

*Poverty
and the New Middle Class
in the Decade of Equality*



FGV
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with support from SAS

*Miséria e a Nova Classe Média
na Década da Igualdade*

, (*a recent process of income equalization)



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Poverty and the new middle class In the equality decade

(* a recent process of income equalization)

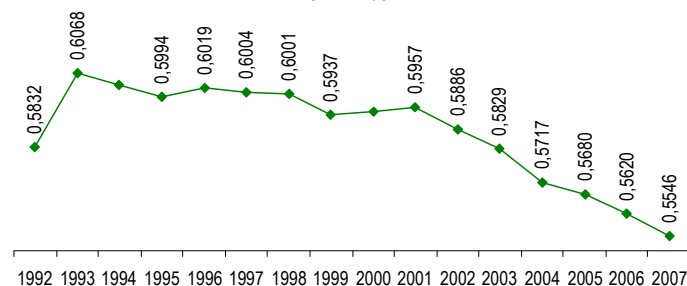
Rio de Janeiro, 19th September 2008

Centro de Políticas Sociais
Instituto Brasileiro de Economia
Fundação Getúlio Vargas

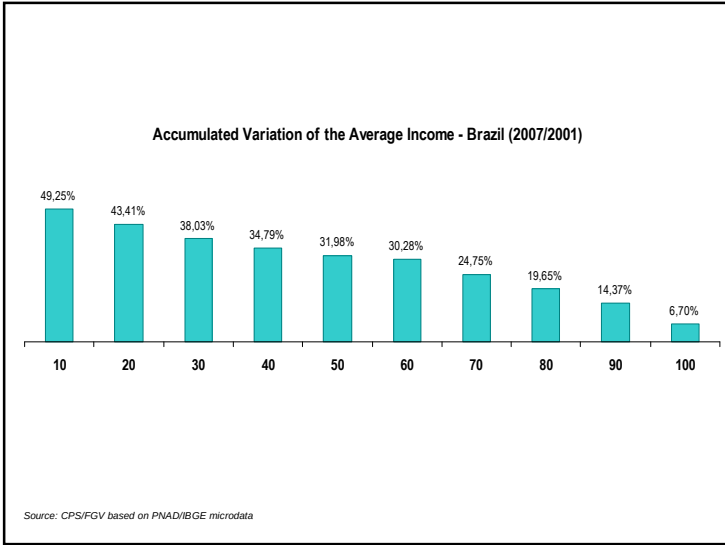
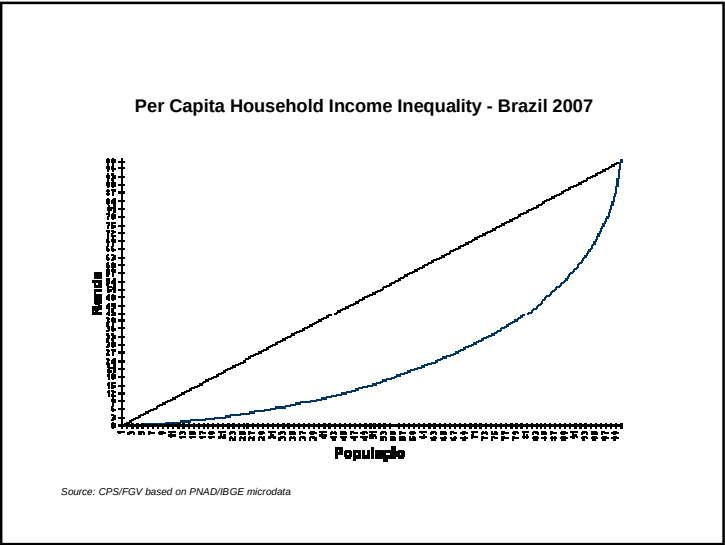
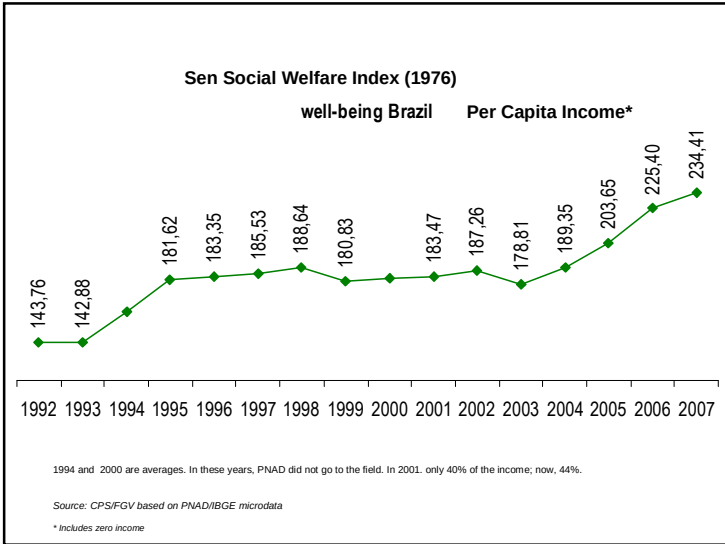
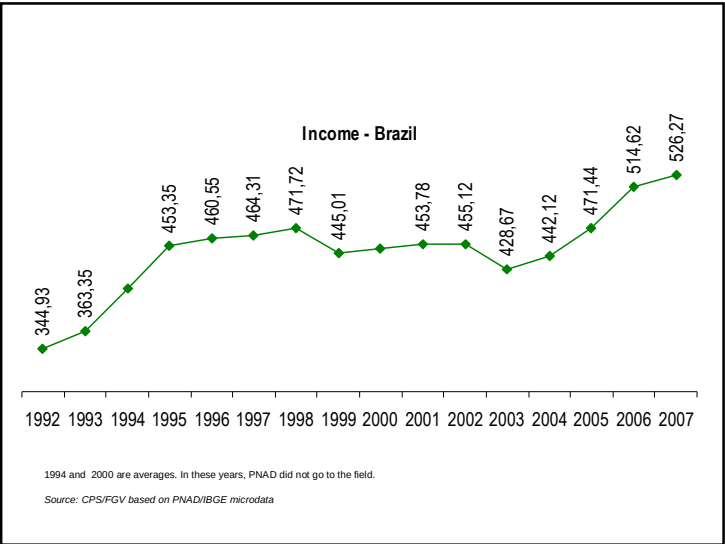
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Per Capita Income Inequality

