

Cash Subsidies Plan Under Shock from Large-scale Social Crisis

The novel coronavirus in the late 2019 triggered a global hygiene crisis, which shocked the employment market and caused extensive shutdowns and unemployment. According to the statistic of International Labor Organization, there have been 46 countries or areas publishing 97 programs of income security at least to release the impact of COVID-19. In fact, from the perspective of social policy, those programs have some kind of characteristics of Universal Basic Income (UBI).

Retrospect of Basic Income

The idea of basic income originated from late 18 century, which grows into a global definition usually used in reform of social security until recently. According to some scholars' opinions, typical UBI is a periodical cash payment with three traits: 1. Unconditional, do not need any premise. 2. Universal, the pattern of welfare distribution is universal. 3. Generous, the welfare can meet the basic requirement of one's social need.

The supporters of UBI think that UBI follows trend of technology revolution, which can cope with the problems in social security network, for example, low-efficiency, inequality and insufficiency. However, typical basic income is always hindered in all aspects. The things mostly queried is the sustainability of finance. There had been several waves about discussion of basic income, which lead to worries relating to financial cost. The supporting rate decreased when respondents knew that government adjusted tax system for funding basic income in recent pilot in Finland. Councilors who supported UBI also criticized that the model in experiments is unpractical. The critical question was how UBI would influence work stimulation.

In addition, except typical universal basic income, there are also some revolution programs with outreach out of typical basic income. The study on UBI models shown up in Finland from 1984 to 2011 indicates that only two of them are totally 'full BI', six are partial BI, which offer limited welfare to all citizens meeting part of their livelihood, the others are BI-like social security with characteristics of UBI, either conditionally or aiming at special groups or certain situations. In the sphere of practice, most of proposals and pilots cannot satisfy all the requirements of typical programs. As can be seen, under the restriction of social finance, political debate and so forth, the typical basic income plan is hard to get large-scale pilots and spread.

Cash subsidy plan under the impact of large-scale social crisis:

experience and cases

Table1. The (partial) cash subsidy plans issued by the case countries and regions under the impact of the epidemic

Country/region	Cash subsidy plan	Population covered	Receive requirement	Paying methods
Chinese mainland	Granting electronic coupons	Local residents (as consumers actually)	Local residents	Electronic coupons

	(government as the main body)			
Hongkong	Cash transfers plan	Permanent residents above 18 years old	Permanent residents above 18 years old	cash
Macao	Cash-share plan	Permanent and non-permanent residents	Macao residents	cash
Korea	Temporary disaster subsidy	Citizens of income ranking last 70%	Families of total medical insurance payment ranking last 70%(except those with high assets)	cash
Singapore	Interim relief fund and COVID-19 support grant	Low-income residents unemployed due to pandemic	<p>1. Interim relief fund:</p> <p>1)Local citizens or permanent residents who have lost their jobs (or at least 30% of their income) by COVID-19;</p> <p>2)Family income is lower than 10000 SGD or household income per capita is below 3100 SGD;3)Currently not covered by the ComCare assistance program</p> <p>2.COVID-19 support grant plan:1)Before unemployment, household income is below 10000 SGD or family income per capita is below 3100 SGD. 2)Housing annuity is below 21000 SGD 3) Not</p>	cash

			covered by ComCare support plan. 4)used to have a long-term work. 5)agree to take part in job application and training programs	
Japanese	Support for poverty-stricken families and individuals	Income-damaged residents	<p>1) The income of householders per month is decreased (Each one from Feb. to Jun.), and if change back to annual standard, it is equal to eliminate the tax</p> <p>2) Compared with the period before COVID-19, the income of householders per month saw a dramatical decrease(over half), and when change into annual standard, the individual tax is less than twice of tax-free</p>	cash
British	Work retaining plan	All the people unable to have a job due to the pandemic	<p>1) Only can be apply through employers</p> <p>2) Applicants must be recorded on the salary lists before Feb. 28th in 2020(except</p>	Cash(release via employers)

