

# Brazilian labour and social protection system

South Africa – BRICS Meeting

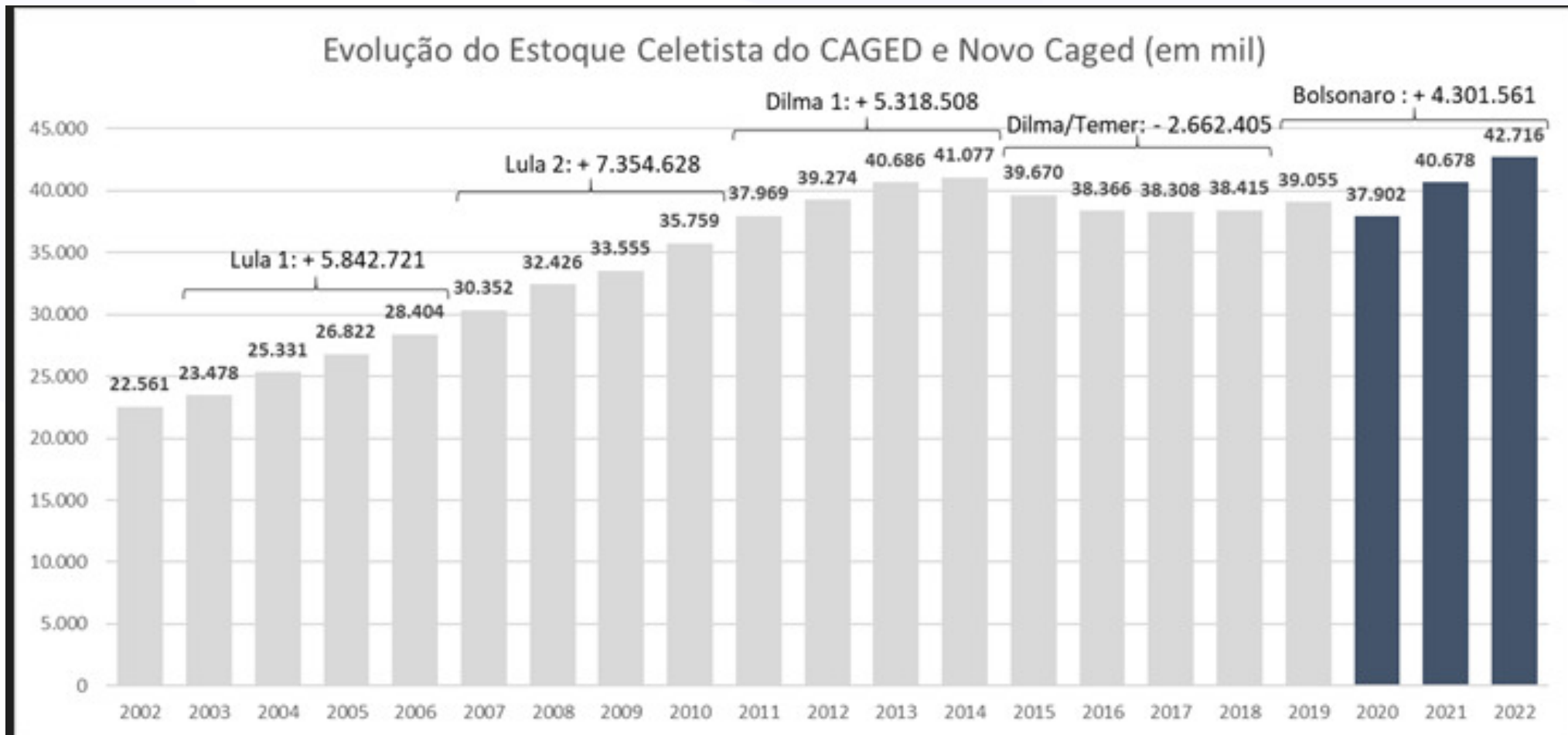
September 2023

MINISTÉRIO DO  
TRABALHO E EMPREGO



In the beginning of 21st century, from 1/4 to 40% of employees was included in formal employment in Brazil.

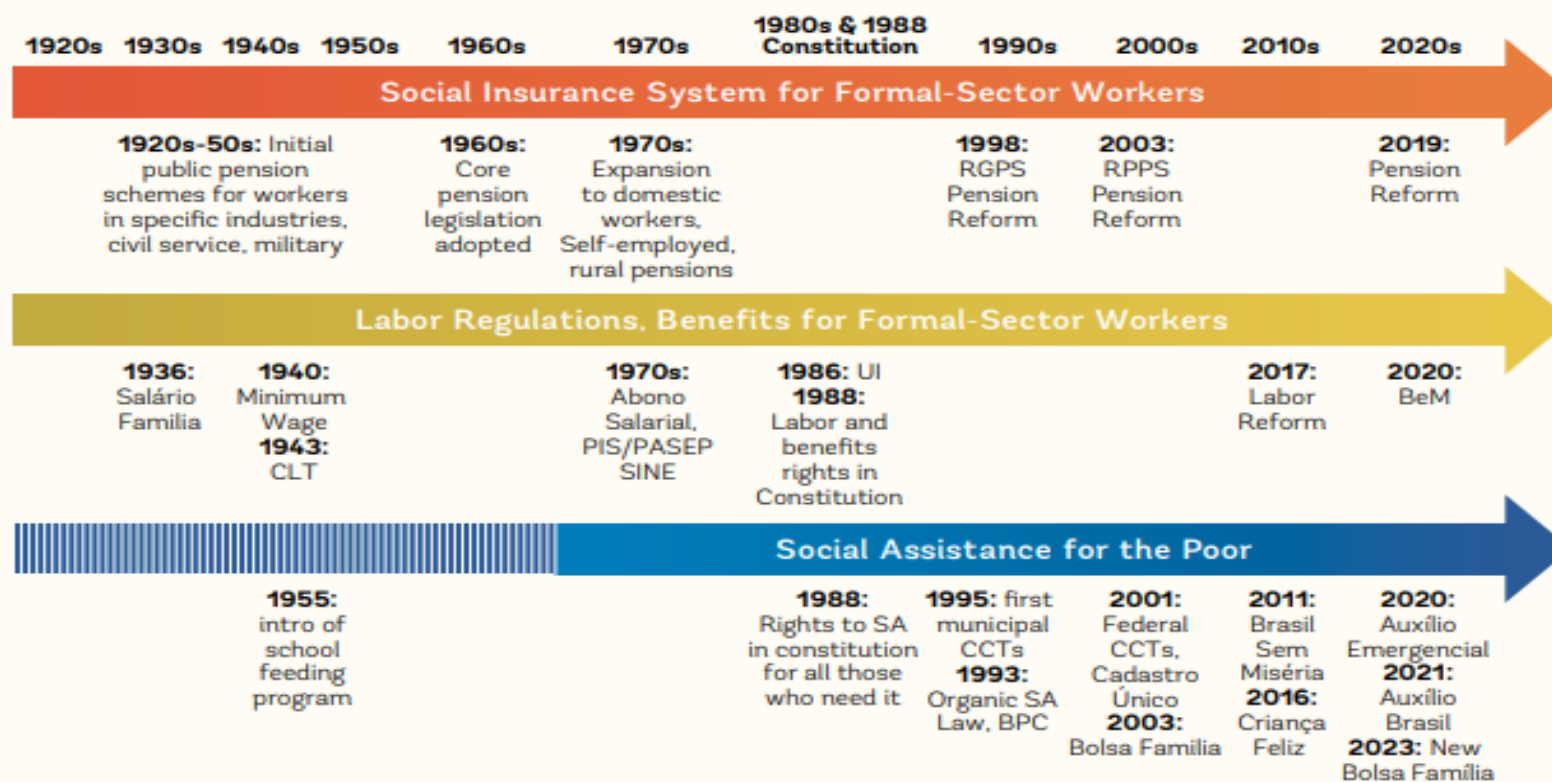
This means: guaranteed paid weekly rest, annual holidays, differentiated payment for overtime, in addition to contributory access to benefits from social assistance – sick pay, maternity and paternity leave, among others – in addition to, in a significant part of cases during periods of economic stability, maintaining work and contributions that led to retirement based on contribution time.



