

BRAZIL

Public Policy

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This policy brief discusses employment laws in Brazil, with a particular focus on regulatory federal laws related to employment and other forms of public measures, like active and passive labor market policies. Rather than discussing all employment policies, this policy brief will highlight the most significant legislation in order to provide a general introduction to current policies as they relate to quality of employment in contemporary Brazil.

This brief includes four sections:

- An in-country policy context that introduces the reader to the policy background of Brazil.
- A discussion of the dimensions of quality of employment, providing an overview of the major public policies affecting each dimension. Six components in this matrix will be discussed. Opportunities for Meaningful Work and Promotion of Constructive Relationships at the Workplace are omitted because they are not usually legislated in Brazil.
- A contextual focus on policies to increase opportunities for poor youth.
- A brief conclusion on the implications of policy for quality of employment in Brazil.



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This brief uses the Quality of Employment Framework to discuss the effect of public policies in Brazil.

IN-COUNTRY POLICY CONTEXT

■ *Overview of the Brazilian Economy: 1980s, 1990s, and 2000s*

By the 1980's, the Brazilian economy was highly protected in terms of international competition by tariff and non-tariff barriers to trade. Following this period, during the 90's, a trade liberalization process had started as well as privatization of public enterprises and several economic plans in an effort to stop hyperinflation. However, only the stabilization plan of 1994, Plano Real, ("Real Plan") was able to bring down inflation, which is now controlled by the Brazilian Central Bank.

During the 1990's and 2000s, the Brazilian economy went through several, very different, macroeconomic cycles that created important changes in its labor force profile. Some of the main characteristics of this period were: unemployment and informal employment increase, decrease of labor union participation, increase in education, and greater female participation in the workforce.

Today (since early 2010), the Brazilian economy is robust, with low inflation and high product growth in real terms. Regarding labor markets, unemployment has stabilized (at 10%) and the average worker income has risen.

■ *Labor market retrospective overview,*

During the 1980s, the Economically Active Population (EAP) in Brazil increased by (25%), according to data from the Pesquisa Mensal de Emprego (PME) [Monthly Employment Survey].¹ As Barros and Mendonça (1989),² Costa(2007),³ and Sedlacek and Santos(1991)⁴ all noted, part of this evolution during the 80s was due to an increase of female participation in the labor market. During the 1990s, the EAP growth increased, however, at a slower rate (5.4%). This trend remained the same for the early 2000s (2000-2002), increasing by 4.4%.¹

At the end of this decade, comparing 2002 to 2009, EAP growth reached 17.5%.¹ The variation can be explained by economic cycles. With more dynamism, there are incentives for workers to enter the labor market.

"The labor force participation rate represents the percentage of people of active participation age (15+) who take part in the labor market. During the 1980s, the labor force participation rate showed continuous growth, incorporating a further 55% of the active-age population." By the 1990s and 2000s, this rate alternated from 56% and 58%,¹ as the trends were influenced by economic cycles. During bad times, the discouraged worker

effect seems to be stronger, shown by decreased participation in labor market. The opposite effect is seen during times of economic expansion.

It is worthwhile to note that the economically active youth population decreased during the 1990s. According to the Pesquisa Nacional por Amostra de Domicílios data for 2008 (PNAD) [National Survey of Household Sampling), 63% of people between 15-24 years of age, participated in the labor market. Meanwhile, the participation rate of individuals between 25-49 years reached 83.6%.⁵

Education has increased in Brazil over the years. From 1992 to 2008, the participation rate of those who had not completed elementary school decreased by 4.2 percentage points. For those who had completed high school and begun/completed college, the increase was about 3.3 percentage points and 0.5 percentage point respectively, at 78.3% and 83.3% in 2008.⁵

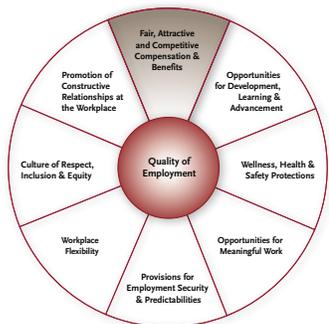
"The occupational level can be used as an indicator to measure labor market dynamism in terms of labor force absorption." During the 80s, despite being known as the "lost decade" for the Brazilian economy with GDP growth only around 1.5% as well as hyperinflation, the occupational level increased by 30%,¹ more than it had during the 1970s. About 16 million jobs were created. This job creation happened mostly among informal labor markets, that is mainly jobs without a formal contract. The informal sector, absorbed workers that could not find a formal job. Many scholars concluded that the main problem of the Brazilian labor market during the 1980s was not a lack of new job occupations, but rather the quality of emerging jobs (informal work and low wages).

