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Trust, Inequality and Welfare State Regimes: the cases of Brazil and Sweden

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ABSTRACT

The main purpose of this dissertation is to analyze how the levels of equality and trust influenced the development of different Welfare State Regimes in Brazil and Sweden (see Esping-Andersen 1990). In order to show the relationship between inequality and trust, the dissertation utilizes Jordahl's (2007) mechanisms which posteriorly will be related to the specific historical contexts of both countries, as well as to the current challenges faced by them. This research, through the use of secondary data and semi-structured key informant interviews, shows that inequality influences trust negatively and that high levels of trust and equality are necessary to the establishment of universal Welfare States. On the other hand, Welfare States also enhance or diminish the levels of trust and inequality depending on the political decisions adopted. Therefore, in Brazil, where inequality is high and trust low due to past features, such as colonization, patron-client relationships and slavery, the Conservative and Liberal Welfare Regimes were developed because the former has a contributive and the latter a focalized basis, which did not require previous equality or trust to be established. On the other hand, Sweden experienced historical high levels of trust and equality due to the early adoption of Social Democratic and Protestant values which increased a sense of solidarity, contributing to the establishment of the universal Welfare State. Although these countries have different historical trajectories, it is possible to extract some lessons from both experiences in the realm of Social for challenges both countries are currently facing.

Key Words: Inequality, Trust, Welfare State, Brazil, Sweden

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"The real voyage of discovery consists not in seeking new landscapes, but in having new eyes."

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INTRODUCTION

Fukuyama (1995), p. 26 defines generalized trust as “*the expectation that arises within a community of regular, honest, and cooperative behavior, based on commonly shared norms, on the part of other members of that community*”. According to Jordahl (2007) inequality is a predictor of trust and the relationship between them can be seen through socio-economic mechanisms, such as social ties, inference on social relationships/exploitation and conflict over resources. Respectively, these mechanisms show that people tend to trust those who are socio-economically and ethnically similar; that the perception of economic unfairness generates class envy, reducing trust; and that economic inequality generates conflict over resources and also over public goods, which induces dishonest behavior from the poor towards the richer classes.

Unequal societies tend to have lower levels of trust that among other effects, decrease solidarity in the form of ‘shared fate’, making the implementation of universal social policies that requires cooperation, solidarity and equality difficult (Rothstein and Uslaner 2005). In Brazil, where the Welfare State Regime is closer to the Liberal type proposed by Esping-Andersen (1990), the levels of social trust are considered low – only 3% of the population agrees that people can be trusted (Inglehart 1999). Besides, the country is considered one the most unequal in the world, having a Gini coefficient of 53,9 in 2013 (The World Bank 2015). On the other hand, Sweden, where the Social Democrat Welfare State Regime was established, the Gini coefficient was 24,9 in 2013 (Eurostat 2015) and 63% of population show trust in one another (Inglehart 1999). Historically, how were these different levels of trust and inequality created and did they contributed to the establishment of specific Welfare State Regimes in both countries?

The aim of the present work is to emphasize how different historical aspects have impacted on the levels of trust and inequality and, consequently, on the type of Welfare States Regimes developed. In order to conduct this research, Brazil and Sweden were selected to show how the different historical contexts of a developing and a developed country impacted on the level of trust, inequality and the creation of a Welfare State regime. The main research question for the present work is, therefore, ‘Historically, how did the levels of equality and trust influence the development of different types of Welfare State Regimes in Brazil and Sweden?’ The subsidiary questions are:

- a. How were the Brazilian and Swedish Welfare State regimes formed and how are they contextualized in the Welfare Regimes literature?
- b. Which historical factors help to explain the differences in the levels of trust in Brazil and Sweden?
- c. Which historical factors help to explain the differences in the levels of equality in Brazil and Sweden?
- d. What is the relationship between trust and equality? How is it contextualized in the Swedish and Brazilian reality taking into account the historical aspects of both countries?
- e. Is a dialogue channel between Brazil and Sweden in social protection possible in order to overcome the current challenges faced by both countries?

Social trust is essential to generate democracy, to improve economy efficiency and to enhance honesty within public institutions. Equality is essential to provide the population with universal access to education, health and other public services independent of their class and to enhance solidarity and the living standard of the population. Observing the importance of both equality and trust and considering that they influence the extension of social policies, it seems urgent to understand what

historically influenced these levels in Brazil and Sweden in the past and to try to look in a political oriented way – which also involves the exchange of experiences between them - in order to adopt measures to decrease inequality and increase trust in the present moment, if it is the case.

The present work is organized in eight chapters. Each of them answers one subsidiary question. The first one discusses the theoretical framework and the concepts that will be used; the second comprehends the methodology; the third presents an overview of the Welfare State Regime in Latin America, Brazil and Sweden; the fourth chapter addresses the measures of Income Inequality and its historical levels in Brazil and Sweden; chapter five explains the measures of Social Trust and the reality in Brazil and Sweden; the sixth analyzes and discusses the relationship between trust and equality and its contextualization in Brazilian and Swedish realities through the use of semi-structured key informant interviews with professionals from the social protection, which also contain their proposals for a dialogue channel between both countries in this area; chapter seven analyzes the Swedish and Brazilian Welfare State's development taking into account the information obtained during the previous sections regarding trust and inequality; chapter 8 is the Conclusion.

CHAPTER 1 – THEORETICAL FRAMEWORK AND CONCEPTS

Chapter 1 corresponds to the Theoretical Framework that will be used along the present work. Concepts, such as Development, Social Protection, Inequality, Income Inequality, Social Capital, Social Trust, and Welfare States Regimes will be addressed, besides Esping-Andersen's (1990) theory of Welfare State Regimes.

1. Definition of Development

The definition of Development can be considered '*contested, complex and ambiguous*' (Thomas cited in Sumner and Tribe 2008, p. 9) since there is neither a single meaning to describe it nor an agreement on its nature (if an unintentional or an intentional process) (Sumner and Tribe 2008). Development as an unintentional process is considered the natural process which countries go through over time; on the other hand, development as an intentional process suggests the need of interference from outside, from those ones who already know the path to achieve development and therefore, are able to provide guidance during this course (Lie 2005). Related to a post-structural standpoint, development as an intentional process draws on the notion of a constructed discourse of power that 'creates' reality according to the Western interests (Sumner and Tribe 2008). Therefore, this process is problematic since it establishes the relationship 'donor-recipient', mostly considering the donor's interest through the imposition of conditionality rather than allowing that the locals participate in the decision-making process (ibid). The result of this interference is the creation of a trusteeship interaction in which donors' financial aid and technical skills are used to influence the other countries (ibid).

In order to define Development broadly, the United Nations adopted, recently, the Human Development Index that measures life expectancy, education and health access, individuals' average income and political and choice freedom (Soubbotina and Sheram 2000). This approach, was inspired by the work of Amartya Sen (1999) that defines development as the expansion of people's capabilities and freedoms, such

as political freedom, economic and social opportunities (education and health) and transparency (social trust) (Sumner and Tribe 2008). Taking into account this definition of enhancing capabilities as a way to reach Development, Social Protection can be considered an instrument to promote it.

According to Bown and Veitch (1996) cited in Sumner and Tribe (2008), all countries (industrialized and developing) are in a continuous process of development since all of them are susceptible to changes in socio-economic structures and all of them have concerns regarding poverty alleviation (Sumner and Tribe 2008). Following this thought, Social Protection became a solid instrument adopted by industrialized and developing countries to obtain positive outcomes in education, health, employment and economic equality (ILO 2014). Historically, the idea of universal social security started to be debated during 1790 and was influenced by the French and American Revolutions. Since this period the idea was to propitiate a better social and political environment that could alleviate poverty and enable commerce (Jones 2004).

Nowadays Social Protection “*constitutes one of the essential channels through which governments can distribute and redistribute income and resources, and share the benefits of growth, reinforcing the democratic mandates granted them on election to fulfil societal expectations*” (Soubbotina and Sheram 2000, p. 45). According to Ferreira and Robalino (2010), Social Protection is composed by the Social Assistance and Social Insurance and it can varies its extent according to the differences of countries’ Institutions, standard of economic development and features of economic transformation (Barrientos 2010). The Welfare State itself is an institutionalized form of Social Protection and an instrument to pursue development and overcome inequality (Sochaczewski and Lobato 2014).

1.1 Definition of Inequality and Income Inequality

Etymologically, inequality is defined as the nonexistence of equality. Associated to the lack of justice for the unlike distribution of a certain asset, inequality, in general,

has a negative meaning (Charles-Coll 2011). It can also be related to the differences in living standard among a population within a country, community or even the global level taking into account dimensions, such as education, health, security, consumption, nutrition and income (Mckay 2012).

The present work will address mainly income inequality, which is influenced by endogenous and exogenous factors. The endogenous aspects that impact an individual's income are connected to people's innate abilities, such as their preferences and their physical differences (levels of IQ, specific skills, personality, the personal choices made due to socio and cultural reasons) (Charles-Coll 2011). The exogenous factors that influence income are mainly connected to distribution of resources and restricted social policies, specifically education, which influences the labor market and consequently the wages (ibid.).

Hicks (1939) defines income as "*the maximum amount a man can spend and still be as well off at the end of the week as at the beginning*". This definition becomes abstract if not applied concretely; therefore, different measures were developed in order to quantify income, such as Gini Coefficient and Ratio Measures known for quantifying the distribution of wealth in a society (Soubbotina and Sheram 2000).

Income inequality is present in all countries and affects progress in social areas, such as education and health (Soubbotina and Sheram 2000). An OECD's report of 2011 confirmed that income inequality can be diminished through mechanisms, such as the creation of inclusive employment, the design of redistributive policies and investment in human and social capital (OECD 2011a).

1.2 Definition of Social Capital

Social Capital enables people to work together for a common cause, contributing to economic development and effective governments (Harriss et al. 1997). However, its importance was recognized only in the 1990s (Woolcock 2001). The literature

regarding Social Capital is broad and can vary depending on the perspective adopted. For the present work Putnam (1993) and Fukuyama's (1995) concepts will be used to address Social Capital with a focus on one of its components, Social Trust.

Fukuyama (1995) defines Social Capital as the "*capability that arises from the prevalence of trust in a society or in certain parts of it* (Fukuyama 1995, p. 26)." In this definition cooperation has a strong connotation and can be generated through common values and norms shared within a certain group, such as religious practices, honesty and commitment (Fukuyama 2001). Solow (1995) raised critiques to Fukuyama regarding his definition of Social Capital due to the impossibility to measure it (Guiso et al. 2010).

For Putnam (1993), the components of Social Capital are mainly the networks, the norms and trust (specially) - that enable cooperation for common benefits. For Putnam (1993) the historic of voluntary associations in a country is a predictor of its levels of trust and the basis of interaction and reciprocity to raise resilience, fight poverty, solve disputes and create opportunities through ties between family, friends and civil society in general. He presented these interactions of different groups as bonding, linking and bridging (Putnam 1998). Bonding networks refers to connection to familiar people (relatives or friends); linking social capital, which relates to interaction with people that detains political or financial power; and bridging capital is mainly about connecting people that are unlike one another (socially or demographically) (Putnam and Goss 2002). Among these three forms, bridging has the main importance for the present research, since it creates generalized trust - that will be addressed during the work.

The main criticism Putnam (1993) suffered was for having a deterministic view of 'path dependence', in which countries that historically did not have successful experiences in collaboration within civil society have fewer chances to overcome distrust (Harriss et al. 1997).

Table 1 – Social Capital according to Putnam and Fukuyama

	Putnam (1993)	Fukuyama (1996)
Social Capital	<ul style="list-style-type: none"> - Components: trust, networking and norms; - Voluntary associations are the basis of interaction; - Forms of interaction: bonding (with familiar people), bridging (with unfamiliar people) and linking (with powerful people) – facilitating civic engagement. 	<ul style="list-style-type: none"> -Constituted by norms, religion and traditional virtues (honesty, commitment); -Capability that arises when trust is present; -Cooperation generated by common norms and values within a certain group.

Source: Author's table

1.2.1 Definition of Social Trust

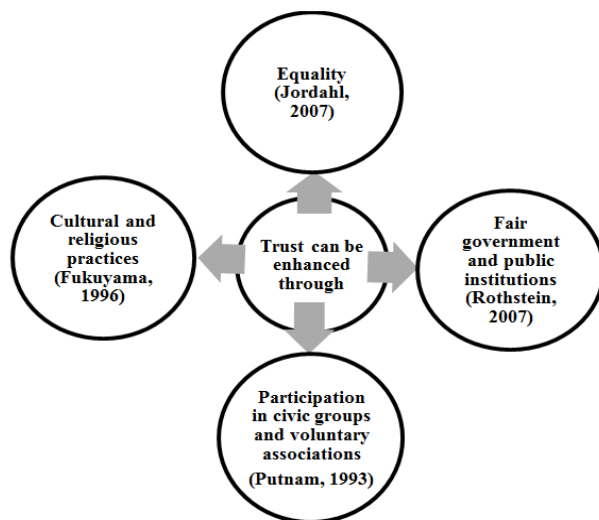
Putnam's (1993) affirms that Trust is one of the main components of Social Capital and mentions different types of Trust, such as the Particularized and the Generalized Interpersonal Trust. The first one corresponds to the existence of trust between families and the ones that are familiar to each other (Bjørnskov 2006). The second type is related to the existence of trust between people who are not familiar to each other, in a context of shared moral values that induces communities to expect honest behavior from each other (Putnam 1993). The present work will focus on Generalized Trust, therefore, along the research the term 'Trust' will be used as a reference to this specific type of Trust.

