Democracy and Social Policy in Brazil: Advancing Basic Needs, Preserving Privileged Interests

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ABSTRACT

Has democracy promoted poverty alleviation and equity-enhancing reforms in Brazil, a country of striking inequality and destitution? The effects of an open, competitive political system have not been straightforward. Factors that would seem to work toward this goal include the voting power of poor people, the progressive 1988 Constitution, the activism of social movements, and governance since 1995 by presidents affiliated with center-left and left parties. Yet these factors have been counterbalanced by the strong political influence and lobbying power of organized interests with a stake in preexisting arrangements of social protection and human capital formation. An analysis of four key federal sectors, social security, education, health care, and public assistance, illustrates the challenges for social sector reforms that go beyond raising basic living standards to enhancing socioeconomic inequality.

Has democracy promoted poverty alleviation and equity-enhancing reforms in Brazil, a middle-income country known for striking levels of destitution and inequality? On the one hand, many factors would seem to have worked toward these goals; namely, the voting power of masses of poor people, the progressive nature of the constitution promulgated in 1988, the activism of social movements that advocated for the poor, and the leadership since 1995 of presidents from parties of the center-left and left; namely, the PSDB (Partido da Social Democracia Brasileira, Brazilian Social Democratic Party) and the PT (Partido dos Trabalhadores, Workers' Party). Yet these factors have been counterbalanced by the strong political influence of relatively well off organized interests with a stake in preexisting social policy arrangements and of patronage-oriented politicians with an interest in maintaining discretionary programs and in dampening universal reforms that could potentially yield more equitable outcomes in the long term.

This article examines how programs are structured and disbursements are allocated at the federal level in social security, education, health care, and public assistance.¹ Constituting most of Brazil's social spending, these sectors represent areas where reprioritizing services

could contribute to greater equity.² The analysis shows that Brazil's postauthoritarian governments have extended programs to previously excluded or marginalized individuals and have implemented new programs aimed at ensuring the most basic levels of social protection. At the same time, they have protected privileged interests: influential groups have maintained and, in some cases, even expanded their already substantial benefits, with the partial exception of developments in the health sector. Therefore, improvements for the poor have not come from diminishing or reallocating resources assigned to social programs enjoyed mainly by people who are better off. Spending increases and social protection programs have definitely helped reduce poverty, but the reduction is not commensurate with the resources spent.

Socioeconomic inequality, moreover, has remained stark, modest improvements in income distribution over the last few years notwith-standing.³ Meaningful reforms that systematically restructure the existing pattern of benefits toward equity enhancement have lagged. In the absence of robust and sustained economic growth, the persistence of programs for the privileged necessarily limits what can be achieved for the poor.⁴ This analysis supports a recent study by Joan Nelson (2007), which concludes that the effects of democracy on social services are more complex than recent works that focus on competitive elections suggest.

The implication of this analysis is that existing social policies that tend to mirror Brazil's highly skewed income differentials need to be systematically restructured to address longstanding inequalities among citizens. Without more equitable patterns of income and wealth, the burden is on fiscal and social policy to iron out gaps in welfare and human capital formation.⁵ As Ricardo Pães do Barros, former head of the government's Institute for Applied Economic Research (IPEA), revealed at the World Bank Development Forum in October 2000, "If all the resources spent on social policies in Brazil were dropped from a helicopter, they would have a better chance of reaching the poor than they have now" (quoted in Thomas 2006, 111).

Yet a systematic reallocation of social policies would be a challenge to undertake, given existing patterns of beneficiaries and their respective political influence. As Corrales (1999) notes, most reformers pursue "access reforms," which expand existing services to excluded or underserved groups. Examples of this type of reform include educational outreach programs to ensure students' regular school attendance, or inclusion of informal workers in the existing pension system. Yet to produce more efficient or equitable outcomes with existing resources—the typical function of "quality-enhancing reforms"—it is often necessary to redistribute resources among groups, which invites serious political opposition from well-organized segments of society.

Several issues are at stake in the contest between the reform of longstanding inequalities and the reinforcing effects of social policy patterns that favor elite interests. Lower levels of poverty notwithstanding (an absolute threshold below which basic needs are considered unmet), Brazil is still a socially segregated society, where groups at the bottom lack the means to influence their country's economic and political development. High levels of inequality (a measure of distribution) impede the achievement of sustained economic prosperity (Easterly 2002) and are associated with increased crime (Hsieh and Pugh 1993; Fajnzylber et al. 1998), which in Brazil has reached staggering levels and has become increasingly violent in recent years. They are also thought to decrease the frequency with which people use existing institutions that are nominally open to them, ranging from formal legal rights to "universal" health care; if broadly utilized, these institutions would enhance citizens' own well-being and create further investment in the social welfare system. Inequality may even raise the incidence of corruption by inflating elites' sense of superiority and impunity.

Greater social distances among citizens also appear to heighten feelings of unfairness and inefficacy, which, in turn, diminish the perceived legitimacy of a country's political institutions. Support for democracy may well be hampered when electoral processes do not result in meaningful improvements. There is reason to believe that Brazilians are less than enchanted with democracy's outputs. Annual surveys of Brazilian public opinion indicate declining support for democracy; in 2007, only 43 percent of respondents agreed that "democracy was preferable," down from 50 percent in 1996 (Economist 2007). The results of the most recent Latinobarómetro survey indicate that satisfaction with basic services—including access to education, health care, and pensions—generally corresponds to higher levels of satisfaction with democracy; notably, Brazil ranks among the lowest in satisfaction with basic services, at 13 percent (Economist 2007, 82–86). That a large percentage of Brazilians are dissatisfied with the quality of the state's outputs should serve as a warning sign that the country has fallen short of achieving meaningful citizenship and participation for all.

LOW HUMAN DEVELOPMENT RELATIVE TO OVERALL WEALTH AND SOCIAL SPENDING

Misery in Brazil remains marked, considering the country's overall wealth, level of development, and high levels of social spending relative to other developing countries, measured as a share of GNP and of total public spending (De Ferranti et al. 2004, 248). Roughly 7.5 percent of Brazilians, 14 million people, live on the equivalent of US\$1 per day, an incidence of poverty that exceeds the average for a middle-

income country (UNDP 2007). Despite recent increases in financing for education, the population as a whole is poorly educated, especially in relation to Brazil's overall level of development. Educational mobility is exceedingly low (De Ferranti et al. 2004, 51). In the health area, successive reforms have expanded access and increased funding for basic preventive care. Nevertheless, basic indicators, such as infant mortality, suggest that Brazil has fallen behind its peers: in 2003 the country's infant mortality rate was 33 per 1,000, considerably higher than rates in Argentina, Chile, Costa Rica, Taiwan, South Korea, and Thailand (UNDP 2005, 250). More than in most countries, social mobility in Brazil remains closely tied to family background. Brazil's high incidence of poverty, low educational achievement, and middling health indicators explain why it ranked 69th globally in overall human development in 2006.

