

The Consequences of COVID-19 Crisis on Informal Workers in Brazil: An Analysis of Emergency Aid from the Government

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Abstract : COVID-19 has spread rapidly in Brazil since March 2020, making the country one of the most affected in the world by the pandemic. From an economic point of view, Brazil came from a pre-pandemic period characterized by low or negative growth, with a resulting increase in the number of unemployed and informal workers. This paper considers lockdown implementation in the situation of the large presence of informality in the economy. The objective of the paper is to analyze how the country has tried to help workers affected by economic crisis after the implementation of measures against COVID-19 and whether the emergency assistance from the government has been adequate to contain the increase of informal workers and unemployed. The methodology used in this paper is survival analysis. Through this methodology, the formality - informality, and informality - unemployment transitions are analyzed. This analysis draws data from the Continuous National Household Sample Survey (Continuous PNAD) and from the National Household Sample Survey COVID-19 (PNAD COVID-19) covering the period of January 2020 - July 2020. The results indicate that emergency aid has been not sufficient to reduce the transitions of workers from formal to informal jobs and from informal jobs to unemployment. Emergency aid has been not sufficient considering the previous situation of the country, with levels of poverty and inequality very high. In the next months, another fundamental determinant of the income trajectory in the context of the COVID-19 crisis will be the continuity of the emergency aid, especially considering the fiscal adjustment policy pursued by the government. Therefore, the current negative portrait may be even worse in the coming months.

Keywords : Brazil, COVID-19, informality, survival analysis

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