CSP CADERNOS DE SAÚDE PÚBLICA
REPORTS IN PUBLIC HEALTH

PERSPECTIVAS
PERSPECTIVES

The deformed reform

A reforma deformada

La reforma deformada

Antônio Tadeu Ribeiro de Oliveira [1]

doi: 10.1590/0102-311X00052317

[1] Instituto Brasileiro de Geografia e Estatística, Rio de Janeiro, Brasil.

Correspondence
A. T. R. Oliveira
Rua Maria Quitéria 32, apto. 202, Rio de Janeiro, RJ 22410-040, Brasil.
tadeu.cidade@gmail.com

The demographic issue is obviously cited to justify the need for social security reform in Brazil. So far, so good. The problem lies in the deformed approach to the process. Among other characteristics of this deformation, the current Administration, capitalists, media sectors, and Brazilian Congress attempt to compare dimensions that are not comparable, as in their references to developed countries, while trying to equate what is not equatable, except in the long term, as in the case of regional differences, rural workers' conditions, and women's double burden.

The current article focuses (but not exclusively) on the debate's demographic dimension. Other deformations and distortions such as ignoring social security's legal framework, the lack of transparency in the reform process, with a refusal to disclose the statistics for social security, claiming the existence of a deficit by tallying all the expenditures but only part of the revenues, the dubious and unexplained actuarial forecasting model as grounds for the contribution time of 49 years, the increase in age for access to the Noncontributory Regular Pension (BPC), and extension of the contribution time to 25 years in order to apply for retirement, among others, can be better elucidated and deconstructed in publications [1,2,3].

For some time, the more conservative political sectors in Brazil and those in central government, starting with the Fernando Henrique Cardoso Administration, have painted population aging as a dire threat to the public coffers and ultimately to the very survival of Brazil's social security system. Even as they have repeated this mantra, they have introduced whatever social security reforms the balance of political forces allowed. During the Luiz Inácio Lula da Silva Administration, the 85/95 factors were implemented for retirement of Federal civil servants: minimum age of 55 years and 30 years of contribution for women and 60 years of age and 35 years of contribution for men, with transition rules for workers that were already part of the single legal regime (RJU), the elimination of full retirement for new civil servants, and the creation of a complementary retirement fund for new civil servants. In relation to the General Social Security Regime (RGPS), and already with an eye towards a possible fiscal adjustment, President Dilma Rousseff sent to the Brazilian Congress her *Executive Order 664/2014*, which among other measures made significant attacks on important benefits under the RGPS, such as spouse's pension in case of death, illness benefits, disability pension, and reclusion benefits.

This interpretation of the demographic trend highlights the negative side of aging, totally overlooking the demographic transition stage that produces more working-age people. At least since the

1980s, the population dynamics resulting from the combination of declining fertility rates and the age structure, the result of previous transition stages, allowed Brazil to enter a period of reduction in both the total and youth dependency ratios and only a slight increase in the elderly dependency ratio, the so-called "demographic bonus". This "window of opportunities" would be the prime moment for generating income, wealth, and savings, including the accumulation of cash reserves for social security to deal with the imminent aging in more favorable conditions. In this stage, costs with the young segment of the population no longer pressure the public budget so heavily, thus permitting greater investments aimed at the necessary improvement in the quality of education, while the demands for funds in health and social security resulting from aging tend to be low, and there is an abundant workforce supply [4].

A paradox appears here in the discourse of these governments that attempt to isolate the social security debate from the other economic aspects related to it. Following the 1980s, the lost decade, which made it impossible to take advantage of this ample labor supply resulting from high unemployment rates, how does one explain that after resumption of the Brazilian economy's growth (continuing with ups and downs until the 2010s), there is a possible deficit between revenues and expenses in the pensions component of the social security system? Analyzing only the demographic issue, the explanation would come from the low formalization of this workforce, that is, the cost-sharing model has to include a contribution by those currently in the workforce to cover the payment of those who are already retired. If this contribution is low or nil, no reform can fix the situation, whatever the contribution time or minimum age: the system is bound to crash! In other words, if economic development is not tied to social development, there is not much of a solution.

A look at this brief history shows that the "demographic bonus" is being wasted (thus the quotation marks). Without public policy, the "window of opportunity" is a mere abstraction. Not only the neoliberal Fernando Henrique Cardoso Administration, but also Lula and Dilma Rousseff and now the Michel Temer Administrations failed to consider the dimension of the population dynamic that is extremely positive and strategic for Brazil's future [5]. According to the prevailing official projections by the Brazilian Institute of Geography and Statistics (IBGE) [6], the dependency ratios will continue their downward trend until 2023, and only then will they begin to be affected by the elderly segment's contribution to the indicator; not until 2037 will the youth dependency ratio dip below that of the elderly; the working-age population will show an upward growth trend until the 2040s; and in 2060, even when the working-age population is declining, it will include approximately 131.4 million Brazilians, nearly double that of 1980 and close to that of 2010. If it were not for the shortsightedness and blind defense of capital, the extremely positive side of the population dynamic would be incorporated by government into a serious discussion of the social security reform.