High levels of socioeconomic inequality persist. With an income share of the richest 20 percent of the population equal to 33 times the corresponding share of the poorest 20 percent, Brazil is the Latin American country with the single most unequal income distribution (De Ferranti et al. 2004, 2); it ranks among the five most unequal countries in the world (World Bank 2004b). Stark concentrations of wealth are only one measure of the country's deep-seated social inequality. Having darker skin, being female, living in a rural area (especially in the Northeast), and working in the informal sector are factors strongly associated with being at the lower end of human development statistics (Gacitúa Marió et al. 2008, 5). There are marked variations across and within states in terms of infant mortality, life expectancy, and poverty incidence. For example, the states of the Northeast have a rate of poverty five times that of São Paulo (Fiess and Verner, as cited by Easterly 2002, 8).

Many factors account for the dramatic levels of social inequality found in Brazil. For example, uneven economic development across regions—generating imbalanced employment and educational opportunities—is part of the equation. The focus of this article, however, is the regressive character of social policy provisioning at the federal level. Why are expenditures not allocated in more socially useful ways? Current social policy patterns have their origins in the early twentieth century, when the state preempted an emerging working-class movement by granting social protections to select urban groups. The government of Getúlio Vargas (1930–45) followed the example begun in the 1920s, including more sectors in state corporatist arrangements. Like the Bismarckian social insurance system, the state tied pensions and health care entitlements to worker and employer contributions. Rather than establish broad inclusive and redistributive policy based on the ideal of citizenship, Brazil's welfare state favored formal sectors of the economy,

civil servants, and the military. It excluded informal urban and rural sectors, arguably those most in need of social protection (Collier and Collier 1991; Malloy 1979; Huber 1996; Weyland 1996).

Many of the patrimonial and corporatist features of Brazilian welfare state design have persisted over time. Between the 1930s and 1970s, the state solidified its policies in pensions and social services, health care, housing, and education (primary and secondary). Even though Brazil experienced a period of democratic governance from 1945 to 1964, its social welfare system remained largely unchanged. Social security constituted the bulk of social spending; its expansion to include new workers was fragmented and slow.11 Health care access reinforced social exclusion, since it was linked to pension benefits based on worker and employer contributions. The education sector did undergo reform from 1964 to 1984 as part of the military regime's modernization efforts; the reform included expanding basic compulsory schooling from four to eight years and restructuring the network of public federal universities (Draibe 2004, 386-87). Nevertheless, the mid-1960s marked Brazil's decline in education outcomes in comparison with several dynamic developing countries (Birdsall et al. 1996). Brazil's lagging performance had less to do with overall spending on education programs than with the imbalanced priority it gave to tertiary education.

Democratization and the subsequent constitutional convention provided hope for a more socially inclusive welfare state. Under pressure from social movements, delegates to the constitutional assembly of 1987–88 enshrined in the new charter a wide array of social rights that reflected a broad understanding of citizenship. These included rights to housing, health care, employment, and education. In practice, however, the 1988 Constitution served mostly as a statement of aspirations, because the assembly left the task of carrying out these goals to the first National Congress. In that context, social sector reforms—including changes to social security and the unified health system (*Sistema Unico de Saúde*, SUS)—would largely stall.

MODEST REFORMS IN KEY SOCIAL SECTORS

The key postauthoritarian reform developments have taken place in social security, health care, education, and public assistance. Despite the need to restructure the provision of benefits within and among these areas, far-reaching, equity-enhancing reforms have been largely constrained by elites who benefit from special access to state resources. Public assistance represents an area of transformation and redesign. Yet the flagship program Bolsa Família entails a relatively small share of overall government spending and reinforces historic patterns of extending access while maintaining privileges for a select few.

Social Security

Brazil's social security system epitomizes the elitist nature of the social insurance systems that developed in Latin America in the twentieth century (Huber 1996; Mesa-Lago 1978). Given the system's design, pension income actually increases overall inequality in Brazil (Hoffmann 2003). Pensions have tended to be the privilege of formal sector workers, civil servants, the military, and assorted middle-class elements, whose capacity to resist reforms has proven considerable. A study conducted by Paes de Barros and Foguel (2000) shows that the top quintile of Brazil's income earners consumes 65.1 percent of the money paid out in pensions while the bottom quintile receives a mere 2.4 percent. Many people labor in menial jobs that do not provide for security in old age. For example, a household survey conducted in the mid-1990s found that 57 percent of all workers did not contribute to the social security system. This percentage reached approximately 75 percent in the Northeast (Power and Roberts 2000, 246). Indeed, regional disparities remain marked: in 2006, eight of every ten employed workers aged 16 to 59 in the southern state of Santa Catarina enjoyed social security coverage, whereas this number did not rise above five in every ten in the northern state of Pará (Ansiliero and Paiva 2008, 25).

Social security accounts for roughly half of all social spending (World Bank 2004a) and takes up approximately 36 percent of total public expenditures (De Ferranti et al. 2004, 271). It constitutes the single most expensive and regressive form of social spending, despite a noncontributory pension track that keeps roughly 8 million rural Brazilians from falling into utter destitution (World Bank 2001a). The majority of social security financing goes toward old age pensions. Disability, severance payments, and unemployment insurance lag far behind in terms of the portion of social security expenditures they make up. Brazil devotes more resources to pension provision than would appear warranted by either its GDP or its demographic structure (World Bank 2004b, 49). Overall, the country's social insurance programs are poor instruments to redistribute income because financing is contributionbased and formal sector workers tend to earn above-average incomes (OECD 2004). Pensions have enjoyed protected status even though they impose high costs on employers, contribute little to productivity, and benefit only a small segment of the population. These funds would make a bigger impact on reducing poverty and inequality if applied effectively toward basic education and health.

What impact did democratization and democratic consolidation exert on social security? Answering this question requires going back in time to the military regime and efforts by General Emílio Medici (1969–74) to build support for ARENA (the official government party) by

creating a social security scheme for agricultural workers (FUNRURAL) and assigning its administration to rural unions and the National Confederation of Workers in Agriculture (CONTAG). Because most rural laborers lived in abject poverty, they could not be expected to contribute to this fund, and therefore it was subsidized by the urban sector. This state initiative was "the most important redistributive change ever made in Brazilian social security" (Weyland 1996, 10). By making an exception to the contributory principle on which Brazilian social security had always been based, it served as a precedent for later efforts to bring more marginal people into the system. Today, noncontributory rural pensions are widely considered one of the best targeted social programs in the country, providing the rough equivalent of one minimum wage to nearly 6.5 million individuals (Schwarzer and Querino 2002).

