

BIEN's 13th Congress. A brief personal account.

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BIEN Flash 62, August 2010

There are at least three reasons why holding a BIEN congress in Brazil made a lot of sense. Firstly, Brazil's cash transfer system is one of the most comprehensive in the so-called developing world and sometimes presented as one of the closest real-life approximations to a genuine basic income. Secondly, Brazil adopted, in January 2004, a law that explicitly asserts as an objective the introduction of an unconditional and individual basic income for all its permanent residents. This is something no other country ever did. And thirdly, it is on the suggestion and insistence of Senator Eduardo Matarazzo Suplicy that BIEN was turned, in September 2004, from the Basic Income European Network into the Basic Income Earth Network. Eduardo Suplicy was the first senator for Lula's PT and has been representing the state of São Paulo in the Brazilian Senate for nearly 20 years

So, the choice of São Paulo for this 13th Congress was more than justified, and it proved excellent. Thanks to the hard and intelligent work of an energetic organizing team led by Lena Lavinias, Fabio Waltenberg and Celia Kerstenetsky, the congress was yet another fantastic occasion for sharing information, exchanging arguments, taking new initiatives and rekindling fraternal contacts. The organization was even so good that the congress was able to smoothly accommodate the plenary viewing of the Brazil-Holland world cup football match and happily get back to full swing straight away despite Brazil's painful defeat.

The congress took place in the Faculty of Economics of the University of São Paulo on 1 and 2 July 2010 and was preceded by a Brazilian pre-congress on 30 June. Over the three days, the meeting attracted over 500 participants from over 30 countries and hosted close to 200 presentations that can still be downloaded from the congress site (www.bien2010brasil.com). This meant many parallel questions which allowed for some in-depth discussion, combined with a number of plenary sessions. The closing one, chaired by Senator Suplicy, provided an opportunity to look back and think ahead with four of those who founded BIEN in Louvain-la-Neuve in 1986 (Clause Offe, Guy Standing, Robert van der Veen, Philippe Van Parijs). On evening preceding the congress, BIEN's executive committee was received at length by President Lula, who explained how BIEN's objectives were already partly met by the programmes that exist in Brazil.

Indeed, several sessions of the congress, including a plenary addressed by the director of the programme, Lucia Modesto, were devoted to the achievements of the Bolsa Familia and to how the challenges it faces may pave the way to a basic citizen's income. Means-tested programmes such as the *Bolsa Familia* unavoidably generate a

major problem of fair implementation in the context of a largely informal economy. As the programme matures, there will be more and more people who will rightly say: "this is unfair, my neighbour is earning more than me and is receiving a *Bolsa Familia* whereas I am not".

Brazilian scholars who study the operation of the scheme do observe that there are comparatively very few households scrapped from the programme because their assessed income exceeds the (low) threshold, and they acknowledge that many more would need to be scrapped if the means test were rigorously implemented. But it would be very harsh, expensive, conflict-ridden and unpopular to monitor closely families that are still very poor and punish them with the withdrawal of the *Bolsa Familia* as soon as their monthly earnings are suspected of exceeding the threshold of 140 reals per person (less than 80 dollars). So far, the risk of clientelism and straight corruption intrinsic in such a system has not eroded its popularity. The public discussion about the *Bolsa Familia* has been focusing mostly on a different issue, namely whether one should strengthen or weaken the condition of school attendance currently imposed on households with children in the appropriate range : 85% of the classes for children between 6 and 15, 75% for adolescents. But in case the legitimacy of the whole scheme were to be threatened by the unsustainability of the means test, Senator Suplicy and other Brazilian basic income supporters are ready with a structural solution: just do what the 2004 law promises to do, i.e. get rid of hundred of thousands cases of unfairness in one go by simply extending the benefit to all.

The congress was, as usual, an opportunity to hear about what is happening in very different places in the world. For example, it provided a nice opportunity to compare the local basic income experiments currently conducted in Namibia and in Brazil or soon to be started in India. After the end of the conference, two groups of participants even went to visit the two Brazilian experiments currently on their way (in São Antonio do Piñal and Quatinga Velho). It is important to keep the order of magnitude of these experiments firmly in mind. In São Antonio do Piñal, for example, an attractive municipality located in a hilly part of São Paulo state and living largely from tourism, we visited the room in which the municipal council made an unprecedented decision. It decided to allocate 6% of all municipal revenues collected from local taxes (as opposed to state or federal grants) to the funding of a basic income for all inhabitants. However the total of these local taxes amount to 1.240.000 reals per year. 6% of this amount divided by the 7000 inhabitants gives each of them less than one real per month (about half a dollar). This is a neat symbolic gesture, that its initiators try to supplement in various ingenious ways, but so far it does not weigh much next to the colossal *bolsa familia* programme, which provides an average per-family monthly benefit of about 50 dollars (95 reals) to over 12.5 million Brazilian families.

