THE REAL BRAZIL:
THE INEQUALITY BEHIND THE STATISTICS

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CEBRAP
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FOREWORD

1 Transformations underway in the world, particularly as a result of globalisation, affect the Latin American continent and in particular Brazil. It is issues of development, inequality and poverty that expose the real Brazil and challenge us to understand the vulnerability of the population that moves in the opposite direction of the triumphalism currently present in the discourse of the Brazilian government as it aims to raise its profile as one of the largest economies in the world.

2 In the Brazilian context, we must recognise the efforts made by previous governments, namely via their social policies of conditional cash transfers (such as the *Bolsa Família* programme). Even though these programmes allow for the reduction of absolute poverty, they do not generate transformation and do not address the challenge of inequality, nor do they generate alternatives for a lasting social inclusion of the poorest and most vulnerable.

3 As the authors point out, the development pattern so far can ensure economic growth and even an increase of cash transfer policies, but not enough to face the abyss of inequalities that separate the privileged few from the large mass of 'pre-citizens' who live without access to rights, quality social policies and decent levels of income and employment.

4 This research offers a clear reflection on the need to deepen and, more importantly, to open up the debate to involve academic circles, government, and society – including the Churches – on the causes of poverty. There needs to be an advance in this debate that contemplates development with social justice while tackling the structural causes of inequality.

5 Responding to this challenge, this study confronts the eloquent discourse on development and alongside the silence on inequalities. It is clear that Brazil has witnessed improvements in the last years, however no changes in the structures resulted. For example Brazil has kept its regressive tax system that contributes to lowering the income available to the poor, while increasing it for the rich.

6 Finally, this research paves the way for a greater understanding of the contrast between the spotlight on development and the real vulnerability brought about by inequality in Brazil, which is producing exclusion and contributing to wealth concentration in the hands of the few.

7 It brings an opportunity to deepen our commitment to the defence of rights, especially the ones that generate the chance for greater dignity, solidarity and justice, that are traces and values of the Kingdom of God. As the Anglican Archbishop in Brazil, I reaffirm our commitment to continue fighting for the transformation of unfair structures in our society so that all 'might have life, and that they might have it more abundantly'. (Saint John, 10:10)

The Most Reverend Mauricio Andrade
Episcopal Anglican Church of Brazil

FOREWORD FROM LORETTA MINGHELLA, DIRECTOR OF CHRISTIAN AID

I am delighted to be able to introduce this major study of inequality in Brazil. It is vital that we improve our understanding of the dynamics of inequality, including in major economies such as Brazil, if the world is to see greater progress against poverty and the human suffering it causes. The majority of people living in extreme income poverty no longer do so in low-income countries, but are on the wrong end of inequality in middle-income countries.

Christian Aid believes poverty is complex and multi-dimensional, and inequality lies at its heart. Inequality is not only a difference in income or economic power more broadly, but includes what are often more fundamental differences in the personal, social and political power that individuals and groups can exercise over their own lives and prospects.

Categories, real and created, exist – from gender to HIV status, from caste to disability. But it is wrong that such categories should divide us as they do; wrong that people and groups should be included or excluded on this basis; wrong that such categories should determine so much about people's life expectancy, or their children's mortality risk, or their prospects of a decent education, or their right to live in a healthy environment; and wrong that so many women, men and children live with so little, while others have so much.

Christian Aid's relational theology points to the importance of right relationships between all of us, as well as with God. We believe that inequality is not only the major obstacle to human development, on a planet with finite resources, but that inequality also stands in the way of right relationships. When some have great power and others are excluded, we all suffer.

The austerity being pursued in rich countries in response to the financial crisis has put inequality into sharp focus here also. Are we really all in this together – or are some of us in it deeper than others?

There is considerable evidence, including from the UK authors of *The Spirit Level,* the book that inspired this study, that for rich countries, inequality appears more important than income level to understanding a whole range of human health and social outcomes. Everyone suffers – not only those at the bottom – when a country is more unequal. Unanswered until now is the research question of how the pattern changes at lower income levels. Does inequality still matter in poorer countries?

Now this major study by academics at CEBRAP (the Brazilian Centre for Analysis and Planning), based in São Paulo, working with the fantastic support of Christian Aid's Brazilian partners, shows painfully how inequality blights development in a middle-income country. The authors assess the patterns of human development across Brazilian states. They find a clear role for both per capita income differences and for inequality, in explaining why life is better or worse in different states.

At a political level, CEBRAP's insight is powerful. Too often, redistribution is seen as a zero-sum game (for one to win, another must lose). CEBRAP's results show that this analysis is flawed: in fact, measures to reduce inequality will improve human health and social outcomes across the board.

For Christian Aid, this confirms that better relationships are just that – better for everyone. The challenge now is to see how to move the insights of Christian Aid's Brazilian partners and programme into policy change, in Brazil and beyond. We also plan to pursue a series of similar studies looking at countries of different income levels and in different regions of the world, from south Asia to sub-Saharan Africa.

Inequality is the major challenge to development efforts. It should form the core of the post-2015 successor to the millennium development goals, and be a major focus of aid spending by donor countries and multilateral institutions such as the World Bank. And yes – if that means supporting countries that have their own aid programmes, or space programmes, then so be it. Donors must not further punish people who endure their poverty not in poor countries but in middle-income ones. However, donors should not be the main audience of this work. The audience is us – all of us, in countries of all income levels. The question posed is two-fold: how much inequality are we willing to live with, knowing the damage that it does to our societies and to our relationships? And what concrete steps are we willing to take to push for progress?

I hope that over the coming years you may take some of those steps with us. We look forward to further work with all our partners in Brazil to promote greater progress in this particular area.

Loretta Minghella
Director of Christian Aid

FURTHER INFORMATION

CEBRAP

The research institute CEBRAP (the Brazilian Centre for Analysis and Planning) is a respected inter-disciplinary research centre, focused on the study of humanities, where sociologists, political scientists, philosophers, economists, anthropologists, lawyers, historians and demographers develop studies on Brazilian society. It was founded in 1969 by a group of researchers, many of whom had lost their university positions under the military dictatorship. It is dedicated to the study of Brazil's social reality, to participation in political and institutional debates and to work on key policy challenges. CEBRAP houses the Centre for Metropolitan Studies (CEM), developing studies related to the Metropolitan Region of São Paulo, and the Commission for Citizenship and Reproduction (CCR), devoted to research in the fields of health and reproductive rights and sexuality. The institute publishes the journal New Studies (Novos Estudos) quarterly.

Professor Alexandre de Freitas Barbosa

Professor Alexandre de Freitas Barbosa is an economist with a Masters Degree in Economic History from the University of São Paulo (USP) and a PhD in Applied Economics from the University of Campinas (UNICAMP) (2003). He developed, between 2007 and 2009, post-doctoral research at the CEM on the subject of the labour market and social inequalities in Brazil. He has been Professor of Economic History of the Institute of Brazilian Studies at the University of São Paulo since 2009. His main research areas are the labour market and social inequalities in Brazil, and the insertion of Brazil into the global economy after 1990 (with special attention to the impacts of the rise of China). He is a published author and frequent advisor to civil society organisations and social movements, with regard to issues of inequality, employment and social protection, foreign policy and development model debates.

INTRODUCTION TO THE STUDY

Brazil is a vast country with a population of around 200 million people spread throughout various regional and cultural complexes – which are becoming increasingly integrated and urbanised. In addition, the country is stratified into social and economic hierarchies, distributed unevenly between metropolitan, non-metropolitan urban and rural areas in the five major geographical regions, with great disparity in income levels.

In spite of the particular nature of its geography and history, the processes that made the country one of the classic examples of a capitalism that is dependent, economically dynamic and among the most socially unequal can only be understood using a theoretical framework – among those available – which at least implicitly assumes an alternative possibility for development.

In other words, the real Brazil exists – aren't there in fact various Brazils? – to the extent that each theoretical perspective seeks to give (or at least should attempt to give) a meaning to this unusual history, revealing aspects of reality, through a rigorous empirical exercise, in an attempt to reconstitute it in its entirety.

In the current context, a growing proportion of studies into Brazil have concentrated on economic stability – generally understood in a narrow sense to mean 'low' inflation, around five per cent – and the social advances of the Lula government, which are said to be close to bringing the country in the medium term into the ranks of developed countries. Much is made of the milestone of becoming the fifth-largest economy on the planet, which is expected to be reached within the decade. Nevertheless, according to data from the Federal Government, there are still 16 million people living in extreme poverty in Brazil, equivalent to the population of the Netherlands.

In parallel, there is a growing feeling that the recent economic dynamism – below the average of so-called 'developing' countries, let's not forget – is capable of bringing the 'backward country' into the standards of modern consumption, provided it is supported by policies for the transfer of income. What's more, the country's inclusion in the BRIC club (Brazil, Russia, India and China) is seen as evidence of the success of the country's strategy. The BRIC countries are seen by market analysts as a 'bloc' of dynamic economies, disguising the fact that inequality in these countries is either among the highest on the planet, such as in Brazil and South Africa, or it is growing fast, as in China and India.

This study seeks to show the other real Brazil, which exists below the surface of aggregate social and economic indicators. In other words, the Brazil of structural inequality and insurmountable distances between the few haves and the many have-nots.

The study therefore is seeking to analyse the recent evolution of inequality indicators, not only the country average but also taking into account the various standards of reproduction and new mechanisms of expansion of inequality. This includes rural and urban areas, the large regions, including the metropolitan regions, and the different states, but also among the different social groups, differentiating between gender, race/colour, levels of schooling and age group.

We start by interpreting the historical process that led to the creation of Brazilian society, but we focus on recent times, in which capitalism in Brazil has shown renewed vigour. Following two decades of stagnation, from the 2000s Brazil once again presented a combination of economic growth and job creation, and even managed to reduce poverty levels and, to a lesser extent, to limit inequality in aggregate terms. Is this a new era? Has a new 'social-developmentalist' model been created, as some government sectors argue? Has Brazil become 'a middle-class country' on the verge of eradicating poverty, as some learned analysts insist?

In our view these interpretations are biased and fail to explain the complexity of the social transformation process that the country has recently gone through, a process that has been unable to break free from some of the foundations – principally, inequality – that have characterised the historic development of capitalism in the country. To achieve this job, we have divided this study into four parts.

In the first part we provide a brief summary of the contemporary debate in order to explain the connections between development, inequality and poverty, and how they vary according to each particular historical context.

In this sense, the second part takes care to present the transformations of the social and economic structures experienced by Brazil, starting with slavery and including the rupture represented by industrialisation in the 20th century. We show how between 1930 and 1980 the country managed to combine economic modernisation with social mobility, while failing to reduce inequality, merely altering the ways in which this manifested itself. The last two decades of the 20th century were characterised by low economic dynamism and the reduction in inflation after 1995, until the establishment of a new phase in the country's evolution by the Lula government. In spite of the 'statistical' drop in inequality, it remained a structural feature of Brazilian capitalism. Focusing on the current period, in this section we also seek to contextualise the debate on the topic among specialists, academics, government departments and social movements.

We try to show that the country has not yet managed to place the fight against inequality at the centre of the development agenda. Brazil is still Brazil.

In the third part, the core of the study, we provide a detailed presentation of the indicators of inequality for Brazil between 1995 and 2009 based on data from the National Survey of Households (PNAD)/the National Geographic and Statistical Institute (IBGE).[1] As well as enabling an analysis by year, this source of information makes it possible to examine the various patterns of inequality in regional terms, and to recognise discrepancies in income between different social strata by race/colour, gender, age group and levels of schooling. At the end, we also try to adapt the methodology of the Health and Social Problems Index of Wilkinson and Pickett (2010), cross-cutting this index by state with the Gini coefficient (a classic measure of inequality) and per capita income.

We are aware of the limitations of using income data, which, on the one hand, crystallises various forms of inequality; and on the other, underestimates the rigidity of inequality, especially when it originates in the absence of universal access to rights and adequate social policies. In this sense, this study aims to open the way for further studies, and seeks also to highlight the limitations of the available data.

In the fourth part we seek to recover the development agenda, which is viable only to the extent that society faces up to the challenge of fighting inequality based on an integrated set of policies that take into consideration the various ways in which inequality propagates across the vast Brazilian territory.

It should be noted that in drafting this report we sought to overcome the economism that has become so characteristic of recent analyses of Brazilian society. We have taken great pains to present the data in a didactic way, presenting hypotheses on recent changes in mechanisms that produce inequality and taking into consideration the fact that overcoming our problems is essentially a political process. It therefore depends on the ability of social movements to devise new alternatives in a profoundly heterogeneous country that has so far been unable to address a series of basic injustices in access to work, civil rights and universal social policies.

1. DEVELOPMENT, POVERTY AND INEQUALITY

Long before 20th-century economists had begun measuring poverty, inequality and development (this last concept only replacing the idea of progress after the Second World War) these issues were already being addressed by Western philosophers and thinkers.

We could easily include an interminable list; instead we will simply consider a few examples. Adam Smith theorised that capitalism would only be 'progressive' if it improved the income of the poorest workers, by increasing the productivity of work. Rousseau saw differential access to property as the origin of inequality. And in Marx's view, the wealth accumulation process was responsible for amplifying inequalities.

The social scientist Karl Polanyi (2000), writing in the middle of the 20th century, saw the birth of the political economy as a result of the contrast between misery and opulence; in other words, from the point when the labour market began taking control of life in society, since this market received the waves of people expropriated from the means of production. It was no coincidence that in 1880 the American economist Henry George was already dissociating the direct relationship between productivity and the reduction of poverty, unless social and tax reform and changes to the concentration of land ownership could also be implemented. In other words, growing poverty was the result of material progress, which created new inequalities.

However, according to Polanyi, from 1870 onwards, at least in countries considered to be developed, there was a movement towards self-protection by society, through labour and union legislation and the state management of social welfare, a process that would be partially reversed from the 1970s.

For Robert Castel (1998), by the last quarter of the 20th century a salaried society had been created in developed countries, characterised by a collective labour standard. Workers had access to pensions, unemployment benefits and public health and education, as well as subsidised housing and transport. Poverty was relegated to problem groups generally composed of immigrants in developed countries (Offe, 1994).

Indeed, until the end of the 1960s, absolute poverty – conceived in accordance with a threshold based on a minimum basket of necessities (foodstuffs and others) – had been practically eradicated in these countries. However, new forms of exclusion unrelated to low income continue to expand, making social reality increasingly complex, even in developed countries (Townsend and Gordon, 2002).

In this context, alternative methodologies – used in these countries – began to question the criterion of the threshold of absolute poverty. For example, the concept of relative poverty seeks to establish a connection with inequality. On this basis, the poor would be considered to be all those whose income was well below the median income of a country or region, for example receiving up to 50 per cent of this amount (Townsend and Gordon, 2002). The poor would therefore be all those living in conditions well below that of the majority of citizens in a territory that had reached a certain level of development.

The advantage of calculating relative poverty lies in highlighting the limitations of developing a national strategy that is tied exclusively to policies for the transfer of income, but which do not tackle the mechanisms by which inequality is reproduced and do not contain robust mechanisms for increasing the income of society by increasing productivity, employment and the means for distributing the fruits of development. However, the criterion of absolute poverty is still used in most developing countries, like Brazil, in order to address the problems of the segments of the population whose income is still below the level of subsistence.

At the same time, according to the authors mentioned above, the concept of social exclusion provides a more comprehensive approach to the various forms of precarious inclusion or lack of access to a series of social goods and services, since it provides an analytical description of the processes that led to the 'entry to precariousness' (Castel, 1998). This concept therefore arose at a point when salaried society was disintegrating in developed countries, opening the way for new mechanisms for the valorisation of capital through the use of precarious employment (Castells and Portes, 1989).

This approach is more closely associated with what Amartya Sen (2000) called the restriction of instrumental freedoms, such as: political freedoms, economic facilities, social opportunities, transparency guarantees and protective security, as harmful to development.

According to Sen (2000), development is not equivalent to per capita Gross Domestic Product (GDP) growth. Instead, it would be the end of a process characterised by the expansion of opportunities. According to this interpretation, poverty is not merely defined by a lack of income, while development is impossible in a context of expanding inequality – not just of income but also of access to social goods, assets (land and credit) and political and legal rights.

Sen's work culminated in the formulation of the United Nations Development Programme (UNDP) Human Development Index (HDI). In spite of the advances contained in this index, inequality is still left out of the equation. The UNDP only recently launched its HDI 'adjusted' for inequality.

The fact that Sen was born in India, a country on the periphery of capitalism, is no coincidence. The Brazilian economist Celso Furtado (1974), influenced by the ideas of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) and one of the creators of the 'theory of underdevelopment', had already noted that by making national economic systems more dynamic, industrialisation did not attenuate poverty, and even led to the expansion of inequality, which took on new forms. In these countries, which have never seen the emergence of salaried societies or the creation of welfare states through universal public policies, inequality and social exclusion became congenital and structural.

In other words, Brazil, the other Latin American countries and the rest of the capitalist periphery were unable to homogenise the social structure, even in cases of vigorous economic growth (Pinto, 1976). The expansion of formal employment existed side-by-side with broad segments of workers in the informal non-capitalist sector. Instead of the universalisation of rights, the state acted as an exclusive tool for the accumulation of capital, which led some economists to characterise these countries erroneously as 'state capitalisms'. Yet all capitalism is state-led; what vary are the multiple interactions between state, society and market, which depend as well on the type of connection established by the country with the capitalist world economy.

In this sense, instead of hypothetical stages of development through which all countries must pass, there is a capitalist world economy, according to an original concept devised by Wallerstein (1979), which is capable of creating and destroying means of social organisation at different points on the planet. That is, development, poverty and inequality can interact in different ways in the various territories of the capitalist world economy.

In other words, there is nothing to indicate that the standard of development of developed countries can be replicated in countries on the capitalist periphery. The opposite may be closer to the truth, at a time when developed countries are dismantling the barriers created against inequality and opening their doors to financial capital, even granting tax breaks for short-term investments by the richest sectors of their populations (Galbraith, 1998; Chesnais, 2005). On the other hand, in spite of low growth, these countries still have inequality levels substantially below those of countries on the periphery of capitalism – some of which present great economic dynamism.

Therefore, regardless of the different ways in which it appears, inequality seems to be the common denominator of the various patterns of development in the North and the South, creating new social divisions that go beyond national borders. Today, rich and poor people can be found anywhere, even though there are great variations in their standards of wealth and poverty.

Tax justice and the reduction of inequality

Christian Aid's Campaign for Tax Justice was developed based on the fact that for every US$10 donated in international aid, US$15 leaves these same countries through tax evasion. Its principle aim is to promote greater transparency in the financial system and principally with regard to the actions of multinational companies. In this case, the campaign asks that companies submit their reports and accounts by country, in order to enable tracking of the ratios between production, sales and profit and how much should be paid in tax. As a result, the tax structures would no longer provide mechanisms for spreading poverty and inequality.

Currently, the main focus of the campaign is to call upon the G20 countries[2] to play a role in breaking the secrecy surrounding tax havens. This secrecy has contributed greatly to tax dodging and siphons off resources crucial to the funding of high-quality public policies.

Christian Aid partner INESC is part of the worldwide campaign and is responsible for its promotion in Brazil. To achieve this it drew up a technical report, *Worldwide Indignation over Tax Havens*,[3] which took data from the Central Bank and other sources to present the astonishing fact that approximately nine per cent of GDP leaves the country illegally and therefore cannot be used to fund health, education and other public policies to benefit the general population.

This situation requires a series of initiatives at the local, national and global level, in order to create jobs, provide access to high-quality social services and regulate capital flows, without which there can be no prospect of even a minimum of tax justice. What's more there will be no resources to promote the policies necessary to strengthen the public and democratic spheres.

The trend described above is worrisome as inequality is negatively correlated with indices of social wellbeing. Wilkinson and Pickett (2010) present robust evidence in this area. By analysing a sample of developed countries, they show that the level of inequality (measured using the Gini index) – and not per capita income – 'explains' the different social indicators achieved. And not just social indicators, but also aspects that show the standard of living in society, in that inequality is positively correlated with 'trust' in institutions and negatively correlated with violence, as highlighted by the authors.

In their opinion, inequality reveals the broader structure of societies, embedding itself 'under the skin' of individuals at various levels of the social scale and reproducing patterns of behaviour that create a barrier to social mobility.

The French sociologist Pierre Bourdieu (2006) calls this 'class habitus'. Through this concept, he seeks to show that the conditioning factors of class do not just lie in the economic sphere, but are also related to colour/race, gender, age group, levels of schooling, cultural taste, ways of dressing and talking, and so forth.

In practice, according to Bourdieu, positions of class in a specific society derive from the 'structural causality of a network of factors', which instead of 'indetermination' generates a powerful 'overdetermination', often restricting processes of upward social mobility. Moreover, the volume and structure of capital (which can be social, cultural or economic) is distributed unequally, revealing the 'truth' of a certain class, which only becomes real based on the distribution of social positions in accordance with attributes of age, gender and race/colour. In other words, the level of income or consumption can only reveal general movements, or those subdivisions within classes, and says little about the distribution of opportunities and possible future trajectories of society. It may even be the case that improvements in the distribution of income help consolidate social distances, leading to greater differentiation of standards of consumption and the consolidation of deep-rooted 'class habitus'.

The work of Wilkinson and Pickett (2010) serves as the framework for this study. However, two reservations should be made. Firstly, in the authors' opinion, there is a growing dichotomy between material success and social failure in developed countries, which can be seen in particular from the 1970s onwards. This was when increased social insecurity was first noted, which they see as being related to an increase in inequality. The authors state that economic growth could no longer ensure improvements in quality of life. Trying to enlarge this approach, we see our task as discussing the various patterns of development and social organisation, as well as 'discovering' the new ways in which inequality is reproduced, which are not captured by the Gini index.

Secondly, the British authors admit that economic growth and the increase in quality of life continue to be fundamental for the 'poorest' countries, especially for the lowest-income segments of these countries, and that the reduction in inequality means greater access to basic needs for people at the bottom of the pyramid, of whom the vast majority still live in absolute poverty.

This assumption is correct. However, it should consider as well to what extent the high Gini index of countries such as Brazil reflects other mechanisms for the reproduction of inequality, unlike those seen in developed countries, which could mean it is harder for inequality to decline, even with economic growth and a fall in poverty levels. This is the question we aim to address in this study, while following, as far as possible, the methodological guidelines of the book *The Spirit Level: Why Equality is Better for Everyone.*

We therefore seek to understand the evolution of inequality in Brazil today and its meanings for the development of the country. Firstly, however, we need to analyse the different ways in which it has appeared throughout the country's history.

With democratic institutions still in the process of consolidation, Brazil has the peculiar characteristic of being a country of average income that stands out because of its recent economic dynamism. Nevertheless, instead of seeing a substantial reduction in inequality, it has shown considerable resilience. It is therefore a paradigmatic case for other developing countries, since in spite of the fact that, in theory, the objective conditions for addressing it are in place, inequality appears in new guises, at least to those who keep track of more disaggregated indicators and are willing to look at it.

2. INEQUALITY AS THE FOUNDATION OF CAPITALISM IN BRAZIL

The overcrowding of Brazilian airports has surprised some and annoyed others who no longer have exclusive access to services that were once the preserve of the few.

There is now an entire segment of the Brazilian population that can travel by plane for the first time in their lives, enjoying access to places and services that were previously beyond their means. Although this is also caused by the low level of investment in infrastructure, it serves as a metaphor for Brazilian society: small changes in inequalities cause class discomfort for the 10 per cent at the top of the social pyramid.

This means that more profound changes in the patterns of inequality must be accompanied by economic, social, political and cultural reforms.

This topic is divided as follows. First, we seek to show how and why Brazilian society was formed and how it evolved – from the colonial period (1500-1822) to industrialisation (1930-1980) – to a point where inequality appeared to be a 'natural' phenomenon for the segments at the top and bottom of the social pyramid, in spite of taking on new forms (Ribeiro, 1995; Souza, 2009).

Secondly, we note what happened when the country's growth rate stalled amid the inflation of the 1980s, and the implementation of neoliberal reforms during the 1990s, followed by the changes that occurred during the Lula government at the beginning of the 21st century.

Finally, we evaluate the recent debate about poverty in Brazil, characterised to a great extent by a quantitative approach that seeks to withdraw the more structural problem of inequality from the agenda.

Brazil and its historic trajectory: the combination of change and continuity

At the 'birth' of Brazil – or at least the coastal sugar production area, using slave labour, since the rest of the territory was living outside of the mercantile economy – the country was already locked into a subordinate relationship with the European economy. The means of production were already controlled by a small group of owners. At the time, the country was divided into immense farms producing tropical products for export, and ownership of these estates gave the masters control over the land and power over the lives of everyone living on it.

This marked the beginning of a process of wealth accumulation, based on property rather than money, which originated from inflows of financial resources from the international commercial and financial circuit. It was marginal to the logic of capitalist accumulation, commanded by the central economies of the time, since limited to those with land and slaves. But it gave the dominant patriarchal class access to the very latest wonders of consumption, while the subordinate classes remained untouched by any external influence (Furtado, 2000).

It was an 'evolution of leaps', in cycles that alternated in time and space, releasing a piece of the social structure in each phase (Prado Jr, 1942). The slaves made up the economically active population, the raw workforce that ensured the survival of the dominant classes. In addition to the slaves were those people not classified in society, the sharecroppers, free men living in poverty, without any directly economic function, who existed in the shadow of the rural potentates. They shied away from work because those who worked were not free. This is the origin of the society known as Brazil.

In other words, Brazil was born under the sign of shameful work. An immense plantation to satisfy the European hunger for profit, the colony was transformed to benefit the few. No less than 4 million slaves were sent on galley-ships over the course of three centuries in order to bolster European capitalism. Our slaves helped lay the foundations for the European working class. They faced long days, appalling hygiene and housing, high mortality rates and a working life of 15 years at most. They were already old by the age of 30, transformed into husks like those of the sugar cane they were harvesting. But slaves were also to be found on the cattle farms in the south and in the goldmines, on small manioc plantations, or as porters, blacksmiths, salesmen and washerwomen in the cities. These were the *negros de ganho*, or slaves for rent. But there were also the rubber tappers in the Amazon, drowning in debt, never able to escape from the burden of work. Or else the workers on the 'modernised' mills at the start of the 20th century, breathing in the toxic fumes, proletarianised, losing their land, foreshadowing the *bóias-frias*, or itinerant farm labourers, who would come after them. And the country people from the interior, squatters expelled from lands that were not theirs as coffee production took over. Afterwards came the freed slaves, wandering, excluded by a São Paulo bursting with modernity. And also those Italians who did not become businessmen in TV Globo soap operas and who proletarianised their families to the hilt. Or else the Brasília of thousands of migrant workers from the northeast, coming in search of work, progress and something to eat.

There would be no end to the primitive accumulation of capital, with its entourage of land-grabbers, middle men and commercial representatives of the lowest order.

From 1930 onwards, a typically capitalist pattern of accumulation had been established. It spread certain technical and social advances but failed to prevent primitive accumulation, based on property speculation and the use of extremely cheap workers – who began gravitating towards the dynamic centre of the country from all corners of the land – which continued to be a way for a small minority to enrich themselves (Oliveira, 2003). The past and the present side by side. The coexistence of old and new forms of inequality.

The crisis of 1929 and the revolution of 1930 marked a change of direction, firstly of financial flows and merchandise and then of the structure of power in the country. The Brazilian economy began a rapid transformation, turning increasingly towards industrialisation and urbanisation.

However, while the country became industrialised and indicators provided ample evidence of changes in society, it soon became clear that such remarkable growth was not capable in itself of building a fairer and more democratic society. In other words, the differences between the regions and the concentration of income and property in the hands of a minority gave rise to new disparities of such magnitude that they altered the very essence of inequality. It became an authentically capitalist inequality, tied to monetary wealth, which exploited differences of region, race/colour and gender to create a working class, in which the majority of its members did not have social and labour rights.

From 1930-1980 the Brazilian economy expanded auspiciously, with development projects, alternating democratic regimes and dictatorships along the way, and becoming the most dynamic in the world during the period. The result was the creation of a working class and an important middle class, but the economic apparatus was incapable of absorbing all the available workers. Formal employment grew substantially, by more than six per cent a year between 1940 and 1980. During this long period, employment in the manufacturing industry grew by 423 per cent, with growth in government service employment even more prodigious at 527 per cent. Nevertheless, 30 per cent of salaried workers were non-registered in 1980. Even those hired legally faced a sector with low salaries. And the oppressed masses that were socially excluded – composed of the self-employed, domestic servants and unpaid workers – flowed into the cities, doing whatever odd jobs they could find, reducing the cost of living of salaried workers. This country never enjoyed a salaried society assuring a collective labour standard. What makes the country stand out is the underclass, who define the space of sub-citizenship in Brazilian life. No, they are not socially excluded, even if that is how we describe them. They are included precariously and worthlessly in a profoundly unjust society. These destitute class positions still make up 40 per cent of the economically active population of Brazil (Santos, 2009).

In actual fact, the transformations faced by the economy and society of Brazil during the period of industrialisation did not result in the defeat of rural interests by the mercantile and industrial urban elites. On the contrary, a sizeable proportion of the new urban elite was intimately connected with the old coffee estates of the Brazilian southeast and maintained its ties with the historical rural leaders from other regions of the country. In other words, the previous oligarchic regime based on possession of land gradually became more complex, with new participants on the scene, but without ever depriving the former dominant group of participation in important decisions and disputes.

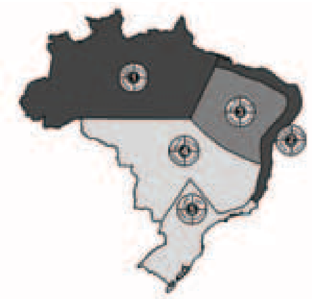
Brazil was transformed, this is true. However, control of power has remained in the hands of a powerful elite, united and opposed to the real competition of the market and the typical conflicts of the capitalist system (Fernandes, 1987). It would not be possible to keep control for so long without exerting power over a strategic institution: the state. The use and control of the state were the principal tools used by the dominant groups in the country. Fiori (1989) is clear in describing the role of the Brazilian state in disputes that arose between the key oligarchic factions, which forced it to undertake constant 'leaps forward' – economic growth – in order to accommodate interests and achieve social stability.

At the other extreme of the social spectrum, the urban mass of workers expanded through immigration from rural areas, both owing to the expulsion of workers from farms following significant modernisation processes and through their attraction to the new large urban centres and the promise of better opportunities, living conditions and salaries (Lopes, 1976). Ultimately, migration represented a step up for those families who followed that path.

In truth, both now and in the past, the different forms of inequality have always been so blatant that the country only seems intelligible through dangerous dualities. As a result, in spite of the formidable economic progress and mobility experienced by the country during these decades, the social fabric was left in tatters, principally due to poverty, which was increasingly concentrated in urban areas.

Figure 1 provides a clear example:

Figure 1 – Maps showing regional concentration of poverty, 1957-2000



Map of hunger in Brazil 1957
Source: Castro (1957: 48b).

- Area of endemic hunger
- Area of hunger epidemics
- Area of malnutrition

1. Amazon
2. Northeast sugar region
3. Northeastern semi-arid region
4. Centre-west
5. Extreme south

Index of social exclusion in Brazil, 2000
Source: Pochmann and Amorim (2004:27).

Index of social exclusion*

- 0 - 0.4
- 0.4 - 0.5
- 0.5 - 0.6
- 0.6 - 1

* The index of social exclusion combines several indicators of social inclusion/exclusion by cities, from census data. It includes the following variables: percentage of poor household heads in the municipality; rate of formal employment in the working-age population, income inequality, literacy rate for people older than five, average years of schooling of the household head, percentage of youth in the population, number of homicides per 100,000 inhabitants. It was built to address dimensions not captured by the HDI – especially in poorer countries. The index ranges from zero to one: the worst conditions are close to zero and the best are close to one.

What can be seen on the maps is that during the greatest and most sustained period of growth experienced by the Brazilian economy (1930-1980), the country became urbanised and new social groups emerged, but the regional concentration of poverty remained practically unchanged. It is also interesting to note that this phenomenon is not exclusive to Brazil. On the contrary, Figure 2 shows that this pattern is repeated throughout Latin America, where no country has managed to increase its internal product and distribute the fruits of society’s work fairly.

Figure 2 – Growth and distribution of income in Latin America

Source: Fajnzylber (1998: 12).

Equity = $\dfrac{\text{X of the income of the 40\% poorest (during period 1970-1984)}}{\text{X of the income of the 10\% richest}}$

GDP growth (during period 1965-1984) Per capita	<0.4 [a]		≥0.4
<2.4% [b]	Bolivia Chile Peru Venezuela Costa Rica	El Salvador Guatemala Honduras Nicaragua Haiti 15% [c]	Argentina Uruguay 11.5% [c]
≥2.4%	Brazil Mexico Panama Dominican Republic	Columbia Ecuador Paraguay 72.6% [c]	None

a. half of the average ratio of industrialised countries;
b. average growth of GDP/capita in industrialised countries;
c. participation of countries in the groups in regional GDP.

It is therefore clear that these countries share certain features. Even though there are many differences, they all look alike in their inequality and the extreme exploitation of the labour of the less well-off. Poverty, in various guises, is still the cruellest form of social exclusion. Yet the lack of income does not just translate into the serious inability to consume goods, including food. It is much more serious than that, obliging individuals to devise survival strategies that undermine their dignity and rights and compromise their future. This is even more pronounced in Latin American countries, since this lack of income is combined with (or perhaps it surrounds) enormous wealth and luxury consumption.

Faced with this flagrant inequality, measurements are taken, estimates made, indices created, numbers debated, methods compared, econometric models contradict each other, indicators falsify each other, filters are discussed and rivers of ink are spilled in drawing up formulas on paper, but rarely, over the last two decades, have economists asked themselves honestly, *why are there so many poor people in this country*, especially compared with the volume of wealth created, which differentiates Brazil from most countries on the capitalist periphery.

However, this basic, simple, almost inevitable question has been hidden behind the smokescreen of numbers and indices, which could only measure its size with varying degrees of accuracy. All indicators showed something similar: poverty is huge and concentrated in large cities and it sends out contradictory signs of rebellion and hope.

In the case of Brazil: why are there so many poor people in this country? In the past, ECLAC tried to respond to this question and blamed the inability of modern export sectors to absorb the quantity of workers available, condemning them to a life of subsistence. The solution recommended then was industrialisation. In Brazil, however, industry arrived and poverty remained, changing shape, while inequalities increased. In the analysis of the factors determining poverty, it should be remembered that industrialisation with strong urbanisation was largely combined with repression of organised movements of urban workers and by barriers to the creation of rural trade unions.

In agriculture, while there was significant growth in production and productivity, it was not possible to overcome the concentration of land ownership, preventing the democratisation of possession of the land. This, combined with barriers to the creation of agricultural trade unions, led to extreme exploitation of workers in the absence of social policies, dragging down standards of living in the countryside. This resulted in a rural exodus as people began to move from the country to the city.

The workers who flowed into the cities from then on could not be absorbed by the formal labour market, in spite of strong industrial growth. They had little choice but to work informally, giving them a very small proportion of the income generated by the fast expanding modern sector. However, while this mass of workers exerted some pressure over basic urban salaries, perhaps more important was the impossibility of employment gains in Brazil keeping pace with the growth in productivity of the modern sector (Tavares, 1974; Oliveira, 2003). Organised labour movements have long been fiercely repressed in this country, and this continued, at least until the end of the military dictatorship.

In summary, during the cycle of economic expansion from 1930-1980, Brazil experienced an increase in inequality that could not be explained by the usual culprits: low levels of education, illiteracy, large families, migration and so on. These classic characteristics of poverty are, in fact, symptoms of the lack of agricultural reforms, the action of the state and the weakness of labour movements.

Capitalism in Brazil was based on the combination of powerful and selective action by the state, focused more on economic than on social issues; the attraction of transnational companies to dynamic sectors; the existence of national business owners, acting as monopolists in traditional sectors or as subsidiaries of foreign capital in others; the broad contingent of recently urbanised precarious workers without rights, who put pressure on the nascent and somewhat vigorous working class that was appearing across the country; the opening of internal borders within the country, allowing increased profitability of capital with public subsidies; the absence of land and urban reforms in the midst of the explosive expansion of cities; the existence of a middle class with high levels of income and education; and financial and technological dependence on economies from developed countries, undermining a transformation of capitalism to confer greater autonomy upon internal decision-making centres.

