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DISCUSSION PAPER

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BRAZILIAN POPULATION AGEING: DIFFERENCES IN WELL-BEING BY RURAL AND URBAN AREAS

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BRAZILIAN POPULATION AGEING: DIFFERENCES IN WELL-BEING BY RURAL AND URBAN AREAS¹

Ana Amélia Camarano²

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DISCUSSION PAPER

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SINOPSE

O principal objetivo deste trabalho é discutir a relação entre envelhecimento e dependência e o papel das políticas sociais perante as condições de domicílio dos entrevistados. Pergunta-se se ser idoso hoje é diferente de ser idoso no passado. Se isto for verdade, quais as condições de vida que são afetadas? Como as políticas de previdência social estão afetando essas condições? Visto que os dados em nível nacional mascaram as diferenças regionais, as diferenças regionais entre o Nordeste e o Sudeste, neste processo, são levadas em conta.

Considera-se como idoso a população de mais de 60 anos. Quatro dimensões de vida do idoso são observadas: arranjos familiares, condições de saúde, atividades econômicas e renda. Leva-se em conta, também, a composição deste grupo etário por idade e sexo de acordo com as áreas rurais e urbanas. Os dados analisados são os das PNADs de 1981 e 1999.

A evidência empírica mostra que, no Brasil, a relação entre envelhecimento e dependência não é tão direta. Os idosos brasileiros em 1999 viviam melhor do que em 1981, isto medido em termos de renda, níveis de pobreza, condições de saúde e esperança de vida. A proporção de idosos pobres e sem nenhum rendimento decresceu substancialmente no período. O impacto foi maior entre a população rural e, em especial, a feminina.

As melhores condições de vida da população idosa são contrastadas com os efeitos das freqüentes crises econômicas experimentadas pela população brasileira. Estas têm afetado mais a população jovem através de desemprego, violência, drogas, gravidez precoce, separações etc. O nível de pobreza cresceu entre a população de 25 a 59 anos. Como resultado, aumentou o tempo em que os filhos adultos passam na condição de dependentes de seus pais. A composição das famílias com idosos está se modificando para se tornar mais complexa do que o esperado “ninho vazio”.

Sumariando, pode-se dizer que tem havido uma mudança de *status* do idoso dentro da família, dada a modificação do seu papel tradicional de dependente para o de provedor. Três fatores foram responsáveis para isto: a expansão da cobertura da seguridade social e das políticas de saúde e os avanços na tecnologia médica. Entretanto, melhores condições de vida para os idosos têm implicado custos elevados para a seguridade social e as políticas de saúde. Entretanto, os efeitos inesperados da expansão da cobertura da seguridade social não devem ser negligenciados em nenhuma avaliação de política pública. São 13 milhões de famílias beneficiadas. Esse valor é suficiente para caracterizar a política de seguridade social como uma política moderna capaz de reduzir, pelo menos parcialmente, a pobreza no Brasil.

ABSTRACT

The main purpose of this paper is to discuss the relationship between ageing and dependence and the role of social policies in Brazil according to rural and urban areas. In other words, is being elderly in rural areas different from being elderly in urban areas? And if it is found to be so, which dimension of life is affected? How is the social security policy affecting these conditions? As Brazilian national data mask regional differences, the paper also places attention on certain differences between the Northeast (the Brazilian poorest region) and the Southeast (the richest region in this process).

In this paper, old age is considered to start at the age of 60. Four dimensions of elderly life are considered, to note: familial arrangements, health conditions, economic activities and income. This is considered taking into account the composition of this group by age and gender according to rural and urban areas. The main data analysed are those from the General Household Surveys (PNAD) of 1981 and 1999.

Empirical evidence has shown that in Brazil the relationship between ageing and dependence is not so straightforward. It has shown that the Brazilian elderly are living longer and better. Based on these, one can say that their gains were substantial throughout the studied time period. Poverty and the proportion of elderly without any earnings whatsoever decreased dramatically. They were more marked for the elderly living in rural areas, especially among females. Nevertheless, there is less poverty among the elderly living in urban areas as well. Actually, there is less poverty in general among urban families.

Relative better life conditions experienced by the elderly population are contrasted with the effects of the continuous economic crisis experienced by the Brazilian economy. This has affected the young population more through unemployment, violence, drugs, teen-age pregnancy, marital disruption, etc. Poverty increased among the non-elderly urban population aged 25 to 59. As a result, there has been an increase in the time adult children spend as dependents of their parents. The composition of the families with elderly living in has changed to become more complex than the expected "empty nest".

Summarizing, one can say that there has been a change of status for the elderly within their own families, modifying their traditional role of dependent to that of provider. Three factors have been important in enabling such a situation: the widespread coverage of social security, health policies and improvements in medical technology. Nevertheless, better life condition for the elderly has meant marked costs in terms of social security benefits and health policies. Concern with social security costs is a frequent theme in literature. Nevertheless, the unexpected effects of the spread of social security benefit coverage on the elderly and their families should not be neglected in any public policy evaluation. There are 13 million benefited families. This huge value characterises the social security policy as a modern social policy capable of reducing at least partially, Brazilian poverty.

1 INTRODUCTION

At the beginning of the 21st century, a common feature of the developed and the developing worlds is their ageing population. In Brazil, this can be perceived by an increase in the population aged 60 and over that grew from 4% in 1940 to 9% in 2000. This figure represents approximately 14 million people in the latter year. It is expected that this age group will reach 25.5 million people in 2020 [IBGE (2000)]. More importantly is the fact that in 1999, at least one elderly person could be found in 26% of Brazilian families.

The two phenomena responsible for population ageing, mortality and fertility declines, have resulted from policies and attitudes of the State and the society and were very welcomed. Nevertheless, their consequences are in general causing worries as they put pressure on resource transfers and challenge society, the State and productive sectors. This is a point of view based on the division of the population into two groups: the productive and the dependent. Furthermore, the dependent ones are seen as a burden as they do not produce, they only consume. It is assumed in this paper that population ageing brings challenges to all the mentioned institutions, especially to the State. Nevertheless, it is one of the most important social achievements of the 20th century and it is also assumed that the objective of public policies should be collective well-being.

The main purpose of this paper is to discuss the relationship between ageing and dependence and the role of social policies in Brazil according to rural and urban areas. In other words, is being elderly today different from being elderly in the past? And if it is found to be so, which dimension of life is affected? How is the social security policy affecting these conditions? As Brazilian national data mask regional differences, the paper places attention on certain points in this process. The Northeast and the Southeast regions are taken as examples.

In this paper, old age is considered to start at 60. This has been based on the definition used by the Brazilian National Policy for the Elderly. Nevertheless, this does not mean that all these people have high levels of vulnerability and dependence. Actually, a great proportion of the Brazilian elderly are still playing social roles, such as continuing on with their economic activities and caring for grandchildren. They are better off on the whole as some even share their income.

Four dimensions of elderly life are considered: income, economic activities, familial arrangements and health conditions. These will be considered taking into account gender differences. It is expected that gains in well-being observed throughout 1981 to 1999 will have benefited more elderly females living in rural areas and in the Northeast. These gains have been mainly due to the expansion of social security coverage in rural areas and to health policies and improvements in medical technology.

The main data analysed will be those from the General Household Surveys (PNAD) of 1981 and 1999. Furthermore, they allow for the study of changes that took place through a time period of 18 years. Other sources such as Demographic Censuses and the 1998 PNAD will also be used.

This paper has six sections, this introduction being the first one. Before going on, a short description of Brazilian socio-economic differences is presented in the second section. A brief evaluation of changes in the well-being of the elderly is offered in Section 3. Section 4 briefly describes recent changes in Brazilian social policies for the elderly stressing the role of the social security policy. Section 5 analyses the impact of gains in the well-being of the elderly in familial arrangements, in poverty reduction and in economic activities. Finally, Section 6 discusses the results.

2 BRAZILIAN SOCIO-ECONOMIC REGIONAL DIFFERENCES

The Brazilian nation is characterized by large regional and socio-economic differences that have resulted in great differences in regional demographic trends. Brazilian geographers usually divide the nation into five major regions for purposes of social and economic description (see map). Two large regions can be examined with a view towards illustrating such differences. One is wealthy, urbanized, industrialized and literate (the Southeast) and the other poor, rural and illiterate (the Northeast). In between, three other regions fall under scrutiny (the South, the Mid-West and the North). See Table 1.

