

## The Citizen's Basic Income: A very nice proposal for Brazil and Korea<sup>1</sup>

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The Citizen's Basic Income should be sufficient as possible to meet each person's vital needs, and should be paid to all inhabitants of a community, municipality, state, country, or even, someday, to all the population of a continent or of Planet Earth. Regardless of his/her origin, race, sex, age, civil, social or economic condition, everyone will have the right to receive the Citizen's Basic Income as a right to participate in the wealth of that community, municipality, state, country, continent or of the Earth. It will be the same amount for everyone.

Why paying the same to everyone? Even to those who have more resources and do not need it for his/her survival, even to the most successful entrepreneurs and artists?

Because those who have more will collaborate more, in a way that they and the others will receive the CBI.

And what are the advantages of that procedure?

First, it is much easier to explain the concept of the Citizen's Basic Income than the several income transference programs that exist in our country and in almost every country.

For example: please note how long it takes for me to explain the *Bolsa Família* Program that exists in Brazil since October 2003, considering the values in effect since September 2009.

Every family in Brazil with a monthly income per capita below R\$ 140 has the right to receive a benefit that starts with the monthly amount of R\$ 68, if this family has a monthly family income per capita below R\$ 70. (In December 17<sup>th</sup>, US\$ 1.00 was equal to R\$ 1.77). This family also has the right to receive R\$ 22, R\$ 44 or R\$ 66, if the family has, respectively, one, two, three or more children up to 16 years of age, more R\$ 33 for each adolescent, from 16 to 18 years of age, up to a maximum of two. So, the *Bolsa Família* Program pays a minimum of R\$ 22 and a maximum of R\$ 200 per month. The average amount of the benefit is R\$ 95 per family. The estimated budget of the *Bolsa Família* Program for 2009 is R\$ 11.434 billion. The average size of the Brazilian family is 3,5 persons. It is a little higher for the families of this level of income. There are obligations to be fulfilled. If the mother is pregnant, she should go to the public health network – a health post or the municipality hospital – for exams and health conditions follow-up. Parents should take their children up to six years of

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<sup>1</sup> This is a relatively simple text, summarizing what I explained in deeper detail in my books "**Renda de Cidadania. A Saída é pela Porta**" (Cortez Editora e Ed. Fundação Perseu Abramo, 5th. ed. 2008) and "**Renda Básica de Cidadania. A Resposta dada pelo Vento**" (L&PM, 3rd. ed. 2008).

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age to be vaccinated according to the calendar of the Ministry of Health. The children from 7 to 16 years of age should go to school, with at least 85% attendance. The adolescents from 16 to 18 years of age should attend school, with at least 75% attendance.

Now let me explain the Basic Income. Let us suppose that, starting from next January the government announces that the Citizen's Basic Income will be launched, even with a modest amount, higher than what is paid to the people granted with the *Bolsa Familia* Program. So the government will declare:

Starting from next January, everyone in Brazil, including the foreigners living here for more than five years, regardless his/her social or economic condition, will receive R\$ 40 per month. In a family with six members, the total will be R\$ 240. With the progress of the country, this amount will be raised, we shall say to R\$ 100, someday to R\$ 500, and so on. It will not be denied to anybody. It will be unconditional.

Isn't it much easier to understand?

And which are the other advantages in paying the same amount to everyone?

First, the elimination of all bureaucracy involved in knowing each person's income in formal or informal market. That is, in the working card of the worker, public servant or in the payment made to anyone in any activity. Or in not registered payment, as those paid to people who take care of cars in the streets, to a neighbor who does your laundry or takes care of your children, while you go to work, or to the market or to street vendors.

Elimination of any stigma or shame for a person to reveal: I earn only *this much*, so I need an income complement for my survival.

Elimination of the dependency phenomenon that occurs when there are programs that say: who does not receive up to *that* amount, has the right to receive a complement. What if the person is about to decide: should I start this job or not? If I do, then I will receive a certain amount. What if with this additional the government excludes me from the program? So, it is possible that this person decides not to get the job and gets into the unemployment or the poverty trap.

If all of us, meanwhile, know that from now on, everyone and all the members of our families have the right to a Citizen's Basic Income, any job that we take will mean an addition to our income. Thus, there will be always an incentive for progress.

The most important advantage of the Citizen's Basic Income is that it raises everyone's level of dignity and freedom. We have to think as the great economist Amartya Sen does, that development, to be worthwhile, should mean higher degree of freedom for everyone in the society. It is the case, for example, of a girl who does not have another alternative for her survival than selling her body. Or a young man who, to support himself and his family is forced to work for the traffic. Or even a rural worker who can only get jobs in slavery conditions. If the Citizen's Basic Income is in force for these people and for everybody in their families, they can certainly refuse those alternatives, and wait a little while until an opportunity comes in accordance with their capacities. They might even attend a professional course and get better chances.

