**Is universality worth fighting for?**

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As basic income moves closer to the policy making arena, the basic income movement is at a crossroads. Advocates need to decide whether to prioritize a genuinely universal basic income (UBI), an income that goes to everybody, or to advocate for a means-tested guaranteed minimum income, i.e., an income targeted to those who need it. Universality has some important advantages. But a UBI in comparison with a means-tested minimum income (MMI) may face insuperable political obstacles, so that advocating for a UBI, in some contexts, may be a distraction from what is actually achievable, making the perfect the enemy of the good. In this paper I do not defend a position on this question, but rather try to pose the question in a way that is fruitful for further discussion.

The ideal type of basic income is well expressed in the [definition from the BIEN](https://basicincome.org/about-basic-income/) website.

“A **Basic Income** is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.

**Here are the 5 Characteristics of Basic Income**

**1. Periodic—**It is paid at regular intervals (for example every month), not as a one-off grant.

**2. Cash payment—**It is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.

**3. Individual—**It is paid on an individual basis—and not, for instance, to households.

**4. Universal—**It is paid to all, without means test.

**5. Unconditional**—It is paid without a requirement to work or to demonstrate willingness-to-work.”

At USBIG we have defined a “[basic income guarantee](https://usbig.net/about-big/)” (BIG) as either a “**basic income**” thus defined, or a means-tested minimum income guarantee such as that provided by a “**negative income tax**” (NIT). [The current term “guaranteed minimum income” similarly includes both possibilities, although proponents may emphasize the latter.] The difference is that the universal basic income goes to everybody, but the negative income tax –the minimum income benefit-- phases out as people's income from other sources rises. The term “negative income tax” for some people, particularly in Canada, carries some other baggage such as the suggestion that it is only paid at the end of the year after you have filed your tax return. So, I will henceforward use the term “**means- tested minimum income**” (MMI) to refer to a minimum income guarantee that phases out as income from other sources increases, but in other respects resembles a basic income. When Canadians talk about “basic income,” such as in the Ontario basic income pilot project, they're talking about an MMI (Forget 2018).

How important is this difference in practice? If the goal is to ensure that nobody's income falls below a certain minimum, such as the official poverty line, it would seem that the goal can be reached equally by either policy, with more or less the same effects on every individual's net income. So why shouldn’t we all get on board in support of policies like [the emergency Child Tax Credit](https://www.americanprogress.org/issues/poverty/reports/2021/05/21/499777/now-time-permanently-expand-child-tax-credit-earned-income-tax-credit/#:~:text=Specifically%2C%20the%20bill%3A,children%20ages%205%20and%20under) expansion, which is means-tested but eliminates [work conditionalities](https://greattransition.org/gti-forum/basic-income-howard), and then push to make it permanent, and then expand it to a full MMI, rather than prioritizing a UBI? Is universality worth fighting for?

The MMI tops up the income of everybody whose income falls below the poverty line and then phases it out as their income from other sources rises. The phase out rate can vary and thus also the sum total of net beneficiaries, and this will affect the total net cost to the net contributors, those who pay more taxes into the minimum income scheme than they receive in benefits from it.

The UBI gives the basic income amount equally to everyone, but those who have income from other sources will pay back in higher taxes some, or all of, or more than, this amount--depending but how much other income they have. The taxation rate for the UBI can mirror the phaseout rate for the NIT, and vice versa, so that **the net effect on income distribution is the same** for either policy. This isomorphism has been well known in the scholarly community for decades. (For a recent example of the argument, see Van Parijs and Vanderborght 2017.)

So why are most so-called basic income pilot projects actually means-tested? And why do advocates of universal basic income insist on universality? I will return to the first question briefly later. Most of my remarks will be addressed to the second question about why universality matters.

There are at least six advantages to universality that one finds in the literature on UBI:

1. **A right of each to a per capita share of the commons.**

If the basic income is framed is a fundamental right to share of the Commons then there is no reason to give it to some citizens and not to others (Widerquist and Howard 2012a, 2012b; Standing 2019; Van Parijs 1995). Alaska's Permanent Fund Dividend for example is understood as each citizen’s share of their commonly owned wealth. If the Commons is expanded to include not only natural resources but also socially generated goods such as the benefits of previously discovered technology, or a reclaiming of monopoly rents, then the amount available for such equal per capita dividends may be high enough to support a basic income at the poverty line or perhaps even higher.

