

# LSE Research Online

## [Anthony, Hall](#)

# The last shall be first: political dimensions of conditional cash transfers in Brazil

## Article (Accepted version) (Refereed)

**Original citation:**

Hall, Anthony (2012) *The last shall be first: political dimensions of conditional cash transfers in Brazil*.

Journal of policy practice, 11 (1-2). pp. 25-41. ISSN 1558-8742

DOI: [10.1080/15588742.2012.624065](https://doi.org/10.1080/15588742.2012.624065)

© 2012 [Taylor and Francis Group](#)

This version available at: <http://eprints.lse.ac.uk/41799/>

Available in LSE Research Online: July 2013

LSE has developed LSE Research Online so that users may access research output of the School. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LSE Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain. You may freely distribute the URL (<http://eprints.lse.ac.uk>) of the LSE Research Online website.

This document is the author's final accepted version of the journal article. There may be differences between this version and the published version. You are advised to consult the publisher's version if you wish to cite from it.

THE LAST SHALL BE FIRST: POLITICAL DIMENSIONS  
OF CONDITIONAL CASH TRANSFERS IN BRAZIL

Anthony Hall

ABSTRACT

*Early evidence suggests that Brazil's Bolsa Família ('Family Stipend') program, which currently benefits over 12 million poor families, has alleviated absolute poverty. Although hailed by many as an unqualified success, its political dimensions have been largely ignored or underplayed. These include, for example, the unashamed use of Bolsa Família for electoral purposes, the spread of clientelism and patronage, and the growing dependence of Brazil's poor on income transfers rather than productive employment. Furthermore, there are indications that the popularity of Bolsa Família is encouraging short-termism in social policy. Many Brazilian policy-makers now seem to view the program as mainstream social policy rather than as a temporary measure - a perspective that could undermine longer-term investments in key areas such as health and basic education.*

Many developing countries have introduced or greatly expanded conditional cash transfer programs to address mass poverty, with schemes in over 45 countries assisting more than 110 million families (Barrientos & Hulme, 2008). They distribute regular cash payments in exchange for beneficiary compliance with conditionalities such as children's regular school attendance, health check-ups and participation in vaccination and nutritional programs.

This strategy is designed to strengthen human capital as a precondition for development and provide incentives for the deprived to invest in their children's future (World Bank, 2000). At the same time, the exercising of 'co-responsibility' through the imposition of obligations on recipients provides a moral justification for giving cash to the 'deserving poor'. According to the conventional wisdom, giving 'something for nothing' is considered unproductive and not 'proper' development (Hanlon et al., 2010).

Although the onward march of conditional cash transfer is an increasingly global phenomenon, nowhere is the trend more pronounced than in Latin America, where every major country now has its own package. They range from relatively small-scale program as in Chile and Peru, to the huge schemes of Mexico (*Oportunidades*) and Brazil (*Bolsa Família*). This enthusiasm is not fortuitous. For a variety of reasons, income transfer schemes are highly attractive to policy-makers, and indeed to the beneficiaries themselves. To a degree, this popularity is down to the relative simplicity of conditional cash transfers as policy instruments. They offer a fast, effective and relatively inexpensive means of tackling extreme poverty by directing resources at the most needy groups in society.

For the families themselves, cash transfers provide a useful income supplement, which for the poorest can be highly significant, even critical, in terms of livelihood support. They are particularly appealing to major international donors, which increasingly provide strong ideological and technical backing, notably the World Bank and the Inter-American Development Bank in the case of Latin America. Indeed, one experienced multilateral development practitioner considers them to be, 'as close as you can come to a magic bullet' (cited in Hanlon et al., 2010, p. 61).

Be that as it may, however, some observers would argue that the quest for a quick and apparently neutral 'development fix' obscures deeper political drivers behind cash transfer programs that serve agendas other than those of poverty alleviation and social development. It would be naïve in the extreme to think that any development program could be totally apolitical. Fittingly, in Latin-based languages such as Portuguese, the term for 'policy' (*política*) also translates as 'politics'. Yet it is important to understand how

political factors affect the design and implementation of conditional cash transfer programs. Political distortions may result in high opportunity costs and limited program effectiveness, while compromising longer-term development prospects.

After outlining the contextual background and operational details of *Bolsa Família*, this paper will examine its political dimensions as well as some implications for the future of social policy in Brazil.

### CONTEXT OF BOLSA FAMÍLIA

*Bolsa Família* ('family stipend') is the world's largest conditional cash transfer program. It currently reaches almost 13 million families, a population of 50 million, about one-quarter of Brazil's total. Conditional cash transfers were introduced sporadically in Brazil at the sub-national level during the 1990s on a modest scale at municipal and state levels. President Fernando Henrique Cardoso (1995-2002) expanded them nationally into sector programs for education, child labour and nutrition. Yet it was under the administration of his successor, Luis Inácio Lula da Silva (2003-10), that a national umbrella program was instituted, originally called *Fome Zero* ('Zero Hunger'). After a few months, however, this met with growing criticism due to poor inter-ministerial coordination, inconsistent beneficiary selection methods, duplication and overlap of benefits, the lack of a complete unified database, inadequate banking procedures and numerous other technical problems (Hall, 2006).

