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Social Problems and Legislation in Brazil

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The social problem in Brazil is not the consequence of a conflict between workers on the one hand and governing classes on the other. Such demands as the workers may have put forward in the past have never been backed by an organised movement grouping the majority of wage earners, and still less by a political party represented in Parliament and possessing adequate means to influence public opinion. Brazilian social legislation was not imposed out of fear of a subversive movement; it was introduced spontaneously by the Government, which realised its political and economic importance from the point of view of preserving social peace.

Nevertheless a social problem exists, or rather a complex of problems, connected with the standard of living of the under-privileged classes. In the following survey the economic aspects of these problems will be left out of account, and only their purely social aspects will be considered. The survey will be followed by an analysis of the abundant legislation put into operation in Brazil since 1930.

INTRODUCTION

Industrial Beginnings and the First Social Laws

Generally speaking, Brazilian social legislation has developed side by side with the national industry. Although it may have

lagged behind at certain dates, as happened for instance around 1930, it has caught up in consequence of the action taken by the Government.

The first upswing of industry took place at the beginning of the century. At that time only agricultural workers formed a group large enough to be the subject of special protective legislation and they were in fact the first to benefit in this way. The Act of 6 January 1903—which was in conformity with the Liberal Constitution of 1891—granted them the formal right to create occupational organisations, while that of 5 January 1904, as amended in December 1906, established the priority of their wage claims. Some years later the State of São Paulo introduced a system of protection for agricultural workers, which provided among other things for legal advice and set up an employment office where the clauses of every contract of employment were closely examined by the authorities.

These measures, to which may be added those concerning the distribution of land in the Federal and State settlement centres, were inspired by economic as much as by social considerations. The great expansion of the cultivation of coffee meant a steadily increasing demand for labour. To attract European immigrants, who during the period 1900-1910 numbered about 640,000, a minimum degree of protection for them was needed. The first laws adopted were intended to fill the gap, and gave rise to a whole system of protection for agricultural workers, which is now in operation in the State on a very considerable scale.

Shortly afterwards, in the first period of industrial upswing, workers in industry in turn were covered by special legislation, such as the Act of 5 January 1907, granting certain privileges to occupational associations and co-operative societies, and Decree No. 6,990 of 15 June 1908, establishing a pension system for shipyard workers. These were but the first attempts, however, and in fact labour legislation did not really begin until after the world war. The social movement which characterised that period everywhere was also experienced in Brazil, where the principal factor in the increased attention devoted to the social problem was the steady rise in the number of industrial workers during the war. By 1920 they numbered about 275,000, employed in 13,336 undertakings, of which 46 per cent. had been opened during the period 1914-1918.

Brazil became a Member of the International Labour Organisation when that body was founded.¹ Workmen's compensation was introduced in 1919.² In 1923 a pension and superannuation fund was set up for railwaymen³, and the system was extended to other workers, such as dockers, in 1926 and 1927. In 1926 the Minors' Code prohibited the employment of children of under twelve years of age, and in certain cases fourteen years, and of women during the 30 days before and after childbirth. In 1925 annual holidays with pay were introduced.⁴

These first laws, however, were ineffective owing to the absence of an institution responsible for supervising their observance. The National Labour Council which had been set up in April 1923 lacked the necessary powers and means for this purpose. Action to remedy the situation became all the more necessary when the great depression of 1929 led to serious economic disturbance and, through the unemployment it created, aggravated the situation of the workers. The adjustments were begun in 1930. They have since been extended and now form a large body of laws and regulations which are adapted to the country's requirements and to the steady progress of industry.

Recent Industrial Progress

The world economic depression, which at first had hampered this progress, gave rise to new conditions that later proved favourable to industrial development. The fall that took place in 1929 in the prices of agricultural products had been felt with special severity in Brazil, which lived on exporting such products, especially coffee. But the fall, it will be remembered, was not temporary; it continued more or less markedly for over ten years. In 1925 the average gold value of the goods exported by Brazil was £53.10s. per ton, and in 1939 £8.10s., a decline of 83 per cent. The corresponding figures for the average value of imports—mostly fuel and industrial goods—declined only from £17.8s. to £6.12s. per ton. or by 64 per cent. This gap between agricultural export prices and industrial import prices, leading to a decline in purchasing power abroad which was aggravated by the fall in the value of the Brazilian

¹ Cf. D. H. BELLLOCH: "Latin America and the International Labour Standards", in *International Labour Review*, Vol. XLIII, No. 4, Apr. 1941, p. 380.

² Act No. 3,724 of 15 Jan. 1919.

³ Act No. 4,682 of 24 Jan. 1923.

⁴ Act of 24 Dec. 1924.

currency in terms of the dollar and the paper pound, had as stimulating an effect on the national industry as the high customs tariff had had at the beginning of the century.¹ The result was that after two or three years of depression the regular upswing of industry resumed. From 1933 to 1937, or in barely five years, the quantity of industrial goods produced increased in nearly every class by very large amounts: by 47 per cent. for example in the case of cotton fabrics, 112 per cent. for silk fabrics, 153 per cent. for cement, 19 per cent. for steel, 175 per cent. for electrical goods, 76 per cent. for boots and shoes, 162 per cent. for other leather goods, etc. The progress made was of particular advantage to consumption goods but when the measures recently taken by the Government to develop the iron and steel industry have borne fruit, it will be the turn of production goods. On the other hand, during this same period from 1933 to 1937, the area under the principal agricultural crops increased by only about 4.8 per cent.²

Composition of the Occupied Population

This change in economic conditions has not yet brought about any far-reaching alteration in the composition of the occupied population. Yet the industrial population, which is concentrated in the towns, and therefore also the number of persons employed in commerce, transport, banking, etc., has increased much more than the purely agricultural population or the population of the country as a whole. In 1920, as already mentioned, there were 275,000 industrial workers; in 1939 the number was from 800,000 to 1,000,000, including 165,000 in the textile industry, 71,000 in the food industry, 45,500 in the metal working industry (heavy and light), 45,000 in the clothing industry, and 31,000 in the building industry.³ From 1920 to 1939 the total industrial population thus increased by 200 to 280 per cent., whereas the total Brazilian population, although very prolific, increased by only 40 per cent. according to authorised estimates (from 30 to 42 million). If the proportion of the occupied population to the total population as shown by the census of 1920, namely 31.2 per cent., is taken as a basis, the occupied population of Brazil today numbers about 13,500,000 persons. Besides persons employed in industry, public

¹ Roberto SIMONSEN: *Brazil's Industrial Evolution* (São Paulo, Sept. 1939).

² *Anuario estatístico do Brasil*, 1939, MINISTÉRIO DAS RELAÇÕES EXTERIORES: *Brasil 1939-1940*.

³ MINISTÉRIO DO TRABALHO, INDÚSTRIA E COMÉRCIO: *Aspectos da Indústria Brasileira*, by Heloisa ROCHA (Rio de Janeiro, 1940).

administration, the army, the liberal professions, and domestic service, this figure includes roughly 700,000 to 750,000 commercial employees (excluding small traders), about 365,000 transport workers, and 8,900,000 owners and workers in agriculture, stock-raising, and rural industries.

The results of the very careful census of the population which was taken in 1940 will probably necessitate some adjustment of these figures, but will not modify the general picture they give.

SOME ESSENTIAL FEATURES OF THE BRAZILIAN SOCIAL PROBLEM

From the point of view of the social problem the facts and figures mentioned above should be borne in mind. They indicate in the first place that the scope of social legislation in Brazil is already very wide. Apart from certain important laws, such as those concerning minimum wages and workmen's compensation, Brazilian social legislation does not cover agriculture; but it does apply to all other employed persons—in industry, commerce, transport, banking, shipping, etc.—and even to persons working on their own account. According to the figures given, it covers some 1,950,000 workers, a figure which, it may be added, is also that of the persons covered by social insurance laws. If the dependants of these persons are taken into account, it may be said that over 7 million people come under social legislation as a whole. Owing to the expansion of industry, this figure is growing every year.

The Situation of the Rural Population

A second fact is brought out by the figures given above. Brazil is still an agricultural rather than an industrial country, since not less than 65 per cent. of the occupied population is composed of owners (of whom there are few) and workers engaged in agriculture and stock-raising.¹ In itself this would be no drawback if large groups of these agricultural workers were not too weak both as producers and as consumers, being often isolated in widely scattered small centres of population whose connections with the general channels of economic circulation are of the slightest. This situation might even be said to form the kernel of the Brazilian social problem. The raising of the standard of living of the workers in the towns, and of the population as a whole, is jeopardised by the competition of the cheaper labour attracted from the coun-

¹ The proportion of the occupied population engaged in agriculture, forestry, and fishing is about 34 per cent. in France, 31 per cent. in Canada, 21 per cent. in the United States, 48 per cent. in Italy.

tryside. The very wise decision to extend the minimum wage legislation to agriculture is likely to limit but not to prevent such competition. The unsatisfactory situation from the economic point of view of the agricultural population as a whole is brought out by a few simple statistical data.

In spite of the disproportion between the number of rural workers and that of industrial workers, the value of agricultural production in 1939 was only $8\frac{1}{2}$ million contos¹, as against 12 million contos for industrial production. That is to say it was less by one-third. It is true that these two figures are the result of estimates made on different bases and that they are not strictly comparable. Moreover, as already stated, agricultural prices taken as a whole are still in a period of depression, while this is not as much the case for industrial prices. But these reservations do not prevent the conclusion that in 1939 nearly 9 million persons engaged in agriculture produced only about $8\frac{1}{2}$ million contos' worth of goods, or less than 1 conto per head, while each industrial worker produced 15 to 16 times as much.

It must be noted, however, that the above figures are open to some question. Although many workers in agriculture produce only to the value of \$50 a year or even less, others, on the contrary, among wage-earners and in particular small owners, regularly earn three, five, and ten times as much. That this is undeniably the case in several areas and in some land settlement centres is shown by the wage statistics given later. There are only two explanations for the anomaly: either the statistics are over-optimistic as regards the figure for the agricultural population, or else they take into account only a fraction of the country's agricultural production. In either case the result is to diminish the figure for output per head. Of the two explanations, the second is the most likely, although the first should not be rejected altogether.

It is in fact impossible to estimate the production of many of the country's peasants. They grow maize, beans, and perhaps other vegetables; they may raise a small quantity of livestock, and along the coast they will fish. But the products of their work are intended only for consumption by the family, and are not regularly sold on a market. In the coffee-growing areas of the State of São Paulo and in the prosperous areas of certain other States the worker also earns wages from regular employment on a large plantation. This links him up with the general channels of economic circulation, and the crops that he and his family grow in their spare time are

¹ conto = 1,000 milreis = U.S. \$50.

added to his cash earnings in accordance with his contract with the owner.¹ In many other areas, however, what the family produces serves only for its own consumption, providing but a poor because monotonous diet; other necessities are obtained with difficulty, out of money earned casually from temporary jobs or from the sale of a few products in the nearest town or village.

