

Forum: General Assembly Second Committee
Issue: The Question of Universal Basic Income
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Introduction

Since the two most significant concerns for centuries and centuries are poverty and inequality issues, the American Labor Party demanded the guarantee of basic income without any restriction nor qualification. From the late 18th century, the proposal of Universal Basic Income, also known as Guaranteed Minimum Income (GMI), has been discussed by the global community. Universal Basic Income intends to improve the stand of living by cover the essential cost of living and provide financial security. Governments believe Universal Basic Income can reduce the gender pay gap and poverty.

Universal Basic Income can be characterized by 5 significant aspects: payment is prompted, payment is paid with cash, payment is paid on an individual basis (not household basis), payment is paid to all individuals without the use of a means test, and payment of income must have no condition.

Numerous nations are applying the Universal Basic Income in various manners. Canada has Universal Basic Income of 4000 people in low-paying, or precarious jobs can receive 150 Canadian Dollars, Kenya has Universal Basic Income of 23 dollars per a month, and the United States of America has Universal Basic Income of annually paying 2,072 dollars to every adult citizen. Italy, France, United Kingdom, and Sweden have proposals on Universal Basic Income which have not yet been applied it.

Definition of Key Terms

Universal Basic Income (UBI)

Universal Basic Income is also known as UBI or Guaranteed Minimum Income (GMI); it is to ensure all citizens are earning a livable amount of income whether or not the citizens are contributing to the economy. UBI needs to be in the form of periodic cash payments to individuals, as well as being universal, and unconditional.

Standard of Living

A standard of living is the level of aspects of comfort, material goods, wealth, and necessities available to an individual at certain socioeconomic level or in specific geographic regions. The determinants of the standard of living are income, Gross Domestic Product (GDP) per capita, economic opportunity, and life expectancy.

Basic Cost of Living

Basic cost of living is the amount of money that individuals need to sustain a basic standard of living. Basic cost of living includes foods, housing, healthcare, and taxes. It is commonly used as a source to make comparisons between cities on how expensive it is to live in there.

Financial Security

Financial security refers to an individual's mental stability in terms of being not worried about their amount of income being adequate to cover basic cost of living.

Background

Even though universal basic income does have purposes of reducing poverty and inequality issues, it also carries a number of concerns and negative consequences to United Nations (UN). It is debatable whether universal basic income has brought improvements or deteriorations to the global community. For example, universal basic income can bring positive consequences such as but not limited to alleviating poverty, bringing equality, and increasing the government budget through direct tax. On the other hand, it can also bring negative consequences such as but not limited to, lowering incentive to work, increasing the level of taxation, and increasing the cost for producers. To make justifiable decisions on whether or not UN members should apply a universal basic income system, detailed analyzation is required as followings.

Positive Consequences of Universal Basic Income

As the purpose of universal basic income is to bring socioeconomic improvements to nations, universal basic income has potentials to solve global issues; UN charter states its purpose as "to achieve international co-operation in solving international problems of an economic, social, cultural, or humanitarian character." More specific consequences can be the followings:

Increasing incentive to work

Even though some argue that the Universal Basic Income will decrease the incentive to work, some argue the opposite. The key argument is that a guarantee of security increases productivity, since poor health, lower education, as well as living in situation stressors are some of the biggest obstacles for consistent work attendance and motivation. In the current global community, where has countless cheap labor alternatives, workers have the lowest job security; many jobs are replaced by cheaper foreign workers and Artificial Intelligence (AI). In this case, workers cannot perform with the highest of their abilities due to stress and worry. With the Universal Basic Income, the workers will feel more secure with their jobs, thus will be able to work with their full productivity. In this case, not only the firms will face the benefits, yet a country as a whole will face economic developments.

Alleviating poverty in the global community

As the minimum amount of people's income is guaranteed, it can provide better welfare and stop people from being "trapped in poverty." For example, the implementation of universal basic income in Namibia from 2007 to 2012 reduced the amount of household poverty from 76% to 37% in one year. Additionally, the child malnutrition rate also fell from 42% to 17% in six months. Scott Santense (founder of Economic Security Project) said if universal basic income is fully implemented in United States (US) at 1000 United States Dollars (USD) per adult per month and 300 USD per child per month, then this can eradicate US poverty.