Beyond keeping direct beneficiaries from falling into the depths of poverty, FUNRURAL has sustained other family and household members, on average 2.5 additional persons (OECD 2004,1). Rural pensions, nevertheless, have amounted to a relatively small share of total social security expenditures. For instance, although 33 percent of beneficiaries were rural workers, this group's share of all social security spending amounted to only 19 percent (Schwarzer and Querino 2002, 12–13).

The 1988 Constitution, which ushered in Brazil's new democracy, extended this program and roughly doubled the number of poor rural noncontributory beneficiaries, thereby enhancing their ability to remain above indigence. At the same time, however, it cemented and even expanded provisions for those previously incorporated into the system, including formal sector workers (in the private and public sector), civil servants, the military, schoolteachers, the judiciary, and legislators. In this forum, democratic dynamics thus had a double-edged effect: to extend coverage to the extremely poor while enhancing the benefits of the better-off, who lobbied to keep their privileges.

It is interesting to note that it was technocrats from the Ministry of Social Security who tried to make the social security system more equitable—for example, with proposals to universalize coverage, improve pension benefits for the rural poor, diversify social security taxes, and impose an age-based threshold for receipt of time-of-service pensions (to prevent people from collecting benefits who had worked the requisite number of years but who were only in their late 40s or early 50s). Yet special interest groups, together with loose coalitions of weakly organized parties, blocked many of their efforts. For example, business lobbies opposed the diversification of social security taxes, while urban unions and pensioners challenged the proposed restrictions on time-of-service benefits. Public sector unions achieved a major victory in the constitutional assembly when virtually all government employees—regardless of whether they had been recruited through a competitive

qualification process or had ever made contributions to the pension system—were reclassified as tenured civil servants eligible for substantial pension benefits (Madrid 2003).

It soon became apparent that the generous benefits granted by the Constituent Assembly to a small, elite group of beneficiaries would be fiscally unsustainable. The Brazilian social security system faced serious financial difficulty in the 1990s, yet policymakers bucked the regional trend to privatize the public pension system as a solution to the system's ills. Pension reform in Brazil has been comparatively modest. From the onset of Fernando Henrique Cardoso's term in office (1995-2002), the president made pension reform a legislative priority. His government advocated reforms that would equalize the rules governing public and private benefits, prevent special concessions, and ban early retirement based on time of service. Moderate reforms were carried out to correct distortions in the private sector retirement system. However, the public civil servants' retirement system, where the distortions were greatest, remained untouched (Tavares de Almeida 2004). Even a president who was successful in passing major pieces of legislation to advance market reform ran up against seemingly insurmountable obstacles when it came to pensions. Powerful special interest groups that enjoyed unique privileges within the existing system—members of Congress, the military, judiciary, and public sector unions—safeguarded their benefits. 13

The first PT-led administration of Luiz Inácio Lula da Silva (2003-6) was notably more successful when it came to pension reform, but even the provisions it passed were greatly watered down, and they represent savings that will accrue only over the long term. In 2003, Congress approved legislation that raised the effective minimum retirement age, placed tighter limits on benefit ceilings, reduced survivor benefits, and instituted a tax on the benefits of the most affluent. Mustering political support for the bill was difficult. The proposed reform antagonized public functionaries, who were core PT constituents. Lula leaned heavily on PT legislators, causing serious internal strife in the party. Having blocked similar proposals by President Cardoso, party loyalists felt betraved by Lula's efforts to cut benefits. Yet among the reasons Lula made the progress he did were his historically good relations with unions (given his past role as a labor leader) and the level of party discipline expected within the PT.¹⁴ Even so, there was a limit to how much change Lula could enact. Historical legacies and resulting entitlements in the social security regime, coupled with the continued strength of unionization among public sectors, imposed significant restrictions on reform.

Organized interests and the politicians who defended them defeated the far-reaching proposals of both Presidents Cardoso and Lula, especially those affecting public sector unions and the judiciary. Despite the stark inequities and inefficiencies in the system, large num-

bers of Brazilians did not appear even to understand how much they could benefit from significant reform. When surveyed in 1995, a majority responded that they would be harmed by President Cardoso's proposed changes (Kingstone 2003, 232). Such ignorance only helped privileged beneficiaries to defend the status quo.

In sum, the legacy of Brazil's corporatist past remains strikingly evident in the different benefit tracks to which people have effective access, based on the sector in which they are employed and their respective contributions. In this respect, the past has continued to weigh heavily on presidents' ability to gain legislative approval for executive-initiated reform proposals. Pension reform has not transformed social insurance into a vehicle for income redistribution. Given fiscal constraints, widening the number of beneficiaries (i.e., reaching poorer segments of the population) rests ultimately on privileged groups' receiving a lower benefits package, a prospect that appears unlikely in the foreseeable future.

Education

As in social security, policymakers in education have favored an extension of services rather than a fundamental reorganization of the sector toward equity enhancement. Despite increased access to basic schooling, Brazil underperforms woefully in educating the majority of its citizens, especially in relation to its per capita income.

Ensuring high-quality mass public schooling, especially at the primary and secondary levels, historically has not been a central concern of Brazilian governments, either democratic or authoritarian. Achievement outcomes are poor even though, by comparative standards, Brazil spends a reasonable amount of its GNP (5.1 percent) on education in the aggregate. Spending per student on primary and secondary education, however, ranks below that of most other Latin American countries (Draibe 2004, 380).

Given that basic schooling is thought to be the single area in which public policy can make the largest impact on reducing inequality, it should form the focus of equity-minded reforms (IADB 1998, 129). Poor people are the most direct beneficiaries of strong public primary and secondary schooling. Middle- and upper-class Brazilian children almost always attend private institutions for this level of schooling. Receiving a good education is more important than ever, given recent evidence suggesting a tight link between education and salary levels in the globalized economies of the region (Stallings and Peres 2000, 126–29).

Has democracy in Brazil unleashed forces that favor enhancing outputs and outcomes in education? The impulse for improving education has come from both politicians and education technocrats whose con-

cern is not only human welfare but also Brazil's ability to compete in the global economy. Bettering basic schooling arguably constituted President Cardoso's number one social priority. Yet unlike the experience in health care, no unified social movement aimed at providing high-quality universal education has coalesced in postauthoritarian Brazil. Unlike other countries, moreover, where the middle class pressures lawmakers to improve the quality of education through the activism of parent-teacher associations or local school board elections, in Brazil the middle class left the primary and secondary public school system decades ago, and is therefore not an influential stakeholder in the system. While parents from low education and income brackets may make concrete demands about the daily functioning of their children's schools, they do not typically demand education reform (Nelson 1999). Nevertheless, given that politicians need to appeal to the poor, who are reliant on public schooling for their children, it is reasonable to think that Brazil might have experienced improvements in both outputs and outcomes. The picture is more mixed, however.

