

# Explaining social pacts: Political and Institutional drivers of social policy in Brazil

Marcus André Melo UFPE

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Pactos Sociales para una Protección Social más Inclusiva:  
Experiencias, obstáculos y posibilidades en América Latina, y Europa

# Outline of presentation

- **Motivation : Brazil as a role model**
- Conceptual framework : incentives and capacities
- Evidence for Brazil

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# Conceptual framework

- **Incentives**
- Who are the partners?
  - Social contract, social partners, coalition governments?
- Why partnering for redistribution ?
  - What factors drive welfare regime expansion?
- Median voter and universalism
- Political market failures
  - Rudra , Kauffman, Haggard, Segura-Urbiego
- Credit claiming

# Conceptual framework

- **Capacities**
- Political
  - Agenda setting and political resources , majority status, executive capacity
- Fiscal
- Administrative

# Application to Brazil

- Incentives and Capacity in Brazilian Social Policy

# 19 years of political stability

Cardoso 1995-2002



Lula 2003-2010



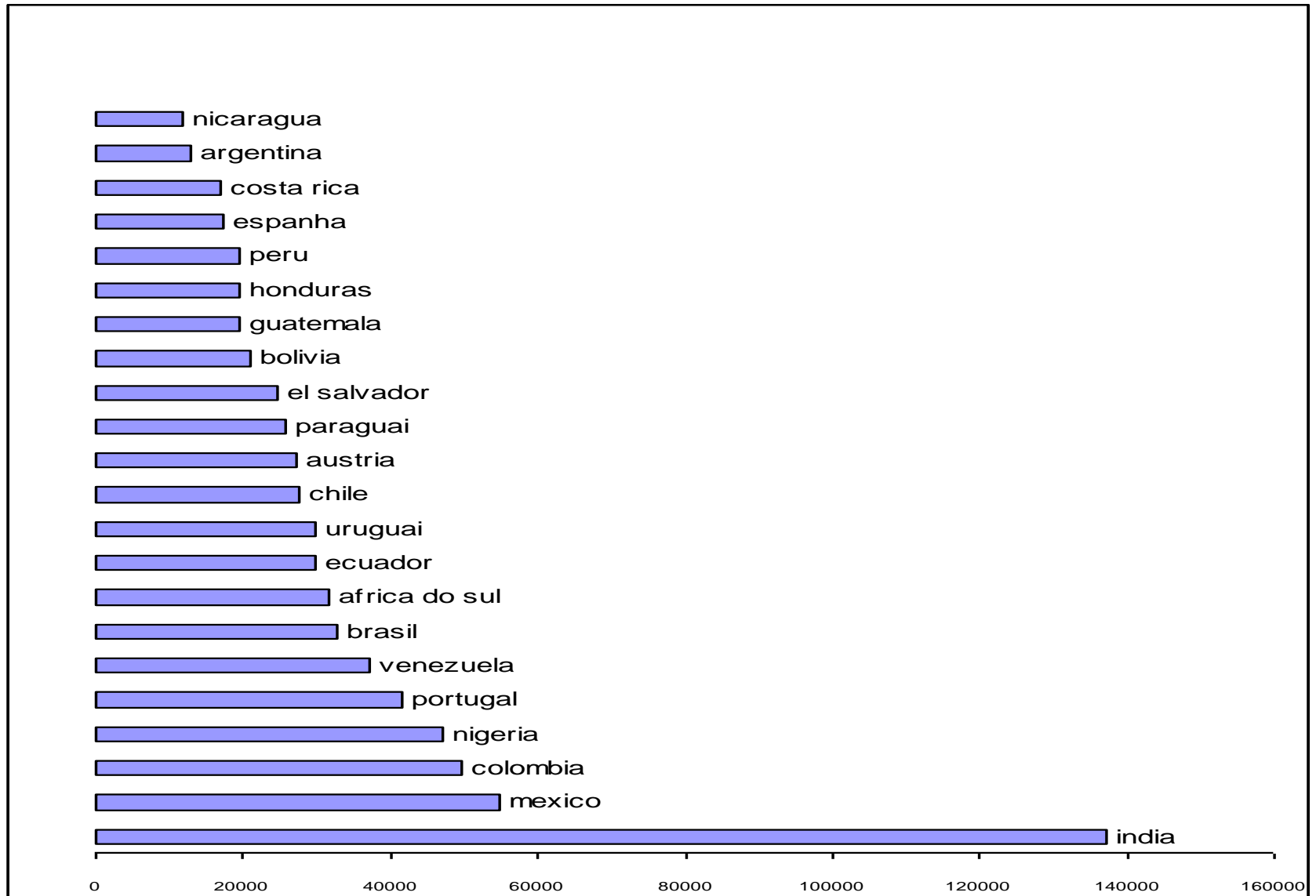
Dilma 2011-



# Partners in coalition governments

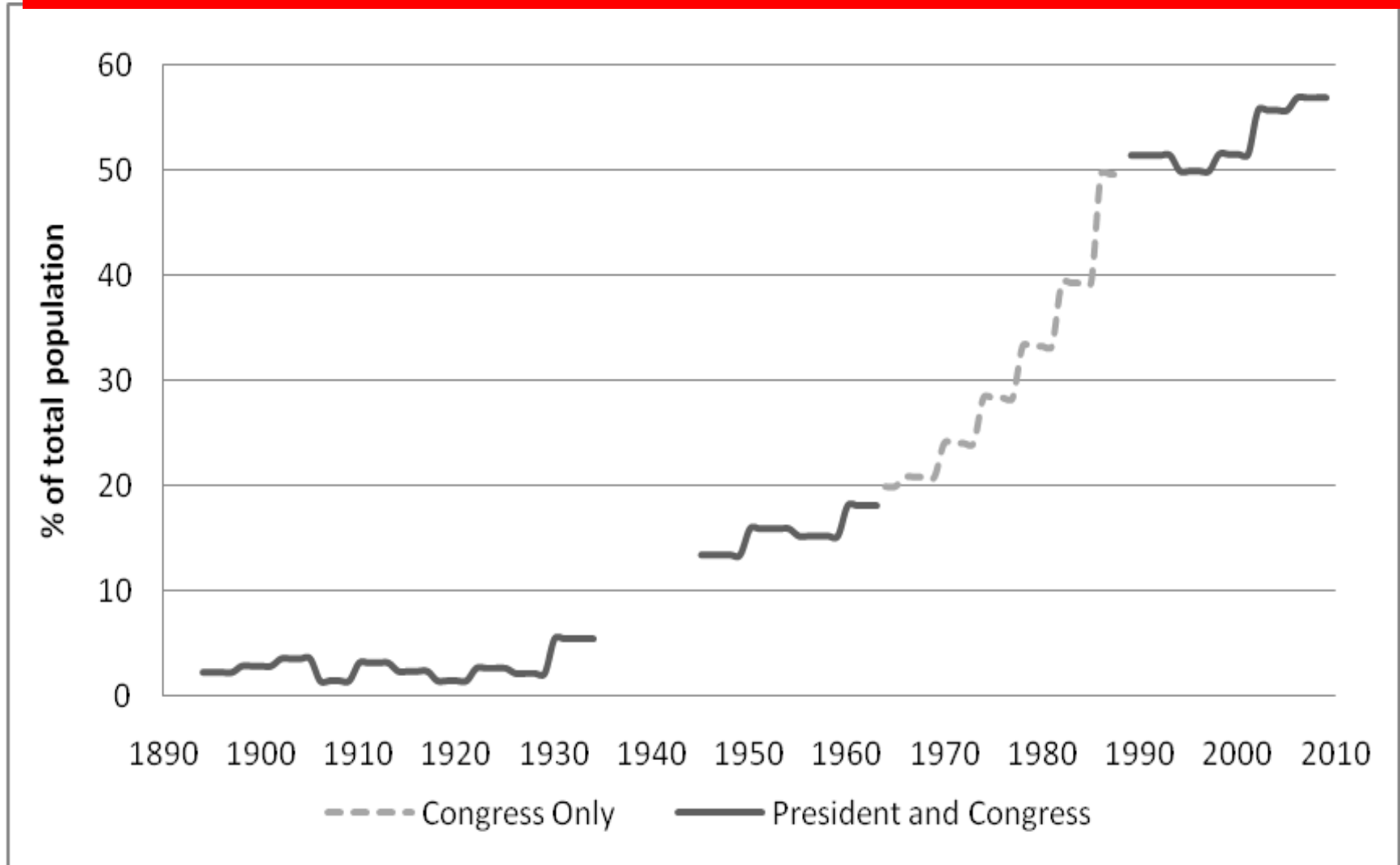


# The constitution of 1988 and social inclusion

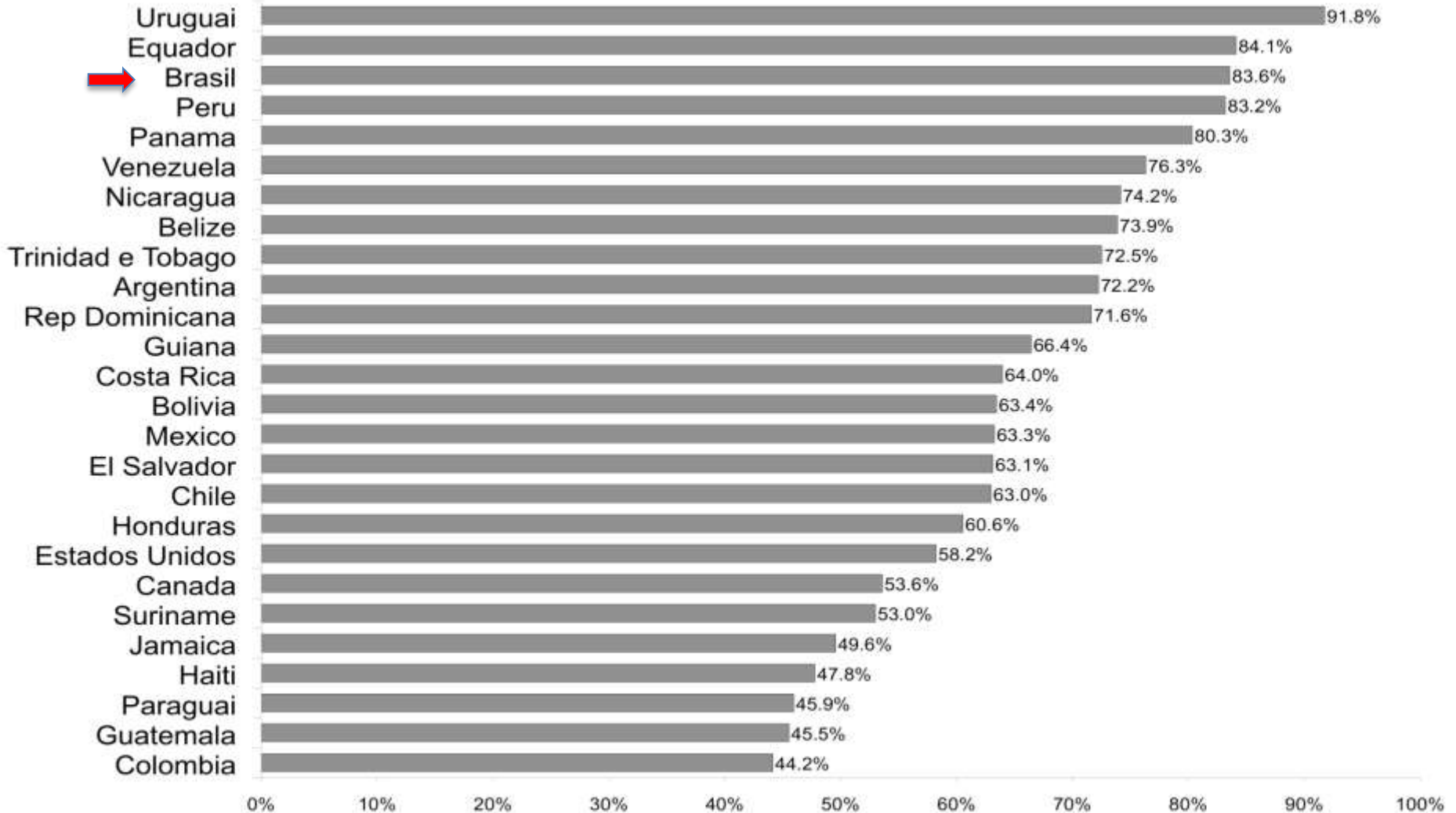


