

Unit 19

Brazil

Contents

- 19.1 Introduction
- 19.2 A General Background
- 19.3 People and History
- 19.4 Brazilian Economy
- 19.5 Brazil's Trading Partners
- 19.6 Government and Politics
- 19.7 Environmental Issues
- 19.8 The Social Challenges
- 19.9 Conclusion
- 19.10 Further Reading

Learning Objectives

This unit will help you:

- describe the demographic and the historical background of Brazil;
- explain the economic, political, environmental concerns of Brazil; and
- examine the social issues and challenges confronting Brazil.

19.1 Introduction

The fifth largest country in the world, Brazil is the largest country in South America. Brazil occupies nearly one-half of the area of South America and borders on nine of the continent's eleven nations. With 80% of the population living in cities and towns, Brazil is one of the most urbanized and industrialized countries in Latin America. Sao Paulo and Rio de Janeiro are among the ten largest cities in the world. Yet, parts of Brazil's Amazon region, which has some of the world's most extensive wilderness areas, are sparsely inhabited by indigenous people still in the process of coming into contact with the modern world.

This unit begins with a discussion of the population composition and other demographic facts of Brazil. The historical background has been traced to understand the present state of Brazil. To assess the state of development, the prevailing social political and economic conditions of Brazil have been analyzed. Finally, the major issues and challenges confronting the country are outlined in this unit.

19.2 A General Background

Brazil is marked by profound contrasts and diversity. Some of these are geographic or climatic in nature, others are racial or ethnic. Brazil's population mainly draws on Native American, African and European roots and successive waves of immigrants, principally from Asia and Europe, have added to the mix. Yet other contrasts are social in nature. Living conditions for Brazil's 170 million people vary dramatically and income disparities are significant not only across regions but also between metropolitan centers, non-metropolitan urban centers and rural areas.

Box 19.1: Facts at a glance

Official name	:	Federative Republic of Brazil
Capital:	:	Brasilia
Area (thousands of km ²)	:	8,547
Population (millions)	:	178.5 (2003)
Population density (per km ²)	:	21 (2003)
Urban population (%-2001)	:	82
Gross national income (GNI) (per capita):		US\$2,850 (2002)
GNI purchasing power parity (PPP) (per capita)	:	US\$7,250 (2002)
Structure of GDP (2001):		
Agriculture	:	8, Industry : 36, Services: 56
Human development index (HDI) ranking (2004)	:	65 th of 177 countries
Gender-related development index (GDI) ranking	:	60 th of 177 countries (2004)
Life expectancy at birth	:	68-1 (2004)
Mortality rate under 5 years old (per 1,000)	:	36 (2004)
Adult literacy rate (2004):		
Total	:	86.4
Men	:	86.2
Women	:	86.5
Sources: UNDP, <i>Human Development Report</i> 2004, UNFPA, <i>The State of World Population</i> 2003, UNICEF, <i>The State of the World's Children</i> 2004, <i>World Development Report</i> 2004, WWF, <i>Living Planet Report</i> 2002		

19.3 People and History

With an estimated 156 million inhabitants, Brazil has the largest population in Latin America and ranks sixth in the world. The majority live in the south-central area, which includes the industrial cities of Sao Paulo, Rio de Janeiro, and Belo Horizonte. Urban growth has been rapid: by 1991, 75% of the total population was living in urban areas. Rapid growth has aided economic development but has also created serious social, environmental, and political problems for major cities.

Four major groups make up the Brazilian population: the Portuguese, who colonised the area in the 16th century; Africans brought to Brazil as slaves; various other European, Middle Eastern, and Asian immigrant groups who have settled in Brazil since the mid-19th century; and indigenous people of Tupi and Guarani language stock. Intermarriage between the Portuguese and indigenous people or slaves was common. Although the major European ethnic stock of Brazil was once Portuguese, subsequent waves of immigration have contributed to a diverse ethnic and cultural heritage.

