

Social security for rural workers in Brazil

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In Brazil there are very marked differences in the prosperity of the various regions, and even within the regions there is an obvious imbalance between town and country. Undoubtedly, migration from the poorer to the richer regions and from rural to urban areas is largely motivated by these inequalities. However, even though a relative increase in the urban population may be regarded as the inevitable consequence of the march of civilisation and development, the fact remains that if the interior of the country is allowed to become excessively depopulated it will be extremely difficult to preserve social peace and economic stability. The sheer immensity of the national territory means that the experience of the far smaller European nations has few lessons for Brazil, while for reasons of security and straightforward economics it is a major goal of national policy to settle the vast tracts that are still empty.

Brazil thus has to adopt a very special approach to the question of internal migration. While it is healthy for the cities to be enriched with a transfer of new blood, it is extremely harmful for them to grow out of all proportion, disrupting life in the urban areas and producing serious shortages in the interior. Now that foodstuffs are coming to be recognised as one of the world's great riches owing to their increasing scarcity we should in fact be stepping up production. A country which has enough land to implement such a policy, and to reap the economic and social rewards it offers, cannot passively accept an uncontrolled rural exodus towards the artificial glitter of the city lights.

It would however be unjust to restrain country-dwellers from leaving their villages so long as they lack the same advantages, facilities and rights as urban workers enjoy. The aim must be to stop migration not by authoritarian measures but by providing equal opportunities, thus eliminating the attraction of the towns and the motivation to quit the land. One of the most effective ways of doing this is to see that rural workers enjoy adequate social protection.

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Rural workers in Brazil

At the present time a little over 40 per cent of the Brazilian population live in rural areas. Let us start by considering the various categories they fall into and which of them can be described as rural workers.

The first category consists of wage earners, in other words persons working under an employment relationship that has a certain continuity; this is the usual employment pattern in stock-raising, where the capacity of the work-force is nevertheless far from being fully utilised. Next come the sharecroppers, who are bound to the landowner by a contract requiring payment of rent in kind. Tenant farmers cultivating only a small plot almost exclusively by their own efforts or with the help of their families may also be counted as workers, and we must not forget to include that well known figure of the Brazilian countryside, the *posseiro*, who may be defined as a pioneer farmer or squatter. Intrepid and adventurous, the *posseiros* have crossed state frontiers, natural barriers and the wilderness, settling and growing crops without worrying too much about property rights. Finally, in accordance with the very broad definition of rural workers in Brazilian law—which corresponds closely to that adopted by last year's session of the International Labour Conference¹—mention must also be made of the small owner-occupier. This term covers anyone cultivating his own land, provided it does not exceed a certain area (called a "rural module"), which varies according to region, the main crop and the number of persons working it. The owner-occupier only counts as a worker if his farm is smaller than the rural module and he employs no paid help. This is of course the archetype of the household economy in which the land serves to feed the family cultivating it and provides a surplus affording access to the exchange economy.

To sum up, then, all rural wage earners may be considered workers, as may tenant farmers, sharecroppers, small owner-occupiers and those with a precarious title to their land (the *posseiros*), provided that their holding does not exceed the size of the rural module and that they employ no outside labour, i.e. wage earners. However, there are certain special cases both within these categories and outside them, for example all those workers who are only employed during the harvesting period and whose employment relation-

¹ See the Rural Workers' Organisations Convention, 1975 (No. 141), Article 2:

"1. For the purposes of this Convention, the term 'rural workers' means any person engaged in agriculture, handicrafts or a related occupation in a rural area, whether as a wage earner or, subject to the provisions of paragraph 2 of this Article, as a self-employed person such as a tenant, sharecropper or small owner-occupier.

2. This Convention applies only to those tenants, sharecroppers or small owner-occupiers who derive their main income from agriculture, who work the land themselves, with the help only of their family or with the help of occasional outside labour and who do not—

- (a) permanently employ workers; or
- (b) employ a substantial number of seasonal workers; or
- (c) have any land cultivated by sharecroppers or tenants."

ship varies with the seasonal fluctuations in farming activity. Although this very large group come under the heading of wage earners, they clearly have special characteristics that it would be most misleading to ignore. Again, it is not always easy to distinguish between the status of a sharecropper and that of an employee, and in order to avoid the social charges and obligations imposed on them by labour law employers sometimes try to pass off what is really a master-servant relationship as a partnership. All too frequently for this reason, but sometimes also quite inadvertently, a relationship is thus established so hybrid and ill-defined that labour courts themselves have great difficulty in disentangling the truth.

