

High time for solidarity

Celia Kerstenetzky
(Professor at Federal University of Rio de Janeiro
and Visiting Fellow, EUI-SPS)

Fabio Waltenberg
(Associate Professor at Fluminense Federal University
and Visiting Fellow, UFRJ-CBAE)

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Income for families, healthcare, job protection and connectivity

The health crisis requires an immediate response. The Brazilian Chamber of Deputies, the Senate and the Executive branch have just approved a set of measures, focused on sustaining the income of the most vulnerable groups of Brazilians: families with per capita income equal to or less than half the minimum wage - implicitly recognizing that this is the national poverty line. This is the so-called Emergency Basic Income, a monthly benefit of R\$600 (around 114 US dollars) per adult, granted to up to two adults per household, which is expected to last initially for three months, but can be extended for an equal period if necessary.

Timely and fair, the project needs, however, to be amended in certain ways. First, it is necessary to rectify the condition of eligibility for two benefits (for single mothers) so as not to exclude households whose only parent is not a woman. Although a minority, these households also need to be assisted if the concern is to protect vulnerable children. Second, it is necessary to allow Bolsa Família beneficiaries to also receive the full amount of the Emergency Basic Income. This is because Bolsa Família is, in most cases, a benefit only complementary to household income, which will be reduced or even entirely eliminated due to the cessation of the occupational activity of household workers. Finally, ignoring low-paid, formal employees, is a shortcoming. For high-risk situations like these, Emergency Basic Income is essential.

Although it correctly includes potential individual microentrepreneurs (MEIs) and voluntary Social Security contributors, the project fails in that it restricts the granting of the benefit to families with an annual taxable income below R\$28,560 in 2018. At the peak of the current economic crisis, MEIs and self-employed individuals that were not poor in 2018 or even a few weeks ago are very likely to be in a vulnerable situation right now and should be assisted. A system of self-declaration of current income from MEIs and self-employed individuals, subject to verification after the crisis, is a more promising path.

Income is just one edge of the emergency geometry to be erected. It is essential to immediately expand resources available to the National Health System (SUS), already operating above its capacity. As these lines are written, reports pile up on exhausting hospital equipment and alarming shortages of health personnel. It is necessary to review the boundaries of the public and the private in the provision of health care, in the forecast of increasing demand from the swollen pockets of urban poverty, where Covid-19 has not yet

manifested itself decisively. More resources and regulatory reviews are necessary and urgent measures.

Another edge is employment. It is necessary to preserve jobs; these not only guarantee income to workers, but also represent the country's productive capacity. We do not want to emerge from the health crisis with millions of unemployed workers to join the already numerous army of involuntary unemployed people, which already exceed 12 million Brazilians. Preserving the country's productive capacity and the value of jobs for Brazilians is essential. It is, therefore, necessary that the government not only suspends taxes and fees, but also provides credit to companies, either directly, via the National Development Bank (BNDES), or as guarantor of loans granted by banks, and still guarantees the wages of workers who have their contracts suspended or reduced. Unemployment insurance and sickness benefits are social buffers in use in several countries. Fortunately our Federal Constitution of 1988 guarantees them too. But as they are of low value, short duration and rigid eligibility conditions, it is essential that wages are supplemented by government transfers. The British government has pledged to ensure the payment of 80% of wages up to £2,500 (more than the median wage).

It is also necessary, as an emergency measure, to guarantee universal access to the internet. In times of remote work and education, it is not acceptable to condemn a significant part of Brazilians to digital exclusion, precisely the worse-off, who, like the others, will be in isolation at home, but without any other possibility of socialization. An immediate side effect of the digital divide of the underprivileged is already underway in education. Elite private schools are offering instruction over the Internet, either through documents or through classes by videoconference. Private and public schools that serve students from less affluent families will find it difficult to do the same, among other reasons because students will not have access to a good quality internet connection - or to any internet connection at all. Even during quarantine, the well-known Brazilian educational inequalities will continue to widen if there are no emergency measures for universal access to the internet.

