

Stories on Public and Private Transfers in Brazil, with a closer look on the Social Security System

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Acknowledgements

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Outline

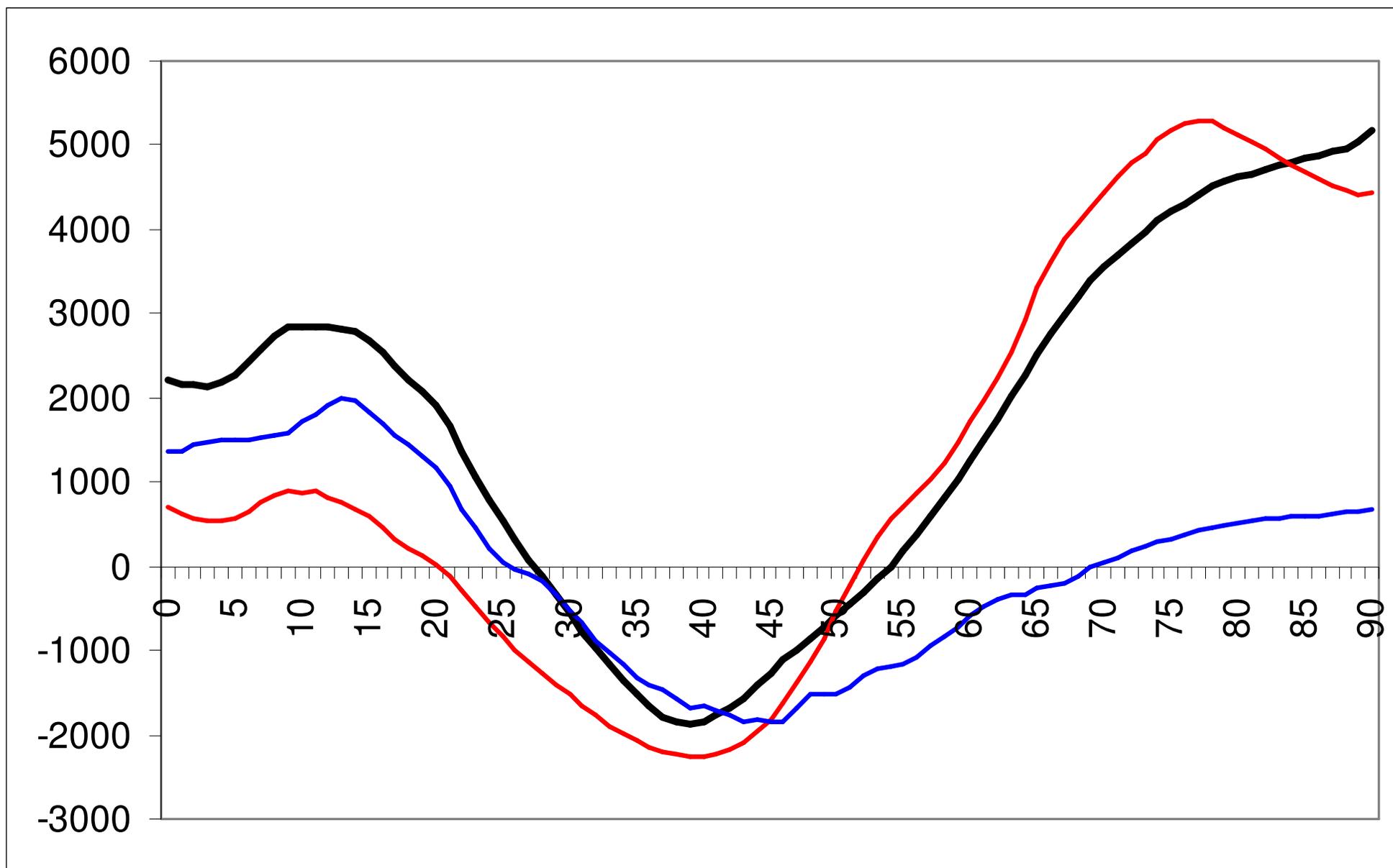
- The NTA Project in Brazil:
 - Updating the News
 - What have we done so far?
 - Plans for 2009
- Related work (with several co-authors):
 - What have we been finding about transfers in Brazil?

Updating the NEWS...

What have we done so far?

- Re-estimated the entire set of National Transfer Accounts for 1996
- A few doubts remain
 - Intra-HH (some few cases with no zero net flows)
 - AR (checking a few macro controls)
- Book Chapter
- We have now 5 papers published in LA Journals and in an International Book

Life Cycle Deficit, Net Public and Private Transfers, Brazil, 1996



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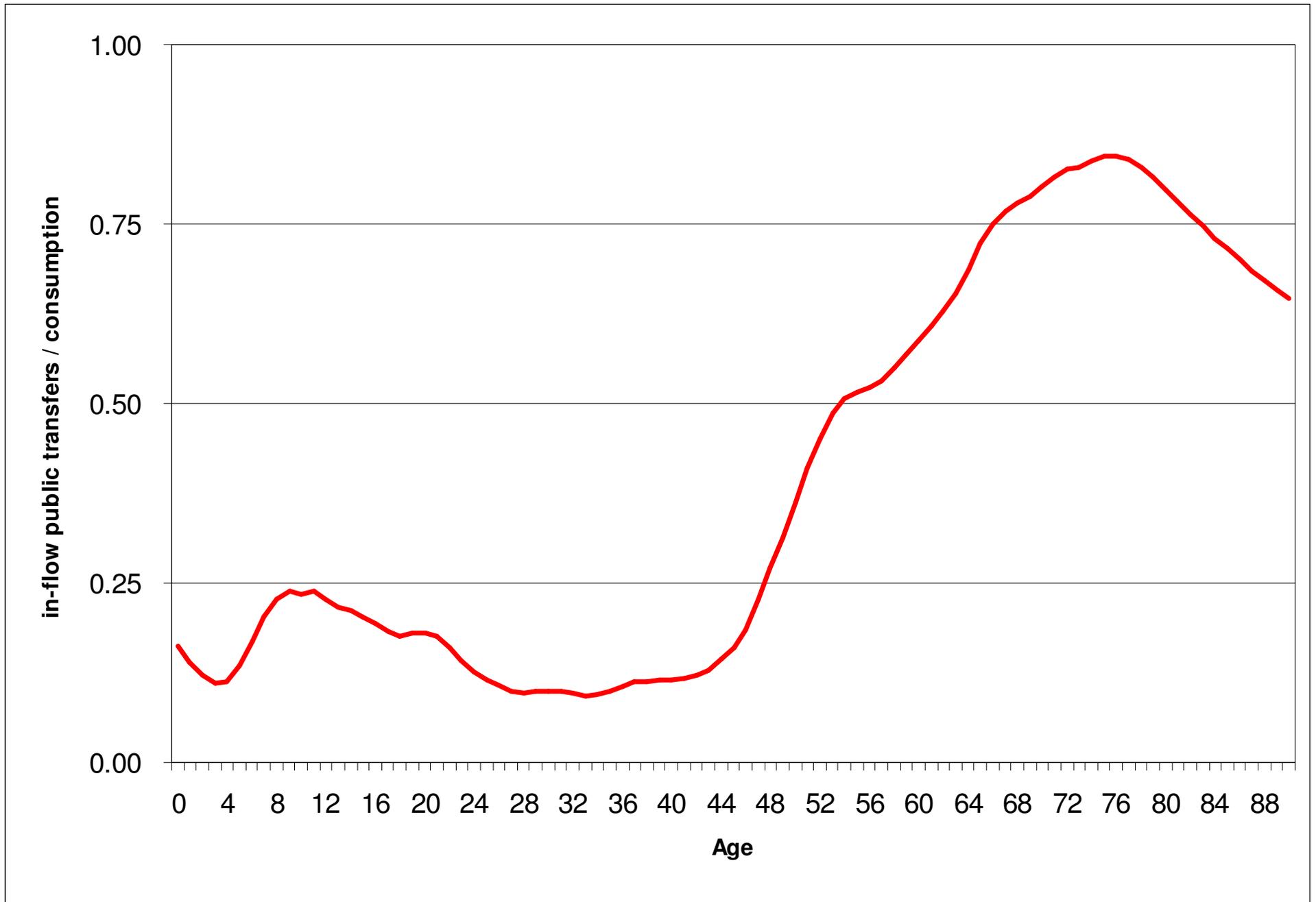
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Idiosyncrasies of Public transfers in Brazil