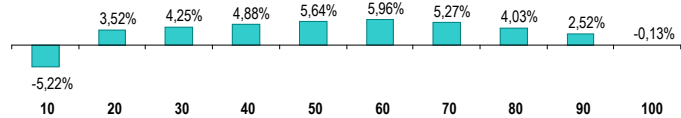
Gini - Brasil



OBS: includes zero income
1994 and 2000 are averages. In these years, PNAD did not go to the field.
Source: CPS/FGV based on PNAD/IBGE microdata

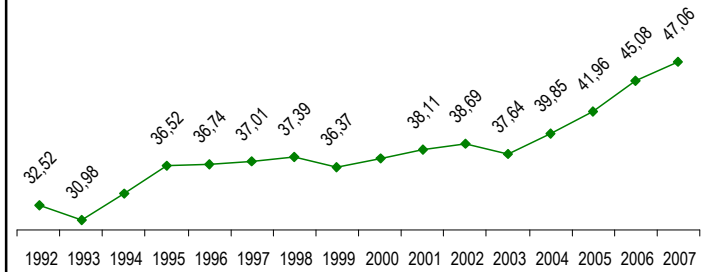


Accumulated Variation of the Average Income - Brazil (2007/2006)



Source: CPS/FGV based on PNAD/IBGE microdata

New Middle-Class – Class C - % of the population - Brazil

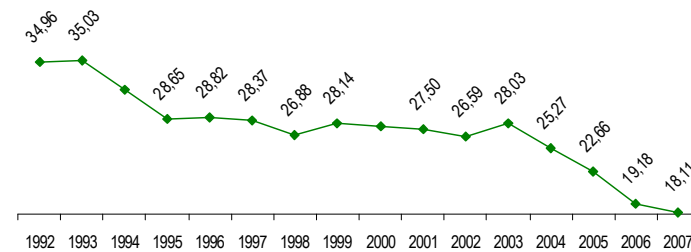


Source: CPS/FGV based on PNAD/IBGE microdata

Miséria

www.fgv.br/cps/desigualdade

Poverty - % of the population - Brazil



OBS: includes zero income
1994 and 2000 are averages. In these years, PNAD did not go to the field.

Source: CPS/FGV based on PNAD/IBGE microdata

1. Social Level and Evolution Panorama– 1992 to 2007.

http://www.fgv.br/ibrecps/RETCM/RETCM_basicoPNAD/index.htm

Panorama da Evolução Temporal - Brasil
1992 - 2007

Análise: Renda Conceito: Proporção de Miseráveis - Renda de Todas as Fontes (Linha CPS)

Gerar tabelas Limpar seleção Selecionar todas

Características Demográficas

☒ População Total ☐ Sexo ☐ Faixa Etária
☐ Anos de Estudo do chefe ☐ Cor ou Raça ☐ Posição na Família
☐ Imigração

Características Sócio-Econômicas

☐ Posição na Ocupação ☐ Tempo de Empresa ☐ Maternidade

Características Espaciais

☐ Tipo de Cidade ☐ Local de Moradia ☐ Região Geográfica
☐ Estado ☐ Região Metropolitana

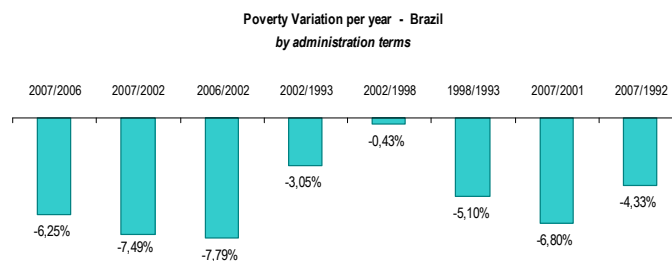
Source: CPS/FGV based on PNAD/IBGE microdata