BRAZILIAN REGIONS

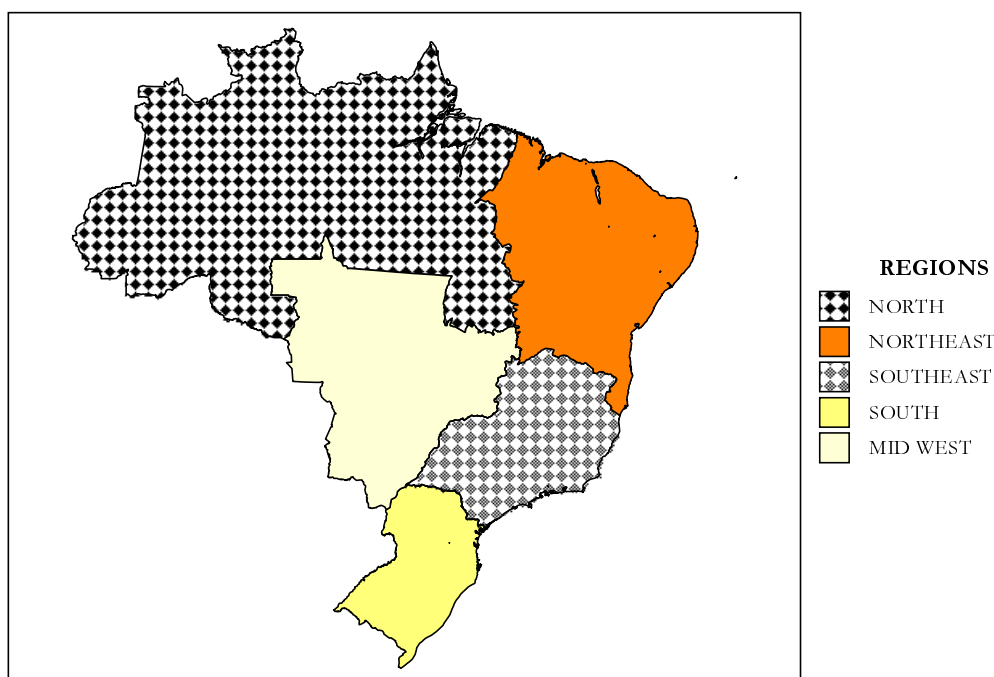


TABLE 1
Some Economic Characteristics of Brazilian Regions

| Regions | Life expectancy — 1998 | | | | At birth | At 60 | GNP (%) 1998 | Per Capita income ^a 1999 |
|-----------|------------------------|--------|-------------------|--|----------|-------|--------------|-------------------------------------|
| | Population 2000 | Area % | % Population 60 + | | | | | |
| North | 12,919,949 | 45.3 | 4.9 | | 64.19 | 15.47 | 4.8 | 183.63 |
| Northeast | 47,679,381 | 18.2 | 7.8 | | 63.93 | 16.75 | 12.6 | 141.03 |
| Southeast | 72,262,411 | 10.9 | 8.6 | | 67.87 | 17.84 | 60.2 | 322.34 |
| South | 25,070,380 | 6.8 | 8.4 | | 69.53 | 17.67 | 15.8 | 290.62 |
| Mid West | 11,611,491 | 18.9 | 5.9 | | 66.13 | 16.01 | 7.0 | 274.58 |
| Brazil | 169,543,612 | 100.0 | 7.9 | | 67.05 | 17.31 | 100.0 | 254.73 |

Sources: IBGE, Demographic Census of 2000 and PNAD of 1999; Health Ministry, Mortality Information System; and Silva and Medina (1999, p. 12).

^a In reais.

The most populous of these regions is the Southeast, which contained 42.4% of the Nation's total population in 2000. Although it occupies only 10.8% of the Brazilian land area, it includes the major industrial centres: São Paulo, Rio de Janeiro and Belo Horizonte. The region dominates Brazil economically in all sectors, including agriculture. Furthermore, *per capita* income is almost three times as high as that of the Northeast region. The Northeast is Brazil's poorest region with 28.4% of the total population and 18.3% of the land area. Its share of Brazil's rural population was 46.3% according to the 2000 Demographic Census. It had the highest total fertility rate in the second half of the 1990s (3.1 compared to 2.2 for the Southeast), the lowest expectation of life at birth in 1998 and the highest illiteracy rate in Brazil. This region accounted for only 12.6% of the Brazilian GNP in 1998. Table 1 presents some indicators that summarize the mentioned differences.

The process of Brazilian ageing is quite heterogeneous and complex. One of the important differences occurs between rural and urban areas. Although fertility and mortality are much higher in rural areas compared to urban ones, the proportion of the elderly population in the total population is about the same in rural and urban areas. This means that population ageing does not result only from fertility and mortality declines. Rural-urban migration at prime age contributes to faster ageing in Brazilian rural areas and slower ageing in urban areas. Migrants from rural areas are mostly young women [Camarano and Abramovay (1998)]. So, gender composition is different by residence. The sex ratio among the rural elderly is high (1.12 in 2000). On the other hand, sex ratios are very low in urban areas (0.78). This poses different needs in caring for the elderly.¹

Regional differences are also quite apparent. Relatively speaking, ageing is more expressive in the Southeast and South. The lowest proportion of population over 60 years of age is found in the North and Mid-West, which may be explained by the recent migration to these regions. Regional differences in life expectancy at the age of 60 are not very marked. The elderly in the Southeast can expect to live one year longer than their counterparts in the Northeast.

¹ In general, there are women who attend State programs for the elderly. There are responsible for about 80% of this attendance. These programs are aimed at evaluating stereotypes and prejudices against the elderly in our society [Debert (1997)].

3 ELDERLY WELL-BEING

3.1 ANALYSIS BY TIME-PERIOD

Empirical evidence has shown that the Brazilian elderly are living longer and better. Life expectancy at the age of 60 increased from 10.7 years in 1981 among elderly males to 13.1 in 1998 and from 12.7 to 15.4 among females [Camarano (2002)]. They are also experiencing a lower proportion of physical and mental disability. The proportion of the handicapped among the rural elderly was higher in 1981 than among the urban ones. This difference was reversed throughout the 80s (see Table 2). Table 2 also shows that the elderly living in urban areas enjoy better health conditions than those in rural areas. For instance, in 1998, about 84% of the Brazilian elderly population living in urban areas reported being in good health. The comparable proportion for rural areas is 81%.²

TABLE 2
Some Characteristics of Brazilian Elderly Population

| Some characteristics | Urban | | Rural | |
|----------------------------|-------|-------------------|--------|-------------------|
| | 1981 | 1999 | 1981 | 1999 |
| % population | 6.51 | 9.02 | 6.24 | 9.19 |
| Sex ratio | 80.61 | 75.04 | 116.20 | 106.87 |
| Mean age | 68.75 | 69.62 | 68.55 | 69.54 |
| % heads of family | 60.32 | 64.33 | 64.36 | 65.36 |
| % spouses | 20.03 | 22.22 | 21.51 | 24.32 |
| % other relatives | 18.61 | 12.91 | 13.62 | 9.98 |
| % living alone | 8.76 | 11.60 | 8.72 | 10.90 |
| Years of schooling | 2.58 | 3.54 | 0.71 | 1.24 |
| % no income | 20.40 | 12.65 | 28.95 | 16.41 |
| % poor families | 28.06 | 17.92 | 52.37 | 26.74 |
| % working | 21.70 | 19.70 | 38.40 | 42.70 |
| % house owner | 64.4 | 76.4 | 66.3 | 74.4 |
| % good health ^a | - | 84.21 | - | 81.37 |
| % handicapped | 6.30 | 4.00 ^b | 6.70 | 3.70 ^b |

Source: IBGE, PNADs of 1981 and 1999.

^a This is a self reported response and refers to 1998.

^b Data refer to 1991.

Sex ratio has declined in both rural and urban areas. This is probably due to elderly ageing. The mean age of this age group has increased as a result of the mortality decline (see Table 2). This is more marked among the elderly living in urban areas. “The world of the very old is a female world”.³ As mentioned before, this poses different pressures on social policies. Although women live longer than men, they experience a higher incidence of biological disability due to chronic diseases [Nogales (1988)]. Table 3 illustrates this and shows that women are more prone to experiencing all the most important diseases that affect the elderly even those of the heart ones. The difference increases with ageing as does the proportion of women. Women are also more demanding of health services than men, regardless of their age.

² Information about physical and mental disability as well as health conditions is self reported.

³ Carstensen and Pasupathi (1993), quoted by Goldani (1999).

To conclude, ageing and the sex compositional effect result in an increase in the demand for health services.

TABLE 3

Proportion of Elderly who Experience Some Health Disease According to the Disease (In %)

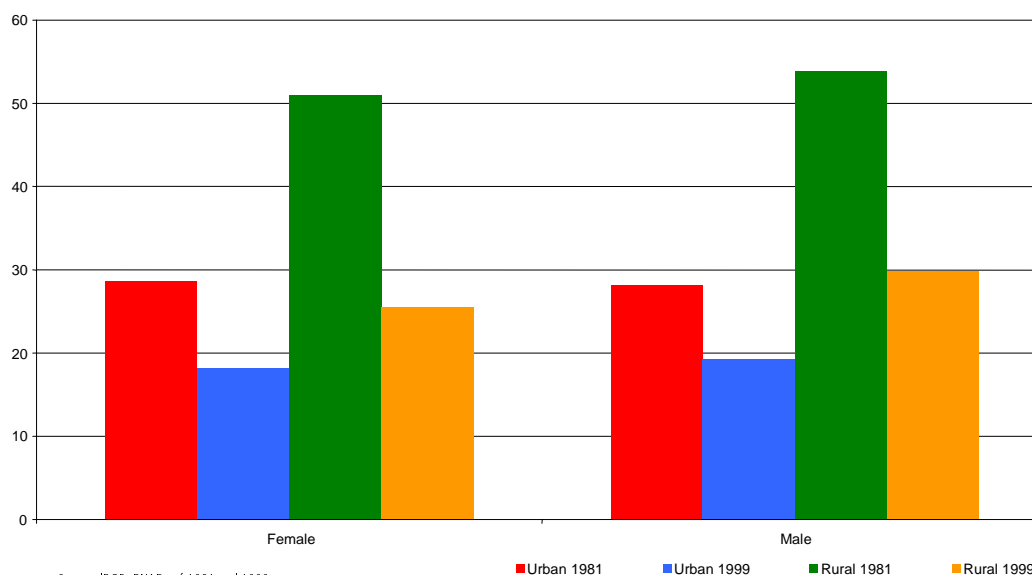
| | Men | | Women | |
|----------------------|-------|-------|-------|-------|
| | Urban | Rural | Urban | Rural |
| Back problems | 39,3 | 50,6 | 47,6 | 50,3 |
| Arthritis | 27,1 | 39,3 | 41,9 | 50,8 |
| Cancer | 1,6 | 0,7 | 1,0 | 0,4 |
| Diabetes | 9,1 | 4,3 | 12,8 | 8,8 |
| Respiratory diseases | 7,9 | 7,6 | 7,7 | 7,7 |
| Blood pressure | 38,2 | 31,6 | 50,2 | 47,5 |
| Heart diseases | 17,8 | 12,8 | 22,3 | 15,3 |
| Kidney diseases | 6,5 | 8,6 | 6,6 | 7,1 |
| Depression | 8,7 | 5,9 | 16,3 | 10,7 |

Source: IBGE, 1998 of PNAD.