It should also be noted in passing that hardly any of these categories is peculiar to a particular region. Smallholdings exist both in the south and in the north-east, and the same can be said of sharecropping and tenant farming. The only exception is the *posseiros*, who are concentrated in the Amazon region although diminishing numbers still survive in the south, notably in Paraná State, as a relic of the main wave of land settlement.

The beginnings of social security

If we look at the history of social security in Brazil, we will find that for very many years it was confined to the cities. Not only was the country-dweller unprotected, but as a consumer of urban manufactured products he unknowingly helped to finance the social insurance of the townspeople. Despite their low purchasing power country-dwellers have always consumed a good deal, though by virtue rather of their number than of the amount consumed per head.

The Rural Workers' Statute

The Rural Workers' Statute ¹, which dates from 1963, extended certain labour rights to rural workers, established new forms of protection based on the consolidation of the labour laws governing urban workers, and broadened the application of others that already existed in piecemeal fashion. What all this really amounted to was a theoretical system of social insurance for rural people which took no account of the resource base needed to put it into practice. It was a fine promise, but it had no hope of being kept. So the peasant remained unprotected, the only difference being that he was now invested with rights as generous as they were meaningless.

However, even if this measure had no immediate practical results, it served as a reminder that the problem existed and that any solution would call for realism and determination. One did not have to look far to see the plight of old people without any means of support, dependent on anyone who would still take pity on them; of large families reduced to poverty; of the disabled living on public charity; and of the large numbers of sick persons being

¹ See ILO: *Legislative Series*, 1963—Bra. 1.

exploited by quacks. The first step required in this distressing situation was to size up the available resources and then decide what to do. Rather than wishing piously to solve all problems at once, it seemed better to work towards what was feasible.

The Rural Workers' Assistance Fund

This, then, was the background to the legislative decree (No. 276 of 28 February 1967) establishing the Rural Workers' Assistance Fund (FUNRURAL). Designed to operate with a minimum of bureaucracy, this institution set to work drawing up contracts with hospitals all over the country in order to obtain free medical care (hospitalisation and surgical treatment) for rural workers in the categories defined above. In its early days the scheme even covered employers, provided that they did not employ more than four people.

A novel system was adopted to finance the scheme. Instead of a direct contribution as in the case of urban workers, it was decided to deduct 1 per cent of the value of the agricultural produce and livestock marketed, the buyer being responsible for making both the deduction and the payment. In this way wage earners, whose production does not belong to them, do not contribute personally and directly to the scheme.

Once the financing system was running smoothly, FUNRURAL moved on to the next stage, in which health care was given priority; activities included the distribution of ambulances and the establishment of outpatient clinics and dental surgeries.

This was a crucial turning-point for the scheme. Rather than engage thousands of civil servants and build the hundreds of offices that would be required for a country with over 4,000 communes and a surface area of more than 8.5 million square kilometres, FUNRURAL distributes the necessary equipment to the trade unions in the rural areas. Having taken delivery, either under the terms of an agreement or with official authorisation, the unions engage the necessary personnel on the spot and pay them out of a fixed monthly sum provided by FUNRURAL. The absence of any other intermediaries makes it possible to keep costs down and to deal with individual cases quickly. A further advantage of the method is that it enables the trade union movement to play an active part in the campaign to improve rural health.

By providing services and equipment in these ways, FUNRURAL is in fact undertaking a redistribution of the national wealth, ensuring that the resources levied on the interior of the country are returned to it in another form. The allocation of these resources always takes account of the size of the rural population and the proceeds of the sales tax on agricultural produce and livestock.

Despite the fact that it has never had a large corps of inspectors and auditors to supervise its far-flung activities, FUNRURAL has to a large extent succeeded in avoiding fraud precisely because surveillance has been the responsibility of the unions, even in cases where treatment was being given to non-

members—whose rights, in this respect, are, of course, the same as those of members. A local union directly involved in operating the scheme, in close touch with all the parties concerned and enjoying the confidence of the beneficiaries, has a sound, first-hand knowledge of the operation and is ideally placed to supervise it. This is a decisive factor in the scheme's ability to achieve practical results, which is much greater than that of traditional systems, for all their armies of inspectors and civil servants.

The Basic Social Insurance Plan

In spite of the positive action described above, which as we have seen was limited to the provision of medical assistance, rural workers had no reason to feel satisfied and the public authorities themselves were bound to admit that much remained to be done. In particular there was a need for a programme of cash benefits—old-age pensions, allowances and the like. Accordingly, on 1 May 1969, the Basic Social Insurance Plan¹ was launched.