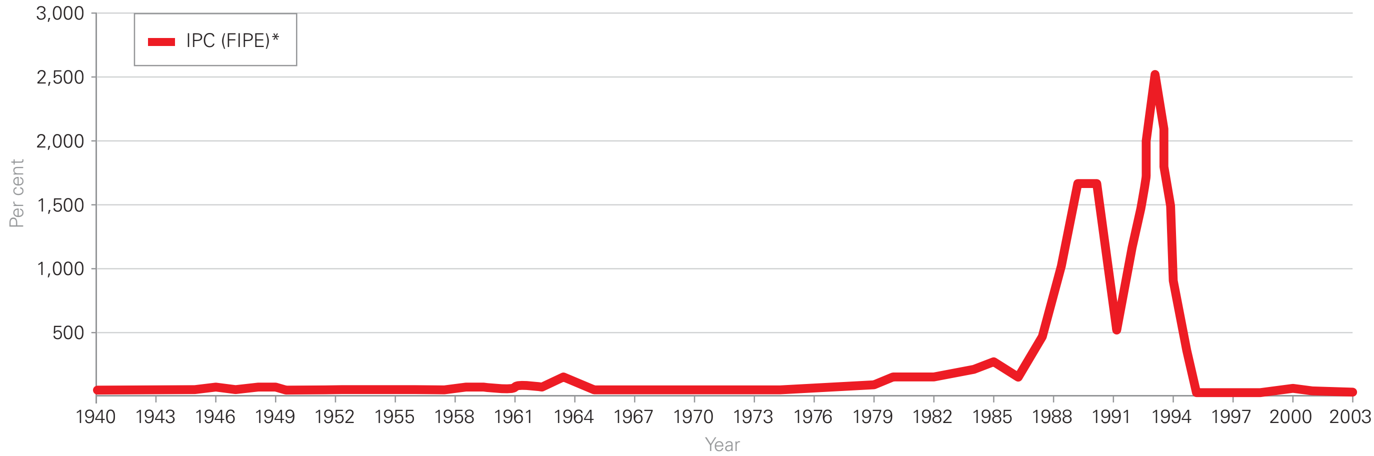
The crisis years and the increase in inequality, followed by the resumption of growth and the slow reduction in inequality

The urbanisation of Brazil occurred at a time of economic growth. Hence, in spite of the advance of the *favelas*, migrants were still families with strong traditional values who came to the city in the hope of finding real improvements in living conditions. At that time the legitimacy of the social order was supported by the hopes of upward social mobility.

However, by the 1980s the country's economic growth had stalled and the children of the poor migrants became adults. This marked the beginning of the crisis. The second generation and those who came after could no longer find employment or opportunities, poverty reigned, consumption was the watchword in society and family values were weakened. In this environment, the flagrant social inequality of the great urban centres quickly descended into violence.

Graph 1 – Brazil: Inflation measured by different indicators, 1940-2005 (annual variation in per cent)

Source: Ipeadata (retrieved on 15 October 2011).[4]



*IPC is the Consumer Price Index. This is produced by FIPE, the Foundation Institute of Economic Research, which is linked to the Economics Department at the University of São Paulo.

At that time Brazil was paralysed by the foreign debt crisis, since the main stimulator of economic growth, the state, was impossibly indebted and obliged to pay sky-high interest rates to the banks of the richest countries in the world. What's more, the foreign exchange problems, the increase in oil prices and the decline in the use of installed capacity created an inflationary environment that quickly resulted in inertia due to the generalised indexation of prices. The financial circuit of Federal Government bonds fanned the flames. During those years, extremely low growth no longer exercised its three main roles:

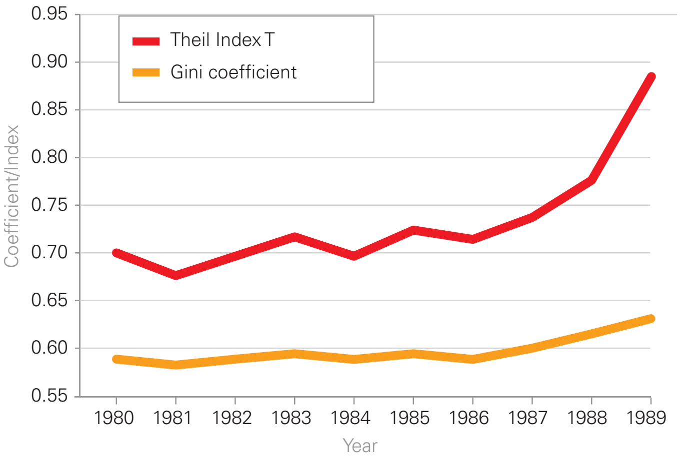
1. **to appease** conflicts between capital and labour when wages were clearly falling;
2. **to legitimise** the social order on the part of the poor (and excluded) through the discourse of upward social mobility;
3. **to act as an instrument** to reach solutions between the dominant groups in the country, by no longer permitting the state to raise sufficient revenue to carry out spending programmes to assuage the different regional and sectoral interests.

The turbulence of these years was best characterised by the enormous annual inflation rates (200 per cent per year by 1986 and more than 1,000 per cent per year at the end of the decade). Salaries were corroded to an alarming degree and businesses found forward planning impossible. There could be only one outcome: the loss of purchasing power of workers, the impoverishment of part of the population and the prolonging of cities' growth through the expansion of slums and clandestine housing projects (Maricato, 1996).

In other words, poverty grew and inequality became more pronounced. Although low, there was growth at the same time as workers' average incomes were driven down and the state was obliged to pay extremely high yields to holders of public debt. That is to say, if the flow of income increased, albeit slightly, and two of the three groups of agents lost real available income, the third group, holders of capital, profited.

Graph 2 – Brazil: social inequality in the 1980s

Source: Ipeadata (retrieved on 16 October 2011).



In summary, workers transferred income to capital through the inflationary corrosion of their purchasing power, the state raised significant amounts in taxes but immediately passed on a large proportion of these revenues to bond holders, and capital, which benefited from these two gains, saw no other safe and profitable option for accumulating wealth than playing the financial markets. The outcome was a decade of deterioration in the distribution of income, the gradual impoverishment of the population and an almost stagnant economy.[5]

However there was light at the end of the tunnel: the end of the military regime and the main outcome of the National Constitutent Assembly: Brazil's Federal Constitution of 1988. The mobilisation of groups from organised civil society demonstrated the vigour and the craving for democracy in the country after two long decades.

For the purposes of this study, two questions raised by the Constitution warrant particular attention:

1. its economic chapter, written by Senator Severo Gomes, with a nationalist and relatively protectionist slant, allowing it to be used to support the country's continued industrialisation;
2. chapters 1 and 2 of Section VIII, which addressed the social order and social security, affirmed the universal right to social assistance and the state's responsibility to guarantee this right.

However, in the 1990s, notably after 1995, the governments altered the will expressed in the law in the name of supposed modernity, shaped by neoliberal ideology. The Constitution was amended, changing its economic aspects and relegating the right to social assistance to the background (Grau, 2008).

During those years, first Fernando Collor de Mello (1990-1992), unsuccessfully, followed by Fernando Henrique Cardoso (1995-2002), in speeches and actions, attacked the old tripartite system of state/national capital/foreign capital, with the state constituting an essential element in the process of accumulation since the Vargas era. Started by the first president, and continued by the second, was a project to liberalise the Brazilian economy without any long-term planning or concern over the costs for productive capital and the workers, involving the liberalising of the trade and financial account.

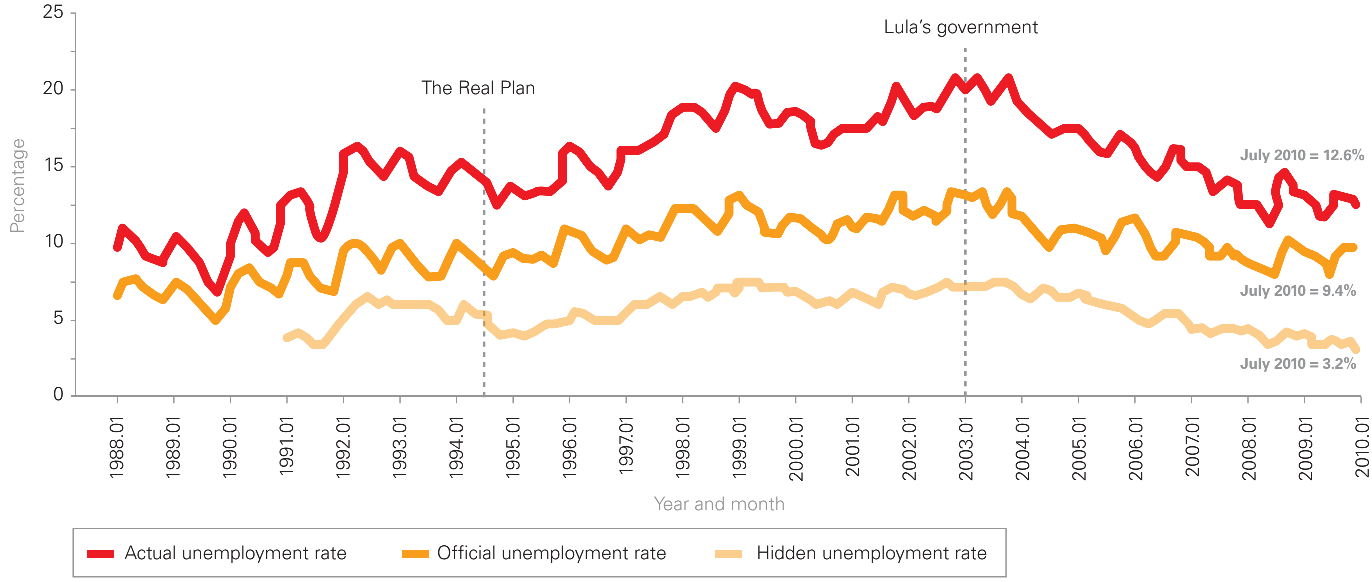
From 1994, after the success of the programme to control inflation, the Cardoso government set a course that would weaken national productive capital and increase financial profitability, with profound impacts on the structure of urban employment in the country and the decimation of trade unions.

It is no surprise that at this time the implementation of neoliberal policies, which had a strong impact on the country's economy, created a new contingent of poor people, although without their traditional profile. While previously the poor generally received little education, came from large families, were migrants, and had badly paid jobs, in the 1990s the ranks of the excluded were not necessarily illiterate, had some education, came from small families and were already urban citizens, but were unemployed or had been forced to accept the low income of the informal sector.

The data in Graph 4 leaves no doubt as to the problems associated with workers' income in the 1990s. Nevertheless, some signs of improvement, particularly in the distribution of income, can be seen at the end of the Fernando Henrique Cardoso government and seem to be linked to the reduction in inflation and the state's actions within the scope of the Federal Constitution of 1988. This was the beginning of the most effective social assistance initiative ever undertaken by the Federal Government. At the same time, after the international crisis in Asia in 1998, followed by the sharp devaluation of the real against the dollar in 1999, there was a revival of industry, and of other national productive chains, favouring the growth of employment and beneficial results for social indicators.

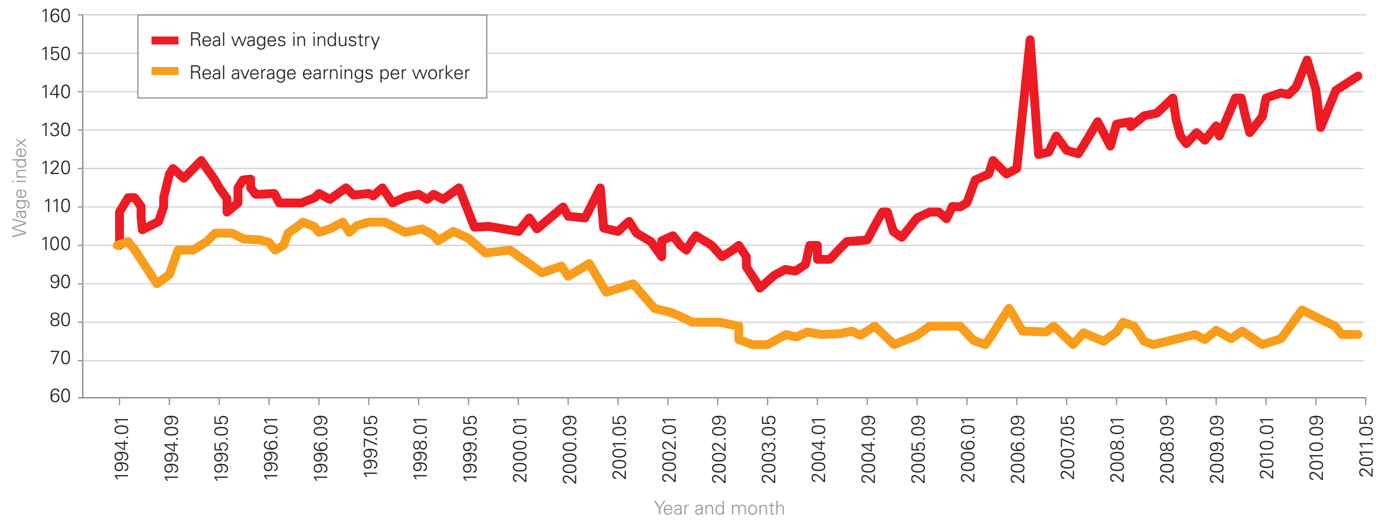
Graph 3 – Unemployment rate in the metropolitan region of São Paulo, 1988-2010, in percentage terms

Source: Ipeadata, based on data from DIEESE/Seade.[6]



Graph 4 – Real wages in industry and real average earnings of workers in the metropolitan region of São Paulo (1994-2011)

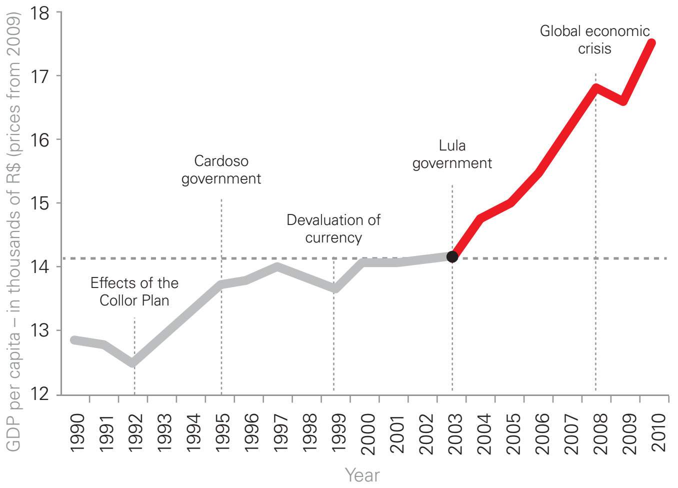
Index: Jan/1994 = 100. Source: Ipeadata (retrieved on 30 October 2011).



The Lula government has been celebrated by its supporters as a historic achievement and a turning point in Brazilian life. During this administration, for the first time in the history of Brazil, the country experienced a process of economic growth with democracy and the visible distribution of income. This is supported by economic and social indicators.

Graph 5 – Brazilian per capita GDP, 1990-2010

Source: Ipeadata (retrieved on 1 June 2011).



The economy's general performance is perhaps the most visible result of the country's recent history. After more than two decades of low growth, national output showed significant increases year on year, with an impact on sales and orders of capital goods, leading to more investments.

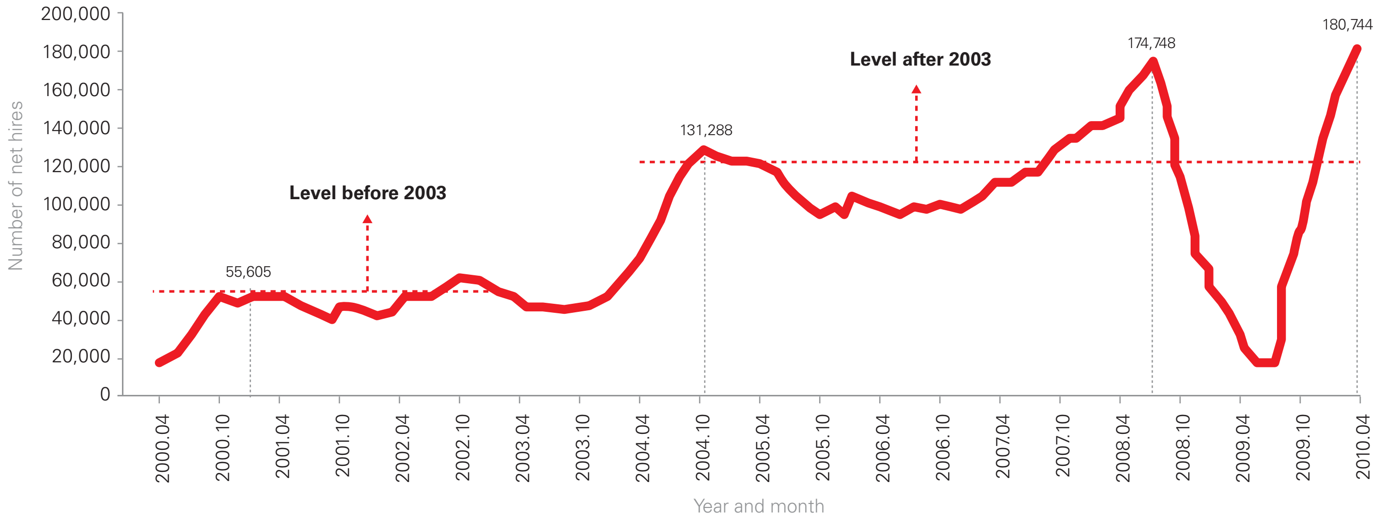
There are various reasons for this: the jump in the debt-to-GDP ratio, the recovery of Federal Government investments, increased consumer spending as a result of increased employment, lending and the rising minimum wage, and spending on social security and income transfer programmes, among others.[7] In general, it marked the return of the Brazilian state as an important driver of the processes of demand, investment and so economic growth.

This was inevitably reflected in employment and salaries. The graph below shows the sharp increase in the number of workers hired officially in Brazil in recent years. There is practically a twofold increase in the number of net formal jobs created so that, years later, the newspapers once again featured the usual complaints from business owners about the lack of available workers and the high cost of labour.

As well as economic growth and its impact on the labour market, the Federal Government strengthened the policy of real increases to the purchasing power of the minimum salary, which had an impact on the less qualified workforce and two-thirds of benefits paid by the country's social security system.

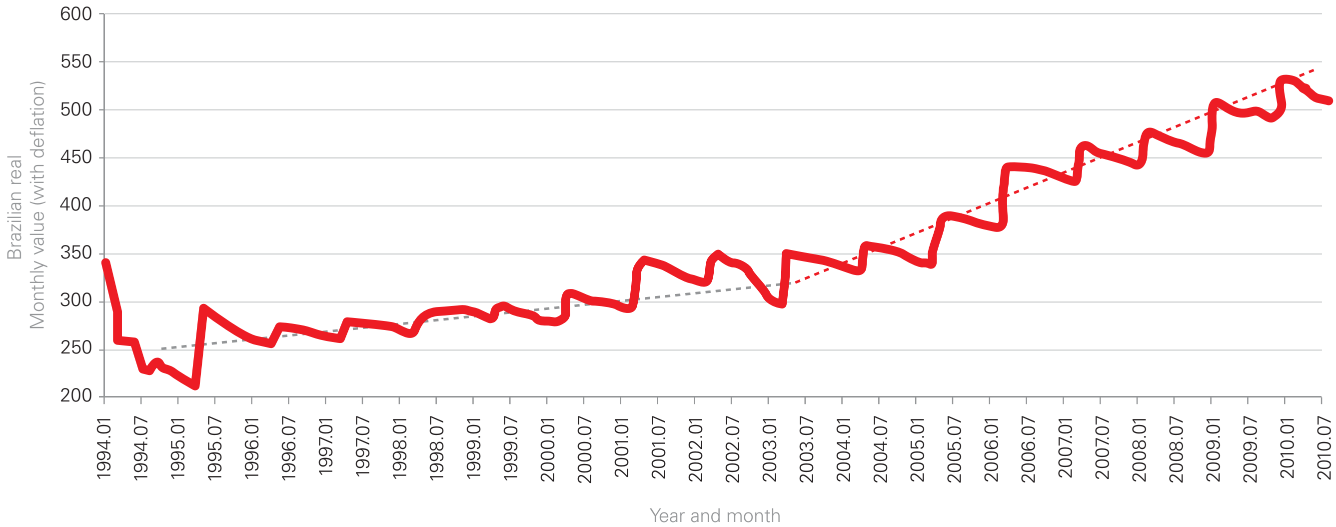
Graph 6 – Evolution of net hires in the formal labour market, 1999-2010

Source: Ipeadata (retrieved on 1 June 2011).



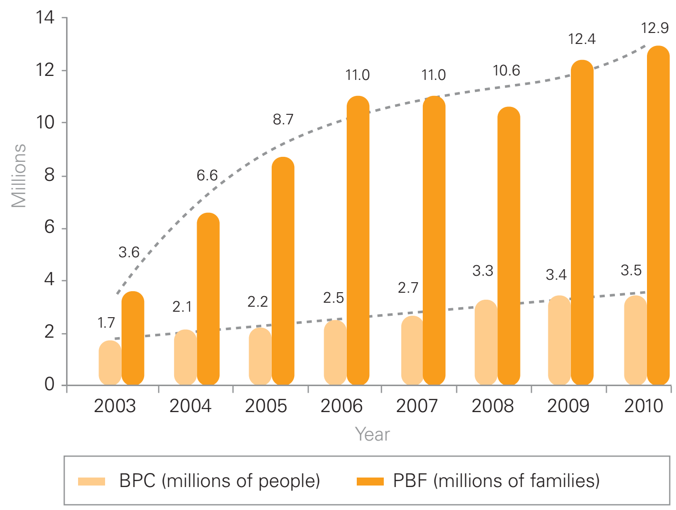
Graph 7 – Evolution of the real value of the minimum wage, 1994-2010

Source: Ipeadata (retrieved on 1 June 2011).



Graph 8 – Evolution of the number of beneficiaries of the *Bolsa Família* programme (PBF) and Continuously Paid Benefits programme (BPC), 2003-2010

Source: Ministry of Social Development, mds.gov.br/saladeimprensa/balanco-mds-2003-2010/bpc-e-peti



This significantly boosted the weekly spend of poor families, who tend to spend everything they earn. The result, combined with the new lending policy, was a boom in sales of durable consumer goods, notably household appliances, and non-durable consumer goods with higher added value (yoghurt, meat, clothes and so on). This strengthened aggregate demand and established new levels of production for industry and services, leading to new jobs and investments.

The Federal Government altered the level of income transfer programmes specified in the Federal Constitution for the poorest in society (of which there were many, as there still are). Separate programmes were unified and their values adjusted, while the number of beneficiaries leapt during the period.

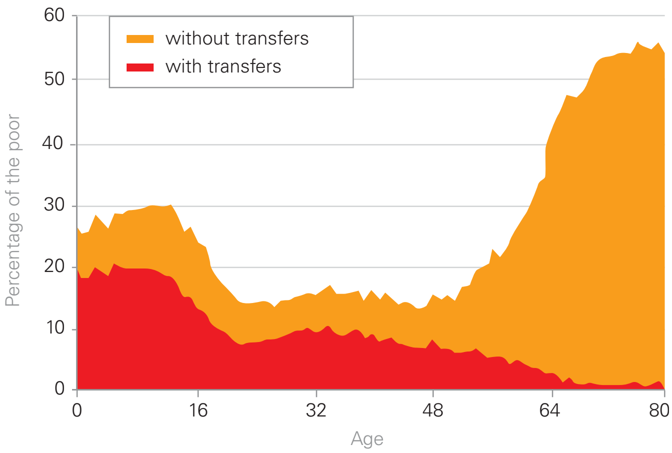
Faced with this scenario, it was to be expected that this period would see the most pronounced fall ever in the Gini index. In other words, the Lula government reopened two important fronts for reducing poverty:

1. it accelerated economic activity, generating jobs and better income-generating opportunities.
2. it created social policies that actually helped distribute income and benefited the poorest in society.

The beneficial results of the government's social security policy were estimated by IPEA and Graph 9 shows the intensity of the effects of the change in government direction during those years.

Graph 9 – Proportion of the poor in the population, by age group, in 2008, with and without transfers of income by the state

Source: IPEA, Boletim de Políticas Sociais (Social Policy Bulletin), 2007.



In spite of these advances, these achievements and statistics must be put in context. Even though the questions raised below do not detract in any way from the significant progress achieved by Brazil in recent years, four points warrant further discussion in order to gain a better insight into the scope of the advances made against poverty and inequality.

The primary objective in pointing out problems is to dispel the belief or feeling that the country has overcome, or is about to overcome, its most serious and painful social ills.

First, it must be made clear that, to all appearances, the jobs created in recent years do not represent a significant advance in terms of improvement in the functional distribution of income. Table 1 shows that nine out of every ten jobs created in the formal job market pay salaries that offer less than three times the minimum wage. This means that today, even with the real increase in the minimum wage, workers receive a salary that, at most, equates to R$1,635.00 for one month of work. After deducting payroll taxes and other income withheld, net income is even lower.

Table 1 – Job creation per salary level, 2004-2008 (percentage of all jobs created)

Source: MTE, CAGED, various years.[8]

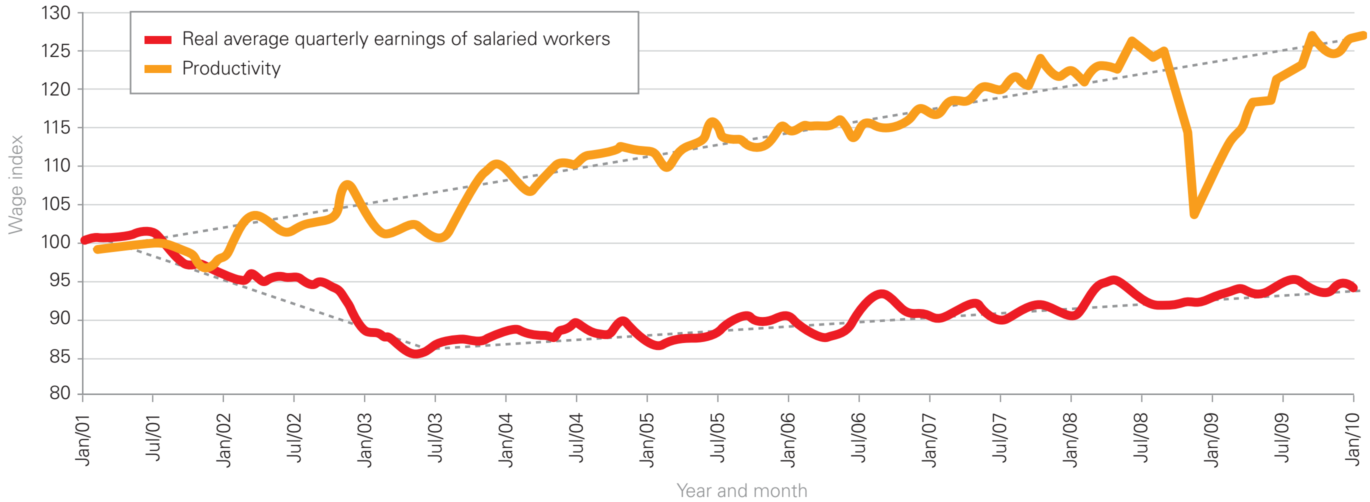
	From 0-3 minimum salaries	From 3.1-5 minimum salaries	From 5.1-10 minimum salaries	More than 10.1 minimum salaries	Total
2004	88.52%	7.08%	3.13%	1.27%	20,945,705
2005	89.41%	6.53%	2.90%	1.16%	22,968,686
2006	91.23%	5.32%	2.48%	0.96%	24,278,593
2007	91.97%	4.88%	2.26%	0.89%	26,900,025
2008	92.11%	4.83%	2.19%	0.87%	31,662,595
2009	92.71%	4.51%	2.01%	0.77%	31,182,214
2010*	93.57%	3.96%	1.80%	0.66%	24,080,425

*Period from January to July.

Secondly, still with regard to the labour market, we have seen no reduction in income inequality when the comparison is based on the relationship between productivity and real income earned by workers. Once again, the graphs leave little room for doubt. The industrial indices provided by the National Confederation of Industry (CNI) indicate that industrial productivity has been growing steadily, with few oscillations, since the beginning of the Lula administration. On the other hand, the growth of salaried workers' real average quarterly earnings since the disastrous results of the 1990s has failed to match the pace of gains in productivity. In other words, industrial capital is pocketing the lion's share of recent gains in productivity despite improvements in workers' earnings. This means that while production per worker has increased, these workers have not been reimbursed for it. Thus, functional income inequality (income from capital vs income from labour) does not appear to be diminishing, despite the fact that the poverty level of employed people has gone down.

Graph 10 – Evolution of productivity and the real average quarterly earnings of salaried workers (2001-2010)

Source: CNI. CNI Industrial Indices (various years). Prepared for this report.
Index: Jan 2001 = 100



In third place, the amount of benefits paid through the Federal Government's income transfer programmes is low. Taking the *Bolsa Família* programme as an example, we find that transfers run from R$70.00 to R$242.00[9] per family benefited. While this is of great help to people living in poor households, these amounts clearly cannot lift those benefited out of the group with unattended needs.

Thus, while the Federal Government's income transfer programmes are good, absolutely necessary and welcome, they cannot be expected to make a significant contribution to transforming the lives of those in poverty.

In this respect, programmes such as Continuously Paid Benefits (BPC) and social security carry more weight as they affect an enormous contingent of the population through payment of a minimum salary and make a great difference in the poorest regions of the country.

Moreover, in a country marked by a concentration of income and property, a large part of the income of the richest comes from the great return this social group makes on the interest paid on the country's public debt, which requires the Federal Government to dedicate some five per cent of annual Gross National Product (GNP) to this expense.

In other words, there have been great and obvious advances in Brazil over the last few years. However, we must pay attention and not be taken in, since the levels of poverty and inequality here were so high that relatively inexpensive actions with little fiscal impact have been able to make a big difference. In reality, the privileges of the richest group have been left untouched, and no strategy has been implemented aimed at fostering the expansion of sectors that are more productive and employ a more intensive use of technology, which generate more and better jobs as well as improved tax receipts. In regard to this area, tax revenue – concentrated on more regressive indirect taxation – contributes to the reduction of income available to poor people and an increase for the rich.

The debate over poverty, the silence in regard to inequality

One positive aspect of the Lula administration was the return of the debate over the eradication of poverty. With the launching of the programme *Brazil sem Miséria*, in the first semester of 2011, President Dilma Rousseff transformed this theme into one of the focal points of her administration.

The debate on this subject in Brazil is divided into three approaches, each pointing to different diagnoses, and each associated with its own distinct priorities for political intervention.

The Federal Government, even while some internal political battles remain, has consolidated its approach on the understanding that if Brazil wants to become a developed country it must fight poverty. Transversal actions – which involve various ministries – are structured with the idea of dealing with extreme poverty and improving living conditions for the 16 million Brazilians in this situation. It is an attempt to move beyond the goals of the *Bolsa Família* programme.

The fight against inequality here appears to be largely rhetorical, usually through the celebration of the decline in the Gini index during the years 2000. However, just how much this decline in inequality will be able to continue over the coming years with the continued use of these same measures is not discussed, nor is whether structural changes (addressing agrarian, urban, tax reforms and labour relations) will be necessary in order to make this possible.

The government, relying on a wide political coalition that includes extensive participation from conservative elements – many of whom live off the extreme inequality – appears to be advancing along the path of least resistance. The objective is to concentrate resources on the neediest, the idea being to improve their living conditions while at the same time creating positive statistics and electoral dividends.

The notion of 'investing in the poor' appears sound, but these families will only attain greater mobility and the possibility of social re-inclusion if the fight against various forms of inequality leads to the opening of new occupational positions in a range of locations across Brazil, observing their particular unique characteristics. This is the agenda adopted by Brazilian social organisations, which experience first-hand the concrete results of inequalities in access to job opportunities, social policies and basic rights of citizenship. For these segments that interact directly with the negatively privileged on a daily basis, a decline in the Gini index must be viewed with caution, leading one to pause and consider what the next step should be.

Between the vision of the Brazilian government, which itself is not uniform and has its nuances, and the demands and initiatives of the social organisations, we find the technocratic elite staking its bet on a quick-fix agenda, which instead of fighting inequalities contributes to their solidification. This group is linked to entities such as the World Bank and some powerful non-governmental organisations (NGOs) in the developed world that are interested in transforming Brazil into the newest global star. They portray Brazil as a success story for market reforms, with social policies focused on healthy economic policies, despite the fact that the country is the champion of high interest rates and still has inequality indices among the world's highest.

Important segments of the government end up being converted by the positive effects of the propaganda, reinforcing this superficial analysis of the Brazilian reality. According to these analyses, the government should do 'more of the same'; or, at times, 'less of the same'. That is, it should cut spending seen as superfluous and prioritise the transfer of income to the poorest, lifting them all up to become a part of the so-called 'new middle class'.[10]

This approach insists that public spending cannot increase past its current levels, since this would supposedly bloat the state 'machine' and would not be returned as benefits to its citizens. This, however, leads to the inevitable question: how to offer more hospitals, schools, security? And how will this be possible without an efficient, well-paid bureaucracy to supervise and ensure delivery in a country that is so needy? Or can there be other hidden numbers? They maintain that increasing expenses with public employees will put pressure on the budget, and will neither be able to be absorbed by the funds available for social spending nor by the already frayed services offered. What remains? The monstrous interest bill paid religiously by the Federal Government to the richest element of the country, which is somewhere in the region of five per cent of GNP every year.

This discourse defends the necessity of focusing on the payment of benefits to avoid waste and make the spending more 'efficient'. Those who support this argument must first get to know the engineering wonder created by Brazilian social workers and absorbed by the Ministry of Social Development for the execution of the *Bolsa Família* programme. This process made it possible for a small federal structure to cover the entire country with monthly benefits that never arrive late and have produced very few cases of fraud at the payment points. The merit is in the three spheres of government putting the responsibility for registration and supervision of people included in the programmes in the decentralised hands of municipal governments. In other words, the operational cost for a programme of this territorial magnitude and complexity is incomparably low compared to other initiatives in the past.

Nevertheless, poverty in Brazil remains high and social inequality in the country reaches extreme levels, as Figure 2 comparing the country's indices with some of its Latin American partners clearly demonstrates. If we consider the principal economies in the region, Brazil has the third-worst indices for inequality, behind only Colombia and Bolivia. And in terms of the percentage of poor people in the total population, the Brazilian index is at least two times higher than those of Argentina, Chile and Uruguay.

Another important observation: in the HDI calculated by the UNDP (2011), Brazil is in 84th place, which qualifies it as a 'country with a high level of human development'. Nevertheless, when the calculation of the HDI is adjusted for inequality, Brazil falls back 13 positions. Even more alarming is that of the 129 countries in the UNDP sample for which calculations of the Gini index are performed, very few are found to be in a worse situation than Brazil. These include: South Africa, Angola, Bolivia, Colombia, Haiti and Honduras.

Table 2 – Gini index and percentage of poor people in South America and Mexico – 2009

Source: ECLAC and UNDP.

Countries	% of poor people	Gini index
Colombia	45.70%	0.585
Bolivia	54.00%	0.573
Brazil	24.90%	0.539
Chile	11.50%	0.521
Paraguay	56.00%	0.52
Mexico	34.80%	0.517
Ecuador	42.20%	0.49
Peru	34.80%	0.48
Argentina	11.30%	0.458
Venezuela	27.60%	0.435
Uruguay	10.40%	0.424

* The % of poor people in Argentina refers solely to urban areas.
** Poverty rate (ECLAC) and Gini index (UNDP).

Thus, we cannot consider this new legion of workers to be middle class simply because they now have access to consumer goods if they continue to lack access to a decent job, quality social policies and the basic rights of citizenship. The change observed in the period we've just come through did not have a substantive impact on the social structure and on income distribution in the country. That is, it did not eliminate one of the primary pillars of capitalism in Brazil: the super-exploitation of an abundant workforce, generally with low levels of education and precarious social inclusion. This makes illusory any notion of full employment without a robust transformation of the dynamics of production in Brazil that is capable of expanding social spending and reducing the burden of badly paid jobs heaped on the 22 million excess Brazilian labourers (Pochmann et al, 2004), the equivalent of the populations of Greece and Portugal combined.

We insist on making this point: are the three in every four domestic workers without formal labour contracts, representing all of them – legal or not – seven per cent of the total number of workers in the country, a part of this 'new middle class?' And what about the multitude of precarious self-employed workers with no retirement plans who were recently able to enjoy an increase in their sales? Or even the millions of rural and urban workers who were able to obtain credit and saw their monthly family income of one to two minimum salaries raise their purchasing power?

If it really wants to fight poverty, Brazil must put the question of inequality at the centre of its development agenda. Two questions appear to be strategic:

1. on the fiscal side, how can we make the Brazilian tax structure progressive? And additionally, how can we turn public spending into public investment in social and economic infrastructure and reduce interest payments?
2. on the social side, how can we make society more democratic, strengthening workers' and social organisations, 'breaking the lock' held by the conservatives in the government?

First, however, we must look more closely at the various faces of Brazilian inequality during the recent period. This is what we will now attempt to do.

3. INEQUALITY IN BRAZIL: WHAT DOES THE DATA SAY?

This part of our study is divided into four sections. First, we present the methodology used. Secondly, we show the indices of inequality for the various socioeconomic spaces in the country.

In the third part, we discuss how inequality affects various social groups according to criteria such as race/colour, gender, level of education and age group. In the fourth and final part, we seek to discover if there is a relationship – and how it works – between inequality, income per capita, and health and social problems, beginning by cross-referencing the Gini index and the Index of Health and Social Problems (IPSS) at the state level, the latter adapted in accordance with the methodology developed by Wilkinson and Pickett (2010).

3.1 The methodology

Economic models and their mirages

To start with, the measurement of inequalities implies beginning with some underlying definition of equality, from which one can begin to assert what are the unacceptable levels of inequality. A minimum level of harmonious coexistence, which does not mean the absence of social tensions, may be assured by a Gini coefficient of 0.35 in the United Kingdom or 0.54 in Brazil. These differences reflect specific historic processes that may or may not lead to the embedding of demands for social justice in the heart of the state apparatus. Like the United Kingdom, for example, Brazil is a capitalist society and has a class-based social structure. Their basic features, however, are quite distinct.

