

The steps towards the implementation of the Universal Basic Income in Brazil

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Abstract

Lecture to the 22nd International Congress of the Basic Income Earth Network, BIEN, in Seoul, South Korea, in August 24-26, 2023.

Brazil is the first Nation in the world whose National Congress, with the support of all parties, has approved in December 2002, by the Senate, and in November 2003, by the Chamber of Deputies, a Law sanctioned by President Luiz Inácio Lula da Silva, in a beautiful ceremony in January 8th, 2004, in the Presidential Palace, with the presence of Professor Philippe Van Parijs. The Law 10.835/2004 says that the Citizen's Basic Income, a right of all citizens of Brazil, including foreigners living in Brazil for 5 years or more, sufficient to attend the basic needs of everyone, with alimentation, education, and health. It will be instituted step by step, under the Executive criteria, considering those most in need first, such as the well-known Bolsa Família Program does it. 19 years have passed since President Lula sanctioned that law that has not been put fully into practice so far.

I am here today to tell you positive news since I am confident that President Lula, who was our President from 2003 to 2010, was again elected in 2022 for a new four-year term. The Bolsa Família Program was instituted by President Lula in October 2003. It provided a guaranteed income to poor families with income up to a certain level as long as their children and adolescents were going to school and their parents took their children up to six years of age to take the necessary vaccines according to the calendar of the Ministry of Health. In December 2003, there were 3.5 million families

being beneficiaries by the program. Around 2014/15 there were more than 14.2 million families enrolled in the program. The Gini coefficient of inequality as well as the number of families in conditions of absolute and extreme poverty decreased substantially. The United Nations declared that Brazil had attained the stage of 'Zero Hunger' in 2014/15. From 2016 until 2022 the attention of the government in promoting more equality and the eradication of poverty was not so high and we had a period of increasing the number of poor families in Brazil.

In the period of time of 2020 to 2022 around 10.1 million Brazilians had hunger, according to the United Nations Report published in July 2023, representing 4.7% of the population. At the same time, however, the percentage of people that suffer food insecurity has increased in the past years and reached 70.3 million people, a third of the population, according to the report on the State of Nutrition and Food Security by the Food and Agriculture Organization (FAO) 2022.

On June 21, 2021, on my 80th birthday, I had a dialogue with President Lula that was streamed by his social media, here attached, in which I tell him that I will do all my efforts to elect him again, as happened in October 2022. And President Lula told me that he will put into practice the Universal Basic Income during his new government 2023-26. Last March 17th, I had a conversation with the Minister Wellington Dias of Social Development in which I made the suggestion for the Government to create a working group to study the steps towards the introduction of the Universal and Unconditional Citizen's Basic Income in Brazil during President's Lula government.

Last June 19, 2023, the Law 14,601 was officially published, reinstating the Bolsa Família Program back in substitution to the Brazil Auxilium Program that had been instituted by President Jair Bolsonaro. In the first paragraph of the First Article of this Law it is said that "The Bolsa Família Program constitutes a stage of the gradual and progressive implementation of the universalization of the Citizen's Basic Income, as established in the sole paragraph of the 6th Article of the Federal Constitution and in the caput and in the 1st paragraph of the 1st article of the Law 10,835, of January 8, 2004'.

The law 14,601 is signed by President Luiz Inácio Lula da Silva, and Ministers: José Wellington Barroso de Araújo Dias, of Social Development, Fernando Haddad, of Finance and Simone Nassar Tebet, of Planning.

It is relevant to note that last May 23 there was in São Paulo an important meeting, 'The Pact Against Hunger' that joined hundreds of people, including entrepreneurs, political and social movement leaders, social scientists, under the coordination of Mrs. Geysel Diniz, wife of the business leader Abílio Diniz. The objective of the Pact was to join people to make all efforts to completely eradicate hunger in Brazil until 2030. The Minister of Social Development, Wellington Dias, the Minister of Planning, Simone Tebet, the Governor of the State of São Paulo, Tarcísio de Freitas, as well as the Mayor of the city of São Paulo were also there.

Beyond nutritional and food security measures, it is my belief that the major objective of the Pact will be attained as far as we advance in the direction of the Universal Citizen's Basic Income. The advantages will be perceptible: the reduction of bureaucracy; the elimination of all stigma or shame sentiment and the raise of the degree of freedom and dignity for all human beings.

In 'Development as Freedom' (1999) Amartya Sen says that development, to be meaningful, must signify a greater degree of freedom for all members of Society. He illustrates this point with an example of what happened when he was a boy. His father was a good professor and they lived in a good house in Dacca, India, today the capital of Bangladesh. A certain day he was playing in the garden and suddenly, a man came through the gate, asking for help. He had been knifed on his back. Amartya called for his father and accompanied him taking that man to the hospital. On the way, he said that 'Oh, my wife told me not to come to this region characterized by ethnic struggles. But I had no other alternative than to come here to find a job for the survival of his family'. When they arrived at the hospital, Kader Mia had a strong hemorrhage and died. Sen concludes: Typically, this man did not have real freedom. He had to put his life in danger to find a work opportunity.

In the same form, that mother that finding no opportunity to feed their children and decides to be a prostitute in the 'Luz' Park, in São Paulo, as I could talk to them in a visit to the tea house of the park; or for that young fellow that having no other opportunity to contribute to the family's budget, and decides to be a member of a narco-traffic gang, like "The Man on the Road", a popular song of Mano Brown, on the day that we do have an UBI sufficient to attend the basic needs of all members of their Family, that mother, this fellow, will be able to say 'No', now with the basic income, enough to meet the basic needs of all members of my Family I will be able to wait a little more, perhaps do a course in an institution, until one day I can find an opportunity more in accordance with my vocation, my will.' It is in this sense that the UBI will elevate the degree of freedom and dignity of all members of Society.

All Society will gain with the economic benefit once you amplify the consumption market, heating of the economy with a multiplier effect on the National Product, greater taxes collection, greater job opportunities and development for the people.

