

ESSAY

Current Forms of Capital Accumulation, the World of Labor and the Restructuring of Social Security in Brazil

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Abstract: This article demonstrates that the restructuring of rights to Brazilian social security benefits in a restrictive manner has deep connections with transformations in the world of labor and with the predominantly financial standard of capital accumulation. The objective is to discuss the mediations that operate between the worldwide financial movements of capital, the restructuring of the world of labor and counter-reforms in the social security system operated in the governments of President Fernando Henrique Cardoso and Luiz Inácio Lula da Silva. It defends that the obstacles to universalization of Brazilian social security cannot be resolved only within the scope of social protection policies, but must be related to the need for structural transformations in the Brazilian economy and society.

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Introduction

Since the 1990s, Brazil's social security policies have suffered substantial redefinitions. The main argument used by the dominant classes to justify the restructuring that has removed rights is the supposed budgetary deficit in the social security system. This article takes a different perspective, and indicates that this process is part of a broader project that seeks to transfer the burden of the capitalist crisis to labor, safeguarding the profitability of capital. The analysis therefore considers the implications of the forms of capital accumulation and the financial dominance over the world of labor and over public policies in general, focusing on social security.

Social security systems were organized in a context of broad access of the masses of workers to formal employment and to social rights at the heart of the Fordist/Keynesian standard of accumulation that was implanted in the central economies – and in an incomplete manner in the developed peripheral economies, such as Brazil – in the period after the crisis of 1929 and World War II. Driven by the workers struggles, Fordist/Keynesianism is based on a broad system of regulations woven by a more or less tense or consensual relationship between large capital, the state and large worker organizations. It is in this situation that the social protection systems were constructed, based on social policies generated by the state. In Mota's sharp analysis (2008, p. 123): "The issue resides in the fact that capital is compelled to incorporate some worker demands, even if they conflict with its immediate interests; nevertheless, by doing so, it seeks to integrate these demands to its order, transforming the meeting of them into political responses that, contradictorily, also meet its needs."

It is in this line that the generalization of salaried labor can be understood, and, by means of it, the consolidation of social protection systems that have social security as their central focus (SILVA, 2012). These social protection systems have a contradictory nature because they respond to the interests of workers while meeting the needs of the Fordist/Keynesian standard of accumulation by legitimating it and aggregating demand to the market.

Following the paths of Castel (1999, p. 387), we can affirm that the idea of guaranteed rights based on solidarity between members of a nation is the basis for social security type protections, which is not based on the principle of equity, but to the contrary, expresses the recognition and the acceptance that modern society composes a set of unequal and interdependent conditions:

Social security is based on a type of "property transfer" by the mediation of work and under the aegis of the state. Social security and work become substantially linked because, in a society that is reorganized around salaried labor, it is the status given to work that produces the modern ratification of the protections traditionally assured by private property.

In this way, social protection allows non-owner workers, that is, those who only have their labor power to survive, to move from a situation of conditioned security to a situation of security resulting from their participation in the world of work, making the rights conditioned on work, such as social security, a suitable response to capitalism, in the sense that it does not question private property and at the same time, guarantees the reproduction of the work force. In other words, the mutation of "property-security" to "labor-security" based on the technique of insurance was consolidated from what Castel (1999) called "property of transference", which effectively materialized with the social security policies, providing social security without affecting the backbone of capitalism, that is, private property.

In this way, to understand the social security policy and its restructuring it is necessary to analyze the reality of the world of work and how the current standard of capital accumulation places serious impediments to integration by means of employment, salary and social rights linked to them.