In October 2003 President Lula's government re-launched the program and labelled it *Bolsa Família*, integrating four separate schemes; *Bolsa Escola* for education, the *Bolsa Alimentação* food program, the PETI anti-child labour scheme, and a cooking gas subsidy. Integration and streamlining would enhance efficiency and strengthen synergies among sub-components. Steps were taken to consolidate the central beneficiary database and registry to facilitate implementation and avoid duplication. The Ministry of Social Development was formed in 2004 as the result of a merger between the Ministry of Food Security and Fight Against Hunger and the Ministry of Social Welfare. The *Bolsa Família* management unit was transferred from the office of the President to the Ministry under the leadership of Minister Patrus Ananias, well known for his religious convictions and his strong commitment to fighting poverty.

During this formative period, *Bolsa Família* received strong international endorsement and financial support that would cover a quarter of total costs during the first Lula administration from 2003-2006. In 2004, the World Bank made a sector loan of US\$572 million, supplemented by another US\$200 million in 2010, to strengthen program

management. The Inter-American Development Bank has been even more generous, providing a loan of US\$1 billion in 2004 with future promises of double this amount (Hall, 2008).

### Operation

*Bolsa Família* is targeted at two groups, based on self-declared household income: ‘very poor’ families with per capita monthly incomes of up to R\$70 (US\$44) and ‘poor’ families with up to R\$140 (US\$88). ‘Very poor’ families receive a minimum flat rate payment of R\$70 (US\$44) a month regardless of whether they have children. In addition, eligible households are paid according to the number of children they have, receiving R\$32 (US\$20) for each of a maximum of five up to the age of 15 (increased from three in 2011), plus a further R\$38 each for up to two children aged 16-17. The latter provision for older children was introduced to encourage them to stay on longer at school.

Following above-inflation adjustments by the administration of President Lula’s successor, President Dilma Rousseff, who took office in January 2011, the maximum monthly payment increased from R\$200 to R\$242 (US\$151) currently. However, average benefits per family are much lower at R\$115 (up from R\$96) or the equivalent of US\$72 (FSP, 2011a). Cash payments are made directly to the mother through the banking system (Caixa Econômica Federal) using a special debit card issued to *Bolsa Família* beneficiaries, or directly into bank accounts in some cases. There are also plans to use cell phones for this purpose (FSP, 2010).

Payments are conditional on proof of regular school attendance (85 percent minimum), children’s vaccination, visits to health clinics and participation in other activities such as nutrition programs and vocational training courses. ‘Social accountability units’ at the municipal level, comprising representatives from government and civil society, oversee program implementation. Compliance with conditionalities is monitored through schools, clinics and local authorities.

In 2008 procedures were modified to survey beneficiaries every two years to ascertain their continued eligibility. From October 2008 to February 2009, around 450,000 beneficiaries were ejected from the program either because they no longer qualified or they failed to re-register. However, some flexibility was introduced in the rules to allow extra informal income under certain conditions without placing *Bolsa Família* membership at risk (IPEA, 2010).

In addition to these monthly payments to households, there are further benefits. A cooking gas subsidy (*Auxílio Gás*) of R\$15 (US\$9) is granted every two months to the same

families. In the poor Northeast of Brazil, a food card system (*Cartão Alimentação*) was introduced to provide a monthly basic food subsidy of R\$50 (US\$31). Taken together, they comprise a valuable income supplement and are comparable with, or better than, payments made in other conditional cash transfer programs such as Mexico's *Oportunidades* (de la Brière and Rawlings, 2006). Many of the poorest in areas where employment is in short supply, as in the rural Northeast and North, for example, rely heavily on these federal government transfers.

### Program Impacts

By any standards, the achievements of *Bolsa Família* have been impressive, both in terms of national coverage and of its economic and social consequences. The program met its original target of 11.1 million poor families, or 44 million people, within just three years at the end of 2006 (MDS, 2007). It has continued to grow and by March 2011 had reached almost 13 million households, over a quarter of the total population (FSP, 2011a). Furthermore, average benefits per family have risen from R\$75 per month to, as noted above, R\$115 a month. Research shows that BF contributes up to 10 percent of household income (Bastagli, 2011); however, in poorer regions such as the electorally crucial Northeast, this figure could be significantly higher.

*Bolsa Família* is credited with being relatively effective and the best targeted conditional cash transfer program in Latin America. Almost three-quarters of benefits reach the poorest 20 percent of the population (FAO, 2006). This compares well with other countries on the continent where targeting is considered to be far less accurate, such as Chile (58 percent), Mexico and Argentina (both 32 percent). Another achievement of the program has been to draw into the safety net groups that have in the past often been excluded from similar welfare projects. Street dwellers, indigenous groups, isolated jungle and other rural communities now participate. Some 20 percent of BF beneficiaries are located in the Amazon, although many in the region remain excluded and will surely be brought on board in future extensions of the program (Mattei, 2011). This broad coverage has been facilitated by the scheme's highly decentralised implementation structure, administered through municipalities.