- Elderly-biased public transfers (with speculations on the role of the political context)
- High heterogeneity within age groups

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Plans for NTA 2009 - Brazil

- Produce NTA estimates for 1986/1987 and 2002/2003 (Household surveys + Elisenda)
- Collaborate/Support NTA in Mozambique
- Develop methods to estimate historical public health age profiles (Andre Medici, Tim?). Right now we can't really do anything for decades earlier than 1990s
- Any collaborative studies that we decide to do in the NTA Latin America

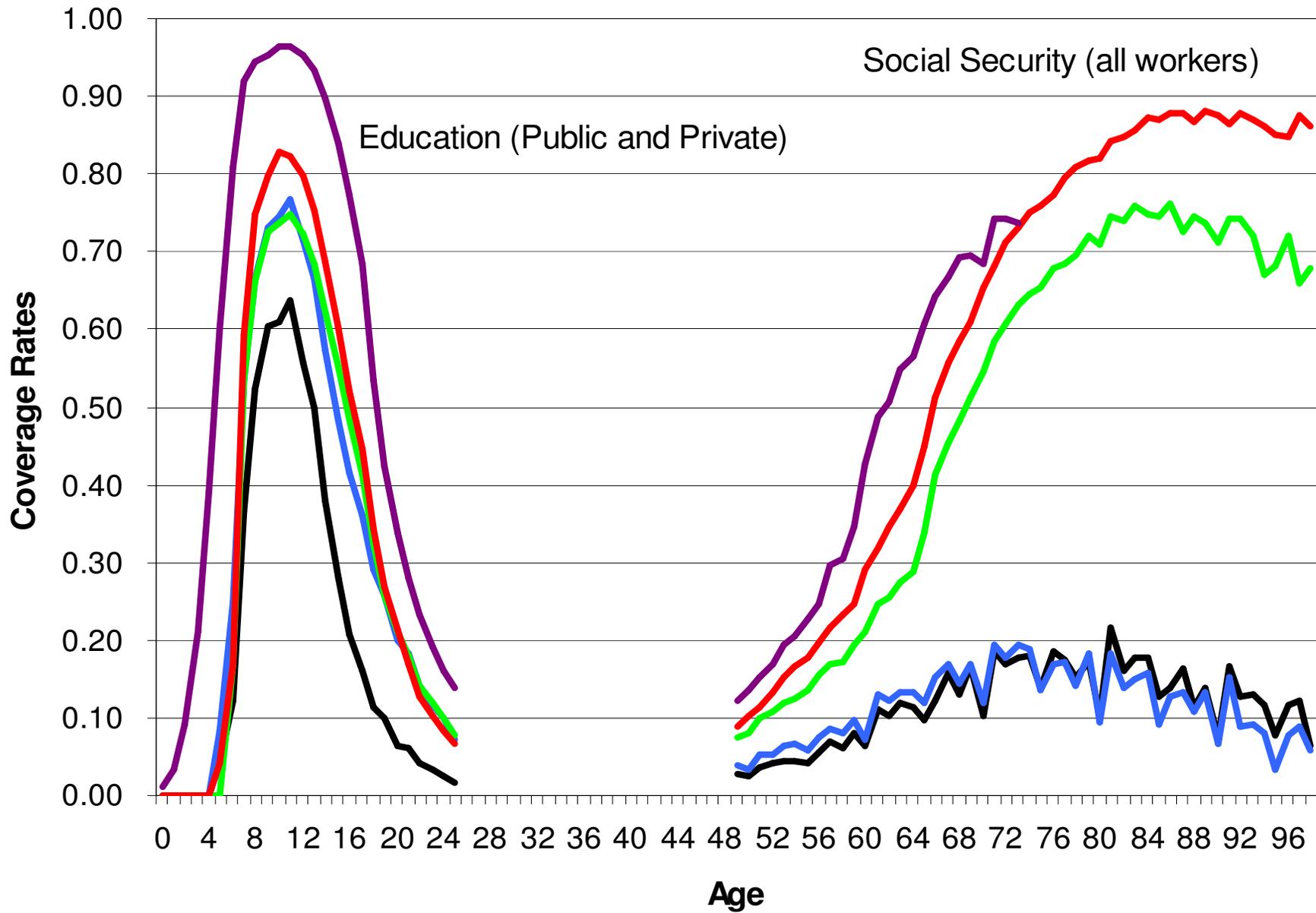
New Findings on Public and Private Transfers in Brazil....

- Work related to the NTA project done with undergrad and grad students and colleagues at Cedeplar-UFMG
- Telling the story (or stories) from different perspectives:
 - Macro Analyses: transfers between and within cohorts, changes in aggregate measures, compositional effects, APC studies
 - Micro Analyses: impact of changes in public transfers on economic decisions