According to the research 'We and Inequality', produced by Oxfam together with the 'Datafolha' in 2022, 96% of the Brazilians believe that the country must guarantee the necessary resources for the income transfers. There is strong support, 56%, for the increase in taxes to finance social policies. The research also shows a massive support, 85%, for the increase on the taxes of the rich people to fund social areas.

The Federal Government has recently revealed that the fiscal incentives, in 2022, last year of the Jair Bolsonaro's Government, summed up to R\$ 581 billion, corresponding to 5,86% of the Gross National Product, the highest since 2016. This has happened although in his first day in office, Minister of the Economy Paulo Guedes, made severe criticism about those 'private pirates and corrupt bureaucrats' that collaborated for the creation of incentives.

In 2023, according to the projection of UNAFISCO (National Association of Fiscal Auditors of the Brazilian Federal Revenue), the national government will not collect R\$ 641 billion in taxes because of fiscal incentives. Those are relevant data if we think on how to move towards the Universalization and Unconditionality of the Citizen's Basic Income.

If we add the total of fiscal incentives of R\$ 641 billion with the total expenditure predicted for the Bolsa Família Program in the National Budget for 2023, of R\$ 175 billion, we will have a total of R\$ 816 billion. If we divide this sum by the present Brazilian population of 203 million (2022) we will reach a sum of R\$ 4,019 per capita. In a family of four people, this will sum up to R\$ 16,078 per year or about R\$ 1,339 per month per capita.

It is interesting to observe that today the majority of the fiscal incentives is destined to persons with greater wealth, while the social transfers are provided to the poorest. Therefore, the fiscal incentives may be considered income transfers to those who have greater wealth while the social programs such as the Continuous Benefit (Benefício de Prestação Continuada), the Unemployment Insurance, the Family Wage (an earned income benefit for the low wages workers) and the Bolsa Família Program attend those that are poorer.

When President Dilma Rousseff was visiting the World Commerce Organization in Geneve in 2016, already out of office, she was asked whether she had made a mistake in her government, by the journalists. She said: 'Yes. I thought that the entrepreneurs would have used the fiscal incentives to boost their investments, job opportunities, but they absorbed them in the form of profits.'

I consider quite important the contribution of Professors Rozane Bezerra de Siqueira and José Ricardo Bezerra Nogueira in their article 'A Universal Basic Income for Brazil: Fiscal and Distributional Effects of Alternative Schemes', published by the Journal of Contemporary Economics, where they analyze

that the Covid-19 pandemic outbreak has led to an increasing interest for the Universal Basic Income (UBI) proposals, as it exposed the inadequacy of traditional welfare systems to provide basic financial security to a large share of the population.

They use a static tax-benefit microsimulation model to analyze the fiscal and distributional effects of the hypothetical implementation in Brazil of alternative UBI schemes that partially replace the existing tax-transfer system. The results indicate that introducing a UBI/Flat Tax System in the country could be both extremely effective in reducing poverty and inequality and economically viable.

They say that in the past few years interest in the UBI has grown enormously across the world. In the last decade alone 91 books on UBI were published and several pilot programs around the world were implemented. The Covid 19 pandemic outbreak substantially increased the interest on UBI proposals to provide financial security to large segments of the labor market.

They observe that given the inequitable and fragmented nature of the Brazilian social protection system, a move to a UBI could be expected to improve welfare. Despite a high level of spending on social protection, Brazil is one of the most unequal countries in the world and extreme poverty is still widespread, particular among children. According to a study published by the Ministry of Finance (1917), in 2015 public cash transfers represented 23% of total household income, but the absolute amount paid to the richest 20% of the population was ten times as high as that paid to 20% poorest.

They argue that 'a UBI reform has the potential to deliver significantly equity improvements at a sustainable cost, since the government can offset a substantial proportion of UBI's gross cost by adjusting existing benefits' levels downwards'. They observe that UBI schemes have the advantages over the current tax-transfer system, which are related to their universal,

simple and transparent nature. There will be reduction of bureaucratic costs, minimization of opportunities for manipulation of the system by vested interests, as well as the promotion of a sense of citizenship and social cohesion.

Rozane Siqueira and José Ricardo Nogueira simulates three hypothetical UBI schemes: 1. Combines a uniform payment of a basic income to every individual in society with a flat rate income tax on all other incomes, from the first real. Such a system is usually referred as 'basic income/flat tax proposal'. In their simulations, existing (contributory and non-contributory) pension benefits are reduced by the amount of the basic income and all other cash benefits are totally replaced by the basic income. On the revenue side of the budget, the current personal income tax and employee social security contributions are abolished. The rate of the new income tax is calculated to ensure that the reform is 'budget neutral', in the sense that increases in net spending are matched by increases in (net) tax revenue, to not exacerbate the budget deficit. The UBI is set at the level off the poverty line suggested by the World Bank for upper-middle-income countries, which is US\$ 5.50 a day. This is equivalent to 51% of the Brazilian per capita median disposable income in 2017 (Reference year for the authors). In 2017, this poverty line corresponded to R\$ 406 per month, equivalent to 43% of the legal minimum wage, as well as of the basic pension paid by the Brazilian social security system in the same year.

In a second scheme simulated by the authors the level of the basic income varies according to the age of the recipient: a standard amount equal to the poverty line is paid to working age adults (18-64 years), half this amount is the basic income paid to children (under 18 years), and double the standard amount is paid to elderly people (65 and over). The third scheme considered differs from Scheme 2 in that the income tax has a lower marginal rate on incomes below a certain threshold. This lower rate is set at 20% and it is applied on income levels that are lower than twice the median per capita household gross income.

The simulations are performed using a static tax-benefit, Brazilian Household Microsimulation System (BRAHMS), specially built to incorporate key features of the Brazilian tax benefit system. A micro simulation model is a computational program that calculates tax paid, and transfers received by individual's households in a nationally representative sample of the population. It does so by applying the tax-benefit's legal rules on each individual and household in the micro data set, considering personal and household characteristics and their interaction among the many different policy instruments built into the tax-benefit system. As the model is static, the simulations only estimate first-round effects and do not consider behavioral responses.

