

## UNIVERSAL BASIC INCOME - HAS ITS TIME COME?

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### EXECUTIVE SUMMARY

This report is intended for those who want to learn more about a Universal Basic Income (UBI) so that they may effectively promote and lobby for its implementation. It is based on a course of inquiry that Scott Rickerby undertook as part of a Graduate Diploma in Sustainable Practice. It includes references to thought leadership in the UBI argument, brings together some of the trials that have taken place, uses Max Neef's Human Needs Framework (Seed, n.d.) to map case-studies, and the Natural Step's Five Level Framework to set out a high level strategic plan for furthering the New Zealand discussion.

### INTRODUCTION

#### The Problem

People in New Zealand are facing uncertain times with increasing income gaps, homelessness and other issues of poverty. The impacts of technology on the future of work, global economic and environmental shocks, a transition to a low energy and low carbon future, and the profit-driven agenda that continues to push for deregulation with the associated erosion of workers' rights is putting the 'squeeze' on ordinary citizens.

#### What is it

A Universal Basic Income (UBI) is a regular, modest payment to all citizens to use as they please. It is a guaranteed income paid to all members of a community set to enable a minimum livelihood while enabling participation in society. It's also known as:

- Citizens grant
- Guaranteed minimum income
- Basic wage
- Universal tax credit
- Social dividend
- Demogrant (wikipedia, 2015)

UBI trials have been held in India, Nambia, China and Canada either in the pure form as a straight UBI or with conditions attached or as top ups. Full reports on the success or otherwise of these programmes are not readily available and what is available, such as an analysis of the unconditional cash transfer programme in China (World Bank, n.d.), are inconclusive in terms of impacts on overall poverty, despite outlining some real benefits. Some more developed countries facing issues of intractable unemployment are now considering, or trialling, UBIs to deal with these issues. They include Finland, Greece and The Netherlands.

## What we don't know

There have been no trials of a UBI in New Zealand and interest in the concept has been low. It has recently begun to enter the political discussion through the writing of Gareth Morgan in the 2017 NZ General election through the Opportunities Party, led by Gareth Morgan.

## Build and sustain

Building the economy is important, but so is the ability for it to sustain itself. The Natural Step provides an internationally recognised best practice method of tackling sustainable development using a systems based approach. The Natural Step defines sustainability through the absence of abuse of four system conditions. (Naturalstep, n.d.). Key to the UBI discussion is the fourth system condition 'In a sustainable society, people are not subject to conditions that systemically undermine their capacity to meet their needs'.

The goal of a UBI is to provide a platform that is the basis for an economic system that removes barriers to people meeting their needs which in turn strengthens moves to a more sustainable world.

- How does a Universal Basic Income affect how people meet their needs?
- Can the concept of a Universal Basic Income gain traction if it is framed using a systems approach?

## Literature review

The idea of a Universal basic income is not a new one, Gareth Morgan(2017), says 'In developing countries the UBI is old hat – it is readily accepted as an effective tool against poverty'. Many authors, over the centuries, have exposed the potential merits, benefits and reasons why a UBI should be adopted.

### Thomas Paine

The writer of *Agrarian Justice*, published in 1797, proposed a once in a generation tax (inheritance tax) as payment for being able to own land that was previously in public hands. This would then fund a kick start payment when you reached 21, as well as an annual stipend if you made it to age 50 (Which happened to be the average life expectancy). It was based on the idea that property needed to provide for the basic needs of all people (wikipedia, 2015) and emphasises that all humanity has a right to meet their needs, as all land originally uncultivated belonged to us all.

### Guy Standing

Is one of the most prominent promoters of a UBI, he currently works as an advisor to SEWA (Self-Employed Women's Association of India) (Standing, 2012) who ran a trial of a UBI by giving everyone a monthly payment to use as they please. The resulting data concluded that it worked well, as people made capital investments in themselves through better nutrition, health and medicine, education, and home improvements. People started business ventures, and others pooled their resources to buy assets that would benefit the community (Bhatt, 2014).