During the 1990s, due to several changes in the Brazilian economic structure -- trade liberalization, privatizations and post-Plano Real economic stabilization -- the employment level grew by only 2.2%.¹ Formal jobs decreased significantly, while informal jobs increased.

Industry, as labor force absorber, decreased significantly, partially explained by restructuring and outsourcing, the adoption of new technologies, and major external economic competition. In the early 2000s, the occupation growth was about 7.1% and mostly accounted for by informal jobs.¹ At the end of the decade, there was an increase in formal jobs. The total number of formal jobs increased 25% between 2002 and 2009, according to data from PME.¹

POLICY OVERVIEW

DIMENSIONS OF QUALITY OF EMPLOYMENT



➔ Indicators of Fair, Attractive, and Competitive Compensation & Benefits

Employees' basic needs are secured, and fair and equitable distribution of compensation and benefits among employees is promoted.

Overview

Public policy for this dimension of quality of employment has focused on minimum mandates that employers must provide to workers, such as minimum wages and Social Security.

The minimum wage policy

The minimum wage policy was established in the 1930s by Brazil's military government. At the time of its creation, the minimum wage had 14 different values according to country region. The minimum wage had to be readjusted by law.

The 1988 Constitution kept the minimum wage as a social right, guaranteed by law for every worker. As stated in the Constitution, the minimum wage should afford workers and their families basic needs, like dwelling, food, education, health, leisure, clothing, etc.

Departamento Intersindical de Estatística e Estudos Socioeconomicos (DIEESE), a research institute focusing on social-economic and union research, estimated the ideal minimum wage that could provide these basic needs as spelled out in the Constitution. The ideal minimum wage

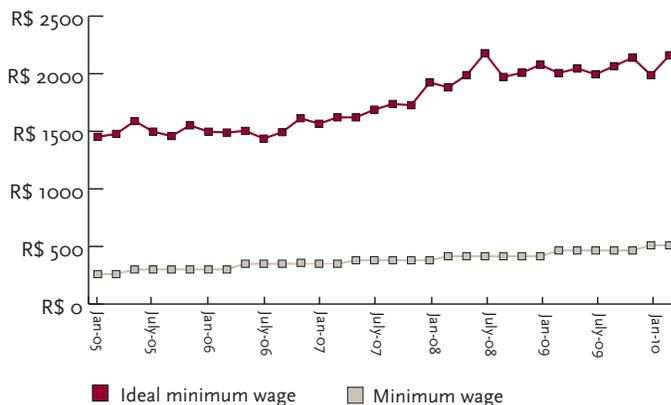
is three times greater than the “real” minimum wage (see Figure 1), which means that the basic needs of minimum wage workers were not being met by “real” standards.⁶

During the period of hyperinflation (mainly the 1980s) the minimum wage lost purchasing power in real terms, by about 44% between 1982 and 1990. Since 1990, despite high inflation rates, wage policies maintained the purchasing power that grew in real terms between 1990 and 1994.⁷

Since the “Plano Real”, the successful plan of inflation stabilization was created in 1994, the minimum wage had even greater real gains of nearly 25% between 1994 and 1999.⁷ After price stabilization, the minimum wage had its greatest recovery ever, in real terms. As of 2010, the national minimum wage is fixed at R\$ 510 (roughly \$294 US) per month with an annual readjustment.⁶

The minimum wage can vary by regions. In the Rio de Janeiro state, the minimum wage is above the national level and is fixed by job categories. For example, The minimum wage for agricultural workers is lower than the one fixed for lawyers or managers.

Figure 1: Minimum Wage x Ideal Minimum Wage



Source: DIEESE (2010)⁶

Figure 1-The ideal minimum wage was always three times or more above necessary in order to enable workers to afford their basic needs.

Contractual labor relations and the Social Security law

Contractual labor relations in Brazil are governed by two legal pieces: the Federal Constitution and the Consolidation of Labor Laws (CLT). All private sectors as well as parts of the civil service must follow CLT. The majority of civil service and all military workers do not sign contracts instead their labor status is defined by law.

The Consolidation of Labor Laws (CLT) is a set of laws, established in 1943 during the military government, outlining duties of the employers and rights of the employees. Labor rights are also regulated by collective bargaining and collective agreements. Certain classes of employees are subject to special regulations, such as public employees.

The regular hiring procedure establishes an employment relationship under the CLT’s regulations. An employee is regularly hired by means of the inscription in his/her personal labor card and registration in the company’s books for the purpose of payment of social taxes and contributions.

