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## Committee on Social Affairs, Health and Sustainable Development

### The basic income in France: from utopia to experimentation

#### Joint fact-finding mission into the case for a basic income in France and how it could be introduced

Information report by Mr Daniel PERCHERON, Senator for the Pas-de-Calais  
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#### The work of the mission

Set up on 31 May 2016 at the initiative of the Senate Socialist and Republican Group, the joint fact-finding mission into the case for a basic income in France and how it could be introduced, chaired by Mr Jean-Marie Vanlerenberghe (UDI-UC – Pas-de-Calais), carried out, in the space of three months, 43 hearings or interviews with 99 people, and made two visits, one to Finland and the other to the Netherlands. At the end of its work, on 13 October 2016 it adopted its information report entitled: “The basic income in France: from Utopia to experimentation”.

The hearings and interviews undertaken in the course of the mission made it possible to take statements from a wide range of players: advocates of various basic income models, senior figures such as Mr Lionel Stoléro and Martin Hirsch, who, ever since the introduction of the two income support schemes (the RMI replaced by the RSA) had long been calling for an effective safety net in our society to prevent our citizens from falling into total destitution, economists, think tanks, representatives of employees and employers, representatives of organisations and agencies combating exclusion and representatives of the various administrative authorities concerned.

In view of the richness and diversity of the points of view expressed and the information provided, we felt it preferable to identify more clearly a concept to which many people subscribe but who assign to it very different, if not irreconcilable, definitions, objectives and arrangements. The catch-all nature of the concept of basic income concept doubtless explains why so many are enthusiastic about it: individuals and organisations whose aims or values should put them in opposite camps find common ground in advocating a concept in which they have an apparently shared interest, but this does not go so far as to constitute what could be called a common agenda.

#### The basic income: an old idea which is once again the subject of public debate

The idea of a basic income – whatever name it is given – universal income, unconditional allowance, social dividend – is an old one. It first appeared in the 16th century, proposed by Thomas More and then later taken up and elaborated upon by Thomas Paine, the utopian socialists of the 19th century and then, more recently, by such a disparate range of people as John Rawls, Martin Luther King Jnr, Milton Friedman and James Tobin. For several years, advocates of this idea have come together in associations or organisations and, in the political sphere, the basic income is now being championed by several senior figures from very different backgrounds.

Various experiments carried out – or merely planned – abroad have often served as an example to prove the technical feasibility of introducing a basic income and the benefits that this could produce. Nonetheless, closer inspection shows that while these experiments provide valuable input to the thought given to the

introduction of the basic income in France, they are not models to be replicated without discussion or adaptation and cannot by themselves prove the case for introducing a basic income in our own country.

In this connection, the visits made by a delegation from the mission to Finland and the Netherlands highlighted not only that the experiments frequently referred to are in fact just mere projects but above all that none of them was designed to test a real basic income.

## **A basic income in France: for what purpose?**

### **Diverse objectives**

For some people the reason for introducing a basic income is quite simply a means to bring about a change in the relationship between individuals and society. Here, two main conflicting conceptions can be seen. The first is a “liberal” approach, with the aim of the basic income being to free the individual from state control. The second reflects a Marxist-leaning approach, where the aim of the basic income is to free individuals from labour.

For others, the basic income pursues a more pragmatic goal: to improve the current system and make it more efficient in order to enable it to cope more effectively with the upheavals of our society.

In point of fact, its advocates claim that the basic income has features which would foster more effective protection against poverty than what is currently offered by current arrangements. Its unconditional nature, simplicity and transparency would procure major benefits, including in respect of plans currently being put forward to merge or tighten up existing allowances. The unconditional or indeed automatic payment of the income would be a means of overcoming the problem of the non-take-up of a proportion of benefits while the fact that it was universal would reduce the stigmatisation of beneficiaries, and both aspects would, moreover, reduce the management costs of processing applications for welfare benefits and combating fraud. Lastly, the fact that it would be paid to everyone – and in addition to employment revenue – would be a means of combating effectively inactivity traps, as anyone resuming or increasing his or her professional activity would retain the entire corresponding income supplement.

Furthermore, basic income is depicted as a means of supporting changes in our economy in this age of automation and today’s digital world. In view of the significant tendency of our societies to change the nature of jobs as a result of automation, the fact that the new technologies often do not complement but are a substitute for human work, and changes in the paid employment patterns as a work organisation model, the basic income would act as a safety net mitigating the effects of work reorganisation, or indeed as a replacement for the income linked to employment for those no longer able to occupy a position given the requirement for skills of which they are not capable. In an economy with sluggish growth, it would finally be a means of rewarding the creation of wealth now developing outside employment, in particular by ensuring the financial security emanating from the new ancillary activities emerging in participatory or collaborative production.