Source: Brazilian Ministry of Labour and Employment

- More formal employment refrain the precarization and other efforts to legislate to reduce labour and social insurance . This allowed more focus on social assistance and on the needs on the poor people.
- Minimum Wage and Bolsa Família Program (cash transfer more knownd program), Brasil Sem Miséria Program, reduced disparity of wages, and extreme porverty (5,4% of the population), and Brazil sort out of FAO Hungry .
- Covid-19 Crises in 2020 helped 80 million people with cash transfer program: Auxílio Emergencial and in 2023 a new Bolsa Família.

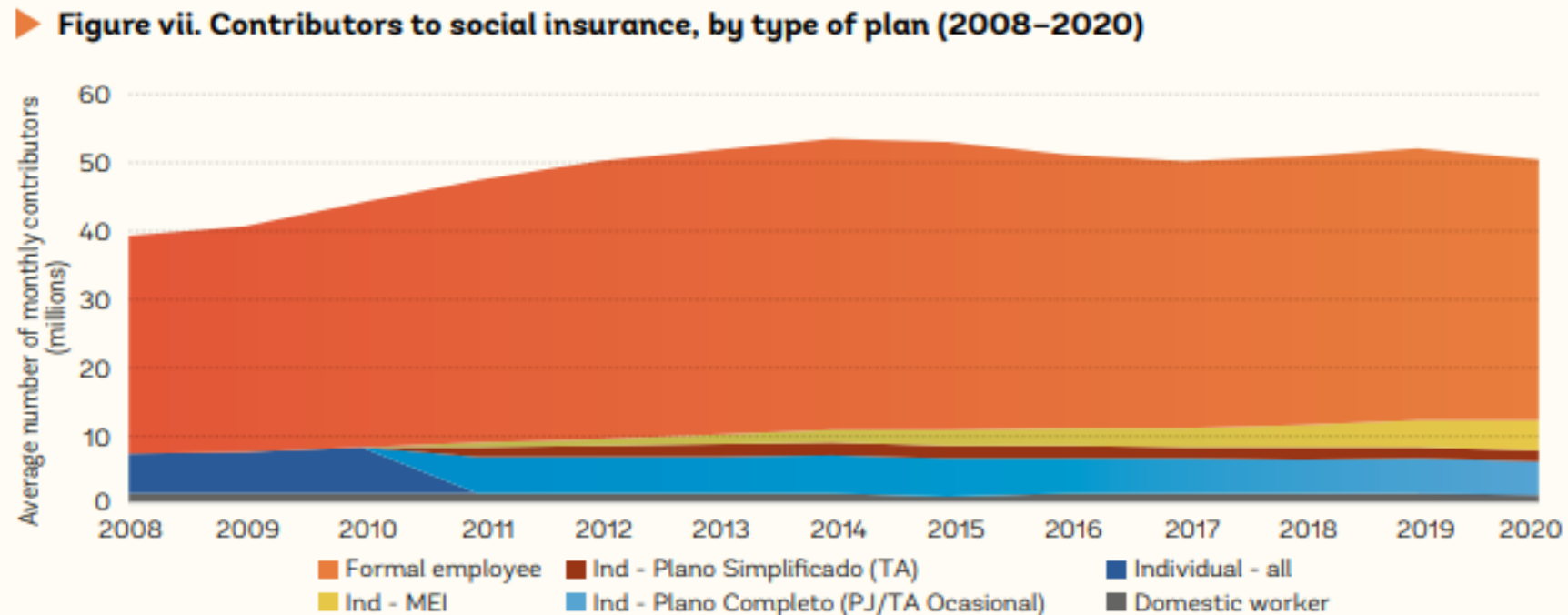
► **Figure i. Evolution of the social protection system and labor regulations in Brazil**



Source: Authors' elaboration, based on World Bank (2018).

Labour reform of 2017 open new challenges to increase formal labour (individual micro-entrepreneur, part time jobs). Consequences: increase of individual workers with partial contributions to social security system.

