

Citizen's Basic Income

The new promise of Populism in the edge of Technological unemployment

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Abstract

The years in which we live have been characterized by a strong dynamism in the development of the political spectrum in Europe, but also in the world. traditional spectrum, as populist. The main cases of populism in the period we live in range from traditional groupings, which were revived after the global economic crisis to electoral victories, such as the 5 Star Movement in Italy, UKIP in the UK and the election of Donald Trump in the US.

What we want to address in this article is the return of a utopian idea that has not appeared since the period of the French Revolution.

Keywords: basic income; citizen's dividend; universal demo grant; citizen's income; populism; social justice; Alaska Permanent Fund; Bolsa Família; Reddito di cittadinanza; technological unemployment.

Introduction

The basic salary for the citizen, known by various names as "guaranteed minimum income", appears as an idea since antiquity.

In Ancient Athens, we have the first theoretical manifestation of this idea. In 483 BCE, large quantities of silver were discovered in the southernmost part of Attica, in the Lavrio or Laurium mines.¹ In Antiquity, these mines would be famous for the large amount of wealth they would generate. What is less well known is the great debate that caused this discovery. Aristides, otherwise labeled the "Righteous One," would propose that these incomes be distributed equally among citizens. This is the first time in history that we have seen the materialization of the idea that the common property that belongs to everyone should be distributed by the state to the citizens. Also in this case, we see how the idea that public property belongs to the state and that the state should not distribute it, but should use it for the benefit of all, arises and will dominate.² In Athenian democracy, Aristide's idea would be strongly supported by the

¹ Migeotte, Léopold. *The economy of the Greek cities: From the Archaic period to the early Roman Empire*. Berkeley: Univ. of California Press, 2009.

² Hornblower, Simon (2011). *The Greek World: 479–323 BC* (4 ed.). Abingdon: Routledge.

proposal of General Themistocles, who would propose the use of mining silver to build new ships and strengthen the Athenian fleet.³

In ancient Rome, the term "Cura Annonae" was used to describe the state's obligation to provide wheat to the city's inhabitants. In the second century, historians believe that the city of Rome had a population of about 1 million, and through the Cura Annonae system, the Roman state first provided wheat and then bread to some 200,000 poor Roman inhabitants.⁴ This element of social security, which has existed for a long period of time, is an inspiring example of how an ancient civilization was able to provide, in this case not in monetary terms but in food, a minimum income for the poorest citizens.⁵

In the period of the European Renaissance and at the height of the development of humanism, the idea of distributing common property to all citizens and more specifically the obligation that the state political organization has to make this distribution, already reappears in the work "Utopia" by Thomas More.⁶ In the "ideal world" he writes about, state organization ensures absolute harmony in the development of society. Poverty does not exist and the needs of every citizen are met by the state, which in this case has a coordinating role. The lack of war and productive efficiency created a sufficient abundance, which remained only to be well managed and distributed.⁷ This ideal society is thought to have inspired the leftist movements of the sixteenth and twentieth centuries. This secured Thomas More the title of "Communist Hero" by Karl Marx, Frederick Engels and Karl Kaucky. It also provided him with a place in the Obelisk of Revolutionary Thinkers in Moscow.⁸

A more modern idea of creating a social security system appears in Thomas Pain's essay "Agrarian Justice." This essay would inspire the development of these ideas in the US and the UK.⁹ In the system he proposed, Pain suggested a detailed plan for taxing what he called "common property." In his view, land, sea, air, minerals, and other resources were not created by man and could not belong to man. In the impossibility of returning to a period of humanity when wealth and money did not exist, he suggested taxing land ownership. In itself, his proposal had to do with an inheritance tax, as his plan

³ Foraboschi, Daniele. "The Hellenistic economy: indirect intervention by the state." In *Production and Public Powers In Classical Antiquity*, edited by Elio Lo Cascio and Dominic Rathbone, Cambridge: Cambridge Philological Society, 2000.

⁴ Scheidel, Walter, Ian Morris, and Richard Saller, eds. *The Cambridge economic history of the Greco-Roman world*. Cambridge, UK: Cambridge Univ. Press, 2007.

⁵ Garnsey, P. (1989). *Famine and Food Supply in the Graeco-Roman World: Responses to Risk and Crisis*. History e-book project. Cambridge University Press. ISBN 978-0-521-37585-6.

⁶ Sullivan, E. D. S. (editor) (1983) *The Utopian Vision: Seven Essays on the Quincentennial of Sir Thomas More* San Diego State University Press, San Diego, California, ISBN 0-916304-51-5

⁷ Berglar, Peter (2009). *Thomas More: A Lonely Voice against the Power of the State*. New York: Scepter Publishers. ISBN 978-1-59417-073-7.