Some of you could think: would the Basic Income stimulate idleness? What should we do with those who have a strong tendency to vagrancy? Are there really a lot of them? Let us think a little bit.

We, the human beings, love to do a lot of things. And we feel responsible for doing different activities, even without being paid by the market. For example, mothers who breastfeed their children with lots of love; us, parents, when we take care of our children, to be well nourished, not to be hurt, and to grow up well; when our parents or grandparents need our support; in the local organizations, churches, academic associations where many of us have done voluntary works, because we feel helpful to the community. When the great painters, Vincent Van Gogh and Amedeo Modigliani painted their works, they went to the streets, trying to sell them for their survival, without any success. Both of them became ill and died early. Today their works are worth millions of dollars.

Furthermore, our Constitution assures the right to private property. That means that the owners of factories, farms, hotels, restaurants, banks, real estate and financial bonds have the right to receive the capital revenues, that is, the profits, rentals and interests. Do the Brazilian or Korean laws mention that to receive those revenues, the capital owners must demonstrate that they are working? No, and they usually work, and many of them also dedicate a good part of their time in voluntary works. Do they need to demonstrate that their children are going to school? No. Nevertheless, their children usually attend the best schools.

So, if we assure to those who have more resources the right to receive their revenues without conditions, why not extending to everyone, rich and poor, the right to participate in the nation's wealth as our right for being Brazilians? Let's consider certain aspects of our history. For more than three centuries, people were pulled away from Africa to come and work as slaves in Brazil, helping to accumulate capital of many families. Or, as President Lula has said, it seems that God is Brazilian, helping Petrobras to find oil reserves at the pre-salt layer in the depth of the Atlantic Ocean. Do you consider a good idea that all the Brazilians should participate in this wealth through a modest income that allows their survival, the same amount for everyone, as a citizen's right?

It is a good sense proposal. Its bases were elaborated along the history of the human being and they are present in all the religions and in the thinking of a large spectrum of great philosophers, economists and thinkers.

When you left your home today, did you pass through the window or any other way?

Through the door? Well, as Confucius Said, 520 years before Christ that "uncertainty is even worse than poverty" and that "can anyone leave his home except through the door?"

We want to demonstrate that, if we want to eliminate the absolute poverty, becoming a more equal and fair society and assuring dignity and real freedom to everyone in the society, instituting the Citizen's Basic Income is a solution as simple as leaving home through the door.

300 years before Christ, in the book "Politics" philosopher Aristotle taught that politics is the science that shows how to reach a fair life for everyone – the common good. For this, it is necessary a political justice, which must be preceded by distributive justice that creates by law equality out of inequality.

Which is the most cited Hebraic word in the Holy Bible, 513 times in the Old Testament? It is Tzedaka, which means social justice, justice in the society, which was the great longing of the Jewish people, as well as the Palestine people.

In the New Testament, in the Acts of Apostles, we observe that they decided to join all their possessions, to live in solidarity, so as to provide to each one according to his/her needs. In Jesus' parables, like in the Vineyard Landlord, we find similar principles. He hired several peasants along the day. With each one he agreed what both considered fair. At the end of the journey he began to pay, starting with the last ones that had arrived, giving to everyone the same amount. When he reached the first peasant this one complained; you are paying the same to me as the last one that arrived here and I worked much more than he did. And the vineyard landlord answered; so, didn't you realize that I'm paying exactly what we both considered fair, and that the last one who arrived here also has the right to receive enough for the needs of his family?

In the Second Epistle of Saint Paul to the Corinthians, he recommends everybody to follow Jesus' example. Despite being very mighty he had decided to join the poor people and to live among them. As it is written, he was preaching for more justice and equality: "He that had gathered much had nothing over; and he that gathered little had no lack".

Also the followers of Muhammad, the Qurán and the Islamism, in this aspect, adopt the similar principles. In the Hadith Book, the second of the four caliphs, Omar, said: Everyone that had big properties should separate a part for the ones who had a few or nothing.

In Buddhism, the Dalai Lama, in "Ethics for the New Millenium", affirms that if we accept the luxurious consumption of the very rich ones we should ensure before the survival of all humanity.

If we advance in the History, in the beginning of the XVI Century, we will find the teachings of a great humanist, Thomas More. In 1516, he wrote a very nice book for reading, "Utopia", a place where everything works well. The story contains a dialog about capital punishment that, after being introduced in England, did not contribute to the reduction of violent crimes. So, the character commented that much better than inflicting these horrible punishments to whom does not have another alternative of becoming first a thief and then a corpse, is to assure everyone's survival. Based on this reflection, a friend of Thomas More, Juan Luis Vives, wrote to the mayor of the Flemish city Bruges, a subvention treaty for the poor in which, for the first time, he proposed the guarantee of a minimum income.

