



OBSERVATÓRIO DAS DESIGUALDADES

ABOUT CURVES AND PYRAMIDS:

The geometry of inequality in
the pandemic

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About curves and pyramids: the geometry of inequality in the pandemic

At the beginning of 2020, the world faced the COVID-19 pandemic, which swept the planet and, in just over three months, claimed more than 110 thousand lives on all continents and, at the time we wrote this newsletter, was still far from overcoming it. The consequences imposed by the epidemic on almost all countries are of such magnitude that its consequences are difficult to see, but will certainly extend beyond the enormous pressure on health systems, reaching the economy, labor relations, politics, the most basic routines, and even our sociability.

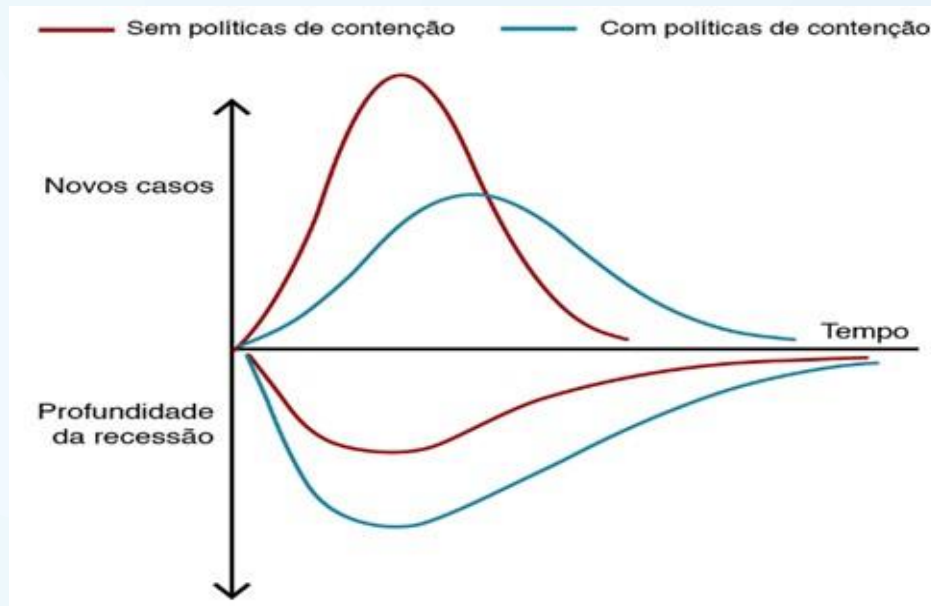
Situations such as these are described in studies on development as "critical conjunctures", situations whose intensity and simultaneous impact on various spheres of life and the organization of society affect the choices of fundamental actors and cause shocks in the existing balance, opening up prospects for new configurations, making the future more uncertain – but also more open. These conjunctures can result from very varied factors, such as shocks and acute crises – the collapse of the 1929 stock markets, the world wars, the oil shock, the September 11 attacks – or catastrophes, such as earthquakes; or, as in the current case, a pandemic. Whatever the event or process that gives rise to the critical conjunctures, what they have in common is that the choices, decisions, and paths taken at this time tend to condition the development, relations, conflicts between different groups for a long period. For this reason, it is important to understand and pay attention to the challenges posed for countries, the way they face them and the alternatives available for this.

The mission of the Observatory of Disorders is to contribute to this debate, but with a specific look: seeking to understand how Covid-19, its consequences, and coping policies impact differently and unequally the different social segments. In a society as unequal as ours, public choices are rarely neutral, that is, they do not have the same impact on different groups in relation to the distribution of resources, risks, and material opportunities or not. They affect social inequality. This theme has already been addressed in a note from this Observatory and will be developed in this newsletter, which continues it.

Flattening two curves, not just one

The Covid-19 pandemic follows, in general, a classic dynamics of epidemics: a new disease is identified; contagion spreads; the number of cases increases, first slowly and then with a strong acceleration; it reaches the peak, and then the number of new cases begins to slow down until the disease becomes one of the most common diseases we live with or, preferably, we have a vaccine or effective treatment for the disease. It is this trajectory that, co-located in a timeline, will give rise to a bell-like line, expressed at the top of graph 1 above. This is the famous epidemiological curve that we are talking about these days – the one that we should "flatten" – and that we will analyze in this section. If the format and dynamics of the epidemics are similar to others, their differences are crucial to understanding the tragic numbers of sick

Graph 1: Covid-19 – the double medical and economic curve



Source: Barría, C. (2020). Prepared by Richard Baldwin, inspired by illustrations by Pierre-Olivier Gourinchas.

and dead who follow it and the dramatic measures to contain it. Much is not yet known about Covid-19, including exactly its lethality, although it is already much higher than that of influenza and other respiratory diseases, such as H1N1. Without delving into epidemiological or medical issues, the important elements are: many contaminated people do not get to present symptoms of the disease, but transmit it to others; the time of incubation, that is, before the contaminated person presents the symptoms, can be long; the number of people to whom someone contaminated can transmit the disease is high, and it is easily transmitted. Besides, an important part of those infected have to be hospitalized, including in ICUs, and each patient's mean length of stay is comparatively long. To make matters worse, no adequately effective vaccine or medication is still available.

All this makes the time to be a fundamental factor. The accumulation of cases in a short period overwhelms the care capacity of health services, which not only fails to meet those infected by Covid-19, but also other types of demand – traffic accidents, heart

attacks, dengue fever, etc., that continue to occur. The consequence is a much higher number of deaths, sequelae, and suffering, either because the infected people cannot have the appropriate treatment in time or because diseases and events that would not normally lead to death become lethal, as the health system is overloaded and cannot serve them in time and effectively. This happened in Italy, Spain, Ecuador, and currently in the United States. Despite being the richest country in the world, it suffers from the accumulation of cases and deaths and sees the collapse of cities as important and powerful as New York. But if no fully effective vaccine or medication is available, how can we fight the pandemic? If the contagion occurs through contact or proximity and if a person, even without symptoms, can easily infect several other people, the only alternative that really saves lives is the reduction of contacts, the number of people with whom they interact and, of course, agglomerations. The policy has been indistinctly called quarantine, social isolation, and confinement, although there are technical distinctions between them. That is where the now famous expression "flatten

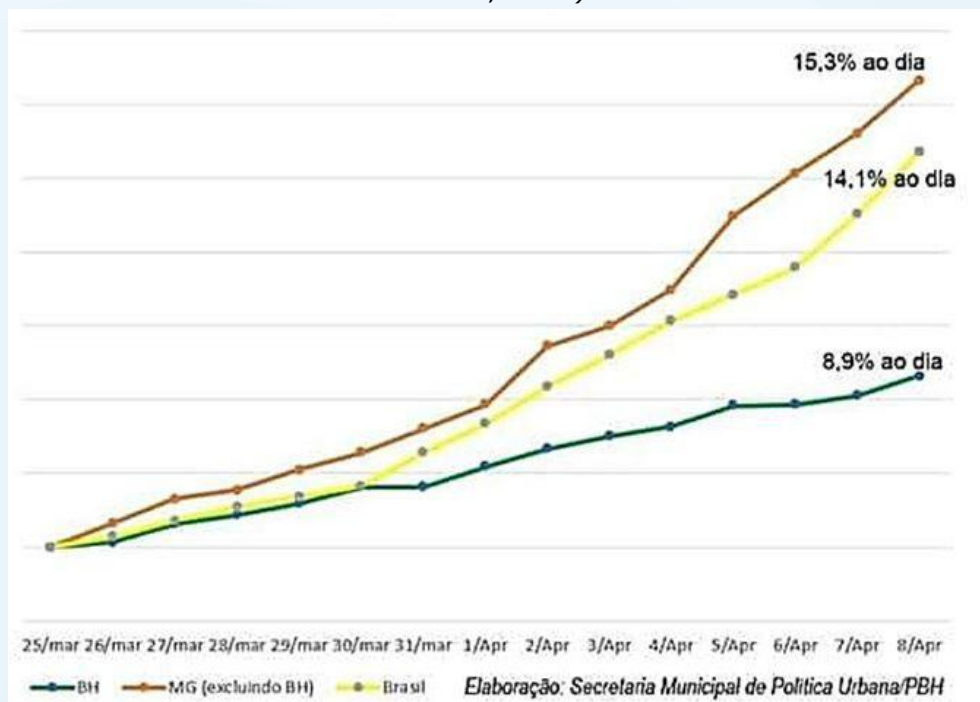
the curve". Without containment and distancing measures, the disease spreads very fast, as shown in the continuous red line in graph 1 above. Flattening the curve means reducing the pace of contagion and diluting the emergence of new cases over time, moving from the red curve to the blue curve of the graph. Even if the total number of cases is similar, diluting them in time means that the number of patients simultaneously does not exceed the health system's capacity and offers society precious time to anticipate and expand this capacity.

The later arrival of the pandemic in Brazil allows us to learn from the experience of other countries. All the successful countries managed to flatten or eliminate the curve. All countries – without exception – that neglected this guideline, adopted it late, or loosened it early, witnessed the uncontrolled growth of the sick and dead and the incapacity or even collapse of the care of the health services – and, in some cases, also the tragic collapse of funeral

services.

A [note from this Observatory](#) shows that preliminary data from Brazil also point in the same direction. In Brazil, the omission of federal coordination and common protocols for adopting measures to combat the epidemic and social distancing has caused each state and each municipality, to a large extent, to establish – or not – its own strategy and priorities, generating considerable variation. And this allows us to verify – in a preliminary way – the effectiveness of the isolation policy, as can be indicated in this other graph (Graph 2). The graph shows the daily evolution, in proportional terms, of the increase in Covid-19 cases in Brazil, in Minas Gerais (MG), and in Belo Horizonte (BH). As is well known, BH has been anticipating and adopting isolation and social distancing measures earlier and stricter than MG and the rest of the country. And then, we can notice how the dynamics of BH detach, for the better, from those of MG and Brazil, from the end of March.

Graph 2: Evolution of Covid-19 in BH, rest of MG and Brazil (April 09, 2020 compared to March 25, 2020)



Source: State Department of Health of Minas Gerais.