Organised on strictly traditional lines, this was aimed chiefly at wage earners. Subject to qualifying periods in most cases, it provided for invalidity, old-age and survivors' pensions, sickness allowances, funeral grants and assistance to the families of prisoners. The necessary funds came from direct contributions paid half by employers and half by employees as a percentage of the regional minimum wage, while the authorities bore the cost of providing the administrative services required.

Right from the beginning, however, the Plan ran into difficulties. As its authors had thought it best to experiment first in a field with homogeneous conditions of life and work, Legislative Decree No. 564, by which it was instituted, limited its application to sugar-cane growing and processing. As soon as the scheme began to operate it was seen that its critics had been right.

When it came to paying their own contributions and those they were supposed to deduct from their employees' wage packets, many employers simply falsified their pay sheets and staff lists to show far fewer employees than they really had. In so doing they were of course cheating not only the scheme itself but also their workers, who were thereby deprived of the benefits to which they were entitled. In a country the size of a continent it is difficult to exercise the necessary control, and only now is the Ministry of Labour beginning to have enough inspectors to be everywhere on the spot and to catch and punish offenders.

The Plan was thus rendered inoperative from the outset. Conceived as a classical insurance scheme financed by direct contributions, it was undermined by short payment on the part of the contributors and by lack of proper control. It survived just over a year and then vanished without even leaving a hint of what it might have led to or adding a line to the story of social security in Brazil. However, it did serve to demonstrate that the most theoretically

¹ See ILO: *Legislative Series*, 1969—Bra. 1.

perfect scheme is no guarantee of results. What is required is imagination, pragmatism and a resolute determination to overcome the obstacles in one's path.

The Plan was at once an experiment and a challenge. Since the experiment failed and the challenge was not met it became necessary to look for another approach.

The Rural Workers' Assistance Programme

Under the Rural Workers' Assistance Programme (PRORURAL), which was established by Supplementary Act No. 11 on 25 May 1971, the restriction of coverage to the sugar industry was lifted and all the categories of rural workers listed earlier became eligible. At the same time it was decided to offer fewer and smaller benefits: those maintained were the invalidity and survivors' pensions and the funeral grant, as well as the health services already being provided through FUNRURAL.

Financing the scheme

The PRORURAL scheme is financed in an unusual way. The tax levied on the marketed value of agricultural produce and livestock has been raised from 1 to 2 per cent, and the buyer continues to be responsible for deducting and paying it. In addition, a new tax of 2.4 per cent is levied on the total wage bill of *urban* enterprises, the idea being to indemnify rural workers for the historical injustice of subsidising the social insurance of the urban population through their consumption of manufactured goods while receiving nothing in return; in other words a sort of repayment of a long-standing debt. The scheme also represents a rational method of redistributing wealth—and thereby reducing the disparities—between urban and rural areas.

Scope and administration

Since the scheme was introduced, therefore, coverage has no longer been restricted to a limited and somewhat amorphous group of wage earners or to particular regions or industries. In order to obtain this far broader coverage PRORURAL had indeed to sacrifice certain types of benefit which the 1969 Basic Plan provided for, but in the interests of promising less and doing more. The new contribution system has also proved very effective in practice, considerably reducing the incidence of fraud and embezzlement.

The basis for calculating benefits is the minimum wage. Old-age and invalidity pensions are fixed at 50 per cent of this figure and survivors' pensions at 30 per cent. Admittedly these are rather modest sums, but at least they are a first step along a road which, to all appearances, will be long and difficult. Through PRORURAL the State has opted to spread its limited resources widely. The idea of a worker's contribution was dropped first of all because of the difficulty of getting employers to provide accurate staff lists

and to make payments corresponding to their real obligations, and second because of the financial position of the Brazilian peasant: it would have seemed rough justice to demand social security contributions from those who had only the bare minimum to support their families.

As noted above, the introduction of PRORURAL in no way affected the health care scheme built up by FUNRURAL, which continues to operate through the trade unions and to sign contracts with hospitals on a decentralised basis whereby, in return for a block subsidy, hospitalisation, surgery and aftercare are provided *gratis* to rural workers and their dependants who have been duly recognised by the unions. This formula proved so successful that it was decided to apply it to PRORURAL too, with suitable adaptations to bring it into line with the new legislation.

The unions were therefore entrusted with the task of establishing a kind of sorting office to identify all those eligible for classification as rural workers. Persons who, in their view, fulfilled the legal requirements, were given attestations to that effect and instructions on how to apply for the various benefits. In a second stage offices were set up covering several communes to examine and arrive at a definitive ruling on each individual case. The novel aspect here is that these offices are not public services and those who administer them are quite independent of the State. In fact any private company or institution in good standing that is technically and financially equipped for the job may administer the social welfare scheme for the rural population in return for an agreed fee. The duties involved may include the identification of eligible persons, the award and payment of cash benefits and the recording of contributions made under the scheme. The administering body clearly has an interest in running the office efficiently in order both to maximise its financial return and to satisfy the beneficiaries, thus ensuring renewal of its contract with PRORURAL. The contract is for a fixed period and is easily terminated, so that PRORURAL remains in control of the situation at all times.

