

A Feasible Path to Basic Income in Brazil

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Introduction

Modern science has uncovered compelling evidence that humans have spread and colonized our planet starting from a small population that originated about 200,000 years ago in Africa. This is consistent with ancient myths that we are a single family, notwithstanding superficial and misleading differences in skin color and facial features. Our enormous wealth and resources, however, have not spared billions of our related fellow beings from being deprived of even the minimum purchasing power that human dignity demands. This sad situation persists despite the enormous material⁽¹⁾ and moral progress⁽²⁾ achieved in ancient and recent centuries. Religious and humanist thinkers like Thomas Paine⁽³⁾ and Josué de Castro⁽⁴⁾ among many others view all of us to have the right to share in the available wealth so that none should suffer from want of economic security.

Here we report the outcome of efforts undertaken by a group of individuals to implement and put into practice in the city of Santo Antonio do Pinhal (SAP), state of São Paulo (Fig.1) the idea of Basic Income (BI), in Brazil referred to as Citizen's Basic Income (CBI).

Santo Antônio do Pinhal - São Paulo - Brazil



Figure 1: Images from Santo Antonio do Pinhal: top, train station, at lower right - a group visit from the São Paulo BIEN meeting 2010, lower left, section of the city of Santo Antonio do Pinhal.

Background and data sources

The Citizen's Basic Income law of Brazil (No. 10.835), authored by Senator Eduardo M. Suplicy⁽⁶⁾ in 2001, approved by all parties in the National Congress in 2003 and sanctioned by President Luiz Inácio Lula da Silva, was passed in 2004. This law which stated "A monthly benefit sufficient to meet the basic needs of a person is to be paid equally to all. This basic income is to be introduced gradually, with the most needy attended to first", created the path to be followed by those who wish to make it operational. Politically, actions were undertaken by a group of volunteers meeting with people in schools, churches, at the town hall, and in public spaces, with the participation of Senator Eduardo M. Suplicy and Mayor José Augusto Guarnieri Pereira (Fig. 2). Data from the city of Santo Antonio do Pinhal, was obtained from official sources (SEADE, Fundação Sistema Estadual de Análise de Dados e IBGE, Instituto Brasileiro de Geografia e Estatística) and was compiled extensively with the participation of volunteers⁽⁷⁾. Independent analysis of the possible paths toward a basic income in Santo Antonio do Pinhal was done by Anthony Baert⁽⁸⁾.



Figure 2: Images of volunteer working in Santo Antonio do Pinhal. Clockwise from top left, carrying the basic income inquire forms filled out by the population; speaking to a community group; holding a meeting at the town square; speaking to students.

Results

Santo Antonio do Pinhal is located amid the mountains of Mantiqueira. It is a resort city frequented by those seeking fresh clean air and natural surroundings. The economic activity of Santo Antonio do Pinhal is centered in tourism, although there is also some production of vegetables, fruits, milk and cheese, most of which is consumed locally. The population in 2010 was 6,600 with an almost equal number of men and women. About 59% of the inhabitants of Santo Antonio do Pinhal live in the urban area as opposed to the state of São Paulo where urbanization reaches 96%. Per capita income is R\$ 8,207. The GINI index is better (0.39) than that of the state of São Paulo (0.49) or the Brazilian average (0.526 in 2010). The distribution of wealth in Brazil is one of the most unequal in the world. Only after 2001 has Brazil seen growth and some reduction in this inequality. The population growth factor of SAP has been 0.31 compared to 1.09 for the state of São Paulo. In 2009 no maternal mortality was recorded while child mortality was 20 per 1,000 live births (source: IBGE and SEADE). Demographic density is low and the proportion of youngsters below 15 years (~24%) is above the figure for the state of São Paulo. There are

approximately 14 births per thousand inhabitants, slightly lower than the region's average (data from SEADE/2011). Some 27% of the population lives in poverty. Between 2006 and 2008 Santo Antonio do Pinhal indices of wealth, longevity and school attendance increased from 36, 67 and 59 to 58, 73 and 68, respectively (SEADE/2011). Mortality in 2009 was 7 per 1,000 inhabitants (SEADE). A combination of auspicious conditions made this city the first to involve its population and mayor in an effort to start a pilot project aimed at establishing a CBI. As indicated above, the law requires that the poor be attended to first. That provision has been met nationally since 2004 by law 10.836 (decree No_5209/004) responsible for creating the successful Bolsa Família (BF) program. Bolsa Família requires that families with income below a given threshold be identified to qualify for the benefit. Additionally, regular monitoring exists to make sure that the families receiving aid continue to meet the requirements. Another aspect of the law is the gradual implementation of basic income that, by definition, requires no pre-conditions except length of residence in the country.

One important external limitation is that right now SAP lacks the resources required to implement the benefit to all that are not assisted by the BF program. If all 6.600 inhabitants of SAP were to receive at least R\$ 70.00 per month, to meet the minimum standard considered by the Federal Government to be above the extreme poverty line, this would represent an amount of R\$ 4,884,000 per year. The possibility of paying benefits through a system like the annual dividend used in Alaska was discussed and rejected because at this time there is no government or private moneys for the required fund; it is highly inconvenient to attach the benefit to the vagaries of the financial market or donations; the benefit should be monthly; we believe that as a basic human right, the benefit should be paid by the state that will provide the required amount with regularity.