There are expressive differences in the levels of Trust within countries, regions and communities; the main explanations for that are related to variations in equality, culture, religion, politics and associations. Fukuyama (1995) attributes the dissimilarities in terms of Trust among countries to cultural differences connected to ethical practices developed through a long period and to religion – stressing that Protestant nations are more prosperous and more democratic. For Putnam (1993) differences in the levels of Trust are connected to variations in the presence of

voluntary associations and organizations in a certain country. For Jordahl (2007) inequality is a determinant of trust since unequal societies trust each other less than equal ones. To show how this connection works he describes mechanisms through which trust relates to inequality (the mechanisms will be discussed in this work). Rothstein and Stolle (2007) state that trust is highly connected to government institutions' honesty and to policies adopted, so in case government is dishonest, and corrupt¹ people's tendency is to transfer the distrust public spheres to all people

Although all factors mentioned above that generate trust will be addressed, equality will have special attention during the present work since it is one of the main components of Welfare States.

Figure 1 - How Trust can be enhanced?



Source: Author's figure

¹ Corruption here is understood as *a form of antisocial behavior by an individual or social group which confers unjust or fraudulent benefits on its perpetrators* (Osoba cited in Mulinge and Lesedeti 1998), as well as the use of public resources to obtain personal benefits through the violation of ethics and norms (Hope cited in Mulinge and Lesedeti, 1998).

High levels of Trust in a society are considered positive and important to establish peaceful relationships among citizens and prevents the Hobbesian state of nature, brutality and inconstancy prevail (Rothstein and Stolle 2010). Moreover, a trustee society has more probability of initiating positive social interactions through cooperative relations (Rothstein and Stolle 2007), creating an environment where is possible to share civic virtues and democracy (Putnam 1993).

Fukuyama (1995) also shows the positive impact high trust has on economics, affirming that trust reduces the transactional costs, facilitates commerce, enhances the market's efficiency (Fukuyama 1995), encourages innovation, diminishes the expenses with private security and bribes (Knack and Keefer 1997). Furthermore, high trust societies tend to have more extensive Welfare States since people contribute with taxes trusting that the others will have the same attitude of not abusing the system, allowing equality and wealth to coexist (Nannestad 2008).

1.3 Definition and Theory of Welfare State Regimes

Welfare State Regimes can be understood as the relationship between state and economy that by interacting together can generate a complex of legal and organizational structure. The development of Welfare States Regimes is connected to peculiar historical aspects of countries related to the organization of working class, political coalition pattern during the transition from rural to middle class society, and former reforms to institutionalize class and political preferences (Esping-Andersen 1990).

To analyze a Welfare State it is necessary not only to look at the rights and grants it generates, but mainly to three specific features. The first is how the state is connected to market and family in social provision, in what is called the welfare mix (Esping-Andersen 1990). The second one is the outcome, related to the extent the Welfare State subordinates social benefits to employment status, provoking low or high de-

commodification² (ibid.). The third is stratification, related to how Welfare State order social relations through social policies adopted, what is called stratification that also can be high or low (ibid).

By considering the variations of the features mentioned above in different developed nations, Esping-Andersen (1990) proposed three types of Welfare States Regimes³: the Liberal, the Conservative and the Social Democratic.

The Liberal Welfare State Regime is characterized by the targeting programmes and cash benefits as a minimal social security provision. In this type the market has an important role, making middle class directly connected to it and keeping low levels of de-commodification. It also “*erects an order of stratification that is a blend of a relative equality of poverty among state-welfare recipients, market-differentiated welfare among the majorities, and a class-political dualism between the two*” (Esping-Andersen 1990, p. 168). The United States is one of the main representatives of this model (ibid)

The Conservative one is known for its association with employment protection and corporatism, propitiating a medium level of de-commodification; In this type of Regime, represented by Germany, the cash benefits are dependent on previous income, the public services are not well developed and the stratification is high and occurs through the granting of different benefits due to occupational groups, income and gender (Esping-Andersen 1990). Moreover, family has an important role as a Welfare provider for those who are outside the labor market (ibid.).

² De-commodification is adopted to analyze in which extension the social benefits are connected to the labor market. Therefore, high de-commodification happens when benefits are not related to the labor status and low de-commodification when the dependence is high.

³ It is valid to mention that Esping-Andersen’s typology is not the only one that seeks to classify the different Welfare States. In 1963, Titmus (1963) proposes different models based on factors of economic order, the Meritocratic Particularist Welfare, the Redistributive-Institutional Welfare and the Residual Welfare (Vazquez, 2007). In the present work the Esping-Andersen’s classification will be used.

In the Social Democratic Regimes the provision of the state is universalistic and egalitarian, causing low stratification; besides, the cash benefits are uniform, the funding is financed for high taxes and there are high levels of de-commodification due to the detachment of benefits from labor status (Esping-Andersen 1990). In this model the middle class and the working classes are equality benefited by the Welfare State (ibid). Sweden is one of the most important representatives of this type of Regime.

Criticism regarding the theory proposed by Esping-Andersen (1990) also exists. Some authors accuses it for being neither exhaustive nor exclusive (Soede et al. 2004) and also for focusing on characteristics of a small group of countries, preventing that features of other regions are apprehended (Draibe and Riesco 2004). Esping-Andersen's (1990) approach does not explain the peculiarity of some southern countries like Portugal, Spain, south-Italy and Greece, therefore, some authors such as Leibfried (1992) and Ferrera (1996) proposed a forth type Welfare Regime, the Mediterranean model (Barrientos 2009).

Taking into account the typologies proposed by Esping-Andersen (1990), the Mediterranean model can be classified as a fragmented income system, polarized by propitiating generosity and generating gaps in social security at the same time (Soede et al. 2004). Besides, clientelism is also observed in the distribution of cash grants (Soede et al. 2004). This Welfare State regime is a combination of the Liberal and Conservative Regimes since it is residual, not well developed and the provision is family centered (Barrientos 2009). Another important aspect is that there is not a basic income provision in these countries, but specific programmes planned to fulfill this absence (Barrientos 2009). For its characteristics, this model is also relevant to classify the Latin America's Welfare State Regimes (Barrientos 2009).

Table 2 – Types of Welfare Regimes

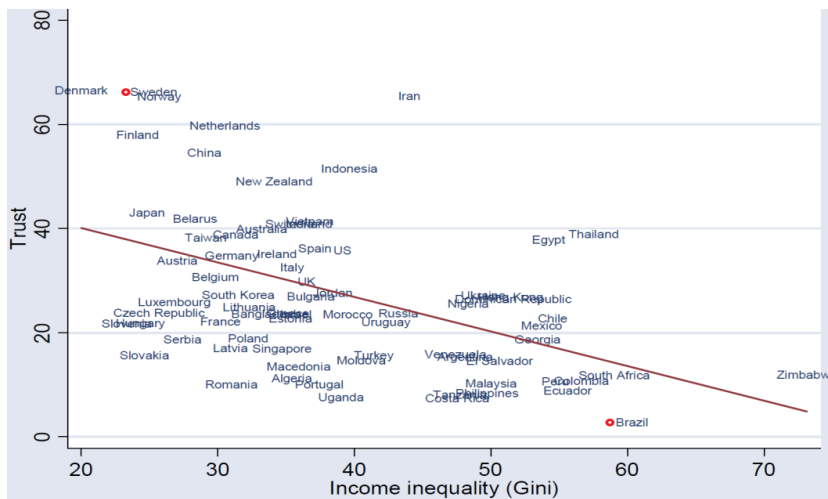
	Liberal	Conservative	Social Democracy	Mediterranean (Leibfried, 1992 and Ferrera, 1996)
Types of Welfare State Regimes (Esping-Andersen, 1990)	- market has a central role; - minimal social security provision, - stratification due to the private insurances and services	- association with employment protection; - public services are not well developed; - stratification due to occupational groups, income and gender	- state is universalist and egalitarian; - benefits are uniform; - high income equality; - low stratification	- Residual; - Provision is family centered; (Barrientos, 2009); - Targeting programmes
Representative Country	United States	Germany	Sweden	Portugal, Spain, Greece

Source: Author's table

1.4 Trust and Inequality

Some cross-country studies show that trust is related to the levels of income inequality a country has (Jordahl 2007). According to research conducted by Jordahl (2007), inequality appears to be a relevant predictor of trust. Using data from the World Values Survey (1997 / 1999-2001) obtained through the question: “*Generally speaking, would you say that most people can be trusted?*” and from the World Income Inequality database (version 2.0b, May 2007), the author showed the negative relationship between trust and income inequality in 75 countries (Jordahl 2007)(see Graphic 2 below).

Graphic 2 - Relationship between Trust and Inequality



Source: Jordahl, H (2007). *Inequality and Trust*. Research Institute of Industrial Economics. Working Paper 715.

Although cross-country studies are able to show the negative relationship between trust and inequality they fail to point out the mechanisms through which this relationship happens because data is obtained at the country level and not individual's behavior (Jordahl 2007). Moreover, this kind of study is also affected by errors in measurements and other discrepancies (ibid). In this manner, in order to clarify the studies in this area, Jordahl (2007) proposed four causal mechanisms to explain how the relationship between trust and inequality could operate at the individual level.

The proposed mechanisms are: social ties (people who are similar to each other tend to trust more in one another – for example, people from the same socio economic or ethnic group); perception of unfairness/exploitation (gaps in income equality between social classes have a negative impact on trust since people in disadvantaged position tend to feel exploited or treated unfairly); conflict over resources (the perception of injustice promotes deceitful behavior and generates conflict over public goods); and the opportunity cost of time (in other words, this mechanism suggests that changes in wages modify the levels of trust). This study focuses solely on the first three mechanisms because wages (the opportunity cost of time) has not been shown to affect inequality in other empirical researches (Jordahl 2007). The present research will use the mechanisms proposed by Jordahl (2007) to contextualize the Brazilian dn

Swedish contexts of trust and inequality in order to show the different backgrounds in which each one developed the relationship.

In order to analyze the mechanisms relating inequality to trust, Jordahl (2007) used instrumental variables (Jordahl 2007). A valid instrument to indicate the effects of inequality on trust has to be relevant (connected to inequality theoretically and statistically) and exogenous (with no direct impact on trust). Therefore, for obtaining the 50/10 percentile ratio of incomes the authors used the international demand for Swedish manufacturing goods (exogenous instrument with no direct impact on trust) and also individual level trust data (ibid). The logic is that international demands influence the income distribution in different manners depending on the countries' industrial structure (ibid). The results showed that "*income differences in the bottom half of the income distribution may have a particularly strong influence on trust*" (Jordahl 2007, p. 17). The authors admitted that this result is difficult to explain this result and do not provide more details about these specific findings.

A number of criticisms have been directed towards such an approach to measuring the relationship between inequality and trust. Steijn and Lancee (2011) point out that such studies do not differentiate between the impacts of income inequality and the effects of general wealth. They also mention a lack of clarity regarding the underlying mechanism of inequality-trust and affirm that the sample of countries influence results.

Chapter 2 will describe the Methodology used for the present research.

CHAPTER 2 – METHODOLOGY

The aim of the present research is to investigate how the historical contexts regarding the levels of trust and inequality in Brazil and Sweden influenced their specific types of Welfare State Regimes' development. In order to fulfill this objective a qualitative research was conducted through the use of secondary data information from books and articles and primary data from semi-structured key informant interviews.

As the objective of this research is to show how historical specificities regarding trust and inequality contributed to the establishment of different types of Welfare State Regimes, Brazil and Sweden were selected since they represent Welfare States developed in completely different historical contexts (Brazil is a colonized country with historical social disparities and Sweden is a nation with a history of social democracy and universality).

To conduct the present study a cross-national research was conducted to analyze the historical formation of Welfare institutions, the cultural heritage of both countries regarding trust and inequality through an analysis of secondary data obtained in the literature review and databases consulted. The objective was to compare them and find explanations for the differences and possible similarities of Brazil and Sweden regarding this specific issue. The problem with cross-national comparison is that countries present different concepts and contexts, what can complicate to establish parameters of comparison (Hantrais 1995).

In order to show how trust and inequality relates the mechanisms proposed by Jordahl (2007) will be addressed. They are: Social ties, exploitation and conflict over resources. Through these mechanisms it will be possible to contextualize the Brazilian and Swedish reality in order to demonstrate how this relationship operates in both countries. The mechanisms and how they operate were described in the theoretical framework and will be addressed in more details in Chapter 6.

The literature acquisition (Bryman 2001) was done through an in-depth literature review about Social Capital, Social Trust, Equality and Welfare State Regimes. Furthermore, data from the World Value Survey, Transparency International, Eurostat and the World Bank was used to show the rates of trust, corruption and income net inequality in Brazil and Sweden. These databases were chosen since they are trustworthy and present updated information.

During the process a valuation of the dataset available was done in order to make sure it would be sufficient to answer the questions proposed by the present research in an appropriate and pertinent way (Hinds et al. 1997). The data was separated according to the variables of interest that in this case were trust, Welfare State Regimes, Inequality and Equality in Brazil and Sweden. All of these data were then transferred to one folder and analyzed in order to identify the missing data. The following analytical steps were followed:

(a) what was the purpose of this study; (b) who was responsible for collecting the information; (c) what information was actually collected; (d) when was the information collected; (e) how was the information obtained; and (f) how consistent is the information obtained from one source with information available from other sources (Stewart and Kamins cited in Johnston 2014, p. 622)

The major advantage of secondary data is that it allows the author to go deeper into the data analysis instead of collecting it (Boslaugh 2007). Disadvantages of secondary data are that they may not answer properly the researcher's intended questions and that the author may not know how the process of data collection was done (ibid.)

The semi-structured key informant interviews were chosen since the position occupied by informants make them privileged for having a deep understanding of the issue discussed (Laforest 2009). Moreover, key informant interviews are indicated when the aim is to obtain suggestions and recommendations and also allows people to

provide broader answers through deeper reflection and explanations (Bryman 2001; Laforest 2009). In the present research the selected people were from the areas of policy-making, research, academia and international organization. Considering that the interviewees were asked questions related to their field of work their motivation was higher to provide answers according to their experiences, what corroborates Oppenheim's (1992) cited in Caneppele et al. (2014) p. 85 statement that "*perhaps the most important determinant of response rate and of the quality of the responses is the subject's motivation*".