Understanding the “flattening of the curve”, represented in the changes from the red curve to the blue curve in the foreground of graph 1, and verifying its good results is a crucial step. Nevertheless, we still have to deal with the argument present in a considerable portion of the population and political agents, which can be summarized in the following sentence: the social and economic consequences of isolation – schools and closed companies, prohibited meetings – are possibly more severe than the direct number of victims of the virus itself¹. At this point, first of all, it is anything but “normal” to ignore the recommendations of isolation and go about our daily lives as the pile of our dead fellow citizens goes over thousands in a few weeks. It is ethically unacceptable the type of attitude expressed in phrases such as: “they will die, but only the older adults”; “they died, but they were at risk group”, as if they were less important losses or perhaps because the background thinking implied in these expressions would sometimes be, in fact, something like “they died or will die, but it is not me”. We are in a situation where there is no real good alternative, and we have to choose which values are the most important to preserve. And then there is no doubt: the greatest value is life, and the choice must always be oriented towards the alternative that most preserves and saves lives. Still, for us at the Observatory, it is important to emphasize that deaths, sequelae, and suffering resulting from the pandemics are not randomly distributed in society, the risks, and conditions of care are unequal and harmful to the most vulnerable groups. From a risk point of view, recent work by Laura Carvalho and others (2020)

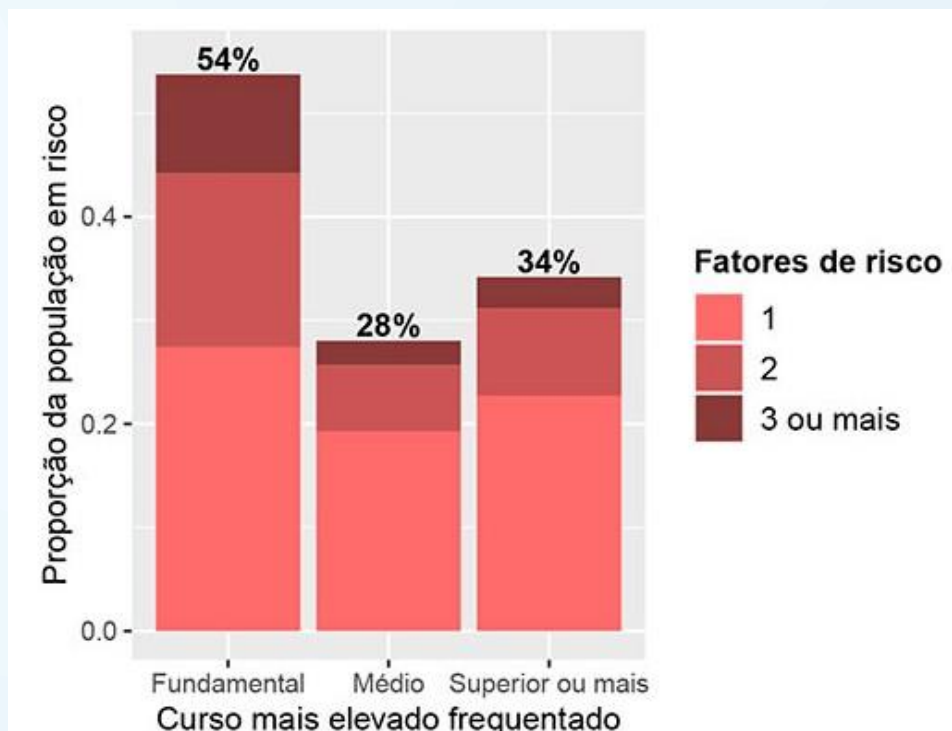
¹ *This argument appears, among other groups, among the defenders of vertical confinement, which consists of isolating only the known risk groups - older adults and people with previous diseases - concentrating on them also the health resources for treatment and prevention, as explained in the BBC publication available at: <https://www.bbc.com/portuguese/internacional-52043112>*

alert to this fact. According to the authors, a study conducted in the United States showed that among those infected with COVID-19 who do not present any aggravating health condition, 7% needed to be hospitalized, 2% in the ICU. Among those who present aggravating health or chronic diseases (chronic diseases, diabetes, hypertension, cardiovascular problems, among others), the need for hospitalization jumps to 30% and that of the ICU to 15%; depending on the aggravating factor, the need for hospitalization may be more than 10 times higher than that of people without infected precondition. Older adults, in turn, had twice the need for hospitalization and ICU, even among those with no health precondition. That is, in an expected way, if the population disseminates the contagion by the new coronavirus, its consequences, and risks (including death) are more severe for groups with some health aggravating factor². And the fact is that unequal living conditions generate unequal health conditions. As the authors do, let us take low education as an indicator of social vulnerability. We will find that, in Brazil, the occurrence of health problems – and the number of preconditions – is much higher among the most vulnerable. This is shown in graphs 3 and 4.

The two graphs show that the incidence of aggravating factors is much higher among the socio-economically more vulnerable population – and not only the older adults – a condition indicated by low education. In other words, they will tend to be the most vulnerable, suffering the disease's consequences most severely and its main victims. On the other hand, the provision of specialized health services, expressed by the availability of complementary beds (ICU, semi-intensive, etc.), is also unequally

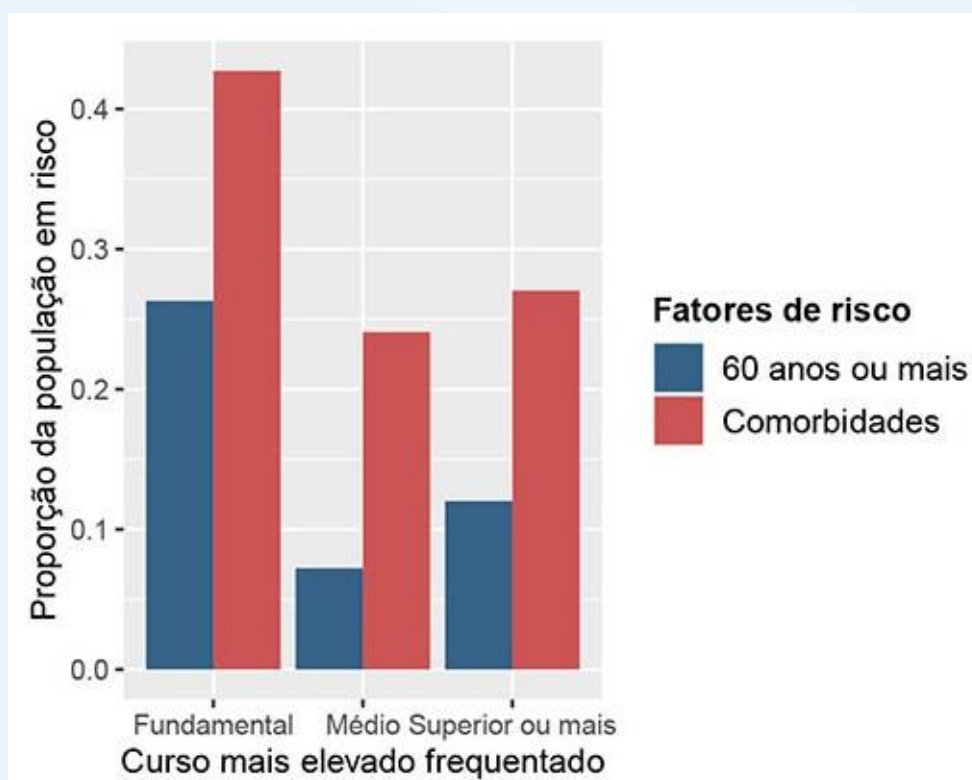
² *More severe, but not exclusive. In Brazil, for example, a quarter of deaths from COVID-19 were not from older adults or had any health aggravation.*

Graph 3: Proportion of the population at risk by level of education.



Source: Data from the IBGE National Health Survey (PNS) conducted in 2013. Prepared by Pires, L. N.; Carvalho, L.; Xavier, L. L. (2020).

Graph 4: Proportion of people over 60 and with some comorbidity by level of education



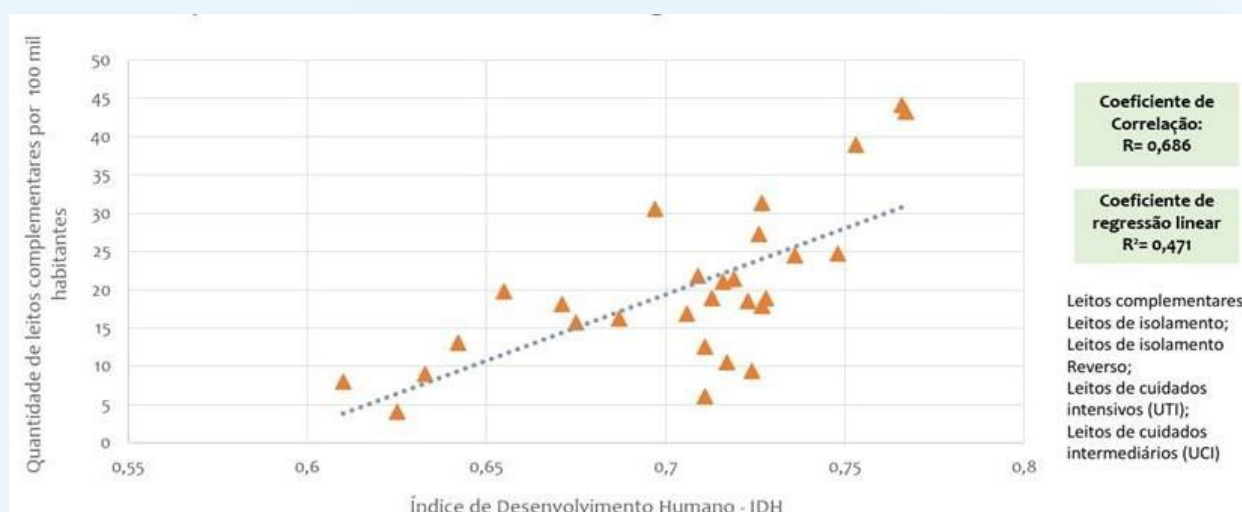
Source: Data from the IBGE National Health Survey (PNS) conducted in 2013. Prepared by Pires, L. N.; Carvalho, L.; Xavier, L. L. (2020)

distributed in the territory. Graph 5 illustrates this inequality in Minas Gerais. What graph 5 shows is the quantity of specialized SUS beds for every 100,000 inhabitants of the health micro-regions of Minas Gerais, according to the mean Municipal Human Development Index (MHDI)³ of the municipalities that make up each micro-region. And even just visually, it is already possible to perceive the general trend indicated by the graph: how much more precarious the living conditions of the population in a region, the worse the conditions of the health system to serve them. That is, on the one hand, the poorest and most vulnerable population tends to suffer more seriously from the Covid-19 pandemic and demand more from the health system; on the other hand, it is precisely in those regions with more vulnerable populations that health services are less prepared to face the pandemic and serve the population. The consequences of this nefarious combination of factors are already becoming noticeable.

³ The Municipal Human Development Index (MHDI) is a measure composed of indicators of three dimensions of human development: longevity, education, and income. The index ranges from 0 to 1. The closer to 1, the higher the human development.

A recent report from G1 (2020) shows that, among those infected in the first wave of contamination, blacks accounted for 23% of hospitalized people, but almost 33% of deaths. The opposite occurred in the case of whites: 74% of hospitalized patients and 64.5% of deaths. Similarly, territorial inequality reveals the unequal distribution of risks between different groups. In the city of São Paulo, for example, despite the problems of underreporting, lethality (number of deaths in relation to those infected) was 5% in Butantã, a region with the highest socio-economic level, but reached more than 30% in the peripheries, such as Casa Verde, Sapopemba, or Freguesia do Ó (TALARICO; VELOSO, 2020). The conclusion that emerges from this brief analysis is that there is no contradiction between fighting the pandemic and protecting the most vulnerable. In case of uncontrolled contagion and spread of COVID-19, suffering and deaths will not accumulate, as seen in other countries. Still, it will proportionally claim much more of the health and life of the poorest and most vulnerable. Thus, fighting the pandemic and avoiding the collapse of the health system is to protect the most vulnerable and it is misleading to deny this fact and argue in another sense.

Graph 5: Correlation between the number of complementary beds and HDI of the Superintendencies and Regional Health Managements of Minas Gerais



Source: Complementary beds: Ministry of Health – National Registry of Health Facilities of Brazil – CNES; data from Feb/2020. HDI: PNUD Brazil; 2010 data.

But, in addition to the dramatic ethical issues involved, always subject to debate, what the experience of countries such as the United States or cities such as Milan shows is that, in a situation of uncontrolled growth of cases and deaths, the economy also does not keep working, it collapses, and even more severe measures of isolation and quarantine have to be taken longer. And then we will have the worst possible combination: the huge number of patients and deaths, shattered economy, and very severe and long containment measures. And that's also what history shows.

