newborns through 11-month year olds as the only group benefitting, while others cite around 25% reductions in chronic nutrition for both 1-2 and 3-5 year olds. No significant effect between those involved in the program and those that are not has been found in terms of vaccinations, however a positive effect has been observed in other countries that have implemented similar programs. No significant benefits have been observed for prenatal visits either.

According to a study by the Brazilian Institute for Socioeconomic Analysis (IBASE), 73% of families interviewed reported an increase in the amount of food consumed due to the money received through Bolsa Família; 70% of families reported an increased variety in foods consumed. Nevertheless, there has been a shift towards food with high caloric value and low nutritional value (especially true for families with serious levels of food insecurity). Castiñeira et al. suggest that if families had more information about nutrition, they would likely more effectively utilize the money they are given and buy more nutritional foods (90).

Although little significant benefits have been found in the short term, this does not preclude long term positive effects. The literature shows that the socioeconomic and health status of parents (especially the mother) has an effect on the health of kids. Thus, the health component of Bolsa Família may still help break the vicious cycle of institutional poverty once a second generation of beneficiaries exists. In other words, there may be positive long-term effects in the realm of health that we are not yet in a position to observe (Castiñeira et al. 95).

POSSIBLE EXPLANATIONS OF POOR HEALTH RESULTS

In exploring the poor outcomes of the health component, the principal question pertains

to the cause(s). One possible explanation is a lack of information. However, according to a study done by the Institute of Applied Economic Research (IPEA) on the national level in August of 2005, 95% of the population knew about the conditions attached to education and 93% knew about conditions related to vaccines/health. Although information campaigns have been initiated to further increase knowledge of the program requirements, such high levels of awareness suggest this is not a significant factor in the poor health results. (Castiñeira et al. 93)

Another suggestion points to the design of the program. In comparison with the explicitly fixed levels of attendance of education, there is not a number of prenatal visits explicitly stated as a requirement of the Bolsa Família program; rather the Bolsa Família guidelines state that the calendar recommended by the Ministry of Health should be followed. Moreover as mentioned earlier, there are not monetary benefits directly tied to compliance with health requirements, in which case the lack of an incentive may help explain the asymmetric results. Nevertheless, in a study done in 2007 which monitored the health profile of 45.2% of beneficiary families, the data complied by the Brazilian national health information system (SISVAN) showed that almost all families enrolled in the program were in compliance with both health and education requirements. Thus Castiñeira et al. conclude that compliance is not a fundamental problem for the program (94).

Therefore, Castiñeira et al. argue that the most likely explanatory factor for the health results lies in the supply side: the quality of health services. He writes, "estos problemas suelen estar más relacionados con la oferta de servicios que con el cumplimiento por parte de las familias de las condiciones de participacion en el programa" (91). He makes the convincing argument that "the imposition of conditions is not effective when it is not accompanied by investments to guarantee that the provision of services satisfies the demand" (*my translation*). In

other words, the effectiveness of programs such as Bolsa Família is directly proportional to the quality of available services. A study done by the University of Campinas found that 40% of women interviewed shared the opinion that health services were either "malos" or "muy malos." Thus, Castiñeira et al. conclude that the low quality of health services and inadequate health centers is the factor which most prejudices the results (94).

Criticisms: Selectivity

Bolsa Família has been criticized on various accounts, however in this section, I will discuss only the issue of selection as that has been the dominant criticism. The main argument is that the program is too selective, focusing only on the poorest of the poor and thus representing more a humanitarian aid approach rather than a widespread national social policy effort (Zimmermann 146). Castiñeira et. al counters this arguing that the fact that Bolsa Família has been most effective with the poorest of the poor is not something to be criticized but rather celebrated as it illustrates effective targeting (86). Nevertheless, the use of quotas at the municipal level can be problematic given that once this quantity is filled it is almost impossible to include additional families regardless of their vulnerability (Zimmermann 153).