The world of labor and social security

In Brazil, social protections offered by the social security system was organized in two regimes: the basic and the complementary. The basic regimes, with compulsory affiliation, are: a) the General Social Security Regime (RGPS), for private sector workers, which is responsible for protecting the large portion of Brazilian workers; and b) the Particular Social Security Regimes (RPPS), for permanent public workers and the military. The nature of the basic social security regimes is institutional or statutory, given that the state, through legislation, uses its power of rule and creates an automatic tie, independent of the will of the beneficiary. The social security system is not based on consumption, but on a coercive protection sponsored by the state, which is based on funds from among other sources the contributions of those covered by social security (IBRAHIM, 2009). Meanwhile, the complementary regimes are optional, they involve private insurance in an open mode,

for any worker who wants to complement their retirement benefit, or closed, for specific workers of a company or institution, known as pension funds.

For Boschetti (2008), the right to public Brazilian social security was established under the logic of insurance and for this reason involves two contradictions. The first refers to access to social security rights, which since they are conditioned on previous contributions, are of a character with closer ties to rights linked to labor than to citizenship. The second contradiction points to the requirement to make contributions in a country whose situation still does not allow a generalized salary condition for the entire economically active population, thus leaving outside the protection of social security an enormous contingent of the unprotected, equivalent to 45.5 million people, who did not have social security coverage in 2011 (IBGE, Pnad, 2011).

This can be seen in the tables prepared from the data of PNAD (IBGE, 2011). Table 1 demonstrates that of the total of 100 million Brazilians in the economically active population in 2011, 93.4 million were employed and 6.7 were unemployed. The table demonstrates that, in relative terms and in the period from 2005-2011 the rate of employment grew more than that of the economically active population (17.1% and 13.6% respectively), revealing a favorable period in which formal jobs were generated at the base of the salary pyramid. (POCHMANN, 2012).

Table 1- Economically Active Population employed and unemployed

| Year | Economically Active Population (Millions) | | | |
|------|---|----------|--------|-------------|
| | Total | Employed | | Unemployed |
| 2005 | 88 210 | 79 853 | 90,50% | 8 357 9,50% |
| 2007 | 90 661 | 83 170 | 91,70% | 7 491 8,30% |
| 2009 | 101 072 | 92 686 | 91,70% | 8 386 8,30% |
| 2011 | 100 223 | 93 493 | 93,30% | 6 730 6,70% |

Source: Prepared by the author. Based on IBGE, PNAD (2011).

For the effect of better qualifying the employment data,¹ it is important to present information about the rate of salaried jobs and employment² with and without signed working papers because these data help to understand the real situation of the working class in terms of the right to social security. Table 2, prepared by the Interunion Department of Statistics and Socioeconomic Studies (DIEESE, seção de Fortaleza/CE), presented these data for the years from 2005 to 2011 in Brazil.

Table 2 – Evolution of rates of salaried work and employment with signed working papers – Brazil 2005 -2011 (%)

| | 2005 | 2006 | 2007 | 2008 | 2009 | 2011 |
|---|------|------|------|------|------|------|
| Rate of salaried employment ⁽¹⁾ | 62,6 | 63,5 | 64,6 | 65,7 | 66,3 | 68 |
| Rate of employment with signed working papers/ salaried employment ⁽²⁾ | 62,6 | 63,4 | 64,9 | 65,9 | 66,6 | 70,7 |
| Rate of employment with signed working papers / total employment | 39,2 | 40,2 | 41,9 | 43,3 | 44,2 | 48,1 |

Source: IBGE, Pnad. Prepared by Dieese.

Notes: (1) Indicates the proportion of salaried employment in relation to total employment. Includes employees with signed working papers, the military, public employees, those employed without signed working papers and domestic workers with or without signed working papers in the total of salaried employees.

Table 2 indicates 8.6% growth in the rate of salaried employment in Brazil from 2005 to 2011. This rate indicates the percent of individuals who receive a salary from among the total of employed workers, which in

2011 was only 68%, which is quite low, despite the trend towards growth. Meanwhile, the portion of those employed with signed working papers grew 12.9% in relation to total salaried employment and 22.7% in relation to total employment in the same period. This indicates that there was a dynamic favorable to the formalization of employment, as argued, which is important in a labor market historically marked by extremely precarious labor relations. Even recognizing the importance of this fact, it cannot be forgotten that the conditions favorable to the growth of employment and insertion of the working masses in consumption were not capable of reorganizing the archaic structures of the labor market. Much to the contrary, the latter only reproduced another level at the base of the salary pyramid, through the palliative inclusion of a large portion of the previously accumulated reserve army, restoring the characteristic trait of dependent capitalist formations: the super-exploitation of labor. This is made clear by the data in table 2, which indicate that only 48.1% of those employed had signed working papers in 2011.