The version of BRAHMS used by Siqueira and Nogueira is based on the household survey *Pesquisa Nacional por Amostra de Domicílios Contínua (PNADC-Continuous National Household Sample Survey) for 2017*. Since PNADC lacks information on taxes paid by households, these are simulated by applying the 2017 tax legislation to the data set. The same approach is used to simulate some monetary benefits which are significantly underreported in the survey.

The basic microsimulation outcome is the disposable income of each household under the existing tax-transfer system and under each UBI reform. Changes in disposable income at the household level determine the distributional effects of the reform and, on the aggregate, they explain the impact of fiscal variables.

Fiscal Effects

To what extent are the previously defined UBI schemes financially feasible? Table 1 shows in the first line the household initial income, that is, income before tax and government transfers. Then transfer and tax aggregates are presented, followed by household disposable income, defined as income after taxes and transfers. Table 1 also shows the income tax rates calculated as required to ensure that the reforms are budget neutral and the reduced rate in scheme 3.

Table 1 – Budgetary effects (billions of Reais/year)

Incomes, transfers, and taxes	Current system			
	(2017)	Scheme 1	Scheme 2	Scheme 3
Initial (market) income	2,571	2,571	2,571	2,571
Current transfers	804			
Pensions	717			
Others	87			
Current tax revenue	357			
Personal income tax	192			
Employee social security contribution	165			
Current disposable income	3,018			
UBI gross cost		1,009	969	969
Reduction in current transfers		251	335	335
UBI net cost		758	634	634
Tax revenue under UBI		1,115	991	991
Disposable income under UBI		3,018	3,018	3,018
Income tax rate under UBI (%)				
Flat/Standard		35.7	32.6	47.5
Reduced		-	-	20.0

Source: Authors' calculations using data from PNADC 2017 (IBGE, 2018) and BRAHMS model.

The total amount of transfers paid out by the Brazilian social security system in 2017 which are considered in this study was 804 billion reais. This corresponded to 12.2% of GDP and 26.6% of total household disposable income in that same year. Pension Benefits (contributory and non-contributory) accounted for 89.2 of these cash transfers. The other (no-pension) transfers are essentially comprised of the unemployment benefit, the Bolsa Família (Family Grant) conditional cash transfer, and in-work benefits (Family wage and wage bônus). Looking at the revenue aggregates, in 2017 the personal income tax and employment security contributions together amounted to R\$ 357 billion, equivalent to 5.4% of GDP and to 16.8% of total tax revenue in that same year.

The gross cost of the UBI is around R\$ 1 trillion (about 15% of GDP in 2017 in Scheme 1, and only slight lower (R\$ 969 billion) under Schemes 2 and 3. However, eliminating the current non-pension benefits and adjusting pensions downward offset nearly 25% of the gross cost of the UBI under

Scheme 1, and nearly 35% under schemes 2 and 3. Therefore, the estimated net cost of Scheme 1 is equivalent to 11.5% of GDP, and the net cost of Schemes 2 and 3 is equivalent to 9.6% of GDP. Note that totally removing the existing benefits would enable the government to offset about 80% of the UBI gross cost. As intensioned by the microsimulation model, the total disposable income after each UBI reform matches the current disposable income.

It is interesting to note that some authors (like Karl Widerquist) have pointed out that in assessing the affordability a universal basic income program, one must subtract from the net cost (as estimated in the study of Siqueira and Nogueira) the amount people pay to themselves (because the payments are practically simultaneous). By doing so, what remains, as the *true net cost* of the UBI, is the amount that is transferred from the group of the 'net contributors' to the program, to the group of 'net-beneficiaries'. Accordingly, the *true net cost* of Scheme 1 simulated by Siqueira e Nogueira is around 4% of GDP, and for Schemes 2 and 3 it is around 3.5% of GDP.

The flat tax rates that ensure the budget neutrality of Schemes 1 and 2 are respectively 35.7% and 32.6%. These rates are lower than the marginal tax rate on some higher income individuals under the 2017 tax system, which reaches 38.5%, with both the personal income tax and employment social security contribution. However, in scheme 3, in which we establish the rate of 20% on lower incomes, the marginal tax rate on higher incomes must be 47.5% for revenue neutrality.

Although total disposable income before and after each reform is equal, at the household level, the UBI reforms produce changes in disposable income that vary substantially across income groups, both in magnitude and direction. The resulting distributional effects are examined in the next section.

Distributional Effects

This section shows the changes that each UBI scheme would bring about in the distribution of income by looking at poverty and inequality summary

indicators and at the patterns of household gains and losses across income groups. Per capita household disposable incomes are used to derive these indicators. These distributional effects are crucial to assess the social desirability of the UBI reforms, and besides, they can shed light on political feasibility.

Poverty and Inequality Indicators

Table 2 shows the headcount indicator of poverty – estimated for the entire population and by age group – under the current (2017) tax-transfer system and after alternative UBI reform. Under the existing tax-transfer system and after each alternative UBI reform. Under the existing tax-transfer system the proportion of total population in poverty is 23.5%. However, poverty among children is much higher, at 39.7%, whereas the corresponding indicator for old age people is 3.2%. As mentioned in the introduction, this reflects the dual nature of the existing social protection system with quite generous regimes but relatively small transfers to low income families with children.

Under Scheme 1, by design, poverty is eliminated, since the (non-taxable) basic income paid to every individual is set at the level of the full value of the poverty line. Scheme 2, in which the level of the basic income varies according to the age group of the recipient (100% of the poverty line to working age adults, half this amount to children, and twice the poverty line to the elderly), reduces overall poverty by nearly two thirds, and child poverty by 55.7%, while old age poverty is virtually eliminated. The impact of Scheme 3 on poverty is similar to Scheme 2, but a little more pronounced given the reduced tax rate on lower incomes. Under this scheme the poverty rate among children would fall by 62.2%.