⁸ Christ-von Wedel, Christine. *Erasmus of Rotterdam: Advocate of a New Christianity* (Toronto: University of Toronto Press, 2013)

⁹ Paine, Thomas (2004). *Common sense [with] Agrarian justice*. Penguin. ISBN 0-14-101890-9.

consisted of a direct 10% tax in each case of the transfer of land property from one generation to the next. In this way the state would collect from the large landowners, a large sum of money periodically.¹⁰ The funds that would be generated would be distributed in the form of pensions to persons over 50 years of age, and over time, with the collection of income, a small salary could be distributed to anyone. From a detailed study by Thomas Paine, in his time, this tax, in England alone, could generate around million 6 million and provide a basic, 15 15 per person payment. As a reference the annual salary of an employee in agriculture was 23 pounds per year.¹¹

Pilot programs and experiments

In 2015, the new Finnish center-right government undertook to set up a basic income experiment. This experiment was carried out from January 1, 2017 on 2,000 job seekers drawn at random and aged 25 to 58; the sample was limited to people looking for work and already receiving unemployment benefit.¹² The amount was € 560 per month for 2 years which replaced the existing social system in Finland. These 560 euros monthly thus replaced the current unemployment benefit.¹³ If the beneficiaries received higher compensation before, social security paid them the difference. Their health coverage and their housing allowance were maintained. The major change introduced by this experiment was that each person could accept a job and continue to receive their universal income, regardless of the salary received. In 2018, Finland decided to abandon the project at the end of the two years planned¹⁴

In France, a "citizen experiment" was launched by the association MonRevenuDeBase in November 2017. That the association collects 12,000 euros, it redistributes them by designating a person who has registered on the site, and which will receive 1,000 euros per month for a year, without compensation. Registration to participate in the designation of the draw is free.¹⁵ For the association, chaired by the ecologist Julien Bayou and composed of volunteers, the objective is to raise public awareness of the issue of basic income but also to obtain a law authorizing experiments so that the territories who wish to can test this social innovation. The experiment received great media attention. For the first draw, three beneficiaries were identified.¹⁶

On November 26, 2017, 8 presidents of Departmental Councils announced in the JDD that they will test the universal income. On December 27, 2018, the number of

¹⁰ Kaye, Harvey J. (2005). *Thomas Paine and the Promise of America*. Hill and Wang.

¹¹ Lamb, Robert (2010). "Liberty, Equality, and the Boundaries of Ownership: Thomas Paine's Theory of Property Rights". *Review of Politics*.

¹² *Welfare and Health Services in the Nordic Countries: Consumer Choices*. Nordic Council of Ministers. 2005. ISBN 9289312289.

¹³ John Lanchester, "Good New Idea: John Lanchester makes the case for Universal Basic Income"

¹⁴ Ewan McGaughey, 'Will Robots Automate Your Job Away? Full Employment, Basic Income, and Economic Democracy' (2018)

¹⁵ Bryce Covert, "What Money Can Buy: The promise of a universal basic income – and its limitations"

¹⁶ John Lanchester, "Good New Idea: John Lanchester makes the case for Universal Basic Income"

departments wishing to experiment with the basic income rose to 18, and MP Valérie Rabault (PS) calls on her colleagues to vote for a bill discussed to this end in January 2019.

On April 7, 2020, 19 presidents of Departmental Councils decide in the JDD in favor of a basic income to deal with the Covid-19 crisis.¹⁷

An independent and private project is currently in place in Brazil at Quatinga Velho. The project started in 2008, organized by the non-profit organization ReCivitas. This project involves donating R\$ 30 per month (4.4% of the minimum wage in 2013 according to the federal government), which is not enough to meet basic needs. According to the project leaders, this income is just enough to help people meet their most basic needs.¹⁸ Children especially benefit. The project, with extremely limited financial resources, had significant social effects. It had a positive impact on the basic needs and quality of life of the participants. The results also show that basic income has contributed to the sustainable development of the village. Project coordinators noted improvements in nutrition, clothing, living conditions, health (especially for children), construction of new houses, and improvement of existing houses. They also noted an improvement in self-esteem and social interactions, a reduction in social insecurity, and an increase in future expectations, especially in children, significant changes in working relationships, in births, migration and economic dependence.¹⁹

In Italy the form of subsidy introduced in 2019 by the Conte I Government (formed by the 5 Star Movement and by the League) is improperly called “Income of Citizenship”, an expression of what has long been in the program of the 5 Star Movement but this tool is not a pure income, but a form of welfare being in reality a conditional form of guaranteed minimum income as²⁰:

- Non-universal as available only paid to unemployed, unemployed or workers who have an ISEE economic situation below a certain threshold
- not unconditional because there are a number of obligations, such as registering with a job center, possibly carrying out “further” compensation for public utility works, possibly accepting job offers deemed “fair” by third parties after a certain amount of waste, etc.
- not of an individual type because (undergoes changes in reference to one’s family status, and cannot be requested / provided to each individual belonging to a family unit, but only to an individual representing each family unit

¹⁷ Paul O’Brien, *Universal Basic Income: Pennies from Heaven*, The History Press, 2017, ISBN 978 1 84588 367 6.