It could be thought that this insertion in formal employment, in terms of the high rates of exploitation, points to a long-term trend with consequential effects on the archaic structure of the labor market. Nevertheless, the macroeconomic indicators show that social-liberalism³ exhibits clear signs of depletion and that there is constant pressure, coming from powerful fractions of capital – such as banks and financiers in general – to deepen the orthodox neoliberal measures.

The analysis of the economically active population that is employed also allows measuring the scope of Brazilian social security protection, measured by the percentage of contributors to the official social security regimes, RGPS and RPPS, as demonstrated in Table 3. In the period from 2005 to 2011, the economically active population grew 17.1% while the proportion of contributors grew 34.6%, pointing to a dynamic favorable to the formalization of jobs. Thus, as can be seen, in 2005 the proportion of those employed who contributed to social security was 46.1%, rising to 58.5% in 2011.

Table 3 – Contributors and non-contributors of the employed economically active population to social security in any job

| Year | Economically Active Population (Millions) | | | |
|------|---|--------------|--------|------------------|
| | Total | Contributors | | Non-contributors |
| 2005 | 79 852 | 40 631 | 46,10% | 39 221 49,10% |
| 2007 | 83 170 | 44 909 | 49,50% | 38 261 46,00% |
| 2009 | 92 686 | 49 567 | 53,50% | 43 120 46,50% |
| 2011 | 93 493 | 54 687 | 58,50% | 38 806 41,50% |

Source: Prepared by the author based on IBGE, Pnad (2011).

It is already possible to indicate that, while it is true that the rates of formalization of employment and of social security contributions have grown, so has reproduction of an old structural plague in the Brazilian labor market: the existence of 38.8 million occupied workers, or 41.5 % of the employed economically active population, who do not contribute to any social security regime. Moreover, in 2011 there were 6.7 million unemployed people who were also without social security protections, as indicated in table 1, which totals a number of 45.5 million people, equivalent to 45.4% of the total economically active population without social security protection.

Most of these 38.8 million Brazilians who are employed and not contributors have incomes up to two minimum wages. As indicated in table 4, it can also be noted that nearly all of those who receive up to ½ minimum wage and more than half of those employed who earn more than ½ a minimum wage do not make social security contributions, indicating a high degree of informality of jobs that reinforces the vicious circle: poor today, tomorrow no social security protection. Another information that is particularly instructive for understanding how the archaic structures of the Brazilian labor market are reproduced under the glow of social-liberalism is revealed in the fact that 54% of the contributors do so in the range of up to two minimum wages, that is, half of the contributors to social security are found among the three first lowest ranges of contribution.

Table 4 - Employed economically active population by income and contribution to social security in 2011

| Monthly income | Total EAP Employed (1.000 people) | Contributors | % | Non- contributors | % |
|----------------------------------|--------------------------------------|---------------|---------------|----------------------|---------------|
| Total | 93 493 | 54 687 | 58,50% | 38 806 | 41,50% |
| Até 1/2 salário mínimo | 6 693 | 317 | 4,70% | 6 376 | 95,30% |
| Mais de 1/2 a 1 salário mínimo | 17 604 | 7 670 | 43,60% | 9 934 | 56,40% |
| Mais de 1 a 2 salários mínimos | 30 650 | 21 788 | 71,10% | 8 862 | 28,90% |
| Mais de 2 a 3 salários mínimos | 12 372 | 9 681 | 78,20% | 2 691 | 21,80% |
| Mais de 3 a 5 salários mínimos | 7 695 | 6 129 | 79,70% | 1 566 | 20,30% |
| Mais de 5 a 10 salários mínimos | 5 457 | 4 463 | 81,80% | 994 | 18,20% |
| Mais de 10 a 20 salários mínimos | 1 810 | 1 599 | 88,30% | 211 | 11,70% |
| Mais de 20 salários mínimos | 647 | 578 | 89,20% | 70 | 10,80% |
| Sem rendimento (1) | 7 062 | 292 | 4,10% | 6 771 | 95,90% |
| Sem declaração | 3 503 | 2 172 | 62,00% | 1 331 | 38,00% |

