

# Brazil: the pending social agenda

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# BRASIL: A NOVA AGENDA SOCIAL

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# The assumptions of the traditional agenda

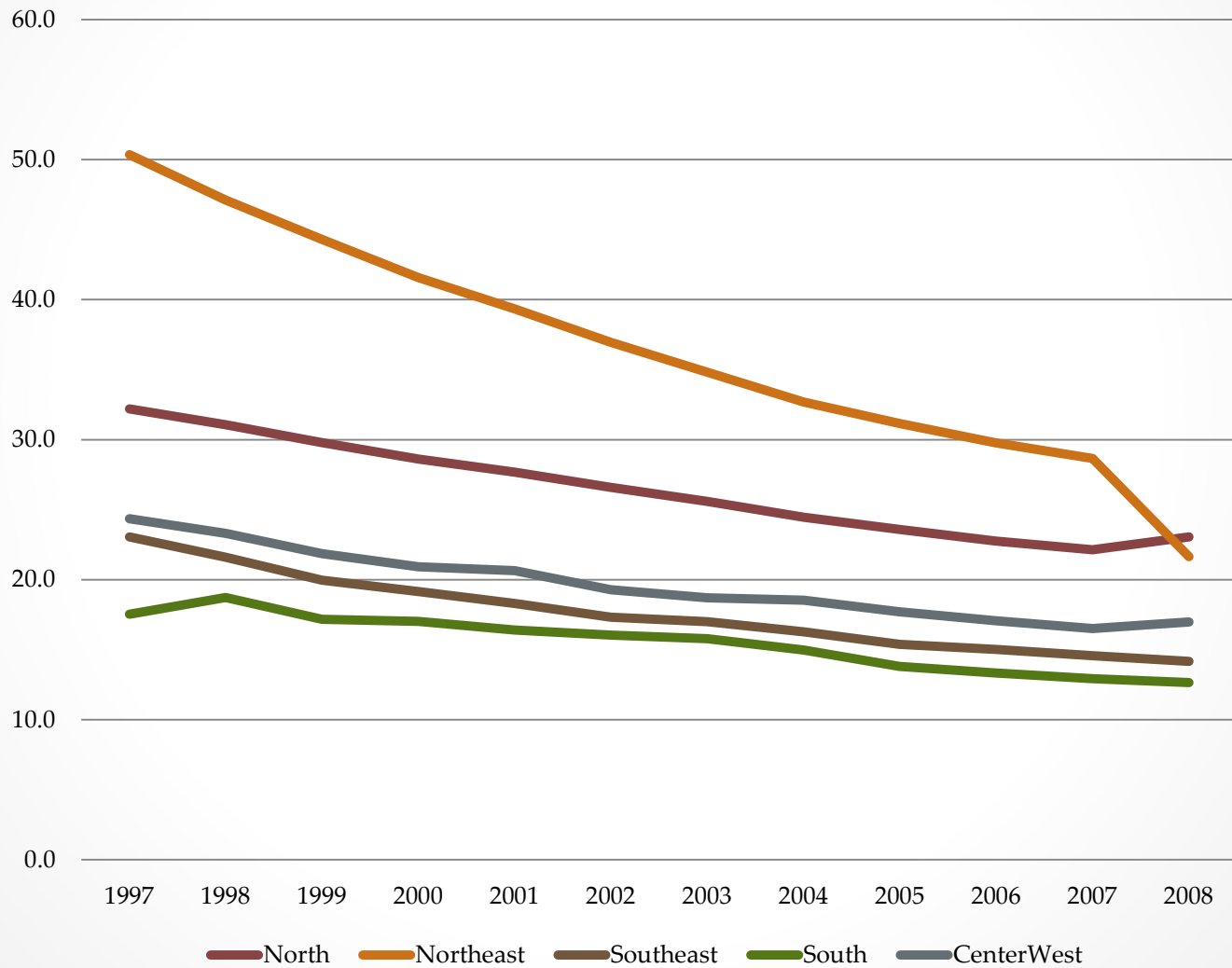
- **Optimism:** tomorrow will always be better (“the country of the future”)
- **Legal formalism:** entitlements, as defined by law and court decisions, should always prevail over resources
- **Formal universalism:** No focusing. Benefits should expand to the whole population, without affecting those that already have them
- **Tolerance:** corrupt practices are OK if they lead to more benefits
- **Statism:** it is the role of the State to provide
- **Resources are unlimited,** and depend only on “political will”

# What explains the optimism?

- A long history of **urbanization, economic growth and social mobility** since the 1930s
- A gradual extension of the ability of the public sector to **increase its tax base** and distribute benefits
- **Technological innovation**, providing more access to cheap food, consumption goods and life expectancy