Although assessing the well-being of older people through income data is a difficult matter, especially in rural areas, two indicators are utilized here, the proportion of elderly without any earnings and the proportion considered poor. Based on these, one can say that their gains were substantial throughout the studied time period.⁴ Poverty and the proportion of elderly without any earnings whatsoever decreased dramatically. They were more marked for the elderly living in rural areas, especially among females (Graph 1). Nevertheless, there is less poverty among the elderly living in urban areas as well. Actually, there is less poverty in general among urban families.⁵

GRAPH 1

Proportion of Poor among Brazilian Elderly



Source: IBGE, PNADs of 1981 and 1999.

⁴ It has already been seen that in 1997, the Brazilian elderly were less poor than the non-elderly. Furthermore, income inequalities among the elderly were less clear than among the non-elderly [Barros, Mendonça and Santos (1999)].

⁵ This may be affected by the difficulties of measuring rural income as a considerable proportion of it is constituted by non-monetary earnings.

In rural areas, the proportion of women without income declined from 45.4% in 1981 to 19.7% in 1999. The comparable proportions for urban women were 34.6% to 10.9%, 1981 and 1999, respectively. Barros, Mendonça and Santos (1999) showed that among the non-elderly population, poverty is higher among women. This situation was reversed when the elderly group was considered.⁶ As will be seen, women can accumulate retirement benefits, survivor's pensions and earnings from labour. As income or lack of it is a very important indicator of vulnerability or dependence, these results suggest a reduction in elderly dependence. Previous studies have shown that families with live-in elderly members are better off than the others [Camarano and El Ghaouri (1999), and Goldani (1998)].

A large proportion of elderly earnings come from social security. In 1999, 82.7% of the elderly living in rural areas received some kind of social benefit, which benefited 33.9% of the total number of rural families. The comparable proportions for urban areas are 76.4% and 28.1%, respectively. This policy has served to reduce the potential association between old age and economic vulnerability. Nevertheless, earnings from work are still important for the income of the elderly. Labour income is responsible for 31.2% of rural elderly income and 29.3% of urban elderly income. In addition, some elderly women accumulate survivor's pensions with those of retirement, plus earnings from work.

In Brazil, it is quite common that retired people keep participating in the labour market. Brazilian legislation allows it. Furthermore, up-dated training for the elderly who want to keep up with changes in the labour market is part of the Elderly National Policy. Despite the fact that the proportion of retired elderly increased dramatically from 1981 to 1998, the elderly activity rate was not much affected. It was kept around 27%. Among the female elderly, participation in the labour market has increased, probably as a cohort effect. This is a reflection of the large female entry into the labour market in the recent past. The elderly living in rural areas work more than those living in urban areas. About 70% of male workers have a full time job. Among the female workers, the comparable proportion is 37%. Agricultural is the main activity for the men and the services sector occupies 42% of the female elderly [Camarano (2001)].

In urban areas, certain labour market characteristics act as incentives for the work of the elderly. For instance, employers must pay transport fees for their employees. As people aged 65 years and over are entitled to free urban transport, this means low costs to employers. Nowadays, the office boy is being replaced by the "office elderly". It has been shown that among the elderly the ones more available for the labour market are those more dependent on labour income: men, heads of household, the poor, the non-retired and the unskilled worker. Nevertheless, they have less chance of staying in economic activity. The amount of time they spent in labour market is shorter than that spent by skilled workers [Wajnman, Oliveira and Oliveira (1999)].

⁶ Among the population aged 25-59 in 1997, the proportion of poor was 29.8% among men and 31.5% among women. For the group aged 60 and over, those proportions declined to 21.1% and 20.3%, respectively, for men and women [Barros, Mendonça and Santos (1999, p. 235)].

Among elderly males, the better off are “the others”. These are the people whose sources of livelihood are rents, dividends, etc. Apart from these, there are the retired and working (see Table 4). They get a monthly R\$ 267.8 more than the elderly who only work. The latter is the second better off and they get a monthly R\$ 73.8 more than the elderly who are only retired. There have not been found marked educational differences among the three groups considered but health and age differences were not taken into account. The only retired (non-working) elderly are on average 3.5 years older than only worker ones. Among the female elderly, the ones that are better off are workers and the survivors’ pensioners. Survivors’ pensioner earnings are 52% higher on average than those of the only retired elderly.

TABLE 4
Elderly Average Income According the Source

| | Male | Female | Total |
|---------------------------|--------|--------|--------|
| Only worker | 546.61 | 357.02 | 469.31 |
| Retired working | 814.41 | 310.19 | 666.21 |
| Only retired | 472.79 | 228.74 | 352.39 |
| Net survivor’s pensioners | 213.10 | 345.54 | 343.63 |
| Others | 838.37 | 250.70 | 356.39 |

Source: IBGE, PNAD of 1999. Special tabulations by IPEA.

Improvements in health conditions allow the elderly to stay in the labour market until advanced ages. Although activity rates decline rapidly with age, in 1998, about 20% of the male population aged 80 and over was still working [Camarano (2001)]. To be working is an indicator of independence. For the elderly, this also suggests good health and physical and mental capability and results in an advantageous economic situation for the retired worker. For women, widowhood puts them in economic advantage.⁷ Although the proportion of elderly who get some social benefit is high, the value of most of these benefits is very low.⁸

Another indication of the relative better situation of the elderly is the increase in the proportion of those who are house owners. This has taken place in both rural and urban areas but has been more marked in the urban areas (see Table 2). This proportion increases with age, as expected, due to the timing in life cycle [Camarano *et alii* (1999)]. The elderly are in the highest stage of the life cycle and they have already accumulated certain assets. Furthermore, in their prime age many of them used to be benefited by the widespread National Housing Policy. This lasted from the late 1960s to the mid 1980s. On the other hand, there are indications that housing acquisition rates are declining among the younger generation [Neri, Nascimento and Pinto (1999)]. This certainly will affect the well-being of the future elderly.

It has already been seen that another procedure to measure family dependence is through the relationship between the elderly and his (or her) head of family. The General Household Survey considers five categories of relationships: head, spouse, child, “other relatives” and non-relative members. Family heads and their spouses

⁷ According to Debert (1999), widowhood for the female elderly of this generation brings about freedom and financial independence.

⁸ Although the value of the minimum benefit is the minimum wage, this does not ensure the livelihood of an individual.

were not considered dependents though “other relatives” were. They are formed of parents, parents-in-law and aunts of the family head. In general, they are poorer than other family members [Camarano and El Ghaouri (1999)]. Table 2 points to an increase in the proportion of elderly heads and spouses and to a reduction in the proportion of “other relatives”. Also, the proportion of the elderly living alone is increasing. The proportion of women living alone is higher than the comparable figure for men. About 50% of elderly Brazilian women are widows. This is probably a result of lower female mortality rates and of nuptiality patterns. Women face more difficulties than men do in remarry as there are lesser partners available for women. It is quite common for men to marry younger women.

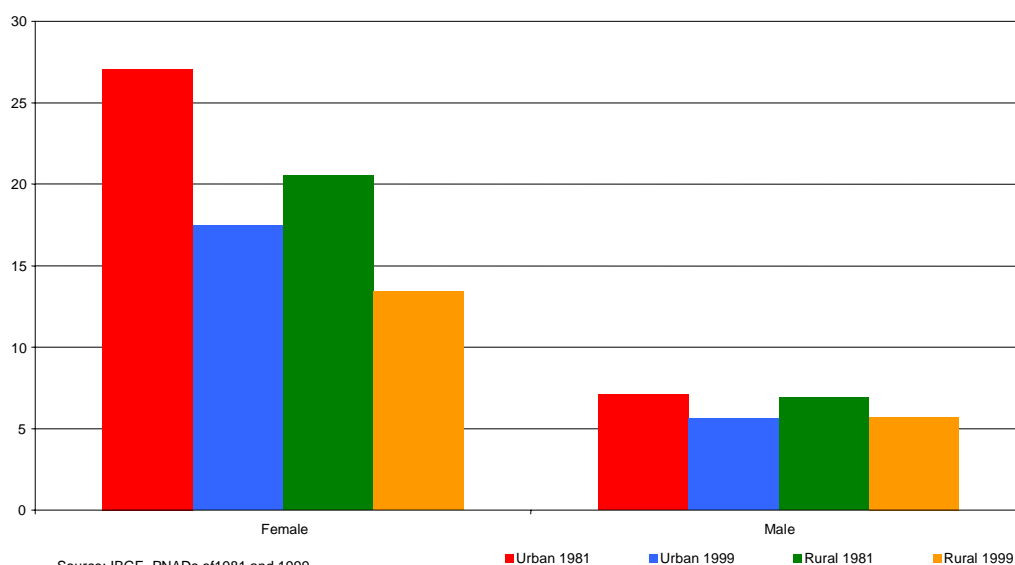
It is customary to think that industrialization, urbanization or the modern way of life has destroyed familial ties, especially among the generations. Recent studies have shown that the universalization of the social security, health policies and improvements in medical technology and certain other technological advances such as telecommunications, elevators, automobiles, etc., suggest that the elderly who manage to live alone may be more a reflection of a successful and new way of ageing rather than familial abandonment or solitude [Debert (1999)]. All these indicators suggest a reduction in family dependence on the part of the Brazilian elderly during the considered time-period. This was clearer among urban families.

