Poverty in Latin America and some Proposals to Confront it

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Abstract

In this article, we conduct an analysis of poverty in Latin America, taking Brazil as an example, specially, among other countries. We also propose some solutions for combating poverty, among them some income transfer programs and programs of work and income. At first, we rebuild the discussion about different public policies for the labor market. We also analyze the origins of the public employment system in Latin America, especially in Brazil, and the distinct public policies related to income transfer, employment and income generation and solidarity economy. Finally, in the conclusions, we return to the limits, but also to the possibilities of income transfer programs and programs for generating employment and income in order to combat poverty.

Keywords: Social Policies, casualization, income transfer, work and income.

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INTRODUCTION

In this article, we perform an analysis of poverty in Latin America and mainly a study on the ways to fight it. Thus, we analyze the income transfer programs and the programs of work and income, as well as the possibilities of interconnection between them. We also map the debate concerning their achievement, their interconnection, and also resume some evaluation studies of these social programs and the possibilities of their junction.

The purpose of this article is to highlight the importance of public policies formulation to face social issues and to battle current problems related to the work market. Hence, at first, we rebuilt the crisis of the "working society" as well as the discussion on its different public policies. Subsequently, we analyze the origins of the public employment system, and describe the solidarity economy history, its origins, development and current issues. We analyze the distinct public policies related to the generation of employment and income (solidarity economy), income transfer, as well as the debate surrounding them. Finally, in the conclusions, we return to the limits, but also to the possibilities of junction between income transfer and programs aimed at generating employment and income, retaking the key issues and current difficulties of such programs.

The Crisis of Employment

Currently, we have the so-called crisis of the "working society", or in other terms, "job crisis", due to the fact that the number of jobs, in different countries of the world, is frequently lessening. The lack of decent and regulated work (socially and legally) is a modern problem in distinct, developed and underdeveloped, societies. The globalization of markets, with their volatile financial flows, and neoliberalism impose increasingly harsh realities for different countries, such as unemployment, underemployment and precarious work. In short, casualization of work is present in the periphery countries of the capitalist system, such as Brazil and Latin America in general, but it also occurs in the core countries of capitalism. (Oliveira, 2003).

It is known that the logic of capital is (and has always been) exclusionary. The "new" exclusion is characterized by an excessive "leftover" population which cannot (sometimes never) achieve work integration or has a job whose extraction of surplus value occurs in exacerbated ways, i.e. the exploitation of labor occurs in extremely predatory ways (Antunes, 1999).

However, we note that there are different theoretical and methodological stances for the "crisis of work" or "crisis of the working society". For some, the capital no longer needs live work (mainly constituted by the worker), turning workforce unnecessary, making it disposable (Oliveira, 2003). For others, live work is interwoven with dead labor in the expanded reproduction of capital, and thus the growth of dead labor in contemporary capitalism, mainly machinery and equipment, would entail a huge unemployment. However, work
remains, in this view, a central category in contemporary society (Antunes, 1999).

Other analysts claim that new labor regulations are being formed, and often precariously, eroding the old Fordist social and legal regulation (which guaranteed citizenship and rights for workers) (Castel, 2000). For other authors, the work crisis is a result of misguided macroeconomic policies, of (lack of) economic growth, among others, which causes the appearance of few and precarious jobs (Pochmann, 2001a).

The proposals for the current labor market crisis are also distinct. Gorz (1997) points out that contemporary work has always been marked by a very strong instrumental dimension (or reason), with few elements directed towards the real human needs. For him, in contemporary capitalism, there is the possibility of drastic reduction of the working day, so that everyone can work, which also enables a reduction in the time devoted to the instrumental action proper of capitalist labor. Furthermore, there is the possibility of performing associative and community works, which are not integrally contaminated by an instrumental dimension.

According to Robert Castel (2000), work is still a key factor constitutive of identities and, thus, new (legal and social) work regulation is needed so that work citizenship is rescued. In this sense, the author highlights the dangers of broad policies directed to the distribution of income, which can generate a "dual" society, composed, on one hand, by people living exclusively from the (distribution of) income and, on the other hand, by individuals who produce wealth and live from work. This could undermine the bonds of reciprocity and solidarity essential to the constitution of any society.

Some authors emphasize the importance of building more equitable macroeconomic policies, economic growth, agriculture development, civil construction, infrastructure strengthening, among others, in order to generate quality jobs and income for the population (Pochmann, 2001b). There are also authors who advocate redistribution programs (income transfers) as a way to rescue the citizenship of those excluded from the labor market (Suplicy, 1988), (Sposati, 1997).

The idea of a universal basic income for all citizens of each country is also advocated as a way of combating exclusion (Van Parijs, 1996). Finally, there are authors who support the union of the unemployed in small collective enterprises, such as cooperatives and associations, as a way of tackling both unemployment and casualization of work (Singer, 2000).

