CONFERENCE REPORT

OVERCOMING SOCIAL EXCLUSION:
BRAZIL IN COMPARATIVE PERSPECTIVE

Held at St. Antony’s College, Oxford, Tuesday 22 June 2004

Funding for this conference was provided by the Centre for Brazilian Studies, the Instituto de Pesquisa Econômica Aplicada (IPEA) Brasilia, and the British Academy

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The aim of the conference was to provide a forum for academic debate about the new approaches to overcoming poverty and social exclusion that Brazil has been pioneering in an emergent economy context. A different approach to social policy has crystallised in Brazil over the last few years, having developed slowly since the late 1980s, and particularly under Cardoso in the late 1990s. International interest in Brazil has never been greater, following the election in October 2002 of Luiz Inácio Lula da Silva of the Workers’ Party, who put eradication of poverty top of the policy agenda. The varied and ambitious experiments in what is, in principle, a more universalistic approach to social policy in Brazil has great significance for international debates about poverty reduction and social inclusion.

This conference brought together the latest findings on the subject by leading scholars in social policy, economics and development studies from Brazil, the International Labour Organization, and the UK. This was a first opportunity to present empirical data about these new policies and analyse their practical global significance and contribution to theoretical debates about policy models.

Welcome

Professor Leslie Bethell, Director, Centre for Brazilian Studies, welcomed participants, noting that this was the final event in a very full year of activities in which social policy had featured prominently, with conferences and workshops on land reform, labour reform, theoretical issues about social exclusion, criminal justice reform and education. He noted that the long-run, historically rooted character of social exclusion now presented Brazil with its greatest challenge, alongside citizen security.

Dr Louise Haagh then turned to the overall theme and intellectual inspiration of the conference. Brazil not only faces some of the greatest challenges in the region in terms of the scale and depth of poverty and inequality, but has also pioneered new policies, which have been nurtured at local level, been scaled up to national level and then entered the global debate on poverty reduction. Some of these policies represent a more
universalistic, social-liberal approach, in principle, in counter-point to the more mainstream, neo-liberal approach, which is more narrow and targeted. Nonetheless, whilst some advocate long-term universal entitlements without conditions, others support careful targeting in a context of resource scarcity. There is, then, no uniform voice on social policy in Brazil and this conference was intended to reflect the spectrum of debate. The event focuses on income security as this forms the core of the Brazilian debate, whilst management of the labour market has become part of the post-structural adjustment policy agenda. The event was organised around four key questions: who are the poor, what kind of security do they need, how can they be inserted into the labour market and how can state policy better coordinated on a horizontal and vertical plane.

SESSION 1: IDENTITY AND ENTITLEMENTS OF THE POOR

Dr Ricardo Paes de Barros (Coordinator of Social Policy Evaluation, Instituto de Pesquisa Econômica Aplicada - IPEA, Ministério do Planejamento, Rio de Janeiro) presented his paper Targeting as an instrument for more effective social policy. The paper examined five key questions in order to analyse the usefulness of targeting in social policy given that social spending in Brazil is already on a par with international levels, yet has clearly been ineffective in reducing either poverty or income inequality. He analysed 1) the concepts of ‘weak’ and ‘strong’ targeting 2) the definition of the rules of selecting priority target groups 3) how this prioritization is enforced and 4) the consequences of mis-targetting, and ended with 10 recommendations for improving targeting. He began by demonstrating through a simulation that, although growth will reduce poverty in the long run, reductions in inequality achieve poverty reduction far faster. Brazil, far from convergence with international trends, is still enacting social policies that actually deepen poverty and inequality. Social policy should be seen as an investment, and targeting of beneficiaries should be guided by the principles of efficiency and equity, as in the successful case of the School Stipend scheme (bolsa escola). For example, targeting the families of formal sector workers produces lower results in terms of poverty reduction than an entirely random selection of families. Equally a greater proportion of transfers end up with the elderly than will children, making it harder to break the inter-generational transmission of poverty. He also addressed the question of budget restraints, whether exogenously or endogenously imposed, and argued that instead of a poverty line, we should think of a queue, with the very poorest at the front, and more resources become available, more people along that queue can be benefited. In Brazil the transfer of one per cent of the population would make a big impact, but is hard to achieve politically. As Brazil has a huge potential demand, targeting of some sort is necessary, with attention to the transfer amount, because the marginal utility of transfer varies depending on the income levels of the recipients.

