
The impact of COVID-19 on Brazil's precarious labour market calls for far-reaching policies like universal basic income

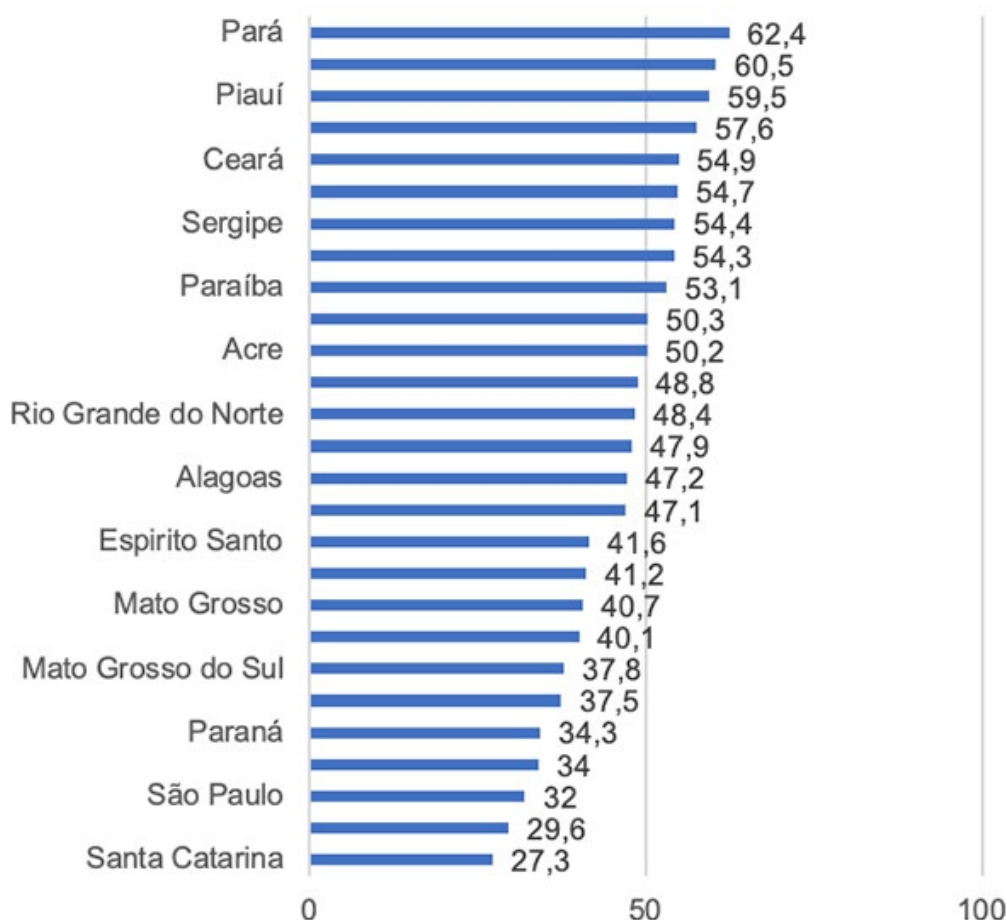
Brazil's coronavirus crisis is also an economic crisis that both reveals and deepens historical inequalities. Given the country's high levels of informality, guaranteeing the income of vulnerable workers is an essential step in tackling the pandemic and its economic effects. In this context, the idea of a universal basic income has resurfaced as a public policy that has the potential to promote inclusion and an expansion of citizenship, write [Mara Nogueira](#) (Birkbeck, University of London), [Aiko Ikemura Amaral](#) (LSE Latin America and Caribbean Centre) and [Gareth A. Jones](#) (LSE Latin America and Caribbean Centre) as part of a [series of blogs](#) linked to their British Academy-funded project [Engineering Food: infrastructure exclusion and 'last mile' delivery in Brazilian favelas](#).

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The first case of COVID-19 in Brazil was [announced by the Ministry of Health](#) on 26 February 2020. Two weeks earlier, the Brazilian Institute of Geography and Statistics (IBGE) had published data from the National Household Survey (PNAD) showing that [around 38 million people](#) in Brazil work in the informal sector. In eleven out of 27 states, more than 50 per cent of workers were in the informal sector and therefore fell outside the bounds of protective labour laws.

Beyond informal work, a recent report by researchers from [Rede de Pesquisa Solidária](#) estimated that the pandemic would impact [up to 81 per cent of the country's labour force](#), thereby jeopardising even supposedly secure jobs.

Percentage of informal workers by state, 2019



Note: Informal workers include: employees without formal contracts, domestic workers without formal contracts, employers without a business register, self-employed workers without a business register, and auxiliary household workers.
Source: IBGE.