Two centuries later, Thomas Paine, considered one of the greatest ideologists of the French and American revolutions, explained to the National Assembly of France, in 1795, in Agrarian Justice, that poverty is originated by civilization and private property. In America, where he has been before the independence, he didn't see such deprivation and poverty as in the European villages and cities. But he considered a good sense that the person who cultivates the land and makes some improvement should have the right to receive the outcome of that cultivation. However, he should separate a part of this revenue for a fund that belongs to all. This fund, once accumulated should pay a basic capital and income to each resident in this country, not as a charity, but as a right of everyone to participate in the wealth of the nation that was taken away when private property was instituted. This was a proposal for all countries.

Another Englishman, an elementary school teacher, Thomas Spence, in a pamphlet published in London under the title "The Rights of Infants"(1797), proposed that each city should have auctions to cover all public expenditures including the building and

the maintenance of real estate, as well as taxes paid to the government, that will distribute quarterly equal parts of the surplus among all residents ensuring their subsistence.

In 1848, Joseph Charlier, in "Solution du problème social", stated that everybody has the right to enjoy the usufruct of natural resources created by the Providence to meet all their needs. In "Principles of Political Economy" (1848), the English economist and philosopher John Stuart Mill defended that a minimum for survival should be assured to everyone with or without capacity to work.

In the XX century, philosophers and economists of several tendencies, after examining several ideologies and proposals, reached for a common conclusion, as expressed by Bertrand Russel, in 1918, in "Roads to Freedom: socialism, anarchism and syndicalism":

The plan we are advocating amounts essentially to this: that a certain small income, sufficient for necessities, should be secured to all, whether they work or not, and that a larger income, as much larger as might be warranted by the total amount of commodities produced, should be given to those who are willing to engage in some work which the community recognizes as useful.

In 1920, in "Scheme for a State Bonus", the couple Dennis e Mabel Milner proposed that:

All individuals, all the time, should receive a small sum of money from a central fund that would be sufficient to maintain their life and freedom, should all else fail; that all people should receive a part of a central fund, in a way that all would have some sort of income to contribute proportionality to their capacity.

In 1937, the great economist Joan Robinson in "Introduction to the Theory of Full Employment", suggested distributing to everybody on Saturdays, one pound sterling. Her fellow at the University of Cambridge, in England, who also had acquaintanceship with John Maynard Keynes and that, in 1977, was honored with the Nobel Prize in Economics, James Edward Meade, was one of the defenders of Citizen's Income. Since when he elaborated the "A Guide of Economic Policy for a Worker Government", in 1935, until the works in more matured way in his trilogy about Agathotopia, in 1989, 1992 e 1995, he developed a beautiful argumentation.

Meade related his long journey in search of Utopia. No matter how much he sailed, he did not succeed in finding it. On the way back, however, he came across Agathotopia. An economist, who became his friend told him the Agathopians knew where Utopia was, but they would not tell him because they were different from the Utopians, perfect human beings who lived in a perfect place. The Agathopians were imperfect human beings that committed foolishness and perfidies, but that after all, had succeeded in building a good place to live.

Meade observed that in Agathotopia they had built institutions and social arrangements that were the best to attain simultaneously the objectives of freedom, in the sense that each one is able to work in his/her vocation and is able to spend what he/she receives on the goods that he/she wants; equality, in the sense that there are no great differences between income and wealth; and efficiency, in the sense to reach the highest possible life pattern with the resources and the technology in effect.

And what were the arrangements? Flexibility in prices and wages to reach the efficiency in resource allocation: forms of association between the entrepreneurs and the workers so that the workers were hired not only for wages, but also for output participation; and finally, a social dividend that provides a guaranteed income for everyone. Meade proposed the achievement of these objectives by stages, but with firm steps.

The greatest economist of the 20<sup>th</sup> century, John Maynard Keynes, in 1939, in “How to Pay for the War?”, published in “The Times”, tried to convince his compatriots, before entering into the war, that they should get ready for the defense, and also, to separate around 2% of the Gross National Product, thus 100 million sterling pounds from a total of 5 billion to ensure everyone a basic income.

Abba Lerner, who worked with Oskar Lange in “On the Economic Theory of Market Socialism”, in 1944, published “The Economics of Control: Principles of Welfare Economics”, containing the proposition of institution of a fixed sum as a negative income tax for everybody.

