

Universal basic income: definition, origins, examples and repercussions

[Economics](#)



Universal basic income is generally recognised to be one of the most progressive policies that a government could implement. However, there continues to be several questions whose answers are not widely known which impede the way for similar policies to move forward. This presentation will explore ideas such as what universal basic income actually is (a question which is surprisingly hard to find a precise answer for), the origins of the basic income, other jurisdictions that have passed some form of basic income and the repercussions of its implementation, as well as Canada's own efforts to establish similar programs. We will also be touching briefly touching on some other topics such as where we get the funds to pay for such an enormous program.

There are a couple different interpretations and takes on what a universal basic income is. The most widely known definition of UBI is a payment that is unconditional (meaning it would be paid to everybody, regardless of financial status), automatic, non-withdrawable, individual, and a right of citizenship ("What Is It?"). On a regular basis, whether that be biweekly or monthly, all citizens would have their UBI deposited directly into their bank account, starting when they were born, only ending after their death, with minors having their UBI being paid to their main caregiver until they turn 18.

However, the definition of UBI seems to fluctuate based on the amount of money that should enter peoples' accounts, as well as what UBI should replace. The basic income that is being most widely advocated for in Canada is one which pays the beneficiary a sum of money which ensures that they are above the poverty line. This would be approximately \$1100 to \$1200 per month in Canada, with our individual poverty line ranging between 16436 - <https://assignbuster.com/universal-basic-income-definition-origins-examples-and-repercussions/>

20389 dollars per year (“ Official Poverty Line”). However, there are other groups which advocate for basic incomes so high that it makes work completely optional. There is also a debate as to whether or not UBI should be added to the current welfare programs that exist, or if it should replace certain ones, or replace all of them entirely (Kurzgesagt).

Universal basic income is a better social assistance model than most traditional welfare programs due to the fact that welfare generally comes with a lot of strings attached, such as being forced to take certain courses, or apply and accept jobs that the beneficiary doesn’t find particularly rewarding (Sprague). The loss of personal freedom forces the individual to have to choose survival over self-improvement to become a productive member of society, a balance that a social services program should not have. Basic income will allow these individuals to take more control over their own lives, allowing them to pursue the jobs or opportunities that they find rewarding (Hilts).

The notion of a state-run basic income dates back to the early 16th century, with Sir Thomas More’s book *Utopia* being one of the first written texts to portray a society in which each person receives a guaranteed income. In the late 18th century, English revolutionary Thomas Spence and American activist Thomas Paine also proclaimed their support for a welfare system that provided a certain income for all people. The discussion on basic income in the nineteenth century was minimal, but a basic income dubbed a ‘ government benefit’ was frequently debated during the early part of the twentieth century, and in 1946 the United Kingdom introduced family

payments for each family's second and subsequent children. In the 1960s and 1970s, numerous experiments in negative income taxes, a similar welfare system, were undertaken by the United States and Canada. The discourse in Europe began more widely from the 1980s and onwards, and has since spread to many countries around the world. Several nations have adopted large-scale welfare systems that have some parallels with basic income. Many basic income studies and related systems have been performed since 2008 ("History of Basic Income").

There are several nations around the world which have started small UBI pilot projects, but only a few in which there has been a fully rolled out program which resembles the distribution of a basic income. One country that is surprisingly progressive in this regard is Brazil. In 2001, a bill was introduced by the Brazilian Workers Party's Senator Eduardo Suplicy, which detailed the implementation of what was essentially a UBI. The bill passed, making Brazil the world's first nation to pass such a law. Earlier, Suplicy had introduced a bill to create a Negative Income Tax, but that bill was defeated. The new bill demanded the creation of a guaranteed national and universal income, beginning with those most in need. In 2002, the Brazilian Senate approved the proposal and in 2003, the Chamber of Deputies approved it. It was signed by President Lula da Silva in 2004 and has started to be gradually rolled out, most notably through Brazil's Bolsa Família social welfare program. Bolsa Família is a particularly interesting program because it doesn't only exist to provide money transfers to families in need, but also acts as an incentive to ensure that children stay in school. Bolsa Família provides financial support for impoverished Brazilian families, and if these

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families have children, parents need to make sure the children attend school and get vaccinated. If they exceed a certain number of school absences, the family will be dropped from the program and their funds will be suspended. The plan aims both to minimise short-term poverty by direct cash transfers and to counter long-term poverty by conditional cash transfers to the most vulnerable. It also aims to provide free, quality education for children whose families are unable to send them to school due to fiscal constraints in order to show the importance of education (Duffy).

