

Pro-Poor Growth and Social Policies

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Objectives of this study

- To explain the recent Brazilian experience of sluggish growth, falling inequality along with poverty reduction
- To understand the overall relationship between growth, poverty and inequality (i.e. pro-poor growth)
- To explore linkages between three dimensions (later):
 - growth patterns
 - labour market performance
 - social policies

Macroeconomic and social policies

- Macroeconomic stabilization policies (1999)
 - Floating of exchange rate
 - Inflation targets
 - Fiscal responsibility law
- Minimum wage has increased in real terms by nearly 100% percent during 1995-2006.
- Expansion of targeted Conditional Cash Transfers (*Bolsa Familia*)

Growth rate of per capita labor and non-labor income

Period	Actual growth rate	Pro-poor growth rate	Gain/loss of growth
Per capita labor income			
1995-2005	-1.13	0.45	1.58
1995-2001	-1.30	-0.97	0.32
2001-2005	-0.22	5.49	5.71
Per capita non-labor income			
1995-2005	2.80	6.90	4.10
1995-2001	3.69	5.20	1.51
2001-2005	2.63	10.46	7.83

Contribution to growth by various income components

	1995-2005	1995-2001	2001-2005	2003-04	2004-05
Labour income	-0.89	-1.02	-0.18	2.51	4.03
Social security	0.55	0.75	0.43	0.38	1.42
Social transfers	0.09	0.01	0.21	0.56	0.28
Non-social income	-0.06	-0.04	-0.03	0.11	0.20
Total income	-0.31	-0.30	0.44	3.56	5.93
Contribution to pro-poor growth					
	1995-2005	1995-2001	2001-2005	2003-04	2004-05
Labour income	-0.11	-0.74	2.29	10.12	5.97
Social security	0.40	0.34	0.43	-2.21	1.32
Social transfers	1.01	0.38	2.02	6.01	0.65
Non-social income	0.05	0.12	0.07	0.18	0.43
Total income	1.36	0.10	4.81	14.10	8.37
Contribution to gain and loss of growth rate					
	1995-2005	1995-2001	2001-2005	2003-04	2004-05
Labour income	0.78	0.28	2.47	7.62	1.93
Social security	-0.16	-0.41	-0.00	-2.59	-0.10
Social transfers	0.93	0.37	1.81	5.45	0.37
Non-social income	0.11	0.16	0.09	0.08	0.24
Total income	1.66	0.40	4.37	10.55	2.44

Demographic trends (%)

Period	Unadjusted			Inequality adjusted		
	Per capita child	Per capita adults	Per capita elderly	Per capita child	Per capita adults	Per capita elderly
1995	0.347	0.596	0.057	0.393	0.541	0.036
1996	0.337	0.605	0.058	0.382	0.551	0.040
1997	0.333	0.608	0.059	0.378	0.554	0.039
1998	0.325	0.615	0.060	0.372	0.560	0.037
1999	0.318	0.620	0.062	0.365	0.567	0.036
2001	0.309	0.630	0.062	0.356	0.576	0.033
2002	0.301	0.635	0.064	0.348	0.582	0.035
2003	0.294	0.640	0.066	0.341	0.588	0.042
2004	0.290	0.643	0.067	0.338	0.591	0.034
Trend 1995-2004	-1.96	0.83	1.66	-1.64	0.96	-0.67
Trend 1995-2001	-1.94	0.90	1.37	-1.60	1.00	-2.03
Trend 2001-2004	-2.05	0.70	2.59	-1.81	0.90	2.31