



Read the first part: [Basic Income: Helicopter money](#)

Founded in 1986, the [Basic Income European Network](#) (BIEN) is the international NGO that promotes BIG around the world. It held its last conference "Re-democratizing the Economy" at McGill's Faculty of Law in 2014. A North American congress is being held in Winnipeg in May 2016 and its 16th congress in July in Seoul, South Korea. Its credo is that some sort of economic right based upon citizenship rather than upon one's relationship to the production process or one's family status is called for as part of the just solution to social problems in advanced societies.

We are half way there with welfare, various subsidies, unemployment insurance, pensions, but as more people join the "precariat", subsisting on part time work or permanently unemployed, the current ad hoc support network for this 'economic right' requires a people-centred radical reform. This is the logical conclusion of the UN Covenant on Economic, Social and Cultural Rights (1976) which recognizes the right of everyone to an adequate standard of living.

There are basic income groups and movements in many countries. The idea is simmering below the surface of conventional political thinking and policy-making across Europe, South

Basic Income - International experience (Brazil, Namibia, Canada, India)

Written by Eric Walberg, Эрик Вальберг/ Уолберг □□□□□ □□□□

Tuesday, 31 May 2016 07:01

America and most of the world. It has actually broken the surface in Switzerland where there is to be a referendum on whether to introduce it. Basic income has proved itself in pilot schemes, in Canada and Namibia as well as in India, but government in both the former countries is hostile.

The idea is most advanced in **Brazil** where Bolsa Familia ('family bowl'), a universal basic income scheme became law in 2004 and is being introduced in stages. Bolsa Familia has since dramatically reduced poverty where it applies. Inevitably, Bolsa Familia has been denounced for encouraging laziness, but the World Bank has surveyed the scheme and found that it did not discourage working, and even encouraged harder work and entrepreneurship.

In **Namibia** in 2008 a non-profit coalition implemented a monthly cash of approximately \$13 to every Otjivero citizen. Otjivero is a settlement of 1,000 in a hot and dusty region 100 kilometers east of Windhoek, surrounded on all four sides by the electric fences of rich, white farmers. The results were outstanding in reducing child malnutrition and absolute poverty. It has increased entrepreneurial activity, creating a local multiplier effect, increasing employment and mutual support. Crime is down and children can finally attend school.

Only the local white farmers are unhappy. Siggie von Luttwitz: "They all drink, you know, and if you give them 100 dollars, they'll just drink more." Luttwitz, a Namibian of German descent, is a farmer. He pays his workers, his "cadets," the minimum hourly wage of 2.21 Namibian dollars, which is about 20 euro cents, as well as rations of meat and milk, which he believes is sufficient. The general consensus is that Africa's poor should be given food vouchers and wells, but no responsibility.

Economic activity in the village has grown by 10%, more people are paying tuition and doctors' fees, health is improving and the crime rate is down. Before the introduction of the basic income, women prostituted themselves to earn money for food, while the men stole and poached. They spent the rest of their time sitting idle and in a daze in front of their dilapidated huts.

Now, some mothers are raising chickens and men are buying cement for construction. Amy Richardson: Everybody was the same so there was no shame. Only 3% percent of the gross domestic product, or \$150 million, would be enough to provide a basic income for all Namibians. Namibian President Hage Geingob announced new plans to eradicate poverty by 2025. At the heart of his strategy is the introduction of basic income grants.

Basic Income - International experience (Brazil, Namibia, Canada, India)

Written by Eric Walberg, Эрик Вальберг/ Уолберг ██████ ██████

Tuesday, 31 May 2016 07:01

The results of the 1974 pilot project in **Manitoba** under the socialist government provided a guaranteed minimum income for all the residents of Dauphin. Good results: only new mothers and teens stopped working, the former to spend more time rearing newborns, the latter to study, showing higher test scores and lower dropout rates. There was also an increase in adults continuing education. The period saw a reduction in rates of psychiatric hospitalization, and in the number of mental illness-related consultations.

