

Education, Labor and Income Distribution in Brazil

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CPS e EPGE / Fundação Getulio Vargas

www.oecd.org/els/social/inequality/emergingeconomies

Decades Metaphor

1960s e 70s – Growth

1980s – Redemocratization

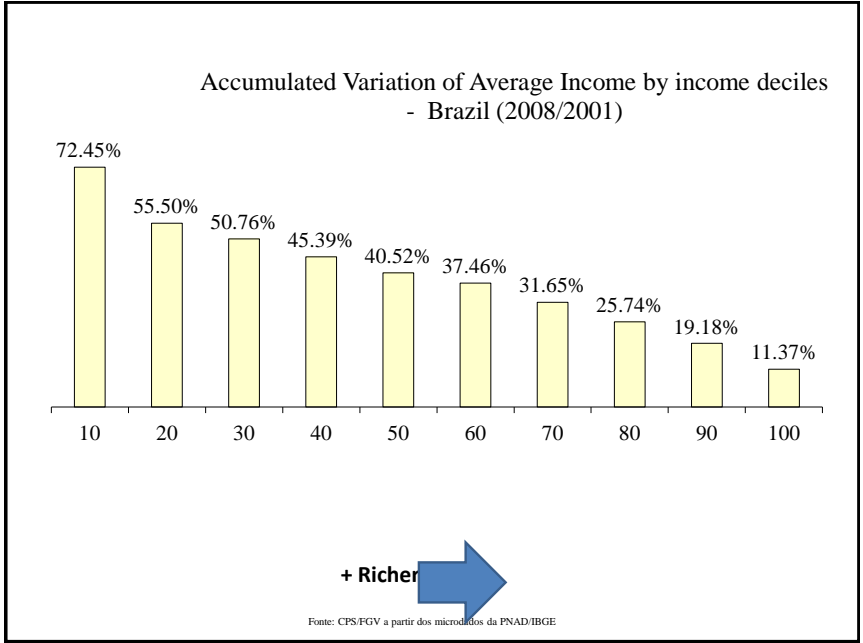
1990s – Stabilization (& Kids in school)

2000s - Income Inequality Fall (& Formal jobs)

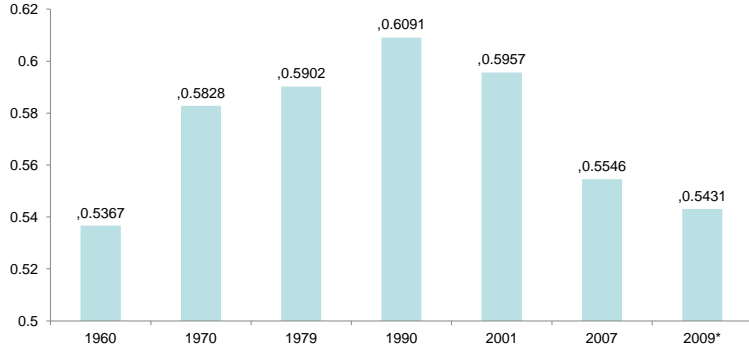
2010s? – Quality of Education (Access of the Poor to Markets and not just the other way around)

QUALITY OF EDUCATION TARGETS IDEB 2005 and 2021 for Brazil		
	First Years of Primary Schools	
	2005	2021
TOTAL	3,8	6,0
Public	3,6	5,8
Private	5,9	7,5

Source: Saeb 2005 and School Census 2005 - INEP/MEC

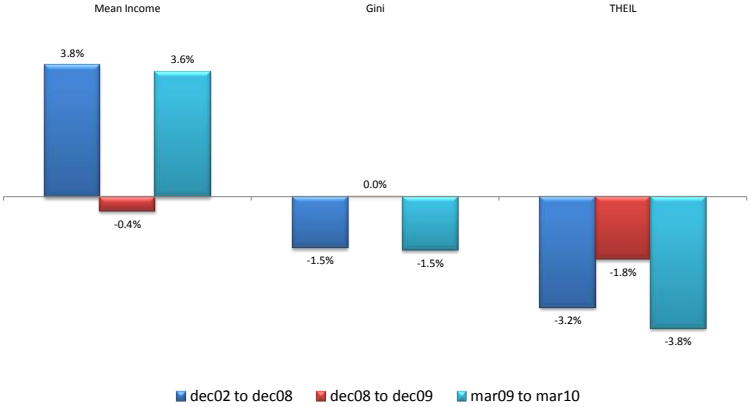


Inequality: Gini Index Per capita income About to reach its lowest recorded level in Brazil



Sources: CPS/FGV based on PNAD, PME and Censo/IBGE and Langoni 1973

Per Capita Earnings - Mean & Inequality Annual Variation - Pre, During and Post Crisis



Source: CPS/FGV based on PME/IBGE

Labor income explains alone:
 $\frac{3}{4}$ of change in mean per capita earnings
 $\frac{2}{3}$ of Gini reduction
 Education expansion is central here.

