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Social Policy against Poverty in Brazil

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Background and coverage

Throughout its history, Brazil has had high income inequality, and a substantial segment of its population has lived in poverty or extreme poverty – these are some of the most salient negative features of the nation. Such a reality was particularly accentuated during the military dictatorship (1964–1985) and also during the 1990s. During these years, neoliberal ideology gained strength in the country and promoted productive restructuring, privatization of several activities previously carried out by the state, opening of the national financial market to international investors and loosening of the labor market in segments that previously been protected by labor laws and social protection schemes. This resulted in high unemployment and significant wage losses, among other negative effects.

Nonetheless, in the 1990s, in spite of the adoption of such neoliberal policies, some social policies to fight poverty remained in place. These policies fell under the realm of Social Security (the name given to social protection in the 1988 Constitution) and consisted of the concession of a minimal value (equal to the national minimum wage) given to all beneficiaries covered under social risks, such as pensioners and their life partners, among others, so long as they had contributed to the General Regime of Social Assistance (Regime Geral da Previdência Social – RGPS), and the concession of a minimum wage to elderly family members earning less than 25 percent per capita of a minimum wage (known as Continued Benefit – Benefício de Prestação Continuada, BPC). These two benefits are legal rights, inscribed in Brazilian social law. They resulted from the re-democratization of Brazil, which culminated in the 1988 Constitution and the legislation that followed. Thus,
given the importance of such rights (along with other rights) in the “redemption of social debt” \(^2\) – as coined by the constituents – which allowed the president of the National Constituent Assembly to designate the new text as a citizens’ Constitution, the neoliberal winds of the 1990s were not strong enough to dismantle all the rights that had been introduced.

Despite the maintenance of the minimal benefit and the BPC, inequality and poverty in Brazil grew throughout the 1990s. As an illustration, in 2000, the income of the wealthiest families, amounting to some 1.62 million people, corresponded to 75 percent of the national income; amongst these families, the richest 5,000 absorbed 45 percent of the national income (Pochmann, 2004). Furthermore, the average income of the wealthiest families was 14 times greater than that of the population in general,\(^3\) whereas in 1980, it was “only” 10 times larger.

Also in 2000, the Brazilian Institute of Economics (Instituto Brasileiro de Economia – IBRE), when analyzing the newly published census data, (performed by the Brazilian Institute of Geography and Statistics – Instituto Brasileiro de Geografia e Estatística, IBGE), adopted the standard of R$60.00 per capita per month to define poverty and concluded that 35 percent of the population was living in poverty (at the time, 57.7 million people). The IBRE also identified the poorest regions in the nation, the North and Northeast, where 13.8 million people lived in extreme poverty and 26 percent of those living in rural areas of Brazil. In rural areas of the North, for instance, the average income was just R$19.67, the lowest in the country.

Project Zero Hunger (“Fome Zero”), a program to eradicate hunger in Brazil, in turn, constituted the basic document for the development of the “Bolsa Família” (Family Credit – BF) program, which was implemented during the first government of President Luiz Inácio “Lula” da Silva. The program estimated that for 2003, the population surviving beneath the poverty line amounted to 44 million people, or 9.32 million families. To draw this conclusion, they used the World Bank’s poverty line criteria (US$1.08 per day), adjusting for the different regional costs of living and the existence (or not) of self-consumption. This estimate corresponded to 21.9 percent of families, 27.8 percent of the total population, 19.1 percent of people living in metropolitan regions, 25.5 percent of the population living in non-metropolitan urban areas and 46.1 percent of the rural population. It was based on such a reality that, in 2003, the Bolsa Família program was implemented, its clear objective being the fight against poverty. The program became the most important social