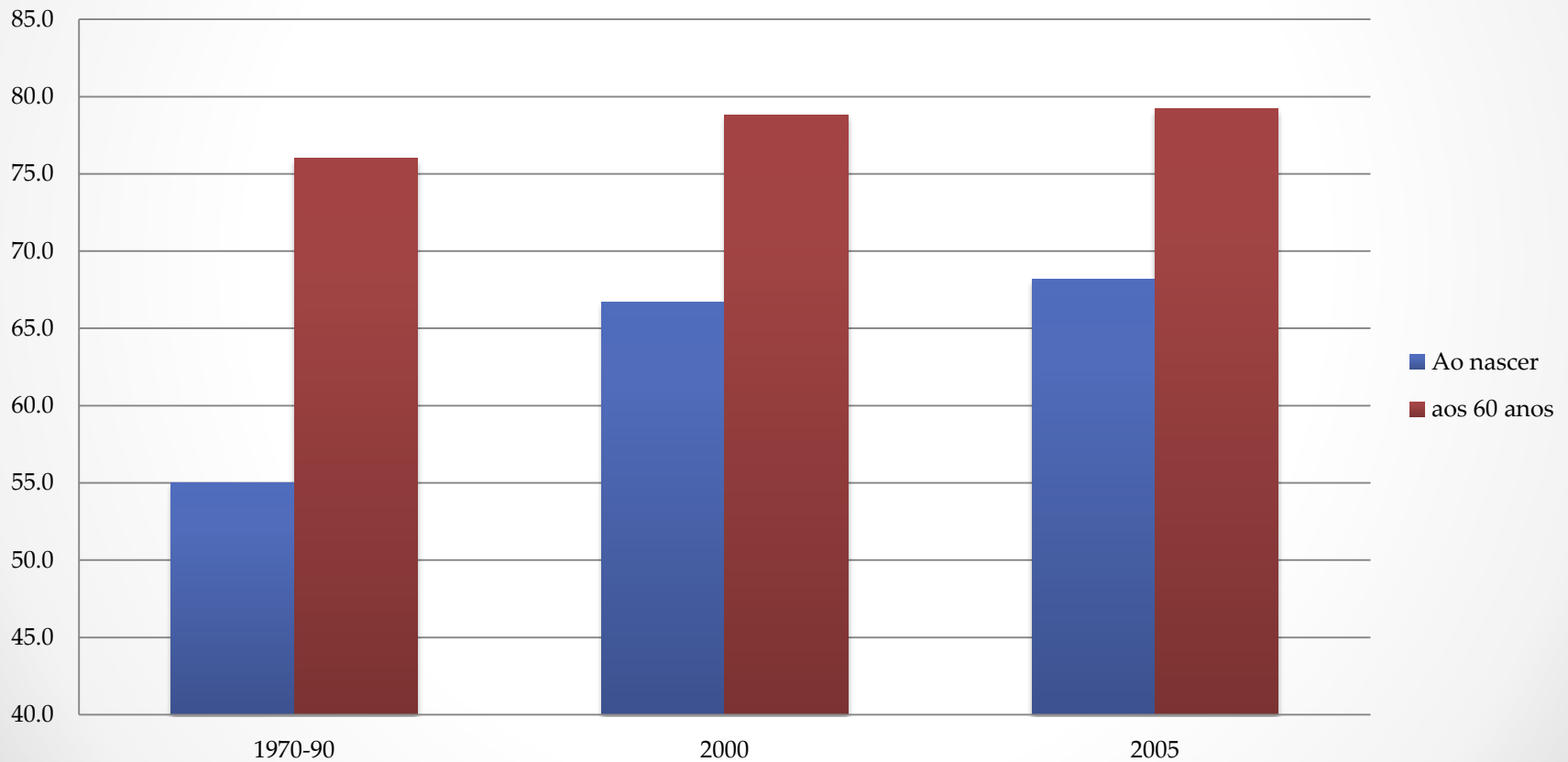


## Infant Mortality, by region



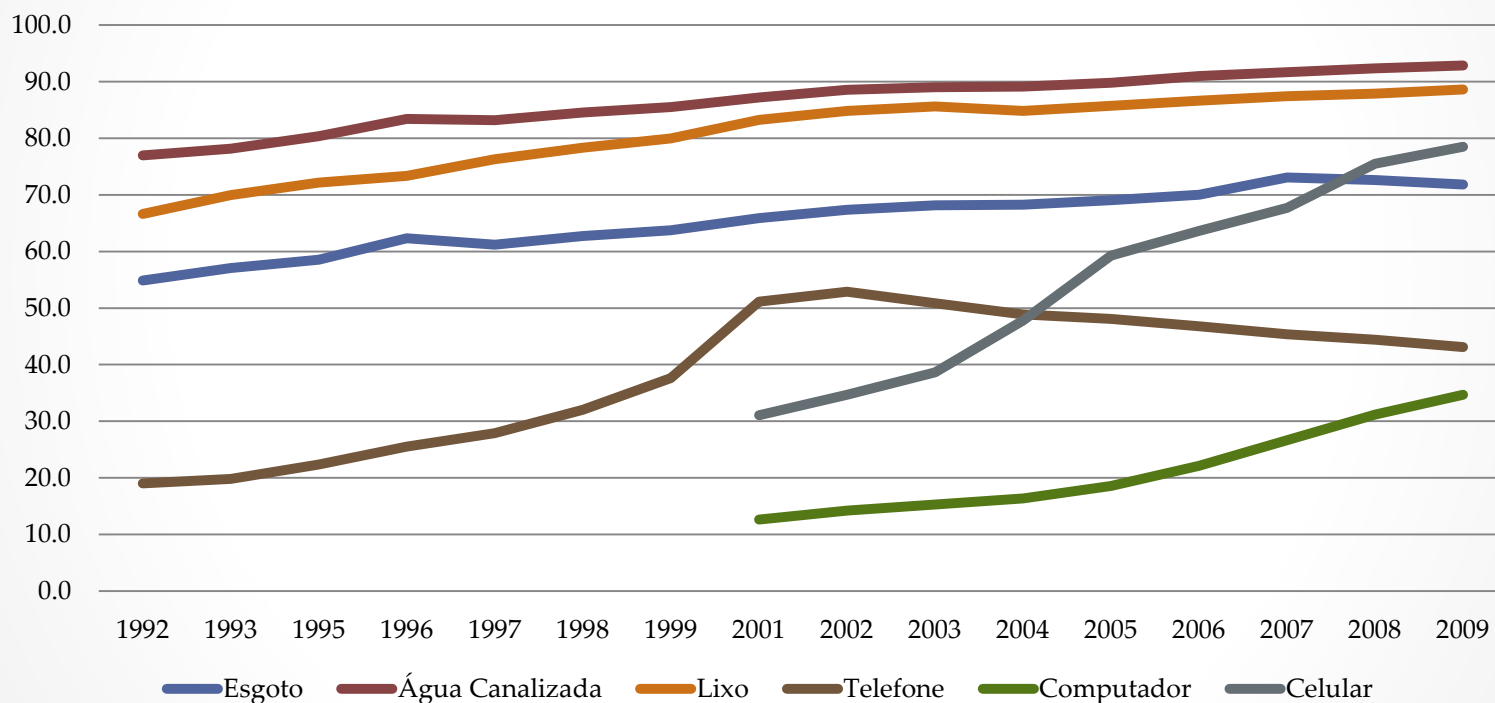
# life expectancy

## Expectativa de Vida



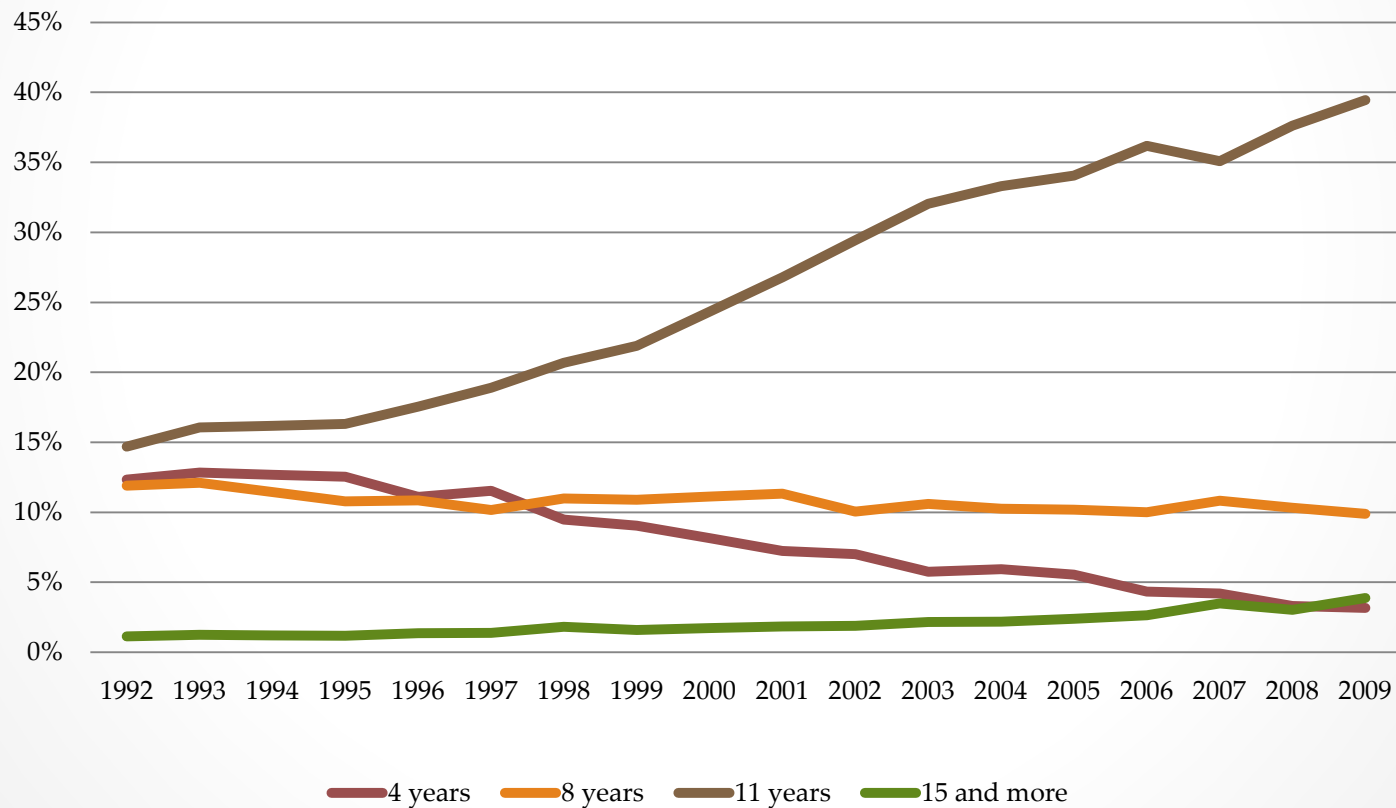
# Access to goods and services

## Bens e Serviços



# 30 years of progress, 1992-2009

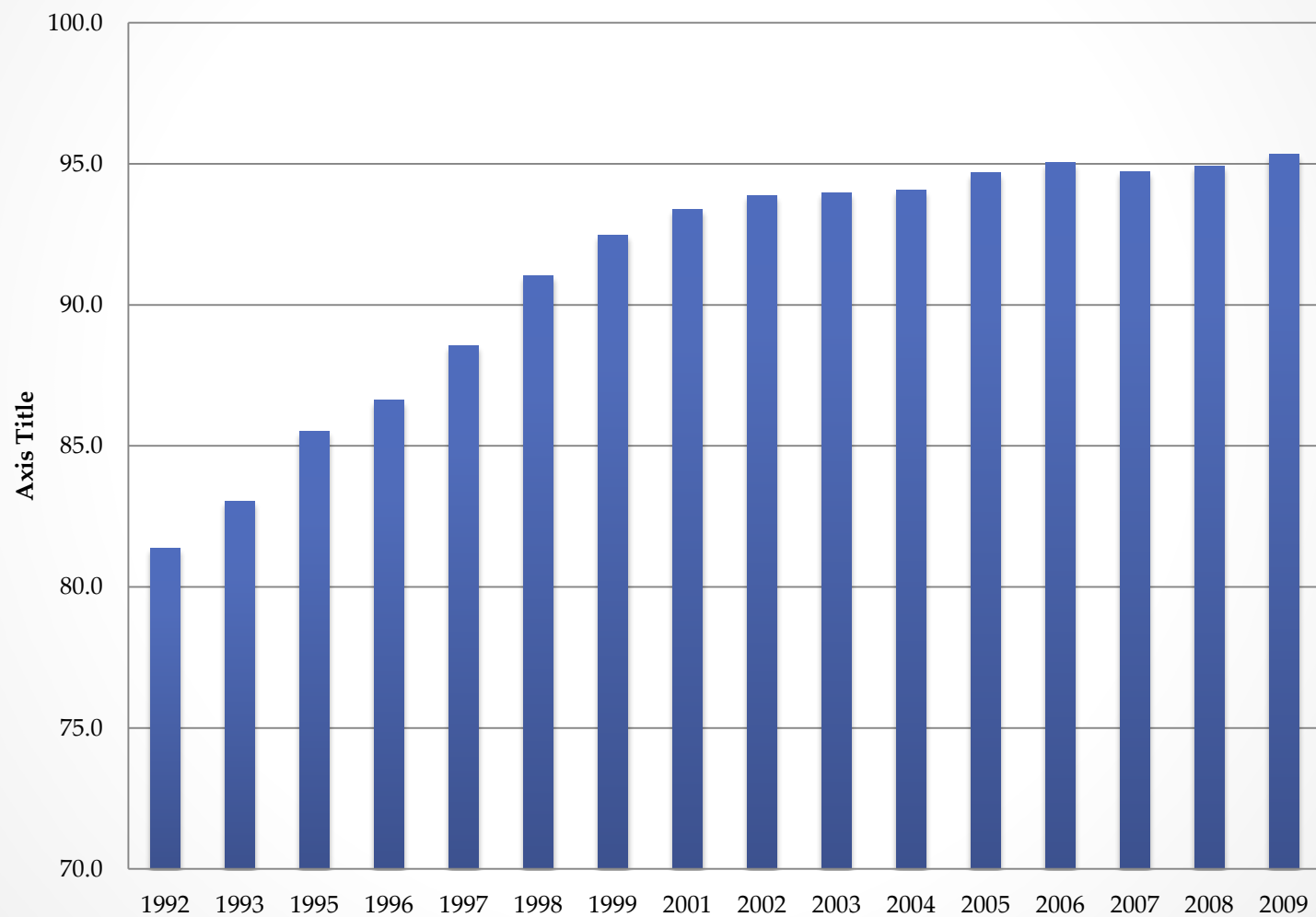
% of the population by education levels, 1992-2009





