

## Social vulnerability and health crisis in Brazil

Vulnerabilidade social e crise sanitária no Brasil

Vulnerabilidad social y crisis sanitaria en Brasil

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### Introduction

The difference between moving up the social ladder and escaping the abyss of extreme poverty lies in family income's composition and stability. Family income consists of total income from work earned by the employed persons in a household (or family) and the income from all other sources unrelated directly to paid work. These other earnings are called non-work income, namely: (a) retirement benefits and pensions; (b) benefits from income transfer programs such as Brazilian Income Transfer Program, the Noncontributory Regular Pension (*Benefício de Prestação Continuada*, BPC), and other municipal and state income transfer programs; (c) unemployment insurance; (d) donations received by families from nongovernmental and private organizations; and (e) earnings from investments, rents, and scholarships.

Various factors accounted for the reduction in levels of poverty and extreme poverty in Brazil until mid-2013. Such factors included the increase in formal employment, nearly reaching full employment<sup>1</sup>, increased earnings from work due to higher formal work rates<sup>2</sup>, and the government's policy to increase the purchasing power of the minimum wage<sup>3</sup>. Another factor that contributed to the reduction in poverty was the increase in government transfers<sup>4</sup>, especially the emergence and expansion, beginning in 2003, of the Brazilian Income Transfer Program. However, with the reversal in the expansionist cycle in 2015, including the adoption of fiscal and monetary austerity policies, the unemployment rate reached 14%<sup>5</sup>. Exacerbated by the passage of labor reform legislation, the precarization of work conditions substantially increased vulnerability among the poorest Brazilian families<sup>6</sup>. This context highlights the growing importance of government transfers in social protection of more vulnerable families. Within the structure of income distribution and production in present-day Brazil, non-work income forms a significant part of families' total income. In addition to the monetary resources provided by the Brazilian Income Transfer Program, studies point to potential benefits from the program's conditionalities, namely school attendance and health interventions, which can help to break the intergenerational poverty cycle<sup>7</sup>.

Another source of non-work income with a significant impact on the percentage of families in poverty in Brazil, especially in rural areas, is the BPC under the Organic Social Assistance Law (LOAS, *Law n. 87,742/1993*<sup>8</sup>). This program guarantees one monthly minimum wage as the benefit,

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updated according to variations in the national minimum wage for persons with disabilities and elderly 65 years or older who prove that they have no other means of subsistence and receive no help from their families.

Thus, these sources of monthly income not related to family members' work form an important share of poor Brazilian families' total income. In addition, such sources of income (Brazilian Income Transfer Program, BPC, retirement benefits, pensions, and municipal and state income transfer programs) display greater stability over time. This allows families to buffer and maintain their members' level of consumption and wellbeing, which is particularly important during shocks to income from work for one of the members. Some of these income sources are guaranteed for the rest of the individual's life, such as retirement benefits, BPC, and death and disability pensions.

This article examines the hypothesis that vulnerability and poverty are important markers for aggravating COVID-19 transmission and the health crisis in Brazil since March 2020, alongside other factors.

The article was divided into three topics, in addition to this introduction. The second section contextualizes the country's economic situation prior to the health crisis, i.e., up to late 2019. The third part analyzes the role of structural poverty and vulnerability in aggravating the health crisis in Brazil. The fourth section discusses several conclusions.

### **Vulnerability and poverty before the health crisis**

COVID-19 struck Brazil when the country was already in a serious economic situation, with low economic growth (mean per capita GDP growth of 1% in the previous three years), high unemployment rates, or 13.9% in 2020 (IBGE – Brazilian Institute of Geography and Statistics), fragile public accounts, and family indebtedness<sup>5</sup>. Due to the social distancing required to avoid spread of the virus, micro and small businesses suffered cash flow squeezes<sup>9</sup>, and employees were forced to suspend their activities, often with cuts in their wages and earnings. The estimated monthly losses that resulted from social distancing were BRL 54 billion (USD 10 billion) for self-employed, informal, unemployed, and discouraged workers<sup>10</sup>. Thus, Brazilian families' socioeconomic vulnerability was already large and has increased significantly during the pandemic.

Again, families' monthly budgets included relevant shares from non-work sources of income such as income transfer programs like Brazilian Income Transfer Program and the BPC and other government social programs; retirement benefits and pensions; unemployment insurance; rents and leases; scholarships; and earnings on savings accounts and other financial investments. According to data from the *Brazilian Continuous National Household Sample Survey* (PNAD Contínua, IBGE) for 2017 to 2019 and the classification of chronic poverty based on the number of interviews in which families remain in poverty (the sample used for the calculations is families that answered the five quarterly interviews of the PNAD Contínua survey), only 14% of chronically poor Brazilian families (families that were poor for four or five quarters) were receiving some income from work, while 35% of these families were only receiving non-work income and 30% had both sources of income. A shocking 21% of these families had no source of income whatsoever. Meanwhile, families temporarily in poverty (who were poor in one, two, or three quarters) showed similar income profiles to those of non-poor (or never poor, namely families outside of poverty in all five quarters of the survey), where the difference was the percentage with no income (9% of the temporary poor) and the percentage that received only non-work income.

Data from the PNAD COVID-19 (IBGE. <https://covid19.ibge.gov.br/pnad-covid/>) for the months of May and June 2020 show that 72% of extremely poor families, 79% of poor families, and 32% of non-poor families (where poverty and extreme poverty are defined according to the Brazilian Income Transfer Program eligibility criterion and actual work income) had some member who was a beneficiary of the COVID-19 Emergency Aid (Table 1), thus evidencing the importance of this benefit in maintaining minimum consumption and wellbeing for a large contingent of Brazilian families, especially those who were already experiencing some degree of deprivation and could shift into a situation of destitution and even more extreme food insecurity. Of this contingent, 13.6 million families

**Table 1**

Percentual of families by type of beneficiary (May-June 2020).

