

## The ideal minimum wage in August should be R\$6,298; why not?

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The ideal minimum wage to support a family of four in Brazil should have been R\$6,298.91, calculated Dieese (Inter-Union Department of Statistics and Socioeconomic Studies), based on a survey of prices for basic food items released today. . The definition given for the official minimum wage is based on the determination written in the Constitution, according to the survey: "The constitutional determination establishes that the minimum wage must be sufficient to meet the expenses of a worker and his family with food, housing, health, education, clothing, hygiene, transport, leisure and welfare". The amount is more than five times the current minimum wage of R\$ 1,212. Why doesn't the minimum wage reach Dieese's level? The minimum wage in Brazil was established in 1940, under the government of Getúlio Vargas. The objective was to provide conditions for families to buy the minimum amount of food and maintain other expenses, such as housing and transport. Over the years, however, the value has been losing its purchasing power with inflation. For analysts, a considerable increase in the value of the minimum wage would lead to more layoffs as companies would not have the money to pay employees. "The dilemma of the minimum wage is that, if it is too low, it makes labor relations precarious. And a very high minimum wage has the same effect, because of layoffs and informal work", says economist Marcelo Neri, from FGV (Fundação Getúlio Vargas), in an interview with UOL Paulo Feldmann, professor of economics at USP (University of São Paulo), says that it is possible to raise the minimum wage only when the economy is doing well, which would avoid layoffs. "The increase in the minimum wage was very large between 2007 and 2010, and that was great at that time, because unemployment was falling and consumption was increasing. Companies were able to pay their employees. But it was a very different economic moment than current", he says. For Feldmann, Dieese's minimum wage is far from reality. Although the calculation is quite valid, the values are completely different from what the minimum wage is today. And about 70% of Brazilians do not earn even R\$3,000 per month. Dieese's proposal is to show that Brazil's income is very low, although the value they suggest is not economically viable because companies would not be able to pay even half of that. Paulo Feldmann, professor of economics at USP (University of São Paulo) Despite the GDP (Gross Domestic Product) having grown 1.2% in the last quarter, it was not enough to alleviate the feeling of economic malaise in the country. Official inflation has increased by 10.07% in the last 12 months, according to IBGE data (Instituto Brasileiro de Geografia e Estatística), and, in July of this year, delinquency hit a record, with 66.6 million people in debt. With information from Maria Luiza Pereira, in collaboration with UOL