From 1875 until 1960, about 5 million Europeans immigrated to Brazil, settling mainly in the four southern states of Sao Paulo, Parana, Santa Catarina, and Rio Grande do Sul. Immigrants have come mainly from Italy, Germany, Spain, Japan, Poland, and the Middle East. The largest Japanese community outside Japan is in Sao Paulo. Despite class distinctions, national identity is strong, and racial friction is a relatively new phenomenon.

Indigenous full-blooded Indians, located mainly in the northern and western border regions and in the upper Amazon Basin, constitute less than one percent

of the population. Their numbers are declining as contact with the outside world and commercial expansion into the interior increase. Brazilian Government programs to establish reservations and to provide other forms of assistance have existed for years but are controversial and often ineffective.

Brazil is the only Portuguese-speaking nation in America. Approximately 80% of all Brazilians belong to the Roman Catholic Church; most others are Protestant or follow practices derived from African religions.

Brazil was claimed for Portugal in 1500 by Pedro Alvares Cabral. It was ruled from Lisbon as a colony until 1808, when the royal family, having fled from Napoleon's army, established the seat of Portuguese government in Rio de Janeiro. Brazil became a kingdom under Dom Joao VI, who returned to Portugal in 1821. His son declared Brazil's independence on September 7, 1822, and became emperor with the title of Dom Pedro I. His son, Dom Pedro II, ruled from 1831 to 1889, when a federal republic was established. Slavery had been abolished a year earlier by the Regent Princess Isabel while Dom Pedro II was in Europe.

From 1889 to 1930, the government was a constitutional democracy, with the presidency alternating between the dominant states of Sao Paulo and Minas Gerais. This period ended with a military coup and the successive Presidents thereon were from the army.

Brazil completed its transition to a popularly elected government in 1989, when Fernando Collor de Mello won 53% of the vote in the first direct presidential election in 29 years. In 1992 a major corruption scandal led to the impeachment and ultimate resignation of President Collor. Vice President Itamar Franco took his place and governed for the remainder of Collor's term culminating in the October 3, 1994 presidential elections, when Fernando Henrique Cardoso was elected President with 54% of the vote. He took office on January 1, 1995.

President Cardoso has sought to establish the basis for long-term stability and growth and to reduce Brazil's extreme socio-economic imbalances. His proposals to Congress include constitutional amendments to open the Brazilian economy to greater foreign participation and to implement sweeping reforms - including social security, government administration, and taxation to reduce excessive public sector spending and improve government efficiency (<http://www.economist.com/countries/brazil>).

Reflection and Action 19.1

Discuss the composition of the Brazilian population and trace their historical roots.

19.4 Brazilian Economy

Until the beginning of the 20th century the Brazilian economy was characterised by a succession of cycles, each of them based on the exploitation of a single export commodity: timber (Brazil wood) in the first years of colonisation; sugarcane in the 16th and 17th centuries; precious metals (gold and silver) and gems (diamonds and emeralds) in the 18th century; and finally, coffee in the 19th century. Slave labor was used for production, a situation that continued until the last quarter of the 19th century. Paralleling these cycles, small-scale agriculture and cattle farming were developed for local consumption. The first surge of industrialisation took place during the years of World War I, but it was only from the 1930s onwards that Brazil reached a level of modern economic performance. In the 1940s, the first steel plant was built in the state of Rio de Janeiro at Volta Redondo with US Exim bank financing.

Development, Displacement
and Social Movements

The 1970s saw a general rise in the number of agricultural products exported. Soybeans outpaced Brazil's traditional agricultural earners - coffee, cocoa, and sugar. The volume, value, and variety of semi-processed and manufactured agricultural products increased substantially, largely as a result of government incentives favoring processed goods over raw crops.

Agriculture in the 1980s continued to play a significant role in the country's economy, but no longer did a single crop dominate in the way sugar, coffee, or rubber had at their peaks. Through fiscal incentives and special credit facilities, the Federal Government strongly promoted greater efficiency in rural areas. Furthermore, efforts were made to alter the movement of people from rural communities to urban areas by extending equal social benefits, establishing rational schemes for agrarian reform, stimulating hitherto uneconomical smallholdings and, in general, improving the quality of life in areas that are quite remote from the main centers. Increases in agricultural productivity have been greater than the population growth. This has permitted Brazilian farmers not only to produce more for the domestic market, but also to increase their exports.