### New Zealand commentators

Gareth Morgan's '*The Big Kahuna*' (Morgan, 2011a) and Perce Harpham's '*Reducing Inequality*' (Harpham, 2013) both advocate for a Universal Basic income, and also describe the means to pay for it. Morgan sees the right of everyone to participate and live with dignity, and a way to tidy up what he sees as the mess of our tax and benefit system. Harpham feels that a UBI could tackle New Zealand's growing inequality. Both propose a tax on wealth including the family home, in order to help finance the UBI. While a wealth tax may have merit, pairing it with a UBI could

create negative connotations that discourage support. In contrast Auckland Action Against Poverty promote a more generous UBI which has major purported advantages including freedom to pursue personal goals and regaining control over one's own time, and the freeing up of paid work for those that want and need it. They suggest a much broader tax base in which to fund it, including a more progressive Income Tax, an Inheritance Tax, a Financial Transaction Tax, and a Capital Gains Tax. The establishment of a capital fund, similar to the 'Cullen' super fund, could also be considered. (Auckland Action Against Poverty, 2015)

## UBI TRIALS

### India

This trial began in 2011 and was rolled out in 20 villages reaching more than 6000 people. It involved a small monthly payment into individual's bank accounts (which were set up if one did not exist) with children's money being given to their mother or designated guardian. The experiment ran for one year with data collected throughout. (SEWA Bharat, 2014)

Key findings were:

- Basic living conditions and sanitation improved
- There was increased access to drinking water
- Capital improvements were observed in areas such as energy, home ownership, and education
- Improved access to medicine and healthcare
- Benefits accrued exponentially as ensuing debt reduction delivered investment in productive work. (SEWA Bharat, 2014)

### Namibia

This trial ran for two years starting in January 2008. It involved about 1000 residents from Otjivero-Omitara. N\$100 (roughly US\$12) was paid per person per month to residents registered as living in the town as of July 2007. Over the course of the study, significant migration to the area of people not receiving the payment meant some indicators such as income per capita dropped, so the results were analysed taking into account this migration. (Haarmann & Haarmann, 2014)

Key findings were:

- Increased economic activity
- Reduction in crime
- Improvements to education and child nutrition
- The community formed a support group to give advice to residents on how best to spend the grant.
- Reduced the dependency of women on men, and showed no evidence of increased spending on alcohol. (Haarmann & Haarmann, 2014)
- Two studies were completed, one at six months, and one after a year. No further studies were published and there is no public access to the project database, with the justification given being the confidentiality of the participants' personal information. (wikipedia, 2015)

## Canada

This experiment was conducted in Manitoba, Canada from 1974 to 1979. It involved topping up resident's incomes to a minimum amount, called a guaranteed minimum income. The premise is similar to a basic income and has an end result very much the same. The trial was initially supposed to run for longer, but a cost blow out due to adverse economic conditions and political interference saw it cut short with no final analysis completed. A future study looked at the old data, mainly in regards to health outcomes. (Forget, 2011)

Key findings were:

- Lower hospital admissions
- Improved mental health
- An increase in students who continued through to their final year of high school
- Notably, improvements in health data, which had been worse than the comparison group, continued to match that of the comparison group even after the trial had ended (Forget, 2011)

## POLITICAL FOOTBALL

These are just three of the trials that have been conducted around the idea that people should have access to a certain quantity of income regardless of their circumstances, in which to meet basic needs. The purpose of the studies was to quantify aggregate changes in outcomes and social behaviours, and if these changes are 'acceptable'. One such American study seemed to indicate higher divorce rates, and this saw a senator withdraw his initial support (Forget, 2011). Another classic example of undesirable change is lower labour force participation. The reduction in hours worked may be offset by an individual making an investment in education or caring for a family member; but this may not be recognised and the lower participation can be met with calls that a UBI makes people lazy. According to Mathew Schmid (n.d.), Huffpost Contributor, a UBI can also contribute to a more sustainable society as people "no longer stuck in the poverty trap can now make their community and environment a priority." He says that a "UBI respects human work and therefore income is not as a result or reward of your work but as the enablement of your work."

## CONSIDERATIONS

The ability of people to meet their needs when given a UBI, should be a major focus of enquiry. How people behave when their needs are met should be the baseline, rather than the other way around. Looking at and comparing individual successes can tell us as much, if not more, about the benefits of a UBI, as a static aggregated percentage. Experiences of an individual can also be compared with others, across multiple studies, in different locations, and across time.

It is important in any discussion on transitioning to a more sustainable future that the ability for people to meet their needs is paramount. The ability of a UBI to help achieve this, needs to be addressed in the New Zealand political sphere.

Even within New Zealand, proponents of a UBI vary greatly in terms of the quantum, distribution, financing and even the language used to frame the debate. Those championing the UBI are disparate and uncoordinated with little agreement over a course of action.