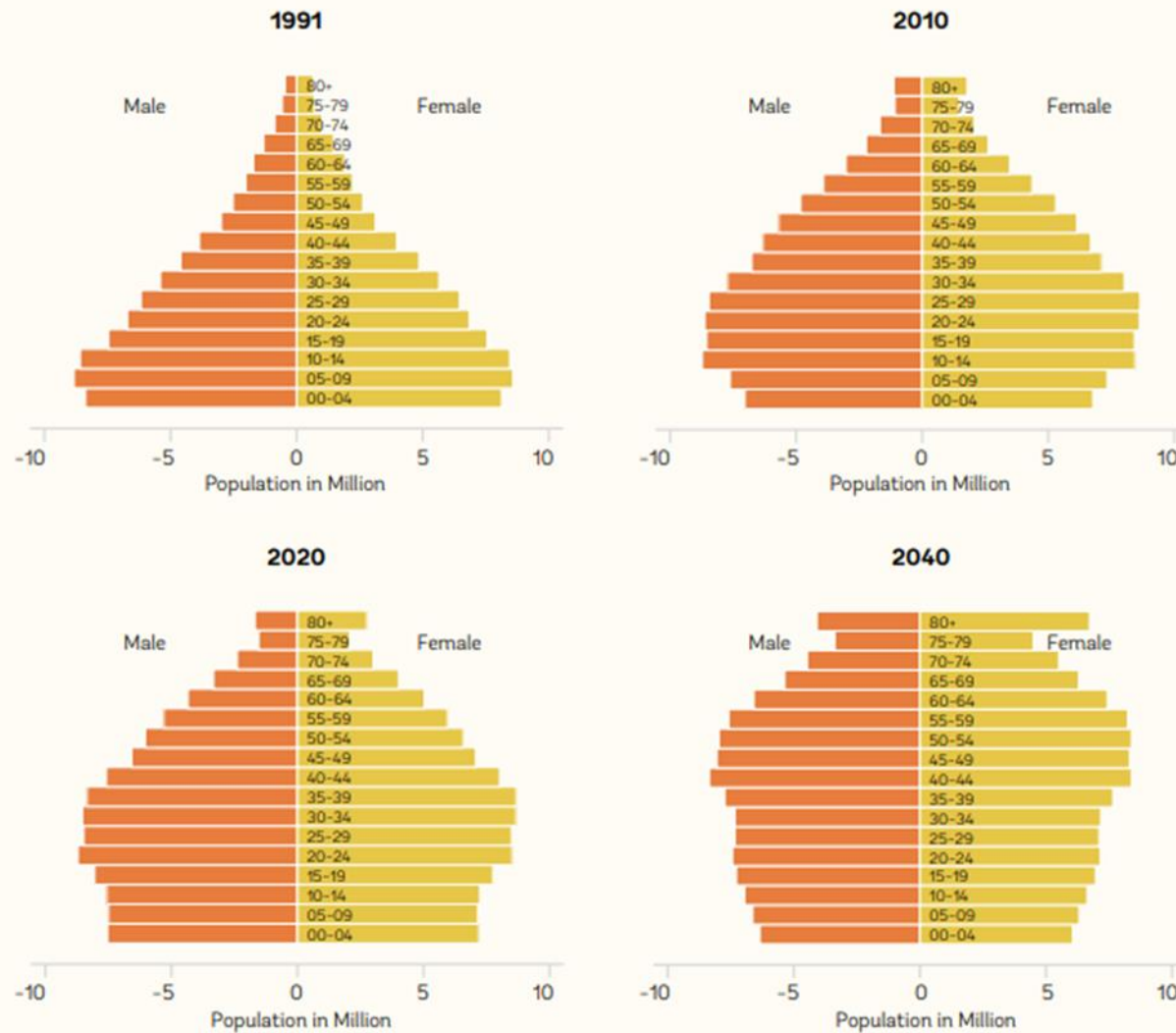
The figure shows that from 50 million contributors, over 8 million have a contributions that is around 5% do Minimum wage X 47 million with 20% of contributions from workers and enterprises.



Source: Statistical Yearbook of Social Security, Ministry of Labor (several years).

Note: Annual formal pension contributors, according to the pension regime. "Ind" = Individual plans for non-wage workers. These include: Individual contractors (Trabalhador Autonomo, TA). Firm owner (Pessoa Juridica, PJ), Micro Entrepreneurs (MEI).

Population pyramids in 1991, 2010, 2020, and 2040



Source: Staff estimations using Census and IBGE population projections.

The 2022 Demographic Census, even in its preliminary data, confirmed that there is a decrease in births and an accelerated increase in the population aged 60 and over.

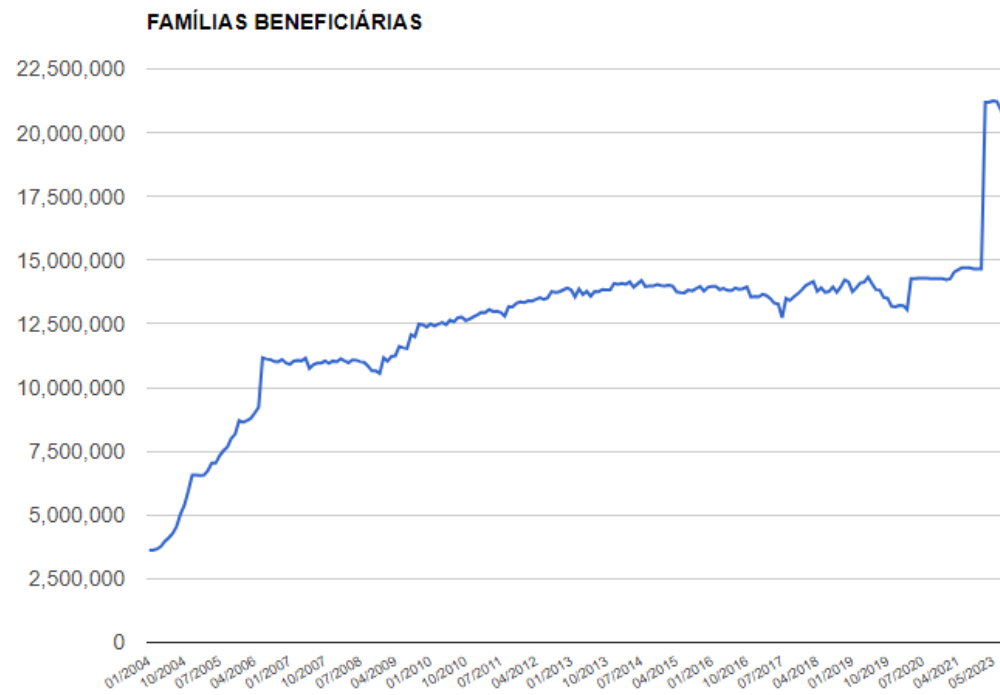
The demographic bonus, a moment in which the population of working age increases, has been little used – we have 35 million young people (from 16 to 24 years) and more almost 8 million do not study or work.