Brining gender equality to the global community- decreasing the gender pay gap

Many factors create contribute to the gender wage gap. Some examples include the bias against working mothers, direct pay discrimination, and occupational segregation. In fact, the worldwide earning ratio between genders (earing ratio = women's median earnings/men's median earnings) in 2018 was 82% (women's median earnings = 45,097 USD, men's median earnings = 55,219 USD) (AAUW,2018). This issue is even worsening in some countries; for example, the median income for full-time working women in Singapore was 87.5% of men in Singapore. However, the percentage increased to 90.8% in 2017. Regardless of the bias towards the genders, the Universal Basic Income will guarantee the minimum amount, thus the gap between the genders will be reduced.

Increasing a government's revenue through direct tax

Direct tax is a mandatory obligation for all citizens in this world, and it is proportion to an individual's income. Any individual or an organization with earnings are taxed a portion of their income by their governments. From a government's perspective, when universal basic income is imposed, that also means a government can collect more tax from citizens due to an increase in overall taxable income. As a result, governments will be able to have a larger revenue, conducive to higher government expenditure. Governments can spend money on different aspects such as but not limited to infrastructure, healthcare and services, defense, education, and recreation. When governments spend more on these aspects, citizens will be able to have a higher standard of living with imporved public services. For example, citizens will have easier access to free medical checks and public education. Additionally, nations will be able to have more capital for national defense with higher social security.

Negative Consequences of Universal Basic Income

Even though universal basic income is supposed to bring positive consequences, negative consequences are unignorable significant. By viewing universal basic income from different perspectives, various negative consequences can be analyzed. Universal basic income has the potentials to bring economic, social, cultural, or humanitarian issues to the global community. More specific consequences are the followings:

Decreasing incentive to work

As universal basic income guarantees workers for a set amount of income without any restriction, qualification, and condition. If workers know that they will receive a set amount of money no matter what, there is no motivation for them to work hard. According to Charles Eyplosz (Ph.D., Professor of International Economics at the Graduate Institute in Geneva), the best way to motivate workers is to provide higher wages, and his argument is applicable in many companies. When universal basic income is imposed, worker productivity may decrease. Allison Schranger (Ph.D., Economist) claimed that a strong economy always relies on strong motivation for workers to work hard. He also claimed that in order to motivate workers to work hard, there must be an element of uncertainty for the future. However, universal basic income provides guaranteed security, thus removes the uncertainty.

Increasing level of taxation for citizens

When universal basic income is imposed, that also means the amount of direct tax will also increase for citizens. As this report explained about direct tax, a direct tax is a proportion to people's income. When people have a guaranteed amount of income with universal basic income, people need to pay a more significant proportion of their income towards tax since it would require an increase in government expenditure. As a result, their disposable income will decrease, which means they cannot spend more money on their personal needs and interest. For example, people will not be able to afford an adequate level of their comfort, material goods, wealth, and necessities to cover their cost of living.

Increasing cost of production

The cost of production is how much cost does a product need to be produced. The main components of the cost of production are land, labor, and capital. When universal basic income is imposed, the cost for labor will also increase since the minimum amount of income poses a cost which must be passed onto the producers. In this case, producers may need to decrease production since production costs are higher; thus, the supply will decrease even though demand stays the same. As a result, various negative consequences can happen in socioeconomic aspects. First of all, the prices of various products will increase for consumers. As supply decreases, the price of the goods will increase since producers still need to have an adequate amount of revenue. Hence, lots of people will not be able to afford the goods as much as before.

Additionally, when the cost of production increases, the rate of unemployment will increase. Since producers need to pay their employees higher wages, they will not be able to hire more of employees. Job opportunities in society will decrease; thus, the society will not be able to have economic growth. In the worse case, some people will even lose their jobs as producers might need to reduce the number of their employees.

Major Parties Involved

International Labor Organization (ILO)

International Labor Organization (also known as ILO) is a UN agency where sets international labor standards to promote a decent working environment and advance social justice. International Labor Organization was the first UN agency; it has a crucial role in the UN to ensure labors have their rights in there working spaces. International Labor Organization can help the issue of universal basic income by providing standards of the quality workforce and suggesting the amount of universal basic income for nations.

United States of America

Unlike many other nations, most Americans are not a supporter of the idea of universal basic income, as only 43% of Americans back the idea of it. In that 43 %, the majority of the people were of the younger generation, and women were slightly more supportive of the idea of universal basic income. However, the situation of America with extreme and growing wealth inequality is currently motivating more people to be interested in universal basic income.

Brazil

Brazil has one of the most extensive universal basic income programs in the world. The Brazilian government is providing 33 USD per month to 1/3 of Brazilian residents; this policy is called 'Renda Basica de Cidadania.' According to the World Bank, Brazil's income inequality would have been 21% higher, and extreme poverty would have been 50% higher without Renda Basica de Cidadania. Currently, 27,000 residents are receiving this service, yet the Brazilian government is willing to continue this service until it reaches 52,000 residents.