Source: Prepared by the author based on IBGE, Pnad (2011).

Note: (1) Includes those people who receive only in benefits of all workers.

Considered as a whole, the data reveal the reproduction, on new levels, of the historic and predatory standard of the use of the labor force in Brazil. To the degree that the social security policies are linked to the status of the salaried worker with formal ties, the existence of high rates of informality and of precarious employment relations signifies the exclusion of the considerable masses of workers from social security coverage: the poorer the worker and more precarious the employment situation, the farther they are from attaining social security benefits in the future, precisely because of the lack of a contribution. This reveals that there are relations of determination between capital accumulation, the world of labor and the social protection policies. Thus, to the degree that contemporary capitalist dynamics deregulate markets and impose on workers pure and simple unemployment and or precarious labor relations, these dynamics necessarily strike against the social protection policies, and social security in particular.

Ipsa facto, the problems related to the non-universalization of social security in Brazil have deep roots in the particularity of Brazilian capitalism, with its dependent nature, which presupposes the existence of broad masses of workers at the margin of formal employment and high rates of exploitation of the work force. These are thus not issues that can be resolved in the realm of social protection policies; their resolution requires structural changes to Brazilian society. This affirmation does not intend to discourage the struggle for universalization of social protection, and social security in particular, but only to clarify on what grounds these battles take place.

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The imbrications of the world of labor and social security policies can also be illustrated by means of the amounts of the benefits paid by this policy. Table 5 indicates that in the Brazilian case, most benefits paid do not go beyond one minimum wage, which reinforces and continues the predatory use of the work force. It is also observed that 66% of the benefits issued by social security in 2011 do not go beyond one minimum wage.

Table 5 – Social security benefits paid, by amount (December 2011)

| Range of Value (1) | Total | % total | RGPS benefits | Assistance benefits | EPU (2) |
|--------------------|-------------------|-------------|-------------------|---------------------|---------------|
| TOTAL | 29.051.423 | 100% | 25.176.323 | 3.863.503 | 11.597 |
| < 1 | 665.414 | 2,30% | 658.752 | 6.552 | 110 |
| =1 | 19.162.066 | 66,00% | 15.315.550 | 3.843.519 | 2.997 |
| 1 -1 2 | 4.151.087 | 14,30% | 4.130.607 | 13.432 | 7.048 |
| 2 -1 3 | 2.153.586 | 7,40% | 2.153.318 | – | 268 |
| 3 -1 4 | 1.630.160 | 5,60% | 1.629.878 | – | 282 |
| 4 -1 5 | 931.462 | 3,20% | 931.308 | – | 154 |
| 5 -1 6 | 301.526 | 1,00% | 301.414 | – | 112 |
| 6 -1 7 | 45.236 | 0,20% | 45.183 | – | 53 |
| 7 -1 8 | 2.699 | 0,00% | 2.634 | – | 65 |
| 8 -1 9 | 2.584 | 0,00% | 2.545 | – | 39 |
| 9 -1 10 | 1.678 | 0,00% | 1.631 | – | 47 |
| 10 -1 100 | 3.925 | 0,00% | 3.503 | – | 422 |

Source: Boletim Estatístico da Previdência Social (dezembro de 2011).

Notes: (1) At previdenciary levels. (2) Encargos Previdenciários da União [Federal Social Security Fees].