According to the above mentioned indicator, dependence is higher in urban areas as compared to rural areas (see Table 2). This could be explained by the higher proportion of women living with relatives in urban areas as compared to rural ones. Or, in other words, it could be a compositional effect. As mentioned before, although they live longer than men, they experience a higher incidence of biological disability due to chronic diseases [Nogales (1988)] and stronger psychological ties with their relatives [Goldani (1999)]. The proportion of “other relatives” increases with age [Camarano and El Ghaouri (1999)]. As women live longer, they tend to spend more time as dependents. Also, for this elderly female generation, their dependence may be more a result of low social status, low participation in labour market in the past rather than ageing itself. For them were important marriage and motherhood.

Changes in family dependence were more important among women than men regardless of whether they were living in rural or urban areas (see Graph 2). Also, reduction of poverty was more marked among them, especially among those in rural areas (see Graph 2). Certainly, the two situations are interconnected. The extension of Social security pensions to women aged 55 and over after 1991, as will be seen in the fourth section, played a very important role in changing the status of elderly women.

GRAPH 2

Proportion of Brazilian Elderly Classified as "Other Relatives"



3.2 ANALYSIS BY COHORT

Some of the characteristics of the elderly population at one moment in time are more a result of the cohort they were born into and of the way they spent their adult lives rather than of the old age itself. On the other hand, there are some very specific conditions in the Brazilian situation that suggest that ageing brings some compensation at least from income point of view. To analyse this, a cohort analysis was undertaken comparing the population aged 42 to 59 in 1981 to the population aged 60 to 78 in 1999. This assumes that this age-group constitutes one cohort (pseudo cohort). Analysis by cohort points to gains in well-being for the aged cohort from an economic point of view. On the other hand, from a familial point of view, dependence increases with age as expected (Table 5).

TABLE 5

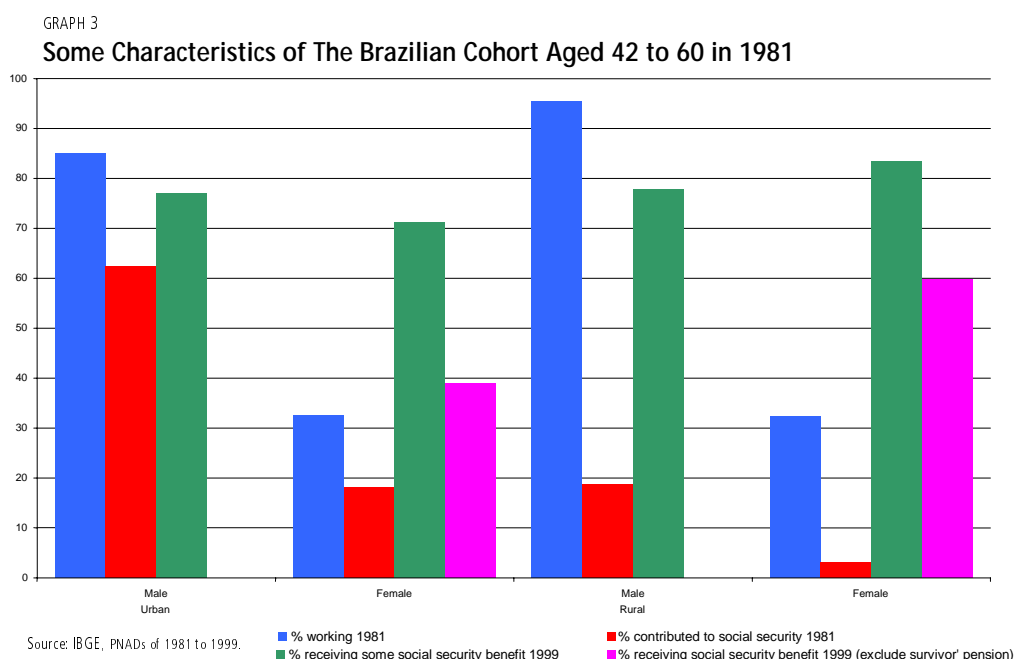
Brazil: Some Characteristics of the Brazilian Cohort Aged 42 to 60 in 1981

| Some characteristics of the cohort | Urban | | Rural | |
|--|----------|----------|--------|--------|
| | 1981 | 1999 | 1981 | 1999 |
| % population | 14.41 | 7.77 | 12.87 | 7.92 |
| Sex ratio | 92.35 | 77.66 | 106.43 | 109.30 |
| Years of schooling | 3.84 | 3.70 | 1.25 | 1.33 |
| % heads of family | 57.81 | 65.09 | 55.46 | 65.14 |
| % heads of family living alone | 2.90 | 10.90 | 2.40 | 9.60 |
| % heads of family with spouses | 74.67 | 54.00 | 82.77 | 63.51 |
| % heads of family with children | 55.14 | 17.00 | 70.42 | 25.74 |
| % spouses | 35.43 | 24.39 | 39.04 | 26.80 |
| % other relatives | 5.99 | 10.07 | 5.12 | 7.78 |
| % no income | 28.89 | 13.88 | 36.36 | 17.17 |
| Average income (in R\$) | 756.24 | 473.24 | 139.14 | 237.77 |
| Standard deviation (in R\$) | 1,527.81 | 1,130.25 | 725.07 | 400.24 |
| % poor families | 24.97 | 18.98 | 60.07 | 27.61 |
| % working | 57.77 | 28.21 | 64.92 | 64.38 |
| % house owner | 72.2 | 85.9 | 85.6 | 85.8 |
| % contributed to social security | 39.44 | | 11.15 | |
| % receiving some social security benefit | | 73.77 | | 80.58 |

Source: IBGE, PNADs of 1981 and 1999.

The suggested gains in the elderly well-being can be measured by the decline in the proportion of the population without earnings, by the reduction in the proportion of the poor population. This was observed in both rural and urban areas. Nevertheless, average income has declined in urban areas. A decline in average income was expected as the proportion of working people fell from 58.7% to 28.2% over the studied time period (see Table 5). But, diminished standard deviation pointed to a reduction in income inequalities. In rural areas, average income increased and the standard deviation decreased. These were due to an increase in the minimum floor of the social security benefit⁹ and the continuation of the participation of this group in the labour market. Nevertheless, poverty keeps getting higher in rural areas and average income keeps getting lower.¹⁰

The proportion of the studied age cohort that received social security benefits in 1999 was 73.7% for those living in urban areas and 80.6% for those living in rural areas. These proportions were much higher than those of working people or people contributing to social security in 1981, especially in rural areas and among elderly females. The proportion of women who receive rural benefits is greater than the comparable for male. Survivor's pensions are included in the female benefits. Excluding them, the proportion of women gets lower than the younger male but still much higher than the workers and the contributors to social security. Graph 3 shows the differences by gender.



Proportions of contributors to social security in urban areas do not mean the same as they do in rural areas. Rural earnings are very different from urban ones as regards to timing, kind of flow (monetary or not) and the different ways of insertion in the labour market. The largest proportion of rural employees works on small farms that are more vulnerable with regard to income generation. The contribution consists

⁹ This was increased from half to the full minimum wage in 1988.

¹⁰ As mentioned before, it is difficult to measure rural income as a significant part of rural earnings are non monetary.

of a percentage of the value of the production sold (2.2%). The purchaser himself is responsible for paying it [Brumer (2001)].

This makes it clear that the Brazilian pension system has been extended to a wider group than only to those who contributed to social security. It is functioning as a general mechanism of income redistribution and providing the core component in old-age support. It is extrapolating its role of just redistributing income from work to retirement. A small part of it was designed to do so, the benefits from the National Policy of Social Assistance, as will be seen in the next section. Nevertheless, they constitute about 2.5% of total paid benefits.

Another indicator of elderly well-being is the proportion who live in their own homes. This was already high for the younger cohort and has increased among the urban one. Among the oldest cohorts, there were not differences by rural and urban areas among the mentioned proportions.

It was mentioned before that familial dependence increases with age. This is more marked among the urban population. Table 5 points to an increase in the proportion of members of the studied cohort living as "other relatives" in the family. On the other hand, the proportion of couples declined as does the families with children. But the overall proportion of heads of family increased to balance partially the reduction of the proportion of spouses.

3.3 REGIONAL DIFFERENCES

The elderly situation is not homogeneous throughout Brazil. As was said earlier, two regions have been taken as examples of regional differences in the well-being of the elderly, the Northeast and the Southeast. Table 6 shows some indicators for these regions for 1981 and 1999. The elderly are healthier in the Southeast as compared to the Northeast. On the other hand, there were no marked differences in the proportion of elderly who were reported to have some kind of disability in the studied regions. These declined over the studied time period.

TABLE 6
Some Characteristics of the Brazilian Elderly Population

| Some characteristics | Northeast | | | | Southeast | | | |
|-----------------------------------|-----------|-------------------|--------|-------------------|-----------|-------------------|--------|-------------------|
| | Urban | | Rural | | Urban | | Rural | |
| | 1981 | 1999 | 1981 | 1999 | 1981 | 1999 | 1981 | 1999 |
| % population | 6.60 | 8.61 | 6.82 | 9.14 | 6.88 | 10.01 | 5.89 | 9.55 |
| Sex ratio | 78.86 | 72.93 | 111.81 | 102.67 | 80.60 | 73.89 | 121.98 | 110.35 |
| % heads of family | 62.50 | 66.06 | 65.76 | 66.33 | 59.79 | 63.77 | 65.04 | 66.58 |
| % spouses | 18.63 | 21.34 | 21.36 | 24.08 | 24.44 | 22.37 | 20.17 | 22.83 |
| % other relatives | 17.58 | 11.97 | 12.53 | 9.25 | 18.83 | 13.35 | 14.06 | 10.13 |
| % living alone | 9.06 | 10.32 | 8.58 | 11.51 | 9.17 | 11.71 | 9.78 | 10.68 |
| Years of schooling | 1.71 | 2.48 | 0.40 | 0.73 | 3.00 | 4.07 | 0.93 | 1.45 |
| % poor families | 54.33 | 35.10 | 64.66 | 35.36 | 18.73 | 12.44 | 38.01 | 21.17 |
| % working | 24.10 | 21.90 | 37.45 | 43.49 | 20.40 | 18.51 | 38.27 | 38.31 |
| ^a Receiving SS benefit | 64.30 | 79.40 | 55.20 | 85.90 | 69.30 | 86.90 | 49.80 | 75.30 |
| % good health ^a | | 77.27 | | 79.12 | | 87.56 | | 84.93 |
| % handicapped | 6.90 | 3.81 ^b | 7.40 | 3.99 ^b | 6.20 | 3.41 ^b | 6.70 | 3.66 ^b |

Source: IBGE, PNADs of 1981 and 1999.