Sparseness of the Population

Consideration of other figures given by the Brazilian statistics not only confirms what has been said above but adds certain interesting details. These figures show that the national problem has more complex aspects than that of the low income of the agricultural population. Brazil is one of the largest countries in the world, and the density of its population is very low, being just over five persons per square kilometre. It might be thought at first sight that of the twenty States of the Federation the most industrialised would have the highest density of population. In fact, of the 65,000 industrial undertakings registered in Brazil, 57 per cent. are to be found in the Federal District, employing 47 per cent. of the total number of workers (8,250 undertakings and 111,700 workers), and in the neighbouring States of São Paulo (20,800 undertakings, 190,000 workers), Minas Gerais (5,700 undertakings, 42,000 workers), and Rio de Janeiro (2,460 undertakings, 33,000 workers). Outside this geographical area, only Rio Grande do Sul is a relatively important industrial State (9,900 undertakings, 36,000 workers).² Leaving out of account the Federal District, in which the capital of the Republic is situated, first place is thus taken by the State of São Paulo, not only as regards industry but also as regards related activities, such as transport in general, ports, etc. Moreover it is the State which from 1890 to 1937 received the majority (56 per cent.) of the immigrants who entered Brazil. Yet from the point of view of the density of population, it comes only fourth (28.1 persons per square kilometre), after the States of Rio de Janeiro (49.7), Alagoas (43.3), and Pernambuco (30.9). The other industrial States, Minas Gerais and Rio Grande do Sul, come much further down the list.

¹ The Brazilian statistics of the value of agricultural production do not include these family crops.

² Other statistics show even higher percentages for these three States and the Federal District.

In fact, however, the situation is not surprising and no conclusion should be drawn from the figures standing alone. Brazilian industry has not yet reached such proportions that its relative concentration in political units which are as extensive as the State of São Paulo can have a marked effect on the density of the population. But if, instead of considering the relation between the population and the total area of the country, that between the population and the cultivated area is examined, the figures become more significant. An even more interesting index would be the direct ratio between the *agricultural* population and the cultivated area, but it cannot be calculated for lack of exact figures for most of the Brazilian States. As the great majority of these, however, are purely agricultural, the figures which have been prepared below, especially those which leave the population of the capitals out of account, may be sufficient for the present purpose.

In the following table the States are classified in the order of the density of population in 1937. Figures are also given for 1920, partly for comparative purposes and partly because they are based on the results of the census and not on estimates, so that they give more weight to the conclusions drawn.

POPULATION OF THE BRAZILIAN STATES PER CULTIVATED HECTARE OF LAND¹

State	1920	1937	
		Including population of State capital	Excluding population of State capital
São Paulo ²	2.3	1.5	1.2
Espírito Santo	2.0	1.6	1.5
Paraná	3.0	2.1	1.9
Rio Grande do Sul	2.8	2.6	2.4
Minas Gerais	3.7	2.9	2.8
Sergipe	9.1	3.0	2.7
Rio de Janeiro	5.4	3.3	3.2
Santa Catarina	5.7	4.5	4.3
Paraíba	10.7	4.8	4.5
Ceará	7.2	4.9	4.5
Pernambuco	8.6	5.7	4.8
Rio Grande do Norte	21.4	5.7	5.3
Alagoas	11.6	6.7	6.0
Baía	7.8	8.7	8.0
Maranhão	14.3	12.6	11.7

¹ Cf. *Anuário Estatístico do Brasil* (Rio de Janeiro, 1938). In order to shorten the table, the following large and sparsely populated States are excluded: Amazonas (density 49.8); Pará (29.0); Piauí (15.0); Gojás (2.7); Mato Grosso (10.0); Acre Territory.

² In São Paulo the agricultural population in 1936 numbered 2,047,000, so that the density was 0.4 per hectare.

The table suggests some interesting conclusions. In the first place it will be seen that from 1920 to 1937 the density of the population in every State but one fell substantially, thus indicating an improvement in the general situation; in other words, the area under cultivation and therefore the capacity of agricultural production, increased more rapidly than the population. In some States, such as Sergipe, Ceará and Rio Grande do Norte, the fall was even considerable.

On the other hand, the figures show—and this is the point it is desired to stress here—that it is precisely the most prosperous and industrialised States, with São Paulo at the head, that have the smallest population per hectare of cultivated land. It might even be said that if the order of the States from this point of view, as shown by the table, is reversed, they will appear in their order of economic importance. All that would be needed would be to make a few corrections to allow for the size of the population and certain other points. Thus the fairly prosperous State of Santa Catarina has a comparatively high density of population owing to the fact that maté, its principal source of wealth, very largely grows wild.

The type of agricultural cultivation is not the cause of this demographic situation. The cultivation of coffee, which is the most important crop in São Paulo, calls for a large labour supply living on the plantations; hence the density of population per cultivated hectare of land in this State should be higher than in Rio Grande do Sul, where stock-raising is an important economic activity. The other main crops cultivated in São Paulo are maize, cotton, sugar cane, and rice, all of which also head the list in several other States, such as those in the north-east. It may be added that the effect of the greater fertility of the soil in São Paulo and of the use of agricultural machinery and fertilisers, which tends to reduce the demand for labour, is not a sufficient explanation.

The explanation of this apparent demographic anomaly, or rather this anomaly in the cultivation of land, must be sought in the output of agriculturists. In the prosperous States of São Paulo and Rio Grande do Sul most persons engaging in agriculture, whether on their own account or as wage earners, cultivate the land with a view to meeting the demand of the centres of consumption for which they act as sources of supply. The State of São Paulo contributes more than 40 per cent. of the total agricultural production of the country, although its population forms only 16 per cent. of the total population. On the other hand, in the less pros-

perous and more densely populated States, the number of isolated workers, of whom mention has already been made, is very much higher. It is in these areas that the social problem of Brazil is most evident.¹

Notwithstanding its old-established political unity, Brazil, as the President of the Republic recently emphasised, does not yet form a really homogeneous whole from the economic point of view. Just as many agricultural workers and their families live in more or less self-sufficient conditions, building their own home and producing all that they consume, so, too, there are whole areas which are more or less self-sufficient. As an industrialist who is also an economist has said², these conditions of regional semi-autarky very much reduce the purchasing power of over two-thirds of the total population of Brazil. It should be added that they are as great an obstacle to the construction of means of communication as is the generally mountainous character of the country; for the risk is that such construction takes place at a total loss. From the purely social point of view, too, there are serious results, such as illiteracy and a low level of public health, which the Government is doing its best to overcome.

These three essential factors—means of communication, education, and public health—condition the social problem in the States of the north and centre.

Internal Migration

The figures relating to the density of the population call for attention from yet another point of view. Experience has shown, and all the official and private land settlement undertakings have more or less admitted, that an agricultural family of five to seven persons needs a holding of 15 to 25 hectares to be able to live modestly but adequately in this country of extensive methods of cultivation; somewhat less than 15 hectares may be needed in the neighbourhood of towns or on fertile land, somewhat more than 25 in the opposite case. The whole of the holding is not cultivated, part being devoted to pasturage and part remaining wooded. The figure for the density of population in São Paulo, namely, rather over four persons per ten hectares of cultivated land, corresponds roughly to this distribution. In theory, it might be said that this

¹ The economic side of the problem might of course be stressed more, by stating that if these areas too produced an important commodity for export, their demographic situation would be different.

² Roberto SIMONSEN, *op. cit.*

State presents the necessary demographic conditions for the breaking up of the large estates. In other States, on the contrary, a holding of 10 to 20 hectares must provide for the food and other necessities not of one but of several families. Without being paradoxical, it might almost be said that at their *present economic level* certain areas in Brazil are overcrowded. In any case the transition from large to small ownership, if it is to be advantageous from the economic point of view, will be more difficult there than in São Paulo.

These divergencies in the demographic density of the Brazilian States (combined with the drought in the States of the north-east and certain other circumstances) form one of the decisive factors in internal migration movements. During the past ten years nearly 600,000 Brazilian workers have moved into São Paulo, although since the depression in the coffee industry that State no longer offers such prospects of higher earnings as before. This trend of migration is already traditional but it has been much intensified since 1934-1935, that is to say, since the cotton plantations began to prosper and foreign immigration ceased to provide more than a small quota of workers. From 1936 to 1939 nearly 248,000 national immigrants entered São Paulo, most of them from sparsely populated States such as Baía (120,000), Minas Gerais (56,000), Alagoas (23,000), and Pernambuco (20,000). A Brazilian technician who has made a thorough study of the subject¹ has shown that most of these national immigrants come from certain principal centres of emigration. Thus during the four years a single area in the State of Baía lost 52,000 habitants, or 11 per cent. of its population, in consequence of this migration to São Paulo. In certain municipalities (which in Brazil sometimes comprise large areas), the proportion of emigrants to the total population has sometimes been as high as 64 per cent.

Unsatisfactory Distribution of the Population

Even leaving the existing type of cultivation out of account, the density of the population is too high in some areas, too low for the country as a whole; the population is not well distributed geographically. The reason lies in Brazilian economic history. Until the first quarter of this century Brazil was a one-product country.

¹ Humberto DANTAS: "Movimentos de migrações internas em direção do planalto paulista", in *Boletim do Serviço de Imigração e Colonização* (São Paulo), No. 3, Mar. 1941.

Sugar, gold, rubber, coffee, and cotton have in turn governed the national economy. Each time, up to the end of the nineteenth century, the principal product has enriched private individuals, but since it has not given rise to other activities, it has not created public wealth. Coffee, however, forms an exception; it has made it possible to establish many lines of communication and important industries, especially in São Paulo.

The peculiar conditions of the cultivation of coffee, and in particular the stabilised labour supply it requires, have led the planters to offer the workers better conditions of life than those found elsewhere.¹ Being better paid, these workers have often been able to save, and later to set up on their own account in a family farm. This has encouraged the present process of the breaking up of large estates which is resulting in a more varied agricultural economy in this State. In certain other States, such as Rio Grande do Sul, the cultivation of a variety of crops, in conformity with the land settlement policy pursued for more than a century, has produced similar results.

In yet other States, however, the one-crop system has often exhausted the land. In some areas, such as the north-east, the evil is aggravated by a shortage of mineral wealth and by the drought that prevails from time to time in the interior. In these States there are still large tracts of productive land which have not yet been put under cultivation because the preparatory work and the capital required are too great. Since 1920 the Government has carried out important public works in these areas, which account for part of the growth in cultivation mentioned above.

