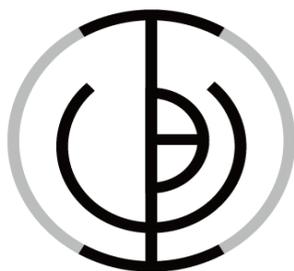


National Proposal for Unconditional Basic Income (Simplification)



U B I
T A I W A N
UNCONDITIONAL
BASIC INCOME

I. Introduction

In 2018, globalization has brought technological innovation from all over the world at an unprecedented speed. Many countries have already warned that in the near future, the era of automation and robotics is likely to hit the entire human society, and politics and economy will inevitably undergo dramatic changes in structure and nature, accompanied by demographic changes, aging, and reduction in birth. Regardless of whether people agree or not, these changes will directly impact the existing patterns of production and employment. Under this reform, welfare policies that were traditionally based on traditional work patterns and collective allocation may no longer apply (Vogelsang 2010)

As many warnings from western countries over recent years about excessive concentration of wealth, Taiwan is also facing a poverty trap in which the gap between the rich and the poor has widened and young people have fallen into low income and high unemployment. The economic growth today cannot benefit these young people that were poor. The past development methods at the cost of over-exploitation of the environment are no longer viable in various urgent environmental crises. On the other hand, with the automation of global production and the rapid increase in demand for technology in the labor market, a large number of industries and workers who have not kept up with technological innovation will be eliminated quickly. As a result, the poverty can often be seen. Numerous people are unable to stand up in the morass of poverty.

According to data collected by the Ministry of Finance, the gap between the highest and lowest income groups rose from 32.74 times in 1998 to 99.39 times in 2013, almost tripled in 15 years. Meanwhile, compare with the income from labor, the proportion of capital income increased greatly in recent years. As economic develops, the disparity between the rich and the poor is widening. Not only is the problem of youth unemployment worsening after the 21st century, but also the low-paid people with less than NTD 23,000 in wages have an estimated 1.3 million. Unequal distribution of resources will erode the ideals of freedom and fairness that ensures all of society can be on sound footing. When a certain group lacks resources to live in dignity in society, it will increase the division and hostility between different groups and damage the entire society and the value of democracy.

We believe that Unconditional Basic Income (UBI) can indeed be the basis for effective resolution of various issues. It is hoped that through this policy proposal, it will directly help to deal with the problems and improve it. We hope that UBI can become a starting point for triggering further discussions and deeper research on related solutions.

II. Policy Overview

The unconditional basic income (UBI) referred to in this proposal is the same as that has been defined by the Basic Income Earth Network (Basic Income Earth Network), that is, "individuals as issuing units, and regularly and unconditionally distribute cash to all people, whether they have jobs or not and needless for any forms of economic investigation." In Taiwan, we recommend that basic income be paid once a month. The amount was determined by the median of minimum living standard for each county and city. The basic amount of children's income is half that of adults. After calculation from the government's data, we estimate that the amount of payment is as follow:

- Citizens from 0 to 18 years old pay: NTD 6,304 per month
- Citizens over 18 years old pay: NTD 12,608 per month

Cost Estimate

The policy proposed in the above paragraph, calculated by the 2016 population structure, will require about NTD 3.24 trillion of income per year in Taiwan to be implemented, accounting for approximately 19% of GDP.

The total cost of the UBI appears to be a huge amount, which is a huge burden on the finance. But in fact, the amount will be returned to the taxpayer again in the form of unconditional basic income, so this is only a process of redistributing income.

Assuming that all people across the country accept the same single tax rate (this tax rate is 31% without affecting the current government operations), the threshold annual income will be 840,000. People will benefit from unconditional basic income under the threshold income; and people's income above the threshold income will still receive the unconditional basic income. However, the UBI they receive will all be returned to the treasury by taxation. That is to say, this will be a policy for the rich to take care of the poor with their financial policy. According to the income data in 2016, this policy will benefit about 67% of the people. The wealth of the richest 33% of the rich will flow to the remaining 67% of the people, about 710 billion NTD. This results in a redistribution of income, and this \$710 billion can also be said to be the "net cost" of unconditional basic income, which is about 4.1% of GDP, which the net cost seems to be not a large figure compared to the total cost. If we look at the actual situation, more people will benefit from the progressive tax rate system, and the effect of eliminating the gap between the rich and the poor will be even better.