Table 5, however, presents revealing data about how the elderly population survives in a country where only 5.6% of the beneficiaries of RGPS receive from three to four minimum wages; 3.2% receive between four and five minimum wages; and no more than 1% receive five minimum wages. These numbers demonstrate the result of the restructuring that social security policies have suffered, reducing workers rights, since the 1990s. We will briefly explain this process.

The restructuring of social security: the restriction of social rights and opening to capital markets

The restrictive restructuring of rights of Brazilian social security policy has taken place in phases. For the purposes of this article, it is interesting to situate and qualify the counter reforms operated under the orientation of neoliberal orthodoxy (in the 1990s) and of social-liberalism (during the government of President Luis Inácio Lula da Silva and since then). In the first case, the counter-reform was imposed by Constitutional Amendment no. 20, of December 15, 1998. This re-structuring signified the loss of important conquests in the field of social security protection. These losses were presented in an excellent summary by researcher Ivanete Boschetti (2003, p. 34) in the following manner:

The reform of social security conducted in 1998 reached, not only, but with greater impact, the workers covered by Brazil's Consolidated Labor Law, particularly in the private sector. The consequences of the reform all led to a reduction of the scope of rights conquered under the Constitution, which took place by means of various mechanisms: the transformation of the time of service into time of contribution, which made it more difficult to obtain a pension, above all for workers who did not have working papers signed

during their lives; the institution of a proportional minimum retirement age (48 years for women and 53 for men); an additional of 40% in the time of contribution for those currently insured; the establishment of a nominal cap for the benefits and the separation of this capped amount from the value of the minimum wage, which breaks with the constitutional principal of the irreducibility of the amount of the benefits; and the end of special retirement plans. In 1999, new changes were introduced in the calculation of benefits of the RGPS, with the creation of the social security factor, which provokes the reduction in the final total of retirement benefits. In relation to the public sector, Constitutional Amendment no. 20 of 1998 also suppressed some rights. Among the main changes should be emphasized the requirement of a minimum age for complete or proportional retirement (60 years for men and 55 for women); an increase of 20% of the time of contribution for proportional retirement and 40% for integral; a proof of five years of employment as a public employee for solicitation of retirement; the end of special retirement for university professors; the introduction of compulsory retirement at 70; and the implantation of the complementary social security regime for public employees.

Constitutional Amendment (EC) n. 20, which was drafted, deliberated and approved in the social democratic party government (PSDB) of President Fernando Henrique Cardoso, in 1998, represented a frontal attack on the social security rights established in the federal constitution of 1988, after a broad mobilization of workers and popular movements. This created a grave setback in the General Social Security Regime (RGPS) and also affected the Particular Social Security Regime (RPPS). Expertise in the issue is not needed to understand, based on Boschetti's synthesis (2003), the social setback represented by this counter-reform which, was strongly challenged at the time by national union centers (CUT, for example) and by the main leftist party, the Workers Party (PT) - not without a bit of irony in the story. Five years later, in 2003, President Lula of PT continued the process, fundamentally changing, but not only, the RPPS by imposing grave measures that restricted rights for public employees under Constitutional Amendment (EC) no. 41 and later under EC no. 47 of 2005.

The end of integral retirement for public employees was the object of desire of the dominant class fractions, mainly those that personify financial capital and that supported and guided the government of President Henrique Cardoso. These efforts were frustrated by the fight offered by workers led by their union and party organizations (particularly CUT and PT). The task was completed precisely by the former metalworker and highest leader of PT, President Lula. Constitutional Amendment no. 41 of December 19, 2003 implemented a series of modifications in social security, of which we can highlight: the end of integrality, with pensions calculated by the average of the set of employees' remunerations; the expansion of requirements for concession of benefits; the end of parity between the readjustment of benefits for the retired with the readjustment of active workers; submission of the benefits to the cap for the RGPS; the complementation of benefits by a private retirement fund; the end of proportional retirement; and the social security contribution of inactive workers.