Proporção de Miseráveis - Renda de Todas as Fontes														
População Total														
Categoria	1992	1993	1995	1996	1997	1998	1999	2001	2002	2003	2004	2005	2006	2007
Total	34,96	35,03	28,65	28,82	28,37	26,88	28,14	27,5	26,59	28,03	25,27	22,66	19,18	18,11

Classe média														
População Total														
Categoria	1992	1993	1995	1996	1997	1998	1999	2001	2002	2003	2004	2005	2006	2007
Total	32.52	30.98	36.52	36.74	37.01	37.39	36.37	38.11	38.69	37.64	39.85	41.96	45.08	47.06

Renda Familiar per Capita Média														
População Total														
Categoria	1992	1993	1995	1996	1997	1998	1999	2001	2002	2003	2004	2005	2006	2007
Total	344.93	363.35	453.35	460.55	464.31	471.72	445.01	453.78	455.12	428.67	442.12	471.44	514.62	526.27

Proporção de Empregados com Carteira de Trabalho														
População Total														
Categoria	1992	1993	1995	1996	1997	1998	1999	2001	2002	2003	2004	2005	2006	2007
Total	10,59	10,41	10,61	10,54	10,61	10,63	10,34	11,31	11,47	11,77	12,44	12,96	13,45	14,17



Source: CPS/FGV based on PNAD/IBGE microdata

Poverty Variation per Year

		TOTAL
2007	2007/2006	-6,2%
Lula	2007/2002	-7,5%
Lula I	2006/2002	-7,8%
FHC	2002/1993	-3,0%
FHC II	2002/1998	-0,4%
FHC I	1998/1993	-5,1%
Década	2007/2001	-6,8%
Total	2007/1992	-4,3%

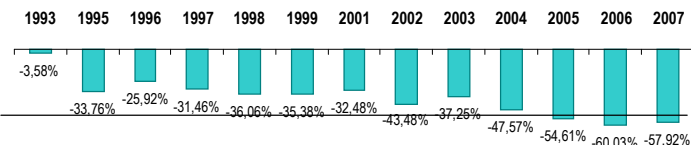
Source: CPS/FGV based on PNAD/IBGE microdata – yearly average

Poverty Accumulated Variation

		TOTAL
2007	2007/2006	-6,2%
Lula	2007/2002	-32,2%
Lula I	2006/2002	-27,7%
FHC	2002/1993	-24,3%
FHC II	2002/1998	-1,7%
FHC I	1998/1993	-23,0%
Década	2007/2001	-34,5%
Total	2007/1992	-48,5%

Source: CPS/FGV based on PNAD/IBGE microdata

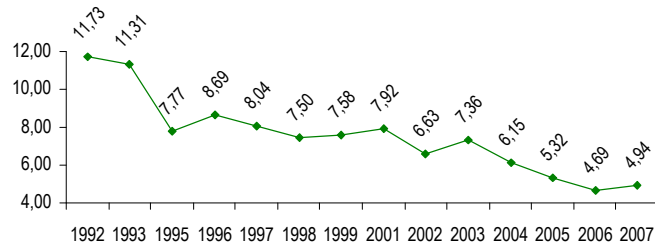
Extreme Poverty Accumulated Variation In relation to the Millenium Goals - Brazil



OBS: includes zero income
1994 and 2000 are averages. In these years, PNAD did not go to the field.

Source: CPS/FGV based on PNAD/IBGE microdata

Extreme Poverty US\$ 1 PPP Brazil



OBS: includes zero income
1994 and 2000 are averages. In these years, PNAD did not go to the field.

Source: CPS/FGV based on PNAD/IBGE microdata

VARIAÇÃO ACUMULADA DE RENDA - POR DÉCIMOS

		TOTAL	10	20	30	40	50	60	70	80	90	100
2007	2007/2006	2,3%	-5,2%	3,5%	4,3%	4,9%	5,6%	6,0%	5,3%	4,0%	2,5%	-0,1%
Lula	2007/2002	13,1%	31,7%	30,2%	27,4%	26,2%	23,2%	21,8%	17,5%	14,9%	11,5%	7,6%
Lula I	2006/2002	13,1%	31,7%	30,2%	27,4%	26,2%	23,2%	21,8%	17,5%	14,9%	11,5%	7,6%
FHC	2002/1993	25,3%	66,6%	39,8%	33,9%	29,6%	36,1%	29,2%	29,0%	28,8%	27,3%	20,3%
FHC II	2002/1998	-3,5%	8,8%	5,5%	2,4%	0,0%	-0,3%	0,6%	-2,7%	-3,5%	-4,4%	-5,2%
FHC I	1998/1993	29,8%	53,2%	32,6%	30,7%	29,8%	30,5%	28,5%	32,6%	33,4%	33,2%	26,9%
Década	2007/2001	16,0%	49,2%	43,4%	38,0%	34,8%	32,0%	30,3%	24,8%	19,6%	14,4%	6,7%
Total	2007/1992	52,8%	108,5%	87,0%	76,1%	67,9%	66,1%	63,1%	55,1%	52,9%	48,9%	45,8%