Amy Richardson, a mother of six whose husband was disabled: "It was enough to bring your income up to where it should be. It was enough to add some cream to the coffee. Everybody was the same so there was no shame." Doreen Henderson, a stay at home mother whose husband worked as a janitor also appreciated the benefits: "Give them enough money to raise their kids. People work hard, and it's still not enough. This isn't welfare. This is making sure kids have enough to eat."

One of the real bonuses is it attempts to take away a lot of the behavioural constraints of existing welfare programs, Forget said. "So people aren't quite so focused on who they should live with, or how many nights a month your [partner] might be spending with you, or whether or not you are looking hard enough for a job."

The experiment was ended under the Conservatives in 1979, and Canada is well down the list in terms of social equality, along with Britain, the US and Australia.

The scourge of poverty causes even US Republicans to lose some sleep. The **US** came close to instituting a GAI in the late 1960s under Nixon, conducting experiments in 1968--1972 in New Jersey, Iowa, North Carolina, Indiana, Washington state and Colorado. They found that workers decreased labor supply (employment) by two to four weeks per year, 13%, mostly wives and children. That hopeful experiment lapsed with Watergate.

Since the election of the Liberal Justin Trudeau, the policy is back on the table in Canada. Former Toronto mayor, (Liberal) Senator Art Eggleton tabled a motion in the Senate recently calling on the government to create a pilot project that would test a basic income. University of Manitoba health economist Evelyn Forget was invited to address the issue at the House of Commons finance committee in February. [A pilot project](#) is part of (Liberal) Ontario's budget for next year.

This is no coincidence. (Liberal) Pierre Trudeau provided support to the Manitoba pilot project in 1974, and Quebec's (Liberal) Minister of Employment and Social Solidarity, Francois Blais, just happens to be author of *Ending Poverty: A Basic Income for All Canadians* (2002).

(Liberal) Senator Art Eggleton:

Many families struggle to pay the rent; they can't afford their children's school supplies or school trips. Many rely on donations at the food bank just to feed their families.

Indian experience

So far, a basic income is not yet part of the Indian political vocabulary, though experiments were carried out in 2011 with a simple "cash transfer" program, providing monthly cash payments instead of the existing subsidized essential foodstuffs (wheat, rice, oil), was implemented as part of the Indian government's Direct Benefit Transfer program. A Cash Transfer Initiative was run by the [Self Employed Women's Association](#) (SEWA, a trade union that has defended the rights of women with low incomes in India for 40 years) in the village Panthbadodiya (Madhya Pradesh), with subsidies from UNICEF India launched in 2011. Adults received 200 rupees (\$3.65) a month, and mothers were given 100 rupees for each child.

The results were encouraging, with people spending the cash responsibly -- more on eggs, meat and fish, and healthcare. Children's school marks improved in 68% of families, and the time they spent at school nearly tripled. Saving also tripled, and twice as many people were able to start a new business. Only 1/3 of the village farmed before the switch, forced to take cash employment. 2/3 are farming after the switch. The other pilot project undertaken by SEWA -- Bahrat -- was in Raghbir Nagar of West Delhi with funds paid to women only, with similar results.

SEWA's Sarath Davala co-authored *Basic Income: A Transformative Policy for India* with Renana Jhabvala, Soumya Kapoor Mehta and Guy Standing, and is committed to implementing some kind of basic income: "It's a middle-class prejudice that the poor don't know how to use money sensibly. The study showed that a regular income allows people to act responsibly. They know their priorities. The main advantage is regularity. It makes it possible to organize, save and borrow. The principle is that a small amount of money generates a great deal of energy in a village."

Little of traditional aid funds reach the low income people it is intended for. 90% of the workforce is in the informal sector and has no social protection. Direct cash payments cut out the many leaks and corrupt intermediaries, and are seen by many as a silver bullet.

