

# Do we need a universal basic income? The state of the debate

By [Guillaume Allègre](#) and [Henri Sterdyniak](#)

In a situation of continuing high levels of unemployment and poverty, heightening job insecurity, and fear about job losses due to automation, the proposal for a universal basic income has become a part of the economic and social debate in France and in other developed countries. Such a programme would pay a monthly allowance to any person resident in a country with no conditions on means or activity. On 13 October 2016, the OFCE, as part of its mission to stimulate informed economic debate, held a study day, which was attended by researchers who had worked on this project, to develop, support and criticize it. An [e-book](#) brings together most of the contributions that were presented and discussed during the day, some of which were revised to take into account the discussion.

## **The discussion focused on a number of points:**

- What kind of social project do universal income proposals form part of? How would such a programme work in terms of increasing the levels of an allowance and how would it fit in with current social protection schemes?
- Is it possible to finance a universal basic income?
- What would be the financial consequences for different categories of households, especially those in a financially precarious situation?
- What would be the impact on activity, employment, unemployment, wages, working conditions, and in particular on menial labour, part-time work, precarious work, and low-wage jobs?

- Is universal income a response to the “end of work”? Is this latter a credible hypothesis?
- What are other possible ways to fight poverty and precarious work?

The article by **Henri Sterdyniak**, “From social minima to a universal basic income?”, describes the current state of the social assistance system in France, including the social minima and in-work benefits. These programmes are targeted and relatively generous, but the system is complicated, with intrusive controls, and social assistance is often perceived as stigmatizing. The article argues for maintaining the family-oriented character of income tax and social benefits. The author discusses the various arguments for universal basic income proposals and how they would work. If one wants to maintain social insurance benefits (unemployment, pensions) and universal benefits (health), a universal basic income should be financed mainly by an increase in direct taxes on households, which tends to render it unrealistic. On the other hand, it is not socially desirable to abandon the goal of full employment and to permanently exclude a large part of the population from work, even if it is guaranteed an income just above the poverty level. The article argues for a guaranteed minimum income (means-tested) on a short-term basis to promote economic recovery, for the creation of public jobs, and for “last resort” jobs, and in the longer-term for work-sharing by reducing working hours and work rates.

The article by **Guillaume Allègre**, “Universal income: Utopian or pragmatic?” emphasizes that a universal basic income is often assigned two objectives: on the one hand, to manage the end of work and, on the other hand, to simplify the tax-benefit system and eliminate the lack of take-up. For some, the income should be sufficient to live, while for others it should be relatively weak so as not to upset the tax-benefit system. Doubts remain about the reality of the scarcity of work. Moreover, a generalized reduction of working time seems

to be a more sustainable strategy than a universal income, because it deals with all employees instead of cutting society into two. Perhaps a universal basic income should be considered to be a tax-benefit reform that would help mainly to combat the lack of take-up of social benefits. We would go from assistance that must be personally requested to an automatic universal benefit. This raises the corollary question of the individualization of the tax-benefit system. The public authorities are faced with a trade-off between a simplified automatic system on the one hand and a system that offers fine-tuned responses to needs on the other.

The article by **Gaspard Koenig**, "A living income," denounces the current in-work income support system ("RSA"), deeming it paternalistic, unfair and stigmatizing. He argues for a liberal conception of a basic income that allows each individual to be responsible and autonomous and to define his or her own needs. The universal basic income would be 500 euros (250 euros for children) in the form of a tax credit, while a 25% tax would be the only income tax. The reform would not fundamentally change the distribution of wealth but would free the poorest from being haunted by poverty through providing stability and security.

The article by **Guillaume Mathelier**, "A step towards the equality of initial endowments: Towards a well-lived life", assigns society the philosophical and political objective of guaranteeing each individual "a well-lived life". The moral requirement of ensuring the "equality of initial endowments" involves three measures. The first measure concerns the establishment of a living income to cover basic needs from age 18, and comprises on the one hand an egalitarian, universal income, without imposing any requirements, together with a supplemental amount to meet any special or local needs of recipients. The second measure envisages that a living income could be capitalized during childhood and paid at age 18 in the form of an "emancipation capital", which would have a

counterpart consisting of compulsory civic service. Finally, non-monetary rights (public services, preservation of natural vital resources, common goods) must be added to guarantee the philosophical and political objective of a “well-lived life”.

**Jean-Marie Monnier** and **Carlo Vercellone**, after having challenged the thesis of the end of work in their article “Basic income as primary income”, propose a re-examination of the notion of productive labour in cognitive capitalism where cognitive labour, intangible and collective, tends to spread over all social time and life. The increasingly social and collective nature of work makes it impossible to measure the contribution that each individual makes to production. Thus, basic income would constitute a primary income that is directly related to production, that is, the counterpart of activities that create value and wealth, which are currently unrecognized and unpaid.