III. Implementation Recommendations

Since unconditional basic income is relevant to many aspects of society, direct implementation of UBI will face difficulties in political, financial, and economic field. Among them, we recommended the proposal of **partial basic income**, this transitional plan best meets the spirit of UBI. We will discuss the partial basic income in more detail as the specific content, considerations, related measures, as well as the advantages and disadvantages of the partial basic income. In addition, we also propose two other possible ways: the **national peace account** and the **age-increasing plan**.

Partial Basic Income (Primary Proposal)

Partial Basic Income (PBI) refers to the fact that relative to a complete unconditional basic income (UBI), the amount of money issued is part of, and is not necessary for "enough to meet the basic needs of individuals living alone". The most important purpose of advocating and promoting partial basic income is to serve as a preemptive mechanism for gradual progress towards unconditional basic income. In the process of gradual progress, it has certain experimental significance and people can understand the various changes and impacts UBI may bring. The ideal partial basic income can promote the concept and value similar to UBI; setting up a payment mechanism that is very similar to UBI and makes it easier to connect; and to a certain extent, it brings advantages similar to UBI, such as simplifying the current social welfare system, eliminating unemployment traps, liberation, income redistribution, etc.

As for the specific content of some basic income, that is, how to issue and issue objects and amounts, there are still different concerns and space for discussion of policies. First of all, considering the financial resources and gradual changes in the tax system, the amount of payments will be increased year by year. In addition, whether the recipient should be limited to "unrewarded adults" or include children or the elderly. Based on the political feasibility and the concept of unconditional basic income, we decided to issue the money to all people, without excluding children or the elderly. As regards the level of payment for the amount of payment, as mentioned above, we have adopted a gradual increase in the amount of funds, and we have escalated our basic income to the level of unconditional basic income. However, what is the starting and ending amount? For the initial amount, we think that it is possible to consider the feasibility of reality and the tax system reform. Of course, the tax system reform will also come back to consider the initial amount we want to issue and the process of increasing. For the gradual increase of the amount, we believe that not only can we increase the amount of adjustment (such as raising NTD 1,000/month each year), but also the percentage of GDP per year, or the percentage of tax revenue. Several times to adjust. At present, we decided to use GDP1%, about 600 yuan, as the starting amount of the PBI. At this time, the total cost will be about 170 billion yuan, and the GDP will increase by 0.5% year-on-year, about 300 yuan, and about 3,000 yuan in the ninth year. The final amount, which is the amount of unconditional basic income, is shown in section II.

Partial basic income does not aim at canceling the current social welfare system in the initial stage, but it will still pay "lower" or "unsubstantial" social welfare systems toward "replacement" and "merger", hoping to reduce administrative costs and improve the social welfare loopholes. It should be noted that we believe that in the earlier period, the purpose of partial basic income can be focused on "reinforcement of existing social welfare." That is, in the latter part, when the payment is higher and more stable, we can gradually to replace and integrate social welfare system. However, the strategies for substitution and integration should be based on the "deletion of benefits," or on the "ceiling standard for all caps received by individuals." Both have advantages and disadvantages. Finally, most scholars argue that in order to respond to the PBI or UBI, some poor groups may be made more vulnerable, and certain countermeasures should be taken, such as the social solidarity fund model. As for some basic income and tax measures. In short, considering the need for Taiwan to enter the PBI or UBI system, it will inevitably need to refer to the overall taxation. Therefore, taxation measures that increase and increase year by year should be the main direction.

In short, the use of partial basic income as a gradual solution to UBI implementation has the advantage of helping to ease the high taxation process that Taiwan has to face in order to reach the welfare state through the gradual increase of partial basic income. The adjustment of the social security system and the increase in taxation measures can all be implemented slowly and with some preparation. And its concept is similar to UBI. It will show the effectiveness of the public education, that is, the public understands the importance of basic income and its advantages, so it will start to expect higher basic income. This kind of progressive strategy is highly fair and less likely to have generational inequality. We can say that to a certain extent, partial basic income is also a balance between freedom and fairness. As mentioned earlier, some basic incomes have a certain experimental significance and are most likely to predict the possible effects of UBI. And it can achieve certain benefits of UBI, such as a certain degree of simplification of the current social welfare system; to improve some of the shortcomings of social welfare, such as unemployment traps; bring about a certain liberating effect and true freedom; resulting in the effect of the redistribution of income. Especially in the early stages, it will be able to clearly demonstrate the function of "reinforcement of existing social welfare".

