

The violence of inequality

CELIA LESSA KERSTENETZKY¹



Early in 2001, Brazil and the world watched in horror as thousands of prisoners rioted and held more than 1,000 people hostage in the largest prison in Latin America, the Carandirú complex in Sao Paulo. The hostages were mostly women and children, members of prisoners' own families who were there visiting. Once again, Brazil faced a repulsive aspect of its reality: overcrowded, inhuman and dehumanising prisons inhabited by poor, uneducated non-whites (blacks and browns).²

The prison system is only one of the violent faces of Brazil's profound and persistent socioeconomic inequality. The main cause of the poverty that affects one-third of Brazilians is social inequity, which is so deeply rooted in Brazil that it has assumed the character of a "cultural trait". Economic development has not reversed the historic concentration of wealth. On the contrary, economic development has increased concentration, creating an ironic and sadly famous social injustice: first it is necessary to concentrate (grow) wealth in order to later redistribute it. This is the native version of the "trickle-down theory". Growth has never translated into social justice.

How we see ourselves

Criminality and growing inequalities are perverse by-products of the recent movement toward global commercial and financial integration. All countries are affected indiscriminately. The aggravation of these phenomena can be linked to the recent integration of Brazil into the global economy.³ Little has been done to neutralise the structural causes of injustice and historic socioeconomic inequalities.

Structural adjustment, defined at the beginning of the 1990s, deepened with implementation of the Plan Real in 1995. The plan's main objective was to contain the long-term inflationary process in the country. It focused on stabilising the exchange rate and allowing imports to act as a buffer against the rise in prices. In fact, the inflationary process was contained, the stability of the currency guaranteed and, consequently, the real income of poor people recovered and even rose, allowing nearly 9 million Brazilians to rise above the poverty level. This success, while significant, is not, for intrinsic reasons, replicable. In 1995 and 1996, the percentage of poor people fell from 41.7% to 33.9%, but then it remained at that level, and reached 34.1% in 1999.⁴ The plan imposed heavy social sacrifices on the population: 1.3 million jobs were lost in the second half of the 1990s, jobs became less secure and the informal sector grew. This reveals the insufficiency of economic policies as social policies.

In late 1999, the economy began to show signs of revival after two decades of mediocre growth. The country appears to have won the ever-so-illusive

"investor confidence" in 2000 when its external vulnerability declined because of changes in the exchange regime. The economy seems stable for now, but the social question remains urgent. Even though Brazil is a relatively rich country, with a *per capita* income that is the envy of 77% of the global population, this income is distributed extremely unfairly. This explains the existence of so much poverty. Inequity indicators remain stubbornly high: an unmovable Gini coefficient of 0.60 between 1977 and 1999. If Brazil's current social contract remains intact, many decades of significant and uninterrupted economic growth will be needed before all Brazilians receive at least one minimum salary *per capita*⁵ (approximately USD 75.50/month).

The historic concentration of income in Brazil is based on two sources of income, access to land and education. The data are alarmingly clear: the rural Gini coefficient was 0.8333 in 1992!⁶ Rural workers are submitted to unstable labour conditions and insufficient income. There is significant child labour in the rural sector, along with great rural poverty (58%).⁷

Brazil's *per capita* income places it among the richest 23% of nations on the planet. Yet in 1998, the average schooling was still very low at near 5.9 years of completed studies. Schooling among non-whites (black and brown), northeasterners and poor people was significantly lower than the average. In 1998, a young northeasterner or non-white had, on average, 70% of the secondary school years of a young southeasterner or white person. Even more serious is the gap separating the hope for schooling between poor youth and privileged youth: privileged youth have nearly three times the median level of instruction of poor youth.

There has been a slow but steady expansion of education and reduction of educational inequalities in the last two decades, but this cannot hide the mediocre achievements.⁸ Inequality favours women in terms of educational performance, but punishes them in the work force: the average female income was, in 1998, 79% of the average male income.⁹

1 Professor of the Department of Economy of UFF, investigator of the Interdisciplinary Nucleus of Inequality Studies – NIED/ Pronex/MCT and from CNPq and Ibase consultant.

