PRESIDÊNCIA DA REPÚBLICA
Governo Fernando Henrique Cardoso

THE REAL PLAN: FOUR YEARS THAT CHANGED BRAZIL

BRASÍLIA
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Brasil, Presidente (1995-   : F. H. Cardoso)

The Real Plan: four years that changed Brazil .– Brasília : Presidência da República, 1998.

52p.: il. – (Documentos da Presidência da República).

1. Plano Real – Brasil. 2. Política econômica – Brasil. I. Título. II. Série.

CDD 330 31

TABLE OF CONTENTS

FORWARD 5

THE ECONOMY 7

- INFLATION 9
- GROWTH 12
- PRODUCTION INCENTIVES 17
- INCOME DISTRIBUTION 22
- EMPLOYMENT 26
- CONSUMPTION & QUALITY OF LIFE 30
- PRIVATIZATION 36
- FOREIGN SECTOR 38

THE SOCIAL SECTOR: SOME IMPORTANT THEMES 41

- EDUCATION 43
- HEALTH 47
- SOCIAL SECURITY 50
- AGRARIAN REFORM 52

FORWARD

On each anniversary of the Real Plan, the Secretariat of Public Information has published an appraisal of the impact of monetary stability on the economy and on the nation's social structure.

This time, rather than another comprehensive evaluation, we have decided to present a series of tables, graphs, facts, and figures on the economy and on the social sector. We deliberately have avoided the "Brazil in Action" and the "Community in Solidarity" programs, as these have been the subject of recent publications.

Th numbers speak for themselves. From the pages that follow, one can infer, first of all, the profound transformation that has occurred in the Brazilian economy. That transformation is characterized by more efficiency in the productive sector, greater international competitiveness, a considerable rise in the level of investment, and a significant inflow of foreign capital.

These positive changes account for the fact that Brazil is now in its sixth consecutive year of growth. The average annual growth rate of 4.0 percent that Brazil has experienced since the inception of the Real Plan is the second-highest in all of Latin America. This result is in marked contrast to the virtual stagnation, i.e., two years of growth and two of recession, during the four years preceding the Real Plan.

The performance of the economy since the inception of the Real Plan has produced a significant rise in incomes, especially for the working classes. In the period from 1986 to 1993, the average real income of the population declined; perversely, the losses were most severe among the neediest sectors of society. In contrast, from 1993 to 1996 all socioeconomic groups experienced rising incomes. Significantly, the incomes of the poorest sectors of society rose faster than those of the richest.

Most social indicators reflect the marked improvement in the quality of life of the population.

In contrast to previous decades, when external shocks like petroleum price and interest rate increases aborted economic prospects, the economy in recent years has been able to resist two equally powerful tremors: first the Mexican then the Asian crises. In both cases, a temporary pause in growth became necessary so that robust economic activity might then be quickly resumed.

The increase in the unemployment rate and the rise in the fiscal deficit are the most visible and worrisome consequences of the November crisis; they point to still-needed adjustments that are now being made.

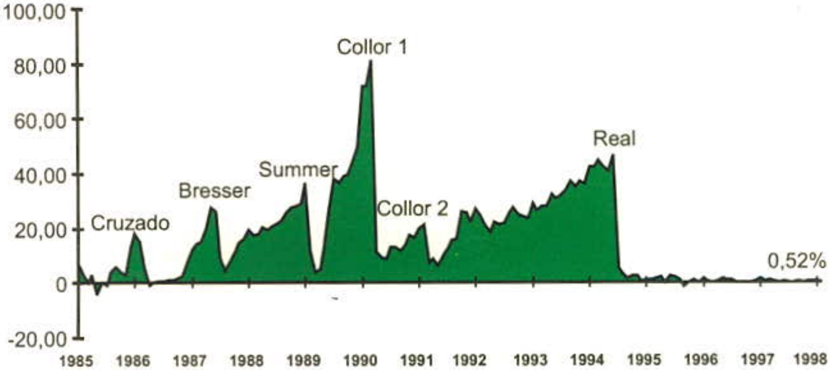
But the prevailing macroeconomic stability, the progressive decline in interest rates, the growing investment and falling production costs suggest that the country is poised for a new development spurt. This will contribute decisively to expanding employment and to deepening public policies that are, perhaps for the first time, being directed in a priority manner toward the lowest income sectors.

SERGIO SILVA DO AMARAL
Secretary for Public Information
Presidency of the Republic

THE ECONOMY

INFLATION

MONTHLY INFLATION RATE (%)
Comparison with previous stabilization plans



Based on the IPC-FIPE monthly index, January 1985 to May 1998

Before the Real Plan

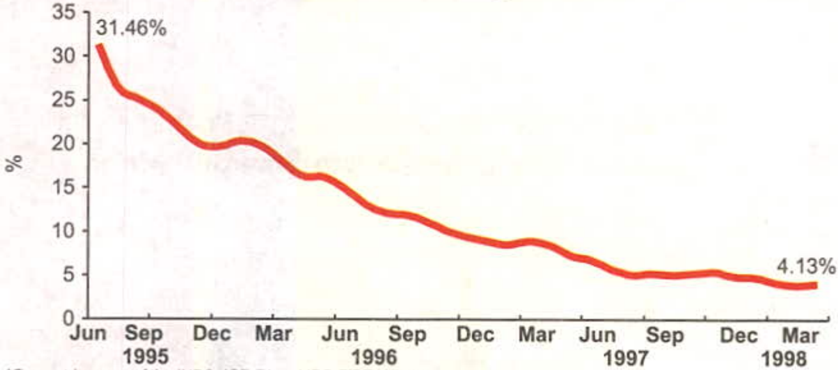
The cumulative inflation on a Fipe index basis in the **four years** preceeding the Real Plan was about 3,500,000%.

In the 12 months before the Real Plan, FIPE registered an inflation of 5,200%.

After the Real Plan

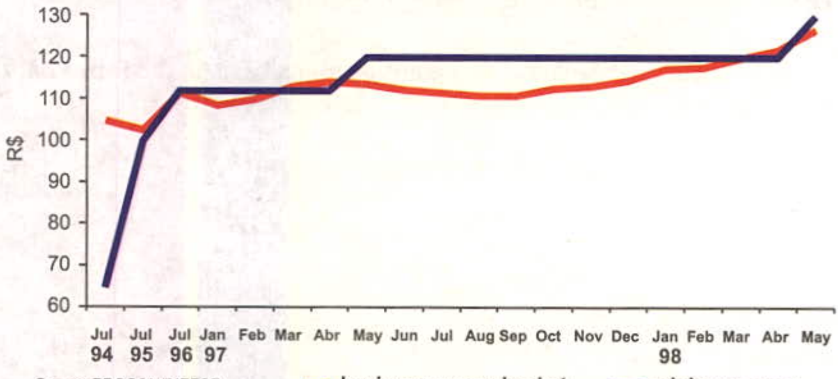
In the **12 months through May 1998,** prices rose only 3.12%, **the lowest rate registered by FIPE since November 1949.**

INFLATION INDEX*
12-month moving rate

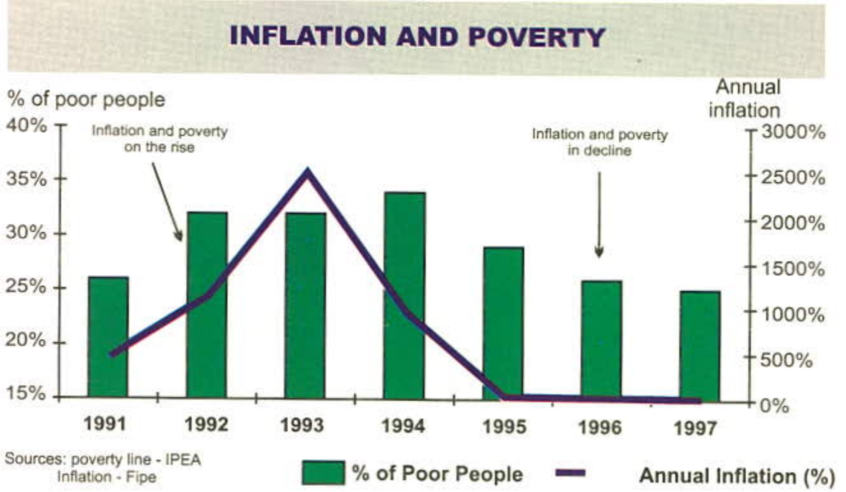


*Geometric mean of the INPC, IGP-DI and IPC-FIPE indexes
Source: BACEN

BASIC CONSUMER BASKET AND THE MINIMUM WAGE



Source: PROCON/DIEESE

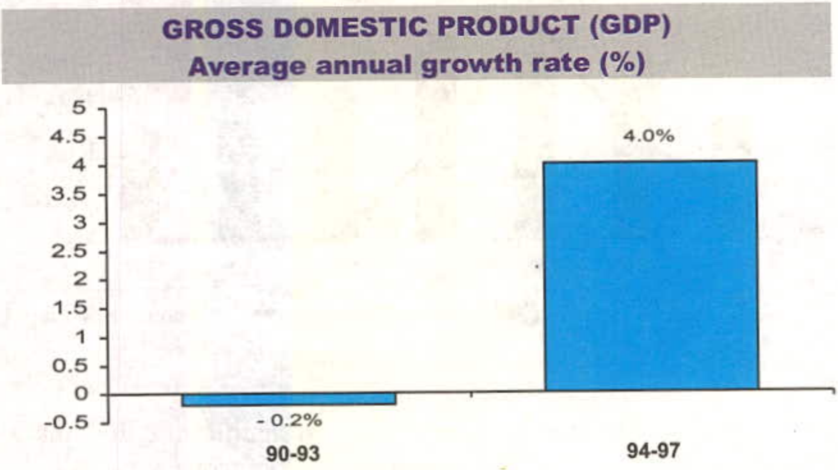


The quest for stability is one of the most significant actions in the struggle against poverty and the concentration of income.

The graph clearly demonstrates that the drop in inflation has been accompanied by a decline in the percentage of poor people.

Note: *The poverty line corresponds to a monthly income of R$45 per capita (at May 1966 prices). Annual data are the monthly averages from June of the preceeding year through May of the corresponding year.*

GROWTH



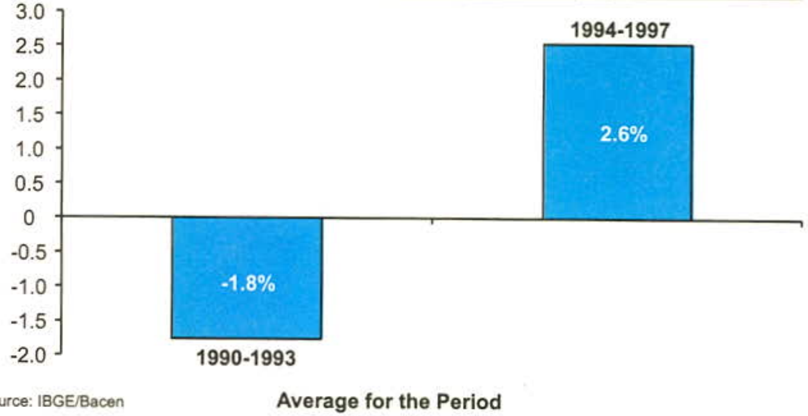
Source: IBGE/BACEN

The gross domestic product (GDP) rose 17% during 1994-1997, equivalent to an average annual growth rate of 4.0%. By contrast, in the four years preceding the Real Plan, average annual GDP growth was a negative 0.2%.

