CHAPTER - IV

Welfare State in Brazil

In Latin America and in the developing countries Brazil is a significant actor in its own right. The economy of Brazil outweighs that of all other South American countries and it is a significant country in world markets. Brazil possesses huge and well-developed agricultural, mining, manufacturing, and service sectors. At the same time, poverty is widespread. It is an emerging economy and a developing country with one of the highest inequalities. As it is often described Brazil consists of the 'emancipated Brazil', 'affluent Brazil,' 'corporate Brazil', and 'marginalised Brazil'. Well endowed with natural and human resources, Brazil has great potential. With nearly one trillion dollar economy (measured in terms of purchasing power parity) and 170 million people, Brazil ranks amongst the ten largest countries in the world. It is a key partner in multilateral negotiations, such as trade liberalization. And it is also a principal actor in the present era of globalisation. Welfare policy is one of the important debates that has increasingly become significant in Brazil today. In 1985, Brazil underwent a peaceful transition from military rule to representative political institutions. "It is rare in the developing world for an authoritarian regime to turn over power gradually and stably to democratically elected successor, as happened in Brazil."

The dynamics of state interventionism in Brazil passed through different phases ranging from formal democracy to authoritarianism. The initial turning point was the civil dictatorship of Getulio Vargas (1937-1945), and the climax the military dictatorship (1964-1985). The 1980s also clearly represented a break from the

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1 According to World Bank, the income of the richest 20 per cent of Brazilians is 26 times that of the poorest 20 per cent; in the United States the ratio is 9 to 1, and in India, 5 to 1. Cited in Carlos Eduardo Lins da Silva, "Plato in the Tropics: The Brazilian Republic of Guardians", Current History, February 1995, p.81.
relatively successful path the country had trod since the 1930s but especially after the World War II, to secure the status of a developed country.  

The welfare policies of Brazil too have undergone significant shifts since 1930s. Prior to World War II, the ruling elite of Brazil generally followed laissez faire as the dominant economic ideology. However, during the *Estado Novo* (1937) Brazil shifted from laissez faire to statism. Brazil has also resorted to state intervention in the form of Keynesianism which was to become popular in Western countries after the Great Depression. In 1990s, the economic instability through hyperinflation, external debt and poverty clubbed with the exterior forces of globalization and collapse of socialist regime exerted new pressures upon the welfare policies of Brazil.

This chapter is a review of the welfare policies of Brazil and assesses the impact of globalization on them. The historical antecedents of welfare policies have been surveyed, since 1930s. In 1930s Brazil resorted to welfare measures in response to modern capitalism in the country. More so, 1930s mark the beginning of the political period in Brazil that is termed as giving rise to a polity that was highly centralised. In this regard the presidency of Vargas has been discussed predominantly. His reputation oscillates from 'unlimited eulogy and deification to the harshest criticisms and absolute damnation'. Moreover, his era is credited with notable economic and social changes.

**Major Developments**

In order to locate the welfare policy trend an attempt is made in this section to have a cursory look at the regime changes in Brazil. Following three centuries of the rule of Portugal, Brazil became an independent monarchy from 1822 to 1889. Under the Old Republic (1889-1930), however, agrarian oligarchies continued to dominate the central and state governments. After the 1930s...
Revolution, the landed elites were marginalized and the state played an active role in pursuing industrial and agricultural growth and development. From 1930, Brazil made an effort towards state-led industrialization.

Taking into account the major economic and political developments Brazil can be divided into different periods: between 1822 to 1889 there is the independent monarchy, from 1889 to 1930 the old republic, the industrial Brazil under Vargas from 1930-1945 and the modern Brazil from 1945 to the present.

The only Portuguese speaking nation in the Americas, Brazil was secured for Portugal in 1500 by Pedro Alvares Cabral. It was ruled from Lisbon as a colony until 1808, when the royal family, having fled from Napoleon's army, established the seat of Portuguese Government in Rio De Janeiro. Brazil became a kingdom under Dom Joao VI who returned to Portugal in 1821. His son declared Brazil's independence on 7 September, 1822, and became emperor with the title Dom Pedro I. His son, Dom Pedro II, ruled from 1831 to 1889, when a federal republic was established in a coup by Deodoro da Fonseca, Marshal of the army. Slavery had been abolished a year earlier by the Regent Princess Isabel while Dom Pedro II was in Europe. Earlier in September 1871, the Brazilian Parliament had approved and Princess Isabel had signed the *Lei do Ventre Livre* (Law of the Free Womb), declaring that all children of slaves would be free from that date. On 13 May 1888, Princess Isabel signed the *Lei Aurea* (golden law) approved earlier by the Parliament, abolishing slavery in Brazil.

Brazil secured its independence in May 1822. However, it did not bring any considerable change in the socio-economic situation of the land and from the point of view of government Brazil became a monarchy among republics. In 1827, Brazil

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6 Though it is widely considered that Vargas's emergence in 1930 was a 'revolution', there are contradictory views on whether one can ever call the emergence of Vargas as a "revolution". For example Atul Kohli, claims that it had nothing of a sort of revolution. He states, "His rise instead was mainly an intra-elite political affair, with a strong military component; peasants and workers played a minimal role." See, Atul Kohli, *State-Directed Development: Political Power and Industrialization in the Global Periphery*, Cambridge: Cambridge University Press, 2004, p.153.

7 For Brazil independence came without any war against the Portuguese metropolis. A proclamation by the Regent Prince brought in the separation and turned Brazil into an independent monarchy. After a period of instability Brazil succeeded in establishing a stable political order.

8 For the historical sketch of Brazil see, Boris, Fausto *A Concise History of Brazil*, (Translated by Arthur Brakel), Melbourne: Cambridge University Press, 1999.
signed a treaty giving Great Britain full access to the Brazilian market on terms better than those available to Brazilian national industry. The years between 1822 to 1840 were marked by political fluctuations, a series of rebellions, and attempts at consolidating power. The first attempt to formulate a constitution during this period failed due to differences of opinion that cropped up among the assembly-men. The critical liberals and the disappointed conservatives opposed the minister Jose Bonifacio, thus removing him from office within less than a year after independence. After the dissolution of the assembly, the constitutional project was undertaken again and the constitution was ratified on 25 March 1824. The new constitution rather served the interests of the landlords as it excluded slaves who formed a considerable portion of the population, from all constitutional guarantees. Even though the constitution guaranteed individual rights and literacy, such rights did not get the common people the right to be eligible for voting. The authoritarian tradition continued and justified with regard to political rights, and women were also excluded from voting.

Brazil by this time had developed two divergent political ideologies. The two parties, the Conservatives (The Conservatives were called as Saquaremas) and the Liberals Party (The Liberals were called Luzias) were formed by the end of the 1830s. As Brazil developed politically, the liberal and conservatives consolidated themselves wielding their influence over the political system. Alongside socialist ideas also developed and left their mark in shaping the revolts. However, political alignments were geared more to capture power than to achieve ideological objectives. With regard to the composition of parties, the Liberal Party consisted of rural landowners and trained professionals and the Conservative Party comprised of the rural landowners, government bureaucrats and wealthy merchants during 1840s and 1850s.

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9 A G Frank states that “Thus Britain developed its industry and the satellites underdeveloped their manufacturing and agriculture”, Alexander Hamilton and Federich List maintain that it was liberalism and free trade that secured Britain monopoly over its satellites in the nineteenth century. Further they claim that when such a policy did not exclude her metropolitan rivals from the world market, liberalism was revised at the end of the nineteenth century by the imperialist colonial policy. See, Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America*, London: Monthly Review Press, 1969, pp.163-164.

10 Fausto writes that the coming of Dom Pedro II to power at the age of 14 was supported by the liberals. The Praieira revolution in 1848 at Pernambuco (The name for this revolution comes from a liberal newspaper, Diario Novo located on Rua da Praia (“Beach Street”) in Recife, owed its influence to the brand of socialism based on the work of Proudhon, Fourier and Owen. For details see, Fausto, *op. cit.*, 1999, pp.78-110.
The Liberal Party argued for individual freedom and broad basing political representation. However, all these themes became significant only after 1860s. The New Liberal Party was founded in 1870 with the support of Conservatives who demanded guarantees of freedom of belief, citizenship education, business, industry and gradual abolition of slavery. The liberals were supported by urban professionals.

From 1889 to 1930, the government was a constitutional democracy, with the presidency alternating between the dominant states of Sao Paulo and Minas Gerias. It was on 15 Nov 1889 that Brazil was declared a republic. Pedro II was deposed by a Republican military coup led by general Deodoro da Fonseca who became the country's first president. Brazil came to be called as the Republic of United States of Brazil.\(^ {11} \) The 1891 Constitution abolished monarchy and enumerated separate state powers.\(^ {12} \) This period ended with a military coup that placed Getulio Vargas, civilian, in the presidency and Vargas sustained his dictatorial rule until 1945.

In 1920, a few small fascist organizations had appeared in Brazil. In 1932 Plinio Salgado and other intellectuals founded Ação Integralista Brasileira (AIB - the Brazilian Integralist Movement) in Sao Paulo. Integralism, was defined as nationalist and it had cultural outlook than economic. It favoured state control, opposed pluralism and individual representation of citizens. It opposed liberalism, socialism and international finance capital. There was a band of communists too who expressed their opposition to the integralistas. Both integralistas and communists opposed liberalism. However, communists supported revolutionary concepts like, class struggle, criticism of religion, agrarian reforms and national emancipation- to be pursued by countering imperialism, whereas the Integralistas supported conservative aspects like, family, national tradition, the Catholic Church etc.

\(^ {11} \) In 1967, Brazil changed itself to be called as Federative Republic of Brazil.
\(^ {12} \) The 1891 Constitution represented a break from the earlier extreme centralism to the widest federalism. However, the central government retained its significance, with the freedom to intervene in all states to reestablish order and to preserve the republic.
Authoritarian Welfarism under Vargas

On 15 July 1934 Getulio Vargas was elected as the President of Brazil through direct vote of the Constitutional Assembly. This was the time when the Great Depression had its worst effects on the economy. Vargas’s regime supported the bases of a corporatist state anchored on a nationalist ideology that harped on the mutual co-operation of urban agents-workers, private and state capital. Popular opinion was given to understand that liberal democracy associated as it was with capitalism, instead of providing better opportunities, had given rise to poverty, unemployment and despair.

The 1930 Revolution brought in a coalition favoring protection of Brazilian manufacture, supported by the bourgeoisie and landed interests. Vargas’ intricate coalition under the “provisional government” (1930-37) did not overtly show fascist-style political and economic policies, as Vargas’ government did later between 1937-1945. Vargas followed a path of social reformism to try to reconcile radically diverging interests. He even advocated a programme of social welfare and reform similar to the New Deal. Franklin Roosevelt is quoted to have said “one of two people who invented the New Deal.”

Vargas during this period sought to bring Brazil out of the Great Depression through conservative policies. He protected the interests of the growing urban bourgeois groups, invoking mass-ideologies of populism and nationalism. Favoring a state interventionist policy involving tax breaks, lowered duties, and import quotas to expand the domestic industrial base, the populist Vargas linked his pro-bourgeois policies to nationalistic ideas, favouring domestic market. Like all capitalist leaders during the Great Depression, Vargas also intervened to mediate disputes between labour and capital. The government initiated laws to protect the workers as well as to allow the interference of the state to bring unions into line. Bureaus such

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13 Generally the rule of Vargas is divided into two phases. The first phase is between 1930-37 considered to be a liberal phase and the phase from 1937 to 1945, the phase of Estado Novo new state, a phase in which Brazil showed the trends of cohesive capitalist state with a stance towards fascism.
14 New Deal programme is the welfare programmes that President Franklin Roosevelt adopted in America, between 1933 and 1938 to counteract the effects of the Great Depression, http://encarta.msn.com/encyclopedia_761564651/New_Deal.html.
15 Vargas noted that it is unpatriotic “to feed or clothe ourselves with imported goods”, http://www.Global-Welfare\History of Brazil.htm.
as *Juntas de Concilliacao e Julgamento* (Bureau of Reconociliation and Arbitration) were established to mediate conflicts between workers and bosses. The government secured control over labour unions by declaring that the members of the Ministry of Labour would attend their meetings.¹⁶

In fact authoritarianism gained strength in Brazil, during the 1930s. Authoritarians considered that it is the responsibility of the state to promote economic development and general well being. On 10 November 1937, Getulio Vargas successfully averting a coup announced the beginning of *Estado Novo*, (New State) dictatorship. Liberals also supported authoritarianism, as they thought that it is important to curb tendencies of social radicalization in order to protect their vested interests. Communists who were responsible for the coup were suppressed completely. But the Integralists were still active. They attacked the presidential palace in May 1938, to depose Vargas. But Vargas successfully suppressed the attackers.

*Estado Novo* was not radically different from the earlier rule of Vargas. The centralizing tendency had taken shape already in 1930s and attained greater perfection in *Estado Novo*. The federalistic enthusiasm that the Constitution of 1891 had shown was replaced by more of central control through the interventors. The interventors were appointed by the center and chosen according to various criteria.¹⁷

From socio-economic point of view, the *Estado Novo* witnessed a close affinity between the civilian and military bureaucracy and the industrial bourgeoisie. The common objective was to promote industrialization in Brazil. The industrialists supported industrialization and also believed that better industrial prospects required an active state intervention. The government promoted education in order to help industrialization. The state also encouraged a policy of replacing imports with domestic products and providing a proper industrialized base. The Vargas government also restricted the exploitation of minerals and waterfalls to Brazilians considering its importance to economic or military defense to the national


¹⁷ At times, Vargas relative’s in the military were appointed as interventors. Ibid., p.216.
government through a charter in 1937. It also gave foreign companies a grace period to be set by law during which time they could become Brazilian firms. Industrialization was supposed to be the only means to achieve social inclusion and eliminating social evils of the past. In order to run the economy in the ongoing world war government created a department known as Coordenacao de Mobilizacao Economia (Coordination of Economic Mobilisation).

The Estado Novo was a modernizing state with an authoritarian bent, and was supposed to last for a longer time. However it came to an end within eight years mainly due to Brazil’s entry into international relations. Brazil’s entry into the war precipitated opposition which questioned the contradiction between the country’s support to democracies outside and dictatorship by the government within. Such an opposition became more pronounced as the opposition began to grow within the government itself and few of the significant members within the government itself opposed Vargas demanding a shift from authoritarianism to democracy. As a result, Vargas announced fresh elections and backed out from being a candidate for the presidential post. However he encouraged the formation of the political party Partido Social Democratico (Social Democratic Party or PSD) in June 1945 within the state political machine and in September same year the Partido Trabalhista Brasileiro (PTB-Brazilian Labour Party) was formed against the opposition Uniao Democratica Nacional (National Democratic Union or UDN). The UDN supported Eduardo Gomes and the PSD supported General Eurico Dutra as the presidential candidates with the PTB fielding no presidential candidate. Percieving lack of support for his government among the military high command, Vargas sought wider support from the urban masses, from union bosses and from communists. Worker strikes which were suppressed earlier reappeared in 1945 as democratic freedoms were restored. There was also a “we want Getulio” campaign coming from the workers circle with a view to support the election of a Constituent Assembly with Vargas in power, and then hold the elections with Vargas as a candidate. However, on 25 October 1945 Vargas made a faulty move by removing General Goes Monteiro, from the Ministry of War, and substituted him with Vargas's brother Benjamin Vargas. As a result Monteiro mobilized the troops immediately in the

18 Ibid., pp.229-236.
19 General Goes Monteiro, played a predominant role in 1930 revolution and in bringing Vargas to power.
Federal District and ousted Vargas. "These and other circumstances made the transition to democracy a change of direction rather than a break with the past."  

