

# THE QUALITY OF LIFE RELATED TO UNIVERSAL BASIC INCOME

OANA-VALENTINA DIAMANTU  
OTILIA-FLORENTINA CHIRIȚĂ

*In the context of economic development was implemented the concept of universal basic income, which is intended to be a form of sustainable social protection, thus responding to the Universal Declaration of Human Rights. It is easy to understand that the implementation of such a concept will have a significant socio-economic impact and not a positive impact in all cases. Unfortunately, there are countries where the minimum income is insufficient to support the citizen's minimum needs and beside this the concept will damage the economic connection between work and income. Meanwhile, this mechanism is considered by specialists a form of communism in a capitalism society like Marx used to say „from each ones with capacity to each ones with needs”.*

*The current debate highlights and analyzes the size of the system's implementation with regard to the universal basic life expectancy, the actors involved in the process and the contribution to a sustainable development. The main focus of the article refers to the socio-economical options which might be implemented in order the mechanism of basic income to be sustainable meanwhile being aware about the fact that the more free money is shared the more people will be tempted to be satisfied with minimum income despite competitive work.*

**Keywords:** *human rights; Agenda 2020; sustainable development; basic needs; basic income; inequality.*

## INTRODUCTION

The concern for sustainable development emerged during the economic ascent, when it was found that while we were moving towards a certain evolution, each action had a negative consequence for which future generations would pay. The measures promoted and adopted had focused on the first part of the evolution towards the concern for our “common future” in terms of promoting the principles of economic sustainability and the awareness of the business class that profit should not be obtained at any cost.

---

**Adresele de contact ale autorilor:** **Oana-Valentina Diamantu**, Facultatea de Administrație și Afaceri, Universitatea din București, Bulevardul Regina Elisabeta, nr. 4–12, București, 030167; **Otilia-Florentina Chiriță**, Academia de Studii Economice, Școala Doctorală Economie II, Piața Romană, nr. 6, București, 010374, e-mail: oana.cercelaru07@gmail.com; chirita.otilia@yahoo.com.

The universal basic income is according with the Universal Declaration of Human Rights which demonstrates that man has “the right to life, the right to social security and the right to an adequate standard of living”. Ensuring all these rights can also be achieved through a monthly income that fully covers these needs. The concern to ensure a fair standard of living is found in our 20th century Agenda 2030 for Sustainable Development.

### LITERATURE REVIEW

The concept of universal basic income for life has existed since ancient times, being implemented in a basic form by communist regimes. In 1778, Montesquieu firmly held that “(...) the state owes to all its citizens, a safe income, food, proper clothing, and a lifestyle that does not affect their health”. The Communist regime tried to develop an equal society, to ensure a safe income, food, clothing, social security and health insurance, on one condition, to provide work in the form of work. In our century, the ideology of universal basic income comes precisely in the elimination of conditionality, in fact promoting an unconditional basic income that gives people the opportunity to meet their basic needs without performing any work.

The definition of Unconditional Basic Income (UBI) was made by economists Niels I. Meyer, Kristen Helveg Petersen and Villy Sørensen and subsequently developed by: Philippe Van Parijs in the article “Basic Income: A Simple and Powerful idea for the Twenty-First Century”, in the article “Arguing for Basic Income”, in the article “Competing Justifications of a Basic Income” by Eduardo Matarazzo Suplicy in the article “The approval and sanctioning of the Basic Income Bill in Brazil: will be implemented” by Justice. L. Groot in the lecture “Basic Income, Unemployment and Compensatory” and many others.