Including 1998, there will be six consecutive years of GDP growth – a phenomenon not experienced since the end of the 1970s.

From 1990 to 1993, the overall negative GDP growth was composed of two years of positive growth (1991 and 1993) and two of recession (1990 and 1992), reflecting the *see-saw* pattern that typified the decade of the 80s and the beginning of the 90s.

REAL PER CAPITA GDP
Average annual growth rate (%)

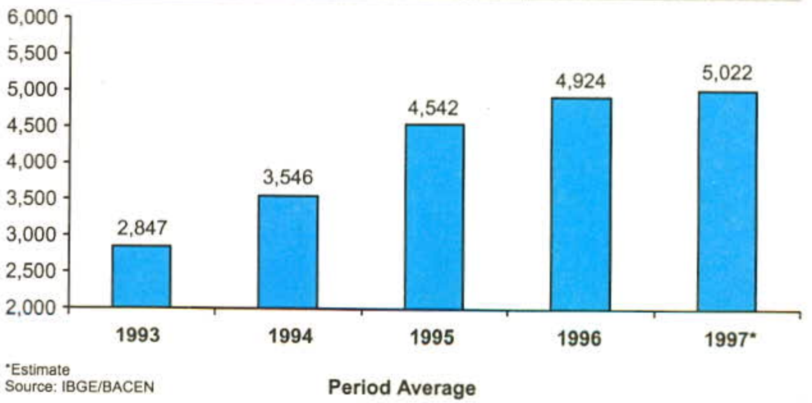


Source: IBGE/Bacen

From 1994 through 1997, real per capita GDP grew by an average of 2.6% per year, and in 1997 exceeded US$ 5,000 per inhabitant.

According to the IBGE, workers' average nominal annual income grew significantly in all metropolitan areas surveyed, and particularly so in the capital cities of the Northeast, where the relative gains exceeded the national average.

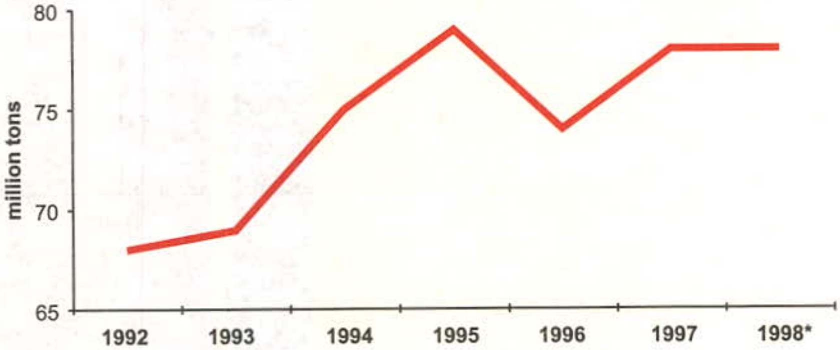
PER CAPITA GDP
(in US dollars)



*Estimate
Source: IBGE/BACEN

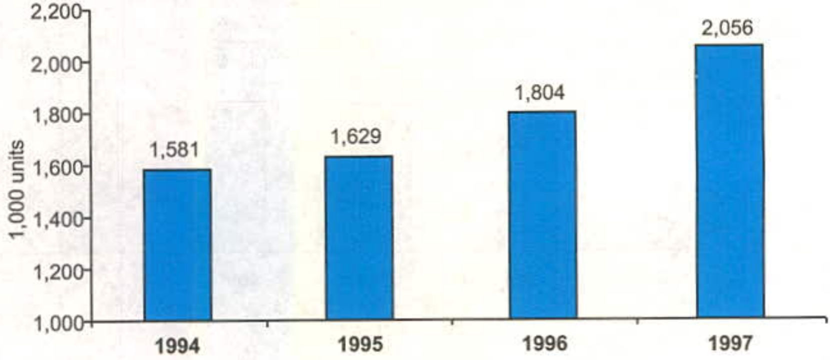
Per capita GDP surpassed US$ 5,000 in 1997.

GRAIN PRODUCTION



(*) IBGE forecast
Source: IBGE

PRODUCTION OF THE AUTOMOTIVE SECTOR
(1994 to 1997)

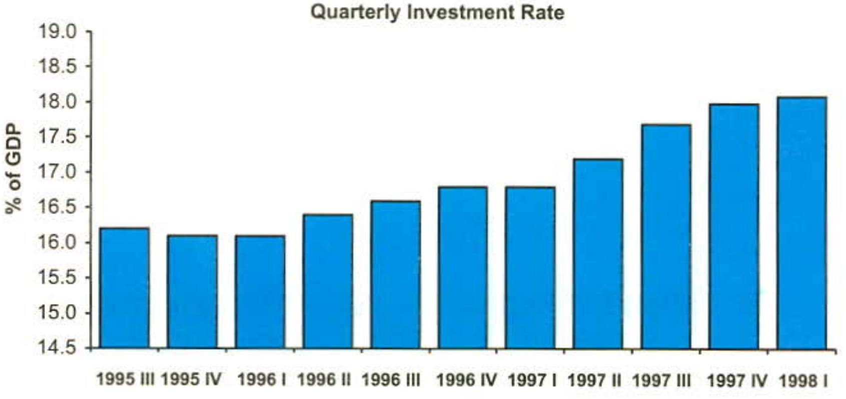


Source: ANFAVEA and MICT

DECENTRALIZATION OF THE AUTO INDUSTRY

FORD	Rio Grande do Sul
GM	Rio Grande do Sul
AUDI (Volkswagen)	Paraná
VOLKSWAGEN (trucks)	Rio de Janeiro
MERCEDES BENZ	Minas Gerais
PEUGEOT	Rio de Janeiro
RENAULT	Paraná
CHRYSLER	Paraná
HONDA	Sumaré/São Paulo
HYUNDAI and ASIA MOTORS	Bahia

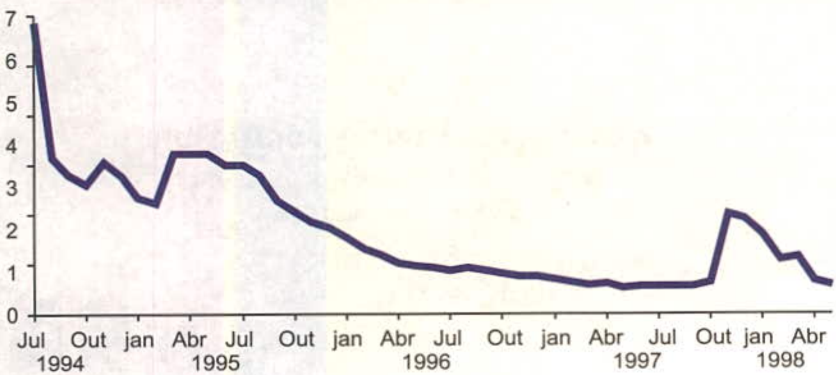
GROSS FIXED CAPITAL FORMATION



INVESTMENT AND PRODUCTION

- The mechanical industries are operating at a high level of capacity, reaching their highest levels since the first quarter of 1987.
- Capital goods production for the construction and electrical industries and for mixed use during these four years has grown, respectively, at rates of 49%, 17%, and 9% (through March).
- Foreign direct investment (FDI) rose from a level of US$ 2.2 billion in 1994 to US$ 17 billion in the 12 months through April 1998.
- Some US$ 20 billion in FDI is expected for all of 1998 — 10 times the level realized in 1994.

INTEREST RATES:
The Central Bank Discount Rate
(% per month)



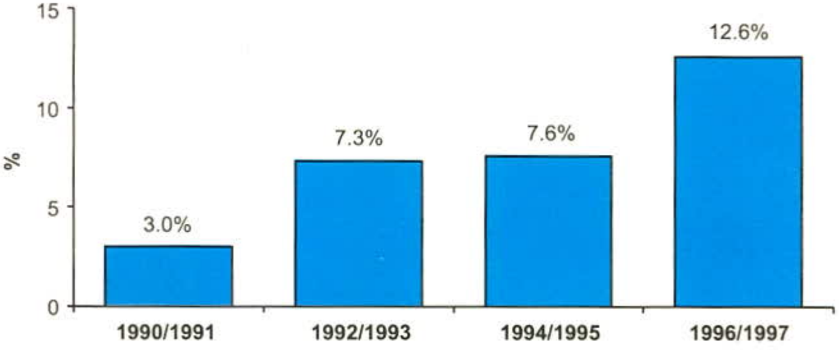
Source: Bacen

Since rising in November in response to the Asian crisis, interest rates have continued to decline, contributing thereby to promote growth and the reduction of the fiscal deficit.

PRODUCTION INCENTIVES

- Promotion of Competitiveness
- Modernization of Management and Production
- Reduction of the "Brazil Cost"
- Creation of a Favorable Institutional Environment
- Promotion of Education and Worker Training
- New Agricultural Policy

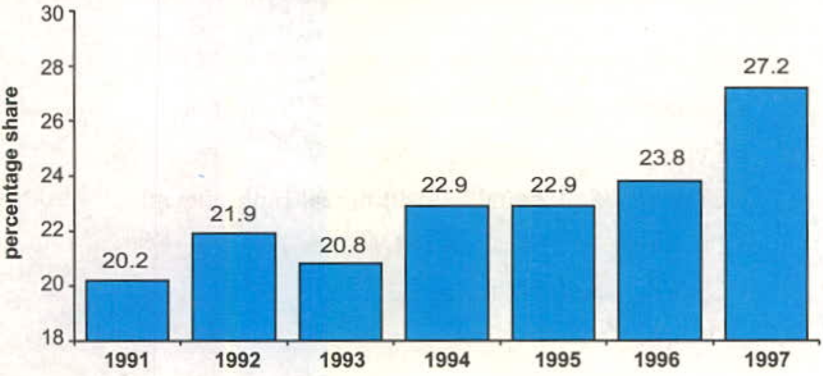
INDUSTRIAL PRODUCTIVITY GROWTH
Physical output per hour of work



Source: IBGE

The period 1994 through 1997 experienced wage increases without inflationary pressures. This phenomenon is partly explained by an average annual growth in industrial productivity of about 10.1% during that period.