^a Data refer to 1998.

^b Data refer to 1991.

It does not seem that significant differences exist between the two regions when family dependence is concerned. Some divergence does seem to exist, though, between rural and urban areas. Dependence on the family is higher in urban areas as compared to rural ones. It may be related to the fact that the elderly are older in urban areas and that the sex ratio is lower there. The proportion of the elderly living alone increased over the time period as well as the proportion of heads of the family but there are no significant regional differences. One difference seen is the proportion of spouses. This increased in the Northeast and in rural areas in the Southeast. The reduction observed in the urban areas in the Southeast may be a result of an older age composition in this area. On the other hand, the proportion of "other relatives" declined. Although changes in family dependence over the time period under study were not so marked, they suggest a reduction of the dependence in both regions as in Brazil as a whole.

As seen for Brazil as a whole, the most important changes in the well-being of the elderly were related to income. The proportion of the elderly poor declined dramatically in both regions mainly, in their rural areas as well as the proportion of elderly without income. This was due to the marked increase in the proportion of the elderly receiving social security benefits. The increase in the proportion of the elderly receiving social security benefits was much higher in rural areas as compared to urban ones. And, it was slightly higher in the Northeast as compared to the Southeast. On the other hand, the increase in the proportion of the urban elderly receiving benefits was higher in the Southeast. Nevertheless, the relative regional differences did not change; they have been kept at very high levels and unfavourable for the Northeast.

4 SOCIAL POLICIES FOR THE ELDERLY

This section provides a brief description of main Brazilian policies that have affected the well-being of the Brazilian elderly. It concentrates on the social security and social assistance policies although it is recognized that the widespread coverage of public health services has played an important role in the increase in elderly well-being. More than just an increase in health conditions itself, this policy has made it possible for the elderly to continue working until late. The Brazilian Health policy is universal. Nevertheless, it is assumed that the social security policy is the most important policy responsible for elderly well-being.

Although the participation of non governmental institutions in the elderly care has significantly increased in Brazil, the State is still the most important actor in elderly policies. The 1930s is seen as the starting point of a specific welfare state system, where social security policies played a very important role as well as health, education and housing policies [Draibe (1990)]. Before this, attempts at social assistance in Brazil were made by the catholic church and date back to colonial times [Oliveira, Henriques and Beltrão (1987)]. A National Policy for the Elderly was approved in 1994, which is part of the National Program of Human Rights. This policy is geared towards governmental action, which includes six ministries and the civil society.

The legislation of social security is part of the Elderly National Policy as well as the social assistance for non-insured elderly. Apart from this, two policies are stressed

here: free urban transport for anyone aged 65 years and over and institutional care. The policy assigns priority to the family with regard to elderly care. As a result, the coverage of the public institutional care is very low. In the year 2000, it benefited less than 1% of the elderly population.

As far as social security is concerned, in 1923, the first law (Lei Eloy Chaves) created a pension and survivor's benefit fund for railway workers. Major concern over a social security system from both the government and the workers started in the 1930s. Coverage for retirement and survivor's pension began to be made by professional categories. Small funds were gradually grouped into large Pension and Survivor Benefit Institutes. The administration of these institutes was taken over by the State, which decided the value of the contribution to be paid by individuals and where to invest the contributions [Brumer (2001) and Oliveira, Henriques and Beltrão (1987)]. As well as their varying financial capacities, there were also striking differences between the benefit plans offered by the institutes.

The coverage was nearly extended to all regularly-employed urban wage earners and a large majority of the self-employed. Nevertheless, a significant group of professional workers were excluded. Among these were the rural workers (the largest proportion of the labour force), the self-employed and domestic servants. The exclusion of rural workers was due to the lack of organised social movements until the second half of the 1950s. That of the other professional categories may be explained by the difficulty in organising demands for a professional group marked by fragmentation and dispersion [(Brumer (2001))].

The 1960s were marked by a trend towards more uniformed benefit plans and institutional unification (Oliveira, Henriques and Beltrão (1987)). The effective unification of the system was achieved through the creation of the Instituto Nacional de Previdência Social (INPS) — National Social Insurance Institute — in 1966. By that time, the Brazilian society was being industrialized and urbanized at a very fast pace. Restricted coverage was extended to other categories: household servants (1972), the self-employed (1973) and rural employees began to be covered too. At the same time, social assistance benefits for the non-insured elderly and the disabled were created. At that time, social security covered all the Brazilian people with paid and formal jobs [Oliveira, Henriques and Beltrão (1987)]. The informal and unstable workers continued without coverage [Brumer (2001)]. During the 60s and 70s, the coverage of all existing social policies expanded dramatically.

According to Draibe (1990), these policies reproduced existing inequalities in Brazilian society. They benefited community members localised in any of the occupations recognised and defined by law. This was called as “regulated citizenship” by Santos (1979).¹¹ This concept of citizenship was not rooted in a code of political values, but in a system of occupational stratification.

The 1988 Constitution introduced a more inclusive concept of social security reflecting increasing social concerns after 20 years of military rule. It was established as basic principles: universal coverage, equal rights for urban and rural beneficiaries, benefit concession selectivity, non reducibility of benefits, equitable contributions,

¹¹ Quoted by Brumer (2001, p. 5).

broadening of revenue sources, decentralization and worker participation in management, progress in identifying social security as a collective agreement, the right to citizenship, where benefits are given according to necessity and payments according to means. The minimal level of social insurance and social benefits were set at the minimum wage.

The more expressive changes took place in rural areas. The beneficiary unit was changed from the household to the individual. This has dramatically affected women who are now allowed to apply for social security benefits regardless of their position in the household. In addition, the new Constitution reduced the requirement for retirement according to age for rural workers by five years.¹² These decisions were put in practice in 1991 and 1992. Also, inequalities resulting from the previous plan that distinguished between urban and rural have disappeared [Oliveira and Beltrão (2001)].

The results may be seen in Graph 4, which shows the trend of paid benefits over the last 20 years. Paid benefits have increased all over the studied time period but there is a change in the shape of the curve in 1992. The main changes have taken place in rural areas and have affected women more than men. Since 1992, 60% of the new benefits have been paid to women, which explains why the greatest poverty reduction is among rural women. In 1980, paid benefits to women were only 18% of the total of paid benefits [see Cabral and Castro (1988, p. 610)]. In 2000, this proportion was about 45%.¹³ The Brazilian woman's social conquests were not an isolated fact. At about the same time this was taking place in Brazil, several other Latin American countries were also undergoing political changes that were benefiting women. Two factors seem to have contributed to this; the consolidation of the women's movement and the installation of neo-liberal governments [Brumer (2001)].

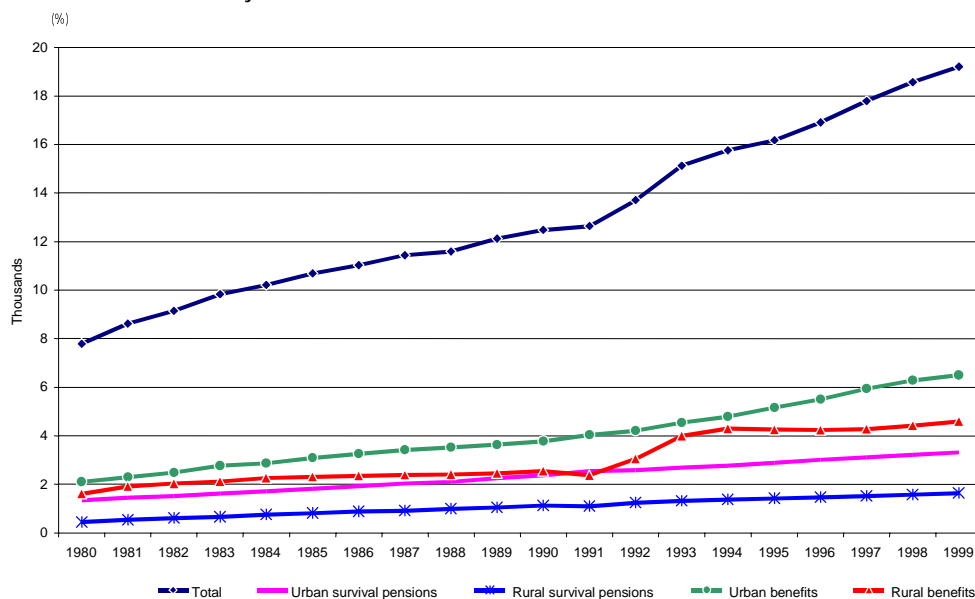
As mentioned before, social assistance for the non-insured elderly is part of the Brazilian National Policy for the Elderly. In 1974, a lifetime monthly-income benefit was created for those aged 70 and over who had not perceived any other social security benefit and who proves unable to support themselves.¹⁴ The value of the benefit was 50% of the minimum wage. In 1993, with the adoption of proposed measures by the new Constitution, the value of the benefit was increased to one minimum wage and in 1996 the name was changed to Loas (social assistance benefit). In 1998, the minimum age required for the elderly to be entitled to the benefit was reduced from 70 to 67 years of age. As a result, the number of paid benefits increased from 88,085 to 206,261 from 1997 to 1998 (see Graph 5). The coverage of the two benefits together rose from 370,393 elderly persons in 1988 to 478,520 persons in 1999.