# Rise of mass democracy

% of population voting in elections 1894-2010



# Massive turnout

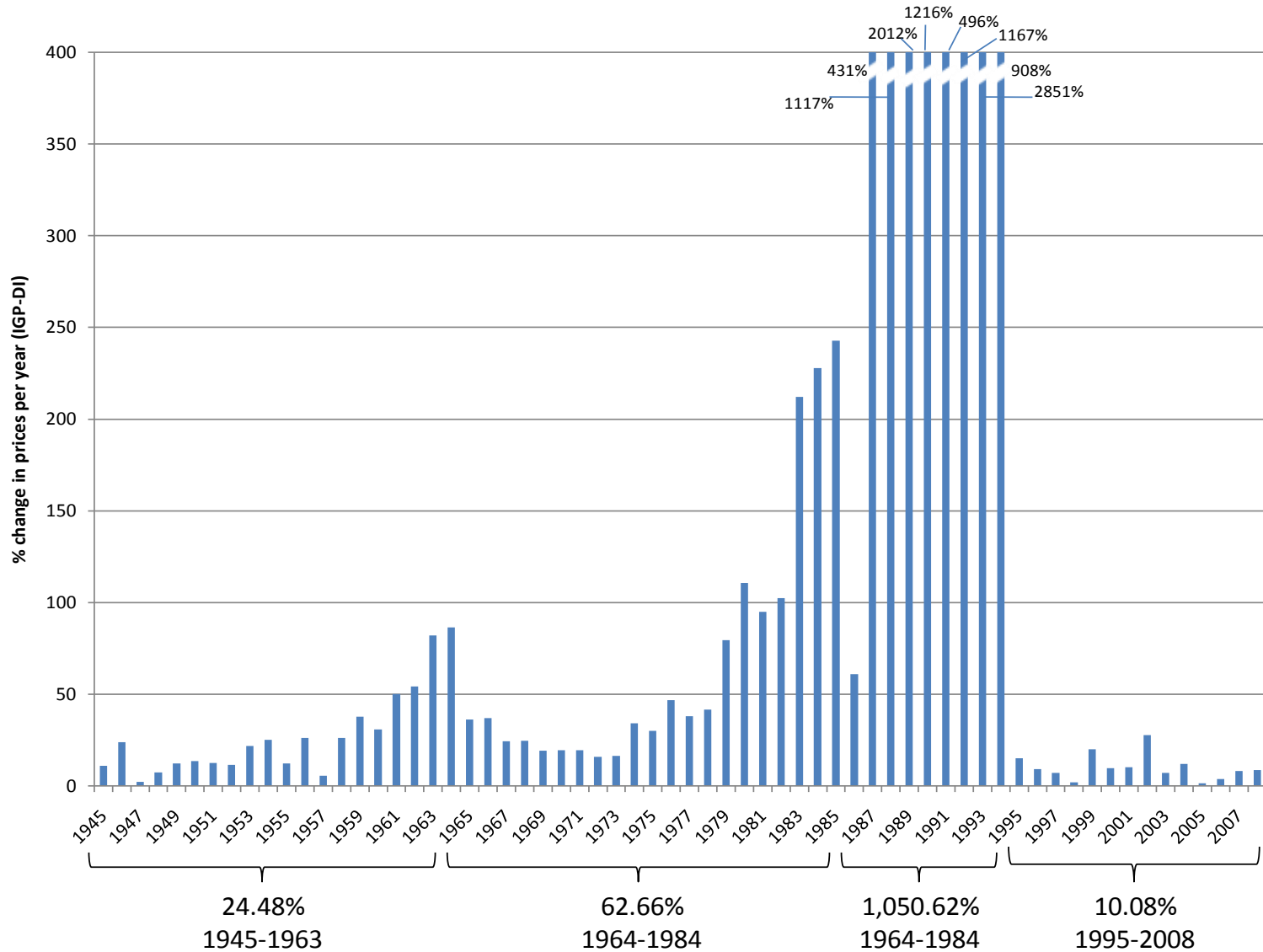


# Short term effects: universalism and particularism in the constitution

- Concentrated benefits
- Unsustainable

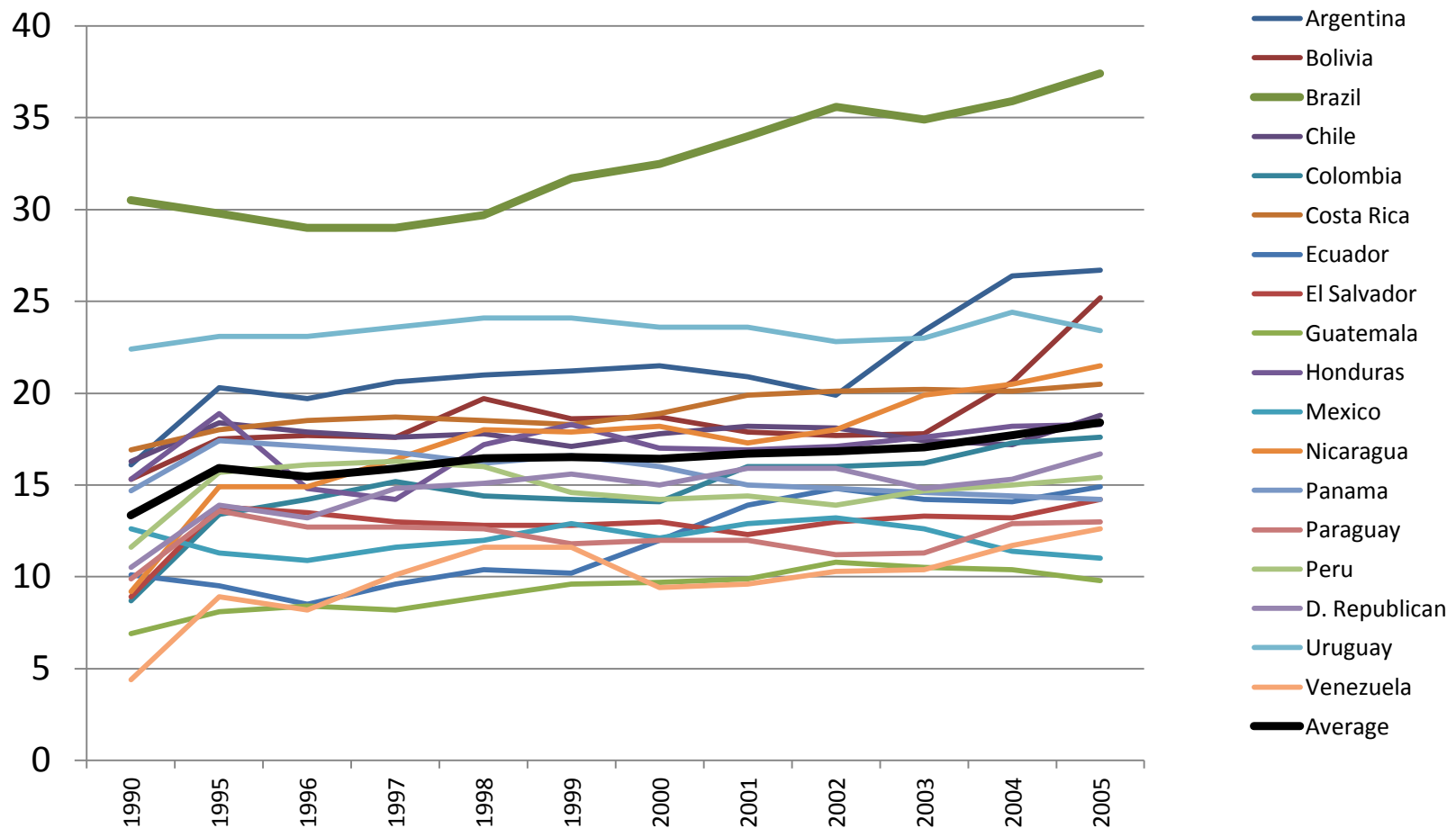
# 19 years of macroeconomic stability

## Inflation rate 1945-2010

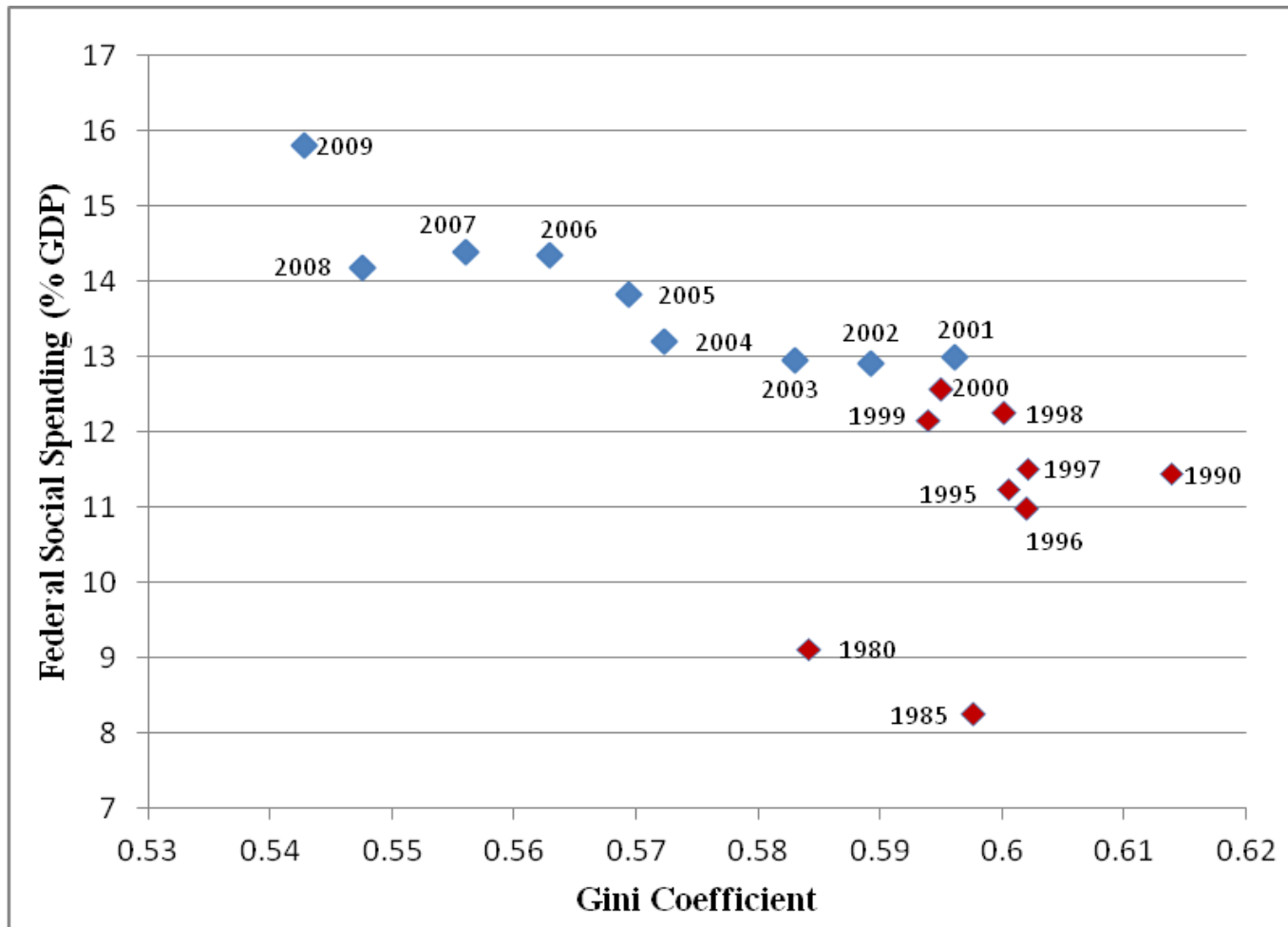


# Sustained fiscal capacity

Taxation as % of GDP in Latin America (1990-2007)