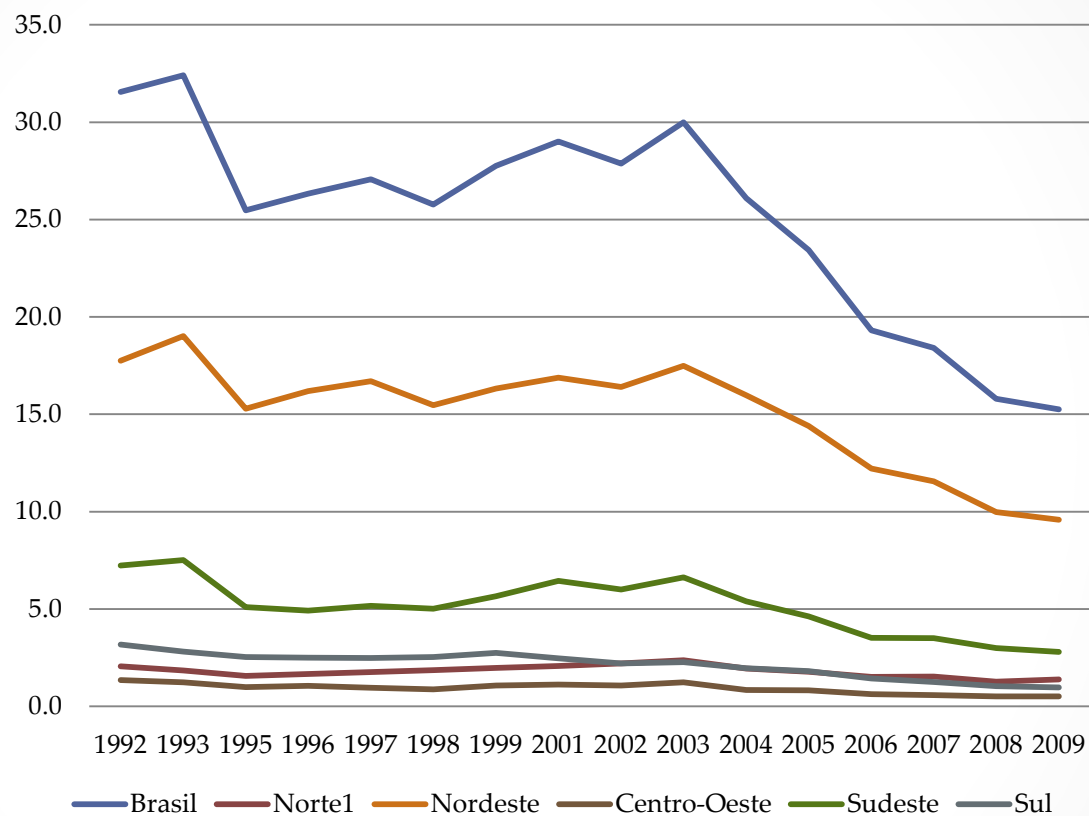


## Net enrollment rates in basic education (1-9)

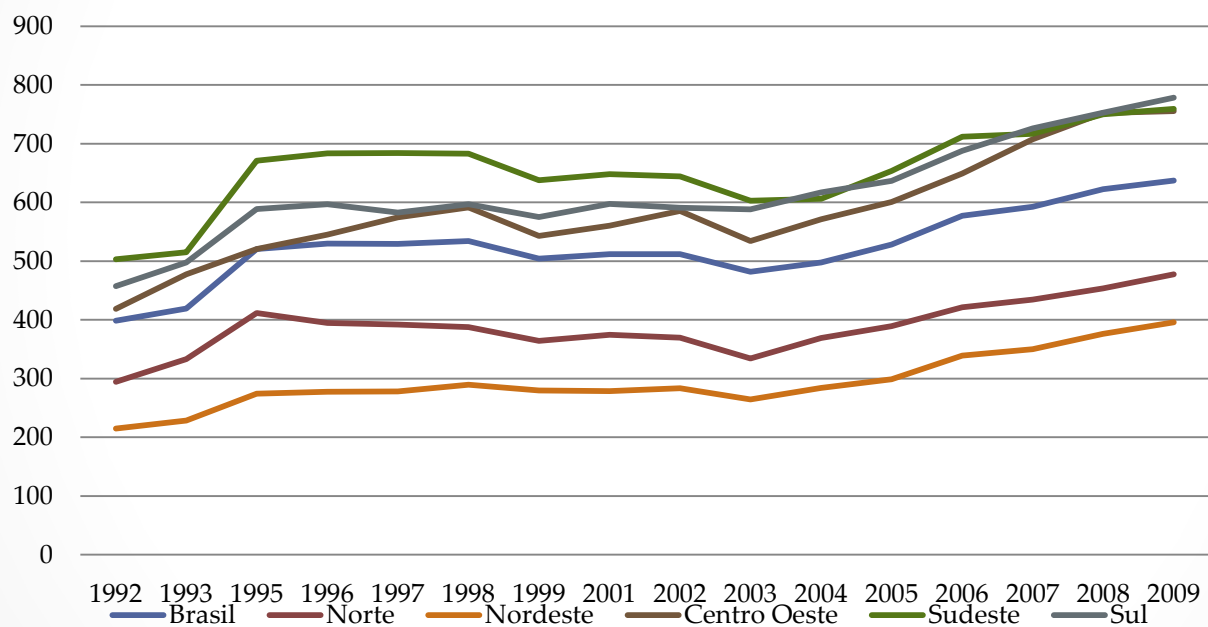




## Number of persons in extreme poverty



## Household pc income, 1992-2009 (R\$ of 2009)



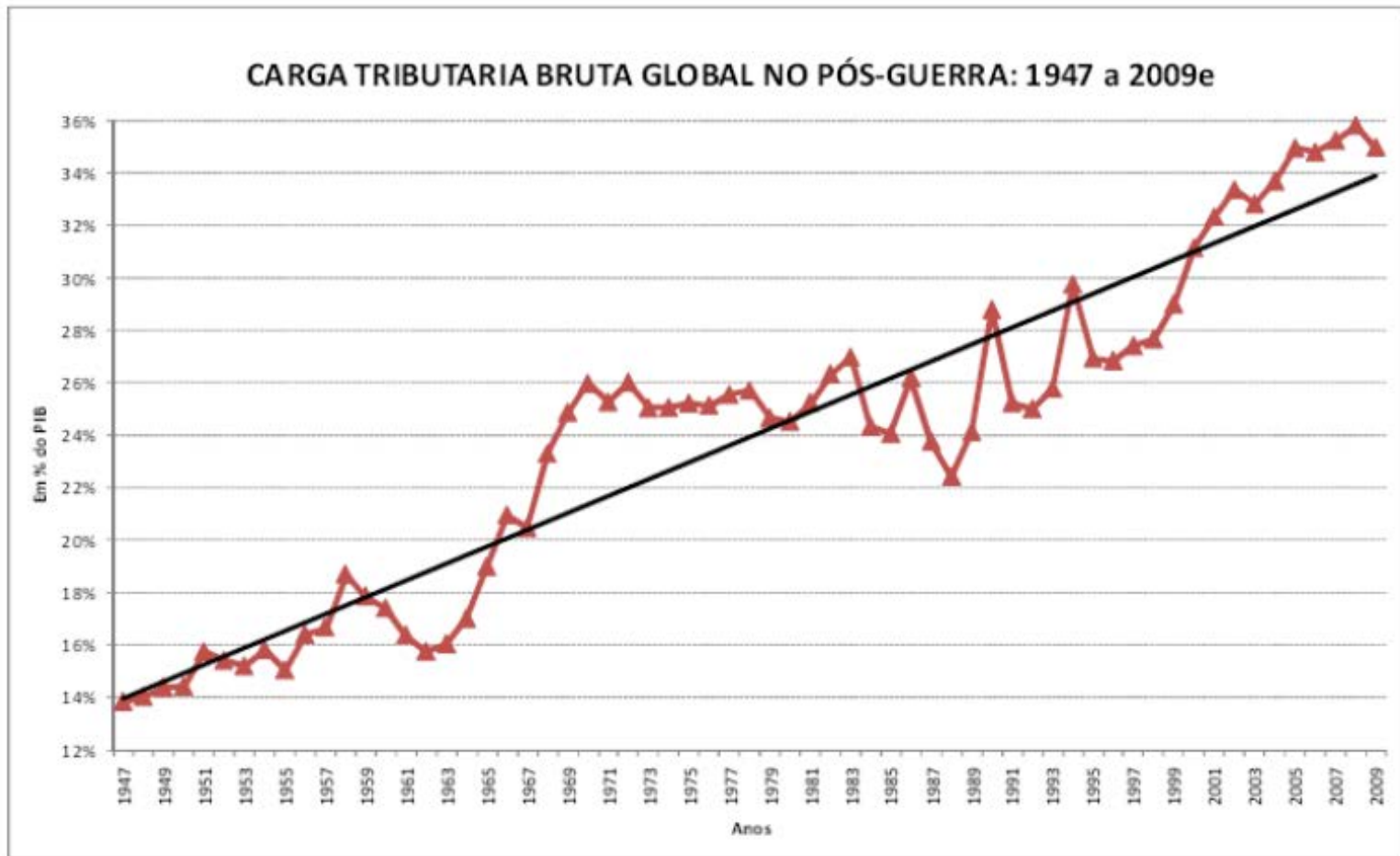
# The negative side of the traditional agenda

- Resilience of social and economic inequity, in spite of some recent improvements
- Periods of **uncontrolled** inflation and public deficit
- A **growing** and extortive tax system
- Very few resources for public investments
