Back to the past:
gains and losses in the Brazilian society

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Point of Departure and Route

Departure
- Neri (2008), New Middle-Class, increased and increasing average household income, half of the population between the median and the upper 10% threshold
- Purchase power and consumption increase, living conditions improvement, less unequal, towards an olive-shape income distribution

Questions/Aims
- Comparatively, are there substantial differences between the income strata in the first 15 years of the 21st century?
- What sociodemographic factors were more influential in holding down (or releasing) the Brazilian income structure?

Analysis of data from the 2001-2008-2015 National Household Sample Surveys
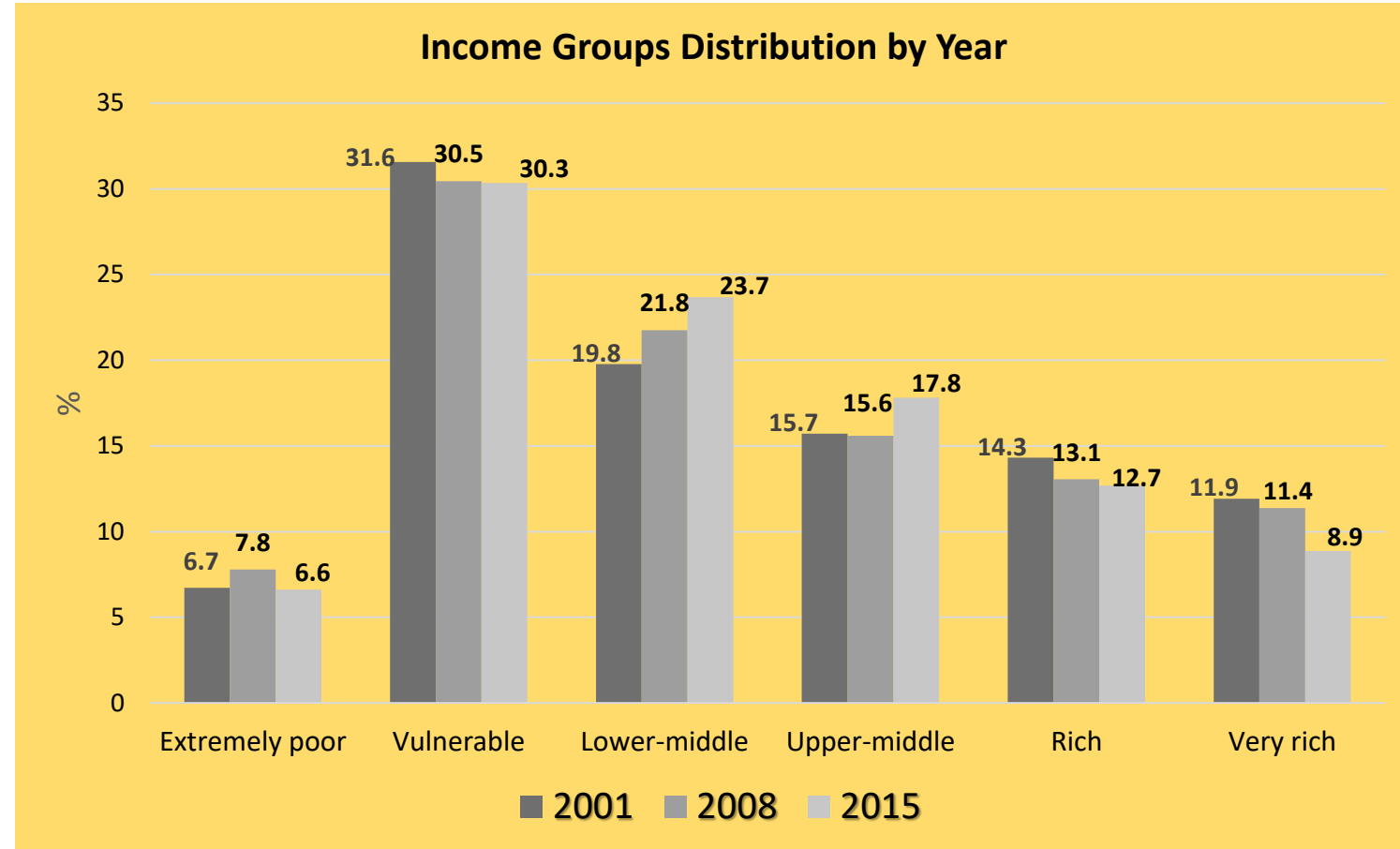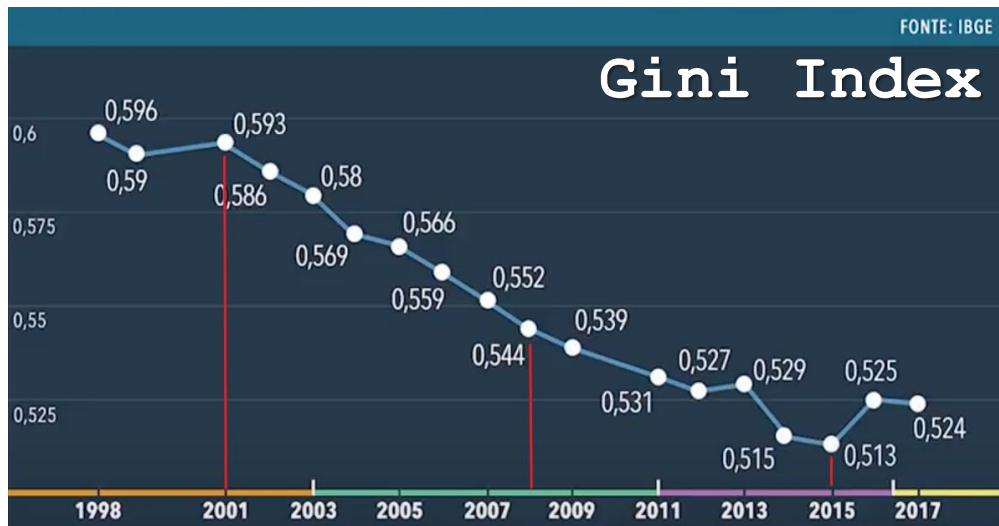- Population in the age span 24-65 years old