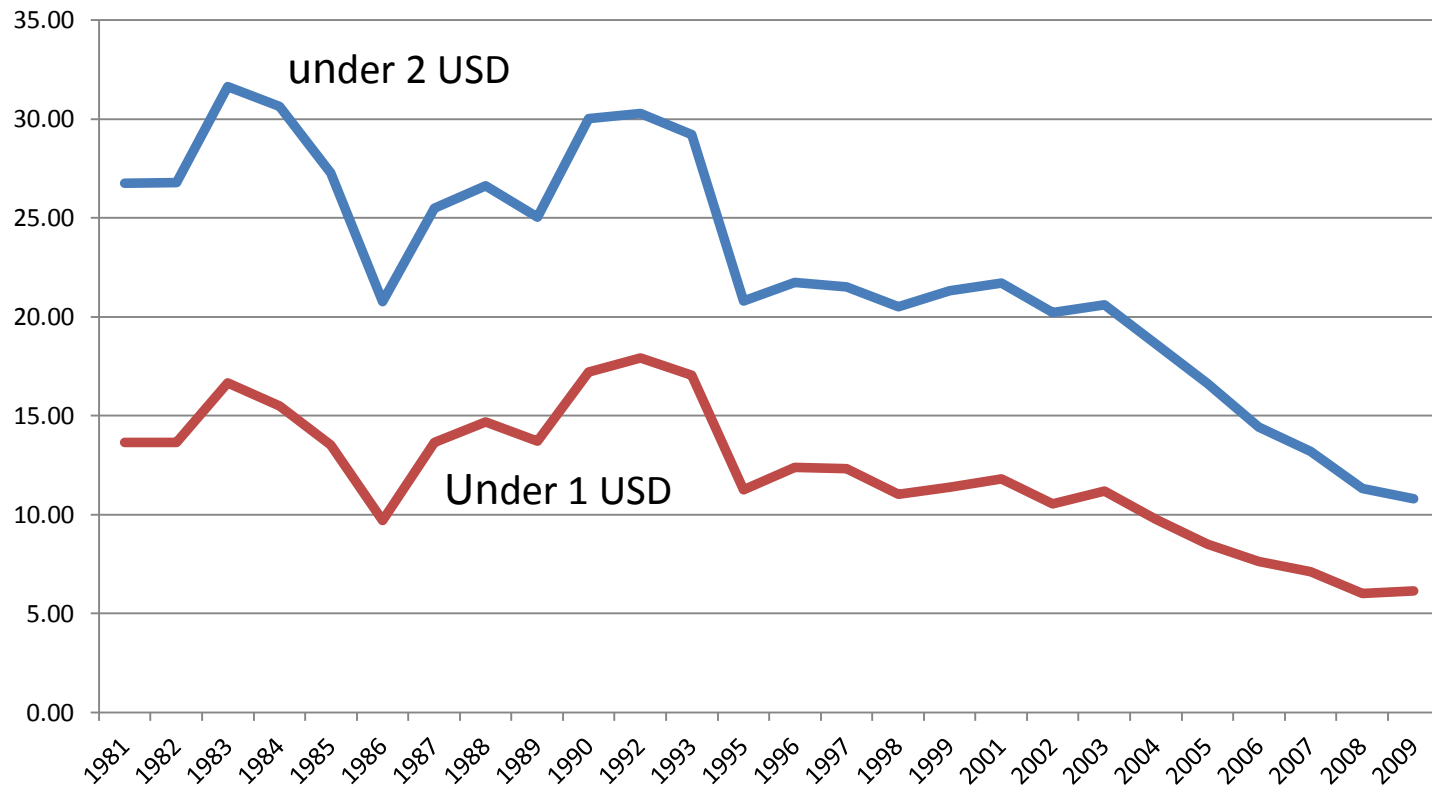


# Changing Combinations of Inequality and redistribution

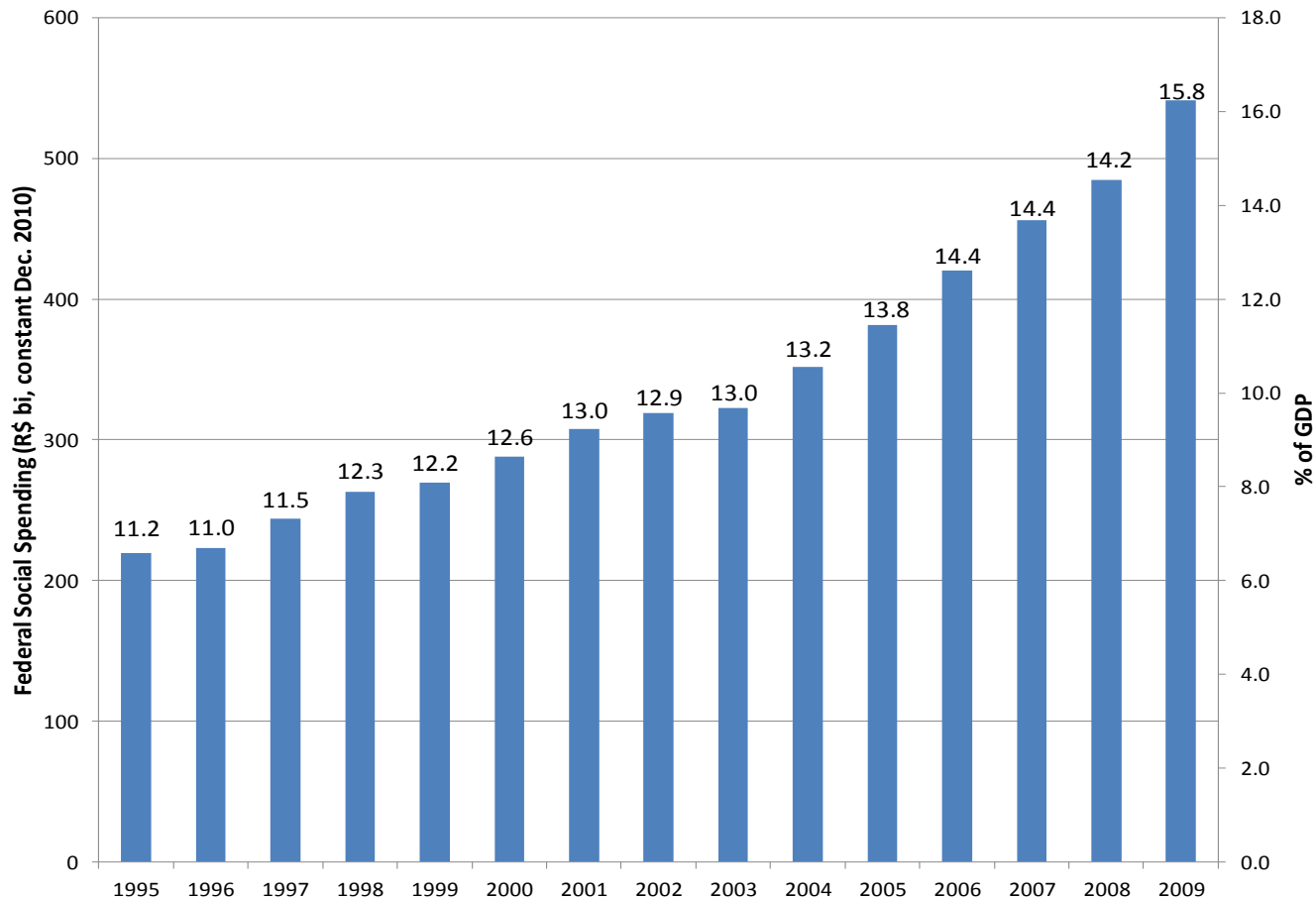




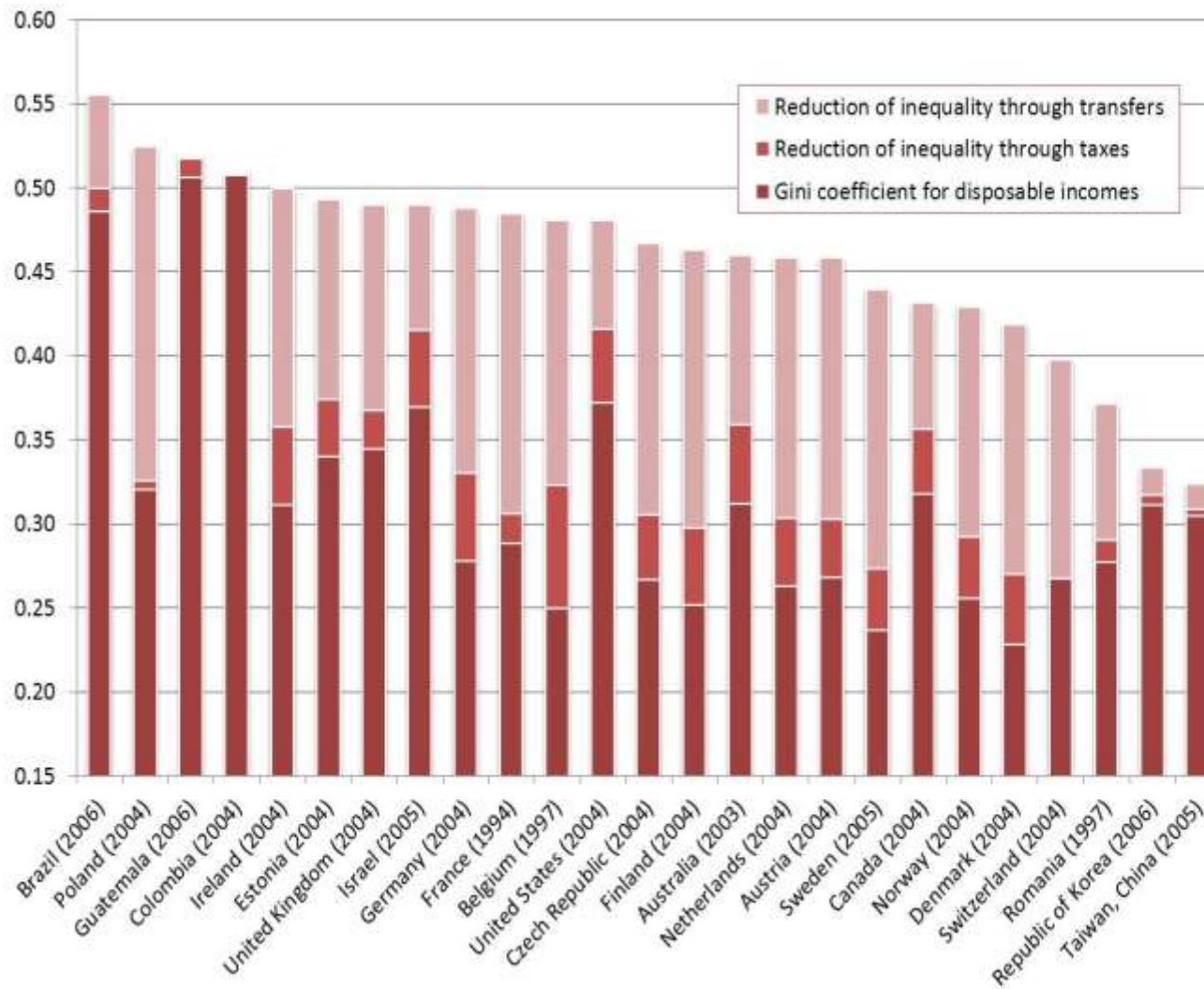