The demographic centres which are less favoured from the economic point of view have thus been formed in consequence of the changes in the nature of the predominant crop and in the places where it is cultivated. Other factors have played a part in the past, such as the expeditions for the exploration and conquest of the immense territory of the country. In the eyes of the historian these form an epic endeavour, leading to the political, linguistic, and religious unity of the country; but they have also meant the establishment of many settlements without any economic future. Mention should also be made of the land settlement policy formerly pursued and of the origin of part of the Brazilian population in whom the indigenous Indian blood is largely mixed with European blood. These men of mixed blood have great qualities, but they have also

¹ Cf. Doria de VASCONCELLOS: "Alguns aspectos da imigração no Brasil", in *Boletim do Serviço de Imigração e Colonização* (São Paulo), No. 3, Mar. 1941.

inherited a fierce sentiment of individual independence which makes them unstable as wage earners and explains the measures taken by the Government since 1908 for the purpose of "settling" the workers of Brazil.

Land Tenure

For greater clarity it would be necessary to examine how far the urban population includes persons who are not regularly employed or who are permanently under-employed.¹ The rural exodus, which, as in Argentina, the authorities consider to be a serious problem, is undoubtedly encouraged by the conditions just described. It explains why the Government has taken steps to restrict the admission of foreign industrial workers at the very time when industry is growing much more rapidly than agriculture. The necessary statistics for the study, however, are lacking. Another point that should be determined is whether the ownership of land is as ill-distributed as the population. When the results of the 1940 census are available this question can be answered more adequately than by recourse to the results of the last census, dating back to 1920. At that date the large estates of over 100 hectares predominated very widely; they comprised 91 per cent. of the total area of agricultural estates covered by the census. The total number of estates was only 648,000 for the whole country. This total included only 47,500 undertakings operated by estate managers and just over 23,000 operated by tenant farmers, a fact which throws an interesting light on the agricultural economy of Brazil. All the others were worked directly, or rather their operation was controlled directly, by the owner himself. As at that date the *occupied agricultural population* of Brazil was over 6 million, it may be inferred from the very small number of owners and farmers that the great majority of that population, or 90 per cent., was composed of wage earners, assuming that this term can also be applied to the more or less self-sufficient workers to whom reference has previously been made.

Since 1920, it must be noted, small ownership has made progress.² Exact data are available for the State of São Paulo, where the process of breaking up the large estates has taken place side by side with an increase in the area under cultivation. Promoted in some measure by land settlement measures, this process is also to be found in other States. But in view of the increase in the

¹ These persons should not be confused with the unemployed proper.

² INTERNATIONAL LABOUR OFFICE: *Some Social Aspects of Present and Future Economic Development in Brazil*, by Fernand MAURETTE, Studies and Reports, Series B, No. 25 (Geneva, 1937).

population, the available information suggests the conclusion that wage earning remains the status of the great majority of the agricultural population.¹

The Average Level of Wages

As in all new countries with a pre-capitalist economy, these wage earners are usually paid at low rates, varying according to occupation and area. In 1937 the average pay of a day labourer was 4.1 milreis per day; out of this he had to pay for his board, or the amount was deducted from his wage. The range according to area was from 2.6 to 7.3 milreis. Other workers were paid still less. Skilled workers, on the other hand, such as the drivers of agricultural machinery, could earn as much as 10 milreis a day.²

The remuneration of the workers in the towns is affected by the situation of the agricultural workers, as appears from the statistics and the available information of family budgets. Thus in the capital of the country the most usual wage rate in 1937-38 was between 150 and 350 milreis a month, a wage of 400 milreis being comparatively rare.³ In other towns the wages are lower, but the cost of living is also lower. For Brazil as a whole a very careful enquiry made in 1937 by the Superannuation and Pensions Fund for Industrial Workers⁴ shows that the average monthly wage was 160 milreis in the textile industry, 168 milreis in the metal working industry, 227 milreis in the building industry, 396 milreis in the construction, repair, and installation of rolling stock, 392 milreis for drivers of motor vehicles, etc. Certain privileged workers, such as dockers and persons employed in various public utility services received 30 to 40 per cent. as much again. These figures relate only to money wages. The comparatively low rate of real wages is brought out by the data on family or individual budgets. An enquiry made in São Paulo in 1934, which covered 221 workers' families, showed that food and rent, including heating and lighting, absorbed as much as 73.7 per cent. of the family's total income, leaving only a small margin for other expenditure, a sign of a low standard of living. The fact has also been established from the more plentiful data resulting from the enquiries made in 1938 for the purpose of fixing minimum wage rates. These results, which have been co-ordinated by an expert, cover the whole country and every branch of activity. They show

¹ It may be noted that even in São Paulo there were in 1936 1,800,000 agricultural workers, as compared with 247,000 owners.

² *Anuario estatístico do Brasil*, 1938.

³ Cf. MINISTÉRIO DO TRABALHO: *Salário Mínimo* (Rio de Janeiro, 1940).

⁴ J. C. VITAL: *A organização e a criação do Instituto dos industriários* (Rio de Janeiro, 1939).

that whereas in most of the important towns of Brazil, except Rio de Janeiro and São Paulo (where the percentages were 27.2 and 22.6 respectively), rent did not form too heavy an item in the expenditure, ranging from 10.9 to 18.7 per cent. of the total, this was not the case for food which absorbed from 46.5 per cent. (in Rio de Janeiro)¹ to 54.9 per cent. (in São Paulo) and even 80.5 per cent. (in Paraíba). But as is to be expected, conditions in the rural areas were worse, since food represented from 49.6 per cent. (in Mato Grosso) to 65.7 or even 80 per cent. of the family expenditure. It is not surprising, therefore, that the conclusion drawn from the enquiry was that in many areas family budgets show a deficit. A similar situation was observed in Rio on the occasion of an enquiry covering 12,106 families with low wages.²

The high rents in large towns and the high cost of food compared with the level of wages in small towns mean unsatisfactory housing conditions. No extensive enquiry has been made to determine the position statistically. All that can be said is that the authorities have for some years been devoting attention to this matter and have taken steps to promote the construction of workers' dwellings on an ever-increasing scale.

Similarly, there is a lack of sufficiently comprehensive enquiries into the question of under-nourishment. The Government authorities and experts on this matter agree, however, that the evil is widespread, being due partly to the low standard of living and partly to unsatisfactory dietary customs. The above-mentioned enquiry, which covered 12,106 families in the capital, showed that while the average diet furnished a sufficient or even excessive number of calories, it was inadequate as regards the consumption of fruit, vegetables, and milk; for example 16 per cent. of the families took no milk and 13 per cent. no vegetables.³ When it is remembered that, according to the national statistics, the price of milk is lower in Rio than in most other large towns, the inadequate consumption of milk must be even more marked in many other areas.

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Considering the Brazilian social problem as a whole, it is thus seen that general solutions are needed for each principal area of the country, to provide not only for social but also for economic measures, such as better methods of cultivation, new markets for agricultural produce, means of communication, etc., all of which demand heavy

¹ Another enquiry resulted in a higher percentage: 54 per cent. See Josué de CASTRO: *O problema de alimentação no Brasil* (Rio de Janeiro, 1939).

² *Ibid.*

³ *Ibid.*

capital investments. It is on these general lines that the Government is trying to act. The search for oil deposits, which already appears to be proving successful, and the establishment under official auspices of a great iron and steel working industry are partly intended, as the President of the Republic has stated, to facilitate the construction of new railways and the manufacture of the machinery and implements needed for the improvement of agricultural processes.

Among the many measures which have been decided on, only those relating to social policy and, in the first place, labour conditions, call for consideration in the following pages.

SOCIAL LEGISLATION

Leaving out of account legislation previous to 1930, all of which has since been recast, the social legislation of Brazil dates from the creation in November of that year of the Ministry of Labour, Industry and Commerce.¹ Most of these measures were issued directly by the central Government since at that time Parliament had been in existence for only about three years. They are nearly all the outcome of the work of experts in the Ministry, carried out with reference to the social policy which was laid down in advance by President Getúlio Vargas, and the essential principles of which he had embodied in the Constitution of the Republic.

Although Brazil is a Federal State, the preparation and promulgation of this legislation lies, in accordance with the Constitution, within the competency of the Federal Government alone, though that Government naturally encourages the States to take their own initiative. It has already been mentioned that the State of São Paulo preceded the Federal Government in the adoption of various measures for the protection of the workers. Its Labour Department, for agricultural matters at least, was even set up before the Federal Ministry of Labour. Although the application of legislation is also a matter for the Federal Government, an agreement concluded in 1933 between the Federal Government and the Government of the State of São Paulo² made the Department responsible for the application of social legislation in the State, apart from the establishment of conciliation and arbitration boards and the measures affecting conditions of employment in the shipping industry.

There is no need to stress the importance of agreements of this kind. The authors of the Constitution had rightly considered that,

¹ Decrees No. 19,433 of 26 Nov. 1930, No. 19,472 of 9 Dec. 1930, and No. 19,495 of 17 Dec. 1930.

² Legislative Decree No. 1,970 of 18 Jan. 1940; agreement of 12 Jan. 1940. The agreement was recently extended for five years.

notwithstanding the vast extent of the country and the extreme variety in its climate and conditions of life and work, social legislation should be uniform throughout Brazil and that there should be no exceptions for particular States. The possible drawbacks to such centralisation, and in particular the difficulty of securing the observance of laws and regulations or, on the contrary, the risk of too rigid an application, are avoided by the delegation of power to the local authorities, subject, however, to the supreme control of the Ministry of Labour.

The Federal Constitution which was adopted in 1937 provides in Article 137 that social legislation shall regulate, among other matters: collective agreements; the weekly rest; holidays with pay; compensation for unfair dismissal; minimum wages; hours of work; the protection of women and children; medical, hygienic, and, if necessary, legal assistance for the workers; social insurance; the right of association; compulsory conciliation and arbitration.

By the present date all these points have been covered by legislation, in addition to which the exercise of various occupations is regulated, the international labour Conventions ratified by Brazil have been put into operation, migration and the employment market have been made subject to regulation, and labour inspection has been organised.

Labour Law

The Trade Union Movement.

The machinery set up by the social legislation of Brazil rests on the basis of the Legislative Decrees governing occupational associations¹, which have been amended and expanded since 1937 with a view to adjusting them to the new Constitution and its corporative principles.

