

## Introduction

According to the leading historian of Brazil Thomas Skidmore, Brazil exemplifies the problems of industrialization in the developing world.<sup>1</sup> Although Brazil possesses the strongest and fastest growing economy in South America and is rich in natural resources, Brazil has one of the most unequal wealth distribution in the world.



“Brazil in 1999 ranked only after Sierra Leone with the second most inequitable income distribution in the world.”<sup>2</sup> In Skidmore’s opinion, the process of industrialization in Brazil has created the economic and social problem of raising the living standards of the masses in a labor-surplus economy.<sup>3</sup> Since the industrialization of Brazil, political makers have ignored or ineffectively addressed the plight of Brazil’s poor. Studies indicate that as Brazil’s economy expands, Brazil’s poor are actually becoming more marginalized.



Brazil’s Flag  
Independence in 1822

The color green represents Brazil’s vast jungles; gold represents its rich mineral wealth. The words mean order and progress. The globe and scroll were inspired by the Portuguese coat of arms. The number of stars represent the number of states.

Brazil has a good level of overall GDP per person (\$7,510 in 2001),

<sup>1</sup> Thomas Skidmore, *Brazil Five Centuries of Change*. Oxford University Press: Oxford, 1999., xiii

<sup>2</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 107

<sup>3</sup> Thomas Skidmore, *Brazil Five Centuries of Change*. Oxford University Press: Oxford, 1999., xiv

but also has the most unequal wealth distribution in the world.<sup>4</sup>

At least 30% of the population lives below the poverty line.<sup>5</sup>

In October 2002, Brazil elected for the first time a left-wing candidate into the presidency. Luiz Ignacio Lula da Silva an admirer of Cuban dictator Fidel Castro and Venezuela's



*President Lula da Silva was elected in October 2002.*

authoritarian president Hugo Chavez was elected amidst economic turmoil on a socialist platform. Lula da Silva has established extremely ambitious goals for his administration, promising it will be “a new type of government”. Coming from a poor background with very little formal education, Lula da Silva has promised to crusade against hunger, injustice, and corruption. His primary goals are to redistribute wealth in Brazil and to jump-start the Brazilian economy. The election of former union leader Lula da Silva has lead to an increased political focus on the social and economic problems of the masses.

During his campaign, Lula blamed free-market policies and dependence on international loans for Brazil's economic woes. In two former attempts to reach the presidency, Lula threatened to repudiate foreign debt.<sup>6</sup> Lula da Silva went as far as to condemn the US initiated agenda for a Free Trade Area of the America's (FTAA) as an

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<sup>4</sup> CIA factbook

<sup>5</sup> CIA factbook

<sup>6</sup> Charles Andrews, “Balancing act of Brazil under Lula.” [Knight Ridder/Tribune News Service](#). May 10, 2003.

American plot to annex Latin America to the US.<sup>7</sup> Furthermore, he scared the international community by promising the Brazilian military that Brazil would abandon the Non-Proliferation Treaty and resume work on a nuclear weapons program.<sup>8</sup> While Lula was elected on a socialist platform and has promised much needed social and economic reforms, he has maintained the conservative policies of his right-wing predecessor, Cardoso.

The new president will walk a political tightrope to put his plans into effect. His party, the Worker's party (PT), lacks a working majority in Congress, which means that it may be difficult to pass ambitious social and economic reforms. If Lula da Silva's administration enacts extreme socialist policy, he might alienate Brazil's middle class. But, if his policy is seen as too moderate, he could lose the support of his party. To find a compromise position, he hopes to forge a national consensus around the creation of a society modeled on Europe's postwar moderate social democracies.

Lula da Silva hopes to tackle Brazil's economic problems by combining a strict fiscal diet to improve economic stability with increased spending on much needed social welfare programs. An emergency program called "Zero Hunger" would ensure that all Brazilians have three meals a day. However, due to current fiscal deficits and existing debt payments to the IMF and other lenders, it is unclear how the new administration will

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<sup>7</sup> Carmen Gentile, "Brazil: A future colossus?" [United Press International](#) 13 March 2003: 2

<sup>8</sup> Carmen Gentile, "Brazil: A future colossus?" [United Press International](#) 13 March 2003: 2

fund such ambitious welfare programs. It is hoped that decreasing unemployment, inflation and the national debt will accomplish these goals. Thus far, some funding for these programs has come from private business donations.

## **Historical Background**

When the Portuguese arrived in Brazil in the early 1500s, they saw Brazil as the ideal place to grow sugar cane. They enslaved the indigenous population and brought millions of more slaves from Africa. Some 300 years later, in 1822, Brazil declared its independence from Portugal. This was in the wake of Portugal's occupation by the French armies of Napoleon.

Slavery was not abolished until 1888. From then until 1985, Brazil was ruled by a succession of military governments. Several military coups occurred in response to economic crises. In 1930, a coup brought the fascist Vargas to power for 25 years. In 1964, a coup ushered in a military dictatorship until 1988.

In the late 1970s and early 1980s, an economic miracle occurred, fueled by foreign loans. When this miracle died out during the debt crisis in the mid-1980s, the military handed power to the civilians. The first free election took place in 1989. This election began a transition to democracy with the victory of Fernando Collor de Mello. However, three years later, he was charged in a major corruption scandal and was forced

to resign. Cardoso, the next president, pushed Brazil to move towards freer trade and oversaw the privatization of government-owned industries. But mounting budget deficits forced the devaluation of the currency, the real, in 1999.

These economic instabilities have lead Brazilians to become warier about free trade and the deregulation of public industries. This increased wariness contributed to the election of left-wing Luiz Inacio Lula da Silva, of the Worker's Party (PT), in October 2002. Coming from a poor background with very little formal education, Lula da Silva has promised to crusade against hunger, injustice, and corruption. He took over as the new president on January 1, 2003.

### *Human Rights*

Under the previous military government in the 1970s and 1980s, countless human rights violations occurred. Many people still want those who were part of that government to be brought to justice for human rights violations. Brazil has not yet fully recovered from these decades of social and political repression. Under the 1988 constitution, human rights are guaranteed in Brazil. However, violence by public authorities continues.

