



The COVID-19 pandemic: Time for a universal basic income?

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1 | INTRODUCTION

At the onset of the COVID-19 pandemic, governments have struggled to address both the healthcare crisis and rapidly devolving economic conditions. These events have pushed governments to consider large economic relief programs. In the United States, congress approved an over \$2 trillion relief package to combat the devastating economic decline. However, most families spent their one-time cash payment on rent and food during the month it was provided. This left many to face uncertain futures as their ability to earn an income diminished and the promise of additional relief waned. Universal basic income (UBI) is one program which provides a regular disbursement to individuals without means testing or other action on the part of recipient (Van Parijs, 2013). The program is one potential tool for combating recession, mass unemployment, and wide-spread business closures. Within the context of the COVID-19 pandemic, this article discusses the use of UBI to meet these challenging circumstances. Given the depth of the economic issues, UBI may be suited to address these challenges as opposed to, or in conjunction with, other relief measures. Discussion is focused on how UBI may serve as a public policy response to the COVID-19 pandemic and its implications.

2 | UNIVERSAL BASIC INCOME

A UBI program consists of payments disbursed by the government to citizens to provide a baseline of income in order to alleviate poverty, spur economic growth, generate entrepreneurial activity, and replace jobs lost due to technological innovation (BIEN, 2020; D'Mello, 2019). UBI programs should meet three criteria as follows: (1) distributed to individuals, (2) not means tested, and (3) no

attached requirements to receiving the payment (e.g., seeking employment or attending school; Van Parijs, 2013). Two additional considerations for programs are regular intervals for payments and the freedom to choose how the money may be used (BIEN, 2020). Several nations have previously considered UBI including Brazil, Canada, Finland, India, Kenya, and Switzerland (BIEN, 2020; D'Mello, 2019). Alaska, a conservative-leaning state, has the longest standing UBI supplemented by oil revenue since the 1980s. This program has reduced the rate of poverty among indigenous people with particularly notable progress for children and the elderly (Hanna & Olken, 2018). Some oil rich nations in the Middle East have similar programs (Van Parijs, 2013).

UBI is often associated with alleviating mass poverty or financial hardship (e.g., mass unemployment) as it tends to be more beneficial for the most vulnerable in the population as opposed to the middle or upper classes (Lowrey, 2018). However, even in wealthy nations, such as the United States, a major illness or the loss of a job may lead to financial collapse for many middle-class families. As such, an argument exists for even wealthy nations to implement a UBI.

2.1 | COVID-19 pandemic

First identified in China in late 2019, the COVID-19 pandemic has led to a health crisis and financial difficulty for millions of people. As of 17 July 2020, 14 million cases worldwide (3.6 million United States) have tested positive for infection (Johns Hopkins, 2020). Evidence from Italy, Spain, South Korea, China, and the United States show that large number of patients can overwhelm healthcare resources (Johns Hopkins, 2020). Thus, large scale "lock-downs" and other measures have been implemented to curb the progression of the virus. The economic fallout has led to mass unemployment and

historic drops in economic activity (OECD, 2020). Nations are confronting the economic situation by implementing various expensive relief programs.

2.2 | COVID-19 and the challenge for economic relief

The persistence of the pandemic alongside the economic downturn presents several unique challenges compared with past recessions. First, the need to shutter many businesses led to millions of jobless in a matter of days/weeks. Unlike the 2007–2009 recession, multiple industries were affected immediately, as opposed to a more gradual decline. Second, even for those remaining employed, uncertainty and “lock-down” measures left many consumers spending less money, focusing on building their savings. The decrease in consumer spending is particularly difficult for nations with economies that are heavily bolstered by service industries. Lastly, due to the potential virus to spread, virtually all businesses will need to take steps to increase safety by reducing physical contact. Healthcare facilities, higher education, entertainment venues, restaurants, office spaces, retail stores, etc. with a physical location may be forced to limit the number of employees and customers on a given premises. Without safety precautions in place, many people may fear visiting businesses even as “lock-down” restrictions are relaxed. As such, economic deterioration could remain for extended period as medical research seeks to provide treatments and vaccines.

As the pandemic persists and the economic downturn effects are projected to be long lasting, supply and demand have been disrupted (OECD, 2020). A growing list of companies have declared bankruptcy since the onset of the pandemic. As these companies fold, there will be fewer employers/jobs available when the economy begins recovery. The challenges of incorporating social distancing may steer employers towards greater reliance on automation and technology. Similarly, employee health issues may threaten supply chains. While a costly capital investment for companies, automated processes provide a safer and more reliable means to accomplish basic tasks. For example, supply lines would be less vulnerable with no truck-drivers to become ill or need rest, and driverless taxi services would pose fewer risks to passengers.

2.3 | Types of individual economic relief

There are many types of relief programs that provide benefits directly to individuals. Table 1 provides a comparison across programs on qualification characteristics and the time expectation for financial impact expectancy. Actual implementation of specific programs vary depending on government action.