Under Brazilian social security law, every employee must be covered by social security insurance. Social security in Brazil is made up of monthly contributions by employees, employers, and the government. These payments entitle the employee to receive social security benefits, various types of retirement pensions, disability, and retirement, as well as benefits for length of service).



➤ Indicators of Opportunities for Development, Learning, & Advancement

Job skill development and advancement are promoted for employees of as many industrial sectors, employment statuses, and life/career stages as possible.

Overview

As globalization and competition expand, it is increasingly important for employees to gain job skills and engage in continuing education. There are programs provided both by the government (PLANFOR, PNQ) and by the private sector, like “Sistema S.”

Professional Qualification – PLANFOR, PNQ

Traditional professional formation, or the specific skills required to execute a task, are developed through the collaboration of several Brazilian institutions. Among these are federal technical schools, centers of technological formation, agricultural schools, and the “S System” -- Senai, Senac, Sesi, and Sebrae, among others. Beyond these institutions, professional formation is also developed by institutes, foundations and other entities. The goal is to answer, in the traditional sense, in the traditional focus, the call for labor market preparation at different levels of worker qualification.

In the last few decades, professional qualification has gained new meaning, due to the introduction of new technologies and new managerial techniques, including restructuring during the 1990s. In the case of Brazil, with the promulgation of the 1988 Constitution and the social-political processes in between, new guidelines were established for professional education. A reform of the professional-technical sector began and influenced public policy regarding work.

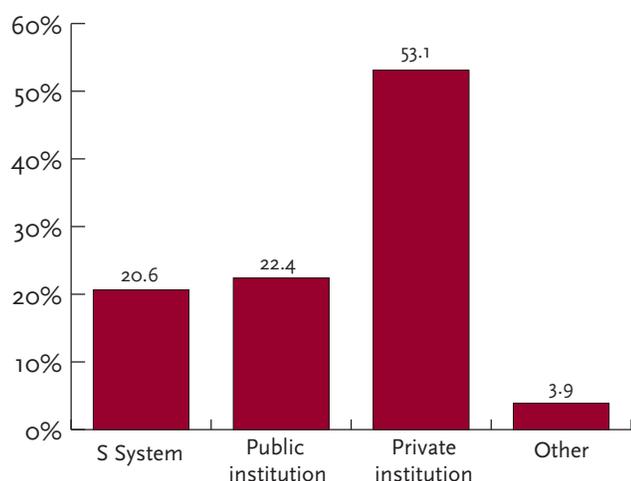
Since 1995, the National Plan for Professional Formation (PLANFOR) was created, by the Professional Formation and Development Secretary in the Ministry of Labor Affairs. The

resources allocated to PLANFOR came from a Fundo de Amparo ao Trabalhador (FAT) [Worker Fund of Resources]. The general goal of the plan since 1999 was to offer enough professional education to annually qualify or re-qualify at least 20% of the EAP (economically active population). The plan's actions coordinated with professional education agencies that already existed in the country.⁸ PLANFOR also benefited not only workers in the formal sector, through the professional qualification offered by the S System, but vulnerable groups, like the unemployed, informal workers, youth, women, etc.

The National Plan of Qualification (PNQ) replaced the PLANFOR. The PNQ seeks to advocate for the promotion of workers' rights through policies related to employment, labor, income, education, science and technology, among others.⁸

The goals of PNQ are: the increase of intellectual, technical, and cultural formation of the Brazilian worker; increase in years of education; workers social inclusion; attainment of employment; decent jobs and participation in the process of employment opportunities generation; decreasing the levels of unemployment and underemployment; increase in labor market permanence, minimizing the risks of being fired and turnover rates; an increase in the success of individual or collective enterprises; increase in productivity and income; and the communication between micro and small enterprises to allow workers to benefit from opportunities created by local and regional development.

Figure 2: Professional Qualification: Types of Institutions in Brazil



Source: PNAD (2008)⁵

As suggested by Figure 2, the majority of workers with professional qualifications received instruction in private institutions.

Labor Force Intermediation: "SINE"

In Brazil, public services for employment are offered through the National System of Employment (SINE). The goal of SINE, which functions as both the labor force mediator and arbiter of unemployment insurance, is to streamline the integration of unemployed individuals into the labor market.

The SINE, created by decree No.76.403 of 1975, followed the basis of Convention No.88 of the International Labor Organization (ILO), concerning the organization of employment service, ratified by Brazil.⁹

The service posts of SINE develops activities that improve labor market operation, such as identifying the work by formal registration and giving subsidies to the educational system of the labor force.

