

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

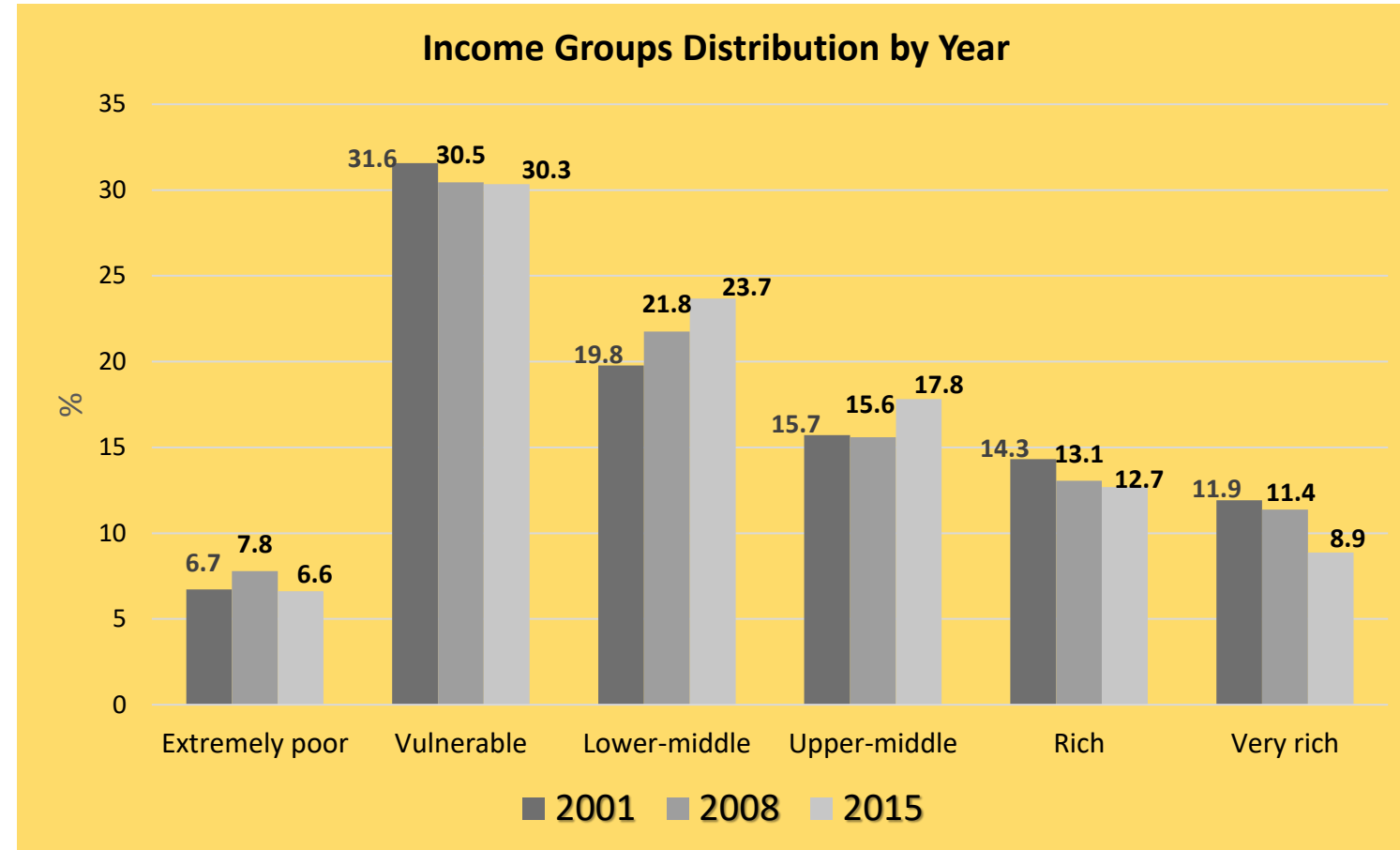
Li's (2017) income groups

- 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



