

PRESIDENT LULA'S ZERO HUNGER PROGRAM AND THE TREND TOWARD A CITIZEN'S BASIC INCOME IN BRAZIL¹

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Brazil is initiating an extraordinary phase of the nation's history with the election of President Luiz Inácio Lula da Silva, of the Worker's Party, in October 2002, when he received 53 million votes or 62% of the valid votes of the Brazilians. Among Lula's main objectives are the eradication of hunger and absolute poverty, the promotion of economic growth accompanied by a better distribution of income, the creation of jobs, and the guarantee that every child will go to school.

Today, Brazil has 175 million inhabitants, a Gross Domestic Product (GDP) *per capita* (measured at PPP) of US\$ 7,625 per year and an Index of Human Development of 0.757 in 2000 (United Nations 2002 Report on Human Development), that is below the one we would expect in relation to the level of income *per capita*. The reason for that is mainly related to the high rate of inequality, as indicated by the Gini Coefficient of 60.7 (1998), only lower than the ones presented by Sierra Leone, 62.9 (1989), Swaziland, 60.9 (1994) and Central African Republic, 61.3 (1993)³.

There are now in Brazil great expectations with respect to the policies that are going to be implemented by President Lula to attain the main objectives mentioned above. It is in this context that he has announced the Zero Hunger Program (Programa Fome Zero) so as to guarantee that during his government every Brazilian will have the right to eat three meals every day.

I will first present a synthesis of the Zero Hunger Program according to the official presentation of the federal government and then I will present the various programs of income transfers that exist today in Brazil, as well as an analysis of why we should gradually rationalize all of them and implement a citizen's basic income⁴.

The Zero Hunger Program

According to José Graziano da Silva, main coordinator of this program and Extraordinary Minister for Food Security and Fight Against Hunger (Ministro Extraordinário da Segurança Alimentar e Combate à Fome (MESA)), the Zero Hunger Program intends to provide quantity, quality, and regularity of food to all Brazilians. This means to provide food security to those 46 million inhabitants that today receive less than US\$ 1.00 per day to survive.

Simultaneously, actions will be taken to promote production and distribution of quality food in a sustainable base, so as to promote social inclusion, food and nutritional education. This will be essential to stimulate healthy food practices.

Graziano emphasizes that the program is being created to fight hunger and the causes of exclusion. It intends to expand several of the existing programs. It is a transversal program that

¹ Lecture at the Center of Brazilian Studies, University of Oxford, at the London School of Economics, at York University, February 3, 12,13, and Key Note Lecture at the USBIG-EEA (U.S. Basic Income Guarantee Network - 2002 Eastern Economics Association) Conference in New York, February 21 – 23, 2003.

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³ 2002 World Development Indicators.

⁴ MINISTÉRIO DE ESTADO EXTRAORDINÁRIO DE SEGURANÇA ALIMENTAR E COMBATE A FOME. *Programa Fome Zero*. Documento preliminar para discussão interno no CONSEA. Brasília, Versão 30/01/2003.

wants to establish a new articulation with the productive sphere, stimulating agriculture and the local economy.

The first measures were announced last January 30 with the installation of the National Council of Food Security (Conselho Nacional de Segurança Alimentar e Nutricional) (CONSEA), as well as the experience that is being initiated this February in the municipalities of the poorest State of Brazil, Piauí, that have the lowest Human Development Index, Guaribas and Acauã, both of each are in the semi arid region and have a population of around 5,000 inhabitants.

There will be a gradual implementation of measures. One of them is the Food Card (Cartão Alimentação) that will provide R\$ 50,00 (approximately US\$ 15,00) per month to families that have less than ½ minimum wage per capita and other social limitations and that were chosen in those municipalities by a Managing Committee (Comitê Gestor) in which members of the community are present.

The government does not intend to make the beneficiaries dependent of the Zero Hunger Program. The program is being created to help people overcome their exclusion situation. The greatest of all benefits that the Zero Hunger Program might bring, according to Graziano, is to help in organizing society. Organization is essential to overcome poverty.

Actions to be developed in 2003:

1. Formulation of a Food Security National Policy by the CONSEA.
2. A set of public policies to guarantee food security implemented by MESA - Extraordinary Ministry Of Food Security and Fight against Hunger - interacting with other state departments, secretariats, and governments of municipalities.
3. A National Movement (Mutirão) against hunger and absolute poverty with full involvement of the Brazilian society.
4. Formulation of the National Food Security Policy through the CONSEA, with continuous evaluation of the Program and the preparation of the II National Conference on Food Security in the 1st quarter of 2004.