In addition, the rights of the remaining indigenous population in the Amazon forest continue to be infringed upon by forest destruction caused by peasants and

ranchers moving into the forests. At the same time, the government has harassed a popular movement of landless rural workers protesting for land distribution. Finally, the huge economic inequalities remain an obstacle to social and economic rights, as many poor people do not have access to education, work, and housing. Although racial discrimination is illegal in Brazil, discrimination against blacks is evident in employment, housing, and educational opportunities. It remains to be seen if Lula da Silva's economic and social reforms will improve the lives of the poor and discriminated people in Brazil.

There is a high incidence of violence against women. Many major cities have special police offices to deal with domestic and sexual violence against women. But in the rural areas, abused women have little support, and such crimes are hardly ever prosecuted. The constitution prohibits discrimination based on sex, yet women continue to receive less pay for doing the same work as men. Although racial discrimination is illegal in Brazil, discrimination against blacks is evident in employment, housing, and educational opportunities.

### *Environment and Health*

Brazil is a key country in global environmental issues. Brazil is the keeper of the giant Amazon forests, which are one of the world's most treasured natural resources.

However, despite playing host to the 1992 Earth Summit in Rio, deforestation remains an issue in Brazil, endangering the existence of a multitude of plants and animal species.

Significant forest destruction will permanently change Brazil's climate, water systems, and ecosystems. An ambitious government program called Advance Brazil, is slated to invest \$45 billion in the next 20 years to pave roads, install power lines, construct dams and build railway links in rural areas. Such infrastructure accelerates deforestation as it provides easier access to ranchers, farmers, and illegal loggers. Already, 12.5% of the rain forests have been destroyed. A joint US-Brazil study published in Science Magazine in 2001 estimates that between 28% - 95% of the rain forests will disappear by 2020.

Some private groups and government agencies are working to save the rainforests. For example, in 1999, an environmental crime bill was passed. For the first time specific deforestation and pollution crimes are punishable by stiff fines and jail sentences. Still, the economic and population pressures which are behind the government's ambitious development plans provide a powerful incentive for their continuation.

Brazil also has local environmental problems that it considers very important. These included sanitation, trash collection and disposal, safe water distribution systems, proper sewage treatment, and cleaner industrial technologies. A Brazilian environment minister once said, "no one has yet died as a result of global warming; the same, however, cannot be said about contaminated water or air pollution."

While Brazil ratified the Kyoto Protocol in 2002, Brazil joined China and India in opposing Western pressures to impose emission limits on developing countries as well as on developed countries. Brazil claims that its fires and forest destruction pale before the environmental damage caused by US emissions. Brazil also criticizes rich nations for not spending the \$1.5 billion for environmental protection programs that it requested in 1990. Brazil expects more aid and technology transfers from developed countries.

Brazil has domestic air and water pollution problems in its big cities. It is a major user of persistent organic pollutants (POPs). These are highly toxic pesticides and industrial chemicals which fail to decompose. Such pollutants enter the food chain and are carried long distances by ocean and air currents, deposited around the world.

Brazil's biggest challenge in health is to extend available health care services to the segments of its population living in poverty in rural and urban areas. This problem is reflected in the relatively high percentage (6.5 per 1000) of the adult population suffering from AIDS. It also suffers a high rate of tuberculosis (68 per 100,000) and infant mortality (36 per 1000). Average life expectancy in Brazil is 63 years, low for a country rich in resources but consistent with its large gap between rich and poor.

Brazil uses a mix of federal and state or provincial financing of hospitals and health care. The country's current expenditure for health care equals about 8.3% of its GDP. The World Bank's program for Brazil has targeted three areas: 1) extending basic

health services to poor or marginal areas; 2) improving management efficiency and efficacy of the health care system; and 3) financing projects to control endemic diseases such as malaria, schistosomiasis, and AIDS. Despite recent improvements in basic health indicators, the population in the Northeast, the poorest, most rural region of the country, is much less healthy than people in other areas.

### *Economy*

With its large and well-developed mining, agriculture, and manufacturing sectors, Brazil has South America's largest GDP by far and is an important player in the world economy. Brazil has the eighth largest economy in the world. Brazil's natural resources are abundant and have been a long-term source of economic strength. In the 1990s, inflation was dramatically reduced from 2,500 % in 1993 to below 5% in 1994. However, inflation reduction measures also reduced GDP. Mounting budget deficits forced the devaluation of the currency, the real, in 1999. In 2001, Brazil's GDP growth rate was at 4%, but with the slowdown of international markets and the financial meltdown in neighboring Argentina, it dropped to 1.9% in 2001. After a slow start, growth is expected to improve in the second half of 2003.

Brazil is a member of MERCOSUL (MERCOSUR in Spanish), the Southern Common Market that includes Argentina, Uruguay, and Paraguay, and is a major

international trading nation. Brazil has been steadily removing restrictions on trade and reducing tariffs. However, high tariffs still protect certain industries, such as automobiles, shoes, textiles, and electronics. Brazil's membership in MERCOSUL is key to that organization's success, since the Brazilian economy is the primary market for many of the exports from MERCOSUL countries. Its large economy has been pulling in imports, worsening Brazil's trade deficit. If the trade deficit continues to worsen, Brazil might raise tariffs again. New President Lula da Silva has confirmed his commitment to strengthen MERCOSUL.

Brazil relies heavily on international sources of finance as a way of raising capital for investment. Brazil saw the level of international investment in its economy go up dramatically during the 1990s, from around \$5 billion in 1991 to as much as \$65 billion by 1997. Its 1999 currency crisis caused money to be withdrawn from the country. Because the devaluation of the real had been anticipated, it was unlike the sudden financial shock of the Russian and Asian crises. Nevertheless, the deteriorating global financial situation in 2001 has lead many global investors to be wary of emerging markets such as Brazil's. The new president of Brazil is not dismayed by this, for he sees such dependence on international sources of finance as the cause of South America economic woes. He wants to end this excessive dependence on short-term foreign capital by enacting stricter fiscal legislation.

Brazil has a high level of foreign debt, \$250 billion. In 2001, the IMF approved more than \$15 billion in loans to Brazil to help it through the trying economic times created by its currency devaluation, Argentina's financial woes and a global economic downturn. President Lula da Silva wants to avoid international tensions, so he plans to maintain IMF payments and an IMF requirement of running a budget surplus of at least 3.75%. The government's 2003 budget surplus is 4.25% of GDP (before debt payments). It has cut \$3.9 billion of previously budgeted expenditure to meet the target. Domestic industries will not be nationalized, a practice which sometimes occurs in socialist governments.

