

## Poverty In Brazil Nearing Historic Low After It Handed Out Massive Amount Of Cash To People Amid Pandemic

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Brazil has implemented the most ambitious social program to combat COVID-19. President Jair Bolsonaro had announced a distribution of 600 reais a month to 66 million citizens. It responded to the crisis by giving out so much cash directly to its people that poverty and inequality are facing historic lows.

The Government has not issued any information but data of Getulio Vargas Foundation (Brazils top university) states that people living on less than \$1.9 a day fell to 3.3% in June from 8% last year.

The Brazilian President implemented the programme of giving 600 reais (\$110) a month to 30 percent of its population. COVID-19 has killed 1,22,000 Brazilians and paradoxically the "welfare" scheme has driven down poverty and inequality.

According to The Print, Economist Daniel Duque said poverty has hit the lowest rate since data collection began 40 years ago. He believes it would be difficult to end this programme soon as a source of massive basic income has been created.

"The population will surely demand more types of programs like this, and we cant run the risk of a massive drop-off," he said.

Recently, the President announced that the handouts will be halved for the remaining year and some form of permanent stipend will be assured.

The President of Brazils Central Bank said that the emergency subsidies have been effective but it should not become the new policy. He said, "In the last few days, the market has been punishing Brazil very badly. The community understands that we need to go back to the plan, we need to spend it in a responsible way."

Even the economists agree that the approach is unsustainable as Brazil is approaching its largest primary deficit ever over 11% of GDP this year. The challenge for the country is to unwind the situation.

Last week, investors engaged in a massive selloff of Brazilian assets after Bolsonaro suggested financing permanent stipends. The huge price of the program, often known as "corona vouchers", has cost 50 billion reais (\$9.3 billion) a month through August.

Before the pandemic, Brazil had two years of recession followed by a very slow recovery, increasing poverty. More than a third of the country is on some kind of social benefit. Besides, the corona voucher has raised questions on the economic vulnerability of the country.