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I. INTRODUCTION

All over the world, the action of the States promoting public policies in order to reduce the inequalities and to protect the citizens in situations of social risk is already a tradition. This role has been played since the post-
In the feudal period, with initiatives of assistance, and it has reached its highest stage with the extension of rights based on social solidarity, especially in some European countries in the post-Second War period.

In Brazil, the Constitution promulgated ten years ago has adopted a new focus for guiding social intervention of the State. Under the influence of the international experiences, a new concept was introduced to be expressed through a new Portuguese word: the "seguridade social", which can be translated as "social security" without any loss of meaning.

The idea was to get an integrated set of policies both private and public in the areas of health, social insurance and social assistance. Changing the old and paternalistic way of social action of the Brazilian State, emphasizing the decentralization and the social control, was the hope of politicians and citizens, who celebrated the innovation as a great conquest. New rights have been won, like universal medical assistance and the minimum wage benefit for the retired and for the poor handicapped and elderly.

However, the implementation of this model has faced numerous problems, especially with regards to managerial and funding difficulties. Nowadays, the Brazilian social protection system retains some of its old problems worsened by a poor quality of services and by expenditures that increase the fiscal deficit. The foreseen integration of actions actually has not taken place.

The analysis of such problems is the subject of this paper, which intends to approach some of the main aspects that have been conditioning the operation of our system of social protection. This subject assumes special importance in Brazil, where social policies are fundamental for promoting the integration of an enormous contingent of socially excluded people.

As a methodological option, due to time and the size of this essay, only some aspects will be emphasized, since the complexity of the theme embraces sociological, economic, political, cultural and juridical variables.

Firstly, a conceptual and historical reference is established, starting from the description of the process of evolution of the state social policies, foremost the trajectories in some leading countries that can contribute to a better comprehension of the Brazilian experience.

The objective is to characterize the main features worldwide adopted for shaping social protection models and how they influenced the formulation of the current Brazilian model in the end of the eighties. In the sequence several problems verified in the implementation process are identified and analyzed. Such problems have caused the lack of consolidation of the model along the last years.

Resuming to the international context, while there is a reasonable consensus as for the role of regulator destined to the States in economy, a wide debate is taking place related to the character and the features of the social action of the States. Perhaps, the current ideas and tendencies that are influencing the welfare states reforms in some countries can contribute with perspectives and alternatives about how to consolidate a viable and efficient social security model in Brazil.

2. THE EVOLUTION OF STATE SOCIAL POLICIES

In the centuries XVII and XVIII, the Enlightenment Age, the diffusion in Europe and American colonies of ideas related to the cult of reason and individual freedom fostered the process of construction of new and more democratic political configurations. Until then, the National States were grounded in a set of feudal, monarchic and clerical institutions that originated from the absolutist period.

It was the beginning of the modern State, mainly focused in tasks related to the consolidation of the Industrial Revolution and the capitalism. At the same time, the emergent social classes, such as the bourgeoisie and the workers, started to demand new roles of the State. Among these new roles, the role of mediator assumed prominence in the frequent conflicts generated by distinct interests between the desire of maximizing profits in the productive process and the demands presented by the citizens for the satisfaction of basic social needs.
The requirements of qualification of the liberal-democratic State implied, along the last two centuries, the progressive invigoration of the mechanisms for the regulation of political and economic relationships and improvement of the technical and managerial resources available within the State.

Public policies became the result of a negotiation process, in which the State takes options about priorities, winners and losers. Different social actors influence the decision-making, using political and bureaucratic channels, which can be formally or informally instituted. Thus, social policies, according to Sérgio Abranches, "emerge from a process of successive choices that involves confrontation, friction, coalitions, pressures and counter-pressures". (Abranches, 1989, p.10-1)

Traditionally, the definition of the clientele to be focused and the financing form observes some different conceptual paradigms that guide the social intervention of the State. In this context, Médici and Braga (1993, p.41) have proposed a classification in which they indicate three great conceptions used for the adoption, along the last centuries, of mechanisms well differentiated of social policies: the "assistencialismo", the "previdencialismo" and the universalism. According to these Brazilian authors, each of these conceptions "corresponds to a specific form of social policy’s financing and of relationship with the politics and the economic dynamics".

The next presented retrospective regards the mentioned classification, as a form of systematizing the facts related to the evolution of the social intervention of State, joining information that contributes to a better identification of the periods and the intervention models historically adopted.

2.1. The evolution in the international context: from The Poor Law to the Welfare States.

In pre-capitalist societies, the assistance to the poor people had an eminently philanthropic nature, based on voluntary initiatives from the communities, professional associations or religious entities, which had financed its activities by gathering resources of the more wealthy social groups.

However, it is necessary to highlight the remarkably complementary role that such initiatives played, since, according to the historian Christopher Hill (1987, p.55), the codes of the feudal society were based "in the loyalty and dependence link between a man and his lord". Such relationship took the supply of the basic needs of the "servers" and their families for granted, mainly through the exploitation of the land. As a consequence, the problems related to begging and lack of job were dealt with as security's issues.

In England of the XVI century, the static agrarian society acquired more mobility because of demographic expansion and economic transformations. Those at that time called "men without lord" were multiplying and constituting a worrying problem. The poor peasants, many of who were expelled by the lords of the occupied lands, found at the forests and in the communal lands the shelter and the support that they needed. Then, the famous movement of the noblemen for deforestation and for enclosure arose as a form to avoid "the beggars' multiplication".

