

Middle Class Leads Loss of Income in the Pandemic and Drives Inequality in Brazil

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Study points to richer cities and regions; areas of Brasília lead the ranking

The middle class was the one who lost the most income during part of the coronavirus pandemic, which led to increased income inequality in Brazil. Among the poorest population, incomes remained virtually unchanged, thanks mainly to the payment of Emergency Aid.

During the period, the traditional concentration of income was maintained in richer states and in areas of the Federal District, where there is a predominance of well-paid civil servants with stable employment — although the majority, with the exception of the military, have been without salary readjustments since 2017.

According to unprecedented data from FGV (Fundação Getulio Vargas) Social based on 2020 Income Tax returns and IBGE surveys, the middle class (Brazilians located between the poorest 41% and the richest 10%) lost 4.2% of their income in the first pandemic year.

In the richest 10%, many of them residents of wealthy areas of the Federal District (such as Lago Sul and Lago Norte) and traditionally wealthy cities such as Nova Lima (MG), São Caetano do Sul (SP), and Florianópolis (SC), the drop in earnings was much lower, 1.2%. Among the poorest 40%, there was practically stability (gain of 0.2%).

Translated by Cassy Dias