In this research, the interviews with social protection professionals are discussed in Chapter 6. A total of five key informant semi-structured interviews were conducted. Since the aim of the interviews was to supplement the secondary data the number of interviewees were reduced (Laforest 2009). Four of them happened between the months of November and December (2014), in Brazil; and the last one in April (2015), in Sweden. The interviewed people were:

-Mrs. Maria Paula Gomes dos Santos (2014), Coordinator of Security Policies and Social Assistance at the Institute of Applied Economic Research (IPEA, Brasília-DF, Brazil);

-Mr. Luis Henrique Paiva, Secretary of Income and Citizenship of Brazil (Brasília-DF, Brazil);

-Mr. Fernando Gaiger, Technique of Planning and Research at the Institute of Economic Applied Research in Brazil and Professor at University of Brasília and Unieuro (Brasília-DF, Brazil);

-Mr. Jorge Chediek, United Nations Resident Coordinator in Brazil (Brasília-DF, Brazil); and

-Mr. Benny Carlson, Professor of Economic History and researcher at Lund University (Lund, Sweden).

The first four people were contacted during an internship I was doing in Brasília/DF, Brazil, at the International Policy Centre for Inclusive Growth – UNDP - from July to December (2014). The other was contacted in Sweden. The sample used was chosen taking into account the aim of the study, the credibility of the selected people and the financial and time availability (Patton, 2002). The questions formulated were partly the same to all the interviewees –being adapted taking into account the area of work of each of them.

The interviews were all recorded in order to do not miss important information. One of them was conducted in English and the other four in Portuguese and then transcribed and translated to English. In order to analyze the data collected the main themes addressed were written down and posteriorly, organized in a theoretical framework with the themes that emerged during the interviews (Laforest 2009). Therefore, it was easier to separate them according to different thematic and after unite them with the secondary data. The interviewees authorized the publicity of their names in the present work. Disadvantages of semi-structured key informant interviews are that the answers can be biased if the informants are not properly selected, it also can be difficult to prove the authenticity of findings and they are not useful if quantitative data is required (Kumar 1986).

Each chapter will answer one subsidiary question and the main results will be presented through figures in Chapter 7.

CHAPTER 3 - WELFARE STATE REGIMES

This Chapter will answer the subsidiary question ‘How were the Brazilian and Swedish Welfare State regimes formed and how are they contextualized in the Welfare Regimes literature?’ by demonstrating how Esping-Andersen’s (1990) theory is applied to the Swedish and Brazilian context and how authors, such as Barrientos (2009) have been influencing the literature for Latin America region.

3. Welfare Regimes in Latin America

The existence of a Welfare State Regime in Latin America is debated between scholars since it is a region with high levels of inequality where most of the countries did not to establish a minimum income to citizens, neither the possibility to offer social services to all individuals regardless their status or class (Franzoni 2008). Some authors, such as Filgueira (1998), however, defend that it is possible to consider the existence of Welfare States Regimes in Latin America if the criteria of social expenditures are taken into account, and not only the amount (Franzoni 2008). Utilizing Filgueira’s (1998) argument, Huber and Stephens (2005) could identify policies focused on social protection and also on the development of human capital in Latin America (Franzoni 2008).

In order to classify these countries into Esping-Andersen’s (1990) typologies, Gough (2000) affirms that it is necessary to respect the peculiarities of the region. Therefore, he proposes the expansion of the welfare-producing institutions in order to comprehend the context of developing countries. The inclusions of international actors, such as international governmental organizations, international non-governmental organizations, transnational markets, cross national transfers and migration, are important to conduct a more accurate analyze in order to classify countries according to the typologies (Sharkh and Gough 2009).

Together with Sharkh and Gough (2009) also proposed different types of Regimes taking into account the developing countries' contexts, the Informal Security Regime and the Insecurity Regime. In the first type individuals are highly dependent on family as a welfare provider (ibid). This relationship is highly hierarchical, better defined as patron-client⁴. The second type offers low benefits, in an ambience of conflicts, insecurity, vulnerability and patron-client relationships (ibid).

Table 3 - Comparison Welfare Regime and Informal Security Regime⁵

	Welfare Regime	Informal Security Regime
Dominant mode of production	Capitalism: technological progress plus exploitation	Informal economies within peripheral capitalism: uneven development
Dominant social relationship	Exploitation and market inequalities	Variegated: exploitation, exclusion and domination
Dominant source of livelihood	Access to formal labour market	A portfolio of livelihoods, including subsistence, cash crops, self-employment and informal employment
Dominant form of political mobilization	Class coalitions, issue-based political parties and political settlements	Diffuse and particularistic based on ascribed identities: patron-clientelism
State form	Relatively autonomous state	'State' weakly differentiated from other power systems
Institutional landscape	Welfare mix of market, state and family	Broader institutional responsibility matrix with powerful external influences and extensive permeability
Welfare outcomes	De-commodification plus health and human investment plus poverty/exclusion	Adverse incorporation, insecurity and exclusion
Path-dependent development	Liberal, conservative and social democratic regimes	Less autonomous path dependency: patron-clientelism and external influence
Nature of social policy	Countervailing power based on institutional differentiation	Less distinct policy mode due to permeability and contamination

Source: Gough, I. (2013) Social policy regimes in the developing world. In: Kennett, Patricia, (ed.) *A Handbook of comparative social policy*. Edward Elgar Publishing Ltd , Cheltenham UK, pp. 205-224

In order to design a complete analyze of the Latin American Welfare Regimes, Barrientos' (2009) shows that previous literature adapted Esping-Andersen's (1990) typologies, by including the feature of informality (since the market is the main stratification device in the region due to the high dependence of population on the formal labor market to access benefits) proposed by Gough (2004) and emphasizing de-familiarization (besides de-commodification and stratification) due to the high

⁴ Patron-client relationships are defined as that ones in which an exchange of private or personal nature occurs, however, the actors, in spite of having equal expectations, have different power or status (Shidlo 1990).

levels of family dependence in the region. Therefore, the Welfare State Regimes in Latin America were classified as Conservative/informal prior to the 1980s and as Liberal-informal, after market liberalization in the 1990s.

The fact that a change occurred in the Welfare typology (from Conservative to Liberal along the decades) in Latin is considered an uncommon example of shift in welfare regimes, contrasting with the resilience observed in the European ones (Barrientos 2009). Barrientos attributes these changes to modifications in social policies that occurred in the region over decades, to the high income inequality, to the switch from import substitution to export oriented growth, and to the rise of military and emergency governments (Barrientos 2009).

Although research about Welfare State Regimes in Latin America exists, they are not numerous and do not portrait the reality of a variety of countries. This fact shows that the Welfare State Regime literature is still core-centric since the focus are the leading industrial democracies, offering low possibilities to explore in a critical way the colonial past of Latin American countries and its impact on political and economic organization in their current Welfare States (Cousins 2011).

3.1 Brazilian Welfare State - Historical aspects and development

Brazil was a Portuguese colony from 1500 to 1822. This fact influenced the nature of Institutions and economic relations leading the country to reproduce the models of bureaucracy and Institutions' centralization typical from the metropolis' government (Midgley cited in Cousins 2011). Some of the features of Portugal's administration are: slavery, patron-client relationships, conceive of privileges to certain groups, land concentration and patriarchy, which contributed to enhance corrupt practices and increase social and economic inequalities between populations (Sales 1993). Therefore, the development of Brazilian Welfare State occurred in a different

historical context than those observed in the countries representatives of the typology proposed by Esping-Andersen (Medeiros 2001).

Social policies in Brazil before the 1930s were reduced and had an emergency character since the state interfered only in extreme cases, such as epidemics (Medeiros 2001). In the 1930s an institutional legal base for social policies with a strong conservative character started to be observed (Draibe 1993). Since it was the period of the country's modernization new demands appeared in order to regulate the industrial development. For this reason, the state started to centralize actions with the aim of integrating the national economy and regulating the production factors, including the design of social policies in order to control the workers (Medeiros 2001). Therefore, the state had an active role in repressing workers' movements, controlling the recently formed labor unions through a severe corporatist organization, making the workers organizations weak. The benefits were highly connected to the labor status and had contributive features based on social insurances and assistance, besides the corporatism – medium de-commodification (Medeiros 2001; Fleury 2011).

During the Populist period (1946-1963) there was the expansion of social security aiming to benefit workers with the biggest bargaining power. This conceive of privileges was led by governors and is pointed as one of the main reasons for the social security system's financial and administrative crisis (Fleury 2011). From 1964 to 1985, period of the Military Regime, corruption and violence were highly practiced (Dallari n.d.), affecting the character of social policies, that was focused on privilege groups, having low redistributive feature (Fagnani 1997), maintaining the Conservative features of the previous period. The main characteristics of the Welfare State in this period were the absence of workers in social policies' decisions due to the power centralization in technocracy, the establishment of social contributions, privatization of public services and the extension of benefits' coverage for more

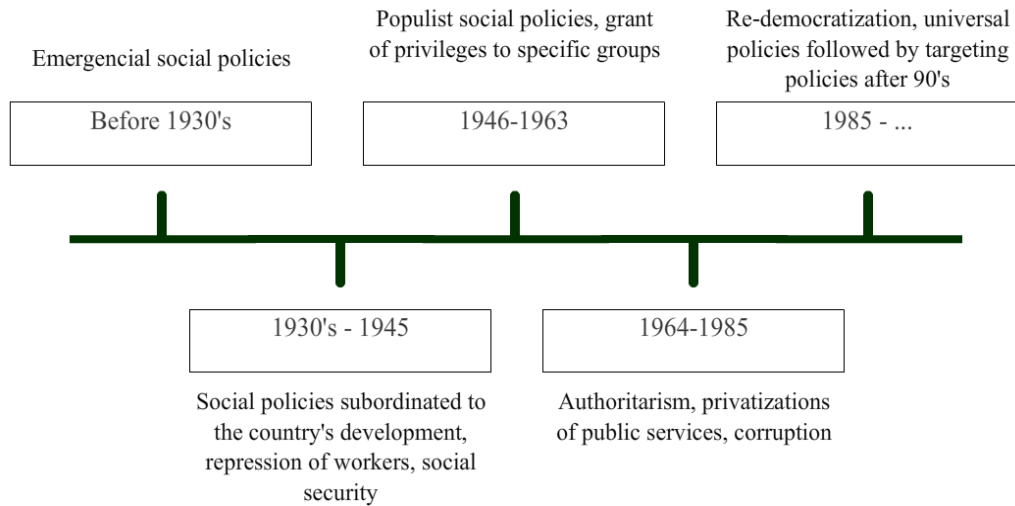
groups (Fleury 2011). In meanwhile, movements in favor of democratization and universalization of social policies started to emerge.

The Re-democratization period started in 1985 and had as the main transformation in social policies the introduction of the Constitution of 1988 that presented the idea of universal social rights. Social security started to include Social Assistance, Social Insurance and health care, following the basis of the Social Democrat Welfare Regime. The relationship between state and society was also modified by the democratic component through the introduction of participatory mechanisms in public spheres.

However, during the 1990's the economic crises impacted the country's budget leading to financial cuts and privatizations, followed by a bureaucratic fragmentation (Fagnani 1997). The Liberal ideal started to prevail in the country, causing the replacement of universality by targeting programmes, mainly in the 2000's (Fleury 2011) and high dependence of formal workers on the market and private insurances. It is important to mention that elite groups with specific interests still command the political scenario.

The Brazilian Welfare State, therefore, had in its historical trajectory from the 1930's to the 1980's, characteristics, such as the existence of elite groups commanding politics, and the segmentation of labor market (Medeiros 2001). After the 1980's, the characteristics were the presence of market liberalization, targeting programmes and privatizations (Fleury 2011), see Figure 2 below.

Figure 2 - Timeline Brazilian social policies



Source: author's figure

3.2 The Swedish Welfare - historical aspects and development

Sweden is considered to be the prime model of the Social Democratic typology designed by Esping-Andersen (1990) (Ankarloo 2009). The Swedish success in implementing universal social policies can be remitted to some historical factors. The country started its modernization attempts around 1870 based on Protestant work ethics. Already in 1890's the country's modernization process started (Gärtner and Prado 2012) with a popular base, giving farmers a strong political role and economic power (Rojas, 2005). The 'autonomous development state' played together with peasants a central role promoting interaction with society and reinforcing its hold (Rojas, 2005).

Modernization also generated the demand of creating a security system to fulfill the needs of wage workers (Gärtner and Prado 2012). Therefore, were implemented in 1901 an insurance against work accidents, in 1910 a sickness insurance and in 1913 a means tested pension destined to invalid people (Miranda, 2011). Also, the workers started organizing themselves in unions, which had an important role in reducing unemployment and pressuring labor policies in favor of workers (Gärtner and Prado

2012). Due to its political influence, Unions started to obtain state's support in 1934 to finance the voluntary union unemployment fund (ibid).

With the adoption of Parliamentarism in 1917 some political disputes could be observed between the center-right and center left party (Miranda 2011). In 1930 there was a coalition between the center-left (*Sveriges Socialdemokratiska Arbetareparti*) and the '*Centerpartiet*' that led to the adoption of Keynesian-oriented policies that became the basis of the Swedish Universal model (Miranda 2011). In the early 1950's flat-rate universal benefits were implemented, followed by the enlargement of public sector in 1960's and by the consolidation of income security and universality as the basis of the Swedish Welfare (Gärtner and Prado 2012). Some of the measures taken by the state in this period were the implementation of universal pensions in 1948 and the children support benefits; in the following two decades the National Supplementary Pension Scheme was approved and the unemployment insurance and children benefits extended (Miranda 2011).