	<b>Extremely poor</b> (n = 8,228)	<b>Poor</b> (n = 2,141)	<b>Non-poor</b> (n = 52,020)
	%	%	%
Emergency aid	71.7	78.3	31.7
Brazilian Income Transfer Program	23.1	31.9	6.1
Noncontributory Regular Pension (Organic Social Assistance Law)	0.0	1.1	2.9
Retirement benefits and pensions	0.2	5	39.5
Unemployment insurance	4.8	2.4	1.8
Donations received by families from nongovernmental and private	2.3	18	4.6
Earnings from investments, rents, and scholarships	3.8	1.9	5.3
Share of total	13.2	3.4	83.4

Source: prepared by the authors based on data from the PNAD COVID-19 survey (Brazilian Institute of Geography and Statistics. <https://covid19.ibge.gov.br/pnad-covid/>).

Note: categories are not mutually exclusive.

(95.2%) were receiving the fifth installment of the Emergency Aid and 661,000 continued to receive the respective program's regular benefit.

Simulations performed after passage of the COVID-19 Emergency Aid predicted a reduction of approximately ten points in poverty, assuming different scenarios for loss of employment<sup>11</sup>. Published data from the PNAD COVID-19 survey (<https://covid19.ibge.gov.br/pnad-covid/>) confirmed the forecasts. Due to the wide coverage and high amount of the benefit, Duque<sup>12</sup> estimated a reduction in poverty from 25% to 22% and in extreme poverty from 5% to 3.5% in the first month of the survey's data publication.

Although the Emergency Aid leads to a reduction in inequality, mitigating the negative impact of the decrease in mean income for informal workers and the poorest families, troublesome questions have been raised on its middle- and long-term effects. The benefit's temporary nature issues a warning about what may happen when it ends. According to Barbosa & Prates<sup>13</sup>, poverty may reach a fourth of the Brazilian population and inequality may increase sharply to levels unseen since the 1980s. In addition, two groups situated in the middle of the income distribution may be left unprotected, suffering economic losses without any compensation, indicating a possible counterintuitive consequence of income inequality, with the middle class economically affected<sup>14</sup> and approaching the poorer strata's situation. This group consists of Brazilians that alternate constantly between formality and informality, entering and leaving poverty and those who are not eligible for the Emergency Aid, who under usual conditions would not be at risk, but who were heavily stricken by the economic downturn and/or by wage reduction agreements.

### Structural perversity of the health crisis: poverty and vulnerability

Clinically, SARS-CoV-2 infection affects individuals with some degree of equality, but the difference lies in the preventive measures. The measures recommended by the World Health Organization (WHO) are social distancing, wearing a face mask in public, and washing hands. How does one wash hands in places where there is no safe water or basic sanitation? How does one practice social distancing in dwellings with 3 or 4 families, with 10 to 12 people cohabiting in 500 square feet? Estrela et al.<sup>15</sup> (p. 3434) show that "*low schooling together with extreme poverty directly impact people's ability to adhere to public health guidelines*". The structural issue of vulnerability and poverty thus became a perverse issue with COVID-19.

A study by the Federal University in Bahia <sup>16</sup> showed that “*on the urban periphery, domestic workers, app drivers, and food delivery workers*” became infected and took the disease home to their families. Vulnerable individuals in Greater Metropolitan Salvador, Bahia, were thus exposed to the disease while they were working in upper-class neighborhoods. In Brazil, the first cases of COVID-19 occurred in upper-class individuals who had travelled abroad.

Class and color are correlated in Brazil. According to the IBGE <sup>17</sup>, 75% of Brazilians in extreme poverty are black or brown, according to self-identification. Thus, the most vulnerable Brazilians are represented by ethnic-racial minorities, work in unstable jobs, and need economic support to practice social distancing. Smith & Judd <sup>18</sup>, Devakumar <sup>19</sup>, and McKee & Stuckler <sup>20</sup>, studying different countries, show that the power of privilege prevails in the pandemic, so that the most vulnerable are the most heavily affected. Brazil has not differed from the rest of the world, and the most vulnerable of the vulnerable have been affected more perversely. The perversity includes more than one risk. COVID-19 is one more risk for poor Brazilians, along with violence, hunger, fear, substandard living conditions, and lack of access to public services. In other words, COVID-19 has impacted Brazilian favelas as one more risk situation for poor families.

### Final remarks

In the Brazilian case, the health crisis merely underlined what was already a material reality in the country. The pandemic has highlighted the role of public health services (the Brazilian Unified National Health System – SUS) in Brazil to treat people that need the services free of cost, in addition to promoting and regulating access to vaccines. The most striking social marker is the country’s need to improve people’s lives, not only during the pandemic, but acting broadly through public policies aimed at reducing inequalities and vulnerabilities. Only broad actions will be capable of overcoming the country’s inequality, which has been reinforced and exacerbated by the pandemic.

### Contributors

A. R. Carvalho, L. R. Souza and S. L. Gonçalves contributed to the conception and design, analysis and interpretation of data, the writing of the article and relevant critical review of the intellectual content, and were responsible for all aspects of the work to ensure the accuracy and integrity of any part of the work. E. R. F. Almeida contributed to the conception and design, data analysis and interpretation, final approval of the version to be published, and was responsible for all aspects of the work in ensuring the accuracy and integrity of any part of the work.

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