In the case of Brazil, inequality appears to be one of the basic mechanisms of social organisation (Cardoso, 2010). The rich and the middle class have domestic employees, for whom the extension of universal rights for those who earn their living has not been attained. Education in state schools is for the poor. It has become an institutionalised inequality. If all capitalist societies seek to hide the processes of social domination, societies like Brazil's, in contrast to those of its European counterparts, never created a shared citizenship – a collective field of universal rights apart from class origin (Souza, 2009).

A large part of liberal economic thinking adheres to a different perspective, holding that there is a supposed contradiction between equality and freedom. According to this school of thought, a world where there was no inequality at all would be one in which individuals would be exactly the same; thus, they would not be 'free' to search for personal realisation of any type. We can see here that the focus is moved from a society of classes to an individual isolated in a society, but whose realisations are endorsed by it.

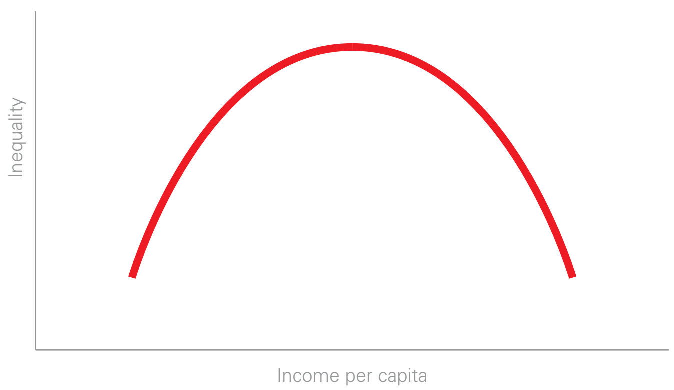
This view defends the idea of equality of opportunities to the maximum. It is based on guaranteeing similar starting conditions for all individuals, but it doesn't determine or limit points of arrival. The promise of equality of opportunities then implies ignoring the importance of ascribed or inherited aspects. Closed groups such as castes and stratified institutions don't exist. Biologically based aspects, such as race and gender, have no social relevance. Distinctions and inequalities continue to exist, but will be tied to merit and individual abilities.

Therefore, the picture painted in this context is of a technological, industrial and merit-based society. This society has never existed anywhere in the real world, because capitalism, without any social brakes, always reintroduces new mechanisms for social distinction in its thirst to increase profitability.

The academic representatives of these so-called 'free-market theories' are abundant. They are bearers of an optimistic, anti-social and non-historic vision regarding economic development. Gary Becker (1964), for example, affirms that discrimination (by gender or race) is an inefficient mechanism for the markets. If women, black people, and other minorities can be as or more efficient than the dominant groups, there will be no reason for discrimination to continue to exist.

Other economists, like Simon Kuznets, defend a macro-economic approach, relating the evolution of income per capita (GNP per capita) and the overall behaviour of inequalities over time.

Figure 3 – Kuznets Curve

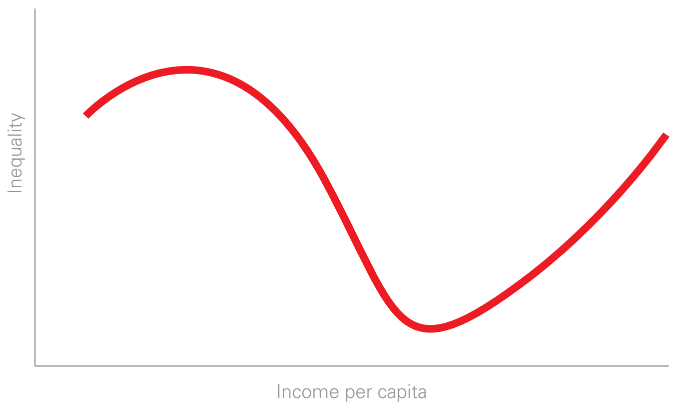


The Kuznets curve is drawn to represent a historic movement over a long period of time. Societies with less developed economies, generally agrarian, will have little inequality and low income per capita. In this respect they will all (or almost all) be equal in poverty. With the evolution of a more complex division of labour, development will increase (GNP), benefiting those who are already in key positions (businessmen, professionals and so on). With this, the level of inequality will rise at first. Later on, workers will move to more modern sectors, adding more value and diminishing inequalities. Kuznets rejects the possibility of state intervention; his theory focuses on the production side – or in other words, the supposed equilibrium guaranteed by market mechanisms.

The Brazilian example shows the error of using the theories of Becker and Kuznets in trying to understand the mechanisms that maintain and increase overall inequality and by gender and race/colour throughout its economic history. The inequalities of gender and race in Brazil fulfil a decisive role for companies and families that increase their rates of return by exploiting cheap labour. Yet, the overall inequality measured by the Gini has not fallen even after a period of substantial economic improvement (1930 to 1980).

Similar evidence was discovered in the US when it was seen that in the periods after those studied by Kuznets, inequality began to rise again in spite of economic growth, leading to a hypothetical curve more like the one in Figure 4. And it was not only income that began to concentrate again, but other social goods as well, such as education.

Figure 4 – Alternative behaviour between inequality and growth



These graphs show us how economists are experts at reducing quite complex processes in order to describe them in a very simplistic way. The Brazilian example – whose historical analysis was undertaken in the section above – can also be expressed through a very peculiar curve, where the reduction in inequality appears as an exception to the rule, often hiding new ways of reproducing social gaps.

This shows why we have rejected the individualistic focus of Becker, as well as Kuznets' attempt to reduce the complex relationship between growth and inequality to a single non-historic model. Instead, we chose to look first at how inequality became ingrained into the various spheres of Brazilian life, not as a simple result of slavery and patriarchal systems or as archaic leftovers, but as a form of leveraging a new specific pattern of domination and expansion of capitalism, which in turn led to the creation of a very peculiar class structure.

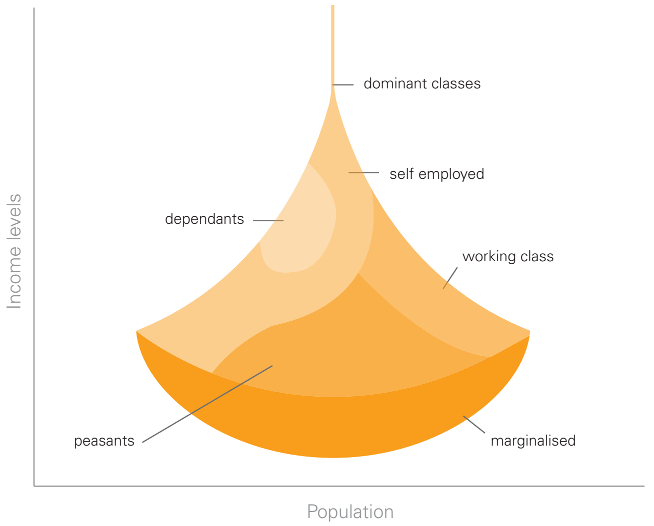
We may also describe the class structure of Brazilian society graphically, as we have in Figure 5, which was prepared by the Brazilian social scientist Darcy Ribeiro (1995). This diagram gives us a better understanding of Brazilian inequality than any economic model, because it gives us a snapshot of the specific nature of our historical process.

Even if it has taken on different forms over the course of history, this is the Brazilian social structure that has emerged during the 20th century, maintaining its general characteristics during the recent period despite important – although not dramatic – changes.

It has a diamond-shaped structure with a small segment of the population situated at the top of the levels of income and wealth, composed of the civil and state aristocracy (the celebrities), the oligarchic and modern national employers, and the managerial strata of foreign companies. The intermediate segments contain the smaller businessmen and independent professionals (self-employed with assets) and the dependent employees (public bureaucrats and decision-making managers). They also have significant income, but this oscillates according to the segment of the market in which they operate. This structure expands as it funnels down, covering the subordinate classes (the peasantry, often without their own land, and the manufacturing and service sector workers), increasingly more numerous and with similar income levels. Finally, at the bottom, a sub-proletarian mass, which includes the greatest part of the population, composed of itinerant or agricultural workers, domestic workers and self-employed urban workers who perform any type of odd services, most of them with low levels of education and no capital.

Figure 5 – Representation of social classes by income levels

Source: Darcy Ribeiro (1995).

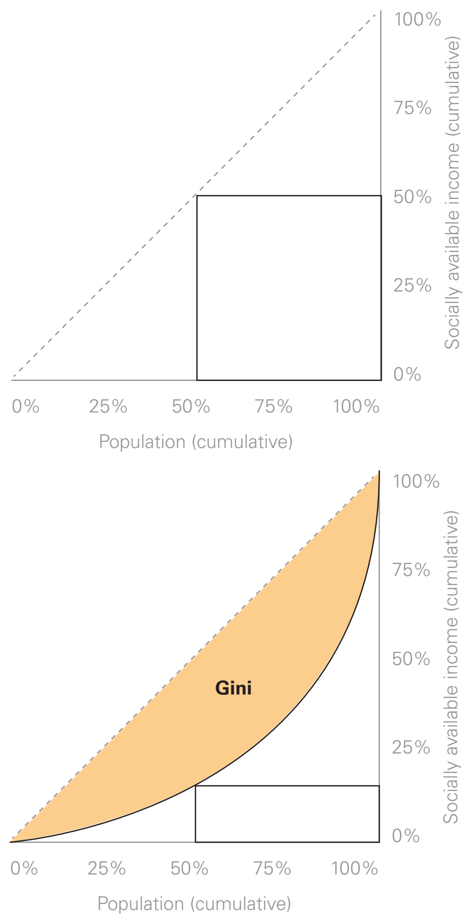


All of the analyses presented here are based on data taken from the National Survey of Households (PNAD), performed annually by the National Geographic and Statistical Institute (IBGE). The PNAD data bank includes information from approximately 400,000 individual interviews collected from some 150,000 households. Its samples are representative of the entire country of Brazil and its design and magnitude allow for reliable inferences with a small margin of error. PNAD investigates basic characteristics of the population, including aspects related to migration, fertility and mortality, education, labour and income. We made use of all of the data sets for the period from 1995-2009. To make comparisons between the different years viable, we adjusted incomes using the National Consumer Price Index (IPCA), converting them to values comparable to September 2009, the month that the last survey in the series that we used was performed. To convert the currency from Brazilian reais to US dollars, we multiplied by 0.5 and for pounds sterling by 0.33. It is important to emphasise that all of the information used is official and in the public domain.

Measures of inequality

The Gini coefficient or index is one of the most common and widely used measures for addressing social inequalities. It attempts to compare the distribution of socially available income with the distribution of the population. It is calculated by putting the cumulative percentage of people in the population on the horizontal axis and plotting the accumulated percentage of income received by each individual in this society on the vertical axis. Thus, at the extremes of the axes, we have 100 per cent of the population and 100 per cent of income (the sum of all income).

Figure 6 and 7 – Basis for calculation of the Gini index



In a perfectly egalitarian society, we would observe the situation exhibited by Figure 6. Each individual would have the same amount of income and, if we were to get the sum of the income of 50 per cent of the individuals, we would have 50 per cent of the total income available, as in the figure above. In this case, a straight line (represented by the dotted line) would connect the extremes of the two axes.

What we observe in practice, however, is that because all people do not have the same income, the connection between the two axes forms a curve – referred to as the Lorenz curve. Figure 7 shows a situation in which after we have accounted for 50 per cent of the population, we haven't even accumulated 20 per cent of income. This is due to the fact that this first half of the population has a low level of income that represents a small percentage of the total income existing. The greater the inequality, the more the Lorenz Curve moves away from the straight line representing perfect equality. The Gini index is the total area between the curve and the straight line. Thus, the greater the inequality in a country, the larger the area is. The extreme limit of this situation of inequality is reached as the coefficient approaches 1.

In Brazil, the official Gini index is calculated by IBGE, based on data from the PNAD. The income measure used is the income from labour. For this study, however, we opted to use family income per capita. We would argue that income calculated from labour will underestimate existing inequalities. Unemployed individuals do not enter into the calculations – since they do not work. In the official index, all income coming from retirement plans, pensions, rents, benefits, interest and so on are not included. We have included them in our calculations, as some of these are items characteristically concentrated in the higher classes.

But why family income? We feel that the income received by an individual says nothing about the context in which it is received and used. It is well known that the poor generally have larger families, with more children and often extended family and other relatives present in the same household. Among the rich, the nuclear family is more often the rule, generally consisting of a couple and one or two children. The salaries and other income available to poor people are thus divided into many parts and must sustain more people. Family income per capita is a more reliable measure, and takes all of these aspects into account. In the next section, we will show the differences between the values presented by the official measures and by our methods.

Even so, our indicator is also limited by the fact that family income per capita, calculated by using the PNAD data, underestimates income from capital. The rich hide income, failing to declare much of it, which is true not only in Brazil (Pochmann et al, 2004). So much so that the family income per capita of the 10 per cent or 20 per cent 'richest' people in the country, used in this study, captures mainly the salaried, upper middle class.

At the same time, income inequality is only one manifestation of the inequality of wealth and of unequal access to education, economic, social and cultural rights, all of them difficult to measure.

In summary, despite its usefulness and capacity for synthesis, the Gini has many limitations. For this reason, we use other measures as well to study inequalities. In the first place, the Gini coefficient is not very sensitive to extreme levels of distribution of income. In particular, it does not grasp changes in the income of the very rich and very poor (Cowell, 1995). It is a good indicator for changes that occur in the intermediate areas. For this reason, whenever we refer to inequalities we add the real values of average income for the more extreme strata (the 10 per cent and 20 per cent poorest, as well as the 20 per cent and 10 per cent richest) to the information provided by the Gini. The ratio of average income of these extremes is a more accurate way to measure more intense social cleavages.

Above all, the Gini only gives us a panorama of the general pattern of income distribution, without much detail in regard to the consequences of inequality in terms of economic opportunities, access to social goods and differences of living standards. For this reason, in the sections on inequalities of race, gender and education, we complement our analyses with other indices, which are more pertinent for each of those subjects. In a country like Brazil, if we want to adopt a development strategy that has social justice as its cornerstone we must attack the structural sources of the inequalities and to do so we have to understand them well.

3.2 Inequality across the Brazilian territory

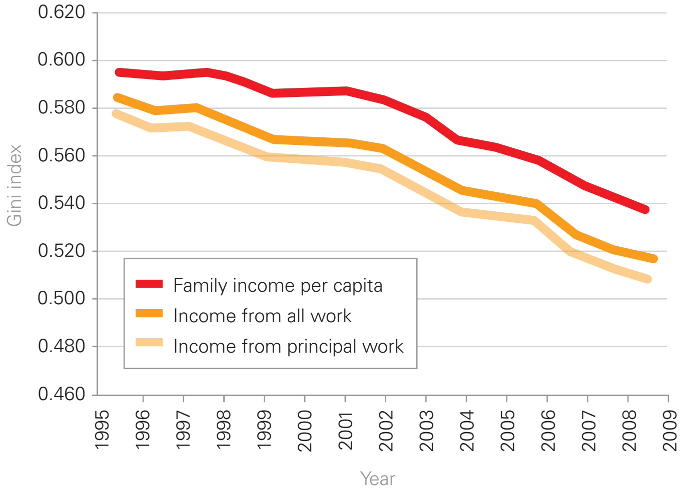
We now move on to an analysis of the evolution of inequality from 1995-2009. If we follow the Gini index over this period, we can see two tendencies.

First, the decline in inequality is greater when income for principal work is taken as the parameter than when family income per capita is used. The decline resulting from the criteria of income from all work lies between the two. This is because a person who has more than one job generally suffers from a lower income. The lower decline observed when the criteria used to measure inequality include family income per capita is due to the greater number of children in poorer families. The lower decline – as well as the higher level of inequality when using this criteria – points to the fact that even though other sources of income (the Continuously Paid Benefits (BPC) and the *Bolsa Família* (PBF) programmes) contribute in a favourable way (despite having little effect on the decline of inequality), they are insufficient given the size of these families.

Another fact worth mentioning is that the decline in inequality is concentrated – for all income criteria – within the period 2003-2009. Seventy per cent of the decline in inequality, according to the criteria of family income per capita given priority in this study, is contained within this time period, representing less than half of the period observed, which is 1995-2009.

Graph 11 – Gini for Brazil 1995-2009

Source: PNAD/IBGE.



Comparison of the decline in inequalities according to the three measures of income:

1995-2009		2003-2009	
Family income per capita	9.72%	Family income per capita	6.91%
Income from all work	11.49%	Income from all work	6.61%
Income from principal work	12.06%	Income from principal work	6.98%

If the inequality curves with and without benefits[11] are isolated when comparing the Gini index for the entire country – always using the criteria of family income per capita – we see that they follow the same path of decline, but with no significant increase in the separation between them. This tells us that the benefits themselves – at least if we consider the country as a whole, which continues to be an abstraction since this hides various local and regional dynamics – do not explain the reduction in inequality, despite the fact that they may have contributed to it.

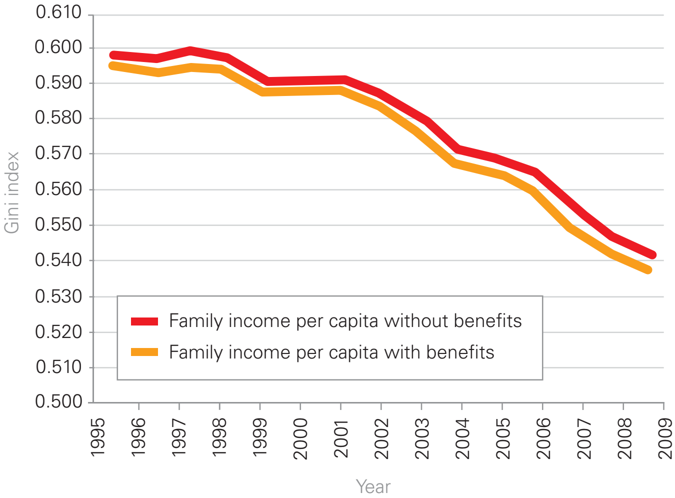
Moreover, the decline in inequality – even when eliminating the benefits – is also shown to be quite concentrated for the period of 2003-2009, which indicates that the dynamic of the labour market (increase in jobs and the minimum salary) made a significant contribution toward the achievement of this result.

The IPEA text (2010) endorses this hypothesis. In fact, this is due to the fact that income from work at the end of the period represents about three-quarters of total family incomes, against 19 per cent for income from retirement plans and 1.3 per cent for BPC and PBF combined. Obviously these percentages vary greatly in different regions of the country, and affect the decline in inequality.

At any rate, the decline in inequality resulted more from the effect of salaries and retirement plans indexed to the minimum wage than from income transfers, which play a secondary role because their values – individual, in the case of the PBF, and in terms of total income for the PBF and the BPC – are shown to be relatively small. While they may be able to reduce absolute poverty, especially in the poorest regions, they don't address inequality, and don't create alternatives for lasting social inclusion. The importance of these benefits is undeniable, but they become more relevant when they are associated with complementary policies.

Graph 12 – Gini for Brazil – with and without benefits

Source: PNAD/IBGE.



Continuously Paid Benefits and *Bolsa Família* programmes

Income transfer programmes for non-contributors are aimed at assisting the poorest segment of the population in various ways. The Continuously Paid Benefits (BPC) programme substituted for the Lifetime Monthly Income programme as a benefit in the Social Welfare area. Established by the Organic Social Welfare Law (LOAS) of 1993 and implemented beginning in 1996, the BPC is income assistance directed at the elderly (65 years and older) and the handicapped in situations of extreme poverty (belonging to families with per capita income of one-quarter of a minimum salary). The introduction of this benefit resulted in increased coverage of the elderly population with regard to income protection (Vaitsman, Andrade and Farias, 2009).

Another public policy directed at the low-income population was the *Bolsa Família* programme (PBF), introduced in 2003 through the consolidation of a variety of policies with higher benefits and a new administrative structure. This policy would become one of the principal initiatives of the Lula administration, symbolising its preoccupation with the poorer segments of the population.

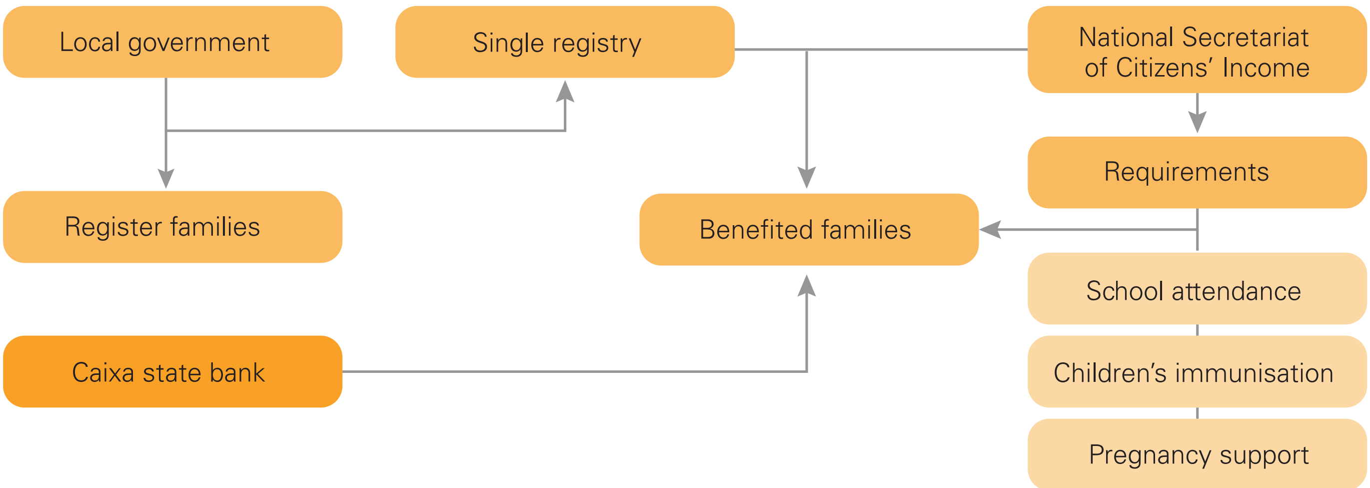
The PBF falls under the responsibility of the National Secretary of Citizens' Income (Senarc) of the Ministry of Social Development and War on Hunger, which is responsible for the execution of a national policy on citizen's income and for the administration of the PBF, which is shared between the states, the Federal District and the municipalities. In addition, Senarc also administers the Unified Registry, which is the database of information for all social programmes.

Within the decentralised administration model, the municipalities are responsible for registering poor families based on a questionnaire prepared by Senarc, which feeds the database of the Unified Registry. The municipalities are also responsible for preparing the reports monitoring recipients' duties.

Also with respect to the operational structure of the PBF, the role of Caixa Econômica Federal must be pointed out, as it is a state-owned bank. This institution acts as the operating agency for the payment of benefits, in addition to processing the information of the Unified Registry, based on guidelines defined by Senarc.

Figure 8 – The *Bolsa Família* programme

Source: MDS.



The PBF is aimed at poor families with family incomes per capita that are below the poverty line. These families are divided into two groups based upon the definition of two lines of poverty. The value of the benefit received per family (values as of February 2011) varies from R$22.00 to R$200.00 according to the family's level of poverty as measured by family income per capita. There are four types of benefits:

i) basic: the amount of R$68.00 is paid to every family classified as being in a situation of extreme poverty, regardless of the number of children or adolescents in the family

ii) variable: the amount of R$22.00 is paid to every family in a situation of poverty or extreme poverty for each child or adolescent aged 15 or younger, up to a maximum of three children per family. Thus, the maximum amount paid is R$66.00 per family

iii) variable associated with adolescents: the amount of R$33.00 is paid to every family with adolescents of the ages of 16 and 17. The maximum amount paid to each family is R$66.00, or, in other words, up to a maximum of two adolescents in this age range

iv) variable for special circumstances: with no fixed value, this benefit is paid to every family involved in migrating to the *Bolsa Família* programme from the old programmes of *Auxílio-Gás*, *Bolsa Escola, Bolsa Alimentação* and *Cartão Alimentação.*

The total value of the benefits received by a family is the result of the sum of the various benefits in accordance with the characteristics of the family benefited. The basic difference between families in a situation of poverty (per capita income between R$70 and R$140) and those in a situation of extreme poverty (per capita income less than R$70) is that the latter receive the basic benefit (even those made up only of adults) and the variable benefit, if applicable, in a cumulative fashion. On the other hand, families in a situation of poverty receive only the variable benefits and, in this case, families that are made up only of persons aged 18 or older cannot receive the benefit.

A pertinent aspect to be emphasised here is that the PBF is not a 'right'. The fact that a family fits into the categories that make it eligible for the programme does not mean it will automatically become a recipient of programme benefits. This is the result of the way the programme is financed, with a budget that is defined annually by the government. Under this procedure, the number of families served is not necessarily equal to the number of families eligible to enter into the programme (Soares and Satyro, 2010).

Another fact worth mentioning is that the decline in inequality is concentrated – for all income criteria – within the period 2003-2009. Seventy per cent of the decline in inequality, according to the criteria of family income per capita given priority in this study, is contained within this time period, representing less than half of the period observed, which is 1995 to 2009.

Comparison of the decline in inequalities of per capita family income with and without benefits

1995-2009	
Family income per capita	9.72%
Family income per capita without benefits	9.32%

2003-2009	
Family income per capita	6.91%
Family income per capita without benefits	6.60%

Another way of looking at inequality and its evolution during the recent period is to compare the difference between how much the richest 20 per cent and the poorest 20 per cent receive, using the average income for these two groups. This difference declined from 23 times more to 18 times more between 2003 and 2009. It's worth mentioning that in the country having the greatest inequality among developed countries, the United States, this difference is 8 times (Wilkinson and Pickett, 2010).

In other words, Brazil – after the greatest decline in inequality observed since these statistics have been available – is 2.3 times more unequal than the United States, this being the case however if the databases were completely comparable and inequality was solely determined by variable income, which as we've seen is not actually the case.

But a decline in inequality can manifest itself in various ways: the income of the richest can fall more than that of the poorest; that of the richest can fall while that of the poorest can remain the same; or the income of the poorest can increase more than that of the richest.

In Brazil, this decline was due to the fact that the family income per capita of the poorest 20 per cent grew 109 per cent in real terms, against 64 per cent for the richest 20 per cent for the years between 2003 and 2009, which proved to be an important advance. Even so, the monthly average income per person for the poorest families was R$104 against R$1,874 for the richest 2009.

If we compare the richest 10 per cent and poorest 10 per cent for the entire country, this gap expands to 40 times for 2009, even though it is much lower than the 52 recorded in 2003. In monetary terms, in 2009, the family income per capita of the richest and poorest 10 per cent was, respectively, R$2,727 and R$68.00.

This type of analysis demands a few observations. In the first place, the income of the segments at the top of the social pyramid, the 'truly rich', is generally underestimated as they often don't work, or receive a good part of their income from other sources that are not the result of their labour.

Secondly, the important segment of those who live without income are left out of the equation, which are those generally linked to a subsistence economy, producing for their own consumption in rural areas or involved in activities in urban areas that are not directly remunerated (non-paid domestic work and family micro-businesses).

Finally, this data is influenced by the population density of the richest states, which may be influencing the level of income of the richest and poorest segments, raising both numbers. The reason for this is that, in practice, the states with the greatest per capita income tend to be less unequal in Brazil – with the exception of the Federal District – as we can see below.

Table 3 – Ratio of average salaries between rich and poor

Calculations by researchers based on PNAD/IBGE data.

	BRAZIL	
	Ratio of the richest 20 per cent/poorest 20 per cent	**Ratio of the richest 10 per cent/poorest 10 per cent**
2003	23.01	51.95
2004	21.37	47.53
2005	20.85	46.47
2006	20.35	46.02
2007	19.37	43.21
2008	18.32	40.16
2009	17.99	40.02

This shows us that the average income of the richest and the poorest 20 per cent varies significantly according to location, which for its part is related to density or and level of differentiation in economic and social relations. According to Milton Santos (2005), the explanation for this phenomenon is that 'the importance of an individual as a producer and consumer also depends on his position in space and varies as a function of the opportunities of spatial structure'. In Brazil, spatial inequality makes social and economic inequality possible on a national scale.

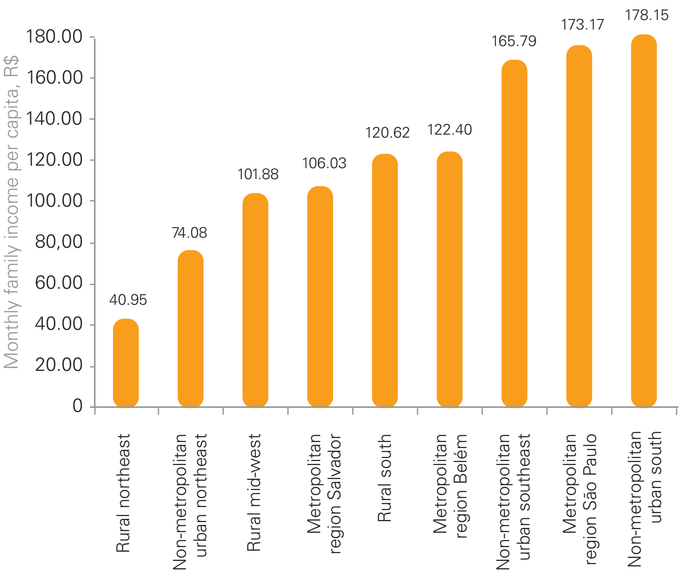
Let's look, as an illustration, at how being poor may imply different levels of income in different parts of the country. The family income per capita of the poorest 20 per cent varies widely in different places. To be on the bottom of the pyramid in the rural northeast means having an income four times lower than that of a person in a metropolitan region. It is obvious that the basic cost of living in São Paulo is much higher, which is borne out by the costs associated with housing and transportation. However, opportunities for social mobility are quite different, as are mechanisms for fighting inequality.

It can also be observed that the average income of the poorest 20 per cent in the rural south, which has a less concentrated structure of agrarian land ownership, is greater than that of the metropolitan region of Salvador, which displays rates of unemployment and informal employment that are among the country's highest.

Additionally, the income at the bottom of the pyramid of those with some income in the non-metropolitan urban areas in the southeast is twice that of their counterparts in the northeast, which has a more rarefied urban network. Here, in addition to having lower levels of consumption and income, the working population of the non-metropolitan urban areas is more unevenly subordinated to the production networks of the metropolitan areas of the northeast or the southeast.

Graph 13 – Family income per capita of the poorest 20 per cent by selected areas

Calculations by researchers based on PNAD/IBGE data.



Graph 14 allows us to compare and contrast rural and urban areas. First, we can observe that inequality declined more in rural than in urban areas, with the decline concentrated more clearly in the former during the period from 2003-2009.

Secondly, the greater inequality in urban Brazil – when compared to rural Brazil – is due to a problem in the database, since the '0' income segments, which are not computed, are in their majority located in rural areas. Furthermore, some of the rich who report income from rural activities live in the cities. At any rate, given that the economic surplus is greater in urban areas, along with the fact that there is a greater supply of jobs in those areas, inequality there appears exaggerated.

Thus, it is more appropriate to speak of various patterns of inequality in urban and rural areas, remembering always that the scenario is revealed to be quite variable depending upon the great region that is used as a basis, as shown above.

In Brazil, noted for its heavy concentration in land ownership, income levels and patterns for labour relations mirror the extreme inequality in wealth, which also varies from region to region.

Nevertheless, if we compare the profile for concentration of land ownership in Brazil in 1950, based on the data from the census of that year tabulated by Caio Prado Jr (1987), we see that large landholdings represented just nine per cent of the total establishments, which account for three-quarters of the total area occupied.

Table 4 – Concentration of land ownership in 1950 (in per cent)

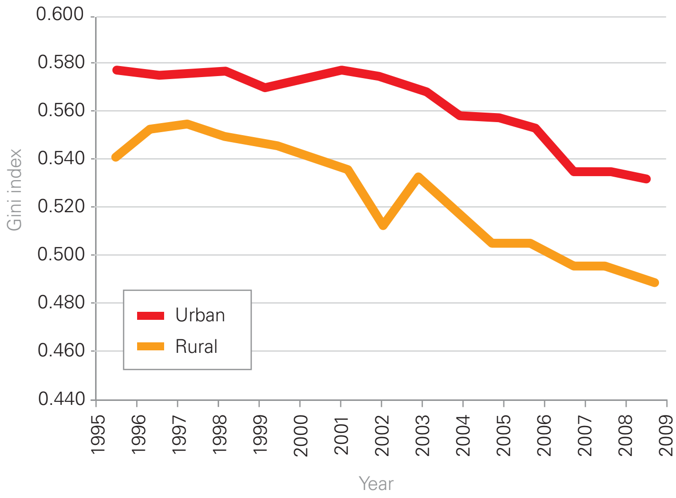
Source: Census of 1950, in: Prado Jr (1987).

	Total establishments	Area occupied
Small	85	17
Medium	6	8
Large	9	75

Sixty years on, the picture isn't so different. Two per cent of properties are considered to be large landholdings, taking up more than half of the privately owned area. There has been an increase in the concentration of property in the hands of large landholders, who are now more capital and technology-intensive, allowing them quickly to gain shares in external markets.

Graph 14 – Trend of the Gini index: rural and urban areas

Researchers' own calculations using PNAD/IBGE data.

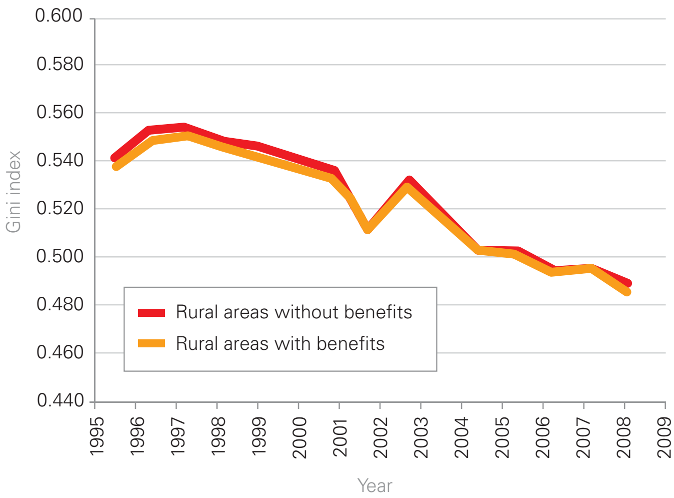


1995-2009 decrease in Gini index	
Rural	9.31%
Urban	7.66%

2003-2009 decrease in Gini index	
Rural	7.91%
Urban	6.34%

Graph 15 – Trend of the Gini index: rural areas with and without benefits

Researchers' own calculations using PNAD/IBGE data.



1995-2009 decrease in Gini index	
Without benefits	9.52%
With benefits	9.31%

2003-2009 decrease in Gini index	
Without benefits	7.91%
With benefits	7.89%

Table 5 – Concentration of land ownership in 2010 (in per cent)

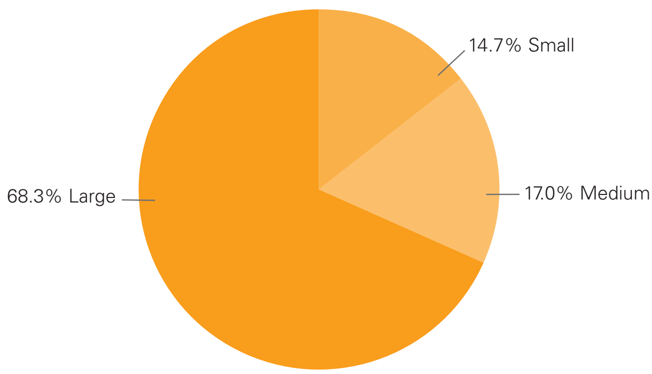
Source: the National Institute for Agrarian Colonization and Reform (Instituto Nacional da Colonização e Reforma Agraria, INCRA).

	Total establishments	Area occupied
Small	90.1	23.8
Medium	7.4	20
Large	2.5	56.1

Figure 9 shows that even with an expansion in the area occupied by small and medium-sized owners, which is due to rural land redistribution programmes and more accessible agricultural credit, two-thirds of the agricultural areas occupied between 2003 and 2010 were in the hands of large landowners. There was, in fact, an intensification of the concentration of wealth and income in agriculture during the Lula administration, despite the positive effects of various localised initiatives in rural areas that allowed for a significant reduction in poverty.

Figure 9 – Distribution of occupied area between 2003 and 2010 by size of property (in per cent)

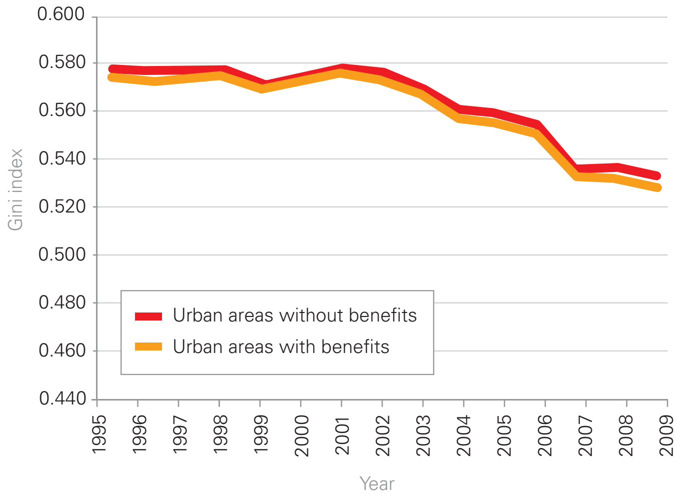
Source: INCRA registry.