Table 2 – Effects on poverty and inequality

Inequality and poverty indices	Current system (2017)	Scheme 1	Scheme 2	Scheme 3
% of individuals in poverty				
Total population	23.5	0.0	8.0	6.8
% reduction	-	100.0	66.0	71.1
Children (< 18)	39.7	0.0	17.6	15.0
% reduction	-	100.0	55.7	62.2
Working age (18-64)	20.5	0.0	5.5	4.7
% reduction	-	100.0	73.2	77.1
Old age (\geq 65)	3.2	0.0	0.3	0.2
% reduction	-	100.0	90.1	93.7
Gini coefficient of inequality	0.506	0.377	0.408	0.373
% reduction	-	25.5	19.4	26.3

Source: Authors' calculations using data from PNADC 2017 (IBGE, 2018) and BRAHMS model.

Siqueira and Nogueira estimate the Gini coefficient of inequality before and after introducing each scheme. The last two lines of Table 2 show that any UBI scheme simulated would deliver a substantial reduction in inequality. Under Schemes 1 and Scheme 3 the Gini coefficient would fall by 25.5% and 26.3%, respectively. Scheme 2 is the less progressive, but the estimated reduction in inequality, 19.4% would still be pronounced. By reducing the Gini coefficient nearly 0.51 to around 0.37, reforms 1 and 2 would bring Brazil's inequality, in terms of the Gini coefficient, much closer to the OECD average of 0.31, and on par with the United Kingdom's 0.36 (OECD, 2017).

Distributional effects in terms of winners and losers

To inspect the distributional outcomes, we may define them in terms of gains and losses at the household level. Net gains occur when the UBI payment outweigh reductions in existing benefits and increased tax for a given household, and vice versa for net losses. For this exercise individuals are grouped in income deciles based on the distribution of per capita household disposable income under the current tax-transfer system.

Each table in this section shows, for a given simulated reform, the percentage of winners and losers with respect to the current (2017) scenario, current average per capita.

household disposable income, and average per capita gains and losses, by decile group. Note that average gains and losses are computed among losing and gaining households. This section also provides a graphical representation of the redistribution pattern associated which each reform,

where average gains and losses are presented as proportion of current household disposable income.

Table 3 shows the pattern of gains and losses associated with implementing Scheme 1. Introducing Scheme 1 would uplift the incomes of virtually everyone that (under the existing social protection system) is among the poorest 40% of the population and 90% of those in the fifth income decile. The proportion of losers overcome the proportion of winners only from the seventh highest decile and higher. Overall, 64% of the population improve their situation after the introduction of Scheme 1.

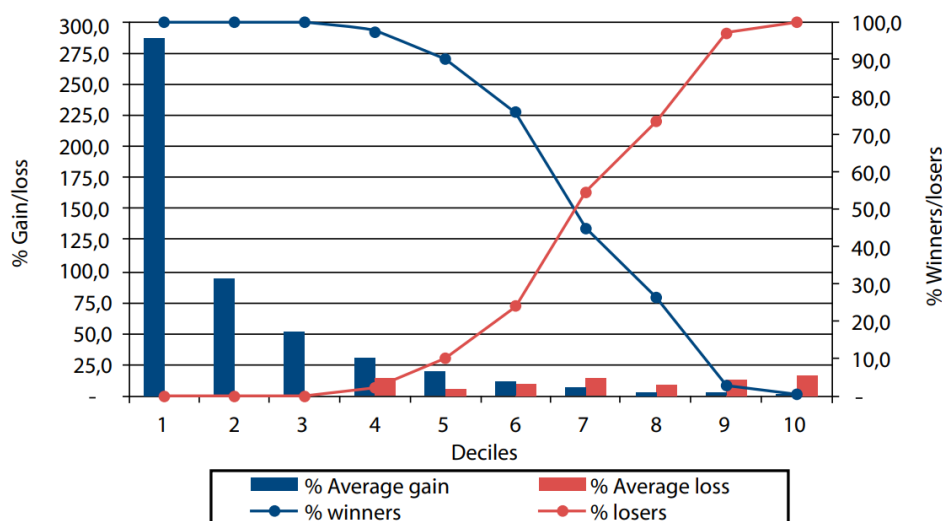
Figure 1 shows the magnitude of the gains and losses more easily. The average gain in the lowest decile is close to three times as high as the current average disposable income. For the next three deciles the average gain is also substantial, equivalent to 94%, 52% and 30% of current average disposable income, respectively. On the other hand, while almost all individuals in the top two deciles are net losers, the average losses are not so high, and are around 13% in the ninth decile and around 16% in the highest decile.

Table 3 – Percentage of winners and losers with respect to the 2017 situation, with average per capita household disposable income and average gain and loss – Scheme 1

Deciles	Winners	Baseline income	Gain	Losers	Baseline income	Loss
	%	R\$/month	R\$/month	%	R\$/month	R\$/month
1	100	119	341	0	-	-
2	100	291	273	0	-	-
3	100	430	222	0	-	-
4	98	564	168	2	558	79
5	90	716	134	10	715	41
6	76	892	99	24	921	93
7	45	1,077	65	55	1,059	149
8	27	1,307	39	73	1,381	129
9	3	1,793	45	97	1,933	255
10	1	3,260	48	99	4,776	788
All deciles	64	565	194	36	2,360	342

Source: Authors' calculations using data from PNADC 2017 (IBGE, 2018) and BRAHMS model.

Figure 1 – Percentage of winners and losers and percentage change in household disposable income, by income decile – Scheme 1



Source: Authors' calculations using data from PNADC 2017 (IBGE, 2018) and BRAHMS model.