Public Policies Related to Work and Income in Latin America

History of Public Employment Policies

Employment policies, according to the definition of the International Labor Organization (ILO), constitute a state intervention which is necessary to ensure greater equality of opportunities, either to regulate the process of adjustment between supply and demand in the labor market, or to improve the
integration of disadvantaged groups. Such policies vary and may include from providing public or semi-public jobs and establishing employment agencies, to subsidizing self-employment, among others. In the core countries of capitalism, post-World War II, there were full employment policies, with a broad social inclusion of workers and little or virtually no unemployment. In Latin America, especially in Brazil, there was a policy of economic development and job creation, but that was insufficient to accomplish the social inclusion of much of the population.

Essentially, after the 1970s, in developed countries and in periphery (Latin American) countries, another set of public policy was implemented. Thus, several public policies directed to the work market were developed, that is, the so-called employment services, aimed to pay assistance benefits to the unemployed and related to the promotion of their productive insertion, such as offering professional education courses and stimulating self-employment through programs to support micro and small enterprises (Valle, 1998).

Hence, the public employment system consists of a set of coordinated activities to help the unemployed, as the intermediation of workforce, professional training and financial assistance. In Latin America, over several decades, different manpower allocation policies, professional education and job creation have been developed, but the connection among them has always been problematic. In other words, the relationship among the different components of the public employment system, consisting of financial assistance and professional insertion (employment generation and income programs) has always been precarious in Brazil and Latin America (Pochmann, 1999). In the 1970s, in Brazil, there was the creation of the National Employment System (SINE), which intermediated workforce, that is, oriented workers to seek a productive insertion in the labor market. It had a complex institutional assembly involving the federal and state governments, but was characterized by administrative and resources discontinuity, which contributed to a low efficiency in its operation. The social security system was also strengthened in this decade (Valle, 1998). In the 1980s, unemployment insurance was established, with little efficiency in its operation (Pochmann, 1999).

In the 1990s, in Brazil, there are important changes in the public employment system, due to the regulation of different devices inserted in the 1988 Constitution. In 1990, the Worker Support Fund (FAT) is implemented at federal level, which shall allocate 60% of its resources for the Unemployment Insurance program, which should include unemployment insurance, professional qualification, employment intermediation and replacement of the worker in the labor market. Thus, there is an increasing number of people served by these programs, as well as efficiency improvement. Moreover, employment and income generation policies are accomplished in order to stimulate the supply of jobs in micro and small enterprises, cooperatives, and policies for the informal sector (Pochmann, 1999; Valle, 1998).
The Emergence of Policies Directed To Work And Income: The Solidarity Economy

From the 1990s and especially from 2000, in Brazil and in Latin America, there has been a series of public policies for those who are outside the formal work market, such as self-employed and informal workers. In other words, social policies related to work have been reaching an audience which had been unprotected against state actions, composed by unemployed and underemployed people.

Among the actions accomplished, we highlight two of them directed to the informal market: micro-credit and solidarity economy programs. The first one consists of small subsidized credits to informal workers and to small informal enterprises, aiming to formalize them. These programs are aimed at increasing productivity and working capital and therefore at the survival of small informal enterprises, many of them, familiar. In addition, there are programs that aim to strengthen the solidarity economy.

Historically, the Solidarity Economy has always been a form of unemployed or underemployed workers to devote efforts towards the accomplishment of a fair and collective production, in which everyone works and equally reaps the benefits of their production. These different forms of labor relations encompass associations, self-managed companies and also cooperativism (Singer, 2003). In cooperatives, there is the possibility of implementing a collective management, which involves the participation of all members in decisions of the cooperative venture, the collective property of the organization, as well as the egalitarian division of the profits (Singer, 2002).

From the last two decades, as we have seen, from municipal to federal levels, in Latin America, a series of public policies to generate employment and income is established, such as micro-credit, self-employment stimulus, and also, support for cooperatives, among others (Oliveira, 1998). The popular cooperatives are thus seen as an alternative to tackle unemployment and also as a form of grassroots autonomy, becoming a topic of extreme social relevance and important in the Latin American academic debate (Forni, 2004), (Basco and Laxalde, 2003).

In Brazil, cooperativism has become the subject of various public policies, and even universities, through the incubators of popular cooperatives. Thus, in the 1990s, through the Financier of Studies and Projects (FINEP), institution linked to the federal government, the National Program of Cooperatives’ Incubators (PRONINC) was implemented, which now stimulates the formation of Technological Incubators of Popular Cooperatives (ITCP’s) as an extension policy of the state universities. These incubators are responsible for assisting the marginalized sectors of society to form popular cooperatives, and currently, there are 33 cooperatives’ incubators working nationally (Guimarães, 2000), (Singer, 2000 and 2006).

