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**“Any idea that is not dangerous is not worthy
of being called an idea at all.”**

Oscar Wilde



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UBI PRESENTATION

Presented by: Stephen Dufresne and Maria Lupul
from St. Theresa's Conference in Edmonton, Alberta

AGA in St. John's, Newfoundland – June 20 – 24, 2018



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BACKGROUND INFORMATION



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We stand on the brink of a technological revolution that will fundamentally alter the way we live, work and relate to one another.

In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before.



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The First Industrial Revolution used water and steam power to mechanize production.

The Second Industrial Revolution used electrical power to create mass production..

The Third Industrial Revolution uses electronics and information technology to automate production.



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Now the Fourth Industrial Revolution, that is building on the Third, **THE DIGITAL REVOLUTION** is characterized by a fusion of technologies that is blurring the lines between physical, digital and biological spheres.

There are 3 reasons why today's transformation represents the arrival of a Fourth Industrial Revolution:

Velocity – is evolving at an exponential rather than a linear pace.

Scope - it is disrupting almost every industry in every country.

Systems impact – The depth and breath of these changes affect the transformation of entire systems of production, management and governance.



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These changes are driven by the possibilities related to billions of people connected by mobile devices, with unprecedented processing power, storage capacity and access to knowledge, that are unlimited.

These possibilities are then being multiplied by technological breakthroughs in the field of: AI (artificial intelligence), robotics, the Internet of Things, autonomous vehicles, 3-D printing, nanotechnology, biotechnology, materials science, energy storage, and quantum computing.



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The Fourth Industrial Revolution has the potential to raise global income levels and improve the quality of life for populations around the world.

At the same time, the Fourth Industrial Revolution could yield **greater inequality** - Particularly in its potential to disrupt labour markets.

(More about inequality later in this presentation.)



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UBI

(UNIVERSAL BASIC INCOME)

(A modest amount of money paid unconditionally to individuals on a regular basis.)



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UBI PRESENTATION OUTLINE

- Background information in Industrial Revolutions,
- A brief discussion on the issue of poverty and poverty reduction.
 - Introduction to UBI and discussion of its 3 key elements
- A definition of one form of a UBI program and discussion of a UBI program key elements
- UBI and the Shared Economy, employment and role of government.
 - Costing example of a simple UBI program
 - Summary, questions and answers



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*“Overcoming poverty is not
a task of charity.*

It is an act of justice.”

Nelson Mandela



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Like slavery and other forms of discrimination,
poverty is not natural.