Although the right of association and freedom to combine in trade unions was established by the Federal Constitution of 1891 and confirmed by subsequent legislation, there are very few inhabitants of Rio de Janeiro or São Paulo who can remember any strike paralysing an important sector of national life for some length of time. Such attempts as have taken place have soon collapsed for lack of solidarity between the persons concerned or of trade union funds. Moreover, there never seem to have been many trade unions

¹ Decree No. 19,770 of 19 Mar. 1931, first amended in 1934 and then replaced by Legislative Decree No. 1,402 of 5 July 1939. The latter Decree was amended by Legislative Decree No. 2,353 of 29 June 1940 and supplemented by Legislative Decrees No. 2,377 of 8 July 1940 and No. 2,381 of 9 Aug. 1940, among others.

or trade unionists. Consisting at times of a single association of workers in a great variety of occupations, the unions have never been strong enough to form a large national federation. Their political tendencies ranged from anarchism at one extreme to reformism at the other¹; some of them were created only for purposes of mutual aid. The reason for this situation was, in the first place, that many of the workers were immigrants who had arrived recently and were not well acquainted with the language and the customs of the country; and, secondly, that the Brazilian workers were recruited mainly from among a socially backward peasantry and, owing to the recency of industrial development, had not long been brought together. The employers, for their part, being dominated by that individualistic spirit to which one of the greatest Brazilian authorities on social questions can still draw attention², formed only a few occupational associations in the true sense. Their associations, although powerful and very old, were meant to defend their economic interests rather than to represent them in their capacity as employers. This was the case, for example, with the Commercial Association of Rio de Janeiro and the São Paulo Federation of Industries.

After having long been ignored by the Government, the occupational organisations have since 1930 been drawn on more and more for systematic collaboration with the authorities, side by side with the evolution of the Brazilian State on corporative lines. In 1934 they obtained the right to send deputies to Parliament. At the present time they are entitled to be represented not only in the institutions established by social legislation but also on the National Economic Council, a high Government institution which was set up for advisory purposes under the Constitution. It may be said that in Brazil the trade union movement, although its foundations had already been laid, owes its development to Government action. In 1935 there were 685 workers' unions and 449 employers' associations. By the end of 1939 a national confederation for industry had been set up, and 22 federations in the different States; there were 1,149 trade unions, with a membership of 351,500; 999 employers' associations, with 24,400 members; 123 associations for the liberal professions, with 10,200 members; and 83 unions formed by 2,895 persons working on their own account.³

¹ Cf. FRANCISCO ALEXANDRE: *Teoria e Prática do Sindicalismo* (Rio de Janeiro, 1941).

² Cf. FEDERAÇÃO DAS INDUSTRIAS DO ESTADO DO SÃO PAULO, *A constituição de 10 novembro de 1937 e a organização corporativa e sindical*, by Oliveira VIANA (May 1940).

³ Waldemar Falcão: *O Ministério do Trabalho, realização integral do Governo Getúlio Vargas* (Rio de Janeiro, 1940).

Principles of Occupational Organisation.

Three fundamental principles of occupational organisation are laid down in the Constitution in Article 138. The first is that occupational associations shall be free; in other words, no person can be compelled to belong to a union or, unless he is covered by the regulations for civil servants, prevented from belonging to one. Further, workers and employers are free to form associations as they choose. But the workers are encouraged to join a union; for instance, by law, undertakings working public services or carrying out contracts for public authorities must, other things being equal, give priority in employment to organised workers.

The second principle is that in each municipality or group of municipalities the State recognises only one association for each occupational category, a term which is applied to the occupations considered to be distinct from each other, as listed in Legislative Decree No. 2,381 of 9 August 1940.

The third principle, inspired by the Italian system, is that only this single trade association is lawfully entitled, having been officially recognised, to represent the occupation and the persons engaged in it, to defend its interests before the State and other associations, to conclude collective agreements which may, in certain circumstances, be made binding for the whole occupational category, to levy contributions from members, and to carry out on behalf of its members the duties delegated to it by the public authority.

Under Legislative Decrees issued in virtue of the Constitution, the trade associations have acquired certain other rights, sometimes prescribed in the shape of duties. Thus they may set up employment offices, apprenticeship schools and workshops, consumers' and credit co-operative societies and hospitals and other social assistance institutions; and they have the right to give legal advice. These functions had seldom been undertaken by the associations in the past. It will be noted that by their new duties the associations so to speak complement the Government in its application of social policy; the point concerning employment offices, for example, is intended to remedy an official omission, as will be seen later.

The officially recognised associations need funds to be able to carry out the duties delegated to them. These are obtained from the trade union dues which every employer and worker in the occupation has to pay; in addition the association may require its members to pay contributions. For the worker, the due is fixed at one day's pay in the year and is deducted by the employer from his wages. In the case of persons engaged in the liberal professions or

working on their own account, the due is fixed by the association concerned within the limits prescribed by law. Employers contribute to their official associations in proportion to the registered capital of the undertaking. Of the proceeds of these trade union dues 20 per cent. must be paid by the associations to the higher occupational organisations: the federations and the confederations. In conformity with the first of the three principles laid down in the Constitution, the payment of the trade union due does not in itself entail the worker's or employer's membership of the officially recognised association. As already stated, he is free to belong to another occupational organisation which is not recognised by the Government.

In return for the advantages thus conferred on the trade associations, they must satisfy certain conditions or else they do not receive recognition. Thus they must comprise not less than one-third of the employers or workers, as the case may be, in the occupational category in question. They must be prepared to collaborate with the public authorities in a spirit of occupational and national solidarity. In particular, they must submit their annual accounts and the results of the election of their representatives, managers, and chairmen to the Ministry of Labour for approval.

The Occupational Federations and Confederations.

The criteria for the formation of occupational associations are the area and occupation covered. The principle is that each shall include workers or employers in only one municipality and one occupational category. By way of exception, however, for instance where the membership would otherwise be too small, these criteria may be extended so as to allow the association to comprise, in the first case, several municipalities or even a whole State, in the second, several similar occupations classified by law as belonging to the same "occupational group."

In each State the associations belonging to the same occupational group may form a federation, provided that there are not less than five of them. By way of exception, the federation may also include associations belonging to other groups or situated in other States. Leaving the exceptional cases out of account, the application of this principle will lead to the formation in each of the twenty States of Brazil, or at least in the most important of them, of 34 federations of employers' organisations and 34 federations of workers' organisations. In industry, for example, the workers and employers in each State will be classified into 14 separate federations. It is probably for political reasons that the occupational has been given more

weight than the territorial criterion and that, for the purposes of occupational organisation, each State has not been regarded as a separate economic unit (as is in fact more or less true for Brazil) in which the federations would be as much centralised as the confederations in the national sphere. The employers of São Paulo in particular have defended the opposite point of view, although they have not succeeded in obtaining recognition for it otherwise than as an exception.¹

The federations, provided that there are at least three, combine to form confederations with headquarters in the national capital. The end in view is the organisation of fourteen national confederations, seven for employers and seven for workers, for the following branches: industry, commerce, maritime and air transport, land transport, communications and publicity, credit, education and culture. In addition there will be a national confederation for the liberal professions. No provision is made for federations or confederations for agriculture, the system of occupational organisation in this branch of economic activity being left to subsequent legislation.

The federations and confederations are to play an important part since they alone, and not the associations, have the right to be represented on the chief Government institutions, such as the corporations and certain bodies set up under social legislation. This is why, if they are not formed spontaneously by the associations concerned, the President of the Republic may take the initiative, should he find this to be in the interests of the occupational and corporative organisation of the country.

Collaboration of the Occupational Associations with the Authorities.

This last provision is evidence of the value the Government attaches to the collaboration of the occupational associations both in the economic field and in the occupational field proper. The machinery for this collaboration consists in (a) the corporations, on which the Constitution contains very little detail and the establishment of which still appears remote; (b) the National Economic Council, which has not yet been set up; (c) the National Labour Council.

The National Economic Council which is to be composed of five sections for industry and handicrafts, agriculture, commerce, transport, and credit respectively, will be entrusted with a number of duties under the Constitution, such as economic organisation, the

¹*Federação das indústrias do Estado de São Paulo: op. cit.*

organisation of production, and the establishment of enquiries into conditions of employment and rationalisation. In addition, it is to draw up principles for the conclusion of collective agreements, but these are not binding until the President of the Republic so decides. If a plebiscite to that effect is favourable, the Council may be given authority to legislate on the matters within its competence. Until then, it will remain a purely advisory body.

This is also the character of the National Labour Council, which is already in existence¹, and which, when its two chambers sit in joint session, may, on its own initiative or on request, give its opinions on questions of social policy.

Apart from this collaboration with the Government through their representatives, the occupational organisations play an important part in the establishment of conditions of employment in general, largely through the powers conferred on the labour courts. The authority of highest instance in the labour court system is in fact composed of the first chamber of the National Labour Council (the other chamber being the highest authority for social insurance organisation and policy); and this supreme court has power in the event of a collective dispute to make its decisions applicable not only to the employers and workers of the undertakings directly affected by the dispute but in the whole occupational category concerned. It may also make collective agreements binding for a whole occupation. Similar powers are conferred, within the limits of their jurisdiction, on the courts of second instance in the labour court system, but only in cases in which three-quarters of the employers and workers in the area or occupation in question, or three-quarters of the associations concerned, accept the decisions of the court.

Collective Agreements.

Collective agreements have been subject to regulation since 1932.² As the Minister of Labour has pointed out, the Government's intention in making it possible to declare them binding for a whole occupation or area, or even for the whole country, is that they should form an instrument for the application of social legislation. They are defined as agreements on conditions of employment concluded between an employer and his workers or between an association of employers and a trade union. Agreements of the first type are

¹ Legislative Decree No. 1,346 of 15 June 1939, amended by Legislative Decrees No. 2,852 of 10 Dec. 1940 and No. 6,597 of 13 Dec. 1940.

² Decree No. 21,761 of 23 Aug. 1932.

numerous, but very few of the second type have been registered, as prescribed by law, with the National Labour Department. One of the two most important collective agreements was concluded in 1937, that is to say, before the present legislation on occupational associations came into operation. This is an agreement between the Building Workers Union in the Federal District and an important undertaking in the building industry. In conformity with the law it regulates the conditions of employment in detail; in particular, it provides for travelling allowances for the workers and for overtime pay which may not be less than time-and-a-quarter rates for hours in excess of eight in the day and double rates for those in excess of ten.

A trade union cannot be made liable for contraventions of the agreement unless the workers have acted concertedly. It then becomes liable to a fine, which, however, is only one-fifth of the fine that may be imposed on the undertaking.¹

The Labour Courts.

Since strikes and lockouts are prohibited by the Constitution, the settlement of labour disputes, whether collective or individual, is entrusted to the special labour courts.² These comprise, in addition to the supreme court, composed, as already stated, of one of the chambers of the National Labour Council, and the courts of second instance known as regional courts, the courts of first instance, which, unlike the regional courts and supreme court, deal only with individual disputes; they are constituted on a joint basis with an impartial chairman, and in small localities their place is taken by the ordinary judges. The regional labour courts, to which the parties may appeal against the decisions of the courts of first instance, are constituted, like the National Council, partly on a joint basis.

The introduction of the system was celebrated on 1 May 1939 and was warmly welcomed by the workers, who rightly regard it as a safeguard against abuses by the employers; a safeguard of special value since labour inspection has not yet attained its normal degree of development except in Rio de Janeiro and São Paulo. In the performance of their functions the labour courts very largely make up for the inadequacy of the system of labour inspection. This tendency to resort to law is not surprising in a country with well-established judicial traditions but weak in industrial traditions.

