Basic income paper

BIEN (Basic Income Earth Network) defines basic income (BI) as an income that is "unconditionally granted to all on an individual basis, without means test or work requirement". It is an unconditional, and regular, monetary benefit granted to all citizens. It is given regardless of other sources of income, and does not oblige its recipient to anything. However, it is important to note that there should be some level of differentiation in the amount of BI in cases of people who are out of the workforce (for example children receiving less and permanently disabled receiving more).

The opponents of BI argue, with respect to employment, that it would just cause everyone to stop working, or at least reduce working hours. On the other side of the debate, the proponents of BI argue that it would not have a large scale effect on the amount of work, and even if it did it would be compensated with increased productivity. Furthermore, those who would stop working would then earn less than everyone else, which could work as an incentive for the people who are already well off living on social benefits. Empirical studies have shown that BI has no significant effect on working hours or the amount of people willing to work. Thus, it would seem that the opponents have no firm ground for their concerns. However, since BI is an immensely complex topic it is dangerous to rush to conclusions.

The funding of BI is an important issue. It would mainly be done through removing already existing social benefits and replacing them with the BI. That should cover a large proportion of the costs involved. If some are still left uncovered there are many options that can be used to compensating the budget deficit. Mainly these need to be done through taxation rather than cutting costs or by issuing bonds.

One concern with BI, that its opponents raise, is that it would lead to increasing prices. If everyone suddenly has an extra source of income they will have more to spend, and thus, companies can afford to raise their prices. The proponents rebut this by arguing that BI will give individuals, that are currently excluded from the market, purchasing power. This, in turn, will lead to increased competition between the companies, and thus create a price lowering trends that nullify the increases in prices.

Maybe the strongest argument against BI is based on pure intuition: things have worked fine this far with the social benefits; why change them and risk catastrophe? The answer, and the bottom line to the entire debate, is that the current system is not build to work with a decreasing amount of people in the workforce that have to support an increasing amount of people outside of it. BI is just one of the possible solutions to this issue. The current empirical studies into the topic give positive indicators that it is a solution worth considering. One of these, a study conducted in Namibia, indicated that BI had significant positive effects on the reduction of crime rate and unemployment, and an increase in income. However, it is important to remember that these studies are small scale, and cannot model the effects that BI would have in the entire society.

The conclusion of this recommendation is the following. First, BI is a considerable alternative for the current social benefit system, and there are enough empirical evidence that indicate it having positive effects. Second, the evidence this far is from small-scale studies, and therefore the adaption of BI should be done in a step-by-step manner. This way it can be called off if it proves to be impossible to be conducted in a positive manner on a nation-wide scale.