

# The Citizen City Job Guarantee Program for Brazil



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Employment Guarantee Policies  
UNDP-Levy Conference  
June 22-23, 2009



# The Brazilian Problem

- Extremely high unemployment rates made worse by the current crisis:
  - 9% officially unemployed (almost 30 % if we consider underemployed and discouraged) and rising
  - Problem is especially grave for the young and unskilled people of poor urban communities (the Brazilian “favelas”)



# The tragedy of the “favelas”



Violence and criminality, inhumane living conditions, extreme poverty are much worse in the poor communities of urban areas.



# What is the government doing?

- Land reform and support to small agricultural producers has helped reduce the poverty in rural areas of Brazil;
- The *Bolsa Familia* (a comprehensive basic income guarantee) program has become the most popular program of Lula's government;
- The Plan for Accelerated Economic Growth (PAC) has been implemented with significant spending to reduce the infrastructure and housing deficit in Brazil and to stimulate the economy.



# What is missing...

We desperately need a program to reduce unemployment of unskilled (mainly young) people from the poor urban communities of Brazil that is also aimed at improving their living conditions.



# The proposed *Citizen City* Program

- Everyone willing and able to work will be able to seek remunerated work in projects aimed at improving the living conditions of poor communities of the main metropolitan areas in Brazil.
- Participants will be paid the official minimum wage.
- Participation in the program will be limited to 7 months during the year.
- Activities performed by participants will include building of necessary infrastructure, building of houses, and performance of necessary services (daycare centers, illness prevention...) .



# Can we do it?

- **Absolutely!!!**
- Even if we did not know that Federal governments with their own sovereign currencies can never be fiscally constrained, the program is relatively very cheap as a share of GDP!
- The program is **fiscally responsible** (even according to “sound “ finance) causing the fiscal deficit to increase to less than 3.5% of GDP at the peak.



# The Cost of the Program

- If every officially unemployed person in the urban areas and half of the discouraged and underemployed decide to participate:

Number of participants: 5,890,000

Cost per participant (in BRL): 3,255.00

Total wage cost of the Program: 19,171,950,000

Other costs (administration + material): 10,323,357,692

Cost of the program as % of GDP: 1.0

numbers based on IBGE and DIEESE data



# The Cost of the Program (cont.)

- If every truly unemployed person in the urban areas (discouraged and underemployed fully included) decide to participate:

Number of participants: 8,990,000

Cost per participant (in BRL): 3,255.00

Total wage cost of the Program: 29,262,450,000

Other costs (administration + material): 15,756,703,846

Cost of the program as % of GDP: 1.5

numbers based on IBGE and DIEESE data