Since the extension of the Unemployment Insurance Program in 1990, the SINE began to attend to workers in a centralized way, like handling unemployment-insurance documents paid by Caixa Econômica Federal (CEF), labor force mediation and, if possible, routing workers to professional qualification programs or employment and income generation (such as microfinance). According to Azeredo (1998)¹⁰ and Cardoso et al (2006),¹¹ only labor force intermediation was consolidated and, in some agencies, the actions were not supplemented with professional education or other policies. The services of care workers were much more heterogeneous among several SINEs of Brazil.

SINE's actions became more decentralized at the end of the 1990s, in contrast to the 1970s, when their service posts (agencies) could be created and maintained only by covenants of Labor State Secretaries. During the 1990s, the creation of agencies also began and was maintained by non-profit organizations, such as autonomous unions. Since 2004, there have been partnerships with municipal agencies in some cities.

In fact, after the reformulation of the Unemployment Insurance Program in 1990, the SINE conception was implemented as an integrated service agency for workers, and is part of what we call the "Public System of Employment, Labor, and Income" (SPETR). The resources allocated to these posts are targeted at keeping public agencies of employment for workers and employers, providing a "coming together" of both, and

matching workers and labor vacancies. SPETR also serves those with a right to unemployment insurance. According to Cardoso Jr. and Gonzalez (2007),¹² the SPETR is the name currently given to the set of government programs directed to labor market, with the goals of:

- Combating the immediate effects of unemployment – by monetary transferences such as Unemployment Insurance;
- Re-qualifying the labor force and reinserting workers – through programs of professional qualifications and labor force intermediation; and,
- Stimulating or inducing the generation of new jobs, employment, and income – by the concession of facilitated credit to enterprises/workers to seek self-employment and cooperative employment .



⇒ Indicators of Wellness, Health & Safety Protections

Protection of employees' safety and health at their worksites is mandated, and their physical and mental well-being is promoted. In the case of job-related injury or illness, compensation or other forms of social protection are offered.

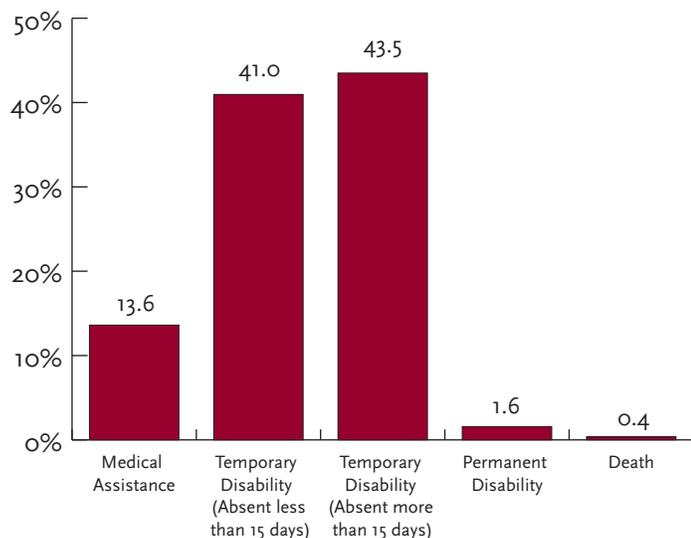
Overview

The government has promoted this dimension of quality of employment mainly through providing welfare benefits to workers with occupational injuries or illness. In fact, government increased the fiscal actions of the National Plan to increase work accident notifications, but the number of occupational injuries registered is still very high. Another kind of preventive policy is educational, providing information about security and health/safety options to workers and employers.

In 2008, Brazil registered 747,663 work injuries/illnesses, 13.4% more than 2007. Most were typical workplace accidents (80.4%). About 16.2% of accidents occurred in route to and from work, and 3.4% are due to illnesses contracted in the workplace.¹³ In terms of consequences for the worker, the most common is temporary absence from work. The incidence of deaths and permanent disability is small compared with temporary disability.¹³ (see Figure 3) . However, the number of incidences of death is relatively high compared with other countries, which was 2,757 worker deaths (0.36%) in 2008 according to the ILO.¹⁴ From 1999 to 2003, the average mortality rate was 14.84 per 100,000 workers. Comparing this coefficient with those of other countries such as Finland 2.1 (2001), France 4.4 (2000) Canada 7.2 (2002) and Spain 8.3 (2003), shows that the risk of work related fatalities in Brazil is approximately two to five times higher.¹⁵ Since under-

reporting of accidents in Brazil is still common, the reality may be more severe than that presented in the statistical records, especially in rural areas. According to estimates by the World Health Organization (WHO) in Latin America, only 1% - 4% of occupational diseases are reported.¹⁶

Figure 3: Consequences of Work Accidents (%) - 2008



Source: Ministério da Previdência Social (MTPS) (2008)¹³

As suggested by the findings presented in Figure 3, the consequences of work related injuries or illnesses are concentrated in temporary disability.