A recently published study analyzes the behavior of different North American cities during another pandemic, which became known as "Spanish flu". From 1918 to 1920, the "Spanish flu" killed at least 50 million people worldwide, with approximately 500,000 to 650,000 deaths in the United States. In the period, the behavior of large North American cities facing that pandemic also showed great variation, and several cities adopted measures of restriction and social distancing (referred to in the graph as NPIs⁴) more intense and more precocious, others were more lenient or later and others ignored the measures as long as possible. Graph 6 summarizes the conclusions of the work well.

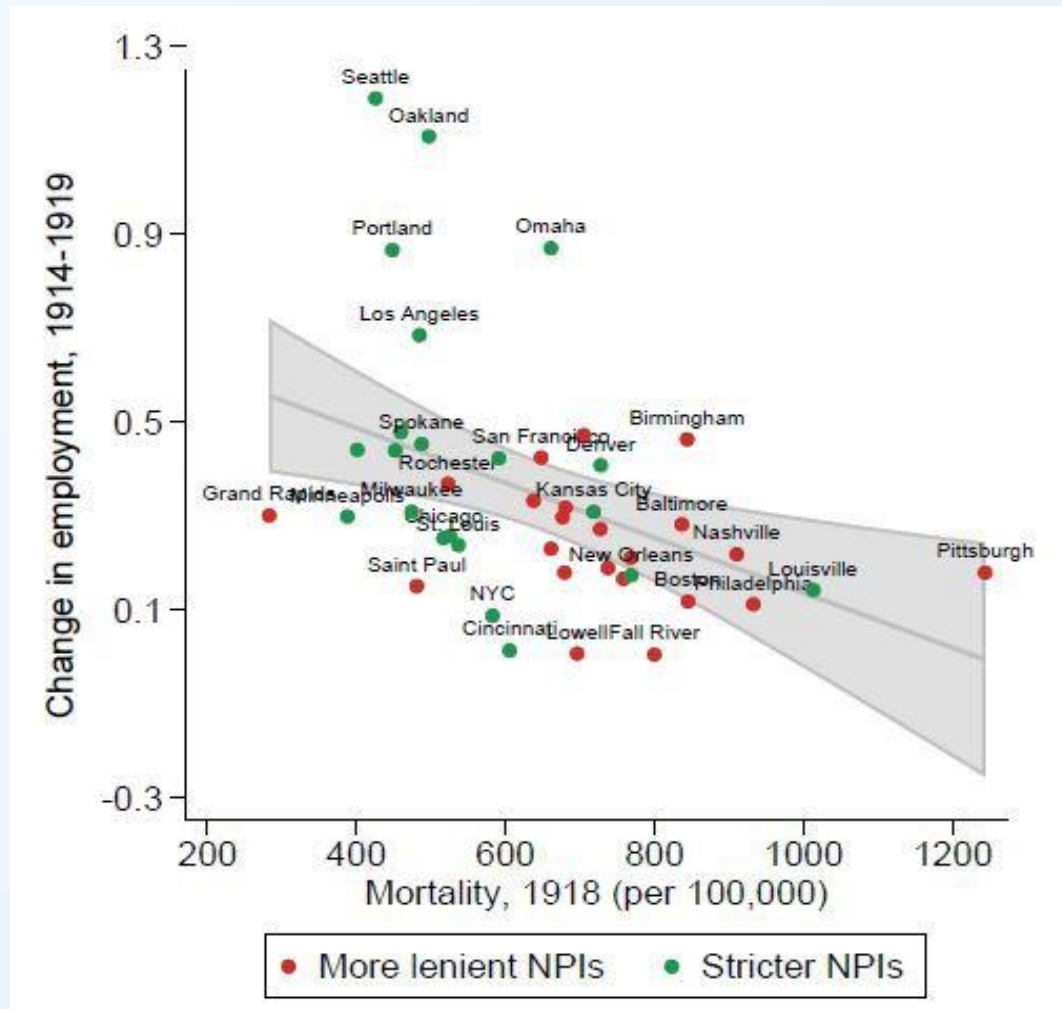
The graph relates the death rate by "Spanish flu" (per 100,000 inhabitants), on the horizontal axis, and the variation in industrial employment in the period close to the pandemic, represented on the vertical axis. The points represent the different North American cities. The red dots are the cities that have adopted more lenient and restrictive social distancing measures,

either minimizing the epidemic or prioritizing "the return to normality"; the green dots represent the cities that adopted the earliest or most intense restriction measures. The chart analysis expresses some lessons from history:

a) cities that adopted stricter public health measures avoided thousands of deaths; b) the pandemic generated serious effects on the economy, the more severe the more affected by the epidemic the cities have been; but c) these effects were not more serious in those cities that adopted the stricter public health measures. In fact, the evidence suggests that cities with stricter measures of distancing and social restraint during the pandemic had, in general, a better economic performance and not worse than the others in the year following the "Spanish flu" epidemic. That is, they were in better conditions to recover from the economic shock. In short, the epidemic depresses the economy; public health measures do not necessarily worsen it. Caution is needed when concluding an event from a century ago to the present day, besides considering the differences, including the severity (as the numbers indicate) between the two pandemics. Nonetheless, two lessons are valid: public health measures and contagion restriction are effective in saving lives, and there is not NECESSARILY a choice between saving lives and preserving the economy, neither in ethical nor pragmatic terms, especially if we think about the medium and long term: the lower the health impacts of the pandemic, the better the conditions for the subsequent recovery of the economy.

⁴ *Non-pharmaceutical interventions (NPIs) are the non-pharmaceutical interventions adopted to help slow the spread of diseases, such as social distancing.*

Graph 6: Relationship between the mortality rate from "Spanish flu" (per 100,000 inhabitants) in 1918 and variation in industrial employment in the period close to the pandemic in selected North American cities.



Source: Correia, S.; Luck, S., Verner, E. (2020).

Non-sanitary public health measures during the pandemic: preserving income, protecting the vulnerable, enabling distancing, keeping the "light of the economy burning"

Well, so far, we have shown that: a) the Covid-19 pandemic, which has devastated the five continents in recent months, is very serious and, under the current conditions, containment or social distancing measures are the only effective way to face it without the multiplication of deaths and the collapse of health services; b) if not adopted, the effective measures to

combat, although the pandemic reaches society as a whole, the most vulnerable are those who will suffer most harshly its consequences; c) it is only apparent or resulting from deliberate rhetorical manipulation the alleged contradiction between preserving lives and protecting the economy; it is an allegation that does not make ethical or even pragmatic sense. And here, going back to graph 1, we get to the bottom of the horizontal axis. To the world of the economy and the main conditions of life. Public health measures to combat and minimize the damage of the epidemic, therefore, involve causing a severe slowdown in the economy since it requires circulation, agglomeration, and, therefore,

the production and consumption of non-essential goods and services are restricted to a minimum over a period. We have seen that this can be done in an organized way and with minimization of damage and reduction of deaths, or it will occur in a more harmful and painful way due to the collapse of the basic operating capacity of societies and deaths resulting from the pandemic. But the fact is that the deliberate deceleration of economic activity is an inevitable consequence – in fact, it is a component – of public health policies and the preservation of human lives. So, there would be nothing to do with the economy? Just hope the disaster is not as big and we have a way to “put the pieces together” afterward? The dramatic thing is that this is not an option either. Just as there is no way to preserve the economy without facing the pandemic, it is impossible to face it without economic actions.

In Brazil, the Coronavirus arrives amidst a strong economic recession, with high rates of unemployment and informality. According to data from Continuous Pnad, the mean unemployment rate in 2019 was 11.9% and the informality rate⁵ reached its highest level since 2016, reaching 41.1%. “For most unprotected Brazilian workers, isolation is not possible. Stopping means a tragedy in an already over-indebted population if there are no mitigation measures, you are vulnerable to the virus, or you do not pay the bills. Apparently, a generalized attitude of not stopping means not paying the bills in a few weeks and having been exposed to the virus in the same way. In times of epidemic and emptying of public spaces, delivery partners and app drivers need to work twice as hard to compensate. The vicious cycle only gets worse. By not sleeping well, immunity drops. Many of these subjects embody the neoliberal logic that attributes to the individual themselves the responsibility of success or failure.

Due to subjection or lack of option, they put themselves in an intense vigilant regime of self-destruction” (PINHEIRO-MACHADO, 2020).

The pandemic also has its race and gender bias. Among the poorest 10% of the Brazilian population, 75% are black, in a country where 35 million people live without access to treated water and 100 million without sewage. The situation is even more critical for black women: if we look at those who are heads of households without a spouse and with children under 14, 63% are below the poverty line. They are women who, if they are in informal occupation – more unstable, precarious, and insecure – will be harmed, as explained above, and, even if formally employed, they will suffer from the suspension of the schools and the difficulty in finding where to leave the smaller children, among other mishaps. A recent technical note from CEDEPLAR (2020) exemplifies this inequality in the conditions to bear quarantine costs. Take the case of those activities the study calls “Urban Popular Economy”. They are activities that share the following characteristics: “i) intensive activities in work with difficult substitution of on-site activities by non-on-site; ii) activities whose production and/ or commercialization occurs primarily in the urban space, at fairs, in stalls and kiosks, on the streets or in small businesses, depending, therefore, on the circulation of people in the territory (CEDEPLAR, 2020; p.1).” These characteristics are well represented by street vendors, recyclable material collectors, artisanal food producers/merchants, and artisans, among many other occupations. This sector was immediately and directly affected by the pandemics, leading to, more than loss, practically an interruption of its income. Representing, together with domestic workers and the population living on the streets, one of the most vulnerable segments among workers, the Urban Popular

⁵ Sum of workers without a license, domestic workers without a license, an employer without CNPJ, own account without CNPJ, and auxiliary family worker.

Economy combined, in 2018, in the Metropolitan Region of Belo Horizonte alone, about 530 thousand workers (20% of those employed). Some data illustrate their vulnerability: only 35.4% contributed to social security, and no more than 21.5% declared that the business they worked had CNPJ, showing the precariousness and lack of social protection they face. Also, as in other spaces, exclusions also tend to overlap here: in this group, incomes are lower than mean incomes, and there is a proportionally higher presence of black workers with low education.

Another sector of the urban economy, characterized by income volatility and precarity in labor relations and which tends to be strongly affected, is the culture sector, especially concerning shows, exhibitions, and events, obviously hampered by the reduction of mobility and prohibition of agglomerations. In fact, according to a technical note from CEDEPLAR, the Continuous PNAD pointed out that, at the end of 2019, more than 73% of workers in cultural services throughout Brazil were autonomous, evidencing the informality and precariousness of their insertion in the labor market. The note estimates that reducing family spending on culture outside the home can mean a loss of 11 billion reais in the economy. If the aggregate economic impact is limited, its effect profoundly disorganizes the sector and workers since it is also a work-intensive area. It is also necessary to remember that wealth, creation, and cultural diversity are important in identity, cohesion, and a sense of shared destiny, as well as the wealth and asset of the creative industry.

That is, they are directly impacted citizens, without reservations to face this period and without access to social protection measures, whether unemployment insurance or social security. The same occurs with other vulnerable groups or with precarious insertion in the labor market and for which mobility or public spaces are fundamental for obtaining

minimum income or for survival strategies, such as the case of domestic workers (whose contingent estimated by the PNADC in February 2020 was 6.2 million people in Brazil) and homeless population (the technical note mentions that only the city of Belo Horizonte had, in February 2020, 8,964 homeless families registered in the Single Register for Social Programs).