¹⁸ Clive Lord. *A Citizens’ Income*. John Carpenter, 2003. ISBN 1-897766-87-4.

¹⁹ Birnbaum, S. (2004). *Real Libertarianism, Structural Injustice and the Democratic Ideal*. Paper presented at the 10th Conference of Basic Income European Network, Barcelona, 19–20 September 2004.

²⁰ Colombino, U. (2011). *Five issues in the design of Income support mechanisms: The case of Italy*

- not automatic given the presence of the requirements, it is provided only in the presence of a suitable application, also correlated by other documents / certifications otherwise not mandatory for the citizen

A social dividend of the type of Alaska where, in addition to gathering unanimous sympathy between politicians and citizens, it has managed to decrease inequalities and make the Arctic State the only US State in contrast with the widening of the gap of inequalities economic trends of the last decades. The project, active since 1982, is called the Alaska Permanent Fund Dividend, and distributes a dividend once a year calculated on the average return of the Permanent Fund over the past five years. The sovereign wealth fund was formed mainly - though not exclusively - thanks to the proceeds due to the state for the private exploitation of oil wells.²¹

To be the beneficiary of the dividend, the applicant must not only have established his or her permanent residence in Alaska for a period of at least 12 months and intend to continue it, but generally also must have American citizenship. In addition, there are other exclusion criteria for eligibility. The income is taxable income. They are attachable and transferable with restrictions.²²

The annual payment is recalculated every year and depends on the profits of the past five years and the number of beneficiaries for the corresponding year. Since the APF was founded, a total of \$ 20.1 billion has been distributed to the residents of Alaska and in 2012, a check was written out to approximately 650,000 of Alaska's 710,000 residents.²³

Since 2008, the program "Pick.Click.Give." Has made it possible to directly donate a portion of the proposed dividend to a non-profit organization. In 2017, around 4.5% of applicants took advantage of this offer and donated an average of around 10% of their dividend.²⁴

The Norwegian Government Pension Fund consists of two completely separate sovereign wealth funds owned by the Norwegian Government. The Government Pension Fund - Global and The Government Pension Fund - Norway. In both funds the surplus wealth produced by the income derived from oil extraction is deposited, which are mainly taxes on companies, but also from the payment of an exploration license, and dividends from the mixed capital oil company Statoil.²⁵

²¹ E McGaughey, 'Will Robots Automate Your Job Away? Full Employment, Basic Income, and Economic Democracy' (2018)

²² Holland, Tom (2005). *Persian Fire*. Abacus. ISBN 978-0-349-11717-1.

²³ Ford, Martin (2015), *Rise of the Robots: Technology and the Threat of a Jobless Future*,

²⁴ Raventos, Daniel (2007). *Basic Income, the material conditions of freedom*. Editorial Ariel Barcelona.

²⁵ Clark, Gordon (2013). "Rethinking the "Sovereign" in Sovereign Wealth Funds". *Sovereign Wealth Funds; Legitimacy, Governance, and Global Power*. Princeton University Press. ISBN 9780691142296.

Conclusion

Technically, there are variables between very different views on how to finance a stable Basic Income. Generally, the proposals on the financing of it are usually based on the establishment of a certain tax rate on individual incomes. However, there are other types of proposals that do not take into account personal income tax. Apart from these questions, there are other very important technical aspects that do not have to do with the financing of the proposal and that have been studied and debated by both defenders and detractors of the RB. Thus, for example, the effects that the BR could have (or not) on inflation have been discussed; on whether BR is a threat to the Welfare State or, on the contrary, an excellent way to make it fairer and more effective; on whether it would promote monotonous parasitism, on the contrary, it would promote self-employment and the performance of unpaid but beneficial work for society; on the effects it could have on the emancipation of women.²⁶

New fiscal models based on the adjustment of the new economy have been studied, which propose to reduce as much as possible the personal income tax and corporation taxes, to increase VAT, in order to balance import and export costs, as well as making those who spend more pay more. This is complemented by an RB rate, which consists of an expansion of the Tobin Rate, applied to any increase in value, to establish a speculation tax, monetary value added tax, which allows financing Basic Income. without jeopardizing social benefits and maintaining public investment.²⁷

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²⁶ A Citizens' Income. Clive Lord. John Carpenter, 2003. ISBN 1-897766-87-4.

²⁷ Ross, Alec (2016), *The Industries of the Future*, USA: Simon & Schuster.

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