VARIAÇÃO ANUAL DA RENDA MÉDIA - POR DÉCIMOS

		TOTAL	10	20	30	40	50	60	70	80	90	100
Atual	2007/2006	2,3%	-5,2%	3,5%	4,3%	4,9%	5,6%	6,0%	5,3%	4,0%	2,5%	-0,1%
Lula	2007/2002	2,9%	5,7%	5,4%	5,0%	4,8%	4,3%	4,0%	3,3%	2,8%	2,2%	1,5%
Lula I	2006/2002	3,1%	7,1%	6,8%	6,2%	6,0%	5,4%	5,1%	4,1%	3,5%	2,8%	1,8%
FHC	2002/1993	2,9%	5,8%	3,8%	3,3%	2,9%	3,0%	2,9%	2,9%	2,9%	2,7%	2,1%
FHC II	2002/1998	-0,8%	2,1%	1,3%	0,6%	0,0%	-0,1%	0,1%	-0,7%	-0,9%	-1,1%	-1,3%
FHC I	1998/1993	5,4%	8,9%	5,8%	5,5%	5,3%	5,5%	5,1%	5,8%	5,9%	5,9%	4,9%
Década	2007/2001	2,5%	6,8%	6,2%	5,5%	5,1%	4,7%	4,5%	3,8%	3,0%	2,3%	1,1%
Total	2007/1992	2,9%	5,0%	4,3%	3,8%	3,5%	3,4%	3,3%	3,0%	2,9%	2,7%	2,5%

Source: CPS/FGV based on PNAD/IBGE microdata

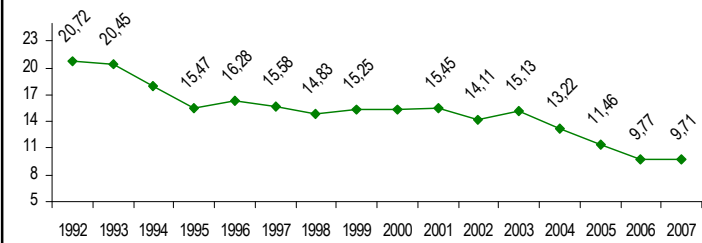
Per capita Household Income by Income Deciles

Per capita Real	TOTAL	10	20	30	40	50	60	70	80	90	100
1992	344.93	19.99	52.39	80.17	111.83	146.94	192.78	252.14	341.63	522.59	1494.50
1993	363.35	20.03	51.93	79.38	109.32	144.11	188.54	245.03	339.44	534.67	1685.50
1995	453.35	29.79	66.91	99.45	136.45	182.10	233.12	310.62	435.72	688.03	2051.24
1996	460.55	26.07	64.31	98.40	136.73	183.47	237.84	320.50	451.56	709.94	2071.69
1997	464.31	28.45	66.52	100.18	138.07	185.66	239.23	323.17	453.24	708.92	2091.88
1998	471.72	30.89	68.85	103.76	141.87	188.01	242.24	324.97	452.91	712.17	2139.62
1999	445.01	30.41	67.70	100.60	137.07	181.35	232.65	308.09	428.96	673.50	1992.53
2001	453.78	27.93	68.31	102.29	139.33	184.93	241.38	313.43	436.63	680.46	2041.97
2002	455.12	33.38	72.65	106.27	141.92	187.54	243.68	316.08	437.18	680.82	2028.15
2003	428.67	30.37	69.37	101.34	137.92	180.14	235.87	302.08	417.85	643.05	1879.75
2004	442.12	34.73	76.60	111.22	147.81	192.22	249.39	318.47	434.95	662.65	1892.51
2005	471.44	40.04	84.29	120.51	158.96	206.95	268.44	339.31	459.74	693.17	2022.84
2006	514.62	43.98	94.62	135.44	179.06	231.04	296.81	371.42	502.16	759.07	2181.64
2007	526.27	41.68	97.96	141.19	187.80	244.06	314.49	391.00	522.42	778.24	2178.86

Obs:10 = 10% poorest e 100 = 10% richest

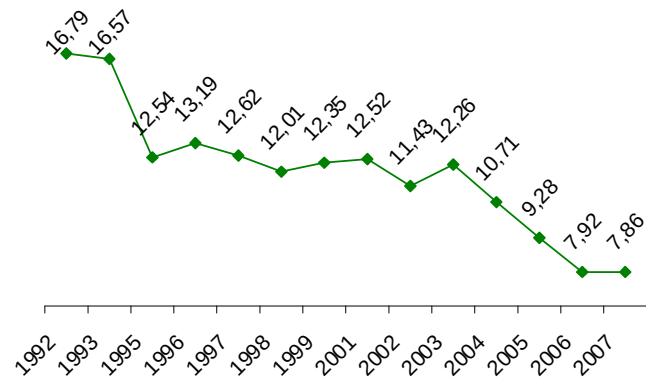
Source: CPS/FGV based on PNAD/IBGE microdata