The government's role in health and safety protection for workers

The Federal Constitution (FC) of 1988 states that the federal government should care for the safety and occupational health of workers. Guidelines were developed by the Ministries of Labor, Social Welfare, and Health, as set forth in the Consolidation of Labor Laws, Laws 8.212/91 and 8.213/91, and the Organic Health Law (No. 8080/90), which covers the organization of social security and health plans as well as funding social security benefits.¹⁷

The Health System (SUS) is responsible for promoting occupational health, through social and economic policies aimed at reducing the risk of disease and increasing work security. The system provides services and actions that protect workers' health. Another important role of the Ministry of Health is implementing the National Policy on Occupational Accidents and Diseases at Work through the expansion of the

National Network for Health Care Workers (RENAST) within the Health System (SUS). The goal is to promote employee assistance and increase vigilance with respect to occupational accidents.

The Ministry of Labor program promotes health and safety at work through the Fundacentro, an institution established in 1966 and linked to this ministry since 1974. The institution aims to promote and disseminate studies that suggest solutions for reducing the number of occupational accidents in Brazil. This knowledge is passed on to workers and employers alike to promote safety and health at work. The institution works in rural and urban areas and has a network of laboratories for the promotion of safety, hygiene, and health at work. Fundacentro also develops research to promote knowledge of health and safety in the workplace.

Another important role of the Ministry of Labor is the regulation and supervision of the Internal Commission for Accident Prevention (CIPA), which is aimed at the prevention of work-related accidents and illnesses. The CIPA is aware of all public and private companies, public joint stock companies, and administrative bodies, as well as organizations where there are workers as employees. CIPA is made up of both employers and employees as members with a primary focus on identifying hazards in the work process, promoting preventive actions for worker health and safety, and providing information to the Ministry of Labor on security within companies and the analysis of accidents.

Accident Compensation Insurance

Initially, Brazilian legislation that regulated workplace accidents stipulated that employers should allocate an amount of resources for insurance against accidents at work. This deposit should be done in a public or private bank.

During the 1970s, officials began to consider additional legislation concerning the protection of injured workers. Federal Law No. 6367 (October 19, 1976) nationalized workplace insurance. All subsequent legislation concerning workplace insurance is incorporated within the Social Security Benefits Plan.

There are two types of aid for accident victims: 1) aid that represents 50% of salary for those with partial incapacity to work and 2) retirement aid for accidental disability for those with total incapacity.¹⁸

Under Social Security, workplace accidents encompass the following: injuries resulting from external causes, injuries and poisonings occurring in the work environment, injuries received during the course of travel to or from work, and occupational diseases. The resulting benefits are entitled to the insured when they suffer an accident that results in permanent disease that reduces work ability. Accidents at work are reported by employers to Social Security by filing an Accidents at Work (CAT) report.

In the case of employment in activities considered by law to be hazardous, the employer will pay an additional monthly allowance. Such allowances are equivalent to 10%, 20% or 40% of the minimum wage, depending on the degree of hazard. In the case of dangerous activities, such as those involving contact with explosives or flammable materials, the employer pays an additional payment to compensate for the risks involved at the rate of 30% of the employee's salary.



➤ Indicators of Opportunities for Meaningful Work

Opportunities for meaningful or fulfilling employment are promoted through facilitating appropriate job-skill matches, self-realization through occupation, or community participation away from routine work.

This dimension is omitted because it is not the focus of legislation in Brazil.



➤ Indicators of Provisions for Employment Security & Predictability

Stable provision of employment opportunities for job seekers is promoted, clear communication of terms of employment is facilitated, and protecting the job security of the employed is a policy objective.

Overview

There are, three employment protection programs for the Brazilian labor market:¹⁹ the Unemployment Guarantee Fund (FGTS), a government-administered individual worker fund; the national unemployment insurance program; and the federal wage supplement (*abono salarial*).

This sub-section details each of these mechanisms of employment protection in Brazil, including data and comparison to other countries.

Brazilian labor market institutions

The FGTS was created in 1966 and replaced a system of indemnity for dismissal of labor contracts. FGTS provides every worker employed in the formal sector a “fund” that is the sum of the employer’s monthly contribution (about 8% of the employee’s current wage). Workers have access to this money under four circumstances: if unfairly dismissed, when buying a house, upon retiring, or in case of death, with the money going to the worker’s dependents.

