

Income Distribution, Distribution of Opportunities and Income Policies in Brazil: A Next Generation of Conditional Cash Transfers?

INCOME DISTRIBUTION, DISTRIBUTION OF OPPORTUNITIES AND INCOME POLICIES IN BRAZIL:

**A Next Generation
of Conditional
Cash Transfers?**



MARCELO NERI

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APRIL 21ST | 5 PM TO 7 PM

802 INTERNATIONAL AFFAIRS BUILDING

COLUMBIA GLOBAL CENTERS | RIO DE JANEIRO

BRAZIL TALK

Please join the Lemann Center for Brazilian Studies in a lecture entitled “Income Distribution, Distribution of Opportunities and Income Policies in Brazil: A Next Generation of Conditional Cash Transfers?” by **Marcelo Neri**.

Income inequality fell in Brazil and in most of Latin America countries since the beginning of the new millennium when Conditional Cash Transfer (CCTs) programs started to be widespread throughout the continent. What are the main characteristics of changes in Brazilian income distribution from 2001 to 2016? What was the exact contribution of CCTs in this outcome? Given the current economic difficulties and lack of fiscal space in LAC and especially in

Brazil, is the CCTs' agenda over? We evaluate the role played by federal Conditional Cash Transfer (CCTs) programs in Brazil such as Bolsa Familia and Bolsa Escola in the recent years and discusses its future.

We organize empirical evidence and policy changes proposals using an integrated framework with two complementary perspectives. The first one is a goal approach based on the results observed in Brazil, in particular those achieved by these programs organized under four headings, namely: equity, prosperity, sustainability and sensibility. This approach is useful to evaluate the overall past performance of Brazil and these programs including their impact on a vast array of social welfare measures based on per capita income such as poverty and inequality, on aggregate growth opening its short run multiplier effects and assessing its long run asset based effect, and finally assessing changes on people's perceptions including overall life satisfaction, subjective poverty and different groups attitudes towards the program. The emphasis here will be to compare the results of Bolsa Familia with other official programs such as BPC and social security benefits.

The second perspective follows a means approach inspecting the mechanisms through which CCTs operate. It is useful to dialogue with the details of the previous workings of the CCTs and to discuss possible desirable upgrades side by side. We propose another fourfold taxonomy that includes the impacts on the current family budget constraint studying the design of the payment system; the direct well-being effects including health by giving priority to the program low income beneficiaries in the supply of public services and other merit goods such as sewage and health services; augmenting individual production function through the workings of different conditionalities on health, basic education and of inclusive productive initiatives such as professional education; and launching a new agenda that aims to provide better access of the poor to markets and/or improving their ability to smooth adverse shocks through savings, credit and insurance instruments plus financial education and consumer protection.

The discussion on the desirable features of Bolsa Familia 2.0 (or Bolsa Escola 3.0) will profit from testing these programs conditionalities and also from the assessment of their undesirable effects such as political opportunism, dissaving incentives and laziness effects. The study of innovation in payments system will discuss the use of multidimensional poverty index in the selection of beneficiaries and to determine the size of benefits and the role played by mothers in the transmission channels of the program and the use of cell money. We also place emphasis on the connection between CCTs and ingredients of the international social agenda such as social targets based on the United Nations Sustainable Development Goals (SDGs). We will also look at the role played by CCTs to integrate various sectoral policies implemented at different government levels.

Marcelo Neri is the Director of FGV Social and the Founder of the Center for Social Policies, both at Getulio Vargas Foundation (CPS/FGV). He teaches graduate and undergraduate courses in Economics at EPGE/FGV. Marcelo holds a PhD in Economics, Princeton University plus Bachelor and Master degrees from PUC-Rio. His areas of research include: well-being, social policies and microeconometrics. Marcelo has edited ten books. He was also the former Minister of Strategic Affairs in Brazil, the secretary-general of the Council of Economic and Social Development (CDES) and president of the Institute for Applied Economic Research (IPEA). He evaluated policies in more than a dozen countries and designed and implemented policies at three government levels in Brazil.