### *Security*

Though it is by far the largest country in Latin America and one of the world's ten largest economies, Brazil does not currently exert much influence on global security issues. Its geographical location has kept most large conflicts far from Brazil's shores. Avoiding unnecessary conflicts is likely to remain a Brazilian goal for the near future, even as it tries to raise its international profile.

Since its independence from Portugal in the early 19th century, Brazil's focus has been mostly an internal one. Brazil was a member of the anti-fascist alliance in WWII,

but played only a supporting role (allowing the US to use Brazilian airfields, for instance). It did not send troops to fight in either Europe or the Pacific.

Brazil played a similar role during the Cold War. It was decidedly in the Western camp, but did not play an active role in the superpower rivalry as domestic political instability and difficult economic challenges kept Brazil's attention at home. As Latin America's largest nation, Brazil has been an important participant in the Organization of American States, a role that is likely to continue and possibly even expand.

In the 1990s, Brazil focused on developing its economy and increasing the strength of its democracy. Its security concerns have focused increasingly on the Amazon basin, particularly near the borders of Colombia and Peru, two countries that have experienced significant instability, including civil wars. Brazil has expressed concern about American plans for increased military aid to Colombia to fight drug traffickers. There is concern in Brasilia, the capital, that a widening of the conflict there could spill over into the Brazilian Amazon. There has been a history of tensions between Brazil and Argentina, particularly when both countries have found themselves under military dictatorship. However, relations have warmed considerably in the 1990s as both countries opened their economies and increased trade with each other.

While Brazil faces the challenges of violent crime and drug trafficking at home, domestic terrorism is not currently a significant problem. Brazil has voiced quiet support

for the US war on terrorism, but is unlikely to become directly involved in any military actions.

### **The State of Poverty and Prejudice in Brazil**

While Brazil has one of the largest economies in the world, Brazil is one of the most unequal places in the world in terms of income distribution. Of the Brazilian population, twenty-nine percent live off less than \$1 a day.<sup>9</sup> The minimum wage buys less than 1% of a basic basket of food, meaning that many Brazilians cannot afford to buy food for their families.<sup>10</sup> The main factor contributing to poverty in Brazil is the absolutely asymmetrical distribution of wealth and income among the population. Such unequal wealth distribution has its roots in the colonial past of Brazil. However, when compared to the other South American countries that are also former colonies, Brazil's poor still fare the worst.

**Table 1: Comparative Data for MERCOSUR countries**

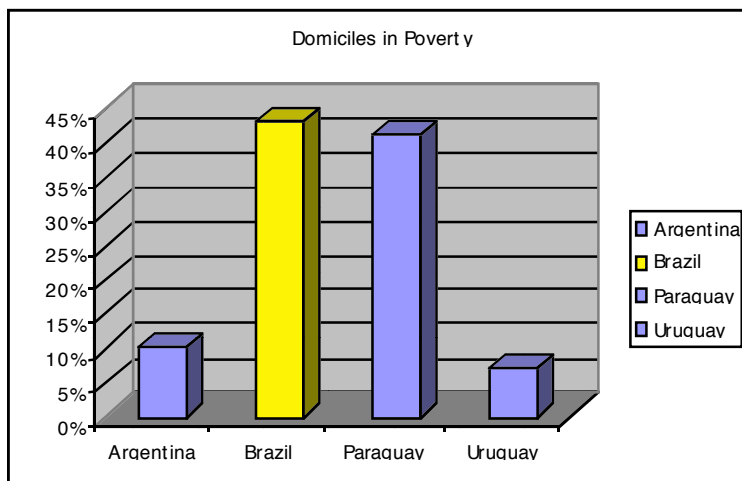
	<i>Argentina</i>	<i>Brazil</i>	<i>Paraguay</i>	<i>Uruguay</i>
<b>Area(thousands of km)</b>	2,737	8,457	397	175
<b>Population</b>	35,219,612	157,871,980	4,959,713	3,146,200
<b>GDP/capita</b>	\$5,120	\$3,370	\$1,148	\$6,550
<b>Domiciles in Poverty</b>	10%	43%	41%	7%

<sup>9</sup> ActionAid Brasil, <http://www.actionaid.org.br/poverty/e/povinb.htm>

<sup>10</sup> ActionAid Brasil, <http://www.actionaid.org.br/poverty/e/povinb.htm>

<b>Literacy Rate</b>	96.2%	79.9%	91.2%	98%
<b>Child Mortality Rate</b>	25.3	50.2	29.0	24.4
<b>Monthly Minimum Wage</b>	\$400.00	\$108.00	\$234.00	\$88.00

Source: CEPAL 1995; Cruz 1998, pp. 28-29 in Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States.



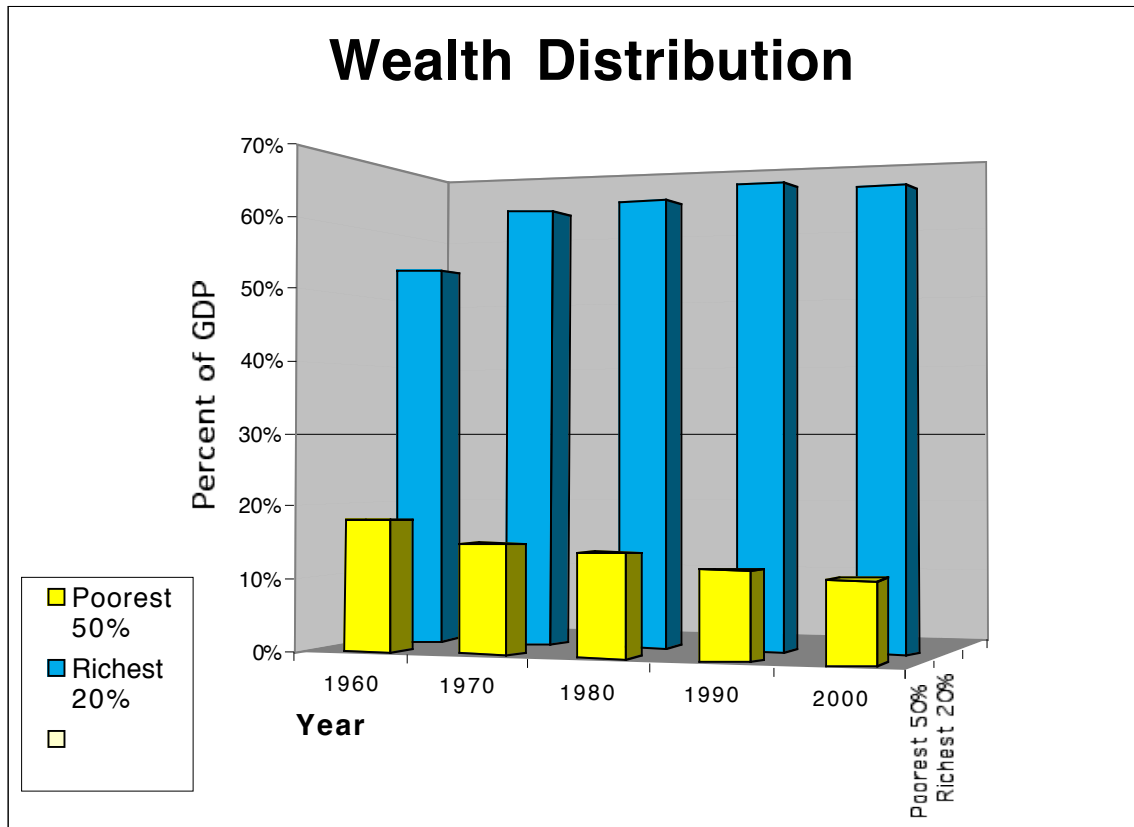
When compared to the other MERCOSUR countries Brazil has more domiciles in poverty, a lower literacy rate, a higher child mortality rate, and a lower monthly minimum wage than every country except for Uruguay. At least 41% of children from 6-24 months suffer from malnutrition.<sup>11</sup>