Li's (2017) income groups
- Median household per capita income
- Six groups (overall median as parameter): Very Rich, Rich, Upper-Middle Class, Lower-Middle Class, Vulnerable, Extremely Poor

Multinomial logistic regression
- Response variable: income groups – Very Rich group as reference category
- Covariates: age, sex, race/skin color, region (NE and SE), rural versus urban residence

The Years: 2001, 2008, 2015

GDP

FONTE: IBGE

Gini Index

FONTE: IBGE

Income Groups Distribution by Year

	Extremely poor	Vulnerable	Lower-middle	Upper-middle	Rich	Very rich
2001	6.7	31.6	19.8	15.7	14.3	11.9
2008	7.8	30.5	21.8	15.6	13.1	11.4
2015	6.6	30.3	23.7	17.8	12.7	8.9

Top 5% tend to be underrepresented
Limited, meager information on assets/wealth

Prominent stability in the distribution of income groups in the 3 years

No noticeable inequality decline detected
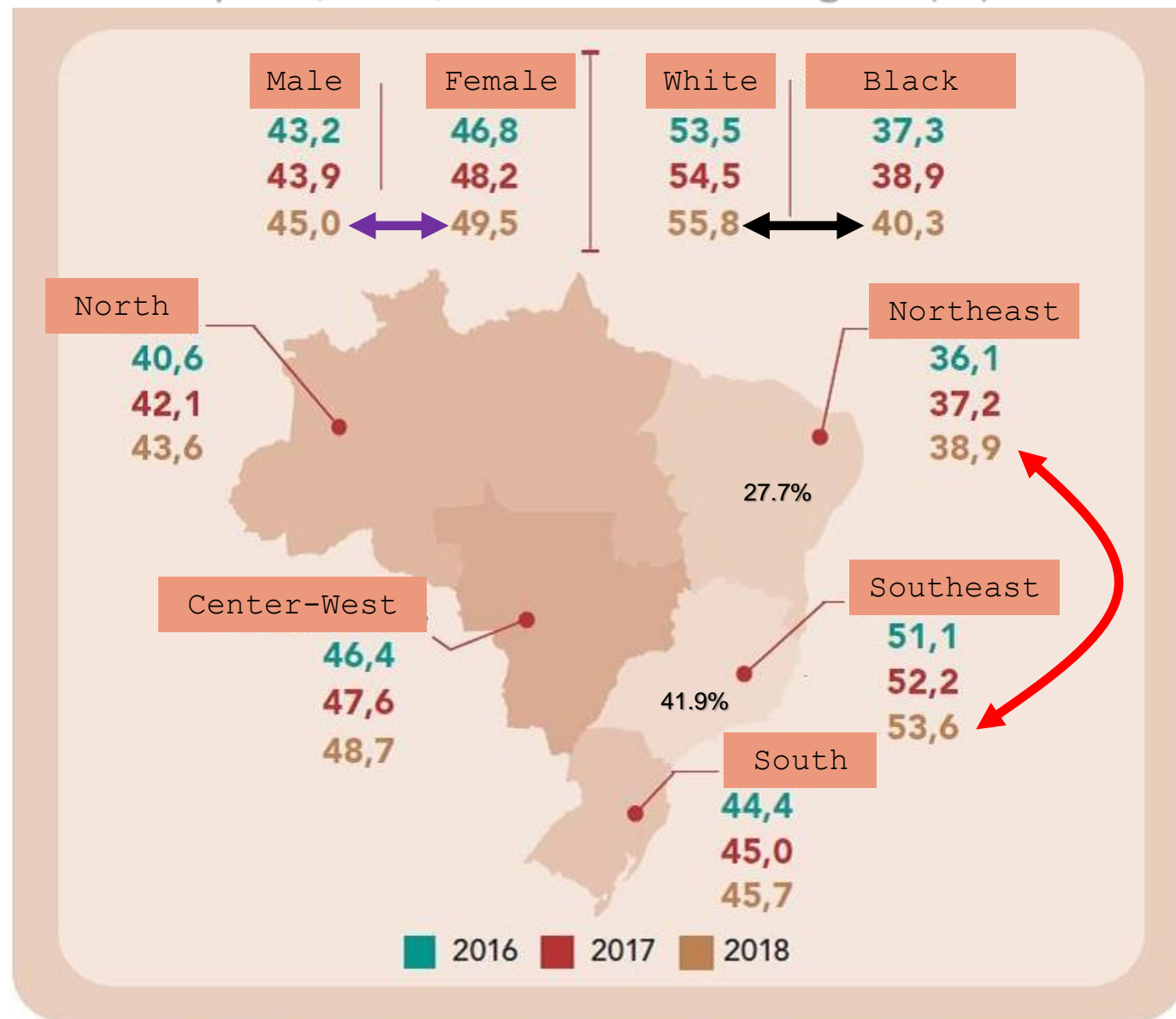
Covariates

