CHAPTER - V

Welfare State under Globalization: India and Brazil

Brazil and India both are large democracies undergoing profound transformation. Both India in South Asia and Brazil in Latin America lead their regions in various ways. The World Bank has identified both India and Brazil among the 10 countries as potential “economic giants” (World Development Indicators, 1997 of the World Bank). Both of them entered into the process of liberalization, in response to financial stagflation internally and in the context of the dismantling of socialist regime externally, and brought about significant changes in their welfare policies.

Both in Brazil and India nationalism and its call for inclusion and unity became the inspiring ideology to lay the foundations of specific kinds of welfare state. However, the background conditions that determined the nature of the welfare state in India were markedly different from those in Brazil. Brazil came round to support Estado Novo and the foundations of India’s welfare regime were crafted during the freedom movement. Even the pace and extent of their welfare measures and the social segments they reached out to had much to do with such background conditions. What then are the similarities and differences between the pursuits of welfare state in India and Brazil? Can we cull out a universality of welfare concerns, however thin they might be from their experiences? How much of their specific context has influenced their respective pursuits? How has globalization affected these issues and what is their differential response? How do we reconstruct welfare agenda for our times, and in specific context under the conditions of globalization?

Specificity of the Welfare State in India

The first and foremost factor that shaped the specific nature of welfare state in India was the colonial legacy. During the colonial rule and against its central orientations there emerged an articulate discourse on welfare state as integral to the national movement. This specific discourse generated a well-formulated ideology,

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although there were contentions regarding the future of the welfare state in India. As it has been argued in the earlier chapter on India, the discourse on the well being of the Indian masses became an issue of intense contention in the national movement and a powerful critique of the laissez-faire state is inbuilt in these contentions, be it Gandhi, Nehru and Ambedkar. The question of alleviating poverty, providing education, employment, health, sanitation and promoting equality were some of the important issues of this contention. The external developments of the Great Depression and the concerns on equality expressed in socialist movements worldwide influenced India and its leaders in making a leeway in this regard. The discourse on welfarism covered a spectrum with distinct ideological ramifications, covering the political, economic and cultural domains.

The nationalist movement helped in the making of welfare state in various ways. The growing national consciousness and a sense of public purpose, the broadly shared agreement as a democratic polity, faith in constructive role of the state, a fairly well constructed concept of equality all helped in building an ideology of welfare state which later propelled the institutionalization of welfare state in India. The workers and the peasant’s movements with that of women strongly registered their presence in this endeavour. There was a critique of big capital that the nationalist leaders shared although there were diverse hues in this critique.

The nationalist movement facilitated the crafting of a public sphere that enabled many Indians to rise above personal and sectarian interests. As the nation defined itself through public interests and collective goals political and policy choices were pronounced subordinating private good to the public good. Thus unlike Brazil in India the nationalist discourse provided a set of justifications for welfare state. “India’s prolonged and relatively cohesive nationalist movement generated more shared values and institutions, leading to a more smoothly functioning civilian polity.”

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3 Quoted from, Ibid., pp. 242-243.
In India the nationalist leaders pressed for a welfare state at the stage of the nationalist movement itself, against laissez-faire British policies, gradually raising such demands in the Constituent Assembly and securing constitutional sanction to the policies of welfare state. Such a move brought in a new era for socio-economic emancipation. There already existed a broad consensus on state intervention, in a wide range of economic and social areas that had shaped an ideology of development. Nationalist thinking took the task of modernization of Indian society seriously and sought a rapid change in economic and social institutions through the legal and administrative powers of the state. There was the widespread belief that rapid industrialization would remove poverty and create the conditions for a modern and more egalitarian and just society. But increasingly such concerns for development and industrialization came to be laced with welfare considerations.

Even in terms of the organization of power, India had through the colonial period worked out a specificity that is quite different from the structure that Brazil inherited. Britain established a colonial state in India with a unified and established authority over various regions and retained the core of centralized state across the various constitutional developments. It is also argued that such a centralist rule in turn facilitated the people to wage a united struggle against the British rule. Unlike Brazil, which constructed its bureaucracy in the later years, India eventually took over "...without major change the entire bureaucratic and army structure, the 'heaven born' civil service and all, mainly substituting the brown for the white." State in India is a 'product of both colonial construction and nationalist modification'. While the colonial state imposed authority and rule of law, the nationalist movement pressed for regular elections, mass adult suffrage, and basic liberal freedoms of speech and association.

Therefore, the change of the welfare state in India from the time of independence fell on elected leaders but within the framework of a centralized administration. The constitutional provisions provided for a wide range of liberties

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with built in provisions for the disadvantaged. The nationalist leadership itself was closely acquainted with developments with regard to welfare in several countries.

In 1947, when India got her independence, major changes were under way in the world as well as in India. There was optimism in ideas and political processes. The success of liberal democracies over Fascist regimes, the growth of left-wing parties in major Western countries and the further expansion of the Keynesian model in the form of the welfare state and the goal of full employment were a few of those developments. The expansion of Communist ideology in many countries of the World, the rise of China and, the process of decolonization in Asia and Africa, the birth of the United Nations and other international agencies committed to welfare and social well-being also gave a new hope. The idea of democracy also became prominent and ‘struck roots and found expression in a new institutional model’.7 The leaders of independent India called their approach to planning under democratic pattern of socialism as a new model for Asia and Africa.8 Jawaharlal Nehru spoke of “a third way which takes the best from all existing systems-The Russian the American, and others-and seeks to create something suited to one’s own history and philosophy.”9

Ostensibly, the ideas that guided the British rule in India were liberalism, laissez-faire and free trade. However, British had their own interests uppermost guiding the spirit of their rule in India. While the British state was modern based on the rule of law, an independent judiciary, supremacy of parliament and popular accountability yet India was ruled with British interests in mind and mostly against the wishes of Indians. The nationalist opposition to the state began to emerge in the nineteenth century. As a result the colonial state began to co-opt, repress and accommodate the increasing nationalist opposition until it eventually withdrew in 1947. By the turn of the twentieth century the colonial rule was organized on the basis of centralized control with a bureaucratic apex and semblance of rule of law. The British belief about “good government”, especially the idea of rule of law had a

9 Cited in, Ibid.
significant impact on India.\textsuperscript{10} Yet economically speaking it was not an ineffective state, although its record fades in comparison with that of post independent India.

The following table indicates the average growth status of India for the 20\textsuperscript{th} century. Under the colonial rule the economy of India had a slow growth of less than one per cent that began to rise after 1950.

\textbf{Table – 5.1

Average Annual Growth Rates of GDP and Major Sectors 1900-2001}

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<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
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<td>(6)</td>
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<td>Per Capita GDP</td>
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<td>0.8</td>
<td>3.4</td>
<td>3.8</td>
<td>5.6</td>
<td>5.6</td>
</tr>
</tbody>
</table>


Note: The Growth rates in Columns(1) and (2) actually refer to primary, secondary and tertiary Sectors, which are close approximations of Agriculture, Industry and Services respectively.

The laissez-faire colonial state in India left behind an agrarian economy and as such the agrarian productivity in India was not much higher than it had been in the Mughal period. Illiteracy was nearly 85 per cent. Public expenditures, during the first half of the twentieth century except during war years was a mere 10 per cent per annum; more than half of it was allotted to running the state administration and the other 20 per cent went for infrastructure, and a very meagre amount was allocated for primary education, for extension of research in agriculture or for industry.\textsuperscript{11}

\textsuperscript{10} See, Atul Kohli, \textit{op. cit.}, p.232.