The state has increased absolute funding to all three levels of education (primary, secondary, tertiary) by roughly 30 percent since the late 1980s (World Bank 2004a, 110.) Funding has increased at the federal as well as state and municipal levels. In 1983, the federal government mandated that 18 percent of federal tax revenues and 25 percent of all state and municipal revenues, including federal transfers, be allocated to the development and maintenance of primary and secondary schooling (Draibe 2004, 379). This money has helped to boost enrollments among the lowest income groups. The percentage of children aged 7 to 14 attending school rose from 80.5 percent in 1991 to 96.5 percent in 2000, and reached an all-time high of 97.3 percent in 2005 (World Bank 2004a, 38; IPEA Data 2007). Increased access to education was a main contributor to Brazil's improved ranking in the Human Development Index (HDI) of 2006. The access dimension focuses on the percentage of children between the ages of 7 and 14 who attend school, but does not take into account the quality of the education they receive (Gitahy and Pereira 2003).

Beyond increasing spending, executive-initiated reform efforts have been made to improve the quality of basic education. The first of these began under President José Sarney at the outset of Brazil's new democratic regime and continued with the constitutional debates. Yet because patronage-oriented allies of Sarney from the Partido da Frente Liberal (PFL) controlled the Ministry of Education, the ministry was an ineffective agent of change in the mid-to-late 1980s. For example, under the Educação para Todos initiative, the Education Ministry was supposed to make transfers available to states and municipalities on the basis of project proposals they submitted. Besides suffering from low administrative

capacity, however, the ministry subverted the program's quality-enhancing focus by making political qualifications, rather than project soundness, one of the main criteria for selection and financial disbursement. When candidates from the opposition Partido do Movimento Democrático Brasileiro (PMDB) won 25 of 26 state governorships in 1986, ministry transfers to state governments were sharply reduced, while transfers to municipal governments (where Sarney's political allies remained strong) were increased by nearly 600 percent. Similarly, the governors who subsequently supported a five-year term for President Sarney received ample federal education revenues at the expense of those who wanted to limit his term to four years (Plank 1990, 547–48).

Some improvement occurred with the appointment of a small and highly dedicated team of reformers during the Cardoso administration. FUNDEF (Fundo de Manutenção e Desenvolvimento do Ensino Fundamental, or Elementary Education Development and Teacher Valorization Fund) was the main concern and achievement they pursued in basic education (Souza 2004). This program provides federal funds and technical assistance to poorer states and municipalities that apply the constitutionally mandated percentage of their budgets to education but do not manage to reach the FUNDEF-defined minimum threshold of spending per student, equivalent to roughly three hundred reais in 2000. At the same time, more affluent states and municipalities that spend beyond the mandated standard are effectively required to subsidize their less-well-off counterparts. The program has enhanced average spending per student and reduced appreciably the variation of per student spending across states and municipalities. 15 With roughly two-thirds of the gains going to the North and Northeast, FUNDEF is, no doubt, the most equity-enhancing program that exists in Brazilian education (Moura Castro 2000).

What can be learned from the exceptional status of this program in a field of failed efforts at redistributive reform? One important difference between FUNDEF and educational initiatives pursued under President Sarney was the strength of the ministerial team's commitment to reform and of the backing that President Cardoso gave to its members. Since opposition from governors and mayors (and teachers' unions) from wealthier states and municipalities could be expected, the team moved as quickly and discreetly as possible to gain legislative approval of the proposal. After securing support from the respective organizations of the state secretariats of education and municipal education directors, team members swiftly and adeptly negotiated an agreement with the congressional committees on education policy. With committee backing, Cardoso's large governing majority passed the bill in less than a month, before affected stakeholders became fully aware of the proposal's financial consequences. Some opposition formed after FUNDEF's enactment,

but not enough to undermine its implementation; and by the early 2000s, the program's positive results seemed to silence remaining discontent.

On the whole, however, democracy in Brazil has brought about less reallocation of resources in the education sector than one might expect. One of the clearest equity-enhancing reforms that policymakers could pursue would be to redistribute financing among the three levels of the system. Brazil stands out even among Latin American countries for having a bias toward tertiary education. According to one analyst, as a proportion of GDP, Brazil's spending on higher education is the highest in the world. Whereas the country spends 4.7 percent of its GDP on education, approximately one-quarter of that amount is spent on higher education, which enrolls only about 2 percent of all students (Moura Castro 2000). Higher education receives seven times more funding than does secondary education (De Ferranti et al. 2004, 184). On a per capita basis, tertiary students enjoy more than 2.5 times the funding of primary school students (UNESCO 2007, 168).

That tertiary education constitutes such a large share of government education spending is especially noteworthy in light of its regressive character. Having the state foot the total bill for public universities impedes equity, from several perspectives. Most public university students are at least middle class in origin and pay only nominal fees. ¹⁸ Moreover, entry is based on competitive examinations, for which students who attend public primary and middle schools are dreadfully underprepared. There is little prospect that the socioeconomic divisions between those students and their counterparts who make it to public universities will change anytime soon.

Higher education arguably remains the area in which public policy has been the most timid, a situation reflected starkly in the taboo against charging tuition (Moura Castro 2000). The relative absence of reform efforts is attributable in large measure to the organized set of actors that surround higher education; namely, university students and their professors. Typically middle- and upper-class in composition, they enjoy ties to Congress and the media not readily enjoyed by either consumers or providers of basic public education. They are well positioned to mobilize against change. Even before democratization, fear of student protests and reluctance to clamp down on them inhibited Brazilian governments from trying to put some of the financial burden on students or to shift federal resources from the tertiary to the primary and secondary levels (Ames 1987, 179-81). The interest groups that benefit from the status quo are therefore stronger than the groups that would benefit more directly from fundamental reform; namely, low-income parents and their children.

Lula has not departed from the path of his presidential predecessors or the tradition of the Brazilian left, which has long defended access to free higher education and the jobs of faculty members. Instead of trying to institute tuition charges for the affluent or to bring lower-income students into public universities by making the students more competitive through better public elementary and secondary schooling, his government has opted for a program, ProUni, that provides scholarships for lower-income students to attend private institutions of higher education, which are generally of lesser quality yet also have less rigorous admission standards. This approach reflects a simultaneous recognition of existing disparities in opportunity and an unwillingness to enact meaningful reform.