Since not everybody shares this left libertarian perspective, I will not say more about it here.

1. **When integrated with the tax system, it will be clawed back from the rich in higher taxes.**

If the basic income is funded at least in part from income taxation, the worry about spreading resources too thin by giving basic income to the wealthy can be addressed by clawing it back in higher taxes on the wealthy. The final result in terms of income distribution in a well-designed tax and transfer scheme can be the same is that of a means tested minimum income.

1. **“The Paradox of Redistribution”** (Walter Korpi and Joakim Palme, 1998)

One of the more compelling arguments for universal benefits of all kinds, including universal income, is that, when everybody receives them, they tend to be more popular, more robust, and less stingy than targeted benefits. This is thought to be a paradox because at first glance it would seem that if you have a given amount of money for poverty relief you should target it to the poor rather than spread it more thinly to everybody. But what we find usually in practice is that if we give a benefit to everybody then everybody wants it to be a higher benefit, and those who can afford to do so are willing to pay the higher taxes because they are included, in contrast with a targeted benefit that goes only to others. Benefits targeted to the poor, as is often said, tend to be poor benefits. Contrast universal benefits like Social Security and Medicare on the one hand with targeted benefits like TANF and Food Stamps on the other.

1. **Uptake**

Means testing is a barrier for people in need, and the result is that many people who need the benefits fail to apply for them, and the [uptake is well below 100%](https://www.cbpp.org/research/family-income-support/cash-assistance-should-reach-millions-more-families-to-lessen). Universal benefits would automatically go to everybody and increase the uptake, bringing us much closer to the goal of eliminating poverty rather than just ameliorating it.

1. **Removal of stigma**

One of the reasons that the uptake of means tested benefits is low is that people do not want to be seen as poor or undeserving. Universal benefits remove the stigma because everybody receives them regardless of means. In addition to improving the uptake, universality removes the intrinsic bad of unnecessary stigmatization and shame.

1. **Ease of administration**

The elimination of means testing also makes administration much easier. One does not have to gather data and require documentation of income, property, or the lack of it in order to deliver the minimum income. It goes automatically to everybody who is a legal resident. There will still be the need for documentation and determination of means on the tax side, but we are doing that anyway for all the other things for which we tax incomes, so the cost of administration on the tax side should not be substantially increased by the addition of a universal basic income.

These are not negligible advantages. So, why have most policy proposals and pilot programs favored the means-tested minimum income?

There appear to be 2 reasons for this:

1. A universal basic income appears to be much more expensive than a means-tested minimum income. If we give $12,000 a year to 300 million people, the cost of that—the **gross cost**-- is $3.6 trillion. But if we give $12,000 a year to, say, 50 million people who need it in order not to be below the poverty line, then the cost is only $600 billion, or 1/6 of the cost of a UBI. But, as [Karl Widerquist](https://works.bepress.com/widerquist/75/) has shown, the gross cost is not a meaningful figure from the point of view of the taxpayers or the recipients. In the allegedly more expensive basic income scheme, although more affluent people are paying higher taxes, some of those taxes are offset by their basic income. And the***net* incomes** of both net beneficiaries and net contributors are the same, whichever scheme we choose.
2. Even when people recognize that the net costs are identical for the universal and the means-tested minimum income schemes, some still object to the fact of **churning**, the large amount of money that will both be collected in higher taxes and then returned—much of it to those same taxpayers-- in the universal basic income scheme compared with the means-tested minimum income scheme (See Forget 2018: 190-192). I confess I do not see why this is such a serious problem, but it nevertheless does seem to be a barrier to acceptance on the part of many people who are willing to support a means tested scheme with the same net cost.

I will conclude with a question: I know that Canadians have wrestled with all of these issues, and they have come much closer to policy implementation of an unconditional minimum income than we have in the United states. Is it possible to design a means-tested scheme that nevertheless realizes most of the benefits of universality? Are there compelling reasons to stop fighting for universality and instead push for a means-tested guaranteed unconditional minimum income?

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