Dr Marcelo Medeiros (IPEA, Brasília and International Poverty Centre of the United Nations Development Programme –UNDP, Brasilia) gave a presentation entitled Conditional cash transfers in Brazil - some problems in targeting the poor. This paper described some problems faced by policies of conditional cash transfers to the poor.
There are arguments in favour of targeting: it has political legitimacy, is a response to objective budget restraints, and meets public expectations that the poorest should be at the head of the queue for any redistribution. Separating the poor from the almost poor is also very difficult and targeting is subject to errors in the construction of poverty lines and errors in the estimations used for means tests. These errors result in the inclusion of beneficiaries that should not participate in the programs and the exclusion of persons that should receive the benefits, the second of which being more problematic in terms of justice. To correct these errors is not an easy task. In addition the group of poor and nearly poor is very large proportion of the Brazilian population, whilst income differences among low-income families is relatively small making the costs of coverage of this group high. An alternative proposed for Brazilian conditional cash transfers is to abandon the dichotomy poor/non-poor, devise better proxy means tests, stratify the population in a larger number of groups, and transfer different values to each stratum. A more complex stratification is compatible with ideals of justice, is consistent with Brazilian constitutional principles, and has no higher operational costs.

As discussant Professor Sir Tony Atkinson (Warden of Nuffield College, Oxford) noted the inter-generational nature of the problem of poverty, a theme in current European debates. A report for the new Commission on Social Policy links together the different phases of the life cycles, with both investment in children and pensions, with a proposal to give children a guaranteed minimum income. The European case shows us there is a relationship between spending and outcomes – the Southern European countries spend less and have higher poverty rates, and the Nordic ones vice versa. You get a one per cent reduction in poverty for every one per cent spend on social transfers. The average spending in Europe is around 15 per cent of GDP. There is an ambivalence about targeting, as on the one hand it seems eminently reasonable, yet it is also seen as code for cuts in spending. There are two main problems with income tested targeting: false negatives (failure to pay benefits to the truly needy) and false positives (benefits go to those who do not need them). There is also the perennial problem of incomplete take-up, of benefits available on application. We need more graded objectives as the dichotomy implied by the poverty line is not helpful. Policy-makers are faced with a cost versus efficiency tradeoff, particularly in a globalising economy that has delivered benefits mainly to the upper segments of the population. We need to discuss not just how growth can deliver money to fund these programmes but also address taxation and other redistributive instruments.

Debate then focused on the political versus the technocratic challenges of income redistribution, the bottle-neck of the taxation system, the need to capture public resources back from state employees on relatively generous pensions, the generational distribution of income, and the need to address provision of basic social services, the need for redistribution at the top as well as the bottom, the important of other redistributive policies such as land reform.
SESSION 2: ACTIVE LABOUR MARKET POLICIES