¹² After the 1988 Constitution, the minimum age to apply for rural social security benefits is 55 for women and 60 for men.

¹³ This does not include survivor's pensions neither paid benefits with unrecorded sex. This represents about 15% of the paid benefits.

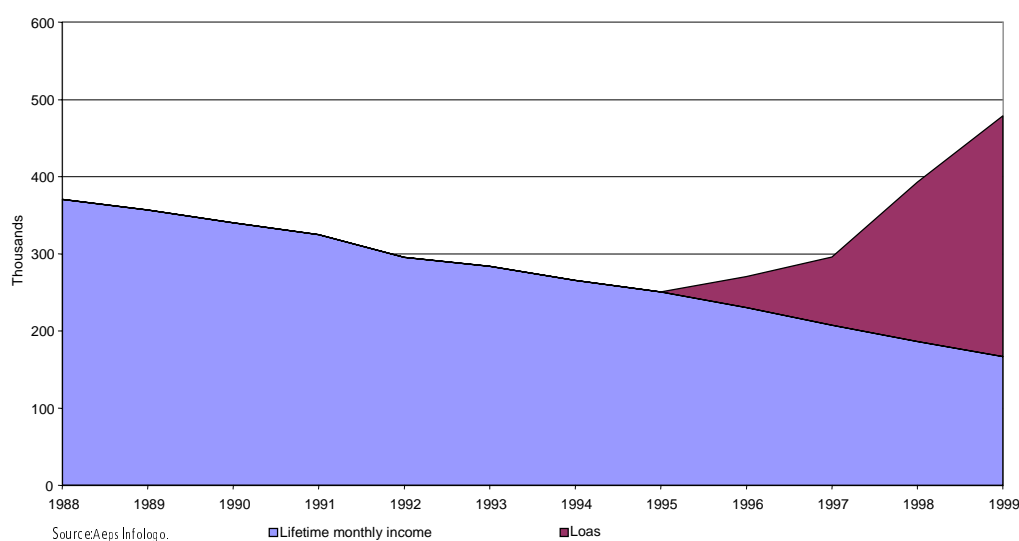
¹⁴ This means to be living in a family where the *per capita* income is less than 25% of the minimum wage.

GRAPH 4
Brazil: Social Security Paid Benefits



Source: Aeps, Infolog/MPAS.

GRAPH 5
Brazil: Paid Social Assistance Benefits



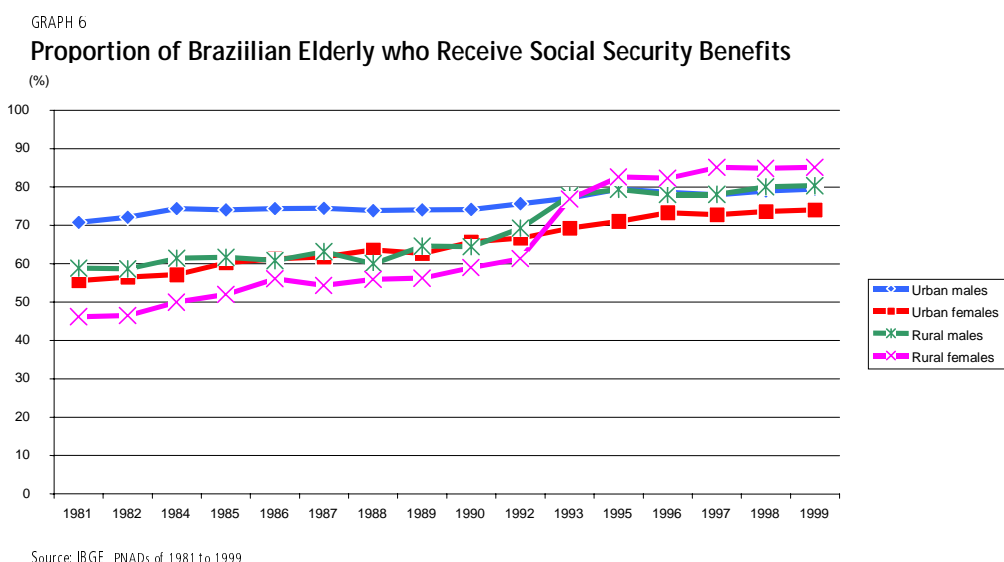
Source: Aeps, Infologo.

Graph 6 illustrates the effect of the implementation of these policies from an individual point of view. It shows the proportion of the population aged 60 and over receiving social benefits. This includes the three types of benefits: retirement, survivor's pensions and social assistance. The trend described by this figure is quite the same as the one described in Graph 5 and confirms the extensiveness of social security benefits.

Although the importance of the social security benefit for elderly income is recognized, the social insurance system has been running at a cash deficit since 1994. The social achievements of the new Constitution were accused of "threatening the democracy", "damaging public finances", "being a pure expression of corporate

interests”, “prolonging injustices”, etc. [Nogueira (2000)].¹⁵ The response from the Brazilian State to this has been a reduction in benefits. Studies for “reforming” the social security system started in 1993, but changes were approved only in 1998. The calculus formula was changed and it depends on the contribution time and of the age at the time of retirement.¹⁶ Oliveira, Guerra and Cardoso (2000) estimated that the new formula reduces male benefits by 33.93% and female benefits by 43.92%, as compared to the present situation. This has generated a strong feeling of insecurity among the elderly [Oliveira and Beltrão (2001) and Beltrão and Oliveira (1999)].

Furthermore, the new legislation will limit access to the system for those in the informal sector as it will be difficult for them to contribute for such a long time-period. During the last two decades of the 20th century, the Brazilian labour market was affected by two severe economic crises: 1981-1983 and 1990-1992. The consequences were a marked increase in the proportion of informal workers and in unemployment rates with a negative impact on the funding of social policies [Fagnani (1999)].



5 IMPACT ON FAMILIAL ARRANGEMENTS, POVERTY AND ECONOMIC ACTIVITIES OF WIDESPREAD COVERAGE OF SOCIAL SECURITY COVERAGE

Considering the gains in elderly well-being as being partially the result of widespread social security coverage, this section investigates this impact on familial arrangements, poverty and economic activities. The first question addressed is how families are organising themselves in order to make the most of elderly income. The interest in analysing this impact comes not only because the family mediates the relationship between the state, the market and the population but also because in 1999, at least one elderly could be found in 25% of Brazilian urban families and in 27.8% of rural ones. It is inside family quarters that resources are distributed among its members.

¹⁵ Quoted by Brumer (2001, p. 12).

¹⁶ Men must contribute to the social security system for 35 years and women for 30 years.

The amount of available resources for families depends not only on labour market opportunities and State transfers but also on the specific timing of each one in the life cycle.

It is hypothesized here that better than speaking of a reduction in elderly dependence on the family, would be to speak of a change in the direction of this dependence. It has already been seen that Brazilian families with live-in elderly members are better off than others.¹⁷ This has been achieved thanks to the social security benefits. This is also true when families are considered by income [Camarano *et alii* (1999)]. In 1999, earnings of 53.4 % of urban Brazilian families living together with elderly members were uniquely originated from social security benefits. The comparable proportion for rural areas was 39.8%.

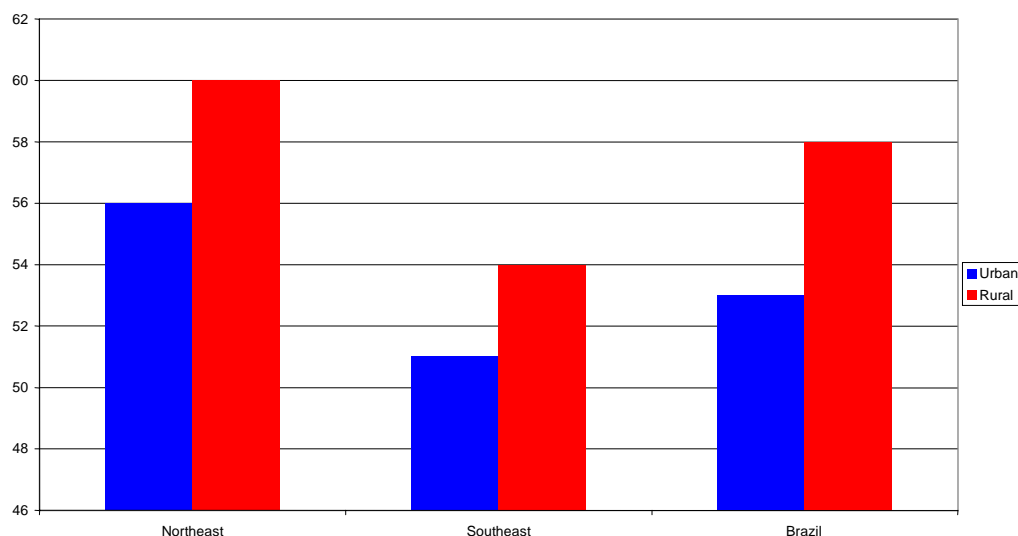
On the other hand, economic opportunities for the young have been reduced in Brazil over the last 20 years. This has been translated into high unemployment rates. For instance, the unemployment rate for the population aged 15-24 increased from 6.2% in 1981 to 19.1% in 1999 [Camarano *et alii* (2001)]. Furthermore, teenage pregnancy is increasing as well as divorces and separations among the young population [Medeiros (1998) and Camarano (1998)]. This has demanded additional support from parents, probably elderly ones.

Two forms of support can be measured through the considered data: the contribution of elderly income to the familial budget and the presence of adult children and grandchildren living in families with elderly members. In 1999, the elderly headed 84.9% of Brazilian urban families in which the elderly were living and 87.7% of the rural ones. They contributed more to familial budget in rural areas than in urban areas: 58% and 51.3%, rural and urban, respectively. The impact of elderly contribution is more important in the Northeast as compared to the Southeast (see Graph 7).