After the fall of Vargas the armed forces and the liberal opposition, in compromise with the two presidential candidates handed over power to the Federal Supreme Court and elections were declared in December. The UDN candidate Gomes had an edge over the opposition with his banner headlines of democracy and liberalism, but surprisingly the candidate of the PSD and the PTB, General Dutra, came to power with the support of Vargas. A new constitution was ratified in 1946 with a liberal democratic flair. However, this regime did not overhaul the corporatist ideology that the earlier government followed.

The chapter of citizenship in the new constitution enumerated the right to vote to be enjoyed by literate men and women of Brazil, thereby establishing equality of women on par with men in terms of political rights. The voting age was reduced from 21 years to 18 years. The 1934 constitution had extended restricted voting rights to women, who were paid civil servants. The constitution resembled with Estado Novo when it came to workers organizations. Though the right to strike was granted, the law almost nullified it by defining which activities would be legal and made it impossible to resort to strikes by including almost every activity within its provision. Under the banner of fighting communism, government strangulated the worker’s organizations that opposed government policies.

From economic standpoint, Dutra’s government followed a liberal model. State intervention was condemned, and the Estado Novo policies were dismantled. However, the liberal policy did not make much dent due to increasing imports. As a result, government established import licenses by restricting the importation of consumer goods and stimulating the internal market. Import of goods was favoured for equipment, machinery and fuel. At the end of this regime considerable economic growth was achieved. Taking 1947 as a base year, GDP grew at an average of 8 per cent per year between 1948 and 1950.

20 Quoted from, Fausto, op. cit., p.233.
21 Dutra’s victory was considered as the victory of Vargas as it elevated Vargas prestige among the workers. Besides, it also showed how the anti-Vargas movement was turned down according to the interests and support of the wealthy.
In 1951, Vargas came to power by winning the elections. Vargas based his campaign supporting industrialization and the need to widen labour legislation. He discontinued his earlier government policies but this time at the head of democratic government. Vargas tried to win over the UDN by selecting the conservative ministers. At the same time he sought the attention of the nationalistic elements in the armed forces by giving them significant portfolios. Within the armed services, there were two factions, nationalists and their adversaries. The nationalists insisted on development based on industrialization and they emphasized the role of the state to actively intervene in economic matters, in regulating economy and investing in strategic spheres. They did not accept the role of foreign capital as they thought that it would affect state sovereignty. The other faction, that played adversaries to the nationalists, believed in limited intervention of the state and did not hold industrialization as important. They also held on to limited government spending in order to fight inflation.

Vargas made attempts to stabilize the economy and promote economic development by emphasizing industrialization. Provisions were made for public investment in transportation and energy. However, Vargas had to face challenging times due to growing inflation. He replaced his ministers in order to help the country out of the challenging situation. However, it did not help much as the new ministers failed to achieve favourable public opinion. In order to retain his main bases of support Vargas established stronger ties with the working class and helped the return of communists who had been shut out by Dutra administration. As a result there were increasing strikes and Vargas government came to be opposed by communists, the UDN members, a major section of the press and also members of smaller parties. The policy measures that Vargas initiated also were severely criticised. Vargas shifted to a nationalistic line in the economic sphere blaming foreign capital for the problems in balance of payments. Finally, Vargas's announcement of 100 per cent increase of the minimum wage on May Day created unrest and protests. Yet Vargas continued in power and ultimately the enemies of Vargas trapped him in a criminal plot of attempting to murder Carlos Lacerda, the opponent of Vargas. The investigations brought in the darker side of the Vargas

22 Inflation seems to have increased from 2.7 per cent in 1947 to 13.8 per cent between 1948 and 1953, and during 1953 it reached 20.8 per cent. See, Fausto, op. cit., p. 244.
administration and the army generals signed a manifesto and demanded the president’s resignation. Disappointed with the opposition’s plot to depose him, Vargas committed suicide in 1954.23

The Vargas era was very much known for profound changes as during this time central government enhanced its political power over the states and municipalities and also intervened in the economy that had been reserved for private capital, foreign and domestic.24 Rejecting laissez-faire, the Estado Novo pursued a policy of planning and direct investment in order to create important industrial complexes in the basic sectors of mining, oil, steel, electric power, and chemicals. The government announced a Five-Year Plan whose goals included the expansion of heavy industry, the creation of new sources of hydroelectric power, and the expansion of the railway network. Sufficient base for industrialization was also built and factory and steel mills became symbols of the new Brazil.

Vargas initiated a social welfare policy through legislation providing workers with basic social welfare protections: minimum wage, maximum working hours, pensions, unemployment compensation, health and safety regulations, and unionization. At the same time he brought the unions under the direct control of the government. Vargas also initiated measures to protect domestic production from competition and from foreign imports. As a result there emerged a new class of entrepreneurs and industrialists. Urbanization grew and the middle class increased rapidly in both size and influence. The newly organized trade unions welcomed reform and on occasion exerted pressure for it.

Attention was also given to agriculture by encouraging coffee and cattle industry. In order to explore petroleum resources and to establish monopoly over it the government established ‘Petrobas’. As one of the nationalists stated, "the

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23 It has to be noted that Vargas left a ‘suicide letter’ (carta-testamento) accusing international enemies and domestic pressures as having forced him take his own life, and described his suicide as a sacrifice to free Brazilian people from bondage. Some accounts say that such a message which aimed at provoke people against his enemies failed miserably. Whereas some accounts say that there was a great mass upsurge and the communists were much present there, though they opposed Vargas during his life time. It is also to be noted that after this incident communists abandoned their radical postures and began to support nationalistic populism. For the suicide letter of Vargas, see, http://www.sjsu.edu/faculty/watkins/vargas.htm.

Brazilian people . . . struggled for the creation of a state monopoly because they believed that in that struggle they were defending national sovereignty. It has been argued that “The Vargas era marked a definite shift of emphasis from cultural and political nationalism to economic nationalism.” The Federal government became stronger over the state governments and expanding road, rail, and air networks facilitated Vargas’s ability to reach out to the remotest regions of Brazil as never before in the history of Brazil. He also created the first Ministry of Education to nationalize education, and emphasized on Brazilianization. Emphasis was also laid on the teaching of Brazilian history and chairs of Brazilian history were established in the universities. The National Service of Historic and Artistic Patrimony was created with the principal project of creating the Imperial Museum in Petropolis, a monument to the glories of the empire.

However, though Vargas paternalism was highly appreciated his authoritarianism was highly condemned alleging that Vargas supported the ‘allied effort to eliminate dictatorship in Europe’ but followed dictatorship at home. Amidst opposition and unrest Vargas announced elections and extended political freedom giving rise to various political parties which was an important development in bringing democracy in Brazilian politics. The PSD, founded by Vargas himself, represented urban, moderate, middle-class interests. The UDN, founded by the opposition to Vargas, supported conservative doctrines and favored the interests of the traditional oligarchy. The PTB, also founded by Vargas, appealed to the workers and expressed a leftist ideology. The leadership of the PTB was prominently middle-class in origin and was very much nationalistic. Despite Vargas nationalistic rhetorics, which were quite prominent in his second rule than the first, much remarkable industrial progress during these years was due to the growing investment of foreign capital whom the nationalists, never trusted. Yet funds continued to flow in from abroad, and industrialization expanded at a rapid pace. He neutralized the

26 Ibid.
27 Ibid. This remark was basically made as a discontent that the people shared with regard to Vargas authoritarianism at home and his support to the US in the II world war against the fascist and Naziist forces
28 Ibid. This remark was basically made as a discontent that the people shared with regard to Vargas authoritarianism at home and his support to the US in the II world war against the fascist and Naziist forces
29 Burns writes that, Vargas became more outspoken in his criticism of foreign ownership of industry, and he attacked the foreign investors, accusing them of “bleeding Brazil.” The nationalists rejoiced each pronouncement. Bradford Burns, op. cit.
opposition of labour by paternalist social legislation. He established a labour tribunal system, gave the government power to fix minimum wages, and guaranteed the right to strike. Subsequent decrees set the working day at eight hours in commerce and industry, fixed minimum wages throughout the country, and created an elaborate social security system that provided for pensions, paid vacations, safety and health standards, and employment security.\(^{30}\)

**Democratization and the Changing Significance of Welfare**

On 31 January 1956, Juscelino Kubitschek came to power and his administration promoted widespread state intervention in infrastructure and provided direct aid to industries. However, it also openly extended support to foreign capital, through special incentives. Though Kubitschek appealed to Vargas legend, to nationalism, he also appealed for a developmental model. He emphasized industrialization as the best way out to provide better standard of living. Foreign loans and foreign capital became essential elements for financing and promoting economic development, favouring large multinational, domestic, private and public firms. Kubitschek’s economic policy was known as *Programa de Metas* (Programme of goals) contained 31 objectives combined over six large areas: energy, transportation, foodstuffs, basic industry, education, and the construction of Brasilia. Kubitschek also promised improvements in public health, social welfare and education.\(^{31}\) He promised that he would make the country achieve 50 years of progress in five years.

The *Programa de Metas* produced impressive results. Between 1957 and 1961, Brazil’s GDP rose at a yearly rate of 7 per cent, with the per capita rise of 4 per cent.\(^{32}\) Most of the production goals were achieved in both the private and public sectors. There was the opening of the new roads and highways.

Agriculture, which comprised of more than half the labour force of the country, however did not receive expected importance. Yet some achievement was

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\(^{30}\) See, Benjamin Keen, "A Short History of Latin America". http://www/Keen V2.htm, However Benjamin Keen writes that in exchange for these gains, the working class lost its freedom of action. The trade unions, became official agencies controlled by Ministry of Labour. The workers had no voice in the drafting of labour legislation.

\(^{31}\) Jose Maria Bello counts 30 objectives as against 31 objectives counted by Fausto.

\(^{32}\) See Fausto, *op. cit.*, p. 256. Fausto claims that Kubischek’s five-year administration in public opinion as a period of optimism associated with tremendous accomplishments.
secured by increasing facilities for food grains and perishable commodities. Tractors were imported and fertilizers production exceeded the original goal by one third.\textsuperscript{33} The industrial sector achieved the maximum due to Kubitschek’s policies. However, this spectacular success of the government gave rise to foreign borrowing, deficit spending and inflation that received vehement criticism across the board. Unions came under new pressures fostered by new types of labour relations. Union leaders set up alternative organizations and tried to politicize their unions. The unions supported nationalistic trends and proposals for basic social reforms including agrarian reforms. In the beginning of 1960s the influence of socialism gave rise to the radicalization of labour politics in Brazil. This in turn gave rise to greater demand for reforms. Protests were also displayed against the neglect of health, agriculture, education and social welfare. Criticisms were also levied against the industries being concentrated at Sao Paulo, ignoring other regions. The regime was criticized for its inability to nationalize basic industries, for not tightening controls on the entry of foreign investments, for not restricting the remission of profits abroad, and for the failure to revise tax control etc.

In October 1960 election Janio Quadros came to power and Joao Goulart was elected the vice-president. Quadros resigned in August 1961 giving a vague reason that “terrible forces” made it impossible for him to govern the country. Though his coming to power raised great public hopes, his regime was not very significant as he did not show himself as serious. However he preferred a stabilization plan which involved devaluation of currency, cutting down public spending and the printing of money. Subsidies for importing wheat and petroleum were reduced resulting in the hike in the prices of fuel and bread. However these policies were highly favoured by the IMF and creditors of Brazil.

The resignation of Janio Quadros landed the country in a precarious situation. The utmost question raised was whether the armed forces, which had intervened to preserve the Constitution in 1955,\textsuperscript{34} would violate the Constitution now opposing the rightful claim of the vice-president Goulart taking over the office.

\textsuperscript{33} See, Jose Maria Bello, \textit{op. cit.}, p.335.
\textsuperscript{34} In 1955, when there was an attempt to prevent Kubitschek who was elected with 36 per cent of the vote coming to power, the Congress intervened and the high command of the army backed such a move supporting a democratic government.
Since the armed forces did not want the region to be taken over by Goulart they called upon, the Congress to find a constitutional solution to the problem. This encountered opposition as even the bitter political enemies of Goulart upheld the right of Goulart to assume office. In order to avoid warfare, the Congress brought in a drastic constitutional amendment by bringing a change in the presidential form of government. Changing over to parliamentary form of government for the first time since 1889, the President lost his earlier powers and became a figurehead as executive powers were to be exercised by a council of ministers responsible and drawn from the legislature. As a result, Goulart occupied the office of the president and the military resigned itself to such an outcome. This is considered to be one of the significant achievements in restoring civilian democracy and rejecting the role of the military in determining the national interest in moments of crisis. However, this arrangement did not work for a long time and the Congress was obliged to authorize a plebiscite to decide whether to continue with the parliamentary model or to bring back the presidential system. The plebiscite decided restoring presidential system and as such Goulart was granted full presidential powers.

In 1963 under Goulart an important gain was made which set up the 'Rural Workers Statutes'. This law extended official status to rural workers. It stipulated hours of work and made it mandatory that workers be paid minimum wage. It set out rights such as weekly day off and paid vacations. Goulart's coming to power brought in populist schemes that extended support of the state to organised labour, and the middle class. The basic reforms, that the state took up included agrarian reforms that had the goal of ending conflict over land tenure and guaranteeing access to land for millions of rural workers. In order to achieve this, a constitutional change was proposed which allowed land to be expropriated for reasons of need, public use, or social interest,- but only if the owners were paid in advance for the land. The Urban reforms were also announced so as to facilitate the tenants to become the owners of the houses they rented. From the standpoint of political rights and in order to widen political support the need to extend the right to vote to illiterates and armymen from the rank of sergeant and below was suggested. These basic reforms allowed for greater state intervention in economic matters. The public service concessionaries, meat-packing plants and the pharmaceutical industries were

nationalized. Strict regulation on companies sending profits abroad was maintained. Though the reforms did not aim at making Brazil a socialist state they attempted to modernize Brazilian capitalism, and tried to lessen its deep social inequalities through state action.\textsuperscript{36}

Goulart's policy measures were very much opposed by the dominant classes. The middle class distanced itself from the government as they considered that the method of achieving these measures might not result in a conducive, situation in the society. The number of strikes had increased and there were recurring work stoppages in the public sector.\textsuperscript{37} The anti-Goulart conspiracy also became prominent as the landlords joined to oppose the agrarian reforms and the left wing of the PTB criticized Goulart's inability to hold on to social reforms against imperialism. Within the military there was already a plan for "defensive intervention", against government excesses. The social movements had gained significance. Knowing that no defense on his part will save him from the existing situation, Goulart fled from his country leaving his post vacant to avoid any bloodshed.