Even if the relative share dedicated to basic schooling has not increased, the absolute rise in resources could potentially have brought about positive outcomes. Have more resources actually translated into better and more uniform results? Unfortunately, international assessments show that children in Brazilian public schools are learning less than expected, faring poorly in comparison to countries that spend comparable resources (OECD 2005, 126; World Bank 2004a, 112). Brazil scored among the lowest in the region in the most recent standardized test of 15-year-olds (the Program for International Student Assessment, or PISA). It was consistently outperformed by Mexico, Chile, and Uruguay on such measures as reading, mathematics, and science proficiency (OECD 2007, 57, 297, 317). Low teacher qualifications and the frequent diversion of resources away from optimizing learning are important reasons for these disappointing results.

Improving teacher qualifications, especially in the absence of substantial monetary incentives to attract well-trained educators, is a problem everywhere. It entails holding a politically powerful group (teachers and their unions) to higher performance standards without necessarily offering commensurate financial rewards. Also, democratically elected politicians have often lobbied to use education resources in ways that are highly visible and conducive to credit claiming (such as building schools in their districts and putting computers in them), even if funds could be more effectively applied toward ends like purchasing good textbooks and training teachers in how to work with them. The difficulty in improving outcomes exemplifies the distinction between "access" and "quality" reforms and the far more difficult task of achieving the latter (Corrales 1999; Grindle 2004).

Recent measures have increased effective access to basic schooling and have ensured minimal financing and coverage to all states and municipalities. They have increased enrollment among the poorest segments of the population at the primary and secondary levels and have prevented some of the most striking regional discrepancies from widening further. Yet reforms aimed at improving the quality of basic education have lagged, as have measures to modify the most inefficient and

regressive features of tertiary education. Albeit in a less formalized fashion than in social security, public education remains highly stratified, with the lower classes using the public system at the primary and secondary levels and their better-off counterparts occupying the universities. Educational mobility rates in Brazil remain low. A development consistent with a broader claim of this analysis is that despite a sizable increase in years of education at the bottom, between 1990 and 2000, the education gap actually widened (De Ferranti et al. 2004, 58).

Health Care

Much like the pension system, health care in Brazil was historically tied to worker and employer contributions. President Vargas prioritized services to organized workers in formal sectors of the economy, setting in motion the development of two tiers of access. Federal and private sector workers would enjoy access to the best doctors, hospitals, and clinics associated with the centralized federal agency Instituto Nacional de Assistência Médica da Previdência Social, INAMPS (Arretche 2004). Those left out of the formal social insurance system had to rely on the most basic of services offered by local governments and the Ministry of Health.

The democratic political opening in the late 1970s and early 1980s provided an opportunity for broad societal debate over Brazil's inadequate health care system. Health policy experts emphasized several features that were in desperate need of repair, including the focus on providing expensive curative medicine for a privileged few at the expense of decent basic services for a large segment of the population. The sanitary movement, or sanitaristas, which comprised a new generation of health professionals, local health authorities, and left-wing health experts, called for progressive health reforms and universal access (Cohn 1989; Escorel 1999). At important national forums, including the Eighth National Health Conference in 1986 and later the Constituent Assembly, sanitarista leaders emphasized the need to prioritize basic preventive medicine and ensure equality of access. In the end, Brazil's democratic constitution proclaimed a universal right to health and reinforced the state's obligation to meet that responsibility through a free, unified health system, the SUS (Sistema Unico de Saúde). The existence of a unified movement of committed professionals with access to the Health Ministry was a leading reason for the exceptional strides taken in the public health sector since then (Abrantes Pêgo and Almeida 2002). As James McGuire notes, "the resurrection of civil society in the 1970s during the political opening, the return to civilian rule, the improved quality of democracy, and the efficacy of sanitarista issue networks all worked to improve coverage and quality of heath care to poor communities" (McGuire 2007, chap. 6, 2).

The sanitaristas did lose one major battle they waged in the constitutional assembly. The movement's proposal for a gradual nationalization of all health care was vehemently rejected and thoroughly defeated by for-profit private providers. The medical business lobby, with its emphasis on expensive curative medicine, mounted a full-scale attack against this proposal. Conservative politicians responded to this lobby out of ideological solidarity with the private sector and fear of the left's advance. They were also concerned that progressive health care reform would jeopardize their clientelist networks. Seeking to counterbalance antireform elements, the sanitaristas drew up a "popular amendment" but gained only about 55,000 signatures for the proposal, a small fraction of the Brazilians who needed better health care. Needless to say, the amendment did not stand up to the weight of the medical lobby and its allies in Congress. This failure shows the weakness of bottom-up pressure for equity-enhancing change in Brazil, even when mobilized by influential outside organizers like the sanitaristas (Wevland 1996, 168). Thus, while the SUS represents an important success of the movement, it did not displace the private sector from its role in providing specialized health care services.

Although Brazil's universal health care system was created in response to objectives laid out in the constitution, furthermore, much of its operationalization was left to subsequent legislatures. The Ministry of Health lacked the fiscal and political support to administer the system effectively. It took President Cardoso's appointment of José Serra, a close political ally, to boost the ministry's status and insulate it from entrenched interests opposed to SUS's most progressive features. SUS reforms are credited with producing significant improvements in basic indicators like infant mortality and mortality from vaccine-preventable and diarrheal diseases in young children. ¹⁹

Because of improvements in maternal health care, 97 percent of all deliveries are now attended by a skilled medical professional (UNDP 2006). ²⁰ It is notable that both the SUS and another decentralized program found to improve basic health, the *Programa Saúde da Família* (Family Health Program), resulted from public policy changes that occurred in the context of weak economic growth. ²¹ These aggregate improvements are heartening. Yet Brazil still has a long way to go to equalize health outcomes for its citizens. The most recent Human Development Indicators for Brazil show dramatic discrepancies across socioeconomic groups: the mortality rate for children under 5 in the bottom income quintile was nearly three times greater (98.9 per 1,000 live births) than that of children in the top quintile (33.3 per 1,000 live births) (UNDP 2006). These figures mirror patterns in infant mortality; the bottom quintile had rates of 83.2 per 1,000 live births, compared with the much lower figure of 28.6 per 1,000 live births for those in the top quintile (UNDP 2006).