In addition to the unequal distribution of risks in the face of the pandemic, what these data demonstrate is that, without public intervention and protection, there are broad sectors of workers who simply do not have the material conditions to obey the rules of distancing and quarantine, regardless of how necessary they are, and whose survival will be compromised during the period. Also, providing material conditions of subsistence and social protection to the most vulnerable becomes, as few times, a condition for the physical and economic survival of the whole society.

Therefore, as we have reiterated in the Observatory, in societies as unequal as ours, inequality presents itself and questions us in the most varied spaces of social life. And suppose this pandemic tells us something about inequality. In that case, it is to clarify the inescapable fact that such high levels of inequality are a threat to the whole of society, to its preservation and basic functioning, and not just an evil that affects only those who are at the bottom of the social pyramid.

And what should economic intervention be during and after acute sanitary creation? To answer this question, first, we need to understand that acute situations like this – very intense impacts, very comprehensive, and very concentrated in time – are crucial moments of choice. These are difficult times, as it implies coordination between different actors and institutions and the social and temporal distribution of costs and risks. And only the State has the power, the means, and the legitimacy to redistribute the costs and

socially dilute them in time, anticipating expenses, postponing revenues, issuing long-term debt, issuing currency, reorganizing the budget. It is an emergency situation in which one acts with all the legitimate means available to save lives and the collapse of the economy and then discusses how to re-organize society, the economy, and the State.

Still, it is necessary to understand the nature of this crisis from an economic point of view. The debate about economic depression and the measures to deal with it have resorted to comparisons with the 2008 crisis, due to the magnitude, or a war situation, due to drama. The two comparisons contain essential misconceptions. On the one hand, the 2008 crisis had its origin in the financial sector of the economy – banks, credits, mortgages, equities, debts – and from there, it was transmitted to the so-called “real economy” – the world of production, consumption, trade, wages, etc. For this reason, much of the “solution” of that crisis passed through there: “saving” the banks, expanding liquidity (the availability of resources) and stimulating credit, resuming the flow in the economy circuit. Thus, they were simpler measures, both because they were more apparent, and because they were policies that could be taken without changing the status quo of inequality, but, on the contrary, deepening it: in fact, the causes of the crisis – the speculative and irresponsible behavior of large banks and financial institutions – were benefited or rewarded. The present crisis is distinct because it begins and focuses precisely on the real economy: in that of production, consumption, and mobility resulting from the damage and sequelae of the disease’s spread in the population and in families or the necessary measures of social distancing and confinement necessary to prevent or deal with these damages and sequelae. Therefore, measures both during the pandemic and those aimed at recovering the economy after overcoming Covid-19 will have to deal with the “real economy” – production, consumption, employment, and income.

On the other hand, the comparison with a war situation makes sense but hides a crucial difference. It makes sense because, as in a war, there is a dramatic situation in which society is at risk, which requires union of all and a temporary reorganization of all social forces around this priority. The important difference from an economic point of view, however, is that a situation of armed external confrontation produces a mobilization to the limit of a country’s productive capacity to deal with the war effort; it produces full employment, at least as long as the conflict is active. An economy based on destruction and death, but still very dynamic. It is, from this point of view, the opposite of the current situation, in which an important part of our common effort involves slowing down the economy – both from the point of view of production and circulation – to the minimum necessary, as a consequence of the need for social isolation. To deal with this situation, the economic action of the State must take place in two directions: create the economic and material conditions for the sustainability of the quarantine, as long as it is necessary, and provide conditions for the recovery after the epidemic to be as fast and less costly as possible. This translates into two distinct but closely related main lines: a) “keeping the light of the economy burning” and b) maintaining income and protecting the most vulnerable.

As for the first item, we will be more succinct here since our main focus is the dimensions related more directly to equity. Richard Baldwin (2020) well explains the point, in a recent article. The author develops the following reasoning. Every Sunday or every Christmas day, the production of goods and services in the country decreases a lot, many stores are closed etc. But this is not a great concern for anyone. Why? Because the next day, stores are in the same place, jobs have remained, mutual obligations between suppliers, customers, banks, traders, and employees are basically the same and you can continue where you left off. To a large extent, the economy is this: a huge network of

relationships, obligations, and expectations between institutions, establishments, and people. This network exchanges work, money, products, and services – immediate or promised for the future. However, in a longer period marked by great uncertainty about how each one and how the others will be, these networks end up breaking. With the interruption of income, the hairdresser who owns the salon cannot pay the electricity bill and the rent, delivers the property, and fires the manicure that helped her. The manicure will look for another job, clients will disperse etc. In this case, when the epidemic is overcome, and the people can circulate again, this network cannot be activated again: the property may already have another destination, and the equipment and consumables were sold – probably well below their price – to try to pay the bills, and even the hairdresser can no longer reassemble the salon since she still has to bear the rent debts and water, electricity, and suppliers bills. As Cochrane (2020) states, cited by Baldwin: “slowing the economy is not like turning off a lamp. It is more like shutting down a nuclear reactor. You have to do it slowly and attentively, or it can simply fuse.”

Taking the analogy above, public intervention at this time should be oriented to try to approximate the economic conditions closer to a very prolonged Sunday, basically preventing companies from closing, workers from being dismissed, debts from growing to the point of making future investments unfeasible. That is, to prevent the networks of relationships that connect the different sectors and flows of the economy from breaking up. But the focus and the instruments must differ from the performance in other moments of economic crisis. In common situations of deceleration, the performance is usually due to consumption, production, and investment stimuli. At this time, it is not, for example, about anticipating the thirteenth-month pay for those who receive retirement so that this person can buy a new refrigerator and

stimulate the trade and production of home appliances. Nor to create a subsidized credit line for the expansion of the refrigerator factory. Because the objective is that the factory does not produce and the workers remain at home as long as public health policy so requires. The objective, as explained above, is to prevent the factory and the store from closing, employees from being dismissed, etc., that is, that the end of the epidemic finds the store, the factory, and consumers in minimum conditions to resume their relations.

For this, the pandemic's economic policy resembles not a package of stimuli but a protective shield. It involves, first, prioritizing the weakest links in the market, which have no reserves, working capital, or resources to survive the shock of the epidemic: especially micro and small enterprises and the most severely affected sectors (travel sectors, events, bars, and restaurants, for example). Secondly, it involves abundant and cheap working capital credit to meet expenses. Third, suspension, discount, installment, or postponement of taxes and tariffs.

A last set of measures is of special interest to think about the social distribution of economic impacts the viability of quarantine: avoiding massive dismissals and permanent loss of the payroll (which is the total amount of all wages received by all employed workers – it can be reduced both by the decrease in wages received and the increase in unemployment, but, in any case, significant reductions in the payroll reduce consumption capacity and, therefore, the vitality of the economy). This is, at the same time, a public health measure (as it creates the conditions for workers to remain in isolation with some security), preserving the economy and social protection for workers. [Table 01](#) presents a non-exhaustive summary of the main measures adopted by different countries in relation to the labor market and protection of employment and income.

As it turns out, there is a lot of variation between the type and strength of the measures adopted. However, in general, the mitigation of effects on the labor market has been sought through different combinations of the following instruments: administrative or legal restrictions additional to dismissals; by the partial or full temporary assumption – by the State of the costs of the companies' payroll (especially in the primary sectors); credit lines in special conditions to finance the companies' labor costs. We will discuss later what measures Brazil has adopted and the political and budgetary efforts dedicated to them.

Brazil: lack of coordination, timidity, and slowness

As stated above, for social distancing measures to be feasible with the smallest and shortest possible damage, it is necessary, during the pandemic, that public intervention: a) maintains the economy minimally in operation; b) insures employment and minimizes the losses of wage earners; c) provides income for the informal and precarious sectors of the labor market; d) temporarily reduces the burden of the subsistence charges of workers and popular sectors (public tariffs and rents, for example) and protects the most vulnerable sectors. Let us see how Brazil is acting on these issues.

a) Minimally operational economy maintenance

It is true that the economy's overall performance is not the focus of the newsletters of this Observatory. Thus, we will make a brief, and quite incomplete, comparison of the amount of resources allocated to measures related to the Coronavirus crisis between some countries, aiming to provide parameters and context to evaluate the Brazilian case. These comparisons must always be made with care, as in a dynamic and crisis situation, new measures can be announced at any

time and can also occur in cases of announced measures whose implementation is not feasible. Nonetheless, with due caution, the chart below, published by the IBRE blog (PIRES, 2020), shows the discrepancy between the number of measures adopted by other countries and the level of intervention of the Brazilian government:

As can be seen, the set of resources that Brazil was willing to allocate to sustain the economy, "keep the light on" during the pandemic, to make the economic recovery after this period faster and less costly is proportional, whether in relation to the Brazilian GDP, much lower than what other countries are doing. This is particularly worrying because, as we remember above, the Brazilian economy was already fragile and with very low growth perspectives, in addition to subutilization, precariousness at work, and poverty at high levels before the pandemic, which indicates low resilience to shocks. An investment in this capacity of resistance well below the necessity tends to have drastic results.

And these results will be more drastic on weaker segments of the population and sectors of the economy. Take, for example, the MSE (Micro and Small Enterprises). The importance of MSE in Brazil is well known (CONSIDERA; VELOSO, 2020). Even having a weight of just over 30% in the economy, they represent more than 51% of jobs, and this predominance does not occur only in the mineral extraction sector (mining). This importance, coupled with the limited conditions to face the shock of the pandemic, justifies powerful measures to protect them in several countries. The comparison between the northern American package to support MSE and the Brazilian one evidenced the distance in the magnitude of the resources to be applied in each country (RIBEIRO, 2020). Without going into detail, to scale each country's programs, it is sufficient to show that the two main North American programs (one for working capital and one for payroll) aimed at this segment reach almost 4.5% of the US GDP, while the

Table 1

Fiscal policy relations in the Covid crisis – 19		
Countries	Government programs	Credit
	As a % of GDP	As a % of GDP
USA	5.4	4.1
United Kingdom *	2.3	15
Germany **	6	29.7
France***	2	13.1
Spain	2	16.8
Australia****	5.4	1.8
Italy	1.1	20
New Zealand	5.4	2.1
Japan	5.4	0.3
Brazil*****	3.2	1.9

Source: Pires, M. (2020).

* Does not include income replacement benefits

** Does not include tax postponements

*** Does not include installments of public services

**** RBA offered a credit package of 90 billion (4.6 of GDP)

***** Credit operations include financing for E/M Last update:
03/29/20

similar Brazilians do not exceed 0.62% of Brazil's GDP, indicating that an expected decrease of more than 5% of Brazilian GDP will be very little dampened by these measures, making it difficult for us to get out of the crisis.

As already mentioned, analyzing the economy's overall performance is not this newsletter's objective. Nevertheless, it is enough to keep in mind that all of Brazil's efforts are comparatively much smaller. This will tend to have even worse effects here, as the pandemic reaches an already fragile economy and a very precarious labor market.

b) Protection of employment and income of salaried workers

As for the protection of employment and income of salaried workers, the main action of the federal government in Brazil was Provisional Measure 936/2020. After the terrible repercussion of a first version of the proposal, which provided for the possibility of reducing the workload and salary and the

suspension of the employment contract without any compensation or warranty, it has been rectified in its current form.