In a context of economic expansion caused primarily by market mechanisms, agro-business tends to dislocate family agriculture, as Rangel (2005) predicted in the 1980s. To put it in another way, the increase of inequality prevents the reduction of absolute poverty from creating more dignified and longer-lasting alternatives of social inclusion in the Brazilian countryside, where more than 16 million workers live – almost two Swedens – of whom 60 per cent are involved in small farming with family workers.

Graph 16 – Trend of the Gini index: urban regions with and without benefits

Researchers' own calculations using PNAD/IBGE data.



1995-2009 decrease in Gini index	
Without benefits	7.66%
With benefits	8.03%

2003-2009 decrease in Gini index	
Without benefits	6.34%
With benefits	6.63%

The graph and tables on this spread point to the fact that – unlike what is being said by the media – social programmes were not mainly responsible for reducing inequality in rural Brazil. When the benefits are removed, the fall in inequality remains virtually unchanged. The same is seen in urban areas, even though here the effect is positive, although less significant.

In Table 6, the gap in income between the richest and the poorest in urban and rural areas can be seen. The gap is less for both than for Brazil as a whole, which can be explained by the fact that the largest part of the urban rich are among the richest in the country, whereas the opposite happens for the poorest, with a higher presence of the rural poor.

Lower inequality in rural areas, in statistical terms, is due to the fact that income '0' is not calculated, as mentioned above, but also because the income of the richest tends to be concentrated in urban areas.

The situation turns out to be even more complex when we show the trend, in real terms, of the average income of the urban and rural poor, then do the same for the urban and rural rich. Being 'poor' and 'rich' in those areas – in spite of the integration of the domestic market, the high level of monetisation of the Brazilian economy and the increasing generalisation of the pattern of modern consumption – is completely different.

It can also be seen that the income of the poorest 20 per cent in urban areas grew faster than that of the poorest 20 per cent in rural areas from 2003-2009. In 2009, the urban poor earned 2.2 times more than the rural poor. Now in the case of the richest 20 per cent, income grew faster for the rural than the urban population. Even so, the difference in favour of the urban rich was 2.4 times.

Table 6 – Ratio of the average wage between the rich and poor in rural and urban areas

Researchers' own calculations using PNAD/IBGE data.

	RURAL		URBAN	
	Ratio 20 per cent richest/20 per cent poorest	**Ratio 10 per cent richest/10 per cent poorest**	**Ratio 20 per cent richest/20 per cent poorest**	**Ratio 10 per cent richest/10 per cent poorest**
2003	17.35	38.25	21.07	45.92
2004	15.53	33.22	19.59	42.34
2005	14.88	30.89	18.98	40.86
2006	15.60	32.95	18.37	39.52
2007	15.73	34.59	17.59	37.65
2008	14.73	31.31	16.60	35.08
2009	14.73	31.65	16.45	35.27

Democratisation of land

Since the arrival of Portuguese colonisation, in 1500, of land in South America, there was a clear political intent to ensure that access to agricultural property was a privilege for only a select segment of society: the rich white population, the so-called *homens bons*.[12] The role of the poor white population was menial work in large rural properties, in exchange for basic conditions for their subsistence. The indigenous population and black people worked as slaves.

For 350 years, up to 1850 when the first Land Law was signed, the *homens-bons* could freely occupy land that the Portuguese crown took from the people who were living in that territory. That law ended the period of 'free occupation of unoccupied land' and introduced purchase as the only mechanism of access to farmland. In addition to that, it met its objective of becoming an efficient legal instrument to keep the poor population away from access to land and to ensure that the slave population continued to be the manpower in large rural properties after abolition.

The economic, social and political domination of large rural property in our country has prevailed since then and continues today. The historical events that marked national politics, such as the country's independence (1822), the abolition of slavery (1888), the proclamation of the republic (1889) and the first republican Federal Constitution (1891), were indifferent in the face of the economic and political power of the large rural owners, frustrating all and any attempts to democratise access to land.

The country's own model of economic development, centred on the export of foodstuffs – based on monoculture, large landholdings, slave manpower and the external market – consolidated, over four-and-a-half centuries, the formation of a territory for the exploitation, production and export of natural wealth. This was a development option designed for the ruling elites in the country and one which blocked the possibility of building a sovereign nation which would primarily respond to the interests of the Brazilian people.

When the country managed to move beyond the agro-export model to structure an urban and industrial society, since late in the third decade of the last century, once again a historic new opportunity was lost to modernise the land-owning structure, promote social and economic development in rural areas and end the centuries-long political domination the large estate owners held over the poor population in the countryside. The ascendant industrial bourgeoisie in Brazil gave up the possibility of carrying out agrarian reform, as today's developed countries did in the 18th and 19th centuries, to promote an agreement with the rural oligarchies.

By looking after capital, that agreement had undisputed success. Areas of large estates were converted into capitalist agricultural undertakings, and their integration with industry promoted and deepened, with the support of the dictatorial government set up in 1964 and the subordination of both to the external market. This modernisation of production was sufficient to give support to the nascent Brazilian urban-industrial society. However, it was unable to reduce social inequality in the countryside and promote de-concentration of the land tenure structure. On the contrary, the so-called *modernisation without reform* became an effective instrument of concentration of land tenure, consequently generating poverty in the countryside.

In the last two decades of the 20th century, as a result of the capitalist globalisation of markets and the international division of labour and production, under the aegis of the International Monetary Fund and the World Trade Organization, countries in the southern hemisphere became collectively an immense platform for the export of raw materials and goods of low added value. Especially in Brazil, agribusiness – consisting of the shared interests of large rural owners and transnational companies that work in agriculture and the financial system – knew how to take advantage of the driving force of this demand from the international market for mixed farming, forestry and ore products, to establish a new agricultural model for the country. Agriculture no longer prioritised the production of food and raw materials for the model of urban-industrial development to be transformed into an immense commodities export business.

The praise for agri-business hides two characteristics of Brazilian economic development that have remained unchanged throughout its history. Firstly, it was always development that was aimed at meeting the interests of the external market and, secondly, in all periods of history, it promoted social inequalities. These two characteristics would not have prevailed if there had not been the third: the violence perpetrated against the subordinate social classes.

For nearly four centuries of slave labour (1500-1888), the social issue such as the case of policing by the governments of the Oligarchic Republic (1889-1930), by the dictatorial governments of Getúlio Vargas (1930-1945) and by the military (1964-1985) bear witness to the long – virtually uninterrupted – periods of institutional violence exercised over a population excluded from the benefits of the country's economic development.

Those who benefited from agri-business used the income from exports – US$76.4bn in 2010 – to justify the current model of Brazilian agriculture. They are incapable of seeing the harm caused by an agricultural model that concentrates 84.8 per cent of the total value of production in only 8.1 per cent of all agricultural establishments. At the other extreme, there are 3.7 million agricultural establishments, representing 72.9 per cent of the total, which are unable to achieve a monthly income greater than two minimum wages. And, within that segment, there are 2 million establishments with an annual production of approximately one minimum wage. Economic activity in agriculture became totally unviable for them and the rural environment restricts itself to being a space for living in. The defenders of agri-business look to this section of the population, nearly 11.3 million people, as the inevitable future inhabitants of the slums in the large urban centres.

The success of agri-business, achieved at the cost of the intensive use of chemical inputs, pesticides, intensive mechanisation and fossil fuels, hides the fact that of the 16.2 million Brazilians who live in extreme poverty, nearly 7.6 million live in the countryside.

Now, family agriculture, with only 24.3 per cent of the area of rural establishments, employs 74.4 per cent of the manpower in the countryside and responds with 87 per cent of the production of manioc, 70 per cent of beans, 67 per cent of goats' milk, 59 per cent of pig meat, 58 per cent of cows' milk, 50 per cent of poultry meat, 46 per cent of maize, 38 per cent of coffee, 34 per cent of rice and 30 per cent of beef.

Even so, the concentration of land tenure in Brazil is one of the highest on the planet. Only 0.8 per cent of rural owners occupy 31.6 per cent of the arable land. Now, owners with areas smaller than 200 hectares represent 91.9 per cent of the total and own only 29.2 per cent of the farmland in the country. It is estimated that carrying out agrarian reform, promoting the de-concentration of the land structure, would directly benefit 2.5 million families without land.

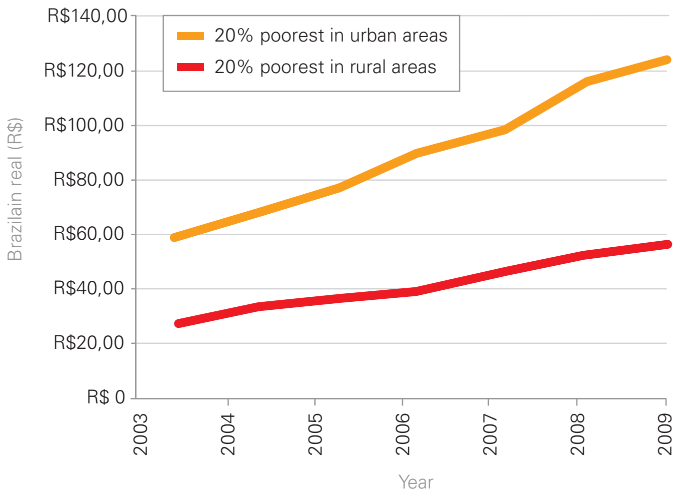
In the meantime, an agrarian reform today no longer restricts the policy on land distribution as it did in the 18th and 19th centuries. It is necessary to think of the rural world as a space for the development of economic activity, social relations and environmental conservation. The last two requirements are incompatible with the model of agriculture dictated by agri-business, driven to obtain and maximise profit at any cost.

Christian Aid Brazil's partner MST advocates for a new model of agriculture that implements democratisation of access to farmland; which promotes free, quality public education in the rural environment
and encourages a pattern of production based on polyculture and agro-ecology in small and medium-sized rural properties, preservation of the environment and associated with small agro-industrial units located in rural areas.

MST also advocates for an agrarian reform that provides values that guarantee the provision of land and seeds in the common interests of humanity, that sees food as a human right and not as a source of profit and exploitation, and that allows each country to build its food sovereignty.

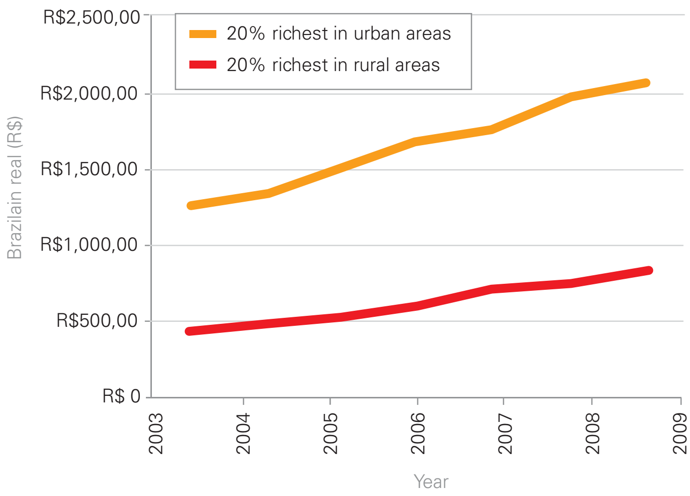
Graph 17 – Trend of the real income of the poorest 20 per cent in urban and rural areas

Researchers' own calculations using PNAD/IBGE data.



Graph 18 – Trend of the real income of the richest 20 per cent in urban and rural areas

Researchers' own calculations based on PNAD/IBGE data.



It is worth emphasising that the average income of the 20 per cent richest in rural areas – R$844.00 – was only about seven times higher than that of the urban poor – R$124.00, at 2009 values. In the meantime, it is worth remembering that dualistic analyses of rural-urban relationships in Brazil nearly always lead to erroneous conclusions. Complexity is the rule. For example, whereas part of the countryside is urbanised with the expansion of agri-business, growing groups of the poor in urban areas go on to develop new forms of social relations generally considered typical of rural areas.

That is, despite the limitations of the databases, quite diverse realities can be seen that should not be analysed in a watertight way. For the purposes of illustration, the growth in income of the poorest in the city may lead to a greater possibility of integration of the groups considered the 'richest' in rural areas, statistically increasing inequality there, but generating potentially more inclusive local dynamics. This could be the case if structural reforms (distribution of rural and urban land, incentives for less concentrated market structures and expansion of access to health and education) were introduced. On the contrary, the improvement in the income of the rural poor would be drained away from them.

This assumption is subject to confirmation in the various regional contexts. In any case, it is also observed that simply reactivating the domestic market is not sufficient in itself to provide a minimum income level for the poor in rural areas. Simultaneously, after being introduced, income transfer programmes in rural areas tend to freeze the pattern of inequality, unless the value of the benefit is constantly increasing, which may cause considerable fiscal pressure.

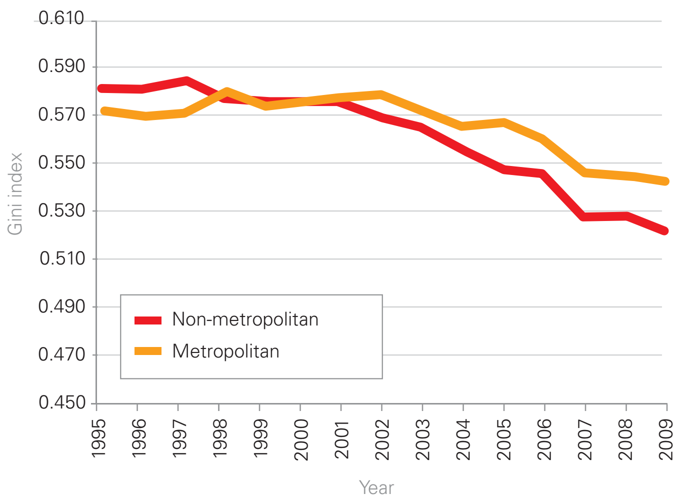
In a country like Brazil, with an urbanisation rate of 81 per cent (2000 Census, IBGE), understanding inequality – obviously without undervaluing the dynamics of the rural areas – must take into account the diversification of urban areas. In the words of Milton Santos (2005), since the 1970s, despite the maintenance of metropolisation, an even more accentuated process of demetropolisation has taken place, with the advance of urban non-metropolitan areas, not only in terms of migratory flows, but also and especially as a locus of new socioeconomic activities. That is, the urban network has shown itself to be more complex.

A recent IPEA study (2011) even confirmed that the reduction of the disparity of average income between these two types of urban built-up areas played an important role in reducing inequality.

In fact, this is what can be inferred from the data below. The non-metropolitan Gini index moves below that of the metropolitan index from the year 2000 onwards. It is precisely in urban non-metropolitan Brazil that the largest fall in the Gini index is seen – when compared with the metropolitan regions and the rural areas – for the two periods set out in the graphs opposite.

Graph 19 – Trend of the Gini index: metropolitan and non-metropolitan regions

Researchers' own calculations based on PNAD/IBGE data.

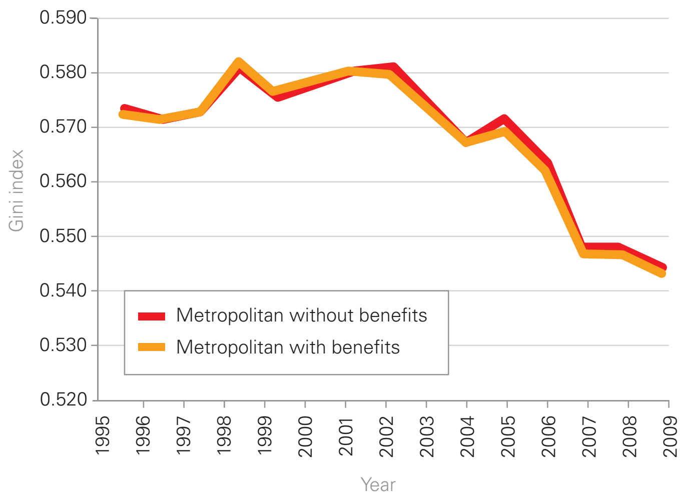


1995-2009 decrease in Gini index	
Non-metropolitan	10.35%
Metropolitan	4.98%

2003-2009 decrease in Gini index	
Non-metropolitan	8.34%
Metropolitan	5.35%

Graph 20 – Metropolitan Gini index – with and without benefits

Researchers' own calculations based on PNAD/IBGE data.



1995-2009 decrease in Gini index	
Without benefits	4.87%
With benefits	4.98%

2003-2009 decrease in Gini index	
Without benefits	4.91%
With benefits	5.07%

It is also here that the highest concentration of the fall in inequality is seen in the period 2003-2009 and where the benefits have contributed more to the fall in inequality. That probably happens due to the diversity of the municipalities classified as urban non-metropolitan areas.

Many of these municipalities, even though characteristically rural, because of the profile of their activities and the lack of infrastructure, are considered 'urban'. It is precisely these non-metropolitan urban areas that concentrate a large part of the country's poverty (Rocha, 2003).

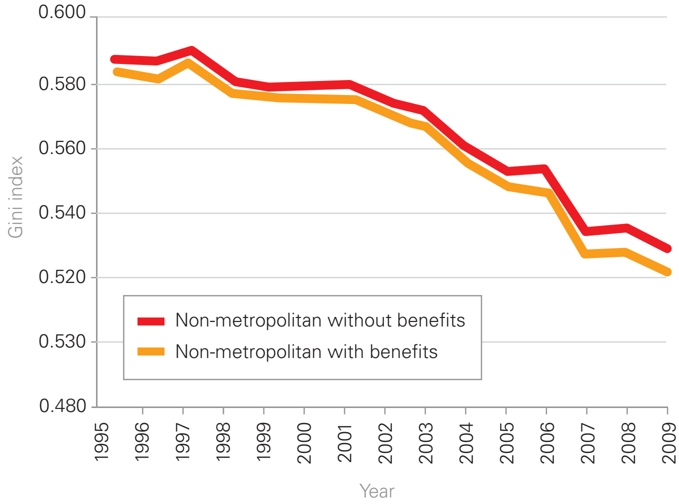
Others already appear to support the process of spatial reorganisation of productive or production activities outside the metropolises, even though they are still controlled from those multi-functional metropolises like São Paulo, for example.

It is also worth remembering that, in addition to reducing inequality faster, the non-metropolitan urban areas are getting close to the average income of the metropolitan areas both for the poorest 20 per cent and the richest 20 per cent. In the first case, they already receive 77 per cent of that obtained for the equivalent segments in metropolitan areas, whereas this percentage reaches 70 per cent for the richest. However, this process presents different intensities, in several of the large regions of the country.

Great caution is required when analysing the trend in the Gini index for large regions and units of the federation in a country like Brazil. It is a country where social inequalities are structured based on the segmented integration of the space, generating the hierarchisation of the economic, migratory and information flows. Expressed in another way, the trend in inter-regional and inter-state inequalities cannot be analysed in isolation since they shaped the very process of reproducing the social distances in the country.

Graph 21 – Non-metropolitan Gini index – with and without benefits

Researchers' own calculations based on PNAD/IBGE data.



1995-2009 decrease in Gini index	
Without benefits	9.84%
With benefits	10.35%

2003-2009 decrease in Gini index	
Without benefits	7.35%
With benefits	7.70%

The following series of graphs shows two processes. The common view links the recent fall in inequality in Brazil to the income transfers to the poor in the northeast who do not work.[13] However, income inequalities fell more heavily in regions with higher per capita income, even though the regions of the poorest have experienced a more significant rate of economic growth in recent years.

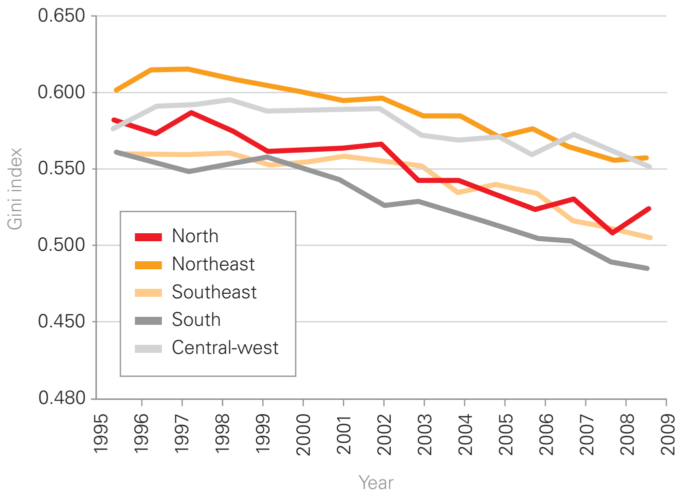
One assumption to be considered is that economic dynamism managed to activate the domestic market, in such a way that the income of the poorest in the richest regions increased – where the minimum wage acts as a basis for a range of wages and the level of formalisation of employment is greater – alongside the income of the 'richest' in the poorest regions, which managed to capture the advantages of extended consumption.

However, neither the increase in the size of the market – nor the income transfer programmes – are sufficient to alter the path of social and productive integration for the poor in rural areas and urban areas with less economic and social infrastructure. Without deeper structural reforms – agrarian reform and expansion of initiatives on cooperativism, micro-credit, social and professional qualifications, assisted by public investments – the poorest in the poorest regions tend to be excluded from the mechanisms of the market.

In a few words, the fall in inequality showed itself as more pronounced in the south region, followed by the southeast region. The northeast and north regions appear to be at an intermediate level in terms of the fall in inequality. In the centre-west region, probably by virtue of the expansion anchored in agri-business, inequality suffered the lowest fall, vying with the northeast as the most unequal region in the country.

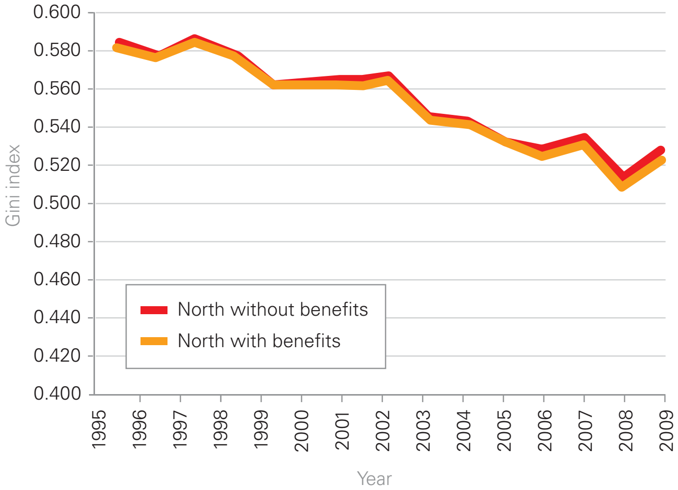
Graph 22 – Trend of the Gini index by macro-region

Researchers' own calculations based on PNAD/IBGE data.



Graph 23 – Trend of the Gini index by macro-region – north

Researchers' own calculations based on PNAD/IBGE data.

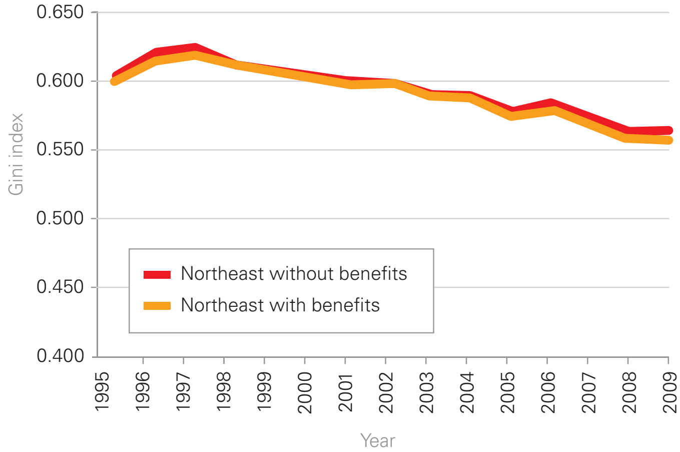


1995-2009 decrease in Gini index	
Without benefits	9.76%
With benefits	9.99%

2003-2009 decrease in Gini index	
Without benefits	3.09%
With benefits	3.51%

Graph 24 – Trend of the Gini index by macro-region – northeast

Researchers' own calculations based on PNAD/IBGE data.

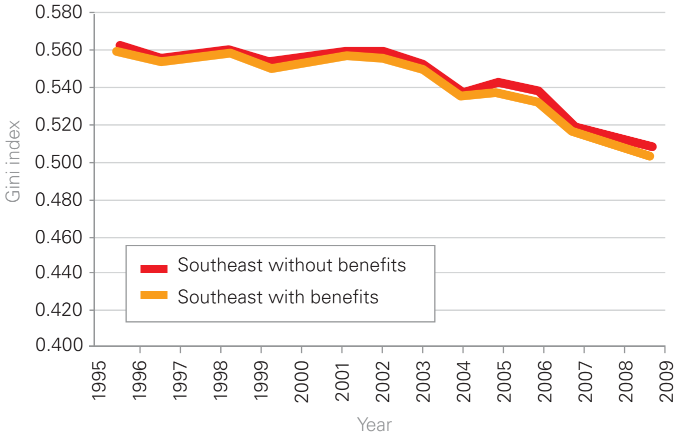


1995-2009 decrease in Gini index	
Without benefits	10.35%
With benefits	4.98%

2003-2009 decrease in Gini index	
Without benefits	8.34%
With benefits	5.35%

Graph 25 – Trend of the Gini index by macro-region – southeast

Researchers' own calculations based on PNAD/IBGE data.



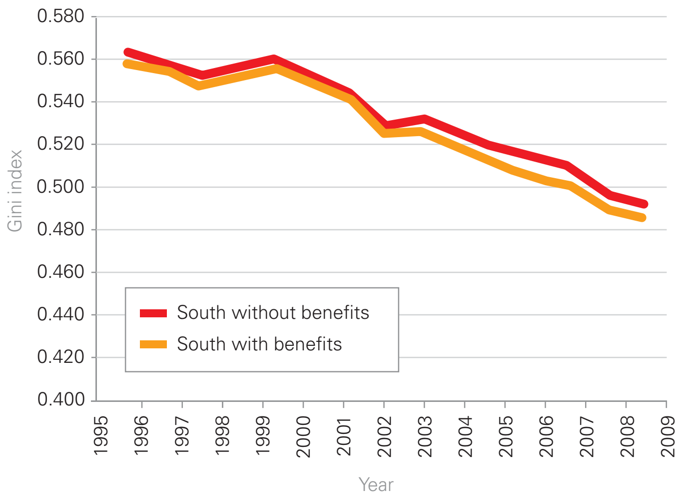
1995-2009 decrease in Gini index	
Without benefits	9.74%
With benefits	10.13%

2003-2009 decrease in Gini index	
Without benefits	7.87%
With benefits	8.21%

Secondly, the impact of the benefits on the fall in inequality is shown more strongly in these regions with higher per capita income, probably because it reaches 20 per cent of the poor in these areas, whereas in the poorest regions, even taking into account the low income from the social transfers, it reaches intermediate segments on the income scale. That is, in those areas, the *Bolsa Família* programme, rural pensions and the Continuously Paid Benefits programme may reduce absolute poverty, but do not contribute effectively to the fall in inequality. That means that income transfer and improvement of the minimum wage have important effects for the poorest in the richest regions, and appear insufficient in the poorest regions, at least when seen through the lens of the reduction of inequality.

Graph 26 – Trend of the Gini index by macro-region – south

Researchers' own calculations based on PNAD/IBGE data.

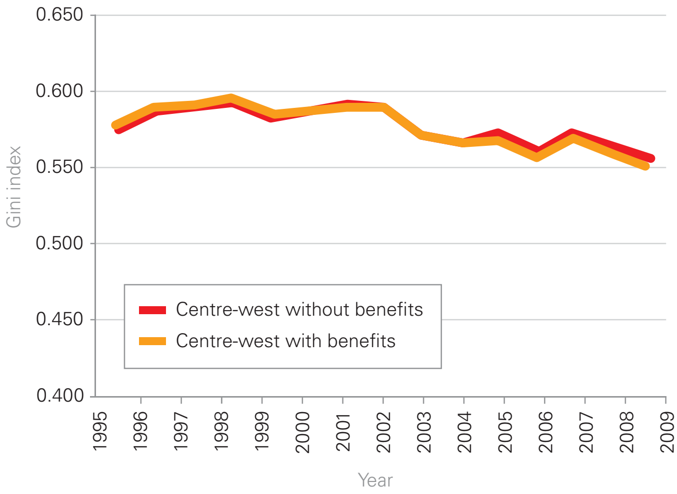


1995-2009 decrease in Gini index	
Without benefits	12.52%
With benefits	13.35%

2003-2009 decrease in Gini index	
Without benefits	7.25%
With benefits	7.84%

Graph 27 – Trend of the Gini index by macro-region – centre-west

Researchers' own calculations based on PNAD/IBGE data.



1995-2009 decrease in Gini index	
Without benefits	3.68%
With benefits	4.26%

2003-2009 decrease in Gini index	
Without benefits	2.92%
With benefits	3.24%

Table 7 – Summary of the trend in the Gini index in the macro-regions (2003-2009)

Researchers' own calculations based on PNAD/IBGE data.

	General	Rural*	Urban	Urban non-metropolitan	Metropolitan regions
Southeast	-8.2%	-12.5%	-7.8%	-11.4%	-5.3%
South	-7.9%	-12.2%	-7.3%	-9.9%	-6.5%
Northeast	-4.8%	-1.3%	-5.1%	-6.4%	-4.3%
North	-3.6%	-2.2%	-1.2%	-7.5%	-7.0%
Centre-west	-3.2%	-5.6%	-2.7%	-6.5%	-0.9%

*Data for the period of 2005-2009.

The structuring of more diversified urban networks, probably in regions with a higher per capita income, contributed to a new spatial organisation of productive activities and infrastructure, boosting the generation of formal employment and stimulating the income of the 'poorest' (see Table 7).

In the south and southeast regions, not only has the fall in inequality shown itself to be greater, but it was also concentrated in the urban non-metropolitan areas and rural areas.

In the north, northeast and centre-west, meanwhile, this fall was lower, but it happened also thanks to the urban non-metropolitan areas. Moreover, due to the concentration of land ownership, it means that in these regions the fall in inequality is shown to be virtually insignificant in rural areas, in addition to being dependent to a large extent on income transfers.

Informal economy in São Paulo

São Paulo, one of the most important metropolises in the world, concentrates a large part of the country's wealth, and also of the population, in a situation of absolute poverty that shows the true chasm in income distribution. On the one hand, we have the right to the city being asserted by those who have economic power and on the other we have the population of those without rights, seen principally as the population in a street situation and those without a roof over their heads, expressing the social contradictions existing in Brazil in a meaningful way. Those contradictions have been worsened even further through the process of urbanisation, which was characterised by land speculation and low wages of workers and generated socio-territorial segregation.

Among the different problems affecting the poor population is that of low-income workers in the informal economy.[14] It is quite a complex reality combining different forms of exclusion and precariousness, of which the following stand out: income instability, difficulties in accessing credit, not having social welfare benefits to help with illness or maternity or retirement benefits, and unhealthy working conditions.

These workers present difficulties with access to the formal housing market for rent or financing, due to insufficient income and/or the impossibility of fulfilling bureaucratic requirements, such as recording employment in the work portfolio (*carteira profissional*). As a result, the housing alternatives remaining for them are slums, tenement buildings, shelters or even living on the streets.

The precarious nature of work, together with that of housing, means that people feel like second-class citizens for whom exclusion is part of everyday life, as is acceptance of the stereotypes of offenders – conditions that encourage the circle of reproduction of poverty.

Christian Aid partner CGGDH is developing a project to support informal low-income workers who live in precarious housing. This project is divided into three aspects: diagnosis of the workers and public actions; a reference centre for informal workers (contact centre, training and integration into the network of workers); and social dialogue (monitoring workers in negotiation channels for rights, public policies and visibility of the issues of informal work).

The project monitors two categories of informal workers: among the subcontracted, Bolivian workers in the clothing sector in the central region, who are often in situations of semi-slavery, and among independent workers – street vendors. Only 2.2 per cent of the total 100,000 street vendors in the municipality of São Paulo have a licence; the rest are vulnerable to violence and harassment by the police on a daily basis.

The organisational strengthening of those fragmented workers, public policies on social inclusion and overcoming the precariousness of work are essential conditions for confronting social inequalities.

Let us now analyse tables 8-9 for the nine principal metropolitan regions.

The behaviour of inequality in the metropolitan regions of the country shows itself to be quite differentiated. With the exception of Brasília and Rio de Janeiro, the other metropolitan areas achieve a reduction in inequality fluctuating between four and seven per cent in the period 2003-2009. In order to understand these movements, more detailed knowledge of the socioeconomic dynamics of these spaces, their regional environment and their links to the national economy would become necessary.

It can be deduced that the 'champion regions' in terms of inequalities are the Federal District (Brasília), by virtue of the high wages and retirement pensions of the public sector, and Salvador and Recife, in the northeast, characterised by high rates of unemployment and informality. In addition to those mentioned above, Rio de Janeiro is the only other metropolitan area in which the income of the richest 10 per cent manages to be more than 40 times higher than that of the poorest 10 per cent.

Graph 28 – Trend of the Gini index by metropolitan region

Researchers' own calculations based on PNAD/IBGE data.

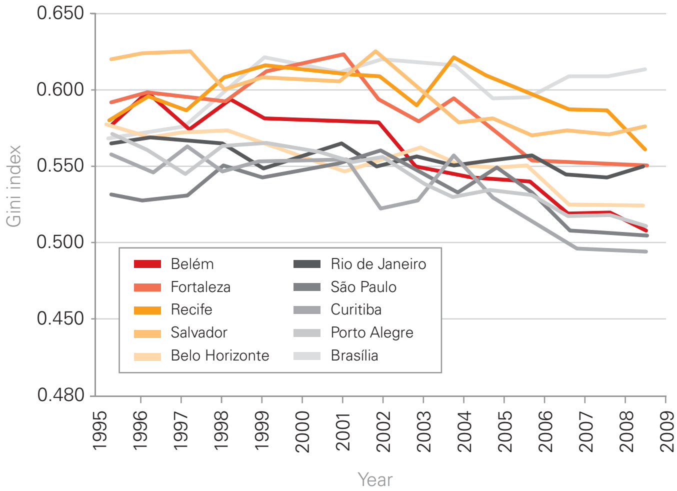


Table 8 – Trend of the Gini index in metropolitan regions

Researchers' own calculations based on PNAD/IBGE data.

	1995-2009	2003-2009	Rich and poor 10% (2009)*	Rich and poor 20% (2009)*
Belém	-11.8%	-7.0%	33.38	15.6
São Paulo	-4.7%	-7.3%	38.81	16.6
Porto Alegre	-11.3%	-6.7%	38.19	16.9
Belo Horizonte	-9.2%	-6.3%	39.70	17.6
Curitiba	-11.0%	-6.0%	34.87	17.0
Salvador	-7.4%	-4.8%	42.45	20.8
Fortaleza	-6.7%	-4.5%	37.82	17.6
Recife	-2.5%	-4.3%	44.69	19.3
Rio de Janeiro	-2.9%	-1.3%	41.48	19.0
Brasília	7.6%	-0.9%	48.08	24.7

*Number of times the average income of the richest stratum is higher than that of the poorest stratum.

From Table 9, it can be seen that Porto Alegre, São Paulo and Curitiba are the least unequal metropolitan regions, although they stand out for their percentages of population below the absolute poverty line, which are still high.

Table 9 – Gini index by metropolitan region

Researchers' own calculations based on PNAD/IBGE data.

Gini index by RM	
Brasília	0.614
Salvador	0.578
Recife	0.564
Fortaleza	0.554
Rio de Janeiro	0.551
Belo Horizonte	0.527
Belém	0.511
Porto Alegre	0.509
São Paulo	0.507
Curitiba	0.498

As for indicators by states of the federation (tables 10 and 11), it is worth emphasising that, as already mentioned previously, some of the states with the highest per capita income – São Paulo, Paraná, Rio Grande do Sul and Minas Gerais – are among those that witnessed the largest fall in inequality between 2003 and 2009. On the contrary, the majority of the states of the northeast (Bahia, Ceará, Rio Grande do Norte, Sergipe and Paraíba), of the north (Pará, Roraima, Rondônia and Acre) and centre-west (Goiás, Mato Grosso do Sul and Federal District) achieved a lesser fall in inequality than the average in the country.

Table 10 – Trend in the Gini index in federal units (UFs)

Researchers' own calculations based on PNAD/IBGE data.

