

CLARIFICATION OF BIEN'S DEFINITION OF BASIC INCOME FOR ITS WEBSITE

PREAMBLE

Recently, there has been a profusion of concepts each purporting to be a basic income. This has led to the frustrating experience of our talking at cross purposes, before realising that we are discussing different things. As the only global network dedicated to basic income, BIEN has the responsibility to provide the standard definition to which anyone can refer, and thus reduce the confusion. However, BIEN's current definition, while it is alright as far as it goes, could benefit from some clarification, and a sixth characteristic is necessary to complete it.

An 'academic definition' is put forward here. It will not require a change to BIEN's constitution. It merely clarifies the current definition, specifically to enable fine distinctions to be made between the term BI and related concepts. In this sense, it is a definition for academic purposes. These related concepts are not rejected, since they can serve useful purposes during the process of transitioning to a comprehensive BI scheme, but it is important to be able to define them. This amended definition does not extend into new dimensions, such as to what the value of a basic income should be, nor how it should be funded.

We propose that this clarified 'academic definition', together with the 'related concepts' and the explanatory notes, should be mounted on a page on the BIEN website for discussion by members.

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A CLARIFICATION OF THE DEFINITION OF A BASIC INCOME, IN ORDER TO DISTINGUISH IT FROM RELATED CONCEPTS:

(Please note that the words in italics have been changed in, or added to, BIEN's existing definition of a basic income.)

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

That is, basic income has the following **six characteristics**:

1. **Periodic**: it is paid *at the beginning of the period to which it relates*, 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. *It is paid gross, that is, without any personal tax or other deductions.*
3. **Individual**: it is *assessed and delivered* on an individual basis – and not, for instance, *on the basis of a couple or household*.
4. **Universal**: *this indicates who is eligible*. It is paid to all, *including to the primary care-giving parent to administer on behalf of a child. It is not targeted on a particular section of the population according to specific categories or circumstances, such as an occupation group or homeless people.*

5. **Undifferentiated:** although the **amount** of the basic income can vary across territorially-defined jurisdictions and over time, it is the same/equal/uniform for everyone within a given jurisdiction and at a given time, except that it could vary by age. The level of a basic income could vary by age, but **does not vary** according to categories or circumstances such as personal attributes*, household living arrangements, occupation, employment status, insurance contribution record, income, wealth or worth.
6. **Unconditional:** a basic income is not accompanied by behavioural requirements for recipients to participate in authorised activities. It is paid without a requirement to work or to demonstrate willingness-to-work, to undertake volunteer work, or to behave according to traditional gender roles. In other words, it is obligation-free.

* Tax-exempt disability benefits to cover the extra costs incurred by disabled people would be paid in a separate system, in addition to basic income.

Related concepts:

This definition helps to distinguish between the genuine BI and other related concepts that could perform a useful role during the transition process towards a comprehensive BI scheme.

A **negative income tax** (NIT) system is financed, at least in part, by income tax, and is administered via an integrated benefit/income tax system. A net cash payment of $(BI - T)$ is transferred, where T is the income tax liability due on gross income. When $(BI - T)$ is positive, a net payment is paid to the recipient. When $(BI - T)$ is negative, a net tax payment results. It is paid in arrears of the period to which it relates. It fails characteristics 1, 2 and 4.

A **tax credit** (TC): the BI payment would be used to reduce the tax liability of the individual. It fails characteristic 2.

A **targeted BI** would be given to specific groups, but not ones based on age alone. It fails characteristic 4.

A **means-tested benefit** (MTB) results from the combination of targeting low-income people and decreasing the amounts of their payments as their income or wealth increases. It fails characteristics 4 and 5.

A **minimum income guarantee** (MIG) is a type of MTB with a 100% withdrawal rate over the lowest incomes. It fails characteristics 4 and 5.

A **Participation Income** (PI) could be similar to a BI, except that it imposes behavioural requirements. It fails characteristic 6.'