Although it has been possible to guarantee good social security coverage for the elderly, it is estimated that at least 65% of them have income guaranteed by contributory social security and other 15% through the non-contributory benefits (rural retirement and BPC), there are increasing signs that this situation is deteriorating very quickly.

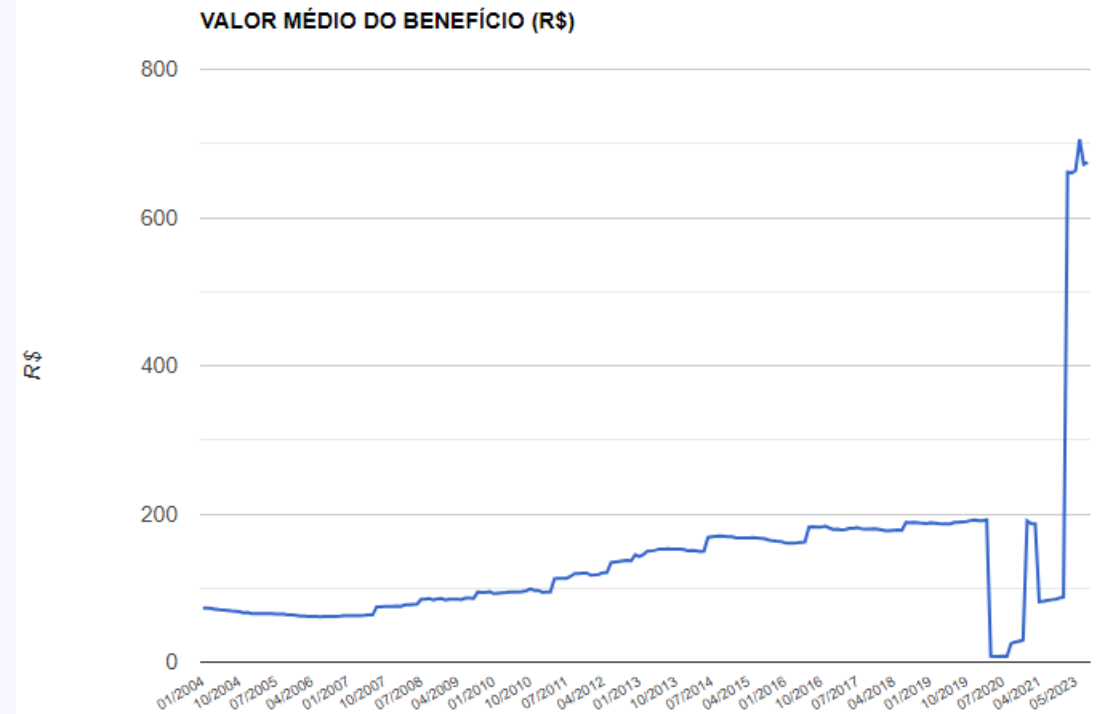
Covid Crisis increase the number of families on Cash Transfer Governmental Program – from 15 million to 21 million families, and to be effective, the average value was up to R\$ 150 to R\$600

People with disabilities and elderly people without income, both beneficiary of Benefit of Continued Payment –BPC, were up to 5,5 million people

## Number of Families on Bolsa Familia Program, Brasil, 2004-2024

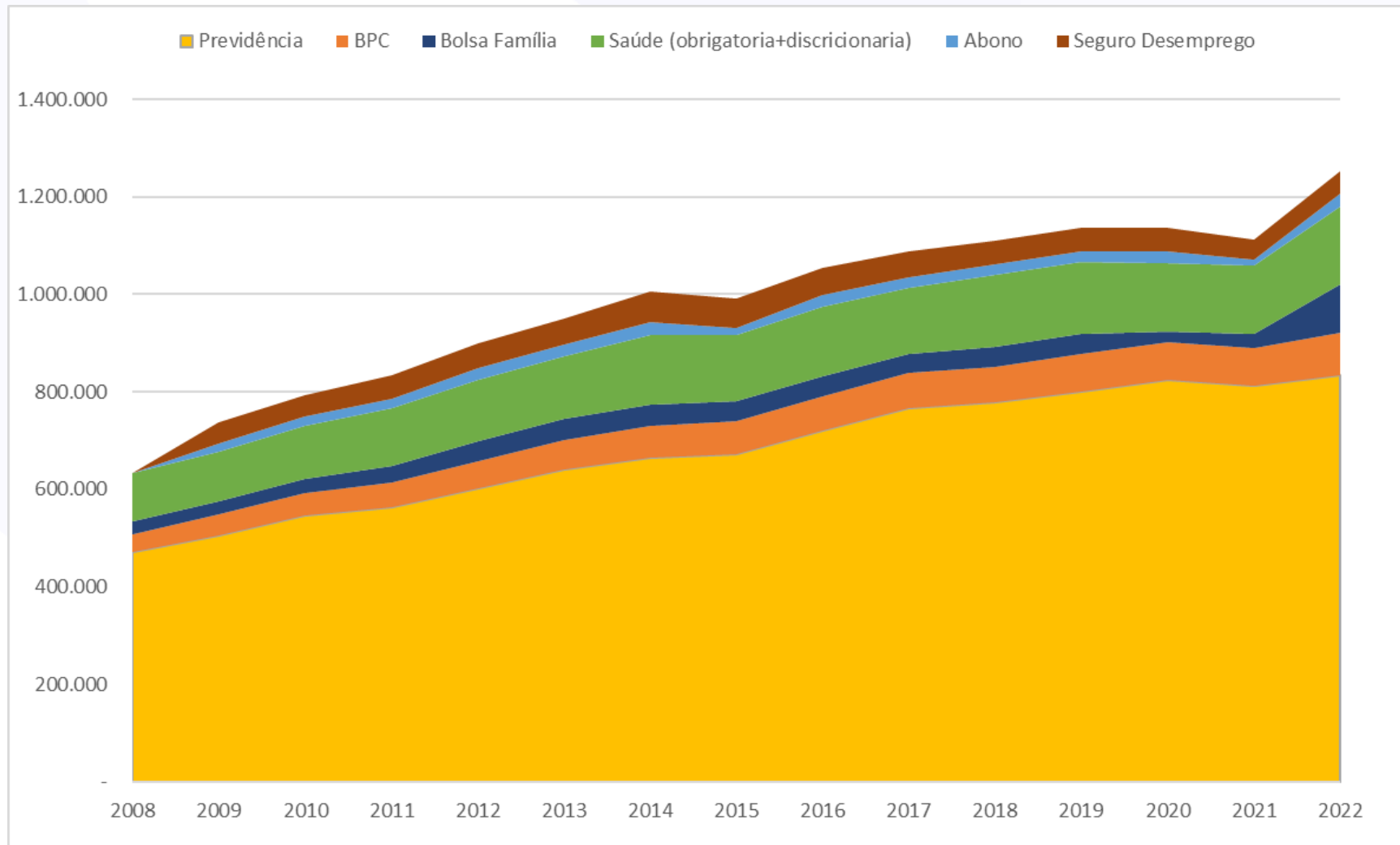


## Average Value of Bolsa Familia Cash Transfer, Brasil, 2004-2024



With the exception of Cash Transfer Program, the other benefits are constitutionally connected with the Minimum Wage. There are 37 million people on pension (it was 22.8 in 2008).