States (increasing order of change of Gini)	1995-2009	2003-2009
São Paulo	-9.0%	-10.1%
Amapá	-1.8%	-10.1%
Paraná	-14.5%	-9.6%
Mato Grosso	-9.8%	-8.6%
Piauítiver	-4.5%	-8.0%
Amazonas	-10.3%	-7.5%
Rio Grande do Sul	-11.3%	-7.4%
Alagoas	-11.7%	-7.3%
Maranhão	-7.9%	-7.0%
Tocantins	-14.3%	-6.9%
Minas Gerais	-12.9%	-6.8%
Pernambuco	-3.6%	-5.9%
Bahia	-7.3%	-5.7%
Espírito Santo	-12.3%	-4.9%
Santa Catarina	-14.9%	-4.7%
Ceará	-11.3%	-4.2%
Goiás	-8.3%	-3.6%
Mato Grosso do Sul	-5.0%	-3.6%
Rio de Janeiro	-5.8%	-3.1%
Pará	-10.0%	-2.0%
Roraima	20.7%	-2.0%
Rio Grande do Norte	-5.9%	-0.8%
Sergipe	-0.8%	-0.8%
Federal District	7.0%	-0.7%
Rondônia	-12.6%	-0.6%
Paraíba	-4.%	2.6%
Acre	4.6%	2.7%

Table 11 points to several patterns of interaction between poverty and inequality in the different states of Brazil to be illustrated. First of all, it is worth mentioning that the first 13 have the highest Gini indices in the country, all above the national average.

With the exception of the Federal District – a quite specific case, as we can see – and of Rio de Janeiro – characterised by extreme financial and property wealth – all the others are located in the north and northeast regions, and at least one-third of their population are poor. These 11 states – excluding the Federal District and Rio de Janeiro – have a population of more than 20 million people below the poverty line, which represents nearly half of the total poor population in Brazil.

Even if we consider the five least unequal states, we observe some alarming data. In Santa Catarina, the best state for that issue, inequality measured by the differential in income between the richest 20 per cent and the poorest 20 per cent is nearly two times greater than that found in the United States, the most unequal country in the developed world, followed by the state of São Paulo, which has the second-largest population of poor in the country – 4.2 million people, nearly the population of Norway – losing out only to Bahia, despite that percentage representing 11 per cent of the population of São Paulo and 38.5 per cent of that of Bahia.

Moreover, the total poor in Brazil, according to these calculations from IPEA, would be nearly 40 million people in 2009, nearly the population of Spain. In the meantime, the value of the poverty line calculated by this institute is the same for the whole of Brazil. Now, as we can see, there are several types of poor in Brazil, with different income levels and costs of their respective food baskets. If we were to divide by regional, state and local poverty lines, the number of poor would be much higher. That is because the value of that poverty line, which may be sufficient for the subsistence of an individual within the state of Piauí, in the northeast, does not meet the minimum necessary for an individual in greater São Paulo, with much higher housing and transport costs.

More important still, the poor population of each part of the country is associated with different patterns of inequality, having different possibilities of social mobility, since the territories are intertwined in a more or less dynamic way with the expansion of the domestic market.

The greater the regional and local inequality, the lower the possibility of escaping poverty through traditional mechanisms – income transfer and generation of formal employment. And even in the regions with higher per capita

Table 11 - Gini index in the states and other indicators for 2009

Source: PNAD and Ipeadata, 2009.

	Gini of the UF (2009)	Diff. 10 % rich and poor	Diff. 20 % rich and poor	Average income UF	Poverty rate	Number of poor people
Federal District	0.617	48.1	24.7	1,348.47	11.3	272,652
Acre	0.607	46.8	22.3	603.93	32.4	224,345
Paraíba	0.588	50	21.9	433.09	40.6	1,542,919
Sergipe	0.573	42.6	20.2	467.11	37.6	765,272
Alagoas	0.565	40.1	19.4	348.78	47.7	1,515,188
Rio Grande do Norte	0.561	42.5	19.1	468.07	34.3	1,088,596
Piauí	0.558	37.8	18.8	400.48	38.6	1,205,435
Bahia	0.555	41.1	19.1	421.72	38.5	5,512,234
Pernambuco	0.551	45	19.8	399.22	42.2	3,594,917
Ceará	0.545	39	19.2	392.08	36.6	3,085,040
Rio de Janeiro	0.537	40.2	17.8	847.8	13.5	1,982,933
Maranhão	0.535	46.9	18.7	350.88	41.6	2,666,266
Tocantins	0.524	40.6	16.7	521.62	26.1	340,396
Espírito Santo	0.524	35.6	16.4	646.65	12.6	435,309
Amapá	0.52	27.6	14.9	481.29	32.4	206,168
Roraima	0.52	31.3	15.2	508.2	27.8	118,337
Mato Grosso do Sul	0.517	34.9	16.6	672.12	10.1	240,178
Amazonas	0.513	35.6	16.2	444.89	30.9	1,051,497
Pará	0.51	34.8	16.0	396.97	36.7	2,631,946
Minas Gerais	0.509	37.1	16.4	640.32	12.1	2,356,776
Rondônia	0.508	36.2	15.6	564.44	23.5	351,858
Goiás	0.502	42.2	16.5	639.69	11.9	689,425
Rio Grande do Sul	0.496	36	15.8	782.38	13.7	1,456,403
Mato Grosso	0.494	37.1	15.9	632.77	12.4	371,824
Paraná	0.49	35.3	16.0	746.13	12.4	1,304,080
São Paulo	0.481	36.3	15.4	817.25	11	4,241,855
Santa Catarina	0.454	33.3	14.7	873.61	6.4	379,701

income, the concentration of poor people continues to be considerable, hindering more robust processes of reducing inequality.

It is not a question of taxing the rich more, but better. Even more important, in order to change this picture, a national development agenda should be fostered. One that manages to increase the productivity of the economic system, redistribute the tax burden, strengthen the role of the state with regard to the social agenda and which has as its basis the fighting of social, regional, gender, race/colour, education and generational disparities. At the same time, regional strategies for public investments – both social and infrastructure – must be married with the relocation of private companies, and the expansion of local initiatives in non-capitalist types of activities, such as family agriculture and small urban enterprises in the form of cooperatives, especially in areas of greater inequality and poverty.

Guarani Land in Santa Catarina

Much material and reflection exists about the Guarani poor, however, their presence in the south and southeast regions of the country does not match the perception that the indigenous exist only in distant regions. Their presence in the southern region of the country, which is considered to be developed, has been beset by threats to the maintenance of their territories, which are increasingly shrinking and surrounded by territorial disputes. Since 2007, Christian Aid partner CPI has been monitoring Guarani land in the south and southeast regions in order to understand more fully where and what are the threats to the territorial and cultural survival of this group of poor people. Developmentalism and the lack of attention paid to the indigenous poor are exemplified by the fact that the state of Santa Catarina has one of the best records of reduction of inequality from 1995 to 2009 but is at the same time the very region where the Guarani poor are most threatened in the right to their territories. From 2003 to 2009, seven court cases were recorded disputing ownership of indigenous land in the state and of the 20 territories mapped six were declared indigenous territories by the Ministry of Justice and not by the state government. Only one territory was totally ratified and the boundaries are currently being set for the other two. Demarcation of territories is one guarantee by which the indigenous poor win the historical right to a full life.

This picture, however, requires the capacity to manage a national development agenda that increases the productivity of the economic system, redistributes the tax burden, increases the role of the state in the social agenda – exclusively focused on the economic agenda today – and which has as its basis the fighting of social, regional, gender, race/colour, education and generational inequalities.

In addition to increasing the consumption of the poorest – by increasing monetary income and access to credit – fighting inequality has become a precondition for creating a more open social structure, in which the filling of the new positions would come from the segments at the base of the class structure. As we shall see next, these are considerably made up of women, black people, young people and people with low levels of schooling.

3.3 Inequality by social groups

Here we set out how the inequalities are felt among the different social groups. We will focus on some demographic aspects associated with the life cycles of individuals, as well as inequalities of race, gender and education.

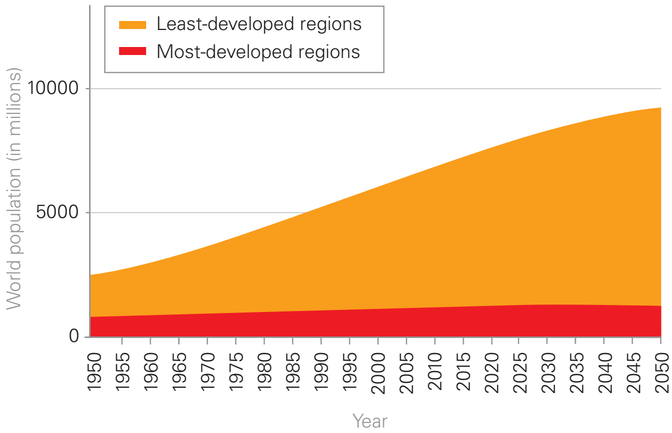
Inequalities and demographic trends

According to the United Nations, in 1950 the population of developing countries represented 68 per cent of the world's population – approximately 1.72 billion people. In 2010, the participation of poor countries increased to 82 per cent, reaching 5.7 billion. Demographic projections show that these numbers will continue to increase – until 2050 when we will have 8 billion people in the poorest countries.

This results from the fact that countries find themselves at different stages of the 'demographic transition'.[15] The vast majority of developed countries completed that process at the end of the 19th century and start of the 20th century – and for that reason their growth is quite low. Poor countries, in turn, only started the demographic transition more recently and are still experiencing a time of great expansion. Brazil is one of these: it was only in the decade of the 1970s that the birth rate started to fall. The period of strong growth extended throughout the decades of the 20th century – and still continues. UN projections indicate that the transition will be complete only in the decades of 2030 or 2040.

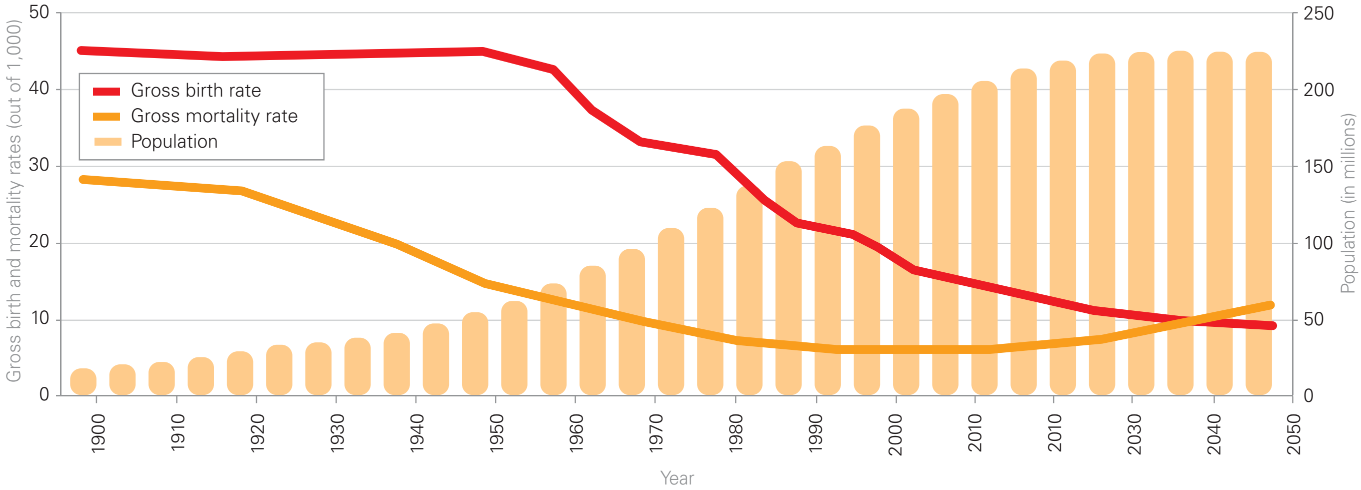
Graph 29 – Projection of the growth in the world population between 1950 and 2050

Source: UN, World Population Prospects: The 2010 Revision.



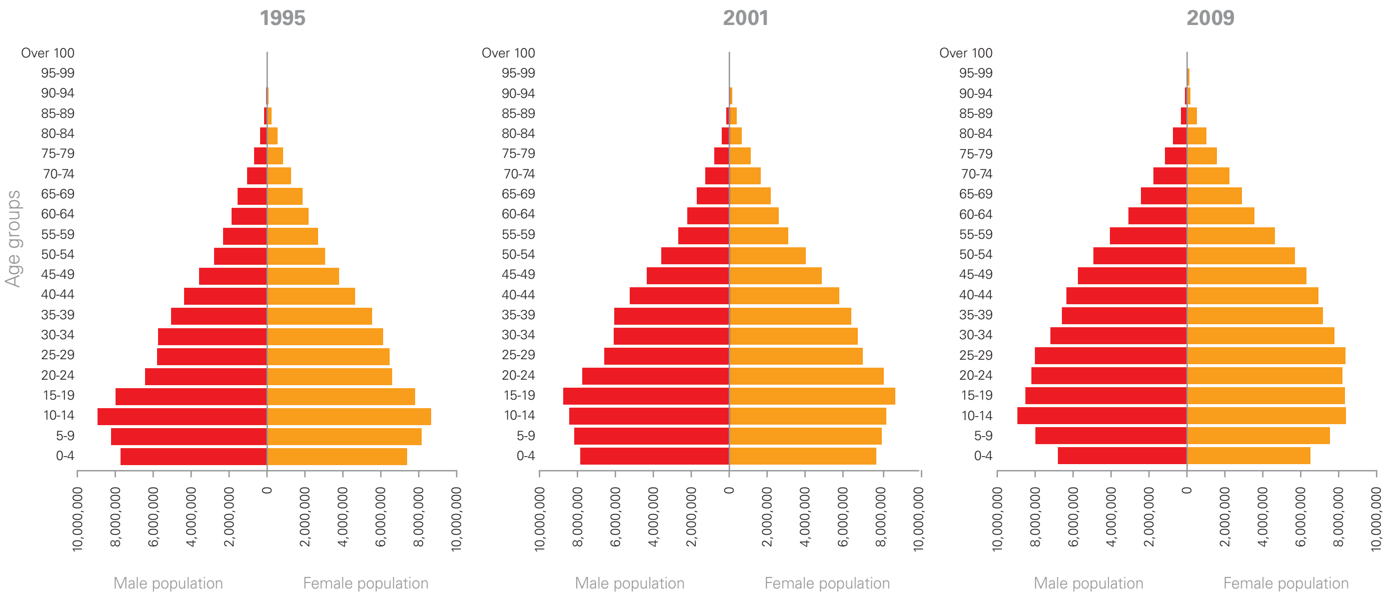
Graph 30 – Projection of the growth of the Brazilian population between 1900 and 2050

Source: IBGE (Demographic Censuses); UN (World Population Prospects: The 2010 Revision).



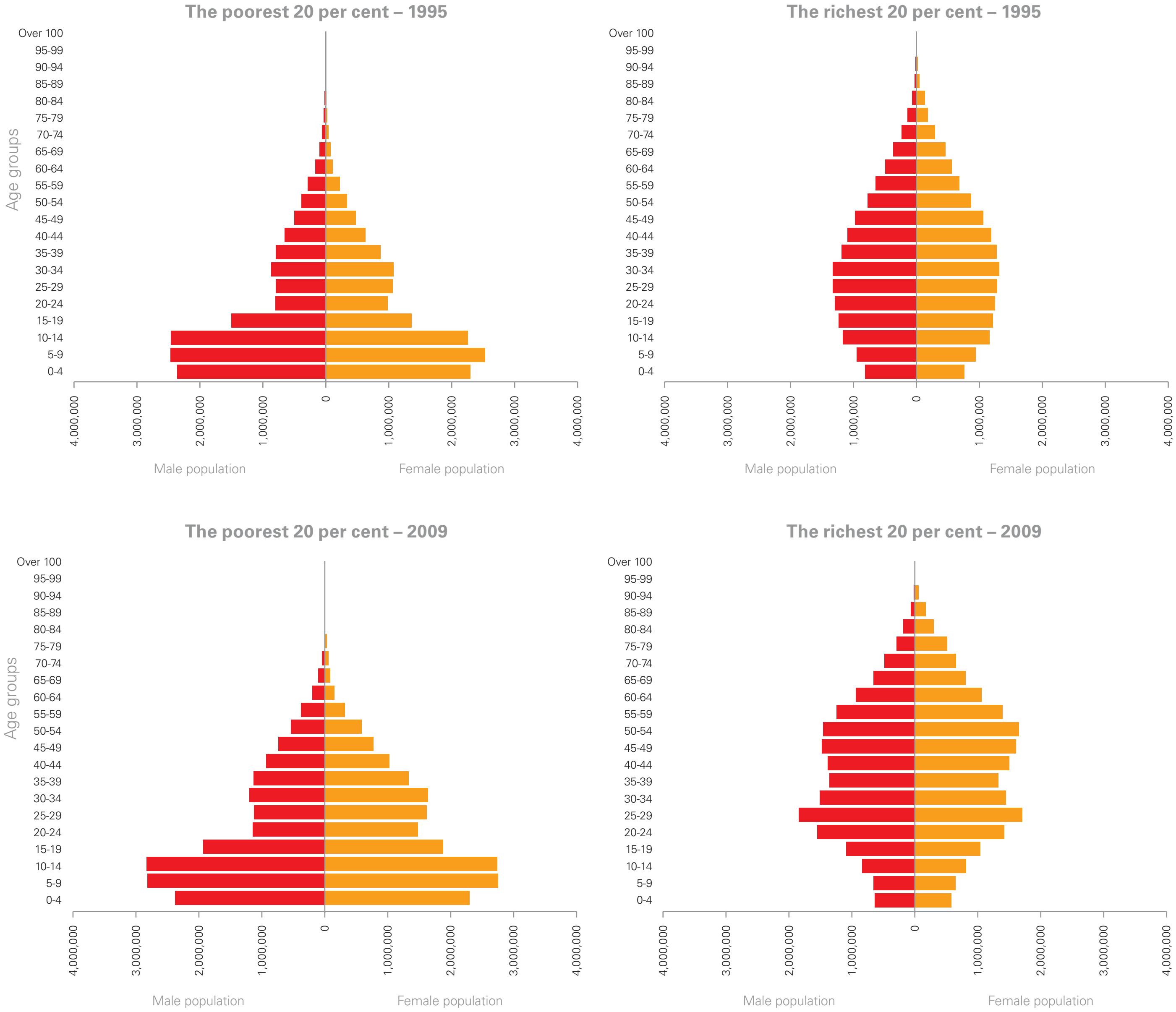
Graphs 31-33 – Age pyramid in Brazil (1995-2009)

Researchers' own calculations based on PNAD/IBGE data.



Graphs 34-37 – Age pyramid in Brazil for the extreme income strata (between 1995 and 2009)

Researchers' own calculations based on PNAD/IBGE data.



The demographic transition brings about a change in the age structure of the population. As a result of the more pronounced fall in mortality of people under the age of one year (infant mortality), the number of children, adolescents and young people will increase first. In addition, the fall in mortality has as a consequence the extension of life expectancy – increasing the population of the elderly in the long term.

We can confirm from graphs 30-33 that between 1995 and 2009 the age pyramid was gradually transformed: there is a reduction at the base and growth in the other age groups.

Meanwhile, that process takes place in a very unequal way among the income strata of the population – since access to the basic conditions that generate and influence the transition is also unequal. Graphs 34-37 show the age structure of the population in 1995 and 2009 for the poorest and richest 20 per cent of families.

In 1995, among the poorest 20 per cent we find the same form of age pyramid, characteristic of a period of pre-demographic transition – whereas the highest income strata have already completed the process. In 2009, the pyramid of the poorest population continued to be similar to that of 1995. The richest, in turn, are already at a stage where mortality (at more advanced ages) exceeds the birth rate – the same situation in which the population of most European countries find themselves, for example.

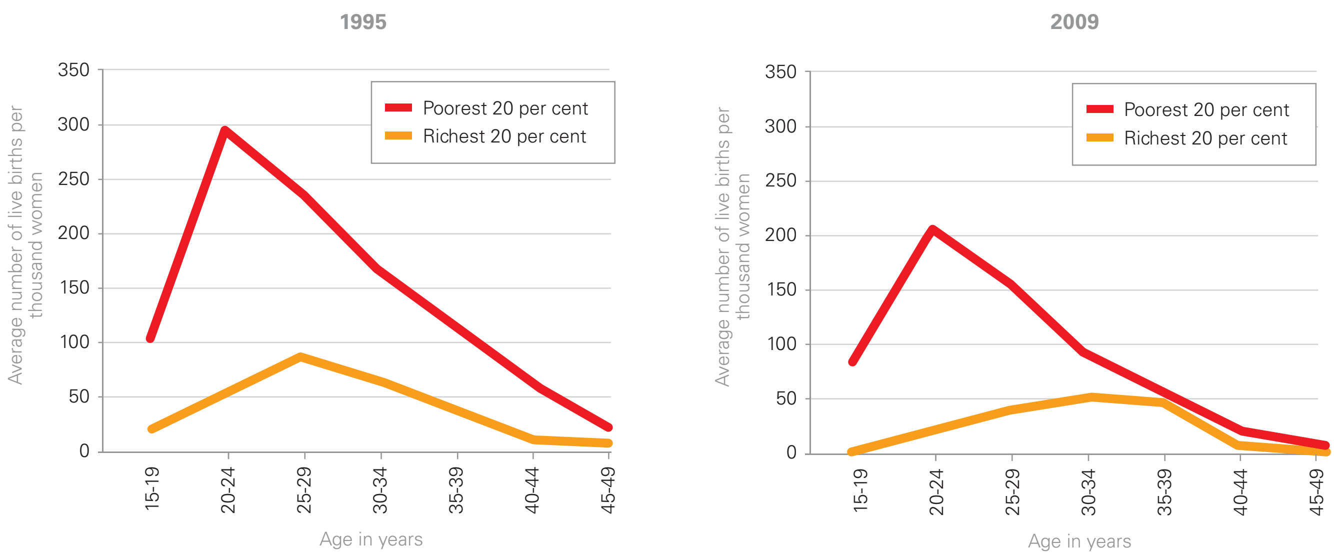
Fertility rates show that, in 1995, the average number of children per woman at the end of the reproductive period was 4.91 for the poorest 20 per cent (the national average was 2.55). That implies that reproduction in that population is more than double the replacement rate.[16] The richest, in turn, have an average of 1.27 children per woman. In 2009, there was a drop in the rates for the two groups. However, the poorest 20 per cent continued to have a higher reproduction rate (3.16 children per woman) – while that value fell to 0.87 for the richest. Graphs 38-39 set out the number of live births per woman according to their age group for the two extremes of income strata, in 1995 and 2009.

In 1995, for the strata of the poor, the age group with the highest specific fertility rate is 20-24 years, whereas for the richest it was 25-29 years. In the period between 1995 and 2009, there was a reduction in fertility at all ages, for rich and poor. For the former, the age group having the highest fertility changed to 30-34 years, which implies a structural change in reproductive behaviour, reflecting principally the entry of women into the labour market and the prioritisation of the career. Among the poor, despite the reduction in reproduction rates, there was no structural change: the curve retains the same form. It is appropriate also to stress the high rate of pregnancy in the group of 15- to 19-year-olds (including teenage pregnancy) in that population: nearly 100 children were born per 1,000 women in that age group (whereas in the richest population, only around 15 were born per 1,000). That number remained almost unchanged in 2009.

The reproductive life cycle is an important constraint of the possibilities of economic integration and, consequently, of income generation and the improvement of living conditions. It is possible to say that the structural conditions of inequalities (relating to health, education and contraception,

Graphs 38-39 – Specific fertility rates (1995 and 2009)

Researchers' own calculations based on PNAD/IBGE data.



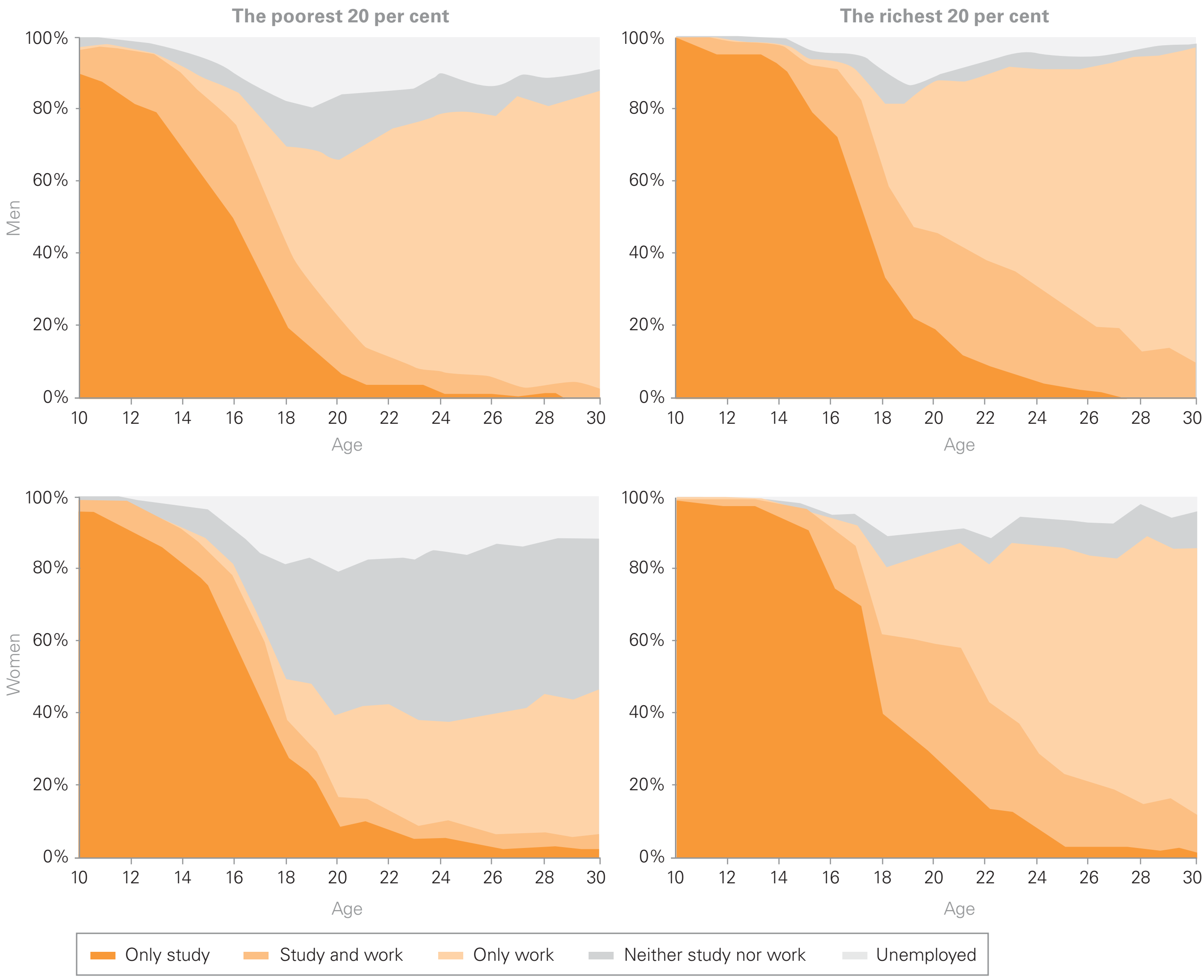
for example) which sustain the high fertility rates of the poor function not only as a 'symptom' of the inequalities and of poverty, but also as mechanisms for the reproduction of those unfavourable conditions – especially if structural reforms were not carried out in parallel, which provided greater access to social services, basic rights, employment, as well as credit, land and technical assistance for those segments linked to small rural and urban establishments.

Inequalities and life cycles

Following the discussions in the section above, it is important to observe how those demographic trends translate into differentiated experiences of life cycles for the poor and the rich. The graphs below show how individuals between the ages of 10 and 30 are distributed by sex and income stratum regarding their record in terms of school attendance and participation in the labour market.

Graphs 40-43 – Condition of activity by sex and income stratum for people between the ages of 10 and 30 (2009)

Researchers' own calculations based on PNAD/IBGE data.



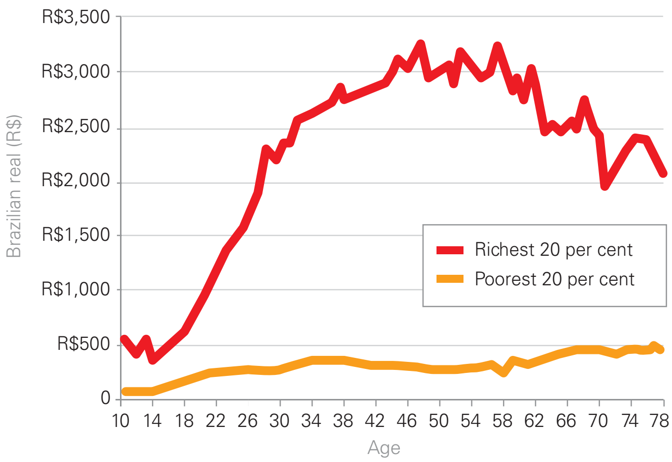
As a general overview, we can confirm that as the person ages, the tendency is to leave education and be integrated into the labour market. However, there are very important differences in terms of gender and social class.

The poor, generally, experience the need to be integrated into the market much earlier – which is quite obvious among men, who in the age group of 10- to 14-year-olds have a high proportion of individuals who try to combine studying with work (a situation which, in reality, is considered irregular and illegal – so-called ‘child labour’). It is known that the highest unemployment rates, for all classes, are concentrated in the age group of 17- to 21-year-olds (youth unemployment), since those people have no previous experience of employment, as well as being forced into work early in the case of the poorest.

Thus, we can confirm that, for poor men, leaving school does not necessarily guarantee entry into the labour market – and conditions of inactivity or unemployment may last well beyond the age of 30. In addition to unemployment, a large proportion of young women still experience the situation of combining not studying with economic inactivity (from the point of view of integration into the labour market). That fact can be partly explained by the high fertility rates among the poor aged between 15 and 24. However, there are also other important factors, which we will explore further on in the section on gender.

Graph 44 – Income from all sources for the extreme income strata for people from the ages of 10-80 (2009)

Researchers’ own calculations based on PNAD/IBGE data.

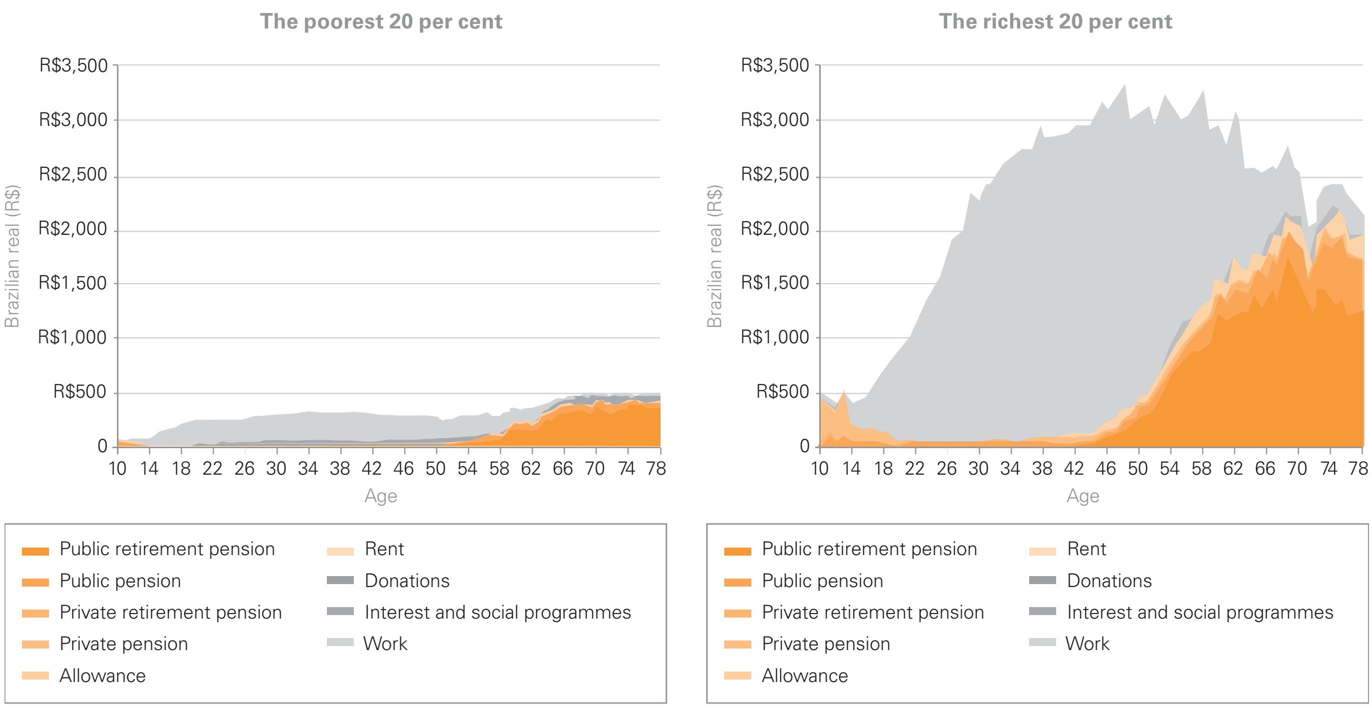


Inequalities of opportunities for integration into economic and social life between rich and poor translate, during the life cycles, into even more pronounced inequalities of financial returns, as Graph 44 shows. It also shows that income inequalities are increasing up to the age group of 50 years and remain high and stable up to around the age of 60. In that period, the income of the richest experiences a moderate decline and the income of the poorest rises a little. Graphs 45-47 break down the income of the two strata and help to understand that movement.

The income of the rich falls because gradually they withdraw from the labour market - moving on to depend on retirement, pensions and rental income. During the most productive period of life for the richest (18-55 years), work represents approximately 95 per cent of the income received. For the poor, work is able to represent a maximum of 80 per cent of income – and its substantive value is much lower than that of the rich and is able to be below the minimum wage (since the vast majority work in the informal sector). Thus, as receiving a retirement pension or other pension or benefit at the end of life comes under the yoke of regulations, income rises slightly. That is, were it not for retirement being governed by the National Institute of Social Security (INSS) – for which the floor is one minimum wage – poverty would be much higher in Brazil.

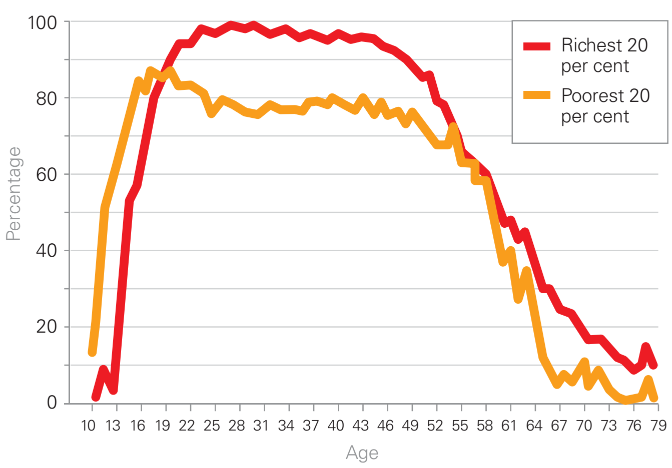
Graphs 45-46 – Breakdown of income for the richest and the poorest 20 per cent by age (2009)

Researchers' own calculations based on PNAD/IBGE data.



Graph 47 – Share of income from work in the individual's total income

Researchers' own calculations based on PNAD/IBGE data.

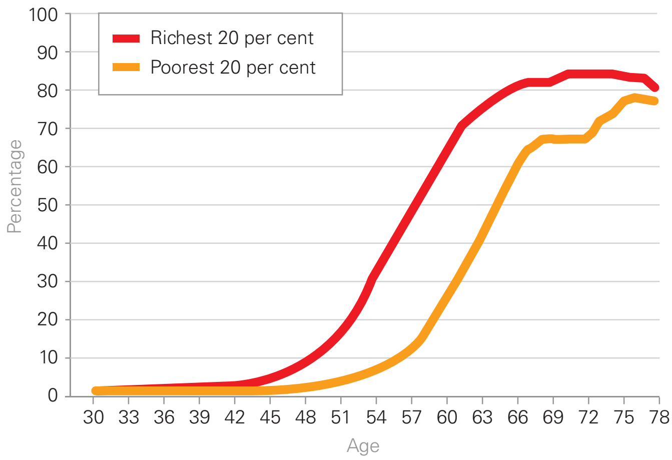


Despite a very similar movement in income from work for the poor and rich, differences of magnitude are immense. In the age group of 55-year-olds, when work takes up the same share in the income of the two strata (nearly 71.5 per cent), the average value of the income from all work was R$236.23 for the poor and R$2,314.97 for the rich.

With retirement and other pensions, something quite similar occurs. The curve that indicates the percentage of retired people by age follows the same format for rich and poor – despite the fact that there is always a larger proportion of rich retired people at nearly all ages (which is justified by the longer time they contribute by virtue of greater access to formal work). Only at the age of 75 is the proportion of poor and rich retired people nearly equal, remaining at around 80 per cent.

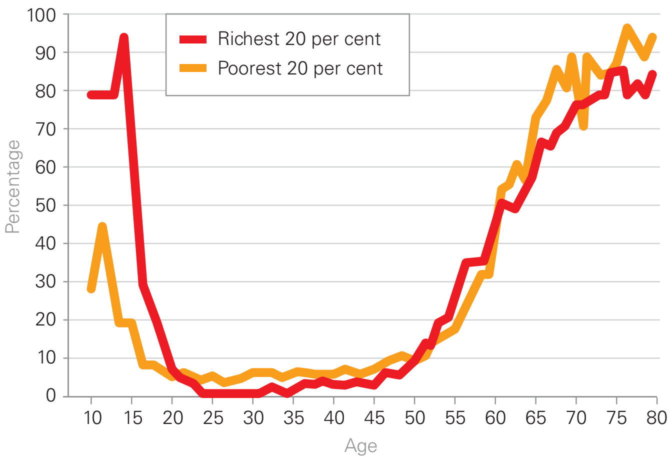
Graph 48 – Percentage of retired people (2009)

Researchers' own calculations based on PNAD/IBGE data.



