

Technical Note

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Public Budget, Rights, and Social Inequalities



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Introduction

The objective of this text is to raise awareness about the importance of budgetary analysis, from the human rights perspective, emphasizing gender and race dimensions. To what extent does the budget proposed by the federal government prioritize the allocation of public spending to policies that fulfill the rights enshrined in our Federal Constitution? To what degree do men, women, Blacks and whites have their rights ensured?

1. The 1988 Constitution and Public Budget

In accordance with the 1988 Constitution, every year in August, the Executive sends its Annual Budgetary Legislative Proposal (PLOA) to the National Congress. This proposal contains all planned federal expenditures for the next year, the amounts allocated to each program and government action, as well as the goals for each policy in the coming year.

The public budget is a strategic instrument in fulfilling human rights and exercising social control. It shows government choices and political priorities, defining the scope of social and redistributive policies. From the perspective of social control, when the government draws up its priorities for using public funds, society can influence this process, exerting pressure to change the budget under discussion in Congress and, afterwards, monitoring budget execution, making sure public managers are effectively applying the funds authorized by the budget.

The 1988 Federal Constitution incorporated many demands from society to expand social and political rights. One of the greatest advances was the adoption of a broader “social security” concept, encompassing in one system policies for health, pensions, social assistance, and protection for unemployed workers through unemployment benefits.

This Constitution also determined that although the public budget is one single legislation, it is divided into three parts: the fiscal budget, the social security budget, and the investment budget of the state-run companies. The Constitution also establishes that the social security budget will consolidate all expenditures related to pensions, social assistance, and health.

¹This text summarizes part of the publication “Budget, Rights and Inequalities,” INESC, Brasília, October 2008.

In order to finance the social security budget, the 1988 Constitution created new taxes in addition to social security taxes – the social contributions. The 2009 PLOA shows that the fiscal and social security budgets add up to US\$ 0.5 trillion (R\$ 1.1 trillion)² and the social security budget makes up 40% of that total – US\$ 193.5 billion (R\$ 425.7 billion).

2. Public Budget, Human Rights and Inequalities

When we refer to human rights, we are taking into account commitments assumed by Brazil in international treaties and conventions, as well as rights ensured by our constitutional and infra-constitutional legislation. We are talking about legal norms mandating the state to ensure a decent life for millions of Brazilians. Human rights do not just include civil and political rights (Federal Constitution, art. 5 and 14), but also social, economic, cultural, and environmental rights.

Although the Brazilian government ratified the International Covenant on Economic, Social and Cultural Rights in 1992, and committed to allocate the maximum available resources to progressively achieve the rights included in that Covenant, this did not happen. The federal budget does not prioritize people's rights, but the permanence of privileges (such as public debt interest payment), investments (diminishing capital reproduction costs), and quite often compensatory social policies (which do not ensure empowerment of their beneficiaries).

The governmental obligation, included in the Children and Adolescents' Statute (ECA)³ and the Elderly Statute (Law n. 10741/2003), to allocate priority funds to areas related to the protection of the elderly, children, and adolescents is systematically ignored by the PLOA.

What has to be done to ensure that government budget proposals prioritize public policies to fulfill rights already guaranteed in our legislation? What are the indicators used by public officers in demonstrating to what degree public policies ensure people's rights?

INESC analyzes the public budget in light of human rights. In the Brazilian case, inequalities are an essential dimension to be taken into account, particularly those resulting from race, ethnicity, and gender. Racism and sexism occur at all levels of social and political relations, preventing public policies from universalizing rights.

² INESC obtained this figure by disregarding the mere accounting value allocated to public debt refinancing.

³ ECA was established by Law n. 8069 of July 13, 1990, to regulate children and adolescents' rights

3.1 The restricted concept of human rights in the 2008-2011 Multi-Annual Plan (PPA)

The 1988 Constitution defines the PPA as a medium-term legislation that should guide the elaboration of annual budgets. The 2008-2011 PPA defines as human or citizenship rights actions geared to people historically exposed to vulnerability, such as children and adolescents, people with disabilities, Quilombolas,⁴ women, and indigenous peoples. Thus, it pulls together all policies implemented by the Special Secretariat of Policies for Women, Special Secretariat for Policies Promoting Racial Equality, and the Special Secretariat on Human Rights.

A first issue raised by INESC is the PPA's reductionistic view of human rights, which is also found in the 2009 PLOA. For the federal government, the human rights policy is geared to the so-called vulnerable sectors of the population, rather than a set of policies ensuring a minimum level of dignity and fundamental rights in education, health, social assistance, social security, public security, culture, labor, and so on.

An opportunity to change this reductionistic view is the ongoing review of the National Human Rights Program, which will establish human rights goals and guidelines to be enforced by the government.

3.2 The fallacy of reducing race and gender inequalities through income transfers⁵

Promoting social inclusion and reducing inequalities is the first of the ten most important governmental objectives set in the PPA, as well as the key focus of the Social Agenda. Nevertheless, for the federal government, reducing inequalities just means the positive evolution of income indicators for the most vulnerable sectors, resulting in a better Gini index (measure of income inequality between the wealthiest and poorest people).