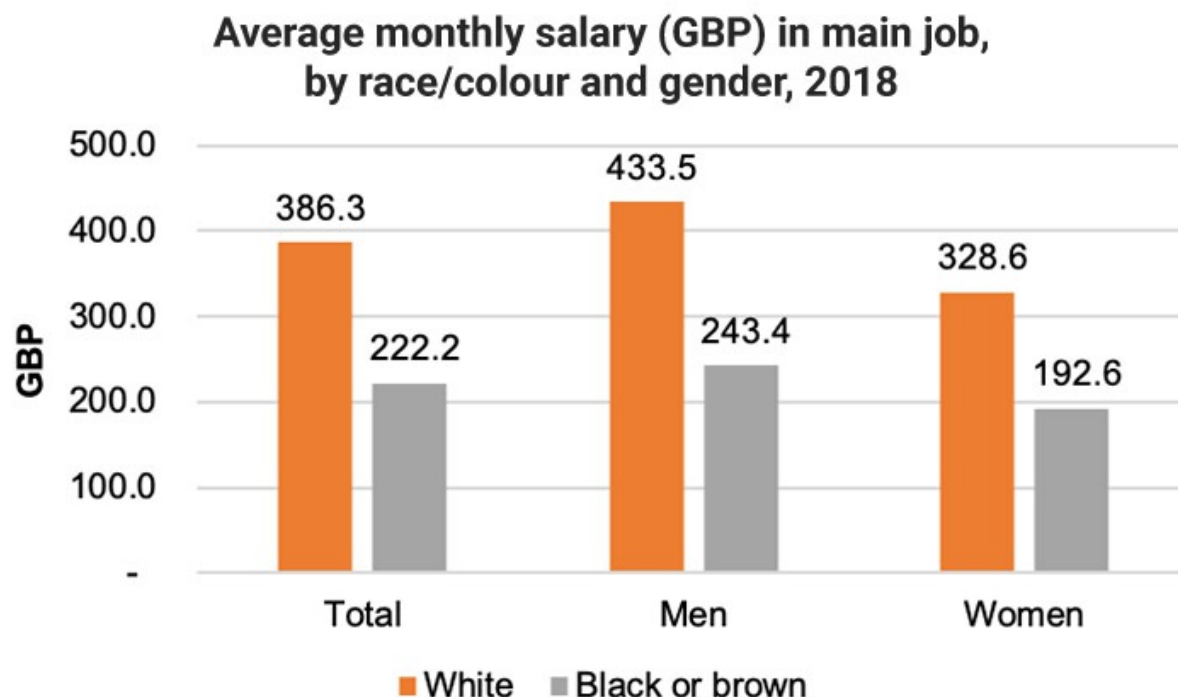
Globally, the pandemic has highlighted the sheer level of precarity engendered by global restructuring of labour markets. Without access to protective safety nets, many workers in the so-called “[informal economy](#)” and “[gig economy](#)” face a choice between losing their livelihoods or [taking risks](#) to keep working in order to survive day-to-day. The pandemic exposes the dismantling of welfare regimes in the Global North and their historical limitations in the Global South, where a citizenship regime mediated by formal waged labour has always been exclusionary.

All around the world, various countries have adopted emergency transfer programmes that target vulnerable groups, rekindling debates around universal basic income as a mechanism that can redistribute wealth and expand access to citizenship.

Life and death in Brazil's “racial democracy”

Brazil is the [seventh most unequal country in the world](#) in terms of income distribution. The same inequality is manifest in the country's heterogeneous labour market, which is stratified by race and [gender](#), amongst other categories.

Only in 2018 did [black and brown students become a majority](#) amongst public university undergraduate students. Yet, data for the same year also showed that black and brown workers with a university degree were paid 45 per cent less than their white counterparts. Across the labour force as a whole, the average monthly income of the white population (£386/\$486) was 74 per cent higher than that of the black and brown population (£222/\$279). Accordingly, vulnerability is [higher amongst black and brown people](#), who make up just 29 per cent of managers but constitute a clear majority amongst [the poor](#) and [informal workers](#).



Notes: People aged 14 or over. GBP values calculated using the exchange rate on 13 May 2020 (1 GBP = BRL 7.24). Based on socioeconomic similarities between black (*preto*) and brown (*pardo*) categories, analyses using census data commonly pool the two together into a single non-white (*negro*) category. Source: IBGE.

