

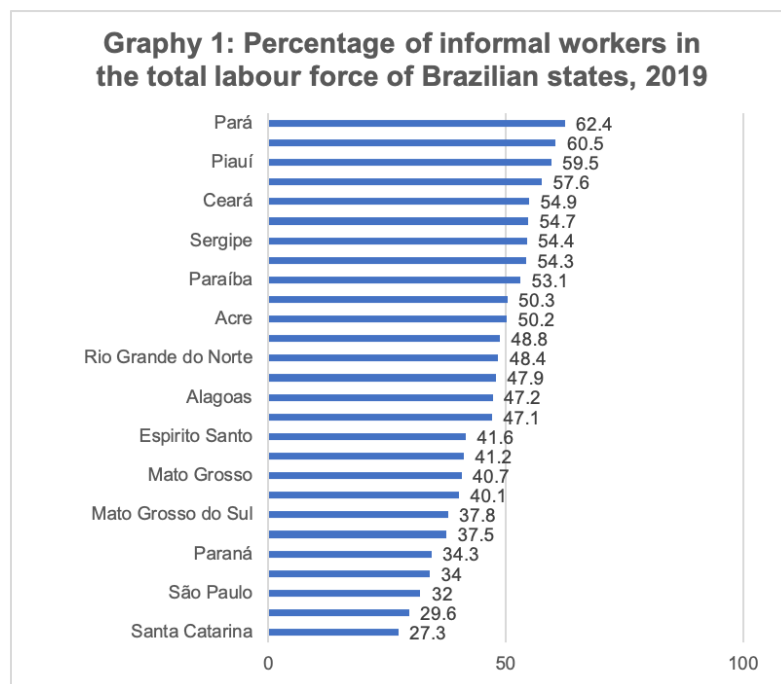
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## The impacts of COVID-19 on Brazil's precarious labour market: informality, citizenship and the universal basic income<sup>4</sup>

### Introduction

The first case of the new coronavirus in Brazil was [announced by the Ministry of Health on February 26](#) 2020. Two weeks before that, the Brazilian Institute of Geography and Statistics (IBGE) had published data showing that [38 million workers in the country worked in the "informal sector"](#). In eleven states, more than 50% of workers were informal, falling outside of the protection of labour laws. A recent report by researchers of the *Rede de Pesquisa Solidária* has estimated that the pandemic will impact up to [81% of the country's labour force](#), putting also at risk, formalized workers in non-essential sectors adversely affected by the negative demand shock. Vulnerability levels are thus enhanced by the combination of a conjunctural crisis and the long-term structural crisis of waged labour. This worrisome scenario requires prompt reflection on new policy approaches to tackle the challenges created by the new world of labour.



Source: IBGE, 2019

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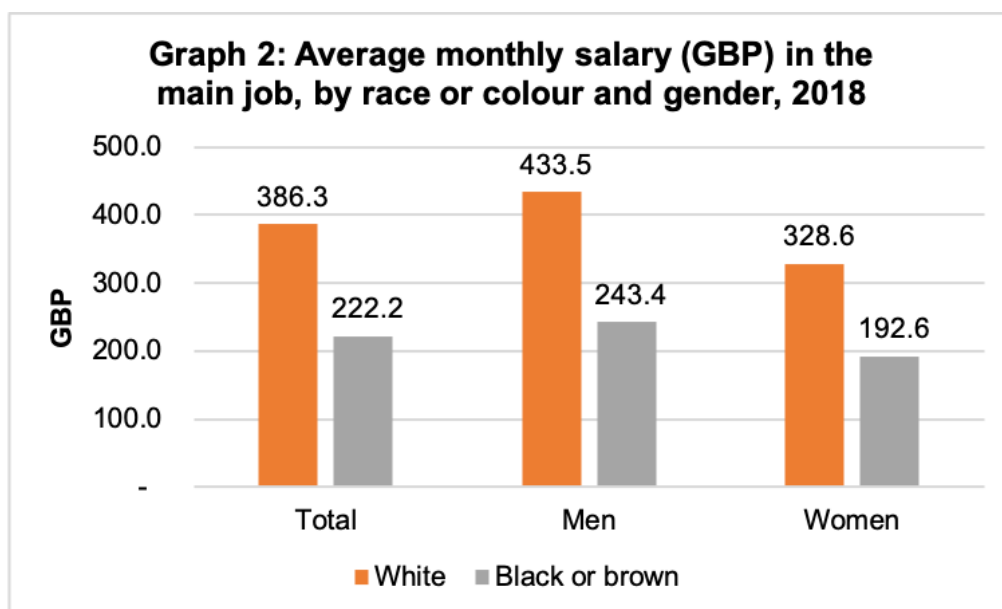
<sup>4</sup> A shorter version of this text will be published by the [LSE Latin American Centre blog series on COVID-19](#).