Specificity of the Welfare State in Brazil after Independence

Unlike India, the background context of the welfare state in Brazil was grounded on very different considerations. Brazil took on a specific expression of welfarism especially during the Estado Novo of Getulio Vargas in the 1930s. Welfare state in Brazil was a consequence of the rise of capitalist economy in the country. With industry concentrated in a few big cities and a great deal of striving among the industrial working class. Land was still held by large landholdings with their own armed establishments and with ethnically divided agrarian labour. The church was a pan national organization but deeply caught in existing forms of dominance. Vargas attempted to install a nationalistic bond in this society which in a way was profoundly class divided but with little ability to throw up alternatives. Vargas nationalistic pretense however did not go deeper to attain a legacy to situate the future goals of welfare state in a programmatic way and largely remained at the level of populistic rhetoric.

Brazil inherited the latifundia character of its economy from colonial Brazil. Power and wealth were highly concentrated in the hands of relatively small European elites. Portugal had established its state and central control by granting giant pieces of unexplored territory to military men or their cronies called capataincies. The Brazilian nation-state was developed within the context of Brazilian latifundia corporatism and authoritarianism in which large landowner's controlled vast majority of the population with the backing of the military and the state.

The inherent feature of the latifundia or the landed class in Brazil was that they owned vast tracts of land but cultivated only small sections, renting the rest of the land to share croppers or retaining it as unimproved pastures. Traditionally oriented, one of the inherent qualities they displayed was that they never supported modern technology and the cause of education in order to prevail on their hold over land and labour and retained their aristocratic way of life. Only the rich children could gain entrance to the school and universities, as universities were strictly absent in Brazil till the first university was founded in 1932. In fact colonial Brazil itself

had the inherent weakness of not having a printing press. As a result the public sphere, which was quite vibrant in colonial India, was non-existent in Brazil.

The *latifundia* had a negative consequence on Brazil as it retained status quo and killed the initiative to mobilize resources for domestic economic development. Infact, the mercantalist philosophy that Portugal pursued also made Brazil ‘little more than an illiterate agro-export outpost of the empire’.\(^1\)

The colonial legacy of Brazil has to be explained also in terms of slavery, which became a massive institution in Brazil and lasted almost for a good part of the twentieth century. Brazil received far more African slave imports compared to the others in the Western hemisphere. The heavy European immigration that surged at the same time in Brazil also added to these tendencies. Such a background also displayed and retained a highly hierarchical and anti-egalitarian society with patrimonial and personalistic character, enforcing the power of the Brazilian elites maintaining the rest in a deferential and obedient disposition.\(^14\) The state policies in Brazil have been traditionally summarized as “the state takes responsibility for onus, the bonus is distributed among the dominant classes, and the crumbs [migalhas] are left over for the subaltern groups.”\(^15\) The oligarchic and patronage based features of these policies are rooted in the agrarian past as land in Brazil was traditionally not merely a factor of production but also reward for service and proximity to power and a base for accumulation of and maintenance of extension of power and privilege.\(^16\) It is also argued that unlike Latin American countries such as Mexico and Bolivia, Brazil never experienced any political rupture that weakened the landed oligarchy and allowed large-scale redistribution of land to those who cultivated it.\(^17\) The influence of colonial era also lasted relatively late in Brazil as the democratic wave which influenced the North Atlantic bypassed Latin America at the end of the

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\(^14\) Ibid., p.138.


\(^16\) Anthony Pereira further states that, “This power includes the ability of large landowners to direct the legal and coercive apparatus of the state in their region. It also entails landlord control over obligations to subaltern populations”, Ibid.

\(^17\) Ibid.
eighteenth century and Brazil's late eighteenth century colonial culture remained immune to the egalitarian trends sweeping North America and France.  

The elite of Brazil often looked up to Europe and the United States (Europismo) rather than to the needs and demands of the public for the change in governmental policy. As such the public domain embodying demands for more welfare provisions remained very shallow. Popular participation in voicing such demands did not make much of a headway for long. "In practice, the Brazilian masses themselves have proved relatively unresponsive to appeals to demand increased welfare." Elites influenced government policy in such a way that both taxes and benefits accrued to their advantage. Much of the changes in governmental policies were secured replicating the West. The elitist character of the Brazilian economy also created Brazil's tilt for populist bent in policies. It is argued that the populist policies became necessary in Brazil basically to hold the multi-class coalitions intact, as the elitist character of the Brazilian state never allowed to make extensive downward reach into its own society and to enhance national bond.

Throughout the 19th century Brazilian elite aped the laissez-faire policies of the West. Even in the Old Republic, laissez-faire policy was predominantly followed. Commitment to laissez-faire also served the interest of the agro-exporting elites to keep the central state weak. The elite in Brazil never shared any nationalistic goals and only concentrated on controlling their regional wealth and retain their regions. They looked up to Europe and the United States as their cultural and recreational centers. The latifundia character of Brazilian economy and the Europismo in Brazil further left Brazil constantly to be dependent on foreign actors and resources. There has been a close alliance between the state and foreign capital as a key to Brazil's industrial development. The poorly constructed Old Republic

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18 See, Skidmore, op. cit., p.139.
19 Quoted from, Ibid., p.141.
21 See, Atul Kohli, op. cit., p.128.
22 Ibid., p.140.
in Brazil could not make any significant interventions, nor it had the capability to do so. It was popularly called as ‘politics of governors’, as there was no national level political organization to effectively control and even the army, which wielded much power, was divided among themselves. The elites who were in the helm of affairs of the state had no strong commitment to sovereignty. “Rather than viewing foreigners as threats to national sovereignty... Brazil’s dominant class and state administration ... wanted to Europeanize Brazil and believed reliance on world markets was the best way to achieve that.”

The Brazilian state intervened in the economy to counter the effects of its own financial problems arising from crises in the world market and such actions of the state served to make Brazil ‘more rather than less, dependent on foreign capital and market’.

Yet, Brazil displayed a considerable political continuity with its past. Brazil became independent quite accidentally and the elite in Brazil never considered colonial government as an alien imposition. The existence of a, cohesive political elite trained in the spirit of Roman law, Portuguese absolutism, and mercantilism worked out the political continuity. “The ideological unity of the elite helped it cope with the threats of centrifugal tendencies inherent in continental size, inadequate means of communication and transportation, the thinness of the economic linkages among provinces and regions, and the absence of a strong sense of national identity.”

Therefore the national discourse which shaped the welfare state in India, did not take place in Brazil. In Brazil “the nation came into existence without any need to define itself.” As such the ideology of welfare which would have had played a predominant role in making the welfare state more grounded never got churned in Brazil. As a result a host of welfare policies got replicated but the ideological foothold to shape welfare state in Brazil did not take place unlike in India.

Vargas coming to power heralded the beginnings of a centralized modern Brazilian state. It embraced economic nationalism as a developmental ideology and intervened increasingly in the economy to promote industry.\textsuperscript{29} However, this economic nationalism too was often reduced to the level of rhetorics as the limited developmental capacities of this centralized state did not unite the state and the large agrarian periphery and as such the vast majority of the population and state. Moreover, the Vargas state was subject to influence of corporatist tendencies than of socialism in order to build a welfaristic ideology unlike in India. Vargas himself shared centralist and statist traditions to which he was exposed right from his childhood.\textsuperscript{30} He worked along side the military to achieve both political and military centralization. The military also helped Vargas to crush the dissenting regional political forces. The power of the states hence was gradually eroded and the constitution of 1934 eliminated the 'critical rights to tax exports and to maintain their own armed forces. Further Vargas created the DASP to create a modern bureaucracy. Though the transformation of patrimonial public organization into a modern bureaucracy did not take place, it gave rise to a significant segment of highly professional and competent bureaucrats who began to control the main policy levers.\textsuperscript{31}

Brazil formulated its welfare policies basically articulating them against the laissez-faire ideology that the ruling elite hitherto held dear. It made a stride from laissez-faire to 'Estado Novo' based on the principle of statism. Brazil replicated state interventionism in the form of Keynesianism which came to prevail in many western countries. And therefore social insurance became more important to Brazil which worked as a viable policy vis-à-vis to co-opt labour into the national mainstream. This policy suited the Vargas regime as labour movement became very articulate just before he had assumed power. The Vargas regime also qualified the power of landed gentry and state intervened to make strides in the direction of agricultural and industrial development. When the state made efforts to push ahead state-led industrialization several welfare reforms were also employed to reintegrate society based on welfare goals following its American counterpart.