(1) Public Transfers in Brazil: 1960 to 2000

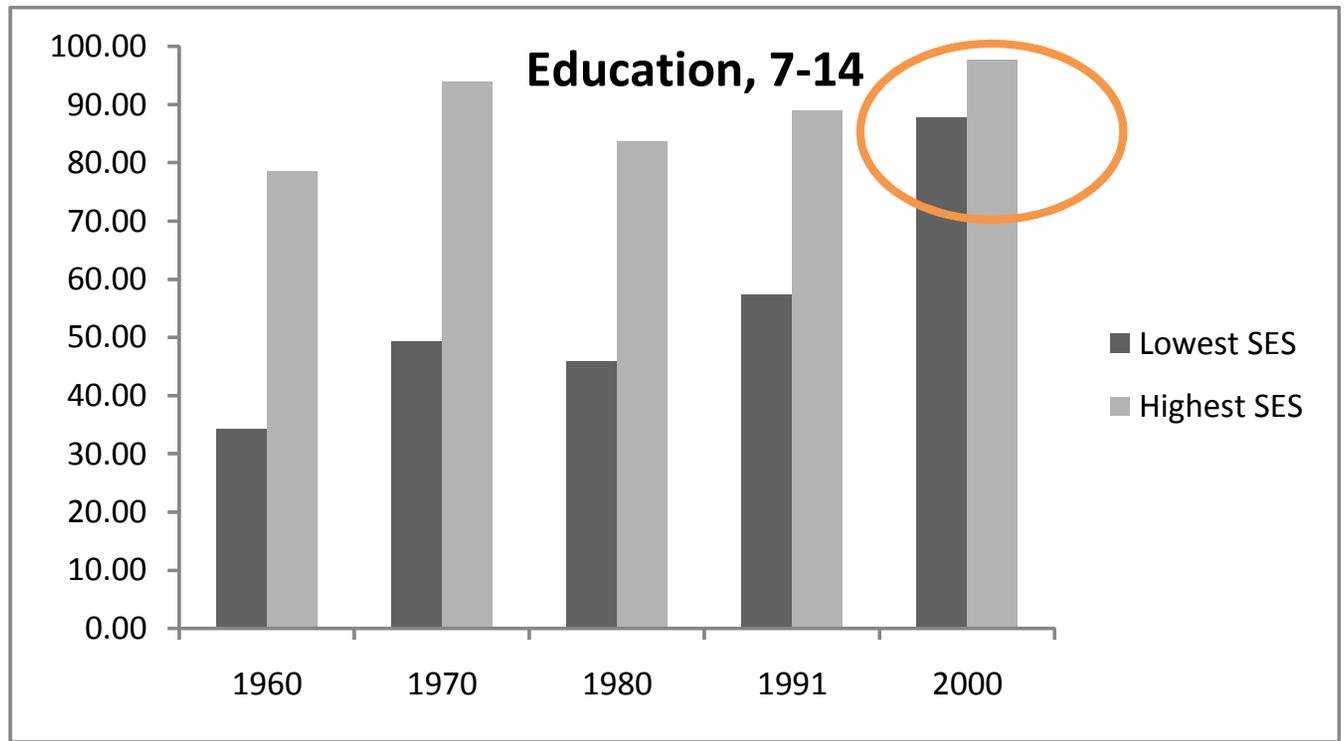
Araujo, Turra & Queiroz

- Cohort analysis of public transfers (social security and education);
 - Analysis follows Bommier et al (2004) and Turra & Queiroz (2005);
 - Which cohorts have gained, which have lost from each system?
 - Any clues about the historical development of public transfers to children and the elderly?