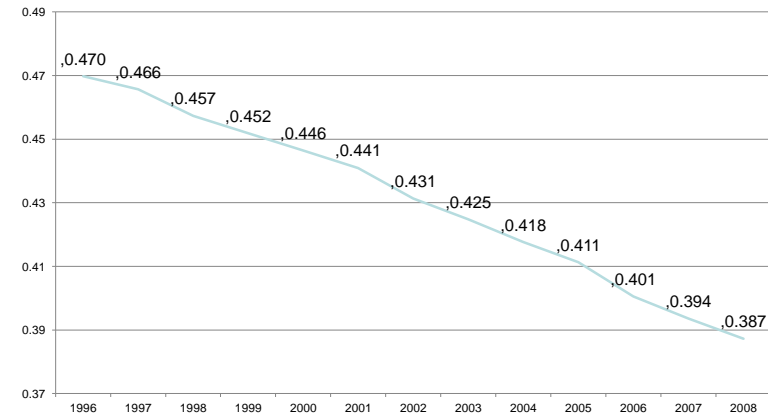
Gross Contribution to Income Inequality (in percentages)

R2 - CTE + VAR

Per Capita Income Variable	All Income Sources		Labor Earnings	
	2008	2001	2008	2001
1 Gender	0,0020	0,0002	0,0305	0,0122
2 Age	8,3227	7,0210	4,6073	4,1649
3 Education	25,0497	31,3089	29,0560	33,3025
4 Ethnicity	7,8616	10,3042	7,0688	9,4793
5 Migration	2,5821	2,3392	2,0506	2,0636
6 Geography	18,1450	21,1074	20,6631	23,1793

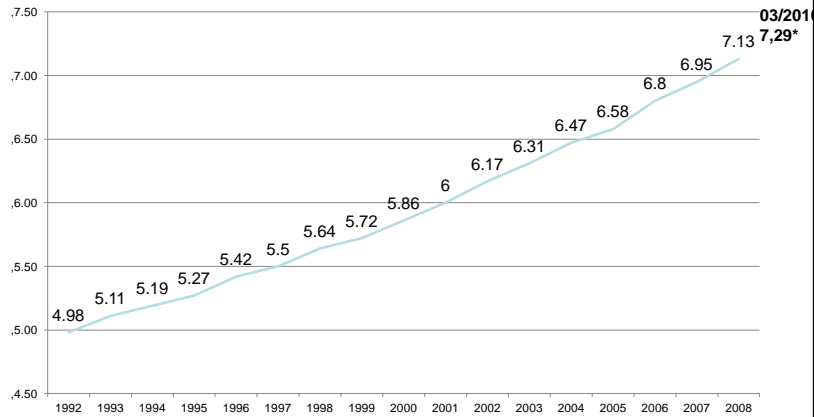
Source: CPS/FGV based on PNAD microdata.

Gini Schooling Age above 25 Years



Source: CPS/FGV based on PNAD/IBGE

Average Schooling Age above 25 Years



Source: CPS/FGV based on PNAD/IBGE *and PME

Labor Decomposition - Rate of Change 2003-08 %

Group	Income All Sources =	Income All Sources / Labor Earnings x	Hourly-Wage by Years of Schooling Occupied Pop x	Years of Schooling Occupied Pop x	Working-Hours x	Occupatio n Rate in EAP x	Participa tion Rate (EAP/W AP)
Total	5,22	0,12	1,48	2,23	-0,5	1,02%	0,82%
20% Poorest	9,36	1,49	1,73	5,51	-0,79	1,40%	-0,21%

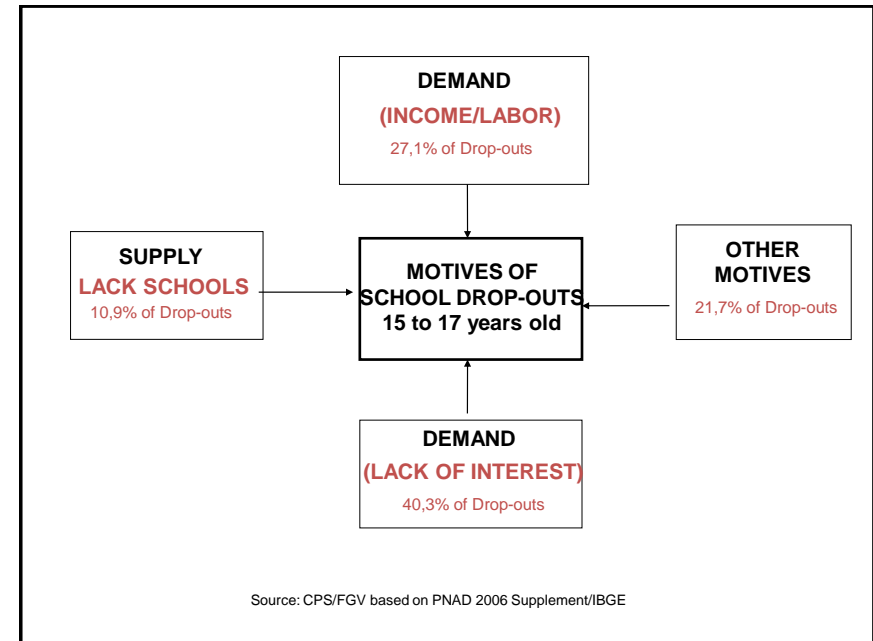
Source: CPS/FGV based on PNAD/IBGE

Demand Policies

Paradox

SCHOOL EVASION IS 2,7% from 7 to 14 years of age. But goes up to 17,8% from 15 to 17 years

- Private Premium to schooling is 15% for each additional year.
- But why teenagers evade schools?



Key-Points:**Role of Demand Policies****Role of Subjective questions****Role of Quality of Education Targets
(80% \neq s explained by family background)****Role of CCTs 2.0**

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