In 2003, in Brazil, SENAES (National Secretary of Solidarity Economy) was established, under the Ministry of Labour and Employment (MTE), to catalog, promote and support a variety of experiences related to cooperative and solidarity economy. SENAES mapped all solidarity experiences in the
country and works to strengthen existing solidarity production units, as well as to format new units connected to the Solidarity Economy. For this purpose, the secretary sends promotion officers throughout the country who follow historically excluded segments as women, quilombolas (remnants of black communities), unemployed, among others, aiming at forming self-sustaining and self-managed small businesses (Singer, 2006).

The Origins of Income Transfer Programs


Specifically in Brazil this policy began in 1991, when the government established income transfers to families with children aged between 5 and 16, studying in state schools, introducing the notion of the family as the beneficiary of the programs and of the compulsory school attendance by children (Camargo, 1995). Later, in the mid-90s, income transfer policies were implemented in different cities, such as Santos, Ribeirão Preto, Brasília and Campinas, charactering this policy as part of the Brazilian Social Protection Public System (Yazbek and Silva, 2004).

Around 2001, in President Fernando Henrique Cardoso’s term, federal programs created in 1996 were expanded, such as PETI (Program for the eradication of child labor), and other programs, such as Bolsa Escola, Bolsa Alimentação, Bolsa Renda and Vale Gás (School Assistance, Food Assistance, Income Assistance and Cooking Gas Voucher, respectively) among others, were created (Silva, 2002).

Finally, in 2003, the government of President Luiz Inacio Lula da Silva created the Bolsa Família (Family Assistance) program, with the proposed unification of the municipal, state and federal governments income programs, verifying annual increase of the budget destined for the income transfer programs. The Bolsa Família program has become the largest cash transfer and poverty fighting program in the country and is present in all Brazilian municipalities (Silva, 2008).

In other words, programs such as Bolsa Escola, Bolsa Alimentação e Vale gás were gathered, as they were often overlapping, causing loss of efficiency. The Bolsa Família program aimed to better focus on actions against poverty, by simplifying processes and also through a universal public policy, which assisted all the families that make up the target audience of the programs. The
value transferred to the families increased, as well as the amount of resources devoted to programs of income transfer. Moreover, having the woman (mother) as a reference in the cash transfer was an innovation, since she is supposed to apply the value from income transfer programs with more prudence and accuracy\(^1\). Otherwise, the beneficiaries should keep children and adolescents at school, follow the vaccination schedule for children from 0 to 6 years of age as well as the completion of pre and post-natal care for pregnant women\(^2\).

The budget and the number of people assisted by *Bolsa Família* have been constantly increasing. In 2003, R$ 4.3 billion was invested, and 3.6 million families were served. In 2004, R$ 5.3 billion were invested and 6.5 million families were served. In 2005, investments were R$ 6.5 billion, which benefited about 8 million families, reaching 100% of Brazilian municipalities. In 2006, investments were R$ 8.3 billion, and the program was universalized to its target audience. In 2007 nearly 11 million people were assisted, and in 2008, the budget was about R$ 10.5 billion (Silva, 2008). Finally, in 2012, about R$ 21 billion was allocated to the program, and more than 13 million families were assisted.

One of the objectives of the *Bolsa Família* program is to tackle hunger and improve nutrition and living conditions of the families involved, besides combating poverty and social inequalities. The program has been combined with others, such as literacy, health and education. The *Bolsa Família* also aims to connect with programs of work and income, professional education, micro-credit and production units related to the solidarity economy, such as cooperatives. Thus, it seeks to empower families, that is, to enable their insertion in the labor market\(^3\). In the conclusions, we will show the forms of articulation between the *Bolsa Família* program and other programs of work and income (solidarity economy) and the (im)possibilities of an inclusive public policy which allows regular insertion in the labor market.

**Conclusions**

There is, currently, a predominance of neoliberalism in many countries, leading to disruption in the work market, unemployment rise, underemployment and precarious jobs. It occurs in developed countries, and mainly in the underdeveloped countries of the capitalist periphery. In the new flexible accumulation capitalism, production processes has become as flexible as workers' rights, marked by increasingly precarious work contracts. In other words, capital is increasingly less reliant on live labor, and the rates of exploitation of surplus value are steadily increasing.

In this context of rising unemployment and underemployment, different public policies proposals, such as providing a temporary or permanent income

to the unemployed, or promoting policies and economic development arise as a way to increase income and the number of jobs.