This is to be compared with what many of us saw as the most surprising news of the whole congress. It came from Iran. In January 2010, the Iranian parliament approved by a narrow majority the so-called "targeted subsidy law", which combines two measures. Firstly, it scraps a large implicit subsidy to oil consumption by both Iranian households and firms. It does so by bringing the comparatively very low domestic price of oil in line with the international price. Secondly, it compensates the impact of the general price increase on the standard of living of the population by introducing a

monthly uniform cash subsidy for over 70 million Iranian citizens to be paid to the heads of households. The amount is expected to reach initially about 20 dollars per person per month and to gradually rise to 60 dollars. The rich, who consume directly and indirectly more oil than average will not be fully compensated for the price increase, but the poor will automatically be more than compensated. The law, which is due to come into effect on September 21, is therefore expected both to foster a more efficient use of scarce natural resources and to reduce the level of social inequality. For more information: Hamid Tabatabai, hamtab@gmail.com, "The 'Basic Income' Road to Reforming Iran's Subsidy System", slides downloadable from the website of the congress). If this scheme is actually introduced and expanded as planned in Iran, this promises to be a very interesting initiative to study, and it may inspire other countries. Wherever one is seeking a "sustainable new deal" that combines ecological and social concerns, making resource consumption far more expensive and distributing the large revenues from the price increase equally to all is an obvious option to consider.

In many places, this is a far more realistic option than an Alaska-type permanent fund programme (discussed at the congress by two of its best specialists, Scott Goldsmith and Karl Widerquist). This programme distributes dividends to all Alaskan residents — in 2009, somewhat above 100 dollars per person and per month. As income per capita is about 13 times higher in Alaska than it is in Iran, this dividend obviously makes far less of a difference to the local income distribution than the Iranian scheme will, despite the latter being lower (per capita) in dollar equivalents. But the main difference is that the Alaska scheme is funded out of the interest collected from investments made worldwide with revenues generated by the production of oil at some point in the past, whereas the Iranian scheme should be understood to be funded out of a tax on the current consumption of oil. The Alaska-type scheme is therefore restricted to resource-rich (sub-) countries that manage at some point to exercise sufficient political self-restraint to create and develop a substantial fund. The Iranian-type scheme, by contrast is available to any country that wants to price the consumption of oil in an ecologically responsible way and to buffer the effect on people's standard of living in a socially responsible way. For this road to basic income to be a real option there is no need to first accumulate a large fund, nor indeed to be an oil-producing or resource-rich country. Yet, there are also disadvantages. In the long run, one can expect the return on the Alaskan fund to keep fluctuating quite wildly but not to converge to zero. Our consumption of oil, by contrast, will not continue forever.

This surprising Iranian story is only one of the many that the São Paulo congress gave an opportunity to discover and discuss. It neatly illustrates the role a network such as BIEN can play to spread useful information, to make it intelligible, to broaden our imagination, to boost our confidence and to empower our struggle for greater justice all over the world.

Philippe Van Parijs

August 2010

BIEN's 13th General Assembly Meeting, São Paulo, 2 July 2010

At the end of the congress, BIEN held its biennial General Assembly (GA) meeting. It took the following decisions:

- The Korean Basic Income Network was recognized as the 17th national network of BIEN.
- Munich, Germany will host the next BIEN Congress, to be held at a date still to be determined between April and October 2012.
- BIEN's Executive Committee for 2010-12 will consist of Karl Widerquist and Ingrid Van Niekerk (co-chair), David Casassas (secretary), Yannick Vanderborght (newsletter editor), Almaz Zelleke (treasurer & regional coordinator), Louise Haagh, James Mulvale and Pablo Yanes (regional coordinators) and of Dorothee Schulte-Basta or another representative of the Netzwerk Grundeinkommen, in charge of organizing BIEN's next congress. Andrea Fumagalli has been coopted as a regional coordinator.
- Eduardo Suplicy, Guy Standing, and Claus Offe will be honorary co-presidents. Honorary co-presidents are former co-chairs, who have agreed to remain active in BIEN and been so approved by the GA.
- Philippe Van Parijs was reelected as chair of BIEN's International Advisory Board.