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

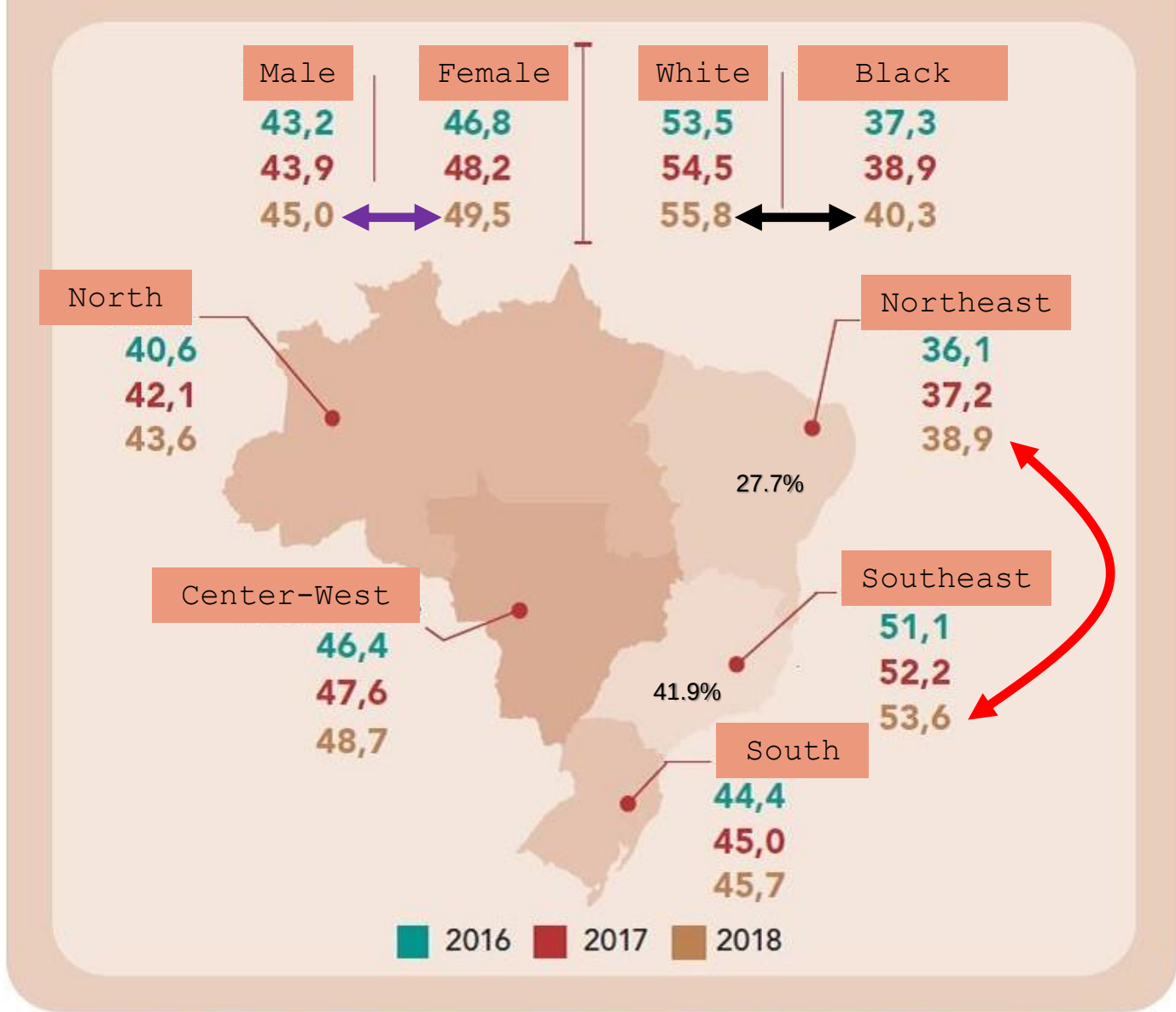
Sex: gender asymmetries and inequalities