Today Brazil is still the world's largest producer of coffee and sugar (from sugarcane), second among the cocoa producers, and fourth among tobacco growers. The various programmes undertaken in the last two decades to promote diversification of crops have borne impressive results. The production of grains has grown consistently, including wheat, rice, corn and particularly soybeans.

Agriculture accounts for 13% of the country's GDP. Crop production accounts for about 90% of the total agricultural output. The remaining 10% of the agricultural economy involves livestock activities, mainly the production of beef, poultry, pork, milk and eggs.

Forest products, especially rubber (once a vital element in Brazilian exports), as well as Brazil nuts, cashews, waxes and fibers now come mostly from cultivated plantations and no longer from wild forest trees as before. Because of its wide climatic range, Brazil produces almost every kind of fruit, from tropical varieties in the north (various nuts and avocados) to an enormous output of citrus fruit and grapes in the temperate regions of the south. Brazil is the largest exporter of concentrated orange juice.

The industrialisation process from the 1950s to the 1970s led to the expansion of important sectors of the economy such as the automobile industry, petrochemicals, and steel, as well as to the initiation and completion of large infrastructure projects. In the decades after World War II, the annual Gross National Product (GNP) growth rate for Brazil was among the highest in the world, averaging 7.4% upto 1974. During the 1970s Brazil, like many other countries in Latin America, absorbed excessive liquidity from US, European, and Japanese banks. Huge capital inflows were directed to infrastructure investments and state enterprises were formed in areas that were not attractive for private investment. The result of this capital infusion was impressive: Brazil's Gross Domestic Product (GDP) increased at an average rate of 8.5% per annum from 1970 to 1980 despite the impact of the 1970's world oil crisis. Per capita income rose fourfold during the decade, reaching US\$ 2,200 in 1980 (<http://www.embassy of brajil in london historical perspective>).

In the early 1980s, however, the significant rise in US interest rates began to affect international capital markets, ending the favorable conditions to foreign indebtedness that existed until then. A substantial increase in interest rates in the world economy forced Brazil, as well as other Latin American countries, to implement strict economic adjustments that led to negative growth rates. The suspension of capital inflows reduced Brazil's capacity to invest. The debt burden affected public finances and contributed to an acceleration of inflation.

In the second half of the 1980s, a series of stringent measures was adopted aimed at monetary stabilisation. These included ending indexation (a policy of adjusting wages and contracts according to inflation), and the freezing of all prices. In 1987, the government suspended interest payments on foreign commercial debt until a debt rescheduling agreement with creditors could be reached. Although such measures failed to bring about the desired results, Brazil's overall economic output by the end of the 1980s continued to grow, providing enough surpluses in the trade balance to cover servicing of the debt.

On the one hand, the 1980s crisis signaled the exhaustion of Brazil's "import substitution" model (a policy that nurtured Brazilian industry by prohibiting the purchase of certain manufactures abroad), on the other it contributed to the opening up of the country's economy. In the early 1990's Brazil was engaged in a series of far-reaching economic reforms. They encompassed trade liberalisation, deregulation, privatisation, and the establishment of a legal and structural framework to promote foreign investment.

Economic reforms continued through the 1990s and included such measures as the abolition of state monopolies, reduction or elimination of trade barriers in goods and services as well as of subsidies, in line with Brazil's obligations as a member of the World Trade Organization.

In 1994, after several frustrated attempts to bring down inflation, the Brazilian government introduced the "Real Plan", a successful stabilisation plan that replaced the currency then in use with the Real. The main features of the Real Plan were: (a) a gradual approach to monetary reform; (b) the "deindexation" of the economy through the use of the URV; and (c) the appreciation of the currency, which was pegged to the dollar, although on the basis of a much more flexible exchange rate mechanism than a currency board, as the one contained in the "convertibility" plan in Argentina.