National Program of Food Banks

Incentive and support action for those who would like to donate food in medium-sized and big municipalities.

Popular Restaurant Programs

The objective is to allow workers to have balanced meals at low costs.

Food Card Program (Cartão Alimentação)

The Food Card Program will provide low income families with a benefit of R\$ 50,00 to be spent on basic food in the locality where the family lives. Beginning in the semi-arid region, the program will associate that benefit with policies to promote their socio economic emancipation such as:

- Nutritional and food education;
- Health and nutrition;
- Generation on employment and income;
- Supply of water;
- Basic sanitation;
- Quality of construction or housing reform.

Program of Food and Nutritional Education

To disseminate practices of good nutrition, improving the consumption habits and showing the values of the local food, using the radio, TV and all means of communication.

Expanding this program with the collaboration of the Education Ministry.

Increasing the value of the snack (merenda) or lunch per child, stimulating:

- Local procurement, stimulating local production;
- Increasing the nutritional value of the food;
- Training of those in charge of preparing the lunch or snack.

Program of Distribution of Emergency Basic Baskets

To families that are in food risk situation that may prefer receiving basic baskets instead of the food card such as:

- 80,000 encamped families waiting to be settled in the Agrarian Reform Program;
- Indian communities, approximately 43,000 families;
- Quilombola communities; approximately 5,000 families.

Movement Against Hunger

All kind of actions to promote donations of food or money, preparation of booklets and pamphlets of instructions, volunteers, and so on.

Donations to Food Campaigns. They may be made either:

- In large scale, to Conab (National Food Supply Company) (Companhia Nacional de Abastecimento);
- In small scale, for municipalities to organize.

Donation of Money

There will be official bank accounts for this purpose (Contas Fome Zero both at the Banco do Brasil and at the Caixa Econômica Federal).

Booklets (cartilhas)

To inform the population about the aims of the program.

Volunteer Contribution Campaign

To stimulate the participation of everyone in each municipality helping to collect and distribute all donations with the help of the municipal government, unions, churches, and families.

Priority Regional Policies

Important Structural Policies include:

Agrarian Reform

- Preparation of the National Reform Plan;
- Urgent plan for settling those 80,000 families that are waiting living in tents;
- Restructuring of settlements in precarious situation.

Strengthening of Family Agriculture

- Expanding rural credit (Pronaf - National Program to Promote Household Agriculture) (Programa Nacional de Fortalecimento da Agricultura Familiar);
- Financing family agriculture during the small harvest season.

Emergency Project to Live Well in the Semi-Arid

- Implementation of the Harvest Insurance;
- Emergency supply of water;
- Building of small hydric works, underground cisterns, and storage dams.

Program to Overcome illiteracy

- Programs to teach adults to read and write that are helped by the Zero Hunger Program;
- Educational programs for young people and adults in Regions of Agrarian Reform.

Programs to Generate Employment

- Housing funding and sanitation funding for low income families;
- Expanding micro credit financing;
- Incentive to rural tourism

Program to Fight Child and Mother Malnutrition

- Bolsa Alimentação Program - Minimum Income Program related to Health;
- Attention to basic health.

For the Year 2003, the Annual Federal Budget has allocated R\$ 1.8 billion for the Hunger Zero Program. In mid February the Government announced a general cut of expenses for all ministries, including MESA. However, in its case, a cut of only R\$ 30 million, out of R\$ 1.8 billion, was proportionately a small cut compared to other areas. Other ministries will also be able to include their own resources to expand coordinated actions in the Zero Hunger Program.

The Programs of Income Transference

It is relevant to know that the Zero Hunger Program is being launched at a time when President Lula is announcing that he is going to initiate the Social Security Reform, the Fiscal Reform and the Labor Legislation Reform. It is also important to know that a significant evolution has happened in the past few years with respect to programs of income transfer to alleviate poverty, and it must be taken into account⁵.