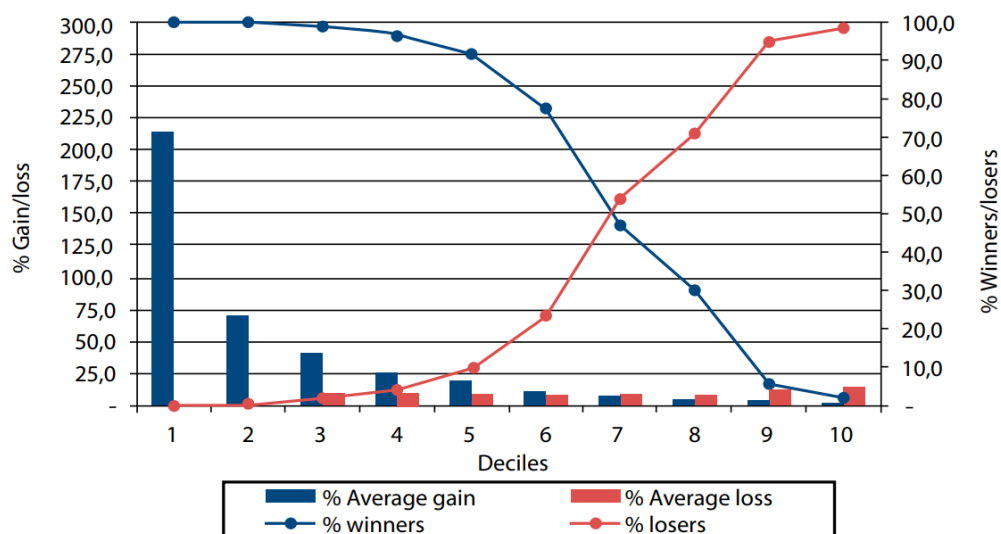
Table 4 and Figure 2 show the results associated with Scheme 2. Although the distribution of winners and losers among income groups is very similar to Scheme 1, gains and losses are smaller in average. Yet the gains for individuals at the bottom of the income distribution are still substantial. For the poorest 10%, average disposable income more than doubles, and in the second decile the average gain is equivalent to more than two thirds of the current disposable income. In the ninth and the highest deciles the average losses are even lower than in Scheme 1, respectively 11% and 13%.

Table 4 – Percentage of winners and losers with respect to the 2017 situation, with average per capita household disposable income and average gain and loss – Scheme 2

Deciles	Winners	Baseline income	Gain	Losers	Baseline income	Loss
	%	R\$/month	R\$/month	%	R\$/month	R\$/month
1	100	119	253	0	-	-
2	100	290	199	0	-	-
3	99	430	168	1	446	38
4	96	564	134	4	562	60
5	91	715	107	9	723	52
6	77	894	82	23	918	64
7	46	1,074	60	54	1,062	88
8	29	1,317	43	71	1,380	101
9	5	1,824	51	95	1,935	206
10	2	4,353	72	98	4,776	627
All deciles	65	584	147	35	2,363	269

Source: Authors' calculations using data from PNADC 2017 (IBGE, 2018) and BRAHMS model.

Figure 2 – Percentage of winners and losers and percentage change in household disposable income, by income decile – Scheme 2



Source: Authors' calculations using data from PNADC 2017 (IBGE, 2018) and a tax-benefit microsimulation model.

Table 5 and Figure 3 show that the net income of almost all individuals in the half bottom of the income distribution would considerably increase with the implementation of Scheme 3. The percentage of losers is above the percentage of winners only in the top two deciles. Overall, 72% of the population would benefit from Scheme 3, compared with 64% and 65% in Schemes 1 and 2, respectively. At the same time, the magnitude of gains and losses would be roughly the same as in Schemes 1 and 2. On the other

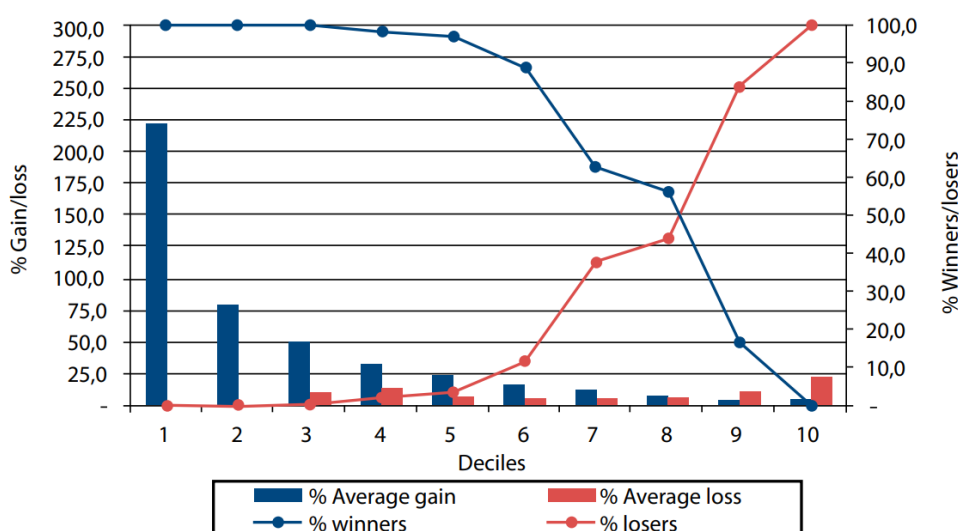
hand, the average loss to individuals in the highest decile would increase to the equivalent of nearly 23% of the current disposable income.

Table 5 – Percentage of winners and losers with respect to the 2017 situation, with average per capita household disposable income and average gain and loss – Scheme 3

Deciles	Winners	Baseline income	Gain	Losers	Baseline income	Loss
	%	R\$/month	R\$/month	%	R\$/month	R\$/month
1	100	119	263	0	-	-
2	100	290	229	0	-	-
3	99	430	212	1	442	48
4	98	565	186	2	548	76
5	96	715	168	4	727	55
6	88	895	147	12	929	58
7	63	1,077	124	37	1,051	66
8	56	1,338	105	44	1.392	92
9	16	1,769	72	84	1,960	209
10	0	2,493	123	100	4,769	1,075
All deciles	72	639	185	28	2,669	468

Source: Authors' calculations using data from PNADC 2017 (IBGE, 2018) and BRAHMS model.