Deforestation and enclosure movement, conjugated with a strong legislation against vagrancy, anticipated the process of urbanization of England. Only in London, registrations indicated that the number of inhabitants was increased eight times throughout the period from 1500 to 1650.

Hunger, begging and criminality were the alternatives for peasants who didn't get any of the insufficiently available employment in handicraft, manufacturing or trading in the cities. The family as a unit of productive work lost the importance that it had in the rural economy and pre-capitalist urban handicraft.

The historian E. P. Thompson, in his recognized research about the formation of the English labor class, described how the first years of the Industrial Revolution brought about the deterioration of the health of the urban population, due to the "classic overpopulation conditions and ... depravity in the big cities in fast expansion, swollen by the groups of immigrants without land" (Thompson, 1987). The First Report of General Registrations Office, in 1839, attributed about 20% of the global rate of mortality to the tuberculosis, a disease very much associated to the poverty. The rate of infant mortality between 0 and 5 years was 517 in 1,000 born in
the industrial city of Manchester, mainly due to the high number of feminine and infant diseases caused by the terrible conditions of work.

The degrading life conditions of that population embarrassed even the local aristocracy. This contributes to explain why the British Government was one of the first States that incorporated forms of social assistance as a public policy and adopted some regulations related to work conditions. Such initiatives, in England as in other European countries, came to contribute to the maintenance of a big workers population to supply the economy with the workforce required by the development processes.

It is possible to affirm that the first known experience where the "assistencialismo" assumed the character of public policy occurred in 1601, with the issue of "The Poor Law" by The Queen Elizabeth I. This law made the aid of the parishes to the poor people in their regions compulsory and instituted a tax to be collected at each local administration for funding the benefits. After that, some political turbulence and administrative problems postponed the application of the law for more than fifty years. Then, the recipients were divided in "deserving poor", those who were unable to work, and "undeserving poor", those deemed able-bodied unemployed, of whom it was demanded some kind of public-service job.

During almost two centuries of its enforcement, The Poor Law generated resistance from taxpayers and it was accused of favoring diffusion of frauds and corruption and of presenting a doubtful social result. Among the great critics of this welfare system and its consequences on the productive system had been three of the main classic economists: Adam Smith, Thomas Malthus and David Ricardo. As a consequence of those pressures, in 1834, the British Parliament approved extreme changes related to the management of the assistance and the selection of recipients. Assistance became available made only through workhouses, in the case of able-bodied workers, when no private job was available.

With that measure, the adoption of a new, pragmatic and selective model of social assistance was configurated. It was more compatible with the need of the consolidation of a labor market in an economy in accelerated industrialization process. According to the sociologist T. H. Marshall, the original Poor Law didn't intend "to create a new social order, but to preserve the existing one with a minimum of essential change". However, at the end of the XVII century, the impulse of economic changes had destroyed the old social order. Thus, the changes of 1834 came to guarantee the "free market powers" by restricting the assistance to the people who were out of the labor market.

This is beginning of a new phase of social policy, when the relations established in function of the labor became the central social issue, defining what Dahrendorf called the "labor society". As a consequence, the conscience of the need of collective initiatives to prevent eventual limitations in the capacity for working was strengthened. Funds with insurance features were constituted and financed by employees and employers. Those funds would guarantee the support of workers and their families in the situations of social risk as diseases, work accidents and old age. Such perception grounded, in the second half of last century, the appearance of the "previdencialismo" in public policies.

During the XIX century, the workers themselves started to set up associations of mutual help with the objective of social protection for its members. The funding was provided by workers’ own resources and, sometimes, voluntary contributions of the companies.

However, the bad conditions of life and work of this period determined a low life expectation and implied high risks and, consequently, elevated contribution rates for financing of an insurance system. Then, many big companies, with an interest in the stability of the workers, created retirement funds, especially in sectors where the workers demonstrated greater capacity of organization such as railroad employees, miners and sailors.

In the last three decades of the XIX century, the governments from Germany, United Kingdom –UK- and France were prodigal in passing laws related to labor, trade unions and social insurance, including the important transformation of the voluntary initiatives of social insurance in obligatory systems.
Especially, in the German case, between 1883 and 1889, Kaiser Willhelm I, influenced by his Chancellor's Otto Von Bismarck, constituted a state and centralized system of social insurance organized by professional occupation and based on the capitalization of the contributions. Such a system instituted coverage for diseases, work accidents, disability and aging. It remained in place until World War II and served as a model for several countries throughout the first half of this century.

Gradually, the social insurance systems, which had began to work on capitalization bases, have adopted partition models, in which the current taxpayer supports the costs of the current benefits. Thus, a social contract is established between different generations through the State that, beside companies and workers, starts to contribute to the financing of the system, assuming, in general, the costs related to the collection and the delivery of services.

In the beginning of this century, in France, the Third Republic, under worker pressure, introduced several laws aimed at the social protection. In UK, Lloyd George's liberal Government instituted a health-insurance and, in 1908, a lifelong pension for people more than seventy years old, without any requirement of previous contribution and financed by taxes.

Even in the United States, a country with traditional popular resistance to state intervention, social pressures generated during the thirties’ depression led President Franklin D. Roosevelt to implement a set of social programs proposed by the Economic Security Committee. Thus, in 1935, two public systems of benefits were instituted: aging retirement, for the industry and trade's workers, and unemployment insurance.

In spite of several common elements that characterized the evolution of the social security systems in the European countries, they had some different characteristics, especially with regards to financing, enlargement and integration of the variety of risks, benefits and recipients.