One relevant transformation was the decision to replace the distribution of baskets of basic goods to poor families, that had shown an increase from around 3 million in 1995 to 30 million in 1998, with programs of income transfer that have been expanded since then. At the end of Fernando Henrique Cardoso's administration, in 2002, we had the following programs in effect:

Program of the Young Agent (Agente Jovem), instituted in 2001, for young people from 15 to 17 years of age, in social risky situation of families with income below half the minimum wage per capita, with the right to receive R\$ 65 per month. There were 105 thousand enrolled in this program controled by the Ministry of Social Security and Social Assistance by October 2002. From 2003 on, this ministry has been divided into two, so the program becomes the responsibility of the Ministry of Social Assistance

Program to Eradicate Child Labor (Programa para Erradicação do Trabalho Infantil) (PETI), created in 1996, for families that have children from 7 to 14 years of age that are working in heavy or risky conditions, that receive less than half the minimum wage per capita, with the right to receive R\$ 25 per month in rural areas or R\$ 40 per month in urban areas. There were 810

⁵ A good analysis of these programs may be seen in IPEA (Instituto de Pesquisa Econômica Aplicada); SEDH/MJ (Secretaria de Estado dos Direitos Humanos do Ministério da Justiça) e MRE (Ministério das Relações Exteriores) (2002) *A Segurança alimentar e nutricional e o direito humano à alimentação no Brasil*. Brasília, IPEA.

thousand beneficiaries in October 2002. This program was also the responsibility of the Ministry of Social Security and Social Assistance. Thus, from 2003 on, it will be the responsibility of the Ministry of Social Assistance. The annual budget for this program in 2003 is of R\$ 503 million.

Bolsa Escola or Minimum Income Program related to Education that was created first in 1997, with Law 9,533/97 and expanded in 2001, with Law 10,219/01, that provides to families with children from 6 to 15 years of age an income below R\$ 90.00 or half the minimum wage per capita (in April 2001) a monthly benefit of R\$ 15, R\$ 30, or R\$ 45 per month, depending on whether the family has one, two, three, or more children of that age really going to school. By the end of the year 2002, there were around 5.7 million families enrolled in this program, evolving around 10.7 million children, in 5,545 municipalities, almost all of the Brazilian 5,561 municipalities. The average benefit per family in 2002 was R\$ 26.70 per month. The annual budget for this program in 2003 is R\$ 1.8 billion. The Ministry of Education is in charge of this program.

Bolsa Alimentação, Food Scholarship or Minimum Income related to Health, created in 2001 by Decree 3,934/01, under the responsibility of the Ministry of Health, that provides to pregnant or nourishing mothers, children from six months to six years and eleven months of age that pertain to families with income per capita below half the minimum wage per capita, or to mothers with the HIV virus, a benefit that is equal to R\$ 15.00 per beneficiary, with a limit of R\$ 45.00 per family per month. By November 2002 there were 1,403,010 beneficiaries, in 4,110 municipalities, with an expenditure of R\$ 115 million. The average benefit per family in 2002 was of R\$ 21.00. The beneficiary families must comply with some requirements such as visiting the health center for vaccination and receiving instructions with respect to the health of the children. The annual budget for this program in 2003 is of R\$ 360 million.

Auxílio Gás or Gas Help Program, created in 2002 by Law 10,453/02, under the responsibility of the Ministry of Mines and Energy, for families with an income per capita below half the minimum wage which are enrolled in the Bolsa Escola Program or in the Unified Register for all Social Programs. The benefit is of R\$ 15.00 for each two months to help poor families to buy gas, the price of which increased significantly in 2002. By November 2002, there were 8.5 million families enrolled, with an expenditure of R\$ 502 million. The budget for 2003 for this program is of R\$ 750 million, sufficient only for 7.4 million families.

Bolsa Renda or Income Scholarship Program for families in agricultural areas that were victimized by public calamities or emergency situations such as droughts or floods. The program is controlled by the Ministry of National Integration. The benefit per family is of R\$ 30.00 monthly while the drought or flood effects continue. By December 2002, there were 1.6 million families benefited by the Bolsa Renda in 959 municipalities. No provision for this program was set in the 2003 budget. Since there were several areas with emergency situations in the first months of 2003, President Lula issued a Provisional Measure to continue the payment of the benefit to the families in that period. There are indications that the government intends to transfer the beneficiaries of this program to the Food Card Program.