The cost of social security ( including pension, health) doubled in 14 years (2008- 2022).

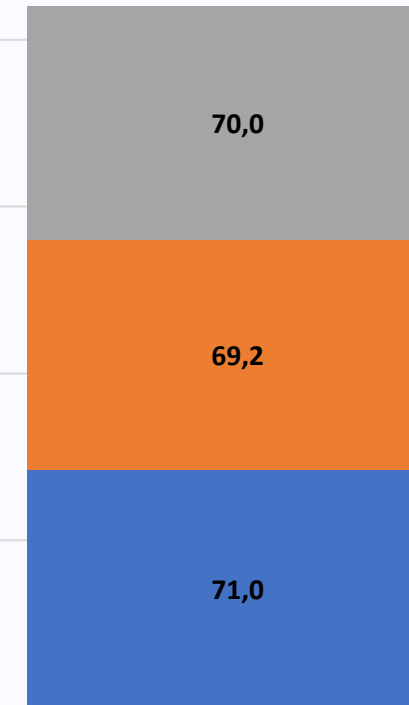


Source: BrazilianTreasury Montly Bulletin.

# Challenges for the next years are:

- . How to deal with the “missing Middle” – the almost 70 million people that are not yet part of the contributory social system, and that we do not could support on the non contributory system.
- . How much employment – even non standard one - can the economy generate by year to support this people through work?
- . How better education and training can help young people?
- . How can gig economy be incorporated to the contributory system?
- . How can public and private investment be mixed to generate enough jobs? Smaller daily working day are a partial answer? Social Jobs on culture, and social assistance are another part of the equation?
- . How can be possible to combine contributory and non contributory system?

Number of workers by social security system in Brazil

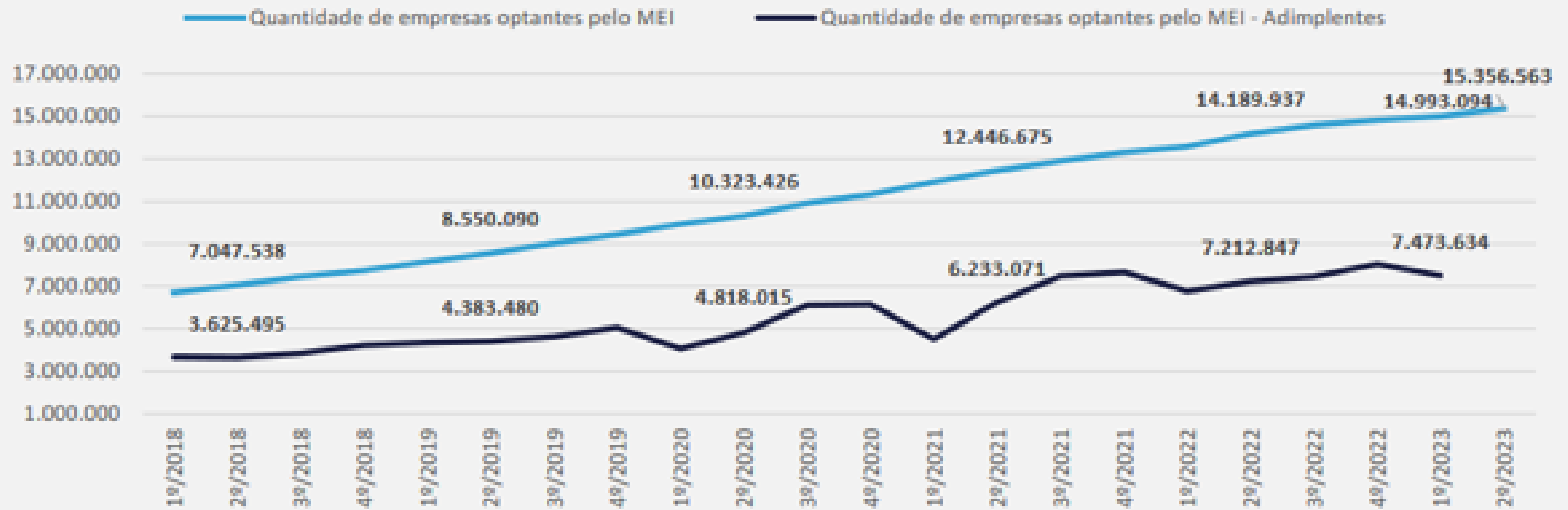


- "Missing Middle"
- Trabalhadores que recebem benefícios não contributivos
- Trabalhadores que Contribuem para Previdência