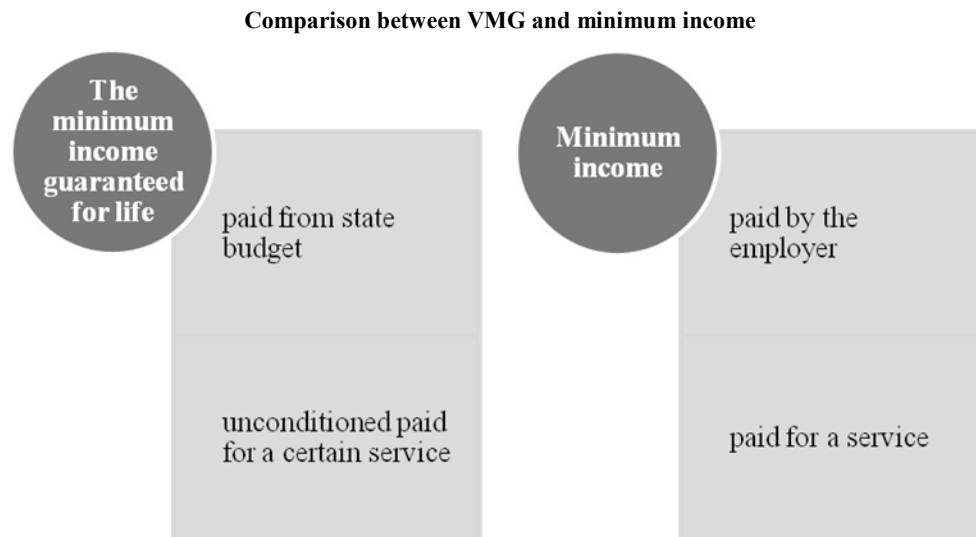
The implementation of such a concept is not simple, the problems being identified from the beginning. Economist Stuart White in *The Civic Minimum: On the Rights and Obligations of Economic Citizenship* (2003: 33) raises the question of whether this income is a “providential arrangement”, underlining that it can be considered as “(...) a rather providential arrangement that some should be born without the need to work for their own lives ...”. Philippe Van Parijs (2005: 12) tried to find solutions for the problem raised by Stuart White who mentioned that “if these rights provide citizens with a sufficiently generous share of the social product and good enough opportunities” there are “clear obligations and potentially enforceable in return to make a productive contribution to the community”.

### METHODOLOGY

The universal basic income (VMG) comes as a new form of social protection, being a sum of money offered by the state to citizens to meet the basic needs of the

people. Nowadays, in most countries, minimum wages are set as a form of social protection, trying to comply with the Universal Declaration of Human Rights: “Everyone who works has the right to a fair and sufficient salary to provide his and his family with a living in accordance with human dignity”. But reality shows that there are still countries where the minimum wage does not meet people's needs, being forced either to look for other sources of income or to adapt to a subsistence level. A new developed form of the minimum wage, able to provide a much better social protection system. Although there are significant differences between the two instruments, the link between them is given by the objective to which they are responsible, both being a form of social protection, as notes in *Figure 1*.

*Figure 1*



*Source:* Created by the authors.

The implementation of such a system implies a major impact on the entire community, as it is both a social change and a change in the whole economy. At the same time, we are discussing the change of the state-man relationship, such a system requires the granting of much more power to the state, the sole responsible for the development of the foundation on which such a system can be implemented. It can be said that we are returning to times when economic life and social life were heavily regulated and controlled by the state. Determining whether this system produces positive real effects becomes a very difficult task, with the impact being a global impact.

From an economic point of view, we are talking about an impact on several sectors: on employers; on employees; on the market and on the state budget/tax system.

As far as the impact on employers is concerned, we could say that it is both a positive and a negative impact. Where minimum spending is ensured through the universal basic income, employees are no longer in a position to accept jobs that are not in line with their preferences. The so-developed competitiveness will bring to the market better-prepared people, more eager to learn and develop, thus developing the human workforce. Also, the fact that the state contributes to the income of the human person will allow the employer to offer lower wages, the satisfaction of the primary needs being already covered, the salary being only an additional income and the employer's expense with the salaries should be lower. At the opposite end, there are disadvantages for employers, that is, there is a very high risk that jobs that can not give satisfaction to employees (*e.g.* people employed in sanitation services, construction workers, people working for physical work – people employed in the production plants) are no longer occupied. In this situation, when the technology can not replace the human resource perfectly, the employer needs to find solutions to cover staff needs and “dirty jobs”.

A first solution is that wages in these areas will increase a lot in order to become attractive, but this will have a direct impact on prices as well. Changing the poles for wages in the sectors of activity (“dirty jobs” will be better paid for jobs involving intellectual work) is a major change in the economy generated by the implementation of the VMG system, areas requiring highly qualified training by offering lower wages than those in areas requiring minimum qualification.

The impact on employees is expected to be a predominantly positive one, accepting only the jobs they want and dedicating to highly qualified professional development, succeeding in following different forms of specialization that can help them achieve the desired jobs. The risk identified in this hypothesis is that employees become over-qualified and have difficulty in finding the ideal job, reaching out again in a compromise situation.