# Poverty reduction in Brazil 1981-2009



# Federal Social Spending, 1995-2010



# Inequality before and after redistribution OECD + Brazil



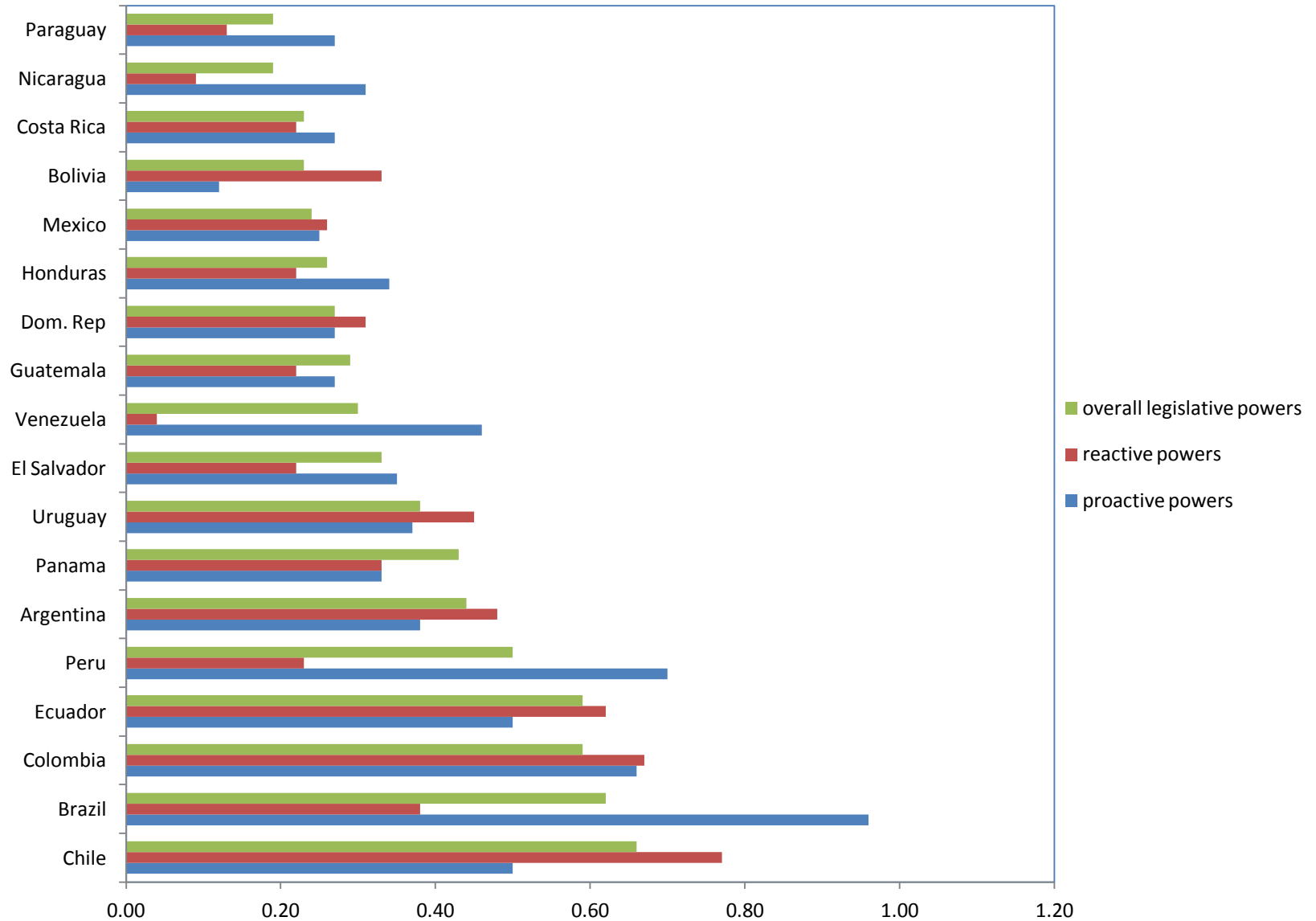
Public Expenditure on Retirement Benefits 2005 (% GDP)