During II World War, deep changes took place in the British social protection system based on the suggestions presented in 1942 by the Beveridge Rapport, as a result of a job commanded by Sir W. Beveridge. That rapport grounded the universality of health services and the reformulation of the social insurance and it became a reference in the field of social policies, influencing a lot the systems of social protection implemented in several countries in the postwar period.

Then, the reconstruction efforts undertaken by the European populations and the regimes of severe austerity contributed to stimulate the consciousness of social solidarity. In political and academic environments, the ideas and theories related to the enlargement of the concept of citizenship were strengthened. The British T. H. Marshall became one of the main authors of a new sociological model, according to which all the citizens would have right to minimum social warranties provided by the State from birth on.

From the consolidation of universalism as a leading conception of social intervention of the State, the denominated welfare state was originated. It can be described as an official system of social protection with funding based on taxes paid by the society as a whole and on public funds constituted with contributions of workers and companies.

Maybe, one of the most significant examples constituted on this paradigm is the British National Health Service -NHS, recognized by the British for providing to all citizens, for decades, health attendance of good quality, generally free and financed by general taxes. After a deep administrative restructuring occurred along the last decade, the NHS was modernized, elevating the productivity of its services without damage to the level of clients' satisfaction.

As a consequence of the increase of the number of beneficiaries, diversification and modernization of the delivered services, the European governments' social expense rose considerably in the three posterior decades to II World War. As a consequence, the financing model began to demand a high tax burden on the society.

After the international crisis installed in the middle of the seventies by the two oil shocks, the governments of the developed countries were forced to review its priorities and, above all, the forms of public financing forms.
Then, persistent public deficits and citizens’ pressure, as regards to the maintenance of extensive social programs, guided the restrictions in social services and the adoption of alternative mechanisms for implementing public policies. That environment contributes, in the eighties, to the invigoration of political and economic theories that advocate deregulation, the elimination of state interventions and a reduction of the tax burden to stimulate consumption and investments. The advent of the Thatcher’s Administration, in United Kingdom, and the "reagonomics", in USA, are examples of this movement.

2.2. The Brazilian experience with social policies.

Until the final of the last century, initiatives of social character in Brazil were limited to actions of social assistance promoted by civil society, being foremost religious entities. Under the same cultural influence, state social initiatives in Brazil were featured by a historical tendency that combined paternalism with the establishment of political clienteles. From the administrative point of view, the characteristics of this were the lack of institutional consolidation, dispersion of resources and overlapping in the execution of activities for different organisms and tiers of government.

Such practices were supported in the stigmatized vision that the Brazilian high and mid-society have about the poverty, which has been responsible for difficulties to distinguish among rights, participation, assistance and charity. Traditionally, the interest of specific social groups was opposed to the pursuit of the universality of rights based on the equality.

The first formal registration of state initiative of social protection was in 1888, when the Post Office’s employees had regulated the right to retirement. In 1919, companies became responsible for compensations in cases of labor accidents in certain activities.

With regards to the health policy, a landmark was the Sanitary Reform undertaken by Carlos Chagas, during the twenties, in Rio de Janeiro.

The Eloi Chaves Law, in 1923, created a Fund for Retirement and Pensions of the Railway employees, following the model adopted in Germany by Bismarck. This Act is considered the initial mark of the Brazilian social insurance policy. Up to 1931, several Funds of Retirements and Pensions were created as non-governmental entities, covering workers of the more organized professional categories, like employees in ports, banks and commercial and industrial companies. Later, in 1933, this funds were organized as Institutes of Retirements and Pensions –IAP, gathering all the workers of a same professional category, in order to ensure the operation in insurance bases.

The Getúlio Vargas’s Administration Government, from 1930 to 1945, introduced sensitive modifications in labor legislation. The more outstanding initiatives of this period were the creation of the minimum-wage, the regulation of work for women and minors, the eight hours workday limit, the right to vacations, norms about labor accidents and the establishment of the Labor Judiciary. In the same period, many health services were taken to the interior population with the creation of federal field offices.

In 1942, the former First Lady Darcy Vargas founded the Brazilian Assistance Legion –LBA- with the objective of assisting poor families. During the following decades, LBA extended its actions to the majority of the Brazilian municipalities, consolidating paternalist practices, frauds and the political use of resources.

The creation of the Ministry of the Health, in 1953, changed the priorities of the national health policy and turned its focus to healing medical attendance rather than the combat to the extensive diseases. Likewise, a movement of centralization took place, reserving for the state tier only responsibilities for the execution of the health policy.

Gradually, the social insurance system left the principle of individual membership in favor of a new concept, which Wanderley G. Santos called "regulated citizenship" (1979, p.77). During the 50’s years, an important group of public officers begins to reform system in actuarial bases, defending the idea of unification of the
institutes, though the resistance of labor unions, who were fearful about the loss of political influence and reduction of quality of the health services provided by their respective institutes.

At last, in 1960, after thirteen years of discussions, a new Social Insurance Organic Law –LOPS- was approved, determining the uniformity of contributions and plans of benefits of the several institutes. Three years later, the political pressure caused by peasants movements got the access of the rural workers to the mechanisms of social protection for the urban society, through the institution of Fund of Attendance to the Rural Worker - FUNRURAL.

Thus, in 1966, the definitive administrative unification of the existing institutes occurred with the creation of the National Institute of Social Insurance -INPS, which assumed the responsibility for the installment of the services of medical attendance, payment of benefits and the collection of contributions related to all the workers linked to the old institutes.