In brief, the Real Plan combined a domestic, monetary anchor with an external one. These anchors were controlled by higher interest rates and appreciated exchange rates. Later a very gradual path of depreciation of the currency was engineered to stimulate economic activity in line with the requirements of price stability and international competition.

Consequently, the Plan successfully resulted in a rapid and sustained decrease of the inflation rate. The restoration of the value of the currency and the return to economic growth brought about an increase in the purchasing power of the lower layers of the population and a significant reduction in poverty.

The lower classes, which previously had no financial protection against strong indexation, have experienced important improvements in their way of life. From 1980 to 1993 the average real rate of growth of the economy was 2.1% per annum. For most of the period from 1994 to 1997, the real growth rate was kept between 3% and 6%. In early 2001 it was just over 4%.

Market liberalisation and economic stabilisation have significantly enhanced Brazil's growth prospects. Brazil's trade has almost doubled since 1990, from U.S.\$50 billion to an estimated U.S.\$100 billion in 1996. The United States represents about 20% of that trade, and ran small trade surpluses in 1995 and 1996 after many years of deficits with Brazil. Foreign direct investment has increased from less than U.S.\$1 billion in 1993 to an estimated U.S.\$7 billion in 1996. The United States is the largest foreign investor in Brazil, accounting for almost U.S.\$20 billion, or 34% of total foreign investment. Ongoing and upcoming privatisation in the telecommunication, energy and mining sectors of Brazil planned for 1997 and 1998 is of major interest to U.S. companies.

Reflection And Actions 19.2

Discuss the state of the Brazilian economy. Learn about the latest economic reforms of Brazil through newspapers, internet, television etc.

19.5 Brazil's Trading Partners

In the 1980s many South American countries changed from an absolute military power to a more democratic civilian Government. This change helped easing trade negotiations with other countries. Since 1988, South America is experiencing considerable economic integration, political cooperation, enhancement of regional commerce, and interdependent trade ties.

The creation of organisations such as: Mercado Comun del Sur (MERCOSUR) (Common Market of the South), and the Andean Group, further foster and strengthen South America's economic growth and competitiveness in world trade.

Members of MERCOSUR are Argentina, Brazil, Paraguay, and Uruguay. The presidents of these countries agreed to set common tariffs for many goods imported from other countries.

Brazil exports a lot of products to:

- The European Union
- The USA
- Japan
- South America

Most of Brazil's imports come from:

- The Middle East
- The USA
- The European Union

Other features related to trade in Brazil are:

- Brazil exports coffee and Soyabeans.
- Manufactured products such as cars, clothes and shoes have become important export products.
- Imports include items such as chemicals, oil, foodstuffs and heavy machinery for industry. Most oil supplies are imported from the Middle East.
- Brazil has a trading surplus, whereby the country has earned more from exports than it has spent on imports. A lot of this money has been used to pay off loans and reduce Brazil's large national debt.

19.6 Government and Politics

In the governmental realm, Brazil is the third largest democracy (after India and the U.S.). It has had civilian democratic rule since the end of the military dictatorship (1964-85). After the "economic miracle" period (1967-74), Brazil entered a "stagflation" phase concurrent with political liberalisation. During the military period, Brazilian society had become 70% urban; the economy had become industrialised, and more manufactured goods than primary goods were exported; and about 55% of the population had registered to vote. Foreign policy oscillated between alignment with the United States and pragmatic independence. A transition to a civilian president took place in 1985. From 1985 to 1997, Brazil experienced four distinct political models: a return to the pre-1964 tradition of political bargaining, clientelism, and economic nationalism under José Sarney (president during 1985-90); neo-social liberalism with economic modernisation under Fernando Collor de Mello (president during 1990-92); an erratic personal style of social nationalism under Itamar Franco (president during 1992-94); and a consensus-style social-democratic and neo-liberal coalition under Fernando Henrique Cardoso (president during 1995- 2002).