As large numbers of people turn to government supplements in the face of mass layoffs, there are several aid options available. UBI is one type of the economic relief program. Guaranteed basic income (GBI) programs include disbursements but are means tested (Van

Parijs, 2013). In response to the pandemic, Spain implemented a GBI program to assist its poorest residents but not others (e.g., the lower-middle class) who may still have financial difficulties (Pinedo & Landauro, 2020). Programs allowing for a refund beyond the amount paid in income taxes, such as Negative Income Tax or Earned Income Tax Credits, are targeted at lower classes. These programs may prove beneficial for a small portion of the population but tend to have a lag in the economic relief they provide (Burtless & Hausman, 1978), and typically benefit those with an income not the mass number of unemployed. Short-term or one-time cash payments provide immediate funds to people but fail to bolster long-term confidence in the economy. In March 2020, the United States approved a means-tested, one-time cash payment to eligible taxpayers; however, these funds did not provide a lasting benefit as several million in the United States still were forced to also draw unemployment benefits (OECD, 2020). Governments may also implement plans targeted at specific needs such as nutritional programs. The downside of this solution is the limitation on funds to assist with other types of expenses or needs.

2.4 | Time for a universal basic income?

A UBI provides a base level of financial security over the long-term as it decreases uncertainty and are guaranteed without conditions. Unlike most safety nets, including cash payments, UBIs are not means tested but rather distributed to all individuals. The swiftness and era-defining levels of unemployment have largely overwhelmed existing relief infrastructures (OECD, 2020). Economic uncertainty persists in supply and demand due to high rates of savings, temporary business closures, and a sharp decrease in business activity (e.g., OECD, 2020). Demand is further hampered by high rates of unemployment and an uneasiness about future employment prospects (Johns Hopkins, 2020). A guaranteed source of revenue would provide the unemployed and underemployed with basic support while providing a safety net (should employment status change) for those with greater income to be less cautious about spending. This would lead to increased consumer confidence and spending.

3 | DISCUSSION

As governments work to respond to the pandemic and prepare for future ones, UBI is a possible policy answer for relief. Implementation of any social program creates long-term implications for individuals, society, and organizations. Society and the political process must address fundamental questions about wealth redistribution and the state's role in providing for citizens. A country's culture and values could affect its willingness to engage in such an economic shift, especially at it would include removal of many safety-net social programs (e.g., food-stamps and welfare). However, the economic benefits are bringing millions of people out of poverty and creating consumer demand (Lowrey, 2018). Long-term

TABLE 1 Examples of government assistance programs

	Universal basic income	Guaranteed basic income	Cash payments	Negative income tax	Earned income tax credit	Nutrition programs
Periodic	Yes	Yes	Varies	No	No	No
Individual basis	Yes	Yes	Varies	Taxpayer	Taxpayer	Varies
Universal (paid to all)	Yes	No	Varies	No	No	No
Restricted use of funds	No	No	No	No	No	Yes
Economic impact	Direct	Direct	Direct	Up to a year	Up to a year	Direct

Van Parijs, 2013; Lowrey, 2018; BIEN, 2020.

implementation of a UBI would be costly, but nations with large resource reserves might be better positioned to “ earmark ” revenue for a UBI as opposed to taxing businesses or wealthy individuals (Hanna & Olken, 2018).

Some nations are better positioned to implement UBI than others. For instance, the political and social environment of some European nations would be more hospitable than more individualistic ones. In strongly capitalist societies, such as the United States, UBI is often been viewed negatively as a radical social experiment or even referred to as a “ utopian ” proposal (Van Parijs, 2013). Yet changing perceptions and political debate in several nations are bringing UBI closer to the mainstream (Bidanure, 2019). For instance, Andrew Yang, a contender for the 2020 Democratic nomination for United States president, advocated for a UBI to address wealth inequities.

Additionally, technology is fundamentally changing the nature of work. Automation is expected to displace 15% of the global workforce by 2030, and aid in completion of 30% of activities in most other jobs. While technology is expected to eliminate basic routine tasks from human employment, it is also expected to create more jobs than it eliminates. However, this means a different focus on training (vocational or educational) for future jobs (D'Mello, 2019). UBI programs could assist in the transition for many citizens from basic unskilled work to obtaining the training necessary to work in a more automated workplace. By providing a stable source of basic income, possibly offset by service or gig-economy jobs, individuals may be more inclined to start and finished educational or vocational programs. These programs can improve an individual's knowledge, skills, and abilities, allowing them access to more lucrative employment, ultimately improving their economic standing. While beyond the scope of this study, important considerations also include the effects of UBI on crime, health, and families.

The development, implementation, and regulation of a UBI program, while a daunting undertaking, could help to reduce inefficiency, redundancy, and bloating of the federal bureaucracy. The removal of other social programs would reduce the number of departments and general overhead spent across the various agencies. It would streamline benefits for recipients who would only need to interact with one entity instead of possibly several to receive different current aids (e.g., “ food stamps ” from the Supplemental Nutrition Assistance Program administered locally through the Department of

Agriculture, housing vouchers administered locally though public housing agencies associated with the Department of Housing and Urban Development, Supplemental Security Income benefits administered by the Social Security Administration), increasing the likelihood of benefits reaching those who need it. It would facilitate dispensation of benefits with fewer threshold requirements for administrators to sift through or affect through judgment calls, while a streamlined, centralized office could increase oversight in regulation of benefits.

4 | CONCLUSION

The COVID-19 pandemic has been a monumental challenge to address and accordingly may warrant unprecedented economic relief programs. As governments, organizations, and individuals are working to understand, confront, and navigate rapidly changing conditions, a UBI program represents a beneficial policy option to provide financial relief. Implementing a UBI allows for a measure of uncertainty in a post COVID-19 pandemic changed world.

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