Age: work experience

Sex: gender asymmetries and inequalities

Race/Skin color: discrimination, inequality of opportunities
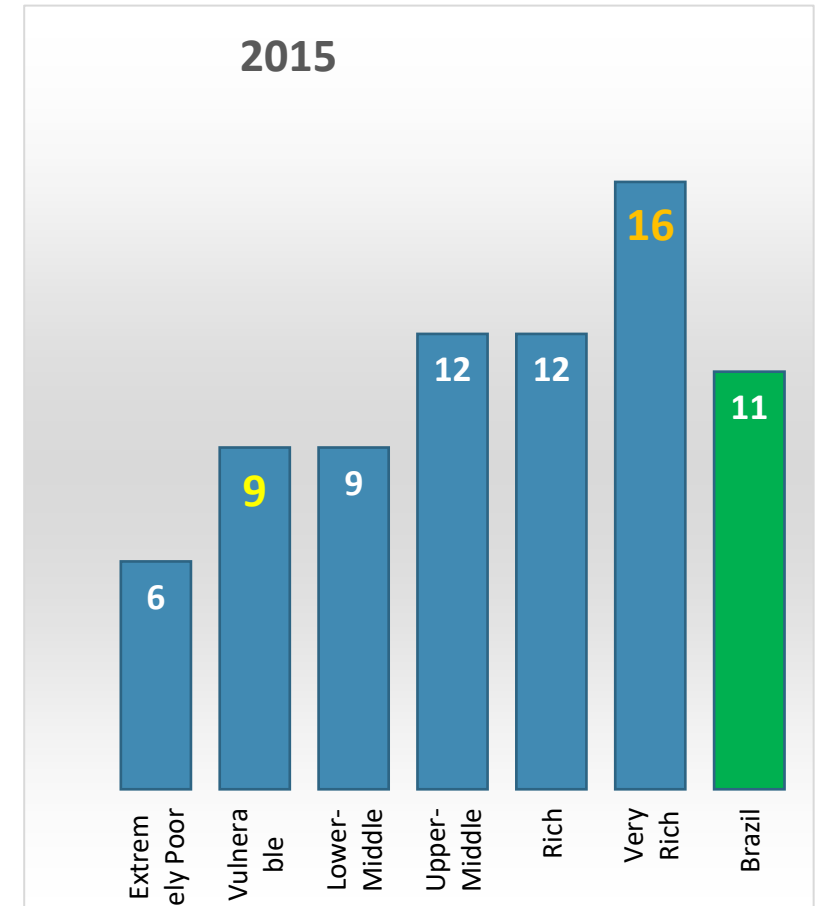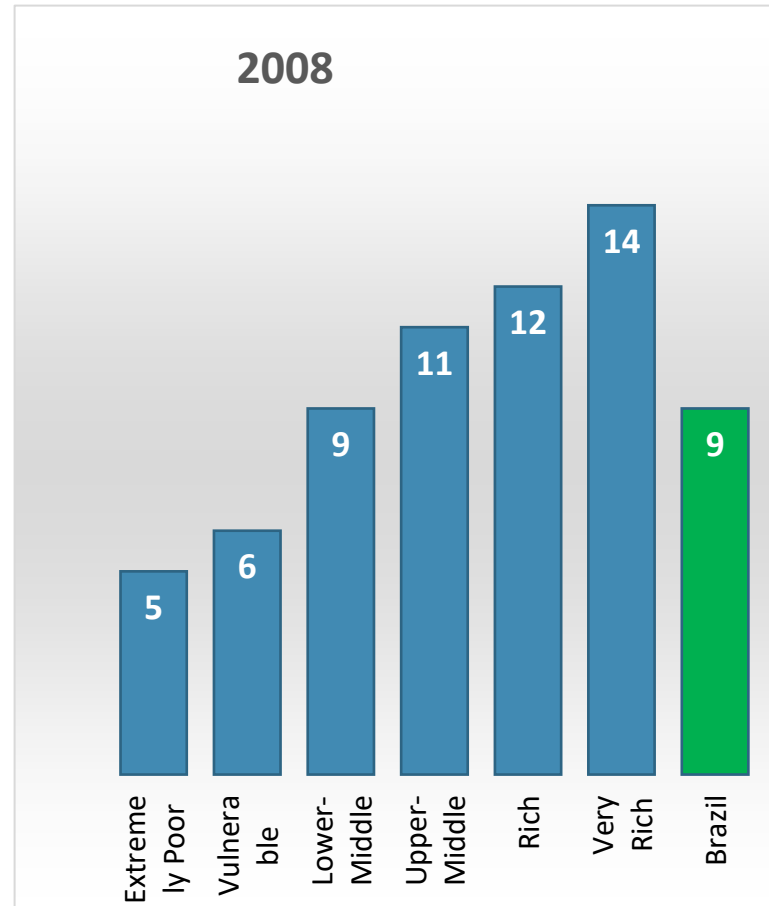
Region: spatial heterogeneity

Rural versus Urban residence

Population 25 and older that finished secondary level by sex, race/skin color and region (%)

	Male	Female		White	Black
2016	43,2	46,8		53,5	37,3
2017	43,9	48,2		54,5	38,9
2018	45,0	49,5		55,8	40,3

North
40,6
42,1
43,6

Northeast
36,1
37,2
38,9

27.7%

Center-West
46,4
47,6
48,7

Southeast
51,1
52,2
53,6

41.9%

South
44,4
45,0
45,7

■ 2016 ■ 2017 ■ 2018

Median years of schooling by income group

2001

Extremely...	Vulnerable	Lower-middle	Upper-middle	Rich	Very rich	Brazil
4	5	6	9	12	12	7

2008

Extremely Poor	Vulnerable	Lower-Middle	Upper-Middle	Rich	Very Rich	Brazil
5	6	9	11	12	14	9