Graph 49 – Share of retirement and other pensions in total income (2009)

Researchers' own calculations based on PNAD/IBGE data.



With regard to the share of retirement and other pensions in the total income of individuals, we observe a very similar movement for rich and poor for nearly all ages. (Only at the younger ages do those sources tend to have a greater weight for the rich. This corresponds to the pensions and retirement pensions of fathers and family members left to the youngest).

Two exceptions, however, must be made. First of all, it must be remembered that for the poor, life expectancy is much lower than for the rich (which can be confirmed in the age pyramids set out previously). In absolute figures, very few of the poor will live to the age of 75. That is, similar proportions of rich and poor, shown in Graph 48, relate to very different numbers. Secondly, the value of retirement pensions also varies a great deal. Table 12 sets out the average values of retirement and other pensions for individuals aged 64, the age at which, for the poorest and richest, income coming from those sources represents, on average, 54.9 per cent and 51.3 per cent, respectively.

Table 12 – Average values of retirement and other pensions for the poorest 20 per cent and richest 20 per cent of individuals aged 64 (2009)

Researchers' own calculations based on PNAD/IBGE data.

	Public retirement pension	State pension	Private retirement pension	Private pension
The poorest 20%	**R$469.12**	**R$465.00**	**-**	**R$210.14**
(Percentage of beneficiaries)	(22.5%)	(7.3%)	(0.0%)	(1.2%)
The richest 20%	**R$1,718.21**	**R$998.52**	**R$6,730.43**	**R$1,577.32**
(Percentage of beneficiaries)	(65.6%)	(19.0%)	(0.7%)	(1.8%)

As we can see, for the age considered, only 22.5 per cent of the poorest individuals receive a public retirement pension – and an even smaller quota, 7.3 per cent, are government institution pensioners. It should be noted that the average values of those benefits are restricted to the minimum wage levels (R$465.00, in 2009), defined legally as the floor. Whereas, in the same age group, nearly two-thirds of the richest individuals receive a retirement pension, at an average value of nearly four minimum wages, and one-fifth receives a pension from some public fund, of an average value of R$998.52.

We can thus confirm that despite income inequality declining at more advanced ages, principally due to pension funds and public retirement pensions, these still concentrate their focus on the more privileged population and pay them much higher amounts. That is the result of innumerable factors that affect poor individuals during the whole of their life cycle. First of all, educational life consisting of truancy and delays in school attendance (this topic will be explored in the section on educational inequalities on p65). Entry into the labour market is achieved with greater difficulties – as there is an important association between access to employment and the profile of study, there is higher unemployment and extra difficulties for women who become mothers.

The high rates of informality should also be taken into account, which leads to the lack of social rights associated with employment (including retirement).

Racial inequalities

Racial inequalities are one of the principal characteristics of Brazilian society.[17] They imply that there is a component specifically linked to race or skin colour and which conditions opportunities and prospects in life – and which is independent of other social characteristics, such as schooling, occupation, social origin and so on. In other words, if we were to take two individuals, one white and one black, with all other characteristics being equal (both male, same age, same degree of education, in the same profession, in companies in the same sector of the economy, living in the same city and so on) the income of a black person would always be lower. We are assuming that part of the difference in income between racial groups, which is not explained by any other reason, is due to discrimination.

But the consequences of discrimination are even more serious, since rarely do black people have all their other conditions at a similar level to those of white people. Inequality of opportunities and access ends up outlining a picture where black people have less schooling, occupy worse jobs, have fewer possibilities of social mobility and live in regions with worse infrastructure.

Many leaders, economists and social scientists supposed that the modernisation and the industrialisation of Brazilian society would bring about the elimination of those inequalities not resulting purely from the economic matrix. Recent history shows that did not happen, however.

We set out in brief some facts about the picture of racial inequalities by income covering the period from 1995 to 2009. In order to monitor the evolution of the changes, we drew a line at three points.

In the population as a whole, in 1995, 54.4 per cent of people declared themselves to be white. That number fell to 53.3 per cent in 2001 and 48.2 per cent in 2009. That implies that 45.6 per cent, 46.7 per cent and 51.8 per cent of the population comprised 'non-white' in those respective years. However, when we take only the poorest and richest strata, the distribution of the racial groups is quite different. Tables 13-15 set out a concentration of the racial groups in the richest and poorest strata and compares those proportions with the distribution of the population as a whole.

In a scenario where there are no privileges or disadvantages for specific racial groups, it would be expected that the proportion observed in each income stratum (for example, among the richest or poorest 10 per cent) would be equal to that found in the population as a whole. That is, there would not be an 'excessive' concentration of any one racial group in any one income stratum.

However, as we can ascertain that is not what happened. In 1995, 54.68 per cent of people declared themselves white; however, of the richest 10 per cent, 83.09 per cent are white. Black people represented 4.89 per cent of the population – and they were only 1.41 per cent of the richest 10 per cent. There is, therefore, an 'over-concentration' of black, mixed race and indigenous people in the lower income strata (considering both the poorest 10 per cent and the 20 per cent). On the other hand, there is an under-concentration of white and east Asian people among the poor and an over-concentration among the richest.

The table does not change much in 2001. We find very similar inequalities – notwithstanding the fact that an outline of improvements starts to come into view. Only in 2009 do we find slightly more visible changes. The concentration of white people in the most privileged stratum, which in 2001 was 81.9 per cent (against 53.61 per cent of the population as a whole), falls to 75.07 per cent (against 48.1 per cent of the population). In that same group of the richest 10 per cent, black people changed from 2.19 per cent to 3.30 per cent, mixed-race people from 14.08 per cent to 20.19 per cent, and indigenous people from 0.06 per cent to 0.16 per cent. However, these three groups are still quite under-represented.

Tables 13 to 15 – Concentration of white and non-white in the richest and poorest strata of the population (according to the family income per capita)[18]

Researchers' own calculations based on PNAD/IBGE data.

1995					
	The poorest 10 per cent	**The richest 10 per cent**	**The poorest 20 per cent**	**The richest 20 per cent**	**Total (population)**
Indigenous	0.29%	0.03%	0.26%	0.04%	0.10%
White	28.16%	83.09%	31.47%	78.49%	54.68%
Black	6.14%	1.41%	5.97%	2.39%	4.89%
East Asian[19]	0.06%	2.02%	0.06%	1.40%	0.47%
Mixed race	65.33%	13.43%	62.21%	17.67%	39.84%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

2001					
	The poorest 10 per cent	**The richest 10 per cent**	**The poorest 20 per cent**	**The richest 20 per cent**	**Total (population)**
Indigenous	0.09%	0.06%	0.09%	0.08%	0.11%
White	28.16%	81.90%	31.57%	77.58%	53.61%
Black	6.55%	2.19%	6.90%	2.87%	5.56%
East Asian	0.18%	1.75%	0.18%	1.27%	0.44%
Mixed race	64.99%	14.08%	61.22%	18.19%	40.26%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

2009					
	The poorest 10 per cent	**The richest 10 per cent**	**The poorest 20 per cent**	**The richest 20 per cent**	**Total (population)**
Indigenous	0.32%	0.16%	0.24%	0.16%	0.21%
White	26.66%	75.07%	29.25%	70.35%	48.10%
Black	7.60%	3.30%	7.77%	4.24%	6.90%
East Asian	0.06%	1.27%	0.13%	1.06%	0.43%
Mixed race	65.30%	20.19%	62.58%	24.17%	44.34%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

The differential concentration of racial groups among the income strata translates into quite different living conditions and possibilities. Another way of setting out that information is by using the average family income per capita, which provides us with a general overview of the resources available monthly and of families' living standards.

As shown here in Table 16, between 1995 and 2009, all racial groups saw their average incomes increased. However, the distance between them was also maintained. In 1995, a white person received nearly 2.3 times more than a black person and 2.35 times more than a mixed-race person. In 2001, that scenario changed very little and inequality of income by race/colour only draws attention to a slight decline (the ratio between the incomes of black and white people falls to 2.12 and between the latter and mixed-race people to 2.33).

In defence of the rights of the Quilombolas

Quilombola communities are distributed throughout all regions of the country,[20] occupying quite different biomes. The majority are in the rural zone, but there are also groups located in urban areas. The term Quilombo originally referred to communities formed of slaves fleeing the plantations. Currently, it is used to mean black communities whose land in shared use came from the freed slaves purchasing land or former slaves' peaceful possession of land abandoned by the owners or other forms of collective territorial occupation.

Estimates of the social movements show the existence of nearly 3,000 Quilombola communities in Brazil. That figure is corroborated by the President of the Republic's Department for Policies on the Promotion of Racial Equality (SEPPIR), which affirms that the number of Quilombola communities identified reaches 3,524.[21]

Although the Quilombola communities' right to own their land has been guaranteed by the Constitution since 1988, few have actually managed to regularise their territories. Twenty-three years later, only 192 Quilombola communities have the title to their land. This is a very small proportion – equivalent to six per cent of an estimated 3,000 Quilombola communities in Brazil.

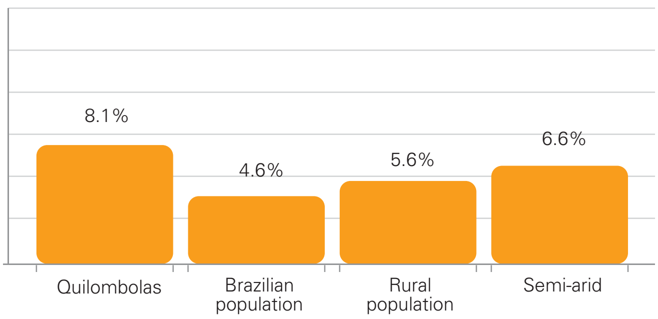
The government has been slow in providing title to the land, placing the Quilombolas in a vulnerable situation, more susceptible to increasing pressures from agri-business, mining, infrastructure initiatives and those connected with government 'national security' programmes. Insecurity about land and housing makes it difficult to plan and adopt measures aimed at sustainable development of the Quilombola territories and affects, among others, the right to adequate food.

The results of the '2006 Quilombola Nutritional Survey'[22] show the reality of food insecurity. One of the conclusions of the study is that from the point of view of the nutrition of children under the age of five, it has been established that they constitute a group with high risks of malnutrition, equalling that of the children of the urban northeast in the decade prior to the Survey (1996).[23] Research by the Ministry for Social Development and Fighting Hunger indicates that the proportion of malnourished children up to the age of five is 76.1 per cent higher than in the Brazilian population and 44.6 per cent higher than that in the rural population. The incidence of low-weight young girls and boys for their age in those communities is 8.1 per cent – also higher than that of the semi-arid region in Brazil (6.6 per cent).

Infant malnutrition

(% of low-weight children under the age of five)

Sources: Research into Family Budgets, National Research on Demography and Health and the 2006 Quilombola Nutritional Survey.[24]



The data relating to basic sanitation indicates that slightly more than 30 per cent of the Quilombola households interviewed were connected to the public water and drainage network or had a septic tank.[25] Or also, in accordance with the report from the United Nations Children's Fund (UNICEF)[26] in 2009, the Quilombolas are among the most vulnerable groups in relation to fully exercising the right to learn, together with young girls and boys who live in the countryside, the indigenous, and children and adolescents with a deficiency.

Christian Aid's partners have worked hard to guarantee the rights stipulated in law for these marginalised groups. CPI-SP and Koinonia are working, first of all, to give visibility to the struggle of the Quilombolas, unknown by the vast majority of society, and also to assert the rights stipulated in Brazilian legislation: access to public policies and the right to maintenance of their way of life and culture through a guarantee of territory. It is not an easy task when, in many cases, it is the state that is threatening the survival of those groups without taking account of the historic debt Brazil owes the Afro-Brazilian population.

In 2009, the difference between the average family income for white and black people falls to 1.8 times and between white and mixed-race people to 1.94 times – a relative improvement, but within the context of very great inequalities. If we take only the extreme income strata (the poorest 10 per cent and the richest 10 per cent), again we will observe deep racial inequalities.

Table 16 – Average family income per capita by race (in R$ in 2009)

Researchers' own calculations based on PNAD/IBGE data.

	Indigenous	White	Black	East Asian	Mixed race
1995	239.59	708.21	308.71	1382.39	300.07
2001	447.40	691.29	326.31	1528.02	297.17
2009	550.37	851.10	470.74	1297.89	437.92

Table 17 – Average family income per capita in the groups of the poorest 10 per cent and richest 10 per cent by race (in R$ in 2009)

Researchers' own calculations based on PNAD/IBGE data.

	The poorest 10 per cent			The richest 10 per cent		
	1995	2001	2009	1995	2001	2009
Indigenous	37.90	44.36	72.48	2,368.31	3,022.66	2,598.92
White	46.07	42.41	69.47	2,572.00	2,479.07	2,815.74
Black	45.76	42.17	67.89	1,789.15	1,903.06	2,366.10
East Asian	42.03	46.87	60.85	2,509.76	3,130.14	2,923.75
Mixed race	43.05	41.64	67.58	2,174.51	2,040.39	2,437.47

Table 18 – Average family income per capita in the groups of the poorest 10 per cent and richest 10 per cent within each racial group (in R$ in 2009)

Researchers' own calculations based on PNAD/IBGE data.

	The poorest 10 per cent			The richest 10 per cent		
	1995	2001	2009	1995	2001	2009
Indigenous	24.26	46.55	55.10	1,238.18	2,062.35	2,233.37
White	64.17	62.13	97.63	3,213.56	3,090.31	3,545.63
Black	41.11	39.91	63.95	1,112.76	1,254.06	1,694.52
East Asian	131.84	75.70	151.59	4,122.30	7,475.49	4,779.21
Mixed race	31.46	31.20	52.71	1,277.68	1,219.84	1,676.97

In 1995, the family income per capita of a black person belonging to the group of the richest 10 per cent of the population was, on average, R$1,789,[27] whereas for a white person that value was R$2,572. During the 14-year-period considered in this study, we see that the difference reduces a little, but still reaches nearly R$500 (see Table 17). The analyses we have set out thus far are based on the procedure of dividing the whole population into 10 groups of equal sizes (called deciles, each containing 10 per cent of the total) and then to ascertain the racial composition and the average income of each group. It happens that those fractions of one-tenth of the population have very different racial compositions. We can see, for example, that, in 2009, 75.1 per cent of the upper income stratum comprised white people, whereas the proportion of black people in the same category was only 3.3 per cent. The opposite happens for the poorest, where the income of black and white people is very close, but the proportion of the first shows itself to be much higher.

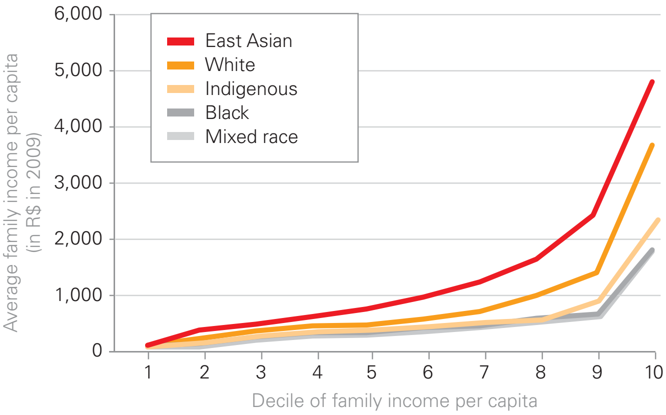
We can look at the same phenomenon in a different way, taking each racial group separately and observing what it is to be among the richest and the poorest in each one of them. That is, it is possible to take each racial group, divide them into 10 parts and compare their higher and lower income strata. Table 18 sets out the results of that analysis.

Being among the richest black 10 per cent means having a family income per capita, on average, of R$1,694.52. By contrast, the group of the richest white 10 per cent have an income of R$3,545.63. This data allows us to see that there is heterogeneity in poverty as well. In 2009, being among the poorest 10 per cent of the east Asian population implies an average family income per capita of R$151.59, whereas being among the poorest 10 per cent of the indigenous population means earning R$55.10.

The graph below sets out the average of all deciles of each racial group for the year 2009. What we see is that racial inequality increases as we get closer to the higher strata – which confirms results obtained in several other pieces of research (see, for example, Carlos Costa Ribeiro, 2009). That is, some white poor are moving closer to the class position of most black people. Meanwhile, for black people with higher incomes, in more qualified positions, the process of moving closer to the position of the higher-income, white population takes place with more difficulty.

Graph 50 – Average family income per capita in each decile within each racial group (2009)

Researchers' own calculations based on PNAD/IBGE data.



Gender inequalities

As in the case of race, in Brazilian society we find one component of the inequalities that is explained only by gender discrimination. The concept of gender refers to ideas, social representations and provisions that condition inter-group and intra-group social relationships between the sexes. In that way, gender (a historical and socially established concept) is not confused with sex (which is merely biological).

Unequal representations of the roles of gender divide the world of society into two parts, which then orientate behaviours, and are crystallised in institutions, generating privileges and constraints with regard to opportunities. The 'world of men' is associated with what is public, work, the world of production, the source of material conditions and participation in politics. The 'world of women', in turn, ends up being associated with the private dimension, the domestic world; hence housework, which aims at maintenance, and not provenance.

Relationships of gender are, therefore, unequal, and the sexual division of labour, reproductive and productive, is the material basis of that inequality. In that way, understanding the mechanisms and formats that are based around the domestic scene (reproductive) and the public scene (political and productive) is shown to be central to the understanding of that dimension of inequalities.

The domestic division of labour leads women to take on functions and responsibilities that prevent them from entering the labour market with the same intensity as men. The hours spent looking after the home and the children, for example, is the major barrier to their being able to obtain full-time employment. In addition to that, the reproductive cycle itself pushes them to leave the labour market – which may be temporary or permanent.

Table 19 – Percentage of men and women doing domestic work (1995-2009)

Researchers' own calculations based on PNAD/IBGE data.

	1995	2001	2009
Per cent of men doing housework	46.7%	39.8%	49.2%
Per cent of women doing housework	92.5%	83.8%	88.2%
Per cent of total population doing housework	**70.3%**	**62.5%**	**69.4%**

Table 19 shows, for three different years, the percentage of men and women doing domestic work. As can be seen, the proportion of women is always twice as large as the proportion of men – and there is no sign of major changes in this respect for the period in question. This picture is true across the social strata. Graph 51 shows the percentage of men and women performing domestic work in each of the 10 strata of family income per capita, in the year 2009. As we can see, the proportion of women remains constant, around 90 per cent, in the first eight strata – only in the last two, which represent the 20 per cent richest in the population, is there a sign of this figure dropping (but which still remains very high – above 80 per cent). For men, as we rise up the income strata there is a slight tendency for greater involvement in domestic chores, but even so this is not enough to overcome the inequalities.

Creating equality between men and women

Faced with figures that insist on demonstrating the enormous gulf between men and women, Christian Aid's partners have increased their efforts towards greater equality between the sexes.

The vision guiding the local, national and international action of SOF is based on the analysis of gender inequality which, along with the dimensions of class and race, is at the heart of the structures that support inequality in the world today. Gender social relations have their material basis on the sexual division of labour, which separates and creates a hierarchy between the work of men and women. Based on feminist economic thinking, SOF seeks to shed light on the interdependence between the spheres of production and reproduction, bringing women's contribution to the economy on to the public agenda. This arises, in particular, by highlighting domestic work and care carried out in the main by women – work that is unpaid and is performed within the family home.

Linked in with this agenda for the feminist movement are core questions such as the building of economic independence to combat violence against women, considering that in Brazil, 42 per cent of women who are victims of violence have an economically dependent relationship with the aggressor.

On that issue of gender violence, in addition to SOF, CECA has gained prominence for running courses to prevent violence in religious communities and also with public officials and the promotion of activities to promote visibility of women's rights, especially the content of the text of the Maria da Penha law in relation to domestic violence (which characterises the crime and provides services and protection for the victims and their families) in order to spread the principles of equality.

The question of training has also been key to SOF's arguments, with a focus on transforming unequal gender relations through the individual and collective actions of women. Strengthening women's processes of self-organisation in the country and city is the basis of this strategy, which acts to consolidate the women's movement, and in particular the World March of Women, as an international movement, with local dynamics and a national agenda of pressure on public policies, in dialogue with social movements.

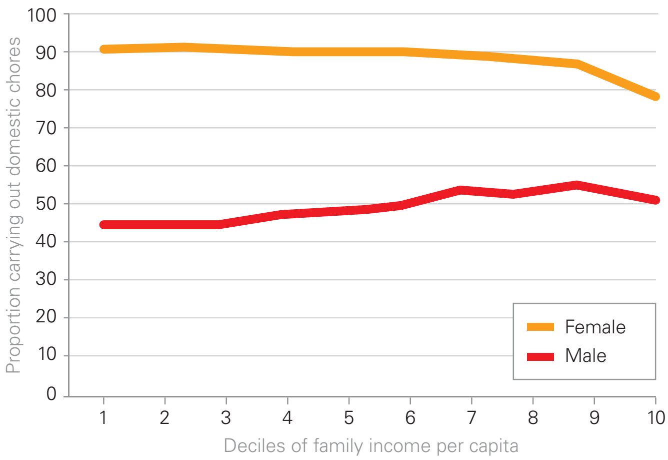
Another line of action is directed towards guaranteeing and extending the implementation of policies for rural working women, from permanent work on training and inclusion of rural women, in 50 'territories of citizenship', in 18 states of Brazil. The objective of that action is to strengthen women's self-organisation to extend their access to public policies in the rural environment, such as access to documentation, land and credit to strengthen women's producer groups, as a means of building economic independence.

The training and inclusion of women working in the solidarity economy has been another component of action by SOF to broaden the economic autonomy of women. In Brazil, women form the basis of solidarity economy ventures, but are concentrated in the smallest groups, meaning that they make up 63 per cent of those in ventures with up to 10 members. These groups have more difficulty in producing and selling their output, especially in the cities, which is an obstacle to income generation.

The consolidation of that economic agenda in feminism has contributed to strengthening the perspective that global changes in society are necessary to change the inequality between men and women.

Graph 51 – Percentage of women and men performing domestic work per decile of family income per capita (2009)

Researchers' own calculations based on PNAD/IBGE data.



Graph 52 – Average hours a week spent on household chores (2001-2009)[28]

Researchers' own calculations based on PNAD/IBGE data.

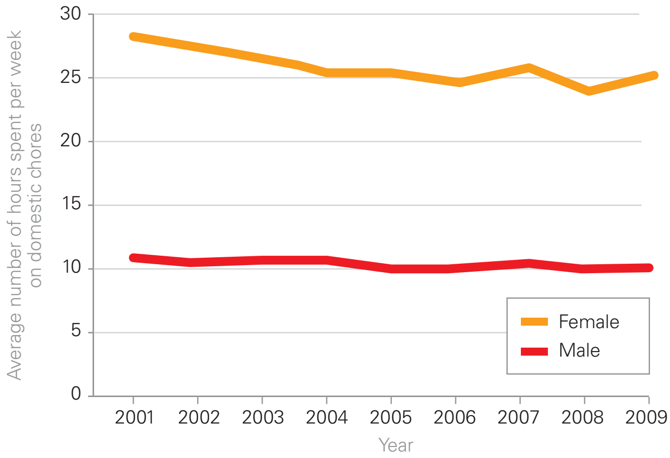


Table 20 below shows other information that confirms the power of this aspect of gender inequality: even having joined the labour market, women do more domestic work than men, whether they are employed (working) or only looking for work (unemployed). In other words, the fact that they are working does not reduce the domestic workload for women. However, for men, unemployment increases their propensity to play a greater role in domestic duties.

Table 20 – Percentage of women and men performing domestic work among the employed and unemployed (2009)

Researchers' own calculations based on PNAD/IBGE data.

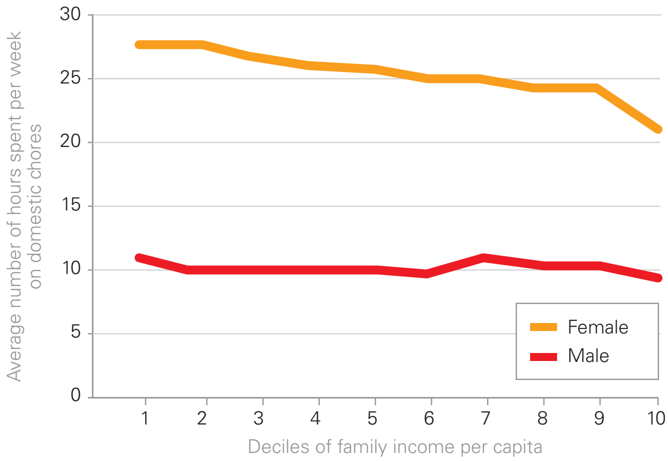
		Employed		Unemployed	
		Men	**Women**	**Men**	**Women**
Did household chores?	*Yes*	49.7%	90.0%	61.7%	95.0%
	No	50.3%	10.0%	38.3%	5.0%
Total		**100.0%**	**100.0%**	**100.0%**	**100.0%**

Graph 52 shows that not only did a large proportion of women take part in household chores, but that when they did them they spent far more time on these activities. In 2001, women spent on average 27 hours a week on household work. Among men, this figure was a little more than 10 hours. In 2009, the picture had not changed much.

Regarding this question, there is a tendency for women from the higher classes to spend less time doing household chores (see Graph 53). However, even among high-income groups, the difference is still twice that for men.

Graph 53 – Average hours a week spent on household chores by deciles of family income per capita (2001-2009)[29]

Researchers' own calculations based on PNAD/IBGE data.



Consequently, this gender discrimination tends to confine women to domestic chores and duties, leading to a lower participation rate in the labour market. In other words, it is more common among women who do not work, or are not looking for work; who therefore take on the role of 'housewives', and are responsible for the vast majority of household duties, but in a way that is not remunerated.

Table 21 shows the percentage of men and women who were part of the economically active population,[30] in 1995, 2001 and 2009. We note that there is a turning point, between 2001 and 2009, when more than 50 per cent of the women become economically active. However, the distance between them and the men is still high, approximately 20 percentage points.

Table 21 – Participation of the economically active groups by gender (1995-2009)

Researchers' own calculations based on PNAD/IBGE data.

	1995	2001	2009
Men	75.3%	72.8%	72.3%
Women	48.1%	48.9%	52.7%
Total	**61.3%**	**60.5%**	**62.1%**

The inequalities persist after entering the labour market. The unemployment rates reveal that men have higher success rates when looking for jobs. In other words, unemployment is systematically higher among women.

Table 22 – Open general unemployment rate by gender (1995-2009)

Researchers' own calculations based on PNAD/IBGE data.

	1995	2001	2009
Men	5.3%	7.5%	6.2%
Women	7.3%	11.9%	11.1%
Total	**6.1%**	**9.3%**	**8.3%**

In the first decade of the 21st century, we see some of the highest unemployment rates in Brazil's history – a consequence of the process of passive integration in the world economy that the country had been experiencing since the 1990s. According to the Monthly Employment Study, the month of April 2004 saw the highest unemployment rate on record: 13.1 per cent. The information in Table 22 shows that the unemployment level observed at the start of the decade fell significantly up to 2009. The PNAD shows that the rate for the population as a whole was 8.3 per cent.[31] However, for women, the situation in 2009 is hardly changed at all from that in 2001.

There is also the fact that women entering the labour market does not ensure their access to social and economic positions that are more highly valued. We can say that there are typically 'female' occupations and typically 'male' occupations: there are occupations that concentrate too much on people of one or another sex – and the explanation for this is found in the historical and cultural roots of the gender inequalities in a patriarchal country like Brazil. The common view links women to tasks related to caring and education which, within the labour market, reproduces the inequalities based on the domestic sphere.

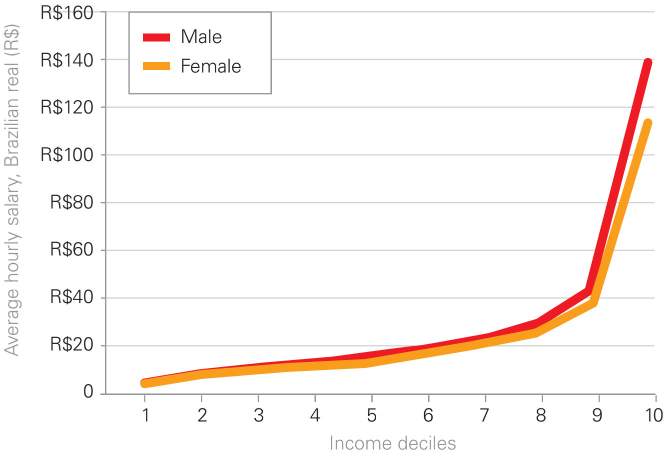
The PNAD asks individuals what their occupation is – and then classifies the answers according to the codes of the Brazilian Classification of Occupations.[32] For all categories with a valid quantity of cases,[33] we calculate the concentration of men and women. We note that there are 62 occupations in which more than 60 per cent of the workers are women; 62 occupations that could be called 'mixed' (with a number of men and women between 40 per cent and 60 per cent) and 268 occupations where the majority are men. This shows that the variation in 'typically female' occupations is much more restrictive than the 'typically male' ones. As mentioned above, these occupations are, in general, related to caring, education and organisation activities: primary school teachers, crèche workers, those caring for the elderly, secretaries, nurses, psychologists and nutritionists. It should also be mentioned that where most women are employed is as a maid (approximately 14.1 per cent perform this function, while among men this number is only 0.68 per cent).

And the inequalities even arise within the same profession and are visible when we compare the sectors and departments headed by men and women in companies; when we check the areas of specialisation among doctors and so on. For all these reasons, women who are working and employed have lower salaries and more restrictive job prospects.

The consequences of this collection of factors may be seen, for example, in the difference between the salaries of men and women. To create Graph 54, we divided the income of the women into 10 groups and we calculated the average salary per hour worked in each one of them. We then did the same for the group of men.

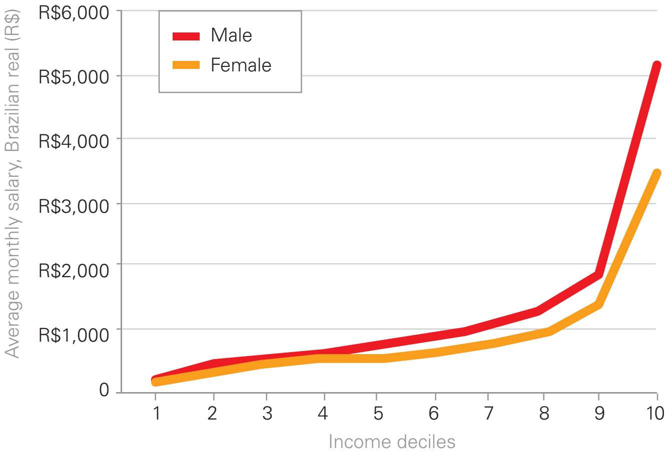
Graph 54 – Average hourly salary in each income decile by gender

Researchers' own calculations based on PNAD/IBGE data.



Graph 55 – Average monthly salary in each income decile by gender[34]

Researchers' own calculations based on PNAD/IBGE data.



The income inequalities by gender are lower in the lower income deciles and are amplified as we move higher up the social ladder, as was the case with black and white workers. The salary 'ceiling' for men is much higher than it is for women.

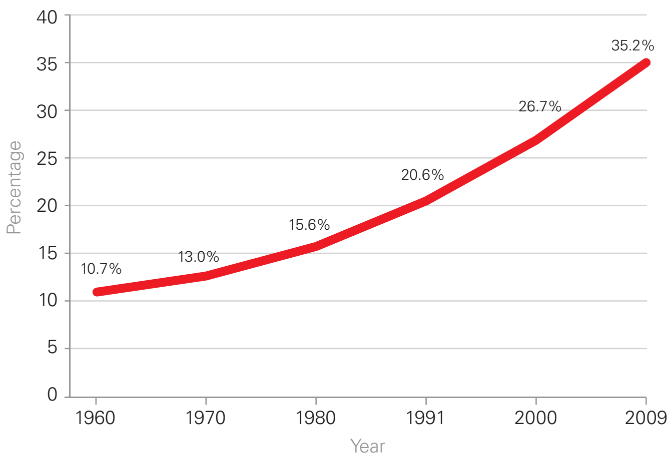
The above analysis, however, ignores the fact that women have fewer hours available to work and that the differences for each hour accumulate and generate more significant consequences at the end of one month. Graph 55 shows the average monthly income in each one of those same groups. The difference, which was approximately only around R$30.00 per hour worked, then becomes almost R$1,700.00 a month in the case of the top decile.

Another aspect of gender inequality in Brazil relates to the number of families headed by women. It is a phenomenon that has been measured since the mid-20th century, but which recently has been on the rise.

The last decade was the one that saw the greatest growth of this number. Between 2001 and 2009, the number of families headed by women grew eight percentage points. But what exactly does this phenomenon mean? In the first place you have to bear in mind that the Brazilian Civil Code of 1916 established, by definition, that the family is headed by a man: 'The husband is the head of the conjugal association, a function exercised with the collaboration of the woman, in the joint interest of the couple and the children' (Article 233). This implies that all the official statistics were moulded according to this conjecture.

Graph 56 – Percentage of families headed by women

Researchers' own calculations based on PNAD/IBGE data.



Only in 1960 were the instructions on the question about the head of the family redrafted, establishing that the objective was to find out who was the 'person responsible for the family'. It was in the 2000 Census, however, that the wording actually changed. In 1992, PNAD changed the expression 'head of the family' to the 'reference person'. The shift in wording of the questions reflects broader social changes.

What has been observed is that the women who head up families are, on average, younger than the men who are heads of the family (mainly single women and/or teen mums). In the majority of cases the spouse is not present. The contexts in which women become the main ones responsible for the families are fairly unfavourable. There is undoubtedly, a dimension of 'empowerment', but which is counterbalanced by many family and social constraints. The men leave their posts as heads of the family often due to misfortunes (illness and infirmity, alcoholism and drugs, neglect and divorce, unemployment), which leaves women to occupy such positions with little choice. The *Human Development Report* published by the UNDP in 1995, referred to this process as the 'feminisation of poverty'.

Educational inequalities

Education is probably the most central element in the discussion of social mobility, regarding the inequalities inherited or acquired in life as well as the guarantee of better chances in life and the exercising of citizenship.

However, the fairly uncritical belief in its salvationist role hides the fact that school and the mechanism for formal education are also sources for reproducing inequalities. The sociologists Bowles and Gintis (1976) argued that the school environment contributes in large part to inculcating the lower classes to conform and to be subordinate to the institutions controlled by the higher classes. Bourdieu and Passeron (1975) pointed out the importance of the original family environment in determining performance at school, showing that even if education was available to all, the children of privileged families with the most cultural capital would be the most privileged.

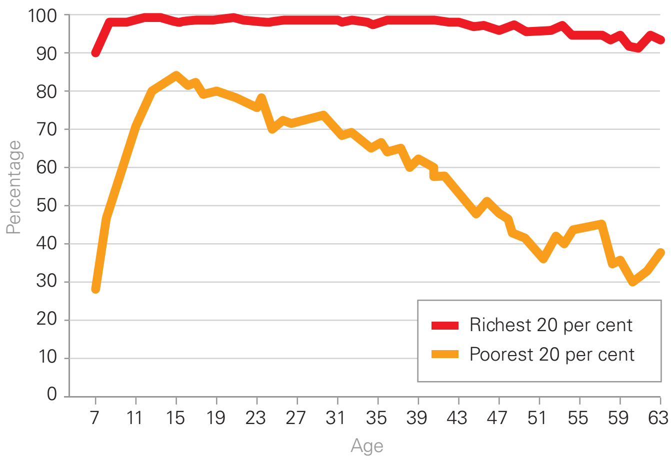
If, on the one hand, it is undeniable that many individuals experience marked improvements in their life owing to greater education, on the other hand, access to school alone does not guarantee that the results will be the same for all social groups. In Brazil, great inequality exists between the quality of the systems of basic state and private education, with significant disadvantages for the former. In higher education the reverse is true: the best schools are public (generally maintained by central government with a few important exceptions). It is therefore common for the poor to go through the initial part of their educational career in low-quality public schools and then later, paying – often going into great debt to do so – for a private education that is in most cases of a poor quality. The rich, in turn, generally spend all their lives in paid schools and can enjoy excellent public education during their higher education.

The information set out below, restricted to the period from 1995-2009, focuses on two aspects: inequalities of opportunities (access) and the consequences in terms of educational attainment.

In 2009, we note that in general terms the curve of the 20 per cent poorest rose compared to the one of 1995, showing that literacy reaches a larger section of this population group. But it still does not reach 100 per cent in any age group and, furthermore, the trend towards

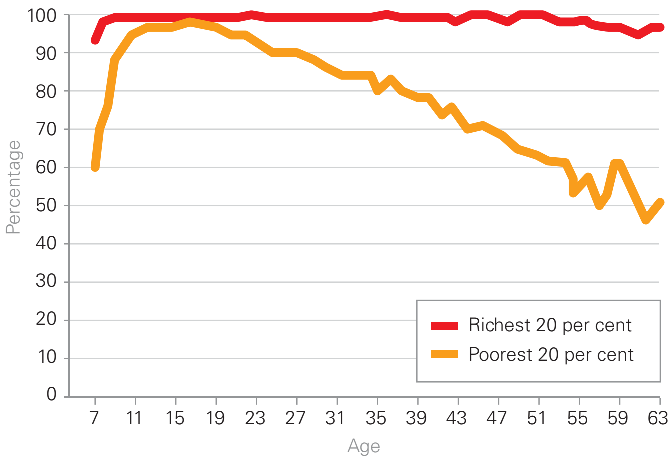
Graph 57 – Literacy rate by age among the 20 per cent poorest and richest (1995)

Researchers' own calculations based on PNAD/IBGE data.



