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## DEVELOPMENT-BRAZIL: Inequality Gap Narrowing at Last

Mario Osava

**RIO DE JANEIRO, Jun 16 (IPS) -** This decade will be marked by the reduction of inequality in Brazil, just as the 1990s brought currency stability and the universalisation of primary education, according to Marcelo Neri, the head of the Getulio Vargas Foundation's Centre for Social Policies.

Brazil has the most unequal distribution of income in Latin America, which is the most unequal region in the world.

But economic inequality in Brazil has been diminishing at a fast pace since 2001, with the per capita income of the poor growing "at a Chinese-style rate," which is expected to continue this year, Neri told IPS.

The Getulio Vargas Foundation is a prestigious Rio de Janeiro-based think tank.

The study, "Pro-Poor Growth: The Brazilian Paradox", that Neri coordinated in association with the International Poverty Centre -- a joint project between the United Nations Development Programme (UNDP) and the Brazilian government to promote South-South Cooperation on applied poverty research -- found that the poorest half of the population saw its per capita income rise by 14.11 percent in 2004, four times the average national increase.

Ten percent was attributed to changes in the labour market -- increased jobs and wages -- and the rest to improved social coverage and social programmes like the "Family Grant" initiative, which provides financial aid to 9.2 million poor families.

The paradox is that the income of the poor grew 0.73 percent a year between 1995 and 2004, despite economic stagnation that led to an overall drop in per capita income of 0.63 percent a year.

Although usually income is redistributed during times of economic growth, in that 10-year period, gross domestic product (GDP) only posted strong growth in 2000 (4.4 percent) and 2004 (4.9 percent).

The biggest narrowing of the yawning gap between rich and poor in Brazil was seen in the years between 2001 and 2004.

The process allowed the poorest half of the population to expand their share of national income from 9.79 percent in March 2002 to 12.24 percent last October, while the share of the richest 10 percent shrank from 49.47 to 46.31 percent.

The study is based on official figures from the Brazilian Institute of Geography and Statistics.

The trend towards a reduction of inequality is expected to continue this year, because there are more formal sector jobs in the labour market than in 2004, a year of strong performance; the minimum wage was raised 13 percent in April; and the Family Grant programme is to be expanded to cover 11.1 million families by year-end, said Neri.

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In addition, presidential, legislative and state elections will be held in October, and past experience shows that in election years that coincide with the football World Cup, per capita income grows by an average of 12.1 percent in Brazil, although it falls back to the previous year's level the year after the elections, said the researcher.

Brazil, which for years had the third worst distribution of income in the world, is now in 10th place, and could continue to slide down the list this decade because of the "impressive" reduction in inequality, depending on the direction the next government takes, said Neri.

The country's newfound monetary stability and universal primary school coverage, the two main achievements of the 1990s, were "necessary preconditions" for finally beginning to reduce inequality, which had resisted attempts to fight it for the past three decades, he said.

The report's conclusions would tend to work in favour of the reelection of leftist President Luiz Inácio Lula da Silva, who can claim to have made a major contribution to that process.

However, the study does not have political intentions, but merely highlights "what the numbers say," argued Neri, pointing out that the Getulio Vargas Foundation has also published conclusions that showed the government in a negative light, such as the rise in poverty in 2003, the year Lula took office.

Although the results that have been achieved are promising in a country that is a "champion of inequality," there is still much to be done, said Dulce Pandolfi, director of the non-governmental Brazilian Institute of Social and Economic Analysis (IBASE), who called for continued policies of social inclusion.

In an interview with a public radio station, she said Neri's study did not yet even reflect the real extent of the positive impact of the Family Grant programme, which has grown enormously since last year. The results of that growth, she said, will only appear in future studies.

Political analysts see the programme, which provides up to 95 reals (41 dollars) a month to families who keep their children in school, as one of the main reasons for Lula's continued high levels of popularity among the poor in Brazil.

Another study, by the Fluminense Federal University in Niterói, near Rio de Janeiro, found that 94.2 percent of the children in families that benefit from the Family Grant programme eat three meals a day. Consumption of milk, fruit and other healthy foods has also increased among beneficiary families.

Eliminating hunger and making sure all Brazilians are able to eat three square meals a day was one of Lula's main campaign pledges in 2002.

That aim is in line with the Millennium Development Goals (MDGs) adopted by the United Nations in 2000. The first of the eight goals is a commitment to halve the proportion of people living in hunger and extreme poverty by 2015, from 1990 levels.

The targets set by the other MDGs are aimed at achieving universal primary education, promoting gender equality and empowering women, reducing child and maternal mortality, improving maternal health, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, and developing a global partnership for development.  
(END/2006)

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