Figure 3 – Percentage of winners and losers and percentage change in household disposable income, by income decile – Scheme 3



Source: Authors' calculations using data from PNADC 2017 (IBGE, 2018) and a tax-benefit microsimulation model.

Results of the UBI static simulation model that combines a UBI with a simplified tax structure:

A UBI can be an extremely effective strategy to reduce poverty and inequality in Brazil. Most people would have their incomes raised by the introduction of any of the simulated reforms, with substantial gains concentrated at the bottom of the income distribution, whereas losses would be relatively small in average and concentrated in the top income groups. These findings indicate that the introduction of a Basic Income in Brazil can be welfare improving and economically viable.

Summary of a Long Journey

Since my childhood and my adolescence, mostly because of Christian examples and values of my parents, Paulo Cochrane Suplicy and Filomena Matarazzo Suplicy, being the eighth of 11 brothers and sisters, I became more and more interested in studying if there were a solution for Brazil to become a much better and civilized society. If we really want to build a just and civilized society, we need to take into account values that are not only to look for our personal progress, but to look for what is happening beyond the walls of our house. To take into account the values that were so well expressed by Martin Luther King Jr in his beautiful speech, 'I have a dream' (28/08/1963) : 'I have a Dream that one day, in the red hills of Georgia, the sons of-ex-slaves and the sons of the ex-owners of slaves will be capable to sit together in the Table of Fraternity.'

If we want to build a Just Society, we need to put into practice the instruments of economic policy that will raise the level of justice such as the abolition of slavery, the provision of very good quality of education to all boys and girls, to all adolescents, to all adults including those who had no opportunities when they were children; to provide a good quality of health assistance in the urban areas and the rural areas; to expand the opportunities of micro credit to all those who have no capital but have capacity to lend a small sum to buy an instrument of work to have a better chance of survival and be able to pay that loan in 12 or 24 months; to stimulate forms of solidarity economy or cooperatives; and of course if we may institute the Universal and Unconditional Citizen's Basic Income.

If we raise the level of justice in each Society, we will have peace in each country and between countries as Pope Francisco has been recommending.

Since when has the Citizen's Basic Income been proposed? It accompanies the history of mankind. 520 years before Christ, Master Confucius said in his 'Book of Explanations and Answers' that 'Uncertainty is even worse than poverty. And can anyone go out from his home except through the door'. It is a common sense idea.

Three hundred years before Christ, in 'Politics', Aristotle tells us that politics is the Science of how to reach the common good. For this, we need to attain Political Justice that must be preceded by Distributive Justice that makes people that are so unequal more equal; If we go to the Old Testament, in the Holy Bible, what is the word more cited, 513 times? It is 'Tzedaka' that in Greek means Political Justice, which was the main objective of the Jews as well as of the Palestinians. If we go the New Testament, in the 'Acts of the Apostles', they decided to sell all their belongings, and to live together, so as to provide to each one in accordance with their needs. In the parables of Jesus such as in the Vineyard Lord, he mentions that the vineyard lord decided to hire several workers along the journey: in the first hour, the second and so on. With each one he had made an agreement about the payment. At the end of the day he started to pay first the last one that had arrived. When he finished to pay all of them, the first one that had arrived asked him: 'How come you are paying to me the same as the last one that came here if I worked more than he has?' Don't you see that I am paying to you the same amount that we had agreed on, and that the last one that was hired also needs to receive the necessary for the survival of his family?' In the Second Epistle of Saint Paul, the Apostle, to the Corinthians he says that all of us should follow the example of Jesus that, being so powerful, decided to be solidary and to live among the poor, because, as it is written, in order to have justice, to have equality, everyone who had a very big harvest, should not have so much, and everyone who had a very small harvest, should not have so little.

If we look at the followers of Islamism, of Mohammad, in the second Book of the Hadis, Omar says: 'Every person that has a very big wealth should reserve a part of it to those who have little or nothing.' If we look at the lessons of Buddhism, Dalai Lama in 'Ethics for a New Millenium' says 'If we accept the very luxurious life of the very rich, we should first guarantee the survival of all human beings'.

In the first book of 'Utopia', Thomas More describes how a Cardinal was commenting with some friends that the Death Penalty, introduced in England, in the beginning of the XVI Century, had not provoked a diminishing of criminality: assaults, robberies and murders. Then the Portuguese traveler Rafael Hitlodeu observes: 'much more efficient than having no other alternative, except for a man first to become a thief, then to be transformed into a corpse, it is to guaranteed the survival of this person.' Based on this observation, a friend of Thomas More, Jean Louis Vives wrote an essay, 'De Subventionem pauperum sive de humanis necessitatibus' to the Mayor of Bruges where, for the first time in history, recommends a guaranteed income to the inhabitants of Bruges. That is why Thomas More is considered one of the first proponents of the Basic Income.

Another important author was Thomas Paine whose essays were very influential for the American Independence and the French Revolution. In 1795 he wrote 'Agrarian Justice' where he says that poverty is something that happens because of civilization and private property. In America, where he had been before the Independence he did not see so much poverty and destitution such as in Europe at that time, because in America property was common among the Indians. But he considered that if someone cultivates the land in his property, he should have the right to receive an income from his work in his land. But he should put a part of his income in a Fund that would provide a basic capital and a basic income to everyone living in that nation sufficient to attend his basic needs.

After Karl Marx and Friedrich Engels published the Communist Manifesto, in 1848, and Marx published the volumes of 'Das Capital', in 1875, Marx published the 'Critique to the Gotha Program' in which he says that in a mature society people will live in such a manner that we may describe as 'From each according to his capacity, to each according to his needs', 12 words in English that John Kenneth Galbraith in 'The Age of Uncertainty' mentions that they had a more revolutionary effect than the volumes of 'Das Capital'.

