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ECONOMIC DISPARITIES AND INEQUALITY IN BRAZIL

Abstract: the article describes the trends of economic disparities and the various types of inequality in Brazil. Macroeconomic indicators such as the Gross Domestic Product (GDP) and the Gini Index are studied. The article analyzes the Brazilian history, as well as the shares of the country's income between the states and the regional disparities. It was concluded that the causes of inequality in Brazil are related to labor formalization, levels of schooling and negligence of social policies. Thus, measures for solving this issue is also discussed, such as rethinking the fiscal policy and redirecting government priorities.

Keywords: economic disparities, inequality, Brazil, Gini coefficient, poverty

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ЭКОНОМИЧЕСКИЕ РАЗЛИЧИЯ И НЕРАВЕНСТВО В БРАЗИЛИИ

Аннотация: в статье описываются тенденции экономического неравенства и различные виды неравенства в Бразилии. Изучены макроэкономические показатели, такие как валовой внутренний продукт (ВВП) и индекс Джини. Статья анализирует историю Бразилии, а также доли доходов страны между штатами и региональные различия. Был сделан вывод о том, что причины неравенства в Бразилии связаны с формализацией труда, уровнем

образования и небрежностью в социальной политике. Таким образом, в настоящее время обсуждаются меры по решению этой проблемы, такие как переосмысление фискальной политики и перенаправление приоритетов правительства.

Ключевые слова: экономические различия, неравенство, Бразилия, коэффициент Джини, бедность

Brazil holds the 8th largest economy in the world, according to the International Monetary Fund and the World Bank with a nominal GDP of 2,056 trillion US dollars as of 2017 and with a population of 209,3 million citizens, being the 5th most populous country on the planet [3]. Even with a great amount of natural resources and a strong labor force, Brazil has been dealing with economic and social issues since it became a federative republic in 1889, especially during contorted periods in history that led to this *status quo*. Inequality in Brazil has taken many shapes, since it has affected the economic, social, racial and even cultural spheres. Although the government was able to reduce poverty from 2004 to 2014 by 16% according to the World Bank, and the Gini coefficient - which measures the level of inequality in a country - was also significantly lowered, Brazil remains still a highly unequal nation [3].

However, the great recession suffered by the country in 2014 which still has its effects lashing out up to this date is believed to have affected the progress in the social and economic development [2]. The continuous rising unemployment rates and the negligence over social welfare has created an even greater gap between the economic classes, males and females and the different ethnical groups.

A recent study from Oxfam International has pointed out that even though there has been some improvements, Brazil decades away from reaching economic and social equality. According to the research, Brazilian women will close the wage gap by 2047 and black Brazilians will earn the same as whites in 2089 on the current rhythm [1]. Also, with a wider perspective, Brazil's richest people possess the same

as the poorest 50% of the population - about 100 million people. In other words, the country's richest 5% have the same income as the remaining 95% [1].

On the other hand, if the Brazilian welfare is also to be analyzed, it is observable that employment, labor formalization, income growth and the country's national social program - Bolsa Família budgets and levels of schooling contribute to explain inequality [3]. Economists have also found that the decline in overall inequality in Brazil was driven by both reducing disparities within states and income convergence across the federative units [3]. Together, improvements in public education and formalization of labor combine the largest share of Gini's reduction, with the help of income growth and Bolsa Família [3].

On an international level, Brazil also stands out when comparing its inequality rates with developed nations and the neighboring countries. At the current rate of disparity reduction, it will take Brazil 75 years to reach the United Kingdom's levels [4]. Compared to Uruguay and Argentina, some of its bordering-states in South America, Brazil is about 35 years behind [4].

Therefore, despite making great progress in reducing poverty and recovering from a terrible economic crisis, Brazil still faces a major problem that threatens the country's stability and status in the international scenario. Reports from the World Bank show that about 3,5 million people are expected to fall back into the poverty line in 2020 [5]. Thus, it is urgent to address the structural causes of inequality in Brazil, rethink its unfair taxing system and the insufficient investments in social programs.

It is time for the country to rebuild its fiscal policies, redirect government spendings and prioritize the threats that still hinders its development into a world-renowned and exemplary nation.

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