**Table 2: Distribution of National Income in Brazil, 1960-2000 (by percentages)**

	1960	1970	1980	1990	2000
<b>Poorest 50%</b>	18%	15%	14%	12%	11%
<b>Richest 20%</b>	54	62	63	65	64
<b>Inequality Index</b>	3	4.1	4.5	5.4	5.8

<sup>11</sup> ActionAid Brasil, <http://www.actionaid.org.br/poverty/e/povinb.htm>

Source: IPEA/IPGE; Mantega 1998, 1999, projection for 2000. In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, 2001.



The figures in table 2 indicate that the poorest 50% of the population in Brazil is actually getting poorer while the richest 20% of the population has maintained a constant majority of national wealth. Before the Argentine economic crisis in 1999, Argentina, Brazil's neighbor, was experiencing a rise in its mass population living standards. While in Brazil it seems that the poorest 50% are experiencing a decrease in the state of their already abysmal standard of living.

However, Brazil's poverty problem is different than in any other MERCOSUR country because of the large number of Brazilians that are of African-descent. In Brazil,

Blacks experience a high level of discrimination and marginalization. While some Afro-Brazilians have achieved a high level of social mobility, most Afro-Brazilians remain in abject poverty. “ In the case of racial equality in Brazil, as compared with the United States and South Africa, the outstanding singularity is the absence of racial segregation by law and the accompanying national culture of “racial democracy” that has acted as a smoke screen to mark very stark racial inequities.”<sup>12</sup> This myth of a “racial democracy” is believed to be true because Brazil never had racial segregation by law. However, African Brazilians inordinately fill the lower social classes in Brazil and live in the poorer metropolitan areas and the less developed areas of Brazil.

Brazilians of African descent are in general at the bottom of the social hierarchy. They overwhelmingly poorer, less educated, and suffer from poor health.

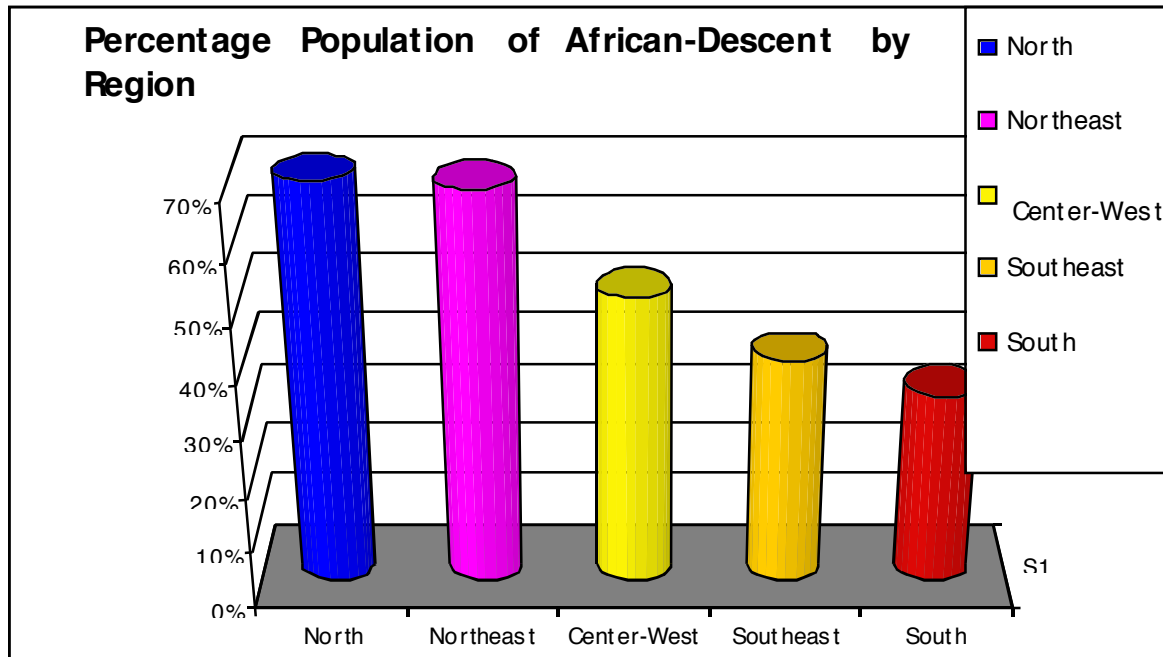
According to the Brazilian census there are two categories for people of African descent: “preto,” which literally means black, and “pardo,” which means mulatto or mestizo.<sup>13</sup> In the census more people identify as pardo and white than preto, which leads many to believe the Black population in Brazil is very small when in fact the Afro-

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<sup>12</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States. Lynne Rienner Publishers Inc.: London, 2001., 106

<sup>13</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States. Lynne Rienner Publishers Inc.: London, 2001., 108

Brazilian population is the preto and pardo category combined. When you combine the preto and pardo category more than 60% of the population is of African descent.