Costs of Poverty Erradication - per Brazilian



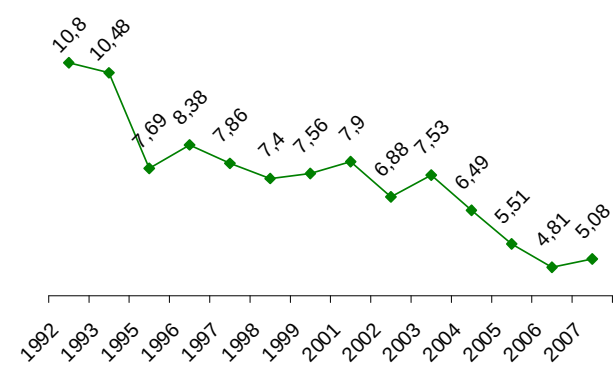
Source: CPS/FGV based on PNAD/IBGE microdata, using the CPS line

Poverty Gap (P1)



Source: CPS/FGV based on PNAD/IBGE microdata

Poverty Quadratic Gap (P2)



Source: CPS/FGV based on PNAD/IBGE microdata

Year	Total Population	Poverty Rate	Poor Population	P2*
Brazil 2007	186029533	18,11	33.686.228	5,08
Brazil 2006	183305600	19,32	35.405.477	4,8338

Source: CPS/FGV based on PNAD/IBGE microdata

Notes Effective household members

* Average Quadratic Poverty Gap - Poverty acuteness (Considers inequality among the poor)

Source: CPS/FGV based on PNAD/IBGE microdata

	Minimum transfers to eradicate poverty			R\$ non poor	R\$ extremely poor
	R\$ person	R\$ total month	R\$ total year		
Brazil 2007	9,71	1,805,836,942	21,670,043,298	11,85	53,61
Brazil 2006	9,77	1,790,895,712	21,490,748,544	12,11	50,58

Source: CPS/FGV based on PNAD/IBGE microdata

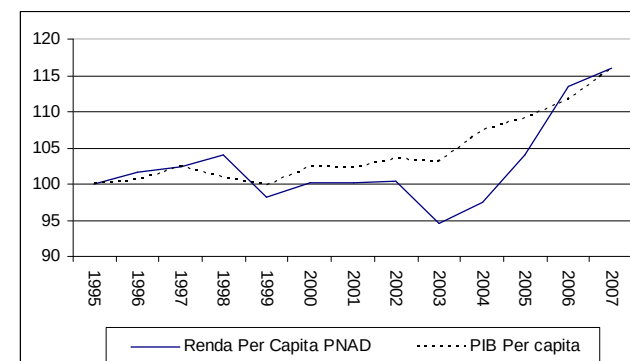
Per capita household income variation PNAD* X Per Capita GDP

	Variation Annual	
	Per capita Income PNAD	Per capita GDP
1995		
1996	1,59%	0,63%
1997	0,82%	1,78%
1998	1,59%	-1,49%
1999	-5,66%	-1,16%
2000	1,97%	2,70%
2001	0,15%	-0,18%
2002	0,15%	1,23%
2003	-5,81%	-0,35%
2004	3,14%	4,17%
2005	6,63%	1,50%
2006	9,16%	2,30%
2007*	2,26%	4,05%

Source: IBGE, Bacen and IPEADATA

* preliminar GDP Deflated by the central INPC at the end of the month

Per capita household income PNAD* X Per Capita GDP



** Deflated by the central INPC at the end of the month

. Source: IBGE, Bacen and IPEADATA

Poverty Scenarios			
	Per capita Household Income	% Extremely poor	Variation
Brazil	526,27	18,11	0,00
Growth Effect of			
1%	531,53	17,73	-2,08%
2%	536,80	17,54	-3,12%
3%	542,06	17,25	-4,76%
4%	547,32	16,97	-6,31%
5%	552,59	16,76	-7,43%
6%	557,85	16,59	-8,36%
7%	563,11	16,40	-9,46%
8%	568,37	16,21	-10,48%
9%	573,64	16,03	-11,48%
10%	578,90	15,85	-12,45%
11%	584,16	15,66	-13,51%
12%	589,42	15,49	-14,44%
13%	594,69	15,31	-15,45%
14%	599,95	15,16	-16,26%
15%	605,21	14,99	-17,21%
16%	610,48	14,89	-17,75%
17%	615,74	14,73	-18,68%
18%	621,00	14,54	-19,73%
19%	626,26	14,35	-20,75%
20%	631,53	14,20	-21,58%
21%	636,79	13,98	-22,82%
22%	642,05	13,75	-24,06%