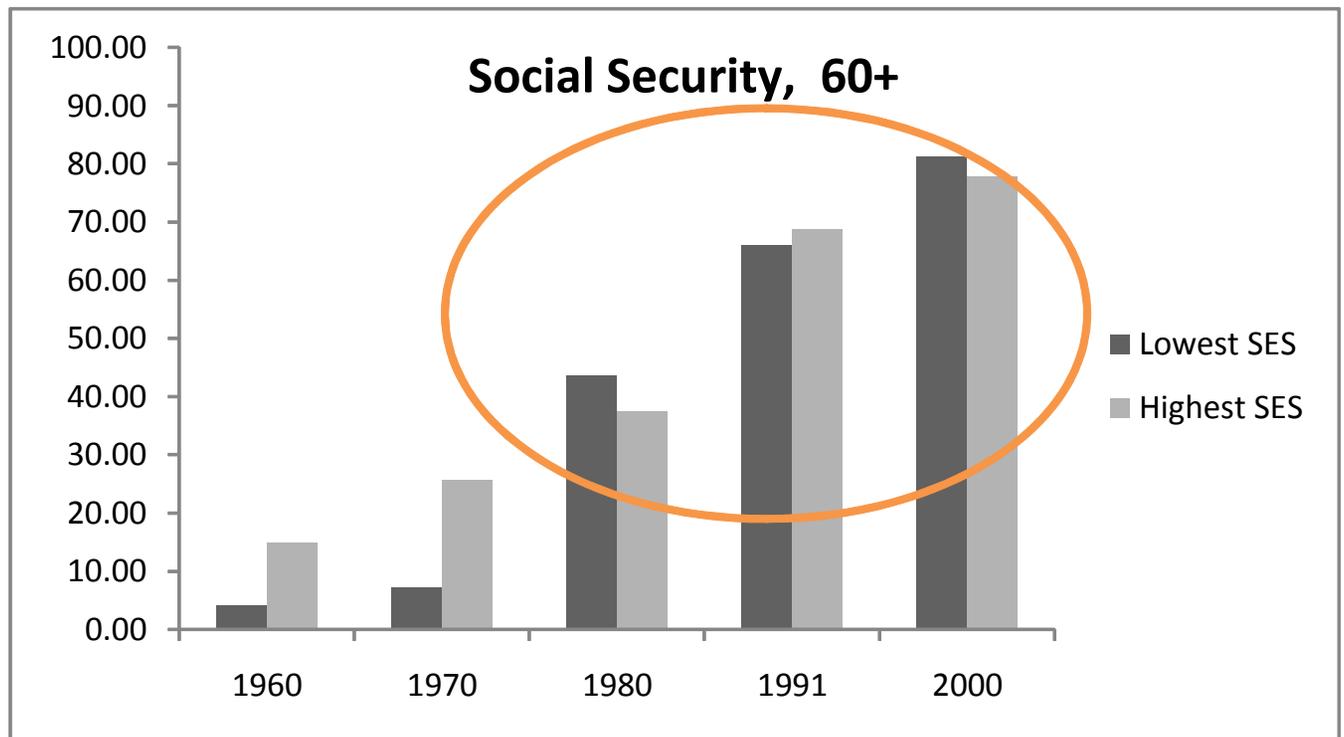


— 1960 — 1970 — 1980 — 1991 — 2000

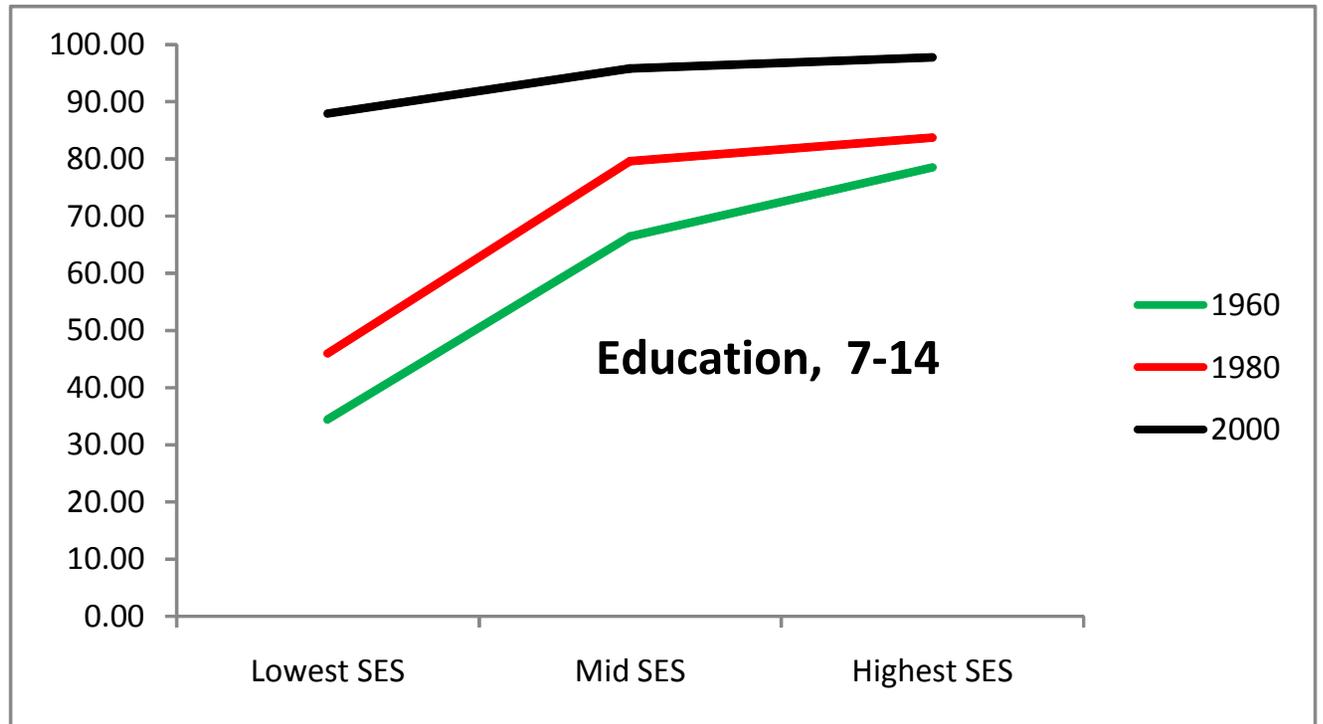
Education enrollment by year & SES



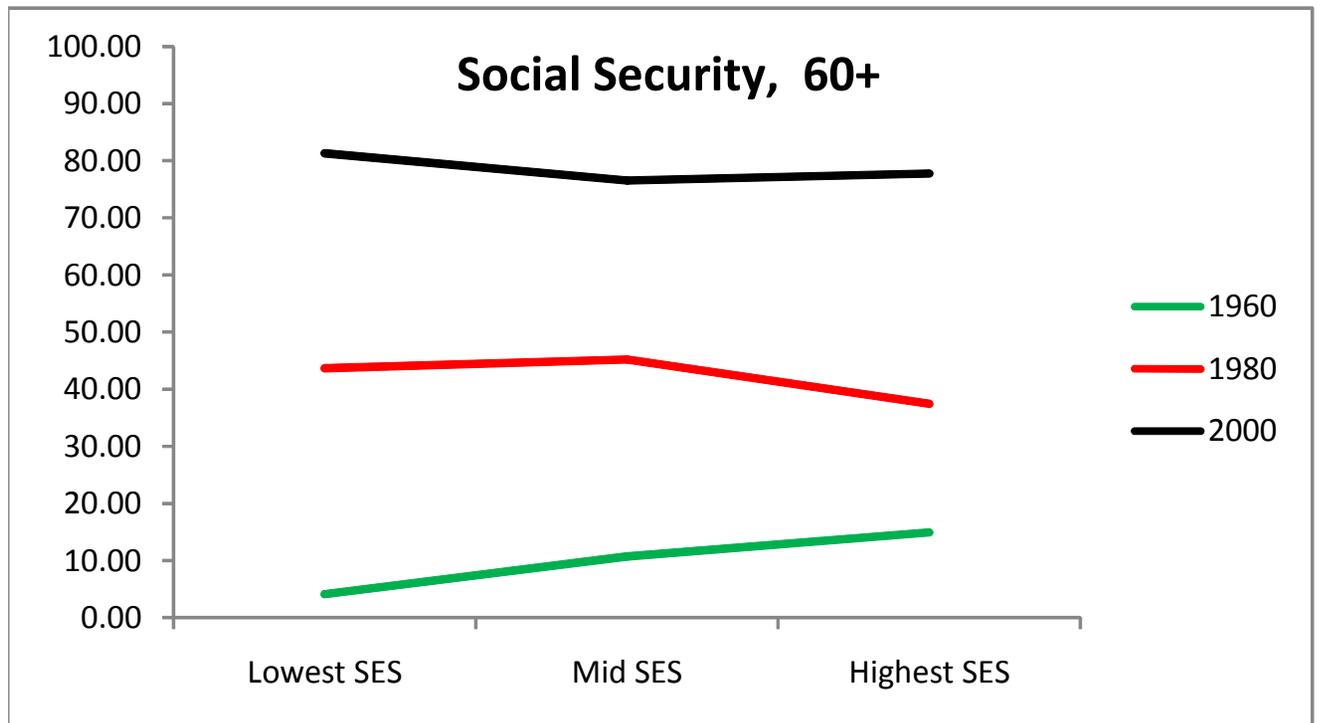
Social Security coverage by year & SES



Education enrollment by year & SES



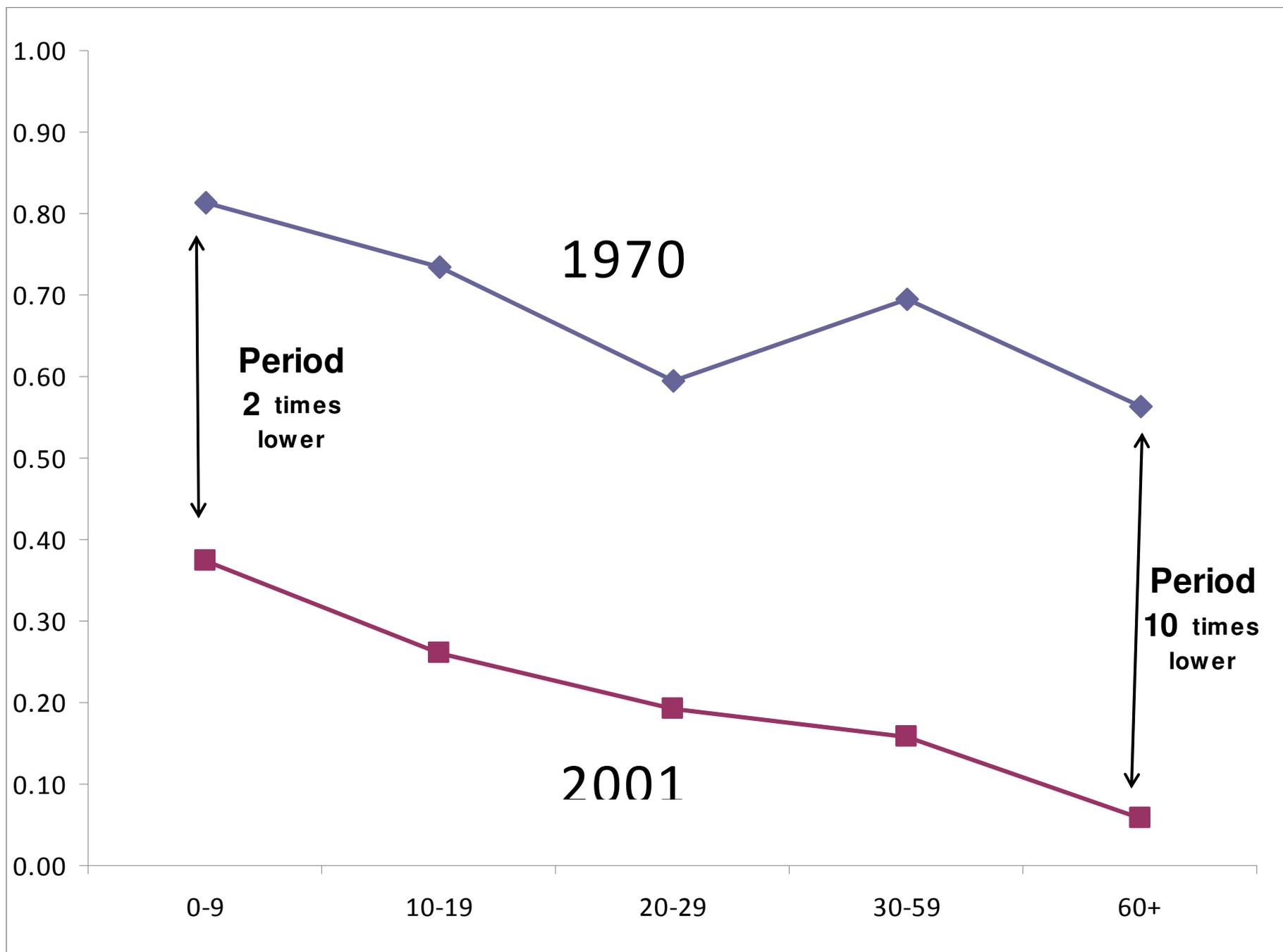
