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Tension between paradigms: notes on social policy in Brazil (1988/2008)

Tensão entre paradigmas: notas sobre a política social no Brasil (1988/2008)

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Introduction

I had the honor of being invited by the Fundação Oswaldo Cruz to comment on an article by my friend Nilson do Rosário Costa. It is a timely paper which stimulates a quality debate on the path followed by the Brazilian social policy from the late 1980s until today.

While examining this path, the author defends two central arguments:

1. The social policy implemented from 1990 presented a “notable continuity” with the social protection project which emerged from the redemocratization agenda and was made official by the 1988 Constitution.

2. The post-1990 macroeconomic strategy did not present obstacles to continuity in implementing the redemocratization agenda in the social field.

I intend to question those two arguments and highlight that, since the early 1990s, the Brazilian social policy has been subjected to tension between two opposing paradigms: the Minimum State *versus* the embryonic Welfare State. I will emphasize

that the “Citizen Constitution” has been through an ordeal and survives while mutilated and transfigured.

“Notable continuity”?

The first argument defended by Costa is that from the 1990s there has been “*a notable continuity in the scope of social protection created by the new Brazilian democracy*” (my emphasis). From that perspective, the Fernando Henrique Cardoso – FHC – administration (1995/2002) “was undoubtedly successful” in advancing the transformation agenda formulated by the forces which fought for redemocratization. Still according to the author, “*as in the macroeconomic management, the FHC and Lula administrations maintained the institutional guidance of the social protection regime practically the same during nearly two decades*” (my emphasis).

The main point which supports this thesis leans on the perception that one of the major “innovations” of the FHC Administration was to “combine universal and targeted policies without opposing to the federalist agenda of traditional social areas such as education, health and social assistance”.

I disagree with this interpretation for two reasons:

Firstly, it is inappropriate to consider the “targeting” as a continuation of the redemocratization agenda – “a critical response to the lack of focus and inefficiency of Brazilian social public policies during the military regime”. The redemocratization agenda was based on the Welfare State paradigm and the “targeting” is the antithesis of this paradigm. Instead of continuity, targeting was a space opened by market forces in order to insert the Welfare State into the agenda. Furthermore, for the redemocratization agenda¹, fighting poverty did not mean to “target”. The strategy was based on adopting measures of a structural nature (the more equal distribution of income and of wealth, etc.) while simultaneously adopting “emergency measures, aiming at long term results”, which would offer “immediate relief from living conditions of poorer Brazilians”.

Secondly, when speaking of the “notable continuity”, the author restricts to only three sectors of

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the redemocratization agenda: basic education, healthcare and social assistance:

. In some cases there has been a clear strategy encouraged by the Federal Executive which aimed at suppressing rights gained in 1988. This is especially the case with the Social Security (Constitutional Amendment number 20/98)² and the employment and union reforms³.

. In other cases, the redemocratization agenda has been disfigured or outcast. This is especially the case with popular housing, sanitation, public transportation and rural reform policies.

. Even in the case of education, health and social assistance sectors, institutional progress obtained from 1993 happened under strong attacks by economic authorities, who systematically undermined such efforts.

. Finally, how can one speak of “notable continuity” if the macroeconomic strategy adopted from 1990 disorganized the labor market and produced dramatic impact on employment and income? .

Macroeconomic strategy versus social development strategy

The second central argument defended by Costa is that the post-1990 macroeconomic strategy did not present obstacles to continuity in implementing the redemocratization agenda in the social field. In order to provide the basis to support this point of view, the author leans on the document “A Strategy for Social Development”⁴. In his own words, this document *seemed to have defined an agenda consistent with the new development model. [...] It seems evident that economic stability with external integration would lead to the reorganization of the social protection system within the new conditions imposed to the availability of financing from the public sector* (my emphasis).

Firstly, this rhetoric summarizes the vision of parts of the PSDB (Brazilian Social Democracy Party), who had little power in the correlation between internal forces and the government. FHC’s real strategy reflected the position of the more conservative groups. In the economic area, the disagreements between the “orthodox” and “developmentists” were made amply evident⁵ ever since the first term of office. In the second term, the orthodox view defended by former Minister Pedro Malan prevailed even more. According to former Minister Luiz Carlos Mendonça de Barros, “FHC always supported Pedro Malan”. Thus, the aforementioned document had no importance whatsoever in terms of the future of social and economic

policy. It was forgotten in the first term of office and buried in the second.