From London and Madrid to São Paulo and New Delhi, the pandemic reveals increasing levels of precarity engendered by the global restructuring of labour markets. Without the access to protective safety nets, workers in the so-called “informal economy”, as well as those in the “gig economy”, are unable to sustain livelihoods or, alternatively, take high risks to keep working in search for daily survival. In the Global North, the pandemic exposes dismantled social welfare regimes eroded by decades of austerity, neoliberal policies and the continuous flexibilization of labour rights. In the Global South, neoliberal restructuring has accentuated the unequal socio-economic effects of the crisis, and further demonstrated the exclusionary character and the limitations of a citizenship regime historically mediated by formalised waged labour.

### Life (and death) in Brazil’s racial democracy

Brazil is [the seventh most unequal country in the world](#) in terms of income distribution. Such inequality is represented in the country’s heterogeneous labour market, stratified by race and gender, among other aspects. As argued by [Abramo](#), “Gender and race inequalities are structural axes of the social inequality matrix in Brazil, which are, in turn, at the root of the permanence and reproduction of poverty and social exclusion”. During the 2000s, a combination of factors led to a decline in inequality levels, including intersecting inequalities. In their research, Naila Kabeer and Ricardo Santos, show “evidence of improved lives and life chances for groups at the intersection of income inequality, marginalized group identities, and disadvantaged locations during the period 2002-2013”. Despite such advances in the 2000s, [available data on workforce participation and average salaries](#) demonstrate the persistent disparities in the labour market.

According to the IBGE, in 2018, the proportion of black and brown<sup>5</sup> students among public university undergraduates was higher than the proportion of white students for the first time in the country’s history. This achievement was the result of social policies and affirmative actions adopted by universities to increase [the number of students from disadvantaged backgrounds](#). The outcomes of affirmative policies in the educational sector are, however, limited. Notwithstanding the increased presence of black students in higher education, data for 2018 also showed that black workers with a university degree were paid 45% less than their white counterparts. Moreover, as shown in Graph 2, the average monthly salary of white workers was 73.9% higher in comparison with black workers (GBP 222.2) for that year. Disparities are even higher if we consider the intersections between gender and race: black women are paid on average, 44.4% of a white male’s monthly salary.



Source: [IBGE, 2018](#)

Note: GBP values calculated using the exchange rate on 13 May 2020 (1 GBP = BRL 7.24)

It has been argued then, that levels of [vulnerability in the current crisis are higher for the black population](#), which is underrepresented in managerial positions while being the majority among those in [poverty](#) and [informality](#).

<sup>5</sup> The Brazilian Institute of Geography and Statistics (IBGE), conducts national censuses since the 1940s and it classifies the population according to five racial categories: branco (white), pardo (brown), preto (black), amarelo (yellow), and indigeno.