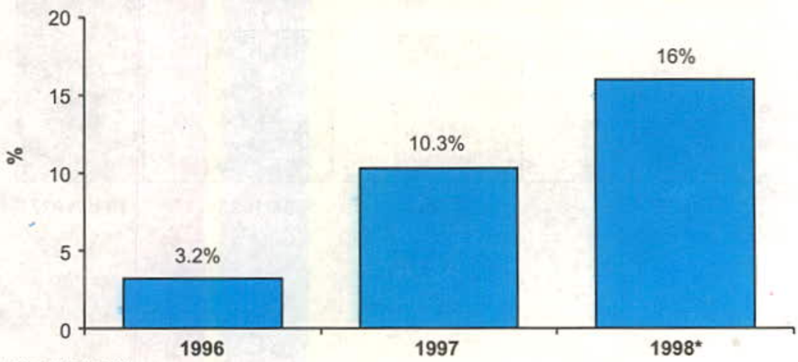
CAPITAL GOODS IMPORTS AS A PERCENT OF TOTAL IMPORTS



Source: Bacen

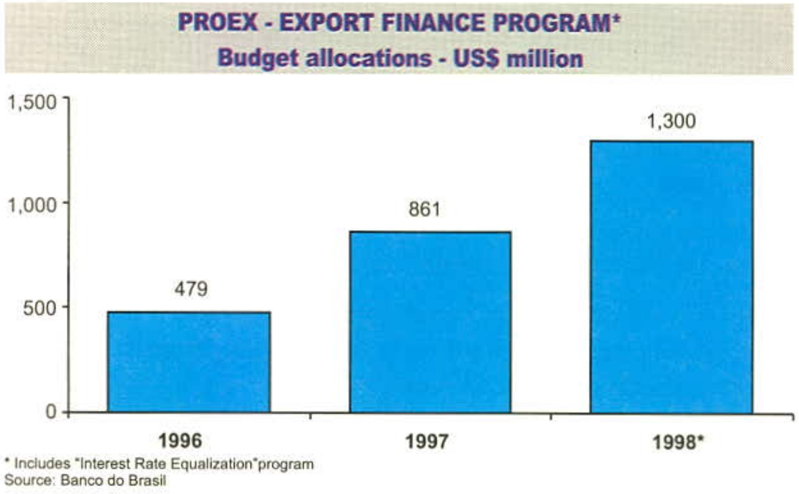
The rise in capital goods imports as a share of total imports provides evidence that the economy is modernizing. This is consistent as well with data on productivity growth and total exports, and especially exports of manufactured products since 1997.

EXPORTS OF MANUFACTURED GOODS 12-month cumulative change

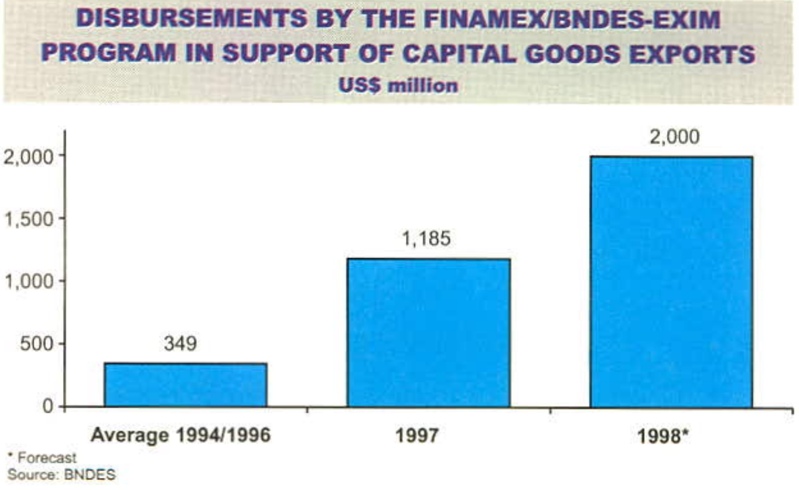


* Through April/98
Source: MICT-SECEX

The notable increase in exports of manufactured goods, especially since June 1997, suggests that the managerial and productive restructuring of the economy is beginning to bear tangible fruits.



Through direct financing to exporters and "interest rate equalization" payments, PROEX seeks to provide Brazilian exporters credit facilites comparable to those enjoyed by our competitors.



Pre- and post-shipment disbursements through the FINAMEX program (now called BNDES-EXIM) in support of capital goods exports rose almost eight-fold in four years.

NEW INDUSTRIAL POLICY

- Adoption of the long-term interest rate program (TJLP) brought the cost of BNDES loans down to a level near that prevailing in the international market, thereby dramatically reducing the cost of domestic investment.
- Adjustment support assisted those industry sectors most affected by the opening up of trade — such as textiles, shoes, and auto parts.
- Support was provided for manufactured goods exports of practically all exporting sectors through the internationally-competitive financing instruments of BNDES-Exim.
- The New Export Hubs Program (Programa de Novos Pólos de Exportação – PNPE), established in 14 states, seeks to promote the "internalization" of Brazil's foreign commerce.
- The Export Finance Program (PROEX) supports, with Treasury resources, the export of domestically-produced goods and services, using two vehicles: a) direct financing to exporters (PROEX-financiamento), and b) interest rate-equalization payments (PROEX-equalização).
- The Support to Small and Medium Business program, operated through FINAME, was designed to make medium- and long-term credit more accessible to microenterprises and to small businesses.
- The Guarantee Fund (for small and medium business) also seeks to facilitate credit, and especially for export-oriented firms.

AGRICULTURAL INCENTIVES

The Government has adopted a series of measures, including:

a) promoting the financial recovery of the rural sector through the securitization of farm debt, at interest rates equivalent to the change in minimum prices plus 3.0 percent per annum. This program entails resources on the order of R$ 7 billion and benefits nearly 300,000 farmers;

b) reducing the so-called "Brazil cost," notably through: I) the discontinuance of the Reference Interest Rate (TR) as the indexor for rural credit, which now is provided at pre-determined interest rates, and II) the removal of the sales tax (ICMS) on exports of rural origin, which permitted an improvement in the agricultural trade balance of US$ 2.7 billion in 1997;

c) creating new regulatory instruments (Prêmio de Escoamento de Produto – PEP and Empréstimos do Governo Federal – EGF/Indústria) that afford the agricultural sector necessary protection and improve its efficiency while reducing costs to the national treasury;

d) according priority to the small farm – the foremost generator of employment in the countryside – through the establishment of the National Family-Farm Program (Programa Nacional de Apoio à Agricultura Familiar, PRONAF), and by stressing agrarian reform (settlement of 186,000 families from 1995 through 1997). PRONAF had outlays of R$ 2.4 billion in 1995-97, benefitting 500,000 family farm owners in 1997. More than 100,000 families should be settled in 1998. Some 300,000 families will be settled in 1995-98 – nearly 100,000 more than were settled in all prior years together;

e) producing the harvest plan in record time (by mid-June), allowing farmers to make better planting decisions. Resources were increased to R$ 11 billion for the 1998/99 harvest, as compared to R$ 7.3 for the previous harvest, at a fixed annual interest rate of 8.75% (5.75% in the case of PRONAF). These are the lowest rates farmers have paid since the 1970s.

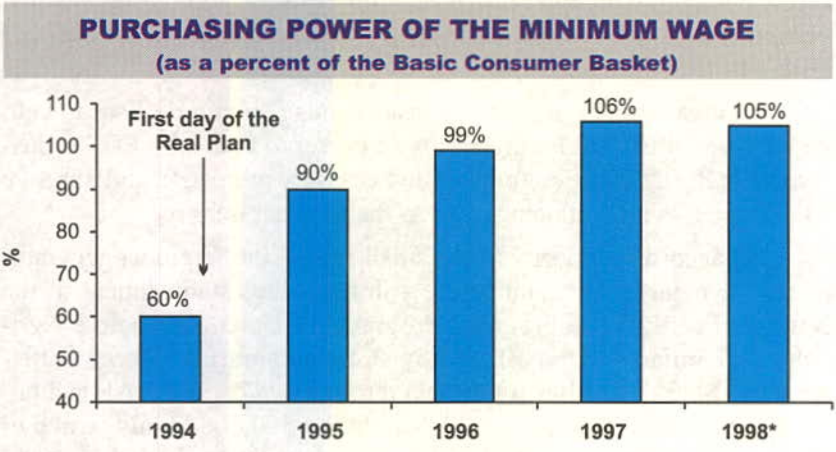
RESULTS OF THE AGRICULTURAL INCENTIVES

Agricultural output has risen to a new level since the inception of the Real Plan:

a) From 1991 through 1994, production of grains averaged 67 million tons a year. This figure has risen to 77 million tons in the four years that the Real Plan has been in effect (1995-98);

b) the agricultural trade surplus reached nearly US$ 11.2 billion in 1997 (in 1994: US$ 8.7 billion; in 1995: US$ 8.3 billion; and in 1996: US$ 8.5 billion).

INCOME DISTRIBUTION



* June/97 through May/98
Source: PROCON/DIEESE, DOU and BACEN

The nominal national minimum wage doubled during the Real Plan.

On the first day of the Real Plan, one minimum wage covered barely 60 percent of the basic consumer basket. In 1995, the minimum wage's purchasing power rose by 50 percent, sufficient to cover 90 percent of the basic consumer basket. Today, the minimum wage covers the cost of the basic consumer basket, with money to spare.

AVERAGE NOMINAL INCOME OF THE EMPLOYED POPULATION

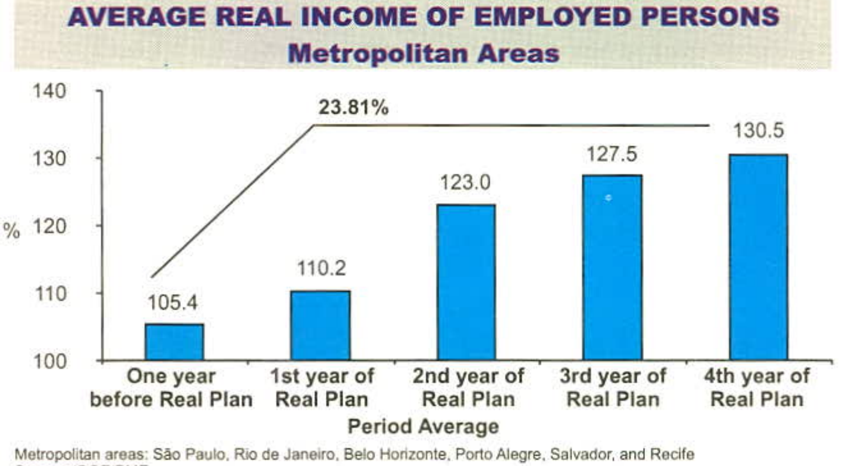
(R$)

	Jun/94	Mar/98	Mar-98 / Jun-94 % increase
Belo Horizonte	258.4	571.34	121.1%
Porto Alegre	315.2	646.42	105.1%
Recife	170.2	410.18	141.0%
Rio de Janeiro	252.5	610.69	141.9%
Salvador	171.6	413.05	140.7%
São Paulo	384.3	853.18	122.0%

Source:IBGE/PME

Metropolitan areas: São Paulo, Rio de Janeiro, Belo Horizonte, Porto Alegre, Salvador, and Recife

The average nominal income of employed persons in all metropolitan areas of the country more than doubled since the inception of the Real Plan.

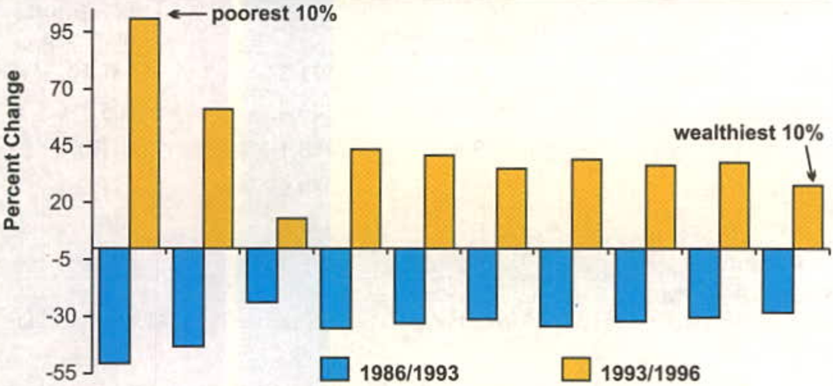


Metropolitan areas: São Paulo, Rio de Janeiro, Belo Horizonte, Porto Alegre, Salvador, and Recife
Source: IBGE/PME

Workers' average real income rose by almost 24 percent since the Real Plan's introduction.