If we advance to the XX Century, we may meet the contribution of Bertrand Russell. In 'Roads to Freedom', after a reflection on the movements of Anarchism, Socialism and Syndicalism he proposes: 'The plan we are advocating amounts essentially to this: 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'.

After finishing my bachelor's degree at the School of Business Administration of São Paulo, at the Fundação Getúlio Vargas and working for more of a year with my father at the Escritório Suplicy, I decided to enter into a concourse to be a Professor of Economics in that same school, in February 1966. Being well succeeded, I had the opportunity to study Economics at Michigan State University (1966-68), taught for two years at EAESP-FGV, and returned to MSU to complete the PH.D. in Economics (1971-1973) with a period at Stanford University (1971-72), including teaching a course about the Brazilian Economy. In my return to Brazil, I combined activities of teaching Economics and writing articles about Economic Policies. On October 1976, friends of mine said that I should consider to be a people's representative. Then I started a political career as a State Deputy, Federal Deputy, Citycouncil, Senator for 24 years, Citizen's Council and again State Deputy. More and more, as a professor and as a representative, I dedicated my work to build 'A Civilized and Just Society', such as proposed by Paul and Greg Davidson in their book: 'Economics for a Civilized Society (1988).

During the years that I have study in the United States I came across to the concept of a minimum income through a negative income tax argued by a large spectrum of economists such as Robert Theobald, Milton Friedman, James Tobin, John Kenneth Galbraith, Robert J. Lampman. Also I have studied the contributions of John Maynard Keynes, Joan Robinson and James Edward Meade, members of the Cambridge Circle in England. More than one thousand economists, in 1968, signed a petition calling for the US Congress to adopt 'a system of income guarantees and supplements. 'In that same year, in his book, 'Where do we go from here?' Martin Luther King Jr. wrote '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’.

When I was elected a Senator, in 1990, I had dialogues with many economists, members of the party, including President Lula, other members of the parliament whether they considered a good initiative to present a project to create a guaranteed income through a negative income tax. Stimulated by all, in April 1991 I presented PL 80/1991 with that purpose. The Project had a positive approval by the rapporteur Senator Maurício Corrêa (PDT). He suggested that it would be instituted gradually starting with those with 60 years or more in the first year, 55 in the second year, until all with 25 years or more would have the right to receive 50% (the Executive could diminish to 30%) of the difference between CR\$ 45,000 and the level of income of the person. The Project was approved on December 16, 1991, almost by unanimity, with only four abstentions. It went to the Chamber of Deputies where it had an enthusiastic positive report by Deputy Germano Rigotto (PMDB). It so happened that Walter Barelli, Coordinator of the Parallel government of President Lula, that had lost the election to Fernando Collor de Mello in 1989, called for a meeting of economists with affinity with the PT, in Belo Horizonte, in August 1991. In this seminar, when I and Professor Antonio Maria da Silveira, who helped me in designing the Project, explained the proposal, Professor José Márcio Camargo, until today a Professor at the Catholic University of Rio de Janeiro, explained to us: Eduardo, it is a good idea to provide a guaranteed income to poor families but as long they send their children to school. Because one of the main problems in Brazil today is the large number of families that do not have enough money to feed their children and decide to ask their children with 7,8,9,10 years of age to work very early in life. When they become adults, they don't have enough formation to get a job that will guarantee them a good remuneration. If we provide them with a guaranteed income as long their children are going to school, we will contribute to cut one of the main links of the poverty vicious circle. He wrote about that proposal at 'Folha de S. Paulo' in 1991 and in 1993. In 1995, Both Governor Cristovam Buarque (PT) of the Federal District, and Mayor José Roberto Magalhães Teixeira (PSDB) of Campinas started Minimum Income Programs as long as the children were going to school. Several

municipalities followed the example. In the National Congress six new projects along these lines were presented.

In 1994 Professor Philippe Van Parijs came to the Universities of São Paulo and Rio de Janeiro to speak about the UBI. When he had the news that my Project about the Guaranteed income had been approved by the Senate, he invited me to participate in the Fifth International Congress in London, where I met Guy Standing, Clauss Offe, Bridge Meade, the daughter of James Edward Meade, Walter Van Trier. and many other members of BIEN for the first time. In 1996, Van Parijs came again to Brazil. I asked President Fernando Henrique Cardoso to receive him and so he did, together with the Minister of Education, Paulo Renato Souza. In this audience Professor Van Parijs explained to the President that the main objective was to reach the Universal and Unconditional Basic Income. But to start the minimum income program relating it to education would mean a positive step. President Henrique Cardoso gave the green light for the National Congress to approve the law according to which the Union would finance the municipalities that would start programs in that direction with my approval and all Congresses.

The law relating the minimum income to education was so called Bolsa Escola (or scholarship grant). A little bit later, President Fernando Henrique started the Nutrition Grant, Bolsa Alimentação, that provided a minimum income to poor families as long their children up to six years of age would be vaccinated according to the calendar of the Ministry of Health. Also, President Fernando Henrique instituted the gas-help for poor families to buy gas. In 2003, President Lula started the Zero-Hunger program, a food-card program providing R\$ 50 per month to poor families that could only be spent on food. However, taking into account the recommendations of his team, in October 2003, President Lula decided to unify and rationalize those four programs into the Bolsa Família Program. Already in December 2003, 3.5 million families were enrolled in the program. By 2014-15 around 14.2 families were benefited by the Program.