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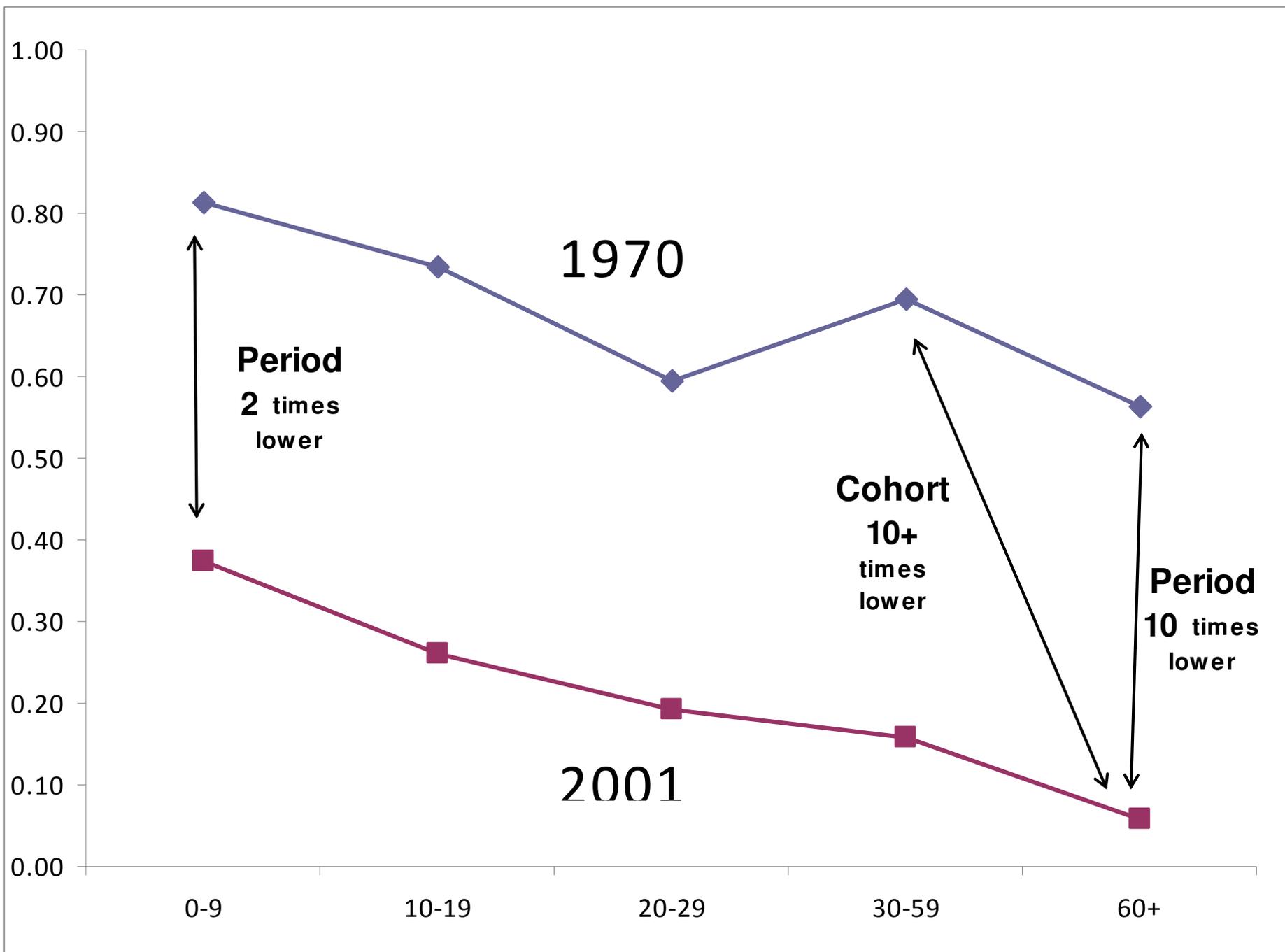
(2) Age, Period & Cohort Effects in Poverty Turra & Wajnman

- Measure APC effects using 30 years of poverty data in Brazil
- How important were the changes in public transfers since 1970 for poverty rates at different age groups?
- Consider confounding effects