Dr Marcio Pochmann (Secretary of State for Employment, Prefeitura de São Paulo) talked on the topic Work, social exclusion and poverty in Brazil. His paper began by setting out a historical overview of the process by which social exclusion in Brazil has been produced and reproduced. Since 1981 Brazil has experienced the deepest stagnation of national income since the 1940s due to three factors: a crisis in the national development model, with no new model of external financing identified since the debt crisis; a ‘financialisation of wealth’ that is, the state held hostage to sustain the needs of a very small number of hyper-wealthy families; a subordinate insertion in world economy, with dependency on exporting primary products. This has had social and economic consequences. Although Brazil has 2.8 per cent of the world population, it accounts for 9.4 per cent of homicides and 5 per cent of open unemployment. The role of public policy has played an anti-cyclical role, attempting to offset these structural effects. Nonetheless without revolution or the reforms typical of capitalism – tax reform, agrarian reform -- Brazilian social policy has tended to concentrate on ‘old’ forms of social exclusion, low education, poverty and on child vulnerability. While these still exist, Brazil is now experiencing ‘new’ forms of exclusion as a consequent of open unemployment and income inequality in a heterogeneous consumer society. He then used the idea of an absolute poverty line to carry out an analysis of the distribution of poor families (14 million) and individuals (51 million) in Brazil by geographical census areas (degree of urbanization), using a basket of goods adjusted for regional prices (so, 207 reais in São Paulo and 55 reais in Minas Gerais). Some 27 per cent of families are poor, and nearly 80 per cent of those are located in two regions – South-east and North-east. Next, he evaluated the participation of the poor in the Brazilian labour market, noting the different patterns by which poverty is manifest in rural, urban and metropolitan areas. The rate of poverty is higher among those who are unemployed, but many of those who do work may be classified as poor. Finally he outlined the public policies adopted in the municipality of São Paulo. In particular they have set clear targets on poverty reduction, have committed 2.5 per cent of the city budget to this end, unified coordination of policies in the municipality across city agencies and federal, state and municipal programmes. Since April 2001 the city has used a ‘multipurpose register’ that records data for various social policy areas, such as housing, social services, and employment. The policy consists of a transfer of income to 330,000 families, conditional on their entering ‘emancipatory’ job training programmes and accessing micro-credit, and coordination with local employers to find them work placements. The result have been: a marked increase in school attendance in poor areas, a reduction on health and education spending as educational performance and nutrition increases, a reduction in homicides by one fifth, and more formal jobs created in the periphery than in the centre.

Dr Lauro Ramos (IPEA, Rio de Janeiro) presented his paper Brazilian metropolitan labour markets: 1991-2002: Trends and stylized facts. The paper synthesised the main changes observed in the overall shape of the labour market and pulled out some broad-brush conclusions to trace or characterise its evolution over the period 1991-2002. His paper a) demarcated subperiods that encapsulate different tendencies in behaviour of the
variables b) used changes in the rate of employment as a reference point, relating this to the other variables in question c) identified topics related to the functioning of the metropolitan labour market which might merit further study, either for their intrinsic interest or because they have not yet been adequately explored. The database used in the Monthly Employment Survey (PME) carried out by the Brazilian Institute of Geography and Statistics. This household survey covered six metropolitan regions — Rio de Janeiro, São Paulo, Belo Horizonte, Porto Alegre, Recife e Salvador — which together account for over 40 per cent of the Brazilian workforce. Due to methodological changes recently introduced in the PME, the period in question stretches from 1991, when the Brazilian economy began to open, to 2002, when the previous methodology was abandoned. The first section of the paper gave a more detailed analysis of the evolution of the overall trends in the labour market and surveyed its general functioning. When examining different forms of labour market equilibria in relation to both the supply side and demand side we see distinct patterns. The North-east presents a case of high-unemployment combined with higher than average participation rates, whereas in the south-east the pressure from the supply side is lower. When plotting unemployment and labour market participation on two axes, we see that the Brazilian situation has moved, since the early 1990s from high labour force participation and low unemployment, to the opposite, with 1998 a pivotal year. There was zero growth from 1996-99, and employment rates have plummeted, especially in metropolitan areas. Real wage earnings rose from a slump in 1991 up to a peak in 1996/7 and have been dropping ever since. Meanwhile the rate of informality has rocketed and services have overtaken industry as a source of employment. It is also quite clear that it is the least educated who are being pushed out of the labour market.