The impact on the market is very difficult to establish at this stage, being both positive and negative. Introducing money into the market that will guarantee the daily basket of the family can lead to an imbalance in the economy if it is not implemented in conjunction with other measures. A first outlined hypothesis presents a demand for products that will grow exponentially while supply on the labor market will be deficient, generating a rise in prices. The agriculture segment is also part of the unattractive jobs category for which a labor shortage is estimated. The whole impact on the market can be influenced if at the same time attention is focused on the consumer. Human development is essential to the success of such a system, as there is a very high risk that beneficiaries of the universal basic income tend to buy more than it needs. Thus, it is absolutely necessary to educate the consumer by implementing social awareness programs.

The link between the social and the economic side is very close to the assumption of the universal basic lifetime income. Awareness of rights and

obligations, understanding the economic and social impact and adopting a lifestyle based on the principles of sustainable development are the objectives to be respected within the framework of the new mechanism.

It is the community that receives the greatest benefits from this system, this being able to grow and become much stronger. A society that is no longer under the pressure of gaps and feels protected by the state will have a quality of life above average. An increased standard of living should lead to better prepared, competitive, stronger and more willing people to develop.

The impact on the tax system can be said to be a major one, but we can not determine whether it is positive or negative. The fiscal policy of an economy that has a guaranteed minimum income has some peculiarities, with at least the following two contributions being eliminated:

- Contribution to unemployment insurance, as people benefit from guaranteed minimum income unconditionally, not just in case they lose their jobs;
- Contribution to social insurance, as individuals benefit from unconditionally guaranteed minimum income and the pension system can be abolished or become optional.

The problem that arises in this situation is generated by the need to identify sources of funding to support the social security spending of the guaranteed minimum income for life. One possibility would be to introduce taxes and fees to collect the necessary amounts of money. Also, over-average revenue surpluses and profits are a possibility, thus returning to progressive taxation. We can discuss in this situation an attempt to equalize living standards, the development of the middle class at the expense of the luxury class, which has very high incomes. This problem has been debated by several economists, and proposed solutions are different (financing the system by taxing natural resources or financing the system through a special income tax or a new tax). For example, in 1999 Bresson proposed the development of the “Tobin tax” on the proposed speculative capital movements, and in 1996 Soete & Kamp wanted to tax information transfers and thus implement the “bit tax”.

The issue of financing the guaranteed minimum income is the biggest challenge for implementing this new system. Although the state budget is the one that suffers the most changes, rethinking almost the entire system, man comes into the equation with a positive impact. A guaranteed minimum income for life will significantly help to increase the quality of life, consumption, education, and the estimated social impact bringing multiple benefits. As man is the link to the basis of the existence of the market, the changes brought about by his behavior have a strong impact on the economy. However, we must not neglect the fact that in this situation the state is the chain linking the two components (man and economy), making it difficult to determine what the relationship between the two links within this system will be.

The second challenge that this system has to respond to is social. There is a danger that a large number of people will be content with the universal basic income and give up working for at least a good period of time. State involvement is essential, as it has to watch the emotional and professional development of its citizens, and if there is a risk that they may manifest an individualist attitude, projects for community involvement and development must be implemented. Educating the civic spirit is absolutely necessary, as we need to be aware that we have a common future and we must work for it. The universal basic life-expectancy must not provide the comfort of withdrawing from the community and living on the basis of this income but must help personal development and, implicitly, social and economic growth and, in particular, the growth of the entire community.

In Romania, guaranteed minimum income (VMG) is a form of social assistance. According to Law no. 416/2001, Romanian citizens are provided with a minimum income calculated on the basis of the Social Reference Index (ISR). For example, a single person is legally guaranteed an income of 141.5 lei. The mechanism implemented by our country differs substantially from the ideology of guaranteed minimum income for life promoted by economic theory. The implemented system is based on the idea of social aid, trying to solve the problem of people for short periods of time and the amount offered is well below the average living standard, the value of 141.5 lei that is ensured to a single person failing to cover even the expense with food for one month. The universal basic lifetime income should be able to cover all the needs of a person, including cultural and social needs.

