

Brazil is handing out so much cash to citizens that poverty is nearing a historic low

[Clique aqui para ver a notícia no site](#)

Brazil is one of the countries most affected by the pandemic. One of the measures against the crisis was to distribute money directly to the citizens. This has brought poverty and inequality closer to national historical lows, Bloomberg reports.

About 66 million people, 30% of the population, receive 600 reais or \$ 110 a month, making the social program one of the most ambitious ever undertaken in Brazil, an unthinkable change under President Bolsonaro, who denied having a virus.

The government has not yet released its figures, but those from the Getulio Vargas Foundation, one of Brazil's best universities, show that people living on less than \$ 1.9 a day have fallen to 3.3 % in June from 8% last year, and those below the poverty line were 21.7% compared to 25.6%. This is a 16-year minimum for both indicators.

The crisis in the automotive sector has also hit Brazil
The crisis in the automotive sector has also hit Brazil

Exports in the first months fell by more than 33%, and production fell in November

Economist Daniel Duque said that, in fact, poverty had reached the lowest percentage of data tracking that began 40 years ago, but the change in definitions in 2004 made the direct comparison a bit complicated. He added that unpublished measurements from July and August showed that the inequality calculated by the so-called Gini coefficient had fallen below 0.5 for the first time.

However, Covid-19 has killed about 122,000 Brazilians and suppressed poverty and inequality, at least in the short term. According to Duque, it will not be possible to end the program soon: "The population will certainly demand more types of programs like this and we cannot risk dropping out."

In fact, the government has begun analyzing the program, and Bolsonaro has announced that aid will be halved for the rest of the year. And while he promises to introduce some form of permanent income, he has not yet indicated where he will get money for it.

Jose Carlos Alves, 56, who sells souvenirs on the outskirts of the Brazilian capital, says the \$ 110 each month has shifted his political beliefs as he faces months without tourists and therefore no sales. Formerly loyal to Lulas long-ruling Labor Party, he says the aid "shows Bolsonaros concern and now he will have my vote in 2022."

Monica de Beaulieu, a senior fellow at the Institute for International Economics in Peterson and advising lawmakers on emergency legislation, said it was a broader phenomenon: "Bolsonaro realized the obvious: Brazil is a poor country with very poor people and if provide them with remittances, will receive their votes," she said.

Before the pandemic, Brazil had fallen into a two-year recession, followed by a very slow recovery and rising poverty levels. More than a third of the country benefits from some form of social assistance.

World Bank: 60 million people at risk of "extreme poverty"

World Bank: 60 million people at risk of "extreme poverty"

Extreme poverty is defined when a person has up to \$ 1.9 a day

The government stimulus, which accounts for about 7% of GDP, has been attributed to rescuing Brazil from worse results, although the economy is expected to shrink by more than 5% this year. That's less catastrophic expectations for Mexico and Argentina, which could shrink by about 10% each.

Although the virus has spread famine from the United States to the Sahara Desert, many governments face the same challenge: how to cut emergency pandemic spending without hampering a fragile economic recovery.

The United States also responded with the most generous welfare benefits in its history, including a \$ 600 a week supplement for the unemployed, which increased average incomes. This program expired in July, and authorities are still debating an extension.

In Europe, France, Germany, Italy and others are considering extending benefits for those who do not work, while Britain plans to abolish them in October.

Such programs in Brazil raise questions about whether Bolsonaro aims to stay in office in this way.