2 "Browns" are those who see themselves as mestizos, one of whose parents is black.

3 C.L. Kerstenetzky and F.J. Carvalho. "How Far Brazil Has Gotten in Fulfilling the Copenhagen Commitments?". Observatorio de la Ciudadania, Rio de Janeiro, 2000. Homepage: www.ibase/observatoriodacidadania.

4 Cf. R. Barros, R. Henriques and R. Mendonça. "A estabilidade inaceitável: desigualdade e pobreza no Brasil" (The unacceptable stability: inequity and poverty in Brazil). *Desigualdade e Pobreza no Brasil*, Rio de Janeiro: IPEA, 2000.

5 According to projections, *ceteris paribus*, an uninterrupted economic growth of 3% a.a. of the income *per capita* could reduce poverty under 15% in a period of 25 years! Cf. Barros, Henriques and Mendonça, *op. cit.*

6 Cf. S.E.C.S. Cardim, P. Vieira and J.L.R. Viégas. "Análise da Estrutura Fundiária Brasileira" (Analysis of the Brazilian Rural Structure). NEAD/Nucleus of Agricultural Studies and Rural Development. Homepage: www.nead.org.br.

7 Cf. *Atlas of Human Development*, 1998.

8 Silva and Hasenbalg, "Tendências da Desigualdade Educacional no Brasil" (Trends towards Educational Inequality in Brazil). *Dados*, 43(3), Rio de Janeiro, 2000.

9 Cf. S.S.D. Soares. "O Perfil da Discriminação no Mercado de Trabalho - Homens Negros, Mulheres Brancas e Mulheres Negras" (The Profile of Discrimination in the Labor Market - Black Men, White Women and Black Women). *Texto para Discussão* N° 769. Brasília: IPEA, November, 2000.

Racial inequalities

Racial inequality is a dominant characteristic of the Brazilian social structure. Important educational inequalities separate whites from non-whites: over two decades, non-whites averaged two years less education than white people. In the first year of primary education, the difference in participation between whites and non-whites (blacks and browns) is small, about 2% (1995). This difference increases progressively as primary studies advance.¹⁰ In higher education, the imbalance between whites and non-whites is particularly elevated: although non-whites represent close to 45% of the population, they accounted for only 15.7% of graduates in 18 classes measured in 2000. The differences are even more acute in the more socially prestigious majors (medicine and law schools), which are almost exclusively white and Asian.¹¹

These inequalities are reflected in the labour market: in 1998, the average monthly income for black and brown men was only 46% of the average white income, and that of black women was even lower: 40% of white male income. Unlike women, who experienced a systematic reduction in the gap between their incomes and those of white men from 1987 to 1998, non-white men experienced a constant inequality with white men.¹²

TABLE 1

Average monthly income, by race and gender, as a percentage of income of white males			
YEAR/GROUP	BLACK MEN*	WHITE WOMEN	BLACK WOMEN*
1987	47	68	33
1990	47	74	35
1995	47	73	38
1998	46	79	40

*Includes blacks and browns
Source: Microdata from the PNADs standardised by the IPEA, compiled by Soares.

Certainly, much of the inferior performance of non-whites can be attributed to poverty, since the majority of poor Brazilians are black or brown. This indicates that economic inequality is a significant part of racial inequality. Nevertheless, in light of the relatively poor educational performance of this sub-group within all income groups, it is crucial to adopt a racial perspective in defining the parameters of a social redistribution policy. Furthermore, the higher one looks on the income scale, the more visible racial discrimination becomes. This reveals the presence of an unacceptable barrier to social mobility of blacks and browns. There are income disparities between richer non-white men and whites, strongly influenced by discrimination in the work force.