Note: *Index averages for the 12 months ending in June of each year. For the fourth year, we have used the 12 months ending in March/98.*

CHANGE IN AVERAGE REAL INCOME (%)

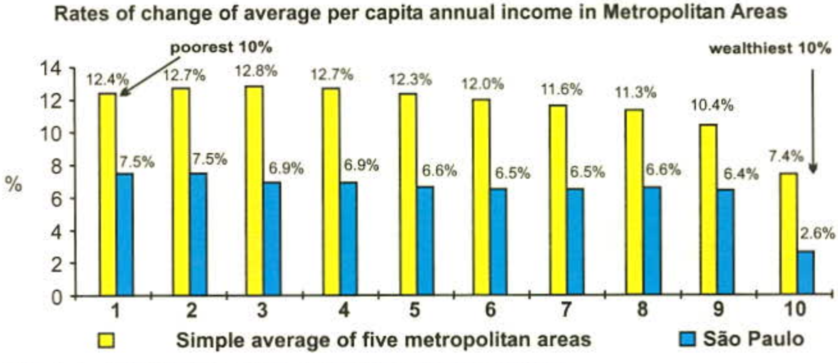


Source: PNADs, IBGE

In the period preceding the Real Plan (1986-93) – denoted in blue – all sectors of the population suffered a loss of real income. These losses were most marked among the poorest ten percent of the population.

From 1993 through 1996 – shown in yellow – all strata of society had income gains, with incomes of the poorest segment rising more than those of the richest. In sum, before the Real Plan we had a combination of inflation, low growth, and concentration of income. After the start of the Real Plan, there has been growth with income distribution.

INCOME REDISTRIBUTION IN SÃO PAULO AND FIVE OTHER METROPOLITAN AREAS (*) - 1994/97

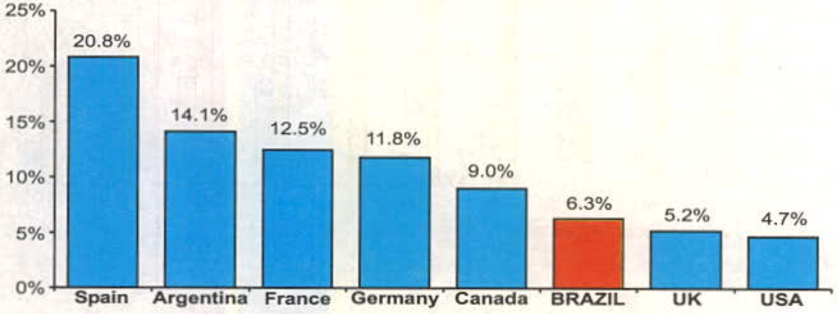


* Rio de Janeiro, São Paulo, Belo Horizonte, Porto Alegre, Salvador, and Recife
Source: IBGE/IPEA

In addition to a redistribution of income among socioeconomic levels from 1994 to 1997, the concentration of income across regions was reduced. After the Real Plan, all metroploitan areas experienced a significant increase in per capita income. But the average increase for the five metropolitan areas excluding Sao Paulo was consistently above that for Sao Paulo in all ten income brackets.

EMPLOYMENT

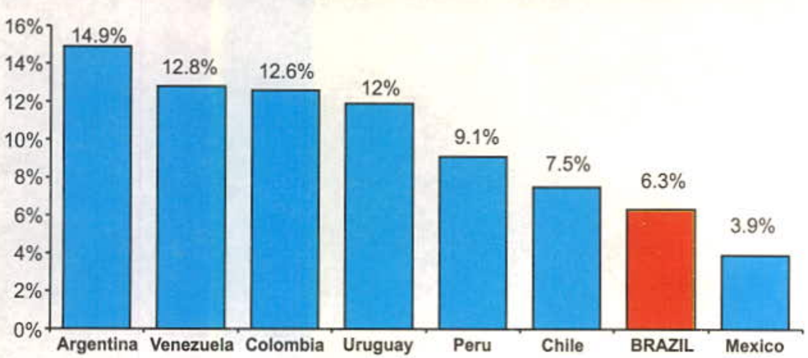
URBAN UNEMPLOYMENT RATE: COMPARISON WITH OTHER COUNTRIES 1997



Sources: OCDE/The Economist, Nov/97. Brasemb/Buenos Aires, Dec/97. IPEA, 1997

Compared to the OECD countries and Argentina, Brazil continues to experience one of the lowest urban unemployment rates.

URBAN UNEMPLOYMENT RATE: COMPARISON WITH OTHER LATIN AMERICAN COUNTRIES - 1997



Source: Cepal

Brazil had the second-lowest unemployment rate of seven South American countries and Mexico in 1997.

EMPLOYED POPULATION, BY ACTIVITY
Metropolitan areas (April, 94/98)
Increase observed during Real Plan

	%
Manufacturing	-8.5
Construction	3.1
Commerce	6.0
Services	15.5
Other	-3.5
Average	6.9

Source:IBGE/PME
Metropolitan areas: São Paulo, Rio de Janeiro, Belo Horizonte, Porto Alegre, Salvador, and Recife

From 1994 to 1998 the employed population in the six principal metropolitan areas expanded by almost 7%.

The reduction of employment in the manufacturing industries was offset by job creation in the other sectors, especially services and commerce.

BRAZIL
TRENDS IN THE OPEN UNENMPLOYMENT RATE

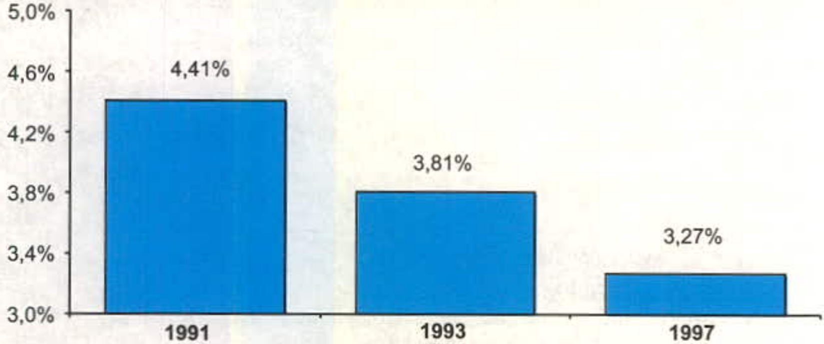
Year	Rate (%)
1992	5.76
1993	5.31
1994	5.06
1995	4.64
1996	5.42
1997	5.70
1998*	6.36

(*) Average of 12 months through April
Source: IBGE/PNAD

The urban unemployment rate rose in the initial months of this year, reaching 8.18% in March.

The unemployment rate declined slightly in April, to 7.94%. It was the first decline since December last year.

PARTICIPATION (%) IN METROPOLITAN WORKFORCE* BY PERSONS BELOW 17 YEARS OF AGE



*São Paulo, Rio de Janeiro, Belo Horizonte, Porto Alegre, Salvador, and Recife
Source: IBGE/PME

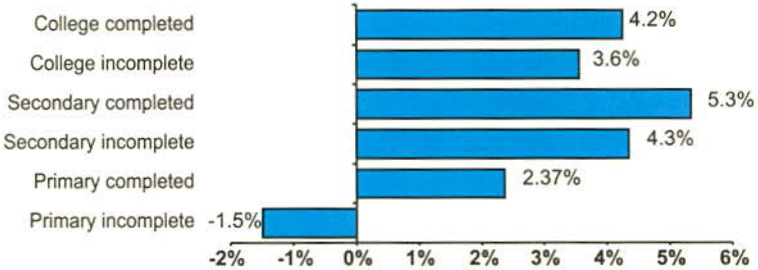
The participation of under-seventeen-year-olds in the workforce of the country's six major metropolitan areas has been declining since the beginning of the decade. This trend, in principle, can be explained by two factors:

a) firms with job openings are demanding workers with higher levels of education, and

b) youths, aware that they need to prepare themselves to compete in the workplace, are seeking higher education.

THE IMPORTANCE OF EDUCATION IN THE BATTLE AGAINST UNEMPLOYMENT

Job Openings in Metropolitan Areas*
(1991/1997 - Average annual growth)



*São Paulo, Rio de Janeiro, Belo Horizonte, Porto Alegre, Salvador, and Recife
Source: IBGE/PME

The number of jobs occupied by persons without an elementary education has been shrinking. The supply of jobs has expanded for all other categories, that is, for those with at least an elementary education.

As a result of those changes, the proportion of jobs occupied by workers without at least an elementary-level education dropped from 52.6 percent in 1991 to 44.28 percent in 1997. On the same basis of comparison, the proportion of workers with an intermediate level of education rose from 16.1 percent to 20.25 percent. Jobs held by professionals with college degrees rose from 10.25 percent of the total to 12.11 percent.

CONSUMPTION AND QUALITY OF LIFE

PROCESSED FOODS – CONSUMPTION
Percentage change (1994 to 1997)

Processed Foods	Change (%)
Chicken	39.9
Beef	27.1
Pork	26.1
Yogurt	85.9
Cheese	51.8
Beer	56.8
Soft drinks	71.5
Biscuits	42.6

Source: Abia

Products once consumed only by the middle and upper classes – for example, biscuits, yogurt and cheese – are now available to lower income levels.

With the rise in incomes and the maintenance of purchasing power, workers are replacing cheaper products in their consumption basket with better ones – for example, second-grade meats with other types of meat. Actual consumption of beef has risen almost 27 percent in the last four years, or about six percent per year.

HOUSEHOLD APPLIANCES IN NEW PRIVATE DWELLINGS

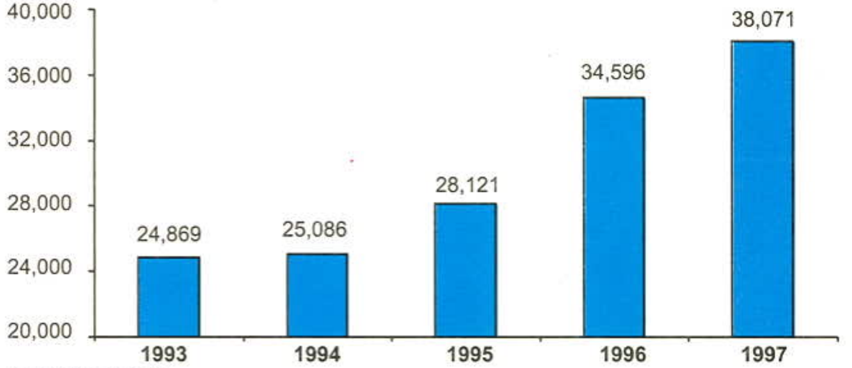
Appliance	% of total households		New households with appliances
	Before the Real Plan (1993)	After the Real Plan (1996*)	
Kitchen range	95.5	96.6	3,125,443
Radio	85.1	90.4	4,472,470
TV	75.8	84.3	5,518,731
Color TV	50.2	69.2	8,968,204
Refrigerator	71.7	78.2	4,591,321
Freezer	12.9	18.0	2,372,127
Clothes washer	24.3	30.4	3,114,936

(*) Most recent data.
Source: IBGE/PNAD

There has been a significant increase in Brazilian hoseholds with electrical appliances. More than 4.5 million homes have refrigerators.

The most striking figure, however, relates to color TVs. More than ten million color TV sets have been sold since the start of the Real Plan. This is the result of the increase in consumer purchasing power and of the significant reduction in prices, spurred in part by foreign competition.