- The **impeding** effects of the demographic transition on social security and health
- **The populist temptation**: the prevalence of short-term gains over long-term foresight
- Periods of **political repression and authoritarianism**

# The current context

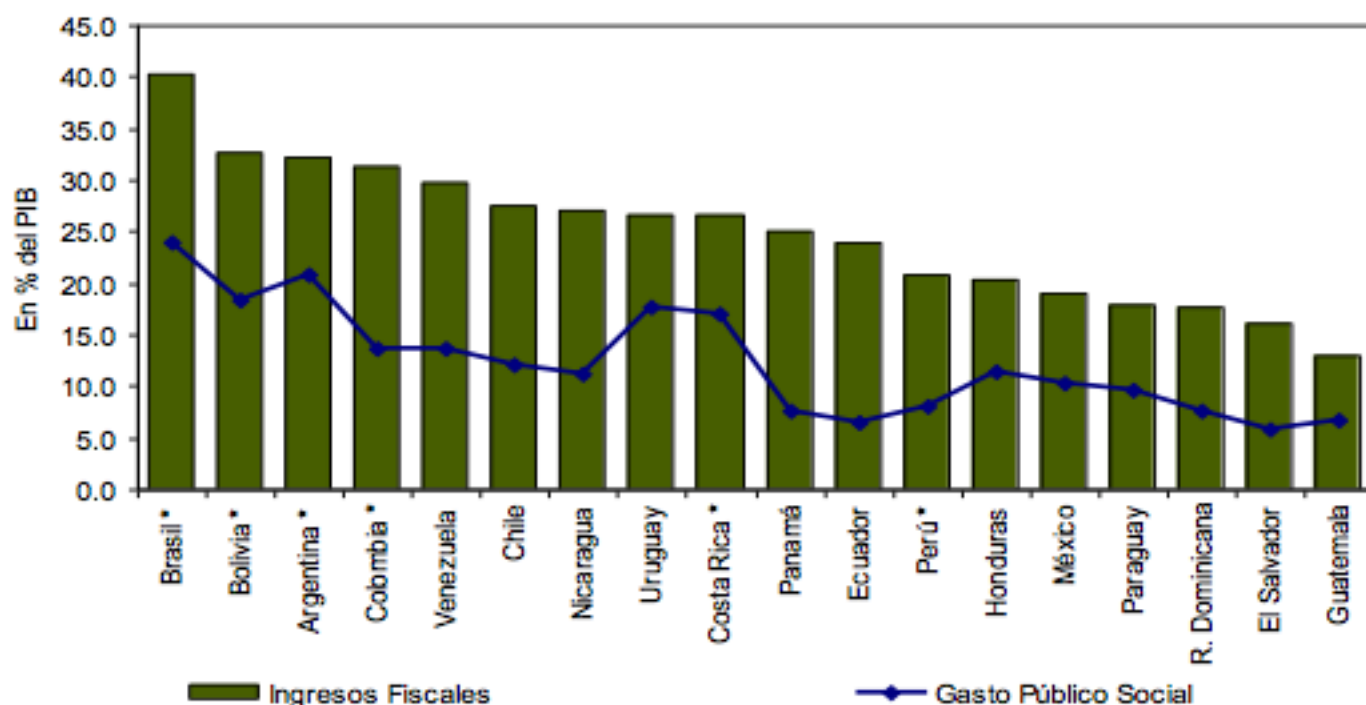
- Growing tax burden
- The demographic transition
- Social expending concentrated on retirement benefits transfers

# Increase in the tax burden



# América Latina: Fluxos Fiscais Comparados

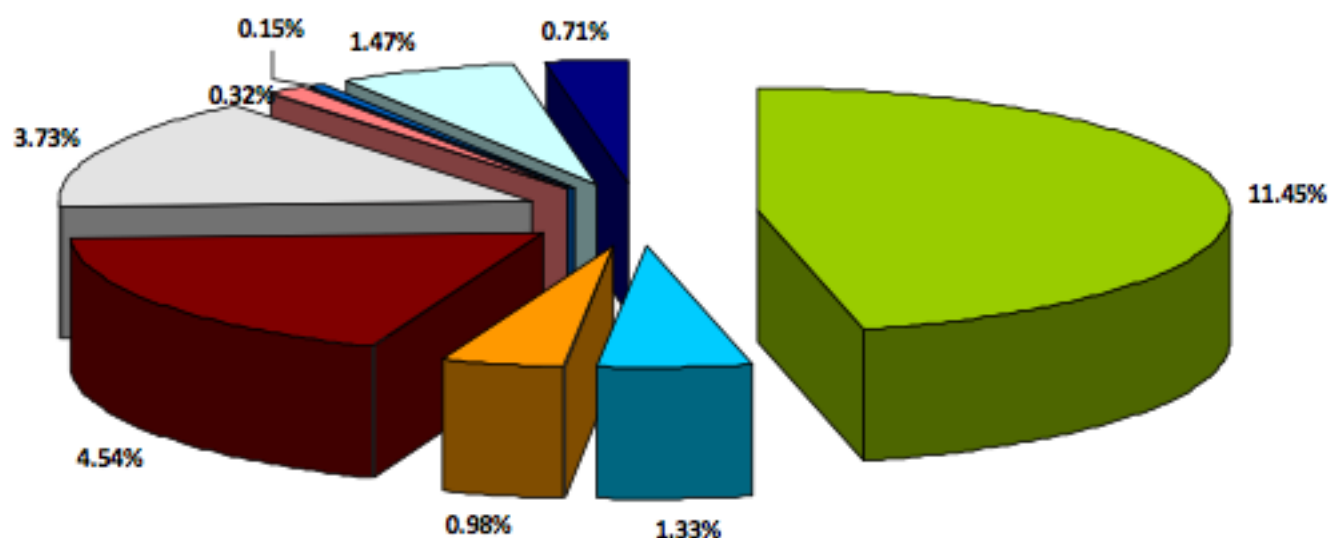
## Ingresos Fiscales y Gasto público social