\textsuperscript{29} See, Atul Kohli, \textit{op. cit.}, p.153.

\textsuperscript{30} See, Ibid., p.154.

The evolution of social policies in Brazil after 1930 is often explained as the result of the design of a centralized authoritarian and developmentalist state. Though it was still in the process of constructing a national state, Brazil had already expanded its structure to strengthen a social arena, through public health, social security welfare etc. It represented a distinct model different from the Western European welfare state formation. It differed from the models, of “…progressive incorporation of citizenship through state policies responding to demands for more equality”32 that Marshal avowed.

The bureaucratic Authoritarian model of government under military regime though helped expand the social policies such an expansion was considered to be the regime’s attempt to legitimize its rule.33 On the contrary, the increased relaxation of the authoritarian order and the opening of the democratic transition provided a new direction to the social policies in Brazil. It provided more political and organizational space to the governmental decisions on social policy, promoting state structure and social spending.34

The transition to democracy threw up new social forces opposed to the regime. It also initiated a public debate on the model of economic growth, the widespread inequalities and social policy reforms. The rise of new unionism the multiplication of social movements, especially the rise of indigenous, Afro-Brazilian assertions and MST propelled by the Church further brought in a new awareness embracing wider sections into the welfare measures that eventually reached and co-opted more sections of the society. The church displayed “tenuous linkages with the popular classes and its practices with these classes generally have been paternalistic and authoritarian.” 35 Its role in popular mobilization remained almost non-existent. As such, though government programmes targeting those in need have been on the

33 This kind of argument has been put across by Regis de C. Andrade. The regime’s expansion of social policy against suspension of political citizenship is highlighted to prove this point. Cited in Ibid., p.23.
rise from time to time, it was only in the 1980s that Brazil evolved a national welfare policy articulating clear-cut objectives, strategy and programmes.36

It has been sometimes suggested that Brazil did not throw up a welfare state. The support for such an argument is drawn from the Brazilian social policy system that prevailed until, 80s, which did not produce cohesive and equitable social benefits. However, dynamically seeing "the growth and consolidation of the embryonic Welfare State, according to the country’s timing of industrialization and urbanization pointed towards a more redistributive standard of social protection."37 And the Constitution of 1988 completed this process by reinforcing social rights, preservation of the universal conception of education and health and social security models. Broad basing, a conception of rights the constitution enumerated fight against pollution and the preservation of fauna, flora and natural ecosystems, as specific duties of central, state and municipal governments. Specific stress was laid on the duty of the government to preserve documents, works and other assets of historical, artistic, archaeological and cultural importance. The context of reforms, the great increase in the partnership between government and voluntary sector brought about a major transformation of the welfare state in Brazil.

Nationalism has been a force largely inspired from above in the form of a 'passive revolution' in Brazil, and it has not witnessed a process of decolonization of the kind that engaged huge masses of India for nearly a century. The Brazilian political class continued to identify itself with its counterparts in Europe and United States and Brazil’s heavy reliance on foreign capital was basically intended to integrate Brazilian economy with global capital. Whereas, India chose to build its economy on indigenous developmental capacities, Brazil preferred to work through the private sector although it lacked a strong and dynamic indigenous capitalist sector. India however, preferred to work through the public sector by preferring to initiate protectionism to private sector.

The specificity of the development of the welfare state in India on one hand and Brazil on the other suggest that although both of them came to avow certain

36 See, Draibe, *op. cit.*, p. 31.
welfare ideals, the historical legacies, the social relation the discursive framework and the ideological invocation that led them to opt for the welfare state were markedly different from each other. The welfare state in Brazil was primarily a Brazilian welfare state and the welfare state in India was primarily an Indian welfare state.

Universality of the Welfare State

However there are some elements that are common between India and Brazil. Politically speaking both India and Brazil have popularly elected regimes today. While India began its democratic rule immediately after independence, Brazil was successively in the hands of monarchy and military regime before democratic rule came to be stabilized there. However, the Brazilian democracy and Indian democracy are markedly different from each other. In a way Indian democracy is much more institutionalized and is tested over the last fifty years. While in Brazil, the military remains as strong and has been the chief recourse of big capital under conditions of crisis.

Both India and Brazil are developing countries and face the dilemmas and choices that any developing country faces. But the trajectories of their development have been markedly different.

The following table indicates the growth rate of India and Brazil between 1960-1999. India's average growth rate at 4.6 is slightly lower than Brazil in the earlier phase whereas in the recent years India's growth is much faster than Brazil.

**Table - 5.2**

| Growth of Real GDP, 1961-1999 (Average Annual Growth Rate in Per cent) |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Brazil                      | 6.2                        | 8.5                        | 1.6                        | 2.5                        | 4.8                        |
| India                       | 3.8                        | 3.2                        | 5.6                        | 5.8                        | 4.6                        |
| Developing Countries        | 5.4                        | 5.5                        | 3.2                        | 3.2                        | 4.4                        |


Note: For Brazil the annual percentage growth rates refer to those of GDP at market prices based on constant local currency Aggregates for the group of developing countries are based on constant US $.

Note: For India for GDP at factor cost, in rupees in crores 1993-94 price has been used.
The table below indicates that India has more than a quarter of its GDP, originating in agriculture, twice the share of all developing countries and three times the share of Brazil. In India the share of Agriculture has declined slightly with a modest rise in industry and services. In Brazil, the shares of agriculture and industry both have declined and there has been a rise of 60 per cent in services in 1990s.

Table – 5.3
Growth of Major Sectors, 1961-1999 (Average Annual Growth Rates in Per cent)

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Note:
1. For Brazil the average pertains to 1966-70 and not 1961-1970.
2. In case of Developing Countries, the average in the last column pertains to 1971-99 and not 1961-99.
3. In case of India, 1961 refers to fiscal year 1961/62 and so on.

The above tables demonstrate that the growth of agriculture, industry and services in India has remained fairly steady while in Brazil there have been major ups and down, particularly with regard to industrial growth. Given the volatility of industrial labour in Brazil, the above shifts have a great impact on the ebbs and flows of militancy. A pattern of sectoral growth in the developing world as a whole is seen between Brazil and India.
Table - 5.4
Sectoral Shares in GDP, 1960-1999 (Per cent)

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<td>India</td>
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Note: For Brazil GDP refers to Gross Domestic Product at purchase prices, while for India GDP refers to Gross Domestic Product (1993-94 prices at factor costs).

In India the sectoral share of agriculture has almost been halved from 1960 to 1999 and that of industry and services have shown a steady growth. In Brazil the share of agriculture has declined much more. However, what is interesting to note is that the share of industry too has declined from 37.1% in 1960 to 30.6% in 1999. The service sector which was prominently placed in 1960 has also registered a major growth. In a way it demonstrates, the great inequalities that exists in the Brazilian society relative to India. It also demonstrates the much larger presence of global capital manifest through the service sector and the always haunting possibility of the industrial sector not looking up. The potentiality of this unrest is one of the major driving forces of the Brazilian state.