A large number of countries are already adopting similar measures in the fields of health, income and work. Planned stimuli in the USA, France, Germany, Italy, Spain, and Australia vary between 11% and 37% of GDP. Brazil Minister of Economy announced a "meager" fiscal stimulus (cf. José Roberto Afonso, a Brazilian economist who co-authored the so-called Fiscal Responsibility Law), demonstrating a complete detachment from reality: there is a frightening pandemic, health systems are on the verge of collapse, people are falling ill and losing lives at an accelerated pace, others are losing their jobs, people are at risk of being left without any income and, in quarantine, without access to the socialization tools provided by the internet. In short, it is time for the State and for social solidarity. The State, through its current leaders, has a moral obligation to organize the social rescue of Brazilians.

Crisis and opportunity

In a speech a few days ago the Italian Prime Minister called on Italians to view the crisis not only as the difficult ordeal it is, but also as an opportunity to rewrite the country's fate. We accept Giuseppe Conte's invitation here. However, this rewriting requires an assessment of the past. There is certainly not enough preparation for a crisis like this. But the prolonged

experiment of austerity that has hit Brazil since 2014 has weakened our ability to confront adversity in any way. The dogmatic fiscalism and the wild laissez-faire ideology that have been guiding economic and social policies lately were responsible for self-inflicted risks, real self-provoked “shocks”. These were adventures that resulted in frightening social and economic divestments, bankruptcy in public health, weakening of the educational system, dehydration of the social protection network, and a shabby job market, inhabited by a gigantic “precariate”, which we now barely know how to protect, so many are the forms they assume.

Without a welfare state there is no nation; the unequal struggle for survival and the law of the strongest prevail. Now is therefore the time to recover the trajectory started with the reinstatement of the democratic rule of law after two decades of military dictatorship in 1985 and the Federal Constitution of 1988. It is time to strengthen the National Health System (SUS) as a universal right of access to the provision of quality health care, to seek to guarantee the right to a dignified life, a right protected by several prescriptions of the Constitution, among them the right to have basic needs met through a social salary, to re-regulate the labor market and thereby guarantee the right to a safe and rewarding job. It is also the time to rethink comprehensive social investment strategies to generate an economy with a high level of quality employment. This will take vision, seriousness and competence. We do not want to emerge from the crisis only to return to the situation of (ab)normality in 2019: a stagnant economy, alarming unemployment, and the country in liquidation.

Both for the short-term and for the long-term measures, the problem of public financing needs to be addressed. The so-called New Tax Regime - strict rules limiting public spending expansion set up during the Temer administration 2016-2018 - has been temporarily suspended, given the emergency situation, so there is now some fiscal space. In addition, two avenues are opened to finance the deficit: public debt and taxation. For the public debt path, we can be inspired by the debate that is taking place in Europe about the possible issuing of “coronabonds” by the European Central Bank. The option for debt brings with it the promise of new future inequalities: the future pays and regressively, given the structure of our taxation, strongly based on regressive taxes. As suggested by Manoel Pires, an expert on public finance in Brazil, one can combine debt with progressive taxes that redeem it over time, such as income tax.

On the tax side, history reports the introduction of progressive taxes during and after wars or depressions, with arguments as simple as acknowledging that the wealthiest are those who hold money, or more sophisticated ones such as the socialization of sacrifices or solidarity that calamitous situations impose. A wealth tax, as suggested by Congressman Assis Carvalho in a bill under consideration in the Chamber of Deputies, would be more than opportune, and would have the advantage of already being included in our Constitution, thus requiring only regulatory changes. Large corporations that are profiting from the crisis (such as telecommunications or gig economy companies) may be required to provide offsets in the war effort against Covid-19. These companies can immediately assist municipal and state education departments to provide the necessary infrastructure for free distance-learning tools during the period in which schools will be closed.

In the face of the pandemic, it is evident that we are all exposed to Covid-19: western and eastern, rich and poor, users of private and public health services. My neighbor's health depends on my good health, and vice-versa. The effective containment strategy cannot follow an individualistic logic; it must be collective, population-based. Likewise there is no social group immune to the immense economic crisis that is coming like a tsunami. The maintenance of one's income and employment is what guarantees income and employment for another. There is no viable individual strategy. To fight the current crisis, we must revive all the mechanisms of institutionalized social solidarity available, and create new ones. And we must keep them alive permanently, so that we are better prepared for normal times, and for the next crises, which are sure to come.