Apart from a few minor defects the scheme has so far proved successful and well adapted to the realities of Brazilian life. Thanks in large measure to the support of the unions it costs little to run and is reasonably efficient.

Among the progressive aspects of the scheme it is worth noting that qualifying periods have been virtually eliminated. An old-age pension is now granted to anyone who can show that during the preceding 36 months he or she has been an agricultural worker for at least 12 months, whether consecutive or not. Thus there is no minimum period of contribution; it is sufficient to be able to prove a genuine link with the rural sector. The idea behind this innovation was to simplify matters as much as possible while naturally also guarding against possible abuse.

The originality of PRORURAL

PRORURAL has succeeded in organising the actuarial services it needs for the administration of pensions and funeral grants with a minimum of

bureaucracy and without detracting in any way from the speed and simplicity that characterise all its operations.

It is neither specifically assistance-oriented, nor yet an insurance scheme in the strictly orthodox sense. It cannot be said that the legal relationship involved is based on the principle of *do ut des*, whereby the worker receives a benefit by virtue of his own previous contributions or those paid on his behalf by a third party; in this case the worker makes no direct contribution but nevertheless enjoys a right, together with his dependants (whether or not he and they are trade union members), to the benefits specified in the law and provided by the scheme.

It would however be an exaggeration and indeed technically inexact to call PRORURAL a full-scale social security scheme. It is in fact a combination of public assistance and insurance which seeks to model itself on neither but simply to develop the most effective response to Brazil's specific social and economic needs.¹

What can be said is that PRORURAL has resorted to some unconventional ways of providing the Brazilian peasant with a certain minimum level of protection in a field which in most countries is covered by social insurance. The latter, in its traditional form, is too rigid to adapt to Brazilian conditions, as the fate of the Basic Plan abundantly demonstrated. On the other hand a comprehensive social security scheme, towards which we appear to be slowly but surely making our way, is still an unattainable goal in our present economic circumstances.

As we have seen, it was essential to develop a social welfare system restoring the balance between rural and urban workers within the larger framework of a strategy to reduce inter-regional differences in prosperity and bring town and country closer together both socially and economically. One can therefore say that in taxing urban enterprises and transferring wealth from the metropolis to the active or retired rural workers in small villages hidden deep in the interior, PRORURAL is quietly but effectively pursuing a policy vital for the progress of the country as a whole. This is what gives the scheme its real significance, which is to be seen not only in the handling of individual cases—although there are nearly a million of them—but also and especially in the contribution it makes to the social, economic and political stability of the country. In this way PRORURAL is helping to ensure that the nation develops along sound lines and does not grow into a monster with a bloated head and stunted limbs.

¹ Two similarly pragmatic and original Brazilian institutions may be mentioned at this point, namely the Length-of-Service Guarantee Fund (see ILO: *Legislative Series*, 1966—Bra. 1) and the Social Integration Programme. As its name implies, the former provides financial guarantees of workers' seniority rights, while the latter uses monthly contributions paid by the employers as a percentage of their turnover to constitute a fund in which all wage earners in the country hold shares. This is an unusual if not completely novel means of distributing the gross trading results of the enterprise even before it is known whether there will be a profit.

Some new steps forward

The spread of social security for rural workers did not come to a halt with the above-mentioned measures. In June 1973 Congress approved Act No. 5889¹, which broadly speaking placed the rural worker on an equal footing with his urban counterpart in terms of labour law, eliminating the distinctions which had existed for over a decade. Important though it is in itself, this piece of legislation is still more so when viewed as part of a general policy of upgrading the agricultural worker, formerly too often forgotten and ignored in the struggle for social justice.

The next step forward was taken on 19 December 1974 when Congress passed Act No. 6195, which laid down standard regulations governing the insurance of industrial accidents and occupational diseases in rural employment. FUNRURAL was entrusted with the administration of the scheme, which was financed by simply raising the sales tax on agricultural produce and livestock from 2 to 2.5 per cent. Once again, therefore, the goal was equality between town and country, the swift and informal machinery of FUNRURAL was put to good use, and the well tried sales tax—which had given such good results in the financing of medical care, pensions and funeral grants—was pressed into service, this time to alleviate the dramatic and too-long neglected human problems arising from employment injuries.