The Ministry of Social Security and Social Assistance controls the Continuous Social Benefit, transferring monthly, in the form of a minimum wage, the amount of R\$ 200.00 to the elderly or those who have special needs or are physically impaired, belonging to families with an income below one-quarter of the minimum wage per capita and who do not receive other benefits from that ministry or unemployment insurance. There were 1.3 million invalids or those who had special needs and 740,000 elderly protected by Social Security in 2002, amounting to an expenditure of R\$ 3.5 billion in 2002.

The Ministry of Social Security and Social Assistance is also responsible for controlling the Family Wage (Salário Família). Introduced by Law 4,266/1963, modified several times and more recently by Constitutional Amendment n. 20/1998, it provides a modest monthly benefit to each employee of the private sector, or the autonomous worker that provides services to firms, of R\$ 11,26 per child of up to 14 years old, or even older, if invalid, as long as the worker receives less

than R\$ 468,47 per month. Although paid first by the employer, the sum is then discounted when the employer pays his social contributions due on each wage. Thus, in fact, the family wage is financed by the National Institute of Social Security, INSS. In 2002, the program represented a sum of R\$ 16 million.

The Ministry of Social Security and Social Assistance also transfers monthly a permanent minimum wage to the elderly, the widowed, people in sick leave, those recovering from work injury or illness, or those who are in a special social security scheme since they have worked in rural family activities. In 2002 there were 7.3 million pensioners in this program, amounting to an expenditure of about R\$ 15.3 billion. This Ministry is also responsible for the general regime of social security for employees of the private sector and for the social security system for employees of the public sector. They differ in nature both in terms of contributions and in terms of benefits. While both employers and employees of the private formal sector contribute 8% each of the wage value to the National Institute of Social Security, INSS, and the INSS then provides a benefit after 35/30 (man/women) years of contribution of 80% of the best pay obtained since 1994, multiplied by a "social security factor" and limited to a maximum of R\$ 1,561.56 per month, employees of the public sector contribute a proportion of 9% of their wages and, after 35/30 (man/women) years of contribution, with a minimum age of 60/65, they may receive a benefit equal to their last pay, without any limitation.

In 2002, there was a need to supply the Social Security System with R\$ 71.4 billion, of which R\$ 17 billion were allocated to the General Regime of Social Security and R\$ 54.4 billion to the Public Sector Employees' Social Security. But there are many more people in the private sector. Taking into account all employees and employers - that also contribute - of the private sector, in 2001, there were 28.3 million contributors and 18.7 potential contributors who were in the informal sector, adding up to 47 million. Taking into account all public employees of the Federal, State and State Capital administrations, in 2002 they summed up 3.7 million active employees, 1.6 million retired employees and 960 thousand pensioners. Considering the need to correct the chronic imbalance and to improve the equity base of the system, it becomes evident that an important social security reform is needed.

Among the transfer programs we still have to consider those under the responsibility of the Ministry of Labor:

First, the Unemployment Insurance due to those workers who have been employed in the formal market for at least six months and have lost their jobs in the past 36 months. They have the right to receive an amount equal to the average wage received in the last three months of employment, within the limit of one to two minimum wages, for a period from three to five months. In December 2002, the average unemployment insurance was worth 1.43 minimum wage. In 2002, the program benefited 4.7 million workers, representing a sum of R\$ 5.7 billion.

Second, the Minimum Wage Annual Bonus to all workers that have been enrolled for at least five years either in the PIS/PASEP Participation Fund (Social Integration Program or the Public Employee Program of Fund Formation) or in the National Workers Register. That means, in order to have access to that annual bonus, the person must have been formally employed in the private or public sector, for at least 30 months, receiving less than two minimum wages per month. In the period July/2001-June/2002, there were 5,618,806 beneficiaries, representing an expenditure of R\$ R\$ 1.01 billion.

A complete consideration of all income transfers in Brazil could also take into account the training programs that are financed by the Ministry of Labor through the Central Labour Union Organizations such as Central Única dos Trabalhadores and Força Sindical, with revenues from the Labor Assistance Fund or Fundo de Amparo ao Trabalhador – FAT. But these are not payments directly made to persons or families.

Another important transfer is that made through subsidized credits by the official financial institutions or the fiscal incentives that are given to private firms, or their owners. But these are not

made directly to persons and therefore we will not consider them in the same category of the above ones.