Source: IBGE.Pnad.C Brazil Ministry of Labour and Employment

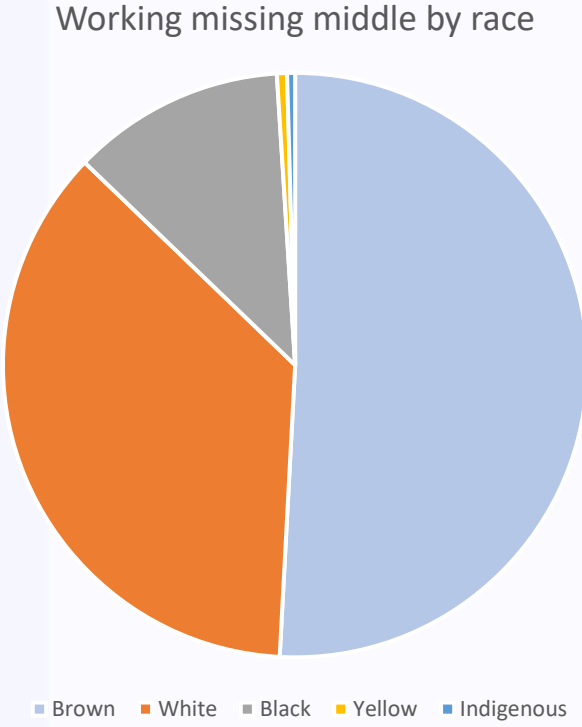
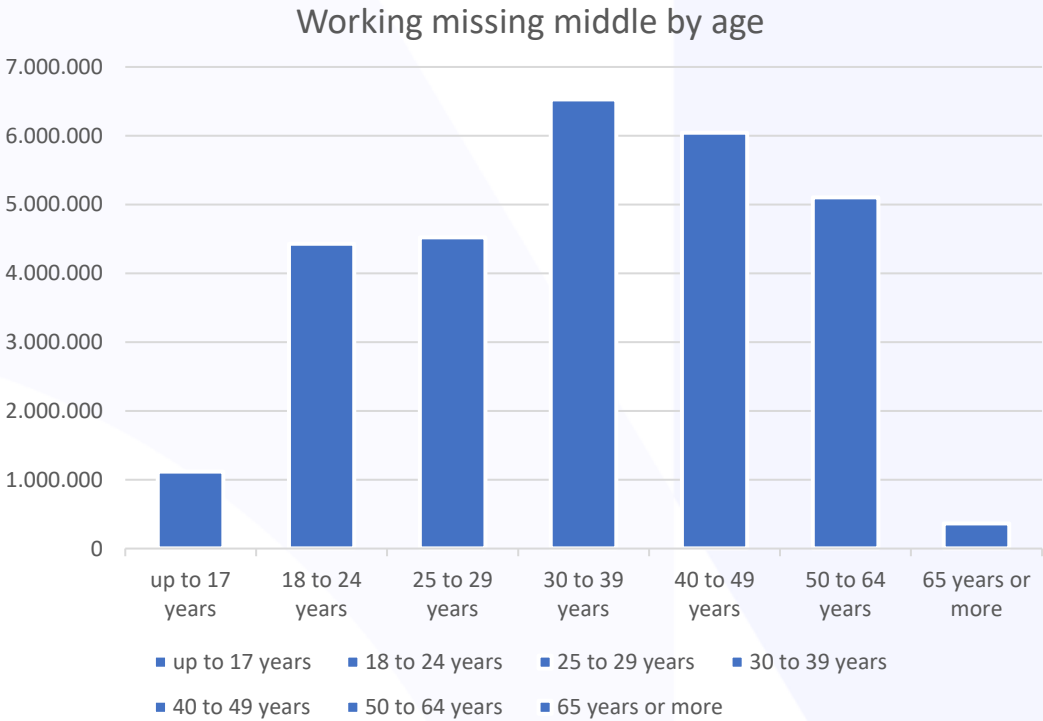
36% of missing middle workers are illegal salary paid workers (need more enforcement);  
52% are own account workers or employers in the informal sector (programs to formalization are in place, but are used to promote bad forms of employment e fraud to social security system)

### Evolution of individual companies opting for simplified taxation program. Brasil 2018-23



Fonte: Portal do Empreendedor.

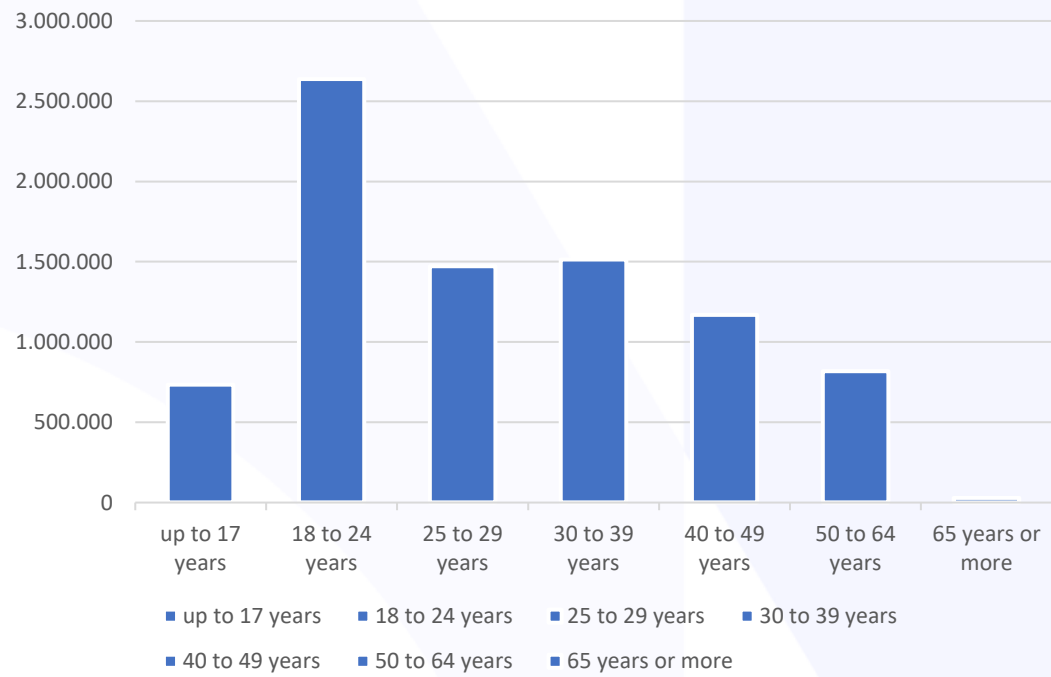
# Working missing middle – 35% women, 63% adults (30 years and more), 62% brown and black people)



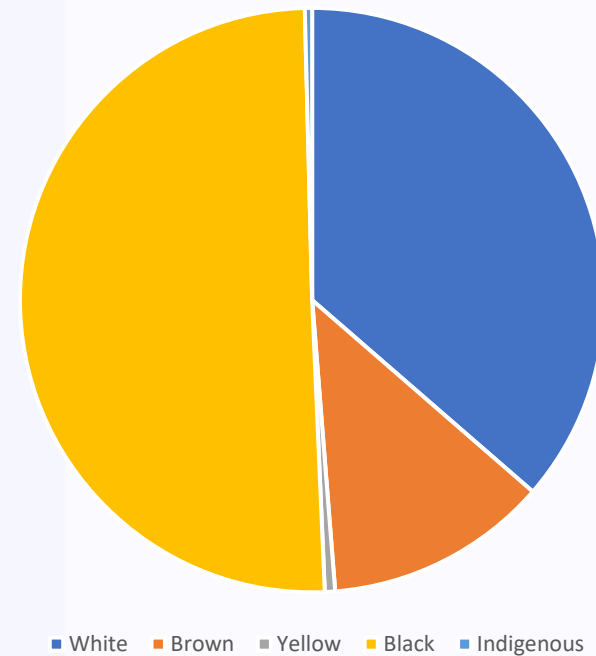
Source: IBGE.Pnad.C Brazil Ministry of Labour and Employment