\textbf{Throwback to Authoritarianism and Reneging of Welfare}

In 1964, military rule was enforced by coup as a reaction to internal disorder following the leftist government of Goulart. The military achieved paramountcy and initiated an interventionist—developmental model operated on the basis of political control and repression. They took over power with the purpose of freeing the country from corruption and communism and to restore democracy. The military repressed the unions, other public institutions and the people whom they thought were nationalists, leftist or influential. Economically they wanted to reform Brazilian capitalism, to modernise it, lift the country from chaotic conditions and promote reform within the governmental apparatus. It opposed the populist and nationalist policies of the earlier governments on the count that those policies did not cater to capital accumulation. The populist consensus was obstructed replacing it with technocratic policies. To pursue these goals the \textit{Programa de Acao Economia do Governo} (Government Economic Action Programme) or PAEG was initiated.

\textsuperscript{36} Ibid., p.268.
\textsuperscript{37} Around 172 strikes were reported in 1963 as against 31 strikes registered in 1958. Around 58 per cent strikes were reported in public sector in 1963 against the 80 per cent of the strikes in private sector in 1958.
The PAEG tried to reduce public sector deficit, restrict private credit, and shrink salaries. It sought to control states’ expenditures. Surplus in nation’s finances was attempted to be achieved by cutting subsidies for basic products such as wheat and petroleum, and by increasing tax collection. The ‘life long employment after ten years service’ granted to the urban salaried workers by the *Consolidacao das Leis do Trabalho* (CLT- Consolidated Labour Laws) was abolished. In November 1964, the legislation on *Estatuto de Terra* (Land Statute) was promulgated to get agrarian reform and to promote an agricultural policy.

In 1969, General Emílio Garrastazu Médici became President. Medici’s government heralded a period of extremely ruthless repression, with hundreds of people being imprisoned, tortured, exiled or killed. The same period saw the *Milagre Brasileiro* (Brazilian Miracle) with an incredible growth in the GDP. The economic miracle of growth continued from 1969 to 1973. Though the period witnessed high rates of economic growth, and the development of strategic industries the mal administration and corruption ruined the country increasing poverty and disparities of income.

The GDP grew at a yearly average of 11.2 per cent during the period and reached its apex in 1973, with a 13 per cent increase. The growth in job opportunities provided jobs to more than one person even within a single family. However, there were disparities between economic growth on one hand and the decline of and dismantling of state-sponsored social programmes on the other. Brazil became known for its high industrial potential combined with low standard of health, education, and housing- the essential indicators that measure the welfare of the citizens. The government did not try to halt the deforestation and uprooting of indigenous populations that had been taking place in Brazil then.

In the mid of 1973, armed forces nominated General Ernesto Geisel as the President. He was elected in 1974 by an electoral college and took office on 15 March. During this period, political liberalization was initiated through the

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38 In 1968 and 1969 the economic growth was very remarkable. The GDP increased by 11.2 per cent in 1968 and by 10 percent the following year. The PCI increased by 8.1 per cent and 6.8 per cent respectively.

programme of liberalization *abertura* (opening) and *distensão* (decompression). It also indicated a gradual relaxation of authoritarian rule. General Ernesto Geisel assumed the presidency, facing major economic problems, caused by external debt, the international oil crisis, and a high inflation rate, inherited from the previous government. Ernesto Geisel's accession signaled a move away from repression toward democratic rule.

President Geisel sought to maintain high economic growth rates, even while seeking to deal with the effects of the oil shock. He kept up massive investments in infrastructure—highways, telecommunications, hydroelectric dams, mineral extraction, factories, and atomic energy. Discarding nationalist objections, he opened Brazil to oil prospecting by foreign firms for the first time since the early 1950s. His government borrowed billions of dollars to see Brazil through the oil crisis. Despite apprehensions and reversals there was fairly widespread support to liberalization as government was able to seek and muster consent from the society for ‘abertura’, a process of political opening. The unfolding of liberalization process even held the scholarly community by surprise as they believed that a military regime would not venture into such experimentation.\(^40\) Abertura was designed to allow the nations 120 million people greater social, economic and cultural freedom.\(^41\)

Geisel, called the democracy of Brazil a “relative democracy,” He allowed the return of exiles, restored habeas corpus, repealed the extraordinary powers decreed by the Fifth Institutional Act, and imposed General João Figueiredo (1979-85) as his successor in March 1979.

The last military president, João Figueiredo, took over the presidency on the pretext of serving Brazil than as a political ambition. He signed a general amnesty into law and turned Geisel’s *distensão* into a gradual *abertura* (the opening of the political system), saying that his goal was “to make this country a democracy.” Figueiredo not only permitted the return of politicians exiled or banned from political activity during the 1960s and 1970s, but also allowed them to run for state


and federal offices in 1982. Thus General Figueiredo, who made a smooth (and slow) transition to a democratic government, was the last military president in Brazil. But, Figueiredo faced several problems, like inflation, declining productivity, and a mounting foreign debt.

Political liberalization and the declining world economy gave rise to economic and social problems. In 1978 and 1980, huge strikes took place in the industrial arena. Union leaders, including the present President Luis Lula Inácio da Silva, were arrested for violation of national security laws. The IMF imposed a painful austerity programme on Brazil. Under that programme, Brazil was required to hold down wages to fight inflation and to attack the problem of payment of foreign debt. "The whole economic model came into serious question, with stakes heightened by the role of the state and of subsidies and controls in economy." 42 The opposition of the Roman Catholic Church, which had been a major voice for societal change, was at its height in the early 1980s with the expulsion of foreign priests involved in political and land reform issues.

In order to attack foreign indebtedness Figueiredo's administration stressed on exports of food, natural resources, automobiles, arms, clothing, shoes, even electricity and expanded petroleum exploration by foreign companies. Brazil was prepared to establish ties with any country that would contribute to Brazilian economic development.

The representative system of expression of interests naturally stimulates increased demands for equity and liberty as against the authoritarian regime’s emphasis on growth and order. 43 Brazil had acquired relative political mobility with all the inequalities, in which the richest 10 per cent of the population earned 47.7 per cent of the income while the poorest 60 per cent earned 19.6 per cent of income as per the indices of 1980. "So abertura carried to its logical democratic consequences, went beyond intra-elite institutional reform to open a larger social reform question of lower class economic participation." 44

43 Quoted from, Ibid., p.59.
44 Ibid.
From 1968 to 1980s, per capita GNP grew at an average yearly rate of 6.25 per cent, due to fast rate of investment and modernization. "It was taken for granted that growing inequality was a necessary result of productive bottlenecks, especially the scarcity of qualified manpower, and the trickle down effect would soon operate. As a consequence, economic policy was tacitly geared to the attainment of high growth rates as an objective itself."\(^{45}\)

Though in 1983 the economy leaped ahead with 5.4 percent GDP growth, it was lost in the rising inflation and the failure of political leadership. In a way economic crisis pushed political liberalization.

On January 15, 1985, the electoral-college elected Tancredo Neves of Minas Gerais, Vargas's minister of justice in the 1950s, and former federal deputy, senator, and prime minister as the President. It is said that Neves election marked the 'demise of the most successful and enduring bureaucratic-authoritarian regimes in Latin America'.\(^{46}\) Due to Neves' illness, Vice-President José Sarney took charge of the presidency (1985-90), and he carried over the democratization process.

**Democratic Regime**

In Brazil, a regime of rights with transparency began in 1974 with Giesel as the president who continued until 1985. A shift to competitive democracy after a long period authoritarianism began in 1980 with the party reform and the promise of open, competitive elections for state governors in 1982, which encouraged competition for major decision making structures. The choosing of Jose Sarney as the acting President in March 1985 marked the inauguration of liberal democratic regime and transition to Democracy.\(^{47}\) The democratic transition was accompanied

\(^{45}\) Sonia Rocha, *op. cit.*, 2003, p.517.

\(^{46}\) Quoted from, Donald Share and Scott Mainwaring, "Transitions Through Transactions: Democratization in Brazil and Spain", in Selcher, ed., *op. cit.*, p.176.

\(^{47}\) In fact the period between 1946-1964 is argued to be nominal democratic phase with a cohesive capitalist state. Hence the phase since 1985 is also called as re-democratic phase. Dilip Loundo writes that, since independence to the present days, Brazil underwent two major periods of authoritarianism: a civil and populist dictatorship – *Estado Novo* (New State) - which lasted eight years (1937-1945); and a bureaucratic-military regime which lasted twenty one years (1964-1985) with an unequivocal dictatorial character with a working Parliament, elections and political parties. Except these two periods, "Brazilian history right from the constitutional monarchy of the first decades of post-independence period (1822-1898) to the New Republic of the '80s, including the post-war period, has been marked by democratic orders. What effectively distinguishes them is (i) the character and the scope of popular participation and (ii) the degree of state intervention.", Quoted from, Dilip Lundo, *The Politics of Economic Liberalization in Brazil: Post Populist Strategies during '90s*, Minor Research Project, Goa University, 31 March 2000.
by a campaign against the excessive interference of the state in the market. In turn it
strengthened the tendency to increase bureaucratic controls over existing state
companies and to establish stricter rules for the creation of new ones or subsidiaries.

Various arguments have been put forward for the option to democracy in
Brazil. Some arguments inform us that the authoritarian coalition in Brazil always
wanted democracy to be restored. Hence they altered the rules of the game on which
they sustained themselves hitherto.\textsuperscript{48} The transition is also seen as due to the
inability of the military regime to handle the social and political pressures.\textsuperscript{49} Political
liberalization, i.e. resort to respecting rights and openness by the military regime in
1970s permitted more political freedoms that led to more competitive elections.\textsuperscript{50} In
the process the opposition demonstrated better results. Besides, popular movements
also came to the fore, making it impossible to continue with the existing model of
government. The sharp increase in social movements along with growing awareness
on ‘civil society brought in the need to institutionalize participant mechanisms of
political control and eliminate both the paternalistic and repressive state. The MST
became very prominent against exclusion of rural labour force. The initiative taken
by Herbert Jose de Souza, a sociologist and social worker over defence of
Amerindians, agrarian reforms and poverty alleviation earned massive popular
support and brought enormous pressure on the government. The nationwide
demonstrations demanding direct Diretas Ja (elections now) in 1984 culminated the
process of democratic transition.

While the democratization of Brazil is based on strong economic and social
reality rather than a gift from the military regime, the role that the military
establishment played cannot be ignored.\textsuperscript{51} The concrete initiatives and guidance for
the democratic transition came largely from the military initially rather than from
civilian sectors. As a result it has not involved any abrupt rupture but continuity in

\textsuperscript{48} See, Share, and Mainwaring, \textit{op. cit.}, p185.
\textsuperscript{49} See, Dilip Loundo, “Welfare Designs and Peripheral Realities: The Brazilian Dilemma”, in B.
\textsuperscript{50} See, Scott Mainwaring, “The Transition to Democracy in Brazil”, in Julian M. Chacel, Pamela S.
Falk, and David V. Fleischer, eds., \textit{Brazil's Economic and Political Future}, Boulder: Westview
\textsuperscript{51} Drawn from Luiz Carlos Bresser Pereira, “Populism and Economic Policy in Brazil”, \textit{Journal of
fundamental policies. The ability of the military government to provide continuity in policies enabled institutional continuity and it provided the backdrop for democratic institutions. The transition to democracy was also marked by the tension between those generals who wanted to retain their control and others who pushed for a change on democratic lines. And the latter succeeded over the former striking a compromise between the hardliners and the moderate authoritarians.

It is important to note that in early 1980s many regimes in Latin America had reached an impasse. In 1980s, Brazil underwent an acute economic crisis, characterized by inflation, recession, and huge external debt. Poverty and concentration of wealth were the most glaring problems that Brazil faced in the 1980s. Primary education system and health system were also very deficient. The 1980s is considered to be a lost decade in Latin America, as it experienced loss of wealth and many social indicators registered steep decline in terms of providing good life.

In 1991 Collor de Mello, the first elected president came to power after the military rule of 1964-85. He announced his plan to discontinue the erstwhile state policy of intervention as the basic tool of economic development in Brazil. The new, democratically elected leadership made a swift movement towards the policies of deregulation, privatization and liberalization. The neo-liberal policies of the Thatcher and Reagan administration also shaped the Brazilian economic policy. The ongoing processes of economic, trade and financial globalization pressed for greater freedom to the market against the already predominant interventionist policies of the state. Collor introduced a stabilization plan known as the Plano Brasil Novo sweeping reform programmes that was put into effect in Brazil since 1990.

Collor de Mello also threw open Brazilian economy. He subsequently resigned just before being impeached in 1992. His vice-president, Itamar Franco,

54 Collor was charged with receiving $6.5 million in bribes solicited by his supporters and friends in exchange of government favors. Though Collor asserted innocence, the investigation disclosed more than 40,000 checks made out of bank accounts controlled by either Collor himself or his close associates. As a result there was public outcry to remove him from power. See for details, Carlos Eduardo Lins Da Silva, "Brazil’s Struggle With Democracy", Current History, March 1993, p.126.
assumed the presidency for the rest of Collor's term culminating in the October 1994 presidential elections, when Fernando Henrique Cardoso, formerly Franco's Minister of Treasury, was re-elected by 54% of the votes. Fernando Henrique Cardoso, started his first term in January, and was re-elected for a second term.

The coming of Fernando Henrique Cardoso, a sociologist and an earlier University professor to power in 1993, raised expectations of dramatic changes in the socio-economic order. Cardoso introduced reforms to a) reformulate state institutions and mechanisms of representation; b) regulation, stabilization and liberalization of the economy; c) formulation of social programmes to eradicate poverty and social exclusion and; d) negotiations for global integration. There were also other reforms that were suggested as a neo-liberal package; a) flexibilisation, or even elimination, of state monopolies; b) entrusting of public services to private initiative; c) intensification of the process of privitisation of state corporations; d) liberalization of trade by lowering import barriers. During Cardoso's two terms as president, Brazil registered noteworthy accomplishments, the first being extension and deepening of democratic rule and the second being the successful management of inflation, despite serious economic problems and social odds.

The 1990s is considered as the 'decade of reforms' in Brazil. Though in the eighties some sort of privatization and foreign trade liberalization took place some of the dramatic measures were taken in the nineties. Brazil opened trade in the nineties and also induced considerable reduction of the role of the state. In the social sphere, there has been an increasing involvement of the private sector in financing several activities.

Cardoso believed that in order to create equality it required an educational revolution to take place and policies of welfare to work. He had close association with the new development or the Third Way. He also gave emphasis to rights and

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56 The Third Way is a serious reappraisal of social democracy, based on liberty, justice, mutual obligation, and internationalism initiated by Tony Blair in the UK and Clinton in the USA. Third way refers to 'a framework of thinking and policy-making that seeks to adapt social democracy to the changing context. It is an attempt to transcend old style social democracy and neo-liberalism. See, Anthony Giddens, The Third way: The Renewal of Social Democracy, Cambridge: Polity Press, 1998, p. 26. Also see, chapter II for an elaborated statement on the issue.
duties of citizens, which were integral to the perspective of Third Way advocated by Anthony Giddens.