The Minimum Income and the trend toward a Citizen's Basic Income

I will now explain how the discussion about a guaranteed minimum income evolved in Brazil following the great need to solve the serious social inequities that have characterized the history of our nation, as well as the development of the idea in several parts of the world. In my book, *Renda de Cidadania. A Saída é Pela Porta. (Citizen's Income. The Exit is Through the Door)*⁶, I describe in greater detail how the concept of a guaranteed income is related to the values that must be taken into account when we embrace the objective to build a civilized and just society. How this proposal is consistent with the universal values of humanity, such as the search for truth, justice, ethics, fraternity, equity, solidarity, and freedom since the beginning of Mankind's History as well as the History of Brazil.

Therefore, we may find those values of solidarity and freedom already present in the daily lives of the indigenous communities, of the quilombos, the communities of afro-descendants that fought for freedom from slavery, as well as in the works of those who fought for Brazilian independence, the abolition of slavery, the equalitarian movements of workers and intellectuals during the 20th Century and so on. During the 40's, 50's, 60's and 70's, authors such as Josué de Castro, Caio Prado Junior, and Celso Furtado were instrumental in showing how a more just society could and should be built in Brazil⁷.

In 1975, Antonio Maria da Silveira was the first to propose in the Brazilian academic literature that a guaranteed minimum income should be established through a negative income tax⁸. He argued that the new money introduced in the economy every year could be distributed among the poorest. In 1978, Edmar Lisboa Bacha and Roberto Mangabeira Unger published a book defending the guaranteed minimum income through a negative income tax, together with the agrarian reform, as the main instruments to build a more equitable society⁹. During the eighties, economist Paul Singer and myself argued several times with the leaders of the Worker's Party (The Partido dos Trabalhadores was founded in February 10, 1980) that we should introduce a guaranteed minimum income as an objective of our national program.

It was in 1991, in my first year as the first senator elected by the PT that I presented a draft of a law that would introduce a guaranteed minimum income through a negative income tax. Every person of 25 years of age or older, with a monthly income below US\$ 150.00 would have the right to receive a complementary income equal to 30 per cent (or up to 50 percent, depending on the availability of funds and the evolution of the program) of the difference between that amount and his or her level of income. On December 16, 1991, after four hours of debate, the Senate approved the proposition with the votes of senators of all parties. Only four out of 81 senators abstained. No one voted against it. Senator Fernando Henrique Cardoso, then leader of the Brazilian Social Democratic Party, PSDB, argued that day that it was a realistic utopia, that it was made feasible by the Senate, since it would be gradually implemented, from 1995 to 2002, starting with those aged 60 or older in the first year, those aged 55 or older in the second year, and so on.

⁶ SUPLICY, Eduardo Matarazzo *Renda de Cidadania. A saída é pela porta*. São Paulo: Cortez Editora/Fundação Perseu Abramo, 2002, 2ª. Edição.

⁷ CASTRO, Josué de. *Geografia da fome: o dilema brasileiro: pão ou aço*. Rio de Janeiro: Civilização Brasileira, 2001. 318 p. e *Geopolítica da fome: ensaio sobre os problemas de alimentação e de população do mundo*. Rio de Janeiro: Casa do Estudante do Brasil, 1951. 288 p. FURTADO, Celso. *Um projeto para o Brasil*. 2. ed. Rio de Janeiro: Saga, 1968. 132 p. PRADO JR., Caio. *Formação do Brasil contemporâneo: colônia*. 20. ed. São Paulo: Brasiliense, 1987. 390 p.

⁸ SILVEIRA, Antônio Maria da. "Redistribuição da renda". *Revista Brasileira de Economia*, Rio de Janeiro, v. 29, n. 2, p. 3-15, abr./jun. 1975.

⁹ BACHA, Edmar Lisboa; UNGER, Roberto Mangabeira. *Participação, salário e voto: um projeto de democracia para o Brasil*. Rio de Janeiro: Paz e Terra, 1978. 75 p.

The draft law went to the Chamber of Deputies and received a positive and favorable report from federal representative Germano Rigotto (PMDB/RS), but has remained there, ready to be voted, for 11 years.