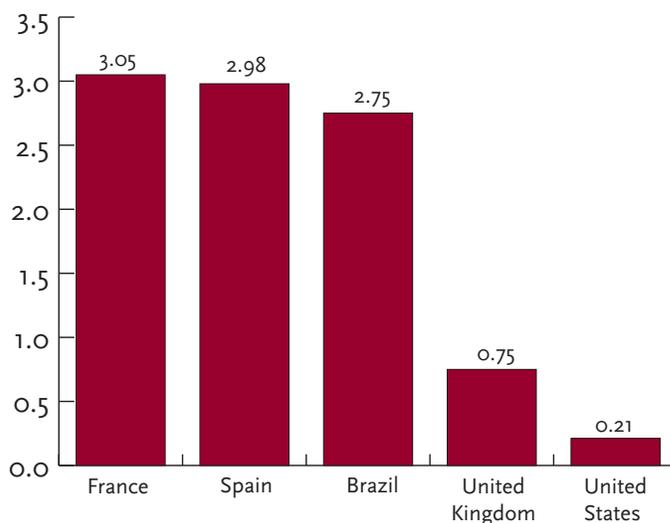
Any employee unfairly dismissed under FGTS is entitled to withdraw a proportion of the FGTS balance accumulated while he or she was at the firm. The employer has to pay a penalty fixed at 40% fund balance. Legislation passed in 2001 increased the fine for unjustified dismissals to 50% of the FGTS balance, with the extra 10% paid by the firm directly to the government (not the worker).¹⁹

Another employment protection in Brazil is the national unemployment insurance. Every worker with a non-justified dismissal that has been employed at least 6 of the 36 months previous to dismissal has the right to unemployment insurance. This benefit is given for a variable period, depending on the time that the worker has been employed, for up to six months. The benefit value is based on the worker’s average wage of the previous three months. It is important to notice that this benefit is offered only for workers with a formal contract.

Finally, the federal wage supplement (*abono salarial*) gives one minimum wage for every formal worker who contributes to a government program called PIS/PASEP. To receive this benefit, the worker must have been registered more than 5 years.

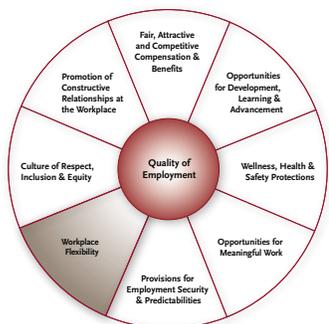
The result of these institutions is a high level of employment protection.²⁰ (see Figure 4). Data from OECD placed Brazil 9th in employment protection in 2008. This indicator measures the strictness of regulation on dismissals and the use of temporary contracts. France and Spain have indicators similar to Brazil, which are high compared to the United Kingdom and the U.S.²⁰

Figure 4: Employment Protection by Country, 2008



Source: OECD (2010)²⁰

As suggested by the findings presented in Figure 4, France, Spain, and Brazil had high indicators of employment protection in 2008, in contrast to the United Kingdom and United States. This indicator measures the strictness of regulation on dismissals and the use of temporary contracts.



➤ Indicators of Workplace Flexibility

Availability and utilization of flexible work options are promoted for employees of various life stages through increasing their control over work hours, locations, and other work conditions.

Overview

The government has attempted to increase employees’ choices over work hours, particularly through legislation that promotes flexible work time.

Flexitime arrangement

The flexitime arrangement, called “bank of hours,” emerged in Brazil as a result of Law 9.601/98. Through this law, the government eased some labor rights stipulated in the Consolidation of Labor Laws (CLT) in order to combat unemployment allowing businesses, in times of crisis or temporary difficulties, to grant time off to employees to insure employment.

The flexitime arrangement is based on the conditions that it should be subject to actual need of the employer so as to prevent collective layoffs. The action justifies a temporary reduction of work time without reduction of wages for subsequent compensation without overtime pay.

The law also stipulates that this practice is only legal if it is agreed upon in the collective bargaining agreement, that should be made with a trade union representative present. The values of hours worked, schedules, time and form of compensation bank hours, among other rights must be included in the Convention.

It is important to highlight that for employees working in private firms, the maximum workday is eight hours and the maximum workweek is 44 hours.¹⁵ Work performed beyond these time limits is considered overtime. Up to two hours’ overtime a day may be rendered upon written agreement between the employer and employee or via collective bargaining. The minimum compensation for overtime is 50% higher than the normal hourly rate. Night work is work performed between 10 p.m. and 5 a.m. and must be compensated by at least 20% more than work performed during daytime work hours.