Though the Economic Stabilisation Plan worked to reduce poverty and inequality, it did not succeed in Brazil in the 90s. The devaluation of the Real in January 1999 further accentuated the problem of poverty and inequality. The liberalization of foreign trade and economic restructuring also had affected the labour market.\textsuperscript{57}

Cardoso’s policies were opposed on the count of being neo-liberal. Some interpreted the widespread discontent as an opposition to neo-liberal ideas and praxis and some others saw it as a protest against low wages or the inability of the government to undertake agrarian reforms. However, Cardoso’s rule was successful at least on three counts. First, the deepening of democratic rule reflected in Brazilian politics and society; second, management of Brazil’s inflation and bringing economic stability; and third, his consistent interest in transforming the welfare state, while upholding certain basic principles on which it was grounded.

In January 2003, Inancio Lula da Silva became Brazil’s first elected left-wing president, replacing Fernando Henrique Cardoso. Lula was a Labour leader and an organizer of the Worker’s Party. As against his earlier rhetoric he has primarily proceeded to accelerate the process that Cardoso had begun broadly within the neo-liberal framework. As part of the austerity measures, Lula, like Cardoso, prevailed upon the Congress not to effect a substantial increase in the minimum wage (currently 300 Reais per month, about US$125), and did not dispute continued high interest rates. As such, a number social investment programmes have been cut, on the plea of servicing Brazil’s debt. Lula has also initiated the legislation to drastically cut retirement benefits for public service workers. One of major social initiative however has been the Zero hunger programme, to provide Brazilians with three meals a day.

\textsuperscript{57} The number of jobs from 1995 to 1998 (data on average for the second six months of each year) in Brazilian metropolitan regions rose 2.2 per cent, while its working-age population increased by 7.0 per cent for the same period. The number of jobs held by individuals with less than four years of schooling fell by 18 per cent over the same three-year period. And these workers still accounted for 27 per cent of the working population by the end of 1998, http://www.iio.org:ses.
Inequality

Brazil is the world's fifth largest country and the world's ninth richest economy, and a home to 186,112 thousand population 92,008 thousand male 94,104 and females population as of 2004 with an annual population growth rate of 1.1 per cent, with life expectancy at birth 71.7 years, and with infant mortality rate of 30 per 1,000 live births.58

It is not just a classic dual society, but rather consists of at least three major socio-economic divisions of political importance- huge metropole centers, the Brazil of the countryside and small towns and the too-often forgotten Brazil, that of a hundred nongargantuan cities and their sub-regional hinterland.59 The southeast (where Sao Paulo is located) and the extreme south are rich regions, whereas the North east with approximately 35 million inhabitants is one of the major examples of mass poverty in the world.60

Brazil is a racially unequal society, with ethnic, Afro-Brazilian and indigenous population. The official Brazilian census has five main racial categories: white, black, yellow, brown and indigenous. Yet the question of race is rather underplayed in Brazil. It is argued that Brazilian society is not strictly organized on the basis of race and therefore “race is not a relevant cleavage that might provoke violence and conflict”.61 Nevertheless race has played a strong historical role and is significant in contemporary society. The whites have enjoyed better opportunity and better prospects. Poverty and color are significantly related. Black men and women are placed in a low status and low income occupations.

a. Demographic Inequality and Socio-economic Disparities:

Prior to the Portuguese invasion in Brazil there were several million Indians speaking distinct languages with distinct cultures. This diverse rich culture of several million Indians today is in ruins if not wholly vanquished. They do not

58 See, http://www.census.gov/cgi-bin/ipc/dbsum.pl?cty=BR
59 See, Ronald M. Schneider, op. cit., p.222.
exceed more than 250,000 indigenous people today which in the demographic estimate constitute a mere 0.2 per cent, due to invasion, disease and persecution.\textsuperscript{62} Further, these people belong to more or less 200 ethnic groups, speaking approximately 175 languages and spread across Brazil’s vast territory of 8,511,965 square kilometers.

b. The Blacks-their Size and Socio-Economic Condition:

The Afro-Brazilian race makes Brazil a unique culture. Outside Africa, it has the largest black population in the world. Around 44 per cent of Brazil’s 160 million people are descendants of Africans who were shipped to Brazil as slaves. The slave trade to Brazil began in 1550 and continued till 1888.\textsuperscript{63} According to the present statistics from the Institute of Applied Statistics (IPEA), citizens of African descent represent 60 percent of the poorest segment of society and 7 percent of the national income today. Afro-Brazilians populate all regions of Brazil and a large majority live in the less-developed and more rural Northeast. The percentage of Afro-Brazilians employed in cities increased from 36% to 62% between 1950 and 1980, though nearly 90% work as unskilled labourers. Most Afro-Brazilian women are employed as domestic servants. Blacks are discriminated against white Brazilians. A distinction is made in society between “negro” and “mulatto” (or moreno). Many blacks prefer to be called as mulato rather than black in order to move toward “whiteness” on the racial sphere.

c. Other Ethnic Population:

They are descendants of the immigrants from all over the world and enjoy better status and better opportunities in Brazil. They consists of people other than the indigenous and black population. In the 19th century Portugal was the most prominent source of migration to Brazil, with Italy second, followed by Lebanon. In the 20th century a major portion of them came from western, central and eastern Europe. In 1908 Japanese also migrated to Brazil. Today members of Japanese descent are the largest such group in Brazil outside Japan. Brazil’s population is mostly concentrated along the coast, with a lower population density in the interior.

\textsuperscript{63} In 1888, Britain abolished slave trade.
The population of the southern states is mainly of European descent, while the majority of the inhabitants of the north and northeast are of mixed ancestry (Amerindians, Africans and Europeans). The ethnic composition of the Brazilian population according to the 1991 census in Brazil is as follows: 55 per cent white, 38 per cent people of mixed parentage, 6 per cent black and 1 per cent people of other ethnic groups.\textsuperscript{64}

d. State of Industry, Agricultural and Services:

The economy of Brazil is market-based and diversified. The government, which traditionally played a dominant role in shaping economic development, is encouraging greater private sector participation in the economy through privatization of state enterprises; deregulation; and removal of impediments to competition, trade and investment today. Industrial production, including mining operations and a large and diversified capital goods sector, accounts for 36 percent of GDP. Agriculture contributes 7 percent, and services account for 57 percent. Exports consist of both manufactured and primary goods. Among the principal exports are iron ore, coffee, airplanes, soybeans, footwear, automobiles, and telecommunications equipment. Per capita GDP in 2000 was approximately $3,600, and the economy grew by 4.5 percent during the year. Income distribution remained highly skewed: In 2000 the poorest half received only 10 percent of national income while the richest tenth received 48 percent.

e. Regional Imbalances:

Brazil is a country known for its inequities. Fifty four million people, almost one-third of the total live in poverty, 32 million of them in absolute poverty, excluded from a share in their country’s very considerable wealth. The gap between rich and the poor is very extreme. The wealthiest ten per cent of the population enjoy more of the national income than the poorest fifty per cent share between them. Officially, the average annual income today is more than US$4000, Yet the poorer section of the society lead a miserable life.

In Brazil major indicators of the standard of living differ considerably from region to region. In 1995, the indicators of Human Development in the five Brazilian regions are as follows: 0.844 (Southern region), 0.838 (Southeast Region), 0.826 (Midwestern Region), 0.706 (Northern Region) 0.548 (Northeast region) Though all almost all regional social indicators display growth, the evaluation of the relative distance of each region in relation to the national average shows increased disparities.65

The Federal Structure of Brazil:

Brazil is a constitutional federal republic composed of 26 states and one Federal District. The federal legislative branch exercises authority independent of the executive branch. Federalism in Brazil has been an enduring presence through out its history with alternating struggle for centralization and decentralization of power. In fact the Constitution of 1891 conferred powers on the states in Brazil and is responsible for the federal polity. Today each state has its own government and enjoys a great deal of autonomy (defined in its own constitution) from Federal Government and Municipal Councils. Every state has a governor elected by direct popular vote, as directed by Federal Constitution. Every state has one-chamber state assembly. At the municipal levels there are over 5,500 Municipal Councils, which are autonomous in local affairs and are headed by a Mayor (prefecto).

Brazil’s 1988 constitution made provision for the decentralization of resources and responsibilities, devolving great deal of power to local governments. In fact, the first phase of decentralization took place prior to the end of military dictatorship and was dominated by governors who offered their support to the military government in exchange for increased local control over resources. Brazil held two democratic sub-national elections in 1982 and 1986, before its first national presidential elections in 1989. One more sub-national election was held in 1990. The Governors elected in 1982 quickly dominated politics in their respective states, due to their position as holders of the highest elected offices. They also claimed for a political space even successfully opposing national government. For instance the governors took control of the largest public protest movement against the military

regime, 'Direct Elections now', which demanded direct presidential elections in 1985. The governors also claimed additional revenue for which the Congress responded in order to regain its political autonomy. In 1985 Congress brought in Airtón Sandoval Amendment dispensing more revenue to states and municipalities. The second phase of decentralization took place during the 1988 constitution and the Congress again increased the revenue distributed to states and municipalities. As a result today the rate of disbursement is nearly four times the rate during the high point of military regime.66

The 1990s is considered to be the third phase in this regard. However, scholars identify it as dual process of re-centralization of some services and authority, as well as consolidation of policy innovations at the state and municipal levels.67 As a result the governors and mayors seem to have lost much of the access to resources as they were supposed to spend resources to prescribed ways by the center, yet mayors and governors have been able to utilize their “new found autonomy to innovative ends, including economic policy, health care, education, and budgetary decision-making processes.”68

Today state and municipal governments play a predominant role in providing public goods and services. Due to the inadequate resources of central government municipal governments assume initiatives in urban development. In 2002, while the central government spent just 0.15 per cent and states 0.47 per cent on environmental protection, housing and community amenities the municipalities spent 1.26 per cent of GDP on these issues.69 On both financial and political spheres essential decisions and controls are maintained at the state level.70 Yet the national executive is powerful to counter pressures from states.

68 Quoted from, Ibid.
Democratic transition has refurbished Brazil's federalism. Local governments in Brazil enjoy considerable influence as national constitution has extensively recognized their existence, income sources and responsibilities. Judith Tendler argues that local governments in Brazil can indeed innovate and provide more responsive government.\(^{71}\)

However, the undue prominence that governors and mayors' try to wield can also stand as an impediment to national government reforms. Due to fiscal decentralization the center may not have much leeway to address Brazil's fiscal reforms.\(^{72}\) The autonomy and control the state and local governments wield are considered to be due to weak national political parties. Yet state and local government influence and the elite’s state-based political interests are the strengths of federalism in Brazil.

**Welfare State in Brazil**

It has been argued that in Brazil welfare system did not exist. Hence, there is no point in arguing about the impact of globalization on welfare state in Brazil.\(^{73}\) It is also argued that the crisis of the welfare state in Brazil arrived before it could in fact be fully implemented.\(^{74}\) Such arguments look at welfare state from the standpoint of the success of welfare state in the European countries and assume that there is a universal model of the welfare state against which all claimants have to be assessed.

At this point it is necessary to reiterate our ‘argument’ that there is no universal blueprint of a welfare state. Every welfare state is distinct with regard to their institutional complex and policies although states may broadly share certain basic orientations concerning welfare.\(^{75}\)

The perusal of welfare in the social policy of Brazil brings out clearly the weight assigned to welfare policies. The various historical phases increasingly bring

\(^{71}\) Cited in, David Samuels and Fernando Luis Abrucio, op. cit., p.60.
\(^{72}\) Ibid., p.59.
\(^{73}\) See, Dilip Loundo, op. cit., 2005, p.281.
\(^{74}\) It is argued that the social and redistributive policies akin to the welfare state developed fully only in handful of countries. See, in Jose Antonio Ocampo, “New Economic Thinking in Latin America”, *Journal of Latin American Studies*, vol. 22, no.1, February 1990, p.175.
\(^{75}\) See, Chapter II.
to the fore the question of welfare indices to the forefront. In Brazil the various welfare indicators found their growth and development in its varied manifestations. The first recorded state initiative of social protection was in 1888, when the Post Office employees were granted the right to retirement. In 1919, companies evolved compensations in cases of labour accidents in certain activities. Today Brazil has “one of the largest, more complex and interesting social insurance system in the world.”76 Brazil began its social security and health measures in the 19th century for the professional classes.77 The Eloi Chavez Law promulgated in 1923 for the army was very significant for the birth of social security in Brazil, following the model adopted in Germany by Bismarck.78 This Act is considered the initial mark of Brazilian social insurance policy. As it is argued earlier social insurance is not a provision aimed at eliminating poverty or forcing a broad process of income redistribution among social classes. Hence, social insurance could never be considered as the revolutionary policy in this regard. In Latin America the policy reinforced and furthered the pre-existing patterns of income distribution and stratification.79 At the same time, the emergence of state enforced compulsory social insurance and also gave rise to the notion of social rights of citizens. As such, Social Insurance had begun to be associated with a discourse of social rights of citizenship. In Brazil it became a constitutional right.80

Up to 1931, several Funds of Retirements and Pensions were created as non-governmental entities, covering workers of the more organized professional categories, like employees in ports, banks and commercial and industrial companies. This law brought into effect the *Caixa de Assistaencia e Previdencia dos Ferroviarios* (Railway Workers ‘Social and welfare Fund), to protect workers. In 1933, the fund

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77 It is well argued that social insurance is not a provision aimed at eliminating poverty or forcing a broad process of income redistribution among social classes. The Portuguese and Spanish terms, ‘previdencia social’ and ‘prevision social’ respectively clearly indicate that it was a form of social provision aimed at stabilizing market determined incomes of families by ensuring the bread winner against certain risks like accidents, sickness, invalidity and death, involved at the work front. See, Malloy, Working Paper 151, *op. cit.*, p.13.
78 From historical point of view social security measures in Latin America can be analysed in terms of three waves. See for details, Ibid, p.15.
80 In most Latin American countries including Brazil, the amount of social insurance benefit is tied directly to the amount of contribution. The right is predicated on employment that is an insurable work activity. Ibid.
was replaced by *Institutos de Aponsentadorias e Pensoes* (IAP-Retirement and Pension Institutes exclusively meant for professionals.

There were also attempts to emancipate poor families. Though the IAP's scheme intended to cover a major workforce, a major section of the formal labour section, especially the rural workforce and informal sector could not get included in the workforce. It could only cover 30 per cent of the work force by the end of 1950. In 1960, the Lei Orgância Da Previdência Social (LOPS-Ordinary Law on Social Welfare), was promulgated including coverage for all urban workers, except for domestic employees and religious ministers. In 1966, Decree-Law 72 abolished the IAPs, merging them into the Instituto Nacional de Providência Social (INPS), linked to the Ministry of Labour and Social welfare. It intended to cover rural workers as well. The insurance related to work accidents also became part of the new legal and institutional framework of Social welfare. In 1974, the Ministry of Social Welfare was established. In 1975, the laws on Social welfare were consolidated. In 1977, Sistema Nacional de Previdência Assistência Social (SINPAS-National Social Welfare and Assistance System), came into effect administered by a new Ministry of Social Security and Welfare. SINPAS composed six units: to look into the receiving and disbursing of accounts, to collect data Social Security Data Processing Enterprise (INPS), responsible for social security benefits, children welfare and two social welfare organizations. As a result there was a centralized social security system with functional decentralization through public agencies and institutes. This structure continued until the advent of the Constitution of 1988, which defined an exclusive concept viz, social security, extending the rights to welfare, health and social assistance to the entire population, independently of their professional jobs and existence of any contributory link. An overall budget was implemented for social security to integrate the financing of health, welfare and social assistance, in addition to schemes related to protection to the employed.