In its strategic vision, federal government planning does not take into account the impacts of race and gender inequalities and their interface with poverty. Racism and sexism structure perverse inequalities in the labor market and several other social dimensions. For the Black population, there is a huge difference in access to secondary school and university. In Brazil, a white youth is three times more likely to reach university than a Black. In addition, Blacks earn in average half as much as whites (IPEA, 2007).

Concerning policies for women and racial equality promotion, the federal government is focused on the National Pact for Fighting Violence Against Women and the Brazil Quilombola Program, which are just one priority dimension in the struggle for equality.

⁴ Quilombola refers to communities formed by descendants of Black slaves who escaped and founded small villages called Quilombos, during the slavery period in Brazil.

⁵ Income transfer programs include long-term benefits (BPC), *bolsa família*, lifelong monthly income, Child Labor Eradication Program benefits, and financial aid to young people participating in Projovem.

Regarding the reductionistic view of the inequality phenomenon in the PPA, it is worth noting that two-thirds of the poor people in Brazil are Blacks.⁶ Half of the Black population lives below the poverty line. This percentage (46.3%) is two times greater than the percentage for the white population.

According to the 2005 UN Development Program (UNDP) Annual Report,⁷ Brazil was in position 73 in the world human development ranking measured by the Human Development Index (HDI) in 2002. When social and income indicators making up the HDI are disaggregated by race/color, Black Brazil occupies position 105, while white Brazil goes up to position 44.

Although there have been some progress in social indicators as a whole in the last years, the gap between white and Black population has remained nearly constant. Despite the declining trend in the number of people living below poverty line (since 2003), resulting from increased minimum wage and federal government income transfer programs, differences between white and Blacks remained at the same level.

3.3 Excessive concentration of federal funds on income transfer programs

A third issue is the huge difference between funds allocated to income transfer programs and those allocated to social and social assistance services, as well as to promoting gender and race equality.

The funds allocated to the “social assistance” function are executed through programs and actions developed by the Ministry of Social Development and Fight Against Hunger (MDS). Table 1 lists all programs executed by the MDS and the amounts planned for 2009.

Out of US\$ 15.05 billion (R\$ 33.12 billion) included in the 2009 PLOA to be executed by the MDS, 93% are allocated to income transfer programs and actions (*bolsa família*, long-term benefits, lifelong monthly income, and Child Labor Eradication Program benefits).

⁶ In Brazil, Blacks are the sum of people who identified themselves as Blacks or mulattos.

⁷ See study by Marcelo Paixão and Wânia Sant’Anna in *Revista Proposta* published by the Federation of Organs for Social and Educational Assistance (FASE), where this disaggregation was proposed for the first time.

Table 1 - 2009 PLOA funds allocated to the Ministry of Social Development and Fight Against Hunger programs

Program	Amount (US\$)	%
0068 - CHILD LABOR ERADICATION	157,651,818	1.1%
0073 - FIGHTING SEXUAL VIOLENCE AGAINST CHILDREN AND ADOLESCENTS	26,785,636	0.2%
0089 - SOCIAL SECURITY FOR INACTIVE AND RETIRED FEDERAL CIVIL SERVANTS	27,545	0.0%
0152 - NATIONAL SYSTEM FOR SOCIO-EDUCATIONAL CARE OF ADOLESCENTS IN CONFLICT WITH THE LAW - PRO-SINASE	11,059,385	0.1%
0750 - ADMINISTRATIVE SUPPORT	55,687,746	0.4%
0901 - SPECIAL OPERATIONS: ENFORCEMENT OF COURT SENTENCES	38,673	0.0%
1006 - SOCIAL DEVELOPMENT POLICY MANAGEMENT AND FIGHT AGAINST HUNGER	35,497,303	0.2%
1049 - ACCESS TO FOOD	400,065,150	2.7%
1133 - SOLIDARITY ECONOMY IN DEVELOPMENT	14,545,455	0.1%
1335 - INCOME TRANSFER WITH CONDITIONALITIES - BOLSA FAMÍLIA	5,456,956,818	36.2%
1384 - BASIC SOCIAL PROTECTION	8,664,464,336	57.6%
1385 - SPECIAL SOCIAL PROTECTION	65,213,704	0.4%
8034 - NATIONAL YOUTH INCLUSION PROGRAM - PROJovem	167,821,545	1.1%
TOTAL	15,055,815,115	100.0%

The income transfer strategy has been much expanded in federal public policies. Combined with conditionalities (such as income, age, disability, children attending school, etc.), this model is supported by the World Bank, which views this proposal as an innovative approach to social assistance in Latin America.

To what extent do this priority allocation of funds to income transfer programs and the strategy of granting those benefits promote significant and permanent advances in fulfilling Brazilians' rights? Our conclusion is that implementing human rights through fund allocation is still a faraway goal in Brazil.

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