Dr Luciana Mendes Servo (IPEA, Brasília) gave the paper Recent labour market policies in Brazil. She began by describing the main problems of the labour market: growing unemployment rates, reaching a new level after 1997; increased participation of informal employees in the metropolitan areas; reduction in real wages; around 70 per cent of the unemployed in Brazil are from households in which income is less than one minimum wage; higher rates of unemployment among informal workers. She then laid out labour market policies in Brazil in the last 10 years, which followed a common view that, as development will solve labour market problems, resources should be concentrated on promoting development policies. Some protection for the unemployed was provided through the Fundo de Amparo do Desempregado (FAD – Unemployed Assistance Fund). But it was marginal with few scarce resources, and sometimes competed with new programmes. Two new contributions were created: the Social Integration Program/Civil Servant’s Asset Programme (PIS/PASEP), paid by the employers, based on a percentage of gross revenue, giving workers individual accounts. The resources were allocated for development programs with a view to guaranteeing financial resources for industrial development. However the crisis of the 1980s crisis reduced the capacity of formal labour market to create employment. Unemployment starts to be a matter of policy debate and the unemployment insurance programme in 1986 was formulated. However, it had no stable financial source, despite being guaranteed by the 1988 Constitution. The PIS/PASEP contribution was reallocated to fund the unemployment
insurance and wage bonus (*abono salarial*) and at least 40 per cent went to finance economic development programmes, through the National Economic and Social Development Bank – BNDES. 1990 saw the creation of the *Fundo de Amparo ao Trabalhador* (FAT - - Fund for Workers Assistance) whose assets reached R$ 94 billion in 2003. Its deliberative councils at state and municipal level include representatives of government, of the employers and of workers. More recent employment policies include unemployment insurance funded by the FAT (for formal sector workers unfairly dismissed after six months minimum, and other categories such as domestic workers); job matching; professional training programmes (PLANFOR/PNQ), programmes for employment and income generation (PROGER) and youth employment (*primeiro emprego*). The paper also examined the components of the Brazilian Public System for Employment (PSE) - such as credit to create jobs, qualification and benefits, unemployment insurance and others, arguing that even if this arrangement were perfect, it would be a necessary but not sufficient condition to deal with labour market problems. If the purpose were to reduce unemployment, other sectoral and macroeconomic policies would need to be coordinated with the PSE. In summary, recent Brazilian labour market policies have been a mix of active and passive policies that have created restrictions on a more general labour policy. They are not well coordinated, with resources concentrated in the formal sector. The most vulnerable, informal sector workers need urgent inclusion in a social protection network. Macroeconomic restrictions to growth implies limited on the absorption capacity of the labour market so there should be clear definitions about where social policies can be effective and where other sectoral policies should be used.

Discussion centred on removing bureaucracy to start up small businesses, building in evaluation as a key component of active labour market policies (in terms of total impact not just sectoral policies), sensitivity to age and generation in relation to the labour market (not all will participate), need to inter- and well as intra-municipal coordination in order to avoid exporting the problem across city boundaries, reductions in operating costs through coordination, challenges of scaling up employment policies from municipal level, need to involve local businesses and employers, as well as beneficiaries