The state in which most African Brazilians live is abysmal. A disproportionate number of African Brazilians live in urban shantytowns called favelas.<sup>14</sup> The Baixada Fluminense region, which is almost entirely Black, is one of the poorest regions in Brazil.

It was ranked by the World Health Organization, “as the second most miserable poverty pocket in the world after Bombay, its situation is not exceptional in Brazil.”<sup>15</sup> The

<sup>14</sup> Eul-Soo Pang, *The International Political Economy of Transformation in Argentina, Brazil, and Chile since 1960*. Antony Rowe Ltd, Chippenham and Eastbourne: 2002., 108

Baixada municipalities are referred to as “black gutters,” because they are mainly without sewers, meaning that the streets are filled with open gutters that are cesspools for mosquitoes and disease.<sup>16</sup> “Leprosy and epidemics of preventable diseases such as dengue remain largely untouched by public policy in these areas.”<sup>17</sup> In Baixada 70% of the children are severely undernourished.<sup>18</sup> In this area, crime is also rampant with more people being killed by homicide than by automobile accident.<sup>19</sup>

The cause of such destitute conditions in such poor regions of Brazil is the lack of development in such regions. Furthermore, policy makers have done little in the past to address the miserable conditions in those regions. Blacks live disproportionately in these poorer regions. Most Black Brazilians live in the Urban North and the poor undeveloped Northeast. (See table 3)

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<sup>15</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 109

<sup>16</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 109

<sup>17</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 109

<sup>18</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 109

<sup>19</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 109

**Table 3: Population percentage by Color or Race, 1996**

	<i>White</i>	<i>Preta</i>	<i>Parda</i>	<i>Asian</i>	<i>Native Brazilian Indian</i>
<b>Brazil</b>	55.2	6.0	38.2	0.4	0.2
<b>Urban North</b>	28.5	3.7	67.2	0.4	0.2
<b>Northeast</b>	30.6	6.1	62.9	0.1	0.2
<b>Southeast</b>	65.4	7.4	26.5	0.6	0.1
<b>South</b>	85.9	3.1	10.5	0.4	0.1
<b>Central-West</b>	48.3	4.0	46.6	0.6	0.5

Source: PNAD 1996; excludes those who did not declare their color. In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, 2001.

Since there have been no formal code of discrimination against Blacks in Brazil, discrimination based on color has not been viewed as a problem by most Brazilians. “Inequalities of a racial nature are imputed to the historical legacy of slavery, with current or recent discrimination deemed insignificant to their composition. While the existence of ‘prejudice’ —contrary to that of ‘discrimination’ —is recognized, it is seen as merely an aesthetic problem exercising little, if any, influence on social reality.”<sup>20</sup>

However, when looking at the wages of Blacks and Whites in Brazil it is obvious that

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<sup>20</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 111

Insert map here

Blacks are discriminated in the workforce. “In Brazil, blacks generally earn less than half as much as whites.”<sup>21</sup>

**Table 4: Average Earnings by Gender and Race**

White men	6.3
White women	3.6
Black men	2.9
Black women	1.7

Source: IBGE 1994 (expressed in multiples of the monthly minimum wage) in *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, 2001.

Table 4 also indicates that poverty in Brazil has been feminized. “White men earn almost four times as much as Afro-Brazilian women, who earn less than half the value of white women’s average income.”<sup>22</sup> Unemployment also follows a similar pattern. More women and Blacks are unemployed than men and Whites.

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<sup>21</sup> Eul-Soo Pang, *The International Political Economy of Transformation in Argentina, Brazil, and Chile since 1960*. Antony Rowe Ltd, Chippenham and Eastbourne: 2002., 113

<sup>22</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 113

**Table 5: Unemployment Rates by Gender and Race, 1996**

	Total	Men	Women	White	Black
Brazil	6.9%	5.7%	8.8%	6.6%	7.7%
Urban North	7.7	6	10.2	6.8	8.2
Northeast	6.3	5.2	7.8	5.7	6.5
Southeast	7.7	6.2	9.8	7.4	8.7
South	5.4	4.5	6.6	5.1	8.1
Central-West	7.9	6.2	10.5	7.6	8.7

Source: PNAD 1996 in *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, 2001.

Women in general fare worst economically than men in Brazil. Black women epitomize poverty in Brazil, being amongst the poorest and least paid population in Brazil. These women work in the lowest paying manual jobs. “Eighty percent of employed black women are concentrated in manual occupations; more than half of these are domestic servants, and the rest are self-employed in domestic tasks (washing, ironing, cooking), among the lowest paid in the economy.”<sup>23</sup> In addition, “about one in four

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<sup>23</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 114

African-Brazilian female heads of household earn less than half the minimum wage.”<sup>24</sup>

This means that many single-parent households are in destitute poverty.

In general, African Brazilians also attain a very low level of education when compared to white Brazilians. “Illiteracy rates among African Brazilians are more than double those among whites, and the percentage of blacks with nine years of schooling or more is almost three times smaller than that of whites.”<sup>25</sup> While the overall literacy rate is 83.3%, most of those people who are illiterate are African-Brazilians. “Once through elementary school, a black child’s chances of going to secondary school are on the order of 40 percent, whereas a white child’s are 57 percent.”<sup>26</sup> In general, African Brazilians receive fewer years of education. In Brazil, Whites have two more years of education than Blacks do. “African Brazilians who graduate from high school have about half the chance of white students to go on to university.”<sup>27</sup> The majority of individuals at the university level are White, even though the majority of people in Brazil are of African descent.

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<sup>24</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 114

<sup>25</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 115

<sup>26</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 115

<sup>27</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 115

**Table 6: Average Years of Schooling by Gender and Color, 1996**

	Total	Men	Women	White	Black
Brazil	5.3	5.2	5.4	6.2	4.2
Urban North	5.2	4.9	5.4	6.3	4.7
Northeast	3.9	3.6	4.2	4.8	3.5
South east	6.0	6.0	6.0	6.6	4.9
South	5.8	5.8	5.8	6.0	4.3
Central- West	5.5	5.2	5.5	6.3	4.7

Source: PNAD 1996 in *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, 2001.