Source: CPS/FGV based on PNAD/IBGE microdata

The new middle-class

www.fgv.br/cps/designalidade

Definição das Classes Economicas

Total Household Income from all sources
Per month

Limits

Inferior* Superior

Class E 0 768

Class - D 768 1064

Class - C 1064 4591

Classes – A and B 4591

Economic Class Simulator



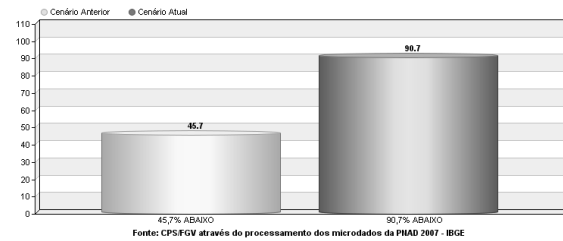
(find out the share of the population with
Income below yours)

Total Household income (	4.561,00	Number of people in household	4
State	SP	region	Metropolitan
Simulate		Reset	

Source: CPS/FGV based on 2007 PNAD/IBGE microdata

Economic class simulator

<http://www.fgv.br/ibrecps/RETCEMI/lorenz/index.htm>



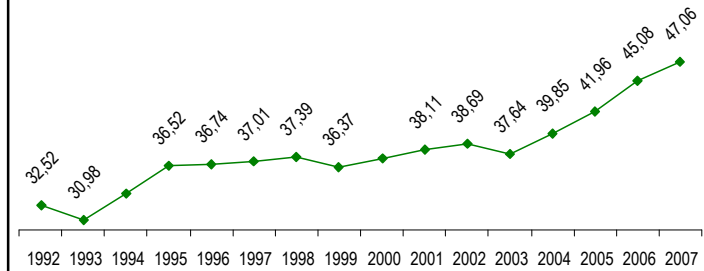
Fonte: CPS/FGV através do processamento dos microdados da PNAD 2007 - IBGE

ChartDirector (registered) from www.advsofteng.com

Cenário Anterior	Cenário Atual
Renda Familiar Total (R\$): 1064	Renda Familiar Total (R\$): 4561
Numero de Pessoas no Domicílio: 4	Numero de Pessoas no Domicílio: 4
Estado: SP	Estado: SP
Região: Metropolitana	Região: Metropolitana

Source: CPS/FGV based on PNAD/IBGE microdata

New middle-class – Class C - % of the population - Brazil



Source: CPS/FGV based on PNAD/IBGE microdata

Accumulated variation of the middle-class

		TOTAL
2007	2007/2006	4,4%
Lula	2007/2002	21,6%
Lula I	2006/2002	16,5%
FHC	2002/1993	24,9%
FHC II	2002/1998	3,5%
FHC I	1998/1993	20,7%
Década	2007/2001	23,5%
Total	2007/1992	44,7%

Source: CPS/FGV based on PNAD/IBGE microdata

Annual Variation of the Middle-class

		TOTAL
2007	2007/2006	4,4%
Lula	2007/2002	4,0%
Lula I	2006/2002	3,9%
FHC	2002/1993	2,5%
FHC II	2002/1998	0,9%
FHC I	1998/1993	3,8%
Década	2007/2001	3,6%
Total	2007/1992	2,5%

Source: CPS/FGV based on PNAD/IBGE microdata

Income, Poverty and New middle-class simulators (Class C)

http://www3.fgv.br/brecps/RETCM/SIM_PNAD_port/renda.htm

Source: CPS/FGV based on PNAD/IBGE microdata

Income Sources

www.fgv.br/cps/desigualdade

Income Changes Panorama

http://www.fgv.br/brecps/RETCM_rendaPNAD/index.htm

Source: CPS/FGV based on PNAD/IBGE microdata

Income Changes Panorama 1992 to 2007 – (in relation to 1992 – 15 years)

Year	Income from All sources	Income all jobs	Other private income	Public transfers BF	Social Security base MW	S. security Postbase > MW
2007	526,27	404,13	10,46	9,05	25,67	76,96
1992	344,93	282,17	6,06	7,6	10,24	38,86
Yearly Growth Rate (%)	2,86%	2,42%	3,71%	1,17%	6,32%	4,66%
Relative Contribution Income Growth (%)	100%	71,16%	2,34%	0,93%	6,73%	18,85%

Source: CPS/FGV based on PNAD/IBGE microdata

Income Changes Panorama 2007 (in relation to 2006 – 1 year)

Ano	Renda todas as fontes	Renda todos os trabalhos	Outras rendas privadas	Transferências Pública - BF	Piso Previdencia - SM	Previdencia Pós-piso > SM
2007	526,27	404,13	10,46	9,05	25,67	76,96
2006	514,62	390,11	12,63	11,12	23,83	76,92
Taxa Crescimento Anual (%)	2,26%	3,59%	-17,18%	-18,62%	7,72%	0,05%
Contribuição Relativa Crescimento Renda (%)	100%	120,24%	-18,61%	-17,75%	15,78%	0,34%