The shortcomings and problems that may be faced are that when some basic incomes are combined with the social welfare system, the design will be more complex because the aspects involved are too broad. And if the starting amount is too small, the possible effects will be limited.

National Peace Account

In a capitalist society, each person has a salaried job that is considered an ideal state of the market and can solve poverty and various social problems. However, when technological innovation makes continuous progress in production technology, and the demand for labor continues to fall, the ideal state of full

employment becomes no longer viable; when capital flows freely in the era of globalization, the organization of production is also changed from the type of Ford factory into the fragmented global division of labor. The employment of the labor force also presents an atypical approach such as short-term, rapid changes. In the past, the government's welfare policies based on the long-term employment of affiliated servants have become increasingly infeasible.

Claus Offe, a scholar of UBI in Germany who advocated UBI, proposed the idea of Sabbatical Account. Each citizen is born with an account that can support basic living expenses for several years. This account allows each owner to use according to his own needs. The needs may be simply wanting to withdraw from the market for a while, spending a while on vacation, wanting to change jobs and learn new skills, or it may be able to support life when it is impossible to obtain suitable work or to contribute to society in other ways. Regardless of the type of demand, it is pursuing a new form of social security. This kind of social security considers that paid labor should no longer be regarded as an absolute value. It does not require everyone to continue to work and no longer requires the government. It should be responsible for everyone to have work to do. When low-tech work is gradually being replaced by automation, everyone should reluctantly accept whether it is worthwhile to ignore the work; it provides more opportunities for people to do what they want to do. When the market's uncertainty is getting higher and higher, the number of unstable precariat is increasing. It also hopes to reduce this kind of survival uncertainty and gradually change people's imagination of old-style work ethics and labor. .

After Taiwan experienced a post-work industrial transformation, the job market has now become a dual phenomenon (Zhang Yijun 2016; Lin Junhong, Wang Guangzheng, Zheng Naici 2004). Laborers are divided into major and secondary labor markets according to the possession of knowledge and technology. There is a great difference in job satisfaction between the two groups. Laborers in the secondary labor market, regardless of how they accumulate work experience, are unable to reach the major labor market. Trapped in a trap of new poverty. In response to this problem, in addition to strengthening vocational training, it is also important to provide adequate living expenses during training. However, the current unemployment benefits have not been effective (CAG 2016). Therefore, by revising Offe's sabbatical account, we proposed national peace account.

The content of the proposal is that each citizen will have an unconditional four-year account since he was born. The account can be used at the age of 18 and it will start to advance interest rates. During use, the account will provide NTD 12,608 basic living expenses per month. In order to avoid unnecessary of people's abuse, the account will grow by about 1.6% per year in the unused state, which is 0.5% higher than the current domestic fixed deposit rate. On the other hand, in order to avoid further widening the gap between the needy and the needless, the account will grow up to the 1.5 times of initialization, that is, the six-year period. With regard to the possibility of gradualism, if this policy is effective, with the financial resources permitting, the monthly amount can be gradually increased to enable it to bear a longer life time and move toward full-scale UBI. If a full UBI is implemented, the

newbie will no longer have this account, and already owned users will retain the account.

In terms of cost, assuming that the nationals are economically rational, the account is likely to be used by all people after it has grown to its maximum, that is, within thirty-one years. As a result, there will be relatively large expenditures in the first 31 years, depending on the use of the account, which will take an average of NTD 760 billion to 880 billion yuan each year. After 31 years, due to the lack of accounts for the new adult population, According to the changes in the population, only about NTD 14.2 billion yuan will be spent each year.

Under the policy, we expect not only to solve the problem of domestic youth and middle-aged unemployment, also liberate labor to a certain extent. People no longer have to be limited by paid work and have more room to do what they want to do. They can also gradually breaking the culture of work ethic that is no longer needed after automation, the ideal that people can move toward more freedom can go further.