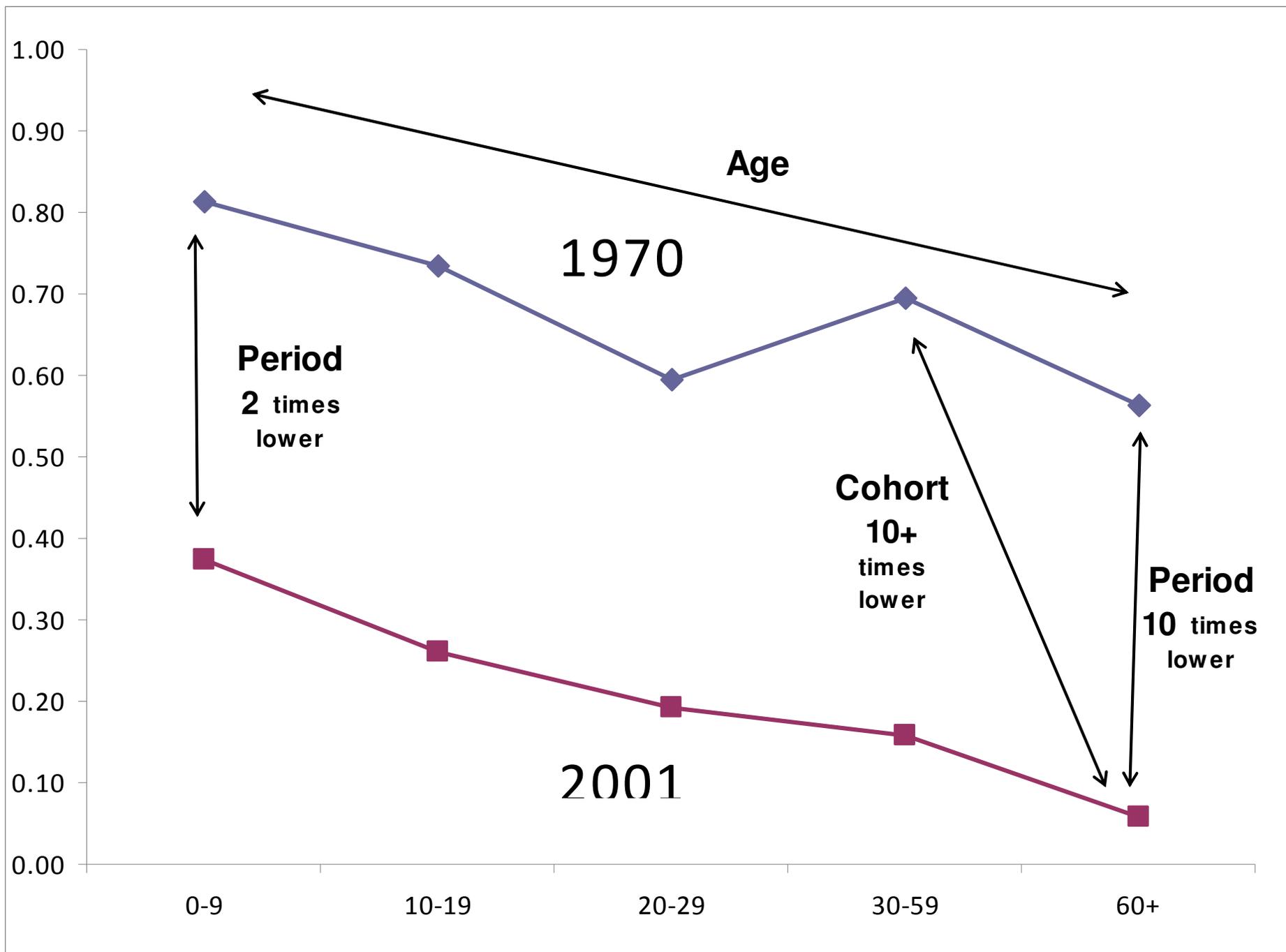
Poverty Rates in Brazil, 1970 e 2001



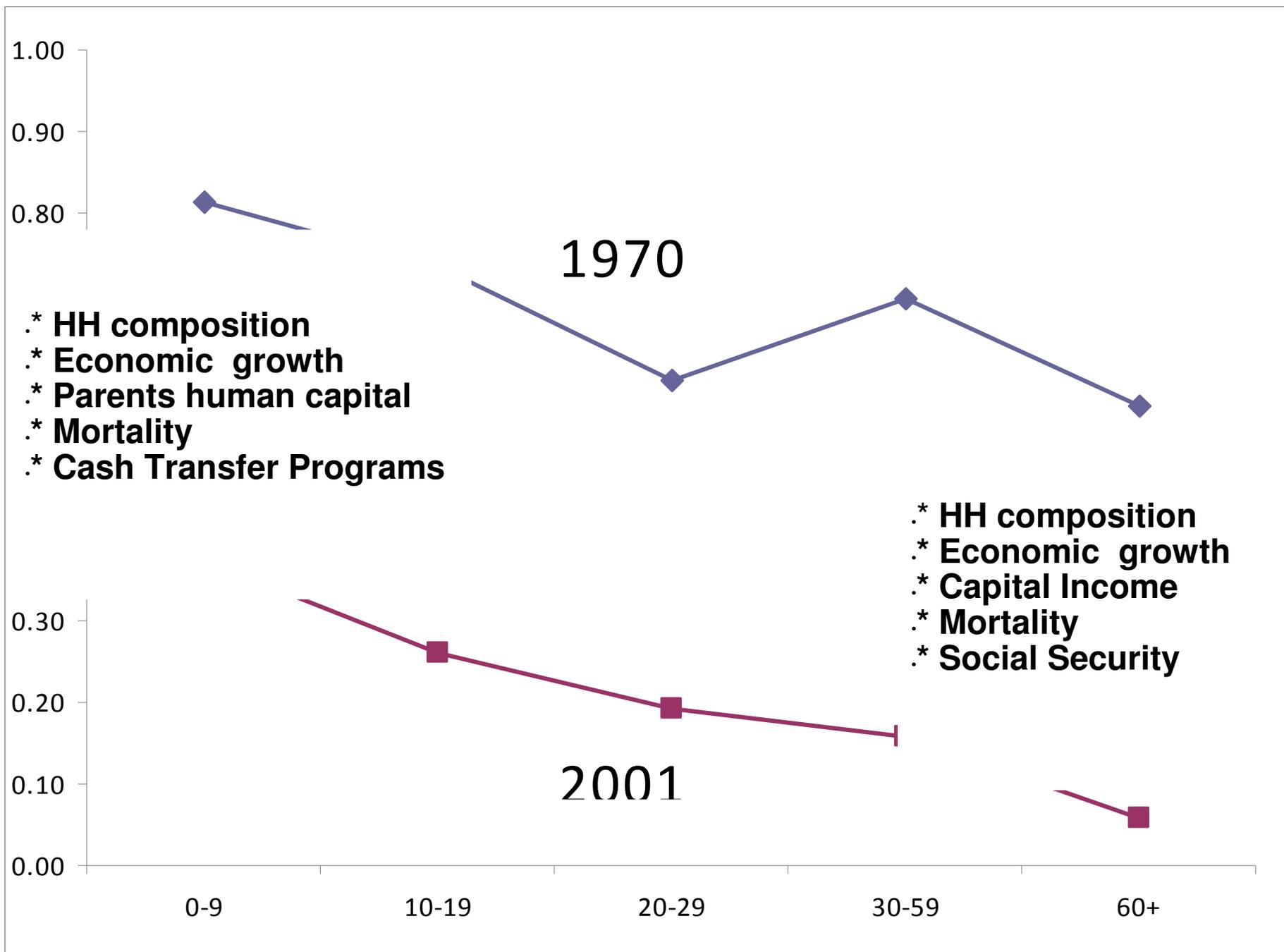
Poverty Rates in Brazil, 1970 e 2001



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(3) Social Security and Retirement in Latin America

(Dias & Queiroz)

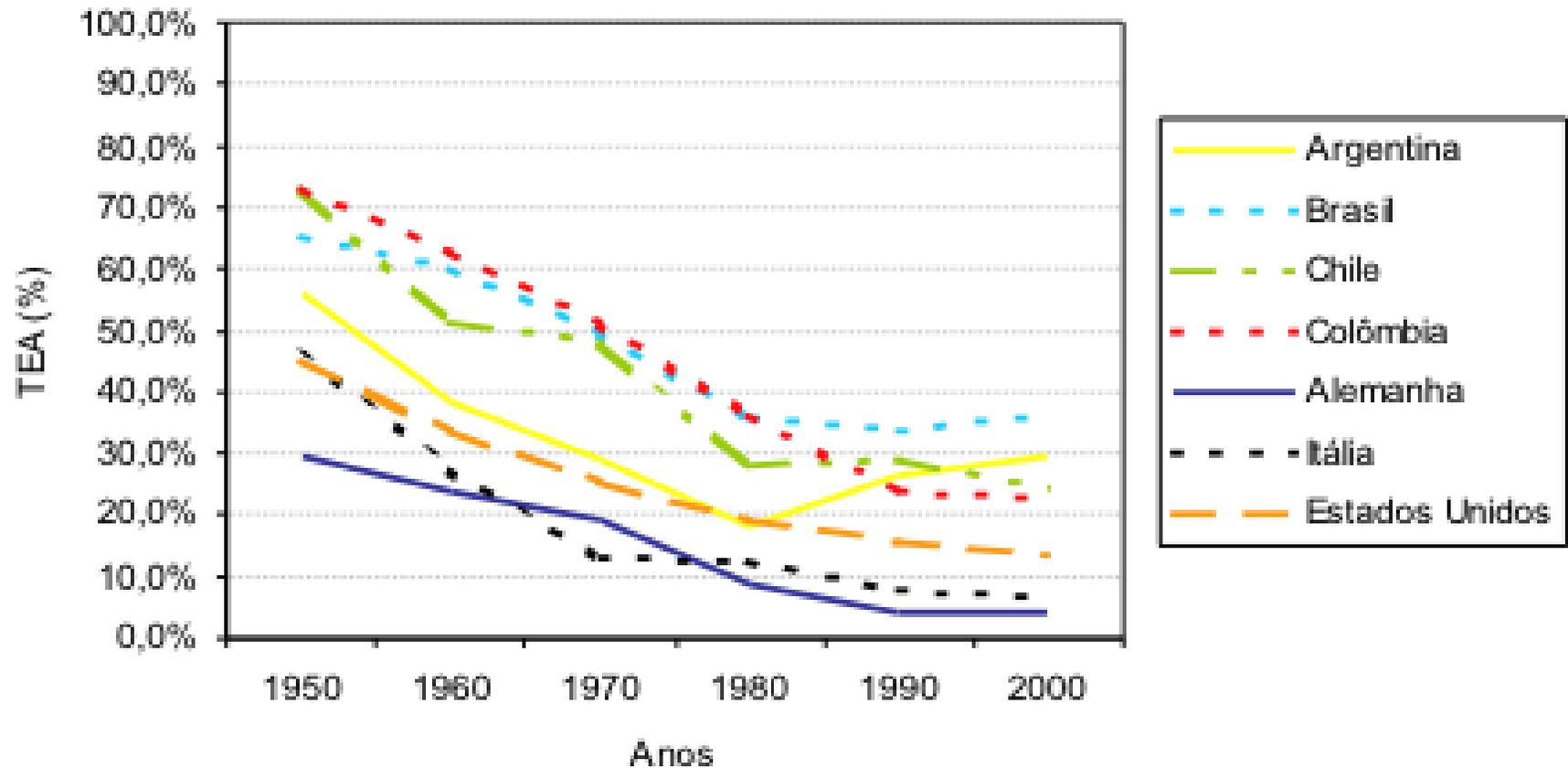
- 4 countries, each one with a different system. How they evolve and how it might have affected labor supply and retirement behavior?
 - Brazil: large social security program
 - Chile: private system
 - Argentina: mix of programs (3 schemes)
 - Colombia: half-public half-private
- Main question: how does the structure of the system affect retirement behavior?