Source: CPS/FGV based on PNAD/IBGE microdata

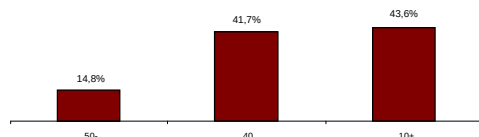
Income Changes Panorama 2007 (in relation to 2005 – 2 years)

2005 a 2007						
Ano	Renda todas as fontes	Renda todos os trabalhos	Outras rendas privadas	Transferências Pública - BF	Piso Previdencia - SM	Previdencia Pós-piso > SM
2007	526,27	404,13	10,46	9,05	25,67	76,96
2005	471,44	357,62	11,94	8,33	21,2	72,34
Taxa Crescimento Anual (%)	5,66%	6,30%	-6,40%	4,23%	10,04%	3,14%
Contribuição Relativa Crescimento Renda (%)	100%	84,96%	-2,88%	1,33%	8,02%	8,57%

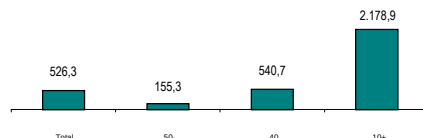
Fonte: CPS/FGV a partir dos microdados da PNAD/IBGE

Source: CPS/FGV based on PNAD/IBGE microdata

Participation in Total Income 2007 - Brazil



Participation in Total Income 2007 - Brazil



Source: CPS/FGV based on PNAD/IBGE microdata

Annual Variation of Brazilians' per capita income

	Total	50% poorest	40% middle	10% richest
2007	2,26	4,23	3,98	-0,13
2006	9,16	11,99	9,66	7,85
2005	6,63	8,56	5,74	6,89
2004	3,14	8,34	4,13	0,68
2003	-5,81	-4,15	-4,67	-7,32
2002	0,30	3,65	0,34	-0,68

Source: CPS/FGV based on PNAD/IBGE microdata

Participation in the Per Capita Income of Brazilians

	Total	50-	40	10+
1993	100,0%	13,0%	41,5%	45,6%
1995	100,0%	12,3%	40,1%	47,5%
1999	100,0%	12,6%	40,3%	47,1%
2001	100,0%	12,5%	40,2%	47,2%
2002	100,0%	13,0%	40,2%	46,8%
2003	100,0%	13,2%	40,7%	46,1%
2004	100,0%	13,9%	41,1%	45,0%
2005	100,0%	14,1%	40,8%	45,1%
2006	100,0%	14,5%	41,0%	44,5%
2007	100,0%	14,8%	41,7%	43,6%

Source: CPS/FGV based on PNAD/IBGE microdata

Average Income

	Total	50-	40	10+
All sources	526,27	155,33	540,74	2.178,86
WORK	404,13	118,25	412,48	1.687,50
SOCIAL SECURITY	102,63	26,56	114,26	408,72
SOCIAL PROGRAMS	9,05	8,54	5,73	23,28
PRIVATE TRANSFERS	10,39	1,98	8,24	58,84
PUBLIC TRANSF (S. SOC+ SOC PROG)	111,68	35,10	119,98	432,00

Source: CPS/FGV based on PNAD/IBGE microdata

Vertical composition of average income

	Total	50-	40	10+
All sources	526,27	155,33	540,74	2.178,86
WORK	76,8%	76,1%	76,3%	77,4%
SOCIAL SECURITY	19,5%	17,1%	21,1%	18,8%
SOCIAL PROGRAMS	1,7%	5,5%	1,1%	1,1%
PRIVATE TRANSFERS	2,0%	1,3%	1,5%	2,7%
PUBLIC TRANSF (S. SOC+ SOC PROG)	21,2%	22,6%	22,2%	19,8%

Source: CPS/FGV based on PNAD/IBGE microdata

ACCUMULATED VARIATION OF TOTAL INCOME

	Total	WORK	SOCIAL SECURITY	SOCIAL PROGRAMS	PRIVATE TRANSFERS
2007/2006	2,3%	3,6%	1,9%	-18,7%	-17,6%
2006/2005	9,2%	9,1%	7,7%	33,5%	5,8%
2005/2004	6,6%	6,1%	7,3%	18,3%	9,0%
2004/2001	-0,9%	-1,5%	1,0%	18,5%	-2,9%
2001/1995	0,0%	-0,9%	4,5%	0,9%	-1,1%
1995/1993	-4,3%	-4,3%	-3,6%	-13,5%	-2,8%
DECADE 2007/2001	2,5%	2,3%	3,3%	13,5%	-2,3%
Total* 2007/1993	2,6%	2,2%	5,0%	-0,7%	4,2%