The implementation of a mechanism to ensure people's daily living, a sum of money to meet daily basket needs, social and cultural needs, is consistent with what 193 UN member countries have taken on through "Agenda 2030 for Sustainable Development". Thus, each country, including Romania, undertakes to take measures to achieve the following major objectives:

- No poverty – the dissolution of the phenomenon of poverty in all its forms;
- "zero" hunger – sustainable development of the agricultural system and provision of food;
- Health and well-being – developing health systems and ensuring the quality of life of all people at all times of life;
- Quality education – ensuring educational standards and encouraging continuous learning at any time of life;
- Gender equality – elimination of gender discrimination;
- Clean water and sanitation – development of the water management system and ensuring the sanitation of all people;
- Clean and affordable energy – developing the energy system and promoting affordable consumer prices;
- Decent Work and Growth – Awareness of the need to develop "smart" economic growth and the promotion of standardized working conditions worldwide;

- Industry, innovation and infrastructure – Infrastructure development and industrialization based on sustainable development; at the same time, encouraging innovation in all areas;
- Reduced inequalities – reducing existing gaps in global equality;
- Cities and sustainable communities – community development and the promotion of cities based on concepts such as safety, equality, quality of life, etc.;
- Responsible consumption and production – avoiding waste and creating forecasting systems;
- Climate action – taking measures to combat climate change;
- Aquatic life – ensuring the sustainable use of marine resources;
- Terrestrial life – ensuring the sustainable use of land resources;
- Peace, justice and efficient institutions – Ensure the right to justice and develop such institutions in the sense of homogeneity and standardization;
- Partnerships for achieving the objectives – encouraging the signing of the global partnership for the assumption of global sustainable development.

The Lifetime Guaranteed Minimum Income Response mechanism responds to seven of the 2030 Agenda for Sustainable Development goals, making it even a tool to solve almost half of the Agenda targets.

*Figure 2*

**The objectives of Agenda 2030 for Sustainable Development that can be attained by providing the universal basic lifetime income**



*Source:* Created by the author.

Ensuring a sum of money to all citizens of a state that allows them a decent daily life solves the issue of meeting the following Agenda 2030 objectives for sustainable development:

„1) “without poverty”, people could have an average living standard without gaps and poverty;

2) “health and well-being”, people would have access to health systems, the problem of poor people not going to a doctor because they have no money to solve; the quality of life would be far superior, all people having the opportunity to develop intellectually and socially, not being constrained by the “tomorrow's concern”;

3) “Decent Work and Growth”, people will no longer be compelled to compromise by accepting jobs that do not give them satisfaction, and working conditions will become more and better, with the labor market being obliged to develop, come with competitive offers;

4) “zero hunger”, the achievement of this goal is based on two important issues: people will no longer suffer from hunger and agriculture will develop, human consumption will lead if properly managed to the development of agriculture;

5) “responsible consumption and production”, the reaction to consumption growth is perfectly normal as “poor” people start to consume more, but if there are levers and mechanisms well regulated and implemented, all consumption of guaranteed minimum income for life will bring development; educating the consumer on avoiding waste and creating forecasting systems are the first steps to be taken, and so we can say that we are also achieving this goal;

6) “sustainable cities and communities”, the development of cities and communities is certain when there are programs and projects to develop the foundation, man; providing an income that meets its primary needs, including cultural and social needs, enables the quality of life to be improved, including a fairly equal standard of living;

7) “low inequalities”, at national level, the inequality of chance can be eliminated by implementing the universal basic lifetime income, all persons having the same rights, having an average living standard” (<https://www.mae.ro/node/35919>).

The implementation of such a global system would have a positive and even greater impact, thus being able to achieve objectives such as reduced inequality, sustainable cities and communities, decent work and growth in a macro context as envisaged in Agenda 2030 for Sustainable Development. Diminishing the gap between developed countries, less developed countries and poorer countries is the key priority of economic development, as we can not discuss globalization, single market, etc. without having a certain level.

The economy of the 21st century is threatened by globalization, and the solution is to standardize social life to a minimum, thus eliminating poverty, hunger, inequality of opportunities and responsible consumption.



## CONCLUSIONS

In the context of an accelerated development, the identification of social solutions for community development becomes mandatory. The concern for sustainable development on all niches (economic, social, natural, etc.) is becoming more and more intense given the limited resources we face.