It is man-made

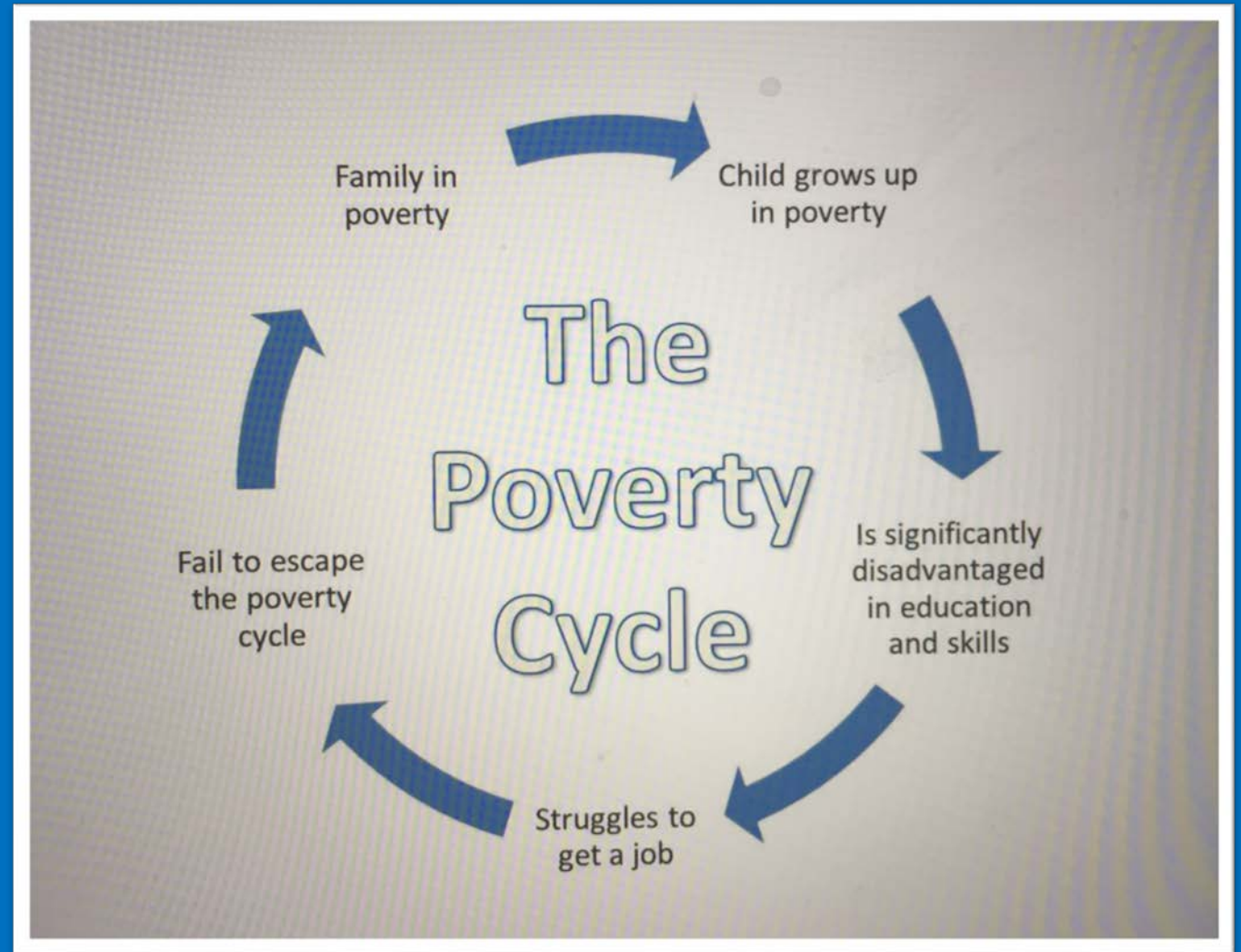
and it can be

overcome and eradicated by the actions of
human beings and governments.



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A UBI PROGRAM COULD BE USED TO INTERRUPT THE POVERTY CYCLE AND PRODUCE LONG-TERM BENEFITS TO THE INDIVIDUAL AND SOCIETY.



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The recurring theme of past and current government work on a poverty reduction strategy has been the need to

modernize the social safety net

and the

61 federal income support programs involving eight (8) different government departments.



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*“We cannot solve problems by using the
same kind of thinking
we used when we created them.”*

Albert Einstein

We need to change our thinking when dealing with
the issue of poverty.



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A new way of thinking about poverty is providing a

UBI

(UNIVERSAL BASIC INCOME)



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The idea of a

UBI (UNIVERSAL BASIC INCOME)

is not something that is new.

It was first proposed by Thomas More in his 1516 novel *Utopia*.



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UBI (UNIVERSAL BASIC INCOME)

Is a combination of related ideas that can be introduced as public policy by governments or adopted by society by way of changes to the constitution.

It is only considered to be UBI when all the features of UBI are in action.



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UNIVERSAL

It is paid to all, without a means test.

Universal means that everyone is included:

- The already wealthy
- Those with some income
- And those without any income
- Nobody is shunned or ostracized based on gender, sexuality, race, ethnicity, religion, married, single, kids, no kids' health condition, abilities or inability.



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BASIC

An amount of money that would enable someone to survive, provide economic security, in the society they live.

In terms of being able to obtain enough to eat and a place to live, an opportunity to learn and access to medical care.

Should be sufficient to ensure “participation in society.”