The end of integrality and the limit of the benefits to the cap for the RGPS, which affected new workers, is essential for the implementation of the model based on private pension funds. This is because the removal of this right of public employees (guided by the Particular Social Security Regime, RPPS), opened the opportunity for the implementation of the complementary social security fund, by means of the Complementary Social Security Foundation for federal public employee (FUNPRESP).⁴ In addition to the imposition of a social security cap, which on its own conditioned the adhesion of employees to the complementary social security regime, the separation of the determination of readjustments of the benefits of the RGPS from the readjustments to the minimum wage, which took place in 2004, created a flagrant gap between benefits in relation to the minimum wage. Both strategies penalized the workers, inducing them to buy private retirement plans. It is not by chance that investments have grown in the earnings of capital in this sector. According to data from PNAD (2011), the Complementary Pension Entities (EFPC) had assets of R\$ 597 billion, with only 3,349 million contributors, which is equivalent to 6.1% of the total of contributors to the General and Particular Social Security Regimes. Meanwhile, Soares (2003, p. 121) explains that the experiences of countries that adopted a mixed⁵ pension system was based on the constitution of a "public pension-system for the poor" and the strengthening of a complementary private system for those "who can pay" with high rates of exclusion, even of middle class sectors now affected by precarious labor arrangements. Soares also affirmed that in none of these countries is there evidence of a reduction of the fiscal deficit or an increase in the rate of savings, productive investments and the generation of jobs, which undercuts the main arguments of the protagonists of the counter-reform.

In reality, by basing their arguments on a supposed budget deficit, political authorities – spokesmen for the dominant local and foreign class fractions – successfully shifted the debate from that which is at the heart of the question: the crisis of a standard of accumulation with financial dominance that is strongly based on public debt and high interest rates. It is thus not a contingency that the local dominant classes, in their

condition as subordinated partners of the global bourgeoisie, have opted to decrease social rights, to reserve public funds for paying the debt contracted or assumed by the state. This issue touches the mediations that link the dynamics of accumulation with financial dominance, the indebtedness of the state, the policy of high interest rates, the sacrosanct primary budget surplus and the reduction of social rights. It is the revenue of the nation itself that is bled to create the platform needed for the remuneration of local and transnational financial capital (PAULANI, 2008, p. 93).

Based on the perspective of Chesnais (1999), it is possible to argue that worldwide capital accumulation is now guided by financial capital and that non-bank financial institutions, including pension funds, are currently the most powerful private institutions in the worldwide financial market. The enormous political and financial power acquired by these institutions rests on two mechanisms: the first is their strong presence in the private pension systems by capitalization, which became the touchstone of neoliberal counter-reforms throughout the world; and the second is based on the articulation of the unequal distribution of income with broad advantages for the financial institutions in general, with a decrease in taxes on capital earnings and on high returns through the imprisonment of large sources of public funds through the indebtedness of the states.

It is important to note that the possession of public debt bonds of nation states, by private financial institutions, including pension funds, offers immense power of intervention to these agents of worldwide capital over the political economy of nations, particularly those of the dependent and peripheral strata like Brazil. As a whole, these elements guarantee a market and high rates of return on financial capital, and in their interior, to the pension funds that devour immense portions of the amounts that circulate in this sphere of economic life.

Social security is one of the fundamental policies of the welfare state in its classic versions, but is also present in the legal and political architecture erected in dependent and peripheral countries. Its financing is based on important portions of the surplus value produced by work on a social scale, received in the form of taxes and contributions. It thus constitutes a socially delimited territory for the struggle of the working classes that led to the registration in constitutional texts and infra-constitutional legislation the right to pecuniary protection in old age and when disability prevents employment. Occupying an important portion of public funds and having its territory clearly marked by regulations, social security policies have come to exercise an exceptional power of seduction on capital in general, and financial capital in particular, in this time of structural crisis.