Race/Skin color: discrimination, inequality of opportunities

Region: spatial heterogeneity

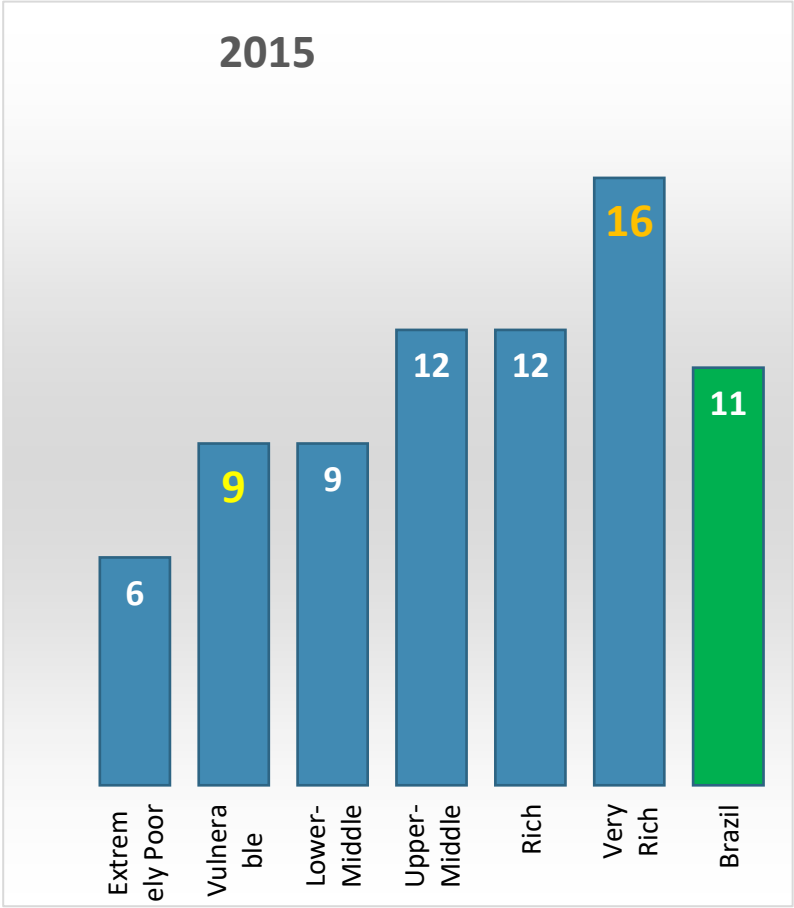