Social Security and Retirement in Latin America

- Measures:
 - Labor Force Participation Rates
 - Retirement Hazard Rates
 - Mean Retirement Age (50% out of labor force)
 - Unused Productive Capacity (how much is the cohort not working?)
- Data:
 - Census data from IPUMS-International (1960s to 2000s)

LFPR – 65 and over

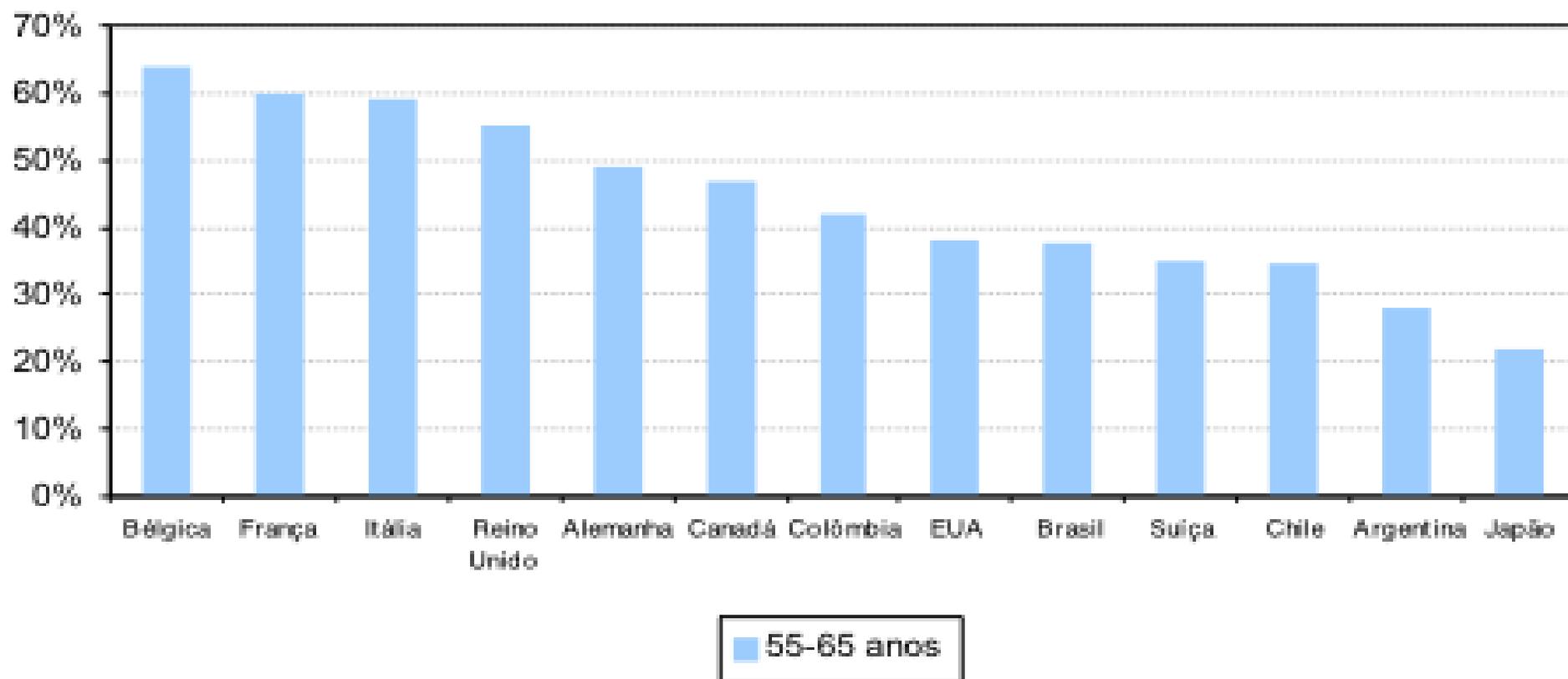
Gráfico 12
Taxa Econômica de Atividade, Homens maiores de 65 anos , 1950-2000



Unused Labor Capacity – International Comparison

Gráfico 19

Capacidade Produtiva Não Utilizada, Homens, 55-65 anos, países selecionados, cerca do ano 2000

