

Universal basic income is becoming an urgent necessity

Level 3 • Advanced

1 Warmer

- Write five words that you would expect to read in an article about universal basic income.
- Scan the article to see how many of your words appear.

2 Key words

Find key words in the article that match the definitions below. The paragraph numbers are given to help you.

- criticized by suggesting that it is useless _____ (para 2)
- creating a situation that helps something to happen _____ (two words, para 2)
- laziness _____ (para 2)
- schemes that test an idea in one place or with only a few people in order to find out if it will be successful or popular _____ (para 3)
- people who publicly support an idea, policy, plan etc _____ (para 4)
- reasons why something is correct and morally right _____ (para 4)
- possible or likely to succeed _____ (para 6)
- If negative effects are _____ something, those effects are believed to be the result of that particular situation or event. (two words, para 6)
- forced because it is the law or a rule _____ (para 7)
- something that you dislike or worry about because it is very difficult to deal with _____ (para 8)
- a fair and reasonable way of behaving towards people so that everyone is treated in the same way _____ (para 12)
- introducing a new scheme _____ (two words, para 13)

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Finland is trialling an unconditional income scheme and studies show its benefits

Guy Standing

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- 1 The twentieth-century income distribution system has broken down irretrievably. Globalization, technological change and the move to flexible labour markets has channelled more and more income to people owning financial, physical or so-called intellectual property – while real wages stagnate.
- 2 There has recently been a surge of interest in basic income. The idea is that a monthly income should be paid, unconditionally, to either every resident citizen or legal resident, perhaps with legal migrants required to wait before qualifying. Long derided as unaffordable and conducive to idleness, basic income is now attracting support from many quarters and standard objections have been robustly challenged.
- 3 This interest has prompted the launch of several basic income pilots around the world. One started on 1 January, 2017 in Finland, with others planned in Ontario, Canada, Oakland, California, Aquitaine, France and Catalonia, Spain, and discussions are ongoing in Fife and Glasgow, Scotland. A US NGO, GiveDirectly, is raising \$30m for a 12-year experiment in Kenya.
- 4 It is important to stress that pilots can only test certain behavioural aspects of paying a basic income and seeing what people do differently, whereas its proponents rest their case on more fundamental justifications – social justice, freedom and economic security. None of these can be tested by pilots, which by definition are short term and involve relatively small numbers of people.
- 5 Most pilots do not conform to a universal basic income system, in which everyone in a given community receives it, so these benefits cannot be tested. And if only a few people are given a basic income, recipients may soon find themselves under pressure from relatives and neighbours to share it.
- 6 For these reasons, some see pilots simply as a way of avoiding other important policy decisions. But once results start to come in, they may help to "win the argument", as John McDonnell, the UK Labour Party's shadow chancellor, has put it, by showing that basic income is both feasible and does not have the negative behavioural effects commonly attributed to it.
- 7 At the moment, Finland's pilot is receiving global attention. Two thousand randomly selected unemployed people aged between 25 and 58 have started to receive €560 as a tax-free monthly unconditional benefit, paid for two years. It will not be reduced if they earn income and they will not be obliged to search for jobs.
- 8 The reasoning behind the experiment is that the Finnish social security system, designed for an industrial society, has become dysfunctional. As in the UK, it is overly complex and has created severe poverty traps. A basic income removes onerous benefit conditions to seek and take employment, yet increases the incentive to take low-wage jobs because it is not withdrawn as income rises. Thus the pilot's designers pose the question: could a basic income simplify the social security system and increase employment?
- 9 A well-known experiment in the Canadian town of Dauphin in the 1970s showed that recipients of the basic income suffered less from ill health and mental stress. In negative income tax experiments in the US in the 1970s, children from recipient families were less likely to drop out of high school.
- 10 And in an "accidental" basic income pilot in North Carolina, where a study of child development coincided with the decision of a Cherokee community to distribute casino profits to all tribal members, children in recipient families had fewer behavioural disorders, performed better in school and were less likely to drift into crime. This was attributed to more economic security and better family relations, partly because parents spent less time arguing about money and more time with their children. Alcohol and drug abuse also fell.
- 11 In developing countries, experiments coming closest to a test of basic income have been conducted in Namibia and, on a larger scale, in India. In the largest Indian pilot, about 6,000 people in eight villages received a small basic income for 18 months and their experience was compared with what happened in 12 similar villages where nobody received the basic income.
- 12 Four positive effects were observed. Firstly, there were benefits to welfare – improved nutrition,

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better health, improved schooling. Secondly, there were positive equity effects: the basic income helped the disabled more than others, women more than men and disadvantaged households more than high-caste ones. Thirdly, there were positive economic effects: having a basic income led to more work and labour, raised productivity and output, and reduced inequality. And lastly, there was a growth in secondary, self-employed work.

- 13 The Indian government is due to publish its annual economic report, which will include a chapter on the feasibility of rolling out a basic income across India. It may be cautious and non-committal but the fact that a major country

is even considering the introduction of a basic income testifies to a growing legitimacy.

- 14 Critics may say that what happens in India would not happen elsewhere. However, I would bet my future basic income that, although many pilots are not true basic income experiments, the results will be similar to what has been shown in other places. That should help to win the argument. It will then be up to the courage and integrity of politicians to build a basic income system.

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3 Find the information

Answer the questions using information from the article.

1. Where has a universal basic income pilot already started?
2. Where is it planned?
3. Where is its introduction being discussed?
4. For which country is money being raised for a 12-year experiment?
5. In which developing countries have similar tests already been carried out?

4 Comprehension check

Answer the questions in note form. Then, discuss your answers in as much detail as possible.

1. Why aren't current social security systems working?
2. Explain the pilot that is already taking place in Finland.
3. Describe the positive effects that were seen in the pilot that took place in India.
4. How did a Native American tribe accidentally trial a type of universal basic income system?
5. Why can't the pilots accurately reflect the full introduction of a universal basic income system?

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5 Weighing up the pros and cons

1. What arguments are given in the article for and against the introduction of a universal basic income? Make notes in the table and add any further points that you can think of or questions you still have.

for	against

2. Use the information to answer the question from the article:
Could a basic income simplify the social security system and increase employment?

6 Discussion

- In your country, do people without work have access to social security and/or other benefits?
- How much is the basic weekly or monthly financial payout for a single person who is out of work?
- Can people who receive these benefits work part time or in temporary jobs at the same time?
- Are people on benefits obliged to search for jobs, turn up for regular appointments or follow any other rules?

7 Research and further reading

- Basic universal income goes by other names, too. What are they?
- Can you find any current news or updated information on the pilots in the places mentioned in the article?
- Read about some of the schemes mentioned in the article by following the links below:
www.theguardian.com/commentisfree/2017/jan/04/universal-basic-income-welfare-employment-scotland-canada-netherlands
www.theguardian.com/world/2017/jan/03/finland-trials-basic-income-for-unemployed
www.theguardian.com/world/2016/oct/28/universal-basic-income-ontario-poverty-pilot-project-canada