The impact of the pandemic on the Brazilian labor market

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Black people and women are worst-off – blacks because they mainly work in the informal sector and women because they are mainly considered non-essential workers. Credit: Marco Aurélio Esparz/Wikimedia Commons

The pandemic has disrupted economic activity and worsened social problems in many countries. In Brazil, its impact has been especially severe. "The level of employment, defined as the number of people in work divided by the working-age population, fell below 50% in April 2020. It remained low until July when it bottomed out at 47%. This means over half the working-age population was unemployed," said Rogério Barbosa, a professor at the State University of Rio de Janeiro's Institute for Social and Political Studies (IESP-UERJ) and a former researcher at the Center for Metropolitan Studies (CEM), one of
An article entitled "The Impact of COVID-19 in Brazil: Labour Market and Social Protection Responses," by Barbosa and Ian Prates, a researcher at the Brazilian Center of Analysis and Planning (CEBRAP), a São Paulo-based think tank, is published in *The Indian Journal of Labour Economics*. The study was supported by FAPESP via a postdoctoral scholarship awarded to Barbosa.

"We used data for June 2020 in the study. But since then we've published other studies with more up-to-date statistics based on the National Household Sample Survey [PNAD, an official Brazilian government survey conducted by IBGE, the national census bureau]—both the Continuous PNAD and the COVID-19 PNAD. This dataset confirmed the forecast we made at the start of the pandemic," Barbosa said.

"Back then, we cross-tabulated two parameters: formal or informal employment, including self-employment, and employment in essential or non-essential sectors. Based on this, we predicted that *black people* and women would be the most affected: blacks because they mostly work in the informal sector, and women because so many work in sectors considered non-essential. In both cases, this status derives from the historical formation of Brazil. The PNAD data confirmed this prediction. For every formal worker terminated, three informal workers lost their jobs. The non-essential sectors involving service provision by individuals were the worst affected."

According to Barbosa, the level of employment in Brazil has always been in the range of 60%. It fell during the 2014 crisis, but then rebounded. The pandemic produced a drop below 50% for the first time. "A new category of unemployment appeared: 'unemployment concealed by social distancing'. The *unemployment rate*, which we can call 'open
unemployment', is typically the percentage of people who are unsuccessfully seeking employment. With the pandemic, between 17 million and 19 million people simply stopped looking, either because of the risk of contagion or because many vacancies disappeared. If we add this 'hidden unemployment' to 'open unemployment', the total number of unemployed people reached almost 30% of the workforce in July 2020," he said.

"This percentage is the national average. The level of unemployment varied significantly between states. In some states, it exceeded 50%. When the social isolation measures were relaxed, it improved moderately, but it's still well below the level seen before the pandemic."

According to Barbosa, the emergency aid doled out by the federal government to low-income workers affected by COVID-19 lockdowns and similar measures that halted economic activity was effective, despite bungled implementation logistics and fraudulent claims by individuals who were not eligible. "It acted as a safety net for the poorest 30%, whose incomes had declined systematically since 2014. They were at the bottom of the income curve when it arrived. It offset some of the losses caused by the pandemic and prior losses," he said. "However, we need to understand that while the emergency aid reduced the monetary indicators of poverty, it didn't affect poverty as such, which encompasses other dimensions besides the strictly monetary aspect, such as housing conditions, for example. When it ended, the poorest remained as poor as they were before."

The Emergency Program to Maintain Employment and Income benefited large employers, who avoided the expense of terminations, he explained. It also acted as a relief for workers in formal employment, who kept their jobs, albeit with lower earnings; income held steady only for those on the minimum wage. "But small and medium enterprises, which account for most jobs in Brazil, weren't covered by the program."
When the economy reopens, there will be a shortage of vacancies because many SMEs have had to close their doors for good," Barbosa said.

Working from home has proved effective in the developed countries of Europe, but in Brazil, WFH benefits only 10% of the workforce, mainly white-collar workers with a relatively high standard of living. The vast majority have a university degree and do managerial or administrative work. Most jobs open to workers with little formal schooling cannot be done remotely. Even those workers who can work from home often lack the technical resources to do so, such as broadband internet access. "Before the pandemic, Brazil was more or less at the same level as the rich countries in terms of remote working. Now we're way behind," Barbosa said.


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