# Composição do Gasto Público Social em 2009: % do PIB

Gastos Públicos Sociais como % PIB - Proteção, Universais e Segurança

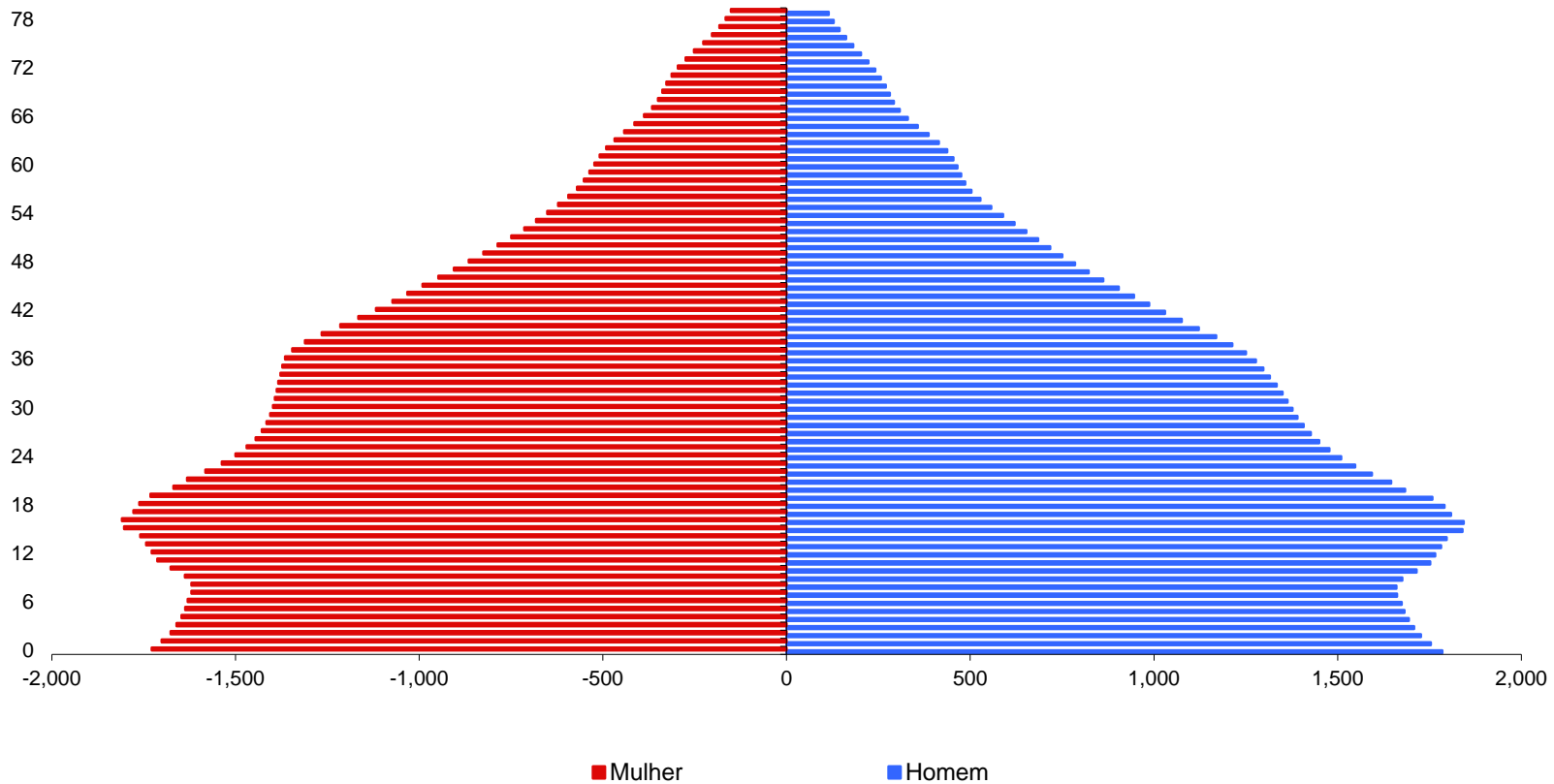
Previdência Assistência Trabalho Educação Saúde Saneamento Habitação Segurança Conexos (\*)