Therefore, the so called 'Golden Years of Growth' (1870-1970) transformed Sweden in one of the most prosperous and equal countries in the world (Bergh 2011), which influenced land reforms, rapid urban growth and also changes in politics (Rojas 2005). The main features were low taxes, non-corrupt administration, freedom of trade and assurance of the property rights (Karlson 2013). Moreover, in order to attend population's needs and reinforce its credibility the state also conducted the reform of basic institutions, created an efficient education system and built solid infrastructures (Rojas 2005).

However, the country faced two crises, one in 1970 and the other in 1990. In 1970 the crisis can be related to several factors, among them, the devaluation of Swedish currency (Kronor) in order to preserve the industrial competitiveness, the increase of labor costs by the implementation of new market regulations and the high levels of taxes deductions for interest rate payments. During the financial crisis of the 1990's

Sweden presented negative growth rates, high interest rates, public debt of 70% of the GDP and 8.2% of unemployment. Due to the negative effects generated by these crises the country implemented several reforms in order to revert its impacts. According to Bergh (2011), some reforms could be noticed, such as the restructuration of the tax system, the intensification of work incentives and the increase of efficiency through competition enhancing reforms. These reforms led to a higher economic freedom (Bergh 2011).

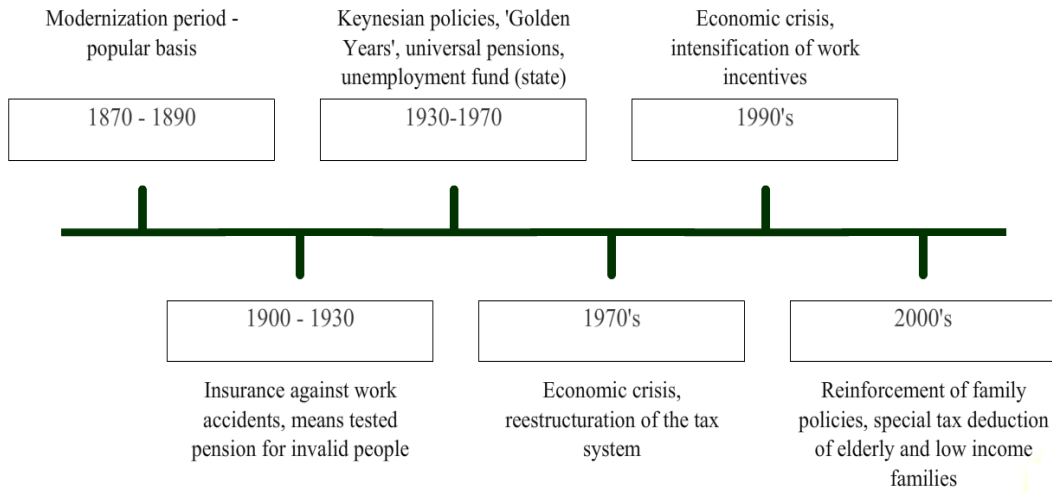
In the following years the employment activation policies assumed an important role to incentive professional requalification and search for new job opportunities (Medeiros 2011). During the 1990s some public Welfare services, such as health care, education and social service started to be privatized by the idea of ‘consumer choice’ – allowing people to choose between public and private services (both subsidized by the state) (Blomqvist 2004).

Between 1994 and 1998 more austere economic policies were created; and there was the reduction of the unemployment benefit through Persson’s government (*Swedish Social Democratic Party – 1996-2006*). In 2006 the *Moderata* party formed an alliance with the *Folkspartiet* and the *Centerpartiet* known as the Alliance for Sweden and reinforced family policies and the special deduction of taxes from old and low income people (Medeiros 2011).

Swedish Welfare State was developed in a context of popular participation, institutional honesty, democracy and cooperation, making the establishment of universal policies easier. During the 2000’s, the Social Democratic’s party loss of support and a financial strain represented a concussion on the Universal Welfare State (Blomqvist 2004).

See the Figure 3 below.

Figure 3 -The Swedish Social Policies



Source: author's figure

In this chapter it could be observed that Brazilian and Swedish Welfare States were developed in different historical contexts, changing throughout the decades (see Table 4 below).

Table 4 - Brazilian and Swedish contexts of Welfare development

Brazil	Sweden
Late modernization – 1930's (state leading the process)	Early modernization 1870's (participation of peasants)
State created the first social benefits in order to control workers	State created the benefits in order to attend workers' needs
Elite group controlling politics	Public power emanated from people
Contributive benefits and privileges to certain groups (low de-commodification and high stratification)	Universal benefits (high de-commodification and low stratification)
Catholicism enhancing the role of traditional families as social providers	Protestant work ethics

Source: author's table

Considering that the specific types of Welfare States established in Brazil and Sweden were influenced by the historical context of Trust and Equality in each of them, Chapters 4 and 5 will address respectively how Income Inequality and Social Trust are measured and contextualized in Brazil and Sweden.

CHAPTER 4 - MEASURES OF INCOME INEQUALITY

Chapter 4 will answer the subsidiary question ‘Which historical factors help to explain the differences in the levels of inequality in Brazil and Sweden?’ by explaining the instruments used to measure Inequality, such as Gini Coefficient and Ratio Measures, and the Brazilian and Swedish situation regarding Income Inequality.

4. How income inequality is measured?

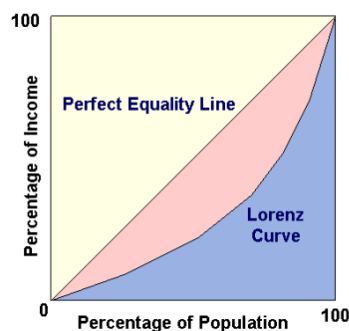
By using measures of income inequality it is expected to obtain a result of the deviation’s proportion of income distribution from perfect equality (Garvy 1952). There are different ways to measure Inequality and it also varies according to the indicators analyzed, such as Inequality in net income, in market income, or absolute and relative distributions (Solt 2014). Ratio Measures and Gini Index are the most known measures (The Equality Trust, 2014). Ratio Measures can quantify the income of the ones placed on the 10% top and bottom (90/10), as well as of the bottom 10% and the average (50/10). However, this measure is considered reductionist since it does not provide information regarding the remaining individuals (The Equality Trust 2011).

The Gini coefficient is a form of measure directly related to the Lorenz Curve⁶ and is the most used to represent inequalities. The positive aspects of Gini is that it changes according to the modifications occurred in all the Lorenz Curve and also that it follows the Pigou-Dalton’ condition – it means that every time a regressive income transference is done (from the poorest to the richest) the Coefficient shows an increase of inequality (Hoffmann 1991). The Gini Coefficient can vary from 0 (total equality) to 100 (complete inequality) (United Nations, 2013), measuring the

⁶ The Lorenz Curve is expressed by a curve resultant from the link between two bi-dimensional points Axis X is the cumulative proportion of appropriated income and Y represents the cumulative proportion of population (Holanda et al, 2006). A straight line of 45 ° is formed when the equality is perfect (ibid).

evolution of income inequality (Holanda et al. 2006) (see graphic 1 below). Some limitations of this Coefficient are the existence of differences between the total Gini for the society and its subgroups, besides the impossibility to know in which part of the income distribution ranking' changes occurred when variations in inequality are detected (Heshmati 2004).

Graphic 1 - Gini Coefficient



Source: Mrunal, (2014). *Economic Survey*. Ch13: P1- UNDP's Human Development report 2014, HDI, Gender Development, gender inequality, Multidimensional poverty, World Bank's Gini-Coefficient

Inequality can cause expressive problems within a country such as economic inefficiency, difficulty to fight poverty, and social exclusion; it is mainly related to the low investments in human capability - unequal access to education, health and also to land (United Nations 2013). Therefore, social policies and solid institutions are necessary to improve these areas and promote redistribution (ibid). It is also possible to note differences of income among countries and it can be compared since the same standard of determinants and components are adopted (Heshmati 2004).

In order to analyze the income distribution in Brazil and Sweden, data from the World Bank and Eurostat regarding the distribution of income will be used. These databases were chosen since they are credible and present the most updated data⁷.

⁷ More information about the Gini Coefficient database can be found at The World Bank <<http://data.worldbank.org/indicator/SI.POV.GINI?page=1>> and Eurostat. Available at: <<http://ec.europa.eu/eurostat/tgm/table.do?tab=table&language=en&pcode=tessi190>>

4.1 Income Inequality in Brazil

In order to show how Inequality operates in Brazil it is important to considerate some important factors that help to explain its reality, such as the land concentration; the liberal – informal Welfare State; the low quality of education; the informal labor market; and the disparities among different races.

Land concentration in Brazil has historical roots. During the colonial period there were laws prohibiting slaves or poor people to have access to properties (Cericato 2008). The main one, called law Sesmarias (land grants), was created by the government of Portugal in order to grant nobles or influent people, unexplored territories within Brazil in order to make them productive (DeWitt 1934). Only 28 years after Brazil's independence in 1822, the Law of 1850 was created. Due to the shift from slavery to free labor force of the European immigrants this law intended to keep immigrants on the lands for long periods until their contracts were finished by enhancing properties prices (DeWitt 1934).

The legacy of land concentration in Brazil is still a problem. In 2001 it was estimated that, due to the inadequate access to land, there were more than 4 million landless people in the country (Caldart 2001), creating conflicts within the social and political spheres. In general, the relationship between rural workers and large landowners are highly insecure, with no work guarantees, which contributes to instable livelihood and wage inequality (Griffin et al. 2001). Movements, such as the grassroots, in favor of the Agrarian Reform in Brazil, called Rural Landless Workers Movement (MST) defends another model for rural development fighting for equity and for full citizenship (Carter 2010).

Another colonial heritage in Brazil is the racial and color stratification (Bailey et al. 2012). During the colonial period, Europeans, African and Indian used to interact in the plantation complex (where the agricultural activities were developed). Therefore,

this complex was the locus where ‘*mestiçagem*’ (miscegenation) happened and where slavery was the basis of the productive system (Cleary 1999); only during the 1800 the process of shift from slavery to free work started to happen (Theodoro 2008). However, the job opportunities for black people were few and most of them related to subsistence agriculture and minor services (ibid). In the following years the government opted to attract immigrants in an attempt to ‘whiten’ Brazil, leaving blacks in a situation of marginalization and poverty (ibid). Therefore, racism and segregation existent in Brazil nowadays has its roots on the historical past of the country (ibid).

This historical past still influences social relations in Brazil and the forms dark-skin people is economic valorized within society. According data from the National Household Survey (PNAD), in 2007 African Brazilians’ disposable income was R\$5,535 while between whites was R\$9,120 (see Table 4) (Gradín 2010).

Table 4 - Difference in Income in Brazil between the different races

	Population (%)	Mean	Income Median	Relative median whites=100
Brazil				
White (<i>branco</i>)	45.16	15,243 (57)	9,120 (18)	100
African Brazilian	54.01	7,770 (22)	5,335 (19)	58.5
Black (<i>preto</i>)	7.89	8,128 (57)	5,879 (44)	64.5
Mixed race (<i>pardo</i>)	46.12	7,708 (24)	5,265 (1)	57.7
Indigenous (<i>indígena</i>)	0.34	9,520 (407)	6,440 (168)	70.6
Asian (<i>amarelo</i>)	0.47	18,264 (716)	9,700 (350)	106.4
All	100	11,505 (31)	6,870 (19)	75.3

Source: Own construction based on CPS, 2007; PNAD, 2007; IES, 2005/06 cited in Gradín, C. (2010). *Race and income distribution: Evidence from the US, Brazil and South Africa*.

Another important aspect of inequality in Brazil is job market segmentation (Ferreira 1999). It means that the wages are higher in formal or industrial segments than in informal or agricultural ones (ibid). The high rates of people occupying the informal sector in Brazil are associated to the high social security contribution taxes employers

have to pay (Neri 2003); In 2013 the rates for the informal job in Brazil were 33% (IPEA 2014).

These kinds of inequalities were expected to be balanced by the presence of a Welfare State in Brazil. However, in the current liberal-informal Welfare State specific groups of economic interest control the social policies. These bureaucrats of the State and public servants in power have large influence on State's social expenditures and wage policies (Medeiros and Souza 2014). The regressive public transfers, such as the retirement pensions correspond to almost 50 per cent of the social expenditures and benefits the groups with higher incomes (ibid).

Changes in the wages policies and investments in social areas depend on these interest groups. The area of education, for example, receives low support and is considered one of the main components of human capital and directly related to higher productivity and higher incomes. However, Brazil has the 3rd highest rate of high school dropout (24, 3%) among the 100 countries with higher levels of DHI (PNUD 2012). The main causes for this dropout are the socio economic conditions of the family, cultural reasons, geographical reasons (schools far from home and lack of school transport), lack of interest of the students and education with low quality (Pacievitch 2007).

Brazil has been doing some efforts to fight its income inequality, such as raising the minimum salary and implementing Social and Cash transfers, responsible for decreasing income inequality in 23% and 13%, respectively (Loman 2014). Although the levels of inequality in the country are still high (Loman 2014) in 2012 the net income inequality showed an improvement, being approximate 47 (Solte 2014).

4.2 Income Inequality in Sweden

Sweden presents high levels of income equality and the general explanations for this are related to some important historical factors, such as the occurrences of land reforms; the existence of strong trade unions; school reforms; universal social policies; and increasing female participation in the job market (Bergh 2011, p. 12).

Historically, the land reforms in Sweden were positive since it allowed the farmers to overcome poverty by increasing the productivity in the agricultural area (Bergh 2011). Moreover, these farmers started to make savings that contributed to equality (ibid). The strong Trade Unions and the reciprocal recognition among the “Swedish Employers’ Confederation” and the “Swedish Trade Union Confederation” were also very important to the achievement of more equal incomes (Bergh 2011). According to Moller et al. (2003) lower rates of relative poverty could be observed in countries with powerful trade unions.