Evidence suggests that *Bolsa Família* has contributed towards a steady decline in levels of absolute poverty in Brazil, although it is by no means the only or even the principal contributing factor. According to official figures (IPEA, 2010), absolute poverty in Brazil (defined as a household income of under one-quarter of the legal minimum wage) halved from 21 percent of the population in 2001 to under 11 percent by 2008. This trend was most

marked in the Northeast, where poverty fell from 40 percent to 22 percent over the same period. A survey of Brazil's six largest cities showed that from 2002 to 2009 the proportion of the population classified as poor dropped from 33.1 to 26.8 percent (IPEA, 2009). As the poorest region in the country, the Northeast has been a major beneficiary of *Bolsa Família* and, indeed, other cash transfer programs such as non-contributory rural pensions.

Income transfer programs such as *Bolsa Família* have also been credited with helping to reduce income inequality in Brazil, which has been declining steadily for a decade. From 2001 to 2004, for example, the poorest 20 percent enjoyed an annual increase in disposable income of five percent, while the richest quintile experienced a fall of one percent (IPEA, 2006). Inequality is judged to have fallen over this period, albeit marginally, with the Gini coefficient of income distribution dropping by four percent in Brazil (Paes de Barros et al., 2006; Soares et al., 2007). In Brazil's major cities, the Gini coefficient fell by 7.6 percent to 0.534 from 2002 to 2009 (IPEA, 2009). Inequality levels in Brazil, however, remain amongst the highest in the world.

Notwithstanding the exaggerated claims made by some policy-makers and commentators about the positive impacts of income transfer programs in Brazil, independent researchers estimate that these transfers account for about one-third of the reduction in poverty in the country, and *Bolsa Família* itself accounts for one-sixth (IPEA, 2006; Soares, 2011). Yet there are other major economic factors at work besides income transfer programs. Principle among these has been the legal minimum wage, which increased by 23 percent in real terms during President Lula's first term (2003-2006). Other reasons include low inflation, increased access to consumer credit and greater employment opportunities generated by strong economic growth. Taken together, these factors have helped stimulate local economies, especially in poorer regions that depend more heavily on personal spending (IPEA, 2008). Arguably, these developments all contribute to perceptions amongst many voters in the less privileged echelons of society that some economic progress and government policies are finally working in their favour.

In addition to creating tangible economic benefits, there is growing evidence that *Bolsa Família* resulted in improved social indicators. Early assessments of *Bolsa Família* were tentative and necessarily cautious in their conclusions given the limited implementation period at the time (MDS, 2007; Soares et al., 2007). However, a follow-up evaluation carried out by the United States based International Food Policy Research Institute (IFPRI), using a sample survey of some 15,500 beneficiaries in 269 municipalities, was more conclusive and positive (MDS, 2010). It found significant improvements among beneficiary children

compared with non-beneficiaries. These included better vaccination rates and nutritional status, more intensive use of antenatal facilities by mothers, higher levels of school attendance and faster educational progress, especially in the poor Northeast. This is consistent with favourable evaluations of conditional cash transfer programs elsewhere in Latin America that have helped to reduce poverty while improving education and health outcomes (Bastagli, 2011).

### POLITICAL DIMENSIONS OF BOLSA FAMÍLIA

Social policy is quintessentially political. It deals with matters of protection, care, redistribution and social justice, all of which profoundly affect people's daily lives and livelihoods. In Latin America, some conditional cash transfer programs are unashamedly political. For example, Peru's relatively modest cash transfer program *Juntos* ('Together') was inspired by anti-poverty concerns alongside counterinsurgency goals in Andean areas where Maoist 'Shining Path' guerrillas had been active (UNDP, 2006). Yet while the political dimensions of most of these programs are far less blatant, the conventional technocratic focus on efficiency and effectiveness should not be allowed to disguise their subtler, political ramifications. Brazil is a case in point.

*Bolsa Família* has generally been lauded as a highly effective and relatively efficient anti-poverty strategy, but its less discernible political dimensions are often underplayed. As noted, the program has its origins in a number of diverse sector interventions, each with its own perspective, priorities and competing interests within the government machine. Soares (2011) identified four major strands competing for space during the initial *Bolsa Família* design period; human development, education as an independent input, a guaranteed basic unconditional income transfer scheme, and a food security approach. Elements of all these views were eventually incorporated into the final package, with human development and basic income transfers gaining the upper hand.

In terms of the political consequences and implications of *Bolsa Família*, two major dimensions will be addressed: electoral and structural. 'Electoral' gains concern the extent to which, deliberately or otherwise, through the electoral process *Bolsa Família* has served to strengthen the political position and the image of those leaders at its helm, especially President Lula. His landslide re-election in 2006 and his successful personal endorsement of hand-picked successor Dilma Rousseff have been attributed in large measure to the popularity of *Bolsa Família*.

'Structural' shifts relate to a possible move away from social sector investments towards a much greater reliance on social safety nets generally. Some critics suggest that,



rather than concentrate on building social infrastructure in health and education to generate longer-term development gains, there is now a marked preference for highly visible interventions such as *Bolsa Família* that provide immediate relief but do not tackle the roots of poverty, and may even reinforce them.