**SESSION 3: SOCIAL POLICY OPTIONS AND COORDINATION CHALLENGES**

Dr Marcelo Cortes Neri (Director, Centro de Políticas Sociais, Fundação Getúlio Vargas, Rio de Janeiro) presented the paper *Designing a system of social targets and social credit in Brazil*. He began by noting that the picture of social development in Brazil was variegated. Rural poverty is falling, whilst it is rising in metropolitan areas. Access to school and childcare has increased in quantity, but fallen in quality. Multiples narratives may be found depending on where one looks, what you look at (work or consumption, wage income versus other sources) and at whom you look (the middle classes are sliding into the ‘new’ poor). In the 1990s a number of social policies were initiated such as the targeted School Stipend under Cardoso which has now become the Family Stipend. Now we have the Zero Hunger programme, influenced by the social
 mobilization ideas of Betinho and Josue de Castro), led by a Ministry (of Social Development and Combatting Hunger) that combines in its title referred to both modern, technocratic, as well as mobilisational, approaches to social development. The first coordination challenge is to bring together these two, and tackle poverty in both the metropolitan south-east and rural North-east, and close the 17-place gap between Brazil’s GDP and human development index rankings. The next generation of social policies needs to have focus, speed and persistence, and social returns, underpinned by three principles 1) participation with ‘correct’ incentives 2) integration between macro-economic and social policies 3) performance evaluation and setting social targets. Targetting raises several questions. It is more effective: using universal cash transfers to eradicate extreme poverty would cost 5.6 times more than perfect targeting. Also, should transfers be conditional or not, either on the recipients, or on the agents of social policy (municipalities) given the wide disparities in distribution of the poor across municipalities. These agents will act in different ways depending on the structure of incentives and constraints imposed upon them. The standard principal-agent framework was used across static models with and without imperfect information and dynamic models with complete and incomplete contracts. It demonstrated that the use of the targeting criteria where the poorest municipalities get more resources may lead to adverse incentives not to eradicate poverty, and that unconditional transfers from the federal government may crowd out local social expenditures. In summary, this paper addressed the economic rationality of a system of social targets as a way for the federal government to increase efficiency in the use of its social budget transferred to municipalities. It argued in favor of the use of social credit where the greater the improvement in relevant social indicators, the more resources each municipality would receive. An advantage of this type of contract is also to reduce the problem of political favoritism since it becomes possible to generate proper incentives so that social spending is distributed more equitably between different groups.

Dr Louise Haagh presented the paper *Re-writing the social contract in emergent economies: Flexicurity models in Chile, Brazil and Korea*. This paper looked at the changing face of labour institutions in emergent economies (EEs) and compared three countries: Brazil, South Korea, and Chile. Is unemployment insurance in a development context a good idea? Does privatized formal equality and insurance on a mass scale work in development settings? Social contracts have been rewritten in these countries as in the light of informalization and higher economic insecurity. After the increase in employer flexibility since the 1980s, the state’s role in providing labour security has resurfaced as an important debate and different conceptions of responsibility for unemployment have found institutional expression. This raises questions about the pros and cons for EEs of the flexicurity approach that is now increasingly recognized in Europe. The flexicurity approach is usually understood as the provision of broad-based security as a means to improve flexibility. Denmark and Holland are models of good labour market performance combined with high income security, proving that the two are not incompatible, but mutually reinforcing. This debunks the old work/leisure trade-off, offers an alternative to the neo-classical model and challenges assumptions about how people relate to the labour market. As EEs are more efficient, there is a stronger case for the basic income argument.
However, these countries have tended to opt for unemployment insurance. Here we must examine three factors: income security, work opportunity, and individual autonomy. She argued that interpreting this challenge in terms of occupational freedom enriches our analysis of labour market performance.

The first approach emerges from a developmental state tradition, in Brazil and Korea, which give early access and cover vulnerable groups. This contrasts with neo-liberal Chile, which gives late access, low coverage, and no special treatment, dependent on individual savings. Chile’s approach is simplest, yet least suited to a prime labour market that is highly insecure. Brazil and Korea’s model, on the other hand, is better suited to the development context and large numbers of eligible beneficiaries, but is over-stretched. In relation to individual autonomy, Chile emphasizes formal autonomy and individual control, but offers little security and weak opportunities. Korea’s system is based on protective paternalism, is complicated and tends to undermine personal autonomy. Brazil combines some redistributive features with high degree of individual autonomy, accepts social responsibility and individual autonomy, and imposes no formal work requirement. However, the system has been criticised for being inefficient and there is an overlap in unemployment insurances with the FGTS. In summary, factors of variation between countries include the timing of flexibility reform, the strength and orientation of social actors, and the state’s developmental tradition. Meanwhile nuances in the scope of individual autonomy entail a slightly different set of explanatory factors, as reflected in the re-emergence of traditions of liberalism and paternalism in individual countries. Hence she argued that no easy correlation can be made in particular cases between efficiency in providing individual security and in securing individual freedom understood as autonomy.

