Beyond market incorporation: challenges ahead

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An innovative and remarkable pattern of inclusion, but mostly through market incorporation

- **MARKET INCORPORATION** refers to people’s participation in market societies through the creation of private and public jobs. Well-being is guaranteed through labor income.

- **SOCIAL INCLUSION** means that, irrespective of household income, people should benefit from aggregate well-being in the society. If social inclusion holds, spending prizes not only income security but above all the promotion of equity and convergence, equalizing opportunities through public provision.
CASH PREVAILS OVER THE PROVISION OF PUBLIC GOODS AND SERVICES, ENHANCING COMMODIFICATION

Brazil - Federal Social Spending (as % of GDP)

Source: SIAFI - STN. (Expenditures by the Central Government) and IBGE (SGS/BACEN).
Brazil, access to adequate sanitation*, cell phones, color TV sets per income decile 2003-2013 (% households)

Brazil, Index of Growth - Total Wages, Total Credit, Personal Credit, Consumer Credit

Constant Reais as of December 2014 (2002=100)

Source: IBGE (National Accounts) and Brazilian Central Bank - Own Elaboration. Adjusted for Inflation by IPCA December 2014
Brazil, Total Household Debt with and without mortgage (% of Disposable Income)

Source: Central Bank of Brasil, 2015. Income Brackets by MinimumWages (MW)
Access to Public and Private Schools for Pupils and Students Ages 5-17 by Tenths of the Distribution Elementary and Middle School (2003-2013)

Source: PNAD (IBGE).
Access to college or university - Students ages 18-25 by tenths of the distribution
Public x Private Institutions  (2003-2013)

Source: PNAD (IBGE).
Some data on vital inequality (2013):

- Prevalence of tuberculosis (per 100 000 population): 57 [27-99] (5-3)

- Maternal mortality ratio (per 100 000 live births): 69 deaths (3)

- Healthcare spending as a % of GDP: 9,67%, but 5,01% private and 4,66% public

- Out-of-pocket expenditure as a percentage of private expenditure on health: 57,8%

- Private prepaid plans as a percentage of private expenditure on health: 40,4%

<table>
<thead>
<tr>
<th>Intensive Care Beds:</th>
<th>2005</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private</td>
<td>36,5%</td>
<td>49,4%</td>
</tr>
<tr>
<td>SUS</td>
<td>63,5%</td>
<td>50,6%</td>
</tr>
</tbody>
</table>

Source: WHO and CNES - Ministério da Saúde
A commitment to equalization? (Therborn 2013)

Then, we need a comprehensive tax reform

<table>
<thead>
<tr>
<th>Tax bracket</th>
<th>With healthcare[1]</th>
<th>With education</th>
<th>With dependents</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>R$ million</td>
<td>%</td>
<td>R$ million</td>
</tr>
<tr>
<td>0,0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>7,5%</td>
<td>509</td>
<td>6</td>
<td>277</td>
</tr>
<tr>
<td>15,0%</td>
<td>725</td>
<td>8</td>
<td>366</td>
</tr>
<tr>
<td>22,5%</td>
<td>830</td>
<td>9</td>
<td>399</td>
</tr>
<tr>
<td>27,5%</td>
<td>6.692</td>
<td>76</td>
<td>2.213</td>
</tr>
<tr>
<td>Total</td>
<td>8.758</td>
<td>100</td>
<td>3.257</td>
</tr>
</tbody>
</table>

Fonte: RFB (2014) e DIPAG-RFB.
Challenges ahead: from innovative commodification schemes towards equalization mechanisms

• To bet on integrative dynamics: uniform, shared and universal public provision
• To relaunch public investments and increase social spending in the provision of public services and goods in order to create a converging standard of well-being that is shared among all.
• Promote comprehensive tax reform towards a more progressive system in order to finance social investment (healthcare, education, sanitation, housing, care, daycare).
“If public goods – public services, public spaces, public facilities – are devalued, diminished in the eyes of citizens and replaced by private services available against cash, then we lose the sense that common interests and common needs ought to trump private preferences and individual advantage. And once we cease to value the public over the private, surely we shall come in time to have difficulty seeing just why we should value law (the public good par excellence) over force.”