The school reform started to be discussed in 1940, being implemented during 1949 and also contributed to decrease income inequality since higher educational attendance tends to increase the future’s income of a person with low-educated fathers (Lundborg et al. 2012). This reform mainly introduced 9 years of compulsory education and, enhancing students’ attendance and consequently the human capital (ibid).

The universal Welfare State was also important to tackle inequality, since it protects people’s rights (Goodin 1988) by confronting poverty and supporting sick and old people through social transfers, promoting equality and redistribution (Bergh 2011). The state’s effort to integrate women in the labor market also had a positive impact in equality, generating jobs and gender fairness (Bergh 2011)

After the economic crises in 1990 there was a gradual decrease of the redistributive effect over working-age population that before varied from 35% / 40% and after this period dropped to 28% (OECD 2015). In spite of these variations Sweden is still above OECD’s average of 25% and continues to have an expressive redistribution

policy, sustained mainly by the education and care areas (ibid). In 2013 the Gini coefficient of the country was around 24,9 (Eurostat 2015).

Chapter 5 will address a discussion regarding the measures of Social Trust and how is the Swedish and Brazilian experience related to it.

CHAPTER 5 – MEASURES OF SOCIAL TRUST

Chapter 5 will answer ‘Which historical factors help to explain the differences in the levels of trust in Brazil and Sweden?’ by showing the forms to measure trust and the contextualization of Brazil and Sweden regarding it.

5. How Social Trust is Measured?

Studies regarding Social Capital and its components, such as Trust are attracting attention in a variety of disciplines (Mihaylova 2004). Nevertheless, the measurement of social trust can be difficult and abstract. Putnam considers the existence of a lacuna in this area since there are no deeper behavioral indicators that enables a more accurate quantity it (Putnam 1995). One common way to measure trust is through the use of survey, such as the General Social Survey (GSS), the World Values Survey (WVS) or the ones conducted by Latinobarómetro with the question: “*Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?*” (Glaeser et al. 2000). Authors, such as Glaeser et al. (2000) consider this question imprecise and affirm that surveys cannot predict if the answer declared would be the same in practice. Yamagishi (1998) also does not consider it precise, and affirms that experimental scenarios could obtain a more accurate result than the surveys since they would be closer to reality.

However, other authors, such as Uslaner cited in Lundåsen (2002) affirm that these kind of survey’ questions are good and answer properly as a measurement of general trust should do. According to Knack and Keefer (1997) the question used to measure trust can sound abstract and vague. However, the rates obtained by this survey are similar to the ones observed in wallet-drop tests (experiment that check people’s honesty in private moments – when there are no formal institutions observing) (Bergh and Bjørnskov 2013). For the present research the rates obtained through the surveys conducted by World Values Survey and Latinobarómetro will be used.

5.1 Social trust in Brazil

According to the survey conducted by Latinobarómetro in 2008 the index of Interpersonal Trust in Brazil was 17,8 (rates varied from less than 20 for the countries with lower level of trust to 140 for the ones that trust most). The low levels of Social Trust in Brazil can be related to factors, such as the quality of Institutional apparatus; the culture and ethics developed throughout time; and the forms of social associations that historically operate within the country.

When referring to Social Trust in Brazil it is important to consider the influence exercised by religion and Portugal during the colonial period. Catholicism highly influenced hierarchical relationships in the country through domination and subjugation. Furthermore, Portugal lacked the typical capitalist rationality, valuing the personal prestige and favoring the interests of nobles (Filho and Monteiro 2013) in government and public positions, reinforcing patrimonialistic relationships (Filgueiras 2009). Consequently Brazil inherited this notion that became the basis of corruption in the country, where there is no separation among what is public and what is private, affecting trust and social democracy (ibid).

According to Putnam (1993), in order to enhance social collaboration and democratic governance the existence of associations are very important. However, the cultural heritage Brazil received was based on familiar relationships where sympathy was essential to establish ties among people, making more difficult the social incorporation to different groups (Filho and Monteiro 2013). The difficulty of people to organize themselves with others outside their familiar networking and the authoritarian role state played during various decades in Brazil can help to explain the weakness of civil society throughout time (Baquero 2003). It was in 1970 that the civil society started to organize itself apart from the state and from 1990 on more forms of association started to rise in Brazil (Avritzer 2007).

5.2 Social trust in Sweden

According to the World Values Survey in 2008 the levels of Trust in Sweden corresponded to 134,5. The high levels of trust in the country can be explained by factors, such as an ancient trustworthy existence, trusty and solid Institutions, and an engaged civil society.

According to Fukuyama (1995), the culture of a society influences its ethical habits, which on the other hand impact the levels of trust. In the region of Scandinavia economy, society and politics was affected by cultural and historical characteristics that made them to follow a dissimilar behavior track if compared to other countries (Sanandaji 2012). Historically, Sweden presented some important characteristics, such as features of work ethics and trustworthiness due to Protestantism; and the centuries-old tradition of using oral agreements as legal instruments (Sanandaji 2012).

Moreover, their option for the hard work, the homogeneity of population and the adoption of strong institutions and norms enhanced the country's capacity to trust (Sanandaji 2012). The Intuitions in the country also have a historic tradition of rationalism, capacity of deliberation, democracy and balance between the different political interests, making the country efficient in incorporating new themes in the political agenda without enhancing polarization (Kaufmann 2013). Therefore, it can be said that efficiency, reliability and independency of politic interests are the basis of Swedish administration (Kaufmann 2013).

The social forces were also well organized and influent on political process. Since the 19th Century the political culture of the country counted with movements, such as Pacifism, Feminism and workers movement. From 1930's on, movements in favor the environment, youths, women and immigrants also started to emerge (Kaufmann 2013). These social movements were the basis of a solid third sector and of

associations helping to connect people, enhance political participation and increase democratic governance (Putnam 1993).

On Chapter 5 it could be seen that trust is influenced by factors, such as government transparency, historic of associations, civil engagement and cultural and religious practices.

Chapter 6 will address another important factor that influences trust, inequality.

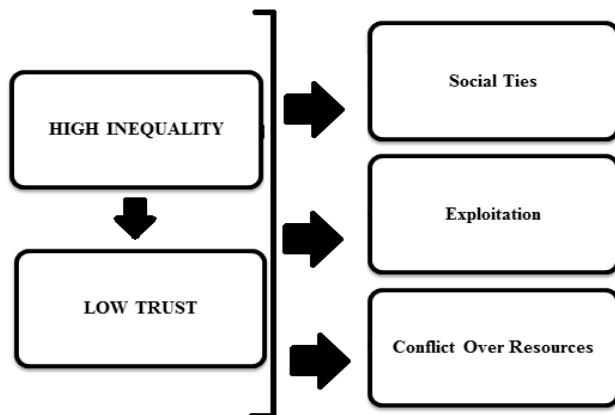
CHAPTER 6 – TRUST, INCOME INEQUALITY AND SOCIAL POLICES

The present chapter will answer the following subsidiary questions: ‘What is the relationship between trust and equality? How is it contextualized in the Swedish and Brazilian reality taking into account the historical aspects of both countries?’ and ‘Is a dialogue channel between Brazil and Sweden in social protection possible in order to overcome the current challenges faced by both countries?’ For doing so this chapter will address the mechanisms proposed by Jordahl (2007) and analyze the relationship between trust and income inequality. The mechanisms will be then contextualized in the Brazilian and Swedish realities. Posteriorly, taking into account the influence trust and equality had in the current situation of both countries, interviews with professionals of the social protection area will be used to propose some possible dialogue channels between them.

6. The mechanisms relating Social Trust to Inequality

Social trust is one of the main components of social capital and is related to reliance among people who are not familiar to each other (Putnam 1993). Since social trust is considered a positive factor for improving the quality of democratic institutions, the economy and social interactions (Rothstein and Uslaner 2005), recent studies attempt to elucidate what can enhance or diminish trust. Jordahl proposed mechanisms in order to explain how this relationship happens (see Figure 4), they are social ties, exploitation and conflict over resources.

Figure 4 - Relationship between Trust and Inequality through the casual mechanisms



Adapted from: Delhey, J.; Newton, K. (2004). *Social Trust: Global Pattern or Nordic Exceptionalism?* p. 23. Discussion Paper.

Although Jordahl (2007) affirms that there are not absolute agreements on which of these mechanisms exert the major influence on trust, the present research will analyze how all three operate in the Brazilian and Swedish contexts taking into account the historical aspects of these countries. Since equal societies are, in general, shaped historically (Sanandaji 2012) it is important to discuss which historical aspects influenced both countries to present such different pictures of trust and inequality. Therefore, the following topics will address these historical specificities through Jordahl's (2007) mechanisms.

6.1 Mechanisms of Inequality and Trust contextualized in the Brazilian reality

6.1.1 Social ties

The Social Ties mechanism proposes that the more homogenous a society is the higher levels of trust it will have (Jordahl 2007). Fukuyama (1995) affirms that the sense of familiarity connects people through social ties which make individuals more trustworthy, therefore, those who have the same ethnicity (Knack and Keefer 1997; Putnam 2007) and socio-economic situation (Jordahl 2007) tend to trust more each other. The existence of values and norms in common are observed less in unequal

societies, for this reason people are less willing to trust (Jordahl 2007) and also to cooperate with each other (Fukuyama 1995).

Brazil is a heterogeneous country. During the XVI Century more than 5 million indigenous people were living there (Pereira 2000). Between XVI and XIX centuries, about 18 million Africans were brought to the country via the slave trade in order to replace the indigenous labor (since they did not get used to the subservient conditions imposed by the landowners) (ibid). With the end of slavery in 1888, immigrants from Europe, mainly from Portugal, Spain, Italy and Germany, started to arrive in Brazil in order to work in the coffee plantations (ibid).

In 2010, Brazil was ethnically composed of 91 million whites, 15 million blacks, 21 million ‘pardos’ (brown), 2 million of Asian descent and 817000 indigenous people (IBGE 2010). Although heterogeneous, the country presents a historical past of discrimination and exclusion, features that still can be observed currently. Mr. Jorge Chediek, United Nations Resident Coordinator in Brazil, interviewed in Brasília/DF, Brazil, on 09 December 2014 corroborates this idea by affirming that even after the abolishment Brazil maintained the ethical, geographic and cultural exclusion. Alesina and La Ferrara (2002) affirms that this exclusion happens since individuals tend to identify with groups from the same ethnicity (Alesina and La Ferrara 2002), therefore trust among groups that are different or historically discriminated can be low.

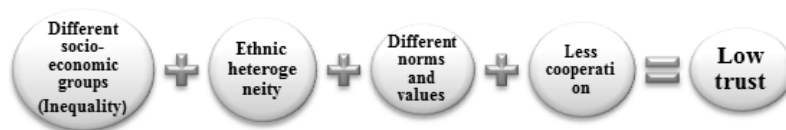
This is the case with black people in Brazil who face high levels of discrimination (Newton 2007) due to their historical past and the lack of public efforts in re-integrating them properly. Moreover, the racial resentment from the blacks towards the white – seen as the dominant group - contributed to their own exclusion (Ribeiro 1995). Fukuyama (1995) states in his study about the United States - and it can be applied to the Brazilian context - that black people are mistrusted by the white community and that they cannot integrate themselves socially. He shows that this problem is not related to the African culture, but to the way these people were treated

and enslaved and to the constant discrimination towards them (ibid). Therefore, it is not ethnic diversity itself that decrease the levels of trust, but the social connotations of race which blends with discrimination (Alesina and La Ferrara 2002). According to Putnam (2007), the tendency of individuals in heterogeneous society is to isolate and distance themselves from neighbors preferring familiar relationships: “*In more diverse communities, people trust their neighbors less*” (Putnam 2007, p. 148).

The socio-economic aspect is also important to be considered when referring to the social ties mechanism. Historically Brazil was developed through a ‘conservative modernization’ which excluded a considerable part of society from the modern sectors of economy and from politics (Reis and Schwartzman n.d.) It means that the development process of the country started by excluding population in favor of small groups of interest, impacting the current indicators related to health, education and social security (ibid). Analyzing this background it is possible to affirm that the system contributed to create gaps between the different segments of society that according to Jordahl (2007) are not favorable to breed general trust since people tend to trust more those belonging to the same socio-economic segment.

Social Ties seem to have a direct impact on the levels of trust since people of different socio-economic classes and ethnicity tend to trust less in each other. Therefore, through this view Brazil can be considered a country with low levels of trust due to the heterogeneity of population and socio-economic differences (see figure 5).

Figure 5 – Inequality affecting trust through Social Ties



Source: author's figure

6.1.2 Exploitation

According to the exploitation mechanism, the relationship between trust and inequality is related to the feeling of economic unfairness among the different social classes within society (Jordahl 2007). The lowest classes do not trust people placed on the top income since they feel exploited due to high levels of income inequality (ibid). The idea is that the lack of fairness stimulates class envy and distrust that, consequently, is transferred for people in general (ibid).

The historical past of Patron-Client relationships that started during the colonial years (1500-1808), based on privileges to certain groups and on uneven distribution of resources still affects social and political interactions within the country. Nowadays, Brazil is still one of the countries with highest inequality in the world (Tonini 2004). This is because the political elite is still controlling political choices and offering privileges, such as distribution of public jobs and economic resources, to certain groups over the interests of lower classes (ibid).

Mrs. Maria Paula Gomes dos Santos, Coordinator of Security Policies and Social Assistance at the Institute of Applied Economic Research (IPEA, Brazil, Brasília), interviewed in Brasília, Brazil, on 1st December 2014, affirms that Brazil was colonized for a dominant elite that is still dominating the current Brazilian Liberal Welfare State Regime. Land property, financial and cultural capital are, therefore, not easy to redistribute or transfer; since these powerful groups do not want to lose their privileges they do not allow these policies to advance (ibid).