Health care is the one area where the incorporation of new groups into the public system has largely displaced the privileges of previous users; namely, formal sector workers and various middleclass groups who had received relatively high-quality, curatively oriented health services through their employment. Although the latter are entitled to use the SUS, such individuals tend not to do so except when their private plans are not suitable or financially feasible for particular medical procedures. A recent study shows that only 14 percent of people with university degrees use the SUS exclusively or frequently, compared with 74 percent of people who did not finish elementary school (Arretche 2004b, 180). The better-off are not entirely satisfied with the present arrangement because they, together with their employers, pay into the public system while also maintaining private health insurance plans. Physicians, however, a group that might be expected to have objected to the change, have found ways of adapting. Most doctors keep one foot in the public system while maintaining a private practice. It is an open secret that on the whole, they give less attention to their public responsibilities than to their work in private clinics, and even that they use public resources to help build up their private practices.

Despite the declining participation rates of upper-income Brazilians in the public system, health care spending still retains hidden public subsidies for the well-off. Although the elite no longer rely on the public system for their regular care, they do turn to the SUS for the most complex and expensive surgeries, such as transplants. They do this because private insurance companies have an incentive to provide less-than-comprehensive coverage when the public system guarantees access. Even though it is theoretically possible for poor people to avail themselves of the most complex surgeries, it is not clear how often they actually do so. As in education, where public universities are free to all participants, it is the entry screening process that creates a bias toward the better-off and diminishes effective universality.

Regional inequality of the health infrastructure also contributes to more limited real access for many poorer citizens. Most services for complex care are concentrated in the Southeast and in large metropolitan areas. Regions such as the North and Northeast, with higher concentrations of poverty and fewer specialized hospitals, are less likely to benefit from the most complex services offered through the SUS. This type of indirect subsidy and bias in favor of the well-off remains a major source of inequality in the health care system; the World Bank estimates that at least 15 percent of SUS funding goes to the top three income deciles, largely for the most expensive treatments (2004a, 164).²²

Another significant subsidy for affluent Brazilians includes income tax breaks to compensate for private expenses related to health care. In

this way, the federal government indirectly supports the private system while also spending resources through the public system. From a budgetary perspective, tax breaks for citizens who can afford private services result in a public health care system that experiences leakages in both spending and revenue raising.

While the SUS has definitely increased poor people's ability to receive medical care, the degree of effective access and the quality of services they enjoy are at times questionable.²³ A recent assessment of the probability that uninsured people who require medical attention actually receive care finds widespread variation (Mobarak et al. 2004). The per capita provision of doctors, nurses, and clinics across municipalities is an important determinant of people's effective access to the SUS. Services also rise with political participation and the percentage of votes for leftist candidates, who tend to favor programs geared toward the poor (Sugiyama 2008).

Although the dynamic in the health sector differs somewhat from that of social security and education insofar as the better-off have largely exited, a broader parallel remains relevant: the beneficiaries of any single social program or track in a program tend to divide by class or status, putting into doubt the idea of true universality. Put more polemically, either services are sufficiently effective and efficient, such that they remain prohibitively expensive to be provided on a universal basis, or they are focused on ensuring such basic needs that they are utilized almost exclusively by those less able to seek other options.

A comparative analysis of the successes and failures in the major social sectors during the last two decades suggests that the enactment of progressive reform cannot wait for bottom-up pressures to materialize. In the case of pensions, it appears that vast numbers of poor people do not even realize how underprivileged they truly are compared to their better-off counterparts. In education, a unified progressive movement to champion basic education has yet to be formed, despite the deplorable state of public primary and secondary schooling in the country. As for health care, even with an impressive movement of professionals like the *sanitaristas* to facilitate their organization, the poor did not respond to existing opportunities. While SUS would not exist were it not for the sanitaristas, further advances depend on the strong commitment and support of the federal government. The success of the educational program FUNDEF is testimony to what strong and adept executive leadership can do to break down the resistance of organized lobbying by interest groups and patronage-oriented politicians. The president needs to prioritize the appointment of committed professionals to the social ministries, protect their proposals and programs from erosion or direct attack, and use the resources of the office to side with reform. This is a tall order but not one entirely beyond the reach of a

democratic government with a strong popular mandate and a committed and cohesive political party behind it.

Conditional Cash Transfers

Like pensions, education, and health care, public assistance in Brazil has focused on raising the floor of basic living standards. Until recently, Brazil had never had a coherent national policy for public assistance. The federal government provided various subsidies for basic goods. States and municipalities operated their own programs, many of which became grist for the machinations of patronage-oriented politicians (Arretche 2000). The Cardoso and Lula administrations have embraced more integrated approaches by bundling disparate programs and targeting benefits to families in extreme poverty. Nevertheless, conditional cash transfers represent a modest share of overall government expenditures and reinforce the trend of incremental expansion rather than a substantial reallocation of public benefits.

In line with regional trends and World Bank directives, Brazil has implemented conditional cash transfers geared toward mothers in extreme poverty. Aiming to enhance educational attainment and alleviate poverty at the same time, the *Bolsa Escola* (School Income Subsidy) is arguably the best known of these programs. Begun at the local level and then brought to national attention by Cristovam Buarque (PT), governor of the Federal District from 1995 to 1998, the Bolsa Escola gives a small income subsidy to needy families, provided that they keep their children aged 7 to 14 in school. The program's design addresses the opportunity costs of education, discourages child labor, and creates a demand for education on the part of parents.

The Bolsa Escola model quickly gained fame, diffusing to other municipalities and states across Brazil (Sugiyama 2008; Villatoro 2004). In 2001, the federal government determined that the program was worth emulating at the national level and created the Bolsa Escola Federal. The Lula government subsequently folded the federal Bolsa Escola together with other poverty alleviation programs to form the Bolsa Família, which is based on a single registry of poor families.²⁴ Beneficiaries are not only required to have their young children attend school but also to observe basic health practices. The program is highly targeted: more than two-thirds of recipients are extremely poor, earning less than R\$60 (about US\$33) per month on a per capita basis. In other words, most Bolsa Família recipients were living on less than a dollar a day before the cash grant. Families with children up to 15 years old who fall into this category can receive up to R\$95 per month.²⁵ In this way, the grant establishes a minimum living standard for families with children. By 2006, the Bolsa Família had benefited roughly 44 million of Brazil's poorest citizens (11 million families), and it served as the Lula government's flagship achievement during his bid for re-election (Hunter and Power 2007).

Cost-effectiveness is one basis of the widespread appeal that conditional cash transfers have had among technocrats, politicians, and international donors. ²⁶ The Bolsa Família constitutes only 2.5 percent of all government expenditures (0.5 percent of Brazil's GDP), which is a very small share of spending. For a frame of reference, the pension system costs over 4 percent of GDP (Lindert 2006), and interest payments on the foreign debt consume 6.7 percent of GDP (Medeiros et al. 2007). ²⁷ Evidence suggests nevertheless that this relatively small amount of money can keep the needy from falling below subsistence levels while enhancing human capital formation. Since 2002, Brazil has experienced a decline in extreme poverty and slight improvements in income inequality, trends credited in part to the Bolsa Família. ²⁸ School enrollments among young children have also risen (Lindert 2006, 71).

