Brazil aims to create up to 4 million jobs via stimulus package

Corporate tax cuts, working on Sundays and micro-credit schemes are among the government's proposals.

Brazil's President Jair Bolsonaro has launched a programme to create jobs largely based on tax reductions for employers as Brazil struggles to put more than 12 million people back to work.

The pension and labour secretary said on Monday the administration aims to create 1.8 million jobs for people aged 18-29 and almost 1 million other jobs by the end of 2022.

The government has also unveiled a bill to bring up to 1.25 million disabled and injured workers back into the workforce.

The jobs package comes amid stubborn double-digit unemployment as well as violent protests elsewhere in Latin America, including Chile, stemming partly from economic difficulties. Brazil's economy is headed for its third straight year of roughly one-percent growth, following two years of deep recession, and patience is wearing thin.

"People between 18 and 29 have double the (average) unemployment rate. That is why we chose them to be beneficiaries," labour secretary Rogerio Marinho said. "We will make payrolls less expensive over the next three years, responsibly, showing how we will make up for it while respecting the budget."

Marinho said labour costs for employers will fall as much as 34 percent with the programme for young people.

Other measures include extending microcredit loans for those currently unable to borrow money and allowing companies the flexibility to work holidays and Sundays.

However, left-leaning politicians have opposed working on Sunday in the past, arguing it would open the door to exploitation.

The rules are already in effect, but Brazil's Congress must ratify them.

The government said that its tax cut aims to encourage employers to hire young people who are just entering the job market and who are often drawn into low-paying informal labour. The programme runs through the end of 2022.

"The proposal attacks a market failure. Young people don't have experience, so they don't get jobs. Since they don't get jobs, they don't get experience," said Marcelo Neri, an economist who directs the social policy department at the Getulio Vargas Foundation university. "Moreover, its the group of people who suffered most in the past five years."

Brazil's unemployment rate surged during the 2015-2016 recession and has been in the double digits since. Three years ago, Bolsonaro's predecessor, Michel Temer, proposed labour reform pitched as certain to stimulate jobs in Latin America's largest economy.

However, most employment gains since have come from informal or part-time work.

Unemployment has come down since its 13.7 percent peak in 2017, but not fast enough to satisfy a beleaguered workforce. Joblessness was 11.8 percent in the third quarter, down from 11.9 percent in the same period a year earlier.

Many of those who cast their vote for Bolsonaro last October hoped the shift in policy would reinvigorate the economy.

Brazilians in recent years have turned to self-employment, for example performing odd jobs, doing deliveries on bike or motorcycle and driving for ride-share apps like Uber. Postings for steady jobs, even those paying as little as $400 a month, draw long lines of applicants.

Official data from the third quarter show 4.7 million people are so disheartened that they have stopped looking for work.

Bolsonaro's new policies aim to help job seekers by helping employers.

By changing the indexation method for compensation payments, the government is hoping to help state-run firms save up to 37 billion Brazilian reais ($8.9bn) over five years.

Some 65 billion reais ($15.7bn) could be injected into the economy by replacing the deposits companies set aside for labour dispute compensation payments with guarantees or insurance, the government forecast.