Inequality in Brazil is also present in the form of wage disparities between different productive sectors – especially among the industry and the agricultural ones. According to Gärtner and Prado (2012) income gaps between sectors affect solidarity between workers, contributing to the reduction of trustworthiness between citizens (ibid). It is valid to stress that almost 33% of the workers are outside the formal labor market

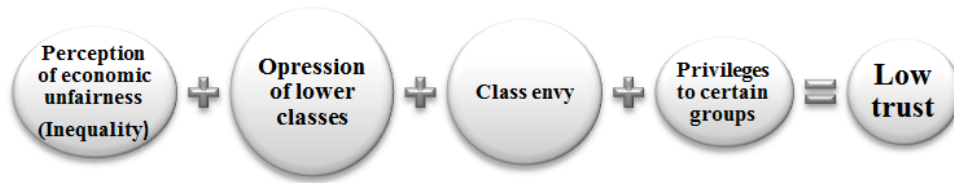
(IPEA 2014) and, hence cannot access the social security benefit. These low levels of de-commodification explain in part the weakness of worker movements and even the low participation they have in influencing policy-making. Esping-Andersen's (1990) affirms that de-commodification is a priority among workers, but the high dependence on the market and individualism are problematic for workers mobilization and solidarity.

Low solidarity also reflects in the low civil engagement in politics, which does not contribute to radical changes in political decisions (Mrs Santos 2014 pers. comm., 1st December). In Brazil, although there are councils of economic and social development to represent workers and other segments of Brazilian society, the exchange of information or the influence of civil society in social politics is limited since decisions are concentrated and the financial market is above the workers interest, so it is an issue of political choice (ibid).

Historically, Brazil is also known for having a strong catholic elite and the cultural-religious traditions are also directly related to the levels of trust a society will develop (Inglehart 1999). It is argued that Catholic countries have low levels of interpersonal trust due to the hierarchical centralization in the Church that controlled population distantly without establishing interpersonal relationships with them (ibid). Since the church was an important instance these dominant and vertical relationships influenced society's behavior.

Patron-client relationships, elite groups in power, catholic oppression, wages differences and low de-commodification contribute to enhance social class disparities in Brazilian society and, therefore, enhance the perception of unfairness, stimulating class envy and undermining trust. The lack of trust within Brazilian society is, therefore, understandable since it is not possible to establish trust in hierarchical cultures due to the class divisions and its persistency over the years (Rothstein and Uslaner 2005) (see Figure 6).

Figure 6 – Inequality affecting trust through Exploitation



Source: author's figure

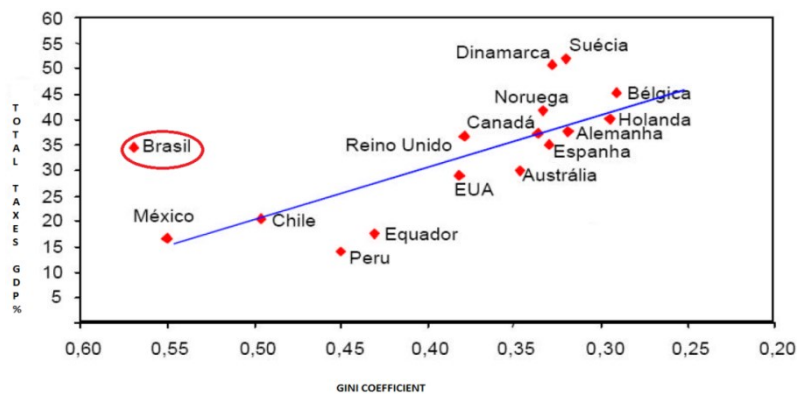
6.1.3 Conflict over resources

According to Jordahl (2007), the conflict over resources mechanism proposes that inequality works as an inducer of deceitful comportments; therefore, if poor people are less trustworthy, the ones with a higher purchasing power will trust them less. This mechanism also has a political connotation, showing that income disparities enhance conflict over public resources and the way they are financed.

It is not possible to refer to this mechanism applied in the Brazilian context without stressing that the misuse of public money by groups of interest is creating and maintaining the patterns of social disparities, which directly influences conflict over resources within society.

In the country, the National Tax System is still influenced by the model adopted during the Colonization period (Martuscelli 2010). It means that features of expropriation are still observed since citizens are obliged to pay taxes to cover public expenditures even though they do not see transparency in public administration (ibid). The high taxes paid and the low quality of services received generates inequalities and distrust. Although Brazilian high taxes burden is comparable to the ones in developed countries (Baer and Jr. 2005), they are not used to diminish the uneven income distribution existent in the country (see Graphic 3 below).

Graphic 3 - Relationship between Tax Burden and Gini Index



Adapted from Secretary of Polical Economy cited in Garbelotti, M. A. O. P. (2007). An Overview of the Strategy of Income Distribution in Brazil.

The ineffective way public resources are used is confirmed by Mr. Fernando Gaiger, Technique of Planning and Research at the Institute of Economic Applied Research in Brazil and Professor at University of Brasília and Unieuro, interviewed in Brasília, DF, Brazil on 10 December 2014, that affirms that the situation of precariousness in education, health and other areas is a mirror of the regressive financing of social policies in Brazil, where there is not proper taxation over big wealth and patrimonies. Mrs Santos (2014 pers. comm., 1st December) also corroborates this thought, affirming that as the elite controls the budget, although citizens pay high taxes, the quality of basic services is still precarious.

The precariousness of services can be related to the high levels of corruption presented in the country. Historically there few boundaries between the public and private spheres so individuals occupying public places could enjoy all the benefits and privileges within their positions (Filgueiras 2009). This sense of patrimonialism, heritage from Portugal, is still being reproduced in public spheres (ibid). According to the Corruption Perspective Index of 2014 (see Table 5 below) Brazil was placed in 69 in the ranking, with a score of 43, meaning high levels of corruption.

Table 5 Corruption Perception Index 2014

RANK	COUNTRY	2014 SCORE	2013 SCORE	2012 SCORE
1	Denmark	92	91	90
2	New Zealand	91	91	90
3	Finland	89	89	90
4	Sweden	87	89	88
5	Norway	86	86	85
...				
21	Chile	73	71	72
21	Uruguay	73	73	72
...				
47	Costa Rica	54	53	54
...				
63	Cuba	46	46	48
...				
69	Brazil	43	42	43
69	Bulgaria	43	41	41

Source: Transparency International, 2015

Due to dishonesty and the misuse of public money high and middle class citizens tend to think that their taxes are not being well managed since they also pay private health care and education due to the bad quality of the public services (Viol n.d.) creating a struggle over governmental resources and the way public goods are financed (Jordahl 2007).

The existence of corrupt governments also impacts general trust within society (Rothstein and Eek 2006) since public institutions are seen as mirrors through which citizens form their opinions regarding social trust. Therefore, if they cannot trust the government they tend to transfer this perception to people in general (specifically to the unfamiliar ones) (ibid.). This situation creates a social tension within society since lower classes start to relate wealth with corruption. The perception of deceitful behavior and unfairness is related to violent attitudes, including deaths and crimes, practiced especially against the holders of a better quality of life (Macedo et al. 2001).

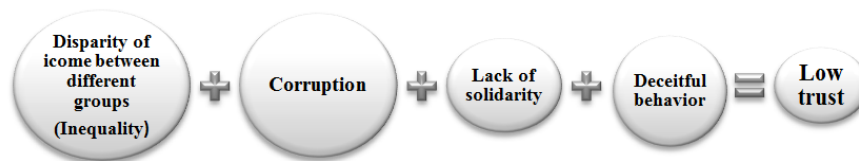
Taking this scenario into account it can be implied that poor and rich people are less likely to trust each other since they do not have a sense of solidarity neither the feeling of 'shared-fate', which contributes to rich people to reject poor's demand of redistribution (Rothstein and Uslaner 2005). In Brazil this rejection can be observed

taking into account the programme Bolsa Família. Mr Luis Henrique Paiva, Secretary of Income and Citizenship of Brazil, Brasília-DF, interviewed on 8 December 2014, affirms that 75% of the voters support the programme; between poor families the approval is 90%; among the scholars and experts from the Development area the approval is also high, although, the middle and upper classes disapproves it – what he calls ‘*prejudice from the middle class*’ (my translation). Therefore, it can be affirmed that in an unequal society different classes perceive their demands not as complementary but as conflicting, placing their personal interest and wellbeing above the common benefit (Rothstein and Uslaner 2005).

Bolsa Família, indeed improved the lives of families by conceiving a monthly allowance for those with a per capita income of less than R\$77 (US\$25). Moreover, one of the conditionality imposed by the programme of enrolling children in school increased the percentage of school enrollment by 5.5 – 6.5% and of promotion grades by 0.4-0.5%, and also decreased the dropout by 0.4-0.5% (Brauw et. al 2015). However, targeting programmes - typical from the Liberal Welfare States – stigmatize the beneficiaries by dividing them in categories, creating the feeling of inferiority and unfairness that consequently impacts the levels of trust (Rothstein and Uslaner 2005). Fleury (2003) affirms that those models create the so-called ‘inverted citizenship’ – since the individual has to prove his failure in the labor market in order to have the right of social protection (Fleury cited in Maia n.d.)

Therefore conflict over resources in Brazil is related to corruption, socio economic differences between groups and targeting programs, which impact trust negatively (see Figure 7).

Figure 7 – Inequality affecting trust through Conflict over Resources



Source: author's figure

6.2 Mechanisms of Inequality and Trust contextualized in the Swedish reality

6.2.1 Social ties

Ethnic homogeneity (Alesina and La Ferrara 2002) and income inequality are related to trust. Historically, the Swedish socio-economic equality and homogeneity supported the logic of the 'one-solution-fits-all' system due to the share of norms, preferences and similar income standards, which stimulated solidarity and enhanced trust among people (Sanandaji 2012). Homogeneity, therefore, worked as a catalyzer of solidarity, which is confirmed by Putnam (2007) that affirms that heterogeneity is negative to solidarity, altruism and cooperation. The effect of historical aspects in Swedish social policies is also corroborated by Mr Chediek (2014 pers. comm, 9 December), who affirms that Sweden is a society with equalitarian traditions and social and ethnic cohesion, in a context in which the geographic position and the climate forced a certain level of cooperation.

Cooperation in voluntary associations is also facilitated by homogeneity since people usually come together with the ones who have similar views and attitudes (Stolle, 1998). Moreover, in more fair societies the organizations and associations tend to be horizontal, being, therefore, more reliable (Putnam 2007). The historical past of Swedish civic engagement in popular mass movements are related to the stable and high rates of civic participation and associations, besides the high levels of involvement in unpaid jobs (Svedberg et al. 2010), what was important to improve social democracy and contributed to push the government to work for a more equal

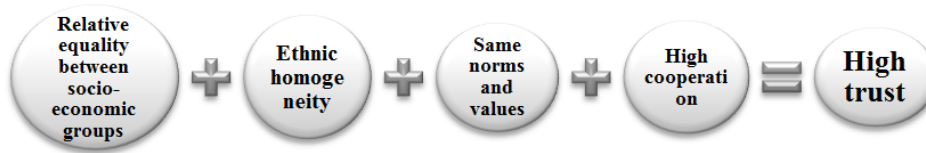
society (Kim 2012). These factors facilitated the establishment of the universal social security system, since income did not vary significantly among people, enabling the design of benefits to middle class without reducing the ones of the lower classes (Sanandaji 2012).

Sweden is now considered to be a multicultural nation due to the increase of immigrants throughout the years. In 2010 14,3% of population in Sweden was constituted of foreign-born people (Eurostat 2010) and the country is known for having an open policy in relation to refugees. It is affirmed that in order to adapt to the new demands and challenges of migration the Swedish state established policies of integration and mutual understanding between the different cultures (Nilsson 2009). However, what is observed is that an expressive number of immigrants refugees have difficulty in finding job and integrating in society, and hence are relying on the Welfare payments (CapX 2015).

Moreover, there is the concern expressed by Mr. Benny Carlson, Professor of Economic History and researcher at Lund University interviewed in Lund, Sweden, on 23 April 2015, who affirms that migration is a challenge for the maintenance of the Swedish high levels of trust in the Welfare State since it is uncertain if immigrants are going to reproduce the patterns of trust of their own culture or if they will be adapted to the Swedish context.

It is possible to conclude that the historical presence of homogeneity in the Swedish society was essential to cultivate shared norms and values that enabled the society to organize itself civically. Furthermore, the design of universal policies was possible due to the low differences in income already present in society (see Figure 8).

Figure 8 – Inequality affecting trust through Social Ties



Source: author's figure

6.2.2 Exploitation

As mentioned previously the exploitation mechanism proposed by Jordahl (2007) explains the relationship between trust and inequality by affirming that class envy is a negative influence on trust since people who feel disadvantage due to their relative income do not trust the upper classes and spread this distrust to people in general.

Historically, equality was the basis of Swedish society. It can be observed that - differently from what happened in other countries - Sweden did not have strong feudal relationships (Rothstein and Uslaner 2005). Instead, peasants were independent and possessed a large quantity of lands already in the XVIII Century what contributed to this class become politically strong and come to power in the Liberal Party in 1901 (Rothstein and Uslaner 2005).

Honesty was also in the basis of Swedish history. The civil service was known for being reliable and they were the ones to conduct the program of social reforms launched in the beginning of the universal social policies design (Rothstein and Uslaner 2005). This tradition of fairness and honesty also contributed to the low levels of class conflicts since government was making efforts to be impartial, honest and solve conflicts peacefully taking into account people's interest (ibid). This conduct led to a historical compromise among labor and capital based on trust (ibid).

