Basic Income in Brazil: Analysis of arguments advocated by Brazilian publications (1975-2017)

Fernando José Gomes Freitas

e-mails: fernando.freitas@hotmail.com / fernando.freitas@pped.ie.ufrj.br

August/2018
Quick guide to understand Brazil’s history and welfare

• From 1964 to 1985: Authoritarian military dictatorship
  - Basic Universalism: Massification, without effective universalization, with unequal extension of protection and opportunities.
  - Different provisions according to profession or area (rural / urban): Social security, Health system, Education.
  - Can be classified as conservative Welfare State (according to Esping-Andersen, 1990)

• Democracy (1985 - today)
  - Growth of social spending. In addition to the real universalization in the scope of social security, social assistance, education and health.
  - Transition from conservative to “Social-Democratic” Welfare
Methodology and Objectives

My aim is to understand if welfare state changes reflected in BI arguments in Brazil

In order to analyze this I selected 5 most cited brazilians publications about BI, and highlighted their argumentative axis

1975-1988: 2 texts
1988-2017: 3 texts
Basic Income in Brazil, first period

First publication about Basic Income (BI) in Brazil was made by an economist, **Antonio Maria da Silveira**, in 1975.

Inspired by US economists, paper was called “**Income Redistribution**” argued for a BI because:

- Brazil’s economy was growing fast, but people were being lifted off poverty very slowly

- Economist from the military regime said: “First we have to grow the cake, then, we can share it”.
  
  Cake = Economics growth

- Basic Income could fight poverty without hindering economic growth through the Negative Income Tax
Basic Income in Brazil, first period

Economist Edmar Bacha and philosopher Mangabeira Unger wrote a book called “Participation, salary and vote: a democracy project for Brazil” in 1978.

This book argued for several political measures in order to build a democratic society in Brazil, including Basic Income. Why?

- Real democracy could only happen without poverty and with lower level of inequality. They propose to fund BI through a Negative Income Tax in this purpose.

- Democracy and redistribution of income are intrinsically linked, one could promote each other.

- BI as a strategy for strengthening democracy, allowing active participation of the poorest
Basic Income in Brazil, second period

Economist and Political Scientist Celia Kerstenetzky wrote a paper called “Why care about inequality?” in 2002. This paper shows perverse externalities of persistent inequality and proposes Basic Income as solution.

- Persistent inequality harmful to poverty reduction, economic growth, social cohesion and democracy.

- Could this inequality be justified? According to Hayek and the indifference principle, yes. According to Rawls and the difference principle, valid if people had the same competition condition.

- What if perfect competition condition creates persistent inequality? Suggestion of BI to mitigate the unequal market results, providing dignity and opportunity.
Economist and Politician **Eduardo Suplicy** published his most famous book in 2002, called “Basic Income: The Exit is Through the Door.”

He describes his political defense of Basic Income that resulted in municipal laws and a Federal Law. He tells us too why BI would solve Brazil’s problems:

- Poor people have no real freedom, they have no freedom to choose where to work or where to live. BI could improve this scenario, removing people from extreme vulnerability. (Capability Approach - Amartya Sen)

- BI could help to pay for nowadays non-paid jobs, benefiting women and elderly working on domestic tasks.
Basic Income in Brazil, second period

After BI federal law was created in 2004, economist Lena Lavinas wrote “Universalising rights”, a paper about how was the most effective to start BI. This was specially relevant since the federal law was supposed to be implemented by stages.

- Paper argued that the main purpose of Basic Income would be to mitigate inequality.

- Through statistic data it was showed that BI should start by being an universal benefit for children. The benefit should be maintained after children became adults, creating an increase coverage with foreseeable costs.

- The best cost / benefit would be achieved with BI valued at 1/3 of the minimum wage. Reducing poverty in 33% and Gini index by 0.5 (from 0.587 to 0.537). It should be funded through the relocation of existing resources. Such as expenditures on conditional benefits, expenditures on the payment of public debt, and expenditures on primary surpluses.
Conclusions

First period of Basic Income support (1970s):
- During Authoritarian military Dictatorship, with conservative welfare state
- Concerned about extreme poverty and its impacts on in the future functioning of democracy
- Negative Income Tax as unanimity

Second period of Basic Income support (2000s):
- During Democracy, with a “Social Democratic” welfare state
- Even with more welfare services and conditional income transfers. Poverty, inequality and leak of real freedom are still a problem.

- Arguments and BI model have diversified, poverty and NIT were the main words first. Second period has multiple motivations, although no clear model proposal. Poverty is central in both periods.
- BI Federal law created in 2004 has not been fully implemented, but Programa Bolsa Família is considered its first step and was being expanded until 2015.
References

There are 5 of most relevant publications about Basic Income in Brasil. All of them are in portuguese, but, just in case you want to read the original articles:


- Contact me: fernando.freitas@hotmail.com / fernando.freitas@pped.ie.ufrj.br
- @fernando_jgf