Another example of a country which has experimented with a basic income is Finland, who wrapped up a two year experiment with UBI at the start of 2019, which included about 2, 000 testers aged 25 to 58, chosen by a national random sample of people receiving unemployment benefits. The plan substitutes their €560 per month unemployment insurance payments with a similar UBI. The Finnish legislature rewrote the law to make it compulsory for chosen unemployment benefit recipients to partake in the study. The Finnish initiative was controversial due to the fact that the basic income is such a small quantity and that all of the recipients were previously on unemployment benefits (Santens). Because of the latter, the experiment could have been considered to have incorporated the idea of eligibility for a basic income, which is fundamentally opposite to what it is supposed to be. This may seem relatively insignificant; however, the majority of the effects of UBI only emerge after universal application, and since the majority of the population is already employed, their isolation from the testing stage of a UBI program potentially skewed the results dramatically. After the study had concluded, it was found to have improved significantly the happiness and

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well-being of its participants, but did not noticeably help in improving their employment status (Santens).

There have been examples of these programs in Canada as well. Between 1974 - 1979, a basic income trial took place in Winnipeg and Dauphin, Manitoba, known as Mincome, with the aim being to assess the social impacts of a guaranteed, unconditional annual income, and whether or not it would be a disincentive to work (Forget). The program used a negative income model, meaning that people earning under a particular amount of money would receive government money transfers rather than paying taxes. This program was actually able to practically eliminate poverty in Dauphin for about five years (Bregman). More recently, in 2017, Ontario's Basic Income Pilot Project was established, with 4,000 people receiving around \$17,000 per year, in monthly installments. However, in August 2018, the program was controversially cancelled, with the government citing high costs and the failure of the program to, "help people become 'independent contributors' to the economy" ("Ontario Minister Admits"). As of 2014, the Liberal Party of Canada, the Green Party of Canada, the Pirate Party of Canada, provincial party Québec Solidaire and former conservative senator Hugh Segal advocate for a basic income program in Canada ("Policy Resolution 100").

One of the biggest questions when it comes to UBI is where the resources to fund such an expensive program will come from. Depending on the culture of the jurisdiction and what is considered to be politically appropriate, there could be a number of different ways to fund it, such as increasing taxes on

the rich, redistributing the money invested in other social services to the UBI program, or reducing expenditures on other departments, such as defense (Fouksman). However, many see the most feasible way to pay for the program would be through the redistribution of wealth, by putting additional taxes on the wealthier, in order to cover the costs of UBI for those closer to the poverty line. Several critics find this to be an extremely controversial take on how to fund a basic income, but it is easy to forget that we already have numerous policies in place that work this way. Public transit, roads and schools are all pieces of infrastructure that all are benefited by, but some people pay more for its funding through their taxes, while others enjoy them for a considerably lower cost (Fouksman).

Some worry that some people would spend a basic income on alcohol and other drugs. However, studies examining the impact of direct cash transfer programs provide evidence to the contrary. A 2014 World Bank review of 30 scientific studies concludes that 'Concerns about the use of cash transfers for alcohol and tobacco consumption are unfounded' (Evans).

As we progress into a future where we are striving to make our societies as equitable as possible, I believe that it is necessary that we implement some form of universal basic income to start to combat the enormous income inequality that currently exists, as well as give more people the opportunity to pursue their own hobbies and education (Piper). I find it morally concerning that in a country where we have enough resources to ensure that everybody can be housed, fed, and clothed, that there continues to be staggering levels of poverty and homelessness. The benefits of a universal

basic income, however, are not only applicable to those who are financially struggling. It could allow middle-class people to go back to school, or continue to pursue a hobby that interests them. It could also empower workers to demand better working conditions, salaries, and benefits (Sprague). Due to the fact that the concept of UBI is supported from both ends of the political spectrum, it could be an issue that allows policy-makers to come together for the common good of the country, while at the same time being mindful of their own political interests.