During the second half of the seventies, the Federal Government promoted a great restructuring of the social sector, instituting the National Social Attendance and Insurance System -SINPAS, coordinated by the Ministry of Social Attendance and Insurance -MPAS. The responsibilities were redistributed again, with the establishment of new entities and the same supervision for all the organisms of the areas of medical attendance and social assistance and insurance.

In 1982, the National Plan of Health, elaborated with the participation of representatives of the sector and civil society, presented, for the first time, official proposals for the rationalization and integration of the system of medical attendance. However, the MPAS remained with the centralization of resources and of the decision power, in detriment to the Ministry of the Health and the other tiers of government.

Throughout the 80s decade, the redemocratization process elapsed at the same time of the worsening of the fiscal crisis and of the life conditions of a significant portion of the Brazilian population. The increase of unemployment and concentration of income and the uncontrolled growth of the big urban centers contributed to characterize a process of "metropolization" of the national poverty. Besides that, almost half of national workforce was concentrated in the informal labor market and therefore excluded from the official mechanisms of social protection.

The State was not just shown inept to solve the social crisis, but it has also contributed to and it has exacerbated the crisis by excluding social groups from receiving benefits and allowing the deterioration of the quality of social services. As well, all the tiers of Government contribute to economic instability through the increase in the fiscal deficit.

In 1986, the Federal Government instituted unemployment insurance and the National Program of the Milk for Poor Children, which was extinct in 1990 under accusations of political use, frauds and corruption, after, in 1989, assisted more than 7,6 million of beneficiaries. In the following year, the Program of Development of the Unified and Decentralized Health System –SUDS- was created to be regulated by the MPAS and implemented with the participation of states and municipalities. Afterward, under the strong influence and organized popular mobilization, the philosophy adopted in the SUDS would be fully incorporated by the representatives and expressed in the decentralization guideline included in the new constitutional text of 1988.

Excepted for some well-defined and local experiences, a significant lack of effectiveness has characterized, historically, Brazilian national social programs. Several of these reasons for these scarce results were well addressed by Sônia Draibe: excess of centralization and bureaucracy, technocratic power, institutional dispersion, insufficiency of controls of costs and outcomes, shortage of continuity and deviation of objectives. (Draibe, 1992, p. 32-3)

As it will be revealed ahead, the Federal Constitution approved in 1988 tried to determine a political and conceptual revision of the guiding principles of the Brazilian social policies with questionable results.

3. THE CURRENT BRAZILIAN SOCIAL SECURITY SYSTEM
3.1. The National Constituent Assembly and the new model.

The Brazilian Constitution, promulgated in 1988, brought out, as one of its more important innovations, the institution of the "seguridade social", under clear influence of the models of Welfare State of several European countries and pushed by the purposes of liberty and social justice that supported that moment of national redemocratization.

The constitutional text incorporated social participation and, mainly, the enlargement of the concept of citizenship in the country, according to the political ideas that associated that concept with equality, an essential value to the consolidation of the democratization process. The importance given to this theme is well demonstrated by the expression "Citizen Constitution", formulated by the President of the Constitutional National Assembly -ANC, Representative Ulysses Guimarães, during his speech in the promulgation ceremony, on October 5, 1988.

Even if the extension of the citizenship concept to the field of the social rights was not expressing an explicit option for a theoretical model, it was compatible with a set of sociological essays internationally diffused, since the 40 decade, especially by T. H. Marshall.

According to T. H. Marshall, an historical analysis of the citizenship concept allows its division in three parts or elements: civil, political and social. The civil element is composed of the necessary rights to the individual liberty, like freedom of movement, freedom of press, thought and faith, property right and right of concluding valid contracts and the right to the justice. Then, the main institutions associated with the civil rights would be the courts. As political element, there is the right of participating in the exercise of the political power, as a member of an organism invested with political authority or as a voter. The corresponding institutions would be the parliament and councils of local Government. The social element is related to the right to a minimum of economic well-being and safety and the right to participate in the social heritage and having a civilized life according to the standard that prevails in the society. The institutions most linked to these rights would be the educational system and social services. (T. H. Marshall, 1967, p.63-4)

For Marshall, it is possible to affirm that the three elements of the citizenship had their formation in different centuries. Thus, with reasonable elasticity, the XVIII century would correspond, essentially, to the period of formation of the civil rights. The XIX century brought the extension of the political rights for wide sectors of the population.

Finally, in the XX century, we have the fight for abolishing inequalities with regards to the essential elements of the social well-being and the incorporation of the social rights to the status of the citizenship and the consequent creation of an universal right to an income that is not proportional to the market value of the citizen.

Independently of any evaluation related to the adoption of the citizenship theory as a theoretical reference to the orientation of government policies, it is necessary to acknowledge that this theory offered to the political process of constitutional elaboration a quite convenient facility. Its big social appeal, aggregation capacity and abstraction represented an element of consensus for political negotiations.

In that conjuncture, assuring the consistency of political proposals with appropriate technical support was indispensable, in order to guarantee the economic and operational viability of the state performance model to be included in the constitutional text. This support to the congressmen came from an active participation of a group of public officers linked to the Ministry of the Social Insurance and Attendance –MPAS.