NATIONAL CONSUMPTION OF CEMENT
(1,000 tons)

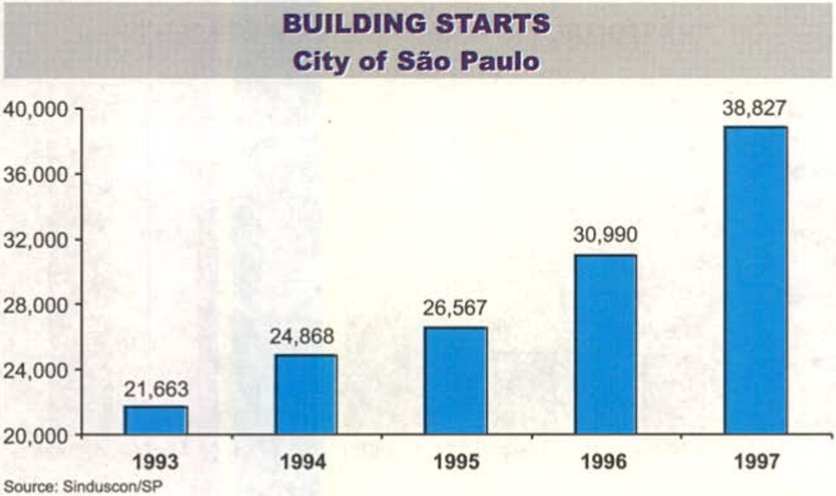


Source: Sinduscon/SP

Since the Real Plan, sales of cement have grown 52 percent, or 11.22 percent per year in the period 1994 to 1997. This increase reflects to a large extent the growth in building by owners themselves.

At the beginning of the Real Plan, the minimum wage could pay for only 12.4 sacks of cement. Today, one minimum wage buys 20 sacks.

There has been a significant increase in the production of construction materials in the four years of the Real Plan: 29 percent.



New building starts in the city of São Paulo grew 79% from 1993 to 1997.

Along with owner-construction, the number of new building starts in the paulista capital grew by 16% per year between 1994 and 1997. This implies strong growth in the supply of new homes, which is helping to drive down home rental costs.

BASIC INFRASTRUCTURE
NEW PRIVATE DWELLINGS SERVED

Basic infrastructure	% of total households served		New households served
	Before the Real Plan (1993)	After the Real Plan (1996*)	
Water supply (general network)	75.0	77.6	3,139,141
Sewage system (collection network)	38.9	40.3	1,646,408
Trash collection (direct)	64.4	73.2	5,266,583
Electric Lighting	90.0	92.9	3,655,646
Telephone	19.8	25.4	2,796,133

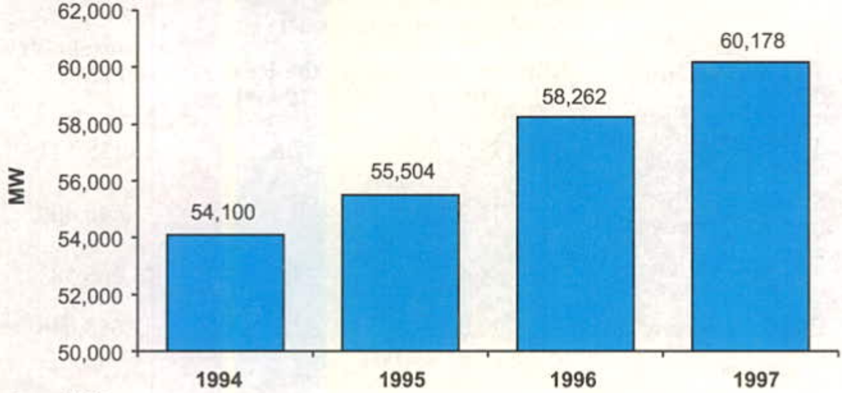
(*) Most recent data.
Source: IBGE/PNAD

The degree of economic stabilization achieved under the Real Plan allowed the Government to invest more in the social sector. The percentage of new private dwellings supplied with basic services grew significantly.

Significant improvements in the quality of Brazilian homes were achieved between 1993 and 1996. More than three million new homes were supplied with water, more than 1.6 million with sewage systems, and more than 3.5 million with electricity.

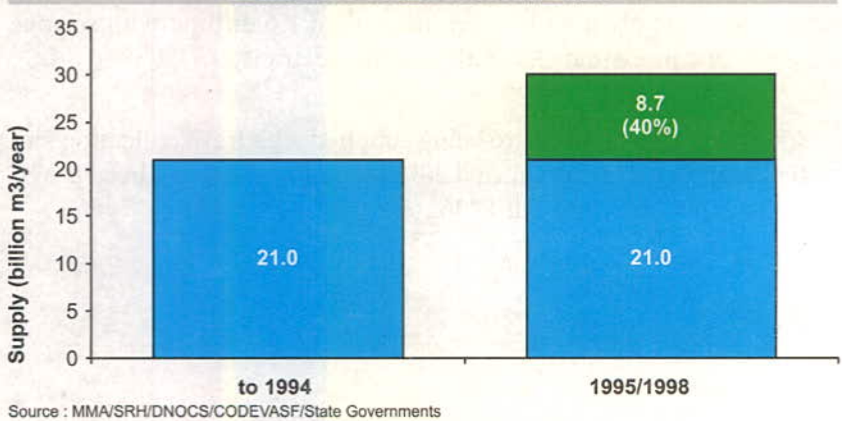
Five million homes are being supplied with trash collection since the Real Plan's inception, and 2.8 million families have been provided telephone lines through 1996.

ELECTRIC ENERGY: INSTALLED GENERATING CAPACITY



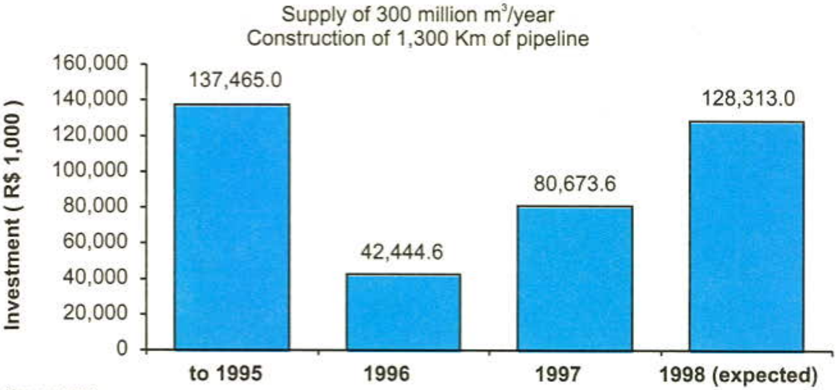
Source: MME

WATER SUPPLY: DAMS IN THE NORTHEAST



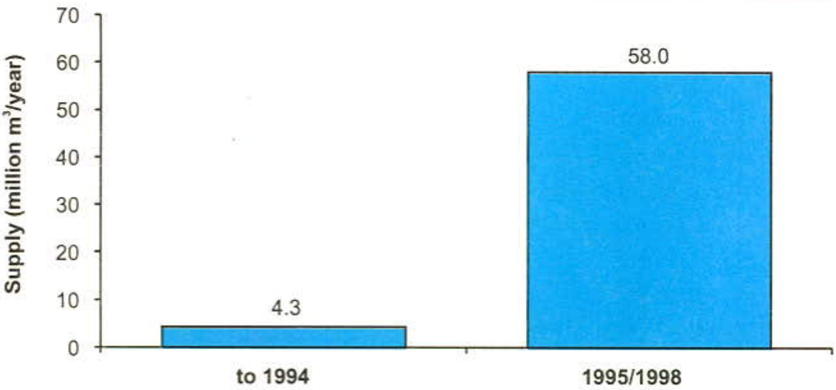
Source : MMA/SRH/DNOCS/CODEVASF/State Governments

TRENDS IN WATER PIPELINE INVESTMENT IN THE NORTHEAST



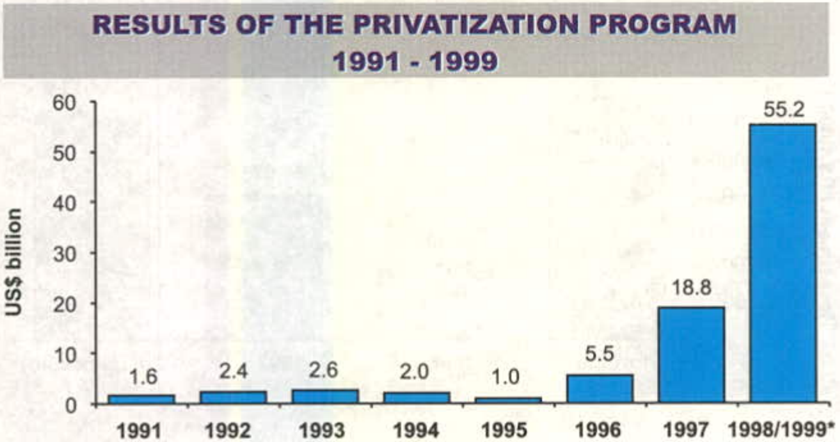
Source: MMA

WATER SUPPLY:
THE ÁGUA BOA DESALINATION PROJECT IN THE NORTHEAST

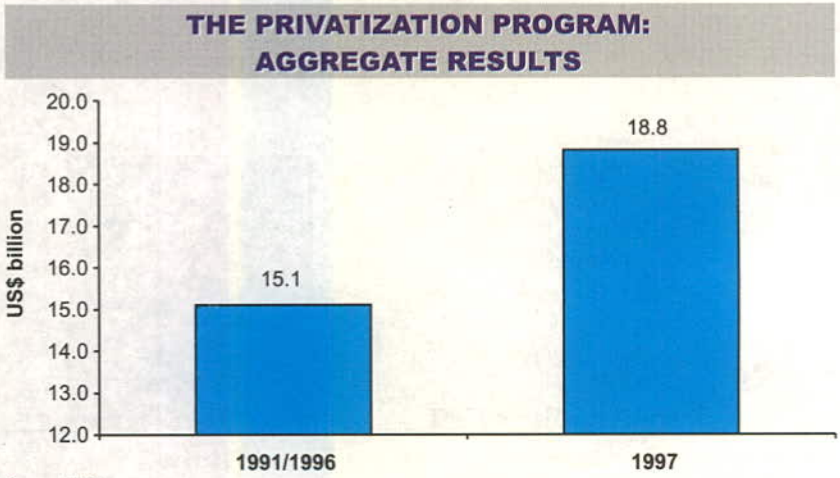


Source: MMA/SRH/DNOCS/CODEVASF/State Governments

PRIVATIZATION

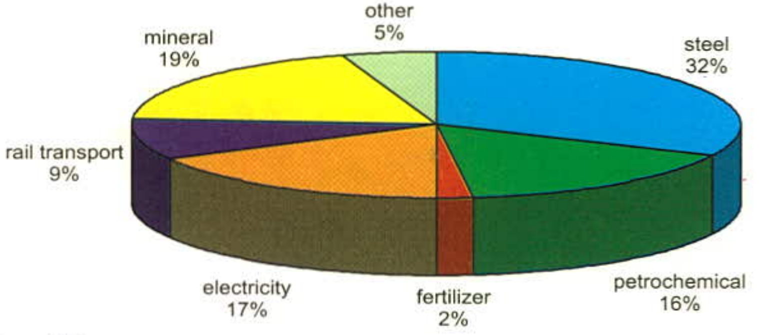


* 1998-1999 - forecast
Source: MPO



Source: MPO

FEDERAL PRIVATIZATIONS - 1991/1997
by sector



Source: MPO

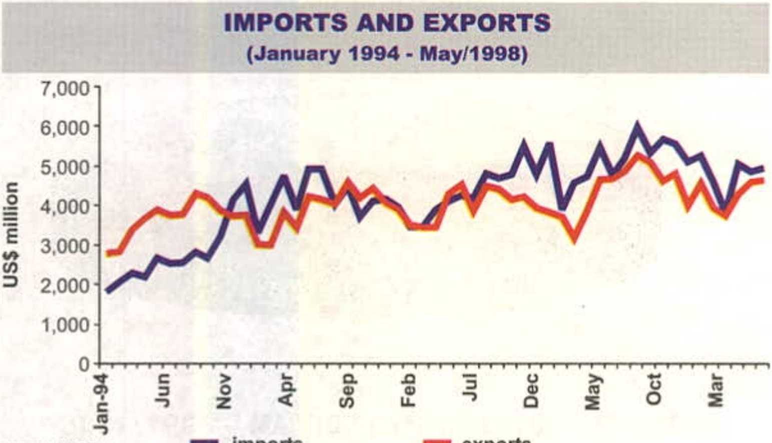
NATIONAL PRIVATIZATION PROGRAM – 1991/1998