The article by **Jean-Eric Hyafil**, “Implementing a basic income: Difficulties and solutions”, offers an example of a simple reform that introduces a universal basic income at the level of France’s current income support (RSA) for a single person (475 euros), which is financed through a restructuring of income tax. The purpose of the exercise is to use this example to highlight the stakes and difficulties involved in a tax reform that introduces a universal basic income and some solutions for rendering it possible. The budgetary accounting involved in a reform like this is considered, along with its redistributive effects, the question of the future of “income tax niches”, the issue of the individualisation or couple-based character of income tax, the mobilization of financial resources other than income tax to finance a universal basic income, etc.

The article by **Anne Eydoux**, “Conditionality and unconditionality: Discussion of two myths about employment and solidarity”, denounces two myths: first, that income support (RSA) and unemployment benefits discourage work, and second,

that waged employment is coming to an end and could be replaced by a universal basic income. The article shows that it is the weakness of the jobs offer and the employment reforms that are behind the persistence of unemployment and the development of precarious employment. The proposal for a universal basic income amounts to distributing resources without organizing the production needed to generate them. It neglects the centrality of work and renounces the goal of full employment. The article suggests avenues other than a universal basic income, in particular reducing the conditionality of social benefits, but also increasing the wages of jobs deemed unskilled and reducing working hours.

In “A basic income: A remedy or a trap?”, **Jean-Marie Harribey** denounces the inconsistencies of the basic income project. He rejects the thesis of the end of work and the abandonment of the objective of full employment. He argues that work that is socially validated by the market or by a political decision is the only source of value, unlike domestic work, voluntary work or leisure activities, meaning that a basic income would of necessity constitute an income transfer. But distributing more income necessarily requires producing more, which is in contradiction with the thesis that a universal basic income would make it possible to escape the necessity of work. The article denounces the project's risks: the divide between those who would have a job and those who would be excluded, and the calling into question of social rights. It proposes the collective reduction of working time and a guaranteed allowance for adults.

The article by **Denis Clerc**, “A basic income: Much ado about not much?”, presents an analysis of universal income proposals, which he criticizes for requiring a lot of gross transfers to produce only weak redistributive effects. The same result could be achieved much more simply by boosting the incomes of the poorest strata (through benefits or the creation of socially useful jobs partially financed by the

community) and taxing the richest strata. He worries that raising taxes on the wealthiest would encounter political and economic obstacles. He hopes that experiments might be put in place and that decisions would not be taken until the results were known.

**Paul Ariès** in "For a demonetarized universal basic income: Defending and extending the sphere of the free" proposes an individual autonomy allocation, which to the maximum possible would be given in a demonetarized form: one part in the national currency, one part in a regional currency if possible so as to facilitate the relocation of activities towards those with high social and ecological value added, and the essential part in the form of rights of access to common goods. The aim is to extend the sphere of what's free. This free component would be used to democratize the functioning of the public services, to rethink existing products and services ecologically and socially, to decide what should be free and therefore produced as a priority, and to establish the commons, i.e. relationships based on reciprocal giving.

The text by **Bernard Friot**, "Continuing to affirm a non-capitalist production of value thanks to the political status of the producer", rejects both the basic income project (which would allow capital to no longer assume the responsibilities of employers and to organize a fall in wages and job insecurity) as well as the Keynesian response of full employment, shorter working hours and redistributive taxation. Workers must fight not for a better distribution of value, but for the production of an alternative value. They must replace capitalist institutions (profit-seeking ownership, credit, labour market) by institutions inspired by social welfare and the civil service: non-capitalist production, personal skills, lifetime wages, and the financing of investment through an economic contribution.

The article by **Mathieu Grégoire**, "The part-timers regime: A wage model for all discontinuous employment?", starts with the

experience of setting up and maintaining France's regime governing entertainment professionals (*intermittents du spectacle*). The latter organizes the socialization of wages through a framework of mechanisms ensuring interprofessional solidarity and not through a public subsidy financed by the taxpayer. Furthermore, the struggle for an unconditional income must develop through the extension of the wage relationship and the requirement of a wage for all and not through redistributive mechanisms. Based on the system for entertainment professionals, all employees in discontinuous employment should be provided with a right to an indirect socialized salary.

In any event, the debate on a universal basic income will not have been in vain if it allows for progress on two important points: the level and conditions of access to minimum social benefits, and the evolution of work.

For more, see the e-book: [Guillaume Allègre and Henri Sterdyniak \(coord.\), 2017 : « Faut-il un revenu universel ? L'état du débat », OFCE ebook](#)