Those officers advised the preparation of proposals and the decision-making grounded in their personal knowledge and capacity of survey the models and experiences of the welfare State in European countries and North America. Their involvement with the constitutional process began in 1986, when an inter-ministerial group developed a conjunct of proposals that would come to sensibly influence future congressmen in the conception of the social security model.
Through clauses included in the Title VIII (The Social Order) and in the Title VI (Taxation and Budget) of the Federal Constitution, an implicit option by the adoption of minimum social warranties was made with the institution of the "seguridade social", hereby called social security, which comprises:

"... an integrated whole of actions initiated by the Government and by society, with the purpose of ensuring the rights to health, to social insurance and assistance". (Article 194, Federal Constitution)

The characteristics of the new system were similar to some systems already instituted during this century in European countries, as was demonstrated in the previous chapter: wide social insurance benefits with centralized administration structures, universal medical attendance, unemployment-insurance and financing based on a combination of tax resources and employers and employees' contributions. The concerns about breaking ties of the past was so strong that a new word was created to express the concept introduced in the constitutional text: the word "seguridade" had not existed in the Portuguese language until that time. It was a neologism made similar to other languages, like the Spanish "seguridad", the French "sécurité" and the English security.

The organization of the system should observe as objectives:

"I - universality of coverage and service;

II- uniformity and equivalence of benefits and services for urban and rural populations;

III - selectivity and distributiveness in the provision of benefits and services;

IV - irreducibility of the value of the benefits;

V – equitable participation in funding;

VI - diversity of the financing basis;

VII – democratic and decentralized character of administrative management, with community's participation, especially of workers, businessmen and retired persons." (Article 194, Brazilian Federal Constitution)

Furthermore, several benefits were instituted to be supported:

"... with funds coming from the budgets of the Union, the states, the municipalities and the Federal District and from the following social contributions:

I - of employers, calculated on the payroll, revenue and profits;

II – of workers;

III - on the revenue of lotteries." (Article 195, Brazilian Federal Constitution)

The resources and referring expenses with health, social insurance and assistance’s policies became expressed in a specific budget, the Budget of Social Security - OSS, strengthening the link between these initiatives and their earmarked sources.

With regards to the regulation of the constitutional clauses, in the post-1988 period, there were different approaches and results according to each one of the social security’s components.

Concerning the health policy, that became a "right of all and a duty of the State", there is a guarantee, of "universal and equal access to the actions and services", independently of contributions (Article 196, CF). In organizational terms, the public initiatives should "integrate a regionalized and hierarchical network and constitute a single system", following the directives of decentralization, full service, priority to preventive activities and participation of the community.
In 1990, the Health Organic Law –LOS- was approved, defining the form of participation and financing of the three tiers of government and of private providers of services in the Health Single System –SUS. Since that time, a vast conjunct of legal and administrative instruments already were established in order to achieve the hard task of consolidating the SUS.

Regarding the social assistance, for the first time it was considered a right addressed to the poor people, independently of contribution. The emphasis would be in the protection to the family and the maternity, in the integration to the labor market and in the attendance to the more vulnerable social groups, which are: children and adolescents, the physically disabled and elderly people. It was guaranteed as well a monthly benefit of a minimum wage to the elderly person and to the handicapped without their own or familial means of providing their support. The directives of social participation, social control and political and administrative decentralization were established to guide Government actions.

Concerning social insurance, all the distinctions between urban and rural workers were eliminated and the warranty that no monthly benefit paid could have inferior value to the minimum wage was implemented. In addition to this, the requirement for retirement was determined to be sixty-five years of age or thirty five years of work for men, being reduced this limit in five years for women. After thirty years of work for the man and twenty-five years for the woman, integral retirement for the teachers and proportional retirement for other workers became allowed.

The theory concerning social insurance recommends the coverage of the workers only in situations of social risk, which are understood as events out of control and able to damage, temporary or definitively, their work capacity. Despite that, some of the benefits provided by the Brazilian system, like the retirement due to time of service, can not be characterized as an uncontrolled event capable of generating a reduction of worker’s subsistence means.

3.2 From Model to Practice: Problems of Implementation

Ten years after the formulation of the model, from any evaluation that can be made of the system created by the Federal Constitution, managerial and financial obstacles faced in operating the social security policies in recent years stand out. The concern of the legislators with the definition of a group of sources of revenue that, at the same time, could unburden the payroll of companies and reduce the sensibility of the system to the economic flotation was not enough to guarantee the equilibrium of the system.

On the contrary, structural and circumstantial problems have been contributed to the generation of a situation of constant instability within Government and civil society. As a result, there is a serious fiscal deficit related to the social insurance, the chronicle and progressive deterioration of the public services of health and the delay of more than seven years for the implementation of the benefits foreseen by the Federal Constitution in favor of elders and handicapped people.

The desired integration of actions has never been reached. On the contrary, the public initiatives in different areas of social security have been characterized by the lack of coordination, at the federal tier, and political disconnection in the relationships among the different tiers of government.

The practice demonstrates that, in spite of the constitutional guidelines, the system of social protection has retained its character of exclusion. The several social insurance benefits instituted by the Federal Constitution were fully regulated in the first years after its creation, without damaging traditional privileges, like the retirements with special legislation for some professional categories with a high power of influence. On the other hand, the benefits of social assistance, destined for miserable people without political capacity to pressure, faced serious difficulties to be formalized.

Furthermore, while the benefits linked to the maintenance of formal work get to become reality, the universal right to the health remains seriously compromised and the attendance to families, children, adolescents, elders and handicapped stays associated with policies characterized by political use, paternalism and lack of social integration.
Specifically, the social assistance has been relegated to an issue of secondary importance. The approved laws have not found the necessary political will and the appropriate administrative resources to achieve its objectives. The National Social Assistance Council - CNAS- was the last entity to be instituted among all the similar organisms foreseen for allowing social participation in management of the social security. In addition, the Organic Social Assistance Law –LOAS, approved in 1993, has faced enormous problems in its application. These problems have occurred, despite this law being a landmark of this sector due to the modernization introduced with regards to the decentralization of services, distinctions of roles for each tier of government and the regulation of the concession of social assistance benefits.