The discussion about the minimum income, however, stimulated interest in the idea of transferring income to poor families with school-aged children, as long as they were really going to school. José Márcio Camargo¹⁰, Cristóvam Buarque, and José Roberto Magalhães Teixeira made relevant contributions to this subject, the latter two being responsible, respectively as governor and mayor of the Federal District and the city of Campinas, for the introduction of the pioneer Bolsa Escola and Guaranteed Minimum Family Income Programs, in 1995. In both cases, families with a monthly family income below half the minimum wage per capita had the right to receive a complementary income as long as the family had children in school. Whereas, in Campinas, the benefit was defined as the amount necessary to reach half the minimum wage per capita for that family income, in the Federal District the benefit was made exactly one minimum wage, regardless of the size of the family. From then on, municipalities such as Ribeirão Preto, São José dos Campos, Belém, Belo Horizonte, Mundo Novo, Blumenau, Jundiaí, Campinas, Piracicaba, Caxias do Sul, São Paulo, and many others instituted programs with variations on the benefit design based on the same principle.

Since these experiments have shown positive results, new drafts of law were presented in 1995 and 1996, both in the Chamber of Deputies and in the Senate, such as the ones by Nélon Marchezan (PSDB), Pedro Wilson (PT), Chico Vigilante (PT), José Roberto Arruda (PSDB), Ney Suassuna (PMDB), and Renan Calheiros (PMDB), proposing minimum income programs associated with education, or Bolsa Escola Programs. In 1996, when Philippe Van Parijs came to Brazil, I accompanied him in a meeting with President Cardoso. On that occasion, Van Parijs stated that it was a positive step to start providing a guaranteed income to families linked to educational opportunities. It was a good way to relate that income to investment in human capital. Those movements led to the approval by the National Congress first of Law 9,533/1997 and later of Law 10,219/2002, that now regulates the Minimum Income associated to Education or Bolsa Escola Program already described above.

In recent years, the several income transfer programs such as the Bolsa Escola, Bolsa Alimentação, and Bolsa Renda started to be paid by magnetic cards distributed by the Caixa Econômica Federal, the cards in general being given to the mothers of each family. In June 2001, President Fernando Henrique Cardoso announced that a Unified Register of All Social Programs as well a single "Citizen's Card" would be instituted to gradually comprise all direct income programs that exist in the several federal organizations.

It is important to consider that in several municipalities and states innumerable programs of minimum income, bolsa-escola, and several others were instituted independently from those of the Federal Government. In most cases the municipal or state programs provide benefits that are more generous than the ones defined by the Union. In some cases, the municipality or state may use the federal resources for the program as defined by the federal law and complement that by that which is defined by the more generous municipal or state law. Such is the case of São Paulo, for example, where Mayor Marta Suplicy (PT) started the Guaranteed Minimum Income Program just after initiating her term of office in 2001.

Today, in São Paulo, the largest city in Brazil, with 10.4 million people – there are 194,000 families enrolled in the Guaranteed Minimum Income Program. Families with a monthly income below half the minimum wage per capita – the minimum wage is now R\$ 200.00 per month – with children from six to 15 years of age – as long as they are going to school – have the right to receive

¹⁰ CAMARGO, José Márcio. Os miseráveis. *Folha de São Paulo*, São Paulo, 28 mar. 1993. Caderno Finanças, Seção Opinião econômica, p. 2; e Pobreza e garantia de renda mínima. *Folha de São Paulo*, São Paulo, 26 dez. 1991. Caderno Dinheiro, Seção Opinião econômica, p. 2.

a complementary income that is two-thirds of the difference between the number of members of the family times half the minimum wage and the family's income. The program is being gradually implemented so as to include about 300,000 families that meet those requirements in São Paulo. The criterion was to start first enrolling those poor families in the city districts where the rates of unemployment and criminal violence were higher and income per capita lower. After almost two years of experience, the positive results in those districts where the program is first being implemented, compared to the previous situation, have been evident. There is a greater presence of the children in school, higher economic activity because the families started to spend their extra income in the districts where they live, a greater level of economic opportunities, and diminishing incidences of criminal violence. There are other social programs administered by the municipality of São Paulo: the Bolsa-Trabalho, that provides a modest income of R\$ 146.00 for youngsters from 16 to 20 years of age for a training period of six months; the Working Operation, that provides R\$ 315.00 for a training period from 3 to 9 months for those that have lost their jobs and are aged 21 to 39 years old; and the Start Again, a training program for those unemployed with 40 years of age or over, that provides R\$ 189.00 monthly for a six month period. Taking into account the existence of 589,000 families living with less than 1.47 minimum wage per month, considered to be a line of poverty in 2000, including those that don't have children up to 16 years of age, 266,000 families have already been benefited by one of the 4 programs listed above.