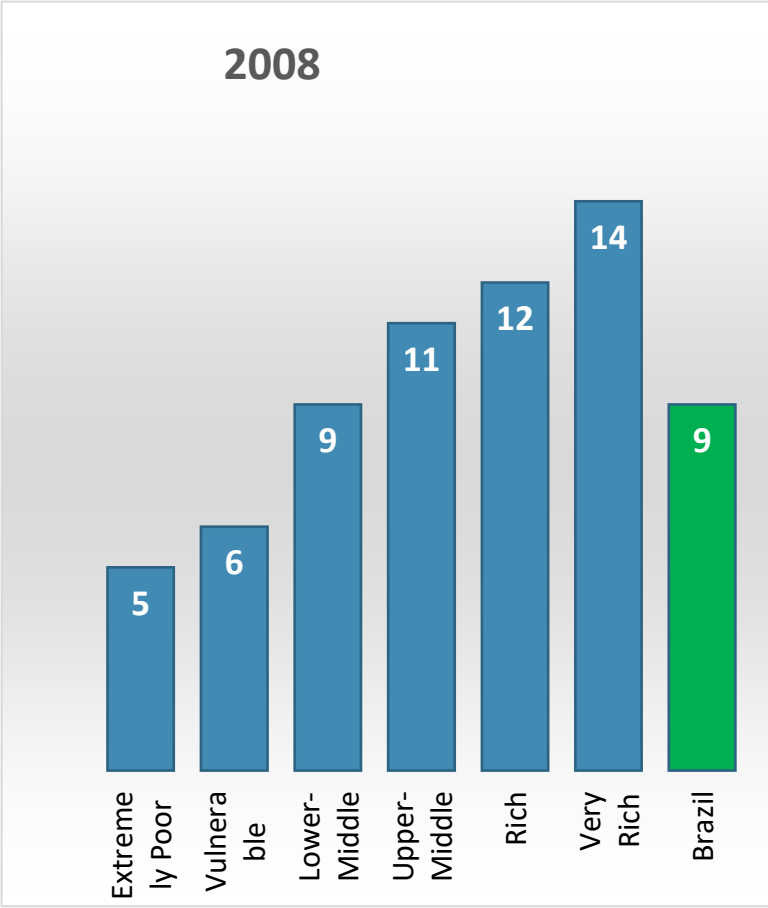
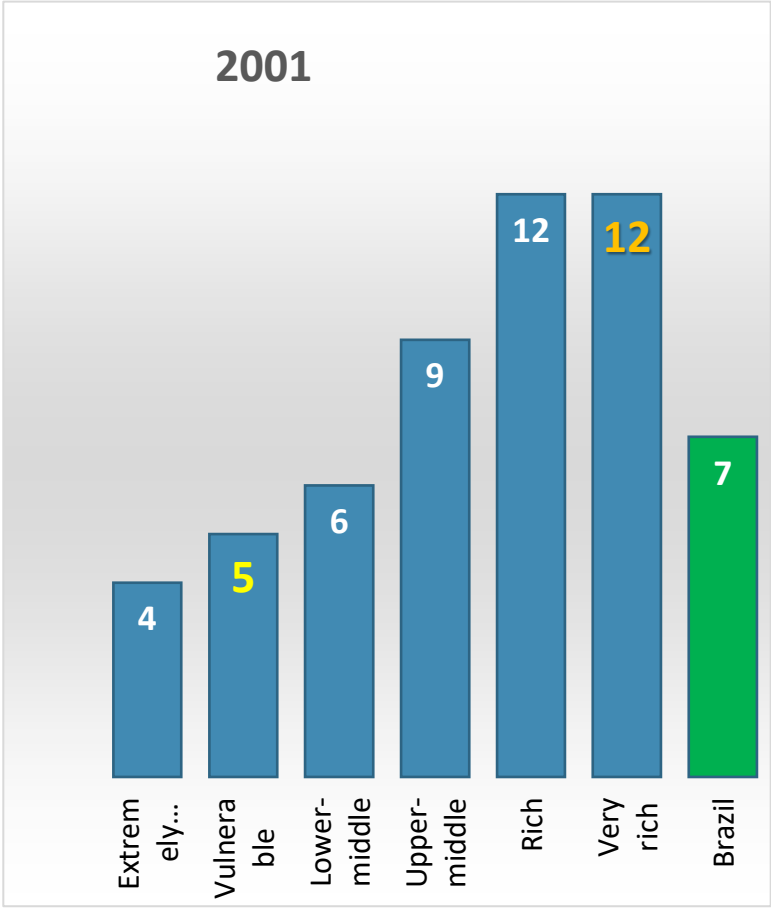
Rural versus Urban residence