2015

Extremely Poor	Vulnerable	Lower-Middle	Upper-Middle	Rich	Very Rich	Brazil
6	9	9	12	12	16	11
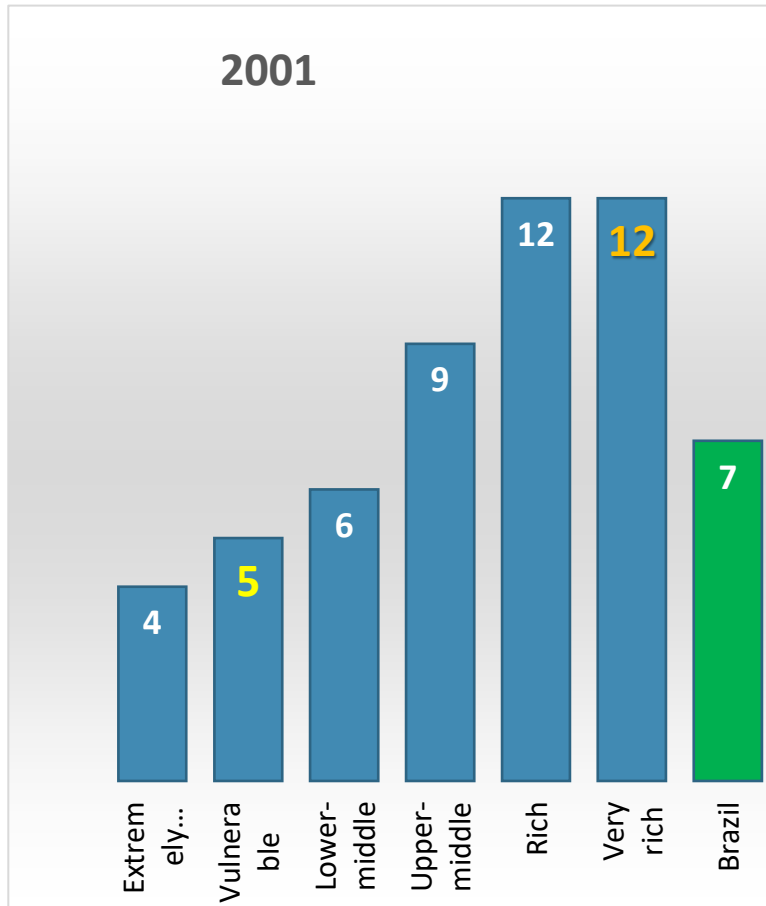
Strengthening the advantages of the most privileged group, rather than reducing the educational gap

