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Democracy and inequality in Brazil: Unfulfilled promises

Brazil is a rare example of a country where inequality has come down in recent decades, following the process of re-democratisation and the institution of universal suffrage in the 1980s, writes Daniel H. Alves. But more recently, inequality indicators have stagnated at still very high levels, throwing the spotlight back on the many equity-enhancing reforms waiting to be carried out.

The expectation that democracy should reduce economic inequality has been one of the most widely studied propositions in the social sciences. Nobel prize winners Amartya Sen, Daron Acemoglu and James Robinson are among those who believe democratic politics provide more favourable conditions, vis-à-vis autocracies, for fairer income distribution.

Yet the road from high to low inequality is unpaved – as vividly demonstrated by the bumpy trajectory of Brazil, which this year celebrates four decades since re-democratisation. With significant achievements amid persistent shortcomings, the Brazilian case teaches us that, while a vital stepping stone for equitable development, there may be limits to what democracy alone can accomplish.

Universal suffrage, competitive elections and equity-enhancing reforms

Although Brazil had a democratic experience from 1945 to 1964, it was only after the end of military rule (1964-1985) that universal suffrage was enshrined into law. Illiterates had been barred from voting up until then, which in the 1980s meant the political exclusion of about **25 per cent of all – mostly poor – adults**. On top of this, over the years, the implementation of user-friendlier procedures to register and to vote facilitated electoral participation. Turnout among the voting-age population exploded: between the previous presidential election of 1960 and the inaugural free

contest of 1989, turnout rose **by 46 percentage points**, with almost 80 per cent of Brazilian voters casting a ballot.

It is hard to overestimate the policy implications of this change. Political parties now had to appeal to the distributive preferences of a large share of socially vulnerable voters. In 1993-1994, the Brazilian government finally reined in **hyperinflation**, which disproportionately eroded the purchasing power of poorer people. In 1996, the launch of a federal education fund increased public spending per pupil at state schools and effectively universalised enrolment in primary education. From 1997 to 2001, cash-transfer programmes targeted at low-income families, which already existed at the local level, were federalised and rolled out nationwide.

At every turn in these policy processes, then President Fernando Henrique Cardoso (1995-2002), from the PSDB party, who had also led macroeconomic stabilisation as economy minister, sought to signal to voters that his centre-right government was paying the country's "**social debt**".



Brazilian presidents, past and present: Fernando Henrique Cardoso (left), Lula Da Silva (centre) and Jair Bolsonaro (right). Photos via Shutterstock (credits below).

In a peaceful power transfer between rival groups in 2003, the Workers' Party leader, Luiz Inácio Lula da Silva (2003-2010, 2023-), received the presidential sash from Cardoso and Brazil's first centre-left coalition since 1961 took office.

Just as he had promised voters ahead of the election, President Lula da Silva boosted cash benefits and the education fund, steadily increased the national minimum wage and introduced other important social initiatives. The Workers' Party-led administration achieved these by investing in policy delivery and cooperative agreements with non-left political parties. After all, in his victorious campaign, Lula da Silva had also pledged pragmatism and moderation. Speaking at the end of his first year in office, he celebrated the expansion of cash-transfer programmes while highlighting "**politics as the art of the possible**".



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Brazil's Gini index, which measures how uneven income is distributed in a society, fell every year between 1997 and 2011, as did the share of the population living below the poverty line. Wage inequality also decreased significantly around the same period. Even the concentration of income among the richest 1 per cent came down in the first three decades after re-democratisation.

Political crisis and inequality stagnation in the 2010s

After such noticeable socio-economic progress, inequality has stagnated at an unacceptably high level in recent years.

Despite some variation along the way, Brazil's Gini index for 2022 was the same as it was in 2014. Following a sharp drop in previous decades, extreme poverty also remained relatively unchanged, while the income share of the top 1 per cent moved only slightly in the decade up to 2020.

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Political scientists dispute what explains such a cold shower, but there is broad consensus that the quality of Brazilian democracy has taken a hit. The influential Liberal Democracy Index produced by the V-Dem Project shows the health of Brazil's regime declining annually between 2013 and 2019, where it parked for three years at a level last registered in 1989 (it has recovered since Lula da Silva's return to power in 2023). Moreover, if accepting defeat is a pillar of the democratic game, it is

concerning that the losing side (unsuccessfully) contested in court the results of each of the past three presidential elections in 2014, 2018 and 2022.

The 2010s was an incredibly fraught chapter for Brazilian politics. Perhaps the largest popular protests since re-democratisation took over streets across the country in 2013. **A multi-billion dollar corruption scandal engulfing all the main political parties** and several of the biggest national companies broke out the following year. On top of this, Brazilians endured the country's **longest recession ever** from 2014 to 2016, triggering the “lost decade” while the Workers’ Party entered the federal executive for a fourth consecutive term.

In 2016, Congress removed President Dilma Rousseff (Workers’ Party, 2011-2016) from office in a contentious and year-long impeachment process. Two years later, Brazilians elected an openly authoritarian president, the far-right former army captain Jair Bolsonaro (2019-2022), who is now facing jail time for allegedly attempting **to stay in power illegally** after losing his re-election bid.

Democracy: Powerful backstop but insufficient condition for equitable development?

In a strong reminder that **electoral competition** matters, Bolsonaro became the first Brazilian incumbent to fail in their attempt to retain the presidency. Crucially, despite decades of unfair criticisms against cash-transfer schemes, Bolsonaro changed tack when in office and his government actually propped up **social welfare payments** during the COVID-19 pandemic and once again months before the 2022 election, as he tried to drum up support among low-income voters.

The continuation of competitive elections in Brazil, something that **must never be taken for granted**, may have prevented a dramatic reversal of previous socio-economic gains. Tellingly, with Lula da Silva’s latest victory again came a sizable expansion to the main cash-transfer programme.

However, if the question is how to make Brazilian society fairer and more egalitarian – or as some have put it, “**how to get to Denmark?**” – the country undoubtedly faces a long to-do list of equity-enhancing reforms. As researchers at the **Latin America and Caribbean Inequality Review (LACIR)** have shown, **colonial legacies and inherited personal circumstances** continue to explain too much of today’s economic disparities. Schools providing **low-quality education**, particularly in the public sector, do little to address pre-existing inequalities. When workers from underprivileged backgrounds enter the labour market, their job options tend to be limited to **tiny and unproductive firms** and a large informal economy that pays lower wages. To make matters worse, Brazil’s tax-and-spending system remains **comparatively ineffective** in equalising income via redistribution.

An ambitious and urgent agenda for reform exists – and it is waiting for political parties to pick it up. Boosting cash benefits did not get Bolsonaro re-elected in 2022 and the same arguably applies to **Biden-Harris** in the United States last year. Will it be enough for Lula da Silva and the Workers’ Party in 2026?

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