# Unprotected Unemployed missing middle – 49% women, 58% Young people (16 to 29 years), 63% brown and black people),

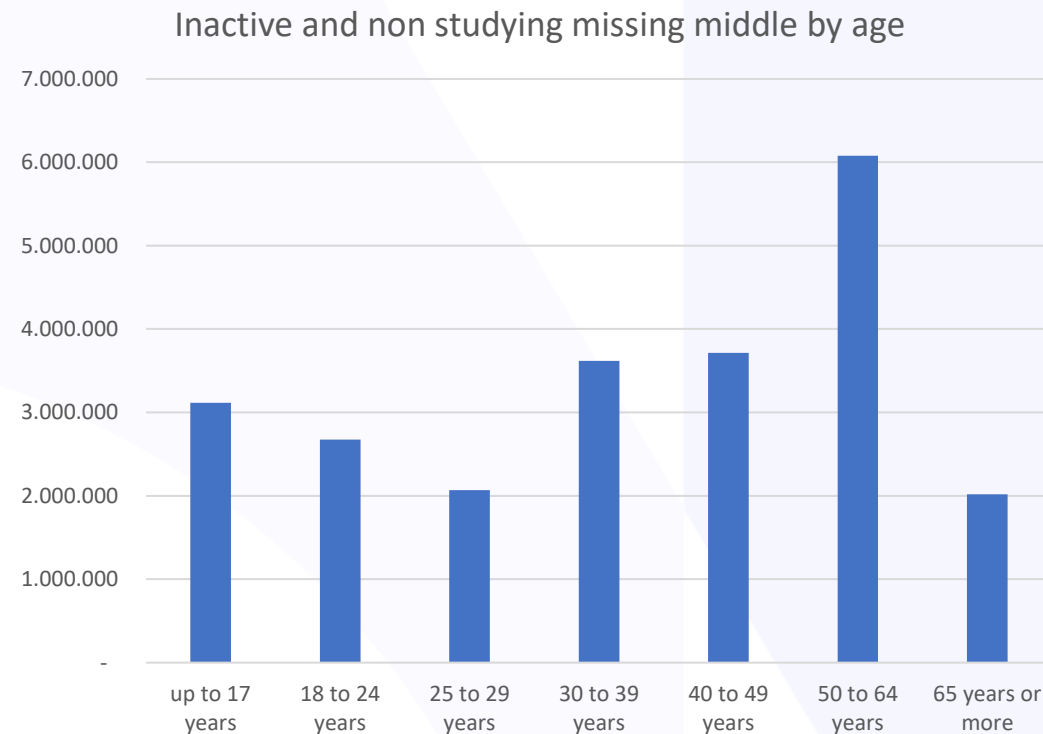
Unprotected unemployed by age



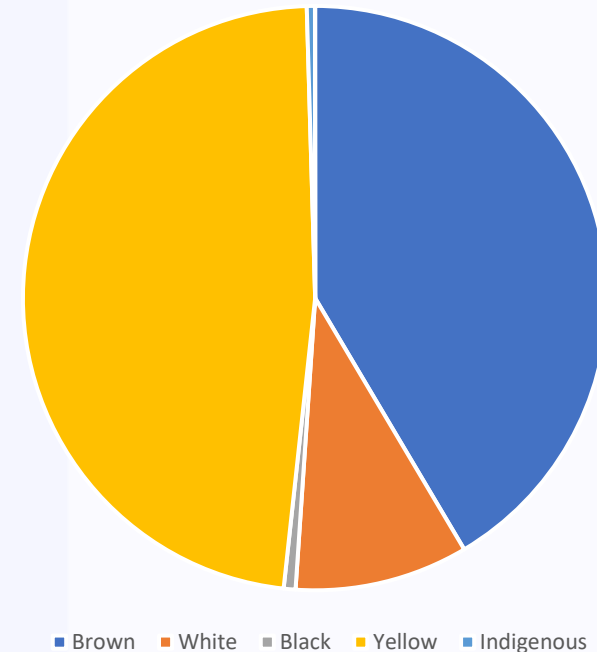
Unprotected unemployed by race



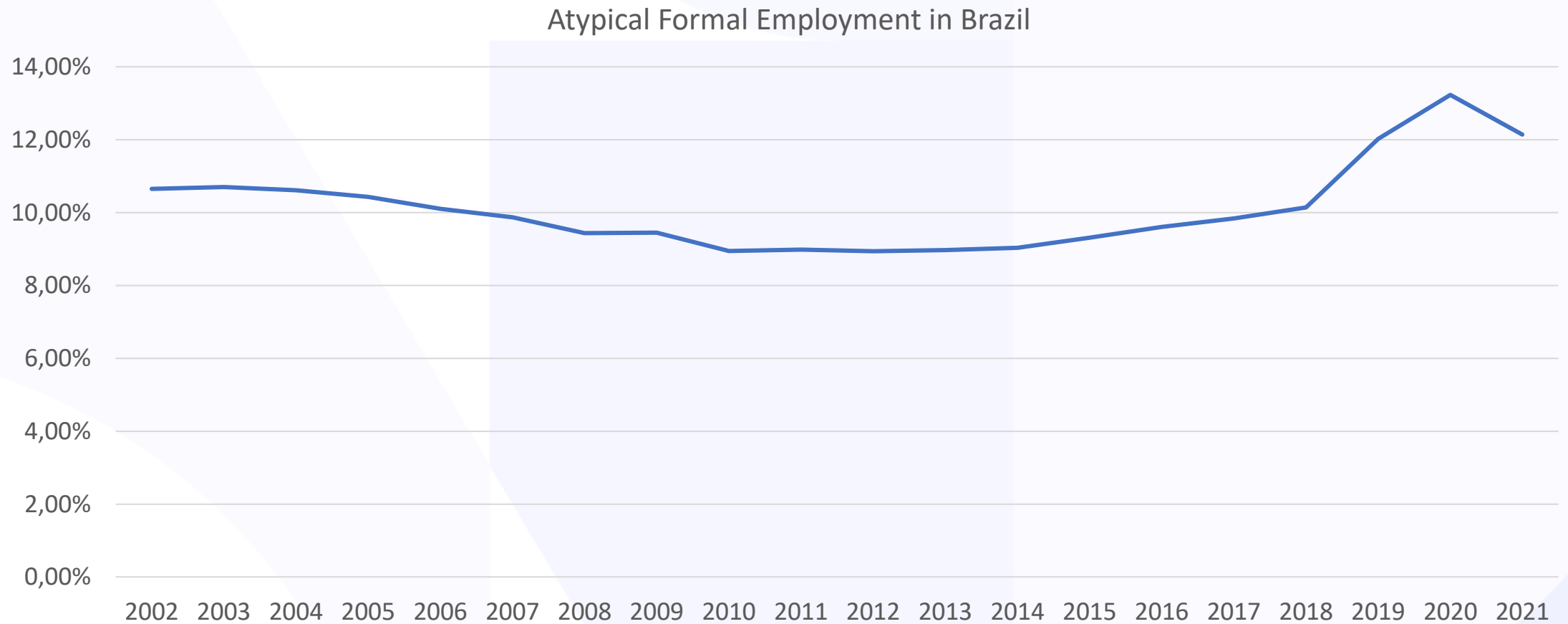
Inactive and non studying missing middle – 63% women, 50% adults (40 years and more), 62% brown and black people)  
8 million (24%) was not looking for a job because have to care of children or elderly people



