



Towards a Universal Basic Income in France: elements for a debate

Multiple surveys across many countries show an increasing support for the idea of providing every citizen with a monthly lump-sum allowance to ensure everyone can meet their basic subsistence needs. In France, the IFOP (a leading French national market research institute) has shown that this support goes beyond political orientation divisions. From the question: “Are you in favour of implementing a guaranteed basic income for all citizens which would replace most existing allowances?” came a positive answer, depending on the degree of support for one party or another, from 72% to 79% for left wing sympathizers and from 50% to 54% for right wing sympathizers.

However, what would an unconditional basic income in France look like in concrete terms?

The Finland experiment

Since the election in April of the Finnish pro-basic income coalition, the topic has given rise to renewed international interest. All started when the Prime Minister of Finland Juha Sipilä announced the launch of a series of pilots, the most important being a “universal basic income” [1], in order to reform the social security system in response to the evolution of the labour market. This will also allow the evaluation of how to reinforce autonomy and incentives to work, as well as reducing bureaucracy and the complexity inherent in accessing social assistance.

The lead role in this project has been given to professor Olli Kangas (KELA) who has outlined the following schedule[2]: preparation phase from December 5th, 2015 to November 15th, 2016; two-year experimentation starting in 2017; evaluation in 2019.

Olli Kangas explained that the work group will evaluate at least four options:

1. a **“full basic income”** (~800 €) replacing almost all basic and insurance-based benefits;
2. a **“partial basic income”** (~550 €) replacing all basic benefits but leaving intact almost all insurance-based benefits;
3. a **negative income tax** in which benefits would phase out as people earn more money;
4. miscellaneous other approaches including a universal income and additional components.

Everyone who has recognised the need for major reforms of our social protection mechanisms perceives the announcement of the Finnish pilot as an opportunity. However, we need to give time to our Finnish friends for their project to mature.

Which options are possible in France?

The [Association for the Introduction of an Existence Income](#) (AIRE) has been working on these questions since 1989, gathering studies and proposals from numerous experts, philosophers, economists, sociologists, politicians, etc. The French Movement for a Basic Income (MFRB) created in 2013 involves activists from a wide variety of backgrounds, leading actions through the country and enriching proposals by bringing together citizen experiences from the grass-roots[3].

Despite apparent simplicity, an unconditional basic income would require a series of structural choices. Precise adjustment of the parameters would need to be made in order to ensure it performs optimally in terms of justice and efficiency. Considering the vast number of options, it would be fallacious to believe that there is an ideal solution. Actually several options that must be weighted by parliamentary and experts in order to create a consensus that is adapted to the reality of our country.

Our experience leads us to recommend a universal income that would vary based on the beneficiary's age. In particular the case for children should be processed separately, which means organizing an in-depth discussion about the French family assistance policy. This means replacing all or part of the actual eight allowances[4] by a lump-sum for each child. A key stake is to eliminate the high variability of the State grants according to the child's rank within the family, the matrimonial status of the parents or the parent's income (knowing that a single child of a middle-income level couple currently receives a remarkably low grant). The potential variation of the universal income amount according to child age (3, 14, 18 year old thresholds) must also be further investigated.

Similarly a discussion is needed regarding senior citizens. The question of incentive to work disappears with the elderly, but the dependency issue arises. Do we need to define a higher amount above 65 years old? How should the matrimonial life conditions be integrated? The ASPA[5] level (800 € for a single person, 1242 € for a couple) gives an indication but not a clear answer on the solution to be implemented.

The coordination with housing allowances constitutes a third theme to be carefully analysed. Acknowledging the inflationary effect of housing allowances (APL) on the rental market price, some politicians and economists[6] are investigating the potential effects of merging the APL and the RSA[7]. As the AIRE association is attached to the Tinbergen rule[8], we are highly reluctant to support this proposal, but the underlying issues must nonetheless be addressed. In any case, it is important to revisit conditionality links between several allowances and the housing grant, in particular the existence of a problematic "housing lump-sum" component within the RSA.