Cardoso was ascended as president on January 1, 1995. The transition to the new government was nearly perfect. President Cardoso was re-elected in 1998 for a second four-year term. During his two mandates, President Cardoso drove important reforms, both in economic and social field. Perhaps the most important task of the Cardoso government in 1995 was to promote the reform of key sections of the 1988 constitution in order to reduce the role of the state in the economy, reform the federal bureaucracy, reorganise the social security system, rework federalist relationships, overhaul the complicated tax system, and effect electoral and party reforms to strengthen the representation of political parties (<http://www.brazilbrazil.com/politics>).

The economic plan established in 1994 (*Plano Real*) marked an important turning point in the Brazilian economy. It was successful in massively reducing inflation and paved the way for progress in other fields.

Low inflation in turn helped to ensure significant economic growth during the first four years of the *Plano Real*. From 1994 to 1997, the economy grew at an average annual rate of 3.5% and thousands of new jobs were created.

The pattern of growth in the economy decreased as a consequence of the crisis in the global economy of recent years. Even so, the growth of 2.3% per annum between 1994 and 1999 was significantly higher than that achieved before 1994.

Brazil overcome the financial crisis (see Box 19.1) of the 1999-2000 and from 2001-03 real wages fell and Brazil's economy grew, on average, only 1.1% per year, as the country absorbed a series of domestic and international economic shocks. That Brazil absorbed these shocks without financial collapse is a tribute to the resiliency of the Brazilian economy and the economic program put in place by former President Cardoso and strengthened by the present President Lula Da Silva who was elected in 2002. He undertook to build many of the reforms initiated since 1994. The three pillars of the economic program are a floating exchange rate, an inflation-targeting regime, and tight fiscal policy, which have been reinforced by a series of IMF programs. The currency depreciated sharply in 2001 and 2002, which contributed to a dramatic current account adjustment. In 2003, Brazil ran a record trade surplus and recorded the first current account surplus since 1992. While economic management has been good, there remain important economic vulnerabilities. The most significant are debt-related: the government's largely domestic debt increased steadily from 1994 to 2003, straining government finances, while Brazil's foreign debt (a mix of private and public debt) is large in relation to Brazil's modest (but growing) export base. Another challenge is maintaining economic growth over a period of time to generate employment and make the government debt burden more manageable. But the economic front of Brazil seems to be more optimistic when we look into the recent economic turnaround following a dismal 2003 when the economy shrank by 0.2 percent to a record exports and a stronger currency resulted in 5.3 percent growth for the Brazilian economy in 2004, the best in a decade (<http://www.nationmaster.com/country/br/Economy>).

Box 19.2: The Economic Crisis in Brazil

Despite having adhered to an economic strategy, which entailed an overvalued currency, high interest rates, huge capital inflows and liberalization, Brazil has plunged into crisis towards the end of last century. There was a rapid devaluation of Brazilian currency real against US dollar. The root of the crisis can be traced to the financial policies of 1980s when import substitution growth strategy was adopted for the economic growth of the country. By the end of the decade the Brazilian economy was turbulent by the devaluation of its currency. Early IMF stabilization programmes, failed to stop inflation or generate growth - indeed, they created hardship for many in the region. Later prescriptions combined more sophisticated anti-inflation policies with a growth strategy based on market liberalization. In 1990 President Collor ordered to freezing of bank accounts to

halt inflation. Collor, who was later forced out of office on corruption charges, also scaled down the tariffs surrounding the economy and attempted to cut public spending. In 1994, Fernando Henrique Cardoso, the Brazilian Social Democratic Party (PSDB) economy minister in the next administration, introduced the "Plano Real", with full backing from the international financial world. It stopped hyperinflation by anchoring the currency to the dollar and by keeping interest rates high and the exchange rate overvalued. The "inflation tax" was lifted from the shoulders of lower-income families leading to a better living standard. This success ensured Cardoso's election to the Presidency in October 1994.