In December 2002, just before the inauguration of President Lula, his transition team, coordinated by present Minister of Finance Antonio Palocci prepared a report recommending the coordination and unification of all income transfer programs, including the one that was about to be created related to the Zero Hunger Program. This coordination should also include the integration of the Union, State, and municipal programs such as the ones described above that exist in São Paulo. According to this report, the programs should have the same criteria with respect to the level of family income per capita that would allow a family to participate in them, they should be financed by a unified fund, and the Unified Register for All Social Programs should be improved and consolidated through a new Law.

Is there a risk that the "citizen's card", or the "food card", now being announced by Lula's Administration will forever be identified as a symbol of noncitizenry, of exclusion, as foretold by Federal Representative and economist Antonio Delfin Netto in *Folha de S. Paulo* (May 29, 2002)? After thoroughly considering the best form of guaranteeing an income to all, after interacting so much with all the members of BIEN, Basic Income European Network, and more recently of USBIG, United States Basic Income Guarantee Network, after reading the contributions of Philippe Van Parijs, Guy Standing, James Tobin, James Edward Meade, Tony Atkinson, Claus Offe, and so many others, after following closely the innumerable experiments that are being carried out in Brazil as in many other countries, I became convinced that the best form and design to avoid that risk is the unconditional basic or citizen's income paid equally to everyone, regardless of the person's origin, race, sex, age, civil, or socioeconomic condition¹¹.

¹¹ VAN PARIJS, Philippe (2001). *What's Wrong with a Free Lunch?* Foreword by Robert M. Solow. New Democracy Forum Series. Boston, Beacon Press; (1995). *Real freedom for all: what (if anything) can justify capitalism?* Oxford, Oxford University Press; (1994). "Au delà de la solidarité. Los fundamentos éticos de l'Etat-providence et de son dépassement". *Futuribles*, Revista Mensal, n° 184, fevereiro, pp 5 - 29; (ed.) (1992). *Arguing for basic income: ethical foundations for a radical reform*. London, Verso; (1991). *Qu'est-ce qu'une société juste? Introduction à la pratique de la philosophie politique*, Paris, Le Seuil ("La Couleur des idées").

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Consistently, in December 2001, I presented to the Brazilian Senate a new draft of a law introducing a citizen's or basic income from 2005 on to all Brazilian residents and even foreigners who have been residing in Brazil for five years or more, that will be paid in equal installments, annually, and if possible, monthly, no matter his or her socioeconomic standing. Will even the rich receive the citizen's basic income? Yes. But, of course, they will contribute proportionately more for themselves and everyone to also receive it. What are the great advantages of this procedure?

First, we will diminish substantially the bureaucracy involved in having to ask to each one, for the purpose of receiving the basic income, how much the person is earning in the formal as well in the informal market. Second, if we have a simple system to explain that everyone has a right to a basic income, no matter his or her standing or attributes, it is likely that the coverage of the program among the poor will be much greater than if you have any of the conditionalities that, for example, exist in the present transferring programs. Third, we will eliminate any stigma or shameful sentiment of any person having to say that he or she earns only a certain amount of money or nothing, and that, because of this situation, he or she deserves such a complementary income. Fourth, with the technological instruments of the computer age and the use of magnetic cards, it is quite likely that the costs of providing the basic income to everyone in society are lower than the ones that you have if you had to bother with the administrative controls of means testing requirements. Fifth, and most important, from the point of view of dignity and freedom of each person, there is no doubt that he or she will feel much better to know that in the following 12 months, and year after year from then on, he or she will have the right to receive a modest income, sufficient to meet his or her basic needs, that will increase with the progress of the nation's economy in the following years.

It is important to understand that the citizen's basic income is a radical reform in society because it transforms the relationship that exists between a person and any potential employer. If he or she has a guaranteed income, he or she may say to the employer yes or no to an offer that might eventually be offensive, diminishing, humiliating, or that might put his or her life at risk.

Two frequent questions are always made when the idea of a basic or a minimum income is proposed: Why not institute programs that will create jobs? Will there be an incentive to idleness?

