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NEW EMPIRIC EVIDENCES OF THE INCOME OF THE RURAL FAMILIES OF THE SOUTHERN REGION OF BRAZIL: COMPARING THE YEARS OF 1995 AND 2001

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ABSTRACT

This work compares the incomes of the rural families of the Southern Region of Brazil in the years of 1995 and 2001, using the special micro data tabulation of the National Sample Home Research (PNADs). The results show that the agricultural income is steady: the non-agricultural income has grown in some kinds of families; the pensions/retirement incomes have increased among the families in the universe of home agriculture; and the “other incomes” are irrelevant. It is inferred that low economical dynamism of the rural cities and the agricultural crisis led to agricultural income stagnation and also to an impoverishment process of the families. Thus, there is a need of redefining the public policies for the rural families concerning the diversity of incomes, as well as new sustainable mechanisms for the families in higher levels than the current ones.

Key words: Economical diversity, jobs and rural income, rural poverty

INTRODUCTION

The issue about the income reveals itself to be important at least for three reasons, which are interconnected: the first one concerns the lack of money which leads to a state of poverty; the second one refers to the equality of the family incomes that have similar activities, but different homes, in other words, comparability; the third reason, the last one but not the least important, is about its instability - intrinsic aspects of agricultural income - that is, the variations that happen from one year to the other (Hill, 1999:345).

Paradoxically, the researches about family income are still expensive and difficult to attain due to the almost total absence of reliable data base available. The surveys are difficult to be done and costs are high.

Even with some limitations using the National Sample Home Research from the Brazilian Institute of Geography and Statistics - IBGE elaborated by Graziano da Silva & Del Grossi (2001), these samples still represent the most up-to-date and the leading data base of the country.

This article aims to present and analyze the information about rural family income of the southern region of Brazil. The data to be analyzed are those from agriculture income, non-agricultural income, retirement and/or pensions and other revenues related to the years of 1995 and 2001 published by the IBGE.

METHODOLOGICAL PROCEDURES

The information was obtained through special tabulations done from PNADs. From the micro data, a series was reconstructed using the same criterion of the 80's (Graziano da Silva & Del Grossi, 2001). The use of this criterion is due to the decision of analyzing the work that generates exchange value in the home economy, because it is proved that the new criterion established in the 90's considers, mainly, the work related to vegetable gardening cares and small animals which have only value to the family consume (Del Grossi, 1999).

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The Analysis Unit

Concerning the current analysis unit, it is called “wide family”, that is the nucleus of the family and also the relatives and the in-law-relatives who live in the same house. The format of the RURBANO project was used, which classifies the families by place of living and job position.

The classification of the families based on job position made it possible

to group them into five types, which are: employer families with three or more employees: families with at least one member holding the position of employer, hiring three or more steady paid workers in the business; employer families with up to two employees: families with at least one member as an employer hiring up to two steady paid workers in their business; self-employed families: families with no employer, but one of the members had his own business, counting on the non-paid help from the members of the family; employed for wages families: families with no employer or self-employed members, with at least one member working in a steady paid job; jobless families: families without an employer, self-employer or steady paid jobs, whose family members had no productive activities in the reference week surveyed.

The families with at least one of the members working were classified according to the activities their members work in. They are agricultural: when all the members have agricultural activities as their main business; non-agricultural: families that have one or more members working only in non-agricultural activities, either the main activity or the secondary one; and several activities: families where at least one of the members were in an agricultural activity and another one in a non – agricultural activity; or yet, when at least one of the members has declared to work in two agricultural – activities.