### Electoral Dimensions

There is a general consensus amongst analysts that *Bolsa Família* has played a key role in strengthening electoral support for President Lula. From the government's point of view, *Bolsa Família* is an ideal program since it is controlled by the executive and does not require legislative negotiations in order to be enacted. This is especially important in Brazil, where the governing party does not usually have a majority in Congress and the passing of new measures requires the building of coalitions, political wrangling and much horse-trading. Outright executive control also facilitates the identification of *Bolsa Família* as an intervention instituted specifically by the governing Workers' Party (PT). In particular, *Bolsa Família* was marketed to the electorate as the personal gift of Lula himself.

It is important to understand the context in which President Lula came to power. As Brazil's first working class president, a man with very humble origins from the poor Northeast, he became leader of the nation only at his fourth attempt after suffering humiliation and defeat at the hands of the political oligarchy (Bourne, 2008). A self-declared champion of the poor, his open commitment to the oppressed, some would say rhetorical others heartfelt, was evident throughout his campaign. At his inaugural address in January 2003, he famously declared that: 'If, by the end of my term of office, every Brazilian has food to eat three times a day, I shall have fulfilled my mission in life.'

Paradoxically, in his first four presidential election campaigns, including that of 2002 that brought him to power, President Lula and the Workers' Party had relied heavily on the votes of better educated, 'leftist/progressive' and working class urbanites from the South and Southeast of the country. He had, after all, cut his political teeth as president of the metalworkers union based in São Paulo, where he had migrated as a child with his family from the rural Northeast. There seemed to be little affinity at that time in the electoral propaganda of the Workers' Party with the problems of the rural poor. There was also growing disenchantment with the party as it became embroiled in corruption scandals and doubts were cast on the sincerity of its original reformist zeal. At the same time, the professional middle classes may have resented the populist image cultivated by President da Silva as 'father of the poor'.

The period of growing popular support for the President during the latter stages of his first administration (2003-2006) was precisely when *Bolsa Família* was being expanded and consolidated. Voters appeared to want to show their gratitude to a politician who, unusually, had actually delivered the goods and conveyed concrete benefits (not just empty promises) to the poor masses. Furthermore, President da Silva had managed to distance himself from the major corruption scandals then affecting the Workers' Party. He became the archetypal 'teflon president'; nothing stuck. This was a major factor in Lula's 'groundswell of support among Brazilians in the lowest categories of income and educational achievement' during the 2006 re-election campaign (Hunter & Power, 2007, p. 3).

Reversing the pattern of previous elections, support for President da Silva and the Workers' Party moved northwards. He enjoyed a sweeping victory in the poorest North and Northeast regions, receiving 60 to 85 percent of the votes. In the months preceding the October election, there had been a major recruitment drive in which 1.8 million families were incorporated into *Bolsa Família* to reach the first-stage target of 11.1 million households. Opinion polls showed that the President's popularity was greatest among families receiving *Bolsa Família*, especially in the Northeast, where he enjoyed a 21 point lead among beneficiaries compared with an 8 point lead in the regional population at large (FSP, 2006). Unsurprisingly, therefore, an 'impressive state-level correlation exists between *Bolsa's* penetration in 2006 and vote swing toward Lula compared to 2002' (Hunter & Power, 2007, p. 19).

Even in oligarchic north-eastern states such as Bahia and Maranhão, where self-perpetuating reactionary elites have governed for generations, President Lula commanded up to 85 percent of the votes. This was a consistent trend; 'the higher the percentage of state families added to the *Bolsa Família* rolls in the 18 months prior to the election, the higher the vote swing toward Lula and against the (opposition) PSDB' (Hunter & Power, 2007, p. 20). Furthermore, there was found to be a significant correlation between high voter turnout in 2006 (compared with 2002) and *Bolsa Família* coverage. This suggests that the President's highly visible and extensive cash transfer program had actively encouraged a larger proportion of normally disinterested, poorer voters to declare their support for him and the *Bolsa Família*. According to one study, *Bolsa Família* might have swung up to 5 million votes in the President's favour (Zucco, 2010). Hunter and Power (2007, p. 20) conclude that, "the social policy story is arguably the single most plausible explanation for Lula's re-election." They note that he performed best among the poorest voters earning less than two minimum wages, who make up almost half of the electorate. The increase in support for Lula

and the Workers' Party in 2006 compared with 2002 is attributed in large measure to the *Bolsa Família* effect.

A further political dimension that reinforced the President's political influence and reputation as benefactor to the poor concerns the particular kind of locally oriented 'bossist' clientelism that developed in Brazil. Rather than over-centralise *Bolsa Família* and tie distribution of benefits according to declared party loyalties, as might happen in a corporatist system, many operational responsibilities were devolved to local management committees and to mayors. In this context, broader non-partisan coverage is likely to generate wider political support for the president than a highly selective approach.