Other example of distortion of the system is that the retirement for time of service has a medium value more of three times superior than the other benefits of social insurance related to aging and incapacity for the work. Furthermore, the way of financing of the labor accident insurance does not stimulate the adoption of any kind of safety measures, because the differentiation among the contributions brackets is only made in function of the activity type of each company. Likewise, a company that invests in accident prevention pays equally to any other of the same sector that does not have any concern about this issue. Possibly, this circumstance cooperates for generating a labor accident index almost five times higher than those registered in many of the industrialized countries, with serious economic and social consequences, which are expressed both in personal losses and in significant social insurance expenses with benefits, treatment and victims' rehabilitation.

Both the features of Brazilian political culture and the chronic inadequacy of institutional resources allocated to carry out the social policies have strongly conditioned the process of implementation of the social security system. A traditional feature of the Brazilian public policies has been the underestimation of the issues related to the institutional capacity of the State to perform the proposed actions. Among these difficulties, it is possible to distinguish several variables like the planning and budget processes, the organizational structuring, the management and control and the intergovernmental articulation.

There has been a lack of articulation between mechanisms and administrative structures linked to the planning and the budget elaboration process, having as a result the usual divorce between plans and budgetary programming. In addition, there is no consistent followup and evaluation system to assess the effectiveness of the public programs. Specifically, the obligatory inclusion in the Social Security Budget -OSS- of all the expenses and investments related to health, social insurance and assistance has contributed to stimulate the dispute for the resources of social contributions, inciting rivalry among the interest groups and the technical bureaucracies of these areas, instead of contributing to the integration of its actions.

Since 1992, the expenditure relative to social security has been strongly influenced by the impressive growth of expenses with social insurance benefits. In fact, the price of increasing both the quantity and the unitary value of the benefits was the duplication of expenses in terms of percentage of the Gross Domestic Product –GDP from 1988 on, as is shown by the following Graph.
This growth has been pushed, in the last three years by the payments of social assistance benefits for elders and handicapped. Nowadays, within the 18 million of benefits paid by the National Social Insurance Institute, about 740 thousand are related to social assistance recipients. If we add other benefits without linkage to contribution, like rural retirements, the number of recipients rises to about 7.3 million, corresponding to more than 40% of total paid benefits.

That is why the amount of social insurance contributions do not have to follow the benefits, generating an estimate of deficit equivalent to 0.9% of GDP for 1998. As well, there are the retirements of civil servants, who have their own system with special rights that ensures to them integral wages in the retirement period. The estimate of these expenses for 1998 represents 2.2% of GDP in all the tiers of Government.

Undoubtedly, nowadays, the deficit generated by the payment of social security benefits and retired civil servants are the main reasons for the current fiscal deficit that is compromising the Brazilian development process.

From an organizational viewpoint, the recent years have been characterized for discontinuity generated by the instability of administrative structures, which have been frequently created, transformed or eliminated in the governmental areas responsible for activities of social security. Although these changes, in most of the cases, have not been successful in altering the conduction of social policies, a retrospective look at the several organizational arrangements already adopted shows that a total of nine different ministries had the institutional responsibility for, at least, one of the three component areas of the social security since 1988.

With regards to the management of services, it is possible to verify that each one of the areas of the social security has distinct organizational cultures and adopts different managerial models, damaging the integration of actions. Otherwise, the fragility of mechanisms and processes of work, absence of government professional careers and lack of technological resources for treatment of information facilitate the occurrence of frauds and the dispersion of scarce resources.

Specifically, the area of health is led by the "third party pays" logic, in which there are a provider of services interested in maximizing their revenue, a client interested in having the better service available and a third party, the Central Government, that is responsible by the payment of the services. This system discourages concerns related to costs and stimulates frauds. Furthermore, states and municipalities do not have incentives to invest in the control of costs and abuses, because the Central Government is the only responsible by the payment of services.

The fundamental articulation among the different tiers of government has confronted problems related to the big existing heterogeneity and the unclear definition of roles. The foreseen decentralization of services and resources faces political difficulties due to the withdrawal of power from the Central Government in favor of other tiers of
government. Such problem exemplifies how several public entities still remain as political use tools at the service of politicians’ interests.

4. THE WELFARE STATE’S MODERN TRENDS

Reform processes of the social security systems have shared a common ground among most of the developed and developing countries during this decade. The characteristics of these reforms are different according to the historical, cultural, institutional and economic conditions of each country. However, it is possible to identify some demographic, social and economic behavior changes that are influencing these reform processes.

Firstly, the modifications in the labor market field tend to reduce the potential of collection of the traditional social contributions on wages paid by companies. Outsourcing, new managerial techniques, the diffusion of self-employment and the flexibility of the labor negotiations and rules lead to a decrease the salaries participation and formal employment in the economy. As a consequence, there are serious concerns about the capacity of salary remuneration as a base of incidence to sustain, in the long term, the systems of social protection.

As well, the changes created by the increase of the participation of women in the labor market are generating rising pressures over the governments in favor of providing more services related to activities before provisioned within the home, such as the care of children and elderly.

Besides labor market changes, the costs of health care are being pushed upward by the dissemination of new scientific knowledge and technologies, loading more onto public health systems.