Other economists honored with the Nobel Prize in Economics, defenders of the market system, argued in favor of the guaranteed minimum income for those who do not have the necessary for survival. So, Friedrich Hayek, in “The Road to Serfdom”, in 1944, George Stigler, in “The Economics of Minimum Wage Legislation”, in American Economic Review, 36, of 1946, observed that if we want to eradicate absolute poverty and promote employment, better than a minimum wage, should be the institution of a negative income tax, which should provide a minimum income to those who do not reach the necessary with his/her income. The same subject, was popularized in a very didactic way by Milton Friedman, in “Capitalism and Freedom”, in 1992. Also James Tobin made a great effort in the elaboration and defense of a guaranteed minimum income during the sixties and seventies was James Tobin, who in many aspects was different than Friedman, because he was a defender of the Keynes propositions. In 1972, the Nobel Prize James Tobin helped the democrat candidate George Mc Govern in the elaboration of the proposition of one “Demogrant” of US\$ 1.000 per year for all Americans, exactly the concept of a basic income.

James Tobin, Paul Samuelson, John Kenneth Galbraith, Robert Lampman, Harold Watts and 1200 economists, in 1968, sent a manifest to the U.S. Congress in favor of the adoption of a complement and guaranteed income. In 1969, President Richard Nixon invited Daniel Patrick Moynihan, an architect of social programs of the governments of John Kennedy and Lyndon Johnson, to design the Family Assistance Plan, which institutes the guaranteed minimum income through a negative income tax. It was approved by the House of Representatives, but obstructed by the Senate. On that time, one who made a great effort in the defense of a guaranteed income was Martin Luther King Jr, as we can observe in his several essays in “Where Do We Go From Here: Caos or Community?”, of 1997, where he affirms, “I am now convinced that the simplest approach will prove to be the most effective – the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income”.

In 2005, while I was in USA, I called on ex-Senator Mc Govern, who had lost the presidential elections for Richard Nixon, in 1972, to tell him that Brazil had approved the institution of the Citizen´s Basic Income, a similar concept to what he defended in

1972. He was very happy and told me, "People say that I was a man with ideas before my time".

In 1974, the US Congress approved a proposal of a partial negative income tax, only for those who work and do not reach a certain level of income, under the name of Earned Income Tax Credit, which had an important development. Today more than 23 million families receive this income complement that amount more than two thousand dollars per year in average. This scheme is added to the Aid for Families with Dependent Children, replaced in 1996, by Temporary Assistance for Needy Families, to Unemployment Security, to Food Coupons, and to Social Security. In the last decades, almost all European countries created income guarantee and transference schemes, like the Minimum Income of Insertion, in France, Minimum Familiar Income, in Portugal, of benefits for children in a very general way. In the Latin-American countries, conditional income transference schemes spread out, like *Oportunidades* in México, *Chile Solidario*, in Chile, *Jefes and Jefas del Hogar*, and more recently, *Asignación Familiar*, in Argentina, *Avancemos* in Costa Rica and *Ingreso Ciudadano* in Uruguai.

In 1986, in Louvain, Belgium, a group of social scientists, economists and philosophers, among them Philippe Van Parijs, Guy Standing, Claus Offe, Robert van der Veen, created BIEN, Basic Income European Network, to constitute a debate forum of forms of income transference in several countries, and to propose that in every country an Unconditional Basic Income should be instituted. Since then, every two years BIEN has held international congresses. In 2004, during the congress held in Barcelona, as there were researchers from the five continents, they decided to change BIEN into Basic Income Earth Network. During the 12<sup>th</sup> BIEN International Congress, in Dublin, in June 2008, a question was asked to us, Brazilians, whether we could host the next 13<sup>th</sup> BIEN International Congress. So it was defined that the 13<sup>th</sup> Congress will be held at the Faculdade de Economia, Administração e Contabilidade da Universidade de São Paulo, FEA-USP, in June 30<sup>th</sup>, July 1<sup>st</sup> and 2<sup>nd</sup>, 2010. President Luiz Inácio Lula da Silva accepted to deliver the inaugural speech of the event.

In the early sixties, in a fishermen's village, the mayor observed that a huge amount of wealth under the form of fishing was produced, but many of its inhabitants were still poor. So he told its inhabitants about creating a tax of 3% on the value of fishing for the institution of a fund which belongs to everybody. He faced a great resistance: "Another tax? I'm against it".