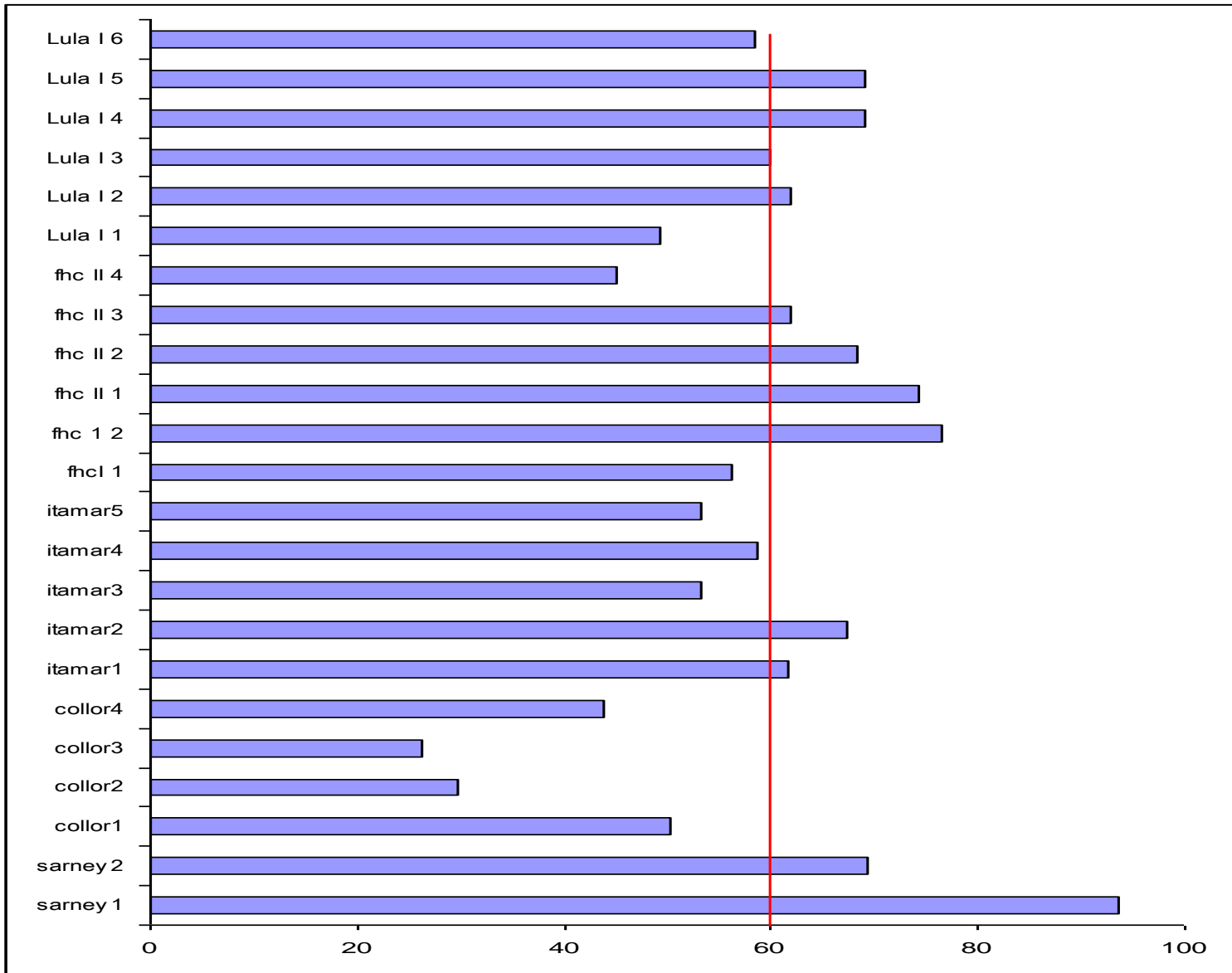
# Political capacity

- Stable competition, not fragmented system
- Programmatic convergence and logrolling
- Parametric reforms in pension system
- Constitutional amendments
  - Cardoso 1998
  - Lula 2003
  - Dilma 2012
- No reform in Health System

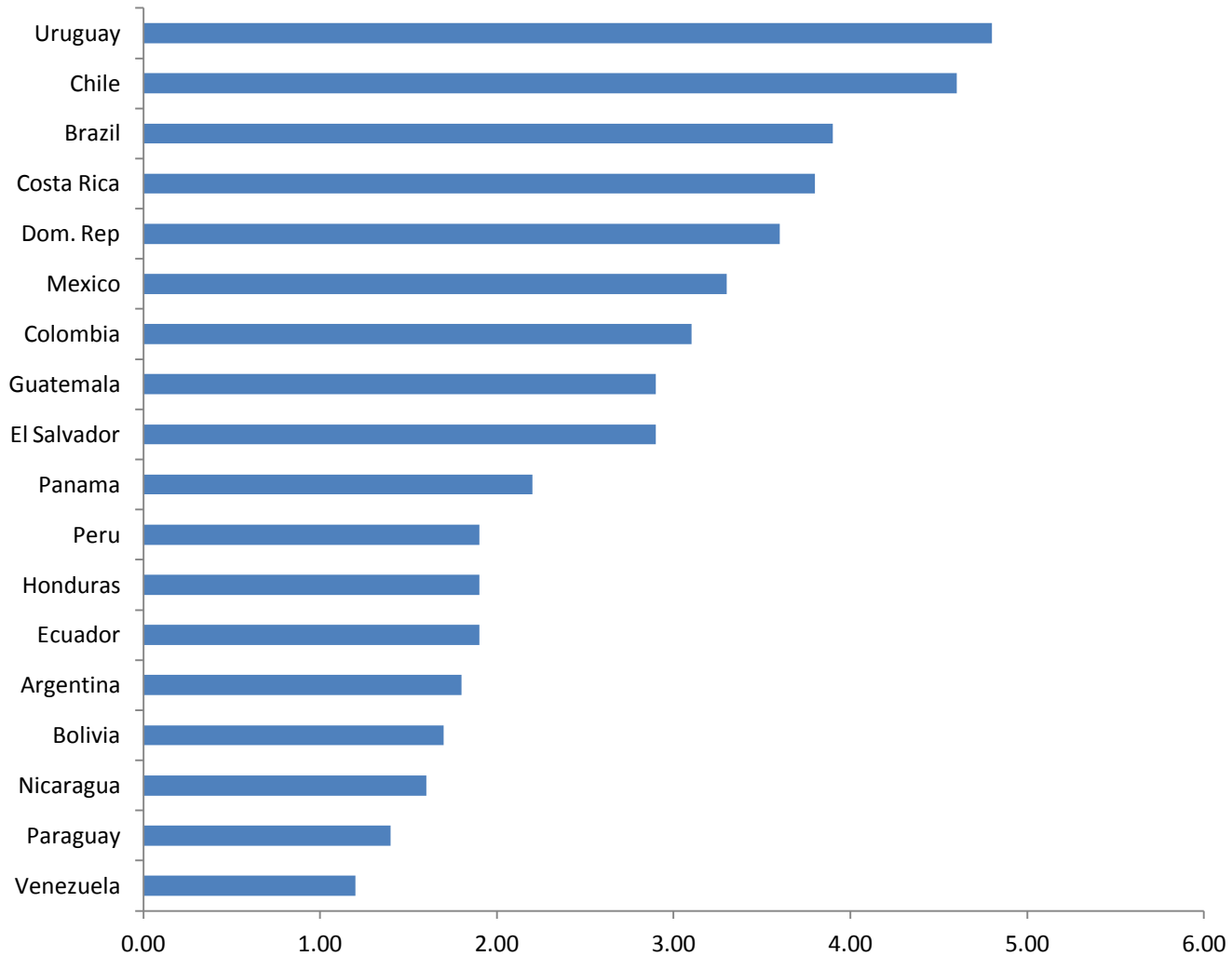
# Strong constitutional power of Brazilian presidents