Another distortion in the grasp of the demographic issue that would be laughable if the consequences were not tragic is when the heralds of reform rush to make comparisons between characteristics that are not comparable. When they find that life expectancy at birth is profoundly unequal between the different regions of Brazil, since the official projections6 show that the mean life expectancy of a person born in the State of Maranhão in the year 2016 is 70.6 years, while a child born the same year in Santa Catarina would live nine years longer, they seek to use the comparison of mean life expectancy at 65 years, an indicator with small regional differences, since after the more acute phase of disease incidence in childhood and deaths from violent causes in early adulthood, regional life expectancies tend to converge.

What they leave out of this comparison are the conditions in which each person reaches 65 years of age; in other words, that healthy life expectancy, or those years of life free of disabilities reserved for each of these segments, will be determined by their lifetime social and work position. Thus, the poor, who were subject to harder work and had less access to health services, running water, and basic sanitation, even when they have reached 65 years, will have fewer years of healthy life ahead of them when compared to the better-off.

In this stage of the demographic transition, when Brazil is moving towards population aging but still with an abundant labor supply, the government fails to take advantage of the remaining window of opportunities in order to solve "a possible and more immediate cash flow problem" in social security and seek to minimize the differences between areas where income inequality imposes asymmetrical living conditions. On the contrary, they want to pass a reform that will not provide an immediate solution to the revenues/expenses ratio in social security, besides paving the way for the depletion of the public pensions system, to deepening poverty, especially in the older age groups who were unable to reach the requirements for retiring and/or accessing benefits, to the loss of productivity resulting from disincentives for education, since young people will have to enter the labor market at 16 years of age in order to attain full benefits at retirement, among other problems. Such measures solve nothing in the short term and set a social and economic time bomb to explode in the near future. How big will the social tensions be that result from the imminent rise in poverty, the lack of social protection, and a bankrupt social security system? The government's strategic actions fail to meet capital's most basic logic, which requires a minimum of social peace for its accumulation.

Possible alternative paths, always considering demographic trends, would include the formal labor market's incorporation of this gigantic available mass of working-age workers, taking advantage of the lower pressure exerted by younger age groups (children and youth), investing in improvements in education, starting with daycare and preschool, in order to favor knowledge-intensive economic activities, increasing the workforce participation rates, particularly for women, a process that would be favored by the supply of daycare. The point of departure for this logic is that economic development only makes sense with social inclusion. Demographic time still allows us a "window" to act from this perspective in order for the proposed necessary changes in the social security system to still be made in a scenario of less social inequality, with greater economic dynamism, allowing Brazil more peace of mind to examine the models for transition from one system to another with regard to changes in the minimum age for full access to retirement benefits. Such proposals relate to a national project for Brazilian society that is totally different from that proposed by those ruling the country today!

1. Puty CACB, Gentil DL. A Previdência Social em 2060: as inconsistências do modelo de projeção atuarial do governo brasileiro. http://plataformapoliticasocial.com.br/previdencia-social-como-acreditar-nas-previsoes-do-governo-para-2060/ (accessed on 19/Mar/2017).
2. Previdência: reformar para excluir? Contribuição técnica ao debate sobre a reforma da Previdência social brasileira. http://plataformapoliticasocial.com.br/previdencia-reformar-para-excluir-completo/ (accessed on 19/Mar/2017).
3. Sakamoto L. Reforma deveria ajustar e não destruir a Previdência, dizem especialistas. http://blogdosakamoto.blogosfera.uol.com.br/2017/03/15/reforma-deveria-ajustar-e-nao-destruir-a-previdencia-dizem-especialistas/ (accessed on 19/Mar/2017).
4. Oliveira ATR. Os desafios ao desenvolvimento econômico e social colocados pela dinâmica demográfica. In: Fonseca A, Fagnani E, organizadores. Políticas sociais, desenvolvimento e cidadania. São Paulo: Editora Fundação Perseu Abramo; 2013. p. 401-21.
5. Oliveira ATR. Envelhecimento populacional e políticas públicas: desafios para o Brasil no século XXI. Espaço e Economia: Revista Brasileira de Geografia Econômica 2016; IV:1-20.
6. Instituto Brasileiro de Geografia e Estatística. Projeção da população do Brasil por sexo e idade: 2000-2060. http://ibge.gov.br/home/estatistica/populacao/projecao_da_populacao/2013/default_tab.shtm (accessed on 27/Mar/2016).

Submitted on 23/Mar/2017
Final version resubmitted on 03/Apr/2017
Approved on 25/Apr/2017