¹ *Diário oficial*, 27 Aug. 1937.

² Legislative Decree No. 1,237 of 2 May 1939, as amended by Legislative Decrees No. 2,851 of 10 Dec. 1940, and No. 6,596 of 12 Dec. 1940.

Although, as already indicated, collective disputes are neither numerous nor serious in Brazil, this is not the case with individual disputes. These have grown step by step with social legislation itself, and the great majority relate to the recovery of wages and compensation for unfair dismissal, holidays with pay, and the payments due to those small employers who are treated by law on the same footing as wage earners. The present legislation on labour courts enumerates these points in particular as suitable for submission to the courts of first instance.

The importance of the labour court system for the protection of the workers is illustrated by the statistics of cases dealt with by the conciliation boards which were set up in 1932 and since 1940 have been usefully replaced by the present courts. In 1939 these boards conciliated 2,224 disputes between employers and workers (1,617 in the Federal District) in cases in which the amounts in dispute totalled about 1,406 contos (912 contos in the Federal District). They found that in 2,483 cases (1,585 in the Federal District) the workers' demands, relating to the payment of wages and compensation to a total amount of about 4,151 contos (2,023 contos in the Federal District), were justified. They rejected 1,261 demands (725 in the Federal District), the amount involved being about 1,274 contos (882 contos in the Federal District). In addition there were 1,223 cases in which no action was taken, a direct settlement having been reached between the parties.¹

In view of these figures, the value which the workers attach to the labour court system is seen to be justified. And it should be noted that they do not include the State of São Paulo. The Labour Department of the State places a large number of lawyers at the disposal of the workers, either to defend them free of charge before the courts or, in the event of dispute, to conciliate the parties directly. In 1939 the number of disputes settled in this way was 768 and the total sum involved amounted to about 1,371 contos. The number of disputes referred to the boards was much smaller, being only 159, and the amount involved was about 457 contos. 270 of the disputes settled directly or indirectly affected agriculture, and 657 industry and commerce.

Conditions of Employment

Protection of Women and Children.

The regulation of the employment of women and children, which in its present form dates from 1932², is in its general principles in

¹ Waldemar FALCÃO, *op. cit.*

² For women, Decree No. 21,419 of 17 May 1932: for children, Decree No. 22,042 of 3 Nov. 1932.

conformity with the standards established by the international labour Conventions which have been ratified by Brazil.¹ A committee under the chairmanship of the Director of the National Labour Department is engaged in preparing two Bills—one for women, the other for children—which will take into account the resolutions adopted at the Labour Conference of American States at Havana in November 1932.²

Brazilian legislation also lays down the principle of equal pay for equal work. Moreover, it provides that young workers of under eighteen years of age may not be engaged without the consent of their parents, and they must also submit a certificate of literacy and a medical certificate attesting that they are in good health. This last condition has been extended to employment on vessels, in virtue of Legislative Decrees giving effect to the international Conventions ratified by Brazil. In 1940 the number of children who underwent medical examination and had to take a literacy test at the Inspectorate for the Employment of Women and Children in the Federal District was 16,600, of whom about 15,000 were seeking employment for the first time. At the present time no child entering the employment market in Rio de Janeiro escapes this supervision, as is clear from a comparison of the above figures with the number of children employed in industry. In São Paulo, the medical examination, if not stricter than in Rio, is easier to carry out owing to the large number of "medical centres" to be found throughout the State.

The importance of the provisions for the protection of women and children is evident from the extent to which they are employed in industry and commerce. A successful partial enquiry undertaken in 1937³ showed that out of a total of 569,900 persons employed in industry, 180,400, or 31 per cent., were women, a much higher proportion than that found in other countries of the American Continent, such as Chile, Canada, and the United States. As regards children, both boys and girls, it was found that very few under fourteen years were in employment, which proves how strict-

¹ Namely, Conventions Nos. 3, 5, 6, 16, 41, 45, and 58. The only international Conventions respecting the employment of women and children which have not been ratified by Brazil are: No. 10, concerning the age for admission of children to employment in agriculture; No. 15, fixing the minimum age for the admission of young persons to employment as trimmers or stokers; No. 59, fixing the minimum age for admission of children to industrial employment (revised); and No. 60, concerning the age for admission of children to non-industrial employment.

² Cf. *International Labour Review*, Vol. XLI, No. 3, Mar. 1940: "The Second Labour Conference of American States Members of the International Labour Organisation", pp. 244-249.

³ J. C. VITAL, *op. cit.*

ly the law is applied. The number of those of over fourteen and under eighteen years was found to be slightly over 12 per cent. of the total number of industrial workers covered by the enquiry, suggesting that the figure for the whole of Brazil is about 110,000.

The Regulation of Hours of Work.

Brazil applies the international standard of the eight-hour day and forty-eight-hour week, except in certain branches of activity such as banking, and a compulsory rest on one day a week and on public holidays. From the point of view of the annual hours worked, however, Brazil is in advance of the international standard, since it prescribes an annual paid holiday, not of six, but of fifteen days.

During the period 1932 to 1940 the hours of work regulations were gradually extended to workers in every branch of economic activity except agriculture, including teachers in private educational establishments¹ and itinerant traders working on account of another.² All these Decrees were recently consolidated in Legislative Decree No. 2,308 of 13 June 1940.

Overtime not exceeding two hours in the day is authorised only if paid at higher rates than the ordinary hours, and if it is expressly provided for in a collective agreement or written agreement between the workers and employers. In industries which are considered unhealthy the extension of hours requires a special permit from the Health Section of the Ministry of Labour. The worker is entitled to a break of one-quarter of an hour after four consecutive hours of work, and not less than one hour after six hours. For night work the normal duration is fixed at seven hours, and the pay must be increased by not less than 20 per cent.

Holidays with pay are governed by three Decrees: the first applies to employees in commerce, banks, and private relief institutions³; the second to persons employed in industry, newspaper and printing undertakings, communications, transport, and public services in general⁴; and the third to merchant shipping.⁵ The number of days of annual holiday is fifteen, granted after twelve months of actual work in the undertaking. In industry the right to a holiday of seven days is acquired after 150 working days, or to eleven days after 200 working days.

¹ Legislative Decree No. 2,028 of 22 Feb. 1940.

² Legislative Decree No. 2,041 of 27 Feb. 1940.

³ Decree No. 23,103 of 19 Aug. 1933.

⁴ Decree No. 23,768 of 18 Jan. 1934.

⁵ Act No. 450 of 19 June 1937 and Decree No. 2,038 of 13 Oct. 1937.

There is no need to stress the liberality of the Brazilian legislation on holidays with pay. But although it contains no restrictions in the case of commercial employees and persons employed in the shipping industry, in industry proper it applies only to workers belonging to a trade union, whether recognised or not. The restriction originated in the desire to correct the excessive individualism of the Brazilian worker and to encourage the formation of trade unions. As it was introduced in 1934, before the present legislation on trade associations was passed, it will cease to have an influence in this respect with the increase in the number of organised workers. There is another possible reason for the restriction. The Government, having decided to safeguard the application of the holiday legislation with the utmost care, has explicitly entrusted its supervision to the occupational associations. In a Decree of sufficiently recent date to show that it embodies the experience of some years¹, it is expressly provided that the associations must in particular collaborate with the labour inspectors in supervising the application of the holiday with pay regulations, without prejudice to the workers' right to appeal to the labour courts.

In the case of a right which is not as firmly established by custom as the eight-hour day or the weekly rest, this special appeal to the occupational organisations is easy to understand. It has been pointed out² that many Brazilian workers voluntarily and unlawfully give up their holidays, whether they take up work in another undertaking during the holiday or make an arrangement with their own employer. This practice enables them to benefit pecuniarily, since in terms of wages the holiday corresponds to an increase of 5 per cent. on the normal remuneration (15 days out of 300), but they lose the rest to which they are entitled. It will gradually disappear as the holiday camps, of which there are still very few, increase in number. Perhaps the money that the trade associations will obtain from the new trade union dues will enable them to open new camps, if necessary with Government aid.

Wage Protection.

Though Brazilian wages may be low, legislation has been passed to improve them. Clearly, the distribution of the national income is affected indirectly by the measures concerning holidays with pay, compensation for dismissal, social insurance, and various services such as the public nutrition service. It would be difficult to es-

¹ Legislative Decree No. 1,993 of 31 Jan. 1940.

² Cf. F. MAURETTE, *op. cit.*

timate exactly how much addition to wages these measures represent. The amount will vary according to circumstances, and may in exceptional cases be over 20 per cent. of the workers' remuneration, namely 5 per cent. for the paid holiday, 8.3 to 9.3 per cent. for the dismissal compensation (one month's wage per year of service), and an average of 8 per cent. for social insurance (4 per cent. employers' contribution, 4 per cent. State contribution).

In addition to this, however, Brazilian legislation contains provisions on minimum wages¹ which are the outcome of investigations carried out since 1936² and which cover all branches of paid employment, including agriculture. The fixing of the minimum wage rate for each area of the country is entrusted to joint boards, and the rates are normally to be revised every three years. The minimum wage is defined as that which will be sufficient to satisfy the normal needs as regards food, housing, clothing, health, and transport of every worker, irrespective of sex. This enumeration, it will be seen, leaves out cultural needs; the reason, according to the Minister of Labour, who is the author of these Decrees, is that it was necessary to avoid the conception of a "social" wage, as being incompatible with an economy still very far from that capitalistic concentration which alone could allow remuneration of the worker on a more generous scale.³

The minimum rates are fixed per working hour or day and provide for a wage ranging from 240 milreis a month in the Federal District and 220 milreis in São Paulo down to 200, 150, and even 100 milreis in other towns and certain agricultural areas. In fixing these rates it is assumed that the individual worker will normally devote from 50 to 65 per cent. of his wage to food, from 12 to 20 per cent. to housing, from 6 to 11 per cent. to clothing, from 8 to 16 per cent. to health, and from 2 to 10 per cent. to transport. The theoretical budget so adopted is much closer to a normal level than the actual budgets of Brazilian workers as shown by the extensive enquiry made by the Ministry of Labour and cited above.⁴ It should also be pointed out that when this budget was established, account was taken, as prescribed by law, of the food ration deemed to be scientifically adequate.⁵

¹ Legislative Decrees No. 2,162 of 1 May 1940 and No. 2,548 of 31 Aug. 1940; various ministerial Orders.

² Act No. 185 of 14 Jan. 1936 and Legislative Decree No. 399 of 30 Apr. 1938.

³ Waldemar FALCÃO, *op. cit.*

⁴ See above, p. 506, footnote 3.

⁵ 3,457 calories a day; 123 grammes of protein; 0.755 grammes of calcium; 23.42 grammes of iron, and 1.64 grammes of phosphorus.