➤ Indicators of Culture of Respect, Inclusion & Equity

Diversity in the workforce and inclusion of less-advantaged populations are promoted, and equity in work conditions is pursued.

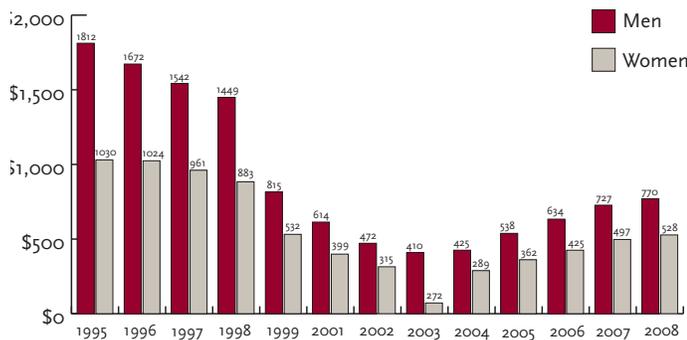
Overview

In Brazil, according to data from PNAD (2008),⁵ discrimination against women, blacks, and the disabled has persisted throughout the years.

Wage differentials – women, black, and disabled workers

Women’s participation in the labor force increased between 1995 and 2008 (41.4% to 44.6%). Additionally, participation of black people in the labor force also increased during this time (39.1% to 47.1%).⁵ Greater participation, however, does not mean a higher wage, as indicated by the following figures (see Figures 5 and 6).

Figure 5: Annual Average Income of Men and Women in Brazil, 1995-2008

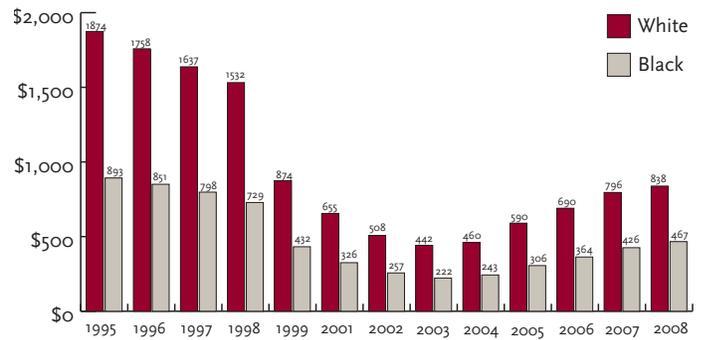


Source: PNAD (2008)⁵

The annual average income has always been higher for men than women, However, the difference has decreased over time.

According to data from the PNAD (2008),⁵ as shown in Figures 5 and 6, the annual average income is much higher for men than women; it is also higher for white workers than for black workers. The difference has decreased, with time and may be due to an increase in formal education (mainly for women) as well as government policies, like the gender and race program.

Figure 6: Annual Average Income of White and Black Workers, 1995-2008



Source: PNAD (2008)⁵

The white worker’s annual average income has always been higher than the black worker’s. The difference is decreasing, however, just like the difference between salaries of men and women.

The wage differentials for women and black workers (estimated by controlling worker and employer characteristics) are respectively, 26% and 8% for 1995, 21% and 16% for 2002, and 20% and 14% for 2005.²¹ These results indicate that discrimination against women has decreased over the past fifteen years, but still remains significant. Racial discrimination is also prevalent, but has decreased over the last ten years.

Brazilian Gender and Race Program

The Brazilian Gender and Race program, created in 1997, aims to promote equal labor opportunities and to stop discrimination based on race, color, gender, religion, or political opinion, according to ILO conventions n° 100 and 111.²² The program also includes educational and preventative measures.

It is not possible to determine the exact contribution of this program in reducing gender and race discrimination, but it is possible to infer that both types of discrimination have decreased (at least during the 2000’s) in terms of labor market participation and wage differentials.



➤ Indicators of Promotion of Constructive Relationships at Work

Employer-employee frictions and conflicts are mitigated, and constructive workplace relations are facilitated.

This dimension is omitted because it is not the focus of legislation in Brazil.

CONTEXTUAL FOCUS: INCREASING OPPORTUNITIES FOR POOR YOUTH

Overview

Since unemployment in Brazil is much higher among youth compared with the entire population, many government-created policies focus on the employment of young people. Instead of presenting all, two of the most important policies for youth employment are highlighted: PNPE and Projovem.

PNPE

The Programa Nacional do Primeiro Emprego (PNPE), a national program for encouragement of the “first job” for youth was created by the federal government in 2003, and its main goal was to reduce unemployment among poor youth. The program also offered financial compensation to enterprises that hired workers between 16 and 24 years old.