The last framing issue is to define the scope of beneficiaries for a "universal income". Despite this designation, it is necessary to limit eligibility to a national community. This needs to be defined in terms of residence and/or nationality, probably through continuity of the rules applying today for the RSA beneficiaries. However, this still creates a variety of fundamental questions, for example the potential right to the universal income for prisoners or asylum seekers (currently receiving the ATA[9]).

Three scenarios for a universal basic income for "active age" adults

Similarly to the Finnish approach, we identify three quite different scenarios to defining a universal basic income that would be paid to any adult in France.

1. **Baseline:** extend the distribution of the “RSA single person allowance” to the whole country population (excluding the housing lump-sum component), being 470 € by month in 2016, financed by a flat tax system replacing several current basic social and family allowances as well as tax mechanisms.
2. **Maximised:** distribute equally to the whole population the entirety of the social protection budget, including pensions and unemployment benefit. This would mean about 800 € by month.
3. **Dynamic:** delete all employment incentives to companies and allowing a massive flexibility improvement in terms of minimum salary, in order to finance a basic income ranging between 500 € and 550 € by month. This would also replace a major part of the social and tax mechanisms but leave intact all insurance-based benefits.

The financial feasibility of scenario A is proven and it does not lead to a large upheaval of the redistribution operating in France. It allows a massive simplification of the social and tax systems, facilitating daily life of the population and reducing operational costs. This scenario, like the following ones, eliminates many inconsistencies, iniquities and numerous more-or-less known perverse effects. However in term of micro-economic analysis, it does not imply a massive evolution neither by an *income effect* nor by a *substitution effect*, unlike the other scenarios.

Scenario B designates the losers: those who contributed all along their life for pensions and unemployment benefits and who would be left without those related benefits. Neither the AIRE nor the MFRB association support this scenario. Such an approach – if it proves to be meaningful – could be considered only through a very long migration phase from one system to another. This would need to be built cautiously, with the implication of the labour unions. Besides, the high level of the benefit leads to a high *income effect*, many people being possibly satisfied by this amount without seeking for a complementary paid activity. The *substitution effect* contributes on the same way, due to the high level of contribution necessary to finance it.

Scenario C is probably the most audacious challenge, by lightening massively legal constrains framing the labour market, leaving it up to individual and collective negotiations. Citizens with better secured economic status are then on a better position to decide whether to accept or not professional opportunity offers, or to create their own activity by minimising their personal and family risks. The micro-economic analysis is more ambiguous, the *income effect* being stronger than in scenario A and on the contrary the *substitution effect* encouraging the activity thanks to a higher flexibility of the labour market.

Of course, the consensus that will emerge from a parliamentary work gathering representatives of all parties and the support of experts from diverse fields could finally be a combination of those three scenarios with potential integration of others approaches. In any case, no option presented in this note should be excluded without in-depth investigation.

Special thanks to Xuan-Mai Kempf for translating the text from French.

ENDNOTES

[1]http://www.kela.fi/web/en/press-releases/-/asset_publisher/LgL2IQBbkg98/content/universal-basic-income-options-to-be-weighed?_101_INSTANCE_LgL2IQBbkg98_redirect=%2Fweb%2Fen%2Fpress-releases

[2]<http://www.vox.com/2015/12/8/9872554/finland-basic-income-experiment>

[3] Some discussion papers from the field can be tough however well documented. For instance, in order to rebel against the home control by the family assistance administration: <http://www.lesenrages.antifa-net.fr/la-caf-contre-les-femmes/>

[4] Family allowances, premium for age, family complement for 3 children, basic allowance for child under three, school yearly allowance, RSA increase for each child, income tax reduction according to the number of children, tax reduction for child schooling.

[5] Solidarity allowance for elderly persons.

[6] Cf. the « Unique social allowance » of François Fillon or the IPP report: <http://www.ipp.eu/publication/juin-2015-reformer-les-aides-personnelles-au-logement/>

[7] RSA: *Revenu de Solidarité Active*, is the main French allowance providing a minimum guaranteed revenue.

[8] Based on the name of the first Nobel Prize for Economics winner, Jan Tinbergen, a supporter of an unconditional basic income, who stipulated that for each policy objective, one policy instrument is needed, and one only.

[9]*Allocation Temporaire d'Attente*.

[Tratto da Basic Income Org](#)