

# Mobility over Equality? Rethinking Inequality through Brazil's Bolsa Família



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Brazil remains one of the most unequal economies in the world. The Gini coefficient has hovered around 0.53 in recent years—lower than its peak of approximately 0.59 in the early 2000s, yet still substantially higher than the OECD average of around 0.32. Distributional indicators further underscore the extent of inequality: the top 10% accounts for roughly 55–60% of total income, while the bottom 50% captures only 10–12%. Wealth inequality is even more pronounced, with the top decile holding up to 80% of total assets.

Against this backdrop, Brazil has pursued a long-standing policy effort to address inequality. Over the past two decades, the country has combined redistribution with structural measures, including expanded access to education and healthcare, financial inclusion, and labor formalization. More recently, the establishment of the Ministry of Entrepreneurship, Microenterprise and Small Business in 2023 reflects an additional emphasis on promoting productive inclusion through support for small-scale economic activity.

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What is notable about Brazil's approach is that many of these policies extend beyond addressing inequality in a static sense, to instead focus on improving economic mobility. Investments in education, health, and financial access contribute to the accumulation of human capital, while support for small and medium-sized enterprises broadens access to economic opportunities. In this sense, the policy framework implicitly prioritizes the ability of individuals to move within the income distribution over time.

This distinction between inequality and mobility is analytically important. Inequality is a static measure of how income or wealth is distributed at a given point in time, whereas mobility captures the extent to which individuals can change their relative position over time or across generations. A society with high inequality may still offer opportunities for upward movement, while a more equal society may exhibit persistent economic positions. From a policy perspective, the latter may pose a more fundamental challenge.

Brazil's Bolsa Família program illustrates this point. While it is often categorized as a cash transfer program, its defining feature lies in its conditionality. By linking transfers to school attendance and health requirements, the program aims to enhance human capital accumulation among low-income households. Empirical evidence suggests that such design features contribute to improved educational outcomes and increased participation in the formal labor market among younger cohorts (Fruttero, Leichsenring, and Paiva 2020).<sup>1</sup> The program has thus been positioned not only as a poverty alleviation tool, but also as a mechanism for fostering long-term mobility, as reflected in Brazil's promotion of the policy in international forums such as the G20 and the Global Alliance against Hunger and Poverty.

In contrast, Korea presents a different profile. Income inequality remains moderate, with a Gini coefficient of approximately 0.324–0.325 in recent years, close to the OECD average. However, distributional indicators reveal meaningful disparities: the top 10% accounts for around 45% of total income, while the bottom 50% captures less than 20%. Wealth concentration is more pronounced, with the top decile holding over 60% of total assets.

More importantly, Korea faces structural challenges that may constrain economic mobility. Rapid population aging has contributed to persistently high elderly poverty, while labor market dualism continues to generate disparities between regular and non-regular workers in terms of wages, job stability, and access to training. In addition, rising housing prices and the increasing role of intergenerational transfers have amplified wealth inequality. These factors suggest

<sup>1</sup> Fruttero, Anna, Alexandre Ribeiro Leichsenring, and Luis Henrique Paiva. 2020. *Social programs and formal employment: Evidence from the Brazilian bolsa familia program*. International Monetary Fund.

that inequality in Korea is not only a matter of distribution, but also of limited mobility.

This raises an important policy question: should the focus be placed primarily on reducing inequality at a given point in time, or on enhancing the ability of individuals to move across the distribution? While redistribution through taxes and transfers plays an essential role in alleviating short-term disparities, it may not fully address the underlying mechanisms that shape long-term outcomes.

In this context, policy design becomes critical. Measures that influence labor market dynamics and human capital accumulation are likely to have a more direct impact on mobility. For instance, labor market institutions that limit job transitions or reduce incentives for skill development may inadvertently constrain upward movement. Similarly, income-based benefit structures, while effective in targeting support, may raise questions about their interaction with incentives for work and investment in human capital.

Recent policy debates in Korea reflect these tensions. Programs such as income-tiered subsidies or housing lottery mechanisms aim to address distributional concerns, yet their implications for incentives and mobility remain subject to discussion. For instance, income-tiered childcare subsidies play an important role in supporting household consumption, particularly in a context of declining family size and rising dual-income participation, where childcare services have become increasingly essential. However, as these policies are primarily structured to support consumption around income thresholds their contribution to equalizing long-term educational or human capital outcomes may be limited.

Similarly, housing allocation systems—such as lottery-based mechanisms targeting young or lower-income households—are often intended to improve access to homeownership. While these approaches can help ease short-term affordability constraints, they also raise questions regarding their longer-term implications for wealth accumulation and opportunity dynamics. In particular, when access to housing gains is determined by allocation mechanisms rather than productivity or income growth, the effects on broader economic mobility may be limited. The key issue is not whether redistribution is necessary—it clearly is—but whether it alone is sufficient to promote a more dynamic and opportunity-driven economic structure.

Ultimately, Brazil's experience with the Bolsa Família program suggests that addressing inequality requires more than redistribution alone. Policies that strengthen human capital, expand access to productive opportunities, and support upward mobility may play a crucial role in shaping long-term outcomes. For Korea, where inequality is moderate but structural constraints persist, the challenge lies in designing policies that balance equity with mobility. In this

sense, mobility may provide a more meaningful lens through which to evaluate inequality and its policy implications. **KIEP**