THE RURAL AND URBAN NOTION

Concerning the definition of rural areas, they constitute, according to the IBGE, the area of an urban-rural “continuum”. To do so, the IBGE started to include the following situations to locate the researched homes: 1) urban areas 2) non – urbanized urban areas 3) isolated urban areas 4) rural areas – urban extensions 5) rural areas settlement 6) rural areas – nucleus 7) rural areas – others 8) rural areas – exclusive. From these new openings, the RURBANO project grouped the areas in the following home groups: urban holds situation 1; suburb holds situation 2 and 4; Districts and settlement hold situations 3, 5, 7; and rural agricultural holds situations 6 and 8. Only the people who live in the non – metropolitan area that have their homes located in the agricultural rural were considered as components of the rural PEA, because of the fact that in this situation the basic economy depends on agriculture and characteristics closer to rural areas.

THE FAMILY INCOME IN THE PNADS

Specialists’ opinions show that the larger underestimation is not upon agricultural incomes, but, in general upon undeclared higher incomes. This is one of the most relevant issues concerning the revenue analysis: the underestimation of the values, in other words, the higher incomes, according to Hoffmann (1988). Thus, if the self employed families’ income is apparently undeclared, the employer families’ income is much more underestimated, and it happens not because of the lack of data collection instruments, but due to the undeclared incomes from wealthy people.

Concerning the comparability of the incomes in the PNADs in the different years, the 2000 IBGE census is being reviewed. As the IBGE has not published the new information from the 2000 census yet, and to avoid presenting discrepant results that would be calculated based on the 2000 census values, we decided to use at least the year 95 from the 90 series, because this one is the first year of the PNADs in the Real Plan (monetary plan) which makes it possible to

embrace, together with 2001, the variation occurred on the variables to be investigated during the Brazilian monetary plan (Real Plan).

**THE EVOLUTION OF THE RURAL FAMILY INCOMES:
SOUTHERN REGION, 1995 AND 2001**

The information about family revenue in the period of 1999 and 2001 are portrayed in Table 1. In the analyzed region and in all kinds of families, the agriculture income of the rural families is still steady. Furthermore, their values are low.

From this situation, we must agree with Alves et al (1999) that points out the increasing structure limitations of the productive activity in the rural environment, confirming the families' difficulty in affording their exclusive agricultural activities and their consequent material impoverishment.

Table 1: Family income composition, according to the kind of activity in the southern region of Brazil: 1995 and 2001 (R\$ sep. 2001).