It was widely believed that Fernando Henrique Cardoso's victory in the Brazilian presidential election would serve to inoculate Brazil from the devaluation virus. Cardoso, architect of Brazil's "Plan Real," was to implement structural adjustments and economic reforms designed to satisfy the conditions set by the International Monetary Fund (IMF) for a \$41.5 billion loan. Cardoso's regime could not deliver what they promised. He was unable to get the IMF supported budget or the economic reforms the Brazilian legislature. People of Brazil were convinced that devaluation of the real was inevitable and began shifting their wealth out of Brazil and into bank and brokerage accounts in the U.S., Europe, and off-shore havens. The more dollars fled Brazil, the more negative expectations about Brazil's future, particularly the future value of the real. The more negative the expectations, the more the capital flight. In an effort to defend the real, the Brazilian Central Bank pushed up interest rates to nearly 50%. Indeed, the high interest rates only speeded up the fall in asset prices in the Brazilian economy, reducing the collateral backing existing loans, increasing the rate and risk of bankruptcies, and placing extraordinary burdens on the entire financial system.

President Cardoso decided that the solution was devaluation of Real. He had earlier pledged not to devalue. Thus, the devaluation reinforced the negative expectations in the financial markets and community of the Brazilian well-to-do. The 9% devaluation in the real/dollar exchange rate led to the flow of dollars out of Brazil deepening the financial crisis.

19.7 Environmental Issues

Half of Brazil is covered by forests, with the largest rain-forest in the world located in the Amazon Basin. Within the delicate structure of this particular forest, which as a whole is 40% of the globe's entire rain-forests, exists one-fifth of planetary oxygen production and one-fifth of planetary fresh water. The Amazon is also home to one-tenth of the planet's plant and animal population. Recent migrations into the Amazon and large-scale burning of forest areas have placed the international spotlight on Brazil.

Amongst the world's greatest environmental problems, deforestation in the Brazilian Amazon is without doubt the one which has caught the largest audience and attracted the most attention, being of concern to a large number of actors, governments, international institutions, Non-Governmental Organizations and media. The Amazon rainforest and Pantanal (Great wetlands) of Mato Grosso are suffering from the effects of human intervention from deforestation, slash-and-burn agriculture, highway construction, illegal mining, drug trafficking and pollution. Dam building has also destroyed large swathes of rainforests.

Box 19.3: Promoting equity and the environment - a creative fiscal example from Brazil

In 1992 most Brazilian states adopted an ecological value added tax (Imposto sobre Circulacao de Mercadorias e Servicos, or ICMS-E). A levy on goods, services, energy and communications, the tax is the largest source of revenue in Brazil. The ICMS-E was intended to compensate municipalities with large conservation areas for the resulting loss of revenue. Revenue from the tax is often used to maintain parks and reserves, including tool purchases and employee salaries. In some states the tax appears to have significantly increased the number and size of protected areas. In Parana conservation areas grew by more than 1 million hectares between 1991 and 2000 - a 165% increase.

In 1992, Rio de Janeiro had been selected by the United Nations as the site for the largest global town meeting ever held, the United Nations Conference for Environment and Development (UNCED), better known as the Earth Summit. Nearly every country in the world, thousands of journalists, and even more NGOs participated in a meeting featuring some of the world's best minds. The daunting task was to identify a blueprint for the future balancing of the conflicting priorities of the rich North and poor South. The essence of the northern view favored environmental integrity in the service of improved quality of life for current and future generations, which coalesced around the concept of sustainability, or long-term replicability. In sharp contrast, the South saw environmentalism as secondary to the inalienable right of poor southern hemispheric people to economic development resulting in a higher standard of living for the world's disadvantaged. These two divergent goals had traditionally been seen as inimical, but the approach taken at Rio was different; the Earth Summit defined environmentalism and development as potentially complementary, and around this idea was forged a rare global consensus pointing toward a new goal: sustainable development. This concept of environmentally conscious forms of development was formalised in the document that emanated from Rio '92—called "Agenda 21"—which placed the whole world on the same page by pointing to sustainable development as the common goal for humankind's future. Reaching agreement on "Agenda 21" represented a considerable achievement, but its acceptance as a political symbol could not answer whether sustainable development was, in fact, possible. It soon became apparent that while both the north and south saw enough of what each wanted in "Agenda 21" to accept its goal of sustainable development, the North focused on the sustainability component, while the South prioritized economic development for poor countries.