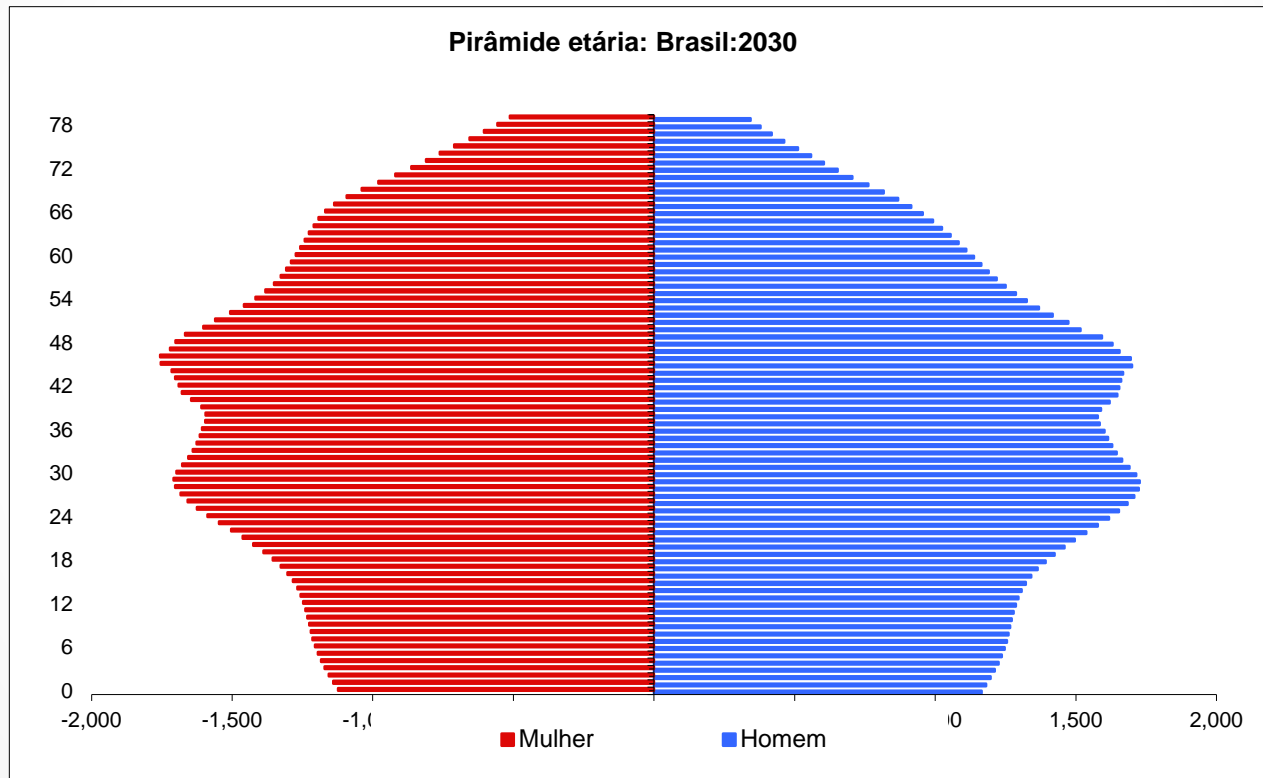


# Age pyramid 2010

Pirâmide etária: Brasil:2000



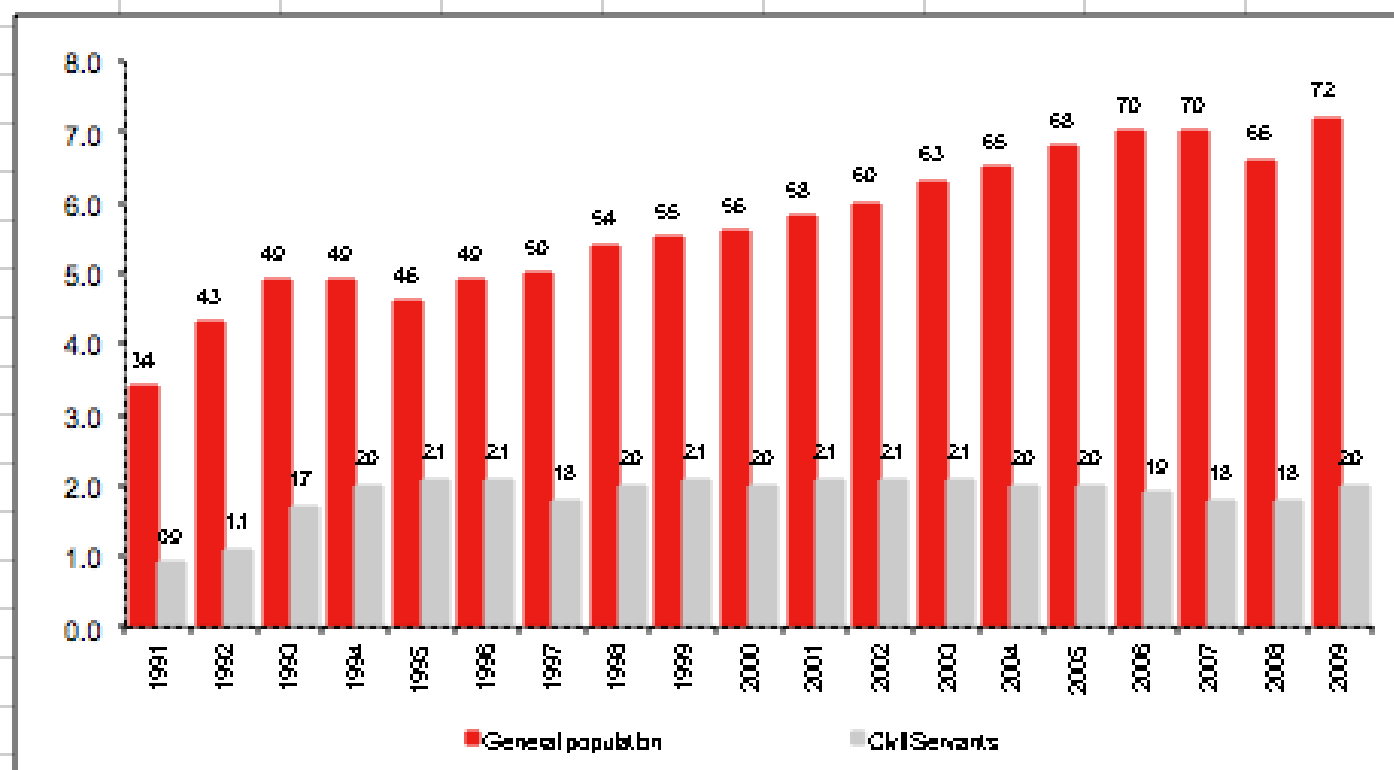
# Projected age pyramid 2030



# Social security

- The inequity of the double system (civil servants and the rest)
- Long-term problems of solvency
- The need to reduce unreasonable benefits (premature retirement, pensions)
- The need for a combined system of general (public) and complementary (private) coverage

# Social Security: civil service and general population regimes



Title: Brazil, public expenditures with retirement benefits for the general population and for civil servants as % of GDP, 1991-2009

Beneficiaries in the general population: 23.5 million

Beneficiaries in the Civil Service: 1.1 million

Source: Brazil, Ministry of Planning, Ministry of Social Security and Treasury.

In Tafner, Paulo; Giambiagi, Fabio. 2011. Previdência Social – uma Agenda de Reformas In: Bacha, E.; Schwarczman, S. (Ed.). Brasil: A Nova Agenda Social. Rio de Janeiro: LTC. P. 116.

# Health

- Growing expenses
- Dual system – private for those who can afford, SUS for the rest
- Distorted coverage through judicialization

Main proposals:

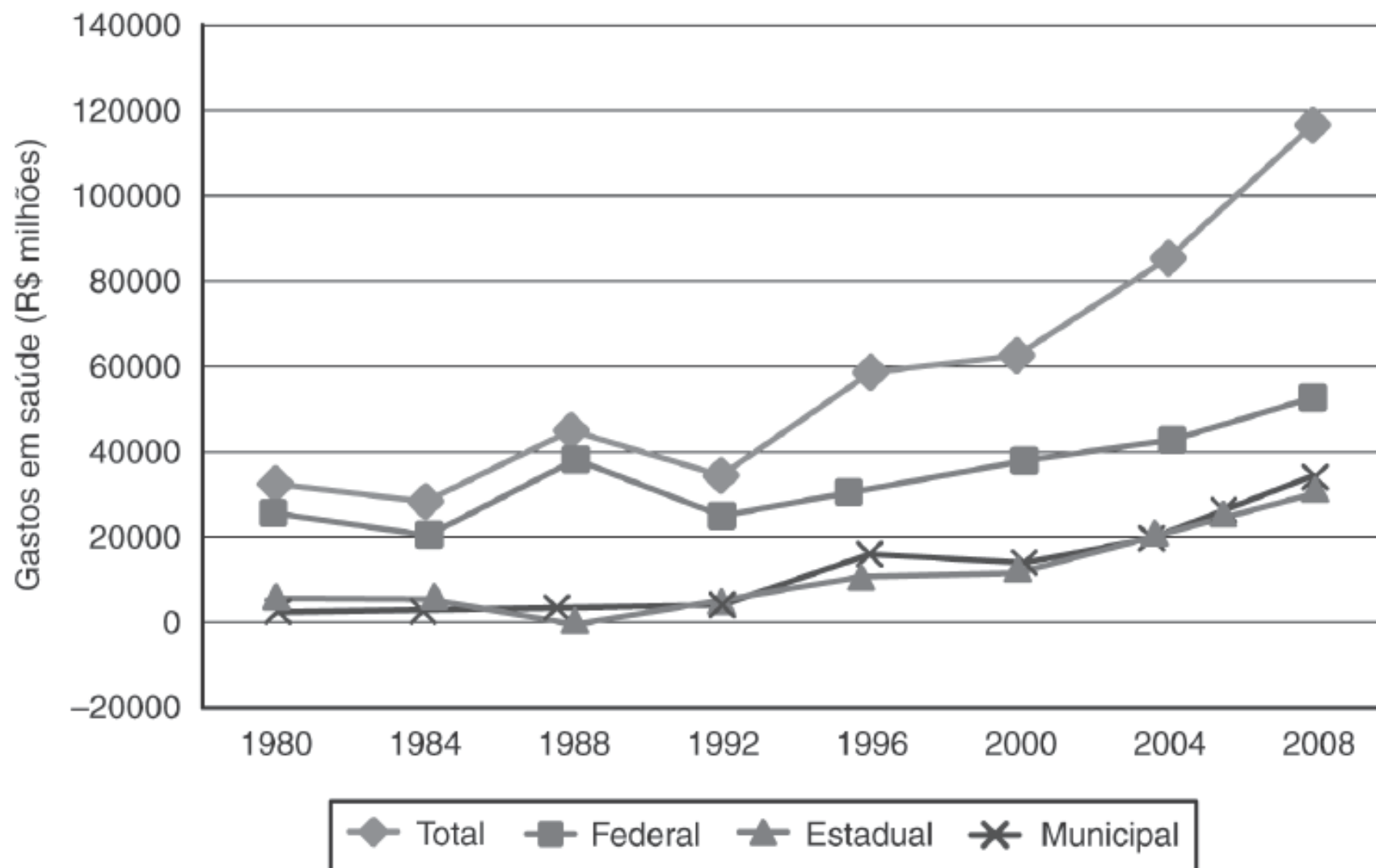
To focus public resources on those who need more

From pretense universalism to actual focalization

Improvements in management

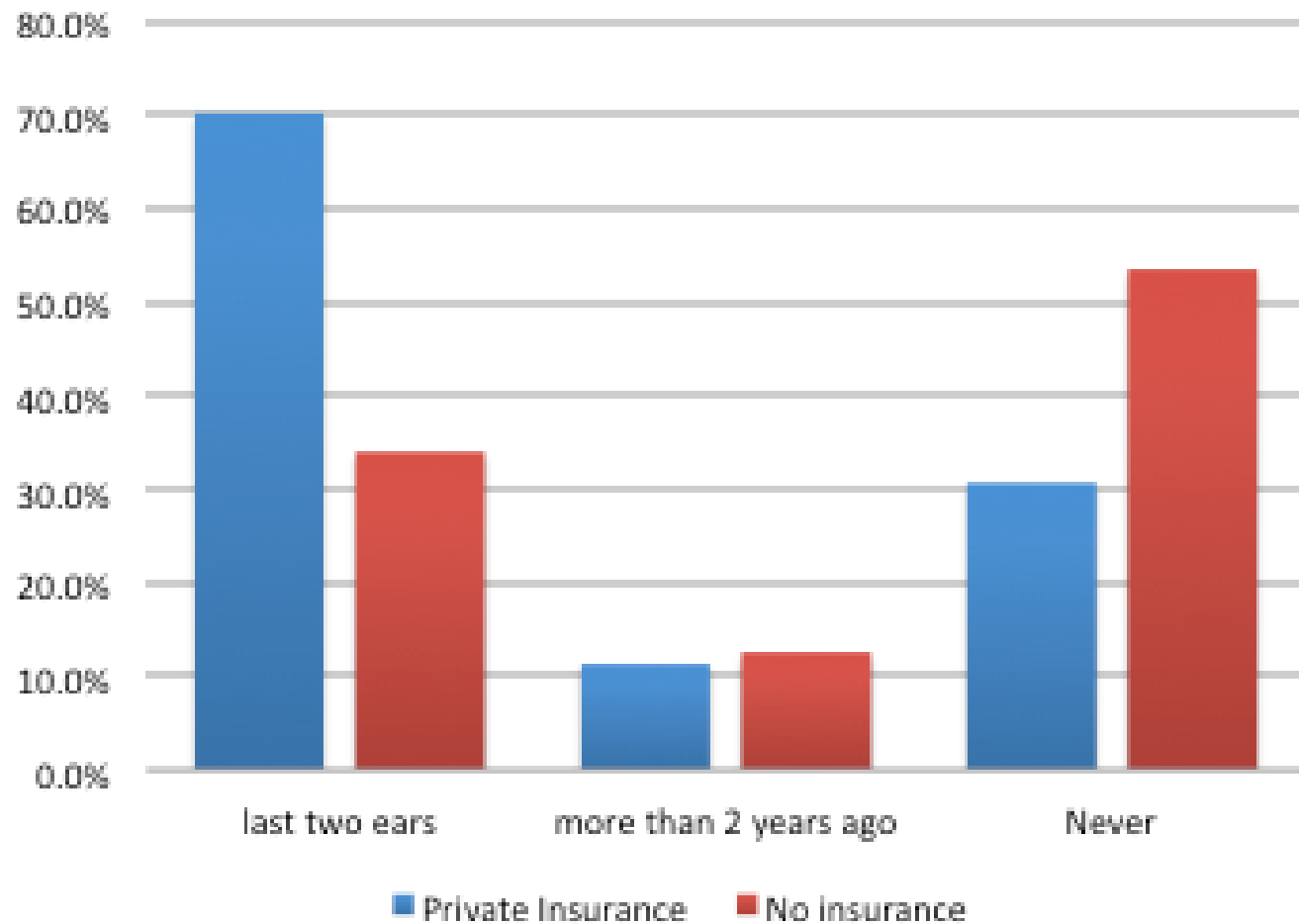
- Clear rules for private-public cooperation •