It took five years to persuade the community. Once instituted, it was so well succeeded, that ten years later he became the governor of the State of Alaska, where they discovered a large oil reserve in the late sixties. In 1976, Governor Jay Hammond told his 300 thousand co-citizens: "We should think not only about this current generation, but about the forthcoming one. Oil, like other natural resources is not renewable. So let us separate a part of the royalties originated from the natural resources for the constitution of a fund that shall belong to all residents in the state of Alaska. By 76 thousand votes for and 38 thousand opposed, 2X1, the proposal was approved. The law separates 25% of the revenue coming from the natural resources exploitation and invested in US bonds, Alaska's companies stocks, contributing to diversify its economy, USA and international companies stocks, including some of the 30 more profitable companies from Brazil, like Petrobrás, Vale do Rio Doce, Itaú and Bradesco, which means we Brazilians are contributing to the success of this

system, and real estate. The equity of the Alaska Permanent Fund increased from US\$ 1 billion, in early eighties to US\$ 40 billion recently. In 2009 it decreased because of the economic crisis, but is already in recovery.

Each person living for one year or more in Alaska could filled a one-page form, between January 10<sup>th</sup> to March 31<sup>th</sup>, that included his/her business and home address, if he/she lived there for one year or more, even if he/she had travelled, the number of people in the family up to 18 years of age, not being necessary to inform his/her income or possessions, more data and the witness of two persons about the veracity of the information. Who did that, since the early eighties, every year until the beginning of October, received in his bank account, by electronic transfer, or by a check sent to his house, first around US\$ 300 and gradually more, up to US\$ 2.069 per person in 2008. In 2009, the sum decreased to US\$ 1305, because of the economic crisis that affected the economy and reduced the oil and stock prices in the New York Stock Exchange.

For having distributed around 6% of the Gross Domestic Product during the last 26 years to all its inhabitants – there are about 700 thousand nowadays, among which 611 thousand complied with that requirement in 2008 – Alaska turned into the most equalitarian state among the 50 states of the USA. During the period 1989-99, while the per capita family income of the 20% richest families in USA increased 26%, the per capita income of the 20% poorest families increased 12%. In Alaska, due to the dividends paid equally to all its inhabitants, the increase of the per capita family income of the 20% richest families was 7%. The increase of the per capita family income of the 20% poorest families was 28%, thus 4 times more. This means that for the objective to reach a more fair society, the experience has been very successful.

In 1999, professors Bruce Ackerman and Ann Alstott, from the University of Yale, published the book “The Stakeholder Society”. Based on the proposal of Thomas Paine, they proposed that everyone in USA when turning 21 should have the right to receive a sum of US\$ 80 thousand to start his/her adult life with the possibility to spend in anything that he/she wants, to conclude his/her studies, to start an enterprise or any other thing. One of his post-graduate students, member of the Fabian Society presented the idea to his personal friend, the former First Minister Tony Blair. When Blair announced that his wife Cherie was pregnant with their fourth son, Alexandre, he said that from that time on every child born in England would receive a bank deposit when the child turned 6, 11 and 16, respectively the amounts of 250, 50, 50 and 50 sterling pounds. If the child’s family had an annual familiar income below a certain level, near to 17 thousand sterling pounds, those amounts should be 500, 100, 100 and 100 pounds sterling respectively. As these deposits earn interests, when the person turns 18, he/she would have an amount near to 4 thousand or 5 thousand pounds sterling, as a right to participate in the wealth of the nation. Under the name of “Child Fund Trust”, this law was approved by the United Kingdom Parliament on May 13<sup>th</sup>, 2003. Finally, in his birthplace, the proposition of Thomas Paine, formulated in 1795, was applied, even modestly.

In Brazil, we could consider the institution of the Citizen’s Basic Income as consistent with the values defended by the indigenous living in community, by the fighting “quilombolas” and abolitionists for the slavery abolition and by all those researchers and scientists who fight for the creation of a fair nation in Brazil. Among those we can cite Caio Prado Junior, Milton Santos, Josué de Castro and Celso Furtado. In 1956, as the federal deputy of PTB, in a speech in the Chamber of Deputies about the

income unevenness, the author of “Geografia da Fome” and “Geopolítica da Fome”(Hunger Geography and Hunger Geopolitics), Josué de Castro, affirmed:

I defend the need of giving the minimum to each one, according to the right that all Brazilians should have the minimum for their survival.

It was during the years of 1966-68, when I studied for my Master’s Degree in Economics at the Michigan State University, USA, that I came across with the concept of the income guarantee through the negative income tax. When I did my Doctorate in Economics at the MSU, with 15 months of studies at the University of Stanford, USA, I became more acquainted with the concept. When I went back to Brazil, I interacted with professor Antonio Maria da Silveira, who, in 1975, in Revista Brasileira de Economia, proposed the institution of negative income tax in Brazil in the article “Moeda e redistribuição de renda” (Currency and Income Redistribution).. When I was elected Senator by PT-SP, for the first time in 1990, I called Professor Antonio Maria to collaborate in the proposition of the Guaranteed Minimum Income Scheme, PGRM. Every adult person, of 25 years or more, who does not earn at least 45 thousand cruzeiros per month, should have the right to a complement of 30% to 50%, under the criterion of the Executive Power, of the difference between that level (in that time, about US\$ 150 per month) and the income level of the person. The project was approved by the Federal Senate, by consensus of all parties, on December 16<sup>th</sup>, 1991. It went to the Chamber of Deputies, where, at the Committee of Finance and Taxation, received an enthusiastic written opinion from Deputy Germano Rigotto (PMDB-RS).