Those advocating a rights-based framework have heavily criticized the program's selective nature for different reasons. They cite Article 11 of the International Covenant for Economic, Social and Cultural Rights which "acknowledges the fundamental right of every person to be free from hunger and imposes on the signatory states the obligation to implement tangible measures and programs to attain this goal" (154). Zimmermann argues that a right cannot be selectively applied, which is inevitable in the use of quotas. The design of the program also excludes "moderately poor" families without kids as well as street kids (Draibe 13). Moreover, rights-based framework advocates problematize the idea of conditionalities,

stating the "the title to a right can never be conditional" (Zimmermann 154). Even more serious than the hindering of the right through conditionalities, they argue, is the possible punishment of the holder of the right, such as by exclusion from the program if compliance with stated conditionalities is not maintained.

Future Research

An interesting area for further research would explore the importance of conditions. As Castiñeira et al. point out, although cash-transfers have been largely responsible for the reduction of poverty, it is not clear whether cash-transfers unaccompanied by conditions would have achieved this same effect (91). Such research would take the form of a long-term study and would analyze the effects of human capital development on intergenerational poverty and socioeconomic development.

Another area for future research is the size of the income transfers; it is important that the income transfers be sufficient to stem hunger and keep kids in school while not providing a disincentive to work. The Interunion Department of Statistics and Socio-economic Studies (DIEESE), argues that the income-transfers are not properly matched with domestic consumption according to food basket data (Zimmermann 155). According to their study, the cash-transfers fail to provide an adequate minimum quantity of food. Although those receiving the cash-transfer have been found to work less than those who are not receiving it, Draibe questions the efficacy of the transfer, suggesting that the transfer value is likely insufficient to successfully incentivize families to keep kids who would otherwise be working in school (35).

Challenges for the future

Although Bolsa Família represents a major step towards the eradication of hunger and elimination of poverty, several challenges remain. One challenge already faced was a positive

one – what to do when the initial coverage goal was met. This was remedied by an expansion of age groups, requiring a 75% attendance rate for 16 and 17 year olds.

TRANSPARENCY AND SOCIAL PARTICIPATION

One commonly citied problem is a lack of transparency and social participation. This can be remedied in part with more widely disseminated information (Draibe 36). Secondly, new ways need to be innovated to increase citizens' participation in the system in the municipalities. With greater input and/or feedback from citizens about the program, especially those who the program targets, the better the program will be able to address the population's needs.

CASH-TRANSFER DEPENDENCY

Another challenge is reducing dependence on the cash-transfers. The program has been criticized for not fully addressing the transition of families between increasing human capital development within the program and becoming fully financially independent outside of the program. Thus program design is not just a question of entrance but also of exit, as the program needs to be careful not to provide an adverse incentive to work. Lindert et al. explain, "the more direct the link between increases in earning and a corresponding reduction in transfer benefits, the higher the incentives for beneficiaries to reduce work efforts to avoid losing transfer benefits (resulting in transfer dependency and poverty traps)" (Lindert et al. 94). Lindert et al. outline a series of sophisticated "graduation enhancements" in "The Nuts and Bolts of Brazil's Bolsa Família Program," a World Bank publication.[17] Further integration with job-related services – such as skills-building classes and and access to microcredit – can help reduce potential dependencies. In April 2006, complementary programs were created in literacy and education of youth and adults, professional capacitation, access to microcredit, and community development

[17] Lindert et al. suggest a variety of reforms, including time limits (maximum, minimum), exist thresholds and gradual benefits reductions. For a more detailed analysis, see pages 94-96 of their report.

(Draibe 21). Still these programs need to be expanded and systematized (Lindert et al. 119). Better integration of these services into Bolsa Família can help improve the financial independence of families through regular work, "help[ing] them to overcome obstacles and build their asset accumulation for increased employability and productivity" (Lindert et al. 119).[18] In this way, Bolsa Família can become an entrance point to the greater social services system in Brazil rather than remaining only a mechanism, nevertheless important, limited to distributing income to poor families (Draibe 37).