Graph 58 – Literacy rate by age among the 20 per cent poorest and richest (2009)

Researchers' own calculations based on PNAD/IBGE data.



strong decline in the older age groups remains constant. It is worth questioning if this increased literacy is due to social programmes that affected all the age groups or if it is related to the overall ageing of the Brazilian population. In this last case, school and literacy programmes would affect younger age groups and literacy would be dropping due to the ageing of these young people the programmes were focused on, coupled with the mortality of the more elderly and uneducated population group.

In other words, between 1995 and 2009, most of the people who could not read and write remained in the same educational situation. This means that literacy of the lower income groups is mainly based on primary education. This way, for literacy rates in the lower income groups to be the same as those for the richer income ones – in other words, in the event there are no significant changes in access to and quality of teaching in the country at the various levels – between 40 and 50 years will be needed before the older generation will give way to younger and literate ones.

Graphs 59-60 show the proportion of young people going to school in the lower and higher income groups in the years 1995-2009. We note a significant change among the poorest population group during the period in question. Initially, poor children enter school later, meaning that the percentage of people studying only reached their maximum around the age of 10 – even so, this figure did not exceed 90 per cent. In 2009, we witnessed primary education becoming available to all, meaning that attendance rates at school among the poorest and richest evened out, at least up to the age of 13. This phenomenon is due to the education policies set up in 1996, with the Law on Directives and Bases, and later with the National Education

Young Brazilians

In Brazil we continue to experience what demographers call a youth wave. The current generation in the 15-29 age group corresponds to 20 per cent of the population. There are many public debates about how to tackle the issue of youth. Youth sociology has retained the following classifications to categorise young people: 'dangerous classes' because they are participants in delinquent and deviant groups in society; 'young revolutionaries' because they are in groups that struggle to change the system; 'accommodated young people' because they are part of the establishment without questioning it. The new situations of young people post-1980 with the presence of AIDS, remodelling sexual behaviour, with new types of political struggles, with the inclusion of the cultural agenda, has made us look at young people as subject to rights. In fact, it is on the basis of fighting for the rights of young people that in 2005 the National Secretariat on Youth, and within that the National Youth Council, were set up in Brazil. In these instances young people, organised on the basis of religious identity, different sexual orientations, rural and urban sector, and varied cultural segments, present their agendas for struggle and their demands for rights.

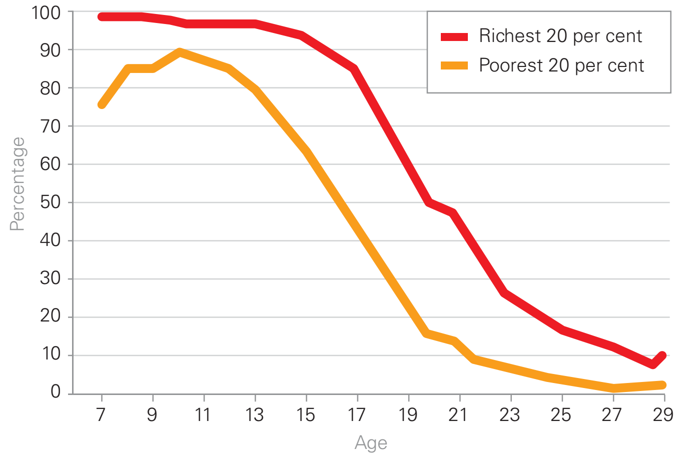
The current situation for young people in Brazil is under pressure due to the poor quality of school education. According to the IBGE, school dropout rates for secondary education (between the ages of 15 and 17) are 10 per cent – the highest rate among Mercosul countries, creating serious consequences for young people joining the labour market; deadly violence resulting from firearms is one of the main causes of death among young people.

Approximately 35,000 young people are killed by firearms, especially black people, the poor who live in the peripheral urban areas. The mortality rate for young people aged 20-29 is 103.1 deaths per 100,000 inhabitants; for those aged 15-19 the rate is 79.9 deaths per 100,000 and those aged 30-39 it is 57.1 per 100,000 inhabitants; media propaganda reinforces at-risk sexual behaviour, leading to an increase in teen pregnancy and STIs/AIDS. The Ministry of Health Survey (February 2011) indicates increasing incidence of HIV/AIDS among young people in the 13-19 age group. The same survey showed that among young people aged 15-24 years old, women are the most vulnerable, which also indicates gender inequality. Brazilian young people see the mark of inequality as a challenge. If for the group of young people access to education, health and work is precarious, it is all the more so for young black people, women and the poor.

For several years, Koinonia has been working with young people in rural and urban areas, through training, to promote rights. SADD also joined the efforts, reinforcing the emphasis on empowering the young. Through these actions, young men and women have been taking on leadership positions in traditional organisations (political parties, trade unions, production cooperatives, associations of rural producers), public bodies such as municipal, state and federal youth councils and innovative organisations such as the Ecumenical Youth Network (REJU).

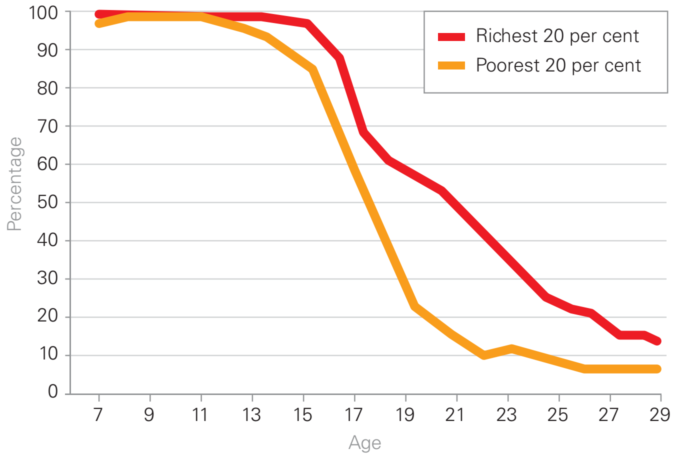
Graph 59 – Percentage of students by age among the poorest and richest 20 per cent (1995)

Researchers' own calculations based on PNAD/IBGE data.



Graph 60 – Percentage of students by age among the poorest and richest 20 per cent (2009)

Researchers' own calculations based on PNAD/IBGE data.



Plans, which began in 2001. In addition to this, the conditionalities of the income transfer programmes, which focused directly on this section of the population, as well as the policies directed towards the eradication of child labour, serve as a direct incentive for attending school among the lower classes.

The curves of rich and poor begin to diverge at the end of the compulsory primary education period. From then on, the dropout rates climb steeply for the 20 per cent poorest.

However, the dropout rate is only one of several problems that affect the lower income group. During their time at school, the poorest students systematically have lower performance, which is reflected in the higher numbers repeating school years and consequently in the discrepancy between the suitable age for each one of the year groups. Table 23 shows the percentages gap between the age and year for the two extreme groups for the years 1995 and 2009.

By the age of 10, it is assumed that a child will have completed the fourth year of the primary education model lasting nine years or the third year of the old eight-year model. It is assumed that there is a gap if this child has not completed this basic minimum.[35] We note that in 1995, 75.8 per cent of the poorest children were behind at school, while for the richest, the gap was approximately 29.1 per cent. In 2009, these figures dropped to 63.1 per cent and 28.2 per cent respectively. The discrepancy between the age and year showed drops in practically all the ages among the richest – but for the poorest, only for those between the age of 10 and 13. For the rest there is a considerable increase, of approximately 16.6 percentage points for those aged 17. For this reason, we find that there was an increase of 11.1 percentage points in the age-year discrepancy for the 20 per cent poorest; while among the 20 per cent richest there was a drop of 7.5 per cent percentage points. This information shows that the policies of inclusion in primary education were mainly effective at primary level, but led to an increase in inequality in the secondary education stage.

The transition between years at school is a fundamental aspect in the approach to inequality. Making primary education available to all solved the basic problem of entry to school, starting formal studies and teaching literacy to children. It is thought that the first major transition is completing the first year of school. However, there are other moments that present barriers to the path through school and prevent the student from completing the set levels. A crucial point is the completion of the fifth year and the start of the sixth year in the new system. It is the end of the primary stage and start of the stage that in Brazil we used to call secondary school (equivalent to junior high school in the United States). After this stage, the next transition is the conclusion of primary education and the start of secondary education. The fourth transition is the end of the secondary studies and the fifth is the end of the first year of higher education.

Table 23 – Age-grade distortion

Researchers' own calculations based on PNAD/IBGE data.

Age	20 per cent poorest			20 per cent richest		
	Change in percentage points					
	1995	**2009**	**2009-1995**	**1995**	**2009**	**2009-1995**
10	75.8%	63.1%	-12.7%	29.1%	28.2%	-1.0%
11	78.1%	65.3%	-12.8%	29.2%	30.0%	0.8%
12	78.8%	70.1%	-8.7%	34.6%	27.2%	-7.4%
13	74.3%	70.1%	-4.2%	41.4%	35.6%	-5.8%
14	67.6%	68.7%	1.2%	47.5%	23.9%	-23.6%
15	61.3%	66.8%	5.5%	50.8%	25.3%	-25.5%
16	50.5%	66.4%	15.9%	50.0%	28.0%	-22.1%
17	40.8%	57.4%	16.6%	48.7%	30.3%	-18.4%
18	34.6%	47.2%	12.5%	49.1%	26.4%	-22.7%
Total	**51.5%**	**62.7%**	**11.1%**	**35.9%**	**28.4%**	**-7.5%**

Carlos Costa Ribeiro (2009 and 2011) shows that making primary education available to all in fact cancels out the importance of various factors that previously defined educational inequality, such as family origin, race and where you lived (rural or urban). However, the equalisation and levelling out of the base were accompanied by growing importance of these same factors at the top of the educational transitions. This happens because the policies for accessing primary education did not include policies of the same kind and magnitude at all the other levels. We therefore saw an enormous growth in people leaving at the first transition times, then being ejected into an environment where they compete for low-paid positions and occupations. The inequalities change their form of manifestation and level, but continue to present consistent and persistent patterns – as evidenced by the numerous national and international studies.[36]

The barriers encountered to making the educational transitions explain the low numbers completing primary education. In Brazil, the average number of years of study went from 5.2 in 1995 to 7.2 in 2009, but this two-year increase is still not enough for the average Brazilian to receive a full basic education, which requires eight years of study. This deficit is even more noticeable in the lower classes. Table 24 shows the proportion of adults who have completed each level of education in the extreme income distribution and population bands, as a whole for the years 1995, 2001 and 2009.

We note that among the 20 per cent poorest there is already a clear reduction in the proportion of individuals who have not completed any level of education – this indicator goes from 93.8 per cent to 76.3 per cent between 1995 and 2009; a reduction of 17 percentage points.

However, in the higher classes there was a significant reduction of 12 percentage points, which shows that the benefits of education for all were not only focused on the poor.

The proportion of poor individuals who completed primary education (going from 4.2 to 11.5 per cent) and completed secondary (which goes from 1.9 per cent to 11.7 per cent) grows. However, its growth in the higher education band is derisory, from 0.1 per cent to 0.6 per cent. On the other hand, the richest who, in 1995, showed a rate of individuals with higher education three times higher than the population average (21.6 per cent compared to 6.3 per cent) gained preferential access to higher education, reaching the 30.8 per cent mark (which is approximately three times higher than the population average of 10.3 per cent). This is one more piece of evidence that the inequalities can be transferred to other dimensions, after having been broached in their initial form.

Another central question relates to returns on education in the labour market, in terms of income levels. The conventional economic theories assume that more education would be associated with more productivity, therefore an individual with more education would be

Table 24 – Proportion of individuals for each educational level, by income band and population as a whole (1995-2009, population aged 25 and over)

Researchers' own calculations based on PNAD/IBGE data.

Highest level completed	20 per cent poorest			20 per cent richest			Total (population)		
	1995	2001	2009	1995	2001	2009	1995	2001	2009
No level completed	93.8%	89.8%	76.3%	36.4%	30.2%	24.1%	69.9%	63.1%	51.4%
Primary education	4.2%	6.5%	11.5%	13.7%	13.0%	10.2%	10.5%	12.3%	12.7%
Secondary education	1.9%	3.5%	11.7%	28.3%	32.9%	34.8%	13.3%	17.5%	25.7%
Higher education	0.1%	0.1%	0.6%	21.6%	24.0%	30.8%	6.3%	7.1%	10.3%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

'rewarded' with a higher salary. However, the unequal opportunities in access to education mean that poorer people become part of a cycle that reproduces their disadvantaged situations. A lower family income per capita leads to the need for premature inclusion in the labour market, generally in subordinate and low paid occupations.

As we saw, the level of education among the poorest increases in the last 15 years – mainly as a result of the policies of access to basic education and measures aiming to encourage children to stay at home. However, greater access did not necessarily guarantee greater inclusion in the labour market.

Table 25 – Average income from main job for each level of education reached by adult individuals (1995 and 2009, people aged 25 and over)

Researchers' own calculations based on PNAD/IBGE data.

	No level completed	Primary education	Secondary education	Higher education
1995	R$381.17	R$810.03	R$1,298.49	R$3,267.96
2009	R$562.23	R$852.40	R$1,183.37	R$2,924.78

Observing the salaries by completed levels of education, we note that there is a clear order. The average income for the workers without any level of completed school increases in line with the minimum wage policy. This reduces the distance between this group of individuals and those who have completed their primary education. In this way, the increase in income experienced by some of the poorest is not related to their educational achievements.

The economic theories of human capital, in assuming that salary hierarchy is based on productivity, maintain that the percentage gain in salaries by level of education achieved must be retained. What we find in the Brazilian case, however, goes against this theory.

Table 26 – Salary returns for each level of education completed (1995 and 2009, population aged 25 and over)

Researchers' own calculations based on PNAD/IBGE data.

	Primary	Secondary	Higher
1995	112.5%	60.3%	151.7%
2009	51.6%	38.8%	147.2%

In 1995, an individual with basic education received, on average, 112.5 per cent more than an individual who had not completed any year in education. A person with secondary education received 60.3 per cent more than those with only primary. Higher education brought an increase of 151.7 per cent more than the salary of a person with secondary education. However, the picture in 2009 is rather different. The returns of each level of education in relation to the previous level decreased, principally in the categories that underwent expansion of the school system and, consequently, have a higher concentration of the poor. The wage return of primary education falls, as we have seen, against the growth in income of those who do not have any level of education (and who earn the minimum wage).

However, the income of those with secondary education also falls – and this is not connected to the minimum wage. This is explained by the fact that the policies for accessing education are not necessarily linked to the measures for integration and inclusion in the labour market, which would also demand an improvement in the quality of the profile of the jobs created. A person with basic education has no guarantee that their increased education will bring them better jobs or types of work that are substantially different to those carried out by someone who has not completed any education. The same can be said about the poorest who manage to complete their secondary education.

Based on this perspective, the hierarchical returns on education do not say much about the differential (and more productive) entry into the labour market. The returns on education were previously greater mainly because of the fact that only the most privileged part of the population was reaching higher levels of education. In this way, the salary increases were more an expression of the reproduction of the social inequalities rather than the increased mobility brought about by education.

In a context of increasing access to school, it is worth questioning to what degree greater education for the population would be related to improvements not only in terms of integration in the labour market – through means that match the school and the new employment realities; but that also provide a boost to the economic system for activities with higher productivity, generating new occupational positions and better jobs.

3.4 Inequality and the Index of Health and Social Problems (IPSS)

This section aims to present, specifically for 2009, an analysis of the association observed between some indicators of social development and the indicators of income level and inequality for the 26 Brazilian states, with the exception of the Federal District.[37] More precisely, the indicators to be analysed are:[38]

Income level:
We opted here for the *family income per capita*, defined as the ratio between the total income of the household – from work – and the number of people living in the home.

Income inequality:
As usual, we opted for the Gini index, used extensively throughout this study.

Life expectancy:
In years, how much time on average one expects a child born in 2009 to live.

Infant mortality rate:
In a one per 1,000 unit and calculation, using the ratio between the number of children under one year who died in 2009 and the number of live births during the same period of one year.

Rate of teen births:
Expressed as percentages, the ratio between the number of teenagers aged between 10 and 19 who gave birth and the total number of female teenagers in the year.

School performance index:
Relating to pupils who completed their basic education, and built from a combination between the average school attendance of the pupils in the state and average score in the official test evaluating knowledge of mathematics and Portuguese.

Homicide rate:
Given as a ratio between the number of deaths caused by external assaults of victims and the total estimated population of the state in the year.

Health and social problems index:
Calculated as the average of the standard Z figures for the *infant mortality rate*, *life expectancy* (with the sign reversed), *school performance index* (with the sign reversed), *homicide rate* and *teenage birth rate* variables.[39]

Analysis of the indicators of income level and inequality

Before the analysis of the association per se among the above mentioned indicators, it is worth making a brief comparison between the similarities and differences between the states in terms of their income level and inequality, as expressed, respectively, by the *family income per capita* and the Gini index.

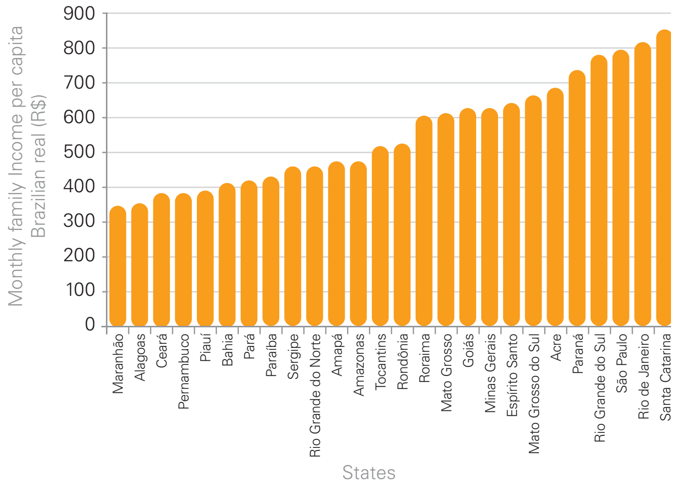
The countless peculiarities of society and the Brazilian economy, particularly with regards to regional inequalities, are shown once again in the comparison of such indicators, as evidence by the figures below.

As graphs 61 and 62 show, the differences in the income indicators for the Brazilian states seem to be much more expressive in terms of the level of *family income per capita* than in the inequality itself expressed by the Gini index for each state, which also indicate the measurements included in Table 27. In particular, the values of the coefficient of variation for the two indicators, in the fourth line of the table (0.304 and 0.0667 respectively) quantify a diversity between the Brazilian states that is larger concerning income levels than it is concerning income inequality.

This is probably explained by the high regional inequality, product of the process of historical development described above, where the accumulated capital concentrated territorially and the inter-regional migrations transformed

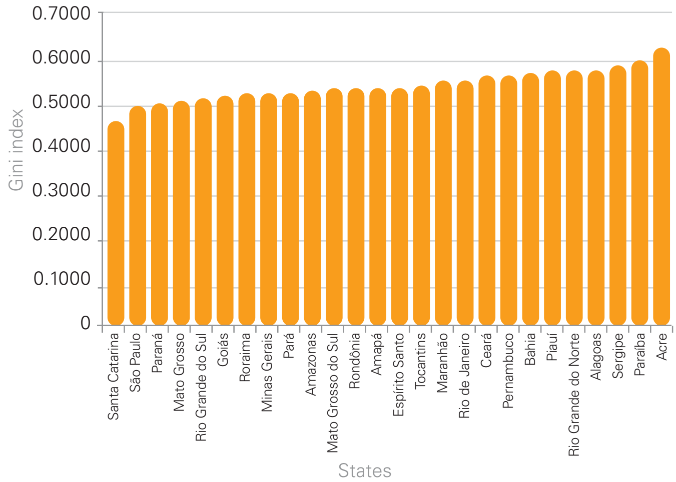
Graph 61 – Family income per capita by state

Data sources given in Table 31.



Graph 62 – Gini index per state

Data sources given in Table 31.



themselves into levers of productivity in the dynamic centre of the country, as well as of inequality, which despite being lower compared to the other countries would not be as high if it were not for deep regional differences.

Table 27 – Descriptive comparison between the family income per capita and the Gini index

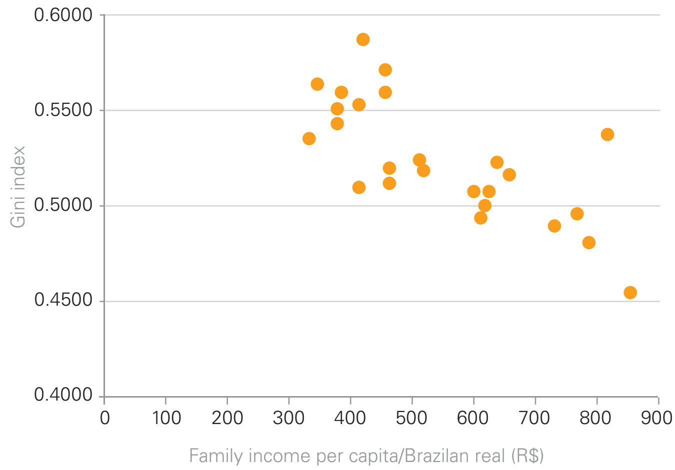
Data sources given in Table 31.

	Family income per capita	Gini
Average	551.2465385	0.528315304
Median	514.315	0.522022
Standard deviation	156.6954287	0.034827344
Variation coefficient	0.304668207	0.066716237
Minimum	338.16	0.4544084
Maximum	854.04	0.6069566
Total	**14,332.41**	**13.7361979**
Correlation	-0.5697	

In this way, it should be noted, based on the correlation coefficient in the last line of the previous table, a negative association of -0.5697 between the two variables indicating that, for 2009, the richest states in the Brazilian Federation in terms of *family income per capita* were – on the other hand – those with a lower Gini index, an association that Graph 63 presents fairly clearly.

Graph 63 – Gini index and family income per capita by state

Data sources given in Table 31.



The analysis of the connection between social indicators and income indicators

Table 28 shows, for the set of 26 Brazilian states, the Pearson Correlation coefficient and the p-values associated with the rejection of the Null Hypothesis of 'no correlation' between various pairs of variables. There is statistical evidence that the income level is positively correlated with *life expectancy*, *teen birth rate* and *school performance* and negatively correlated with *infant mortality rate* and with the *index of health and social problems*.

In turn, there is also evidence that indicates that the risk of error is also small if we believe in the negative association between the inequality of income distribution in the states and the *life expectancy* and *school performance indicator*, and the positive association between the *infant mortality rate* and the *health and social problems index*, with exceptions made for the *teenage birth rate* and the *homicide rate*.

The figures below, one by one, seek to present these associations visually.

We now move on to a separate analysis of the figures and images relating to the association between each social indicator chosen and the income indicators already detailed.

Table 28 – Table of Pearson Correlations with associated p-values

Data sources given in Table 31.

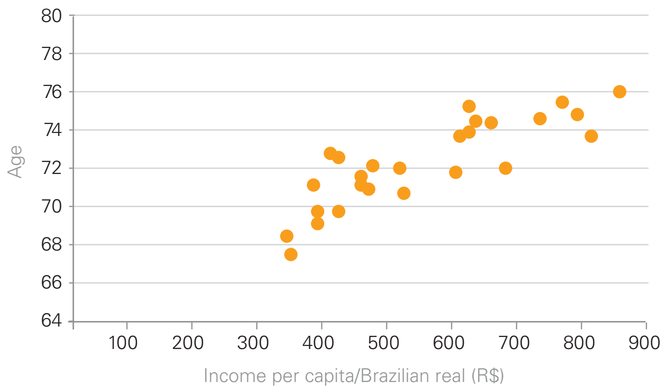
	Per capita income		Gini index	
	Correlation	**p-values**	**Correlation**	**p-values**
Life expectancy	0.85	< 0.0001	-0.67	0.00020
Infant mortality rate	-0.79	< 0.0001	0.75	< 0.0001
Teen birth rate	-0.37	0.0600	0.29	0.15110
School performance indicator	0.77	< 0.0001	-0.63	0.00050
Homicide rate	-0.29	0.1503	0.22	0.27260
Health and social problems index	-0.82	< 0.0001	0.68	0.00010

Life expectancy

The average duration in years that a child born in 2009 is expected to live is greater in Brazilian states with a higher income per capita (r = 0.85) and lower in the countries where the income distribution is more unequal (r = -0.67); it should be noted that life expectancy seems to have a stronger association with income level than with inequality. A comparison between graphs 64 and 65 illustrates better this stronger association between the first two, the points in the first diagram are less dispersed and the relationship is better defined than in the second one.

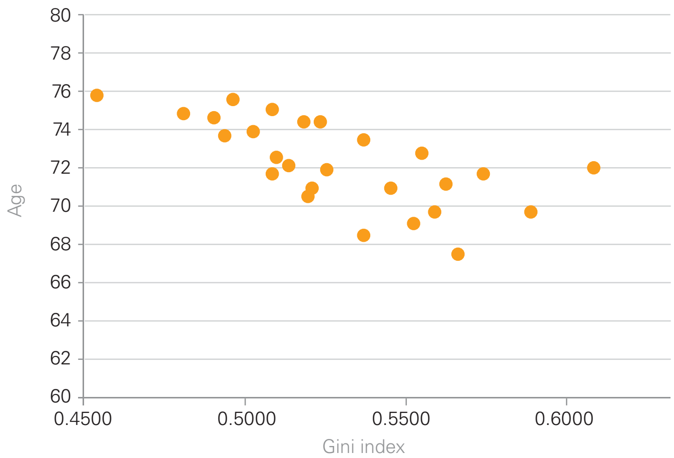
Graph 64 – Life expectancy and income per capita

Data sources given in Table 31.



Graph 65 – Life expectancy and Gini index

Data sources given in Table 31.

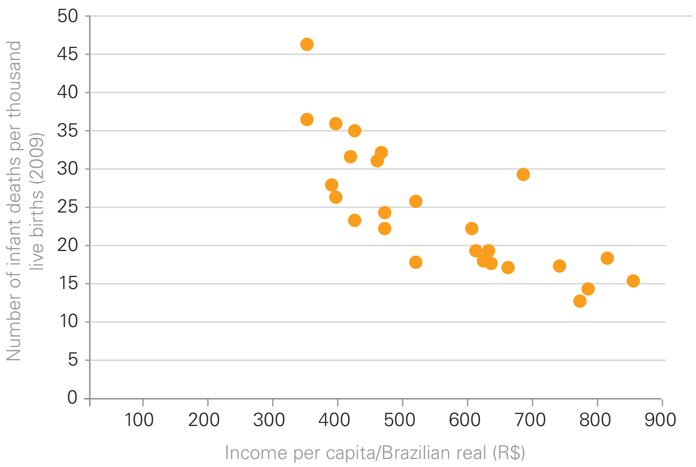


Infant mortality rate

The number of children under the age of one who died in 2009, for every thousand born, was lower in states with higher income per capita levels (r = - 0.79) and was higher in states with more unequal income distribution (r = 0.75), the difference between the two figures, nevertheless, does not appear to be significant. However, while the comparison between these two pairs indicates that the points are less dispersed and the relationship is better defined for the first pair, the numbers in the correlations do not significantly show this difference, perhaps because, with the income level, the infant mortality rate appears not to be linear.

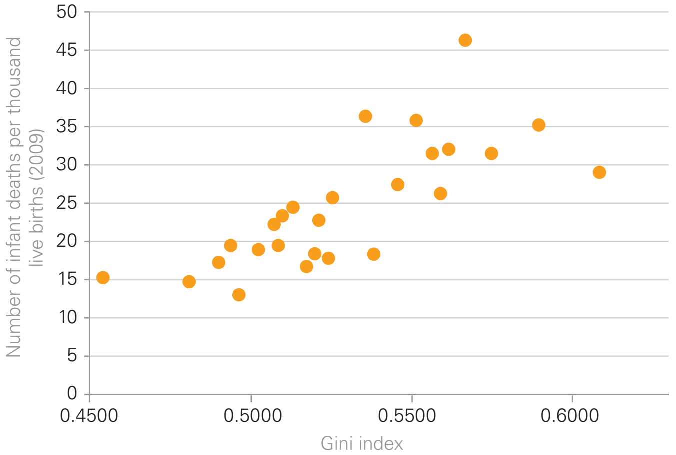
Graph 66 – Infant mortality and income per capita

Data sources given in Table 31.



Graph 67 – Infant mortality and Gini index

Data sources given in Table 31.

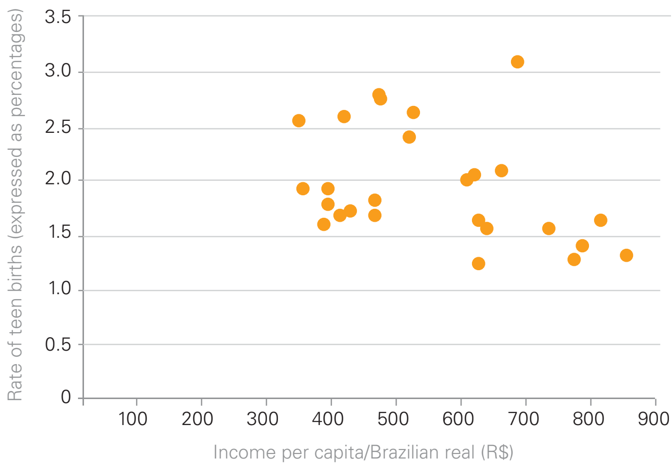


Teen births rate

The ratio between the number of teens aged 10 to 19 who gave birth in 2009 and the total number of female teenagers shows a negative association with the income level per capita (i = 0.37), which means that youth fertility was higher in states with a lower income per capita.

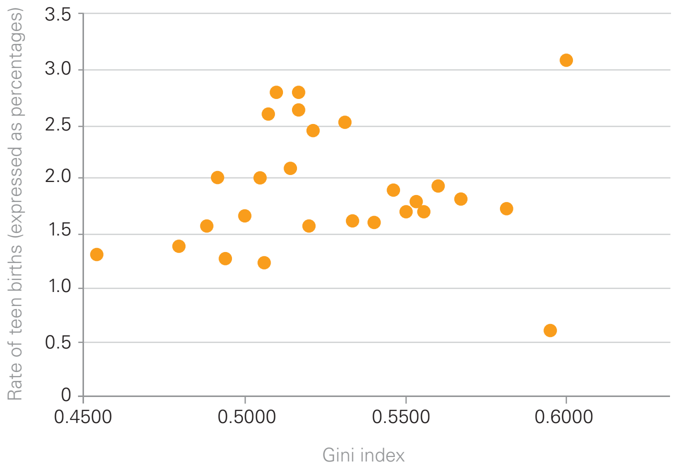
Graph 68 – Teen birth rate and income per capita

Data sources given in Table 31.



Graph 69 – Teen births rate and Gini index

Data sources given in Table 31.



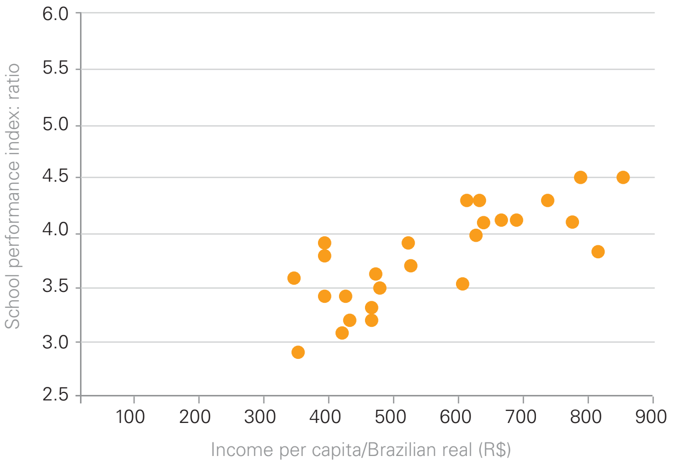
In terms of the association between this youth fertility and income inequality, however, even though the estimated numbers (i = 0.29 and p-value = 0.15110) do not show evidence of a correlation, an inspection of the figure for the above-mentioned pair of variables suggests the need for a more detailed future analysis as there not only appears to be an association between the variables but also, interestingly, in this regard, there appears to be a separation of the 26 states into two groups, with two different intensities of correlation, specific to each one of these groups.

School performance index

Progress at school among young people who completed primary school in the year 2009, measured by their average attendance at school combined with their performance in the official exams on knowledge in mathematics and linguistic skills, shows a positive correlation with income level (r = 0.77) that is, the higher the state income level the better the students´ school performance, and a negative correlation with the Gini index (r = -0.63), in other words, the more unequal the income distribution in the state the worse the progress at school of young students completing primary education. The lower intensity of the association between school performance and income inequality seems to be due to the presence of two states with discrepant positions and can easily be identified in the diagram with this pair of variables.

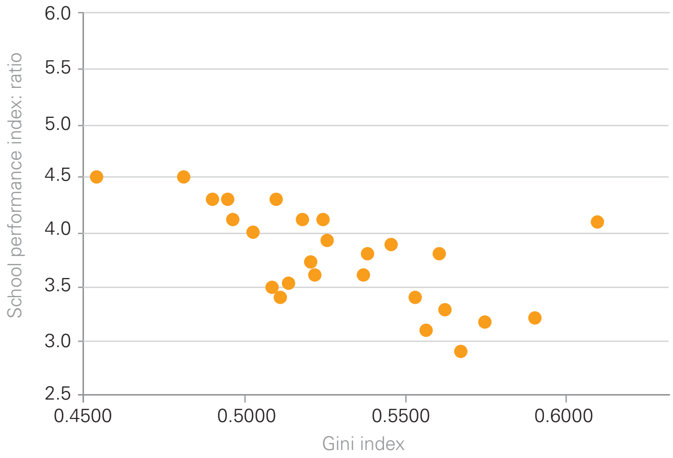
Graph 70 – School performance index and income per capita

Data sources given in Table 31.



Graph 71 – School performance index and Gini index

Data sources given in Table 31.



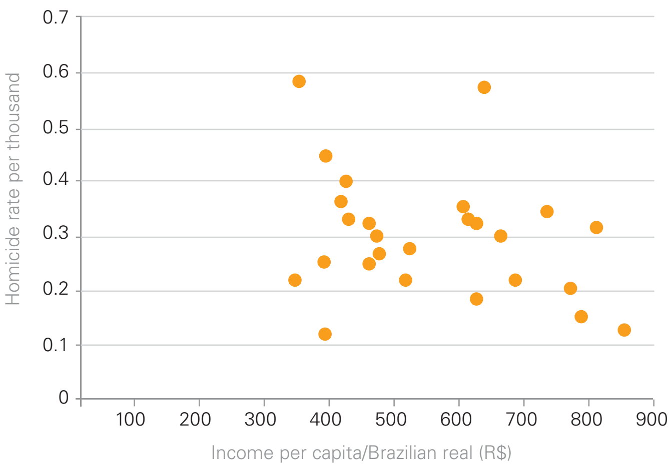
Homicide rate

The ratio between the number of deaths caused by external attacks on victims and the total estimated population of the state, in the year 2009, did not show the estimates that allow one to reject the hypothesis of an absence in correlation, either in terms of the income level per capita (i = -0.29 and p-value = 0.1503), or the inequality of the income distribution (i = 0.22 and p-value = 0.27260). Visual inspection of the diagram relative to the first pair of variables suggests, however, that the presence of the two states of behaviour that stand apart from the other 24 may have distorted the numerical results, making it difficult to identify a possible connection. In the diagram that illustrates the alleged relationship between the homicide rate and income inequality, it is more difficult to identify a cause of a 'mathematical' nature, similar to the one that seems to affect the correlation of the first pair.

We should remember, however, that an additional difficulty in identifying a possible correlation between the homicide rate and the indicators of income level and distribution are the low reliability of the violence indicator, in addition to the fact that this indicator tends to be greater in the metropolitan regions, generally characterised by a higher income per capita.

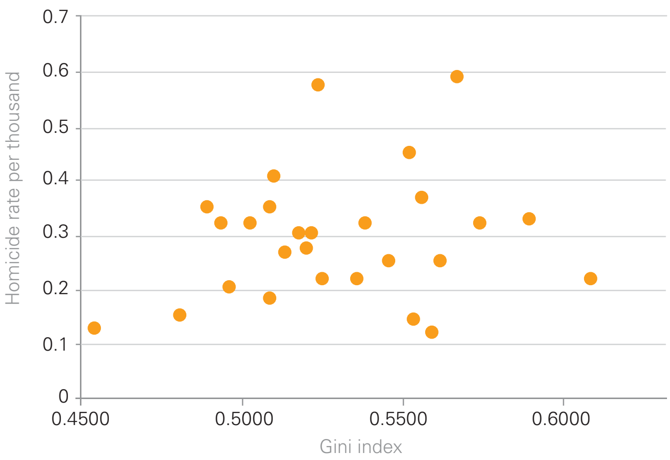
Graph 72 – Homicide rate and income per capita

Data sources given in Table 31.



Graph 73 – Homicide rate and Gini index

Data sources given in Table 31.