Dr Armando Barrientos (Senior Lecturer, Institute of Development Policy and Management, University of Manchester) presented the paper *The role of non-contributory pension programmes in reducing poverty: experiences from Brazil and South Africa* on behalf of the international research group that carried out the research. Pensions play a key role in old age support systems in developing countries but research and debate generally focuses on contributory programmes. This paper analysed evidence of the impact of non-contributory pension programmes (NCPP) in Brazil and South Africa on the well-being, participation and security of older people and their households. It also identified lessons for other developing countries, low-income countries in particular. In South Africa the pension pays 640 rand a month to women over 60 and men over 65, using means testing. After 1996, the African population are now the main beneficiaries of the 1.9 million pensions paid out. In Brazil, non-contributory pensions have been gradually expanded in the rural sector and extended to those in the informal sectors, as well as to women rural workers. Pension eligibility is 60 years for men and 55 for women. Access to pension entitlements does not require earnings or inactivity tests. It is only partially extended to urban populations, however.
The paper concluded that: in both countries pension benefits are shared within households (in Brazil very little is kept for personal use) and non-contributory pensions should better be considered as household cash transfers tagged on to older people; NCPPs have a significant impact of the poverty gap especially for the poorest households; they reduce household vulnerability, giving greater financial stability and lower probability of falling living standards; they promote functionings in older people, who have lower incidence of deprivation, especially in urban areas; they reach a large number of poor older people at relatively low cost. The programmes are financially sustainable and attract considerable political support when compared to other alternatives. They cost only one per cent of GDP in Brazil and 1.4 per cent in South Africa, and reach 5.3 million individuals (and 17 million household members) in the former and 1.9 million people (11 million household members) in the latter. Without these pensions, the poverty and extreme poverty headcount among members of households with older people would be notably higher, as would the poverty and indigence gap in both countries. The impact is calculated to be greater in Brazil than in South Africa.

As discussant Professor Peter Townsend (Centennial Professor of Social Policy, London School of Economics) noted that there were several competing definitions of ‘social exclusion’ that should be worked into a global definition, including impoverishment as a process, rather than as a steady state, and poverty as exclusion from an adequate income and resources, labour market exclusion, exclusion from services (private and public), and exclusion from social relations. On Marcelo Neri’s paper he noted that Brazil had come relatively late to this debate, and wanted to know more of the historical roots and trajectory of social exclusion, and of social policies and their impacts. Policy needs to be approached on different levels, to distinguish both intended from real outcomes, and endogenous from exogenous factors. More attention needed to be given to international social policy paradigms and their transfer, as well as to international actors in the local labour market, such as transnational corporations, and the role of international law in restraining the negative impacts of globalization. Ideas about social security need to be rethought within a rights framework, drawing on the international human rights conventions. Rather than dismantling social security systems that gave collaborative benefits to Western industrial countries, helping them to achieve growth as well as greater equity, they should be extended to developing countries. Finally, whilst equality of treatment was key, nonetheless categorical targeting, of the elderly and children, was crucial for social cohesion, capital and inclusion.

Discussion then centred on the different views of conditionality put forward by various speakers, the risks involved in setting performance targets for policy-deliverers, the importance of good governance, monitoring and avoidance of clientelism, the need for dynamic and reflexive target-setting to keep ahead of adjusted responses, and Brazil’s hybrid/dual system of unemployment security.
SESSION 4: INCOME SECURITY IN PRINCIPLE AND PRACTICE

Senator Eduardo Matarazzo Suplicy (Senator, PT, São Paulo and Professor of Economics, Fundação Getúlio Vargas, São Paulo) presented the paper Approval of the Citizen’s Basic Income Bill in Brazil.