## Max-Neef

Manfred Max-Neef is a Chilean economist, who has a strong focus on third world development. He argues that human needs are few, finite, and classifiable. Not only that, but they are constant across human cultures and time. What changes is the way these needs are satisfied. Needs according to Max-Neef are interrelated and interactive, as opposed to hierarchical as suggested by Maslow. He classifies fundamental human needs as: subsistence, protection, affection, understanding, participation, recreation, creation, identity and freedom. Needs are also defined according to the existential categories of being, having, doing and interacting. This forms a Matrix of 36 cells in which examples of satisfiers can be filled in. (Seed, n.d.)

In the following table, we use a Max-Neef Needs Matrix to map personal examples and individual testimonials outlined within the literature. This made it possible to compare experiences of individuals from trials conducted in Namibia, India and Canada.

Fundamental Human Needs	Being (qualities)	Having (things)	Doing (actions)	Interacting (settings)
subsistence	physical and mental health	food, water, work	feed, work, rest, work	living environment, social setting
protection	care, adaptability, autonomy	social security, health systems, work	co-operate, plan, take care of, help	social environment, safety
affection	respect, sense of humour, generosity, sensuality	friendships, family, relationships with nature	share, take care of, make love, express emotions	privacy, intimate spaces of togetherness
understanding	critical capacity, curiosity, intuition	literature, technical policies, educational	analyse, study, meditate, investigate	schools, families, universities, communities
participation	receptiveness, dedication, sense of humour	responsibilities, duties, work, rights	cooperate, dissent, express opinions	associations, parliaments, neighbourhoods
leisure	imagination, tranquility, spontaneity	games, hobbies, peace of mind	day-dream, remember, relax, have fun	landscapes, intimate spaces, places to be alone
creation	imagination, boldness, inventiveness, curiosity	abilities, skills, work, techniques	invent, build, design, work, compose, interpret	spaces for expression, workshops, audiences
identity	sense of belonging, self-esteem, consistency	language, religion, work, customs, values, norms	get to know oneself, grow, commit oneself	places one belongs to, everyday settings
freedom	autonomy, passion, self-esteem, open-mindedness	equal rights	decide, choose, run risks, develop awareness	anywhere

## DISCOURSE ANALYSIS

A discourse analysis looks at the themes and ideas in the text of various thought leaders, and how these are presented. Several different articles and presentations that talked about a UBI were chosen and their contents analysed. These ranged from TED talks to Independent journalists.

- Ideas and themes mentioned were sorted into different categories
- Human rights: Fundamentals that an individual should be entitled to, no matter what
- Ideas or values that are not constant from person to person, across countries and time
- Bureaucratic: Ideas around tax and money
- Connotations: Words which can create strong emotive responses from people

Four pieces were chosen to demonstrate how a simple idea can get caught up in a whirlwind of words and finding the devil in the detail. They were

- A power point presentation supporting Gareth Morgan's Big Kahuna (Morgan, 2011b)
- A TEDx talk on why giving everyone free money is the best idea ever (Bregman, 2013)
- A clip from a European Advocacy group (Basic Income Europe, 2013)
- A short news piece featuring UBI and wages (Bhaatt, 2014)

Even this sample produced a wide range of themes and ideas. Each also generated numerous public comments and discussion, providing a great perspective to see what resonated with the audience and what did not.

OBJECTIVE	THEMES	BUREAUCRATIC	CONNOTATIONS
Human Rights	Redistribution	Capital tax	Revolution
Dignity	Inequality	High tax	Crisis
Unconditional	Progress	Single rate of tax	Utopia
Fairness	Social values	Simplify	Protest
Opportunity	Decency	Consumption tax	Austerity
		Inflation	Ambition
		transparent	

The idea that a Universal Basic Income is a possible way of protecting and enhancing human rights is common to most promoters. It is not hard to convince someone that they are entitled to certain basic standards, and that they shouldn't be disadvantaged by factors beyond their control.

That is where the minefield starts. Inequality is a good example. Most people can agree it exists, some will say it's a problem, but to others, reducing inequality is a way to reward lazy people at the expense of those who are hardworking, and the inference is you must be a communist for thinking that a UBI might be a good idea.

The TED talk presenter (Bregman, 2013) likens the adoption of a UBI to building a Utopia, his audience appears less than enthused. Gareth Morgan talks about a redistribution revolution, history tells us most revolutions achieve the opposite of what they intended, and usually involve massive social upheaval. Social media commenters generally liked the UBI idea but were suspicious, and some even openly hostile. Political decisions such as where the burden of taxation should fall, and what is decent, juxtaposed onto an argument of human rights led to some muddy the water.

