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### Social policy in Brazil

## Targeting the poor

MACETÓ

Lula's government has made a curiously disappointing start to tackling poverty. That may be about to change

Few of Brazil's states are as poor as Alagoas, in the north-east. Odd then that in last year's presidential election it was the only state not won by Luiz Inácio Lula da Silva, who stirred the downtrodden because he was once one of them. Vanquishing poverty and inequality is supposed to be the strong suit of President da Silva's Workers' Party (PT), which likes to denounce the previous government as heartlessly neo-liberal. Yet seven months after Lula took office, in Alagoas people question whether his anti-poverty initiatives will live up to those of his predecessor, Fernando Henrique Cardoso, whose government was the first to have "focused on the poor," says Arnóbio Cavalcanti, Alagoas's economic-development secretary.

For a party dedicated to social justice, in government the Workers' Party has been strangely wobbly in pursuing it. Its *Fome Zero* (zero hunger) programme captured the imagination in Brazil and outside, but is damned by many experts as fuzzy and outmoded. It sowed bureaucratic confusion by creating extra ministries to tackle social problems (one for hunger and another for social assistance). Left-wingers in the PT accuse Lula of pandering to financial markets with tight budgets while neglecting the poor. They are squabbling with fiscal hawks who want to redirect social spending to the poor rather than expand an already large welfare state.

The muddle may soon end. In the next

few weeks, Lula is expected to relaunch his government's anti-poverty drive. Half-a-dozen programmes that transfer money to the poor are to be combined, or at least coordinated. Their reach and value is to increase and they are to be run more efficiently. This bureaucratic fix may bring back a familiar model, a souped-up version of the one so popular in Alagoas. But the results could be striking. "This may be the greatest experiment in history" by a big democracy with economic problems to address poverty without making these problems worse, says Vinod Thomas, who heads the World Bank office in Brazil.

Brazil does not yet have an official poverty line. Experts wrangle over the scale and intensity of poverty. They agree that it dropped sharply in the mid-1990s, when Mr Cardoso finally tamed inflation, and has budged little since then (see chart on next page). Ana Lucia Saboia of IBGE, Brazil's statistical institute, estimates that a "hard core" of 40m people, nearly a quarter of the population, live on less than half the minimum wage of 240 reais (\$80) a month. The government-linked Institute of Applied Economic Research puts those in extreme poverty (lacking the money to feed themselves properly) at 23m. By one estimate, closing the "poverty gap" (the amount needed to lift the poor out of poverty) would cost just 1.6% of Brazil's GDP (though there is more to ending poverty than raising incomes).

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More than half the poor and even more of the indigent live in Brazil's north-east. Others are in the big cities, to which many north-easterners flocked in the last half-century. Blacks, women and the young are over-represented. Then there is what Marcio Pochmann, of the São Paulo city government, calls the "new poverty", of educated whites thrown out of work by free trade, privatisation and economic change. In greater São Paulo, unemployment has risen from 180,000 in 1989 to 1.3m today. Most are not hungry, but they are angry.

It has not helped that economic growth over the past five years has been disappointing, nor that income in Brazil is distributed more unequally than almost anywhere else in the world. In practice, growth and redistribution will both have to play a role if poverty is to fall.

The state already spends an ample 16% of GDP on social programmes at the federal level alone. But little of this reaches the poor. Pensions consume two-thirds of social spending; health and education, universal programmes that offer little extra benefit to the poor, account for much of the rest. Social assistance specifically for the poor accounts for just 0.4% of GDP.

### Income transfers

Mr Cardoso shifted social spending towards the poor, in two main ways. The first involved programmes to transfer income directly to poor families; in exchange, they agreed to other steps, such as keeping their children at school. The second was to exploit information technology to identify the needy and make sure resources reached them. The aim was to avoid the twin plagues of welfare: handouts that encourage dependency, and the hijacking of funds by corrupt functionaries or vote-grubbing politicians. Both solutions are likely to figure large in Lula's new plan. ▶▶



The income-transfer programmes link up to form a rudimentary safety net. *Bolsa-Escola*, a programme the PT championed at local level, gives up to 45 reais a month to families that send their children to school. *Bolsa-Alimentação* goes to families who bring their pre-school children regularly to the local health clinic. Beneficiaries collect their money from the bank through electronic cards. Not only does that reduce the scope for corruption or political favouritism, but the cards hold a wealth of information that can be used for designing and targeting programmes.