Technocrats argue that the (unified) Bolsa Família is more efficient than separate programs because it reduces overlapping services through a single registry and can better monitor beneficiaries' social outcomes. Politicians affiliated with left-of-center parties, including the PT and the PSDB, have typically embraced the program for its contribution to broadening social inclusion (Buarque 2004; Mata 2004; Correia 2004). Although the original program (Bolsa Escola) is most closely identified with municipal governments led by the PT, members of the PSDB are quick to note the number of PSDB municipalities—for instance, Campinas in São Paulo state—that put forth similar initiatives (Pesaro 2004). Today the Bolsa Família is cited widely as an exemplary social policy that illustrates Brazil's commitment to social inclusion and expansion of citizenship rights (Brière and Rawlings 2006; Presidency 2007).

At the same time, conditional cash transfers exemplify the claim of this study that Brazilian democracy has succeeded in adding new programs to the social agenda that provide minimal social protection and that further basic education and health among marginal populations as long as they are kept within reasonable financial limits and do not upset important stakeholders. A key factor in the Bolsa's political appeal is that it does not challenge enshrined social protections to the middle and upper classes. Especially as long as international donors continue to accommodate the expense of the programs, policymakers may avoid taking the difficult steps required to enact quality reforms that fundamentally restructure social benefits to the neediest and most vulnerable groups.

This situation raises two relevant questions for the long term. Will the short-term nature of conditional cash transfers like the Bolsa Família strengthen notions of personal gratitude toward a generous patron (Lula), which in turn could undermine collective efforts to claim a greater share of entitlements and access to public services in the medium to long term? Are conditional cash transfers an effective way to address poverty and build human capital in the long term, or do they allow governments to avoid making difficult decisions to restructure education and health in ways that would have a more fundamental and enduring impact? Addressing the first question requires further research. As to the second, there is preliminary evidence that the Bolsa Família may be contributing to a reduction in social spending in core areas, possibly undermining longer-term social investment and development (Hall 2008, 816–17).

CONCLUSIONS

The year 2008 marked the 20th anniversary of the signing of Brazil's postauthoritarian constitution. Although democratic governments (especially those since 1995) have succeeded in reducing abject poverty and advancing an array of innovative propoor policies, marked social inequality persists. Given the current rate of inequality, it will be a long time before the condition of the poor rises to a level that can be considered dignified in an absolute sense and commensurate with Brazil's overall wealth.

The advance of the center-left and left on the municipal, state, and national levels in recent years is a promising trend for continued poverty reduction, as suggested by the examples of welfare and human development policies put forth in select Brazilian states and municipalities governed by the PSDB and PT and promulgated during the governments of Fernando Henrique Cardoso (1995–2002) and Luiz Inácio Lula da Silva (2003–present). Yet accelerating the rate of progress will depend on implementing policies that move beyond the narrow range in which reforms of the last 20 years have been carried out. Absent the development of policies to produce a prolonged economic boom or a far more equitable distribution of income (somewhat unrealistic prospects), the goal of finding the resources crucial for elevating social assistance and human capital formation among the poor will probably depend on challenging the social entitlements of privileged groups.

An examination of key developments in social security, education, health care, and public assistance under Brazil's postauthoritarian governments yields several conclusions. First, a marked goal of recent democratic governments has been to provide a floor, however low, below which living standards do not fall. An extension of pension schemes for the noncontributory rural poor, measures to increase school enrollments among previous or would-be nonattenders, universal public health care, and conditional cash transfers all suggest that progress has been made

in this respect. Statistics testifying to reduced levels of extreme poverty reflect such progress. This dovetails with Amartya Sen's argument (1999) that democracy can make a vital contribution to preventing the worst disasters (e.g., famine) from occurring. It is important to note, however, that democracy is not the single factor responsible for this outcome. Progressive norms among technocrats and the influence of international financial institutions like the World Bank reinforce the contribution that democracy has made to the provision of minimal social assistance.

Second, democracy has yielded benefits that have improved the welfare of sizable segments of the poor population, yet rarely at the expense of more politically influential and narrowly construed interest groups. Programs are extended to the poor, but the privileges of the better-off are seldom reduced in an appreciable fashion. Since resource constraints prevail, the extension of such programs is necessarily confined and gradual. Thus, while Brazilian democracy has given rise to forces that help ensure a minimum level of social protection, it has also maintained and in some ways strengthened the forces that impose a low ceiling on living standards and human capital development among people with marginal levels of income and education. In short, the success of politically influential groups in protecting their entitlements entails serious limits on how high the ceiling will be able to rise for the informal poor. These two forces combine to form a narrow band, or truncated range, in which politicians and social policy technocrats can formulate social policy.

Third, social citizenship in Brazil remains highly segmented. Despite official entitlements, the effective access that Brazilians enjoy to social policy provisions varies widely. Social security continues to be defined by separate benefit tracks based on employment. The three levels of public education tend to be occupied by people of different social classes, with primary and secondary schools used almost exclusively by the lower classes and the university system by the more affluent. Even the "universal" program in health is not truly used by all.

Thus, although Brazil's postauthoritarian governments have devoted new attention and resources to the social area, they have done little to narrow the stark differences in people's effective access to public entitlements and social programs. Understandable financial reasons for some of this differentiation notwithstanding, one implication is that poorer groups with little political influence may be left without a strong political voice to defend the services or tracks that they alone occupy, while their better-off counterparts will have the means to defend their own sphere of entitlements. For Brazil's democracy, overcoming this historical division is an essential step toward providing meaningful citizenship to all.

Appendix: Socioeconomic Indicators, 1976–2007

Table 1. Socioeconomic Indicators, 1976–2007

	Proportion of Population Living Below Poverty Line	Proportion of Population Living Below Indigence Level	Gini Coefficient
1976	48.23	23.12	0.623
1977	39.63	16.34	0.625
1978	42.55	20.69	0.604
1979	38.78	15.93	0.593
1980	-	_	_
1981	40.84	17.28	0.584
1982	41.01	17.80	0.591
1983	48.79	23.07	0.596
1984	48.39	21.76	0.589
1985	42.07	18.17	0.598
1986	26.45	8.83	0.588
1987	38.77	17.13	0.601
1988	43.64	20.89	0.616
1989	41.41	19.33	0.636
1990	41.99	19.98	0.614
1991	_	_	_
1992	42.17	20.03	0.583
1993	43.04	20.30	0.604
1994	_	_	
1995	35.08	15.19	0.601
1996	34.72	15.63	0.602
1997	35.18	15.58	0.602
1998	33.97	14.52	0.600
1999	35.26	15.03	0.594
2000	-	-	_
2001	35.11	15.24	0.596
2002	34.34	13.95	0.589
2003	33.96	14.13	0.583
2004	31.99	12.14	0.572
2005	29.21	10.63	0.569
2006	25.15	8.73	0.563
2007	22.70	7.95	0.556