The role of the rural trade unions

In the foregoing pages we have more than once mentioned the rural trade unions and the very important tasks with which they have been entrusted in the administration of social security. It therefore seems appropriate to end this article with a rather more detailed discussion of their role.

Following a brief appearance of purely historical interest in 1903, when a law was passed setting up a body which was a trade union in name though a co-operative in reality, rural trade unionism vanished from the Brazilian scene entirely, not to return, apart from a few sporadic and mainly local attempts to organise, until 1963.² At this time two movements were disputing the right to recruit and organise rural workers. The struggle was resolved in favour of the movement professing a Christian brand of trade unionism and it was the Catholic priests and Protestant pastors heading it who picked their way along the forest trails to bring the gospel of trade unionism to the rural workers. Working directly with the rank-and-file peasants, instilling in them a sense of mission in the tasks that lay ahead, and (in the south of Brazil) enlisting in their cause the influence of Italian, German, Polish and Japanese settlers who

¹ See ILO: *Legislative Series*, 1973—Bra. 1.

² For further details see Xavier Flores: *Agricultural organisations and social development in rural areas* (Geneva, ILO, 1971), pp. 308-309 and 319-322.

had inherited a tradition of solidarity and collective action, rural trade unions began to grow in strength and stature. There can be no doubt that in its early days the religious and even mystical tradition of the rural population also facilitated the process.

In view of its already appreciable following, it is amazing to think that rural trade unionism in Brazil is barely more than ten years old. Its remarkable vigour is doubtless due to the fact that, unlike urban trade unionism, it brings together the complete range of rural workers (small owner-occupiers, sharecroppers, tenant farmers, hired labourers, seasonal workers, etc.) in a single organisation and is indeed their sole legal representative in labour matters, since for each region there can be only one rural union, not one for sugar workers, another for workers on cocoa or coffee plantations, and so on. Another reason is perhaps that the foreign, mainly European, influences that inspired the movement's founding fathers helped them to counter the traditional individualism which has so often impeded the progress of trade unionism in Brazil.

The rural unions have always accepted with good grace the various tasks the authorities have entrusted to them. But they have not been content with a passive role, and true to their vocation are constantly striving to improve the number and quality of the services they provide.

What matters most of all to the country-dweller, living on a minimal income often in unhygienic conditions and substandard housing far from the facilities of urban civilisation, is good health, which implies the availability of medical, hospital and surgical treatment. What matters too is access to legal advice regarding his rights and assistance in obtaining them, and grants to enable his children to receive a better education than he had. These are tangible benefits that he can understand and which correspond to his daily needs. The reason why he is so often attracted to the trade unions is that they seem the only source of services of which he has hitherto been deprived.

Thus it is not difficult to imagine the impetus given to the rural trade union movement by a scheme that has succeeded in concluding over 3,500 agreements on hospital care and setting up around 4,300 dental surgeries and outpatient clinics; it has, indeed, been the main factor in the expansion of the unions' social activities, sometimes supervising the assistance given to rural workers, sometimes dispensing it themselves. As these activities have spread and involved increasing numbers of people the unions have gained in authority. By the same token the benefit administration function has become one of their major preoccupations, inasmuch as their satisfactory performance in this field largely determines the prestige they enjoy among their membership.

Brazilian trade unionism is thus necessarily dualist, the characteristics of the urban and rural sectors being so different. If the rural unions have increased their influence and membership at such a rate, it is because they have constantly developed and improved their services, while keeping the administrative arrangements simple but efficient. In view of the fact that the beneficiaries previously received nothing at all and had always been completely neglected

it is not difficult to understand their gratification at the assistance—albeit incomplete—now being provided.

It must be admitted that the link between PRORURAL and the unions has caused the average age of the latter's membership to increase. This is understandable when one considers that the new social welfare system is particularly advantageous to the elderly. In the countryside, however, traditional bonds remain strong and families stay together. Old people are respected and obeyed, and if the patriarch joins a union, his sons and the other youngsters will generally follow.

What is certain is that, in their appreciation of the ever-increasing services provided by a union which they have come to think of as the guarantor of their security in sickness and old age, and the source of legal and medical assistance and of funds for the education of their children, rural workers are embracing the organisation with an almost religious fervour, so that it in turn becomes an emanation of themselves. This is why it seemed necessary to emphasise the important practical contribution the rural trade unions have made to PRORURAL's success. If the scheme has managed to avoid bureaucracy and develop a sufficiently individual character to merit special analysis, it is thanks to them. A developing country has found this original way of channelling new forces into the solution of old problems. It may not be an ideal solution, but when perfection is beyond our reach the good is no doubt the best to which we can aspire.