The important sources of funding for security were then the Payroll Tax (employees, employers and those working for themselves); the Tax on Net Profit;

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81 In 1942, the former First Lady Darcy Vargas founded the Brazilian Assistance Legion -LBA- to assist poor families. In the subsequent decades, LBA extended its actions to the majority of the Brazilian municipalities, consolidating paternalist practices, frauds and the political use of resources.
the Finsocial, which later became the Tax for the Funding of Security (Cofins); and the PIS/Pasep, designed to make up the Fund to Protect Workers (FAT), managed by the Ministry of Labour and provided for the funding of unemployment insurance. Even today Brazil has high tax ratio, much higher than in countries with comparable income levels. \(^{82}\) It is the Constitution of 1988 that enshrined the ideology of universality of social policies in Brazil. It expanded and strengthened individual rights and encouraged political participation. It enumerated important provisions in the areas of education and health care, environmental protection and culture. The Constitution adopted a new focus for guiding social intervention of the state. Under the influence of the international experiences, a new concept known as _seguridade social_, which can be translated as “social security” came to be introduced in Brazil. It integrated a set of policies both private and public in the areas of health, social insurance and social assistance. Intending to change the old and paternalistic way of social action of the Brazilian State, it initiated better parameters for social action. Rights on universal medical assistance and the minimum wage benefit for the retired and for the poor handicapped and elderly were incorporated. The Constitution of 1988 established a series of new rights and benefits, consolidated in the _Lei Orgânica da Seguridade Social_ and in the _Plano de Custeio da Seguridade Social_ the two laws regulated respectively by the decrees 611 and 612 of 1992. In 1990, the INPS changed its name to the _Instituto Nacional de Seguridade Social_ (INSS-National Social Security Institute) and was merged with the _Instituto de Administração da Previdência e Assistência Social_ (Iapas-Institute for Administration of Social Welfare and Assistance), to work for the collection, administration and payment of Social Welfare benefits.

The development of social Insurance programmes in Brazil is classified under four major phases of development. \(^{83}\) The fourth phase is considered to have commenced from 1964 and continued till 1985\(^ {84}\) during which decentralizing of administration of social security apparatus took place in a big way. The present phase from 1985 to the present has been undergoing a crucial shift that has

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\(^{82}\) See, http://www/Brazil\Social Security in Brazil/ Problems and Trends.htm.


\(^{84}\) First three phases of classification I have drawn from Malloy, 1976 and the fourth and fifth phases are based on predominant historical periodisations.
suggested several reforms in the insurance plan. However, such an attempt has not been able to succeed due to the stiff resistances of the labourers.

In fact, social protection programmes were already provided to the civil servants and military personnel from early on. It was only in the 1920s that protection was extended to workers in the private sector. However, the social insurances in the private and public differed in terms of their criteria and clientele.

What is interesting is that Brazil was putting together a comprehensive social welfare policy at the very juncture when its economy was being integrated into a globalized world. It was to have long-term consequences of undermining the left and right divide.

a. Indigenous Population and Welfare State:

The indigenous population of Brazil faces several problems including disease and poor health care, loss of native culture, and recurring trespasses and illegal mining and extraction activities on indigenous lands. Road construction and deforestation are also threats. The Brazilian Social-Economic Institute (ISA) found that in the 500 years since discovery, 85 percent of native languages have become extinct. Overall this segment of the population lives in miserable conditions. The Government estimates that over half live in poverty in communities whose traditional ways of life are threatened on a variety of fronts. Illegal mining, logging, and ranching are serious problems on indigenous land.

Right from the colonial period concerns were raised to protect the interests of the indigenous population. However, policy measures in this regard were adopted only in the 20th century. Such policy measures became all the more significant from the perspective of welfare state. In 1906 the law provided for the creation of a federal public service agency for an indigenous community. An agency called *Servico de Protecto aos Indios e Localizacao de Trabalhdores Nacionais* (SPILTN-Indian Protection Service and Localisation of National Workers), was established to

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86 It is established that though the National Assembly which drafted the constitution of 1891 raised a discussion on the question of indigenous population, the constitution of 1891 did not contain any reference to the indigenous population. See for details, ibid., p.50.
‘protect’ the indigenous people by preserving their culture and guarantee land and protect their land on behalf of the state. In 1934, the SPILTN presently known as the Indigenous Peoples Protection Service (SPI) was placed under the ministry of war to integrate the indigenous people living in the frontier areas and to protect the international boundaries of Brazil from the border areas and people spread across the neighboring countries.

Under Vargas the indigenous population achieved prominence and he initiated paternalistic policy measures towards them. The proportion of the annual budget of the SPI was also increased so as to provide facilities of education and health for the indigenous population and Afro-Brazilians. Facilities to improve network and transportation facilities were also enhanced. *Conselho Nacional da Protecção aos Indios* (CNPI-National Council for the Protection of Indians) was established to promote public awareness of indigenous culture and state policy in this regard. Though the measures adopted by Vargas were considered useful, the integration process of the indigenous population into the fold of Brazilians that his measures inaugurated, seem to have affected the interests of the indigenous population. Irrespective of their cultural, linguistic dialectical diversity and their relation to the Brazilian society they were reduced to the status of *silvicolas* (forest dwellers). As such, the indigenous population articulated resistance to the paternalistic policies of Vargas and to the standpoint of SPI.

The Military government that came to power in 1964 took stringent measures against corrupt and inefficient personnel of SPI and closed down the agency. A new federal agency was created in the place of SPI, called as *Fundação Nacional do Indio* (FUNAI-National Indian Foundation), to carry out the task of SPI with more authority and broader jurisdiction. FUNAI has 52 regions with directors appointed directly by the FUNAI. The president of Brazil appoints its president. It is responsible for the coordination and implementation of indigenous policies. It has professional staff especially the anthropologists to conduct surveys, studies and scientific research. The 1988 Constitution charged the Federal Government with demarcating indigenous areas within 5 years. By the year’s end, the Government had completed demarcation of roughly 87 percent of the total area of recognized indigenous territory. In the subsequent year, the Government demarcated 33 more
areas. Of the 586 recognized indigenous areas, 327 have reached the final registration stage, and 135 remain to be demarcated legally. Officially demarcated indigenous reserves cover 11 per cent of Brazil’s total territory.87

Sixty four per cent of Brazil’s indigenous population today live in the Amazon region. In 1960s government opened the Amazon region by building roads and hydro-electric dams, and encouraged cattle-ranching and mining threatening many indigenous communities with cultural destruction, disease, and death. As a result communities such as Yanomami, Waimiri Atroari, the Nambiquara, and the Parakana, were drastically affected. In 1964 the military government demarcated Amazon as an ‘empty’ region, which needed to be populated. Thousands of small farmers who were expelled from their own land in the south by dam-building and large scale mechanized soya farms were transferred to the tropical rainforest region with the promise of cheap land. The companies, banks and airlines, could obtain generous tax breaks if they bought land in the Amazon and cleared forest to set up giant cattle ranches. FUNAI, run by an army general, declared the region to be empty of indigenous people, though it was a home of the indigenous people. Due to the entry of ranchers in 1971, the epidemic of measles killed the Nambiquara children below 15 years, the Surui population came down from 1200 to 251 in nine years, and by 1982 there were only 571 Waimiri Atroari left who were 3000 before such expansion began.88

Though the legal instruments contained a series of measures intended to protect the interests of indigenous population, closer analysis revealed that they were just decorative to realize the developmental strategy of the regime rather than directed at the betterment of indigenous population.89 Significant indigenous movements came to the fore through protests against such policy. Numerous organizations emerged at the regional and national levels to address the problems of identity and survival of the indigenous population.90 Due to the widespread and

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87 See, Jan Rocha, Brazil, Oxford: Oxfam, 2000, p.9, According to the Country Reports, the Identified indigenous territory comprises 12 percent of the national territory.
88 Ibid., pp.10-11.
89 For example it is maintained that the 1968 constitution and the Estatuto do Indio, (the Indian Statute, Law, 1973) envisaged by the military had several articles, clauses and provisions which would make the government to be eligible to hold control over the land and rights of the indigenous people. See, Priti Singh, pp.57-61.
90 Ibid., pp.65-67.
intense mobilization initiated by such indigenous organizations more than a dozen provisions of the 1988 Constitution deal with indigenous peoples.

The Constitution grants the indigenous population extensive rights, including the protection of their cultural patrimony and the exclusive use of their traditional lands. The Constitution also provides indigenous people with the exclusive use of the soil, waters, and minerals on indigenous lands, subject to the ultimate authority of Congress. In granting such authority to the Congress, Constitution stipulates that the views of the affected communities must be considered and that the communities also must “participate” in the benefits gained from such considerations.91 The Constitution also provides for several other provisions enjoining the educational, cultural and social rights of the indigenous people.

But the Indigenous leaders and activists complain that the government does not give them sufficient representation with regard to decisions thus affecting their land, cultures, traditions, and allocation of national resources. They criticize the government for not providing sufficient resources to health care, other basic services, and protection of indigenous reserves from outsiders.92

In 1995 a government proposed a decree that allowed the limits of the reserves to be challenged by third parties, threatening the interests of the indigenous population. A legislation to regulate mining in indigenous lands in order to ensure safeguards for the indigenous population is pending before the Congress since 1995 and has never been passed.93 Therefore there is a major gulf between constitutional provision and actual practices.

FUNAI admits that it does not have the necessary resources to protect indigenous lands from encroachment. It depends on the Federal Police, an understaffed and poorly equipped agency, for law enforcement on indigenous lands. In order to improve the level of health care provided to indigenous people, the government transferred that responsibility from FUNAI to the Ministry of Health in

1999. The health workers union complained that due to government's inability to provide resources and better working conditions the health workers were not able to travel into indigenous areas to provide appropriate medical care. It is to be noted that indigenous people have suffered epidemics of malaria, measles, and tuberculosis.

However, significant improvement seems to have taken place in the health conditions of indigenous population after the Ministry of Health's National Health Foundation (FUNASA) came to be involved in providing health care to indigenous populations. For example, among Yanomami, the incidence of registered cases of malaria fell from 8.3 percent in January 2000 to 0.3 percent in September 2001. IMR among Yanomami is also reported to have fallen significantly.94

b. Afro-Brazilians and Welfare State:

The law prohibits racial discrimination in Brazil. The law specifically prohibits, among other practices, denial of public or private facilities, employment, or housing to anyone based on race. An amendment to this law in 1997 prohibited the incitement of racial discrimination or prejudice and the dissemination of racially offensive symbols and epithets.

Yet Afro-Brazilians face discrimination from the people and the police too through deeply embedded prejudices and slights in public culture. Studies have shown that the majority of the victims of torture are from Afro-Brazilian descent and there are disproportionately higher rate of police killings of Afro-Brazilians. Sao Paulo's Pontifical Catholic University, in its study of 22 states in Brazil showed that between 1995 and 2000, the authorities received 1,050 discrimination complaints. Of these, 651 were investigated and 394 were brought to trial. The study also brought out the fact that authorities do not have sufficient knowledge of the existing antiracism statutes.

Studies also have shown that rates of police torture, child labour, and illiteracy are higher among citizens of African descent than among whites. The life expectancy of Afro-Brazilians is 64 years, while that of whites is 70 years. In 1997


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the IMR of Afro-Brazilians was 62 per 1,000, compared with 37 per 1,000 for whites.

Education plays a significant role in perpetuating these disparities. According to a 1999 study by IPEA, illiteracy rate among Afro-Brazilians was 19.8 percent, compared 8.3 percent for whites and the national average of 13.3 percent. Programmes are instituted by the educational institutions to reduce the educational gap between blacks and whites.

The government and social scientists did not consider race as a significant category of enumeration in the national census until 1940. Though in 1950 and 1960 it seems to have acquired specific importance, race was not represented in household surveys on income, education, housing and health. Race was only represented in terms of marriage, fertility and morbidity.95

The elite gave a lot of importance to racial mixing called “whitening Brazil”. However in the 30s there was an opposition that was formed against such assimilationist ideology.

In 1931, the Brazilian Black Front was founded to fight the injustices experienced by persons of African descent. The movement became instantly popular in the community. In 1937, Vargas banned all political parties and ruthlessly suppressed the racial movement. In 1956, the Brazilian Congress passed a law prohibiting racial discrimination. During the military era racial or African movements could not make any progress.

In 1970’s a new generation of Afro-Brazilians contested governmental and social conception of racism in a militant way. In 1976, the National Household Survey collected and published data on employment and income by race. In 1978, the Unified Black Movement to Combat Racial Discrimination (later called the Unified Black Movement, or MNU) was started to voice the growing frustrations of the black population. In response to the growing mobilization of blacks, mainstream

political parties incorporated anti-discrimination policies in their campaigns. In 1979, the Afro-Brazilian movement Olodum was founded, originally as a musical band; it has since grown to be a leading Afro-Brazilian advocacy group. Its projects have included a free school for Afro-Brazilian children, known as the Creative School, and theater and art festivals for the black population. Its most successful programme is the Carnival which celebrates the African history of Brazilians.

The 1988 Constitution outlawed racism for the first time in the constitutional history of Brazil declaring that "the practice of racism constitutes a crime that is unbailable and without statute of limitation and is subject to imprisonment according to the law." The political right to vote to the illiterate in 1988 gave many poor black men and women an opportunity to take part in the democratic process. In 1994 Benedita da Silva, Brazil's first ever black woman, got elected as a Senator. The constitution also recognized the permanent rights of the descendants of Brazil's quilombo inhabitants to land titles. But only 18 communities received their titles as on October 1999. The government suddenly changed the rules of bureaucratic process yielding to the pressure of the commercial companies.

c. Welfare State and Education:

Between 1882-1889 during the era of independent monarchy, education did not have much prospects. Attempts to education reform, began during the 1920s. In 1930 measures were taken to create a system of schools and to support education. Such initiatives emanated from the centre reaching out to the periphery. Ideally the movement should have been in the opposite direction. On the whole the educational system in Brazil remained backward.

The backwardness of the Brazilian educational system has been recognized, analyzed, and discussed for more than six decades. Politicians and policymakers

97 In contrast with Japan which has had 40 per cent of the enrolled under primary education in 1868, in Brazil only 1 per cent was so enrolled in 1857 and 3 per cent in 1907. It is admissible that Brazil was basically a slave society. However, it is even noted that in 1887, among the free population also, four out of five remained illiterate. See, Nathaniel H. Leff, Underdevelopment and Development in Brazil, London: George Allen and Unwin, 1982, p.38.
98 See, David N. Plank, José Amaral Sobrinho and Antonio Carlos da Ressurreição Xavier, "Obstacles to Educational Reform in Brazil", http://www.OBSTACLES/EducationReforminBrazil.htm.
began to acknowledge before the Vargas period itself that Brazil would require vast improvement in the performance of the educational system and in the educational attainments of Brazilian citizens if they wished to join the ranks of the developed countries. In their development plans and policy documents, successive governments have invariably acknowledged the country's educational problems and the threat they pose to future economic growth and social well-being. Both military and civilian regimes have called for the expansion and improvement of the school system, assigning the highest priority to the achievement of universal primary schooling and the elimination of illiteracy.