In a very summarized way, the MP 936 temporarily allows the proportional reduction of working hours and wages, or the suspension of the employment contract, with the governmental consideration through the payment to the worker of the Emergency Employment and Income Preservation Benefit as a replacement of the salary. The reduction of working hours can vary between 25%, 50%, 75%, or 100% (suspension of the contract), and each type corresponds to a value of Benefit. Nonetheless, while the similar proposals of most countries take the value of the salary for the calculation of the Benefit to be received, precisely as a way to avoid severe losses of payroll and to make quarantine feasible, the Brazilian program uses to calculate the replacement, the value of unemployment insurance that would be received in case of dismissal. This will generate important income losses for all salaried workers who receive above

one minimum wage, as shown in a recent note from CECON, from Unicamp (WELLE et al., 2020), and which is expressed in graph 7:

As can be seen, by calculating the benefit adopted by the program, there is a significant loss of income in relation to the original salary in all modalities of reduction of working hours and for all salary ranges, except for those who receive one minimum wage. The suspension of the employment contract of workers in small companies is the one that most penalizes the worker and can lead to a loss of income that reaches 80%. But, besides the losses imposed on workers, this model reduces the policy's ability to dampen the decrease in aggregate income, which is fundamental for recovery after the pandemic. The CECON note calculates that, depending on the reduction modalities adopted by the companies, the private sector's payroll may decrease between 9.4 and 27.7% in the period. The additional budgetary effort required to avoid wage losses and preserve income would be approximately 0.2% of GDP per month, which would be perfectly feasible, considering that the program's cost will be between 0.2 and 0.6% of GDP per month. Note, moreover, that this type of expenditure, at the moment, would most likely be compensated by the gain in speed of recovery of the economy, which would

mean faster recovery of tax revenue, or at least, less loss of future collection.

c) Income guarantee for informal and precarious sectors of the labor market

Regarding the protection of informal workers, microentrepreneurs, autonomous, and most vulnerable segments, the main action of the federal government – in fact, practically the only relevant one – was emergency income or quarantine insurance. However, as will be seen, the government's behavior shows low commitment and low implementation capacity when it comes to protecting the poorest. The initial proposal presented by the Federal Government was much lower than approved and clearly insufficient for its objectives: R\$200.00 per vulnerable family during the pandemic.

The National Congress expanded and improved the program from the proposal already submitted by the opposition parties. The Chamber of Deputies tripled the value of the benefit to 600 reais. It opened the possibility of reaching 1,200 reais, in families with children headed by women and in those in which there are at least two informal workers. The beneficiaries enrolled in the Single Registry, individual microentrepreneurs, individual or optional

Graph 7: Salary loss according to income (in minimum wages)



Source: MP 936/Cecon – Unicamp. Preparation: Roubicek, M. (2020).

INSS taxpayers, informal workers (not beneficiaries of BPC, pensions, or other benefits) who do not contribute to the INSS, and beneficiaries of the Bolsa Família Program. The maximum income cut to access the benefit is per capita household income of up to half a minimum wage or total household income of up to three minimum wages.

In fact, the changes made by Congress transformed the very shy initial proposal of the Federal Executive into an action that, if not sufficient, can at least constitute a minimum level of safety in a moment of exceptional difficulty. A study by the IPEA (SOUZA et al., 2020) estimates that 59.2 million people would be eligible to be entitled to the benefit, indicating that 117.5 million, directly and indirectly, benefited from the initiative. Nevertheless, reaching this number in a short time is a challenge since, of these 59.2 million possible beneficiaries, approximately 11 million would not be in the single registry and would have to be located and registered.

The work of the IPEA estimates the number of beneficiaries and the costs of the program, considering the different inclusion scenarios of those not yet registered, as shown in Table 2. The table indicates

between 94 and 117 million direct and indirect beneficiaries, with an additional cost (in relation to the cost of Bolsa Família) between 75 and 94 billion reais. This amount is not an extravagant investment, representing between 1 and 1.3% of GDP in 2019.

Well, approved the main federal measure of social protection during the pandemic, the challenge turns to implementation, which faces, however, several obstacles and slowness on the part of the federal government, which is quite serious for an emergency project. After processing quickly in Congress, being approved by the Chamber of Deputies on March 26, 2020, and by the Senate on March 30, 2020, the project was sanctioned on April 1 by the president but faced questions from the economic area, which even conditioned its effectiveness to the approval of a constitutional amendment in progress. Therefore, several problems of operationalization and postponement, taking almost a month to make the first complete installment available. Still, requirements such as CPF regularization and delay in verifying and approving requests have, in practice, excluded thousands of Brazilians from access to the benefit to which they would be entitled, which means their livelihood and that of their family in this period.

Table 2: Affected population, mean benefit, and expense in the current scenario and simulations

	Population directly or indirectly affected (Million)		Mean benefit		Expense (R\$ Billion)	
	Families	People	Family	Person	Total	Additional
Current scenario¹						
PBF	9.7	38.6	183	46	5.3	-
Simulations with different degrees of coverage of eligible people not enrolled in the Single Registry²						
0%	27.6	93.6	966	285	80.1	74.8
50%	32.5	107.2	924	280	90.1	8.8
100%	36.4	117.5	913	283	99.6	94.8

Source: Microdata from Continuous PNAD 2018. Preparation: Souza, P. H. G. F. et al. (2020).

Notes: ¹ PBF numbers are underestimated compared to administrative records. No correction has been made for this. In 2018, the mean number of beneficiary families was close to 14 million.

² Participation in the Single Registry allocated to families benefiting from the PBF, individuals benefiting from the BPC, and families with a per capita monthly income from formal sources less than or equal to ½ minimum wage.

d) Protection of the vulnerable

Advancing in the evaluation, it is necessary to consider the vulnerabilities faced by the different segments in the pandemic and social distancing period. For example, UN Women warns about the specific consequences of the pandemic and public health measures for women. According to the World Health Organization, women represent 70% of professionals on the frontline of combating the virus, vulnerable to infection and stress (PINHEIRO-MACHADO, 2020). In China, there are calls from activists to give importance to the fact that domestic violence has grown during quarantine, which puts people under extreme psychological pressure. A technical note from the Brazilian Public Safety Forum (2020) also points out that, although the administrative records (Police Reports and granting of protective measures) of domestic violence have been reduced in the analyzed states, the attendance of calls from the 190 telephone for domestic violence and the number of registered femicide increased in the comparison between March 2019 and March 2020. Another indication that the study points to the same trend is digital research conducted on the social network "Twitter", with the evolution of reports that indicate the probability of domestic violence.

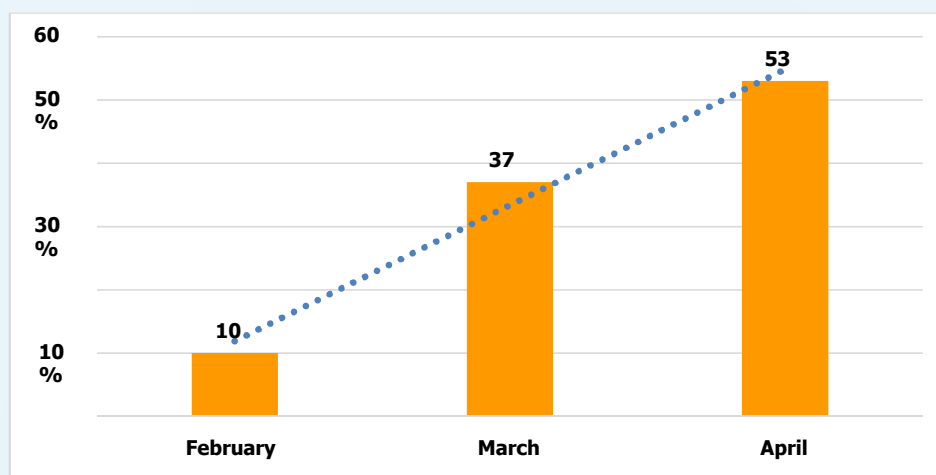
Between 5,583 tweets analyzed, the data showed an increase of 431% between February and April, that is, the reports of couple fights with evidence of domestic violence increased four times, and more than half (53% of the reports) were published in April, as shown in Graph 8:

Besides the immediate effects generated by the pandemic, the long-term negative economic impacts will also be distributed unequally in our society, affecting the income of the poorest. This is what the study done by economists Edson Domingues, Débora Freire, and Aline Magalhães shows us, from a simulation model⁶ that connects productive sectors, families, Government, the external sector, and captures the distribution of income generated by the productive sectors and government transfers to families in Brazil.

According to economists, with the arrival of the Coronavirus and the direct and indirect impacts that will potentially occur (decrease in demand, stoppage of productive activities, reduction of investments, decrease in world trade and reduction of exports, instability in the financial markets), it is expected that, this year, the GDP growth again declines (may

⁶ The BRIGHT simulation model, presented in the Doctoral Thesis of Prof. Débora Freire, thesis winner of the BNDES Economy Award in 2018.

Graph 8: Frequency percentage of reports of couple fights on Twitter



Source: Decode; Brazilian Public Safety Forum (2020).

even be negative), and unemployment increases. An important but little-highlighted issue is that the fall in employment affects individuals, or families, heterogeneously.

To assess how this distribution occurs, the impacts of a 0.1% decrease in employment and -0.14% in the GDP of the Brazilian economy on the available income of families by 11 income classes were projected. The projections indicate that the -0.14% in GDP is related to -0.11% in the employment of the Brazilian economy, which would have an effect of -0.117% on the available income of families. However, more important than these numbers is the result of recessive scenarios about the different groups of families, as shown in **Table 3**.

Graph 9 shows the effect on each income class in relation to the mean effect: while the poorest families (H1) have a negative effect 20% greater than the mean, middle and upper-class families tend to lose less and close to the mean.

These results show the need to think about coping actions focused on the poorest, which absorb the most pronounced effect of a reduction in economic activity and, consequently, employment. Thus, economists have advocated the implementation of social protection measures for the most vulnerable and the stimulus of demand via public investment, arguing in favor of direct payments to people, without reimbursement, as one of the countercyclical measures necessary in this context of crisis. In this sense, Gregory Mankiw pointed out that the American government should send checks of US\$1,000 to relieve the poorest in the country.

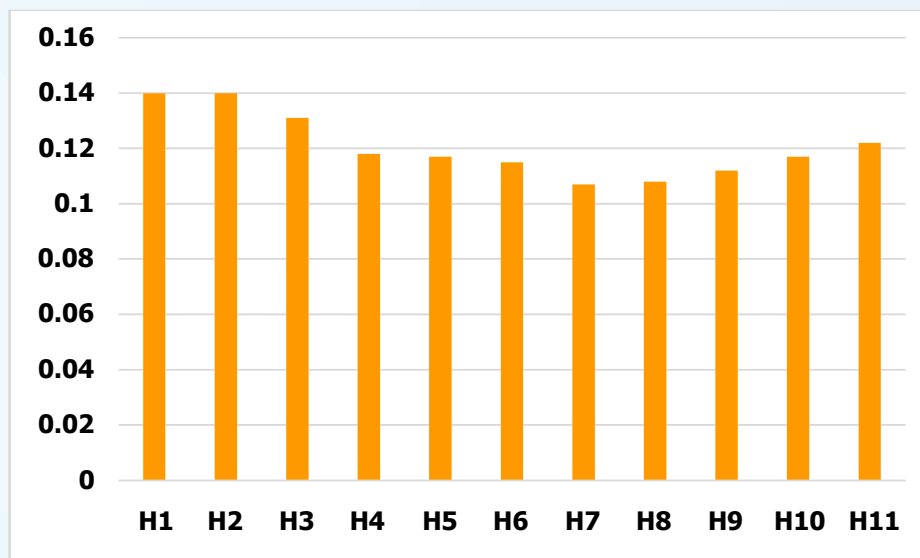
The measure adopted by the federal government in Brazil to guarantee income has been explained above. Concerning other actions to protect the vulnerable, we will analyze the actions taken by Brazilian states and municipalities.