As Ansell & Mitchell (2011, p. 310) note, "in order to ensure that conditional cash transfers translate into electoral gains for the president, local discretion has to be attenuated through the extension of coverage to all the poor, and poverty has to be defined loosely enough that most of the population receives the CCT." There were press reports, for example, that some Workers' Party mayors were portraying *Bolsa Família* as President da Silva's personal 'gift' to the people (FSP, 2006b). The President also presented himself in the media as 'father of the poor' and was very closely associated with the *Bolsa Família* message in publicity campaigns, in which his portrait figured prominently. Thus, poor voters expressing their gratitude to a president who appeared to be serving their interests at last was, arguably, an entirely rational response.

In addition to any material benefits accrued from *Bolsa Família* and other income transfer programs the sheer force of the President's charismatic personality should not be discounted as a significant factor in explaining his popularity. He was already a well-known figure when elected for the first time. He commanded respect and admiration, given his low social origins and long struggle for political success against the odds. Furthermore, his ability to 'connect' with poorer voters in direct and simple language via the media, often inviting ridicule from wealthier and better educated citizens and politicians, gave him high visibility and popular credibility. These traits undoubtedly helped him bond directly with the electorate and to remain aloof from the infamous political-financial scandals that had so adversely affected the image of the Workers' Party.

Yet opinion on the electoral impact of *Bolsa Família* is not unanimous. Corrêa (n.d.) qualifies the admitted importance of the program in President da Silva's electoral success with the observation that the program polarised national opinion in Brazil, leading to losses in support from wealthier regions in the South and Southeast. This political cost is also acknowledged elsewhere as the inevitable consequence of self-interested, 'pocketbook'

voting (Hunter & Power, 2007). Another researcher, however, casts doubt on the alleged link between voting patterns and *Bolsa Família* coverage, arguing that there was no significant swing in votes to the President and the Workers' Party between 2002 and 2006 (Bohn, 2011). Yet majority opinion is heavily in favour of the positive electoral role of *Bolsa Família*. The Brazilian case is also reinforced by evidence from around the world that political choices are highly responsive to government income transfers (Arnold et al., 2011).

The potential electoral importance of *Bolsa Família* is underscored by its high profile in the administration of President da Silva's successor, President Dilma Rousseff, who took office in January 2011. She has gone out of her way to stress the government's continuing commitment to the program, aiming to incorporate it into wider national development plans. It remains protected from public spending cuts, although in fact *Bolsa Família* is relatively cheap. In 2007-08, the program consumed R\$11 billion (US\$6.9 billion), or 65 percent of the social assistance budget for the poorest groups, which itself accounts for about 8 percent of total social spending (Hall, 2008). *Bolsa Família* funding rose to R\$13.4 billion in 2011 which corresponds to roughly 0.4 percent of GDP. However, this is but a drop in the ocean compared with Brazil's highly regressive pensions system, which absorbs around 11 percent of GDP and is more costly to administer.

### Structural Implications

The electoral advantage conferred by *Bolsa Família* on the government is the most obvious political dimension of Brazil's social protection policy. Yet other dimensions, arguably, have more profound political implications than those expressed in vote swings. These concern potential changes in national planning psychology based on income-transfer dependence. Coupled with this are subtle alterations in the way social policy is conceived, with far greater emphasis being placed on short-term safety nets to alleviate poverty rather than engaging in more fundamental social investments, especially in education.

As with all other cash transfer programs over the world, *Bolsa Família* has been accused of creating a 'culture of dependence'; the poor are portrayed as relying increasingly on government hand-outs and becoming work-shy. Such fears are exacerbated by doubts often raised over the extent to which it is feasible to enforce conditionalities. Welfare critics in the industrialised as well as the developing world have long employed the welfare-dependence argument, but the evidence from Latin America on the impact of conditional cash transfers does not support this line of reasoning. Data from Brazil and Mexico show that program participation is not generally associated with employment decisions (Bastagli, 2011). The exception might be in cases where recruitment into the formal sector could

compromise *Bolsa Família* eligibility, thereby strengthening informalization of the labour market.

*Bolsa Família* is one of a number of non-contributory income transfer programs in Brazil, including rural pensions. Together, these account for over half the household income of the poorest groups. This is especially pronounced in poorer rural areas, where employment opportunities are scarce, as in the Northeast and North. In large cities such as São Paulo there has been a growing trend towards informal sector employment (Figueiredo et al., 2005). Anecdotal evidence suggests that *Bolsa Família* may perversely strengthen this tendency by discouraging formal registration for employment, which carries with it the risk of disqualifying beneficiaries from the program if their incomes exceed the threshold.

Financial dependence also extends to the municipal level. Studies show that some municipalities, through which *Bolsa Família* is executed, rely on the program for up to 40 percent of their overall budgets, especially in the Northeast (Marques, 2005). Many local politicians are reputed to rely on such transfers to avoid imposing extra local taxes and thus help retain popular support during municipal elections. Notwithstanding the undoubted political capital accrued by the president and the federal administration, this command over guaranteed income allows municipal mayors to reinforce their influence and to reap the electoral benefits as well, along the ‘bossist’ lines discussed above.