| HOME LOCATION/ KIND OF FAMILY | AGRICULTURAL | | | NON-AGRICULTURAL | | | RETIREMENT/ PENSIONS | | | OTHER | | |
|----------------------------------|--------------|--------|--|------------------|-------|--|-------------------------|-------|--|-------|-------|--|
| | 1995 | 2001 | Annual Growth Rate 95/01 ^a | 1995 | 2001 | Annual Growth Rate 95/01 ^a | 1995 | 2001 | Annual Growth Rate 95/01 ^a | 1995 | 2001 | Annual Growth Rate 95/01 ^a |
| NON-METRO RURAL | | | | | | | | | | | | |
| Employer w/ 2 or + employees | 344,4 | 338,0 | -0,3 | 174,5 | 177,1 | 0,24 | 84,2 | 131,1 | 7,6*** | 25,8 | 25,6 | -0,1 |
| Agricultural | 2482,4 | 515,6 | -23,0 | 1019 | 2061 | 12,4*** | 75,7 | 221,8 | 19,6*** | 381,5 | 314,7 | -3,15 |
| Several Activities | 908,1 | 1369,6 | 7,0 | 0 | 0 | - | 83,3 | 213,3 | 16,9 | 160,9 | 591,3 | 24,2 |
| Non-agricultural | 4862,5 | 825,3 | -25,5 | 905,9 | 2783 | 20,5*** | 74,3 | 44,9 | -8,04 | 736,8 | 44,9 | -37,2 |
| Employer w/ up to 2 employees | 0 | 0 | - | 1684,3 | 2889 | 9,41*** | 74,0 | 276,2 | 24,5*** | 3,7 | 252,6 | 102*** |
| Agricultural | 818,5 | 863,2 | 0,8 | 247,9 | 230,5 | -1,20 | 95,9 | 124,9 | 4,50* | 47,6 | 43,6 | -1,4 |
| Several Activities | 956,2 | 1007,6 | 0,8 | 0 | 0 | - | 67,0 | 131,5 | 11,8*** | 42,0 | 43,3 | 0,5 |
| Non-agricultural | 806,4 | 860,1 | 1,0 | 366,7 | 443,8 | 3,23** | 106,8 | 130,0 | 3,3 | 58,2 | 52,0 | -1,8 |
| Self-Employed | 0 | 0 | - | 1260,6 | 852,9 | -6,30 | 228,2 | 67,0 | -18,4 | 33,6 | 15,6 | -11,9 |
| Agricultural | 384,3 | 432,9 | 2,0 | 129,4 | 135,5 | 0,76 | 87,4 | 126,9 | 6,4*** | 16,9 | 22,9 | 5,13 |
| Several Activities | 413,2 | 474,6 | 2,3 | 0 | 0 | - | 86,7 | 133,6 | 7,4*** | 12,8 | 20,2 | 7,8* |
| Non-agricultural | 408,3 | 450,1 | 1,6 | 326,0 | 321,1 | -0,25 | 88,4 | 106,3 | 3,1 | 28,7 | 27,1 | -0,9 |
| Employed for Wages | 0 | 0 | - | 837,0 | 908,5 | 1,3 | 90,9 | 118,8 | 4,5* | 21,2 | 37,0 | 9,7** |
| Agricultural | 190,3 | 175,6 | -1,3 | 261,3 | 242,4 | -1,2 | 43,5 | 60,4 | 5,5* | 11,1 | 14,10 | 4,07 |
| Several Activities | 319,9 | 303,2 | -0,8 | 0 | 0 | - | 39,5 | 50,9 | 4,3 | 8,2 | 16,63 | 12,4** |
| Non-agricultural | 273,8 | 291,5 | 1,0 | 319,4 | 298,2 | -1,1 | 40,4 | 44,2 | 1,4 | 10,8 | 27,18 | 16,5*** |
| Unemployed | 0 | 0 | - | 575,4 | 492,7 | -2,5 | 49,7 | 75,6 | 7,2** | 14,8 | 7,37 | -11,0 |
| Total | 0 | 0 | - | 0 | 0 | - | 229,2 | 328,4 | 6,1*** | 95,9 | 29,93 | -17,6 |

NOTE: excluding the families with undeclared incomes and the types of families that have less than 5 observations. ^a Test "t" shows if the difference between the two years is significant or not. *** ** * it is respectively 5%, 10%, 20%.

SOURCE: Special tabulation of the RURBANO Project, NEA-IE/Unicamp, June 2002.

A complementary explanation for the stagnation is the diminished economical dynamism that a great part of the population, who lives in rural cities and is involved with the production of products that are not negotiable in the international markets, has. The recent work of Delgado (2004) not only confirms, but also points to the existence of a "subsistence sector" with great dimensions.



Table 1 has also the information about non-agricultural family income evolution. It shows that the revenue is still stagnated in the rural area. However, the employer families with more than two employees present significant rates of growth in their incomes, due to the presented rates by the several-activity and non-agricultural families. In the employer families with up to two employees and the several-activity ones a reliable increasing rate was also observed when 1995 is compared to 2001.

The information in Table 1 allows detecting an insertion of activities with urban characteristics which is increasing day-by-day in the rural environment. For Alves et al (1999), the urban development and technology in some countries have placed the agriculture in a condition of a small employer. Also, it is sending the domestic labor to the jobs in urban areas, including the part time job.

Despite these explanations, it is impossible to ignore the consumption aspirations of the rural population and the financial difficulties from deficient productive structure, which many times lead to work in non-registered jobs of the available labor force (Cavaco, 1981).