INVESTMENT IN THE QUALITY OF SERVICES

In the end, however, the main challenge for the future goes back to improving the quality of the services which are the main constraining factor on positive results. As Draibe notes, "el problema mayor está en la calidad y la adecuación de la prestación de los servicios, lo que inexorablemente requiere inversiones y programación de mediano plazo; lo que sin duda no es responsabilidad de Bolsa-Familia, pero que debe articularse con el programa, hasta porque constituye una condición para su éxito" (39). Take education for one final example: if attendance levels are high but the quality of the education is low, the effects of education will be severely constrained. Thus, investment both in areas directly related to the program such as education and health as well as complementary areas relating to employment is strongly recommended. Although Brazil has successfully passed progressive laws working to ensure the welfare of its citizens (and this should be celebrated), Brazil must accompany these with investment in public social services. This focus on infrastructure extends to other policies in Brazil, such as those discussed earlier in this paper, and therefore stands as a key requirement for Brazil to reach its so-oft cited potential.

[18] Lindert et al. also point out that graduation from the program depends on a strong economy which produces "jobs, demand, and income-generating opportunities." They argue such poverty-reduction programs are ultimately dependent upon a responsible economic policy and investments in economic development (120).

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Conclusion

In the literature, there is often reference to Brazil's potential to become a major player in Latin America and eventually in the world. Brazil has been recognized for its progressive social policies which have started to eradicate poverty, reduce inequality, improve housing and increase access to health care. In this paper, we have analyzed three major areas – housing/favelas, health and poverty/inequality – in which social policies have played an important role. However, we have also seen that although liberal initiatives have been put in place, many issues have been left unsolved. Brazil remains a country with a wealth gap far too large.

Thus, there are many areas which need to be addressed in the future. To begin with, Brazil's population continues to grow (although not at an above-average rate) which means that investment cannot remain stagnant but must be increased in order for the supply of social services to sufficiently match the demand. In addition, social policy is an ongoing process. Programs need to be periodically modified and new methods innovated in order to make/keep them most effective. This entails both a qualitative and quantitative approach – the quality of services should be improved while more people should brought into the social safety net. As we have seen in health care, although it is deemed a guaranteed right and access is proclaimed universal, the entire population, especially the poor, is not necessarily receiving these benefits. This is true of population targeted by Bolsa Família as well. In all cases, there are still people who are not even knowledgeable of the benefits they are eligible to receive.

However, the main constraining factor in the three areas discussed in this paper is a lack of investment in infrastructure. The policies are a necessary but insufficient condition to improve Brazil's quest for development. Without complementary investment in social services, many alleged benefits of the programs will remain unrealized. Thus, the programs are in danger

of being short term attempts without long term effects. Nevertheless, if the programs continue to grow and evolve, they have substantial potential to evolve into a successful national strategy to combat poverty.

Although often referred to as an example for the developing world in its alternative route to development, Brazil's policies should not be used in a cookie-cutter approach in promoting development in other nations. This not only ignores flaws within the Brazilian system but more importantly neglects circumstantial differences between nations. Thus, although Brazil may serve as a useful reference point for other developing nations, we believe it necessary for other countries to adapt social policies to their own local circumstances in order to reap the greatest possible benefits.

The World Cup and the Olympics will soon be arriving in Brazil, meaning infrastructure in many areas is currently being bolstered. Substantial financial resources are being used for the building of new stadiums, the expansion of airports and the improving other such infrastructure. Nevertheless, certain preparation entails short-term development "fixes" (or more accurately, "cover-ups"), such as favela pacification by police or the relocation of favelados in order to make the city more tourist-friendly. Such practices do not address the root causes of the problems and may, for example, potentially undue progress that has been made in the area of urban reform by increasing the displacement of favelados. Although the World Cup and Olympics will bring large inflows of money to Brazil, it is yet to be seen whether this money will be used to further Brazil's social policies and development. Thus, these events provide great potential for Brazil with large amounts of money being spent both in preparation by the government and expected to be spent by the many tourists arriving in Brazil. We sincerely hope these events do not take attention away from the social policies previously discussed but rather provide additional sources

of funding which can be used to promote positive long term effects in Brazil and allow Brazil to truly serve as a model for other developing countries.