The creation of what some critics see as a ‘hand-out’ mentality akin to charity has implications other than the creation of a so-called ‘dependency culture’. Its popularity and high political payoff could encourage a short-term perspective in social policy. This would lead decision-makers to place increasing value on interventions to reward households for their partisan support, while de-prioritising less politically remunerative investments in basic social infrastructure. With some understatement, an official research document declared that *Bolsa Família* has now become consolidated into a “fundamental dimension of Brazilian social protection” (IPEA, 2010, p. 60).

There is some evidence that a transition towards short-termism may already be taking place. As noted, *Bolsa Família* gives good electoral value for money, accounting for just 3 percent of the social budget. It is based on the expectation that it will strengthen demand for basic education and health services, thus enhancing human capital in the development process. However, although demand may well increase, there is no guarantee that the quality of services provided will grow concomitantly, since public provision is often unresponsive to such diffuse pressure (Farrington & Slater, 2006). There might even be a perverse effect, as the result of which the effectiveness of *Bolsa Família* in dragging people above the poverty

line through cash transfers could be used as an excuse to justify lower levels of investment in fundamental social sectors such as health and education (Handa & Davis, 2006).

Research on social spending in Brazil suggests that the rise in non-contributory social welfare schemes such as *Bolsa Família* has been paralleled by falling per capita investment in several key social sectors at federal, state and municipal levels. One major study of government spending on basic sanitation, housing and education from 2002 to 2004 noted a consistent drop in funding in these sectors and concluded that, 'there has been no coordinated effort at federal or sub-national levels to provide essential public services indispensable for the reduction of inequalities in lifestyle and improvements in welfare alongside improvements in individual and family income and consumption' (Lavinias, 2007, p. 1467). Only time will tell whether social investments are likely to become a victim of the new emphasis on cash transfers, either directly or indirectly.

Education is a fundamental sector in which long-term investment in supply rather than palliative tinkering with demand is essential. The truth is that encouraging school attendance through *Bolsa Família* will have a limited impact if the quality of education actually delivered remains poor through lack of government spending on infrastructure. While support for the program continues apace, untrammelled by budget cuts, investment in basic education in Brazil has lagged behind that of other countries at the same level of economic development. This problem in Brazilian social sector spending in education came under the spotlight many years ago (Birdsall & Sabot, eds., 1996). The situation is still critical; there is continuing overinvestment in higher education at the expense of basic education. Not only does this perpetuate educational and social inequality, but it has also led to severe shortages in supplies of qualified labour as the economy has expanded (Prada, 2011).

Another less tangible aspect of increasing reliance on conditional cash transfers as a cornerstone of social policy is that it could induce changes in the mind-set of policy-makers. Cash transfers such as *Bolsa Família* have their place because they can be a highly effective, low cost instrument for addressing absolute poverty, as well as being politically attractive. The risk, however, is that due to their high political payoff, conditional cash transfers will come to be viewed increasingly as mainstream, long-term policy occupying centre-stage, rather than providing temporary relief, as they were originally conceived. As noted, targeted cash transfers are considerably cheaper and provide much faster electoral returns compared with less visible, structural reforms, such as those in health and education. During the 2006 presidential campaign, for example, candidates from all parties were literally falling over

themselves to pledge who would spend most on *Bolsa Família*. Path dependence on conditional cash transfers might thus emerge for a number of understandable if questionable reasons.

In order to address this apparent policy contradiction, the short-term poverty relief goals of conditional cash transfers should be integrated with social and economic investment plans to maximise their development impact. As observed more generally, the longer-term success of these programs in fighting poverty ‘depends on insertion into the wider economy, notably through rural employment and labour market policies’ (de la Brière & Rawlings, 2006, p. 25). Social protection can be ‘transformative’ if used not just as a hand out but also as a tool for strengthening livelihoods (IDS, 2006).

In the Brazilian case, a number of suggestions have been made for upgrading *Bolsa Família*, including integrating all non-contributory income transfers into a single umbrella program to improve efficiency and linking them to greater access to financial markets and the banking system (Neri, 2009). President Dilma Rousseff has indicated her government’s continued strong support for *Bolsa Família*. Not only has the program been protected from public spending cuts; there are plans to integrate it into Brazil’s national planning process under the strategic Program of Accelerated Development (PAC) in a more concerted attack against poverty (FSP, 2011b).

#### BOLSA FAMÍLIA IN THE FUTURE

In June 2011, the government announced plans to extend its anti-poverty program to reach a total of 16.2 million people by 2014 (FSP, 2011c). ‘Brazil Without Misery’ (*Brasil sem Miséria*) will be implemented mainly through the *Bolsa Família* program. It aims to link beneficiaries with formal employment opportunities, for example through a national vocational training program for high-school graduates and young workers, providing job opportunities and supplying micro-credit. Furthermore, regular cash transfers will be made to support smallholder farming and to poor rural families who conserve natural resources. The plans also include provision for greater access by the poor to basic services such as health, education and sanitation. If successful, this would go further towards meeting the human capital enhancement goals of *Bolsa Família* as originally conceived (World Bank, 2000, 2004). It also fits into the political ‘bossist clientelism’ logic of extending conditional cash transfer benefits as broadly as possible to consolidate support for the government.