## **From utopia to experimentation**

### **Arrangements closely linked to financing capacity**

The arrangements for the basic income are not only heavily dependent on the objective laid down by its advocates, but are also closely linked to financing capacity. We must weigh up this idea, intellectually attractive though it may be, against the practical conditions for putting it in place and ascertain whether it is possible to finance such a measure without excessively destabilising the tax and social-security system or overly increasing the tax burden. For, at any event, the universalist goal of the basic income means that it would be impossible to implement it “at constant cost”, save by significantly questioning current redistribution mechanisms, to the detriment of those currently most in receipt of assistance.

In point of fact, depending on the anticipated amount of basic income – the main proposals range from €500 to €1 000 a month – the “gross” cost of introducing a basic income would fall between €300 billion and €700 billion a year. Nonetheless, this cost would be less if the basic income replaced various existing minimum social benefits. Its “net” cost would therefore depend on the extent to which it replaced existing minimum social benefits – all or part of minimum income payments, plus, if appropriate, housing benefits or family allowances, or indeed contributory benefits.

In any event, whether it is in the form of an allowance or negative tax, introducing the basic income would require new sources of financing. While debt financing would appear to be incompatible with the current state of public finances, financing through taxation remains the technically most realistic solution, as financing through monetary creation is, at this stage, unlikely. Nonetheless, it would involve far-reaching tax reform.

### **How it could be adapted to operate in France**

In view of the transformation of jobs as a result of automation and digital technology, the continuing presence of pockets of poverty despite a highly developed system of minimum income payments and the permanent presence of inactivity traps, the joint fact-finding mission is of the opinion that the basic income could offer a theoretically interesting response.

Nonetheless, we sought to focus on a realistic rather than idealistic approach. Rather than advocating a major upheaval in the system of minimum income payments or an immediate revolution in our society's relationship with work and wealth creation – whose future effects on social cohesion and the economy no-one can reasonably predict – we have preferred to adopt a “step-by-step” approach.

Accordingly, we have sought to identify the main policy lines which a “French-style” basic income could pursue in future, nonetheless expressing our view that we are not at present in a position for it to be introduced in France. The point is that the basic income has not yet shown itself to be more beneficial than other possible changes to our social system.

Given its systemic effects, we believe that before introducing the basic income in France as a whole, it should first of all be trialled in pilot areas for evaluation purposes.

### **The mission's recommendations**

■ With regard to the trial it advocates, the mission recommends:

- that it be introduced for a three-year period in several areas, located in volunteer départements;
- that it focus on the fight against insecurity and integration into employment, to be evaluated by means of indicators devised by a technical committee;
- that the trial should make it possible to test and compare the practical effects of various basic income arrangements on several segments of society, in particular the 18-25 and 50-65 year olds;
- that it involve a sufficient number of beneficiaries for the collected data to be meaningful, i.e. between 20,000 and 30,000 persons, the cost of which would amount to some €100 million to €150 million per year, borne by the state;
- that it provide for the payment of a sum corresponding at least to the amount of the income support supplement (RSA), and would replace all minimum social benefits (RSA, ASS, AAH, etc.) received by those taking part in the trial, up to their amount, leaving any surplus to the beneficiary; this amount would not be taxable in view of the constitutional difficulties of experimentation in tax matters.

Several arrangements relating to this payment should be trialled:

- an unconditional payment which beneficiaries could use as they saw fit;
- an unconditional payment, use of which would be stipulated, with the beneficiary having to use the money for a specific purpose, for example, to buy food, follow training, or for travelling expenses;
- a payment conditional on a specific obligation. In this case, the payment would be paid only in return for fulfilment of a particular obligation, for example, following a course of training or active steps to find a job.

■ If the results of this trial prove favourable and consideration is given to introducing a basic income in France, we believe:

- that its aim should be to provide a “safety net”, without undermining social inclusion through activity and employment;
- that if demanding something in return for the payment rendered meaningless and worthless the very concept of the basic income, consideration could be given to regulating or designating the use to be made of this income;

- that the personal activity account (CPA) could, where appropriate, be the account into which the sums or entitlements paid under the basic income scheme are paid, with each beneficiary being given the right to withdraw from that account, throughout his or her life, in accordance with arrangements yet to be defined;
- that, albeit unconditional in principle, the basic income would not necessarily be paid to the entire population in France, but could be paid only to adults whose tax domicile is located in France;
- that in order to introduce the basic income, the amount of which should be at least equal to the RSA, namely approximately €500 per month, it would first of all be necessary to simplify the system of welfare benefits, in particular by merging certain minimum social benefits, in a move to harmonise and simplify access to rights;
- that the basic income would not be intended to replace all existing social transfers but should replace only those benefits for which it would be a more favourable alternative;
- that financing through taxation would appear, at this stage, to be the most realistic option, with ultimately a preference for the principle of negative tax, but that its introduction would remain conditional on a thorough reform of the tax system.

### **Joint fact-finding mission into the case for a basic income in France and how it could be introduced**

Chair

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The report is available (in French) at the following address:

<http://www.senat.fr/rap/r16-035/r16-035.html>