## Evolução dos gastos públicos em saúde nas três esferas de governo — Brasil (em R\$ milhões de dezembro de 2009)



Fonte: Estimativas do autor a partir de séries do IBGE (1980-2004) e SIOPS / Ministério da Saúde (2004-2008).

## Women who had a mammogram

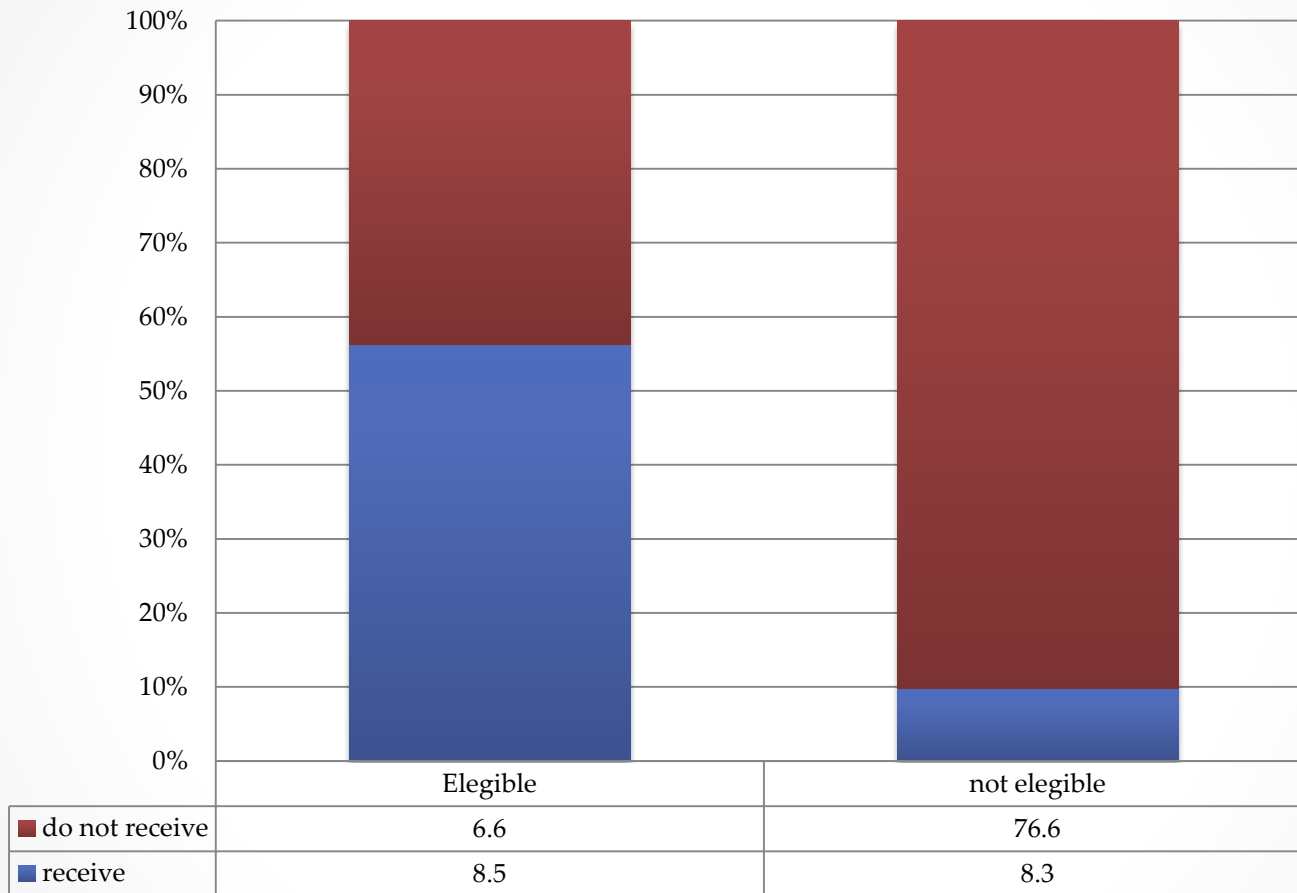


# Anti-Poverty programs

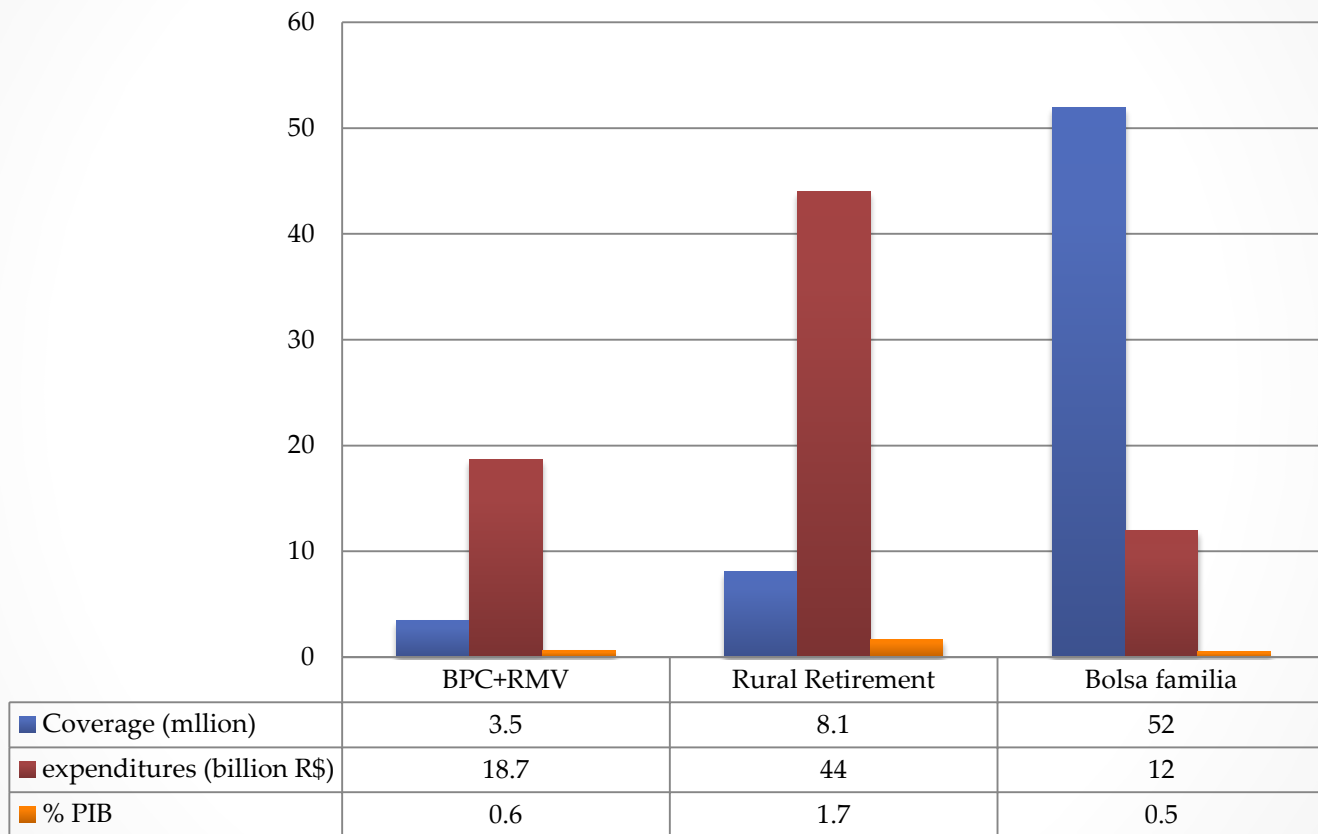
- The reach and limitations of Bolsa Familia
- Some impact in the reduction of extreme poverty
- Secondary impact on the reduction of poverty and inequality
- Conditionalities do not work
- No substitute for good education, employment and health policies