Brazil’s *Bolsa Família* has proved highly effective in tackling absolute poverty, benefiting a quarter of the total population. Yet its technical merit as a conditional cash transfer scheme should not allow the program’s diverse and continuing political dimensions

to be obscured. First, President Lula has reaped massive electoral dividends through the program, as evidenced by his sweeping re-election victory in 2006 and the transmission five years later of this legacy to President Dilma Rousseff. For the first time in Brazil's modern history, a president had prioritized the interests of the poor through a high-profile cash transfer program; literally, putting the last first (at least rhetorically). His image as 'spokesman for the poor' helped to make Lula the most popular president in Brazilian history, with an unprecedented approval rating of 80 percent when he left office in 2010.

A second political dimension concerns the structural implications of a growing reliance on cash transfers as mainstream social policy. Precisely because of their popularity and the political capital generated, cash transfers could lead to policy-makers' attentions being focused increasingly on short-run measures, while critical investments in basic, long-term social infrastructure in education, health and sanitation are neglected. Such a trade-off, if realised, would illustrate the high political cost of over-reliance on safety nets and, arguably, be prejudicial for wider economic and social development. It is therefore incumbent on future governments to systematically integrate poverty relief through cash transfers with national development plans and employment creation. In Brazil's case, it remains to be seen whether plans to extend conditional cash transfers further still further will bear such fruit.

Not only are the program's political functions are likely to become consolidated but they now extend well beyond Brazil's borders. A third political dimension to *Bolsa Família* is clearly emerging as a result of Brazil's growing presence on the international stage, with the exercise of 'soft power' through its social policies. Lula's declared personal commitment to the 'war against hunger' rather than against terror, as part of Brazil's reformulation of a more flexible foreign policy, has given the country a special diplomatic niche as a leader in discussions over world economic and social justice (Nina, 2007). While Brazil promotes international cooperation and spreads the lessons of *Bolsa Família* to interested nations in Africa and elsewhere, its renowned conditional cash transfer program could thus serve another political objective. It could strengthen relations with other countries seeking similar solutions for poverty, thus helping to forge a new and shared vision, for better or worse, of what constitutes mainstream social policy in an increasingly globalized world.





## REFERENCES

- Ansell, A. & Mitchell, K. (2011). 'Models of clientelism and policy change: The case of conditional cash transfer programmes in Mexico and Brazil.' *Bulletin of Latin American Research*, 30 (2), pp. 298-312.
- Arnold, C., Conway, T. & Greenslade, M. (2011). *Cash transfers. Evidence paper*, London: DFID, Policy Division.
- Barrientos, A. & Hulme, D. (Eds.) (2008). *Social protection for the poor and the poorest*. Basingstoke and New York: Palgrave Macmillan.
- Bastagli, F. (2011). 'Conditional cash transfers as a tool of social policy.' *Economic and Political Weekly*, 46 (21), May, pp. 61-66.
- Birdsall, N. & Sabot, R. H. (1996). *Opportunity foregone: Education in Brazil*. Washington DC: Inter-American Development Bank/Johns Hopkins University.
- Bourne, R. (2008). *Lula of Brazil: The story so far*. London: Zed Books.
- Bohn, S. R. (2011). Social policy and vote in Brazil: *Bolsa Família* and the sifts in Lula's electoral base.' *Latin American Research Review*, 46 (1), pp. 54-79.
- Corrêa, D. S. (n.d.). 'Conditional cash transfer programs and their electoral effects.' *Mimeo*. Department of Political Science, University of Illinois.
- de la Brière, B. & Rawlings, L. (2006). 'Examining conditional cash transfer programmes: A role for increased social inclusion?' in *ILO Social Protection and Inclusion: Experiences and Policy Issues*, pp. 9-32. Geneva: International Labour Organization.
- FAO (2006). *Brazil: Major lessons from Fome Zero (Zero Hunger)*. Santiago: FAO Regional Office.
- Farrington, J. & Slater, R. (2006). 'Cash transfers: Panacea for poverty reduction or money down the drain?' *Development Policy Review*, 24 (5), pp. 499-511.
- Figueiredo, A., Torres, H. & Bichir, R. (2006). 'A conjuntura social Brasileira revisitada.' *Novos Estudos* 75 (July), São Paulo: CEBRAP, pp. 173-83.
- FSP (2006a). 'A 90 dias da eleição, Lula dá Bolsa Família a 1.8 milhão.' *Folha de São Paulo*, 29 June.
- FSP (2006b). 'Prefeita relata prática de angariar votos para Lula com programa federal.' *Folha de São Paulo*, 13 February.
- FSP (2010). 'Bolsa Família sera pago pelo celular.' *Folha de São Paulo*, 15 November.
- FSP (2011a). 'Governo publica decreto que reajusta Bolsa Família.' *Folha de São Paulo*, 2 March.