*Projeto Alvorada*—as obscure as *Fome Zero* is famous—was the Cardoso government's way of funneling the bulk of these benefits to the poorest districts, along with investment in public services such as sanitation and schools. It invested some 3 billion reais in sanitation over two years and beefed up income transfer: *Bolsa-Escola* now reaches some 5m families. The criteria were apolitical: districts qualified by having low levels of development as measured by the UN's human development indicator (see map). States with no districts below the threshold, such as Rio de Janeiro, were simply left out.

Alagoas was an enthusiastic recipient. São José da Tapera, a rural district in the state's arid interior, was ranked Brazil's tenth most miserable in 1998. *Alvorada* transformed it, says the district's finance secretary, Jarbas Pereira Ricardo, who is a member of Mr Cardoso's party. Running water used to appear briefly in São José once a fortnight; after an investment of 1.1m reais, it is now on all the time. Teachers there used to earn half the minimum salary, and few had themselves been educated beyond primary level. Now, thanks

to a federal programme called *Fundef*, the average salary for teachers in São José is nearly twice the minimum wage and most of them are university graduates.

#### Back to the future

Lula's election cast São José into limbo. The government has stopped one drought-related benefit, for example, but has been slow to shift beneficiaries to its replacement, complains Mr Ricardo. Austerity and confusion share the blame. *Fome Zero*, which combines emergency food aid with "structural measures" such as building wells in dry communities, does not add up to a full-fledged anti-poverty programme. Lula tried to "reinvent the wheel, which was going in the right direction," says Marcelo Neri, head of social policy at the *Fundação Getúlio Vargas*, a business school.

The government is coming to the conclusion that an upgrade is enough. It plans a scheme to co-ordinate the main income-support programmes for the poor, including the most visible part of *Fome Zero*, a card that gives poor families money to buy food. Their beneficiaries would be listed in a single register. This consolidation echoes Mr Cardoso's approach. It will add features that the PT has pioneered in local government, such as a bigger role for local groups in identifying beneficiaries and monitoring the programmes.

These are likely to become more generous. José Graziano, the food security minister, says the government wants to boost spending on income support next year, by up to 1.5 billion reais, from this year's figure of less than 4 billion reais. The goal is to fulfil Lula's campaign promise to end hunger by the end of his term. If he steals Mr Cardoso's methods, no one will blame him. ■

#### Canada's prime minister

## Museum piece

OTTAWA

### Jean Chrétien, historical monument

**P**OLITICIANS, more than most mortals, like to be remembered by something tangible and preferably grandiose. Canadian prime ministers are no exception—or at least not Liberal ones. Lester Trudeau gave his country its maple-leaf flag, and built Ottawa's National Arts Centre, opened in 1969. Pierre Trudeau added a new home for the National Gallery, and the Canadian Museum of Civilisation.

So how to remember Jean Chrétien, who plans to step down in February after more than ten years as prime minister and 40 years in parliament? Ottawa already has some 15 museums, celebrating everything from aircraft to skys. Instead, officials came up with the idea of building a mile-long Washington-style boulevard up to the Parliament Buildings. But this would have involved demolishing several historic buildings, and was derided by architects and many others. So the scheme has been abbreviated to a plaza, two blocks long, near Parliament.

Another notion was to associate Mr Chrétien's name with a cultural project already under way. One contender was the new national portrait gallery being housed in the former American embassy, opposite Parliament. But it is too modest. So how about the Canadian War Museum? It is due to open in 2005, Mr Chrétien turned the first earth, and the federal government has contributed C\$84m (\$61m). Apart from its escalating cost, there is another problem: it is hardly the most suitable memorial for a man who opposed both wars against Iraq and shrank the armed forces.

Finally, Mr Chrétien's aides have hit on the former railway station, plumb in the middle of Ottawa. It was the venue for negotiations over Canada's 1982 constitution (in which Mr Chrétien took part as justice minister) and for the signing in 1999 of the Treaty of Ottawa, banning landmines. It narrowly escaped being turned into a national Sports Hall of Fame. Instead, earlier this summer, Mr Chrétien, in an unusually eloquent speech, announced that it will become the Canadian History Centre.

That met howls of protest. Provincial museums claim to be starved of federal funds; they squealed at the estimated cost of C\$100m. Mohawk leaders want museums to return ancestral bones. Museums, Mr Chrétien has found, are alive with controversy.