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INCOME

1. Set at the highest amount that is sustainable, and as close as possible to an “above – poverty level.” Should also be sufficient to ensure “participation in society.”
2. Basic income should start at a low level and be built up gradually, determined by the size of the fund setup for the purpose and the level and change in national income.



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UBI (UNIVERSAL BASIC INCOME)

can be defined as a periodic cash payment
unconditionally delivered to all on an individual basis
without a means-test or work requirement.



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PERIODIC

It is paid at regular intervals, for example every month, not as a one-off grant.



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CASH PAYMENT

It is paid in an appropriate medium of monetary exchange, allowing those who receive the payment to decide what they will spend it on.



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UNCONDITIONAL

It is paid without a requirement to work or to demonstrate willingness-to-work.



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INDIVIDUAL

It is paid on an individual basis,
and not for instance, to a household.



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MEANS-TEST OR WORK REQUIREMENT

It is paid to the individual without a
requirement to work
or to demonstrate willingness-to-work.



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IT SHOULD BE AN ECONOMIC RIGHT FOR ALL TO HAVE
BASIC INCOME SECURITY.



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Two key concerns for many supporters and critics of the implementation of a UBI program are:

- **A concern that the money given would act as a disincentive to work.**
- **The high cost of delivering a UBI program.**



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UBI is part of the Sharing Economy

UBI is not in isolation from how the sharing economy is evolving.

UBI is just one small part of the implementation of the next phase of capitalism and consumerism.



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We do not know how capitalism and consumerism will adjust to technological (AI and automation) unemployment.

Nor how radical exponential technologies will disrupt mainstream jobs nor impact consumerism, nor at what speed.

However, we do know that their arrival is inevitable and their impact will be global.



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It is estimated that by 2031 the richest 1% is on track to own 66% of all global wealth.

(We are, even now, starting to see who the big winners will be, and it's looking more like Amazon, and less like the average middle-class citizen.)



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UBI WOULD HELP IN JOB DISPLACEMENT CAUSED BY:

- Resource scarcity that is becoming a looming threat
 - A world is facing a population crisis
- Huge leaps in technology have made automation a reality
- Technology advances (robotics) vs human employment
 - Reality that certain jobs will become obsolete



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IRON ROUGHNECKS?

This redistribution of labour from humans to robots is a reality in some industries.

In the Oil & Gas industry automation in the form of an Iron Roughneck – Robotic drill hands is one reason why oil drilling jobs are not rebounding.

What once took a crew of 20 workers to do is soon expected to only need 5 workers to do.



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In the US, between 1993 and 2007, the number of industrial robots quadrupled (increased 4x), and as a result and estimated 360,000 to 670,000 jobs were erased.

During that period of time “no offsetting employment gains in any occupation or education groups” were noted.



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As this redistribution of labour occurs from humans to robots
(AI and software included), won't this necessitate
at least a modest redistribution of wealth
to keep consumerism healthy?



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UBI is not some stand alone “bright idea” of adding elements of socialism to capitalism.

It is one part of a solution of how Governments, Big Technology and Banks can contribute to a new experience of global citizens in the next phase of consumerism for the good of the global economy.



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In the very near future as we transition from the Information Age to a Post – Automation Age existence could be very painful with:

- An economic recession deeper
- Unemployment rates higher

than we have seen for a very long time.



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THE COST OF UBI

The cost of a Universal Basic Income is the
Net Transfer Amount, not the Gross Price Tag.



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A simplified example of the cost of a UBI program:

- **4 individuals** care enough about each other to ensure that each of them can survive.
 - In their world, **\$400.00 per month** is enough to survive.
 - They decide to pool a percentage of their incomes to set up a **monthly based income payment** that each would receive.
- Total cost of their monthly payment program would be $4 \times \$400.00/\text{individual} = \$1,600.00$
 - Currently the individuals have the following monthly incomes:
 - Mary is unemployed so makes \$0.00 income
 - Bill makes \$1,000.00 per month
 - Jane makes \$5,000.00 per month
 - Ruth make \$10,000.00 per month



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- Their combined income is \$16,000.00 per month so they need to raise **\$1,600.00 per month** in order to give each of the 4 participants \$400.00 per month.
- So each participant needs to contribute **10% of their monthly income** to the monthly basic income payment plan.

