

# Poverty Retreats in Brazil, But End the Misery Is Questionable

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To an economist, the value used to define poverty is 'very low' to the Country. Despite significant advances in combating extreme poverty, eradicate poverty in Brazil and turn it into a middle-class country will be more complex and time consuming than the government's speech suggests, according to experts interviewed by BBC Brazil.

Two weeks ago, in front of a sign with the slogan "The end of poverty is only a start!" - Probable motto of his campaign for re-election - President Dilma Rousseff announced the expansion of cash transfers to the poorest families listed in the Unified Register of government.

With the change, the poorest receive complementary pass to the per capita income of their families reach at least \$ 70 a month - a level below which are considered extremely poor by the government. The amendment says the government will allow 2.5 million Brazilians join in 22 million Bolsa Famlia beneficiaries who crossed the line of extreme poverty in the last two years.

In Brasilia, misery surrounding government buildings

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Government will invest \$ 800 million to remove 2.5 million of misery

For the program is indeed universal, however, the government estimates that lacks record 2.2 million Brazilians still miserable outside of income transfer policies, which intends to hold until 2014.

Antipoverty policy experts interviewed by BBC Brazil approved the expansion of the program, but make reservations about the government's promise to eradicate poverty.

To Otaviano Canuto, vice president of Network for Poverty Reduction and Economic Management World Bank, Bolsa Famlia - flagship programs of the government income transfer - is very efficient and has a relatively low cost (0.5% of national GDP).

Rousseff celebrates end of 'misery visible "and attacking conservative currents

Canuto says the plan and other income transfer programs help explain the improvement in rates of poverty and inequality in Brazil over the last decade, though, added, have had lower weight than the universalization of education - 'process that comes from before Lula ' - and the evolution of the labor market, with low unemployment and rising real wages.

Despite progress, scholars say that even if the Single Registry pass to cover all Brazilians who now live in poverty, there will always be new families who will become miserable.

Criteria

There are also questions about the government's discretion to define extreme poverty - per capita income of less than \$ 70, based on World Bank concept that defines how miserable those who live on less than U.S. \$ 2.43 (\$ 1 25) per day.

Adopted in June 2011 by the government when it launched the Brazil Without Misery plan (umbrella of federal policies geared to the poorest), the value was never reset. If you had kept up with inflation, today worth R \$ 76.58.

In eleven of the 18 capitals monitored by Dieese (Department of Statistics and Socioeconomic Studies), £ 70 does not even guarantee the purchase of part of a basket intended for one person. In Sao Paulo, would be needed R \$ 95.41 to purchase.

In 2009, the then chief economist at the Centre for Social Policies at the Getulio Vargas, Marcelo Neri, argued in an article that the poverty line in the country was £ 144 per person. This line, according to the author, who now chairs the IPEA (Institute of Applied Economic Research, a body linked to the presidency), meets minimum food requirements set by the World Health Organization

The economist Francisco Ferreira, World Bank also considers positive that Brazil has set a poverty line, but states that the value should be set at least according to inflation and that is 'too low' for the country. According to Ferreira, the World Bank established the poverty line of R \$ 2.43 (U.S. \$ 1.25) a day to standardize their studies, but each country should set its own criteria.

- It seems appropriate that Brazil adopts the same line applicable to a country like Haiti, for example.

Tiago Falcão, secretary of Overcoming Extreme Poverty MDS (Ministry of Social Development and Fight against Hunger), recognizes that even though the Bolsa Família reach all poor Brazilians there will always be new families who fall below the poverty line.

- We seek to overcome the misery of the structural point of view, so that there are Brazilians who are not served by any public policy. And we are trying to shorten the redemption period of extremely poor.

Falcon says the \$ 70 line responds to the government's international commitment assumed with the MDGs (Millennium Development Goals), which provided for the halving of extreme poverty in the country by 2015. Referring to World Bank line, Hawk says, the government has "proposed a much more complex challenge, which is the elimination of extreme poverty '.

- It was an ambitious goal for Brazil and, on the other hand, doable. Today we believe that we agreed to define the line of \$ 70.

The clerk says, however, that this is a floor of 'basic needs' that, once defined, can be increased taking into account regional differences and how society wants to be in solidarity with the poor.

For Alexandre Barbosa, a professor of economic history at the Institute of Brazilian Studies at USP, the government should take into account criteria other income on your definition of misery. In 2011, Barbosa led a study of Cebrap (Brazilian Center for Analysis and Planning) entitled 'The Real Brazil: inequality beyond the indicators'.

#### Structure

The study, which was supported by the British NGO Christian Aid says that the income transfer policies have improved the lives of the poor, but did not alter the Brazilian social structure. Barbosa is especially critical to the idea that, with the reduction in poverty, Brazil is becoming a country of middle class claim filed by the president.

- Consider someone middle class that receives between one and two minimum wages, living in urban areas without access to decent housing or cultural goods, which takes three hours to travel to work? That's the working class that is being redefined.

For the teacher, the income transfer should include a broader set of government actions focused on reducing inequality. Among the advocates policies that are reducing indirect taxes on the poor, strengthen cooperatives and add value to industrial production, so that wages keep pace with gains in efficiency.

Hawk, MDS, says the government has already attacked poverty from all angles. He said the Unified Register - 'an innovation in terms of social policy remains poorly understood in Brazil' - revolutionized the formulation of public policies for the poorest.

The registry now includes 23 million households (or about 100 million people, almost half the population) and is updated every two years with information on their socioeconomic status.

According to the clerk, the register has directed federal programs to expand the integral education, strengthening family farming and vocational skills, which are now primarily serve Bolsa Família beneficiaries.

To Canuto, vice president of the World Bank, keep Brazil on a path of improving social indicators depend not only of policies for the poor. He says the 'model ultraexitoso' which allowed the reduction of poverty in the last decade, based on increased domestic consumption and wages, is near the limit.

From now on, says Canuto, progress will have to sustain at higher levels of investments that reduce the cost of producing in Brazil.

- You need to think about what is needed for that, a generation from now, the benefits of conditional cash transfer are no longer needed. For this reason, the focus has to be on good education, access to health care, quality jobs, improving infrastructure and space for the development of entrepreneurial talent.

## About the Author

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