Probability of being in income groups: NE Black Female versus SE White Male

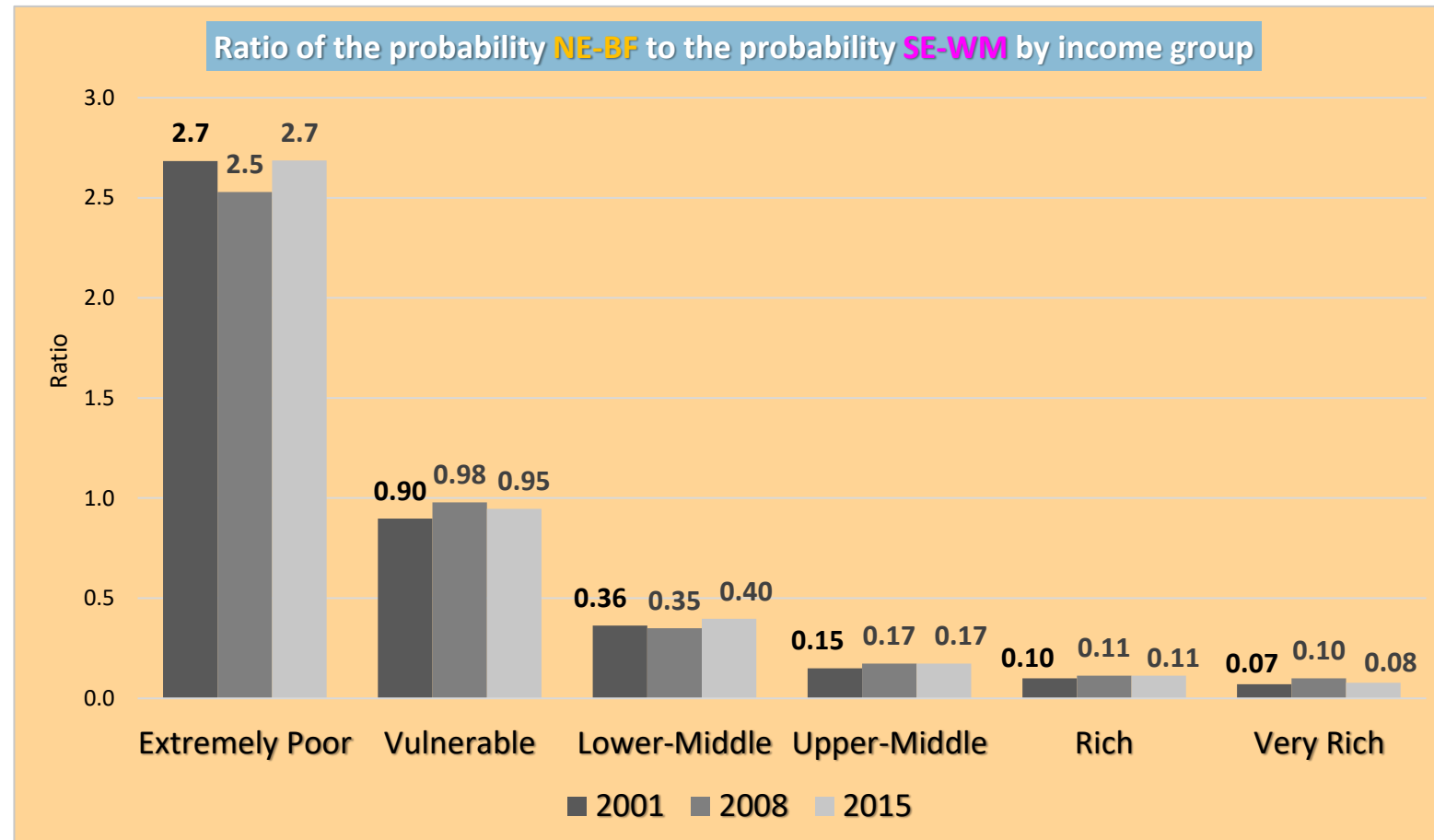| Income Group	URBAN NE BLACK FEMALE 25 yo*			URBAN SE WHITE MALE 25 yo*		
	2001	2008	2015	2001	2008	2015
Extremely Poor	0.434	0.389	0.547	0.162	0.154	0.204
Vulnerable	0.473	0.541	0.321	0.527	0.553	0.339
Lower-Middle	0.081	0.049	0.107	0.223	0.142	0.271
Upper-Middle	0.009	0.012	0.016	0.058	0.070	0.090
Rich	0.002	0.005	0.007	0.018	0.046	0.058
Very Rich	0.001	0.004	0.003	0.012	0.036	0.038

*Number of schooling years were held constant at each group's median in each year

Main findings

A loss (2008-2015) in the gains (2001-2008) for women, blacks and rural population

Cumbersome interpretation of the ORs having a multinomial response variable with 6 categories

Increased schooling years in a context of educational expansion occurring since 2001 did not offset differences between income groups

Ratio of the probability NE-BF to the probability SE-WM by income group

Income Group	2001	2008	2015
Extremely Poor	2.7	2.5	2.7
Vulnerable	0.90	0.98	0.95
Lower-Middle	0.36	0.35	0.40
Upper-Middle	0.15	0.17	0.17
Rich	0.10	0.11	0.11
Very Rich	0.07	0.10	0.08

Final remarks

✓ The modest advances achieved between 2001 and 2008 were overturned in the following 7 years

✓ Brazil was heading neither towards a less unequal income, olive-shape distribution nor towards a middle-class society

✓ Living standards depend heavily on economic growth; rises in income without distributive policies are insufficient to change the stiff Brazilian socioeconomic stratification

Souza (2016) accessed tax information [not publicly available] to adjust the top 1% fraction as well as Gini Index estimated from PNADs' data