The public school sector in Brazil is largely under-funded at the primary and secondary levels of education, but the largely White public university system is very well-funded. “The public system of primary and secondary education fails to prepare pupils for university, while gratuitous public university education is available almost exclusively to an elite able to pay expensive tuition at private primary and secondary

schools.”<sup>28</sup> Wealthy Brazilians send their children to elite private schools out of reach to poor Brazilians. “Brazil’s military regime, which ruled from 1964 to 1985, was largely responsible for creating this situation,” by under-funding public schools at the request of a strong education-for-profit lobby.<sup>29</sup>

There are also racial disparities in living conditions and health standards between African Brazilians and White Brazilians. African Brazilians have lower life expectancies and higher infant-mortality rates.

**Table 7: Life Expectancy at Birth by Race**

	1940/50	1970/80
Whites	47.5	66.1
Nonwhites	40	59.4

Source: PNAD 1990, in Benton 1998, p.61. In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, 2001.

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<sup>28</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 117

<sup>29</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 117

In Brazil nonwhites live 7 years less than Whites do. Even when taking into account differences in education and income the life expectancy is shorter among blacks than whites.<sup>30</sup>

**Table 8: Life Expectancy at Birth by Race, Income, and Education, 1996**

	Income		Education	
	Lowest Levels	Highest Levels	1-4 Years	4 Years or More
Whites	59.5	70.4	66.2	72.3
Nonwhites	55.8	63.7	62.2	66.6

Source: PNAD 1996, in Bento 1998, p.61 in *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, 2001.

When looking at both Nonwhites and Whites in the highest income brackets, Nonwhites still live nearly 7 years less than Whites do. Within the more educated population of

Brazil, Whites still live on average nearly six years more than Nonwhite Brazilians do.

These statistics can be accounted for by the poor standards of sanitation in Black dominated regions of Brazil.

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<sup>30</sup> Abdias do Nascimento and Elisa Larkin Nascimento, "Dance of Deception: A Reading of Race Relations in Brazil." In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 117

**Table 9: Sanitation by Race of heads of Households, 1996**

	Treated Water		Sewage Disposal	
	White	Black	White	Black
Brazil	81.0%	64.7%	73.6%	49.7%
Urban North	63.0	54.8	56.5	41.6
Northeast	64.2	52.6	47.0	33.5
Southeast	89.1	52.6	86.8	74.8
South	77.0	52.6	69.2	50.0
Central-West	72.0	76.8	43.6	35.1

Source: PNAD 1996 in *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*, 2001.

In the Northeast of Brazil, a region that is predominately Black, only 33.5% of the households headed by Blacks had sewage disposal, whereas 47% of Whites in that region have sewage disposal. Black households are also more likely than White households to have untreated drinking water, which contributes to poor levels of health among Blacks.

There are also disparities in the public portrayal of African Brazilians and White Brazilians. “School curricula and literature generally depict a white Brazil, omitting or distorting the history and culture of Afro-Brazilians. In the same way, the mass media present an image of Brazil that looks Scandinavian, whereas nearly half of the population

is of African descent even according to distorted, official statistics.”<sup>31</sup> Thus, most prominent Brazilians in television, music, and film are not of African descent. While there are no laws that formalize discrimination against Blacks in Brazil, there is concrete discrimination evident in forms of police repression in poor Black neighborhoods.<sup>32</sup>

### **Lula’s Brazil: Lula’s Social and Economic Agenda**

“Lula has set himself the impossible task of reconciling the needs of the people with the disparate and contradictory needs of “the market”—balancing budgets, making loan payments on schedule, and keeping inflation down.”<sup>33</sup> Lula has accepted the difficult task of repairing and strengthening Brazil’s economy and has promised Brazilians poor masses that the government will not ignore their needs. While Lula was elected on a socialist platform, he maintains the conservative economic policies of his predecessor. Former president Cardoso, “privatized many of Brazil’s giant monopolies and lowered import taxes, but failed to help millions of poor Brazilians.”<sup>34</sup>

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<sup>31</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 118

<sup>32</sup> Abdias do Nascimento and Elisa Larkin Nascimento, “Dance of Deception: A Reading of Race Relations in Brazil.” In *Beyond Racism: Race and Inequality in Brazil, South Africa, and the United States*. Lynne Rienner Publishers Inc.: London, 2001., 119

<sup>33</sup> Isabelle de Rezende, “Brazil: Lula Takes the Helm.” *World Press Review* Vol. 50, No. 01 (January 2003)

<sup>34</sup> Associated Press, “Brazil elects leftist president in first time in its history.” October 27, 2002.

This conservative angle that Lula has taken could positively help him to balance the needs of both the market economy and the Brazilian people. Nevertheless, such a juggling act is difficult for any government. Even in moderate socialist democracies, such as France and Germany, it is becoming increasingly difficult to fund expansive social programs and maintain the strict fiscal austerity necessary to keep their economies growing. However, by balancing the support of different groups, Lula “has been able to make headway where others stalled.”<sup>35</sup> While the government of Cardoso also attempted to make the Brazilian state more effective and the private sector more effective, “he was thwarted by opposition from state governors, public sector unions and other vested interests.”<sup>36</sup> Lula is approaching local and state leaders directly to garner support for his policies in hopes that his very personal grass-roots style will help him accomplish his ambitious goals.

Lula da Silva hopes to tackle Brazil’s economic problems by combining a strict fiscal diet to improve economic stability with increased spending on much needed social welfare programs. A proposed emergency program called “Zero Hunger” would ensure that all Brazilians have three meals a day. However, due to current fiscal deficits and existing debt payments to the IMF and other lenders, it is unclear how the new

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<sup>35</sup> Raymond Colitt and Richard Lapper, “Lula’s 100 days: can hunger plans and consensual politics keep the honeymoon going?: **BRAZIL:** The new president has impressed investors and voters alike with his mix of caution and social awareness. But he has a long way still to go.” Financial Times London April 8, 2003.

administration will fund such ambitious welfare programs. It is hoped that decreasing unemployment, inflation and the national debt will accomplish these goals.

### *International Trade and Brazil*

While Lula wants to remove Brazil away from a dependence on FDI to promote long-term economic stability, more \$1 billion in FDI in Brazil took place during Lula's first month of presidency.<sup>37</sup> This surge of foreign investment was spurred by the increased confidence in Brazilian markets that occurred after Lula assured that he would follow the conservative economic policies of his predecessor. While the increase in FDI helps the government reach its annual growth target of 10%, Brazil must expand its foreign markets to attain such a growth level. Brazil posted a \$13 billion trade surplus in 2002, its largest since 1993, but the record numbers reflect the large drop in imports, not necessarily an increase in exports. The real average increase in exports was only 3.3% in 2002, compared to the government's goal of 10% annual growth. To increase growth need increased access to key world markets such as the EU and US. Brazil is also expanding trade to China.