- FSP (2011b). ‘Dilma cria PAC do combate à miséria.’ *Folha de São Paulo*, 6 January.
- FSP (2011c). ‘Governo gastará R\$20 bi ao ano com plano de combate à miséria.’ *Folha de São Paulo*, 2 June.
- Hall, A. (2006). ‘From *Fome Zero* to *Bolsa Família*: Social policies and poverty alleviation under Lula.’ *Journal of Latin American Studies*, 38, pp. 689–709.
- Hall, A. (2008). ‘Brazil’s *Bolsa Família*: A double-edged sword?’ *Development and Change*, 39 (5), pp. 799-822.
- Handa, S. & Davis, B. (2006). ‘The experience of conditional cash transfers in Latin America and the Caribbean,’ *Development Policy Review*, 24 (5), pp. 513–36.
- Hanlon, J., Barrientos, A. & Hulme, D. (2010). *Just give money to the poor: The development revolution from the Global South*. Sterling, VA: Kumarian Press.
- Hunter, W. & Power, T. (2007). ‘Rewarding Lula: Executive power, social policy, and the Brazilian Elections of 2006.’ *Latin American Politics and Society*, 49 (1), pp. 1-30. DOI: 10.1353/lap.2007.0005.
- IDS (2006). ‘Looking at social protection through a livelihood lens.’ *IDS in Focus*, No 1. Brighton: Institute of Development Studies, University of Sussex.
- IPEA (2006). ‘A queda recente da desigualdade no Brasil.’ *Nota Técnica* 8 (July). Brasília: IPEA.
- IPEA (2007). *Políticas sociais: acompanhamento e análise. Edição Especial (1995-2005)*. Brasília: IPEA.
- IPEA (2008). *Políticas sociais: acompanhamento e análise*, No. 15. Brasília: IPEA.
- IPEA (2009). ‘Desigualdade e pobreza no Brasil metropolitano durante a crise internacional: Primeiros resultados.’ *Comunicado da Presidência*, 25, Brasília: IPEA. 4 August.
- IPEA (2010). *Políticas sociais: acompanhamento e análise*. No. 18. Brasília: IPEA.
- Lavinas, L. (2007). ‘Gasto social no Brasil: Programas de transferência de renda versus investimento social.’ *Ciência e Saúde Coletiva*, 12 (6), pp. 1463-1476.
- Marques, R. M. (2005). ‘A importância do Bolsa Família nos municípios brasileiros’.  
*Cadernos de Estudos Desenvolvimento Social em Debate 1*. Brasília: Ministry of Social Development.
- Mattei, L. (2011). ‘Cash transfer programmes in Amazonia.’ *Mimeo*. Universities of Santa Catarina and Oxford.
- MDS (2007). *Primerios resultados da análise da linha de base da pesquisa de avaliação de impacto do programa Bolsa Família*. Brasília: Ministry of Social Development, May.
- MDS (2010). *Síntese do 1º Relatório contendo os principais resultados da pesquisa de*

- avaliação de impacto do Bolsa Família – 2ª Rodada – AIBF II*, Nota Técnica No. 110/2010/DA/SAGI/MDS. Brasília: Ministry of Social Development, August.
- Neri, M. (2009). 'Income policies, income distribution, and the distribution of opportunities in Brazil.' In Brainard, L. & Martinez-Diaz, L. (Eds.), *Brazil as an economic superpower? Understanding Brazil's changing role in the global economy*. Washington DC: The Brookings Institution, pp. 221-269.
- Nina, A. (2007). 'Action against hunger and poverty: Brazilian foreign policy in Lula's first term (2003-2006).' *Working Paper Number CBS-83-07*. Oxford: Centre for Brazilian Studies.
- Paes de Barros, R., de Carvalho, M., Franco, S. & Mendonça, R. (2006). *Consequências e causas imediatas da queda recente da desigualdade de renda Brasileira*. Brasília: IPEA.
- Prada, P. (2011). 'Brazil economy flickers as bottlenecks drive up prices.' *Wall Street Journal*, 26 February.
- Soares, F. V. (2011). 'Brazil's Bolsa Família: A review.' *Economic and Political Weekly*, 46 (21), May, pp. 55-60.
- Soares, F. V., Ribas, R. P. & Osório, R. G. (2007). *Avaliando o impacto do programa Bolsa Família: uma comparação com programas de transferência condicionada de renda de outros países*. IPC Evaluation Note 1. Brasília: International Poverty Centre.
- UNDP (2006). *Apreciación sustantiva del Programa Nacional de Apoyo Directo a los más Pobres "Juntos"*. Lima, Peru: United Nations Development Programme.
- World Bank. (2000). *Social protection strategy paper: From safety nets to springboard*. Washington, DC: The World Bank.
- World Bank (2004). *Project appraisal document on a proposed adaptable program loan to the Federative Republic of Brazil in support of the first phase of the Bolsa Família Program*. Washington, DC: World Bank.
- Zucco, C. (2010). 'Cash-transfers and voting behavior: An assessment of the political impacts of the Bolsa Família program.' *Mimeo*. Woodrow Wilson School and Department of Politics, Princeton University.