Age-Increasing Plan

In response to the current problem of low birthrate, UBI can solve the problem of low fertility by subsidizing infants. One to five years from the beginning of the implementation of this policy plan as a preparation period, citizens of zero to five years old can get a basic income of NTD 3,000 yuan per month. From the sixth year of policy implementation, the age will be increased by 3 years each year, for example, the sixth year, the object will become citizens of zero to eight years old; in the seventh year, the object will become zero to eleven, and so on.

The budget for the preparation period for the first five years is about NTD 30.6 billion yuan each year, and it will need to increase about NTD 18.3 billion yuan annually from the sixth year. In the initial stage of the implementation of this program, existing and functionally repeating social allowances and social insurance can be integrated, such as parental allowances and maternity benefits for labor insurance, etc., and preparations for raising new financial resources will begin. In the case of sufficient financial resources, it is recommended to gradually increase the amount of money issued.

Compared with other schemes, the initial amount required for this scheme is low, and it can directly reduce the problem of declining birthrate. However, the relative disadvantage is that it tends to cause unfair between generations, and most taxpayers cannot directly benefit.

IV. Social Welfare System Adjustment

When unconditional basic income is implemented, it will surely overlap with some existing social welfare systems. This proposal recommends to adjust some social welfare systems similar to those of UBI. At the same time, it can simplify the complex social welfare system, save administrative costs, eliminate poverty traps and welfare dependency issues.

The current social welfare system in Taiwan is mainly divided into three parts, social insurance, social assistance and welfare services. The adjustment methods for each item will be explained below.

Social Insurance

1. Unadjusted Items

	Old age payment	Disable payment	Death payment	Injury payment	Fertility benefit
Labor Insurance	√	√	√	√	√
Government Employees' and School Staffs' Insurance	√	√	√		√
Farmers Health Insurance		√	√	√	√
Military Insurance	√	√	√		
National Pension Insurance	√	√	√		√
Old Farmer Allowance	√				
Labor Employment Insurance					
National Health Insurance					
	Old age payment	Disable payment	Death payment	Injury payment	Fertility benefit
Civil Servant Pension			√		
Labor Pension	√				
New Labor Pension	√				
Private School Staffs' Pension	√				
Public Enterprise Funds	√				

2. Partially Integrated with UBI

	Old age payment	Disable payment	Death payment	Injury payment	Fertility benefit
Labor Insurance	√	√	√		√

Government Employees' and School Staffs' Insurance	V		V		V
Military Insurance			V		
National Pension Insurance			V		
Labor Employment Insurance					
Civil Servant Pension	V				

3. Fully Integrated with UBI

	Old age payment	Disable payment	Death payment	Injury payment	Fertility benefit
Labor Insurance		V	V		
Government Employees' and School Staffs' Insurance			V		

4. After UBI integration, the social insurance premium rates need to be recalculated

Social Assistance and Welfare Services.

In social assistance and welfare services, items that will not be adjusted are medical assistance, aid for disasters, employment services, public health and medical services, care for the disabled, housing services, care for indigenous peoples, aid for student living and education, care for veterans, veteran's placement and home care, long-term care services, care for the elders, care for child and youth, special final account of central government.

Items that are partially integrated with UBI are women's welfare and family support.

Items that are fully integrated with UBI are life support, emergency assistance, and low- and middle-income elderly living allowances.

V. Financial Source

Tax burden is the ratio of government revenue to gross domestic product (GDP). Taiwan's tax burden rate is about 13%. Compared with the average OECD burden of 26.1%, the tax burden rate is significantly low, and there will be a considerable room for improvement. This proposal recommends that there is room for an increase in the tax rate of some of the existing tax revenue sources and add new tax items as one of the financial sources for UBI implementation.

The table below shows the proposed tax system reform project, which is estimated to increase by about NTD 864.1 billion to taxation. The burden on taxation after implementation has increased to about 18%, which is still lower than the average of OECD countries. The proposed tax reform in this proposal is based on the principle of correcting negative externalities, targeting capital gains and reducing the gap between the rich and the poor. It can not only distribute new taxes as UBI, but also can correct some of the social problems in Taiwan. Such as encouraging environmental protection, reducing plant pollution and energy depletion, applying taxation on current capital gains that are currently untaxed, narrowing down the gap between the rich and the poor, and make the wealth distribution more equitable in Taiwan.