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<sup>36</sup> Raymond Colitt and Richard Lapper, "Lula's 100 days: can hunger plans and consensual politics keep the honeymoon going?: **BRAZIL:** The new president has impressed investors and voters alike with his mix of caution and social awareness. But he has a long way still to go." *Financial Times* London April 8, 2003.

<sup>37</sup> Charles Andrews, "Balancing act of Brazil under Lula." *Knight Ridder/Tribune News Service*. May 10, 2003.

To stimulate economic growth Brazil needs to gain access to essential world markets. However, in the EU and the US, the world's largest markets Brazil faces many trade barriers. Sixty percent of Brazilian exports to the US face some sort of tariff or non-tariff barrier.<sup>38</sup> Currently Brazil depends on foreign direct investment (FDI) to expand its economy. "In an attempt to minimize dependence on FDI and to expand its export market, Brazil is cultivating stronger trade ties with China, which is the fastest growing economy in the world."<sup>39</sup> "And while even the biggest Brazilian companies often cannot compete with North America and European rivals in trade financing, their prices are usually lower and they have another, vital competitive advantage: China seems to like Brazil."<sup>40</sup> Recent contracts with China include increased Brazilian exports of cars, jets, sugar, orange juice, and coffee. Brazil also is the primary exporter of soy to China.

However, Lula administration has been hesitant to support the US backed Free Trade Area of the Americas (FTAA), that would call for a hemisphere-wide free trade area from Alaska to Tierra del Fuego, Argentina.<sup>41</sup> "Brazil is looking to confirm its South American leadership role through its own dialogue with neighboring nations, an effort that has intensified this year with left-leaning Luiz Inacio Lula da Silva in the

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<sup>38</sup> Carlos Adese Miami, "Lula's Early Lead." Freedom Magazines International, April, 2003.

<sup>39</sup> Tony Smith, "Cultivating a Partnership." New York Times, April 23, 2003 Section W, Page 1; Column 3; Business/Financial Desk

<sup>40</sup> Tony Smith, "Cultivating a Partnership." New York Times, April 23, 2003 Section W, Page 1; Column 3; Business/Financial Desk

<sup>41</sup> Mario Osava, "TRADE-AMERICAS: BRAZIL AND U.S. FACE OFF IN DECISIVE FTAA TALKS." Inter Press Service, May 28, 2003.

presidency.”<sup>42</sup> Brazil’s goal is to strengthen the trade alliance, between the MERCOSUR countries, not to establish a hemisphere-wide trade zone. In negotiations with the US, Brazil trade officials discussed the need to deal with agricultural tariffs through the FTAA, but the US wants to continue negotiating agricultural issues through the World Trade Organization. Brazil wants to include agricultural tariffs in the FTAA because they represent a major trade barrier to exporting to the US.<sup>43</sup>

### *Debt Reduction*

Another goal for Lula is the reduction of debt. Currently, at around \$250 billion. To achieve this goal Lula hopes to expand Brazil’s economy and gradually reduce its dependence on foreign debt. Brazil has restructured its foreign debt with the IMF, and Lula is maintaining the fiscally austerity required by the IMF. Other innovative programs exist to reduce debt, such as, debt-for-nature agreements, which provide badly needed funds to a country in return for protection of natural areas from poaching, development and other threats. They also remove incentives to log or otherwise liquidate resources on the land to help pay off debt obligations. However, given the large foreign debts of most

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<sup>42</sup> Mario Osava, “TRADE-AMERICAS: **BRAZIL** AND U.S. FACE OFF IN DECISIVE FTAA TALKS.” Inter Press Service, May 28, 2003.

<sup>43</sup> Mario Osava, “TRADE-AMERICAS: **BRAZIL** AND U.S. FACE OFF IN DECISIVE FTAA TALKS.” Inter Press Service, May 28, 2003.

countries in Latin America the debt for nature program has proven to be a marginal solution.

### *Brazil as Dominant International Actor*

Lula has asserted the role of Brazil as a dominant international actor. Lula hopes to assert Brazil's role as a mediator, economic leader, and spokesman for social issues. In Lula's victory speech he asserts that "Brazil can play an extraordinary role in this American continent, so that we can build effective world peace, where countries can grow economically and socially for the well-being of their people."<sup>44</sup> Brazil has the largest economy in South America. "Lula's outreach reflects the growing pace of Brazil's economic integration with the world."<sup>45</sup> Lula is pushing very hard to assert Brazil's role as spokesman of the Americas. He has been an active part of trying to resolve the civil strife in Venezuela and has positioned himself to mediate talks between Colombian authorities and left-wing rebel groups. In addition, Colombia and Brazil have discussed joining efforts to combat the illegal drug trade coming from Colombia. During the Venezuelan oil crisis Brazil did sell Venezuela 20 million dollars worth of gasoline in January when despite its abundant oil reserves it found itself temporarily without fuel supplies due to the nationwide work stoppage.

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<sup>44</sup> Associated Press, "Brazil elects leftist president in first time in its history." October 27, 2002.

<sup>45</sup> Carlos Adese Miami, "Lula's Early Lead." Freedom Magazines International, April, 2003.

Lula and his Venezuelan president Hugo Chavez met to negotiate the details of a business deal worth around one billion dollars..<sup>46</sup> This business venture is designed to help flailing Venezuela. “The new business opportunities will be made possible by Brazil's offer of a credit line that will enable Venezuela to purchase goods and services for around 10 different projects in which Brazilian companies are already taking part, such as 50 million dollars in imports of pharmaceutical products by Caracas, financed by Brazil's powerful Bank of Economic and Social Development.”<sup>47</sup>

At the G8 summit at the end of May, 2003, president Lula went as the spokesman for South America to discuss his proposed plans to diminish world-wide hunger problems. In line with Lula’s domestic social program to eliminate hunger in Brazil through his “Zero Hunger” program. At the G8 summit Lula discussed his plan to use Brazil’s Zero Hunger program as a blueprint for an international hunger fund that would be managed by a multilateral organization and funded by wealthy nations making contributions in proportion to their military sending.<sup>48</sup>

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<sup>46</sup> Humberto Marquez, “Brazil-Venezuela: Chavez and Lula Doing Business.” Inter Press Service: April 25, 2003.