Furthermore, a common motivation for reforms in countries in different stages of development is the necessity of distributing the burden generated by social protection to companies. The demands introduced by globalization process emphasize the necessity of reviewing these costs in favor of more competitiveness.

Finally, the need to control fiscal deficits to adjust budgetary constraints with growing expenditures in social protection has became an outstanding pressure factor that has guided States and civil societies to discuss alternative reforms.

Since some worldwide common reasons of the social security reforms are identified, it is possible to describe some of the main characteristics of the processes of implementation of these reforms.

4.1. Tendencies in Europe and North America.

In developing countries, the aging of the population and the high unemployment rates are added to the already mentioned problems, generating an urgent necessity of review.

Both expenditures with pensions and health and assistance costs rise with the aging of the population. At the same time, high unemployment, very common in some European Union countries, elevates the demands of social services and expenses with unemployment-insurance, while reducing the income available for funding the systems of social protection.

Specifically, in countries within the European Union, the social security systems were built with significant distinctions regarding the scale and requirements for getting benefits. While the United Kingdom and Scandinavian countries provide benefits on a flat-rate basis, in which the main requirement is to be a citizen in need of assistance, Continental Europe has adopted earning-related basis, where insurance benefits are linked to income or contributions.

Despite the distinctions, social security reforms have targeted some common objectives in these countries, such as:

- the reduction of costs to contain public expenditures with social benefits or services, since in the beginning of this decade EU public expenditures on social protection averaged 22% of GDP, while
Canada spent 19%, USA 15% and Japan 12% of GDP (OECD data);

- changes in the pattern of funding to reduce social charges on business as a form to avoid losses of international competitiveness;

- flexibility in the operation of systems, aiming for the improvement of the effectiveness of programs, vis a vis the social pressures for better quality of services.

The need of limiting fiscal deficits to 3% of GDP, as a requirement of the European Union to allow the adoption of the common currency, is a further motivation to review the high participation of social expenditures regarding the total tax collection.

On the side of expenditures, one of the most common measures has been to restrict benefits, for example by changing the basis of calculation, cutting rates of benefits paid or increasing the age for retirement. As well, the targeting of protection to those most in need has been increased.

Likewise, several services of the systems were privatized or contracted to the private sector and people are being stimulated to provide their own protection, for instance, by the use of pension funds and cost-sharing in health care.

Policies focused on stimulating private pensions funds has been implemented with both the objective of reducing the pressure on the public retirement system and increasing internal savings. The consolidation of pension funds has allowed for the emergence of important investors. These funds are being used to lower unemployment, besides the reduction of social charges on employers, specially related to non-wage labor costs.

On the side of financing, there have been significant discussions about the weight of insurance contributions and taxation without achievement of consensus. Despite the reduction in the number of employed is a convincing reason to change from contributions to taxes, in some countries, the insurance-based nature of the system is still considered an important feature to be preserved.

Germany and Luxembourg are examples of countries that are distinguishing the funding of benefits intimately linked to contributions, such as unemployment insurance and some kinds of pensions, from other types of transfers or services likely more uniform and universally available, such as health care and family grants.

At the same time, France and Belgium are examples of other countries that have adopted to earmark new taxes, or even a part corresponding to elevation of existing taxes, for funding specific social expenditures. The experience shows that taxpayers are more predisposed to accept a rise in tax burden when they can clearly identify the use of the collected revenue in social programs. This indicates a tendency to shift the taxation from employment to other bases of incidence, like energy and the use of natural resources.

The British Government that took office last year appointed a new Minister with the single responsibility of reforming the welfare state and modernizing and improving the equity of the system. In the first semester of this year, he announced a set of measures focused on concentrating grants or benefits on people actually in need due to disability or due to age.

In the United States, the Clinton Administration has introduced a set of measures with the objective of "working to end welfare as we know it". The new program is operated by the states and merged seven grant and assistance programs into a single block grant designed to push recipients into jobs.

A lifetime limit of 5 years was established to all adults receiving funds, as a form of avoiding the endless renewals of grants blamed for the dependency of many families. That is the first time in the 60-year history of the U. S. welfare program that families are restricted in how long they can receive benefits. The first time limits are expiring in 14 states at the end of this year and only a small part of recipients are being cut off, according to the Department of Health and Human Services.
As well, the Federal Government of Canada, where the number of recipients of social assistance doubled from early 1980s to early 1990s, has limited the autonomy to provinces and territories to distribute grants, has encouraged recipients in finding jobs and subsidized employers who hire welfare recipients. Health services remain funded by the Central Government, but with initiatives focused on the containment of expenses, decentralization and strengthening of mechanisms of relationship between public and private sectors in order to provide services.

Health care reform is, possibly, one of the most sensitive themes in developing countries. In Western Europe, the deeply rooted social interest in retaining solidarity and universal access to services has conflicted with pressures to improve expenditure control and quality. Approaches related to financing, organizing and delivering of services, originally conceived to improve equity and easy access, have been constrained by cost-containment initiatives.

Some countries, such as Germany and United Kingdom, are reviewing their financing and delivery systems and adopting comprehensive reforms. The British National Health Service –NHS- reform has influenced other processes in western and Eastern Europe and abroad. The NHS reform adopted important criteria related to competitive contracting, which content is relatively unfamiliar in Europe although very common in USA.