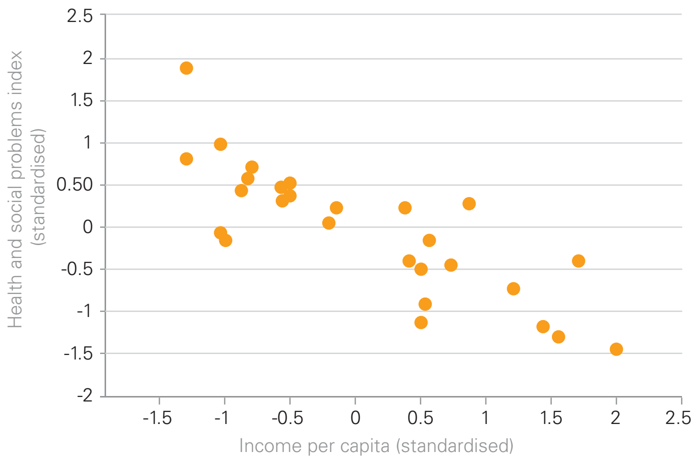


The health and social problems index

With a greater emphasis on analysing the problem of social development, in order to evaluate its multiple dimensions, we created a *health and social problems index* obtained using the average for each state in its 'z – scores' obtained by standardising the *life expectancy* (with the sign reversed), *infant mortality rate, teen birth rate, school performance index* (with the sign reversed) and *homicide rate* variables.

Graph 74 – Health and social problems index and income per capita

Data sources given in Table 31.

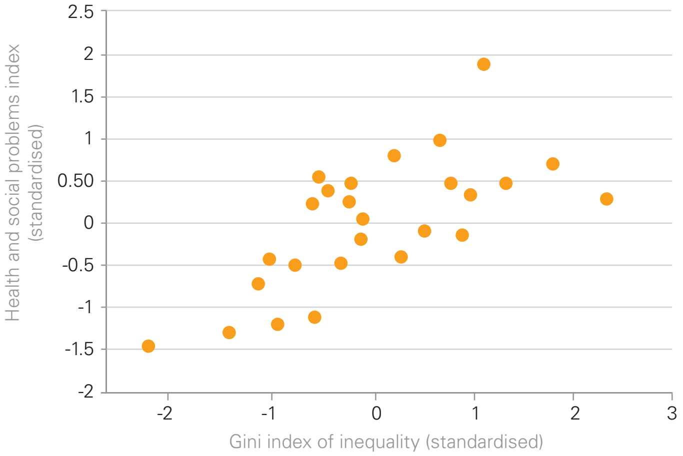


The *health and social problems index* shows a significant negative correlation with the income level per capita (i = -0.82), indicating that the higher the latter is, the lower the *health and social problems index*, and a significant positive correlation with the inequality in the income distribution (i = 0.68), indicating that the *health and social problems index* increases as the inequality in income distribution per capita between families making up the state becomes greater.

This result is different to the one obtained by applying the index to the states in the United States, where the correlation between these variables is much greater with inequality than with the income per capita. This probably happens due to the fact that, as anticipated by Wilkinson and Pickett (2010), in underdeveloped countries social deprivation is still related to a low income level per capita.

Graph 75 – Health and social problems index and Gini index

Data sources given in Table 31.



The specificity of the Brazilian case is in its own spatial concentration of more intensive capital and technological production operations, which generate inequality more characterised by levels and income, while in the regions that are out of step it is related to more rigid social and power structures, which have no impact on the indicators of inequality.

The conflict between these two situations – US vs Brazil – proves useful as it allows one to raise the argument that improvement in the social indicators depends on the more rapid growth of the poorer states, which can only happen through public investment in social and infrastructure matters, capable of creating new sources of economic dynamism in these regions. However, not any old growth will do, as this could just replicate in these areas the forms of inequality already present in the more dynamic areas. A growth in capitalist production activities, but also in new forms of social inclusion in this region, in turn, could strengthen the focus of more intensive activities in capital and technology in the southeast and south of the country, even though these may grow at a slower rate than the rest of the country.

The multiple correlation test: the specific weight of the level of income and inequality

Since both the level of family income per capita and its inequality, the latter expressed by the Gini index, show evidence respectively of negative and positive correlation with the *health and social problems index*, the next stage in the analysis is to set up a multiple linear regression model to test whether, on the one hand, one being controlled by the other, each of those two variables is factually and directly related to the stated index or whether, on the other, there is indirect correlation of one of them with the latter. Put another way, this is the same as answering the following questions: once the two variables are treated simultaneously in the statistical analysis, could the apparent effects of inequality on the index disappear, with all the influence being at the level of the income per capita? Or, at the other extreme, could only the effects of inequality remain, with the income level not limiting significantly the value of the *health and social problems index*?

Having fitted the multiple linear regression model to the data, the estimates obtained for the parameters were:[40]

Table 29 – First adjusted model – variables in the level

Researchers' own calculations.

Index=	**-1.9742**	**-**	**0.0031**	**Income**	**+**	**7.0030**	**Gini**
Standard errors	1.7089		0.0006			2.8145	
t-statistics	-1.1552		5.0040			2.4881	
p-values	0.2599		0.0000			0.0205	
Adjusted R^2	**72.30%**		**F Stat:**	**33,6192**		**p-value (F):**	**0,0000**

The estimated F statistic can be seen as large and sufficient to reject the assumption, with negligible risk of error, that none of the variables is significant to understanding the behaviour of the *health and social problems index*. The adjusted R^2 shows that, for the year 2009 specifically, the pair of variables (*family income per capita* and *inequality of income – Gini*) matched approximately 70 per cent of the heterogeneity presented by the *health and social problems index* in the different units of the Brazilian federation.

Specifically with reference to the comparison between the two variables taken as explanations in this analysis, the estimates of the t-statistics relating to the coefficient of each variable and, consequently, their associated p-values give strong evidence for rejecting the assumption that one or other might not have effects on the behaviour of the index, as proposed in the questions presented above. That is equivalent to saying, then, that even when treated simultaneously, not only the level of family income per capita, but also the inequality of income itself limits, each in its own way and with its specific effect, the differences in the *health and social problems index* between the Brazilian federal units.

Thus, for those social problems to then be alleviated, both growth in the level of income and, simultaneously, improvement in the distribution of income are necessary. That is, the intervention of the state and social agents is shown to be essential in each of these variables, but not sufficient unless an integrated focus is adopted.

Obviously, the difference in the order of magnitude of the two coefficients cannot be taken as explanatory since that is also due to the difference in the initial order of magnitude in which the two variables are expressed originally.

Consequently, for the purposes of proceeding with that comparison of the weights of each of those two variables, a second model is now constructed having very similar content to the first, but with the three variables expressed in their standardised values, which will then allow a comparison of any possible difference in the order of magnitude of the estimated coefficients that may possibly persist.

The estimates below refer to the adjustment with the values in comparable scales:[41]

Table 30 – Second adjusted model – standardised variables

Researchers' own calculations.

Index=	**-**	**0.6409**	**Income**	**+**	**0.3187**	**Gini**
Standard errors		0.1254			0.1254	
t-statistics		-5.1116			2.5416	
p-values		0.0000			0.0179	

Since the test statistics allow rejection of the assumption that one or other of the two explanatory variables has no effect on the index and, furthermore, as the variables are on two comparable scales of magnitude, the estimated values for the coefficients can readily be compared:

- if the family income per capita of a given federal unit is one standard deviation above the average for that variable for the set of federal units, its *health and social problems index* is expected to be approximately 0.64 units of standard deviation below the average for that index
- if a given federal unit shows inequality of income, measured by the Gini index, one standard deviation above the average for that variable for all the federal units, its *health and social problems index* is expected to be 0.32 units of standard deviation above the average for that index.

Therefore, in conclusion for that section, it should be noted that the joint statistical treatment of the two variables does not invalidate the analysis presented previously. On the contrary, it shows that each of them in its own way limits the behaviour of the *health and social problems index*: on the scale of standard deviations in relation to the average for each variable, the *family income per capita* has an effect on that index and in a module approximately twice as great as that of the *inequality of income – Gini* on the same index.

Taking as a basis the historic and socioeconomic analysis undertaken within the scope of that research, these statistical results allow the specific nature of the Brazilian case to be endorsed. That is because both the production and the structure of social services is still concentrated in some 'richer' geographical areas (southeast and south) – despite these areas having significant sections of the population, many of which are in the low wages segments – the average of the index of social problems ends up being affected more by the productive capacity and generation of employment than by inequality. In regions with lower per capita income, despite the concentration of income being higher, it is shown through less adaptable productive and social structures. A reduction or change of the pattern of inequality would require a revitalisation of their economies, even though the way that this takes place may result in a reduction or even extension of the concentration of income.

Table 11 of this report provides us with another way of displaying what has been said above. The gap between the levels of inequality between the rich and poor states is much less than that found when the differences in the poverty rates between the same states are observed.

Therefore, without higher economic growth, especially in the poorer states, it becomes difficult to reduce the population below the poverty line, because as we have now established poverty will not be eradicated solely via income transfer programmes. However, it is not a question of any economic growth, but of economic growth that can change the hierarchy of the inter-regional division of labour, a prerequisite for changing the structure of inequality.

The open circle of analysis with the historical interpretation is then closed with the statistical exercise above. In Brazil, inequality is sustained by a regional differentiation that favours both the richest in the richest regions, with the inequality here taking on a more capitalist pattern; and also the richest of the poorest regions, which take advantage both of the market links with the richer regions and also the more hierarchical social structures where there is less universalisation of rights.

4. DEVELOPMENT AND FIGHTING INEQUALITY: BRAZIL'S CHALLENGES

After the historical reconstruction of the process of economic and social development in Brazil, and the analysis of the forms of inequality in recent times – in the various areas that make up the national territory and between the various social groups – it is possible to attain a panoramic vision of where the country is at the end of the first decade of the 21st century.

We could, first of all, say that Brazil is still Brazil. The drop in the Gini index since 1995 – but concentrated in the 2003-2009 period – was not enough to prevent inequality from being maintained as one of the clearest features of Brazilian society. The income disparities continue to be high, presenting various characteristics in the urban and rural areas, having been reduced in a more pronounced way in the regions with the highest income per capita. When an international comparison is done the index of Brazilian inequality continues to be among the 10 highest in the world, making the country lose several positions on the HDI when adjusted for inequality, according to the UNDP methodology. Furthermore, the 10 per cent richest received an average income 40 times higher than the 10 per cent poorest. Despite the figures being lower than those in 1980, the inequality level is similar to that for 1960, although the country's total income is eight times higher than that 50 years ago and the per capita income is three times higher.

Meanwhile, it is also clear that the 'new' Brazil can be much better than the 'old' Brazil. The Brazilian economy began to grow again and to create jobs. New social policies were set up, reducing poverty in the country. It is, in fact, the first time in the history of Brazil that inequality and poverty were reduced in a period of consolidation of democratic institutions. This combination makes the country capable of managing its own development strategy, with a structure based on the state and with ample participation from social movements in the formulation, execution and monitoring of the economic, regional development, agricultural and urban policies, in addition to the basic social policies (health, education, housing and sanitation) and those directed at job creation and income generation.

The country's challenge over the next few decades can be summarised as follows: the patterns of development in the first decade of the 21st century can guarantee economic growth and the extension of the income transfer policies – even within an international crisis context. However, it is not enough to face up to the inequalities chasm separating the privileged few from the large mass of pre-citizens without access to rights, quality social policies and decent levels of employment and income, who represent approximately 40 per cent of all Brazilians – the equivalent of the population of Germany.

Changing the development model – in terms of turning the fight against inequality into the structural axis of public policies – is one of several possible options in the national political agenda. It finds backing in the social movements, in some sections of business and important groups within the state bureaucracy, which have not, up to the moment, proved to be hegemonic.

The current government has a short-term view of national problems. Faced with an absence of a long-term project, it chose to fight poverty as its main goal, which can be proven by the high-profile recent launch of the No Poverty in Brazil Plan. This initiative should be lauded, if nothing else, because it reveals something new in Brazilian history that began with the Lula government.

However, by restricting their focus on 'numerical' poverty reduction, which would make concrete the dream of transforming the country into a 'developed nation', according to the government's discourse, they do not act on the processes that would make this effective reduction possible. We refer to the structural reforms that are constantly rejected by the conservative components of society which, furthermore, are part of the broad coalition that supports most of the government in the Congress. The conservative sectors start from the strategy of 'more of the same' or 'less of the same', counting on inflation control as a goal isolated from the rest, in the reduction of public expenditure and the targeting of social expenditure, as well as pinning down a tax burden reduction, while maintaining its concentrating nature. 'Brazil should be more competitive and to do so it should reduce its high labour costs' is the main slogan of these groups, with interests that are deeply rooted in Brazilian history.

This research seeks to create a critical mass on which to base a development strategy anchored in the desires of the social movements that represent the sectors that carry the burden of Brazilian inequality.

We seek to show how inequality manifests itself in various guises in the various regions of the country. In urban, especially metropolitan, areas, inequality is higher and harder to fight. This is because here the surplus generated by the ever more dynamic Brazilian economy happens to be concentrated. The increase in the minimum wage allowed the percentage of poor people to be reduced here, without resulting in much of a reduction to inequality.

In rural areas, there is less inequality, due to the fact that a significant portion of inhabitants lives out of the subsistence economy in which the '0' income is more frequent. In fact, a significant proportion of the surplus generated in these areas is applied in the cities where a fair number of new agricultural businessmen live. Here, inequality appears as a result of the variable access to land ownership. Although it is true that the government increased the number of new rural settlements for small farmers, the area occupied by them in recent years is tiny when compared to that of the large landowners benefiting from the new technologies, access to the outside market and recourse to cheap labour, often in a deprived situation that dates back to the days of colonial Brazil.

Furthermore, we note, in both areas, that the programmes – be they the *Bolsa Família*, the Continuously Paid Benefits or the rural pensions – despite contributing to the reduction of poverty, which remains high in the country, are not capable of having an impact on the income distribution picture, insofar as they do not affect the labour income, which represents a large portion of the income of the poorest. This is why the fall in inequality tends to be greater in the regions having the highest income per capita, because in these the minimum wage, which was increased significantly, is responsible for the income indexation of the poorest groups.

In some regions of extreme poverty, such as the rural northeast, the value of the benefits and the pensions, as well as readjustment of the minimum wage, could even worsen the inequality indicator as they may reach the intermediary groups in the income distribution structure.

Hence, the conclusion is that the policies for combating inequality must be structured to take into account the diversity of social situations in the country. In the regions with the lowest income, the income transfer policies, for example, must be linked with the stimulus of the medium-sized and large economic activities, but particularly with the structuring of cooperatives and initiatives dedicated to the popular economy, where the main objective is not profit, but inclusion in the market based on government policies and support for civil society entities. If that is not the case, they could lead to an even greater concentration of income, transforming these regions into simple centres for consumerism, without a labour-intensive production structure.

Alongside the regional inequalities there are extreme inequalities of opportunities, which are transformed into income inequalities, between various social groups by gender, race/colour, generation and education level.

Despite some recent improvements in all these inequalities, these were felt essentially in terms of income, arising from an improvement in the labour market, but without substantially changing the general picture. The profound differences, in terms of access to jobs and to quality education, end up worsening due to differences in gender, race/colour, generation and level of education, creating class positions with low salaries and no rights, especially for women, black people, young people and people with low levels of education.

In this context, any celebration of the statistics in the last decade is justified only as a pause to consider the pressing structural reforms that the country must undertake in the near future.

In reality, this report reveals that we have very little to celebrate and that lines such as 'developed nation', 'new middle class' and 'country without poor people' deviate us from, rather than bringing us closer to, our huge national challenges.

We should remember that if Brazil is part of the BRIC countries, as a dynamic economy, with a large potential internal market, it is also part of the BRIC as a group of countries that carry a heavy social debt, 'losing' out to China and India in terms of percentage and number of poor, but 'beating' these Asian countries in terms of inequality.

Nevertheless, unravelling the size and the various dimensions of inequality is the easiest part of Brazil's challenge as a fully democratic nation, in other words, one that is capable of dealing via the economy and politics with the concerns of its pre-citizens in social terms.

The next step, facing up to inequality as a structural axis for public policies and the development model, is the task of the whole of Brazilian society. Below are some of the structural pre-conditions for this new meta-synthesis to be reached:

- increased economic growth with technological, industrial, agricultural and agrarian policies and urban and regional development, generating jobs and increasing social expenditure on education, health, housing and basic sanitation

- continuing the policy of a real increase in the minimum wage, and trade union reform to create collective labour agreements on a national scale by category in the various areas of production
- fiscal and tax reform, in order to reduce the regressive nature of the system and extend the income transfer policies, subsidised credit and the training policies and stimulus to the popular economy
- incorporation of the fight against inequality into all public policies in order to reduce increasingly the disparities in opportunities and income by gender, race/colour, levels of education and generation
- construction of a new federalism based on combined actions by the municipalities, states and the union to deal with various manifestations of inequality, through decentralised policies.

It should, furthermore, be emphasised as a preliminary condition to the others: fighting inequality should be at the centre of the public agenda on development, something that does not happen at the moment.

Finally, this new national development strategy should be connected to an even greater leading role for Brazil in the main multilateral forums. It is not a question of creating a rhetorical opposition of interests between North and South, but rather of recognising the role of developing countries in the management of the new multipolar order.

In other words, if fighting inequality in the country is tied in with greater vitality and diversification of the Brazilian economy, this process cannot be at the expense of other poorer countries that have less production potential. The agenda for fighting against inequality cannot be restricted to a specific territory, as the turbulent winds of unregulated globalisation can affect the genuine efforts of the various nations searching for more inclusive development alternatives.

ANNEX

Table 31 – List of variables, meaning and source of the data

Family income per capita	Ratio between the total household income – from work – and the number of people in the household	Source: CPS/FGV based on microdata from the National Survey of Households (PNAD)/IBGE, fgv.br/cps/ncm/ (accessed on 2 November 2011)
Gini	Gini index	Source: drafted based on data from the National Survey of Households (PNAD), ibge.gov.br (accessed 2 November 2011)
Life expectancy	How many years, on average, you expect a child born in 2009 to live	Source: 'Summary of social indicators. An analysis of the living conditions of the Brazilian people 2010', ibge.gov.br/home/estatistica/populacao/condicaodevida/indicadoresminimos/sinteseindicsociais2010/SIS_2010.pdf (accessed on 2 November 2011)
Infant mortality rate	Children under the age of one who die per 1,000 born alive during the one-year period	As above
Primary education school performance index	Combination between school attendance and the score in tests evaluating knowledge of mathematics and Portuguese	Source: http://portal.inep.gov.br/indicadores-educacionais (accessed on 2 November 2011)
Teen birth rate	Percentage of teenagers aged 10 to 19 who gave birth	(1) Source: MS/SVS/DASIS – Information System on Live Births – SINASC, http://tabnet.datasus.gov.br/cgi/tabcgi.exe?sinasc/cnv/nvuf.def (accessed on 2 November) (2) Source: 'Summary of social indicators. An analysis of the living conditions of the Brazilian people 2010', ibge.gov.br/home/estatistica/populacao/condicaodevida/indicadoresminimos/sinteseindicsociais2010/SIS_2010.pdf (accessed on 2 November 2011)
Homicide rate	Ratio of deaths by attacks and total population, occurences per 1,000 living beings	(1) Source: MS/SVS/DASIS – Information System on Mortality (SIM), http://tabnet.datasus.gov.br/cgi/tabcgi.exe?sim/cnv/ext10uf.def (accessed 2 November 2011) (2) As above
Health and social problems index	Reduced version of the Index of Health and Social Problems of the Equality Trust, adapted to Brazil and calculated using the average of the 'z – scores' for each state obtained by standardising the *life expectancy* (with the sign reversed), *infant mortality rate*, *teen birth rate*, *school performance index* (with the sign reversed) and *homicide rate* variables	Source: Drafted based on data from the National Survey of Households (PNAD), ibge.gov.br (accessed on 2 November 2011) Original methodology available at equalitytrust.org.uk/why/evidence/methods (accessed on 2 November 2011)

Table 32 – Model I adjusted, with variables in the level

Researchers' own calculations.

Dependent Variable: INDEX
Method: Least Squares
Date: 12/18/11 Time: 00:53
Sample: 1 26
Included observations: 26

Variable	Coefficient	Std. Error	t-statistic	Prob.
C	-1.974208	1.708931	-1.155230	0.2599
INC_PC	-0.003130	0.000626	-5.003985	0.0000
Gini	7.002976	2.814538	2.488144	0.0205
R-squared	0.745120	Mean dependent var		-1.13E-15
Adjusted R-squared	0.722956	S.D. dependent var		0.765283
S.E. of regression	0.402806	Akaike info criterion		1.127445
Sum squared resid	3.731818	Schwarz criterion		1.272610
Log likelihood	-11.65679	F-statistic		33.61920
Durbin-Watson stat	2.552150	Prob(F-statistic)		0.000000

Table 33 – Serial correlation LM Test on the residuals from Model 1

Researchers' own calculations.

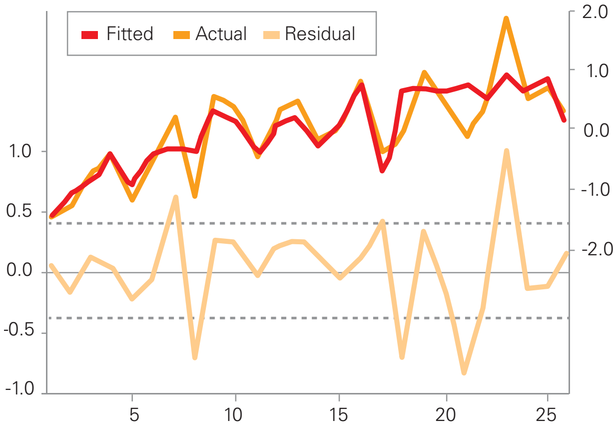
Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	1.914272	Probability	0.180369
Obs*R-squared	2.081229	Probability	0.149120

Test Equation:
Dependent Variable: RESID
Method: Least Squares
Date: 12/18/11 Time: 01:24
Presample missing value lagged residuals set to zero.

Variable	Coefficient	Std. Error	t-statistic	Prob.
C	-0.167795	1.680327	-0.099859	0.9214
INC_PC	0.000124	0.000620	0.200699	0.8428
Gini	0.184799	2.763442	0.066873	0.9473
RESID(-1)	-0.287010	0.207441	-1.383572	0.1804
R-squared	0.080047	Mean dependent var		-1.55E-16
Adjusted R-squared	-0.045401	S.D. dependent var		0.386358
S.E. of regression	0.395031	Akaike info criterion		1.120935
Sum squared resid	3.433096	Schwarz criterion		1.314489
Log likelihood	-10.57216	F-statistic		0.638091
Durbin-Watson stat	2.209401	Prob(F-statistic)		0.598499

Graph 76 – Real index, adjusted index and residuals from Model 1

Researchers' own calculations.



Graph 77 – Jarque-Berra Test on the Residuals from Model 1

Researchers' own calculations.

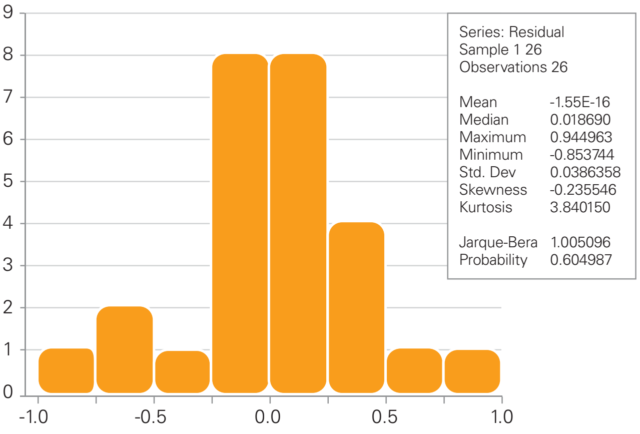


Table 34 – Heteroskedasticity test of White from the residuals from Model 1

Researchers' own calculations.

White Heteroskedasticity Test:			
F-statistic	1.080956	Probability	0.400695
Obs*R-squared	5.531410	Probability	0.354514

Test Equation:
Dependent Variable: RESID^2
Method: Least Squares
Date: 12/18/11 Time: 01:26
Sample: 1 26
Included observations: 26

Variable	**Coefficient**	**Std. Error**	**t-statistic**	**Prob.**
C	-14.95252	15.83141	-0.944484	0.3562
INC_PC	0.002070	0.009574	0.216250	0.8310
INC_PC^2	2.34E-06	2.97E-06	0.789269	0.4392
INC_PC*Gini	-0.009410	0.013469	-0.698620	0.4928
Gini	53.02667	52.37894	1.012366	0.3235
Gini^2	-43.22467	44.38520	-0.973853	0.3418
R-squared	0.212747	Mean dependent var		0.143531
Adjusted R-squared	0.015933	S.D. dependent var		0.246680
S.E. of regression	0.244707	Akaike info criterion		0.221665
Sum squared resid	1.197632	Schwarz criterion		0.511995
Log likelihood	3.118349	F-statistic		1.080956
Durbin-Watson stat	2.319663	Prob(F-statistic)		0.400695

Table 35 – Model 2 adjusted, with the standardised variables

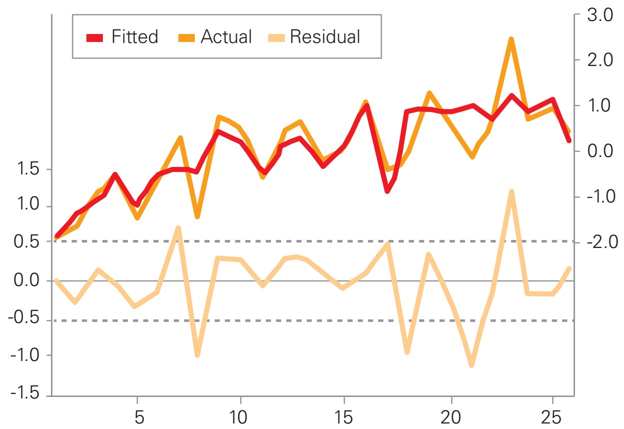
Researchers' own calculations.

Dependent Variable: INDEX_STD
Method: Least Squares
Date: 12/18/11 Time: 02:09
Sample: 1 26
Included observations: 26

Variable	Coefficient	Std. Error	t-statistic	Prob.
INC_PC_STD	-0.640946	0.125390	-5.111610	0.0000
Gini_STD	0.318699	0.125390	2.541659	0.0179
R-squared	0.745120	Mean dependent var		-7.05E-17
Adjusted R-squared	0.734500	S.D. dependent var		1.019804
S.E. of regression	0.525472	Akaike info criterion		1.624762
Sum squared resid	6.626891	Schwarz criterion		1.721539
Log likelihood	-19.12191	Durbin-Watson stat		2.552150

Graph 78 – Real Index, Adjusted Index and Residuals from Model 2

Researchers' own calculations.



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ENDNOTES

1 The National Survey of Households (PNAD) is produced by the National Geographic and Statistical Institute (IBGE). It is produced annually, except for years when the Demographic Census is conducted. (For example, 1991, 2000 and 2010.) It enables us to get an overview of the situation in terms of income, employment, education and other social indicators, with a breakdown by states and metropolitan regions, as well as providing data divided by gender, race/colour and age group.

2 fimaosparaisosfiscais.org

3 Available at: inesc.org.br/biblioteca/publicacoes/notas-tecnicas/nts-2011/nota-tecnica-173 (accessed in November 2011).

4 IPEA is a government-linked think-tank and Ipeadata is its special stats library.

5 Despite so many changes and problems, it is interesting to note that although the best social literature on Brazil has always addressed poverty and inequality it appears that it was not until the 1980s that the social question was placed at the forefront of the national debate (Telles, 2001). Why? Perhaps because in the big cities it became impossible to continue to avoid the conflicts born out of an incredibly unequal social order. Separating the most deprived elements of the population, including territorially, was no longer a solution for the better off. From that point onwards traffic lights became points of sale, alarming levels of violence appeared and it became clear that the slums would continue to grow (Maricato, 1996).

6 DIEESE is Departamento Intersindical de Estatística and Estudos Socioeconômicos (Trade Union Department of Statistics and Socioeconomic Studies). SEADE is Fundação Sistema Estadual de Análise de Dados (State System for Data Analysis Foundation). The latter is a public organ linked to the Economy and Planning Office for the State Government of São Paulo. It is responsible for production, analysis and publication of statistical, demographic, social and economic data, seade.gov.br

7 According to the 1988 Constitution, social security includes health, welfare and social assistance.

8 CAGED is the General Register of Employed and Unemployed Persons, of the Ministry of Labor and Employment (MTE), which is responsible for the permanent record of hiring and dismissal of employees hired under formal Brazilian Labour Laws (CLT). It is updated monthly and serves both for study and research, and to support decision making for governmental actions.

9 R$70.00 represents the basic benefit paid to families with income of less than R$70.00 per capita with no children. The addition of variable benefits linked to the presence of children and adolescents in households makes it possible for a family to receive up to R$242.00 per month. Information taken from the site of the Ministry of Social Development and War on Hunger on 10 October 2011, mds.gov.br/bolsafamilia/valores-dos-beneficios.

10 On the concept of the 'new middle class' and its composition, see Neri (2011).

11 Family income per capita without benefits is that which excludes all types of governmental payments – that is, retirement plans, pensions and income transfer programmes. However, the household surveys by IBGE do not have a specific variable for identifying income received from social programmes. These values are registered under the variable with the code V1273, described as 'Interest from savings accounts and other financial investments, dividends, social programmes and other income normally received in the month of reference'. Researchers with the IPEA (Soares et al, 2006) developed methodologies to distinguish income received from each type of benefit for the PNADs in the years of 2004 and 2006, which included specific questions about income transfer programmes. The method we adopted is an adaptation of those procedures for all of the years from 1995 to 2009. We thank André Gambier Campos, of the IPEA, for his technical assistance.

12 *Homens bons* (good men) were the rich owners, who participated actively in the political definition of the towns and cities and held positions in the municipal chambers, courts, political bodies and so on.

13 This view reflects the class prejudice in southeast Brazil, a region which has its labour market filled with manpower from the northeast – under a system of great exploitation and little access to workers' rights – from the 1930s onwards (Barbosa, 2008). Parallel to that, more than half of the beneficiaries of PBF are in some way integrated into the labour market, contrary to the view broadcast by the media that the benefit would be a 'disincentive to work'.

14 Departamento Intersindical de Estatística e Estudos Socioeconômicos (Trade Union Department of Statistics and Socio-economic Studies) – DIEESE, in 2009, in the metropolitan region of São Paulo, there were 3.04 million informal workers.

15 Demographic transition is the process in which we observe, first of all, the intense reduction of mortality rates and, secondly, the reduction of birth rates. Mortality falls due to the increase in the quality and access to health services, end of wars or conflicts, control of epidemics, improvement of health conditions. The birth rate, in turn, reduces principally due to access to methods of contraception, the entry of women onto the labour market and education. The period of time between the fall in mortality and the drop in the birth rate generates high population growth.

16 The replacement rate, 2.1 children per woman, is defined as the value that the fertility rates have to be for the size of the population to reach a static state, without vegetative growth. This is the number of children sufficient to 'replace' the couple, mother and father.

17 In this section we will not deal with the indigenous and Quilombola issue – since annual home surveys by the IBGE (our main source of data) do not offer representative figures for those populations. Only census data provide a more detailed study. By the time this research was carried out, data from the 2010 Census had still not been published – and using only the censuses of 1991 and 2000 would give out-of-date information.

18 The Brazilian Institute of Geography and Statistics (IBGE) introduced five categories of race as alternative responses in their household surveys. The black movement and several researchers into this subject understand that the category of black people consists of black and mixed-race people. In this research, we opted to take them separately, so as to show differences and heterogeneities even within the group of black people.

19 The first large migrations of east Asians to Brazil were made by the Japanese at the start of the 20th century – and were directed principally towards the southeast region, concentrating in the capital and the interior of the state of São Paulo. Despite constituting a minority group, in absolute figures, the Japanese obtained better economic integration in the country – which translated into over-representation in the richest strata, higher average wages and family income per capita. More recently, the country received east Asian migrants of other origins (principally China and the Koreas). In this research, it will not be possible to cover these populations in detail for the same reasons as those stated previously for the indigenous poor and Quilombolas.

20 There is no information about the existence of Quilombola communities for the states of Acre and Roraima alone.

21 In SEPPIR, Brazilian Quilombola communities – Land Settlement and Public Policies, Brasília, 2010: 8, https://gestaoseppir.serpro.gov.br/.arquivos/relatorio_gestao_pbq2009 (accessed on 12 July 2010).

22 Pioneering study of the Ministry of Social Development and Fighting Hunger carried out in 60 Quilombola communities (3,000 families) in 22 states of the country in the year 2006.

23 Ministry of Social Development and Fighting Hunger, Quilombola nutrition survey 2006 – Executive Summary, Brasília, May 2007: 7.

24 *UNPD, Malnutrition is 76% Higher amongst Quilombolas*, Brasília, 16 May 2007, pnud.org.br/raca/reportagens/index.php?id01-26848&lay=rac

25 Helena Oliveira Silva et al, *Diagnosis of Living Conditions in Communities included in the Quilombola Nutrition Survey*, In: Ministry of Social Development and Fighting Hunger, Social Policies and Quilombola nutrition survey: studies about living conditions in the communities and nutritional status of the children, Records of Social Development Studies under Discussion, – N. 9, Brasília, 2008:45.

26 UNICEF, *Situation of Childhood and Adolescence in Brazil 2009 – The Right to Learn: Boosting Advances and Reducing Inequalities*, Brasília, 2009.

27 Deflated value up to September 2009.

28 The data on hours spent on domestic work are only available from PNAD from the year 2001.

29 Ibid.

30 We use the term *economically active* to refer to people who for a period in question were working (employed) or looking for work (not working and unemployed). The economically inactive include housewives, students, retirees and those with a difficulty or disability that prevents them from working.

31 The PNAD is collected in the last month of September each year. For methodological reasons, there are small differences between the unemployment rates presented in this research and those produced in the Monthly Employment Survey (Pesquisa Mensual de Emprego – PME), which also belongs to IBGE. In September 2009, the PME showed 7.7 per cent. Different methodologies led to slightly different results. There is, however, strong criticism of the methodology used by IBGE to define what unemployment is. According to the institute, the unemployed are those actively looking for work during a particular period (which can be last week, last month or last year). This does not include those employed in temporary jobs or who simply gave up looking for a job following a long period of failures (what is called 'unemployment due to discouragement'). Deprivation and discouragement would make up a hidden unemployment rate, which is always higher than the official figures for open unemployment rates. The SEADE and DIEESE Foundation include hidden unemployment in their research.

32 The Brazilian Classification of Occupations (CBO) is a system of codes that separates and aggregates jobs or work situations according to their similarity and the types of activities carried out. The current version was drafted through a partnership with the Ministry of Labour and the National Classification Commission (Concla-IBGE) with experts and specialists on the subject of work, taking the International Standard Classification of Occupations (ISCO) from the International Labour Organization as a conceptual framework. The CBO lists 2,422 separate occupations (defined by six-digit numbers), grouped into 596 'Base Groups' or 'occupational families' (of four digits). In its research on households, IBGE uses a simplified version of the CBO, more suitable for answers obtained via interview, made up of 524 occupational families.

33 Because there are many options for answering the question on occupation (see previous note), not all the categories have a number of individuals that allow for statistical inference. The solution we adopted was to add to the database three PNAD years, 2007, 2008 and 2009 – resulting in a kind of average for the year 2008. The analysis only included the occupational categories that had more than 50 individuals.

34 We only took the main work carried out by the person – in other words, if the individual has more than one job, this is the one that generates the most income and on which most time is spent.

35 Discrepancies for jumping a year are not included.

36 *Durable Inequalities*, Charles Tilly 1998; *Persistent Inequalities*, Blossfeld and Shavit, 1993.

37 The analysis does not include the figures relating to the Federal District (the country's administrative and political capital) because the size of the districts' population, territory and their economic activity are specific enough not to allow a comparison of their case with the other federal units in the country. This means that the FD has a per capita income and a Gini index that is equally high, distorting the analysis.

38 In the Annex, a table indicates the Brazilian sources of the data from which the original series was obtained used to construct the indices used in this analysis.

39 It is a smaller version of the Index of Health and Social Problems, adapted to the availability of information for Brazil, equalitytrust.org.uk/why/evidence/methods (accessed on 2 November 2011).

40 The Least Squares estimator was chosen for the adjustment with the first option and the Breusch-Godfrey Autocorrelation tests on Heteroskedasticity of White and Normality of Jarque-Berra Residuals stated, as a whole, to be the most appropriate estimator for the problem, as can be seen from the outputs from the Eviews software used and available in tables 32-34 and in graphs 76-77.

41 Standardisation Z was used, which consists of dividing the difference between the value observed for the variable and the average of the observations of that variable by the standard deviation of the set of observation of each variable. Table 35 and Graph 78 correspond to the outputs from Eviews for the new model.

This report was prepared by the CEBRAP team as a result of research commissioned by Christian Aid. In Brazil Christian Aid works with a broad range of partners to promote and defend the economic, social, cultural and environmental rights of the poorest communities discriminated against as the consequence of inequality in urban and rural areas. Christian Aid also works in close collaboration with other ecumenical agencies and the ACT Alliance.

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