India and Brazil are both marked for their inflation that pushed both of them to open up their market. The following table shows the status of foreign trade both in Brazil and India.
Table – 5.5
Foreign Trade Indicators, 1960-1999 (as Per cent of GDP)

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</thead>
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<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
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<td>6.2</td>
<td>7.3</td>
<td>12.1</td>
<td></td>
</tr>
<tr>
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<td>9.5</td>
<td>10.0</td>
<td>15.0</td>
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<tr>
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<td>-3.3</td>
<td>-2.7</td>
<td>-3.0</td>
<td></td>
</tr>
<tr>
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<td>-1.3</td>
<td>-2.6</td>
<td>-0.8</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exports</td>
<td>7.1</td>
<td>7.0</td>
<td>9.1</td>
<td>8.2</td>
<td>10.6</td>
</tr>
<tr>
<td>Imports</td>
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<td>11.7</td>
</tr>
<tr>
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<td>-0.4</td>
<td>-2.3</td>
<td>1.2</td>
<td>-1.1</td>
</tr>
<tr>
<td>Current Account Balance</td>
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<td>-0.8</td>
<td>-3.3</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: GDP refers to Gross Domestic Product at current purchaser prices.
Data on trade balance refers to goods and Services.

With 1970 as the base year, Indian exports have grown significantly and so too her imports. In Brazil both exports and imports have grown but the growth rate has been much more intergrated with a world economy compared to Brazil.

The impact of the ideology of neo-liberalism, have made both these nations to scrutinize their welfare ideals. Both in India and Brazil, populism has failed in bringing re-distributive reforms but neo-liberalism has come to be accepted as a mechanism to achieve economic growth without renouncing the rhetoric of equality. The economic growth has been projected as a balancer to achieve equality. However such a projection has often failed as it has increased inequities. While the social programmes of these nations have been held on and even diversified, they are inadequately funded and have failed to reduce inequities as the orthodox economic structures they are based on reinforce highly unequal distribution of incomes.38 However democracy in these countries has been pressing for greater investment in the social sector, and a more widespread distribution of social produce. Often neo-liberal policies have run into opposition with the demands of democratic ferment.

while one could argue that neo-liberalization has still an edge in these countries, it cannot be argued decisively that democracy cannot twist and turn policies to suit larger goals of welfare in the context of globalization. While globalization, particularly associated with reforms, has been a matter of concern in these countries, they have still held on to democracy.

While it cannot be argued that welfare state in Brazil and India came to fully realize the objectives it set for itself yet the goals that the welfare state achieved are significant alongside the development path of India and Brazil. Brazil has seen three phases of its development of welfare from the nationalistic objectives pronounced through the *Estado Novo* to the military phase and to the present phase of democracy. Often in Brazil the increased role of the state in industry and business stood as a buffer against the multinationals. The government held an increasing share in the economy there, with a fourfold rise since 1945, mostly in basic services, railroads, utilities etc. The welfare state in Brazil underwent a gradual change from the interventionist mode to the authoritarian model and to the democratic language of rights through social movements. The 1988 Constitution recognized traditional liberal rights, often violated by the military regime, and made provisions for individuals and interest associations to defend their rights. The concepts of citizenship and universal rights, incorporated into the constitution are significant in this direction.

Both Brazil and India began to concretely articulate their welfare goals through the constitutional framework. India through chapter III and IV of the constitution that held aloft a set of Fundamental Rights and Directive Principles of state policy and Brazil through the provisions of social order and justice under title VIII, enumerating social rights and title II, Fundamental Rights, of the constitution. Therefore both Brazil and India have long term constitutional stakes in their welfare policies.

Both India and Brazil have intervened in the social relations prevalent in their societies in the name of the welfare state. Such interventions however, have ensured that while radical alternatives to social relations are not contemplated, some significant benefits accrue to the lower rungs of the population. It was the Getúlio
Vargas's Administration, from 1930 to 1945, which brought in considerable modifications in labor legislation through 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 labor accidents and the establishment of the Labor Judiciary. Besides health reforms were also initiated. In India such measures were initiated immediately after independence by Nehru by invoking socialist principles.

Welfare state objectives though achieved significant progress, have been hindered due to populist rhetoric too. Criticising the populist and institutionally corrupt nature of the welfare state in Brazil it is commented that, "Starting in the 1930s, Brazil built up a dense, highly imperfect welfare state. This process was stepped up in 1970s. Because Brazil is such a large country, the programs are massive. Basic health and education services have very wide coverage, although they face serious problems in terms of quality, productivity and effectiveness. The programs benefit primarily the population in the formal labour market, and therefore exclude nearly half of the population in the informal labour market, especially the poorest segments. In the post war period, the system was characterized by populist and clientelistic practices. It was also influenced by the interests of beneficiary groups with the power to exert pressure and by the bureaucracies and professionals associated with the programs." Yet major strides were taken in making welfare goals popular.

Both Brazil and India achieved significant progress in making welfare goals a focal issue of their concerned policies. Yet the hard realities of exclusion and inequities remain glaring. Often the Economic Surveys have highlighted the need of targeting social expenditure in both these countries, to promote the well being of the marginalised to reduce the disparities, by strengthening human capital in the priority areas of health and education.

The validity of welfare states of both India and Brazil has been criticised for just achieving capital accumulation. Yet, both these countries were able to achieve welfare goals at various levels. Regarding Brazil it is argued that despite the

40 Quoted from, Ibid.
system’s flaws, social indicators have improved.\textsuperscript{41} Both Brazil and Indian economy benefitted extensively due to the protectionist policy of the government in achieving industrialization.

Both Brazil and India are larger countries with pluralistic ethos. The input of democracy has helped to mobilise greater support to welfare provisions and both of them have a strong multicultural component in their welfare measures. The federal polity has pursued highly diversified policies to reach out to different constituencies with a greater autonomy and the states have been able to make a great dent in bringing in more and more diversification in the welfare programmes.\textsuperscript{42} The political culture of these societies in turn refurbished the welfare ideals in the context of globalization instead of swaying away from them. It is appropriately argued that, while “economies have gone global, (but) societies and communities remain National...Hence, the problem of controlling the economy in order to save the social is back on the agenda.”\textsuperscript{43} Public opinion strengthens the role of government intervention, in education, health care, employment and reducing economic and social differences. The NGOs often are a great force in this direction.

\textbf{Globalization and the Welfare State of Brazil and India}

Both Brazil and India began to advance towards a transition of new developmental model based on market reforms and liberalization process. Different perspectives have been advanced to explain their impact on them. Though often the argument has been advanced that globalization-induced reforms only benefit the economically affluent in these societies, it has been as eloquently argued that the globalization process has brought in benefits to a proportion of people in these societies by emphasizing good governance.\textsuperscript{44} Even the distortions that the populist models of appeals have had are losing their viability in the era of neo-liberalism. The constraints and pressures of the emerging economic globalization, such as the need for continued budget austerity, make populist politics not feasible by depriving leaders of the socio-economic resources required for maintaining high popularity

\textsuperscript{41} Ibid.
\textsuperscript{42} For details on active state involvement see the works of Atul Kohli, \textit{op. cit.}, 2004, and Sonia Draibe \textit{op. cit.}, 2002.
\textsuperscript{44} For the larger debate on this issue see, Genschel P., “Globalization and the Welfare State: a Retrospective”, \textit{Journal of European Public Policy}, vol. 11, 2004, p. 613.

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and preserving their support.\textsuperscript{45} Therefore the continued pursuit of welfare measures, shorn off their populism has a level of efficiency far more than in the earlier periods. Much greater accountability is demanded from welfare measures compared with the past. For instance, in India the bureaucracy has often shrouded its authority through the populism of its politicians. But the right to information act will eventually have their impact in making the existing welfare policies transparent.