Inactive and non Studying Missing Middle by Race



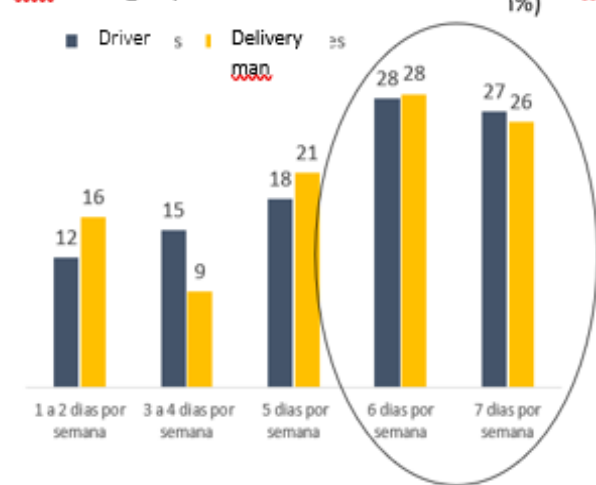
# Labour reform in 2017, reinforce non standard employment (part time jobs, intermitente jobs, contract terms) with loss of labour rights and payment



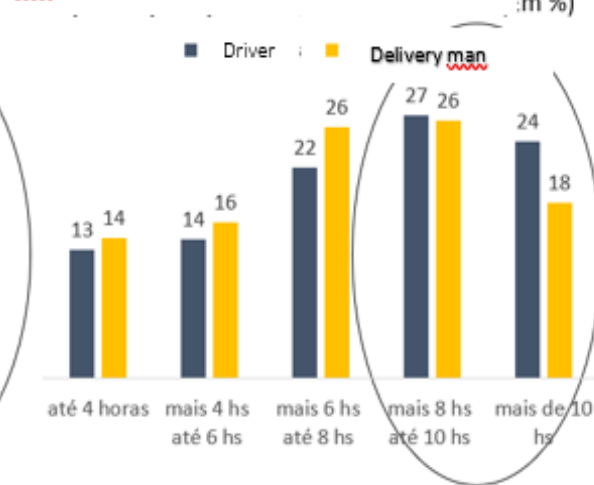
Source: Brazil Ministry of Labour and Employment. RAIS

News forms of works create by enterprises the uses digital platforms reintroduce abuses 7days work without guaranteed paid weekly rest; more than 50% working more than 8 hours per day, 50% of drivers and 62% of delivery man reciving monthly at most the value of 2 minimum salaries

Number of days per week worked for enterprises that uses digital plataforma Brasil 2023

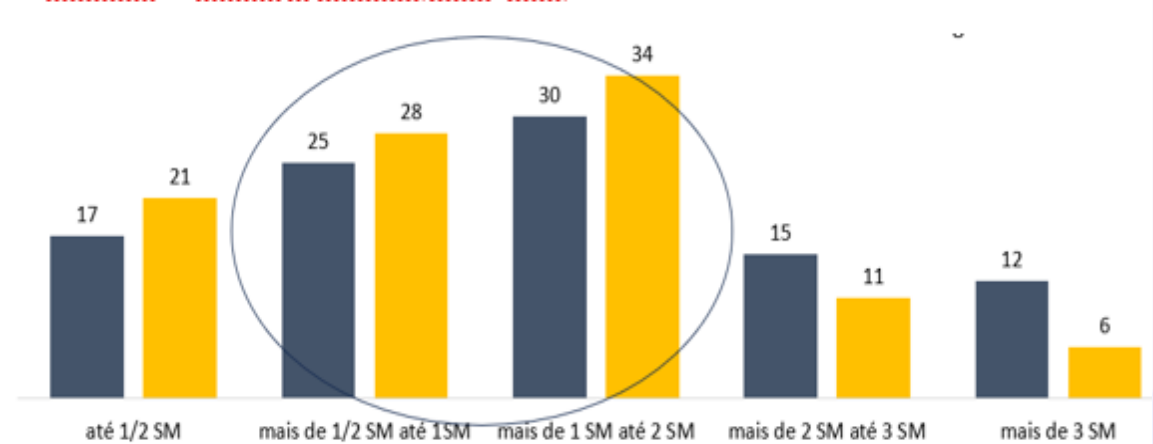


Number of hours per day worked for enterprises that uses digital plataforma Brasil 2023



Fonte: Sondagem M TE, 14 a 21/08/2023.

Average payment of Drivers and Delivery Man that work for enterprises that uses digital plataforma, in number of minimum salary. Brazil. 2023



Fonte: Sondagem M TE, 14 a 21/08/2023

# In summary

- New technology can abolish workers rights; it has to be build to support people, specially in crisis event (covid, climate).
- Representatives of workers and ofenterprises has to work togheter, negotiating ways to build more wealthies societies for everyone.
- Minimum wages should be used to promote more distribution of wheath to population
- Democratic societies must recognize the centrality of work and workers