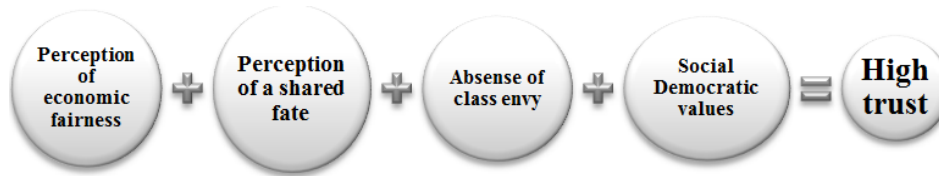
Therefore, social cohesion and trust were built through institutions' integrity, universal policies and strict norms related to trust. Universal policies and the labor/capital alliance found a solid base to grow since the values of Social Democracy in

the country were established early. The Social Democratic party was formed already in 1889 by a strong cooperation between union and social democratic associations which constituted the basis of the incoming Welfare State (Carlsson and Lindgren 2007). This also explains the high class-solidarity, in which the wealthy segments of society agree that their tax money is going to be reverted to public benefits and also expended by the lower classes (Gärtner and Prado 2012).

In this manner, universality seems to have a positive influence on the levels of trust since it does not create the feeling of unfairness between citizens. However, privatizations, mostly in health and educational sectors, have been noticed in the country recently, which can lead to a different institutional and political direction. However, Mr Carlson (2015, pers. comm. 23 April) does not consider privatizations damaging for universality, since the government found a smart way to integrate private companies in the area of delivering services within the Welfare State. In this case the tax money is not only used to finance public services, but also private ones. Therefore, the government pays, for instance, the producers of private healthcare or education and people are free to choose a public or a private service, with no additional costs, which increases the quality and efficiency of services offered, enhancing people's choice's power.

Concluding, it can be affirmed that the existence of equality in the Swedish society and the early adoption of Social Democrat values was important to the establishment of social universal policies that treated all citizens evenly, which does not incentive class envy. This experience shows that providing society the same opportunities and access to public policies reduces distrust since people from lower classes do not have the perception of unfairness. In Sweden generalized trust is, therefore, enhanced through solidarity and the feeling of a shared fate between classes (Freeman, et al, 1997) (see Figure 9).

Figure 9- Inequality affecting trust through Exploitation



Source: author's figure

6.2.3 Conflict over resources

The conflict over resources mechanism, as stated before is related to the impairment of trust among classes due to economic inequality (Jordahl 2007). In Swedish society, however, it can be implied that conflicts among classes due to resources were not common since the implementation of universal policies begun relatively early (Gärtner and Prado 2012).

Already in 1890 Sweden went through a process of industrialization and modernization that led to the need of a security system that started to be implemented by government in order to support labor unions to finance the sickness funds (Gärtner and Prado 2012). In 1937 the Minister of the Social Democratic Party Gustav Möller rejected the idea of earning-related policies and adopted the principle of universalism to elaborate the health insurance (ibid).

The early adoption of the Social Democratic model was, therefore, positive to propitiate people the same rights in spite of their class or economic occupation and their integration to the Welfare State was also facilitated by the “*flat-rate universalism and comprehensive risk coverage*” (Oesch 2008, p. 536) which minimized the differences among citizens. Moreover, quality and equality of opportunities in labor market, education and gender equality also contributes to

enhance people's trust in public Institutions and, consequently, in others (Rothstein and Uslaner 2005).

Mr. Benny Carlson, Professor of Economic History and researcher at Lund University interviewed in Lund, Sweden, on 23 April 2015 affirms that the way Swedish Welfare State enhances trust and equality is by producing jobs and stimulating people to work. He affirms that it is paradoxical since even though citizens have independence from selling labor in the labor market (high de-commodification) they have to work in order to have benefits (ibid). Therefore, if citizens are employed and paying taxes and the bureaucracy is honest and efficient, the Welfare State will support people back – which create an important mechanism to generate and maintain equality and trust (ibid).

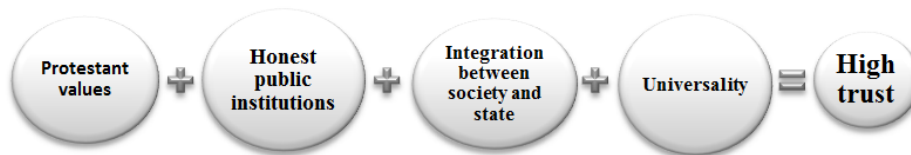
The active participation of productive classes in political debates to influence decision-makers is also a manner to integrate state and society and reinforce the general levels of trust. This proximity is possible since diversity of interest is respected and the political organization allows effective institutional channels for negotiation and participation of civil society (Mrs Santos 2014, pers. comm 1st December)

Moreover, Protestant values historically contributed to equality and trust. According to Dellhey and Newton (2004) countries that were rooted in Protestant religion are more democratic and equal due to the low corruption and a strong ethic of hardworking, discipline, individualism and trust (Weber 1905). Moreover, Protestantism was not based on hierarchical relationships as Catholicism, therefore, equal interaction between people and church were established without the presence of domination or subjugation.

In this manner, the low conflict over resources observed in Sweden is due to universal policies, Protestant values, participation of productive classes in politics and

the way trust and equality are being maintained (through honesty and employment), which contributed to the sustainability of this model (see Figure 10).

Figure 10 – Inequality affecting trust through Conflict over Resources



Source: author's figure

The mechanisms described above shows how trust and inequality are related and how the historical aspects of Brazil and Sweden influenced these levels. Regarding the conclusion of which of them is the main one to influence trust, Jordahl (2007) affirms that there are not absolute agreements on which of these mechanisms exert the major influence

6.3 Is a dialogue Channel in social protection between Brazil and Sweden possible?

In the previous section it could be seen that the historical past influenced the political scenario in both countries and, therefore, there are some challenges to be overcome.

In spite of the historical peculiarities Brazil and Sweden show their wish to cooperate among each other in the Development area. In 2012 both countries signed in Stockholm a memorandum of understanding for partnership and dialogue on global development⁸, showing opening to learn and cooperate with each other. In the social protection area, however, the dialogue channel between them could be reinforced in order to enhance the exchange of experiences and best practices adopted. Therefore,

⁸ The document can be found at Regeringskansliet (2015). Memorandum of Understanding between the government of the Kingdom of Sweden and the government of the Federative Republic of Brazil on Partnership and Dialogue on Global Development. Available at: <<http://www.regeringen.se/content/1/c6/19/79/27/c3aeaf9b.pdf>>

the present topic will address some possible dialogue channels suggested by professionals of the area in interviews conceived for the present research.

Development is a process that all countries are constantly going through. Mr Chediek (2014, pers. comm., 9 December) confirms it by stating that even Sweden, with its progress, makes new political choices and improvements permanently since there are always new challenges that require different policies and changes. The exchange of experiences is important in this path of overcoming problems.

Respecting the historical differences, countries can learn with which other, argument corroborated by Mr Carlson (2015, pers. comm., 23 April), who affirms that countries can adapt external experiences by analyzing their current reality and reflecting upon their future goals. Following the same line of reasoning Mr Gaiger (2014, pers. comm. 10 December) claims that Brazil could look at the Swedish past and analyze “*which of their experiences could enlighten the barriers we face*”, (my translation) and also Sweden could “*learn with Brazil how to deal with some challenges that they could face in the future*” (my translation), such as the precariousness in labor market, unemployment and the increase of vulnerable people with low income. This statement is pertinent taking into account the growing number of immigrants in Sweden that are not properly integrated into the labor market and relies on the Welfare State, overloading the finances and increasing social gaps.

Regarding Brazil, Mrs Santos (2014, pers. comm 1st December) affirms that the population is aging so it would be important to look at the Swedish experiences of care services design. Mr Paiva (2014, pers. comm 8 December) also shows concern about the financial impact of aging in the country, since right now the expenditures on social security corresponds to 12,5% of the GDP – high amount and not proportional to the current demographic characteristics of the country. Dialogues in the social security area would be indeed important to learn how Sweden adapted

financially its model of social protection considering that the amount of old people in the country is high.

In the academic area a dialogue channel would also be important to make both countries know each other's experience better. Mr Gaiger (2014, pers. comm. 10 December) affirms that it could be possible to bring Swedish students to the country – as Brazil send students to Sweden, mainly through the programme 'Ciências sem Fronteiras' – however, the lack of classes taught in English prevent them to come in an expressive number. According to him, Brazilian Universities are closed and focused on themselves, "*we go abroad, but we do not bring qualified people here ... we have to open ourselves*" (ibid, my translation).

In order to practically conduct this dialogue channel, Mrs Santos (2014, pers. comm 1st December) proposes the use of Technical Cooperation to disseminate information. Brazil could send technicians to know better the Swedish reality in different areas, such as schools and elderly care centers - "*these kinds of exchanges are important to open new horizons*" (my translation). Mr Carlson (2015, pers. comm. 23 April) also agrees that the exchange of researchers would be important to grasp new information; he proposes not only the participation of researchers, but also of politicians because when these two spheres work together efficiency can be easier achieved since they can pressure each other. However, if the case of Brazil is analyzed it can be said that pressure from the researches would not result in practical political action due to the maintenance of elite groups in government, who take decisions according to their interests. Also, Mr Chediek (2014, pers. comm., 9 December) affirms that United Nations could work as an intermediary and help Brazil to select the best cooperation tool with Sweden, as knowledge transfer or identification of a useful Swedish initiative and design a project, considering its cultural and institutional dimensions.

Mr Paiva (2014, pers. comm. 8 December) seems to be skeptical regarding the role of cooperation, affirming that technicians already know the reality; what is needed is a political decision to reform the social protection system in order to extend the benefices in a more solidary way. Mrs Santos (2014, pers. comm 1st December) also share the same opinion and affirms that is not possible to erase the past and rebuild it, what is needed is the political determination to change the situation. This research shows, however, a difficult scenario, in which politicians still prioritize the interest of small elite groups, thereby contributing to the maintenance of inequality and breeding mistrust within society.

Next chapter will analyze the impact of historical aspects on trust and inequality and relate it to the Brazilian and Swedish Welfare States' development.

CHAPTER 7 – ANALYZIS OF THE IMPACT OF TRUST AND INEQUALITY IN WELFARE STATES’ DEVELOPMENT AND FUNCTIONING AND MAIN FINDINGS

The present chapter will analyze the impact different levels of trust and inequality had on the Welfare States’ development in Brazil and Sweden, therefore, answering the main research question and raising the main findings.

As seen in previous chapters trusting societies tend to have better levels of economic prosperity, better democratic institutions and less corruption. The preexistence of equality is essential to create trust. The relationship between trust and inequality can be observed through the mechanisms proposed by Jordahl (2007): social ties, exploitation and conflict over resources. The first of them explains that people with the same socio-economic and ethnical backgrounds tend to trust each other more, the second that the feeling of economic unfairness among classes breeds distrust and the last that different classes tend to have conflicts among themselves for public goods and it can also lead to deceitful behaviors.

Relating these mechanisms to Brazilian and Swedish contexts it was possible to observe that both of them presented different historical contexts that influenced on the development of specific features that impacted their social policies’ design and the current way they are operating. The low trust and high inequality in Brazil is mostly explained by some factors related to the country’s history, such as colonization, slavery, catholic oppression, elite groups in power, corruption, low income distribution, weak unions, authoritarianism, land concentration and patron-client relationships that contributed to class envy, low cooperation and to low perception of shared fate, therefore, undermining trust.

On the other hand, Sweden presented high levels of trust and equality due to historical aspects, such as early adoption of Social Democrat values, Protestant work ethic, participation of peasants in the country’s modernization, strong unions, alliance

between workers and capital and universal principles that influenced class solidarity, cooperation and strong social ties due to equality, enhancing trust.

Applying Rothstein and Uslaner's (2005) idea that equality and trust are the basis of universal Welfare States, in order to analyze the historical contexts of Sweden and Brazil it is possible to make some assertions regarding the types of Welfare State Regimes' developed in each one. If historical and previous levels of high equality are essential to generate trust and create the propitious context to the establishment of more extensive social policies, Brazilian' specificities would not represent the favorable background to a Universal Welfare Regimes' development, unlike Sweden.

In Brazil, the high levels of inequality and low levels of trust influenced on the establishment of the Conservative (from the 1930's until beginning of the 1980's) and the Liberal Welfare State Regimes (from 1980 on). According to Gärtner and Prado (2012) the development of a Conservative Welfare State Regime does not require previous levels of equality since the social benefits have a contributive character and, therefore, are destined to specific groups of people who can afford it. The domination of elite groups in politics, traditional in Brazilian politics, therefore, facilitated and reinforced this condition of social segregation by privileging certain groups.

The distance between state and citizens was also a characteristic of Brazilian history (also related to the disparity of income between the different ethnic groups) that facilitated the establishment of reduced benefits, typical from the contributive basis of the Conservative Regime that attaches benefits to labor status and try to maintain a hierarchy through corporatism, which led to medium levels of de-commodification. This feature reinforced even more the already weak workers movement since the more dependent workers are on their employer, the less they will mobilize or cooperate together, which also contributed to diminish cross-class solidarity.

Moreover, the Conservative type did not require high levels of generalized trust either since family was one of the major welfare providers for workers outside the formal

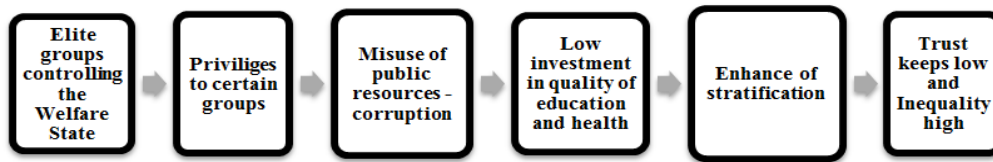
labor market, feature that was already a cultural tradition of Brazilian society due to patriarchy based on familiar relationships, which contributed to enhance distrust between unfamiliar people.