<sup>47</sup> Humberto Marquez, “Brazil-Venezuela: Chavez and Lula Doing Business.” Inter Press Service: April 25, 2003.

<sup>48</sup> Richard Adams, “Hungry for change: Brazil has one of the world's most unequal societies, but at next week's G8 summit its new president will unveil a blueprint to change all that.” The Guardian, May 30, 2003.

## *Social Reforms and Spending*

Lula da Silva hopes to tackle Brazil's economic problems by combining a strict fiscal diet to improve economic stability with increased spending on much needed social welfare programs. An emergency program called "Zero Hunger" would ensure that all Brazilians have three meals a day. The program hopes to target 15 million of Brazil's poorest. However, due to current fiscal deficits and existing debt payments to the IMF and other lenders, it is unclear how the new administration will fund such ambitious welfare programs. It is hoped that decreasing unemployment, inflation and the national debt will accomplish these goals. The Program is "funded by a combination of private sector partnership, international support and government contributions. Lula's government even put off buying fighter jets to divert funds to it."<sup>49</sup> Current support for the Zero Hunger program has come from numerous donations from private businesses and Brazilian celebrities.<sup>50</sup> "The inspiration for the scheme came from Jose Graziano, a former agriculture professor appointed by Lula as minister in charge of Fome Zero and its associated social programmes. Graziano's argument was that while Brazil didn't suffer from famine in the manner of Ethiopia, it did suffer from weaknesses in infrastructure and distribution, a consequence of the country's severe inequalities, with most of the poor

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<sup>49</sup> Richard Adams, "Hungry for change: Brazil has one of the world's most unequal societies, but at next week's G8 summit its new president will unveil a blueprint to change all that." [The Guardian](#), May 30, 2003.

<sup>50</sup> Tony Smith, "A Philanthropy Rush in Corporate Brazil." [The New York Times](#) 30 March 2003: 3

living in the rural north-east of the country.”<sup>51</sup>This rise in philanthropy can be attributed to the increased attention given in the media to Brazil’s social problems with the election of Lula.

One issue Lula’s administration has yet to deal with is the issue of Brazil’s landless. There are thousands of squatters that live close to the periphery of Brazil’s vast forests that have no claim to the land they cultivate and need to survive.

### *Racial Equality*

Statistics show that White Brazilians still earn more money, live longer, receive



*Matilde Ribeiro is the Secretary for the Promotion of Racial Equality*

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<sup>51</sup> Richard Adams, “Hungry for change: Brazil has one of the world's most unequal societies, but at next week's G8 summit its new president will unveil a blueprint to change all that.” [The Guardian](#), May 30, 2003.

more education, and are less likely to be arrested than black citizens Lula has taken several measures to demonstrate his commitment to racial equality. His cabinet includes four Black members. He also created the post of Secretariat for the Promotion of Racial Equality to devise policies for the promotion of racial equality.<sup>52</sup> To fill this position Lula has elected a Black female, Matilde Ribeiro.<sup>53</sup> Black women are one of the poorest groups of people in Brazil. In addition, he nominated Brazil's first Afro-Brazilian Justice Joaquim Benedito Barbosa, a former federal prosecutor, to the Supreme Court. According to Ribeiro, the nomination of Barbosa to the Supreme Court, "is a very important symbol in a process of changing Brazilian culture and attitudes."<sup>54</sup>

A more controversial measure has been enacted by the Congress that would call for racial quotas at many public institutions for positions and university entrance. The Brazilian government has begun imposing racial quotas for government jobs, contracts and university admission.<sup>55</sup> In the predominantly Black Northeast of Brazil, public universities accepted freshmen classes that are 40% black.<sup>56</sup> While the quota system is currently being challenged in the Supreme Court, it is believed that the Supreme Court

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<sup>52</sup> Marcelo Pereira, "New Racial Equality Minister Favors Affirmative Action." Inter Press Service May 9, 2003.

<sup>53</sup> Marcelo Pereira, "New Racial Equality Minister Favors Affirmative Action." Inter Press Service May 9, 2003.

<sup>54</sup> Marcelo Pereira, "New Racial Equality Minister Favors Affirmative Action." Inter Press Service May 9, 2003.

<sup>55</sup> Larry Rohter, "Racial Quotas in Brazil Touch Off Fierce Debate." The New York Times April 5, 2003: 2

<sup>56</sup> Larry Rohter, "Racial Quotas in Brazil Touch Off Fierce Debate." The New York Times April 5, 2003: 2

will uphold the measure.<sup>57</sup>In addition, before Congress now is the Racial Equality Statute.

“This bill would make racial quotas obligatory at all levels of government and require them even in television programs and commercials.”<sup>58</sup> This measure has been controversial in a country that considers itself a “racial democracy”.

The measures enacted by the new administration attempt to remedy the inequalities present in society in public institutions and in the media. Some Brazilians argue that race is not the cause of inequality in Brazil, but that class and wealth are. These critics of the quota and affirmative action programs believe that increasing economic stimulation will lead to the reduction of poverty. However, Black Brazilians attain less education and suffer from poorer health conditions in comparison to White Brazilians even when taking income into account.

### **Brazil's Future**

While Lula da Silva has moved to a more centrist style of government, his government is working towards a real economic and social change in Brazil, especially for those most marginalized by Brazilian society. His social and racial equality agenda address the needs of those that have been previously ignored. While Lula's reforms are a good step in the right direction, there are still vast problems contributing to the stark

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<sup>57</sup> Larry Rohter, “Racial Quotas in Brazil Touch Off Fierce Debate.” The New York Times April 5, 2003: 2

<sup>58</sup> Larry Rohter, “Racial Quotas in Brazil Touch Off Fierce Debate.” The New York Times April 5, 2003: 2

conditions that Brazil's poor encounter. The problem of many landless squatters has yet to be addressed by the government and the sanitation and health conditions of the undeveloped northeast remains untouched.

Lula's economic reforms seem promising, but increasing fiscal austerity and promoting increased international trade may not benefit Brazil's labor groups. As international trade is pushed the problems of Brazil's labor-abundant economy are not necessarily resolved. This is why Lula has encouraged the promotion of a social programs, but it still remains to be seen if emergency programs like Zero Hunger that does not address the fundamental problems of poverty will change the lot of Brazil's future.

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