## Focalization of Bolsa Familia



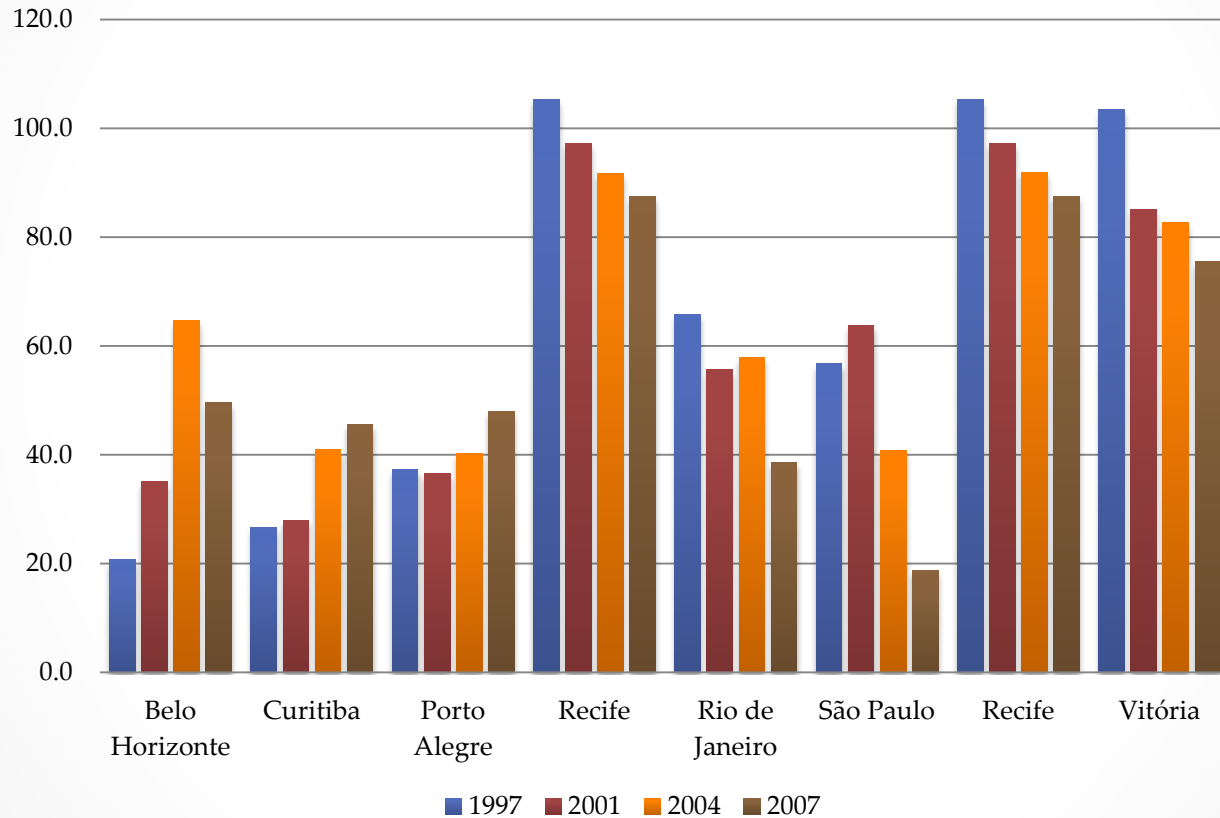
## Income transfers to the poor



# Urban violence

- It is not just a social problem
- Requires better police, effective legislation and credible justice
- The Rio de Janeiro UPP experience
  - - the benefits of pacification
  - The cooperation of the army
  - The need to create a new police
  - Questions of sustainability

## Murder rates per 100k population, main cities

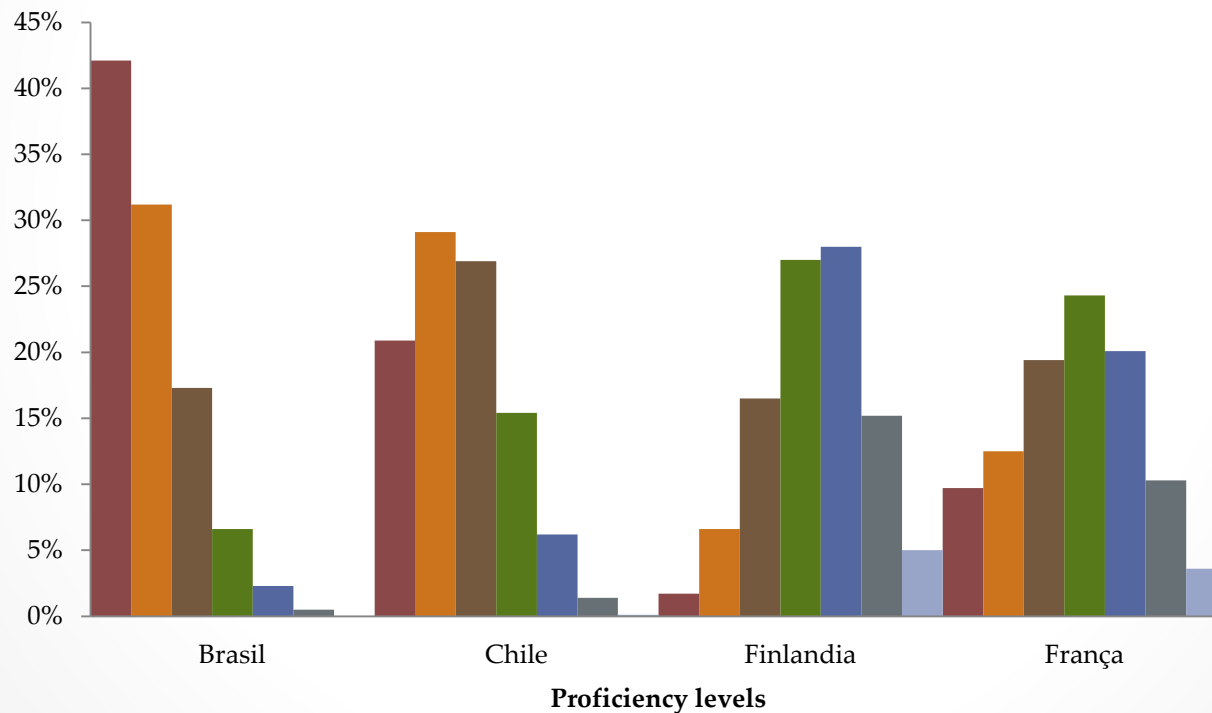


# Education

- Problems of quality – from assessments to effective policies for quality improvement
  - Teachers
  - Curriculum,
  - Management
- It is not just a question of money
- The issues of vocational education and curriculum differentiation
- The rise and issues of preschool education

At age 15, 73% are below the minimum, and just 1% are at level 5, no one at level 6

**Pisa results in Mathematics, selected countries**



# From the traditional to the new agenda

- Exhaustion of the democratic bonus (youth, urbanization)
- Exhaustion of the tax bonus (it is difficult to get beyond 40%)
- No tolerance for the traditional policies of growing inflation and public indebtedness
- Traditional social policies (access to school, reduction of extreme poverty, basic health care) do not deal with the issues affecting the growing urban population and expanding middle classes
- The emergence of new issues related to urban sprawl, environment, health care, attention to an aging population and urban violence
- The need to introduce new policies of high cost and complexity for quality education, health services, environment protection

# Difficulties in the transition from the old to the new agenda

- No short-term incentives for long-range planning and rationalization
  - The “Chinese bonus” and foreign investments
  - Short-term benefits of the demographic transition
- The political costs of focalization, rationalization and limitation of benefits
  - The tight electoral agenda
  - The need to keep the political alliance in Congress
    - The strength of special interest pressure groups
- The lack of consensus about the reforms
- Is there a “democratic pact” limiting the reach of reforms?



# Are we moving forward?

- Towards a more effective, less corrupt and more responsive civil service
  - Political scandals and ministerial reform
- The need to create better partnerships with the private sector and civil society
  - Private sector: the role of BNDES?
  - The new privatization: airports
  - Civil society: NGOs and the capture of the civil service
  - Education: the PROUNI initiative
- Changes in legislation: the diminished role of the Congress
- Promising decisions by the Supreme Court: Conselho Nacional de Justiça, Ficha Limpa