To join this program, young workers must be enrolled in high school or primary school and family income may not be more than half of the minimum wage per capita. As compensation, employers receive nine payments, R\$250 each (US\$137.50) for each worker hired and may not fire them during their first year. This last requirement was removed in 2004.²³

However, the program had many implementation difficulties. Many employers claim that SINE (the system of labor intermediation detailed in the previous section) delayed too much to route the young workers selected. It was also claimed that until March 2004, only one installment of the compensation benefit had been paid to employers. One theoretical problem of PNPE was that it did not guarantee the creation of new job openings, but rather allowed for the replacement of an adult worker by a younger one, with lower incomes.

Projovem

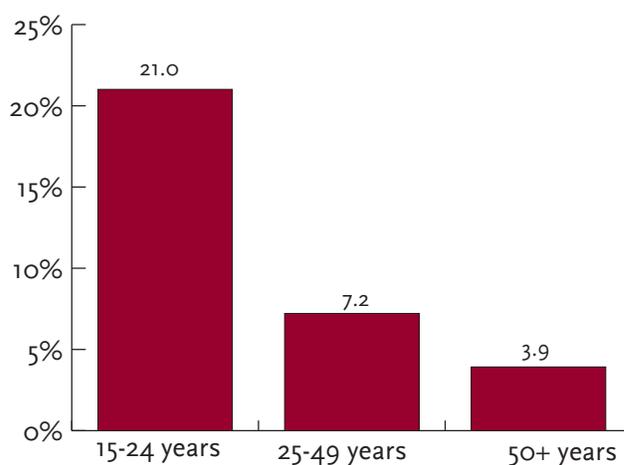
The goal of Projovem (established in 2008) is to prepare poor youth for the labor market and for alternative jobs that generate income. Unemployed youth between 18 and 29 years old that come from families with per capita income less than half of the minimum wage are eligible for this program.

Projovem unified three other programs focused on youth qualification: Consórcio Social da Juventude, Juventude Cidadã and Escola da Fábrica. *Projovem* includes a broader age group than the three aforementioned programs, 18 to 29 years. Those who join *Projovem* earn approximately R\$100 (US\$54) per month and have to attend a qualification course (which is about 350 class hours).²⁴

This program was developed with all Brazilian states, the public sector and the private sector, and aimed to stimulate and promote the creation of job opportunities, social integration, and entrepreneurial vision.

The government fixed state goals for worker qualification and entrance into the labor market from 2008 to 2011. The national participation rate among young workers that come from poor families was about 1% in 2007⁷ and is expected to increase to 4.5% by 2011. Unfortunately, there are currently no studies that analyze the results of *Projovem*.

Figure 7: Unemployment by Age Groups, 2008



Source: PNAD (2008)⁵

As suggested by the findings presented in Figure 7, unemployment is higher for young people than for older people. As a result, the government focused programs on this segment of the population to increase labor options available to them.

IMPLICATIONS FOR QUALITY OF EMPLOYMENT:

In Brazil, many aspects of employment are regulated. Because of this, the indicator of employment protection is high. Three employee protection programs are the Unemployment Guarantee Fund (FGTS), the national unemployment insurance and the federal wage supplement (abono salarial).

Even though labor relations are governed by a group of laws, such as the Consolidation of Labor Law (CLT), and preventive programs for work injuries, workers in Brazil are still at risk of suffering fatal work accidents compared to others countries. In 2008, Brazil registered 747,663 work injuries/illnesses, 13.4% more than 2007. The average mortality rate was 14.84 per 100,000 workers.¹³ In response to these numbers, the government has adopted a compensation policy, so injured workers can receive monetary benefit. Efforts to decrease work accidents, however, are still insufficient.

In terms of promoting equality and social inclusion, the government's efforts are more intensive for vulnerable groups like youth, women and disabled people. The Brazilian government fixed goals for worker qualification and workforce integration of these groups, especially for youth. As the Brazilian labor market is very heterogeneous, specific segments of the labor force could benefit from active policies to promote the quality/balance of like and work. Policies focused on youth or disabled people are important for creating incentives for entrance into the workforce and professional requalification.

In terms of labor quality, it is important to note that Brazil must improve all the quality of employment dimensions in the future. Currently, Brazil has problems in all quality dimensions. Workplace flexibility efforts, like flexitime are not sufficient to solve problems related to workplace flexibility since a great majority of the labor force is employed by informal labor contracts. Therefore, these workers do not have the right to a large amount of the benefits cited in this document. Labor legislation should consider the informal segments of the labor market, ensuring policy instruments for workers in order to promote their welfare.

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