First, the creation of a basic income is quite consistent with the creation of a great stimulus for the economy to grow in the better direction of expanding the offer of goods and services that people need most, including food. A survey made among the beneficiaries of the minimum income program in São Paulo has shown that 85% of their additional income received from that program was spent in the same district where they live and that 70% of their expenditures was spent on food.

Second, we should not worry so much about those that could have a tendency to be lazy. As Bertrand Russell, in his 1918 *Road to Freedom* mentions, they will be few¹². There are many activities (such as the nutrition of babies and taking care of children and the elderly) that are so important and not always paid by the market. There are also works that are not recognized by the market at the same time they are produced, such as the works of A. Modigliani and Vincent Van Gogh. But even more important, the Brazilian Constitution, as well those of the majority of nations, recognizes the right of private property. This means that we recognize the right of the owners of capital to receive rents, interest, and profits, even without working. But in general they work, as well as they send their children to school. Because they want to progress. If we allow those who are rich to receive an income even without working, why should we not allow everyone, rich or poor, to have a basic income?

MEADE, James Edward (1935). "Outline of economic policy for a labour government". In: HOWSON, S. (ed.) (1988). *The collected papers of James Meade*. Volume I, Employment and Inflation. London, Unwin Hyman; (1989). *Agathotopia: the economics of partnership*. Aberdeen, Aberdeen University Press.; (1993). *Liberty, equality and efficiency. Apologia pro Agathotopia Mea*. London, Macmillan Press; (1995). *Full employment regained? An agathotopian dream*. Cambridge, Cambridge University Press.

¹² RUSSELL, B. *Proposed Roads to Freedom. Socialism, Anarchism and Syndicalism*. New York: Cornwall Press, 1918.

Is there a place in the world where an equal income is paid to everyone as a citizen's right to participate in the wealth of that state? Yes. In the State of Alaska, in the USA, since 1980, with very positive results. In 1976, Governor Jay Hammond proposed to all Alaskan inhabitants that they should separate 50% of the royalties of the exploitation of oil and other natural resources to constitute a fund that would pertain to all Alaskans. The proposal was accepted by the State Assembly as well as by a popular referendum, with a positive result of two to one in favor of the proposal when Alaska had about 300,000 inhabitants. That revenue of the Alaska Permanent Fund started to be invested in US bonds, Alaskan, US and international stocks, as well as in real estate. The net worth value of the fund increased from US \$ 1 billion, in 1980, to US \$ 25 billion in 2002.

The system of equal dividends paid annually to all residents of Alaska for a year or more, has produced a more stable economic growth and has made Alaska the most equitable state of all 50 US States. In the past 10 years, Alaska has distributed 6% of its Gross Domestic Product equally to all its inhabitants, that were about 626,000 in 2002. Last year the dividend was US \$ 1,550.00 per person. As a result¹³, whereas in the USA the average income of the 20% richest families grew by 26%, the average income of the 20% poorest families grew 12%. In Alaska, during the same period of ten years, the richest 20% families had a growth of their average income of 7%, whereas the poorest 20% families had a growth of their average income of 28%. There is no doubt this is a correct way to move, towards a just society improving the Gini coefficient of inequality. You only need the political will to do it.

I would like to conclude with some good news for those who are convinced as I am of how a basic income will help to build better societies. Last December 2002, the Brazilian Senate, with the votes of all parties, voted unanimously in favor of the draft of law to introduce gradually, from the year 2005, a citizen's basic income, paid equally to all Brazilians, and even foreigners living in Brazil for 5 years or more, starting with those most in need, with a criterion that will be established by the Federal Government. The proposal is now being examined by the Chamber of Deputies. I will do my best to see it approved in the near future, so that President Luiz Inácio Lula da Silva might sign it into law before the Basic Income European Network International Congress of September 2004.

It is important to note that Lula's Government Plan, approved by the 2001 PT National Congress, emphasizes that the minimum income and other kinds of transfer programs should be seen as steps towards a citizen's basic income. This decision was recently reinforced by the March 2003 Resolution of the National Steering Body of the PT (a resolution approved just after my return from England and New York). This recent resolution also mentions that the fiscal, social security and labor reforms, that are soon to be presented to the National Congress, should be taken into account in the creation of the citizen's basic income from the year 2005 on.

¹³ GOLDSMITH, Scott. "The Alaska Permanent Fund Dividend: An Experiment in Wealth Distribution" *9th International Congress BIEN (Basic Income European Network)*. Geneva, September 12th-14th.