(US$ million)

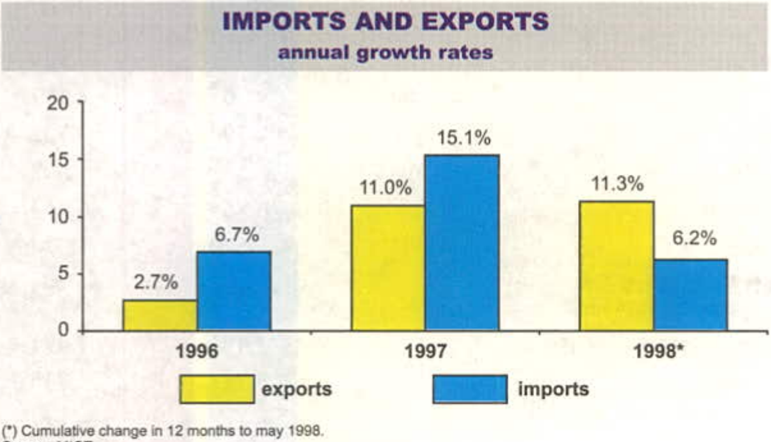
	Before Real Plan	After Real Plan	Total*
Sectors	**11,889**	**8,931**	**20,820**
Steel	7,484	703	8,187
Petrochemical	2,908	794	3,702
Fertilizer	493		493
Mineral		6,864	6,864
Other	1,004	570	1,574
Infrastructure and public services		**13,254**	**13,254**
Rail transport		1,491	1,491
Electricity		3,735	3,735
Telecommunications, band B		7,544	7,544
Other		484	484
Subtotal	**11,889**	**22,185**	**34,074**
Privatizations by states		21,396	21,396
Total	**11,889**	**43,581**	**55,470**

(*) Data updated to 15 June 1998.
Includes results of sales and transferred debt
Source: BNDES

FOREIGN SECTOR



Source: BACEN

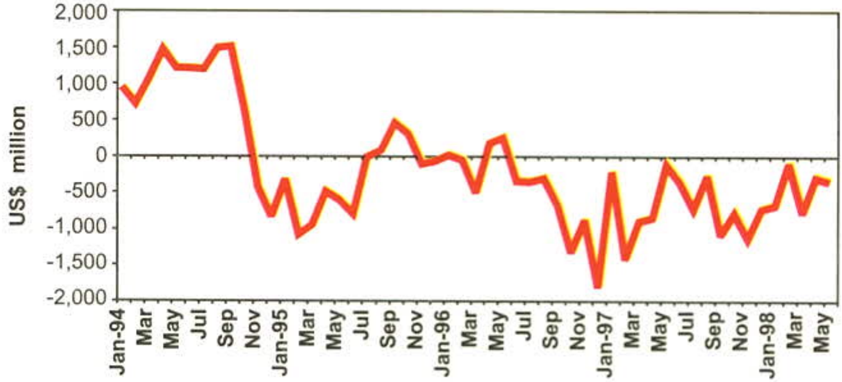


(*) Cumulative change in 12 months to may 1998.
Source: MICT

So far in 1998, exports have grown faster than imports, reversing the trend in the 1994-97 period. In the 12-month period ending in May, the cumulative increase in exports reached 11.3%, compared to 6.2% for imports.

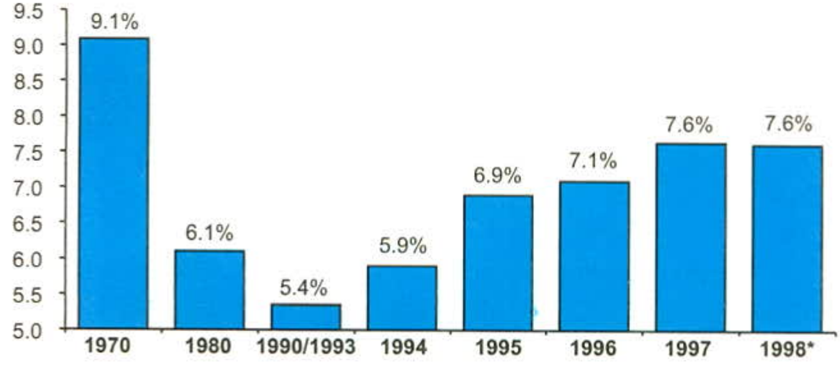
Of special note is the fact that the 12-month cumulative growth in manufactured exports reached 16% in April 1998.

TRADE BALANCE
(January 1994 - May 1998)



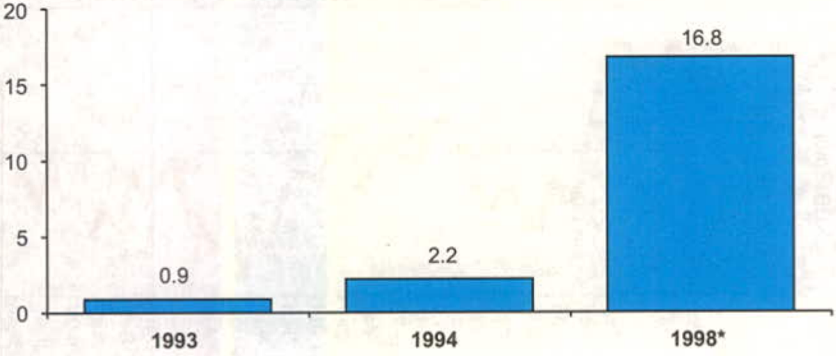
Source: BACEN

IMPORTS
(% of GDP)



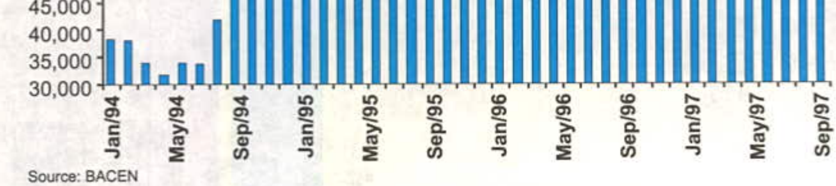
(*) 12 months through April
Source: BACEN

NET FOREIGN DIRECT INVESTIMENT
ANNUAL FLOW - US$ billion



(*) 12 months through April
Source: BACEN

INTERNATIONAL RESERVES



Source: BACEN

The level of international reserves in April 1998 was US$ 74.7 billion.

International reserves in May 1998 were US$ 30 billion greater than in June 1994, an increase of 70%.

THE SOCIAL SECTOR: SOME IMPORTANT THEMES

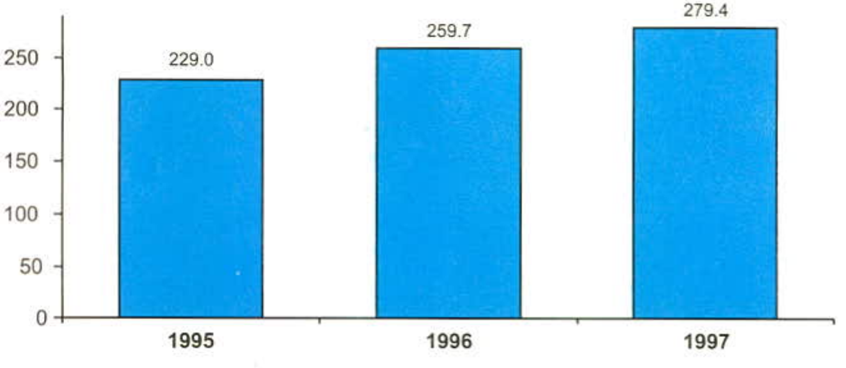
EDUCATION

EVERY CHILD IN SCHOOL
NATIONAL ENROLLMENT WEEK (Feb. 7-14, 1998)

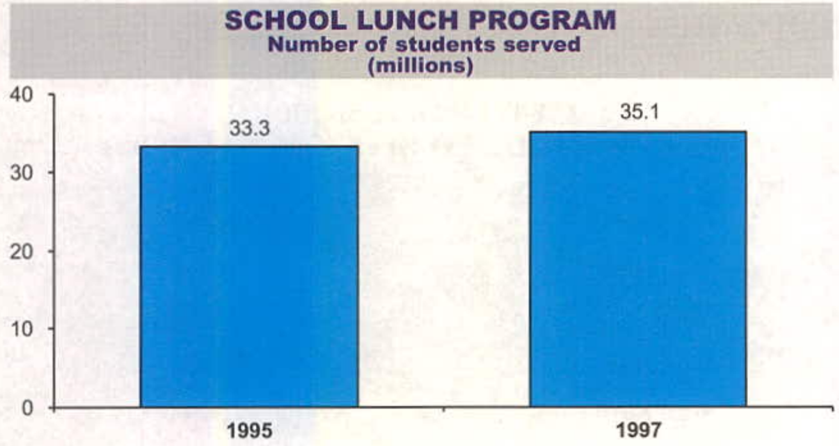
	Number enrolled*
BRAZIL	735,147
North	96,115
Northeast	426,234
Southeast	93,300
South	70,249
Center-West	49,249

(*) Partial results
Note: The goal of the National Enrollment Week was 300 to 400 thousand new enrollments
Source: MEC/INEP/SEEC

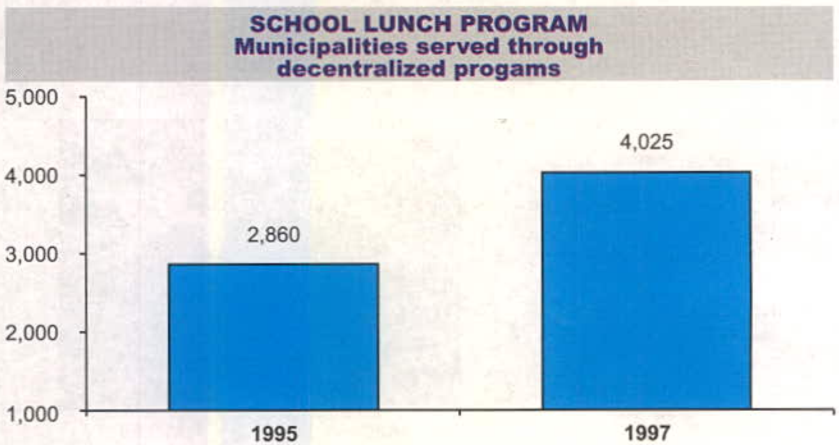
"MONEY FOR SCHOOLS"
Resources transferred - R$ million