A wide variety of Basic Income proposals are circulating today. They differ along many other dimensions, including in the amounts of the Basic Income, the source of funding, the nature and size of reductions in other transfers that might accompany it, and so on. BIEN is a charitable organization dedicated to taking an educational role, and therefore, it cannot endorse any particular proposal...

A Basic Income that is stable in size and frequency and high enough to be, in combination with other social services, part of a policy strategy to eliminate material poverty and enable the social and cultural participation of every individual is often called a “full Basic Income”, and a lower one is often called a “partial Basic Income”. However, the definitions of “full” and “partial” are highly controversial, and BIEN has not attempted to define them officially.

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EXPLANATORY NOTES:

Characteristic 1: basic income being paid *at the beginning of the period to which it relates* should help poorer people.

Characteristic 2: this amendment helps to distinguish between a basic income payment system and a Negative Income Tax system. Some jurisdictions may find NIT a useful vehicle for implementing BI, if it already uses this administration procedure in its existing welfare or income tax system.

Characteristic 3: the BI is *assessed and delivered*, rather than ‘paid’, on an individual basis. In Iran, the basic income was *assessed* on an individual basis, but the BIs of all members of the household, including the adults, were *delivered* to the ‘head’ of the household.

The current definition states that the BI is not paid... ‘for instance, to households’. This is confusing. Of course, the BI is paid to members of a household, but not on the basis of a household, and nor on *the basis of a couple*. The *couple* as the assessment and delivery unit has been adopted in many parts of the world and is usually detrimental to women.

Characteristic 4: This emphasizes that universality indicates ‘**who**’ is eligible.

Also, people often ask, ‘Does ‘the individual’ include children?’ This insertion merely clarifies that issue.

Each of characteristics 1 - 3 clarifies what is not included. Here is added ‘*It is not targeted on a particular section of the population according to specific categories or circumstances, such as an income group*’, in order to be able to demonstrate the similarities between this characteristic and the new characteristic 5.

Also, ‘without means test’ has been deleted, because ‘targeting’ is only part of means testing.

(New) characteristic 5: ‘Undifferentiated’: indicates that the **amounts** of the basic income are the same/equal/uniform for everyone who is eligible, except that they could vary by age.

The second sentence not only clarifies this new characteristic by specifying what it is not, but it emphasises its similarities with, and differences from, characteristic 4, here referring to the **amount** of the payment.

Note: differential amounts are the source of much stigmatization, the cause of intrusion into people's lives, and injustice. They also increase administration costs and the risk of errors and fraud.

This characteristic is the main omission from the current definition. It has arisen because 'unconditionality' is often used in two separate senses. Here, it refers to the fact that the amount of the payment does not depend on any pre-existing categories or circumstances.

In old characteristic 5, (now new characteristic 6), 'unconditionality' refers to the fact that the BI is not conditional on the recipient fulfilling any behavioural requirements.

Characteristic 6: The first sentence refers to the fact that the BI payment is not conditional on any behavioural requirements having to be fulfilled. The extra examples added to the middle sentence indicates that the behavioural requirements do not always have to refer to paid-work conditions or even unpaid work.

Previous requirements for 'behaviour according to traditional gender roles', have contributed to the intrusive, discriminatory and distasteful 'Cohabitation rule', where lone mothers and other single women in the UK can forfeit their means-tested benefits if observed regularly entertaining a male visitor for more than three nights per week, on the assumption that he is a traditional breadwinner supporting the home-maker financially.

The last sentence summarises characteristic 6.

The above characteristics of the generic basic income merely define a *class* of income maintenance systems, within which many different *schemes or models* are possible. If BI advocates would adopt the amended BIEN definition as 'the standard version', it could reduce the amount of confusion that often dominates the current BI debate. Only a scheme/model that fulfils BIEN's six characteristics is a *genuine* BI.

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