Table 7 compares some indicators for Brazilian families living with elderly members according to their contribution to familial budget. Two groups were considered: those whose contribution was less than 50% and those whose contribution was higher. The composition of the families in which the elderly contributed more than 50% of the familial income is more complex than just an elderly member or an elderly couple. Almost 25% of these are extended families. In rural areas, this proportion is higher than those for single families.

¹⁷ The *per capita* family income of families with an elderly member living in was R\$ 349.10 in 1998 and for families without elderly members was R\$ 291.31 [see Camarano (2002)].

GRAPH 7

Brazil: Contribution of Elderly Income to Familial Budget Brazil —1999

Source: IBGE, PNAD of 1999.

TABLE 7

Some Characteristics of Brazilian Families with Elderly Living in According to their Contribution to Familial Budget —1999
(In %)

| Some characteristics | Urban | | Rural | |
|---|-------|---------|-------|---------|
| | < 50% | > = 50% | < 50% | > = 50% |
| Composition | 40.5 | 59.5 | 28.6 | 71.4 |
| Types of families | | | | |
| Nuclear | 51.8 | 51.5 | 52.4 | 55.8 |
| Extended | 48.0 | 22.7 | 47.0 | 23.9 |
| One person | 0.3 | 25.7 | 0.6 | 20.3 |
| Mean size | 3.8 | 2.4 | 4.3 | 2.8 |
| Average number of children | 1.4 | 0.6 | 1.8 | 0.9 |
| % of offspring aged 21 and over | 15.0 | 21.8 | 18.1 | 20.9 |
| % of other relatives under 14 years | 2.0 | 3.1 | 4.9 | 8.7 |
| % of familial income derived from elderly labour | 3.9 | 11.8 | 5.0 | 18.3 |
| % of familial income derived from elderly social security | 18.7 | 49.7 | 22.6 | 44.6 |

Source: IBGE, PNAD of 1999.

Although these families are smaller and have less children living with them than those where the contribution of the elderly income is less than 50%, the proportion of adult children is higher among the former families.¹⁸ Also, the proportion of “other relatives” aged 14 and under is higher in families where the elderly contribution is higher. It is assumed here that “other relatives” mean grand children.¹⁹ Such a situation can be found in both rural and urban areas. The presence of grand children is higher among rural families. Table 7 also shows that elderly benefits originating from social security constitute about 50% of the familial income where the contribution of elderly income is higher than 50%. Earnings from elderly labour are

¹⁸ This refers to the proportion of children over 21 years of age among all members of the family.

¹⁹ The PNAD classifies parents, parents in law, aunts, grandchildren as “other relatives”. So, it is highly probable that young other relatives are grand children.

important in familial income, especially among rural families. These results suggest an association between the contribution of the elderly to familial budget and familial arrangements where benefits derived from social security are playing an important role.

Another form of elderly support to families is suggested by the proportion of adult offspring, 21 years and older, living in families headed by the elderly. This has increased dramatically, as can be seen in Table 8. The largest such increase took place among those families headed by elderly males, especially in the Northeastern rural families. In urban areas, the proportion of families with adult children is greater among families headed by women.

TABLE 8
Brazil: Proportion of Adult Children^a Living in Families Headed by the Elderly According to Head Sex
(In %)

| | Male | | Female | |
|--------------------------|------|------|--------|------|
| | 1981 | 1999 | 1981 | 1999 |
| Brazil and regions urban | | | | |
| Northeast | 14.5 | 34.3 | 20.8 | 40.5 |
| Southeast | 19.5 | 36.0 | 26.9 | 46.1 |
| Brazil | 17.5 | 34.5 | 24.2 | 44.8 |
| Rural | | | | |
| Northeast | 16.1 | 43.9 | 13.1 | 18.7 |
| Southeast | 21.2 | 46.1 | 20.3 | 24.2 |
| Brazil | 19.1 | 44.1 | 15.3 | 19.4 |

Source: IBGE, PNAD of 1981 and 1999.

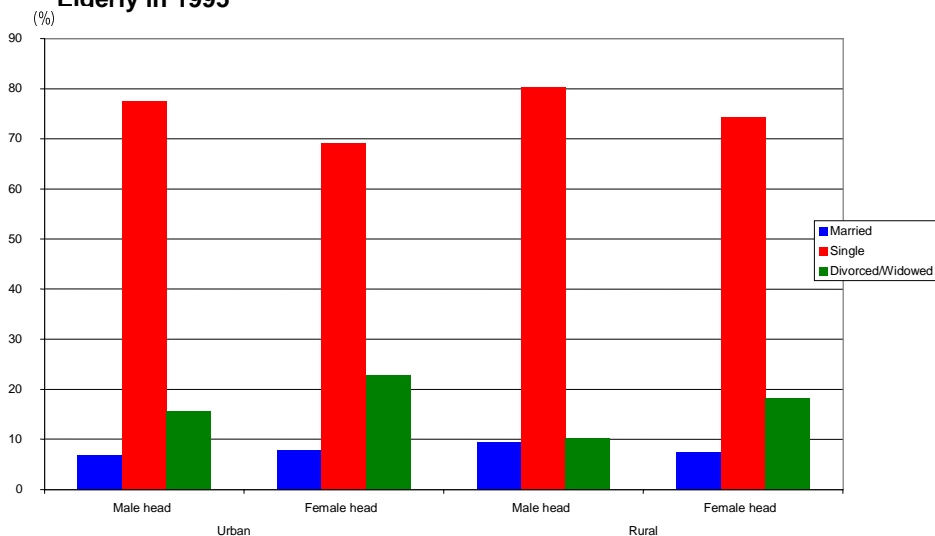
^a Older than 21 years.

Graph 8 shows that the largest proportion of adult offspring living in families headed by the elderly are single. Nevertheless, a significant proportion had already constituted their own families: they were married, widowed or separated. This may mean a return to the parent's home. Among families headed by elderly females, the largest proportion of offspring there is found to have their own families. The proportion of "other relatives" (grandchildren) living in these families has also increased in both rural and urban families, especially among those headed by elderly females (see Table 9). In 1999, about 12% of all children under 14 years of age were found to be living in families with the elderly. Grandchildren without parents were found living in 5% of the households headed by elderly. These results are clearly pointing to a change in elderly familial arrangements. Families composed of elderly persons are, in general, called "empty nests". But what seems to be taking place in Brazil is a re-filling of these nests.

A survey undertaken in Fortaleza pointed out that 52.5% of the elderly interviewed had already helped their offspring, two third were adult offspring. The co-residence of generations is more associated to the needs of the offspring. There are divorced daughters who demand more help [Saad (1999)]. Another survey carried out in Rio Grande do Sul, Brazil, showed that men and women have different ways of spending money. Women, before thinking of utilizing their money on personal expenses, look towards improving the quality of life of their families, guaranteeing their livelihoods. This means that women's benefits are utilized for their own and

GRAPH 8

Marital Status of Adult Offspring Living in Brazilian Families Headed by the Elderly in 1995



Source: IBGE, PNAD of 1995.

TABLE 9

Proportion of Grandchildren Living in Families Headed by the Elderly According to the Head Sex (In %)

| | Male | | Female | |
|--------------------------|------|------|--------|------|
| | 1981 | 1999 | 1981 | 1999 |
| Brazil and regions urban | | | | |
| Northeast | 5.1 | 6.3 | 12.0 | 14.8 |
| Southeast | 2.1 | 3.5 | 5.3 | 10.6 |
| Brazil | 3.2 | 4.0 | 8.2 | 12.0 |
| Rural | | | | |
| Northeast | 5.8 | 6.6 | 12.0 | 16.0 |
| Southeast | 3.3 | 2.3 | 5.9 | 10.0 |
| Brazil | 4.4 | 4.9 | 7.3 | 12.5 |

Source: IBGE, PNAD of 1981 and 1999.

their families' reproduction. This is true only for part of male benefits [Brumer (2001)]. This is also possible as approximately 75% of the Brazilian elderly are living in their own homes and their average income is 1.6 times larger than that of the worker population aged 20-29 years.

The situation mentioned above is not specific to Brazil. A study by Duflo (2000) found over a quarter of black South African children under age five living in families with at least one social security beneficiary. She shows that pensions received by women had a large impact on the anthropometric status of the girls, but little effect on that of boys. On the other hand, a similar effect was not found for pensions received by men. This suggests that the efficiency of public transfer programs may depend on the gender of the recipient as the household does not function as a unitary entity.

The second question addressed in this paper is how the spread of social security benefits has contributed to the reduction of poverty. In 1981, the proportion of poor families was not very much affected by whether the families did or did not have

elderly living-in members, especially in rural areas. In 1999, the situation became quite different, though. For instance, the proportion of poor rural families was 29.7%. If elderly people had not been present, the comparable proportion would have increased to 48.9%. Among urban families, the comparable proportions were 18.8% and 33.8%.

Poverty reduction in Brazil throughout the period under study was observed for the elderly and for the non-elderly rural population. Poverty increased among the non-elderly urban population aged 25 to 59 (see Table 10). It is possible that the poverty reduction experienced by the non-elderly rural population is also a result of the redistributing role played by social security benefits. For instance, women aged 55 are entitled to rural social security. Another point already mentioned is the matter of gender. Among the non-elderly population, poverty is higher among women than men. The situation is reversed where the elderly population is concerned. As mentioned before, Brazilian legislation allows women to accumulate retirement and survival pensions and earnings from labour. Also, the value of the survival pension benefit is the same as the pensions of the husband. This means that widowhood brings an increase in familial income.