Then, the debate on the subject flourished in Brazil. In 1991, during a debate among approximately 50 economists with affinity to PT, held in Belo Horizonte, where, invited by Walter Barelli, Antonio Maria da Silveira and I presented the proposal of the PGRM. Professor José Márcio Camargo, from PUC-Rio de Janeiro, observed that the guarantee of a minimum income is a good step, but should be granted to needy families, with children in school age attending school regularly. So, they would not be forced to work early to help their family maintenance. He wrote two articles about the subject in the newspaper “Folha”, in December 3<sup>rd</sup>, 1991, and in March 10<sup>th</sup>, 1993. Since the late eighties, Professor Cristóvam Buarque, from Universidade de Brasília, had similar thoughts.

So in 1995, taking into consideration these thoughts, Mayor José Roberto Magalhães Teixeira (PSDB), in Campinas, and Governor Cristóvam Buarque (PT), in Distrito Federal, started their minimum income schemes associated to education opportunities, the Bolsa-Escola. Every family that, at that time did not receive up to half minimum wage monthly per capita, that is 70 reais, would have the right to receive the difference to complete the 70 reais per capita, in Campinas, or one minimum wage, in Distrito Federal. Those experiences spread out by several municipalities, such as Ribeirão Preto, Piracicaba, Jundiaí, São José dos Campos, Belo Horizonte, Belém, Mundo Novo etc.. In the National Congress, several bills of law were presented, requiring the support of the Federal Government for the municipalities that were going towards this direction.

In 1996, I took Professor Philippe Van Parijs, philosopher and economist who has defended very well the Citizen’s Basic Income, for an audience with President Fernando Henrique Cardoso and the Minister of Education, Paulo Renato Souza, attended also by Representative Nelson Marchezan, one of those proponents. Van Parijs expressed that unconditional basic income should be a better objective, but

starting a minimum income guarantee associated with education opportunities was a good step, because it was related to human capital investment. It was then when President Fernando Henrique Cardoso gave the positive sign for the National Congress to approve the Law 9.533, of 1997. The law authorized the federal government to grant a financial support of 50% on the amount spent by the municipalities with minimum income associated to social and education actions schemes.

In March 2001, the National Congress approved and President Fernando Henrique Cardoso sanctioned a new law, of his initiative, Nr. 10219/2001, authorizing the federal government to celebrate agreements with the government of all Brazilian municipalities to adopt the minimum income associated to education al opportunities, or Bolsa Escola. The President gave the name José Roberto Magalhães Teixeira to the law, in homage to the Mayor of Campinas who had passed away. Later on, the government instituted the Bolsa-Alimentação and the Auxílio-Gás programs. In 2003, the government of Luiz Inácio Lula da Silva instituted the Vale-Alimentação program.

In October 2003, the government of President Lula decided to unify and rationalize the several programs such as Bolsa Escola, Bolsa Alimentação, Cartão Alimentação and Auxílio Gás in the Bolsa Família Program, which had 3.5 million families registered in December 2003. The number increased to 6.5 million families in December 2004, 8.5 million families in December 2005 and 11 million families in December 2006, and 12.5 million families in December 2009.

The Bolsa Família Program, among other economic policy instruments, contributed for the reduction of absolute poverty and inequality degree in Brazil. According to the studies of IPEA, Instituto de Pesquisa Econômica Aplicada number 30, PNAD 2008, First Analysis, of September 24<sup>th</sup>, 2009, the Gini coefficient of inequality of domestic income per capita, which reached 0.599; in 1995, 0.581, in 2003; decreased gradually every year, reaching 0.544 in 2008. The proportion of families under extremely poor line, with income per capita below R\$ 93.75 which was 17.5% in 2003, decreased to 8.8% in 2008. The proportion of poor families, with income per capita below R\$ 187.50, decreased from 39.4% in 2003, to 25.3%, in 2008.

This favorable result can also be shown by the following way. The 20% poorest families had an income per capita increase 47% faster. While in 2001, the average income of the 20% richest families was 27 times in relation to the 20% poorest families, in 2008 it was 19 times, a reduction of 30% in inequality in 7 years.