Managed competition and regulation have been the main instruments adopted by the US Government to stimulate health insurance plans to reduce premiums and enlarge benefits and coverage. In a country where ideology and interests make hard building solutions grounded in a wide public provision of services, incentives for a regulated competition is an effective alternative to reduce costs and to get private service more accessible to people.

Besides the reconstruction of the welfare system and the changes in health care, already mentioned, the review of social security in the USA has generated intensive studies, proposals and discussions involving Congress, Executive Branch, experts and citizens. A bipartisan commission, constituted by congressmen and private sector leaders, presented a comprehensive proposal to increase retirement security, allowing individuals more personal choice and foreseeing the creation of saving accounts.

Ensuring "the 21st century retirement" was one of the most important themes debated during the recent electoral process of US Congress, showing that the reforms of social protection public policies are, positively, included in the political agenda of discussions for the next years in the USA.

4.2. Current Brazilian attempts of changes.

Despite political and administrative difficulties, the Brazilian Federal Government has undertaken several initiatives directed to change some of the current characteristics of its social security system. General measures focused on abolishing fraud and evasion have been adopted in addition to specific efforts to address structural problems in all areas.

Concerning the social insurance area, a lot of legal alterations were issued to restrain some mistreatment related to premature retirement and the accumulation of benefits. Moreover, the Federal Government has spent considerable energy in formulating and negotiating a Constitutional Amendment Proposal aimed at removing from the constitutional text several details that guarantee privileges and expensive rights. The objective is to establish new rules related to retirements of civil servants and citizens in general.

This Amendment Proposal was sent in 1995 and, throughout more than three years of legislative process, the Government had important losses related to the original text. The minimum age for retirement and the limit to wages paid for retirement of civil servants were excluded from the proposal. Then, the current perspective is that, even after the approval of this Amendment, the seriousness of the fiscal situation will demand a new round of hard negotiations to change other important points.

In the field of health, an attempt to allow some kind of reimbursement from charging health insurance plans, when its clients were assisted within the Health Single System –SUS, has failed. This proposal was included in
the first version of the 1995’s Social Security Constitutional Amendment Proposal mentioned before, but political resistance led to its withdrawal just at the beginning of the discussion process.

In addition, in 1996, the Health National Council, after months of negotiations, approved the Basic Operational Norm –NOB- with new rules that regulate the administration of SUS. Last year, new innovations were introduced with the creation of the Basic Assistance Minimum -PAB, which launched the content of "per-capita" values to be used in establishing the amounts of resources destined to each municipality within the SUS. This measure is being seen as a first step to leave the "third party pays" logic in favor of a set of new rational criteria, which would give more responsibility to municipalities in the management of the system.

More recently, the Ministry of Health has concentrated efforts to promote institutional redesigns, proposed a legal framework and created an organizational unit responsible for the regulation of the private health plans. Likewise, a project made up of agency of sanitary control, similar to the North-American Food and Drug Administration, is being implemented in order to improve the state capacity to face the chronic problems related to the quality of medicines in Brazil.

With regard to the social assistance, the emphasis has been on the decentralization process. Since 1995, all the states and hundreds of municipalities have constituted its Social Assistance Councils and respective funds to receive resources from the Central Government. These councils have the participation of non-governmental entities and represent pre-requirement to Union attempt to restrict its role in the definition of national criteria, decentralizing the distribution and control of the resources applied in each state, in order to reduce the influence of political interests.

5. FINAL REMARKS

The incorporation of universal rights within the Brazilian Constitution, grounded in the amplification of the citizenship concept, has not eliminated from the system of social protection, several of its traditional negative influences and features. In fact, it is possible to affirm that an effective institutional social security model does not exist in Brazil, since, after ten years of new system’s operation, most the original objectives have not been accomplished.

Even the post-1994 economic stabilization was not sufficient to support successful efforts focused on the transformation of the State, in order to improve the effectiveness of Brazilian social protection mechanisms. Unfortunately, nowadays, the entire society continues funding premature benefits of a minority of the population, sustaining an apparatus of questionable efficiency and supporting a tax burden that induces the growth of the informal labor market.

As previously mentioned, some international changes in the economic environment are motivating, in several countries, efforts aimed at the revision and modernization of social security systems. These countries are promoting experiences based on targeting of benefits to those most in need, decentralization, partnership, managed competition and invigoration of the State in the role of regulator of services provided by the private sector. Nevertheless, in the countries where there is a principle of universal support for people in need, it is not being threatened.

Even countries whose social security system does not present the distortions of the Brazilian system are undertaking wide reforms. However, in a democratic environment, this kind of reform demands mature proposals, the capacity for negotiation, political vision and popular awareness about the importance of the change.

In the Brazilian case, although the reform is urgent, preferentially, the changes shall be made gradually to ensure political support to the process, due to the traditional role played by public policies in avoiding social tension.

Undoubtedly, the modernization of the Brazilian social security framework will have positive effects on the productive sector. As well, reforms can increase the productivity, encourage competition in social services,
stimulate individual and group savings through pension plans and other saving vehicles and contribute to long-term growth and economic prosperity.

Probably, the reforms will demand more attention to some institutional constraints, besides the outstanding concerns related to the scarcity of financial resources to maintain the system. Managerial deficiencies and problems like the institutional fragility of a lot of states and municipalities and the debility of internal and inter-governmental articulation can damage the process of implementation of well conceived measures.

In despite of the challenges and difficulties ahead, the recent Brazilian political experience shows the viability of undertaking sensitive reforms, as long as people become more conscious about the national problems. This conscience increases the expectation of building a social protection system able to reduce inequality and promote social justice in Brazil.

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