Table 3: Effect on available household income by income class

Families	2020
H1	-0.14
H2	-0.14
H3	-0.131
H4	-0.118
H5	-0.117
H6	-0.115
H7	-0.107
H8	-0.108
H9	-0.112
H10	-0.117
H11	-0.122
Total	-0.117

Source: Freire, D.; Domingues, E., Magalhães, A. (2020).

Graph 9: Effect on households' available income by income class in relation to the mean



Source: Freire, D.; Domingues, E., Magalhães, A. (2020).

The measures of states and municipalities

Faced with shyness and delay in actions to protect the most vulnerable, associated with the lack of coordination and federative leadership of the main national public policy bodies and systems, several states and municipalities have presented, by their own means, social protection initiatives to the most vulnerable groups and those most impacted by the pandemic and its socio-economic consequences. These policies have great heterogeneity of scope, coverage, and political effort. [Chart 2](#), far from exhaustive – as much as the federal entities as the actions – illustrates the type and scope of subnational social protection initiatives.

What can be seen from the chart, despite the heterogeneity pointed out, are some emphases of interventions that are directed primarily to the most affected and vulnerable groups. Almost all states (Minas Gerais is an exception) have adopted different forms and scope of exemption or suspension of electricity and/or water and sewage tariffs; there are cases in which assistance for access to cooking gas, essential for people to cook in their homes,

is also adopted. They are ways of reducing spending pressure on the poorest families (as we have seen, more vulnerable to economic shock). A second focus of actions is initiatives to create or expand income transfer programs. In most cases, the main focus is on school-age children, indicating that they respond to concerns about food insecurity due to the lack of access to school meals and the suspension of the on-site classroom. A third group of initiatives is those more directly related to food security: distribution of basic food baskets, resizing popular restaurants, and family farming support.

In addition to more sectoral interventions, there is also a concern for specific publics and segments. The homeless population is the focus of more or less comprehensive initiatives by both states and municipalities in terms of social assistance and more specific actions in relation to addressing the health risks to which these citizens are particularly exposed. Finally, there were initiatives to generate work and income for especially vulnerable sectors of the popular economy and culture – such as notices for cultural production, solidarity economy, and the so-called popular economy.

The content, scope, and breath of these interventions are, as would be expected, of an eminently ad hoc nature, revealing a lot of improvisation, adaptation of initiatives, and contingent responses to the shock and risks that the pandemic and social distancing require. They respond more to the variable sense of urgency and the political priority that the fight against the pandemic occupies on the agenda of each state and municipal government – including the willingness to align or distinguish themselves from the denial that characterizes the presidential discourse – than properly to the technical and planning capacity or fiscal and budgetary slack that they have. If there was any leadership and federative coordination at the central level, within the scope of the Unified Social Assistance System (SUAS) or the Ministry of Citizenship, this repertoire of initiatives could be systematized, disseminated, and supported, becoming more systematic, which could even imply its consolidation and perpetuation, when applicable. Despite the effort of subnational entities to overcome gaps and meet some of the most vulnerable, the lack of coordination has led social protection actions to the type of heterogeneity, fragmentation, and inefficiency characteristic of the period before SUAS and the institutionalization of the Food and Nutrition Security policy.

Taken together, however, the measures to mitigate the effects on income and on the labor market, as well as health, economic, and social protection for the most vulnerable groups and those most affected by the pandemic, seem patently insufficient, both compared to the international effort and especially if evaluated from the needs and the impacts and risks represented. The immediate result will be a strong recessive condition, adding to Brazil's deepening of social vulnerability and inequality. This raises questions and challenges that will extend into the future and that we must be prepared to face.

Light and Shadow on inequality in the post-pandemic

At the beginning of the newsletter, we affirm that the drama of the pandemic, its consequences, and the measures that forced several countries to take put several societies, including ours, in a critical situation. The notion of critical conjuncture refers, we remember, to those moments in the development of countries in which, for reasons that may be of different nature, two conditions are combined: a) a series of consensuses, practices, and norms that seemed consolidated are questioned, put to the test or discarded; b) the uncertainty of this period opens a greater space for political action and choices, which will tend to produce consequences for a long period, by shaping incentives, worldviews, and the distribution of material, political, and symbolic resources between different actors and groups involved in the process. On what terms do we find ourselves in this kind of situation?

On the one hand, the pandemic and the measures to combat it changed or shook a set of perceptions and orientations in terms of policy and well-being hitherto prevailing. It is difficult to know more objectively how intense and widespread these changes are, but certainly the terms of the debate have changed. Firstly on a very generic plane, in societies increasingly marked by inequality, segregation, and the weakening of a common notion of identity and belonging, epidemiology dramatically brought back to consciousness the reality that we share a common destiny and that, beyond a certain point, no one saves themselves alone. That the risk of the other increases mine, that protecting thousands of strangers is an inescapable part of caring for my family. This may lead to a less predatory balance between competition and co-operation in the basic values underlying modern societies' organization.

In a more concrete plan, the recovery of the irreplaceable role of state coordination when collective action is challenging and implies the distribution of costs, legitimacy, and sometimes coercion. Likewise, only the State can, in such a short period, reorient the priorities of all and redirect the allocation of resources, guaranteeing or facilitating access to services, medicines, and equipment, making more evident the moral limits of the market, as well as its blindness in relation to issues such as equity and justice. The economic role of the State is also discussed again, at a time when, at least temporarily, the State had to assume all or part of the companies' salaries, guarantee and transfer income to the population, and will surely be fundamental in inducing and directing the economic recovery after the pandemic. This role that the State was called to fulfill served as an additional goal in the already questioned hegemony of so-called "austerity" in the debate on economic policy, putting under a new perspective the role of public spending and the variable effects of public debt on stability and economic growth.

Thirdly, it was clear that, unrelated to economic conditions, countries with more solid health policies and institutions, better financed, greater coverage, more capillarized, and with greater technical and administrative capacities were at a great advantage in identifying, planning and coping with the pandemic. Recalling that the well-being and capacity to serve the population are the subject of debate in ethical terms or rights. Still, they are, in addition, economic and infrastructure assets and also constituent elements of the sovereignty and security of countries, expanding their legitimacy and highlighting the arguments of advocates of universal policies.

Fourthly, the urgency of the pandemic caused it to break, even though temporarily, barriers and resistance to more comprehensive and ambitious social protection policies, such as various types of

income guarantee or minimum income. By overcoming these barriers and starting to operate, income guarantee policies, and programs can achieve legitimacy and generate political – and electoral – costs that prevent their total extinction. Likewise, under the pressure of the pandemic, new audiences, new themes, and new methodologies were incorporated into social protection policies, expanding the repertoire of actions and services, which can be improved and consolidated as part of social institutionalization. Finally, the need for greater complementarity and integrality in serving vulnerable populations may have become clearer besides specialized means and academic debate. The emergency situation demonstrated the simultaneous need for public health, income, food security, and social assistance policies for the vulnerable. Hence, their effectiveness was minimally satisfactory, which can also remain a lesson for managers.

Although not directly related to the theme of this newsletter, the confrontation with the pandemic also showed – and it is worrying in itself that in the 21st century, this needs to be evidenced – how much reason, science, the search for evidence in decision-making and, in the end, the existence and investment in universities and science and technology institutions were fundamental variables to determine how many lives were wasted or saved by each country during the pandemic. This perception can be fundamental for recovering a rational and organized debate on social problems and public policies to face them.

On the other hand, however, a number of elements can aggravate social and economic inequalities and worsen the conditions for their combat. Certainly, the world will come out of the pandemic with a severe deterioration in economic and social conditions, a situation that will probably be even more serious in Brazil. We will indeed be facing a severe global recession, which tends to aggravate the conflicts around the

distribution of resources in society since society will be distributing losses and costs much more than gains. These are challenging conjunctures for the expansion of social and inclusion policies.

The economic deterioration will surely have in the labor market one of its focuses. At the end of the pandemic, unemployment will certainly be high, as well as wage reductions and working hours. These are, in the absence of active policies for the labor market and income, conditions that reduce bargaining power and worsen the bargaining capacity of workers and unions, which may lead to deterioration of wages and greater tolerance for more precarious and less protected ties.

Finally, actions to combat the pandemic, preservation of the economy, protection to employment and income will inevitably imply a significant increase in public debt in weakened economies worldwide. The debate on public finances after the epidemic will be central and tends to be the scene of important conflicts and clashes between different interests, theoretical conceptions, and values. Based on these choices, there are several possible ways to deal with this reality. They are, in any case, non-exclusive alternatives, and different combinations of them are also possible. One possibility is to reduce the importance attributed to the so-called fiscal balance in economic policy, accepting that it is possible to manage higher levels of indebtedness without compromising the economy's health, that is, accept that higher debts can be "the new normal". Another alternative is a strengthening of the austerity discourse, in which it is argued that, as the emergency situation forced greater spending and expansion of public debt, the normalization of the economy would require an even deeper fiscal adjustment, with more cuts, more restriction on social policies, and more privatization.

The most progressive alternative, however, would be that the debate on the expansion of expenses, allied to the need to

combat recession and the likely increase in poverty and inequality, cleared the way to reorganize the tax system, making it more redistributive. In some countries, this debate is already taking place, and the focus is on the taxation of large fortunes and tax havens, reducing exemptions to companies, among others. In the case of Brazil, as we dealt with in [newsletter No. 7](#) of this Observatory, in which the tax injustice is blatant, the way would be to reduce the burden of taxes on production and consumption and increase capital and equity; tax profits and dividends; make income tax more progressive, creating higher rates for very high incomes; make inheritance tax more progressive and increase rates to very high values and create the tax on large fortunes. This combination would simultaneously stimulate production and investment, make the system simpler and fairer without losing revenue, increase the contribution of the most privileged and reduce the burden on the poorest and salaried workers.

Thus, the drastic shock of this pandemic, in addition to its serious consequences and the suffering it has caused - by experiencing the collective risks, the need for social protection, the central role of the State, and the leaders, and putting in the background market solutions and the priority of the financial system and the economic policy hegemonized by them - opens a window of opportunities in which fundamental choices will have to be made, which can lead us to a deepening of inequality and social deprotection, intensifying predatory competition between citizens and groups, and increasing the insecurity that characterizes risk societies. But it can also open space for the construction of a more cooperative path, in which the awareness of our fragility and our shared destiny make the need for protection, care, and the primacy of life guide social choices. These choices, however, do not occur in the ethereal space of our desires and consciences, but in the sometimes inhospitable terrain of the public debate, of

the social dispute in which social positions, material, and symbolic interests, worldviews face each other. It is in the space of politics in the broad sense, the constitution of coalitions, and the risky search for the correct balance between compromise and conflict in collective decisions that change can happen. If the future is open, it must be disputed; it must be built.