## FIVE LEVEL FRAMEWORK MAPPING

The Natural Step's Five Level Framework (n.d.), is an internationally recognised framework for strategic sustainable development. Below the framework is used to map the system, define success and strategise towards that success.

### System

- A growing number of people are becoming interested in a Basic Income. They come from many walks of life and move in different circles. There is a core hub of activists clustered around different parts of the country, one of which is in Dunedin. An Incorporated group exists for the purposes of lobbying for a UBI. There is a comprehensive web site and Facebook page, which are linked into an international Basic Income lobby group.

## Success

- The inclusion of a Universal Basic Income as part of the discussion on regenerating the economy for the new millennium.
- An intermediate vision of success would include a strong grassroots following, vibrant UBI Hubs around the country, and a united and coordinated national effort.
- National coordination around a united message that enables a full and informed discussion of the potential for a UBI in New Zealand.

## Strategy

- Build grassroots support.
- Growing the Hubs around the country to inform and train those who want to promote a UBI in their own organisations and circles.
- Growing social media presence will help spread generate informed discussion. An interim figure of 500 page likes would give a strong base of support.
- Identify and train local people to become effective promoters and lobbyists for the UBI discussion in their organisations and communities.
- Coordinate nationally. It is important for everyone to be on the same page, and regular communication both strengthens personal relationships and strengthens the organisation as a whole, thus making it appear more professional and effective.

## Action

- Attend community events - having a presence has proven to be an effective way of spreading the word and coordinating support.
- Public meetings with prominent promoters can bring together those who are curious about, or like the idea. Having a drawcard like Guy Standing to speak at an event has the potential to generate a lot of media interest.
- Letters to the editor and press releases have the potential to reach many people.
- Scheduling regular face-to-face Hub meetings, so that when people are ready to take the next step they can get involved and meet other supporters.
- Put together a toolkit that activists can use for education and training. This might include pamphlets, online resources, readings, clips and links, important contact details, and other useful paraphernalia.

## Tools

- Tools help monitor the progress towards the vision. Key tools to use include:
  - Social media participation- tracking 'likes'.
  - Mailing lists-more names.
  - Meeting attendance- turnout and frequency.

## CONCLUSION

In addressing the challenges of the twenty first century a UBI could be considered as part of the discussion. The UBI international case studies show that a Universal Basic Income helps to remove barriers from people meeting their needs. There is no reason to suggest that a UBI would not produce similar, positive results in New Zealand. It would be an effective tool for policy makers to ensure people are better able to meet their needs. Supporters of a Basic Income passionately expose what they believe a UBI will achieve, but that vision is different for everyone and sometimes these ideals can be conflicting. This makes it easy for critics to sow seeds of doubt in otherwise loyal followers, be they US senators, or a retiree who worked all their life to pay a mortgage. Getting bogged down in details and rhetoric risks to prevent momentum on exploring what is possible with UBI. More research into the potential of UBI in NZ using a trail would be a positive step forward.

## APPENDICES

### Media Resources

Source	Key words, ideas, phrases
Big Kahuna presentation <a href="http://www.bigkahuna.org.nz/presentation.aspx">http://www.bigkahuna.org.nz/presentation.aspx</a>	Participation, dignity, redistribution, speculation, Tax, paid work is decent, single tax rate, Capital tax on family home, Inequality,
Why we should give everyone a basic income   Rutger Bregman   TEDxMaastricht <a href="https://www.youtube.com/watch?v=aLL_Y9g7Tg0">https://www.youtube.com/watch?v=aLL_Y9g7Tg0</a>	Idea, Left-Right, Free money for everyone, Right, unconditionally, free money works, costs, utopia, expensive, progress, ambition
Should There Be a Universal Basic Income? <a href="https://www.youtube.com/watch?v=I32mInGxVw4">https://www.youtube.com/watch?v=I32mInGxVw4</a>	Income inequality, inflation, protest, strikes, fairness
Basic Income, a new human right <a href="https://www.youtube.com/watch?v=zru79jcVTt4">https://www.youtube.com/watch?v=zru79jcVTt4</a>	Austerity, crisis, poor, accumulation, work, unemployment, right, volunteers, high tax, consumption, tax, self-finance, transparent

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