Top 1%: fraction of the total income – Brazil 1926-2013
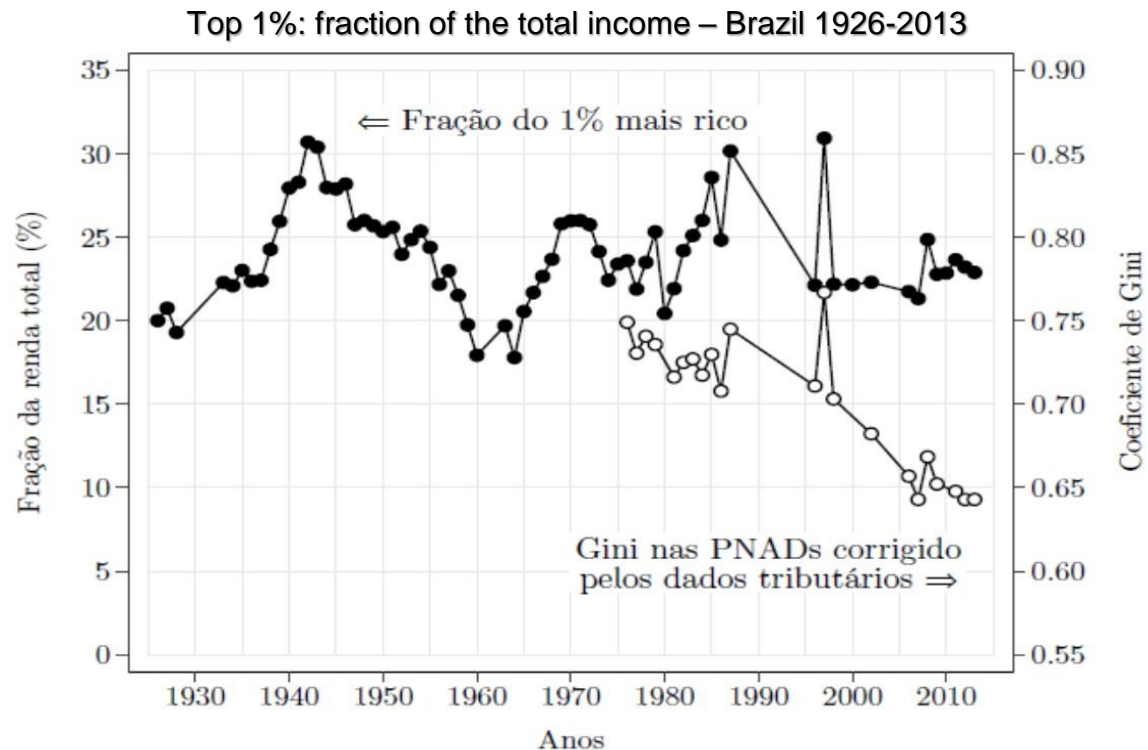
Top 1%: fraction of the total income – Brazil, USA, France, Japan
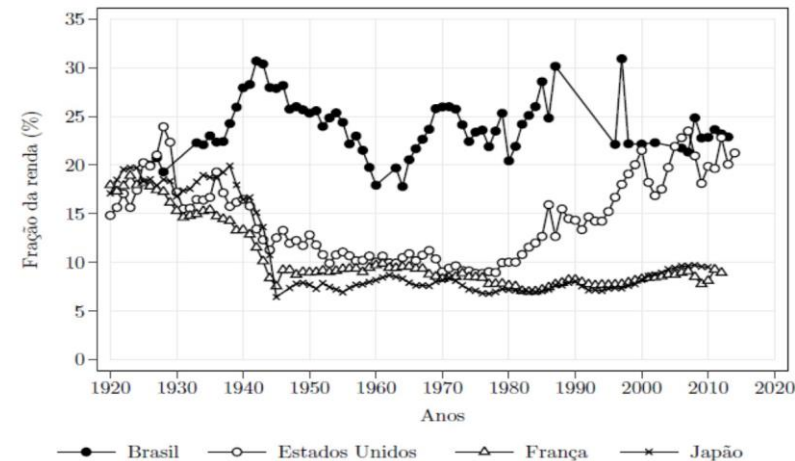
Caetano & Dias (2017). Socioeconomic Classification of the Working-Age Brazilian Population: A Joint Latent Class Analysis Using Social Class and Asset-Based Perspectives. *Social Indicators Research*.