The need for a gradual introduction of CBI without interfering with the Bolsa Família program is a crucial aspect of the Brazilian law. Right now the BF program supports 420 families, about 1/4 of SAP's population. In addition the government pays a minimum wage to handicapped people. One of us devised a *modus operandi* that satisfies both requirements: gradual introduction of the basic income and compatibility with the Bolsa Família program. The proposal was to start with every newborn baby from a given date. A starting fund of around a million reais will be obtained from the federal government by Senator Suplicy. This adds to the contribution from the city budget (6% of the municipal tax income) already introduced in the municipal law No. 1,090/2009. These resources allow for a pilot project that will

benefit the newborns of SAP (about 100 babies per year) for about 4 years, without any additional input.

A municipal committee with members of the administration and equal number of representatives from civil society was elected and has begun to meet regularly in Santo Antonio do Pinhal. Recently the committee unanimously approved to start with a basic income for the newborns as soon as municipal funds are available. Mayor José Augusto Guarnieri Pereira recently suggested that a Citizen Stamp could be given as a counterpart to contributions to the municipal fund. He also announced our wish to pay to every newborn, monthly, 70 reais in cash while depositing the same amount in a savings account available to the child after he reaches legal age. In the meantime we hope to discuss the suggested alternative to implement law No. 10.835/2004 with more organizations, municipalities and states, reaching out to the federal government and our President Dilma V. Rousseff. One of us has proposed that the initial kick to start the Soccer World Cup in Brazil (2014), supposedly by a person with paralysis, wearing a robotic leg that will be activated by electrodes in his brain, a feat of the neuroscience team led by Dr. Miguel Nicolelis, should also start basic income to all newborns (Fig. 3) in the country.

Discussion

There is a large literature on the notion of basic income, with contributions from Bertrand Russell, John Maynard Keynes, Joan Robinson, George Stigler, Friedrich Von Hayek, Martin Luther King Jr, John Kenneth Galbraith, James Tobin, James Edward Meade and mainly those like Philippe Van Parijs, Clauss Offe, Robert Van der Veen, Guy Standing among others who founded BIEN in 1986, including proposals by well known liberals like Milton Friedman⁽⁹⁾, in favor of a guaranteed minimum income through a negative income tax, that strengthen the goal of instituting its basic tenets universally. As stated by Zwolinski⁽¹⁰⁾, "Redistribution of wealth by the state is morally permissible or obligatory in certain circumstances. This belief has an eminently respectable pedigree among both historical classical liberals such as Adam Smith and John Stuart Mill and among contemporary classical liberals such as Friedrich Hayek and Milton Friedman". In his recent book, Guy Standing⁽¹¹⁾ elaborates on the destitute, a growing group that now includes the educated, even in major industrialized countries. He calls them the new "precariat", composed of people who suffer economically and psychologically as a result of financial crisis and the rapid changes that modern society is undergoing in all areas. Guy Standing

proposes that a basic income is the most effective buffer to compensate for unwanted and unpredictable changes in employment and other aspects of social



Figure 3: Kindergarten children and their drawings from Santo Antonio do Pinhal, 2012. Artwork provided by Hélio Rola.

security in a world that wants progress and ever better living conditions for human beings, the environment and the pursuit of happiness. Adjustments in the coming era (that have already started) are urgent considering the incredibly fast reduction in fertility even among the poor. This is happening hand in hand with an equally amazing increase in lifespan currently occurring in all countries independent of their economic status⁽¹²⁾. These trends are creating a world in which we will be forced to care for a growing contingent of old retired people, supported by a decreasing group of active younger people. These predictable changes will necessitate a shift in our planning that focuses on the younger generation with a special emphasis on the newborns who in the coming years will be the iconic representatives of the future of humanity. They require policies that will ensure financial security followed by health

and education of the best quality we can muster. We constantly hear about environmental problems and future scarcity of resources. Some even claim that "the planet" cannot sustain the current and future populations due to these limitations. We reject any actions to curb population growth on behalf of Malthusian concerns proved to be wrong by hard data. The late Julian L. Simon⁽¹⁾ explains that the "only natural resource" is educated people in free societies. Although they are consumers of resources, the problem-solvers who will address the critical issues and create the technological and social tools to overcome them will emerge from their ranks. With humanity moving ever faster towards a stable and subsequently a declining population with a high proportion of older people, it is imperative that we start to institute basic income for the young immediately as for practical reasons some countries find it difficult presently to include all those in need. Other countries such as Japan, have considered policies that target their newborns⁽¹³⁾. There are promising results from a Basic Income experiment in several villages in India. Within this context Guy Standing wrote a paper⁽¹⁴⁾ discussing arguments for and against cash transfer policies. Such social inventions are very important given the breakneck speed of change we are witnessing. One major issue is to arm the pre-adolescent and adolescent with the social skills that will make them resilient and better able to contend with present challenges at the same time that they become the new agents of change. An innovative step towards this goal is the ChangeMakers program led by Ashoka's Bill Drayton that aims to build confidence and social entrepreneurship among the young, especially those finding themselves in disadvantaged environments⁽¹⁵⁾. We view basic income to be an important first step to remedy the unjust inequalities that exist today. It will also act as a catalyst for an ascending spiral of actions that will provide more dignity and freedom to all, creating a more just, prosperous and psychologically secure world for our fellow human beings as argued by Philippe Van Parijs⁽¹⁶⁾.

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