Brazil, despite the achieved progress, is still one of the countries more unequal in the world. While the poorest 40% live with 10% of the national income, the richest 10% live with more than 40%. The income appropriated by the 1% richest is the same as of the 45% poorest. The creation and expansion of the Bolsa Família Program, preceded by Bolsa Escola, Bolsa Alimentação and others, had positive effects. To advance towards a more efficient and direct eradication of the absolute poverty and greater equality and the guarantee of greater real freedom for all is the reason for proposing the application of the Citizen's Basic Income.

During the nineties, more and more I interacted with the researchers who founded BIEN, participating in the bi-annual congresses. I was convinced that better that an income guarantee through negative income tax, or conditioned forms, should be an unconditional Basic Income for all the population. For this reason, in December 2001, I presented a new bill of law to the Senate for the institution of the Citizen's Basic Income, CBI. The designed committee reporter, Senator Francelino Pereira (PFL-

MG), after having studied the proposition, told me: Eduardo, it is a good Idea. But you have to make it compatible with the Fiscal Responsibility Law, where for each expenditure, it is necessary to have the correspondent revenue. Would you accept a paragraph saying that it will be instituted by steps, under the criterion of the Executive Power, starting with the most in need, as Bolsa-Escola, and then Bolsa Família, until it is extended to everyone someday? I thought that it was a good sense, I remembered the recommendation of James Meade, and I accepted. Due to this aspect the bill of law was approved by consensus by all parties in the Senate, in December 2002, and in December 2003, by the Chamber of Deputies. In January 2004, the Minister of Finance, Antônio Palocci when consulted by President Luiz Inácio Lula da Silva, said that as it is to be instituted gradually, it was feasible, so he may sanction it. Therefore, on January 8<sup>th</sup>, 2004, the President sanctioned the Law 10.835/2004, creating CBI. On this day, he received the following message from economist Celso Furtado:

At this moment when Your Excellency sanctioned the Citizen's Basic Income Law I want to express my conviction that, with this measure, our country puts itself in the vanguard of those that fight for the building of a more harmonious society. Brazil was frequently referred as one of the last countries to abolish slave labor. Now with this act which is a result of the principles of good citizenship and the wide social vision of Senator Eduardo Matarazzo Suplicy, Brazil will be referred as the first that institutes an extensive system of solidarity and furthermore, it was approved by the representatives of its people

In the same way as the first minimum income associated to education programs started locally, in Campinas and in the Federal District, it is possible to start the Citizen's Basic Income in communities or municipalities.

Among the developing countries, a significant experience started in Namíbia, in the village Otjivero/Omitara, 100 km from the capital Windhoek, in January 2008. All its 1000 inhabitants of this rural village, since then, started to receive 100 Namibia dollars, or about US\$ 12, per month for each citizen. The initiative was taken by the Coalition in Favor of Basic Income of Namibia, which has one of its enthusiasts, Bishop Zephania Kameeta, from the Lutheran Church, and who collected voluntary contributions from several sources, including from the Workers Union in the Federal Republic of German, to get the necessary fund. The magazine *Der Spiegel* of August 2009, published an extensive report about "How A Basic Income Scheme Saved a Namibian Village", where it stressed lots of positive effects of the experience. The economic activity improved, lots of economic activities were started, the absolute poverty diminished, the frequency of children in schools increased, the nutrition degree improved, the self esteem of the people increased, and there was a great interest of the society in the pioneer experience.

In Brasil, Recivitas – Instituto pela Revitalização da Cidadania, after having created in Vila de Paranapiacaba, on Serra de Mar, with 1.200 inhabitants, a Free Library and a Free Toy Center, so that people could have access to books and toys for their usufruct, decided to propose to its inhabitants the creation of the Citizen's Basic Income. The President, Bruna Augusto Pereira and the coordinator Marcos Brancaglione dos Santos are waiting for the steps of the Mayor of Santo André, where the village is located, to carry on the project. While waiting, they started a pioneer experience in the village Quatinga Velha, in Mogi das Cruzes, where, since the beginning of 2009, they have paid R\$ 30 per month to 57 persons.

Another propitious experience is taking place in Santo Antonio do Pinhal, in Serra da Mantiqueira, 177 km from São Paulo, on the way to Campos de Jordão. There, on October 29<sup>th</sup>, 2009, the Municipal Chamber, by consensus of its nine councilmen, approved the Municipal Bill of Law for a Basic Income, proposed by Mayor José Augusto Guarnieri Pereira, from PT, elected in 2004 by 55% of the votes and reelected in 2008, by 79.06% of the votes. The law was sanctioned by the Mayor on November 12<sup>th</sup>, 2009. It is the first, among the 5.564 Brazilian municipalities which approved a law instituting the CBI. Its first article declares:

With the purpose to turn Santo Antonio do Pinhal into a Municipality that harmonizes sustainable social and economic development with the application of justice principles, meaning the solidarity practice among all its inhabitants, and, above all, to grant a higher level of dignity to all its inhabitants, the Citizen's Basic Income of Santo Antonio do Pinhal – CBI is instituted, consisting in the rights of all registered residents or residents in the Municipality for at least 05 (five) years, regardless of their social and economic status, to receive a monetary benefit.