Reflection and Action 19.3

What is the major environmental challenge of Brazil? What measures are being undertaken to counter it?

19.8 The Social Challenges

Since the 1980s Brazil has been going through a particularly serious period in relation to her social situation: a very large number of Brazilians are living in a state of poverty and destitution whilst inequality in terms of wealth and income has reached immorally high proportions. The richest 10% households have 70 times the income of the poorest 10% (HDR 2003). Poverty and inequality have their roots in the country's past but their more immediate causes can be found in the process of development based on the replacement of imports carried out by the State between the 1940s and the 1970s; in the crisis of that development pattern; in the failed attempts at economic adjustment; and in the consequences - still incipient - of the economic restructuring process imposed by globalisation.

Without any doubt, the pattern of economic growth based on protected industrialisation was responsible for the upturn of an urban industrial economy that was diversified and complex, in terms of both consumption and mass, and on the edge of capitalism. This growth pattern, however, was not able to eliminate poverty and wretchedness although it had contributed towards their reduction at the most dynamic points of its cycle. Neither was it able to reduce the inequalities of wealth and income, having actually accentuated them during recent times. Certain social groups have remained permanently on the margins of its benefits, for example, the mass of rural workers without land, owners of tiny smallholdings increasingly impoverished and falling into debt as well as contingents of marginal urban workers ([http:// www.mre.gov.br /cdbrazil](http://www.mre.gov.br/cdbrazil)).

The progressive weakening of this pattern of economic growth was accentuated throughout the 1980s, a period that was marked by the debt crisis, the increasing loss of economic dynamism, the mounting public debt and the consequent crisis in the State and Public Administration compounded by recurrent inflation and vicissitudes and uncertainties in relation to unsuccessful attempts to establish economic stability. The situation was made worse during that period by Brazil's social problems: there was once again an increase in the contingent of the poor and destitute, accentuating inequality and increasing the vulnerability of certain sections of the middle and lower middle classes - especially those dependent on the State and its actions. Brazil moved into the 1990s at the same time as undergoing an economic re-structuring process leading to technical and management modernisation as well as to business opportunities, causing sharper competition within the domestic market. These factors have had a profound effect and over the next few years will continue to affect other occupational and social groups, mainly those directly linked to the peripheral pattern of industrial organisation. The structural modifications to the economy have had and will continue to have a negative impact on the job-product elasticity and for not inconsiderable sections of the Brazilian people, the problem of employment and the job market could be more acute in the future than it has been in the past.

The recent successful experiment in economic stabilisation, represented by the Real Plan introduced in Brazil in mid-1994 marked the beginning of a decline in that trend, especially for the poorest sections of the population. However, with the ending of inflation, certain sections of the population who had been benefiting from it could start to feel more vulnerable.

These various processes are producing a complex structure that is marked by exclusions and social vulnerabilities. These issues must be tackled by a varied range of public and government policies. To achieve this, a series of schemes and actions aimed specifically at the social area are being devised and introduced, in an attempt to promote, consolidate or guarantee basic social rights and equality of opportunity, providing protection against situations of recurring risk and making social security available to vulnerable groups.

Brazil's regional and social disparities are also reflected in the great inequalities of its education system. In 1994 UNICEF rated Brazil's basic education system as being in the last place in world ranking, with large rates of non-attendance in poor states. In a hopeful development, however, primary education in Brazil is being radically reformed. Over the past 10 years illiteracy rates have been widening between the richest and poorest states. And though poverty started to decline in the early 1990s, it did so unevenly. The North is the only region that has seen poverty increase, rising from 36% in 1990 to 44% in 2001. Why are so many people being left behind when overall growth is good? The culprit is not a shortfall in average resources but highly persistently high inequality (Mendonca 2003). Not only is the North seeing poverty increase, it is also lagging on the HDI- unlike the wealthy, urban South (Sao Paulo, Rio de Janeiro and Rio Grande do Sul) and unlike the Northeast, which has seen substantial improvements in its HDI.