TABLE 10
Proportion of Brazilian Poor Population

| | 1981 | | 1999 | |
|------------------|------|--------|------|--------|
| | Male | Female | Male | Female |
| Poor elderly | | | | |
| Urban | 28.2 | 28.7 | 19.3 | 18.2 |
| Rural | 53.9 | 51.0 | 29.9 | 25.5 |
| Poor non-elderly | | | | |
| Urban | 33.9 | 34.7 | 35.1 | 36.5 |
| Rural | 69.4 | 72.6 | 65.8 | 68.3 |

Source: IBGE, PNADs of 1981 and 1999. Special tabulations by IPEA.

Beltrão, Oliveira and Pinheiro (2000) measured the impact of elderly income on familial income. They excluded the income of the elderly living in rural areas from the total rural familial income and concluded that in 1988, this income would be reduced by 6%. But, in 1996, after the constitutional changes, the reduction would be 13%. This exercise demonstrates the importance of the elderly in rural families. This is a result of the ageing of the population associated to the increase in coverage of social benefits as well as the increase in the value of these benefits.

Delgado and Cardoso Júnior (2000) derived similar conclusions based on fieldwork undertaken in the Southern and Northeastern regions. Furthermore, they found that the role of elderly income is more than just contributing to familial budget in rural areas. It is also impacting the dynamics of the regional economy. In the Southern region, the social security benefit was responsible for 41.5% of the familial budget. In the Northeast, this contribution increased to 71.2%. The importance of the social security benefit on the familial budget gets larger as the income gets lower. In most rural households with benefits, productive agricultural activities were found; 48% in the South and 43% in the Northeast. In Southern and Northeastern households with social security earnings, 44.7% and 37% respectively,

the benefit is being used to fund agricultural activities. This favourable situation is possible also because beneficiaries tend to receive more than one benefit *per* household: on average, 1.78 benefits *per* household.

In 61% of the Brazilian municipalities, social security transfers exceed federal government transfers. It is true even for the richest regions as those of São Paulo and Rio de Janeiro States. One characteristic in the commerce of the small Brazilian towns is the sales based on trust.²⁰ This means that people buy and pay for purchases whenever they are able to get the money. Nowadays, in most places, it is necessary to prove that the individuals get social security benefits in order to be able to buy under these conditions. Based on such experiences, Delgado and Cardoso Júnior (2000) concluded that the rural benefit is playing three important roles: that of life insurance, responsible for the familial budget; that of agricultural insurance responsible for the increase in rural income and that of generating extra subsistence income.

It is not possible to deny the advances achieved by women and rural workers in the Brazilian social security legislation. To be a beneficiary means at least to be less poor. Nevertheless, the distribution of benefices among the several groups of beneficiaries is quite unequal. It reflects differences in the labour market and in the legislation. The benefits of urban private workers have a ceiling that is nine minimum wages.²¹ It seems that the legislation about government workers is a watershed. For instance, Graph 9 shows that in the year 2000, the benefit of an urban worker was 2.3 times larger than that of the rural worker. On the other hand, a retired civil servant gets 5.4 times better payment than an urban worker. The difference between civil servants and military personnel are not so large. But retired Congressional and Judicial personnel get about two times better paid than militaries personnel. The difference between the value of the benefit perceived by rural worker and Judicial personnel is 41 times.

What is shown above may suggest a paradoxical situation. The spread of coverage of social security benefits is able to reduce poverty but it has very little impact on the income distribution of the Brazilian population as the benefit values reproduce previous earnings. Even so, there is no doubt that the benefits are bringing about unexpected results for the elderly and their families. There has been a change of status for the elderly within their own families, modifying their traditional role of dependent to that of provider. The composition of the families with elderly living in has changed, to become more complex than the expected “empty nest”. But these changes are not only a consequence of the spread of social security coverage; they are also a reflection of the better conditions experienced by the today elderly at their prime age compared to difficulties that Brazilian youth are currently facing.

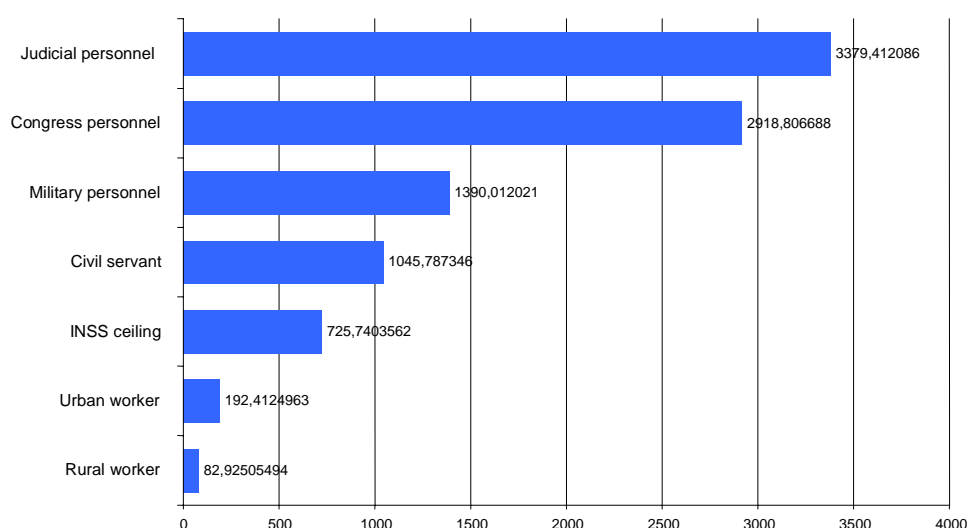
²⁰ In the Portuguese language, one says *vender fiado* (on a credit basis).

²¹ There is a specific legislation for government workers that are classified in four groups: civil servants, militaries, Congress and Judicial personnel. The value of their pensions is the same as the last salaries. As they do not have to pay the contribution to social security, their take home is higher as the last salary.

GRAPH 9

Monthly Average Value of Brazilian Social Security Benefits — 2000

(In US\$)



Sources: Boletim Estatístico de Pessoal/ MP and Aeps Infologo / MPAS.

6 CONCLUSIONS

The process of Brazilian ageing has been paralleled by important changes such as the spread of social security coverage, the development of new technologies, the increase in education, especially among women, changes in gender relations with the increased participation of women in labour, the improvement in health conditions and changes in labour market that have affected more the younger population. The combination of these processes has brought about a different way of looking at the role played by the elderly population in the Brazilian society.

It is common to attribute to the elderly population the role of “dependent”. This seems to have been replaced by that of provider. Inter-generational transfers on a descend scale are gaining importance. It was seen that nowadays, Brazilian elderly are better off compared for instance, to the young population. It is recognized that to be elderly today means someone who had survived deaths caused by infectious and parasitic diseases that killed a great part of this age cohort when they were children, to maternal deaths that also killed some women of this generation, etc.

Furthermore, part of this age group had a long and stable employment career in a more a favourable time period of the Brazilian economy. Access to private housing was easier as familial income was more stable and there were public programmes subsidizing the purchase of private homes. Today, these programs almost disappeared. Also, they enjoyed the universalization of social security rights in both rural and urban areas. To summarize, elderly well-being reflects not only present conditions but also, the conditions that moulded their life course in the past.

On the other hand, better life conditions experienced by the elderly population are contrasted with the effects of the continuous economic crisis experienced by the Brazilian economy. This has affected the young population more through unemployment, violence, drugs, teen-age pregnancy, marital disruption, etc. As a result, there has been an increase in the time adult children spend as dependents of

their parents. Taking into account that the younger population are not enjoying the same economic opportunities as their parents, that population is ageing rapidly and that the social security system is in crisis, the future of the elderly does not seem so promising. The new rules of social security will require formal contribution at least for 30 years. This will seriously compromise the retirement of the present youth if more changes are not introduced. According to Fagnani (1999), “street elderly” may be part of the Brazilian scenario of the future.

Moreover, better life conditions for the elderly has meant marked costs in terms of social security benefits and health policies. Concern with social security costs is a frequent theme in literature. Beltrão and Oliveira (1999) pointed to a breakdown of the Brazilian social security system in the medium run were present conditions to be kept up. This would result in a break with acquired rights. In short, the funding of Brazilian social security is an issue that is still to be sorted out

As in Europe, the Brazilian social security system was moulded in the full employment condition, the unbroken work career followed by relatively few years of retirement prior to death. The present crisis may not be chiefly attributed to population ageing. Even in Europe where ageing is much more advanced, the social security crisis is considered to be a by-product of the welfare states’ labour reduction strategy [Esping-Andersen (1996)]. In Brazil, formal employment is declining rapidly. This means a departure from the secure employment relationship in favour of more precarious and temporary contract and greater wage differentiation. This poses problems for retirement benefits of the elderly and for funding the system. It seems clear that traditional ways of funding social security will not be enough to deal effectively with the future of the ageing population. The search for ways to sort out the financial crisis in social security should take into account different ways of engendering resources and capitalization as well as to reconsider the distribution of said capital in society.

It is clear that at the micro-level, the degree of dependency of the Brazilian elderly is determined by the social security income. This depends on the previous contribution or on the State donation and on the State legislation. As an important proportion of the familial budget depends on elderly income, it is suggested that when the value of the benefit is changed, the State will be affecting an important portion of this budget. As a consequence, the profile of the social security designed today will influence future familial income distribution. The unexpected effects of the spread of social security benefit coverage for the elderly and their families should not be neglected in any public policy evaluation. It is said that there are 13 million benefited families. This huge value characterises the social security policy as a modern social policy capable of reducing, at least partially, Brazilian poverty.

To summarize, the relation between population ageing and dependency is quite complex. To consider ageing as a problem is to assume an inelastic resource distribution, a static pattern of such distribution *vis-à-vis* the ageing population. History has shown that in the last 200 years the supply of resources has followed the increase in population. Increasing poverty in the world has been much more a consequence of defective resource distribution than the lack of it. Population ageing, as any other change in age composition, is neither intrinsically good nor bad. This is

a phenomenon that may be a problem or not, depending on the way society chooses to deal with it.

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