

Universal basic income: a plausible utopia?

The universal basic income is a hot topic among politicians, sociologists and economists. Here's a progressive solution that could bypass some of the economic difficulties.



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What if the federal government sent you a monthly paycheck just for being a citizen, regardless of your employment status or assets? That is the idea behind the universal basic income, a controversial measure that is being debated by politicians, sociologists and economists.

Heightened fears of poverty and instability among a large segment of the population — in part due to the increasing robotization of the job market — are fueling the debate in Western

countries.

The consensus is that a large number of jobs will disappear, though new ones will also be created. In the meantime, however, many will be trapped between the two stages, unable to adapt.

IESE professor [José Ramón Pin](#) analyzes the economic viability of universal basic income, as well as its social, political and ethical dimensions.

Can we afford it?

A significant argument in opposition to the universal basic income is economic, as implementing the plan would mean a major tax hike.

How much are we talking about? Pin posits that establishing a monthly allocation of 500 euros in Spain would require the government to take in an additional 180 billion euros a year. And that would mean nearly tripling tax revenues — from the current 111 billion to almost 300 billion euros.

"That kind of fiscal measure is pretty much unfeasible. Therefore, a reasonable universal basic income (anything under 500 euros a month is not enough) sounds utopian," says Pin.

A growing problem

Nonetheless, the fact that spectacular worldwide population growth has increased those living in poverty to 1.5 billion can't be ignored. To add fuel to the fire, "the trend of decreasing poverty is changing," says the author.

Supporters of the universal basic income argue that this measure "creates a situation of equality for citizens excluded by technological development or by immigrant competition. If everyone receives it, they now have the freedom to devote their life to what they want, such as whether or not to update their skills, or engage in the contemplative life." But detractors say this perception will limit them to a "subsidized life."

It is still too early to know who is right, although some pilot programs have already been implemented, most recently in Finland. There, 2,000 unemployed individuals were selected to receive an income of 560 euros per month. The results of this experiment should be visible in a few years.

Despite the economic obstacles, Pin warns that without integration and inclusion policies, "part of the population will fall outside the political spectrum, which could cause social upheaval."

An adapted solution

One possible solution suggested by the author is a progressive implementation of universal basic income, which would apply voluntarily to people who have not yet entered the labor market by age 25 and to those who lose their jobs.

If the latter group of individuals opted for universal basic income, they would not stop receiving it when they went back to work, although they would lose the right to any unemployment benefit or subsidy and their pension would become the universal basic income plus any private pension funds they might have accrued.

This model would result in two types of citizens: those opting for universal basic income for life, who would cease to collect unemployment benefits or pensions, and those remaining within the current system.

Such a solution could make the universal basic income economically viable — while respecting personal freedom.

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