Exactly as the federal law, it will be the same amount for everyone and sufficient to meet the minimum vital needs of each person, taking into account the development level of the municipality and its budgets possibilities. It will be attained by stages, upon the criterion of the Conselho Municipal de RBC, giving priority to the most needed segments of the population.

To finance the payment of the CBI, a Municipal Fund will be created with the following sources: 6% of the tax revenues of the municipality; donations from individuals or corporations, public or private, national or international; money transfers from the State of Federal Government; yields generated by the investment of the available funds and other resources. Santo Antonio do Pinhal, with 7.036 inhabitants, a half in the rural area and another half in the urban area, has 53 lodging houses, corresponding to 1,200 beds, 32 restaurants, small and medium farmers, artisans and several activities in the commerce and industry. There are good schools and low criminality index, zero homicides.

It is perfectly possible that the visitors, who on season holidays fill up the lodging houses and restaurants, feel enthusiastic to contribute for the pioneer achievement of the CBI and the principles of justice elaborated by philosopher John Rawls in "A Theory of Justice" (1971). According to Professor Philippe Van Parijs, in "Real Freedom for All" What (if anything) may justify capitalism?" (1995) Oxford, the CBI is one of the instruments that contribute for the realization of these three principles:

1. Each person is to have an equal right to the most extensive system of equal basic liberties compatible with a similar system of liberty for all (the principle equal liberty);
2. The inequalities of social and economic advantages are justified only if (a) they contribute to the improvement of the less advantaged of the society (the principle of difference), and if (b) they are linked to positions that everybody has equal opportunities to occupy (the principle of equal opportunities).

To turn the CBI feasible, it would be necessary to obtain a great amount of resources. If we want to give a farther better than the Bolsa Família, even modest, we should begin with at least an amount higher than the average paid by this scheme, R\$ 95 per family, what means something like R\$ 31.50 per person in a family of three members. So, if we think about a CBI of R\$ 40, it would be R\$ 240 per

month in a family of 6 members. In 12 months, the yearly amount would be R\$ 480 per person. If we multiply to consider 192 million of Brazilians in the beginning of 2010, we would need R\$ 92.160 billion, something around 3.5% of the Gross National Product of R\$ 2.6 trillion, about 8 times the Bolsa Familia budget, a considerable leap.

R\$ 40 per month is a modest amount, but along the time, with the progress of the country and the growing approval from the population, the CBI could turn into somewhat as 100, someday R\$ 1.000 and so on. A way to make it feasible is the creation of the Citizen's Brazil Fund, according to the Bill of Law nr. 82/1999, which I presented to the Senate. It was already approved by consensus by the Senate, and is in legal procedures in the Chamber of Deputies, where it was already approved by the Committee of Family and Social Security and is waiting for the written opinion of Deputy Ciro Gomes (PSB-CE), at the Committee of Finance and Taxation. This Fund is constituted by 50% of the resources generated by authorization or concession of the natural resources exploitation; 50% of the revenues from rentals of the Government real estate, which belong to all the population; 50% of the revenues generated by the concession and services and public works and other resources. The output generated by the investments of the Fund resources, like the Alaska Permanent Fund, will be used to pay CBI to all the Brazilian residents

Especially when more people understand how CBI could contribute for the construction of a fair and more civilized Brazil, more voices will be saying to the President of the Republic, to the Governors and Mayors: It is a good proposal. Let's put it into practice right away.

It is an honor for me to be invited to participate in this International Conference of the Basic Income South Korean Network together with Professor Philippe Van Parijs, who has contributed so much for the advancement of this cause in our planet. I was in South Korea, in July 2007, when I had the opportunity to visit some of the members of your National Assembly, the Ministry of Foreign Relations and Commerce and the National Institute of Political Economics. On that occasion I made two suggestions that I would like to renew here today. In order to advance in the process of pacification and unification of Korea two steps could be taken:

First, two games may be organized between the National Mixed Soccer Team of South and North Korea versus the National Team of Brazil that is so admired by all of you Koreans and won the World Cup in 2002. One game would be in Pyongyang and the other in Seoul. The best Brazilian players are ready to contribute to an event like this in the same way that they are willing to participate in the proposed game that will happen between the Brazilian team and the mixed Team of Israel and Palestine.

Second, the institution of an Unconditional Basic Income for all citizens of both South and North Korea, respectively with 49 million and 23 million inhabitants. I am sure that this step would constitute an excellent example for justice and peace in the world.