

## **Citizen's Income: Brazil's Will and Wisdom**

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The world is watching Brazil. With great interest. With great hopes. With some apprehension.

Will the government and the people of Brazil live up to their promise of eradicating hunger, of drastically reducing inequality in one of the most unequal societies of the world? And will it manage to do so in a way that does not stilt economic dynamism? Will it even do so in a way that lays the foundation for sustainable economic progress, by putting masses of people in a position to better help themselves, and thereby to better help their country?

The stakes are high. But the will is there, and so is, it seems, the wisdom to make it work. The ambitious, yet reasonable project of a citizen's income for all Brazilians, as proposed by Senator Eduardo Suplicy, as approved by the Senate, in December 2002, and by the Chamber of Deputies, in December 2003, and as sanctioned today, January 8, 2004, by President Lula, provides spectacular, unprecedented evidence for the presence of both this wisdom and this will.

Unlike welfare programmes exclusively targeted to the poor, a citizen's income holds the promise, when fully in place, of tackling poverty without creating dependency. It holds the promise of guaranteeing everyone daily subsistence without stigmatising the poor not trapping them out of the labour market. It holds the promise of achieving greater social justice by giving more real freedom to all.

In this country more than any others, this is not just a dream in the minds of a handful of activists and visionaries. It builds on the countless income support schemes integrated last October into the Programa Bolsa Familia, on the social struggles that made them possible and on the administrative expertise they generated.

As several of the more schemes already did, the citizen's income will keep serving several objectives at the same time. A citizen's income is not just a way of fighting in the most direct way poverty and inequality. It will boost Brazil's human capital by fostering school attendance, by spreading preventive health care and by encouraging adult literacy. It will contribute to a balanced distribution of Brazil's population over its territory by slowing down the rural exodus into overcrowded cities.

More effectively and more visibly than all previous schemes it is will also be a tangible symbol of the solidarity of the Brazilian nation immersed in the global economy. Owing to its

resources and its position in the world, Brazil has a huge potential for benefiting from a fair globalisation, through a massive increase of what it can sell on the world market, through attracting direct foreign investment and through many spillover effects. But no spontaneous market mechanism will guarantee that these benefits will benefit all sectors and all regions of the country. Some are even bound to suffer. In this context, a citizen's income can be viewed as *federal dividend*. It is a way of sharing among all Brazilians, as a reward for an effort accepted by all, the gains from participation in a globalised economy that would otherwise tend to be monopolised by some sectors and by some regions.

A full-fledged citizen's income system will not come in one day. Its step-wise implementation, as from 2005, will have to be intelligently designed. Income-related conditionalities will still be needed. But they will have to take the form of simple rules and transparent procedures, easy to explain and to implement, so as to reach effectively most of the beneficiaries and to firmly discourage clientelistic practices that would discredit the scheme.

From the start, the closest attention will also need to be paid to a smooth articulation with the social insurance schemes associated with formal employment and with the exemptions incorporated in the income tax system. The sooner, the more deeply and the more intelligently these various schemes are integrated with each other, the less risk the citizen's income runs of remaining stuck forever at the stage of a vast programme target at the poor, with all the risks of dependency and, ultimately, of political backlash this implies.

For many countries around the world, there will be much to learn from the way in which Brasil will gradually move, boldly but responsibly, towards a full-fledged citizen's income scheme. But there is also much Brazil can learn from what is being done elsewhere. What will be tried and achieved here will be a source of inspiration and encouragement for many people and organisations around the world who fight for bold reforms on the same pattern, most strikingly perhaps today in the Federal Republic of South Africa. As the famous economist Celso Furtado put it in the message he sent to President Lula on this occasion, while Brazil was – shamefully – one of the last countries to abolish slavery, it can now expect to be proudly remembered as the first country to introduce such a comprehensive solidarity system.

Today is an important step. But it is by no means the end of the road. Imaginative long-term thinking, ingenious short-term tinkering with the institutions in place, objective evaluations of existing schemes and of new experiments, firm leadership that combines the prudence that is called for by responsibility and the ambition that is necessary for hope, all these will remain as necessary in the future as they have been crucial in the past to get us as far as we are now.

The ultimate goal is and will remain to make life less tough for people for whom it is inacceptably difficult, to provide options to people who have no option, to make sure wealth is spread less unfairly throughout society. But it is not all to create a society of passive people waiting to be fed by the government. A citizen's income is emphatically not an alternative to access to a job. All to the contrary, it is a way of enabling people to do things for themselves and for society which they are currently prevented from doing by poverty and exclusion. It is a way of tapping human resources currently wasted as a result of injustice and misery. It is a major new move in the service of both a more prosperous economy and a more just society.

On behalf of all those around the world who believe in social justice, warm thanks to President Lula, to Senador Suplicy, to all those who contributed to what has been achieved so far, warm thanks for the vision, warm thanks for the vision, for the hope, for the will and the wisdom that will turn the hope into reality.