Since 1930, Brazil showed a great change in the enrollment rates with the proliferation of University education and the sharp rise in literacy levels. A Ministry of Education and Health was created in November 1930. Such education initiatives were deeply tinged with authoritarianism. Such education included all aspects of the cultural universe and a strong totalitarian flavour was ingrained into it. Between 1930 and 1932 the expansion was mainly in secondary and university education. In terms of higher education, universities were encouraged to take up research and teaching. On 14th July 1934, the new constitution was established. Though politically it had similarity with the constitution of 1891, it had new characteristics too. The three statutes exclusively new in the 1934 constitution enumerated economic and social matters concerning family, education, culture and national security. There were provision concerning the nationalization of mines, mineral deposits, and waterfalls, considered to be important for Brazil's economy. From 1920 to 1940 there was some decline in the percentage of illiterates in the Brazilian population, though it was still high. The rate of illiteracy fell from 69.9 per cent in 1920 to 56.2 per cent in 1940 among the people over the age of 15. It is estimated that in 1920 the number of boys and girls in the age of 5 and 19 attending primary or middle schools was around 9 per cent. In 1940 the number rose to 21 per cent. In higher education there was a growth of 60 per cent in the total number of university students between 1932 and 1939(an increase from 13,200 to 21,200).100

99 Ibid.
100 See, Fausto, op. cit., p. 236.
Between 30s and 60s, the educational system became nationally integrated with increased state control over education. The state provided eight years of free basic education. In 1990 the Collor government established a system of integrated educational centers, consisting of day care, school lunches, and health care, called Centros Integrados de Assistência à Criança (CIACs-Integrated Centers for Assistance to Children) and later renamed them as Centros de Atenção Integrada à Criança (CAICs-Centers for Comprehensive Attention to Children).\(^{101}\) In 1996, Law of Directives and Basics of National Education (1961) was reformulated. It provided for National Education Plan to facilitate technical and financial assistance to states, municipalities and the Federal District.

It was Cardoso’s regime that brought in considerable changes in the sphere of primary education, which is considered as an important instrument to bring in a solution to ‘long-term structural social inequality’.\(^{102}\) The state at all three levels-national, state and municipal is the main provider of education in Brazil except for higher education. Official sources establish that primary education achieved a universal mark with 97 per cent of children between 7 to 14 years of age in school in 2000. 71 per cent of the relevant age group was receiving middle education during the period 1994-2001.\(^{103}\) The reforms activated by the federal government brought incredible changes and within a short period and within a short period.\(^{104}\)

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\(^{101}\) These centers were based on the model developed in Rio de Janeiro State by the administration of Leonel de Moura Brizola, then governor of the state. However, because of limited funds they could not be implemented throughout the country, and the validity of concentrating resources on a small number of beneficiaries was questioned. Between 1960 and 1990, enrollment rates for school-age children (seven to fourteen) increased from 50 percent to 90 percent for the country as a whole. They varied considerably from one region or state to another and within regions and states. Coverage was highest in the Southeast and South and lowest in the Northeast. There were also racial differences. According to 1985 data, 91.4 percent of white children of ages seven to nine were in school, as compared with only 74.6 percent of black children of the same age group (Data as of April 1997), http://www.Global-Welfare\Brazil Education/Primary and Secondary Schools.htm.

\(^{102}\) Stated by, Dilip Loundo, \textit{op. cit.}, 2005, p. 289.


\(^{104}\) For the first time in the history of Brazilian education, the Ministry of Education defined national parameters for pre-elementary education, for elementary and secondary education, including indigenous education. The transfer responsibility to the municipalities for elementary education and to the States of secondary education. According to Programmeme Cash Directly to School, for instance, schools now receive federal funds directly, which eliminates the political manipulation of budgetary appropriations, http://www.Global-Welfare\Brazil Education/Primary and Secondary Schools.htm.
Since 2000 almost all children aged 7 to 14 have been enrolled in school. The percentage of children age 7 to 12 in this age group enrolled in elementary school has increased from 89 percent in 1994 to 95.5 percent in 1999. The wide access for children and teenagers to education is a direct consequence of the Fund for the Maintenance and Development of Elementary Education and the Promotion of the Teaching Career (FUNDEF). It ensures minimum amount of expenditures per pupil in primary education and allocates resources from richer areas to poorer ones.\textsuperscript{105} Recently, federal government has developed new curricular guidelines and established a system of performance evaluation for schools and students.\textsuperscript{106}

The priority attributed to elementary education in the last five years has helped in the increase in enrolment in secondary school. From 1994 to 1999, there was a 57 percent increase. In elementary education, the increase was of 13 percent. In higher education, the increase in enrolment was of 28 percent, between 1994 and 1999, more than of the 14 previous years. The Ministry of Education expanded the National Programme for School Textbooks (PNLD), which distributed school textbooks not only for the first four grades, but also for the first four subsequent ones.

In 1990, in the age group of fifteen and more 18.3 percent were illiterate, while in 1998, it was 13.8 percent. In the age group from 15 to 19, the illiteracy rate dropped to half, from 12 percent to 6 percent. In 1995, Solidarity Community, a new model of social action, where the government and society in partnership joined the struggle against poverty and exclusion in Brazil encouraging, the participation of civil society in social initiatives.

The Solidarity University programme initiated the participation of university students and professors in community work in some of the poorest municipalities in the country. They rendered the task of transmitting information on basic health, education, community organization and citizenship notions, involving, particularly, the local multiplier agents- teachers and their students, health agents and community

\textsuperscript{106} Cited in, Ibid.
leaders. The programme has been able to motivate in its five years of operation, the work of 8,600 university students, 850 professors and 160 universities in and around 800 Brazilian municipalities. Solidarity Literacy Programme, has also been established to reduce the rates of illiteracy in the country among young people from 12 to 18 years of age. Based on the censuses carried out by the Brazilian Institute for Geography and Statistics, (IBGE) municipalities having the highest number of illiterate people have been chosen. Now, the Programme caters service delivery to 1.1 million Brazilians in 1,005 municipalities in 15 states and in the metropolitan areas of São Paulo, Rio de Janeiro and the Federal District. Solidarity Training and Development Programme is aimed at professionally training and fitting into the labour market young people between the ages of 14 and 21, coming from low-income families of metropolitan areas. The courses, offered by organizations of the civil community and funded by private initiative, are selected by means of a public competition. From 1996 to 1999, there were partnerships with 978 NGOs and 51 thousand young people were trained.107

From a ‘policy matter’ point of view, public education is free at all levels in Brazil and is compulsory for ages seven to fourteen. But, the quality of education remains poor and uneven. Private schools continue to meet a large part of the demand of those who can afford to pay. The practice remains, as elsewhere, that private primary and secondary schools are for the upper and middle classes, while the public schools at these levels are attended by those in the lower socioeconomic strata.108 During the 1990s, rising costs and economic pressures made it necessary for some members of the middle classes to shift from private to public schools. The public schools are run by municipalities and states at these levels.

d. Transformation of Agrarian Relations:

In a country like Brazil transformation of agrarian relations often holds out the key for the pursuit and success of welfare measures. In the 19th century, agriculture remained stagnant due to low levels of technology, poor transport and

108 Similar system prevails in India where the upper and middle classes depend on private schools and lower classes depend on government schools.
inefficient land tenure system. The first phase of agricultural growth was characterized by continued expansion of traditional export-crop activity, especially coffee. This period was marked by a comparable low investment in human capital and extension services in rural areas as there was lack of public sector commitment to invest in agriculture through foreign trade, exchange rate, and domestic pricing policy. Increased politicization of agricultural development policy through the land reform debate in Congress and in other public bodies also reinforced the lackadaisical attitude towards agriculture. In 1950s agriculture in Brazil benefited due to favourable exchange rates on the import of trucks, tractors and motor fuel. Even before 1950, the government had established agricultural promotion (fomento) agencies that provided gratuitous technical services and subsidies to farm inputs. However, the assistance provided by the state was not sufficient to make advancement. During the 1960s the question of agrarian reform in Brazil became relevant in both political and academic spheres. Rural land concentration, a heterogeneous production system, labour relations, the existence of precapitalist structures such as communes, and the poor quality of life for agricultural employees became matters of concern. It came to be argued that overcoming the obstacles to the development of a market-based system may help. One of the significant developments during the transition period in the 1960s was an extensive coffee eradication programme to increase productivity with new varieties and to reduce the oversupply. The import-substitution industrialization facilitated the manufacturing of agricultural inputs domestically, first in tractors and related agricultural equipment, then later in fertilizers and chemical inputs. In order to modernize agricultural production concessionary priced credit was adopted as an important instrument of agricultural policy. However, the succession of military administration in the post-1964 regime did not support any significant land-reform measures. However, a later phase between 1971-80 saw a relaxation of constraints.

109 The reason for such backwardness is seen to be the ineffective state together with a sluggish economy. See, Atul Kohli, op. cit., 2004, p. 137.
111 Ibid., p.3.
113 It is stated that the Rockfeller family philanthropy in 1948, with some financial participation by the state and federal governments and United States foreign aid of the Rural Credit Assistance Association (ACAR) of Minas Gerais were able to establish genuine agricultural extension. Ibid.
on agricultural exports, a relative rise in domestic food-crop output, increased land concentration, agricultural mechanization through cheap rural credit and also area expansion and increased yields.114

The third phase between 1971-1980 saw expansion in agricultural exports, due to the reduction in taxation of agricultural export products. In 1970s and 1980s, the major expansion of Brazilian agricultural frontiers took place.115 Technological advancement was combined with strong governmental institution. Official rural credit was combined with sustained governmental interventions.116

In terms of land reforms or agrarian reforms the federal government responded from time to time by making efforts for settlement. From 1930 to 1954 institutionalization process of settlement of families in agricultural land was consolidated in Brazil. In 1931 settlement matters came under the sphere of the Ministry of Labour, Industry and Commerce. In the following year settlement activities were transferred to the Ministry of Agriculture, under the name of Irrigation, Reforestation and Settlement Service (SIRC). In 1938 Land and Settlement Division (DTC), linked to the Ministry of Agriculture was created. It provided for National Agricultural Settlements, which made a systematic attempt for settlement in Brazil. The National Immigration and Settlement Institute (INIC) replaced DTC in 1954 setting itself up as a technical agency structured to carry out settlement activities. In 1962, INIC was replaced with an Agrarian Policy Authority (SUPRA) responding to the great public demand for Land reforms. During the military regime the Land Statute Bill was formulated. To implement the bill the Brazilian Institute for Agrarian Reform (IBRA) and the National Institute for Agricultural Development (INDA) were created. Very few expropriations were carried out in order to solve the severe land disputes, and some support was also given to rural cooperatives and associations. In 1971, IBRA and INDA were merged into INCRA (National Institute for Rural Settlement and Agrarian Reform) as an autonomous federal government unit.

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114 See, D.H. Graham, et al., op. cit., p.3-4.
116 Official rural credit was provided with subsidized rates, reaching a record of US$20 billion in 1979.
In the years of democratic transition, the Brazilian agricultural policy reached crossroads. There developed a debate and discussion on agricultural policy compared to earlier attempts.\textsuperscript{117} The first National Plan of Agrarian Reform (1985-89) was formulated and launched. This Plan established a target of 1,400,000 families to be settled over a period of five years. Though it was highly unrealistic by 1989, the Federal Government had settled 83,625 families in 515 new Settlements based on government expropriation.

However, despite some attempts here and there the Brazilian land reform issue still awaits resolution. The results of the agrarian reform programme up until 1994 has failed to respond to the demands of millions of Brazilians who had little or no land of their own. Up to 1994, around 3,00,000 families had benefited from federal aid and state land agency agrarian reform and settlement projects.\textsuperscript{118}

Table – 4.1

Goals Reached by the Government in the Agrarian Reform Project

(1995 - 2001)

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Settled Families</th>
<th>Total Area (1000 ha)</th>
<th>Cost Per Family (R$)</th>
<th>Price Per Hectare (R$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>42,827</td>
<td>1,313.5</td>
<td>19,412.74</td>
<td>382.67</td>
</tr>
<tr>
<td>1996</td>
<td>61,674</td>
<td>4,451.9</td>
<td>16,385.04</td>
<td>343.21</td>
</tr>
<tr>
<td>1997</td>
<td>81,944</td>
<td>4,394.5</td>
<td>14,614.59</td>
<td>292.23</td>
</tr>
<tr>
<td>1998</td>
<td>101,094</td>
<td>2,540.6</td>
<td>10,116.34</td>
<td>287.49</td>
</tr>
<tr>
<td>1999</td>
<td>85,327</td>
<td>1,478.5</td>
<td>8,294.83</td>
<td>264.75</td>
</tr>
<tr>
<td>2000</td>
<td>108,986</td>
<td>3,861.3</td>
<td>9,094.91</td>
<td>256.70</td>
</tr>
<tr>
<td>2001</td>
<td>102,449</td>
<td>1,697.0</td>
<td>9,701.00</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>584,301</td>
<td>18,737.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


\textsuperscript{117} Stated by, D.H. Graham, et al., \textit{op. cit.}, p.29.

Much of the success of Land Reform should be credited to the civil society participation especially to the MST. Since the mid-1980s the MST has been able to draw considerable attention of Brazilian public to the continued misery of the peasants. During the period 1995-2001 the MST was able to settle 588,173 families in unproductive lands.\textsuperscript{119} The leader of the Landless Workers Movement (MST), economist João Pedro Stedile, has been hopeful that President Luis Inácio Lula da Silva will fulfill his promise, and had put across a National Plan for Agrarian Reform, of settling 410,000 families by the end of his term of office not only because of his historic commitments to the cause but also because it would be "demoralizing" if it were not done.\textsuperscript{120} The landowners in Brazil have formed armed militias as they believe that Lula's left-wing government will ignore them and side with the MST. Hence it looks to be a difficult task.

e. Labour Policy:

The Getúlio Vargas Government, from 1930 to 1945, introduced significant modifications in labour legislation. It included such initiatives as the creation of the minimum-wage, the regulation of work for women and minors, the eight hours workday limit, the right to vacations, norms about labour accidents and the establishment of the labour judiciary.

The 1934 constitution accepted plurality of trade unions. The trade unions were given more autonomy and labour legislations were provided. It called for minimum wages, rules for children's and women's labour, weekly days off, paid vacations, and compensation for unjust firing. In the statute that enumerated education and culture, the constitution established the principle of free primary schools and compulsory attendance.

One of the important aspects of Vargas administration was its labour policy. However broad lines of labour policy were laid down even before Vargas assumed the presidency. Between 1930 and 1945, it passed through various stages. Its main objectives were to control the efforts of the urban working class to organize outside the fold of the state and to incorporate the working class into the government's fold.

