

From Gyeonggi Youth Basic Income to National Basic Income

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Gyeonggi Youth Basic Income

- Gyeonggi Youth Basic Income
 - 1 million won to young persons of age 24
 - 150 thousand persons, 1.2% of Gyeonggi population
 - It is the second largest after Alaska.
- Local currency
 - Local currency can be used only in small business stores with annual sales of less than 1 billion won.

Labor market effect of BI

- Measurable labor market effect
 - Income Effect... Effect of Increasing non-labor Income
 - Substitution effect... Effect of changes in disposable wage income (wage - tax - welfare reduction)
 - Multiplier Effect... Effect of increased demand across regions

Pilot	control state	income effect	substitution	multiplier
Finland	selective guarantee	X	O	X
US/Canada	no income guarantee	O	O	X O
India	no income guarantee	O	X	O
Alaska	no income guarantee	O	X	O
Gyeonggi	no income guarantee	O	X	O

Strategy to combine GYBI with Local currency

- Economic strategy
 - Maximum multiplier effect with the minimal cost.
 - Young persons have a consumption tendency of almost 1
 - Pursuit of balanced regional development
- Political strategy
 - Maximum number of supporters with minimal cost
 - Incorporate small businesses into the Basic Income Alliance.
 - In four years, more than 600,000 young people will receive basic income.

- Youth basic income
 - The protagonists of future politics
 - YBI can increase young persons' interest in politics
 - YBI can increase demands for common wealth dividends
 - Production function $y = f(K, L) \rightarrow y = f(K, L, E, C)$
 - K=capital, L=labor, E=environment, C=common wealth
- Intergenerational justice
 - Young people bear the welfare costs of depopulation and aging.
 - Young people bear the costs of land speculation. They should buy expensive houses from older generations.

- Farmer's Basic Income
 - Current farm direct payments are paid in proportion to the cultivating area. The cultivating area is extremely unequal.
 - Farmers demand farmers' basic income. It is actually participation income.
 - Farmers' basic income is showing signs of expansion nationwide. Jeonnam, Jeonbuk, Gyeongnam, Chungnam provinces decided to pay.
 - Gyeonggi Province set out to study.
- Direction to improve
 - Pay in the form of basic income. The same amount, to individual not to farm
 - Change a portion of the existing farm direct payments to basic income.
 - Raise additional budget for basic income.

- Small business
 - Local currency can only be used in small business stores.
 - Incorporate small businesses into the Basic Income Alliance
 - Since they are originally conservative voters, the vote difference is twice the number of small business owners.
 - Considering family members, they are more than a quarter of the total voters.
- Maximize the multiplier effect
 - In most SOC projects, the B / C ratio is around 1.
 - ΔY Increase in income due to BI(B)
 - c_1 marginal propensity to consume of youth
 - c_2 MPC of small business owners
 - C MPC of entire population

$$\begin{aligned}\Delta Y &= c_1 B + c_2 B + cB + c^2 B + \dots \\ &= 2B + \frac{cB}{1-c} \\ &> 2B\end{aligned}$$

- Any society has problems that are very difficult to solve.
- Some of these problems can be solved by means of basic income.
- This is a strategy that changes the way you look at basic income.
- This strategy is to persuade basic income not as a goal, but as a means.
- "There is a serious social problem. The problem must be solved. To solve the problem, basic income should be introduced."
- Those suffering from these problems will be in favor of introducing basic income.

- Fine dust problem
 - suspended particles, coarse and fine particulate matter, PM10, PM2.5
 - In spring, the fine dust generated in China and domestic dust are mixed, causing serious problems.
 - Parents who raise young children, as well as the elderly and the sick, are particularly sensitive to fine dust.
 - The most effective policy is to impose a carbon tax (fine dust emission tax). The biggest problem with carbon tax, however, is people's resistance due to rising prices.
 - The solution is to distribute the carbon tax revenue to people as basic income. Over 60% of households are net beneficiaries of the carbon tax plus carbon dividend policy.
 - Carbon dividend(basic income) is a means of overcoming tax resistance.

- Real estate speculation problem

year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Realized gain	275.5	291.9	297.5	299.1	300.3	285	263.9	240.3	227	235.3
Rental income	167.9	178.6	189	201.9	214.6	221.9	230.4	242.4	255.1	270.3
total(T Won)	443.4	470.5	486.4	501.1	514.9	507	494.3	482.7	482.1	505.7
% GDP	42.5	42.6	42.2	39.6	38.6	36.8	34.6	32.5	30.8	30.9

- The most effective policy against land speculation is to impose land tax. The biggest problem with land tax is tax resistance, because about 50% of households own land.
- The solution is to distribute tax revenues to people as basic income.
- The land tax + land dividend policy will make more than 85% of households net beneficiaries.
- Land dividend(basic income) is a means of imposing land tax.

Solve difficult problems with BI

How to nationalize basic income, Korea

- Trilemma of National Pension
 - Increase pension payments.
 - Stabilize pension finances.
 - Achieve intergenerational equality. (Overcome tax resistance)
- In order to stabilize pension finance while increasing payments, contributions must be increased. Doing so will benefit older people because they will receive higher pensions without contributions, but younger people will pay higher pensions for older people, thus breaking up intergenerational equality and increasing tax resistance.
- The introduction of BI can be a means of resolving this trilemma. If we reduce pension payments to less than the amount of BI while paying BI based on BI tax, total pension payments(including BI) will increase and pension finances will stabilize. Since the majority of young people receive more money than they pay, they will become net beneficiaries, thus achieving intergenerational equality.