Table 1 also shows the information about the comparison between retirement incomes and/or pensions. In the region as a whole, it was verified that the incomes from retirement and pensions presented have a reliable growth rate when comparing the two years analyzed.

The group of employer families with more than 2 employees presented a slight and reliable growth rate on the retirement/pension revenue, due to the slight and reliable growth rate presented on the non – agricultural families.

In the group of self employed families with more than two employees a reliable growth rate was verified in the incomes from retirement and/or pensions. These results may occur due to the very strong and reliable growth rate in the self- employed and agricultural family incomes.

The employer families with up to two employees also present a significant growth rate from the retirement/pensions revenue. This rate is probably determined by the strong and significant growth presented by the families that are exclusively involved in agricultural activities, that is, the employers up to two agricultural employees. These two groups of families (self – employed and employers with up to two agricultural employees) can be characterized as legitimate representatives of what was called home agriculture. Therefore, it was verified that pensions and retirement incomes are definitely helping in keeping family incomes up.

The employed for wage families are the ones who present the lowest amount of incomes from pension / retirement revenue among almost all of the family groups, this fact must be connected to some difficulty or constraint from these families to access this kind of social income transference. Even so, the employed with wage families present a significant increasing rate in this source of income, due to the growth rates presented by non-agricultural employed with wages families.

Yet, it is important to highlight the significant growth rate in the group of jobless families. These results, together, confirm the important economical and social role performed by the incomes from social welfare in the rural environment. What Delgado & Cardoso (2000) have already proved.

Finally, in Table 1, it is also possible to check the information about what is called “other incomes”. Firstly, it is relevant to define what “other incomes” are. They are from the following sources: saving account interests, rents, financial investments, etc... These sources, in the distinct kind of families, are much less important in the composition of the average home rural income; such results are according to international literature (Mackinnon et. all., 1991.)

It is possible to observe in Table 1 the stagnation of this source of income. The low value

presented shows its irrelevant importance, which may be attributed to the economical stabilization plans that led to a certain control of the inflationary process inhibiting the increasingly financial speculation. Some kinds of families have presented reliable growth rates on these incomes, as shown in Table 1. We still have not got, so far, a convincing explanation for these results. According to the reasons mentioned before, the lack of importance of this source of income related to the others, it was decided not to deepen the discussion about them.

CONCLUSION

The comparative income analysis of rural families in the southern region of Brazil in the year of 1995 and 2001 allows presenting some conclusions.

The evolution of the agricultural incomes are still stagnated when comparing the year of 1995 and 2001, showing the short economical dynamism among the families that live in rural areas and evidences of an important presence of a “subsistence sector”. The agricultural incomes of families who represent the home agricultural universe are stagnated.

This stagnation may probably be translated into the existence of an agricultural crisis that leads to a stabilization of revenue in very low levels due to the increasing progress of modernization and increasing competitiveness, implying in a difficulty of the families in following innovations. These innovations may be seen as three main elements: the reduction of the agricultural products price; rural credit cost and working cost raise; and accelerated rhythm of the innovations in the agricultural sector .

On the other hand, the non-agricultural incomes have an inverse process where it may be observed that the revenues are assuming an important role in some kinds of families and also allowing the revenues to be raised when compared to the traditional jobs.

The income source comparative analysis named as retirement or/and pensions showed a growth in the same rural region as a whole and mainly among those families that belong to the universe of the home agriculture. Based on these results, it was possible to conclude that the retirement/pension incomes started to have an important role in the composition of the home revenue, especially in the home base economy.

As for the evolution of the so called “other revenues”, they present low monetary values, reflecting the change in behavior of the rural families concerning the use of their resources facing an environment marked by the economical stability.

These results together point not only to the necessity of redefining the public policies aimed at the rural families, taking into consideration the occurrence of diversification of income, but also to mechanisms that allow the sustaining of the revenues in higher levels than the current ones, which enable the improvement of the living conditions of the rural population and contribute to an authentic rural development.

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