Canada

Canadian province Ontario had a pilot universal basic income program; every individual got 13,000 USD annually, and every couple got 19,000 USD annually. The condition for this program was if the recipient worked while receiving this benefit, then the recipient needed to give 50 cents for every dollar they earned to the Canadian government. The result of this program did not go well; thus, Ontario needed to cancel the pilot program two years earlier than the plan.

Finland

Finland also had a pilot program of universal basic income; it provided 620 USD per adult per month, and it was provided to 2000 Finns. However, the implementation failed to produce results. Universal basic income did not create more work hours nor provide higher incomes for workers. The cost of implanting the project was enormous, yet the result did not meet any of the Finnish government's expectations.

Previous Attempts to Resolve the Issue

The income issue is directly related to various other problems such as but not limited to human rights, gender equality, the standard of living, job opportunity, and economic growth. UN has various previous attempts on this issue; the UN has proposed all of these resolutions and organizations; some of them have been implemented successfully, yet some of them have not. Some examples of the previous attempts are the following:

- **Sustainable Development Goals (SDGs) Goal 10: Reduce inequality within and among countries.**
Sustainable Development Goals (also known as SDGs) is a collection of 17 global goals proposed by the UN in 2015. Its purpose is to "blueprint to achieve a better and more sustainable future for all." UN General Assembly wishes to achieve these goals by the year 2030; it is a part of UN resolution 70/1. The goal 10 is aiming towards inequality issues; it encourages nations to pay attention to marginalized populations such as but not limited to social class and race, and LGBTQ+.
- **General Assembly 2nd Committee 36th draft resolution on “development needs of middle-income countries” (document A/C.2/72/L.23).**
This resolution highlighted that there is an urgent need to ensure citizens in middle-income countries can have an adequate level of standard of living.
- **Economic and Social Council (ECOSOC) Resolution 2008/18 “Promoting full employment and decent work for all”**
This resolution address how much decent working environment is vital to have economic development in nations. It also provides various solutions to tackle the poor working environment.
- **General Assembly 1st Committee Resolution “International Labor Organization Centenary Declaration for the Future of Work” (document A/73/L. 117).**

This resolution was adopted at the 108th session of the International Labor Conference and encouraged its implementation.

- **International Labor Organization**

This organization was the first UN agency; it ensures labor rights in all countries and tries to improve working environments through regulations and collaboration.

Possible Solutions

- When universal basic income is imposed, workers' incomes are guaranteed; thus, they will have no motivation to work harder. This will cause huge problems as workers' motivation and productivity are the keys to economic growth. Additionally, producers will be extremely unsatisfied as they need to pay employees who do not meet the adequate amount of workforce. Solutions for this situation can be regulations and recognition. First of all, specific workforce goals are crucial as they can motivate workers. For example, regulations can be that workers need to have specific workforce goals for every month, and if they do not meet their goals, they receive warnings from their companies. If the amount of warnings exceeds the number that governments set, companies have the right to fire the workers without pension and restriction.
Additionally, governments can also have regulations to recognize productive workers as well. For example, if workers meet their workforce goal consistently or exceed their workforce goal, governments can give special qualifications for those workers and give advantages to them. The advantages can be such as but not limited to, providing funds for those individuals. This would be an enormous motivation for the workers as one of the biggest concerns from universal basic income is the increased amount of tax that they need to pay.
- The primary concern of universal basic income is its cost. According to Costomer news and Business Channel (CNBC), 2,000 USD per month per head of household universal basic income would cost an estimated 2.275 trillion USD of universal basic income annually. If universal basic income is imposed, that would be an enormous concern for producers. A solution to this problem can be government subsidy. A subsidy is known as financial support from governments with specific reasons that can contribute to societal benefits. If governments provide subsidy to companies who legally keep universal basic income, there will be less financial pressure to the producers, less risk for workers to lose their jobs, and more opportunities for nations to have economic growths.
- When the cost of production is increased by universal basic income, then producers would not want to have lots of employees since they want to reduce their labor spending. In this case, nations' rates of unemployment will increase; thus, they will not be able to face economic growths. A solution for this can be government investment. As the government's revenue may increase from universal basic income, governments can spend more of their budget on investing more jobs for society and provide more job opportunities. This will not only reduce the rate of unemployment, yet will also bring benefits to the

society as governments will invest in societal needed jobs. Additionally, if the investment turns out to be successful, it can bring substantial economic growths to nations as well.

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