However, secondly, the most important thing is to demonstrate that the facts were opposite to the rhetoric. The core argument which I defend is that from 1990-2006 there was an extreme incompatibility between the macroeconomic and state reform strategies, central and hegemonic in the governmental agenda, and the actual possibilities of development and social inclusion. Under the political and ideological hegemony of the “single thought”, Brazil became, from 1990, a fertile ground for neoliberal experiments in the macroeconomic field. The Real Plan contributed to the process of inserting Brazil in the international scenario which was dominated by financial globalization⁶. This context defined the strong opposition between the neoliberal agenda and the redemocratization agenda, in the social and economic field.

Firstly, due to the economy’s stagnation. It is necessary to emphasize a crucial point, now: the stagnation was an implicit variable in the stabilization model adopted by the Real Plan. The maintenance of the “fixed exchange rate” *depended* on high interest rates – in some moments higher than 40% (Mexico, Asia and Russia crises) – which inhibited growth (between 1990 and 2002 the average annual growth rate of the GDP was little over 2.5%). The stagnation, in addition to the set of other liberalizing changes, disorganized the labor market and weakened the union and employment relationships⁷.

Secondly, the Real Plan allied stable prices to open trade and the Real’s over-appreciation which worsened the Balance of Payments crisis. The way out was to build up reserves by keeping interest rates high. Consequently, total public debt as a percentage of the GDP rose from 30% to 56% between 1994 and 2002. This debt profile expanded the expenditures on interests (7.2% of the GDP in 2002). The greater pressure of financial expenses limited the range of financing for social spending. A study conducted by Castro, Ribeiro and Carvalho⁸ reveals that between 1995 and 2002 the federal social spending’s share of the total government expenditures fell by 9% (from 59% to 50%), while the financial expenses’ share rose by 13% (from 20% to 33%). Between 1995 and 2002, federal social spending as a percentage of the GDP rose by 1.5% (from 11.2% to 12.7%), while financial expenses rose by 4.8% (from 3.7% to 8.5%). Federal spending on Education fell between 1995 and 2002 (from 0.95% to 0.76% of the GDP); the same happened with Health (from 1.79% to 1.68% of the GDP).

Tensions between paradigms

To sum up, I have attempted to argue that there are no concrete elements which support the continuity hypothesis. More specifically, in the path followed by the Brazilian social policy in the last five decades it is possible to identify two opposite movements⁹. The first points to the *path of restructuring* institutional, financial and protection bases which are particular to the Welfare State. This process was boosted from the mid-70s, in the midst of the social fight for Brazil's redemocratization. It was conducted by the large social and popular movement which opposed the Military Regime. This long journey culminated in the 1988 Constitution.

The second points to the opposite direction: *trying to halt the establishment* of those bases drafted in 1988. After the first opposing marches (in the last years of the democratic transition), this movement was strengthened from 1990. Since then, a new cycle of liberal and conservative reforms began. In the social field, the principles of the neoliberal paradigm are absolutely opposite to those of the 1988 Constitution. The "Citizen Constitution" transformed into the "Anachronistic Constitution"^{10,11}. The tensions between paradigms so opposite are evident: the social security *versus* social insurance; universalization *versus* targeting; government-sponsored offer of services *versus* privatization; employment rights *versus* deregulation and flexibilization. To sum up, this is the context of tensions to which the social policies are being submitted since 1988 until today.

Due to the limited space for these comments, I would like to mention a paper¹² which summarizes the several attempts to disfigure the social victories from 1988 until 2008, distributed in the following periods:

- . Opposition at the National Constitutional Convention (1987/88)
- . The First Transgressions (1989)
- . The First Stage of the Attempt to Counter-Reform (1990/92)
- . The Funeral Postponed (1993)
- . The Second Stage of the Attempt to Counter-Reform (1993/02)
- . New Attempts to Counter-Reform (2003/06)

I hope I have made it clear that the resistance and mutilation attempts of the redemocratization agenda – most of which carried out by the Federal Executive, since 1988 until today – do not offer any elements which make the "notable continuity" thesis credible.

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