Source: CPS/FGV based on PNAD/IBGE microdata

ACCUMULATED VARIATION OF TOTAL INCOME - 10% RICHEST

		Total	WORK	SOCIAL SECURITY	SOCIAL PROGR AMS	PRIVATE TRANSF ERS
	2007/2006	-0,1%	1,2%	-1,0%	-19,7%	-19,1%
	2006/2005	7,9%	9,0%	4,1%	2,1%	5,5%
	2005/2004	6,9%	7,1%	4,0%	28,0%	12,7%
	2004/2001	-2,5%	-3,0%	-0,1%	-3,3%	-4,1%
	2001/1995	-0,1%	-0,9%	4,7%	-2,4%	-1,8%
	1995/1993	-3,7%	-4,2%	-2,0%	-1,0%	-2,7%
DECADE	2007/2001	1,1%	1,3%	1,1%	-0,9%	-2,7%
Total*	2007/1993	1,8%	1,6%	4,3%	-8,3%	4,2%

Source: CPS/FGV based on PNAD/IBGE microdata

ACCUMULATED VARIATION OF TOTAL INCOME - 40% INTERMEDIATE

		Total	WORK	SOCIAL SECURITY	SOCIAL PROGR AMS	PRIVATE TRANSF ERS
	2007/2006	4,0%	5,3%	2,8%	-23,7%	-14,7%
	2006/2005	9,7%	8,9%	10,6%	44,4%	8,6%
	2005/2004	5,7%	4,3%	10,4%	31,5%	0,4%
	2004/2001	-0,1%	-0,8%	1,8%	25,5%	-1,5%
	2001/1995	0,0%	-1,0%	5,6%	-2,0%	-0,4%
	1995/1993	-4,5%	-4,2%	-4,9%	-16,8%	-4,0%
Decade	2007/2001	3,1%	2,6%	4,8%	19,2%	-2,0%
Total*	2007/1993	3,1%	2,5%	5,7%	1,9%	4,5%

Source: CPS/FGV based on PNAD/IBGE microdata

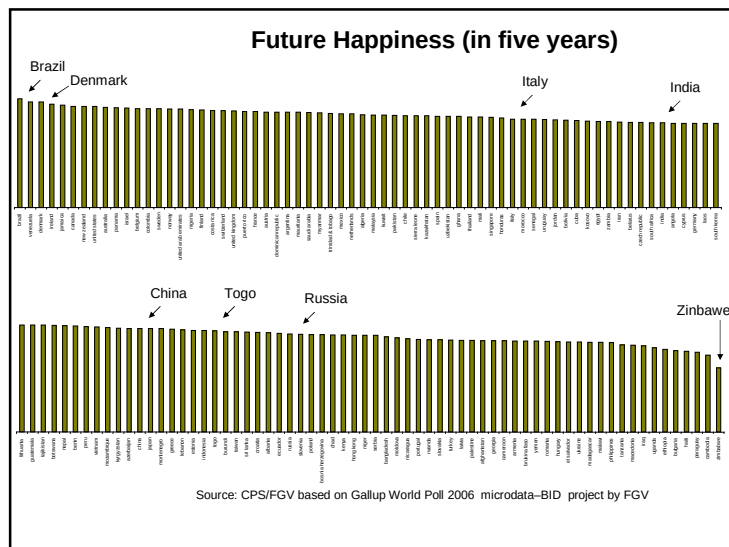
ACCUMULATED VARIATION OF TOTAL INCOME - 50% POOREST

		Total	WORK	SOCIAL SECURITY	SOCIAL PROGR AMS	PRIVATE TRANSF ERS
	2007/2006	4,2%	5,2%	9,7%	-14,8%	-15,5%
	2006/2005	12,0%	10,0%	10,2%	54,1%	1,4%
	2005/2004	8,6%	8,9%	7,9%	2,9%	16,3%
	2004/2001	2,5%	1,2%	1,8%	51,8%	-2,2%
	2001/1995	0,3%	-0,2%	1,1%	27,6%	2,3%
	1995/1993	-5,5%	-4,6%	-4,7%	-19,4%	-0,7%
Decade	2007/2001	5,3%	4,5%	5,4%	29,5%	-1,2%
Total*	2007/1993	4,0%	3,4%	4,9%	21,7%	4,1%

Source: CPS/FGV based on PNAD/IBGE microdata

FHI Future Happiness Index

www.fgv.br/cps/desigualdade



More

**Future Happiness (in five years)
Total Population**

	<i>Future</i>
<i>brazil</i>	8,78
<i>venezuela</i>	8,52
<i>denmark</i>	8,51
<i>ireland</i>	8,32
<i>jamaica</i>	8,25
<i>canada</i>	8,14

Source: CPS/FGV based on Gallup World Poll 2006 microdata-BID project by FGV

Menos

**Future Happiness (in five years)
Total Population**

	<i>Future</i>
<i>zimbabwe</i>	4,04
<i>cambodia</i>	4,86
<i>paraguay</i>	5,04
<i>haiti</i>	5,10
<i>bulgaria</i>	5,13
<i>ethiopia</i>	5,22
<i>uganda</i>	5,31

Source: CPS/FGV based on Gallup World Poll 2006 microdata-BID project by FGV