More and more interacting with the economists and philosophers of BIEN I became persuaded that even better than a guaranteed income related to education and health opportunities would be an Unconditional Basic Income. Therefore, in December 2001, as a Senator, I presented a new

Project of Law to institute a Universal and Unconditional Citizen's Basic Income that originally would start in 2005. Senator Francelino Pereira (PFL) was the rapporteur. He had a nice conversation with me: 'Eduardo. I am 81 years of age. I will not be a candidate anymore. But I want to study seriously your proposal'. Then I gave him my book 'The Citizen's Income. The Exit is Through the Door', that was in the first edition (2002). He read and said to me: 'It is a good proposal, but you must make it compatible with the Law of Fiscal Responsibility that says that for each expense you need the necessary revenues. How about accepting a paragraph that says that 'the Basic Income will be instituted step by step, under the Executive criteria, taking into account first those most in need', therefore such as the Bolsa Família program was doing. I reminded of the lessons of James Edward Meade in Agathotopia (1989,1992 and 1995) where he explains that the important thing is to advance step by step towards your objective. Because if you want to reach all your objectives at once, you will have all the political instabilities that he had assisted during the XX Century, The 1st and 2nd World Wars, the Communist Revolutions, the Coup D'état's in many nations and so on. I accepted. Thanks to that, the projects was approved almost without objection in the Senate, December 2002, in the Chamber of Deputies, in November 2003, and it was sanctioned by President Lula on January 8, 2004.

Nineteen years have passed, but the Law 10.835/2004 has not yet been put into practice. During President Dilma Rousseff years (2011-2016), I have suggested that she could establish a Group of Work to study the steps towards the implementation of the Basic Income, in the way proposed by Professor Paul Singer (1932-2018). But she was removed from government before she was able to establish that group. During the Presidency of Michel Temer (2016-2018) and Jair Bolsonaro (2019-2022), both of them have not shown an interest in moving towards the objective of the Citizen's Basic Income. But President Luiz Inácio Lula da Silva was elected in October 2022 with 60.3 million votes (50.90%) against 58.2 million votes (49.2%) for Jair Bolsonaro, in the second turn. Fortunately, as you may observe in my conversation with President Lula on June 21st, 2021 (here attached), on my 80th Birthday, he is ready to put the Basic Income into practice.

But it is not so easy to attain this objective. It is important that we study all the alternatives and experiences that are happening in the world. The most

successful that I have visited 1n 1995 happens in the State of Alaska thanks to the initiative of Governor Jay Hammond in the seventies. 25% of the royalties coming out from the exploitation of oil reserves at the Prudhoe Bay have been invested in the Alaska Permanent Fund that evolved from one billion dollars in the early eighties to more than 78 billion dollars today. Since 1982 each citizen living in Alaska for a year or more, today more than 700,000 inhabitants, has been receiving an annual income that has grown from around 300 dollars to US\$ 3,284 in 2022. Alaska evolved from the most unequal of the 50 American States to become the most equal of the 50 American States. It is considered political suicide for any political leader in Alaska to propose the end of this system.

In Macao, since 2008, all permanent residents leaving there for six years or more are receiving a 'Wealth Partaking Scheme' as the right to participate in the wealth of casinos, hotels, restaurants and so on. It started with an amount of 4.000 patacas and reached 10.000 patacas in 2015. I have been in Macao on 2016 where I could listen to several inhabitants that were in favor of that measure.

In January 2019, with Mônica Dallari, we visited Nairobi and the experience of a modest basic income paid to all adults in the poor rural villages of Kenya that was organized by the initiative of 'Give Directly', a non-government organization that was founded by 4 students that had graduated from Harvard University and MIT with purpose of initiatives to eradicate poverty. They got a prize of US\$ 2,5 million from Google, US\$ 25 million from companies of the Silicon Valley, some more voluntary donations. After joining US\$ 30 million they started an experience in 124 rural villages. All adults of 18 years or more started to receive through cell phones 22 dollars per month. In our conversation with the families, we asked whether they were working more or less after the receiving the basic income: 'Much more', in general was the answer. What was the first priority: 'the education of our children'. Among several consequences they said domestic violence against women had diminished 51%, and sexual violence, 66%.

The UBI experiences are increasing in many countries of the world, including, Finland, Spain, England, Canada, USA, Namibia, India, Germany and others.

In Brazil, an important initiative is happening in the city of Maricá, in the State of Rio de Janeiro. In December 2015, I gave a lecture about human rights and the Basic Income, in São Paulo. When I finished, the Mayor Washington Quaquá (PT) that was there, said: 'I want to apply it in Maricá,' gradually. In January, 2016, all families that were receiving the Bolsa Família started to receive 10 mumbucas or reais more per month. In January 2017, they started to receive 20 mumbucas more. In December 2019, all persons pertaining to families that received up to three minimum wages per month, a total of 42,500 people, or almost ¼ of the population started to receive 130 mumbucas per month, and more recently 200 mumbucas per month. The present Mayor Fabiano Horta plans to pay to about 80,000 people by the end of 2023, and by the end of 2024 all residents in Maricá for three years or more, almost 200 thousand, will be receiving the Basic Income of 200 mumbucas or reais. Maricá has an advantage because in front of it there is a base of Petrobrás that produces oil whose royalties are providing the possibility of several initiatives such as free bus transportation, a very good improvement in schools and in hospitals – the city has inaugurated a new Hospital Dr. Ernesto Che Guevara, and several others. The Jain Family Institute that is studying the effects of the Basic Income in Stockton, California, and in 100 cities in the USA, is studying in a comparative way the benefits of the Basic Income in Maricá and in Stockton, in cooperation with the Universidade Federal Fluminense.

Those are some of the stories that I tell in my lectures in so many universities, schools, associations, labor unions etc. explaining the advantages of the Basic Income. There has been a greater acceptance all over Brazil. I hope that in brief the Universal Basic Income will be put into practice.

This is the third time that I am visiting South Korea. Once more I want to make a proposal that I had already expressed in previous visits. South and North Korea would give an extraordinary example to the World if you here agree in establishing a Universal Basic Income to all inhabitants of Both South a North Korea, for 52 million and 26 million, a total of 78 million inhabitants. Certainly Pope Francis, who argued so well in favor of the Universal Basic Income in his last book "Let Us Dream Together", will be very happy.