

Youth Migration in Brazil: Families and Households Labor Force Participation Patterns

Many studies of rural labor market in less developed countries indicate that a significant portion of rural youth employment occurs in nonfarm activities. This paper incorporates the rural nonfarm economy in the traditional rural-urban migration framework as a determinant of rural youth labor relocation. The rural nonfarm economy contributes significantly to rural earnings, and therefore to restrain rural migration, in lower income areas. The main objective is to extend the analysis of rural nonfarm employment to 2000, using data from the population census, examining the farm and nonfarm sector employment of members of rural families, as the combination of these activities determines their incomes. The analysis is extended beyond the simple urban-rural dichotomy, introducing an intermediate category. In Brazil, evidence points that more people are dividing their lives between areas designated urban and rural. I use a division distinguishing localities by population size, population density, levels of urbanization, commuting patterns and adjacency.

Extended Abstract

Many studies of rural labor market in less developed countries have indicated that a significant portion of youth rural employment occurs in nonfarm activities. This study incorporates the rural nonfarm economy in the traditional rural-urban migration framework as a determinant of rural youth labor relocation. The rural nonfarm economy was found to contribute significantly to rural earnings, and therefore to restrain rural migration, in lower income areas.

In decades past, a large contingent of workers left farms and small towns to move to the large cities of Brazil. In the 1990s, not only has this flow subsided but it is observed an urbanization of rural areas via a large increase in nonfarm activities in rural areas. Exclusively agricultural rural households have lower incomes than multiactive households (those with activities in both the farm and nonfarm sectors) and than nonfarm rural households. A significant reduction in the number of purely farm households is observed.

Until recently, it was assumed that rural and agricultural employment was in decline in Brazil. It was also postulated that the smaller the rural population, the more developed is the region. But nonfarm activities were expanding very rapidly in farming regions as a result of agricultural development itself. Nonfarm income constitutes between 20 and 30% of rural employment, and the percentage is as high as 30 to 40% if one includes villages and small towns as part of rural areas. Rural farm employment is decreasing and rural nonfarm employment (RNFE) is increasing, more rapidly than overall employment.

In the 1960s and 1970s a substantial number of rural workers moved from the countryside to the rur-urban periphery, thus urbanizing a large part of the agricultural workforce that formerly lived on farms. In the 1980s, by contrast, this movement was substantially reduced, with a veritable urbanization of the Brazilian countryside via the growth of nonfarm employment in rural areas. In 1990, for example, for each five persons residing in rural areas of the region where agriculture is the most developed in Brazil, at most two were employed in agriculture. Another three were employed in nonfarm activities, principally in processing industries (agroindustry), domestic services, civil construction, commerce, and social services.

The main objective of this paper is to extend the analysis of rural nonfarm employment trends to 2000, using the data from the population census, and explore the determinants of these trends. A principal finding is that RNFE continued to grow and farm employment to fall. Rural unemployment and inactivity are also increasing; the growth in these categories unemployed and retirees living in rural areas is one of the most powerful indicators that Brazilian rural areas have already been converted into a place of residence disassociated from the place of work or even that

those areas are no longer more than a private residence area as well as a place of work, and that rural residents are not necessarily employed or much less necessarily employed in agriculture. In sum, rural residents do not limit their activities to the agricultural (in the strict sense), but also undertake nonfarm activities. It should be noted that measuring employment based on place of residence overestimates the capacity for generation of nonfarm employment in rural areas, in the cases where the respondents undertake their activities in urban areas. This can be understood as a new function of the rural areas, to provide residence for a substantial number of persons working in urban areas. This goes both for high-income urban residents who are looking for a better quality of life and leisure as well as for low-income persons who live on the peripheries of large cities in order to fulfill their dreams of owning a home.

It is important to analyze the farm and nonfarm sector employment of members of rural families, as the combination of these activities determines their incomes per capita. The unit of analysis is extended families in rural areas that include, beyond the nuclear family, parents and others who live in the same domicile with them. The typology I use classifies extended families by type of domicile (rural or urban) and employment status (employer, self-employed, employee, and unemployed). Families with at least one employed person are classified as farm, nonfarm, or multiactive (participating in both farm and nonfarm sectors) according to the activities undertaken by their members in the reference week. Farm families are those in which all employed members are engaged in farm sector activities as their principal employment. In the contrary case, the family is considered a nonfarm family. The multiactive family is one in which at least one person works in the farm sector and one in the nonfarm sector, or when at least one member declares doing several types of farm activities (principal and secondary) in the reference week. The families in which one or more members declare that they are engaged in nonfarm activities both as principal and secondary activities were considered nonfarm families.

40.6 million extended families exist, and at least around 7.4 million (around 19%) live in rural areas. The biggest group of rural residents is the self-employed, with 3.5 million families, about half of the rural families. The great majority of these are farm families (60%). There are also nearly one million multiactive self-employed families. Nonfarm self-employed numbers grew over the 1990s. There was a drop in farm family self-employed. Next to the self-employed, the biggest group is the employees. The multiactive employees families plus the nonfarm ones equal million families, which surpasses the number of farm employee families. That is, the number of rural families with at least one member working in the nonfarm sector exceeded the number with only farm sector employees in 1997. The regional distribution of these employee families shows a concentration in the regions with more developed farm sectors. There was an increase in the number of employee families living in rural areas, especially nonfarm employees families the number of which leapt in all regions. There was also an increase in the number of families of unemployed in all the regions considered, that is, families with persons of over 10 years old who were not employed in the reference week. The average income activity of an urban resident always exceeds that of a rural resident. Among those working in agriculture, those living in the city earn on average nearly three times more than those living in rural areas. Nonfarm incomes were substantially higher than agricultural incomes for rural residents. These two findings combined indicate that it is the low farm incomes that lower the average income of rural residents relative to urban residents. Farm sector families have an average per capita income lower than the multiactive for a given employment status (employer, self-employed, or employee). Rural nonfarm families, both the self-employed and the employees, have a higher per capita income that is almost the double of farm families and well above those of the multiactive. This is due to the heterogeneity of rural nonfarm activities, noting that within the category of nonfarm self-employed or employees one can find anything from maids to highly skilled technicians.

Additional data show that monthly incomes per capita per capita decline as one moves from urban to rural, and from general rural to rural areas where farming predominates both for farm and multiactive families. The composition of rural incomes is also examined. There is a strong reliance by self-employed families on income transfers as pensions and retirement payments.

This paper intends to extend the analysis above beyond the simple urban-rural dichotomy, introducing an intermediate category of space, that recognizes a more graduated set of situations between the most urban and the most rural locations. In Brazil, evidence points that more people are dividing their lives between areas designated urban and rural, constituting a blurring of urban-rural distinctions. Therefore I will use a threefold (or more) division distinguishing localities by size (or degree of rural-ness: extreme and intermediate). Examples in the literature include classifications of areas beyond the metro core, based on population size, population density, levels of urbanization, commuting patterns (% of the employed labor force commuting to urban core) and adjacency (metro outlying, nonmetro adjacent, etc.).