

The Americas

Brazil's poor squeezed by less virus aid, surging food costs



FILE - In this Sept. 15, 2020 file photo, squatters peer from behind the iron gate of a house that about 15 families have been occupying for close to a year, before being evicted, amid the new coronavirus pandemic in Rio de Janeiro, Brazil. Poor people in Brazil are struggling to cope with less pandemic aid from the government and jumping food prices, with millions expected to slip back into poverty. (Silvia Izquierdo, File/Associated Press)

By David Biller and Tatiana Pollastri | AP

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RIO DE JANEIRO — Many people in Brazil are struggling to cope with less pandemic aid from the government and jumping food prices, with millions expected to slip back into poverty.

Brazil's government, starting this month, halved the amount of its monthly emergency cash transfers to help Brazil's poor withstand the hardship of the economic meltdown, down to 300 reais (\$54).

The program, which started in April, has been the main driver behind lifting 15 million people from poverty, including 2 million from July to August alone, according to a report that the Getulio Vargas Foundation, a university, published Friday. Poverty, which the FGV defined as income equal to half a minimum monthly salary, or 523 reais, has reached its lowest level since at least the 1970s, according to Marcelo Neri, the report's author.

As the government winds down the program through year-end, with unemployment still high, many of those people who benefited will become newly impoverished, said Neri, director of the FGV's social policy center. Half of those who ascended are expected to fall into poverty in October, he said.

Marcio Santos, 27, used to sell water at traffic lights in Sao Paulo. Nobody wants to buy from him anymore, fearing COVID-19 contamination, so he's been relying on the government's pandemic cash program. Receiving 300 reais monthly instead of the 600 reais he collected for months is blowing a hole in his finances.

“For a family that receives aid of 300 reais, how can we take care of our 5 kids with this? There is no way we can buy milk, diapers, food,” he said.

President Jair Bolsonaro told the United Nations General Assembly last month that the pandemic cash program had buoyed the livelihoods of 65 million Brazilians, making it one of the world’s largest such initiatives. Political analysts have widely attributed the jump in his popularity to the program’s success. Some 40% of Brazilians surveyed by pollster Ibope rate Bolsonaro’s government as good or excellent, according to a poll published Sept. 24.

But the Brazilian government lacks the fiscal space to maintain the costly program. What remains to be seen is whether Bolsonaro’s approval ratings will tumble as aid is withdrawn.

Meanwhile, rising food prices have also been hurting the poor.

Inflation data that Brazil’s statistics agency released Friday showed a 2.3% jump in food and beverage prices in September, its biggest increase for that month on record since 1994. Food prices have increased 7.3% during 2020, with some staples like rice, milk and tomatoes jumping 41%, 30% and 26%, respectively.

Higher food costs are being driven by a weaker exchange rate, boosting Brazil’s exports and reducing domestic supply, according to Pedro Kislakov, who coordinates the statistics agency’s inflation survey. There’s also been heightened domestic demand due to the government’s COVID-19 aid program.

A caregiver for the elderly, Cleide Valente, visits the same Sao Paulo street market every week, and on Thursday she complained about the cost of food.

“(Before the pandemic) I could do a good purchase with 120 reais. Today, I already spent 160 reais here,” Valente, 57, said.

According to the World Bank, up to 150 million people globally could slip into extreme poverty, living on less than \$1.90 a day, by late 2021. The exact amount will depend on how much economies shrink during the COVID-19 pandemic, the bank said Wednesday in a report.

Pollastri contributed from Sao Paulo.

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