\textsuperscript{119} See, Dilip Loundo, \textit{op. cit.}, 2005, p. 289.
\textsuperscript{120} Joao Pedro Stedile, \textit{op.cit.}, 2004.
of supporters. In November 1930, the Ministry of Labour, Industry and Commerce was created in order to give attention to the problems of the working classes. However, no significant step has been taken in this regard so far. Laws were enumerated to protect workers and to allow the state to bring them into line. Bureaus such as the *Juntas de Conciliacao e Juglamento* (Bureaus of Reconciliation and Arbitration) were created to mediate conflicts between workers and employers. The decree in March 1931, regulated workers and owner's associations and unions were considered as the departments in consultation that worked hand in hand with the bureaucracy. The *Estado Novo* labour policy offered worker's specific gains. And it turned Getulio Vargas as the workers guardian. The 1937 Charter adopted the principle of trade union unity. Strikes and lockouts were prohibited. In August 1939, a decree was passed laying down guidelines for union organization and for making unions even more dependent on the state. In July 1940, the *imposto sindical*, a union tax, was imposed to finance unions and to subordinate them to the state. To resolve issues concerning labour the government set up in May 1939 a bureau known as *Justica do Trabalho* (Labour Court), which had its origin in the Bureaus of Reconciliation and Arbitration. Systematisation and broadening of labour legislation came about with the CLT, in June 1943. In May 1940, it established a minimum wage to satisfy workers basic needs though at a later stage it lost its significance. The overall thrust of the Brazilian labour policy in the first half of the 20th century was to incorporate the working class within the Brazilian nation. In this sense Brazil was responding to related developments in Europe. The concentration of industry in certain regions and major cities and the widespread inequality made such an initiative imperative to prevent militant demands for social transformation.

**f. Initiatives in the Field of Health:**

In 1940s many health services were initiated in the interior areas of Brazil with the creation of federal field offices. In 1953 the Ministry of Health, was established which changed the priorities of the national health policy that concentrated on medical attendance rather than combat of widespread diseases.

In 1970s and 80s the number of health care centers increased approximately from 13,133 to 30,672, reaching 50 thousand in 1992. However these figures are inclusive of the health care centers without overnight admittance.
In 1988 the Federal Constitution granted the Health system in Brazil universality, equity and integrity, and mandated that it be through the establishment of the Single Health System (SUS). It included public health agent’s programme targeting over 50 million Brazilians, the family doctor programme, the Women’s health programme and programmes combating infant mortality. SUS is one of the largest public-health systems in the world, and it operates on the basis of decentralization, re-directing the role of the Union and entrusting the states and municipalities with the execution of health actions and the delivery of health services. The Health Councils function with the participation of people in the planning and control of health actions. They are funded by means of taxes and contributions collected at federal, state and municipality levels.

The National Programme for Immunization has been deemed one of the most complete in the world, providing, free of charge, vaccines for children, young people, adults and the elderly. The range of vaccines provided to the Brazilian population has significantly increased. Currently, new vaccines for the pre-emption of influenza, pneumonia, German measles, measles, hepatitis B, meningitis, diphtheria, tetanus and yellow fever are available.

From 1998 to 1999, the Ministry of Health has doubled the volume of vaccines bought and distributed, which moved from 200 million to 400 million doses, representing a considerable increase of expenses, from R$ 124 million to R$ 231 million. The year 1999 represented a landmark for the National Programme for Immunization: it marked the tenth year without poliomyelitis (infantile paralysis), deemed eradicated in the country by the WHO. The positive results were witnessed by a 17 per cent decline in IMR during 1995-2001: around 30 children in every 1000; and in the continuing improvement in life expectancy: from 67.26 years in 1995 to 68.82 in 2001.

The new basic health care policy established Programmes of Community Health Agents (PACS), Family Health, Struggle against Nutritional Needs, Basic Pharmaceutical Care and Basic Sanitary Surveillance Actions, and financial assistance was provided to the implementation of them. Starting in August, 1999, the total sum available for funding these five programmes was increased to R$ 750 million per year.

The PACS is aimed at contributing to the re-organization of municipality health services and an effective link between the community and the health units and professions. In order to discharge these functions, community agents make house calls and develop sanitary-surveillance and epidemiology actions, among other activities initiated by professionals of the area, aimed at establishing an effective link between the community and its health units. Currently, PACS operates in 27 States of the Federation and it counts on over 125 thousand agents. From 1994 to 2000, the number of agents increased by 340 percent.

The Family Health Programme is aimed at re-organizing and replacing the traditional model, directed towards hospitals and to the cure of diseases. This programme concentrates on families, understood and perceived from their physical and social environment, thus enabling Family Health teams to better understand and involve in the processes health/disease, and the need for interventions going beyond therapeutic practices. The programme has already been put in place in municipalities, and serves over 25 million people. From 1994 to 2000, the number of teams has increased over 20 fold. The reduction of infantile mortality remains a high priority for the government. During the last years, initiatives developed by Brazil in the promotion of child health achieved a significant reduction in infantile mortality, which was reduced by 24 percent from 1990 to 1998.

The expansion in health care and the vaccination campaigns have contributed immensely to the drop in mortality rate. The implementation of the Child Health Programme the control of respiratory infections and the follow-up of children’s growth have also contributed for the improvement of this situation.
The Programme of the Ministry of Health for the control and pre-emption of AIDS has also been deemed an international reference. Brazil is one of the few countries that distribute the medicines necessary for the out-patient treatment of AIDS free of charge. 123

The Programme of the United Nations for AIDS (UNAIDS) chose Brazil for launching the world-wide campaign against AIDS in 1999, as Brazil is one of the few countries offering the drugs used for treating the disease in a full and universal manner. The 1999 issue of UNAIDS, The Best Practices, esteems that pre-emption and care actions developed in Brazil as exemplary. 124

### Table – 4.2
Comparative Health Status Indicators

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Monthly Rates (x1000)</th>
<th>Life Expectancy at Birth (Years)</th>
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<tbody>
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<td></td>
<td></td>
<td>&lt; 1 year</td>
<td>&gt;5 years</td>
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<td></td>
<td></td>
<td>Mexico</td>
<td>1997</td>
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<td></td>
<td></td>
<td>Chile</td>
<td>1997</td>
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<td></td>
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<td>Argentina</td>
<td>1997</td>
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<td></td>
<td></td>
<td>Brazil</td>
<td>1997</td>
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<td>Jamaica</td>
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<td></td>
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<td>United States of America</td>
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<td>United Kingdom</td>
<td>1997</td>
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</table>


123 Only in 1999, the Federal Government has invested around R$ 600 million in the purchase of medicines for people infected with the AIDS virus. Currently, over 85 thousand people receive treatment at the public health-care network. The country was able to reduce by 44 percent the estimation of people infected for 2000. At the beginning of the 1990s, the WHO had forecast that Brazil would have 1.2 million people infected with HIV in 2000. The latest estimation of the Ministry of Health (1999) demonstrated that there are 537 thousand people infected. The permanent campaign the Ministry of Health has been promoting amongst physicians, in order to encourage the application of HIV tests to all pregnant women is yielding results. By April, 2000, over 1,800 women had been treated with AZT, a medicine that reduces by up to 75 percent the chances a woman has of transmitting the virus to the baby. In May, 2000 the High Commission for Human Rights of the United Nations declared, that the Brazilian programme against AIDS is the best in the world, including due to its concern about the guarantee of human and fundamental rights to AIDS patients. For the World Bank, the actions in terms of care and pre-emption of AIDS highlighted by Brazil hold out a model because of the quality of the educational campaigns and because of the ability of the Federal Government to articulate with several sectors of society, such as non-governmental organizations, enterprises and the armed forces. Brazil's response to the global AIDS epidemic produced effective results: HIV cases fell around 27 per cent during the period 1995 to 2000.

Some of the major initiatives in the health front both in terms of their scope, intensity and popular mobilization have been taken precisely at the moment of heightened integration of Brazil in a globalizing world.

Making of the Welfare State in Brazil

Brazil can be said to have evolved a welfare state distinctive of its own beginning from its social insurance programme in the 1920s, and has had a complex growth up to the present day. Basically, such a development catered to the process of shaping the relations between state and society in Brazil especially the relations between the state and the working classes.125

State intervention from the economic point of view has been the tradition in Brazil as in the case of Latin American societies. Since the colonial times to the present, the government followed the principles of interventionism even to the extent of patrimonialism.126 Even the executive dominance in Brazil in particular and Latin America in general has been linked to the long established mode of bureaucratic patrimonial rule articulated by the Portuguese and Spanish in the region.127

The role of the state as a regulator and as an active agent of development was influenced by the necessity to cope with the economic crisis, necessity to control public sector, exploitation of natural resources and the need to carry forward industrialization. As a result, government expenditure as proportion of the GDP rose

125 See, James M. Malloy, *op. cit.*, 1976, No.3, p.43.
126 Bringing out the activities of the state in the 19th century, Raymondo Faoro (*Os Donos do poder*), states, "...the intervention of the state was not restricted to finance and credit. On the contrary, it extended to all commercial, industrial, and public service activities. The state authorized the functioning of limited liability companies, made contracts with banks, granted privileges, made special concessions for the running of railroads and ports, assured supplies of materials, and guaranteed interest payments. The sum of these favours and privileges involved major proportion of economic activities... (which) ...could only exist through the life transmitted by the state’s umbilical cord...". Cited by Werner Baer, Richard Newfarmer and Thomas Trebat, "On State capitalism in Brazil: Some New Issues and Questions", *Inter-American Economic Affairs*, vol. XXX, no. 3, Winter 1976, pp.71-72.
127 See, James M. Malloy, *Working Paper op. cit.*, p.5. It is argued that a number of Latin American countries, including Brazil (Argentina Chile and Uruguay being the others) were early adopters of social insurance programme in the late teens and twenties of 20th century. It is considered that in Latin America, ‘state’ had a marked tendency to take an earlier, more conscious role in managing development relating to the international structure of power responding to dislocation and conflicts produced by the market. Along with the increased importance of the state the political elites began to craft the state as a mechanism to produce power at the centre of society and manage national development. See, James M. Malloy, *Working Paper op. cit.*, pp. 12-13.
from 19.1 per cent in 1949 to 22.5 per cent in 1973.\textsuperscript{128} The Brazilian government influenced the distribution of income and resource allocation too.\textsuperscript{129} To meet the contingent situation of Great Depression of 1930s, coffee support programme was transferred to the federal government and similar defensive controls were extended to other products such as sugar, salt, and lumber.\textsuperscript{130} Banco do Brasil, a government bank, played a predominant role in streamlining development.\textsuperscript{131} The state also took responsibility of investment and the state investments were highly concentrated in certain basic industries.\textsuperscript{132} The state took on the responsibility of responding more significantly to the dislocations and crisis produced by the market and designed a path for managing development. In Latin America, the state positively responded to the emergence of new political movements in the region, especially the decline of the doctrine of liberal capitalism, and the rise of state centric ideologies.\textsuperscript{133} The Great Depression had severe impact on the region. By the early 1930s the central orientation of political elites had changed over from a "night watchman concept of state/society relations to a more state-based managerial and technocratic model".\textsuperscript{134} It is well argued that the social policy in Brazil is a deliberate expression of statecraft to increase the control and power generating capacity of the state and also to significantly extend the state apparatus.\textsuperscript{135}

The major beneficiary of such state initiatives has been the private enterprise. The private enterprise is dependent on government for its continued reproduction. Obviously, The Brazilian state has shown the characteristics of cohesive capitalistic states and as such provided a secure and protected environment for capital, basically foreign capital, to make profits while also generating industrial growth.\textsuperscript{136}

\textsuperscript{128} See the table presented by Werner Baer, et al., \textit{op. cit.}, 1976, No.3, p.73.
\textsuperscript{129} For example in 1969, over 36 per cent of public expenditure was allocated to social security programmes and education, around 17 per cent went for direct infrastructure expenditures. (More than half of this amount was allocated to road construction. Ibid., p.75.
\textsuperscript{130} Ibid., p.74.
\textsuperscript{131} In 1974 almost 44 per cent of its loan went to agriculture, while private banks devoted at the most 15 per cent of their resources to that sector.
\textsuperscript{132} A survey of the 5,113 largest incorporated firms ("sociedades anonimas") in 1974 has established that in 1974 over 39 per cent of their net assets belonged to public enterprises, 18 per cent to multinational corporations and 43 per cent to private Brazilian firms. Drawn from, Werner Baer, et al., \textit{op. cit.}, 1976, p.76.
\textsuperscript{133} See Malloy, working Paper, \textit{op. cit.}, p.13.
\textsuperscript{134} Quoted from, Ibid.
\textsuperscript{135} Ibid., p.6.
\textsuperscript{136} See, Atul Kohli, \textit{op. cit.}, 2004, p.127.
Significant protectionist tariffs were laid out.\textsuperscript{137} Government policy tried to promote the private sector and free markets.\textsuperscript{138} A welfare capitalist society to a great extent is more humane than a capitalist society which gives license to the 'invisible hand' with no social regulation of investment, product quality, or working conditions, and no socially supported provision for old, poor and sick people. The welfare state in Brazil following broadly within the ambit of the welfare state fulfilled the obligation that citizens are entitled to enjoy some basic needs and state has to intervene to meet needs when private mechanisms fail.\textsuperscript{139}

Brazil as the Old Republic generally followed a policy of laissez faire quite under the influence of Europe. As such, the country restricted itself to a few commodity related products and ignored agriculture productivity.\textsuperscript{140} As the state was constructed in the nineteenth-century, Brazil experienced very little productivity growth in agriculture and feeble advancement in industrial production.\textsuperscript{141}

Though Brazil became a sovereign state early in the Nineteenth century, Brazil did not evolve a centralized state until the 1930s due to its colonial legacy.\textsuperscript{142} Thus till the end of the 19\textsuperscript{th} century, Brazil did not take much of an initiative of social character rather such goals were limited to actions of social assistance prompted by civil society, especially the religious entities. Under the same cultural influence, the state social initiatives in Brazil combined paternalism with the establishment of political clienteles.\textsuperscript{143} During this period a few indigenous industries were encouraged.\textsuperscript{144}

\textsuperscript{137} See, Atul Kohli cites such tariffs imposed to promote textile industries. Ibid., p.147.
\textsuperscript{138} See, Werner Baer, et al., \textit{op. cit.}, 1976, p.79.
\textsuperscript{139} For original argument on this see, Iris Marion Young, \textit{Justice and the Politics of Difference} New Jersey: Princeton University Press, 1990, p.68.
\textsuperscript{140} The philosophy of laissez-faire was consistent with the narrow, short-term interests of the powerful. Moreover, the agrarian elites were exporters and preferred an open trading system, and the urban merchants were attracted to cheap manufactured goods.
\textsuperscript{142} Atul Kohli ascribes it to the political legacy of the decentralized pattern of colonial rule and also partly the accidental manner in which the sovereignty of Brazil was secured. Atul Kohli, \textit{op. cit.}, 2004, p.129.
\textsuperscript{143} See, Pedro Cesar Lima De Farias, \textit{op. cit.}
\textsuperscript{144} Kohli argues that Vargas in order to encourage domestic paper manufacturing approached the owner of a Brazilian firm and persuaded him to carry it by offering credit, foreign exchange, and monopoly rights to the family. See, Kohli, \textit{op. cit.}, 2004, p. 163.
Various reasons are cited for Brazil’s shift towards state interventionism from laissez faire. Among them, the western influence of Keynesianism, the policy of state guided import substitution as a route to rapid industrialization and a growing unanimity among the leading political leaders, military elite and entrepreneurial class that state intervention is necessary for “nation-building” are cited as significant. The government also imposed a policy of tariff protection to face depression of 1930s. Taking its own path of developmentalism, Brazil promoted import substituting industries by attracting foreign investors and building state enterprises.