Senator Suplicy told the story of how Brazil came to adopt the Guaranteed Minimum Income program. Since he was first elected Senator in 1990 he has doggedly pursued the idea of financial transfers to poorer people to bring them up to a minimum income level. First mooted as a ‘negative income tax’ the idea took root first in a number of locally-implemented, targeted and conditional programmes tying these family stipends to educational and health opportunities. Over the course of the 90s he moved increasingly towards the idea of an unconditional, non-targetted, universal guaranteed basic income and the new bill, on Citizen’s Basic Income, became law in January 2004. The inspiration for this idea came first from a scheme set up in Alaska in 1980, but the basic idea is now being debated and copied as far afield as South Africa and Iraq. The Lula government has rationalized four key subsidy programmes into one, called the Family Stipend (bolsa família), which should be a stepping stone to introducing the Basic Income scheme, due to come in effect gradually from 2005. The intellectual and philosophical justifications for sharing in the commonwealth are wide-ranging, and now widely accepted across political ideologies, past and present, from Thomas Paine in the late eighteenth century to the British Labour government which in 2003 passed into law the Child Trust Fund, a corner-stone of their policy of creating a more egalitarian stakeholder society.

Dr Guy Standing (Director, InFocus Programme on Socio-Economic Security, International Labour Organisation, Geneva) talked on the subject Promoting income security as a right. He began by noting that that debates about the stakeholder society, baby bonds and so forth, whilst he had reservations about some aspects, indicated that the current orthodoxies were capable of being challenged by new, radical reforms of social policy. He argued that any economic system that had become disembedded from society, as ours has, creates unacceptable insecurity. Secondly economic and social policy are intimately interconnected and should be treated as such. Thirdly, it was not enough to focus on money incomes when the very basis of social solidarity was being whittled away by commodification. Finally, he warned that all dichotomies were misleading and that exclusion should be understood on a continuum, between inclusion and exclusion, formal and informal sectors, active and passive policy. The division of the (un)deserving poor had returned and social policy debates were now being conducted by metaphor. Whilst the theory of redistributive justice rest on notions of equality, this does not necessarily have to be understood as individualistic rights. Collective security is needed more than ever now that neo-liberalism has dismantled mechanisms of ‘voice’ in society. It is not the case that we are in post-Washington consensus era, rather than liberalizing social policy has comes hard on the heels of liberalizing economic policy, and had produced new forms of inequality. We have seen creeping conditionality at every level, with behaviour testing accompanying means testing. This is an era of re- not de regulation: more labour regulations have been introduced in the last two decades than any previous period. They promote individualism and erode collective action, whilst the very function
of regulation is being privatized. Fiscal policy has become doubly regressive, with taxes up on labour, and down on capital, and subsidies vice versa. In terms of policy innovation and policy outcomes, countries fall into four groups of pacesetters, pragmatists, conventional and much-to-be-done. Brazil falls across categories, with good policy but poor results. For example the *bolsa escola* is well-targetted and brings positive effects not just for the children, but also for the mothers in terms of confidence and labour market participation. He ended by advocating unconditional basic income as a means of validating not only labour market participation, but also unpaid care and domestic labour.

Debate throughout the day focused on a number of topics, notably on the utility and desirability of targeting, given resource constraints on the one hand, and the costs of means-testing on the other, as well as the ‘leakage’ inherent in any targeting programme, as well as the potential risks of misuse of targeting by clientelist politicians. In addition there was discussion as to whether targeting should be done by income (a single or several poverty lines), by geographical area (transferring resources to the poorest municipalities according to localized human development indices) or by category (children, the elderly, female heads of household, the employed or unemployed, formal or informal workers), and whether such targeting involved desirable or undesirable trade-offs. There was broad agreement by the end that the philosophical principles and poverty-reducing potential of unconditional basic income was demonstrable. However, before such a programme became truly universal, targeting the poorest was an effective way of phasing it in.

Fiona Macaulay