Mary puts in \$0.00 and gets \$400.00 *(Net benefit of \$400.00)*
Bill puts in \$100.00 and gets \$400.00 *(Net benefit of \$300.00)*
Jane puts in \$500.00 and gets \$400.00 *(Net loss of \$100.00)*
Ruth puts in \$1,000.00 and gets \$400.00 *(Net loss of \$600.00)*



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So the adjusted monthly incomes for the four UBI program participants would be:

Mary - from \$0.00 to **\$400.00 per month**

Bill - from \$1,000.00 to **\$1,300.00 per month**

Jane - from \$5,000.00 to **\$4,900.00 per month**

Ruth - from \$10,000.00 per month to **\$9,400.00 per month**

***In this simplified example of a UBI program the net transfer amount is \$700.00 per month and not the gross price tag of \$1,600.00 per month.

*** *The concepts of net transfer account and gross price tag are very important point to remember when discussing the real cost of a UBI program.*



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In Canada the existing income support systems – after accounting for federal, provincial, and local government spending and tax measures – was estimated to have cost \$185.1 billion in 2013, or roughly 10% of the Canadian economy.

Together, Canadian governments collectively spend 22.0% of program expenditures directly on cash and in-kind transfers for social benefits.



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By virtue of being a single program operated at one level of government, a UBI program would be in principal:

- Be much simpler and less costly to administer



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By virtue of being a single program operated at one level of government, a UBI program would be in principal:

- Be much simpler and less costly to administer
- Do away with administrative duplication at levels of government



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By virtue of being a single program operated at one level of government, a UBI program would be in principal:

- Be much simpler and less costly to administer
- Do away with administrative duplication at levels of government
- Eliminate various eligibility conditions for receiving government transfers



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By virtue of being a single program operated at one level of government, a UBI program would be in principal:

- Be much simpler and less costly to administer
 - Do away with administrative duplication at levels of government
- Eliminate various eligibility conditions for receiving government transfers
- Would be cheaper to operate since fewer resources would be needed for monitoring and ensuring participants comply with the program



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However, real challenges surface when moving from the concept notion of a UBI to practical design and implementation, such as:

- Lack of clarity and agreement on even basic UBI program design features



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However, real challenges surface when moving from the concept notion of a UBI to practical design and implementation, such as:

- Lack of clarity and agreement on even basic UBI program design features
- Various program designs are discussed, but each has very important yet very different implications.



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However, real challenges surface when moving from the concept notion of a UBI to practical design and implementation, such as:

- Lack of clarity and agreement on even basic UBI program design features
- Various program designs are discussed, but each has very important yet very different implications.
- Details of key program features require balancing competing priorities with regard to providing an adequate transfer amount, keeping program costs low and minimizing work disincentives.



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The implementation of a UBI program is really a simple moral choice, before anything else.

The **MORAL** choices are:



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One choice states that in order to survive, people must do only what is expected of them by society ... a society that might soon be controlled by a few, powerful, influential, wealthy actors ... ***placing their own definition on worth above any other definition of worth, potentially limiting growth.***



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The other choice states that *because you are a human being, all the other human beings on the planet believe that you have worth from day one ... to survive, to thrive, to live, to display your greatness, in your own unique way. You are free to choose what will help you grow.*



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One choice states that we are happy with
how things are now.

The other choice states that we should explore new paths.

Which is the **SOCIAL JUSTICE** choice?



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We cannot talk about UBI without envisioning the kind of country where would want our grandchildren to live where the following basic elements of a post-automation society are taken for granted:

- Free Healthcare
- Affordable access to Education
 - A Basic Income
- Access to Technological utilities (free internet and cheap devices)



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