Source: IPEADATA

Notes

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- 1. Although the study focuses on federal programs, an emerging literature examines the differential impact of decentralized programs across Brazil's 27 states and 5,000-plus municipalities. The presence of a left or center-left party in government is one factor that many studies find relevant for welfare advancements on the local level. See Tendler 1997; Paes de Barros et al. 2004; Dantas 2004. See Baiocchi 2003 on social programs in various PT-led municipalities.
- 2. Federal spending on social programs consumes about one-quarter of GDP. Social security accounts for roughly half of all federal social spending. Health care, education, social assistance, and labor benefits (e.g., unemployment insurance) make up the rest (OECD 2005, 123–25).
- 3. Income inequality has been relatively stable since the late 1970s, although it has declined somewhat since 2002. Table 1, in the appendix, includes figures on rates of indigence, poverty, and income inequality.
- 4. Although Brazil's economy has shown improvement since the 1980s and 1990s, growth in GDP between 2004 and 2006 was only about 3.7 percent. This rate of growth lags behind that of competitors in Latin America and elsewhere (e.g., Mexico, Chile, China), and investment rates are weak. The recent pick-up, moreover, is due to rising commodity prices in a few exports, a situation that may not persist. Recent discoveries of oil have raised the expectation that Brazil may become a leading petroleum exporter; but even if this occurs, it will probably not have the poverty-reducing effects of growth in other economic areas (Ferreira et al. 2007).
- 5. According to one study, whereas in the industrialized countries (with the exception of the United States and Australia), the system of taxes and transfers reduces the GINI coefficient by more than a third, in Brazil the corresponding reduction is only 12 percent (Ministério da Fazenda 2003).
- 6. Estimated per capita GDP in 2005 was US\$8,402 in purchasing-power parity terms.
- 7. A recent survey of Brazilians between 15 and 64 years old revealed that about 7 percent of the population is illiterate in absolute terms and 32 percent is functionally illiterate (INAF 2007).
- 8. Infant mortality in the Northeast (52.36 per 1,000) is three times greater than in the South (17.17 per 1,000) (World Bank 2004a, 161).
- 9. Explaining the sources of such income and consumption inequality is beyond the scope of this article. For present purposes, suffice it to note that the distribution of assets that determine how productive people are, such as human capital and land, is highly unequal, leading to correspondingly unequal distributions of primary income. Market-wage differentials over levels of schooling are also more pronounced that in most countries (World Bank 2004b, 21).
- 10. There is emerging evidence that two of the three main factors that explain the country's income inequality are rooted in social spending: the regressive nature of public transfers and inequality in education provisioning (Thomas 2006, 29).

- 11. Expansion of social security took place by sector. Dock and railroad workers were among the first to obtain access to social security benefits, followed by other groups in industrial and service activities and later, middle-class professionals and civil servants (Draibe et al. 1995, 5).
- 12. With no minimum age requirements, high income earners, who are more likely to live longer, collect pensions longer. Civil servants' retirement arrangement is especially regressive because it benefits upper-income workers and draws on general taxation (OECD 2004, 2).
- 13. See Madrid 2003, chap. 5 for details on social security reform under the Cardoso administration.
- 14. See Pinheiro 2004 for the major aspects of the reform under the Lula government. See Deud 2007 for a comparison of pension reforms undertaken and approved under the Cardoso and Lula presidencies.
- 15. On FUNDEF, see Moura Castro 2000; Ministério da Educação 2004; Draibe 2004; and Ulyssea et al. 2006.
- 16. Brown and Hunter (2004) find that in some other Latin American countries, democratic regimes are responsible for increasing the share of the education budget given to primary education.
- 17. Brazil's public expenditures per student in purchasing power parity US dollars are \$1,152 for primary, \$1,040 for secondary, and \$2,938 for tertiary education (UNESCO 2007).
- 18. See Paul and Wolff (1996) and OECD (2004,7) on the socioeconomic profile of public university students in Brazil.
- 19. Infant mortality per 1,000 live births fell from nearly 61 in 1985 to roughly 32 in 2004. While the SUS made some contribution to this decline, it should be recognized that infant mortality also dropped considerably during the last decade of the military regime (1975–85), from 82 to 61 deaths per 1,000 live births (Hill et al. 1999, cited by McGuire 2007; UNDP 2006).
- 20. Skilled health professionals include doctors, midwives, and nurses trained to assist in childbirth.
 - 21. See Svitone et al. 2000 on the Programa Saúde da Família.
- 22. An analysis of spending patterns by degree of medical complexity provides another means to understand the difficulty in shifting services to basic medicine for the poor. A study by IPEA estimates that hospital, curative, and ambulatory care constitutes two-thirds of the Health Ministry's spending while only 13 percent goes to public health services (cited by Médici 2002).
 - 23. The Programa Saúde da Família is also noted for its unevenness.
- 24. The Bolsa Família unified four previously distinct programmatic objectives (educational stipends to boost school attendance, maternal nutrition, food supplements, and a household gas subsidy) into a single conditional cash transfer policy.
- 25. For details on eligibility and program benefits, see Ministério do Desenvolvimento Social 2006.
- 26. The strong endorsement by the World Bank and the Inter-American Development Bank of the conditional cash transfer approach to poverty reduction in the country is confirmed by the loans they have granted. In June 2004, the World Bank approved a US\$572 million loan to support the Bolsa Família. The same year, the IDB approved a loan of US\$1 billion for the program (Hall

- 2008, 806). The United Nations Development Program also funds aspects of the Bolsa Família (Lindert 2006).
- 27. See also Hall (2006, 2008) to put into perspective the relatively small amount of money spent on the Bolsa Família.
- 28. Brazilian economists estimate that two programs, the Bolsa Família and the Benefício de Prestação Continuada (BPC), a program for severely disabled persons whose per capita income is less than one-quarter of a minimum salary, contributed to 23 percent of the decline in income inequality between 2001 and 2004 (IPEA 2006, cited by Medeiros et al. 2007, 24). Other policy initiatives, such as minimum wage increases and investments in favorable export sectors, have been important in producing higher living standards. Lula authorized substantial minimum wage (monthly) increases in his first administration, from R\$200 in early 2003 to R\$350 (approximately US\$162) in April 2006, six months before the election. The real increase in purchasing power of the minimum wage was approximately 23 percent in Lula's first term.

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