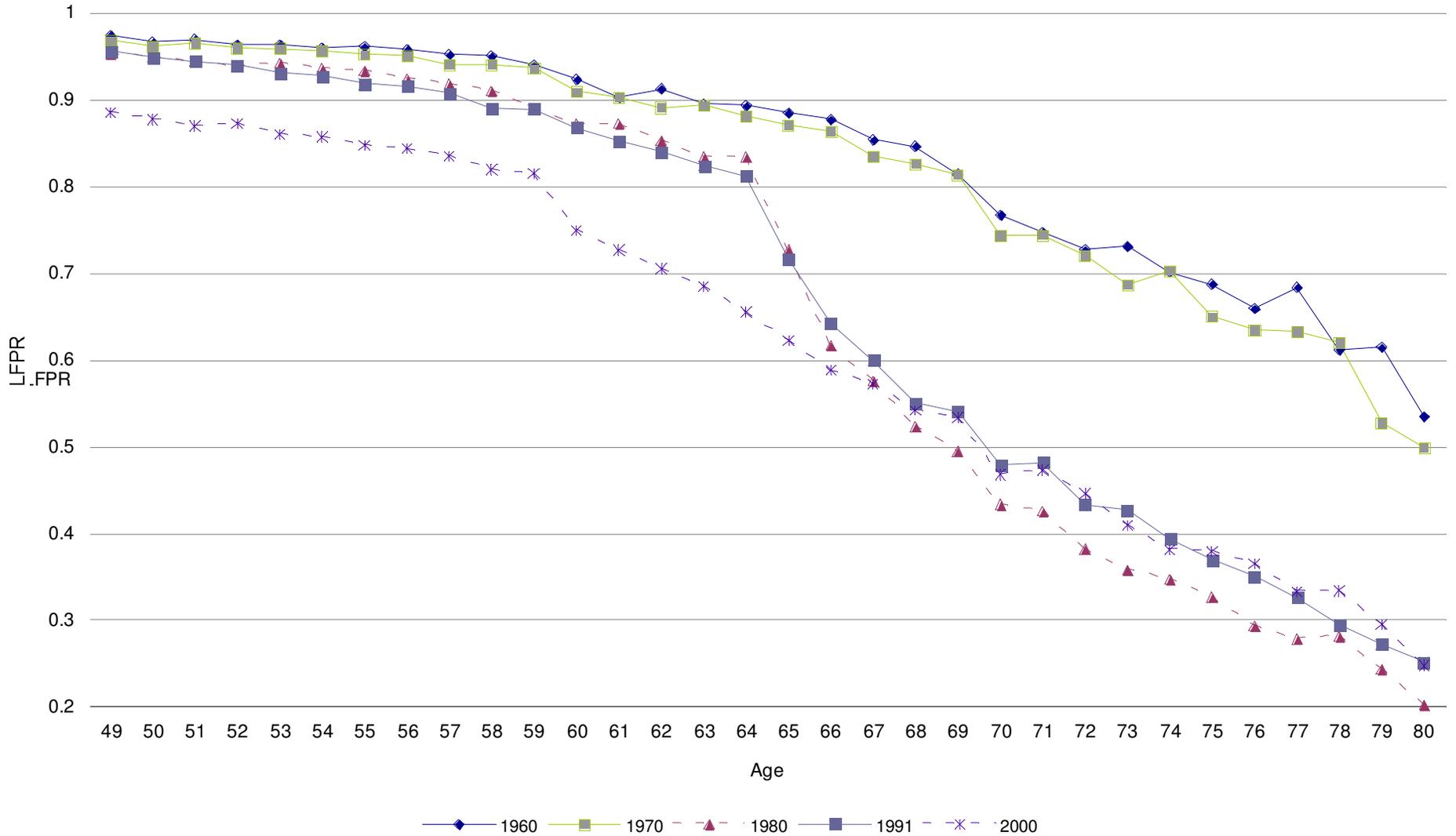


(4) Social Security for Rural Workers and the decision to work (Queiroz)

- Study the impacts of the 1988 social security reform for rural workers on their labor supply decisions;
- I investigate the period near the reform and than again a few years later to check which impact the legislation change had.

Preliminary Evidence

Figura 8 - Labor Force Participation Rates, Males, Rural Brazil, 1960-2000



Results

Table 4
Regression Discontinuity Estimates
Effects of Legislation Change on Labor Supply
Males, Rural Brazil, 2000

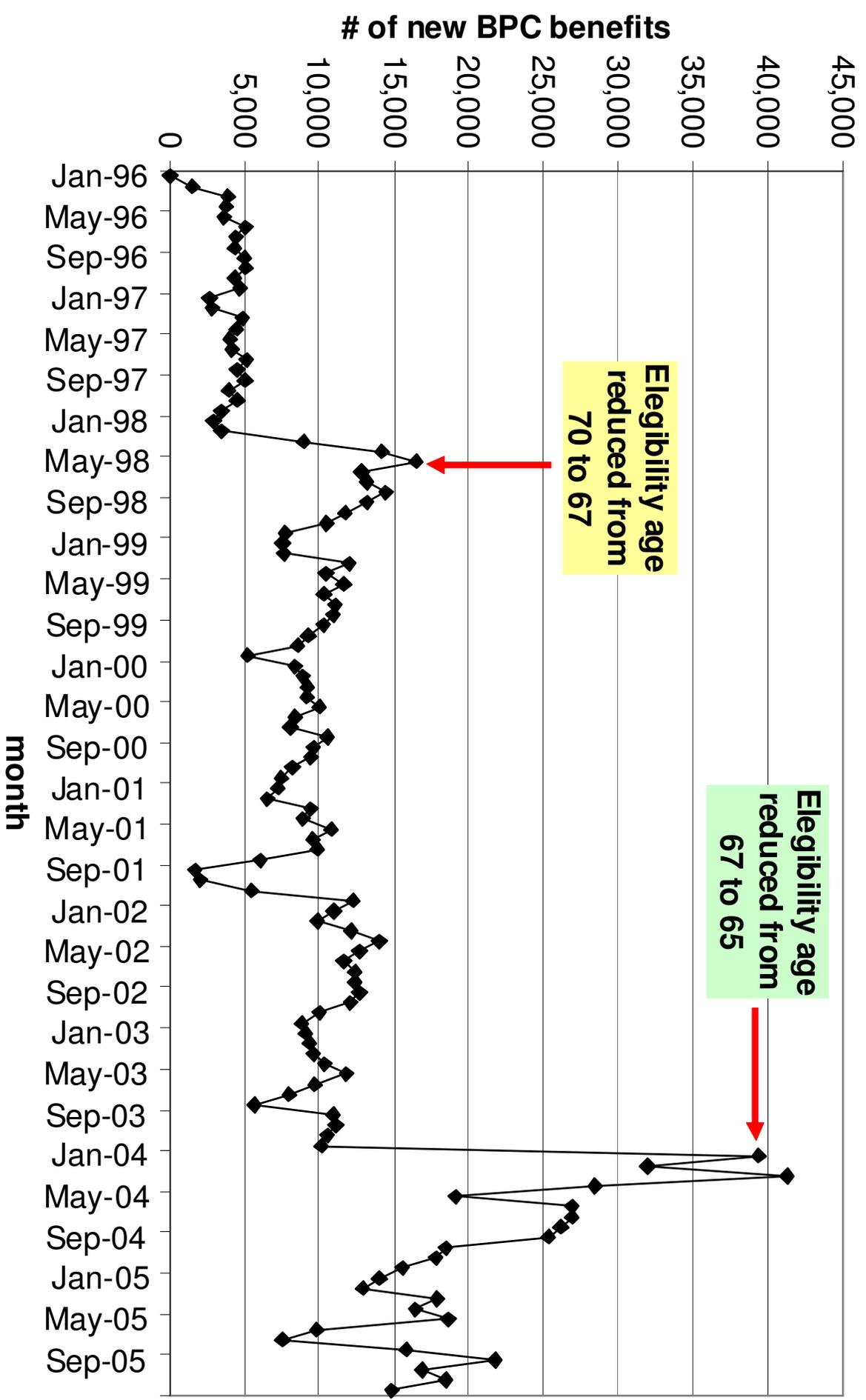
Variables	Model 1	Model 2	Model 3	Model 4
Age				
Linear	0.0246*** (.0041291)			
Quadratic		-0.0118*** (.0041764)		
Cubic			-0.01336*** (.0042672)	-0.0112572 *** (.0043158)
Education	no	no	no	yes
Region	no	no	no	yes

Source: Population Census, 2000

Note: Dummy for age 65

*** Sig. at 5%

(4) Social Security and private transfers (Miranda, Rios-Neto & Turra)



Social Security & Private Transfers

	Model 1	Model 2	Model 3
	Prob. of receiving transfer	Value of transfer received	Value of transfer received [†]
Age Reduction	(OLS)	(OLS)	(Tobit)
70 to 67			
treatment	0.009**	0.74	5.8*
after	0.015***	1.35***	8.0***
treatment x after	-0.030***	-2.78***	-20.6***
[N]	8,462	8,462	8,462
E(Y treat=1, after=1)	0.006	0.74	91.8
67 to 65			
treatment	0.009	1.06	4.3
after	0.004	1.62*	2.4
treatment x after	-0.029***	-3.99***	-13.7***
[N]	5,435	5,435	5,435
E(Y treat=1, after=1)	0.017	1.91	96.7

NTA Brazil Web-Site

<http://sites.google.com/site/ntabrazil/>