

Conditional Cash Transfers and the Basic Income Grant in Brazil: Will They Ever Merge?

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Since the late 1990s, conditional cash transfers (CCTs) have been broadly disseminated as one of the best practices in social protection. Brazil has been a pioneer in this area and today has one of the largest CCTs in the world, covering 26 per cent of the population. Created by the government at the end of 2003, *Bolsa Família* stemmed from a reform of previous programmes that had been in place since the beginning of 2000. The debate about income security and cash transfers in Brazil, however, started much earlier.

In 1991, Senator Eduardo Suplicy of the Worker's Party put forward a bill to create a negative income tax, in the form of a supplementary income for every person over 25 years of age whose gross monthly income fell below a certain threshold. Although the bill was unanimously approved by the Senate, the Chamber of Deputies never voted on it. Still, the idea made its way through academic and political circles, where the proposal to combine a minimum income with education-related conditionalities arose as a means of tying a short-term offset policy (the income transfer per se) with long-term structural objectives (breaking the vicious cycle of intergenerational poverty by increasing the human capital of future generations).

After successful local CCT experiences in the mid 1990s, the issue gained momentum in Congress and several other bills were presented to introduce cash transfers nationally, always linked to educational conditionalities. In 1997, under President Cardoso, the federal government started to co-fund the local initiatives. That arrangement was reformulated in 2001 and led to *Bolsa Escola*, the biggest CCT among *Bolsa Família*'s predecessors.

In parallel, the congressional debate moved towards the possibility of instituting a basic citizenship income, an idea introduced by another bill that Senator Suplicy presented in 2001 and that evolved from the initial proposal on a negative income tax. The new proposal outlined the citizenship income as a universal and unconditional right.

In January 2004, the law creating *Bolsa Família* and the law instituting the citizen's income were enacted almost simultaneously by President Lula. Under the basic income law, all Brazilian citizens and foreigners living in the country for at least five years, regardless of their socioeconomic status, have the right to an annual cash benefit whose amount must be the same for everyone and must be enough to meet minimum individual expenditures on food, education and healthcare. Despite its universal scope, basic income was to be implemented gradually, starting in 2005 at the discretion of the executive branch. But priority should be given to the neediest, and the benefit amount should take account of Brazil's stage of development and its budgetary capacity.

Can *Bolsa Família* be regarded as the first step towards a citizen's income in Brazil? Its legislation and regulations do not refer directly

to the basic income law. Moreover, a comparison of *Bolsa Família*'s main features and the proposal for a basic citizenship income reveals significant differences as regards scope (targeted versus universal), target group (families versus individuals), and co-responsibilities (conditional versus unconditional).

The relationship between the two initiatives does not seem to be accepted by public opinion and many stakeholders. In its early years, when *Bolsa Família* tended to move closer to a basic-income approach, the programme faced a widespread crisis of legitimacy and was subject to intense media scrutiny regarding its lack of control in targeting mechanisms and conditionality monitoring. Later, the management of *Bolsa Família* was thoroughly reformed in a way that improved many aspects of its implementation and brought it closer to a human-development perspective, along the lines of a typical CCT.

Even in Congress, where both *Bolsa Família* and the citizen's income passed almost simultaneously, the link between the two does not enjoy consensus. Since 2004, some 34 bills on *Bolsa Família* have been sponsored by parliamentarians, but none of them makes any reference to basic income. In fact, the bills centre on the main criticisms of the programme, which relate to: (i) the amount of the transfers and the updating of the poverty lines used to target its intended beneficiaries; (ii) the introduction of additional conditionalities; (iii) the creation of work incentives and opportunities for beneficiaries; (iv) the expansion of coverage through categorical targeting of needy subsets of the population; (v) strengthening social oversight, transparency and political shielding; and (vi) coordinating *Bolsa Família* with other social policies.

The bills presented, both in the Senate and the Chamber of Deputies, have quite diverse origins: 30 parliamentarians from 12 political parties and 16 different states sponsored them, including politicians from the governing party and its coalition, as well as the opposition. This illustrates how cash transfer programmes—in their broadest sense—seem to pervade the programmatic agendas of different positions across the ideological spectrum. Nevertheless, as the contrasts between *Bolsa Família* and the basic citizenship income suggest, there might be real significant and symbolic differences underlying the discourses and worldviews that inform these proposals.

In general, *Bolsa Família* and the basic income appear to be two different models that coexist in Brazil's legal framework, without any effective transitional mechanisms to ensure the actual implementation of the latter.

Reference:

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