However, it has to be noted that despite the reforms nothing much has changed with regard to the overall reach of welfare measures. They often facilitate the process of elite formation rather than broad basing justice. In both the countries there is still a staggering burden of government subsidies, placating various powerful interests.\textsuperscript{46}

It has to be admitted that reforms have found acceptance primarily among the Indian upper castes and classes. From a disproportionate accrual of the benefits of reforms to these castes and classes, an argument is built that upper castes and classes are increasingly deserting the political arena and the trimming up of the state and the boasting up of the market are closely associated with this process. However, there is no evidence to suggest such a convergence. There is not much of a trimming down of the Indian state, if we take into account the incorporation of technical competence in division of labour. There is no evidence to suggest that the upper caste and upper classes are deserting the political arena although they may tend to run it down to heighten the significance of the market and its efficiencies. What is happening however is the increase in the presence of the lower castes and other marginalized sections in the political arena.\textsuperscript{47} They are congregating into the political space afforded by democracy and are demanding a series of welfarist interventions although such demands need not necessarily follow the framework dominant till 1970s. A state committed to democracy cannot easily bypass such demands except at the cost of renouncing its own legitimacy. The pull of the market and the push of democracy have been simultaneously acting on the Indian state and


the tightrope walking amidst these two fold demands is visible everywhere. A similar trend can be noticed in Brazil while often commentators have seen a contradiction in a radical precedence such as Lula pursuing neo liberal policies while making strong left ward pronouncements. It is not possible either for Brazil or India to walk but on both the feet in this regard.

Both the countries have experienced a great inflow of foreign direct investment. Yet both of them are still facing the staggering problems of inequality, regional imbalances and poverty. The dominant question that has to be asked in the context of our concern is not whether or not poverty has declined in the nineties in both these countries but whether the welfare goals have become redundant.

It is generally argued that the relative priority accorded to education in an economy is basically determined by economic conditions, particularly by factors such as the national income per capita and the budget. Policy makers often do not realize the significance of investment in education, basically because the benefits of education are intangible, and also because the benefits are not immediately forthcoming. Education is often seen as the ‘last priority in peacetime and first casualty in wartime’.\(^48\) We have argued in the earlier chapters that while budgets on education have substantially improved there has been a major assault on illiteracy in both these countries and it has been during the liberalization decades.

When India became independent in 1947 in a population of 360 million persons only about 18 per cent were literate. Due to state intervention the education facilities in India have expanded thereby recording a growth of 100% literacy in some states. In the period of liberalization and probably in spite of it India has made impressive advances with regard to literacy. As a result the education indices have increased from 52 per cent to 65.4 per cent over the period of 1991-2001. Men’s literacy has risen to 76 per cent from 65 and female literacy has risen to 54 per cent from 39 per cent.\(^49\) The reasons for such a growth have been the process that has kept the children in school. Enrollment rates at the primary levels have gone up substantially especially for girls. The District Primary Education programmes have


succeeded in targeting districts with female literacy rates. The Employment Assurance Scheme offered a safety net for people without sufficient assets, who would otherwise be unable to cope with adverse fluctuations in weather and employment conditions. The mid-day meal scheme in schools not only provided basic nutritional intake for children in a vital phase of their growth but also contributed to a substantial increase in school enrolment. And the Integrated Child Development Scheme was a means to safeguard children against the ravages of under-nourishment and an inadequate health care infrastructure. The budgetary allocation for Sarva Shiksha Abhiyan also has increased. Antyodaya Anna Yojana scheme has also been extended substantially with midday meal scheme for school children.\(^{50}\) We have outlined earlier the impressive advances that Brazil has achieved in literacy during the Cardoso regime.

Brazil has made impressive advances in the health sector during the period of globalization. Life expectancy has improved, infant mortality has come down and death during childbirth has been reduced to a great extent. In India, the public health system that was built during the heydays of welfare state still remains without displaying vigour or efficiency. It has been a highly patronizing system. The new venues of health facilities are largely located in the private sectors and have been amenable to all the ills of the market. IMR at childbirth remains quite high in India.\(^{51}\) One of the most tragic aside of the social evil ailing Indian society is female foeticide as a result of which the male female ratio in India remains highly skewed while the Indian state has announced several schemes favoring the girl child, results on the ground are yet to be seen in this regard.

In Latin America a major section of the population is excluded from sharing income, wealth and welfare benefits of economic development. Such exclusion is truly massive in Brazil. Tens of millions of Brazilians live in urban slums that lack decent housing, clean water and proper sanitation. Millions of children are stunted

\(^{50}\) See, Hindu, March 1, 2005.

due to chronic malnutrition.\textsuperscript{52} It is found that the pattern of social policies, despite their massive nature exclude a large part of the population from their benefits, principally rural workers and the urban poor, or nearly half the economically active population that has unstable employment.

The case of India is no better in this regard. Organized employment in the public sector has enormously declined in India. There has been a tremendous growth in certain sectors of the economy, mainly knowledge based. They have not been very beneficial to attend to the needs of the lower segments of the society. The liberalization measures have been affecting agricultural labour in India very deleteriously. The problem is massive. One of the major initiatives of the UPA government has been the National Common Minimum Programme (NCMP). The programme commits itself to meet more of the expectations by increasing the outlays for employment, education, health and water facility for the rural area. The National Rural Employment Guarantee Scheme (NREGS) assuring 100 days of employment in a year for an adult member of rural family is one of the programmes which attempts, to build some mechanism to ward off the growing demand for employment. Such a programme is a modified version of the earlier programme of food for work introduced in several states earlier. The depletion of the public sector has affected employment prospects for scheduled castes and scheduled tribes a section of which managed to obtain employment under the reservation policy. While the attempts of the government to provide reservation in the private sector has not made much of a headway so far, the continued focus of the government on this issue demonstrates that the market will not be allowed to run amuck in this regard.

Democracy has opened new avenues for the representation of the problems of the indigenous population in Brazil. In February 1987, the Constituent Assembly deliberated these issues that “marked a turning point in the historical relationship between the state and the indigenous peoples of Brazil”.\textsuperscript{53} The 1988 constitution reiterated such an expression giving a concrete shape to it. It resulted in a major statement known as “\textit{um novo capitulo na historia das relacaoes}” between the

\footnotesize{\textsuperscript{52} Cited in, Vera Cordeiro, “If the World is to be Put in Order”, in David Bornstein, \textit{How to Change the World: Social Entrepreneurs and the Power of New Ideas}, New Delhi: Penguin Books, 2004, p.135.}

\footnotesize{\textsuperscript{53} See, Priti Singh, \textit{Governance of Indigenous People in Latin America}, Delhi: Authors Press, 2002, p.80.}
Brazilian state and the indigenous communities. The Indian welfare state pursued a complex policy with regard to the indigenous population in India, one of the largest in the world. While they were granted the benefit of preferential policy they were also guaranteed protection of their cultural identities. The surge for these cultural identities has often led to the formation of new states under the Indian union, broad basing Indian federalism further. However the process of development has effected indigenous population in India much more than the others. Millions of tribals have been displaced from their hearth and home and have not been decently settled. While India has made some attempts to reach out to these population particularly with regard to such acts like the forest policy. The response to this constituency, remain weak & ad-hocist. However, the Adivasis did not have anything better during the welfare state regime either.

India has attempted to push large scale house building programmes through incentives such as loans on low rate of interests through the banking sector during the period of liberalization such schemes however, have primarily benefited the middle classes. Both the union government and state government have pursued some projects to provide housing lighting and sanitary facilities to the scheduled castes & scheduled tribes. While some advancement has been made in this regard, the enormity of the task is highly daunting. However, given the pressure of democracy this issue cannot be bypassed for long. In Brazil, the state has taken positive initiative in home building ventures particularly from the 1990’s onwards. While, the demand of the table is huge there has been commendable programmes on the ground as well.

The social insurance policies in India are enmeshed in a complex web. There are a plethora of pension schemes and insurance schemes that organized employment is caught in. The attempts of the government to reduce interest on provident fund benefit and to privatize the pension scheme have been resisted by organized labour. There are a plethora of new insurance schemes that have come up in the private sector, primarily to cater to the needs and interest of the middle

54 Ibid.
classes. While the state in India has initiated some insurance schemes to the farming community and towards unorganized labour, there has not been much of a progress in terms of the scale of the demand. The record of Brazil in this regard is far better. In fact one of the major initiatives of the Brazilian state has been with regard to social insurance. Subsequently the various regimes including the military one has retained social insurance as the anchor of the welfare state in Brazil.