After the 1980s there was a shift in the Welfare State mix in Brazil. Although the Constitution of 1988 brought the enlargement of universal policies and the implementation of non-contributive benefits, the neoliberal paradigm was strengthened in the 1990s causing some changes in the Welfare structure. Due to its liberal feature based on market interests (low-decommodification) this model also did not require high levels of trust or equality to be established (Gärtner and Prado 2012).

The fact that in Brazil society was already stratified in different social classes contributed to the development of this type of Welfare Regime, which is based on private social insurance and individual saving plans for those workers who can afford it and public social assistance for the informal workers. Since the existence of social assistance and insurances are not enough to emancipate workers from the market, low de-commodification can be observed in this type, which leads to what Barrientos (2009) calls hyphenation, characterizing this model as Liberal-informal.

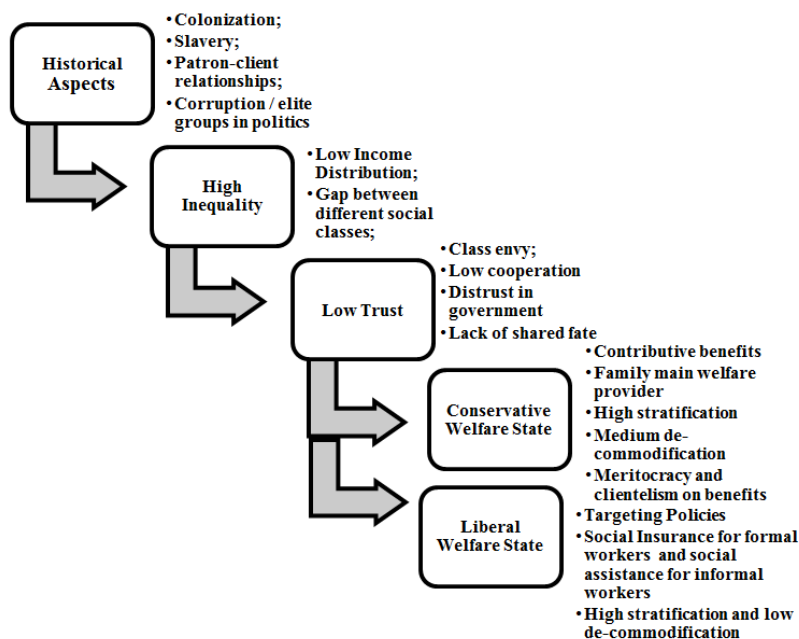
In the Liberal type, targeting programmes are common and the pre-existent inequality in Brazilian society was conducive to the establishment of these kinds of benefits that focus on needy population. These liberal programmes could be consolidated also due to the insufficient public efforts (due to corruption and political choices focused on interest groups) to solve the problem of inequality in its roots, by investments in the quality of services, especially education, and in employment policies. The system itself contributes to the maintenance of inequality, enhancing the feeling of unfairness among social classes and class envy and, therefore, breeding mistrust (see Figure 11 showing this causal chain and Figure 12 showing the relationship between historical aspects, trust, inequality and Welfare State in Brazil).

Figure 11 – Causal chain



Source: author's figure

Figure 12 - Relationship between Historical aspects, trust, inequality and Welfare State in Brazil



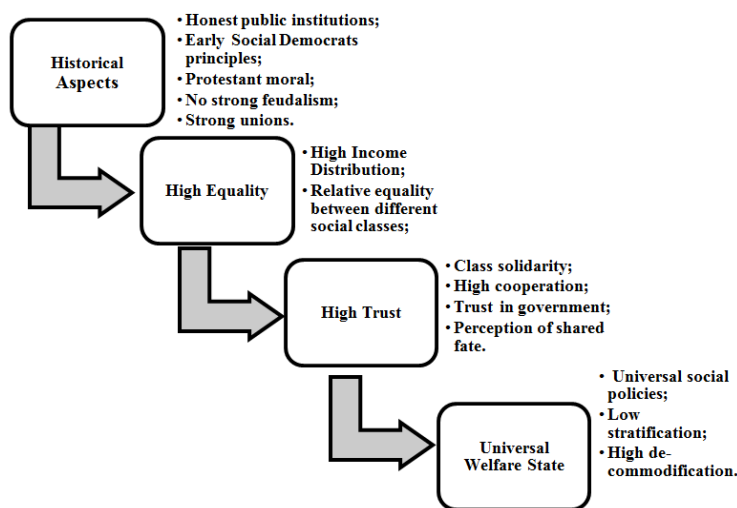
Source: Author's figure

In Sweden the situation was different. The Social Democratic Welfare State required previous existence of equality and trust to be established (Gärtner and Prado 2012) and it was possible due to the early incorporation of Social-Democratic, Protestant and solidary values by Swedish population (which was facilitated by the homogeneity of population), besides the popular participation in the Welfare State development. The proximity of state's and population's interest was the basis for universality since people trusted their taxes would be reverted to a common benefit and also that the

others would equally pay. Universalization of social policies to all the citizens independent of social class or labor status generated a low degree of stratification since the different social classes shared the same benefits, creating a perception of social cohesion and solidarity. The low reliance on the market makes the levels of de-commodification being high what, consequently, contributed to the strong union mobilization observed in Sweden since this independence strengthen workers to unite themselves for a common benefit.

This mechanism can be observed in Figure 13 that follows Rothstein's and Uslaner's (2007) idea that historical factors regarding trust and inequality influence directly the extension of social policies and Welfare States.

Figure 13 - Relationship between Historical aspects, trust, inequality and Welfare State in Sweden



Source: author's figure

The comparative Table 6 below shows Brazilian and Swedish contexts of trust and inequality and the type of Welfare States developed.

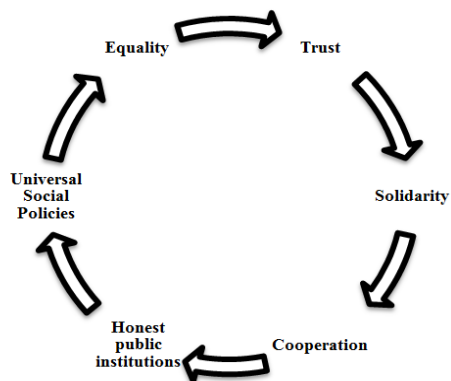
Table 6 - Brazil and Sweden in perspective

Brazil		Sweden
Trust and Inequality (historically) - Low levels of trust (slavery, oppression from the Catholic Church and state, patron client relationships, corruption, reliance on family – high levels of personal trust, heterogeneity) - High Inequality (elite groups in power, high social differences, low land redistribution, patrimonialism) => No sense of shared fate, perception of unfairness, low solidarity and low number of voluntary associations		Trust and Inequality (historically) - High levels of trust (active participation of peasants in politics, homogeneity, no feudalism, Protestantism) - High equality (early social democrats values, fair land distribution, early social policies) => Sense of a shared fate, high solidarity, cooperation, universality, high number of voluntary associations
Conservative-informal (prior to the 80s) - Meritocratic benefits - Social Security - High Stratification - Medium De-commodification	Liberal-informal (after 80s) - Residual benefits - Social Assistance - High Stratification - Low de-commodification	Social Democrat - Universal benefits - Universal social policies - Low Stratification - High de-commodification

Source: Adapted from Esping-Andersen (1990)

What could be observed during this discussion is that it is not only equality and high levels of trust that are responsible for the establishment of more extensive Welfare States, but also that Welfare State can reinforce the levels of trust and equality as long as the social policies are inclusive and the institutions are honest. If public institutions are dishonest and social policies stratify society more than create cohesion, then levels of distrust and inequality will be reinforced (see Figure 14).

Figure 14 – Equality-Trust-Universal Welfare State



Source: author's figure

Since universality cannot flourish in a distrustful environment where free-riding and misuse of public resources exists, political choices are necessary to reinforce trust in order to create a social protection net that is solidary and diminish inequality. However, it is important to observe that countries have their political agenda established according to specific interests that are, mostly, distant from the society's needs. This is observed in Brazil and can be used to explain the vicious circle in which social policies are operating. On the other hand, Sweden can be seen as a positive case of a Welfare State that reinforces trust and equality through government transparency, embracing social policies and solidarity.

Through a critical analyzes of the Brazilian Social Protection system it can be said that the political will to change the situation is the most important step to be adopted. In order to reform the social protection system and also to obtain people's approval regarding public investments it is necessary to show commitment and responsibility with the public goods. While dishonesty and corruption remains the stronger features of the Brazilian government trust and equality will remain below the expected.

Chapter 8 will address the Conclusion.

CHAPTER 8 – FINAL REMARKS

The present study sought to answer the following research question ‘Historically, how did the levels of equality and trust influence the development of different types of Welfare State Regimes in Brazil and Sweden?’ With this purpose, each of the chapters answered one subsidiary question.

It was possible to identify in Chapters 1 and 5 that generalized trust – trust in people that are not familiar between each other- is one of the main components of Social Capital (Putnam 1993). Trust can be generated through cultural and religious practices of a country (Fukuyama 1995), participation in civic groups and voluntary associations (Putnam 1993), fair governmental institutions (Rothstein 2007) and equality (Jordahl 2007). In trustful societies there is a higher probability of the establishments of cooperative relationships (Putnam 1993), the governments tend to be more honest (Rothstein 2007), economy is more prosperous (Fukuyama, 1995) and higher levels of equality can be noticed (Jordahl 2007). In the present research, all the elements mentioned above that can generate trust were considered, although equality was given a special attention since it is one of the main components of Welfare States.

In order to analyze how inequality (addressed on Chapter 4) influence trust and contextualize it in the Brazilian and Swedish realities, Chapter 6 utilized semi-structured key informant interviews and Jordahl’s (2007) mechanisms: social ties (people from the same ethnicity and socio-economic status tend to trust more); exploitation (the feeling of economic unfairness make people less trustworthy); and conflict over resources (economic disparity influence dishonest behavior and conflict of interest between classes).

Through this analysis it was possible to identify that in Brazil colonization, slavery, patron-client relationships, corruption, Catholic religion, heterogeneity,

patrimonialism and low land redistribution contributed to society's low solidarity, to the perception of unfairness and the low sense of shared fate. In Sweden, the active participation of peasants in politics, the early adoption of Social Democratic values, homogeneity, fair land distribution and Protestant values contributed to high solidarity, cooperation and a sense of shared fate within society.

In Chapter 7 there is an analysis of how these different contexts related to trust and inequality impacted on the development of different Welfare State Regimes (see Esping-Andersen 1990), the Social Democratic in Sweden and the Conservative/informal in Brazil that later on became Liberal-informal (described in Chapter 3).

It was possible to conclude that the Conservative type did not require low levels of inequality neither high levels of interpersonal trust to be established (Gärtner and Prado 2012), therefore, it could be developed in the Brazilian context. This can be explained since in this model social policies have a contributive character, meaning that benefits will embrace just a part of population that have financial conditions to afford (which does not require previous equality). In this manner, benefits are attached to the labor status and the existence of corporatism makes the levels of de-commodification medium. Interpersonal trust is not required since family is the main welfare provider in this model and the state, meaning that personal trust (in family and friends) have more relevance than the interpersonal one.

The Liberal model, as the Conservative one, also did not require levels of equality and it was established in Brazil during the 1980s after the market liberalization. Again, the stratification was high since poor families relied on the state through social assistance and the upper classes in the state – enhancing social disparity and stratification. Workers continued to be dependent on the labor market and the ones who could afford relied on private insurance, therefore, propitiating low de-commodification levels. The introduction of targeting programmes is also a feature

established in this type of Regime, that in spite of having positive aspects (alleviating extreme poverty and enrolling children in school) does not solve the problem of inequality in its roots considering that Brazil is among the ten countries with the high levels of income concentration in the world, where the 10% richer have 40% of the income and the 40% poorest have less than 10% of income (Maia n.d.).

On the other hand, the Swedish historical context of solidarity, the relative pre-existent socio-economic equality within population and popular participation in politics were favorable for the establishment of the Social Democratic Welfare State Regime. This type of Regime required previous levels of trust and equality to be implemented since its base is universality. The high taxes required to sustain this system needed an intrinsic trust between people and between people and state in order to be successful. Redistribution and equal rights to all citizens independent of their connection to the labor market contributed to high de-commodification and low stratification.

From these findings it is possible to affirm that not only previous levels of trust and inequality were important for the establishment of more extensive Welfare State Regimes, but that Welfare States can also enhance or diminish the levels of trust and inequality through the political choices. The case of Brazil illustrates this statement well, since the country still reproduces patterns that are not sustainable, such as the preservation of elite groups in power, corruption, low quality of services and residual social policies. These features contribute to the maintenance of low levels of trust and high inequality, influencing conflict over resources, class envy and low cooperation. In Sweden, the state is trying to maintain the patterns of universality in spite of the recent privatizations and flow of immigrants, but both phenomena could represent a future problem for equality and trust maintenance in the country.

As it could be seen, face challenges, hence, the present research also proposed dialogue channels in social protection in order to propitiate experience and support

exchange in the areas of education, services and research could. However, it is important to stress that modifications can only occur if the state is willing to prioritize people's wellbeing than the interest of a reduced group.

The discussions and conclusions addressed in the present work can be useful for guiding further studies. Empirical research about the challenges both countries are facing currently still needs to be developed. The present research sought to propose some dialogue channels between both countries in social protection, but deeper researches regarding their applicability need to be conducted. Regarding Brazil, further studies could be implemented concerning how targeting programmes are impacting trust and equality within society, how trust and equality can be boosted by consistent investments in quality education and health and about the impact of aging in the country's social security and how it impacts the Welfare State. Regarding Sweden it is still needed to go further in questions related to the effect of immigration in the Welfare State extension and its impact on the levels of trust and equality in Swedish society and also to the influence of privatizations of public services in universality.

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