The country's structural inequalities are exacerbated by the pandemic and [Brazil's so-called 'racial democracy'](#) has once again been put to test as coronavirus hit [racialised groups](#) the hardest. In Brazil, the black population is more reliant on the overstretched and underfunded public health system and more prone to diseases such as diabetes, tuberculosis and hypertension – comorbidities which are likely to aggravate COVID-19. The data clearly shows the racial undertones of the pandemic: among the severely affected and fatal victims, [the majority are black or brown](#). In Rio de Janeiro, the youngest fatal victim was a [32-years old black female street vendor](#). In the country, black women are [the majority of domestic workers](#), whose subsistence in the midst of the crisis depends on [risking their lives](#) while undertaking long journeys using the overcrowded public transportation system to get to work. In fact, one of the first registered deaths by coronavirus was a [domestic worker who got infected by her upper-class employer](#) who had recently returned from an international trip.

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

### **Awaiting for the “coronavoucher”**

On March 30, [the Brazilian Senate approved the bill that created an emergency income of GBP 82.8 \(BRL 600\)](#) per month for the next three months for informal workers. The amount is doubled for women who are the head of households.

The bill was proposed by the opposition to tackle the deprivation generated by the crisis and consisted of a substantial increase to the government's initial proposal of GBP 27.6 (BRL 200). Nicknamed “coronavoucher” by the federal government, the initiative was [sanctioned by the president Jair Bolsonaro](#) and is currently being rolled-out. The income has been anxiously awaited and across the country, people [are queuing to withdraw the money](#), which is being paid through Brazil's public bank, Caixa.<sup>6</sup>

In the city of Belo Horizonte, street vendors discussed the subject at length on Whatsapp. The group “*Dignidade Ambulante*” (Portuguese for “Street trader's dignity”) joins together workers in the informal economy - or, as they prefer, the popular economy - and social activists to create a forum for vendors to discuss and share experiences on their daily struggles as well as to promote political action. Due to the pandemic, many vendors have lost their livelihoods and were thus following attentively the political debates regarding the implementation of the emergency income. On March 30, the Whatsapp group chat was filling up with messages as vendors discussed the vote in the Senate that was transmitted live on the public channel *TV Senado*. The broadcast was compared to a “World Cup final”, the vote was so keenly watched that it generated a record number of viewers for the channel.

Such high expectations should be analysed in the context of the precarious situation of informal, non-waged workers, unprotected by labour laws, for whom the everyday subsistence is dependent on the daily work on the streets and roads, in workshops and warehouses. For this group, confinement has a quick negative effect on wellbeing levels and might even create the real threat of hunger. Moreover, the survival strategies of the urban poor tend to combine informal housing and working practices, as demonstrated by Mara Nogueira in the article [“Displacing Informality”](#). The paper shows how access to public space for street vendors is key to their permanence in the city. While Brazil is internationally recognised by its progressive urban policy, it has denied informal workers their “rights to the city”. More often than not, informal workers reside in favelas and in the peripheries of cities, where [the risks of contamination and shortages are higher](#). 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 of Brazil. [In a recent editorial, the prestigious medical publication The Lancet](#) has discussed the numerous challenges faced by

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<sup>6</sup> To benefit, individuals must not have formal jobs or individual and family incomes above respectively R\$522.50 and R\$ 3,135.00. They can register online either on a website or via an app where they can also receive information regarding the status of their request. Once approved, the benefit becomes available for those with banking accounts in either of Brazil's public banks (Caixa and Banco do Brasil). Otherwise, a code is generated in the app that can be used to withdraw the money in any Caixa branch.

the country's fight against the virus but emphasised that "perhaps the biggest threat to Brazil's COVID-19 response is its president, Jair Bolsonaro". His government faces an almost ceaseless sequence of scandals while pursuing a radical neoliberal agenda that has deliberately sought to draw back and undermine the role of the state as a welfare provider and places the value of economic activity above lives. Struggling on the frontlines, health professionals are at great risk and [30 thousand](#) cases of infection in this group have been recorded.