Implementation problems

So far, there is no firm schedule and debate continues on how to implement such a program. There are problems with implementation, as 90% of Indians do not have bank accounts, but its success prompted the central government to promise full implementation eventually.

SEWA is now doing a follow-up study about how the villagers have fared since the program ended. The advocates of the concept are concerned that the government will cut out the Public Distribution System (PDS) which provides subsidized staples, existing welfare public health care and education programs. "The government doesn't want to have to spend more. That is the bottom line. But if it slashed subsidies on food and privatized health and education, this would be disastrous," said Reetika Khera, economist at the Indian Institute of Technology Delhi.

The public debate on cash benefits has been contentious. On one side are advocates of food subsidies, wishing to extend the Public Distribution System to 68% of the population, as planned in the National Food Security Bill, now before parliament. They worry that advocates of cash transfers just want to use CTs to dismantle public services and cut social spending. The real problem is that existing policies have left over 350 million people, about 30% of the population, mired in poverty, even after two decades of high economic growth.

Khera argues that a modified program, starting with a better implementation of the existing noncontributory pension income should be carried out, raising the existing pension for 200Ru a month (\$3) to 1000Ru (\$15) to those 60 and over, 10% of the population. Combined with existing programs for lunches to children and lump sum 6-month maternity leave allowance, the most needs would be addressed.

Another contentious issue is the central-state government jockeying over authority for implementation. Tamil Nadu and Odisha state level programs for maternity leave were implemented, funded by the state governments, in 2011. This is an incentive for the central

Basic Income - International experience (Brazil, Namibia, Canada, India)

Written by Eric Walberg, Эрик Вальберг/ Уолберг

Tuesday, 31 May 2016 07:01

government to promise to contribute if all the states follow suit.

Advantages

The current high level of the underground/ informal economy in India is estimated from 25--75% of GDP, with most transactions in cash and massive foreign transfers of cash sapping potential tax revenues. This is a widespread problem around the world, though particularly acute in countries like India.

* By giving a small income to those most in need, creating millions of personal bank accounts to do it, more people are drawn into the legal economy.

* It would reduce government administrative costs by simplifying the income support system, which now consists of numerous, often-overlapping programs at the federal, provincial and local government levels, and which the poor often are unable to use through lack of smarts.

* As the economic multiplier effect kicks in throughout the country, government revenues will increase, paying for this 'social investment'.

* It is great for small businesses. Money would be used locally if combined with incentives to promote local manufacturing

* By giving women their own income, their status is raised and they can also partake directly in economic life. It gives young mothers the option of staying at home to bring up their children, gives poor teens the possibility of studying to raise their skills or go on to university instead of vegetating flipping hamburgers

* It has positive social and psychological effects as demonstrated in all experiments from Namibia and India to Manitoba. Manitoba's Mincome resulted in a decrease in hospital visits by 8.5%. Fewer people went to the hospital with work-related injuries and there were fewer

Basic Income - International experience (Brazil, Namibia, Canada, India)

Written by Eric Walberg, Эрик Вальберг/ Уолберг ██████ ██████

Tuesday, 31 May 2016 07:01

emergency room visits from car accidents and domestic abuse. There were also far fewer mental health visits.

* By using nongovernmental organizations like SEWA, or tribal councils, to administer the distribution, local needs are directly addressed, and the grievances that give rise to terrorism are eliminated.

The guaranteed annual income for an Indian would be more like \$180 than \$18,000, but still a big outlay for cash-strapped central and state governments. As in India, proponents of GAI in Canada worry that short-sighted governments will cynically eye the program only in terms of reducing welfare expenditures. While some welfare programs will no longer be needed, the transition to a basic income based on cash transfers will have to be gradual, making sure higher prices for subsistence goods doesn't undo the whole purpose of the program.

The bottom line for both India and Canada is the same: to end poverty and promote an inclusive a healthy 'formal' economy based on social justice.

[AHT](#)