In other words the minimum rates for which the law provides correspond to a rise in the real wages of the lowest paid workers. In the Federal District, for example, the minimum rate of 240 milreis a month is higher—even allowing for the authorised reductions—than the wages of about 19.6 per cent. of the workers covered by the Ministry's preliminary enquiry.

The minimum rates fixed are not rigid. Increases of 10, 20, or 40 per cent. are allowed in unhealthy industries, according to the degree of unhealthiness. On the other hand, a reduction of 50 per cent. may be made in the case of young persons of under eighteen years, and of 15 per cent. in that of young persons over eighteen but under twenty-one years who do not hold a vocational education certificate, provided that the employer in exchange gives or pays for the courses needed to complete their training. A reduction of 10 per cent. is allowed in the case of women if the undertaking provides accommodation where they can rest, nurse their children, etc. If part of the workers' pay is in kind, the employer may not on this account reduce the part paid in cash by more than 70 per cent.

It is not very clear what the effect of the above reductions will be. The question arises whether it may not be to the employers' interest to engage young persons of under eighteen or twenty-one years rather than adults, and women rather than men; this will be so whenever the authorised reductions from the wage exceed the cost of providing courses of training for young persons or special accommodation for women. An employer may also be tempted to set off the rise in the lowest wages by lowering the higher wages, which would be contrary to the law. Experience will soon give the reply to these questions, and the authorities will certainly act accordingly. They have probably held the danger to be insignificant, owing to the large number of women and children already in employment, the absence of unemployment, and the shortage of skilled workers, all of which are factors tending to limit the employers' selection of workers. Moreover, even if the minimum wage regulations were in this way to fail of their principal object, they will nevertheless have had effects which should not be underestimated. For instance they will have contributed to the development of vocational education. Moreover, they include a highly important new provision, in that the truck system, which is widespread in certain agricultural areas, is now prohibited.¹

¹Legislative Decree No. 399 of 30 Apr. 1939.

Social Security

The social security measures in Brazil provide for compensation for dismissal, workmen's compensation, pension insurance, and sickness insurance.

Compensation for Dismissal.

Even in a country which is at the stage of industrial expansion, such as Brazil, a temporary loss of employment is a risk for persons in the position of salaried employees, and especially wage earners, which should normally be covered by unemployment insurance. Failing this, the worker is compelled, until he finds other employment, to draw on his savings, if any, or to have recourse to other methods of meeting his needs. Until recently, when the Government took action, individual loans were granted only at usurious rates. On the other hand, there are a large number of assistance institutions¹, but they do not normally undertake to support persons in good health who are temporarily not earning. Up to a certain point this need is met in Brazil by the system of compensation for dismissal.² While this system is in many respects less adequate than insurance, chiefly because the amount of compensation bears no relation to the period of unemployment, it has been introduced by law in various countries since the great depression in order to reduce the number of dismissals. In Brazil it was inspired rather by considerations of equity, as is clear from the fact that it applies only to unfair dismissal. This is defined as any dismissal not arising out of the normal expiry of the contract of employment, the misconduct of the worker, or the employer's need to reduce his staff owing to the economic and financial situation of the undertaking. If dismissal is the result of Government action, the Government is responsible for paying the compensation. Without prejudice to the compensation—which is fixed at one month's pay per year of service—no worker may be dismissed after ten years' actual employment in the same undertaking, except in the event of serious misconduct or *force majeure*.³

¹ Cf. Oliveira VIANA: *As novas directrizes da politica social* (Rio de Janeiro, 1939).

² Act No. 62 of 5 June 1935.

³ This provision is also to be found in the regulations of the various social insurance institutions.

*Workmen's Compensation.*¹

The system of compensation for industrial accidents and occupational diseases covers all wage earners including those in agriculture.² In the event of the death or total permanent incapacity of the worker, a lump sum equivalent to three years' wages is paid to him or his dependants, irrespective of his age. This sum, or in some cases a smaller amount, is payable by the employer, who must insure with a private company, unless he deposits with a State financial institution a sum proportionate to the number of workers he employs. Certain social insurance institutions, however, such as those for dockers and seamen, have an accident insurance scheme proper. Moreover, co-ordination between accident insurance and invalidity insurance is ensured by the fact that the sum due to the victim of the accident may be paid, as to two-thirds, by the social insurance institution to which he belongs; the institution pays him his invalidity pension, and the remaining third is paid by the employer.

Pension Insurance.

Pension insurance, comprising invalidity, old-age and widows' and orphans' pensions, is compulsory for all wage earners except those in agriculture. It was first introduced in 1923 for railway employees and has since been extended by degrees, first to the persons employed in certain other undertakings and ultimately to workers in every branch of economic activity except agriculture. More than four-fifths of the insured persons are thus grouped on an occupational basis. They are covered by six large institutions, dealing respectively with industry, commerce, transport, banking, work in ports, and merchant shipping. Each institution is national in scope and has a large enough membership to provide the necessary guarantees of stability. Besides these institutions, there are still 91 works funds under the original superannuation fund system, of which only a few are important.

Side by side with this extension of scope, there has been a considerable improvement in the technical bases of the insurance schemes, largely owing to the establishment in 1934 of an Actuarial Council with a central research office.³ This Council consists of the

¹ For a fuller account of workmen's compensation and social insurance in general, cf. Maurice Stack: "Social Insurance in Latin America: Its State and Standards", in *International Labour Review*, Vol. XLIV, No. 1, July 1941, pp. 1 *et seq.*

² The basic Decrees are No. 24,637 of 10 July 1934 and No. 85 of 14 Mar. 1935.

³ Decrees Nos. 24,747 and 24,768 of 14 July 1934.

chief actuaries of the various services in the Ministry of Labour and is presided over by a Brazilian who is an international expert on the subject. Its function is to advise the Government. From the administrative point of view, social insurance is supervised, as already stated, by one of the two chambers of the National Labour Council, which is responsible among other things for allocating the Federal Government subsidy each year among the various institutions and funds and for giving instructions concerning the investment of reserve funds. It may alter the rules of the funds, and it supervises their annual budgets and the budgets of the insurance institutions. It also acts as the authority of last instance in the settlement of disputes. All the funds are administered by joint boards. The institutions are under the direction of presidents, who are appointed by the President of the Republic and assisted by committees of an administrative character but always composed on a joint basis.

The financial resources of the insurance schemes are drawn from equal contributions paid by insured persons, employers, and the State, and ranging from 3 to 8 per cent. of the insured person's wage. The State contribution, which in public undertakings also comprises the employers' contribution, is financed out of the proceeds of certain taxes. Taken as a whole, the annual cost to the Government in respect of insurance rose from about 102,000 contos in 1937 to over 200,000 contos in 1940.

The financial system adopted is the reserve system, and the accumulated reserves have increased substantially, rising from about 171,000 contos in 1930 to over 1,830,000 contos in December 1939. This increase reflects the fact that the number of insured persons has grown more rapidly than the number of pensioners, as may be seen from the income and expenditure figures: income rose from 63,000 contos in 1930 to over 558,000 contos in 1939, an increase of 900 per cent.; expenditure rose from 39,500 contos in 1937 to about 161,000 contos in 1939, an increase of 400 per cent.

Reserves on such a scale raise the problem of investment, which is effected at the comparatively low rate for Brazil of 5 to 6 per cent. for the reserves as a whole. Some investments are made at higher rates of interest in order to set off the sometimes low rates earned on investments which it is the Government policy to make on account of their social utility. These social investments include loans to insured persons, the construction of cheap dwellings, and the financing of popular restaurants. In addition, by 1939 the insurance institutions had invested in agricultural credit bonds to a value of over 800,000 contos.

The insurance benefits and the conditions on which they are paid vary according to the fund or institution concerned. Generally speaking they comprise invalidity pensions, survivors' pensions and old-age pensions. The old-age pension, however, is paid only by two of the larger institutions. The rate of the pension varies as a rule with the age of the beneficiary and the number of contributions paid or the period spent in employment. In practice the full pension may form a very high percentage of the wage. The diversities in the rules concerning the granting and calculation of pensions create technical difficulties, and the possibility of making them uniform is being considered.

Sickness Insurance.

Sickness insurance, which is in operation on a reduced scale, is the subject of Government Bills which, when passed, will extend the scheme compulsorily to all the existing members of the insurance institutions and funds. Preliminary studies are at present being made by the important insurance institution for the transport industry.

The Employment Market and Immigration

Placing Conditions.

As already indicated, the organisation of the employment market is inadequate owing to the lack of official employment offices. The State of São Paulo possesses one situated in the capital, which engages in placing activities for industry and especially for agriculture; its work, which on the whole is not very extensive or systematic, is devoted mainly to workers in search of employment in the interior of the country. A second office, attached to the State hostelry for immigrants, only undertakes, in accordance with the purpose for which it was set up, the placing of national or foreign immigrants as a rule in agriculture, in point of fact a considerable task. This office is responsible for the strict supervision of contracts of employment, which is the last stage in the protection (comprising housing accommodation, medical examination, and, if necessary, hospital treatment) given to both national and foreign workers by the hostelry. These two institutions were set up in consequence of the steady demand for labour on the coffee plantations. In Rio de Janeiro a recently reorganised employment office¹ is attached to the Immigration Department, but its work is not limited to immigrants since it is also responsible for the supervision of private employment agencies.

¹ Legislative Decree No. 3,010 of 20 Aug. 1938.

It is interesting to observe that in Brazil, as formerly in the United States, it is immigration which has led to the opening of the first employment offices. Pending the establishment of other offices, the employers recruit their workers either directly or through the trade unions or through other agencies. But the growth of industry and the consequent increase in the demand for skilled workers have already shown, and will bring out more strongly in the future, that a more careful selection of labour and greater facilities for recruiting are needed. It is true that Brazil has not yet reached the stage where only a well-organised public placing system can meet this need, quite apart, it may be said, from its function with regard to vocational guidance, which is mentioned in the legislation. However this may be, it is the employers' and workers' associations, it will be remembered, which have been made responsible for organising placing. The part they are to play in this respect will become much more important than it is in Italy, for example, where the employment offices, although they are attached to the trade associations, are the subject of special regulations and are administered on a joint basis.

It must be recognised that, regarded solely as a means of fighting unemployment, which is only one aspect of the problem, a public placing system has not been found to be very essential in Brazil. In the past, when any crisis supervened on the employment market, equilibrium tended to return rapidly so far as Brazilian workers were concerned, owing to the immediate decline of immigration or the increased volume of repatriation. If, in spite of this, a considerable number of Brazilians were unemployed, it was with some reason considered that they could find work in agriculture or stock-raising. During the depression year 1930, for example, more than 70,000 workers left the town of São Paulo for the agricultural areas of the State, as compared with 39,900 in 1929 and 23,000 in 1928.