To this is added the additional challenge to the progress of the Brazilian social issue: the demographic challenge. The demographic transition that has been in progress over the last thirty years has brought about significant changes in the age structure of the population, in family behavior and the job market.

This has caused a far-reaching overhaul of the social security system involving its expansion and improvement. The challenge involved in carrying out these transformations must respect democratic institutions and give social policies a role in the process of consolidating and strengthening democracy, within that context.

Health indicators in Brazil have shown great progress over the last 50 years. The average life expectancy of Brazilians has increased considerably. Infant mortality rates, although they are still high by both world and Latin American standards, are almost four times lower than they were at the beginning of the 1940s.

The morbidity structure and the mortality profile have undergone substantial changes. The main causes of death, earlier centered on the so-called communicable diseases, are today to be found, with increased urbanisation, among chronic-degenerative diseases (cardiovascular problems and tumors) and in external causes such as accidents and homicides, both resulting to a large extent from daily life in large cities ([http:// learn.Co.uk](http://learn.Co.uk). Learning resources for national curriculum).

This does not mean that communicable diseases have disappeared. They continue to exist, although concentrated in particular pockets of rural poverty and associated in large measure with migratory movements, notably in the North-East, North and Central-East regions. The North-East for example still shows high infant mortality rates, especially related to the poor state of nutrition of a high proportion of children and newborn babies. The return of endemic diseases which had been eradicated such as cholera, and the emergence of new ones, such as AIDS, are new characteristics of disease profile, requiring new forms of preventive action from the government.

In spite of the progress seen, Brazil still shows regional differences in its health indicators. Regions such as the North-East have sickness patterns which are very similar to those of the most backward countries of Africa, Asia and Latin America. Whereas the states of the South, South-East and the Federal District, where in spite of the internal dissimilarity of the indicators, health conditions are to be found that are similar to those of many developed countries.

Reflection and Action 19.4

Discuss the implications of the rapid population growth in Brazil.

19.9 Conclusion

Concerning economic and environmental issues, Brazil matters globally. Its economic output, population, size, and bounty of natural resources all rank among the world's top ten. As a frontier society that expanded aggressively across a territory seen as infinite, Brazilian culture developed a sense of profligacy, or large-scale wastefulness. In particular, the belief that "bigger always means better" has caused problems for Brazil. This attitude continues to plague Brazil as global critics point to wasteful economic and environmental practices tied to crash programs intended to solve problems quickly via massive spending on huge public projects.

Despite its social heterogeneity, Brazil possesses a coherent national culture shared by most of its citizens. Racial miscegenation is one factor contributing to a widely-accepted social tolerance. While examples of racial and ethnic discrimination can be cited in Brazilian history, they are less virulent, overt, and institutionalised than those experienced by minorities in the United States. Another factor binding Brazilian culture is the pervasive role of Roman Catholicism, to which 80 percent of the population belongs. While many nations in the world possess a passion for the game of soccer, nowhere else do as many people follow the sport in a serious manner as in Brazil. This is true partly because no other country has enjoyed international soccer success to match that of Brazil. Soccer operates as more than mere entertainment in

Brazil, making it another force contributing to a cohesive culture, or a sense of Brazilian-ness.

This unit begins with a discussion on the demographic and historical background of Brazil. An examination of economic history of Brazil shows the shift in national economic approaches. The unit also looks into the political, environmental and social concerns of development of land and people in Brazil.

19.10 Further Reading

Maria J.F. Willumsen and Eduardo Giannetti da Fonseca (ed) 1997. *The Brazilian Economy: Structure and Performance in Recent Decades*. North-South Centre Press: University of Miami

E. Bradford Burns 1993. *A History of Brazil*. Prentice Hall: New Jersey