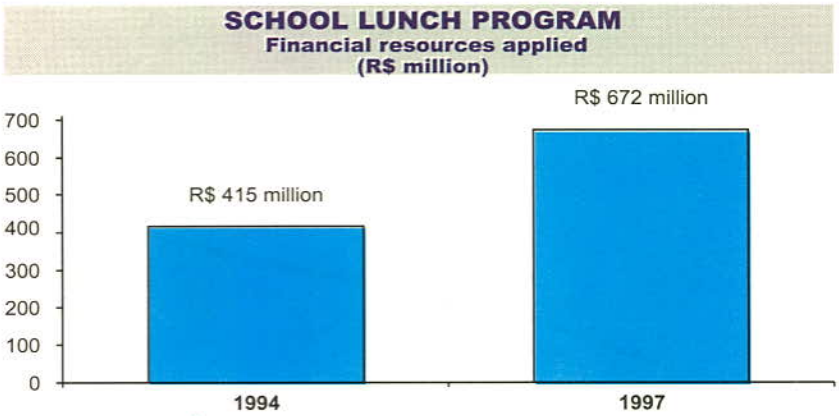
Source: PMDE/FNDE/MEC



Source: FNDE/MEC



Source: FNDE/MEC

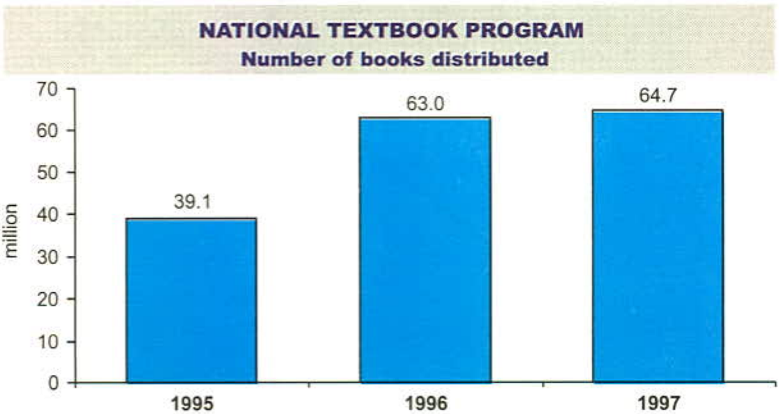


Source: FNDE/MEC

LONG-DISTANCE EDUCATION: TV SCHOOL
Technological Support Program (1997)

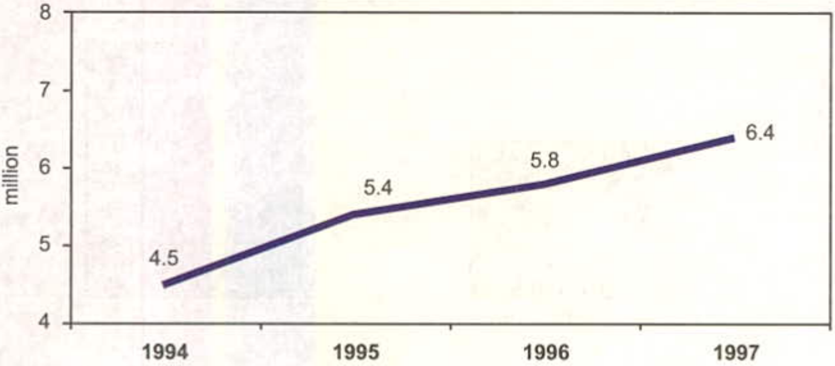
Schools served	34,249
Students benefitted	19,300,000
Resources transferred	R$ 51,300,000

Source: FNDE/MEC



Source: FNDE/MEC

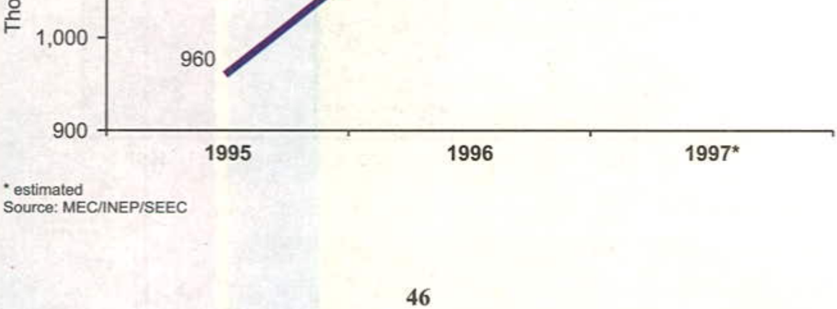
SECONDARY EDUCATION
Initial enrollment
Brazil



Source: MEC/INEP/SEEC

In the period 1994-1997, secondary education enrollments increased by 42%. This result is explained by both the improved quality of primary education and by society's mobilization in support of education.

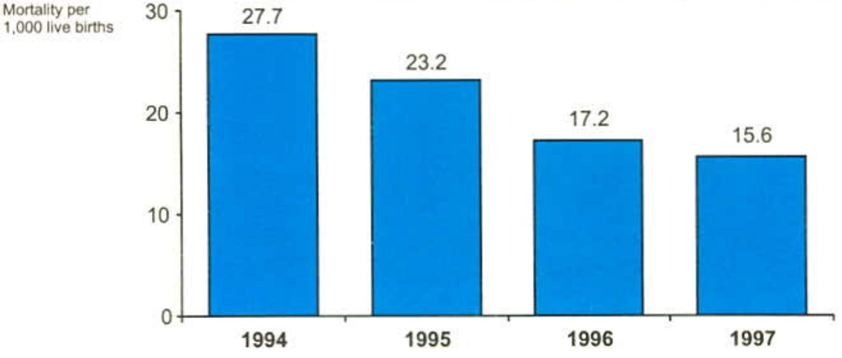
SECONDARY EDUCATION
Number completing
Brazil



* estimated
Source: MEC/INEP/SEEC

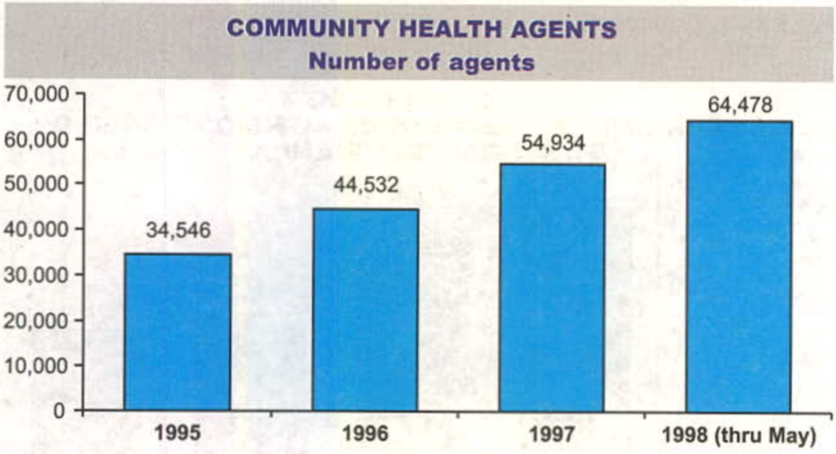
HEALTH

INFANT MORTALITY
CHILDREN UNDER ONE YEAR OF AGE MONITORED BY
'PASTORAL DA CRIANÇA'



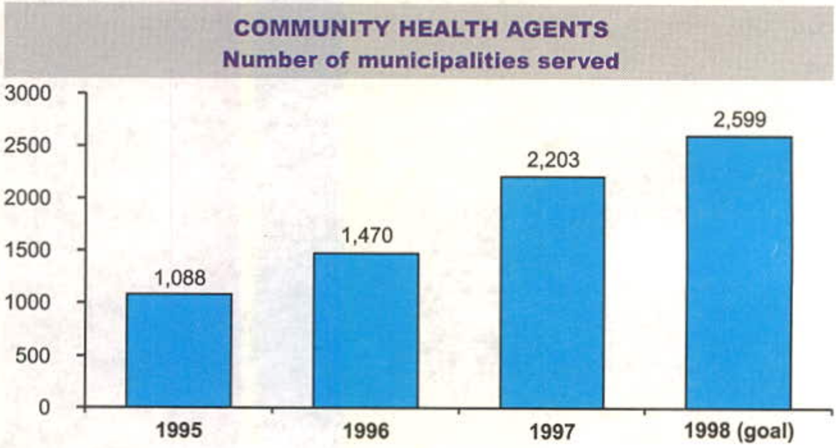
Source: PASTORAL DA CRIANÇA

During 1994-97, infant mortality fell by 44% in the 26,546 destitute communities located in the 2,892 municipalities served by the "Pastoral da Criança". An equally significant reduction occurred in the municipalities where the community health agents are operating.



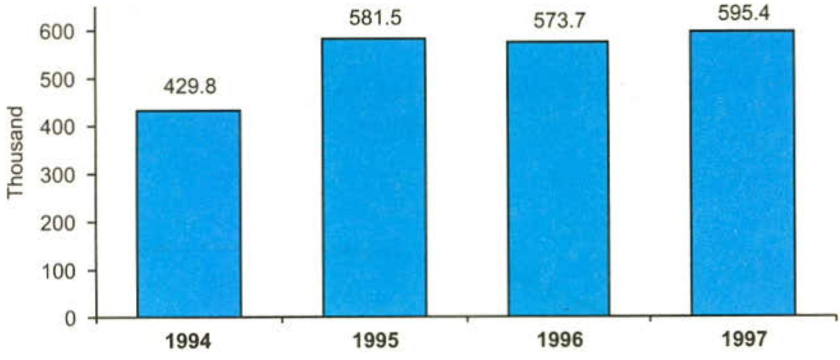
Source: COSAC/MS

In the last three years, through May 1998, the number of community health agents increased by 87%, making it possible to serve 35.5 million Brazilians. In the areas covered by this program, infant mortality also declined substantially.



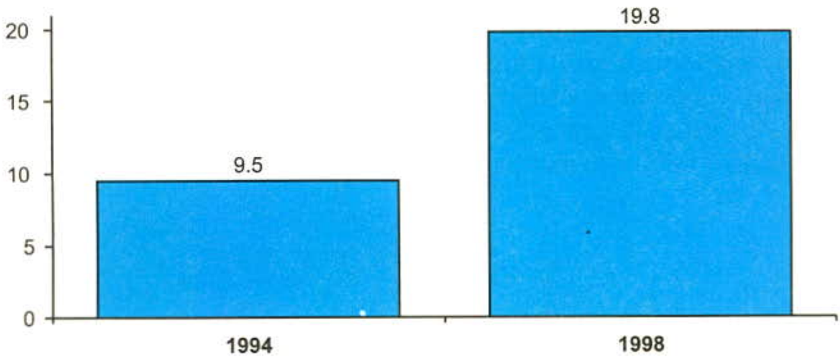
Source: COSAC/MS

EXPECTANT MOTHERS RECEIVING PRE-NATAL CARE IN AREAS SERVED BY PACS* HEALTH CARE PROGRAM THE NORTHEAST - 1994/97



* Community Health Care Workers Program (Programa de Agentes Comunitários de Saúde)
Source: COSAC/SAS/MS

TOTAL BUDGET OF THE MINISTRY OF HEALTH
R$ billion

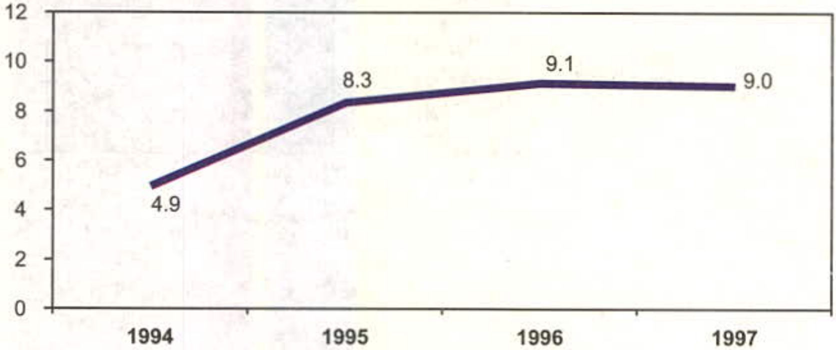


Source: Ministério da Saúde

The Ministry of Health's budget doubled from 1994 to 1998. Per capita outlays on health rose from R$ 61.80 in 1994 to R$ 122.70 in 1998.