# Government coalitions in democratic Brazil

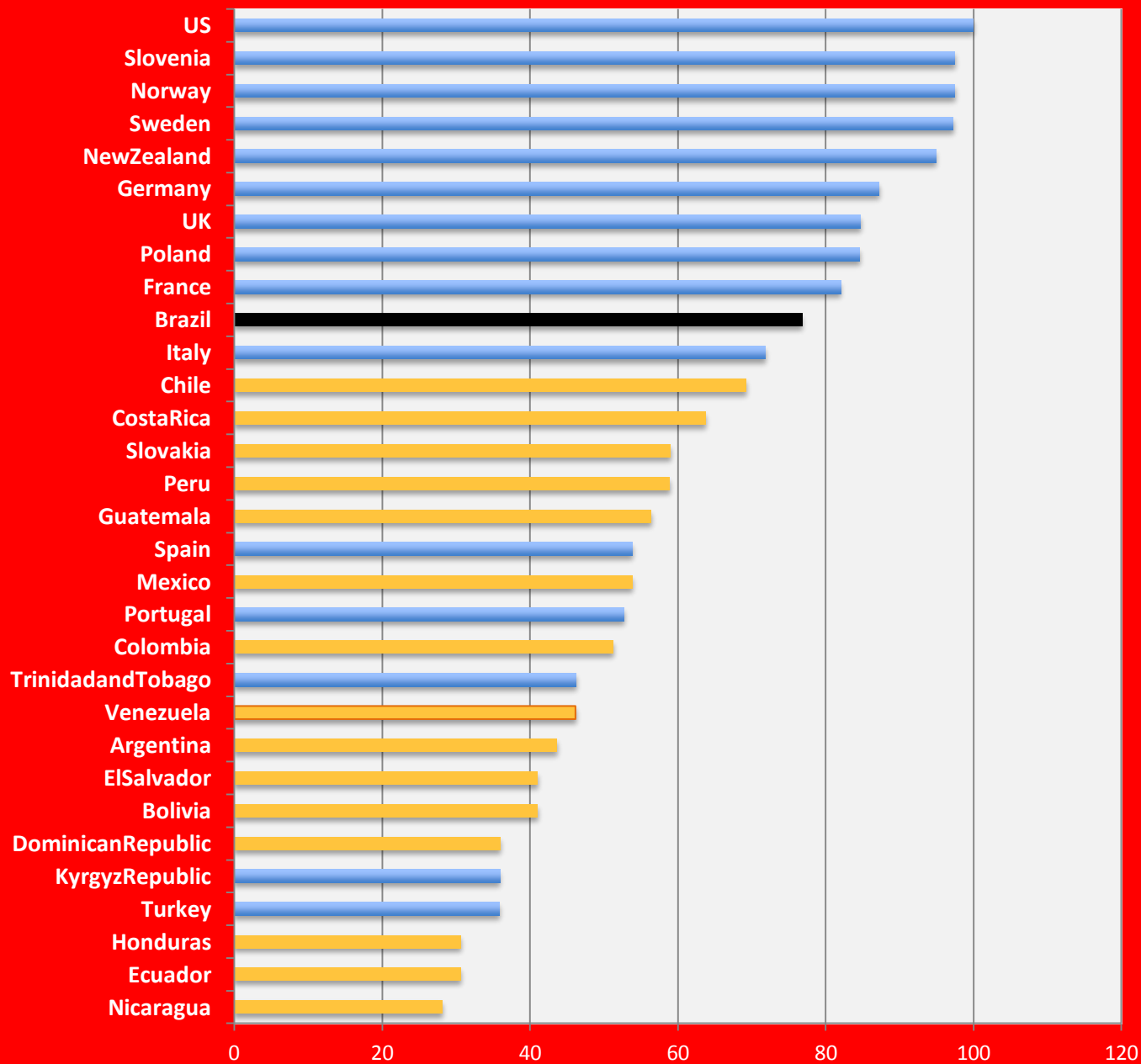


# Judicial independence in Latin America



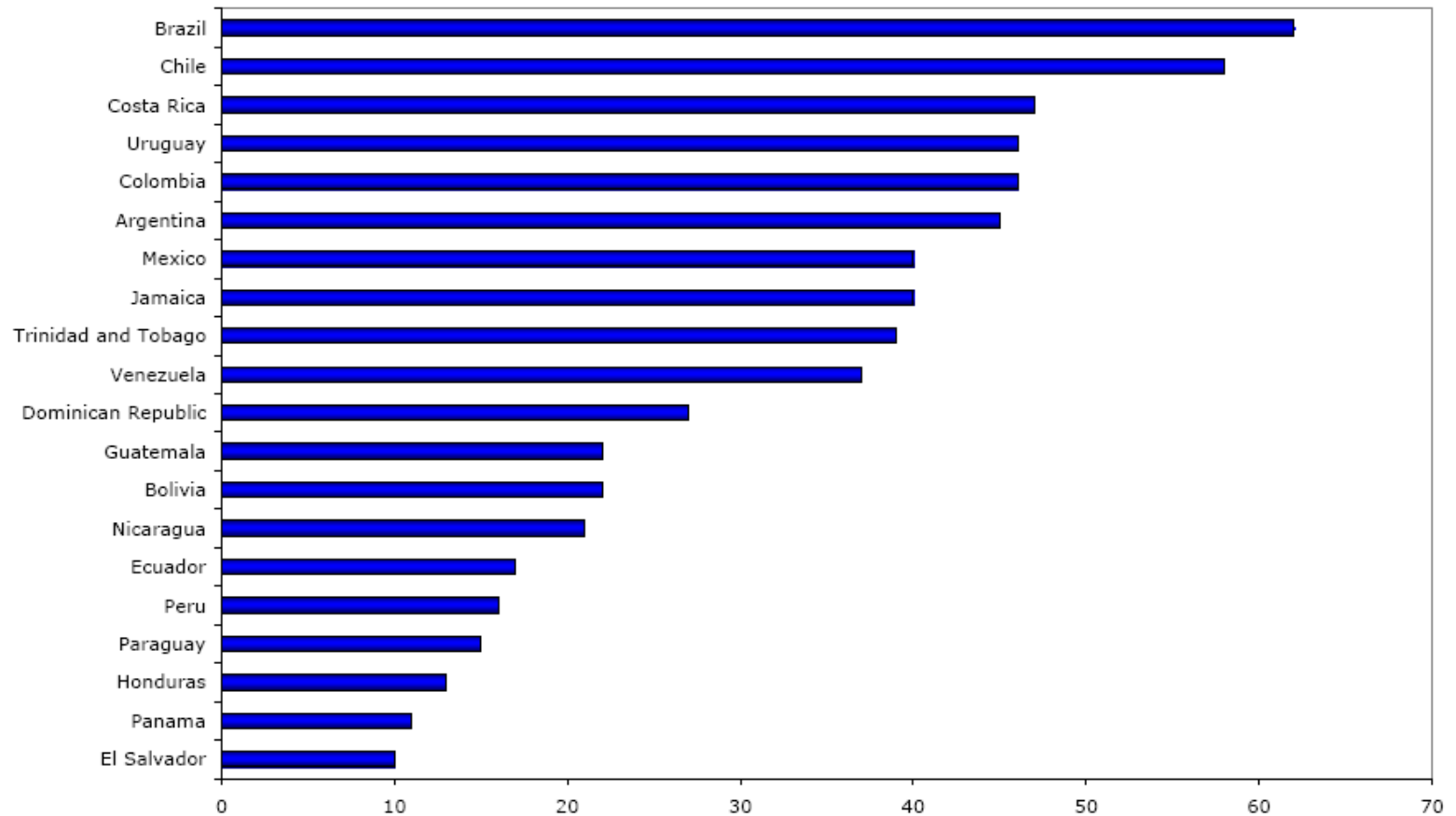


# Quality of Supreme Audit Institutions – *Contralorías/Tribunales de cuentas*



# Administrative Capacity

Figure 1.1 Quality of the Public Administration



Source : Longo (2005)