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



Fonte: IBGE, Diretoria de Pesquisas, Coordenação de Trabalho e Rendimento, Pesquisa Nacional por Amostra de Domicílios Contínua 2016-2018.

Median years of schooling by income group



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

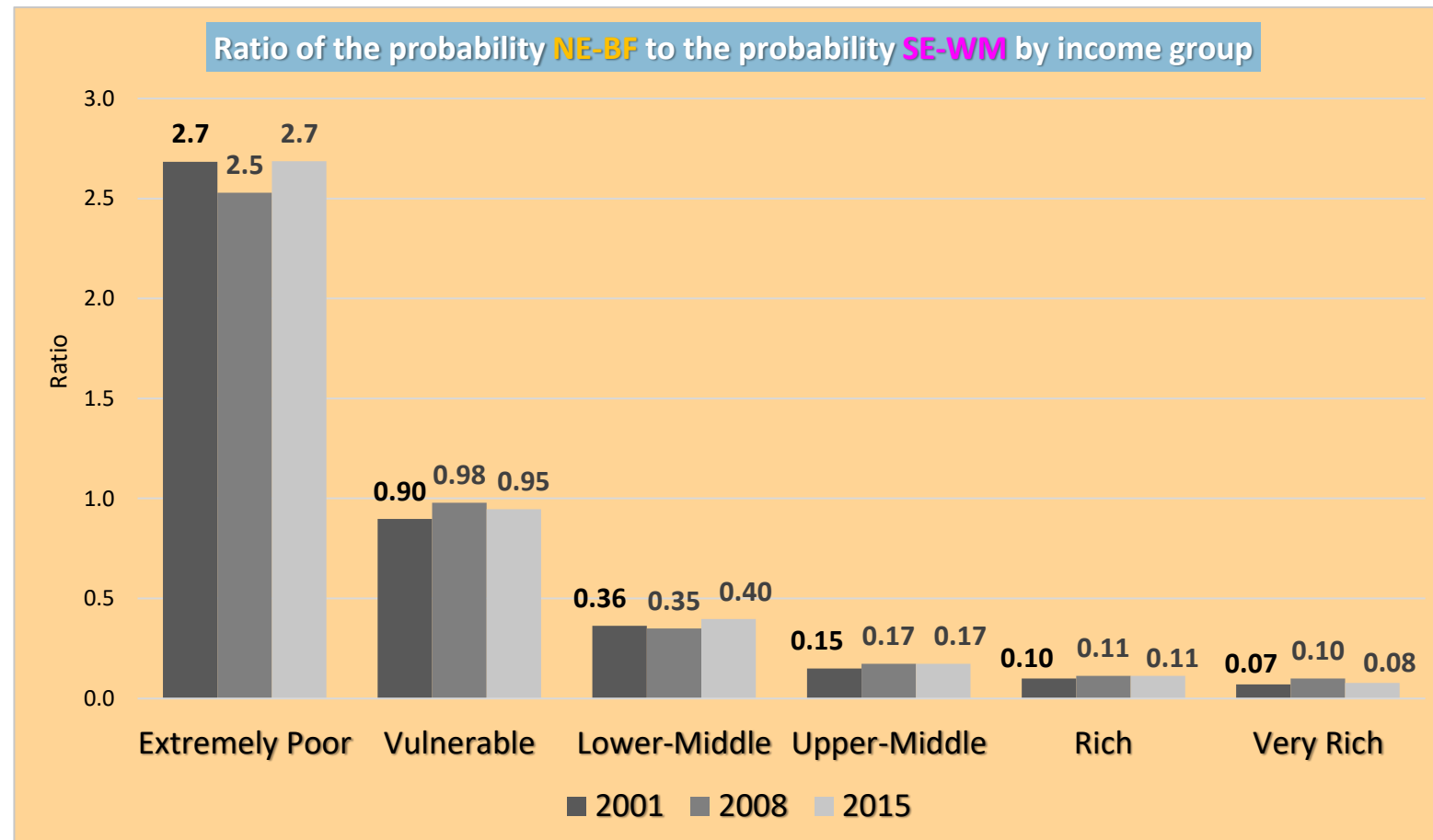
*Number of schooling years were held constant at each group's median in each year