India has over 20 million disabled population according to 2001 census belonging to the different segments of the disabled. The government of India passed the disability act 1995 and National Trust Act 1999 to attend to some of the needs of the disabled. 3% reservation in education and public employment came to be instituted for the disabled from 2001 on wards. Recently, the central government has announced policies for the universal enrolment and retention of the disabled in educational institution open to all children, universal design in building and centre for disability research. Old age pensions which were introduced in India in 1970's has been broad based and many states in India have made provisions to grant a monthly pension to the widows, to the disabled, without employment and to orphans. Ageing is a new concern before the welfare state in several parts of the world. While, there are some schemes for the aged such as concessional travel facilities its benefits accrue mainly to the middle class. It is mainly the family, which is entrusted with the charge of looking after the old even though courts in India have passed judgments, making such customary practices mandatory. The Indian state itself has not taken major initiative in attending to the problem, where life expectancy is progressively increasing and the indices for Brazil in this connection are also not encouraging.56 Welfare policies today are closely bound up with environmental and ecological issues, what are called new social movements vividly express these concerns.

Several schemes, some initiated earlier and some others introduced during the period of liberalization are integrally bound with India's welfare pursuits. The PDS, The Integrated Child Development services, employment guarantee scheme,

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56 The life expectancy at birth in Brazil is 70.8 and the US Census Bureau International Data updated on 08-24-2006 claims that it has increased to 71.7 and India is 63.6 according to the HDI Report 2004, http://hdr.undp.org/hdr2006/statistics/countries/country_fact_sheets/cty_fs_BRA.html. Also see, http://www.census.gov/cgi-bin/ipc/idbsum.pl?cty=BR.
the IRDP, and other social welfare programmes targeted disadvantaged and the elderly are the programmes which have made strides. The Employment Assurance Scheme offered a safety net for people without sufficient assets, who would otherwise be unable to cope with adverse fluctuations in weather and employment conditions. The mid-day meal scheme in schools not only provided basic nutritional intake for children in a vital phase of their growth but also contributed to a substantial increase in school enrolment. And the Integrated Child Development Scheme was a means to safeguard children against the extremes of under-nourishment and an inadequate health care infrastructure.

Brazil had altogether neglected ecology for quite long period. While the adoption of social security followed a state-centric pattern, the adoption of environmental policies has been polycentric, taking both government and non-government actors involving sub-national, national and international interactions.\(^{57}\) Brazil did not evolve any ecological policy till 1972.\(^{58}\) Today there is a growing concern for ecology.

While ecological concerns have been quite central to certain subaltern discourses in India and came to be voiced centrally in the Gandhian paradigm of socio-economic reconstruction. It has not been the mainstay of policy for long. However, from 1970's onwards this issue has been projected to the centre stage with the volume of movements revolving around issues such as forest, pollution, rivers and lakes, underground water table, mining, fishing and other eco-systems. While India has enacted, fairly comprehensive legislation covering, various domains of ecological distortions, there have not been consistent practices that have followed such policy measures. One of the state organs very active on these concerns has been the judiciary in India which has intervened fairly consistently in recent years to direct the concerned agency to implement the relevant provision with regard to environmental and ecological issues. The most heartening development in this


\(^{58}\) After the 1972 United Nations Conference on the Human environment, the Brazilian government created an environmental secretariat. The first federal environmental legislation, approved in 1981, established a National environment Council, (CONAM) with members drawn from federal ministries, state agencies, business and professional associations, and Environmental organizations. The national environmental secretariat attained ministerial level in 1994 under the rule of Itamar Franco.
regard has been the rise of numerous NGOs and peoples movements who demand that these concerns should be mainstreamed in the pursuit of the developmental agenda in India.

Both in India and Brazil agriculture demands greater public investment. Bardhan argues strongly for a greater public investment in irrigation, drainage and flood control, in land shaping and land consolidation, in prevention of soil erosion and salinity, in development of research and extension network, and in rural electrification and provision of production credit.\(^5^9\) It is well argued in India that public investment and greater role of the state can accelerate agricultural growth.

Almost everywhere the concern has been expressed regarding absolute poverty in general and inequities. This concern is more pronounced in the case of Latin America, and Asia, due to the extent of absolute poverty and relative inequality that exist in the region. Poverty and inequality can be best explained as a failure of the market.\(^6^0\) Often government has to take the blame since it is the institution that tolerates the market forces rather than act responsibly in promoting social equality. Only pervasive intervention by the government on behalf of redistribution, it is argued can curb inequality of income and eradicate poverty.\(^6^1\)

Hence the obvious question is how to make the welfare state viable? Though the neo liberal stances have brought the welfare state under scrutiny for its interventionist character it has to be borne in mind that the state still plays and has to play a great role in providing its citizens access to minimum food, housing, health and education. Though it has been widely held that privatisation can solve some of the problems the primary responsibility in this regard rests with the state.

As both Brazil and India are big countries sharing widespread pluralisms welfare state is often called upon to rearticulate and refurbish its own ideals. Globalization of course challenged welfare state in both these countries only to make it more people-oriented and result-oriented. Of course welfare state has to rise to greater heights, for more inclusive and humane society.

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\(^5^9\) Cited in, Rosen George, "The Indian Economy Today", *Current History*, March 1986, p. 106.
\(^6^0\) See, Markos J. Mamalakis., *op. cit.*, p.184.
\(^6^1\) Ibid.
Welfare State in a Comparative Perspective

The welfare state irrespective of the perspective of its inspiration came to handle large concerns of many societies for a long time. In the context of globalization most of these concerns have been disoriented although some of them have been rearticulated. Across the world concerns are voiced raising apprehension about handling welfare in the age of globalization in many areas, as against the immediate post World War II era. Many of these concerns not merely pertain to Brazil and India but also to several other countries of the world.

In the context of globalization the economics of several countries are experiencing a different order of crisis as compared to the debt burden that was such a prominent face of the developing world thirty years ago. One of the major forms of the present crisis is the fiscal deficit that many developing countries are facing today. As a result several states have cut down their spending on social sectors to attend to other fiscal priorities. The table below indicates the public spending in selected countries in this regard.

Table 5.6
Public Spending in Social Sectors in Selected Countries, 1996

<table>
<thead>
<tr>
<th>Countries</th>
<th>Education</th>
<th>Health</th>
<th>Social Security and Welfare</th>
<th>Housing</th>
<th>Total</th>
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<td>8.0</td>
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<tr>
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<td>7.4</td>
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<td>4.5</td>
<td>0.2</td>
<td>14.3</td>
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<tr>
<td>Brazil</td>
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<td>1.7</td>
<td>11.0</td>
<td>0.6</td>
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<tr>
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<td>7.1</td>
<td>1.2</td>
<td>14.0</td>
</tr>
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<td>2.0</td>
<td>4.9</td>
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<td>3.0</td>
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<td>Korea</td>
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<td>5.7</td>
<td>1.2</td>
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<td>0.5</td>
<td>0.3</td>
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<td>Latin American Average 1</td>
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<td>7.1</td>
<td>0.8</td>
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<tr>
<td>Far Eastern Average 1</td>
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<td>1.3</td>
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<tr>
<td>Overall Average 1</td>
<td>3.8</td>
<td>2.0</td>
<td>5.1</td>
<td>0.9</td>
<td>11.8</td>
</tr>
</tbody>
</table>