The politics and rhetoric of the welfare state in Brazil from 1930-1964 became known as labourism, though it is nowhere comparable to that of the British model. It was rather modeled mainly on the corporatist system. “Far from being the outcome of any social struggle, labour legislation in Brazil was a concession of the state…” to offset the possibility of widespread struggle. However, to be eligible to enjoy these benefits workers had to be affiliated to the corporatist unions. These unions were controlled by state through finance, management and other strategies. Even, the right to strike was prohibited and attempts to build alternative unions by the leftist forces were repressed through bans and exiles.

The Vargas state promoted conditions for industrial development. The state took on to economic nationalism as a developmental ideology and intervened in the economy to promote industry. Generally, Vargas is considered as conservative state builder. Neither was he considered to be a democrat nor a socialist, though he harbored a pro-worker rhetoric. Vargas considered himself, a ‘nationalist’, and committed to the state-led progress both on the industrial and the social front. He also gave importance to giving some benefits to the working class, without giving them rights to organize and to participate politically. “The “pump-priming” impact of this “Keynesianism before Keynes”, though debated, has been credited

145 Ibid., p. 179.
147 See, Kohli, op. cit., 2004, p.156. It is to be noted that Vargas’s Estado Novo, incorporated more of the fascist integralistas philosophy.
with maintaining demand in the economy and thus facilitating industrial growth during this period".148

The policies of the Brazilian state also led to the concentration instead of redistribution of wealth. Most of the benefits provided to the workers benefited the capitalists and the rural oligarchs. The links between inflation and the minimum wages showed that, most of the benefits of the workers were directed to the capital sector through public deficits. The public deficits originated either through the policies to compensate the rural oligarchies or an account of vacillation of commodity prices or due to the payment of interest and royalties or a due to considerable international loans and investment. They were also due to the "...clientelist and corrupt forms of co-optation of labour and middle-class leaderships within the state bureaucracy or within the state corporations".149 Most of these policies served the purpose of capital accumulation in a big way rather than enhancing labour interests. It is observed that the welfare policies in Brazil were served to implement the wider policies of the government to ensure social discipline of the labour force in the project of industrialization. As such the policies were applied to serve capital accumulation.

The rural workers were not represented much in the labour legislation. Though, industrialization created job opportunities there was wealth concentration among the groups who were able to invest. The logic of import substitution also protected the oligarchic system in rural areas. The policies pursued by the government in order to promote industrialization and development also neglected the interests of the Amazon region. It is said that Brazil developed a three layered hierarchy; the public servants; the middle urban private workers and; at the bottom the poor workers of the rural areas. For long the lowest rung too remained the most neglected layer.

By 1970s, new social movements emerged from the indigenous, Afro-Brazilians and Landless people. These social movements demanded the

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148 Quoted from, Ibid., p.161.
establishment of genuine social policies. They were to have a profound impact on state policy and in term rebounded on the nature of the state as well.

In the 1990s, the Brazilian economy experienced considerable change. For the Latin American countries, the nineties had been a decade to involve in innovative changes in order to recover their erstwhile standard of living compare to the 80's. Low rates of inflation, greater reliance on imports and less state intervention were the characteristics of Latin American countries in the nineties; so has been the case with Brazil. The administrative reforms brought employees of state corporations under general legislation and discouraged inefficiency among those of direct administration by abolishing the provision of 'stability'. For the public, the special pensions and right to retire on a pension proportional to length of service was abolished and was replaced by new security measures including minimum age and length of contribution requirements.

**Work-fare State**

Work-fare programmes have been traditionally used in Brazil in order to meet exigencies like drought affected areas of North east. Recently these have been executed in urban areas to meet declining employment and income. In a way, such workfare programmes began as a method to meet the economic situation and redirect the social policy of the country. Hence, in order to create job opportunities for the urban unemployed population work-fare programmes were initiated. Such a job creation programme exhibits welfare component in guaranteeing income to those who had been excluded from labour market. As such it has resemblance with the other countries who have experimented with the workfare policy.

The work-fare programmes are placed at three levels. a) Federal b) Metropolitan regions such as Federal Districts and the State of Sao Paulo.


151 There are arguments saying that these are not welfare programmes in the strict sense of the term, which implies the obligation to work by able-bodied recipients in return for welfare benefits, Cited in, Ibid.
The first workfare programme to respond to rising unemployment was introduced in the Franca municipal district in 1997. The Program Piloto de Trabalho Solidario was drawn up at the request of Ministry of Labour in March 1999. It argued that in order to thwart the social consequences of the current economic crisis facing the country, it is required to provide community based workfare programme. The Ministry acknowledged the temporary drop in labour demand in both the formal and informal sectors. Workfare programme intended to provide short-term support for the poor who do not receive unemployment insurance or related government transfers.  

The Need of Further Welfare Reforms

Despite the fact that Brazil has been able to achieve considerable development after the lost decade of the 1980s, it is also the reality that the social indicators did not grow as much as needed. Brazil will not overcome its social problems without redistribution of wealth. The government cannot shed off its responsibility as the main provider of social benefits for the millions of poor citizens. The federal government needs to enlarge its programmes in education, public health, and social security, to diminish the huge gap in Brazil between the very rich and the vast majority of the dispossessed. There is a fairly widespread support in Brazil for privatization. But state-owned companies and the state itself has not cut down bureaucracies as a fairly large amount of governments spending goes to pay the retired servants. So, the reform of the public servants’ social welfare system is crucial to solve the fiscal crisis and to augment reforms.

One of the biggest educational problems in Brazil is non-attendance, in school. In wealthy states, 95 percent of children enroll from the start, while only 65 percent to 80 percent enroll in poor states. Approximately 25 percent of the children drop out by the second year. UNICEF reported in mid-1994 that Brazil is in the last place in a world ranking that compares the per capita income of each country with the rates of school non-attendance or absenteeism in the first five grades. Given

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152 For details on the efficacy, patterns and challenges of workfare in Brazil. See, Ibid. Sonia Rocha analyses the workfare programme at different levels like, federal state and municipal levels. Analyzing their efficacy he concludes that workfare cannot be a panacea to deal with poverty and social exclusion. He states, “It is rather a possible action for helping poorer sectors of the population for whom it is hard to engage in the labour market, by transferring income designed for consumption at the private level. .... This means that the workfare will be more efficient by focusing on a specific target population within the broader-ranging context of anti-poverty policies.”
Brazil's considerable economic strength, one would expect at least 80 percent of the children to complete the fifth grade, but only 39 percent finish, according to the UNICEF report. Often the children from poor families start working at the age of ten in order to help their parents. Other reasons for school non-attendance include inadequate school facilities, the high examination failure rate, and malnutrition.

All the areas of social life, including education in Brazil have been marked by great inequalities, with a highly developed university system at one end and widespread illiteracy at the other. In 1995, the federal government was spending almost twice as much on the universities as on basic education, which is the primary responsibility of states and municipalities. Local governments often paid teachers wages that were well below the legal minimum. In 1990, there were 37.6 million students, as compared with 10 million in 1964. Of the total, 3.9 million students were in pre-school, 29.4 million in elementary school, 3.7 million in secondary school, and 1.7 million in university. Despite this progress, less than 40 percent of the high school-age population was enrolled in school.

Though it is often claimed that the model of economic development and the basis of financial support of social policies in Brazil has been organized in a manner with universalistic principles, they are incompatible with the ideas of universality. As a corollary, there is a universality that in practice is excluding. In other words, Brazilian social policy is inadequate to cover the needs of the population with the lowest income. It is true that Brazilian capitalism has expanded over these years however it has failed to develop along the way.

**Globalization and its Impact on Welfare State in Brazil:**

**a. Globalization and Brazil:**

The Brazilian economy has experienced remarkable change in 90s due to the process of globalization and its break with the traditional economic policy. The 80s is considered as lost decade in Brazil due to the drastic loss of wealth and sharp deterioration in the social indicators. Like most of the Latin American countries Brazil too considered reform to be an immediate task. In the words of the World
Bank authorities, “adjustment postponed [is] pain compounded.” The old paradigm of closed economy with major presence of the state for previous four decades was jettisoned by Brazil in favour of an open economy with privatization and dominance of market forces.

As it is already stated, the 1990s is considered as the ‘decade of reforms’ in Brazil. The process started with trade policy reform and privatization of public assets followed by the opening of the capital account of balance of payments.

The 1990s brought in the triumph of globalization along with neo-liberal policies in Latin America. The exhaustion of the ISI with an active state to regulate market gave way to free trade economy and decreasing role for the state through privatisation and predominance of the market. Brazil under Collor conformed to such polices by slashing import tariffs and initiating the process of privatisation. Expenditures had curtailed, tax reform had initiated and efforts were made to improve the funding base of the social security system.

The following table indicates the clear adherence of Brazil to the Washington Consensus by slashing the import tariffs.

| Table - 4.3 |
|---|---|---|---|---|---|
| Tariff Rates (All Products) 1990-1994 |
| Average | 32.2% | 25.3% | 21.2% | 17.7% | 14.2% |
| Mode | 40.0% | 20.0% | 20.0% | 20.0% | 20.0% |
| Standard Deviation | 19.6% | 17.4% | 14.2% | 10.7% | 7.9% |


Later, Cardoso expanded privatization process with public utilities and transportation infrastructure. Investment liberalization was legally granted through an amendment to the constitution by eliminating the differentiation in the legal status of domestic and foreign firms.\footnote{See, Edmund Amann and Werner Baer, “Neo liberalism and its Consequences in Brazil,” in \textit{Journal of Latin American Studies}, (Cambridge), vol. 34, p. 948.}

Globalization has seriously compromised both political and economic rights in Brazil as is the case with the whole of Latin America.\footnote{In this regard see, Coker O. Trudie, “Globalization and State Capital Accumulation: Deteriorating Economic and Political Rights in Venezuela”, \textit{Latin American Perspectives}, vol.26, no.5, September 1999, pp. 75-91.} This is in spite of its association with the process of democratization. Often it is blamed on the government’s inability to meet the needs of its citizenry, due to massive corruption, the breakdown of institutionalized conflict resolution, or an inherited bent toward paternalism and authoritarianism. We have argued that Brazil, to an extent, has established its immunity from such a pass.

No doubt, it is the democratic transition that has brought in, new development in the welfare philosophy of Brazil. Cardoso’s highly integrated social democratic philosophy and political agenda intimately connected institutions, social welfare and democracy.\footnote{See, Joao Resende-Santos, “Fernando Henrique Cardoso: Social and Institutional Rebuilding in Brazil”, (Originally from Cardoso, Weekly Column, A folha de Sao Paulo, 6 June 1990) pp. 3.} Cardoso believed that the solutions to the defects in Brazil’s political and economic systems could be found in “substantive democracy”. In order to have efficient democracy he believed social justice, liberty and equality should be granted and protected.\footnote{It is stated that Cardoso believed that Brazil requires to emulate the example of Spain’s post democratic transition which combines prosperity, social equity and freedom. See, Joao Resende-Santos, \textit{op. cit.}, p.170.} And he argued that social democracy had to address the injustices and inequalities produced by capitalism in the periphery.\footnote{Cardoso believed that democracy cannot be confused with just political rights and constitutional guarantees, for conditions must be created for the full exercise of such rights. “To be free is also to have employment, to have shelter, to be nourished, to be educated, and to have the capacity to be well informed, to have opinion and influence.” See Joao Resende-Santos, \textit{op. cit.}, p. 170.}

Although some welfare reforms have shared a common ground among most of the developed and developing countries they are also significantly different. The rhetoric and plans of \textit{Estado Novo} furthered welfare policies involving in nationalist fervour. The democratic transition, that took place in the 1980s, qualified welfare

\footnote{See, Joao Resende-Santos, “Fernando Henrique Cardoso: Social and Institutional Rebuilding in Brazil”, (Originally from Cardoso, Weekly Column, A folha de Sao Paulo, 6 June 1990) pp. 3.}
policies. Though, the authoritarian government in Brazil in the earlier phase undermined the welfare priorities or provided them only to muster support and manage the rule, the democratic regime provided a great impetus to welfare state in directing social rights and development. It was Fernando Henrique Cardoso who defined the social democratic goals in redirecting the welfare policies. Though often Cardoso is considered to be a neo-liberal, he always questioned the perfection attributed to the market. He was very skeptical of the unregulated market in dependent capitalist economies. He believed that "the market alone, or a market with only a skeletal state, will not solve the problems of hunger, mass poverty, illiteracy, and myriad of other social ills that have persisted for decades." Cardoso always regarded the practical dimensions of the state as more important than the theoretical dimensions. He believed that the 'state as it existed in Brazil in the 1990s' cannot be part of the solution. But the choice for Brazil is not between expansive welfare state or the minimal skeletal state; The objective is better, more transparent, and socially responsible state. He did offer a constructive criticism of the state to make it a responsible state. "In order to redefine the role of the state and replace the liberal thesis of the 'minimal state' for the 'socially necessary state,' it is necessary to criticize the 'state as actually is' and from this perspective, accept some of the criticisms of liberalism (but) show, at the same time, its limitations and distortions." As against the solution of privatisation he said "The market does not resolve the problem of misery. The problem of poverty has to be resolved along the lines of coordinated actions by the state."

The welfare state in Brazil and its response to globalization, do not necessarily confirm to the widely held beliefs that the former is caving in under the impact of latter. In fact, we find that welfare programmes and policies have become more widespread and inclusive in Brazil precisely in the context of globalization. Brazil has made remarkable advances in literacy, health provisions and social security provisions in the 1990s. There has also been a wholesome effort to contain and positively respond to such ailments as AIDS. Brazil also has mobilized significant sections of civil society and persuaded them to join the efforts of the polity to reach out to the underprivileged. At the same time, Brazil has been

160 Quoted from, Ibid., p. 172.
161 Cited in, Ibid., p. 173.
162 Cited in, Ibid., p.175.
pursuing fairly overt policies integrating Brazilian economy and society in a globalized order.

We have argued that such a convergence has been possible due to several factors specific to Brazil particularly the relative economy that the Brazilian state has enjoyed over time. Certain ideological formulations, such as that of Cardosa have helped in reinforcing the autonomous role of the state and its welfarist considerations. The civil society in Brazil has often risen up to contain the deleterious impact of neo-liberal policies although there has been a broad agreement across the political spectrum in Brazil towards privatization and greater autonomy to distinct units of public life. One of the, most important reason for the expansion of the welfare regime in Brazil has been powerful social movements which could not be easily ignored by the state, in the context of democratic transition.

While globalization holds out a threat to certain political, social and economic rights of the people of Brazil, such a threat has been assuaged due to several factors as it was there were no well spring of political and civil rights that the broad masses of the people enjoyed till 1980s. A large section of big industry and significant segments of the middle class in Brazil were profoundly caught in the global capitalist network much prior to the onset of globalization. Although, for a century Brazil talked the language of self-sufficiency, but such self-sufficiency if at all, was highly restricted. Therefore globalization has not created an entirely new set of strata which breathes down heavily on the political and civil rights of the people. In fact, under conditions of globalization there is a greater awareness about the extent of inequalities that have been so widespread in Brazil and which authoritarian regimes have attempted to cover up through various processes of blockading information and policies.