Public policies related to income transfer, qualification, intermediation and generation of employment and income, emerged as attempts to recover the work market and to combat social inequalities, are increasingly gaining importance, and open discussion about their potential social inclusion, or rather, ratify and confirm the disruption of the labor market (and rights).

In Latin America, especially in Brazil, historically, different public policies related to work, such as qualification, workforce intermediation, income transfer and generation of employment and income had always been precarious and insufficient, as well as their interrelation. These policies, which, in their interconnection, have a systemic characteristic, have not composed an authentic Public Employment System, traditional in the core countries of capitalism, which underwent the so-called "Welfare State".

A major concern with the integration of employment public policies came into existence in Latin America and especially in Brazil in the 1990s. New policies and programs have been designed, and such programs divide public policy analysts. While some highlight new institutions and their positive impacts on the labor market of new employment policies that emerged in the 90s, others suggest that in practice such actions are characterized by being sprayed and incomplete (Pochmann, 1999).

Likewise, the alternative policies of work and income arising in the 1990s and in 2000, focused on autonomous workers, individual and family micro-enterprises, cooperatives, among others, also divide public policy experts. Some criticize the rise of precarious jobs that arise from these experiences and the lack of work rights for their components (Tendler, 2000). Other authors emphasize that the alternative policies of employment and income assist a public which is excluded from the labor market and the traditional policies, i.e. they serve unemployed and underemployed people who represent a large share of workers who are not affected by public policies (Pamplona, 2001). It is known that small solidarity economy enterprises such as cooperatives and associations can help build citizenship and autonomy of their beneficiaries (Domingues Jr, 2003), but may also corroborate the increase in socially and legally unregulated work and cause increased exploitation of workers. (Barbosa, 2007).

Regarding income transfer policies, their importance for the improvement of nutrition, health and even education of their beneficiaries, either by increasing monthly income or by the conditions required for participation in these programs, or also by the interrelation of these policies with others aimed at combating exclusion and poverty is widely known. (Pochmann, 2004) (Fonseca, 2001). The income transfer policies can also have important impacts on gender relations and on the creation of family equality (Rodrigues, 2008) (Domingues Jr, 2006). However, transfer policies, notably the Bolsa Família program, are criticized by the low amounts paid to beneficiaries, that is, they do not really materialize income redistribution in society, but only keeps their
beneficiaries at a minimum level of survival, being away from effective social inclusion policies (Silva, 2008).

The income transfer programs, especially the *Bolsa Família*, advocates its interconnection with programs for generating employment and income. However, this interconnection is very fragile, intermittent and problematically performed. Thus, the current experiences of the *Bolsa Família* beneficiaries who participate in programs to generate employment and income point to the casualization of their work and living conditions (Silva, 2008). These work and income policies are part of a framework for job re-signification and insecurity, disruption in the labor market and, with rare exceptions, do not represent an authentic inclusion of their beneficiaries (Silva and Yasbek, 2006).

Also in the cities, the connections between income transfer policies and the policies of employment and income are still tenuous and often subject to change, defalcation and even regressions in their conceptions. In other words, social policies related to employment and income, in the municipal districts, are subject to intermittence and discontinuity, due to the different political injunctions.

Recently, new links between income transfer programs, in particular the *Bolsa Família* and work and income programs related to the solidarity economy, have been organized and implemented. Hence, some cooperatives (still embryonic) have recently started to be incubated in different cities with people from the *Bolsa Família* program. Because they are extremely recent experiences, we cannot yet assert and establish the reasons and the chances of success (or otherwise) of these popular projects, i.e., its sustainability in the market, with the consequent creation of jobs and income for their participants. As Pamplona (2000) stated, education and qualification are very important factors for the success of autonomous collective popular enterprises. It is known that the beneficiaries of the *Bolsa Família* program are characterized by low education levels and low professional qualifications, which put limits and obstacles to the survival of such ventures.

In short, we highlight the casualization of developing an authentic Public Employment System in Latin America that combines income transfer, professional qualification, workforce intermediation and employment and income generation. The link between income transfer and work and income programs – devoted to the solidarity economy - is still precarious and unstable, subject to political intemperance and changes in parties' leaderships. However, we emphasize that new connections between them begin to occur, integrating federal and municipal policies and programs, for example, through the integration between the *Bolsa Família* and diverse work and income programs.

To date, the projects originated in the *Bolsa Família* program point to the realization of precarious jobs. However, new solidarity developments with beneficiaries of the program are in progress and, due to their recent character, it is premature to say that the new ventures will necessarily be characterized by precarious jobs. We expect that the new actions point to the possibility and hope of engendering citizenship. These changes are still in process and will be subject to political intemperance and struggles, changes in the municipal, state
and federal governments, which will be decisive for the continuity and efficiency of these new social programs integration actions, or instead, of their reduction and discontinuity.

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