During the great economic depression the Government's policy was to give these two spontaneous methods of relieving the situation the support of law. It saw to it that the duly registered unemployed were offered work in the agricultural districts. And it limited the employment of foreigners to one-third of the total number of workers in any undertaking or branch of an undertaking in industry, commerce, and other than agricultural activities in general which employed over three persons.¹ This provision is still in force. Although it is more liberal than all the other similar measures adopted at about the same time in most Latin-American countries,

¹ Decrees No. 19,482 of 12 Dec. 1930, 20,261 of 29 July 1931, 20,291 of 12 Aug. 1931, and 20,303 of 19 Aug. 1931 concerning merchant shipping.

it has since been relaxed.¹ The Government may at present make an exception to the provision² by fixing a higher percentage for specified branches of activities in which the supply of national labour is not large enough. The introduction of this relaxation had been demanded by employers who sometimes found it difficult to recruit skilled workers.³

Strictly applied, the limitations which this legislation has placed on the employment of foreigners have in course of time had less practical effect owing to the decline in immigration. If the Brazilian employment market is considered as a whole, instead of certain occupations only, the percentage of one-third for the employment of foreigners fixed in the Decree is probably higher than the proportion of the occupied foreign population to the total occupied population in all the principal centres of the country. In Rio de Janeiro, for example, out of more than 140,000 workers covered by the Labour Inspectorate in 1940, there were only 15,600 foreigners (over 9,400 assimilated to nationals), or less than 12 per cent. of the total. In the State of São Paulo, out of 64,600 work books issued in 1939, nearly all for industry and commerce, only 12.3 per cent. were issued to foreign workers. These percentages, which, incidentally, almost coincide although they are derived from different sources, are well below the limit fixed by law. For practical purposes the legislation is confined to certain occupations or activities which tend more particularly to attract foreigners. From the point of view of the national workers, it has the advantage of removing objectionable inequalities, since it prevents employers from profiting unfairly by the competition on the employment market to offer them wages at lower rates than to foreigners with the same qualifications.

Restrictions on Immigration.

The protection of the national labour supply has been strengthened by the Decrees concerning immigration.⁴ Although slower in their action, these tend to limit very considerably the competition of foreigners on the employment market. They affect not only the total volume but also the occupational distribution of immigration.

In fact the total number of immigrants was not affected as

¹ In particular the Decrees do not apply to any foreigner who has lived for more than ten years in Brazil and whose wife (husband) or a child possesses Brazilian nationality.

² Legislative Decree No. 1,843 of 7 Dec. 1939.

³ FEDERAÇÃO DAS INDÚSTRIAS DO ESTADO DE SÃO PAULO *Relatório dos trabalhos, 1940.*

⁴ Legislative Decree No. 406 of 4 May 1938, amended by Legislative Decree No. 639 of 20 Aug. 1938; Legislative Decree No. 3,010 of 20 Aug. 1938.

much as appeared to be the case by the system of nationality quotas which was introduced in the Federal Constitution of 1934.¹ The annual quota for each nationality is 2 per cent. of the number of immigrants of that nationality who entered Brazil during the 50 years preceding 1934, and this leaves scope for a considerable volume of immigration, namely, over 80,000 persons a year.² Moreover, this limit can be exceeded, since the quota system does not apply to Portuguese immigrants and since the Immigration and Land Settlement Council has power, when it considers this necessary: (a) to raise the quota for any nationality to 3,000 a year if the above-mentioned proportion of 2 per cent. falls below this figure; (b) to decide that if a particular European or American nationality has not exhausted its quota in one year, the unexhausted part may be used by agriculturists of another nationality in the same year or may be carried over from year to year during three successive years for the benefit of persons of the same nationality. The quota system has thus been made much more flexible, but owing to the fact that the Immigration and Land Settlement Council has the final decision as to the exceptions to be allowed in any particular case, the legislation makes it possible to attain the Government's object, which is to secure the racial selection of immigration in such a way that those nationalities, in particular Italian, Portuguese, and Spanish, which have prevailed in the past will continue to do so in the future.

The legislation on immigration, however, contains two other restrictions which may have a considerably greater effect both on the volume of immigration and on the employment market. In the first place, leaving out of account the technicians whom the country needs, 80 per cent. of each national quota must consist of farmers and agricultural workers. Secondly, immigrants who are admitted as farmers or agricultural workers may not leave agriculture for four years.

The statistics show that for the European countries which, in the past, contributed most to immigration in Brazil and therefore have the largest quotas (Italy, Portugal, and Spain) the number of agricultural immigrants has never reached 80 per cent. of the total. In the State of São Paulo, which up to 1927 even granted them special privileges such as the repayment of their travelling expenses, the proportion fluctuated around 50 per cent. from 1908 to 1936. Only those immigrants, such as the Japanese, Yugoslavs, and

¹ Maintained in the Constitution of 1937.

² 28,000 for Italians, 11,500 for Spaniards, 4,770 for Germans, etc. Portuguese, who would ordinarily figure after the Italians, are not affected by the quota system.

Lithuanians, whose numbers were directly affected by the quota system included more than 80 per cent. of agriculturists. It may be added that to judge from the occupational distribution of the population of the emigration countries, very few have so high a percentage of agricultural workers; Lithuania, Yugoslavia, and certain other countries which are only slightly industrialised show a proportion of 79 per cent. But Brazil itself, as we have seen, is not in this position. There the proportion is only 60 to 65 per cent. and at the most 70 per cent. The fact that Japan, where agriculturists form only 49 per cent. of the total occupied population, sends emigrants to Brazil who are nearly all agricultural workers (97 per cent.) is the result of the very complete organisation of such emigration under the auspices of the Japanese authorities. Left to the free initiative of the persons concerned, the occupational distribution of the quota would certainly not have been the same. It is in fact rare for the peasants of a country to be the only group finding it necessary to emigrate, and, if this exceptional case arises, for such emigration not to lead later to the departure of a number of their compatriots in other occupations. The restriction under consideration here has thus had the result of limiting the admission of persons engaged in industry and commerce without promoting that of workers in agriculture. This is in fact in accordance with the Government's intentions; for the other measures it has taken show that its object is to protect the national labour supply. Provision is made, however, for the case in which the regulations prevent the spontaneous satisfaction of the demand for labour in agriculture. It is formally laid down that in this case the Government may have recourse to international agreements for organising the recruiting and selection of immigrants.

The Director of Immigration Services in São Paulo, who has drawn attention to some of the above-mentioned points, considers also that the fact that agricultural immigrants are prohibited from leaving agriculture during four years is likely to discourage immigration, since if an immigrant agriculturist fails in this occupation, he will be unable to try his luck elsewhere.

Vocational Education.

The decline in immigration since 1930 has coincided with a period of industrial upswing. The technicians needed by industry may, if necessary, be recruited outside the country, by way of exception to the above mentioned restrictions. Moreover, a certain volume of immigration of skilled labour is not impossible. Never-

theless, vocational education is becoming a more and more urgent problem in Brazil. It may even become of the first importance if, as seems likely, the process of industrial development also reaches the manufacture of production goods at a time when the war is keeping specialised workers in Europe. However this may be, the Federal Constitution of 1937 placed vocational education among the principal duties of the State. The National Committee on Primary Education has even considered the desirability of making vocational education compulsory during two years.¹

Besides agricultural vocational instruction, for which there are a few model establishments, there were in Brazil, in 1937, 245 institutions for commercial education with 39,000 pupils, and 224 institutions for industrial education with 32,970 pupils, including 16,090 men and 16,880 women. These figures are rather low, showing that the great majority of Brazilian workers learn from the actual exercise of their trade.

The Government is encouraging private initiative in this field. In the first place, as already stated, the minimum wage for apprentices may be reduced if the employer provides for their technical instruction. Secondly, it is provided² that undertakings with over 500 workers must organise courses of instruction for them. In order to encourage employers who are not affected by this obligation to take similar action, bonuses of 5 to 20 contos are provided.³ Moreover, employers who are bound, or who wish, to organise such courses may borrow the initial capital they need from the social welfare institutions.

Labour Inspection

Any objective study of the application of social legislation in Brazil must take into account the size of the country and the sparseness of the population. This situation explains the decentralised system of inspection which has been adopted and to which reference has already been made.

The Labour Inspectorate is responsible not only for supervising undertakings from the point of view of safety and health in general (in this matter the Ministry of Education and Public Health collaborates) but also for watching over the observance of all social legislation. In particular it deals with the enforcement of the measures concerning hours of work and the employment of women

¹ MINISTERIO DAS RELAÇÕES EXTERIORES: *Brasil 1939-1940*.

² Legislative Decree No. 1,238 of 2 May 1939.

³ Decree No. 6,029 of 26 July 1940.

and children. The safety measures which it enforces are few and relate among other things to bakeries¹ and refrigerating undertakings.² As regards work in ports and in the shipping industry, the administration of safety measures and social legislation is entrusted to the local departments of the Ministry under the authority of the military harbour authorities.³ In this respect the dockers' union plays an important part, entrusted to it by law⁴; at least this is the case in the great port of Rio.

The inspection of labour conditions is facilitated throughout the country by the system of work books.⁵ These are not compulsory, but it is to the interest of workers of over sixteen years to procure them. The work book contains particulars as to the occupation, dates of engagement and dismissal, wages, and paid holidays of the persons concerned. They may not record the reasons for dismissal or contain any symbols.

In the State of São Paulo the organisation of inspection has been facilitated by the existence of the long-established Labour Department, which has extensive experience in the sphere of agriculture, experience that proved of value to the industrial Labour Department set up in 1931.⁶ At the present time the Department has a staff of about 100 inspectors, including several women, who are divided among its various regional sections. The highest authority, however, is the representative of the Federal Ministry, who alone may impose penalties.

In the Federal District labour inspection is an autonomous service under the National Labour Department. It is a service now in full process of development. It has a staff of over 40, including a certain number of doctors and engineers, and several women who are specially responsible for supervising the employment of women and children. When it is remembered that there are in the Federal Capital about 50,000 undertakings of all kinds which are covered by social legislation, it will be seen how great is the task to be carried out by these two score inspectors. Weekly meetings of the staff enable the inspector in chief to make constant technical improvements in the service in the light of experience gained. By an ingenious

¹ Decree No. 23,104 of 19 Aug. 1933.

² Decree No. 24,562 of 3 July 1934.

³ Decrees No. 23,259 of 20 Oct. 1933 and No. 24,743 of 14 July 1934.

⁴ Decree No. 20,521 of 15 Oct. 1931; Instructions of April 1937 issued by the Maritime Labour Delegation.

⁵ Decrees No. 21,175 of 21 Mar. 1932, No. 22,035 of 29 Oct. 1932, and No. 23,581 of 13 Dec. 1933.

