Class Inequality in Brazil

Robert Currie
Department of Economics, College of Liberal Arts and Sciences, University of Illinois at Urbana-Champaign

INTRODUCTION

Brazil is known to be a country of extreme poverty, but have made significant strides in fighting poverty in the past three decades. However, while these improvements are significant, Brazil still has a long way to go to reach a stable level.

The Brazilian class system is divided into 5 letters; A, B, C, D, and E and sometimes divided further into B1, B2, C1, and C2. The criteria for placing someone in a class involves a point system. Higher levels of education and higher salaries give more points as well as having things like piped water and paved streets. Class A can be thought of as upper class, B as upper middle class, C as middle class, D and E as lower class.

REGIONAL DIFFERENCES

The two largest commercial centers of Brazil, Rio de Janeiro and São Paulo being located in the south and thousands of square kilometers of rain forest in the north, it is no wonder there is regional class inequality.

<table>
<thead>
<tr>
<th>CLASS</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>2.9%</td>
</tr>
<tr>
<td>B</td>
<td>5.0%</td>
</tr>
<tr>
<td>C</td>
<td>17.3%</td>
</tr>
<tr>
<td>D</td>
<td>22.2%</td>
</tr>
<tr>
<td>E</td>
<td>25.6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
</tr>
</tbody>
</table>

The most recent data for class distribution can be seen above.

INCOME

While income is not the sole determinant of class, the discrepancy in income is a clear factor. When looking at the graph below, it becomes clear that a very large portion of the population is below or near the poverty line (i.e. $142 per month). One must also keep in mind that only 9% of Brazilians make over $1,135 per month which is just over $13,600 per year. Most of that 9% is not even considered to be in class A.

CHANGES

Brazil underwent a large recession which began in 2014 and ended in 2016. This recession caused a drop in income and spike in interest rates. The GDP consistently fell throughout the recession until finally growing again in 2017. Despite this recession, Brazil’s middle class development has been improving. The class system in Brazil was recently pyramid shaped with very many in the lower classes and very few in the higher classes.

EFFECTS

Crime

As with any country with a large population and class inequality, crime is very common in Brazil. The crime index is 70.26 which is the sixth highest in the world. Tourists are repeatedly told to stay in groups, let people know where they are, and to avoid certain areas. The prime example of these areas are favelas, the Portuguese word for slum, which are strictly off limits to tourists and anyone not familiar with the area. The estimated 1,000 favelas in Rio house about 1.5 million people, or 24% of the city’s population. These favelas rise up on hills in a stunning dichotomy to the skyscrapers down the street.

Bolsa Familia

Programs have been implemented to aid those in poverty. The primary welfare program, Bolsa Familia, was launched in 2003. The program gives money to families whose children have good attendance in school and routinely monitor their health. Within the first 10 years of Bolsa Familia, extreme poverty rates had fallen from 9.7% to 4.3%. The program looks to have an even larger impact on the future by keeping educational attendance for children in low income families high, creating more opportunities for them in the future to further widen the gap between them and poverty.

Happiness

Brazil’s happiness index follows what is called the Easterlin paradox meaning that despite its low average income, the people are happier on average. Socioeconomic factors are usually highly correlated with this statistic, so why is Brazil so happy? There is no definitive answer, but the Brazilians that I met seemed to understand their situation and make the best of it. Despite the high crime and low income, they appreciate the country they are in and enjoy the weather, scenery, and people.

REFERENCES

http://thebrazilbusiness.com/article/social-classes-in-brazil-145380521
http://thebrazilbusiness.com/article/brazilian-regions
https://www.scientificamerican.com/science/article/pii/015177S015030321
https://www.numbeo.com/crime/country_result.jsp?country=Brazil