Since the implementation of each tax reform is different in difficulty and the acceptance of the people is different, it is recommended that tax reform be implemented in a gradual manner. According to a survey of UBI Taiwan, the top three sources of taxation preference are: pollution and carbon taxation, natural resource extraction tax, and capital gains tax. Therefore, this proposal recommends to implement the tax reform of the carbon tax, securities transaction tax, and land value-added tax first, and then implement tax reforms for items such as Profit-seeking Enterprise Income Tax, business tax, Excise tax, Heritage and gift tax, and housing and land price tax.

Tax reform forecast income table

Item	Estimated new taxes (Unit : Billion NTD)
Profit-seeking Enterprise Income Tax.	240.2
Land Value Increment Tax	41.7
Business tax	141.8
Excise tax	32.7
Securities transaction tax	23.6
Heritage and gift tax	41.3
housing and land price tax	133.5
Carbon tax (new tax system)	209.3
Total	864.1

VI. Expected Results

Although unconditional basic income has not yet been implemented in Taiwan, the social benefits that can be estimated are as follows:

Administrative Side

First of all, because there is no qualification tests, therefore, legislative and administrative identification can be exempted. The implementation of unconditional basic income foreseeably eliminates this problem in the face of the chaos of Taiwan's social welfare rules, and decrease in administrative costs and the increase in government transparency at the same time. Alaska's dividend-paying system allows every Alaska citizen to get cash without qualification tests, this dividend system only account for only 1% of the total system expenditure (Alaska State 2015) In contrast, the current Taiwan welfare system spent 15% of its expenditure on administrative expenses (Ku 2003).

Poverty Problems

Furthermore, unconditional basic income has achieved remarkable results in improving the poverty situation, for example, Douffin Town, Alaska, or India, which had implemented unconditional basic income in the past. Of these, as far as Alaska is concerned, 79% of people believe that unconditional basic income in the region is very important, and statistics in 2000 also show that this policy has reduced the poverty rate by 40%. Concerning the case in Taiwan, although the recently focus on unconditional basic income, there is still little research data available. However, we observe the current poverty life support, which is more likely to result in a poverty trap than the recovery system of support funds. The unconditional basic income will not be derogated from the family's income, so there will be no distortion in the supply of labor to poor families who would prefer not to work in order to obtain a subsidy.

A simple calculation is made to demonstrate the effect of unconditional basic income on poverty reduction. According to the Taiwan's "105-year Family Income and Expenditure Survey," the number of households with less than 500,000 yuan in disposable income is about accounting for 18.8% of the total number of households. Once unconditional basic income was implemented, the proportion of households with income less than NTD 500,000 decreased to 11.6%, a decrease of about 38 percent.

Automation Threat

The final advantage of unconditional basic income is the ability to prepare the society for the impact of automation, because even if automation does not currently cause unemployment in Taiwan, it has already created a falling in wages, and when automation realized, it will create a large number of unemployed people in society. Unconditional basic income is now an effective social safety net. It not only maintains the people's basic living, but also provides opportunities for them to choose to pursue studies and prepare for re-entry into the workplace.

The Gap Between Rich and Poor

The gap between the rich and the poor in Taiwan is not only between incomes, but also between different ethnic groups and regions. For example, in the discussion of the poverty problem sorted out by Prof. Wang, the poverty rate among the indigenous peoples in the mountains are higher than those in the plains. Indigenous peoples, on the whole, have a higher rate of poverty than the national average. The same problems are also manifested in education and health (average life expectancy).

For example, we divide people into three different class. The rich class has 6 units of wealth (60%); the middle class has 3 units of wealth (30%); finally, the lower class only owns 1 unit of wealth (10%). The total wealth of the society is 10 units. Regardless of the effect of progressive redistribution of taxation, when we directly issue 1 unit of unconditional basic income, the overall wealth of the society will increase to 13 units, while the wealth of the three nationals will change by about 7 (54%) and 4 (31. %) and 2 units (15%).

To sum up, this proposal considers that if unconditional basic income is implemented in Taiwan, the benefits to Taiwan will include a decrease in administrative costs, an increase the government's transparency that will make people trust the government, and a way to improve the living conditions of residents as a welfare policy. In responding to the impact of automation, it is also expected to respond well to avoid social turmoil. Finally, it will reduce the gap between rich and poor and avoid social differentiation.