⁶ Later, the two Departments, agricultural and industrial, were amalgamated.

system of receipts for each inspection certificate issued, he is able to keep himself fully informed of all the inspection visits made. When an employer is found to be contravening the regulations, an attempt is made to instruct him before any penalty is imposed; the object is to obtain his collaboration by persuasion if possible. During 1940 over 24,600 visits of inspection were made, of which 11,850 related to night work. The total number of workers covered was nearly 141,000. To these figures should be added 36,000 special enquiries, that is to say, enquiries made at the request of the persons concerned, for example, by employers who wished to obtain a certificate that the hygiene and safety conditions of the undertaking were satisfactory, and by workers who complained of failure to observe the law. The number of contraventions was low compared with the number of undertakings visited; the total amount of the fines imposed was 362 contos.

Outside São Paulo and the Federal District, labour inspection is entrusted to the local delegations of the Federal Ministry, which are far from having acquired the same efficiency. But there are other safeguards for the due application of legislation besides inspection proper. Reference has been made to the labour courts, which play a highly important part in this connection, at least as regards the recovery of arrears of wages, dismissal compensation, and holidays with pay. The collective agreements are also a guarantee that the law will be applied and even improved. Moreover, the Government counts on the collaboration of the occupational organisations in this respect.

Other Measures of Social Policy

Labour legislation proper forms only one aspect of Brazilian social policy. It has provided for the most immediate needs, and quite apart from the undeniable direct results obtained, it has made possible other essential initiatives based on the financial reserves of the insurance institutions. Thus some thousands of workers' dwellings have been constructed in the Federal District and in many towns. Admittedly, the insurance reserves, which have to be invested in other ways as well, cannot and never will be sufficient to solve so vast a problem. But the Governments of the States are taking part in this action; for example that of Pernambuco, where housing conditions are particularly bad, has so far provided for the construction of over 4,450 one-family houses.

Another Government initiative which has from the first made great progress and may lead to great results at less cost is the

establishment of the Social Insurance Nutrition Service¹, an autonomous department in the Ministry of Labour.

Workers' Nutrition.

This Service or rather department, the governing body of which includes the best Brazilian experts on nutrition, covers the whole country and aims at correcting the defects in the popular diet. It is responsible for promoting the establishment in industrial and commercial undertakings of restaurants providing cheap meals, the nutritive value of which it checks scientifically. For this purpose the canteens which undertakings employing more than 500 workers are bound to set up² must gradually be turned into restaurants. For smaller undertakings there is no compulsion, but the department engages in active propaganda among them. In practice the establishment of a restaurant does not entail additional expenditure, since the undertaking provides only the premises. The money needed for equipping them or installing the standard kitchens which the department supplies on moderate terms can be borrowed from the social welfare institutions at a 6 per cent. rate of interest, repayment being provided for in the price paid for the meals, which is fixed by the authorities with due reference also to the administrative costs. Well before these measures were taken by the Government, a few large undertakings were providing cheap meals for their employees. But since these private measures were too isolated, they were found to be run at a loss even when the quality of the meals had been lowered.

This network of private restaurants, which has grown rapidly since the beginning of 1941³, is supplemented by a large number of official popular restaurants set up for employees in small undertakings, persons working on their own account, and other persons of small means—a work book need not be presented to obtain admission. The establishment of these restaurants outside the undertakings is not necessarily the work of the Federal department, which in this respect devotes itself mainly to supervising the hygiene of the premises and the composition of the menus. By the end of 1940 the Governments of the States of Pernambuco, Rio de Janeiro, and São Paulo had already decided to open a number of restaurants. The

¹ Legislative Decrees No. 2,478 of 5 Aug. 1940; Nos. 2,988 and 6,753 of 27 Jan. 1941.

² Legislative Decree No. 1,238 of 2 May 1939.

³ In April 1941 three restaurants were being built for dockers in Rio de Janeiro and three others for the employees of the Lloyd Brasileiro, the great national shipping company.

Federal department, however, is also taking similar action, its restaurants, like the private ones, being financed by the social welfare institutions and out of Government subsidies.

Inaugurated by the President of the Republic at the end of 1940 and magnificently equipped, the headquarters of the department comprise, besides the best restaurant of the kind and the administrative services, a school and a research institute. The school trains "dietitians" who will serve in the other popular restaurants. The laboratory studies the composition and nutritive value of the national foodstuffs and nutrition problems in general. For example, a Brazilian scientist has found an ingenious solution for the serious problem of sodium chloride loss among miners.

A propaganda service attached to the department works for the promotion of a national movement to improve the popular diet. This educational side of the work of the department is interesting. It has been found, for example, that in the central restaurant the consumption of manioc flour is gradually declining and that of milk correspondingly increasing.¹

At the beginning of 1941 the central restaurant was serving about 2,200 luncheons a day at the very moderate price of 1.4 milreis (7 U.S. cents). The prices may vary, but the department can at any time fix them at very low figures, since it centralises the purchase of provisions for all the restaurants. It acts as a sort of huge national co-operative society, and also benefits by the fact that it is exempt from several taxes and that it receives the same reduction in transport rates as that granted to the army.

Land Settlement.

The important changes in Brazilian land settlement policy during the past ten years embody the experience of the century following the declaration of independence of the country. Recourse to the immigration of foreigners as a means of populating the uninhabited areas has been abandoned. The results obtained from this method in the past have been by no means negligible, especially in the two States of Rio Grande do Sul and Santa Catarina. In the past nearly all the immigrants, and afterwards their descendants, settled in the colonisation centres. But to achieve these results, prolonged efforts and considerable expenditure were needed. Hence the authorities no longer regard land settlement as an instrument of demographic policy. Because the Imperial Government regarded

¹ Cf. P. SEABRA: "Almoço proletário e defesa nacional", in *Jornal do Comercio*, 13 Apr. 1941.

it from this angle alone it helped to form the more or less self-sufficient areas of which mention has been made. It is on land situated near the principal means of communication or the principal consuming centres—some of which land has been recovered from marshes—that the settlements have been opened since 1930, and the policy of the Federal authorities in this respect has been followed by the States. Settlers, whether nationals or foreigners, have a much better chance of prospering if they take up work in the neighbourhood of existing markets than if they have to count on the new markets which in theory should be created by their settlements. In Brazil these chances are very great, since many important towns have no supply zones with a sufficient diversity of crops. The rapid progress made by many Japanese settlers is due to the fact that they realised this deficiency. Land settlement is thus closely bound up with the problem of nutrition.

Moreover, land settlement is being regarded by the Brazilian authorities more and more as a means, and perhaps the most effective means, of improving the situation of the Brazilian peasantry. The old policy, which is still so strongly advocated in Latin America, was based on the attractive notion that by settling immigrants on large areas of supposedly fertile land a reliable corrective would be obtained for the sparseness of the population. Today it is agreed that the problem is a more complex one. It has been shown that Brazil is not suffering solely from a surplus of land. The opposite evil is no less serious, namely, the surplus of peasants as compared with the area of adequately cultivated land. Without discussing whether either of these evils is caused by the other, it can in any case be asserted that by remedying one a remedy will also be found for the other. It is in this spirit that the Government has recently decided to give a fresh impetus to internal land settlement.¹ Such settlement is not equally necessary everywhere. The States which need it most are those in the north, the north-west, and the centre, where the density of the agricultural population is highest. What is needed is a partial redistribution of the population, especially of the persons who are geographically isolated, by concentrating them in the areas it is proposed to settle. It will thus be possible to give them the necessary assistance with regard to health, education, and technical requirements, which is at present hampered by very great difficulties. The principles concerning the granting of holdings,

¹ Decree No. 3,059 of 14 Feb. 1941.

ownership, and in general the organisation of the centres are those which the International Labour Office has set forth on several occasions.¹

While the Government is thus promoting land settlement rather than the immigration of foreign settlers, it has not rejected the latter system altogether. As already explained, it still welcomes foreign agriculturists, especially from Europe, and if necessary it provides facilities for their settlement. An appeal is even made for their collaboration, which is considered necessary in some cases in order that the Brazilian settlers may learn better methods of cultivation. But their number is now to be limited. This is so in the settlements created under Government auspices, such settlements being normally intended for nationals. It is also the case in the private settlements, which hitherto granted them preference; the object is to prevent the formation of racial nuclei which may prove difficult to assimilate. Even so, the proportion of foreigners to the total population of the settlement may be as high as 70 per cent. and any one nationality may form as much as 25 per cent.² In practice, this legislation will compel certain private settlement undertakings to be less exclusive in their recruitment of settlers. It will have little effect on the official settlements created before the Government took this decision. In 1937 the proportion of foreigners in the official settlement centres was only 33 per cent. of the total population of the settlement; in 1921 the figure had been 57 per cent.³

Co-operation.

Measures for promoting co-operation, which are closely bound up with land settlement policy, have not been neglected by the Government. They have become increasingly important in consequence of the development of small ownership during the last few years. With the help of the measures that have been taken, other co-operative societies besides agricultural co-operatives have recently become more numerous. At 30 June 1940 there were 899 duly registered co-operative societies of all kinds, including 433 producers' societies, 214 credit societies, and 142 consumers' societies.⁴ The

¹ Cf. F. MAURETTE, *op. cit.*; R. PAULA LOPES: "Land Settlement in Brazil", in *International Labour Review*, Vol. XXXIII, No. 2, Feb. 1936, pp. 152 *et seq.* See also *International Labour Review*, Vol. XXXV, No. 2, Feb. 1937, pp. 215-247: "Immigration and Settlement in Brazil, Argentina and Uruguay: I".

² Decree No. 3,010 of 20 Aug. 1938.

³ The comparison, while sufficient for the purposes of this study, should not be carried further; every year, new settlement undertakings are formed, while others pass out of the guardianship of the State.

⁴ MINISTÉRIO DA AGRICULTURA: *Relação das cooperativas registradas* (30 June 1940).

State Governments are following the example of the central Government. The Department for Assisting Co-operation in São Paulo, for example, is displaying great activity in this field and is providing all the necessary technical assistance for co-operative societies. In August 1938 it entered into an agreement with the Ministry of Agriculture similar to that which had been concluded between the Labour Department of the State and the Federal Ministry, and is thus responsible for the administration of co-operative legislation in the State.¹

* * *

The preceding survey covers only labour legislation proper. But the account of the social problems of Brazil given in the first part of this article shows that they are wider in scope than this legislation. Hence the social policy of the Government is also wider in its range. It comprises a great variety of measures, including, among other subjects, education and public health, the development and organisation of social assistance, and protection of the family. Each aspect of this policy is the subject of Government consideration, within the limits dictated by circumstances. It is possible that labour legislation proper will soon undergo a period of consolidation, and that before further progress is made the results of recent economic measures will have to be known. However this may be, an essential step forward has definitely been made, which will undoubtedly have a favourable effect on the economic situation of the country besides promoting among the population as a whole the sentiment of national community which is the supreme end in view of the authorities.

¹ Decree No. 22,239 of 19 Dec. 1932, amended by Legislative Decree No. 581 of 1 Aug. 1938; Decree No. 6,980 of 19 Mar. 1941 on the auditing of co-operative societies.