Note: Percentage of GDP

1. These averages include only the countries in the table of each group.
Review of Welfare State

The welfare state today is experiencing a major transition even in Sweden that has been regarded as a model of welfare state for long. Rojas Muricio, makes clear the significant shift in the welfare state in Sweden by citing Nina Wadensjo, who in her editorial to *Tiden*, a Social democratic Newspaper, on the occasion of the Social Democratic Youth League (SSU) Congress in Vasteras, wrote, “The Vasteras Congress takes its motto that no one is to be left behind in the 20th century. But the question is whether quite a few phenomenon ought not to be left behind in the 20th century. One of them is the view of the state as a big brother who knows what is best for the people.”\(^{62}\)

As such welfare state has been subjected to a great ideological leap. Today the opposition of the left to the claims made by libertarians against welfare state remains highly muted. No significant opposition was registered to such writers like Anthony Giddens who openly claimed that “welfare state creates more problems than it tries to resolve.”\(^{63}\)

It is true that the attack on welfare state is well grounded in several respects. Admittedly, the traditional consensus that welfare understood in a specific way is an important function of state is being dismantled today to a large extent. The conservative perspective has been much more offensive in this regard. It has argued that social expenditures have become too heavy a burden for the modern state and that state expenditures on social programs divert resources from private markets, thus hampering economic growth. Such a conception further argues that the welfare state has discouraged people from seeking work and has created a large, centralized, uncontrolled and unproductive bureaucracy. It is its submission that the welfare state must be pruned and streamlined if not cut down and that many of its welfare activities should be turned over to charity and to private corporations. In such a changed perspective of welfare state conservatives support only the minimum incentives through safety nets.


\(^{63}\) Quoted from, Ibid.
One of the important criticisms that is leveled against the welfare state in the context of globalization is its inherent weakness to curb the initiative and freedom of the individual and making the people dependent on welfare handouts. Though to some extent the neo-liberal critique in this regard on the inefficiency has to be admitted, the issue of greater concern is that welfare state itself was not much successful in streamlining and reaching the marginalized and the disadvantaged. There is also another reality as Adam Smith has argued, i.e., the rapacity of the rich who have been not less responsible to subvert the arrangements of the society under a system of welfare. It is often not recognised that Smith's criticism of state intervention is motivated primarily by the argument that such interventions are made on the advocacy of rich and privileged members of society and that they tend to promote their own interests rather than the interests of the poor. The rich and powerful have welcomed provisions of welfare to the extent they benefit them.

Many market-driven measures are suggested to effectively handle the welfare state. Most of the alternatives suggested do not endorse a nanny state but rather believe in personal freedom. As such several alternative experiments are launched across the world to rearticulate the concerns woven around the welfare state.

The neo-liberal alternative can never nullify the enormous demand that welfare state comes to engender. The welfare state still remains at the level of need in the context of globalization given inequities and marginalisation that large masses of people suffer from. Despite unprecedented increases in overall riches, the contemporary world denies elementary freedoms to vast numbers. Lack of substantive freedom denies people the freedom to secure freedom from hunger, or to achieve sufficient nutrition, or to obtain remedies for treatable diseases or the opportunity for proper clothing and shelter and to enjoy water or sanitary facilities.

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a. Theoretical and Policy Frameworks to Reconstruct Welfare State in the Context of Globalization:

We have argued in the earlier chapters that certain paradigms of reconstructing the role of the state under conditions of globalization are not acceptable although many of their criticisms against the welfare state may themselves valid. Neo liberalism and the New Right frameworks are not acceptable on this count. Some of the most path breaking interventions that may prove highly useful are the works of such scholars as John Rawls, Ronald Dworkin, Iris Marian Young and in India that of scholar politicians such as Dr. B. R. Ambedkar. Some of the currents of Marxism that accept the regime of rights and democracy centrally within their framework may be highly useful in this regard. However one of the most important interventions to recreate a welfare oriented state has been done by Prof. Amartya Sen. His ideas seem to be highly amenable to reconstruct the project of the welfare state afresh under condition of freedom, democracy and pluralism.

Amartya Sen has argued particularly with the context of India in mind that the success of liberalization and closer integration with the world economy may be significantly hindered by backwardness in education, elementary health care, gender inequality and limitations of land reforms. He considers, development as the real freedom, and that individual advantage should be judged by the substantive freedom that the individual enjoys and that development is the process of expansion of individual freedom. He quotes Marx freedom has to do with "replacing the domination of circumstances and chance over individuals by the domination of individuals over chance and circumstances." According to him, development requires the removal of major sources of unfreedom: poverty as well as tyranny, poor economic opportunities as well as intolerance or over activity of repressive states. Sen, links this to the lack of public facilities and social care.

Amartya Sen considers five different kinds of freedom. The first is internal freedom, or the freedom to be creative, the freedom to reason and to think in a lucid,

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66 Quoted from, Amartya Sen, Interview to Frontline, op. cit.

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articulate and rational way. To enjoy such a freedom policy issues such as literacy, education, communication with others and the openness of society need to be addressed. The second is participatory freedom (political freedom), which is guided by the principle of democracy and political liberty. It is expressed in and through a society that is based on public debate and discussion. The third type of freedom is transactional freedom. It is the freedom to enter into markets where the freedom to participate and exchange and to deal with one another is a very important part of enhancing individual opportunity as well as increasing the efficiency of economic and social arrangements. The fourth is procedural freedom, which includes absence of discrimination and inequality of treatment, as well as issues of legitimacy and matters such as financial regularity and the absence of corruption. Finally, there is protective freedom. Even though we may want chance and circumstance to be dominated by human will, there will be situations in which things go wrong and when they do, there must be social safety nets to prevent people from going down under. In very poor economies such a fall can take the form of famine; in other cases, economic crisis may not manifest itself as a famine but could take the form of severe deprivation.

Amartya Sen notes the potential of the 'state to play a protective role vis-à-vis inequities within the 'community'. However, he feels that the idea of the nation cannot be reduced to a state-seeking project, particularly a state that is violent and authoritarian. Cultural critiques of the nation-state, including those undertaken from a subalternist position, have failed to take account of the lack material entitlements and intellectual opportunities in a context of persistent deprivations and inequalities.68 The quest for substantive democracy has been in large part a material struggle for social and economic security that could provide more meaningful content to culturally informed values and a sense of human dignity. Democratic development can be beneficial and ideal only if it addresses material and cultural concerns by assuring individual and group rights at different levels of polity.69 And in this regard state has a major role to play.

69 Ibid., p. 6.
b. Safety Nets and Transition:

In the context of globalization safety nets are prescribed to be important considerations to ways of dealing with the transition process from the dominant ways of welfare state. Therefore, attempts are being made to implement safety net measures during economic adjustment in both developing and transition economies and they have had varied results.70

Social safety nets are non-contributory transfer programs targeted to the poor or those vulnerable to poverty and miseries. It is also referred to as social assistance or social welfare programs. Common safety net programs include: cash transfers, food related programmes, price and other subsidies and public works. It also ensures individual access to education, health, electricity and housing. The two key functions of safety net programmes with regard to economy are a) to redistribute income and resources to the needy in society, helping them to overcome short-term poverty and b) to help households manage risk. The prevalence of safety nets can allow households to take initiatives that incur some risks, and bring potentially higher returns, such as growing higher yield varieties of crops and using modern farming methods; concentrating household labor on the highest return activities rather than working in many separate informal activities; holding assets in more productive, but less liquid ways than cash under the mattress. When hard times hit households, safety nets reduce the need to make decisions that will diminish the chances of escaping poverty in the long run, such as withdrawing children from school or selling the assets that the household’s livelihood relies upon.