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Table 1 - Measures against Coronavirus in the international context

Country	Public funding for wage recomposition	Prohibition of dismissals	Paid leave	Expansion of social benefits (espec. unemployment insurance)	Income Transfer	Exemption from electricity and water tariff	Measures related to the right to housing	SMEs and MEI	Other measures
Spain	-	Prohibition of the dismissal of workers during the crisis.	Extension of paid sick leave to workers in quarantine, receiving 75% of the base salary during isolation.	Temporary adjustments to the payroll through the use of the legal institute "Expedientes Temporales de Regulación del Empleo" (Temporary Records of Employment Regulation), with payment of unemployment benefit guaranteed even for people who do not meet the requirement of prior contribution and exemption from the corresponding social contributions due by companies.	Financial aid for self-employed workers, families with less financial resources, and direct income program for informal workers.	Suspension of collecting essential bills (water, energy, internet) for vulnerable households.	"Late payment penalty" on mortgages for those who cannot pay during the crisis	<ul style="list-style-type: none"> . Creation of a publicly guaranteed credit line of up to 100 billion euros. . Approval of additional credit guarantees of 2 billion euros for exporting companies, especially favoring small and medium enterprises. . Specific regime for suspension of public contracts, with the expansion of deadlines and compensation of salaries, to avoid the termination of contracts and the consequent loss of jobs. 	<ul style="list-style-type: none"> Allocation of 600 million euros to the financing of the basic social services of autonomous communities and local entities. Reduction of working hours to meet the needs of reconciling family tasks and care derived from the crisis.
United Kingdom	Restoration of 80% of the income of workers who have their employment bonds maintained, but are prevented from working and self-employed workers, up to the limit of £2,500 per month. Government aid will last at least three months.	-	Quarantined workers had their paid sick leave expanded.	Low-income people will have easy access to existing social benefits.	Complementary income guarantee measures are expected.	-		-	<ul style="list-style-type: none"> Suspension of mortgage payments for three months for people with financial difficulties. The collection of taxes for self-employed workers is suspended.
France	"Temporary unemployment": companies can declare this condition in order to avoid dismissals. The government will pay the remuneration of workers, who will receive 84% of their salary, up to a limit of 4.5 times the minimum wage and, in the case of those who receive the corresponding to the minimum wage, the payment will be 100%. More than 100 thousand companies, corresponding to more than 1 million workers, have applied to be part of the program.	-	Workers in quarantine or who have to take care of children up to 16 years old due to the suspension of school activities will have paid leave for up to 20 days.	Self-employed workers will have access to social benefits to cope with the loss of income in the period.		Suspension of payment of rent, gas, and electricity.		<ul style="list-style-type: none"> . Solidarity fund of 1 billion euro to provide financial support for micro and small enterprises and the self-employed. These companies and workers who incurred losses during the coronavirus period may apply for an aid package of 1,500 euros. . 300 billion euros for bank loans 	
Germany	Public support to reduce working hours to avoid dismissals of workers, with 60% to 67% of the salary paid by the government. Fund of more than 10 billion euros to complement the income of workers who have their working hours reduced.	-	-	-	-	-	Measure in progress: People living in rented houses cannot be evicted for non-payment of rent in the next six months.	Initially, the government will provide more than 500 billion euros in credit to ensure companies' liquidity. The adoption of recovery and nationalization programs is not ruled out.	-
Italy		Suspension, for sixty days, of collective dismissal procedures initiated after February 23, 2020.	<ul style="list-style-type: none"> . Extension of parental leave. . Permission to parents of children under 12 years of age or with 15-day leave deficiencies, with receipt of 50% of the remuneration. Alternatively, aid of 600 euros is guaranteed for contracting care services. The value is 1000 euros in case of health professionals who need to leave their children at home. . Expansion in 12 days of paid leaves to employees who assist family members with disabilities, during March and April. 		<ul style="list-style-type: none"> . Single payment of 600 euros scheduled for March for self-employed workers. . Creation of a residual fund of 300 million euros to support informal workers. . Bonus of 100 euros for employees with an income of less than 40,000 euros per year who work during the month of 			Facilitation of credit conditions for the most affected companies.	Suspension of mortgage payments
Portugal	Simplified layoff extended to other workers seeking to preserve the employment bond in the crisis situation. In this modality, the worker will receive two-thirds of the salary, with 70% funded by the government (social security) and 30% by the employer.	-	Workers who need to leave work to take care of their children aged up to 12 years will receive two-thirds of the salary, with one-third paid by the employer and one-third paid by the government, with social security resources.	Extraordinary extension of unemployment benefits and all social security benefits guaranteeing minimum livelihood whose period of grant or renewal period expires before the end of preventive measures.	<ul style="list-style-type: none"> . In the case of self-employed workers, one-third of the mean remuneration will be paid, within the limit of up to 438 euros/month, for a period of up to 6 months. . Extraordinary training plan, with a scholarship payment of up to 635 euros per employee. 	-	Housing guarantee - proposal for a law establishing an exceptional and temporary regime for counting the terms of housing and non-housing lease agreements.	<ul style="list-style-type: none"> . 200 million euros credit line for enterprises (in general) . 60 million euros credit line for micro-enterprises in the tourism sector; . adoption of an exceptional and temporary regime for exemption from payment of social security contributions, extension of deadlines for payment of taxes and other declaratory obligations, in addition to other fiscal measures (companies in general) . acceleration of payment to companies by the public administration . Credit and facilitation of debt renegotiation, under the condition of employment maintenance. a) Fishing sector - Decree-law creating a credit line with interest subsidies targeted to operators in the fisheries sector. b) Restaurants and similar - 600 million, of which 270 million for micro and small enterprises c) Tourism sector: travel agencies, animation companies, organization 	-
Venezuela	Subsidies for the payment of formal workers' wages	Suspension of dismissals until December 31 of this year.			"Special bonus" for informal employees	exemption from payment of water bills, electricity	Costing of rents	Special credit lines to safeguard small and medium-sized establishments.	
Uruguay	Special unemployment insurance scheme, subsidizing the wages of workers who have their working hours and reduced wages	-	<ul style="list-style-type: none"> . Sending a bill to include Covid-19 as an occupational disease for 45 days, which will allow the receipt of a social security benefit by health workers, medical or not, in the private sector who become infected. . People over 65 years old, except those who can perform remote work, may remain in isolation for a maximum period of 30 days, receiving sickness benefit. 	Resolution of the Ministry of Labor and Social Security for the facilitation of the use of unemployment insurance and permission to partially use the benefit to all sectors of activity (03/18/2020 and 03/20/2020).	Reinforcement of the available balance of the Uruguay Social Card (TAS).	-	-	<ul style="list-style-type: none"> . Opening credit lines with special conditions for small and medium-sized enterprises and postponing the payment of taxes and social security contributions. . Legislative proposals for partial exemption from taxes and facilitation of payment. 	<ul style="list-style-type: none"> . Creation of the Coronavirus Fund, which will support itself with the profits of public organizations and contributions from the salaries of political officials and public officials with a net salary of more than 80,000 pesos. The salary discount will be made in ranges of 5, 10, and 20% according to the nominal value received, for two months, with the possibility of extension. . Creation of new refuges for homeless people and strengthening of the plans of the National Food Institute (INDA). . Doubling the amount of food destined to municipal restaurants, increased access to the basic food basket, and expansion of telephone lines to serve people who request some kind of food aid.
Argentina	-	Prohibited dismissals for a period of 60 days.	-	Increased the value of unemployment insurance.	Benefit plans for poor people, retired, unemployed, and pregnant women in situations of vulnerability, in addition to establish a bonus for those who receive the social security floor.	-	-	Financial aid of US\$3 billion to medium and small enterprises, with tax exemptions and subsidized credit lines.	<ul style="list-style-type: none"> . Investment of about US\$1.5 billion in public works. . Attribution of justified absences to workers who need to be absent from the place of provision of services for the duration of the suspension of classes.