TABLE 2

Human Development Index adjusted by race, 1998 – total, income per capita (II), longevity (IL) and education (IEd)				
	HDI	II	IL	IED
NON-WHITE	0.680	0.602	0.650	0.787
WHITE	0.796	0.746	0.70	0.893
BRAZIL	0.747	0.70	0.70	0.840

Source: Table elaborated from the HDI, II, IL and IEd of the non-white calculated by Marcelo Paixão. "Desenvolvimento Humano e as Desigualdades Étnicas no Brasil: um retrato de final de século" (Human Development and Ethnic Inequalities in Brazil: a portrait of the end of century). *Proposta*, No. 86, September/November, Rio de Janeiro: FASE, 2000; and from the Human Development Report, 2000, UNDP.

Poverty and race have deep roots in Brazil. The high level of racial mixture transforms the poor into black and the rich into white, while the majority of non-whites declare themselves to be "brown" (mestizo). A recent investigation by the University of Sao Paulo reveals that Brazilians are prejudiced about being prejudiced: 99% of those interviewed said they had no racial prejudice, but 98% said they knew people who were. Social movements emphasise the need among non-white groups for social mobility, that is, for new institutional arrangements that provide access to opportunities independently of race.

Poverty or inequality

Despite the myriad of existing social programs, official sensitivity to social inequalities is still relatively low in the sense of making them absolute and nonnegotiable priorities. The president has claimed repeatedly that his government is not responsible for 500 years of social injustice. He has also recognised the difficulty of equating justice with the redistribution of wealth in the country.

There has been a shift of attention by the government toward poverty. Thus legislators from the government coalition reached an agreement with opposition leaders and obtained the approval for creation of a Fund for Combating Poverty. They are planning to attract USD 5.5 billion in investment for social programs. The impact of such investment may be significant, particularly in the nearly 3,000 municipalities in 14 states with the lowest HDI. Investment is especially needed to reduce child labour, make primary education universal and provide relief to people living extreme poverty.

Notwithstanding, improving the socioeconomic indicators will require public policies of greater impact and coherence. Policy should be developed, not exclusively by the imperative of emergencies, but also and mainly by a real comprehension of the factors that determine poverty. The current government has agreed to cutbacks in the social area as part of the fiscal adjustment agreed upon with the IMF. There is little will to reopen discussion of the social contract or to implement redistributive policies more deeply. The agrarian reform is advancing very slowly as numbers of landless rural families (now nearly five million) increase. The expansion of education depends on a slow evolution of the social structure,¹³ and tax reform is marked by the principle of fiscal responsibility prescribed by the IMF, which is insensitive to the country's extremely regressive tributary structure.

In synthesis, economics has contaminated the social agenda of the country, emphasising efficiency in determining social expenditures, and minimising the imperative of equity. This is, in reality, an integral part of a well-thought-out political agenda, based on two dogmatic beliefs: 1) there is only one way to integrate the country into a globalised world, which reduces independent decision-making ability significantly; 2) the implicit social contract, which decides, among other things, how to redistribute wealth and how the costs of adjustment will be paid, cannot be essentially modified. The violence of inequality is so great that its vision is terrifying. ■

Instituto Brasileiro de Análises Sociais e Econômicas (IBASE)
(Brazilian Institute for Social and Economic Analysis)
<observatorio@ibase.org.br>

10 Cf. Ruben Klein. "Indicadores Educacionais para Subpopulações Caracterizadas pela Cor" (Educational Indicators for Subpopulations Characterized by Race). *Ensaio*, Rio de Janeiro: Cesgranrio Foundation, Vol. 5, pp. 495-514, 1998.

11 Cf. The newspaper "A Folha de Sao Paulo", 11 February 2001. Homepage: <http://www.uol.com.br/fsp/cotidian/imagens/saopaul.gif>

12 Cf. Soares, *op. cit.*

13 Nearly 60% of this expansion in the last two decades is because of social changes, such as urbanisation and demographic transition, and only 40% because of expansion of the educational system.