It is known that spatial adjustment is a requirement for capitalist expansion and, moreover, of the crises that irremediably erupt in the structure of the system (HARVEY, 2013). Thus, in the current crisis conditions that explode in the structure of worldwide capital, this adjustment must operate through the expansion of frontiers – and in this sense, the expansion of the logic of modern capital to Latin America and to Asia in the past five decades fulfills a central role. But it also occurs fundamentally through the conquest and intensification of the use of already existing territories or markets. Productive restructuring and the methods for organization of production and or work of a Toyotist origin express this adjustment very well. It is at the heart of this process that the counter-reforms thrive, to serve the needs for the valorization of capital, which requires dismantling the legal and political apparatus that organizes the social policies that proved to be functional to the growth of accumulation rates during the glorious years, yet in the context of the current structural crisis, represent impediments. It is from this perspective that the attacks on the public social security system make complete sense: in addition to decreasing public spending on social rights, they forge spaces for the accumulation of private capital.

This appears to explain the fury of the dominant classes in conducting “counter-reforms” in the public social security systems that imply a decrease of universal rights derived from work and the opening of spaces for private investment of financial institutions in a situation historically marked by the structural crisis of capital. We thus understand that one of the keys to understanding the processes of privatization of social security and the consequent restrictive restructuring of the rights to public social security is in the worldwide dynamics of capital, due to the need for appropriation of the public funds by capital and of the creation of market niches for private investment. It is in this way that spaces are opened for the unprecedented market for the sale of social services, which were once the exclusive realm of the state, with social security being the main victim of this process due to the quantity of money involved, suffering “counter-reforms”, decreasing rights, to induce workers to complement them through the purchase of private pension plans.

According to Soares (2003, p. 122), the Brazilian social security system is the largest in Latin America, with the broadest coverage – both urban and rural. It represents a powerful social policy for broad and less fortunate sectors of the Brazilian population. In countless small and medium cities, the social security benefits, particularly pensions, constitute the main source of family income, particularly in rural areas.

Social security is a strong mechanism for social protection and income distribution, which, however, is still an intra-class distribution mechanism, because it is financed to a large degree by the working class. According to ANFIP (2012), most social security income comes from company contributions and the contributions of the

insured, which represent 71% and 22%, respectively, totaling 93% of the amount collected in 2011. These numbers reveal the concentration of financing of this policy on the workers and business, which counters the constitutional principle of diverse financing for social security,

which was established precisely to avoid the collapse of the system, given that in a period of financial crisis workers are the first to be affected, which makes the social protection system vulnerable.

According to Boschetti (2003a, p. 31) the diversity of the financial base implies that the employer contributions should not only be based on the payroll, but also on profits, to make the financing of social security more redistributive and progressive, which would compensate the decreased contributions of companies caused by the introduction of technology and the consequent reduction of labor.

Nevertheless, to understand the real background of the issue of social security financing, it is necessary to analyze the macroeconomic options adopted in the Brazilian economy, as Fagnani warns (2008, p. 40):

The real background for understanding the question of social security financing is the fact that Brazil has accumulated 26 years of low economic growth. In fact, the nature of the question of financing of social security is preponderantly exogenous and reflects the macroeconomic options adopted in recent decades, which fragilize the labor market and tighten the financing mechanisms for social policies in general, and for social security, in particular. Therefore, an alternative and more just and effective agenda must necessarily change the focus from expenses to revenue. The most promising option is the growth of the economy, which would expand dignified inclusion in the labor market and at the same time given potential to the sources of financing of social security financing.

The current crisis - whose most visible expression and that most commented on by economists is the world's straggling economic growth rates, even in the leading economies - directly affects the world of labor and the social rights related to it. The crisis produces contradictions and tears in the social fabric, such as the degrading concentration of social wealth and the correlated increase of absolute and relative poverty and of social inequalities. These contradictions require state intervention to administer poverty and avoid the potential eruptions nurtured there. To the degree to which the current standard of capital accumulation does not stimulate integration to the labor force and thus access to salaries and the social rights related to them, the remaining option is that of isolated compensatory interventions, related to the rights of citizenship such as social assistance. Here we can clearly identify the logic that governs the exponential growth in spending on assistance programs at the heart of Brazilian social-liberalism, while social security is reorganized to restrict workers rights.