Brazil's longstanding structural inequalities have only been exacerbated by the pandemic, which has further undermined Brazil's so-called "racial democracy". In Brazil, the black and brown population is more reliant on the overstretched and underfunded public health system and more prone to diseases such as diabetes, tuberculosis, and hypertension – comorbidities likely to aggravate COVID-19. The data clearly show the racial undertones of the pandemic: amongst victims who are severely affected or ultimately die, [the majority are black or brown](#).

The disproportionate effects of the disease and its ensuing economic impact on vulnerable groups – migrants, black and brown people, the indigenous, informal workers, and the poor – reveal the intersectional historical inequalities that mediate access to basic rights and citizenship in the country.

Waiting for the "coronavoucher"

On 30 March, the Brazilian Senate approved a bill to implement a three-month [emergency income for informal workers](#) of £83 (BRL \$600) per month, with double that amount for female heads of household. The bill was [sanctioned by President Jair Bolsonaro](#) and is widely referred to as the "coronavoucher".

The benefit, currently being [rolled out through the state bank Caixa Econômica Federal](#), is anxiously anticipated around the country. The WhatsApp group "Dignidade Ambulante" ("Street Trader's Dignity"), which brings together street vendors and social activists in the city of Belo Horizonte, has seen intense information exchange and discussion about this benefit. The vote, broadcast live on 30 April, was widely publicised in the group and was compared to a "World Cup final" that would bring in the channel's largest-ever audience.

Such high expectations can be explained by the precarious situation of non-waged workers unprotected by labour laws, for whom [everyday subsistence and housing](#) depend on daily work in the streets. Moreover, the life strategies of the urban poor often combine several kinds of informal practices, as demonstrated by Mara Nogueira in the article "[Displacing Informality](#)". For this group, confinement represents an extreme decrease in their quality of life and carries the real threat of hunger. In this context, many workers resist social isolation, echoing the president's argument that "[Brazil cannot stop](#)".

Informality and citizenship

Bolsonaro's disastrous handling of the pandemic has been widely condemned inside and outside Brazil. The president, however, finds supporters [amongst workers in the popular economy](#). Historically excluded from a [citizenship regime mediated by formal waged labour](#), street vendors' lives are pervaded by uncertainty and a persistent struggle against state repression. As a result, they tend to hold negative views of the state and of politicians, linking both to corruption. In Brazil, with some regional variations, municipal governments also handle workers in the popular economy punitively by applying [hygienist policies](#) that seek to remove street vendors from urban centres.



Groups like street vendors tend to be excluded from a citizenship regime mediated by formal waged labour ([Mídia NINJA](#), [CC BY-NC-SA 2.0](#))

Paradoxically, the emergency income already approved represents an almost unprecedented degree of recognition for a group of citizens whose relationship with the state has never been mediated by a logic of rights. The reality, however, is that many of these people face technological difficulties in accessing the new benefit because eligibility is linked to digital records.

Uncertainty was compounded after the federal government [excluded certain categories](#) (e.g. street vendors and gig-economy workers) from the so-called "coronavoucher". This label itself, which the media has echoed, has been [criticised by specialists](#) for stigmatising its recipients, as it could associate them with the disease and thereby reproduce a kind of hygienist rhetoric.

The coronavoucher label thus reinforces the idea of abnormality, denying logics of citizenship and rights while conveying an idea of impermanence. Through these semantic acrobatics, the government attempts to move away from historical debates on universal basic income, which have recently been rekindled amidst forecasts of an imminent economic crisis.