SOCIAL SECURITY

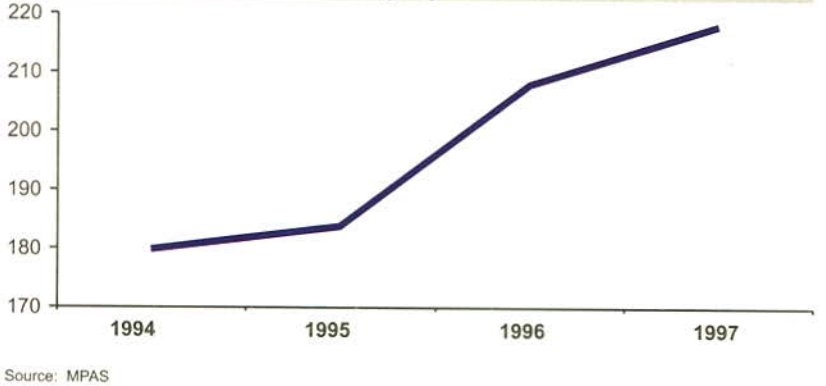
BENEFITS PAID IN THE RURAL SECTOR
R$ billion



Source: INSS

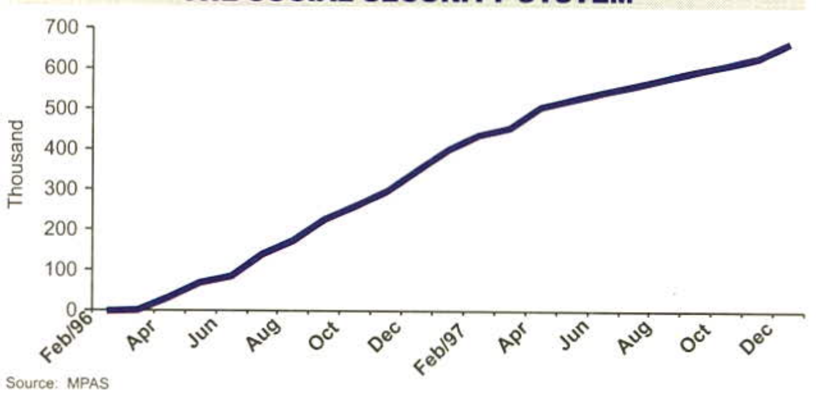
Retirement payments in the rural sector constitute a true minimum income program because the benefits are paid without any corresponding contributions having been previously made. From 1994 to 1997, the value of rural retirement benefits practically doubled and today is R$ 9 billion, benefiting nearly 6 million people.

TRENDS IN THE AVERAGE VALUE OF BENEFITS PAID BY THE SOCIAL SECURITY SYSTEM (R$)



In three years, the average value of monthly benefit payments increased from R$184.00 to R$218.00.

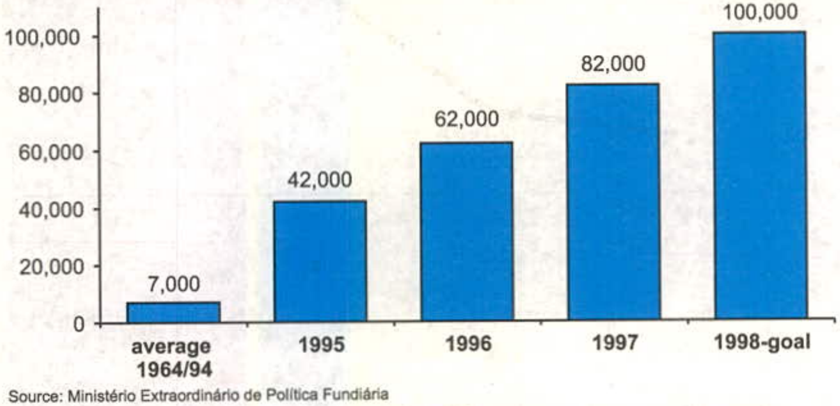
TRENDS IN THE NUMBER OF AGED AND DISABLED AFFORDED BENEFITS UNDER THE SOCIAL SECURITY SYSTEM



In 1997, 674,000 aged and disabled citizens received one minimum salary per month. The cost of these benefits reached R$813 million, compared to R$190 million in 1996 — an increase of more than 300%.

AGRARIAN REFORM

TREND IN THE NUMBER OF FAMILIES SETTLED UNDER THE AGRARIAN REFORM PROGRAM



Source: Ministério Extraordinário de Política Fundiária

PRESIDÊNCIA DA REPÚBLICA
Secretaria de Comunicação Social

Contributing entities

Ministério da Fazenda
Secretaria de Política Econômica
Banco Central
Ministério do Planejamento e Orçamento
Ministério da Educação e do Desporto
Ministério da Saúde
Ministério do Trabalho
Ministério da Previdência e Assistência Social
Secretaria de Assistência Social

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BY THE PRESIDENCY OF THE REPUBLIC

PORTUGUESE

1. DISCURSO DE DESPEDIDA DO SENADO FEDERAL
2. DISCURSO DE POSSE
3. MENSAGEM AO CONGRESSO NACIONAL — 1995
4. POLÍTICA EXTERNA — PRONUNCIAMENTOS (primeiro semestre de 1995)
5. POLÍTICA EXTERNA — PRONUNCIAMENTOS (segundo semestre de 1995)
6. A NOVA FASE DA PRIVATIZAÇÃO
7. CONCESSÕES DE SERVIÇOS PÚBLICOS NO BRASIL
8. FATOS E DADOS SOBRE O BRASIL DO REAL
9. REAL, UM NOVO COMEÇO
10. PROPOSTA DE REFORMA ADMINISTRATIVA
11. PROPOSTA DE REFORMA TRIBUTÁRIA
12. DIREITOS HUMANOS: NOVO NOME DA LIBERDADE E DA DEMOCRACIA
13. PLANO DIRETOR DA REFORMA DO APARELHO DO ESTADO
14. MENSAGEM AO CONGRESSO NACIONAL — 1996
15. OS RUMOS PARA 1996
16. PROGRAMA NACIONAL DE DIREITOS HUMANOS
17. SOCIEDADES INDÍGENAS E A AÇÃO DO Governo
18. COMUNIDADE SOLIDÁRIA: TODOS POR TODOS
19. O MERCADO DE TRABALHO E A GERAÇÃO DE EMPREGOS
20. POR UM BRASIL MAIS JUSTO — AÇÃO SOCIAL DO Governo
21. UMA ESTRATÉGIA DE DESENVOLVIMENTO SOCIAL
22. PRONUNCIAMENTOS DO PRESIDENTE DA REPÚBLICA — 1995
23. BRASIL EM AÇÃO — INVESTIMENTOS PARA O DESENVOLVIMENTO
24. POLÍTICA DE DEFESA NACIONAL
25. GLOBALIZAÇÃO E OUTROS TEMAS CONTEMPORÂNEOS
26. MENSAGEM AO CONGRESSO NACIONAL — 1997
27. DOIS ANOS DE MUDANÇAS
28. REFORMA AGRÁRIA – COMPROMISSO DE TODOS
29. COMUNIDADE SOLIDÁRIA – RESULTADOS DE 2 ANOS DE TRABALHO
30. TRÊS ANOS DE REAL
31. PRONUNCIAMENTOS DO PRESIDENTE DA REPÚBLICA – 1996
32. DESENVOLVIMENTO SUSTENTÁVEL, MUDANÇA SOCIAL E EMPREGO
33. BRASIL EM AÇÃO – RESULTADOS NO PRIMEIRO ANO

34. POR QUÊ REFORMAR A PREVIDÊNCIA? LIVRO BRANCO DA PREVIDÊNCIA SOCIAL
35. TRABALHO INFANTIL NO BRASIL – QUESTÕES E POLÍTICAS
36. COMUNIDADE SOLIDÁRIA – TRÊS ANOS DE TRABALHO
37. TRECHOS DE PRONUNCIAMENTOS DO PRESIDENTE DA REPÚBLICA – 1997
38. NOVA POLÍTICA INDUSTRIAL – DESENVOLVIMENTO E COMPETITIVIDADE
39. CONSTRUINDO A DEMOCRACIA RACIAL
40. REAL: QUATRO ANOS QUE MUDARAM O BRASIL

ENGLISH

1. PRIVATIZATION ENTERS A NEW PHASE
2. PUBLIC SERVICE CONCESSIONS IN BRAZIL
3. THE RESULTS OF THE REAL PLAN
4. THE TELECOMMUNICATION SECTOR IN BRAZIL
5. BRAZIL 1996: FROM REFORM TO GROWTH
6. THE IMPACT OF GLOBALIZATION ON DEVELOPING COUNTRIES — RISKS AND OPPORTUNITIES
7. NATIONAL PROGRAMME ON HUMAN RIGHTS
8. TWO YEARS OF CHANGE
9. LABOR MARKET AND EMPLOYMENT GENERATION IN BRAZIL
10. AGRARIAN REFORM – BRAZIL'S COMMITMENT
11. THREE YEARS OF THE REAL PLAN – BUILDING A BETTER BRAZIL
12. BRAZILIAN NATIONAL DEFENSE POLICY
13. INTERVIEWS WITH THE PRESIDENT

FRENCH

1. SOCIÉTÉS INDIGÈNES ET L'ACTION DU GOUVERNEMENT
2. COMMUNAUTÉ SOLIDAIRE: TOUS POUR TOUS
3. PROGRAMME NATIONAL DES DROITS DE L'HOMME
4. BRÉSIL: DES RÉFORMES À LA CROISSANCE
5. DEUX ANNÉES DE CHANGEMENTS
6. TROIS ANS DE REAL – LA CONSTRUCTION D'UN BRÉSIL MEILLEUR

SPANISH

1. BRASIL, 1996 DE LAS REFORMAS AL CRESCIMIENTO
2. PROGRAMA NACIONAL DE DERECHOS HUMANOS
3. DOS AÑOS DE CAMBIOS
4. EL MERCADO DE TRABAJO Y LA GENERACIÓN DE EMPLEOS
5. ENTREVISTAS CON EL PRESIDENTE
6. REAL: CUATRO AÑOS QUE TRANSFORMARON A BRASIL

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EM 1998, COM UMA TIRAGEM
DE 7.000 EXEMPLARES

IT'S TIME FOR BRAZIL