The president, however, finds [supporters among the workers of the popular economy](#). This apparent paradox can be understood in light of the features of this sector as explored by [Verónica Gago in her book, "Neoliberalism from below"](#). In the book, she discusses how the popular economy simultaneously reproduces and contests neoliberal entrepreneurial discourses. On the one hand, informality challenges state conservatism, proposing innovative ways of living often at the margin of regulations. On the other, it reproduces the logic of the market, is driven by an entrepreneurial ethos characterized by the pursuit of commercial profit and individual social mobility. As demonstrated by Matthew Richmond, Bolsonaro's victory was possible through a cross-class alliance with large support from [low-income voters from the urban peripheries](#).

Their view of the state and politics is thus tainted by a strong sense of neglect while also affected by the perception of generalized corruption. In Brazil, with some regional variation, street vendors have been repeatedly criminalised by local governments. Although simultaneously drawn into political bargains and even bribery - in order to remain in spaces/conduct livelihoods - in return for votes or acquiescence. Vendors continue to be denied access to and evicted from urban public spaces by [hygienist policies](#) aimed at "revitalizing" certain areas of the city.<sup>7</sup> Historically excluded from the [citizenship mediated by formalized waged labour](#), street vendors' quotidian lives are pervaded by uncertainty and by the persistent struggle against the repressive power of the state.

Paradoxically, the emergency income represents an almost unprecedented – although temporary – recognition of citizens whose relationship with the state has not been predicated on the notion of rights. In this context, the use of the term 'coronavoucher' by the federal government and the media to describe the policy has been criticized. [Specialists have argued](#) that the label associates the emergency income with the disease, reinforcing the stigma and reproducing the hygienist logic. Moreover, it expresses abnormality, dissociating the policy from ideas of citizenship and rights while conveying the notion of temporality. Through this semantic acrobatics, the government intends to move away from the debates on the universal basic income, a historical political agenda. Rekindled by academics and practitioners, the policy is seen as a response to the pandemic and the bleak prognoses of an acute economic crisis in the post-pandemic context.

### **The universal basic income under debate**

In Brazil, the first mentions to the idea of a minimum income date back to the 1970s but [the first bill proposing the policy is from 1991](#). The author was the then-senator Eduardo Suplicy (Workers' Party, São Paulo), maybe [the most famous advocate of the policy](#). The proposal targeted low-income citizens, and was similar to the [negative income tax](#) suggested initially by the Chicago School economist, Milton Friedman. Approved by the Senate, the bill was never voted on by the Congress and it was eventually abandoned as the national strategy against poverty followed the different path of conditional cash transfers.<sup>8</sup>

In Latin America, the [growth of unemployment, poverty and informality](#) in the aftermath of [structural adjustment](#) generated a series of "social adjustment" policies. Perhaps the most well known, and arguably the most successful, have been [conditional cash transfers](#) programmes. Bolsa Família, the biggest and most successful income transfer programme in the country, was implemented during Lula's (Workers' Party) first mandate in 2004. The initiative combines a short-term strategy to fight poverty with long-term human development goals by adding [conditionalities](#) - eg - as requisites to accessing the minimum income. Presently, the programme [benefits 13.5 million low-income families](#). A recent [report by FAO](#) has noted the important achievements in Brazil:

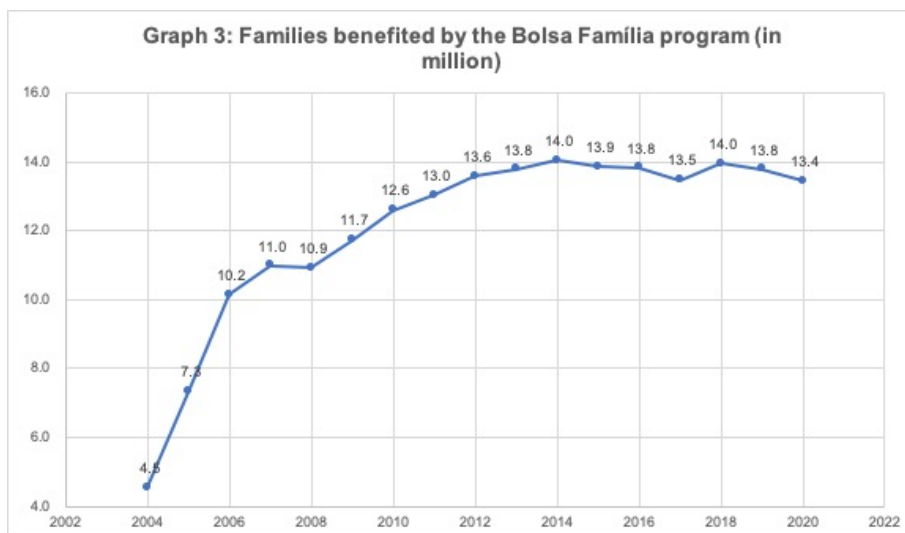
"In the 2000s inequality declined substantially, while the economy grew at an annual rate of 3.2 percent between 1999 and 2014. The Gini coefficient dropped from 59 in 1999 to 51 in 2014, and income grew substantially among the poorest. As a result, the reductions in poverty and inequality followed a similarly impressively downward pattern during the 2000s: 26.5 million Brazilians exited poverty between 2004 and 2014." (p.95)

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<sup>7</sup> In Belo Horizonte, since 2003, street vending has been criminalized by a local law, the Code of Placements. Implemented by the Workers' Party former mayor Fernando Pimentel in 2004, the legislation was deployed to "clean" the city centre and relocate vendors to popular shopping malls. In 2017, a new round of "revitalization" and relocation was implemented under the current administration.

<sup>8</sup> For a detailed historical account of different poverty alleviation initiatives in Brazil, [see Brito and Soares \(2010\)](#).

Due to these impressive figures, Bolsa Familia has received enthusiastic approval. Nevertheless, it has also been targeted with fierce criticism from diverse ideological approaches. On the one hand, its origins are a source of [dispute between different political parties](#). On the other, it has been criticized by the Right as [assistentialism](#) that [discourages hard work](#) and, by the Left, as a policy that [does not tackle the structural roots of inequality](#).



Source: Ministry of Social Development

Similar critiques have been made in relation to universal basic income, which bears important differences in relation to conditional transfers despite apparent similarities. Firstly, the beneficiary of universal basic income is the individual (not the family). Secondly, universal basic income is an unconditional benefit accessible to all citizens. This difference would guarantee full coverage of the population, avoiding exclusion errors, eliminating the stigma associated with beneficiaries and the bureaucratic apparatus necessary for monitoring conditionalities. Finally, it would reduce the supposed disincentive to work by dissociating the benefit from family income. In the past universal basic income has been approached with irony as a fanciful policy, unfeasible due to fiscal restrictions. Nevertheless, it has [resurfaced as a policy initiative to fight the pandemic](#) in several countries, [including the US](#). Recently, [more than a hundred MPs from UK opposition](#) parties signed a manifesto calling for the implementation of the universal basic income in the post-pandemic context.

With no end of social isolation measures in sight, a [global economic recession](#) is expected. For Brazil, the IMF has estimated a [decrease of 5.2% in GDP for 2020](#) followed by a slow recovery. Global labour markets impacted by the current crisis were already weakened by decades of restructuring, marked by increasing levels of informalization and precarity. In many countries, stability and access to labour protection has become a privilege rather than a right. The inequalities and hardships of everyday life normalised by neoliberal reforms have been deepened and exacerbated by the pandemic. It is an urgent task to consolidate and expand the rights perspective, extending citizenship beyond a historically limited social welfare state founded on labour relations, which are currently weakened. For many, informal work is the path to a [dignified life](#) as it allows for flexible arrangements and a better life-work balance. Nevertheless, formalization policies are often wrong at attacking positive aspects of the popular economy while neglecting the real sources of precarity, such as uncertainty and instability of incomes. The recent growth of far-right populism in the world shows that despair and fear are easily mobilized for conservative agendas. The universal basic income emerges as an option for extending citizenship beyond formalized labour relations that may guarantee minimum stability to those whose livelihoods are a daily struggle.