The universal basic lifetime income comes as a possible solution for the 21<sup>st</sup> century economy, an economy geared towards people, new needs and globalization. Ensuring a minimum income to cover the normal needs of the individual allows the development of the human factor and helps the sustainable development of the economy. The success of such a system depends 100% on the legal framework for implementation, on measures taken to educate man. Awareness of the impact of excessive consumption (avoidance of waste), promotion of human development programs, including community development, are just a few of the actions that need to be taken to avoid implementing the idea that “universal basic life earned is a privilege.” This income is a social instrument, which must help the development of man and the economy. The correct implementation of this mechanism allows the achievement of seven of the 17 objectives of Agenda 2030 for sustainable development.

The biggest challenge is generated by the way it is implemented and the difficulty in estimating the overall impact that such a mechanism can have. The changes that are required are major, being changes to the tax system, to the social aid system, to the health system, etc. However, we appreciate that it can be a solution for sustainable development if implemented with a beneficiary education and awareness system.

## BIBLIOGRAPHY

- Birbaum, S., *Basic Income Reconsidered: Social Justice, Liberalism and the Demands of Equality*, Editura Palgrave Macmillan, New York, 2012.
- Cunliffe, J., Erreygers, G., *The Origins of Universal Grants: An Anthology of Historical Writings on Basic Capital and Basic Income*, New York, Editura Palgrave Macmillan, 2004.
- Groot, L., *Basic Income, Unemployment and Compensatory Justice*, New York, Springer Science and Business Media, 2004.
- Murray, M. L., *Welfare Reform for the 21st Century and Economic Justice for All*, Londra, Editura Routledge, 1997.
- Parijs, P. V., *Basic Income: A simple and powerful idea for the twenty-first century*, in “Redesigning Distribution”, nr. 8/3, 2005.
- Parijs, P. V., *Competing Justifications of a Basic Income*, London, Editura Verso, 1992.
- Parijs, P. V., *Arguing for Basic Income*, London, Editura Verso, 1992.
- Stuart, W., S., *The Civic Minimum: On the Rights and Obligations of Economic Citizenship*, Anglia, Editura Oxford University Press, 2003.
- Theobald, R., *The Guaranteed Income: Next Step in Socioeconomic Evolution?*. New York, Editura Anchor Books Doubleday, 1967.

Vanderborght, Y., Yannick Vanderborght, 2004, *Do Trade Unions Form an Obstacle to the Introduction of a Basic Income?*, EUI Working Paper SPS, no. 4, 2004.

Link: <https://www.mae.ro/node/35919>, accessed on 31 of May 2019.

*În contextul dezvoltării economice, a fost implementat conceptul venitului minim garantat, ce se dorește a fi o formă de protecție socială sustenabilă, răspunzând, astfel, Declarației Universale a Drepturilor Omului. Este lesne de înțeles faptul că, implementarea unui astfel de concept are un impact socioeconomic semnificativ și nu unul pozitiv, de cele mai multe ori.*

*Din păcate, există țări unde venitul minim garantat de stat nu este suficient pentru a acoperi necesitățile de bază ale cetățenilor. Studiul realizat prezintă atât diferențele dintre salariu minim și venitul minim garantat pe viață, cât și posibilul impact generat de implementarea acestui concept. Totodată, putem afirma că acest tip de mecanism este considerat de mulți specialiști ca fiind o formă a comunismului manifestată în societatea capitalistă, așa cum susținea Marx: „de la cei capabili, la cei cu nevoi”.*

*Abordarea de față reprezintă o analiză care subliniază dimensiunea sistemului în legătură cu așteptările individului legate de venitul minim garantat, actorii implicați și interesați de acest fenomen dar și contribuția mecanismului la o dezvoltare durabilă.*

*Punctul central al acestui articol se referă la opțiunile ce pot fi implementate, astfel încât sistemul venitului minim garantat să fie sustenabil, fiind în egală măsură conștienți de ipoteza conform căreia cu cât se împart mai mulți bani cu titlul gratuit cu atât indivizii vor tinde să fie satisfăcuți cu un venit minim, în pofida muncii competitive.*

**Cuvinte-cheie:** drepturile omului; Agenda 2020; dezvoltare durabilă; nevoi bazale; venit minim garantat; inegalitate.

Primit: 03.04.2019

Acceptat: 30.04.2019