Table 2 - Measures against Coronavirus in Brazilian States and Municipalities

State/Municipality	Income Transfer	Exemption from electricity and water tariff	Food security	Actions for homeless people	SMEs and MEI	Income generation and work for vulnerable groups
Bahia	-	Exemption from water and electricity bills for 3 months, which will be paid by the government, for families enrolled in Entbas's Social Tariff with monthly consumption of less than 25 m7 of water (more than 233 thousand families) and, in the case of electricity, families registered in CadÚnico with consumption of up to 100 kW/month (3.5 million people).	<div><div>. Actions for the distribution of food (food baskets, soups, snacks) and personal hygiene and contagion prevention products, usually from private sector donations, to residents of the periphery or the countryside.</div><div>. Bill pending approval by the Assembly: financial addition to Bolsa Familia. The money will serve to ensure access to food for public school students whose families are already registered with Bolsa Familia and, at the same time, avoid crowds to deliver items such as food baskets.</div></div>	<div><div>. Two reception centers (capacity for 1,300 people) to receive people diagnosed with the new Coronavirus who have mild symptoms. People will also be welcomed in other situations of social vulnerability and living in small spaces.</div><div>. Opening of Popular Restaurants at weekends</div></div>	Extension for 90 days of the deadline for payment of ICMS calculated under the Simples Nacional for the months of March, April, and May 2020.	-
Rio de Janeiro State	<div>. Minimum emergency income in the amount of 50% of the minimum wage to entrepreneurs of the popular solidarity economy, based in the State of Rio de Janeiro, whose enterprises are registered in the National Register of Solidarity Economic Enterprises and Fair Trade (CADSOL).</div>	Extension of the expiration of water bills and sewage treatment prohibition of interruption of the supply of light, gas, and energy during the	<div><div>. Granting of aid grants to families responsible for students of the public school system in the minimum amount of one basic food basket per student.</div><div>. Distribution of basic food baskets to 1 million low-income families enrolled in CadÚnico and to students from the state network, even though their families are not enrolled in CadÚnico. Government contribution of R\$100 million and expectation of private sector donations of R\$100 million</div></div>	-	Portion for 90 days of the collection of ICMS of Simples Nacional	Online action to register solidarity economy enterprises in the segments of handicrafts, fashion, decoration, family farming, artisanal fishermen, organic producers, processors, urban farms, gastronomy, artisanal beverages, culture, services, and others for eventual hiring resulting from COVID-19.
Minas Gerais	-	Facilitation measures for the payment of bills of Cemig and Copasa: impediment of power and water shutdown, instalment of the bill in 6 months without fine and interest. The measure is valid for consumers registered as Social Electricity Tariff, philanthropic and public hospitals, emergency units and micro-enterprises that had their operation paralyzed. Valid until 04/30.	<div><div>Meal allowance for the purchase of food in the amount of R\$50.00 per student (380 thousand students from the state public network enrolled in Cad Único, whose mean salary per capita of the family does not exceed R\$89.00)</div><div>. R\$30 million funded by the Government of Minas Gerais and R\$20 million from a partnership with the Public Prosecutor's Office of MG.</div></div>	-	<div><div><div>. BDNIS measures:<div><div>. Operations of the General Tourism Fund intended for the SME working capital of the branch will have a reduction in interest rates (from 7% to 5%) and an extension of the grace period (from 6 months to 12 months). The deadline is 48 months.</div><div>. possibility of renegotiation of corporate debts with the bank;</div><div>. reduction of interest rates, with a double grace period, for the SME of all economic sectors and in all municipalities of Minas Gerais (BDMG Solidary program);</div><div>. streamlining of processes (waiver of documents) for SME of the Health sector;</div><div>. an increase of R\$100 million in the credit limit available via the BNDES Guarantee Fund for Investments (FGI).</div></div></div><div><div>. Measures of the Treasury Department (valid for the entire population):<div><div>. Extends for 90 days the validity of negative and positive Tax Debt Certificates with negative effects, issued from January 1, 2020 until the date of publication of the decree;</div><div>. Suspends for 90 days, except to avoid prescription, the referral of Administrative Tax Proceedings (PTA) for registration in active debt;</div><div>. Suspends for 90 days, except to avoid limitation, the awareness to the taxpayer of the closure of the "exploratory procedure" - which is when SEF has to</div></div></div></div></div></div>	-
Maranhão	-	Zero tariff for water for two months for individuals whose consumption is up to 10 m7/month of water and sewage, people who are part of CadÚnico and are resident in the municipality of the Mais IDH Program and legal entity in a condominium regime inserted in Range 1 of the Minha Casa Minha Vida Program.	Distribution of 200,000 food baskets for informal workers and the needy population	<div><div>. Partnership with the City of S. Luís: assistance to people sheltered in the Castello Stadium - clinical and psychological medical assessments, physical education classes, and occupational therapy.</div><div>. Provision of meals also at the weekends produced in the Popular Restaurants of São Luís (responsibility of the State)</div><div>. Carrying out daily visits by the Psychosocial Care Center for Alcohol and Drugs to points in the capital where there is contraction of homeless people, aiming to rescue those who are showing signs of symptoms of infectious diseases, chemical dependence, or mental disorder.</div></div>	Extension of the deadline for payment of ICMS and ISS for 180 days for MEI and 90 days for SMEs opting for Simples Nacional (about 110,445 companies).	<div><div>. Hand sanitizer production by the management team and teachers of Centro Educa Mais Josélia Almeida Ramos in the school's chemistry laboratory, for distribution in low-income communities.</div><div>. "Maranhão Professionalized" Platform: Online and free Professional Improvement Courses for the general public, aiming to offer qualification for income generation during the pandemic situation.</div><div>. Deliveries of 16 trucks to municipalities in the countryside to seek the production of small farmers and take them to institutional bodies, especially to popular restaurants.</div><div>. Accreditation notice for the Beauty Voucher program: the Government will acquire vouchers between R\$15 and R\$30 in services such as manicure, pedicure, barber (individual only). The professionals will participate in an action that will be held in October for servers of the State Public Administration.</div><div>. Public notices for tourism professionals to buy early nights of hotels, inns, and hostels (600 in São Luís and 400 in the interior) to be used, after the pandemic, by high school students from the public network in the interior of the state. The second public notice is to offer 2,400 meals to these students.</div><div>. Our Handicraft Program - public notice for artisans who will produce pieces (2 thousand) to compose the promotional kit for the promotion of Maranhão destination in events and reception to visitors.</div><div>. Cultural Connection Program - public notice for online presentations of 280 artists, aiming to fill the void caused by social isolation and at the same time generate income for professionals of culture.</div></div>
São Paulo State	-	<div><div>. Exemption from payment of water and sewage bills for customers of categories of use Residential Social and Residential Favela (approximately 2 million people) for 3 months (April, May, and June).</div><div>. Properties registered in the Residential Social Tariff - intended for single-family homes, unemployed, collective housing or removal of risk area that meet the criteria defined by the tariff statement - will pay R\$8.88 for a consumption of up to 10m7 of water.</div><div>. Request to Aneel to exempt electricity bill for low-income families - awaits the agency's opinion; if approved, it will be valid until July 30.</div></div>	<div><div>. Distribution of 140 thousand food kits for truck drivers in 43 points of 19 highways in São Paulo - marmitex with full meal, packaging with snacks, or meal vouchers.</div><div>. Solidarity Food Program - distribution of 1 million food baskets for families registered in CadÚnico who have an income of up to 89 reais per capita per month. Investment of 110 million from private sector donations.</div><div>. Expansion of the Viva Leite program to 21,000 older adults residing in social assistance residential shelters. 151 of milk per month, enriched with vitamins a and d + protein supplementation for the older adults donated by Nestle. Investment of 4.6 million.</div></div>	<div><div>Popular restaurants start serving dinner and meals also on weekends and holidays.</div></div>	<div><div>. Release of credits with special conditions through Development SP (R\$200 million):<div><div>. Working capital line: reduction of interest from 1.43% to 1.20% per month. Increase in the financing period from 36 to 42 months, and the grace period from three to nine months. Available to São Paulo companies with annual revenues between R\$81 thousand and R\$90 million.</div><div>. Investment credit line: extension of the grace period from 24 to 36 months. Payment term is up to 120 months and interest rate starts at 0.25% per month, plus Selic. Intended for companies with revenues from R\$81 thousand to R\$300 million per year.</div></div></div><div><div>. Bank of the People's Financing Offer (R\$25 million) - The Bank of the People's microcredit line will reduce the interest rate from 1% to 0.35% per month. The payment period increased from 24 to 36 months, including the grace period, which increased from 60 to 90 days. Requests for granting credit without guarantor go from R\$1 thousand to R\$3 thousand. The credit lines range from R\$200 to R\$20 thousand.</div><div>. Credit by Development SP for Tourism, Travel, Creative Economy, and Commerce companies (275 million) - Entrepreneurial Bank reduced the interest rate of the working capital line from 1.43% to 1.20% per month. The term of the financing increased from 36 to 60 months, and the grace period was from three to 12 months. Working capital financing is available to São Paulo companies with annual revenues between R\$81 thousand and R\$90 million.</div><div>. Emergency credit line through the Quick Entrepreneurship Program:<div><div>. Zero interest: microentrepreneurs who completed the qualification course in the Quick Enterprise program and in the Super MEI program, of Sebrae SP, and do not have registration restrictions in the CNPJ and CPF. Credit line of up to 15,000, with 24 months to pay.</div><div>. The other 135 million - microcredit line in the special conditions announced on March 13 - reduced the interest rate from 1 to 0.35 percent per month. The payment period increased from 24 to up to 36 months, including the grace period, which increased from 30 to 60 days. Requests for granting credit without guarantor go from R\$1 thousand to R\$3 thousand. The credit lines range from R\$200 to R\$20 thousand.</div></div></div><div><div>. Also, there will be an extension of the maturity of the installments of debts, from 30 to 60 days, of customers with contracts in force on time and limited to values already used.</div></div></div></div>	<div><div>. Vegetables and legumes for the activities of popular restaurants will be purchased from small farmers in the state. Investment of R\$1.5 million.</div><div>. Sabesp - Free distribution of 3,400 water tanks donated by companies.</div><div>. Partnership with banks Itaú, Santander, and Bradesco for the production and distribution of 1 million masks produced by 740 autonomous sewing professionals through the BEI Institute and the Entrepreneur Women's Network Institute. Investment of R\$2.5 million. Payment of R\$2.00 per mask produced + supply of material and instruments necessary for the manufacture.</div></div>
Belo Horizonte City Hall	-	-	<div><div>. One basic food basket per month for each student's family in the municipal network - estimated 142,000 families - while classes are suspended. For the rest of the population in a vulnerable situation, there will be 240,000 basic food baskets and 57,000 hygiene kits. The total investment in three months (Apr/May/Jun) will be more than R\$100 million, benefiting almost 400,000 families - or 1.5 million residents of the capital.</div><div>. Distribution of food on an emergency and complementary basis to indigenous and quilombola families - about 300 people.</div></div>	<div><div>. Expansion of service at Albergue Tia Branca, which offers regular overnight service, also starting to serve during the day. Users will have access to rooms, food, bathrooms, bed and bath linens, toiletries, and personal care.</div><div><div>. Reception for women provided in a home unit, with infrastructure for food, bath, hygiene products, and personal care, as well as technical staff to develop the accompanying social work.</div><div>. Provisional and emergency reception service at the premises of Sesc Venda Nova, which will offer chalets, linen, laundry services, and daily and individual hygiene items. Intended for homeless people and other social vulnerabilities referred by health units through the notification of suspected Covid-19.</div><div>. Complimentary meal offer on weekends at lunchtime in popular restaurants</div></div></div>	<div><div>. Companies that had their Location and Operating Permits suspended indefinitely due to Covid-19:</div><div>. Extension of the deadline for payment of installments from April to June of IPTU/2020 for the second semester.</div><div>. Extension of the expiration date of municipal taxes and fees. The expiration date of the Location and Operation Inspection, Sanitary Inspection, and Advertising Engineering Inspection Fees, whose maturities would be in May, was postponed to August and the fees may be paid in up to five installments. The installments of the IPTU for the year 2020, maturing in April, May, and June, are postponed for 90 days, maturing from July 2020 and the reparcelling of the outstanding balance from this date for payment until December 2020.</div><div>. Concerning tax and non-tax credits registered in the active debt, granting a period of 90 days to request an extraordinary installment (up to 180 times).</div><div>. Suspension, for 100 days, of the initiation of new collection actions; forwarding active debt certificates to out-of-court protest and tax enforcement offices; and the establishment of procedures for canceling overdue installments.</div><div>. Extended for 100 days of the deadlines for compliance with ancillary tax obligations related to the Tax on Services of Any Nature (ISSQN).</div></div>	<div><div>. Receipt by the Institutional Reception Units for the Older Adults (ILPIs) of an amount to reinforce the purchase of cleaning, hygiene, and disinfection products, in addition to Personal Protective Equipment for workers. R\$3 million were allocated from the Municipal Fund for the Older Adults. Each unit will receive the amount of R\$3 thousand per older person.</div><div>. Postponement of deadlines for the beneficiaries of the Bolsa Familia Program and BPC to investigate or update the CadÚnico for social programs. The changes seek to avoid any type of blocking, suspension, or cancellation of benefits, due to the context of a pandemic caused by the Coronavirus.</div><div>. Concession of the Housing Grant Program in the form of Pecuniary Allowance for families affected by the rains, while the situation of Public Health Emergency due to Covid-19 remains. The aid of R\$500 for housing purposes coming from exclusive resources of PBH.</div></div>
City Hall of Rio de Janeiro	-	-	Distribution of about 80 thousand food baskets for students of the Municipal Education Network registered as members of under-resourced families and 20 thousand for the most impaired sectors of society, registered by the Municipal Department of Social Assistance and Human Rights.	<div><div>. Opening of 400 vacancies in hotels for the older adults, pregnant women, and mothers with children and adolescents living on the streets.</div><div>. Opening of popular restaurants for dinner in the period from 5 PM to 8 PM and weekends at lunchtime.</div></div>	-	Conducting a solidarity campaign to collect clothes, which may occur in person or through an electronic address.
City Hall of Maricá (RJ)	<div><div>. Worker Support Program (PAT) - payment of a minimum wage (R\$1,045) for three months for informal, self-employed, and professional self-employed workers (26 thousand registered)</div><div>. Beneficiaries of the Basic Citizenship Income program:<div><div>. Increase from 130 to 300 munibucas (R\$300) of credit in the Mumbuca Card for the next three months, with local commerce benefited - 42 thousand benefited - R\$21 million.</div><div>. Anticipate the Christmas bonus in the</div></div></div></div>	-	<div><div>. Distribution of food baskets to 31,000 public school students for three months.</div><div>. Distribution of food that had been purchased for school meals to 40 families enrolled in the CRAS.</div></div>	<div><div>. Creation of a shelter at the headquarters of the Department for Inclusive Policies for 30 people, providing bath, dinner, and overnight stay from 5 PM to 7 AM the following day.</div><div>. Offering breakfast, lunch, and snack during the day at the CAPS.</div></div>	Credit line for entrepreneurs of up to 50 thousand reais for each, with zero initial fee and start of payment in Jan/2021 (total of R\$20 million).	<div><div>. Distribution of 27,000 cleaning and hygiene kits for families enrolled in the CRAS, delivered at home for three months by alternative transport vans, in another measure to mitigate the economic effects of the crisis.</div><div>. Solidarity Delivery - the customer chooses the store in the Official Maricá app, makes the purchase and, when receiving the product, makes the donation directly to the delivery person, who will take it back to the establishment where the order was made. The donations will be delivered to the Social Assistance Department, which will distribute them among needy families.</div><div>. Suspension of the collection of Service Tax (ISS) and Urban Property and Territorial Tax (IPTU), as well as fines for delays in previous payments for older adults.</div></div>