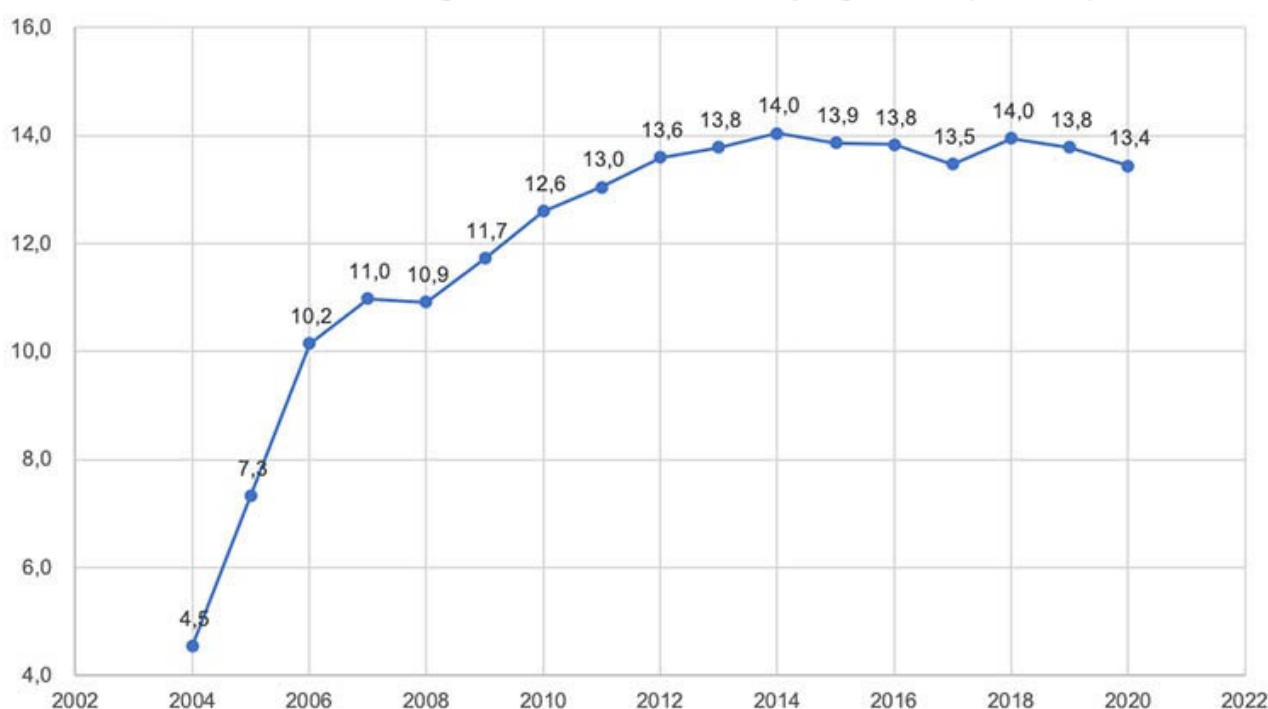
Universal basic income under debate

In Brazil, the first mentions of the idea of a minimum income date back to the 1970s, but the first [bill proposing such a measure dates back to 1991](#). The author was the then senator Eduardo Suplicy (Workers' Party, São Paulo), perhaps [the most famous advocate of the policy in the country](#). Approved by the Senate, the proposal to implement a [negative income tax](#) was never voted on in Congress. It was eventually abandoned, as the national anti-poverty strategy took a different path.

In Latin America, the [rise](#) of unemployment, poverty, and informality in the [aftermath of structural adjustment programmes](#) created the need for "social adjustment" policies, often in the form of [conditional cash transfers](#). Bolsa Família, the largest and most successful income transfer programme in the country, was implemented in 2004, during the first term of President Lula (Workers' Party).

The programme currently reaches [13.4 million families](#), but despite much international recognition, it continues to attract a wide range of detractors and supporters. From the right, it is criticised as a [handout](#) that [discourages hard work](#), and from the left as a policy that [fails to tackle the structural roots of inequality](#).

Families benefiting from the Bolsa Familia programme (millions)



Source: Ministry of Social Development

Similar criticisms have been levelled against universal basic income. But even if they might seem similar at first sight, universal basic income differs from conditional cash transfers in that it grants all citizens the right to an unconditional and individual (rather than family) income. This policy would increase coverage of the target population by avoiding exclusion errors, remove the stigma experienced by beneficiaries, eliminate the bureaucratic apparatus required to monitor conditionalities, and reduce the disincentive to work by delinking benefits from family income.

In the past, universal basic income has been derided as fanciful and fiscally infeasible. Yet today it has resurfaced in several countries, including the [US](#) and the [UK](#), as a [policy option with real potential](#) to counter the effects of the pandemic.

Even with social distancing, a [global economic recession](#) is widely expected. For Brazil in particular, the IMF has estimated [a 5.2 per cent fall in GDP](#) for 2020, with the economy's structural characteristics then leading to a slow recovery. The world in which the COVID-19 crisis unfolded was one in which labour markets were already weakened by decades of restructuring, with growing levels of informalisation and precarity; stability had long since become a privilege rather than a right. Inequalities and hardship were already a reality in normal times, and they were only deepened and exacerbated by the pandemic.

We urgently need to recover the logic of rights and expand it beyond a weakened welfare state with limited coverage that still revolves around labour relations. Universal basic income represents a real alternative that can extend citizenship beyond formal labour relations, granting a minimum of stability to those whose daily goal is simply to sustain their livelihoods.

Notes:

- *The views expressed here are of the authors rather than the Centre or the LSE*
- *This article is part of an ongoing project entitled '[Engineering Food: infrastructure exclusion and 'last mile' delivery in Brazilian favelas](#)', which is funded by The British Academy under its Urban Infrastructure and Well-Being programme.*
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