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

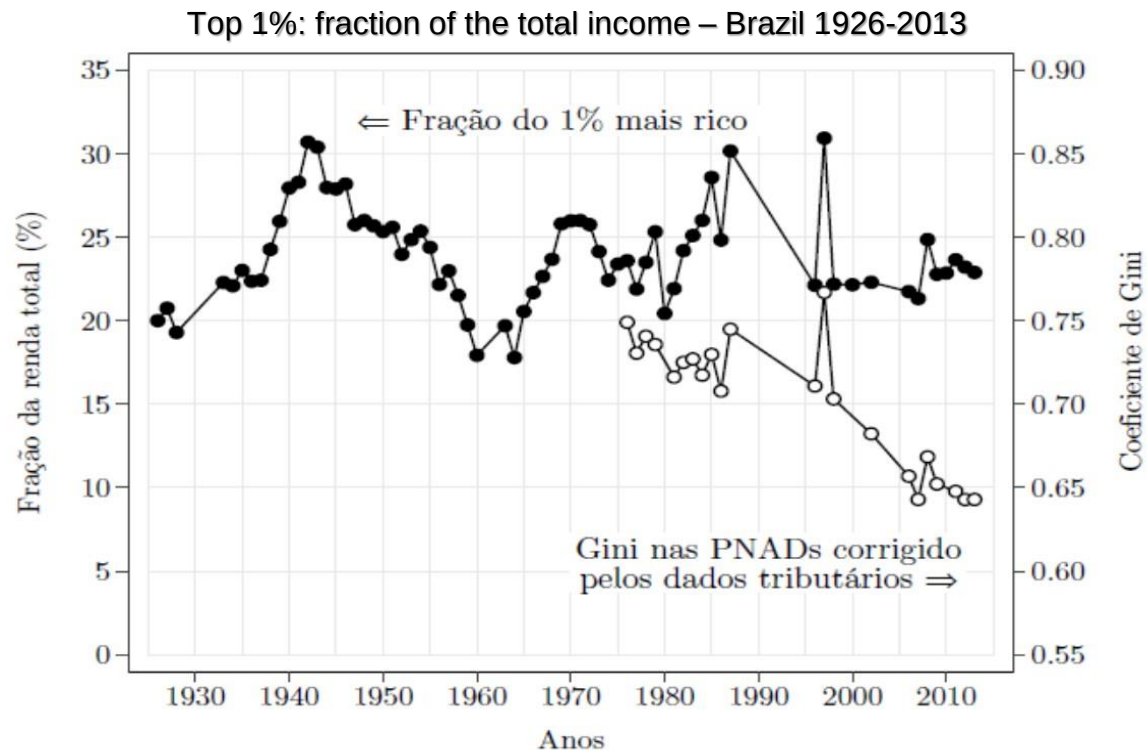
Increased schooling years in a context of educational expansion occurring since 2001 did not offset differences between income groups



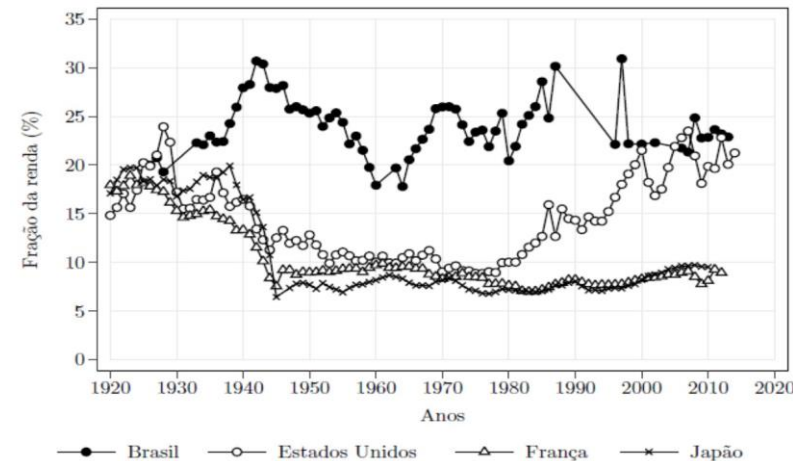
Final remarks

- ✓ 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, 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*.