Often such safety measures are considered to be very crucial in the readjustment process of welfare state. It is established that poverty became more acute in the countries that failed to adjust than in those that brought in some safety measures. The example of Chile and Peru is cited as evidence in this regard. Chile had successfully protected the marginalized through its targeted employment and nutrition policies against the decline of social welfare during the transition process in the early 1980s. It is shown by Carol Graham that in Chile, the subsequent

resumption of growth in the late 1980s and early 1990s poverty decreased substantially: falling from approximately 45% of the population in 1986 to 28% in 1994. Whereas in Peru, due to a prolonged period of "postponed" adjustment from 1985-90 poverty rates rose from 17.3% in 1985 to 54.7% in 1990. In Africa, meanwhile, the few countries that successfully adjusted also had better records on the poverty reduction front than did non-adjusters.\(^\text{71}\)

There is considerable consensus among the countries that welfare needs reforms, though there is less agreement about exactly what has to be done. However at the same time it is important to consider that the present safety nets are also not out of the risk of reaching wrong hands. The efficiency of safety nets to reach the truly deserving depends also on the governance and political context of a country. This does not mean to say that safety nets cannot play crucial role as transition tools, but much of its effectiveness depends on effective allocation of investments in safety nets in the broader context of social policy. It is also established that from both political and administrative standpoints, it is easier to set up short-term safety net programs than it is to implement reforms of the public sector institutions that deliver basic services.\(^\text{72}\)

\textbf{c. Need for Institutional Policies:}

A response to handle welfare state through safety nets, in the context of Globalization just gets reduced to an adhocist approach. Welfare State is concerned with the policy and philosophy of enabling people. It had different expressions in different countries but it was comprehensive in nature.

Brazil responded to the problem of transition from the welfare state emphasizing on a system of rights during the regime of Henrique Cardoso. The government of Cardoso is appreciated for the broadening of citizen’s rights through the constitution of 1988 as a method of transforming the welfare state. The rights


\(^\text{72}\) See, Graham, \textit{op. cit.}, p.4.
approach could have led to the formulation of a comprehensive policy. However, given the fiscal deficit that followed such reforms Brazil also settled for a sort of safety nets approach often converging with that of the neo-liberal trend setting. Great hopes were raised when Lula took over Brazil in 2002 as the leftist president of Brazil. However, much of such hope has remained merely a hope as most of Lula’s promises have remained still at the rhetorical level. One of the major challenges before the welfare consideration in Brazil and India is the challenge of hunger. While several overt form of hunger may not be found and even admitted in our times, several covert forms of hunger persist across the developing world and particularly in India and Brazil. Two of India’s programmes in this regard are noteworthy that is the BPL programme and Antyodaya scheme but and also several programmes in India are closely focused on engaging with the fact of hunger. In Brazil, when President Lula assumed office one of his major pronouncement was the Zero Hunger scheme. This scheme is supposed to be a public policy that aims at eradicating hunger and social exclusion. It is also the Federal Government’s decision to consider hunger a central national issue, rather than an individual fatality.

The web portal of government of Brazil argues that Zero Hunger aims at ensuring social inclusion for more than 11.2 million economically disadvantaged families in the nation through its multiple poverty combat actions and programs. It claims to improve access to education and health, establish job and income generation policies and encourages the implementation of sustainable development programs in both countryside and cities. Government argues that Fome Zero (Zero Hunger) actions, including Bolsa Familia Program, the income transfer program that came to replace the previous administration’s Food Card, have great impact on local economies.

In India most of the policies pursued in recent years have been ad-hocist policies to meet the demands. And most of these measures seem to be the mild neo-liberal response to the severe and traumatic problems that states like India face. And often these changes converge with the neo-liberal standpoints of falling back to safety nets.

The welfare state assumed responsibility for the betterment of citizens and safety nets could only help this responsibility to achieve a transitional arrangement. As it is argued, the cross-regional record of safety nets shows mixed responses. In certain cases safety net programs have been effective in reaching out to the poor and vulnerable and have also helped in retaining political sustainability of economic reforms. In some other cases, they have merely been short-term policies to divert political differences of people, and hence had little impact on either poverty reduction or political sustainability of reform. Therefore safety nets cannot entirely serve as a mechanism to reduce poverty and can never become a long-term effective means of social welfare protection. In order to generate sustainable growth in the long-run, policy measures are required. Safety nets may help as a short-term mechanism to ward off the adverse effects of the transitional period. The basic social welfare policies, such as primary health and education, and employment opportunity require the interventionist role of the state more significantly. In contrast to these programmes of safety nets the basic task of building infrastructure to achieve self-sufficiency through agriculture or building up rural infrastructure for education, health and sanitation does not take place solely on the basis of safety net.

Ad-hoc policies of any measure would only help the situation have a smooth transition and serve as austerity measures. However, they cannot serve as the long-term policies to replace the welfare state. Taking the example of Chile, the welfare indicators such as infant mortality in Chile continued to improve under a liberalized regime. But such an improvement was possible due to its extensive, pre-existing social welfare system and its relatively efficient public sector institutions. Moreover the countries which took on to safety nets invariably supported the forces of globalization by converging themselves into the mechanism of globalization largely on their terms. Invariably the safety nets measures just helped the countries only to attain a sort of convergence in attaining the goals of globalization. However, the mixed kind of policies that the states began to address in ad-hoc manners may not help the states to further their policy goals in the longer run. It depends on just

temporary work structure away from policy principled methodology. No state can sustain it a fair society based on it.

For example in India, in the context of economic reforms, the government proposed social safety nets for the poor. A National Renewal Fund (NRF) was planned with significant budgetary allocations to provide social protection for the poor and those adversely affected by the process of liberalisation. However, for such a measure to be successful it requires a great build-up in the required infrastructure. The present safety nets to address the transition of welfare state will not yield better results unless they are targeted through long-range policies. Even the micro managing of education through Sarva Shiksha Abhiyan, which is introduced in India as a safety net to address the education problem can never manage the educational needs of India.

Admittedly, globalization has had adverse consequences on both Brazil and India, as it did on other countries with regard to fiscal deficit. In order to meet the fiscal exigencies and to cope up with demanding economic growth the state adjusted expenditures and allocations on the social and poverty alleviations sectors. There have been diversions from the allocated resources to other priorities. It has been extensively pointed out that public investment in agriculture is falling.

India and Brazil have been affected drastically due to the unpredicted decline in secure and formally employed labour and subsequent growth in informal labour. Hence, there is a reduction in the number of people who have the benefits of secure wages and social benefits either from the employer or the state. Certain safety net may have much to commend for them compared to the others. It is argued that targeted programmes can also be used to address “demand side” problems in the social sectors-for example how to retain children in schools once the school begins

76 Shariff, Abusaleh, Prabir Gosh, S K Mondal, inform that there has been a considerable easing out of the constitutional commitment to sustain programmes in the social sectors, and added to that there has been large inter-sectoral reallocations. Large funds which were allocated to employment generation have now been diverted to the rural road construction programme. Refer, Shariff, Abusaleh, Prabir Gosh, S K Mondal, “State-adjusted Public Expenditure on Social Sector and Poverty Alleviation Programmes”, Economic and Political Weekly, February 23, 2002. pp. 767-787.  
77 See, Mainstream, 8 March, 2003, p.7.
to be established. Some countries have been successful in implementing transfers and achieving social objectives. For ex: Bolsa Escola in Brazil and Progresa in Mexico. And therefore it is clear that if the social policies are effectively managed they can contribute significantly in bringing upliftment of the poor.

The experiences of both India and Brazil bring to the fore that in spite of opting for liberalization they have been constrained to pursue policies centrally embodied within the conception of welfare. They also demonstrate that there is no easy replacement to the role of the state in this respect. While neo-liberals may valorize the market, market itself has little potentiality to respond to the myriad problems, that these societies face. At the same time, there is no alternative before societies today to return to a patriarchal model of the welfare state. Freedom understood in a comprehensive way which not merely provides a range of choices to people and enable them to equally and effectively participate in making decisions central to their lives seems to be a non-negotiable principle before large societies such as India and Brazil as it seems the case with other countries as well. Their policy pursuits in the context of liberalization however seem to be deeply caught in the mould of ad-hocism. Ad-hocism can be qualified through the logic of democracy. But such a democracy cannot be merely procedural one but substantial too.