

Comments on the article *Social protection in Brazil: universalism and targeting in the FHC and Lula administrations*

Comentários sobre o artigo *A proteção social no Brasil: universalismo e focalização nos governos FHC e Lula*

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I would like to start by emphasizing the author's effort to make a comparative analysis of the social policy in the Fernando Henrique Cardoso – FHC and Lula administrations. Nilson Costa performs this non-trivial task in an unbiased and analytical fashion while attempting to identify, although in a descriptive way, the paths and decisions which were made regarding social policy by the last two administrations in Brazil.

However, considering that the article, although timidly, concludes that social policies in the Lula administration are not necessarily characterized by innovations, but by maintenance and/or expansion of policies created by the previous government, the article's title does not convey what I feel to be its main contribution. Thus, it would be interesting to have a title which captured this, up to a certain point, counter-intuitive result: "Innovation *versus* Imitation: The Brazilian Social Policy under the FHC and Lula Administrations".

The article begins by making a distinction between two opposing social policy agendas which arose in the 90s in Brazil: the "macroeconomic perspective and the institutionalist protection perspec-

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tive". It is not clear, however, what is institutionalist about the second agenda, as well as what is lacking of this aspect in the first. Maybe it would be more accurate to call the first agenda "minimalist" or "secondary", for the macroeconomic balance was its central axis. On the other hand, the second agenda might be called "inclusive" or "universalist", because it aimed to expand social protection mechanisms to all citizens.

Moving beyond a mere conceptual matter, the article highlights that two social policy views used to be involved in a dispute in the Brazilian political scenario. I use the term "used to be" because the second agenda was practically defeated in the last two decades. Maybe the main evidence of that defeat may be come from the Lula administration's assertion which, coming from a party who historically defended a universalist agenda of social protection, maintained and/or expanded the institutional bases of the social protection "minimalist" and "targeted" arrangement already implemented by the FHC administration.

The article criticizes, although not emphatically, supporters of the social protection universalist agenda because they did not realize that the macroeconomic adjustment not only sought external approval, but also internal approval. Inflation control and fiscal balance were real benefits which the society obtained from the adjustment agenda, including social repercussions on the quality of life and income of the poor. After the demise of inflation, Brazil finally ceased to be known as the "freezer" country: that is, in addition to the predictability and stability gains, the people were freed from the need to stock up food in order to protect themselves from the deterioration of their money. Any leader who deviates from an inflation control agenda will risk his own electoral survival. This was the positive legacy that hyperinflation left to Brazilian voters.

The studies on macroeconomic adjustment emphasize that those policies become attractive to external agents when one adopts fiscal austerity actions on non-financial government spending, mainly through control of primary performance of the whole public sector. Austerity in public spending ran the risk of producing, on the one hand, serious limits to expenditures on social programs in the countries that opted for a macroeconomic adjustment agenda. On the other hand, it also generated real benefits in terms of quality of life for the poor as a consequence of macroeconomic balance.

Some of these points are worth reflecting on, for, paradoxically in terms of macroeconomic adjustment, the government did not restrict the universal aspect of some social policies (mainly health

and education). Some may argue that this was because the political cost of reforming them in the Constitution were too high. However, the FHC and Lula administrations managed to minimally reform the social security, cutting some of the privileges and imposing losses on a group of retirees who started to pay taxes. On the other hand, other social policies (housing, sanitation, infra-structure, etc.) were simply treated as secondary. In other words, in the lack of internal and/or external conflicts, more resources were allocated to those policies. Nevertheless, with imminent conflict all efforts were concentrated on the need to maintain or expand primary surpluses.

Another contribution by the article is to acknowledge the limitations of developmentist policies of the previous decades of accelerated growth of the Brazilian economy, for they were unable to offer convincing answers to the relief of social debt. That is, most of the times the economic growth obtained was short-lived and unsustainable, as well as accompanied by inflation.

Nevertheless, even though faced with an economic scenario of several restrictions, the article identifies a new public policy agenda which sought to introduce an important set of innovations in the social sector, although faced with restrictions imposed by the need for adjustment. The main innovations in social policy in the 1990s include: the Bolsa Escola Program (School Grant Program), the Fund for Basic Education Development and for Enhancing the Value of the Teaching Profession – Fundef, and the Fund Against Poverty. The article argues that innovations in social policies such as these were possible in a restriction environment thanks to the reorganization of relationships between the federal executive, in the FHC administration, and the state and municipal governments through decentralization and development of credible commitments in terms of allocation of funds to social areas. Nilson Costa, nevertheless, highlights that the positive relationship between the macroeconomic adjustment agenda and the decentralization of policies in education and health regarding control of allocation of resources should be treated with care.

The article's core point, however, is understanding that the macroeconomic adjustment agenda did not oppose the social protection agenda, especially in health and education policies. Furthermore, the article presents clear evidence that the Lula administration's line of work, especially since 2004, has consolidated and expanded the income transfer programs already created by the FHC administration.