			employees fired). 3) Cannot undertake the work task of employers	
Australia	One-time economy support plan	About 6500000 citizens(conditionally)	Receivers of Pensions, indemnities etc. totally 18 types social welfares and ex-soilders	cash
America	Unemployment Benefit and Stimulus Checks	Unemployed workers and the citizens with income less than 75000	1. Unemployment Benefit: self-employers, temporary job employers and jobless workers 2. Stimulation check:1) Full-amount subsidy: a. individuals with annual income less than 75000 dollars. b. Legal couple with income less than 150000 dollars. 2) Partial subsidy: individuals of income less than 99000 dollars and couples with income less than 19800 dollars (except those with kids)	Cash/Check
Italia	Epidemic subsidy	1) Unemployed workers due to	1) Unemployed people,	cash

		COVID-19 2) Continuing workers	self-employers suffered from pandemic, Tourism practitioners, farmers, seasonal workers, honored judges at work suffered from pandemic. 2) Work still in the Mar. of 2020 and annual income is below 40000 Euros totally	
Canada	Urgent benefit	Work-terminated personnel due to pandemic	1) Residents over 15 2) Stop work due to COVID-19, and do not voluntarily desert work and qualified to get EI or disease subsidy 3) The total income of last year is more than 5000 CDN 4) In the first four weeks do not have a job or be self-employed, and in the following welfare period do not have income from job or self-employment	cash

Typological analysis and Case Comparison of Cash subsidy plan

(一) Typological analysis

Unconditionality of welfare qualification and universality of welfare allocation can be shown from scope of subsidy. In terms of form of allocation, direct income security includes cheques, cash transfer, salary and cash, electronic coupons is an indirect income security.

Table 2 (partial) typological analysis of cash subsidy plan

	Cover all	Cover part
Cash compensation (Direct income protection)	Macao(China), Hong Kong(China)	Korea, Singapore, UK, Australia, USA, Japan, Italy, Canada
Consumption compensation (Indirect income protection)	Chinese Mainland	/

As far as the basic form is concerned, the cash sharing plans of Hong Kong and Macao are comprehensive. All residents (or adult residents) in the area can receive cash benefits. So are the two cash sharing programs. Under the impact of the epidemic, the cash subsidy scheme is closest to the concept of basic income of the whole people.

(二) Case comparison

It can be seen from this that, except for the cash model implemented by Hong Kong and Macao of China, the cash subsidy schemes adopted by other countries and regions are obviously far away from the typical basic income of the whole people.

Generally speaking, in terms of policy nature, most of the other East Asian countries (regions) and Western countries tend to provide cash subsidies directly for employed citizens, which is more similar to social policy or labor market policy in nature. Otherwise, mainland China tends to regard residents as consumers and issue e-coupons with conditions of use to all residents within its jurisdiction, which is closer to economic policy in nature.

Based on the path dependence and realistic conditions of policy development, this paper analyzes the reasons for these differences. First, the choice of cash subsidy plan mode reflects the path dependence of policy development. Second, the choice of cash subsidy scheme mode is also closely related to the reality of various countries (mainly refers to the existing employment policy and welfare governance system). Third, although there are obvious differences between the income subsidy schemes of mainland China and other countries (regions), they also have some similarities, especially in the policy consideration of "protecting the economy, promoting consumption and stabilizing employment".

Summary in English by Chunzhuo Zhang

Summary and discussion

The above-mentioned cash subsidy plans have obvious characteristics of emergency response to large-scale emergencies, so they are called 'Emergency Basic Income'.

In general, combined with the comparison of mainland China and foreign countries, China needs to solve two dimensions of problems. One is how to integrate more social policy factors into the discussion and design of consumption vouchers as economic policies; Second, if possible, how to set up a reasonable and effective targeting mechanism in line with China's situation for some inclusive cash subsidies for low - and middle-income groups.

In the future, the adjustment of China's social policy (especially the income protection policy) needs to continue to explore the redistribution of social policy, the targeting mechanism of social policy, and the coordination of social policy and economic policy, so as to improve the welfare situation and income distribution pattern of middle and low-income groups, so as to lay the foundation for a welfare society.