Conclusion

The main argument used to justify the restructuring suffered by Brazilian social security that removed rights has been the supposed budget deficit, which is not real when the entire scope of social security revenue is considered. The dissonance in social security financing is caused by economic policy management and reflects macroeconomic options adopted in recent decades, which weaken the labor market. Strengthening the labor market can guarantee social protection in a society in which 45.4% of workers who are part of the economically active population do not contribute to social security.

In Brazil, it is essential to increase the number of contributors to the system via inclusion in the formal labor market of the enormous contingent of informal workers. Yet doubt remains if in the particular historic conditions of Brazilian capitalism, marked by the dismantling of the welfare state on which it had been mounted, it is possible to promote the expansion of the salaried workforce. This would allow the broad masses that now suffer in informal positions to become part of the construction of a social protection system based on the guarantee of universal social security for all workers. All the reasons discussed allow us to be skeptical about these possibilities, considering the crises in the skeleton of the world capitalist system and the growth strategies based on the rationalization and intensification of the use of existing markets.

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Notes

- 1 The Pesquisa Nacional por Amostra de Domicílios [National Household Survey] (PNAD), by IBGE (2011), classified employment by sector and classes of activity; II) domestic worker; III) self-employed; IV) employer; V) non-paid worker, member of a family unit; VI) other non-paid worker. For DIEESE, the concept of employment, adopted in the realization of the Employment and Unemployment Study includes the individuals who have paid work exercised regularly; or who have a paid job exercised irregularly; or even who have non-paid work of helping in the business of relatives, and who are not looking for work.
- 2 In terms of the category of employment, the employees were classified by PNAD, IBGE (2011), in: I) with signed working papers; II) military and public employees; or III) other.
- 3 Social-liberalism is the denomination given to the second phase of neoliberalism, which emerged as a hegemonic project of the dominant classes, led by its financial fraction, through conservative governments (Thatcher, in England, and Reagan, in the United States). Later, European social-democratic governments and even Communist parties in Eastern Europe adopted neoliberal measures. Thus, neoliberalism gained strength when it was no longer an ideological reference to a limited group of intellectuals and gained a material base in the policies of Western governments. At this moment, it became the hegemonic conscience of the dominant classes. The neoliberal projects of state reform, after the failure of the “minimal state”, gained a new configuration: the state would now have the function of regulating economic activities and would operationalize, in partnership with the private sector, emergency, focused and welfare-type social policies. In the social-liberal perspective initiated in the mid 1990s, the dominant ideology came to admit a more active intervention of the state in the so-called social question. There is also an inflection of the hegemonic thinking in relation to the debate about the market and social well-being, in which an epistemology of the right – maximization and optimization of the resources, relative scarcity, human capital – is varnished by an ethic of the left, with slogans such as social justice, solidarity, philanthropy and volunteerism. It is at this moment that arose the theses of the so-called third-via, which calls for a syncretism between the market and the state, capable of promoting social well-being. Thus the formula for economic development – based on market dynamics – with the promotion of social equity – propitiated by the joint action of the state with the third sector (CASTELO, 2008).
- 4 Three closed entities for complementary pensions were created: Funpresp for the executive branch (Funpresp-Exe); Funpresp for the judiciary branch (Funpresp-Jud) and Funpresp for the legislative branch (Funpresp-Leg), linked to the Ministry of Planning, Budget and Administration, with the purpose of administering and executing the benefit plans with characteristics of a pension. The law went into effect for executive workers on March 1, 2013, with the creation of Funpresp-Exe, by Decree n. 7.808/12 and Funpresp-Jud, with Resolução STF nº 496/12.
- 5 Mixed social security model combining a regime of general or particular repartition, which pays a benefit limited to the cap amount, with a complementary social security, in capitalization.

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