

The Cost of National Basic Income and the Financial Capacity of the Chinese Government

——Empirical research based on Martin's method of poverty measurement

In the process of the reform and development of the global multi-level social security system, the cash transfer policy for individuals with regular, universal, and unconditional characteristics has attracted the attention of the theoretical and practical circles. This paper adopts the data from the Chinese household financial survey and uses the food poverty line and the comprehensive poverty line calculated by the Martin method as the context, and then calculates the national basic income cost and fiscal capacity according to different coverage objects, and calculates and evaluates China's capacity to implement the program under the premise of maintaining tax neutrality. This paper will analyze the feasibility of implementing universal basic income.

The study found that:

- (1) Based on the food poverty line distribution standards, the proportion of the total basic income cost of the GDP under the three schemes is 8.8%, 6.07%, and 4.72% respectively;
- (2) Based on the comprehensive poverty line issuance standards, the proportion of the basic income cost relation to GDP of the whole population under the three schemes is 15.01%, 10.6%, and 8.23% respectively;
- (3) Under the condition of tax neutrality, funds raised through three channels, such as substituting existing social security projects, economic growth, and tax adjustments, can only cover most policies under the lowest-cost food poverty line standard. At 40.47% of the cost, the universal basic income policy is not feasible in the short to medium term;
- (4) In areas with large populations or underdeveloped economies, such as Henan, Gansu, and Qinghai, the cost of the universal basic income policy exceeds the local financial capacity and requires the central government to implement overall financial planning.

The conclusion of the article is

- (1) The universal basic income policy is a systematic project that requires a lot of discussion, research and trial and error before it can enter the general implementation stage. The universal basic income is a continuous cash transfer policy for all citizens, requires a large amount of government financial support, and can deeply influence a country's economic and social development trajectory. It has been more than 30 years since France first introduced the minimum integrated income policy, and the universal basic income is still in the stage of small-scale testing. After a lot of publicity and discussion, China should also form a number of theoretical programs, such as the food poverty line and comprehensive poverty line in this article, and then conduct repeated investigations and experiments to solve the reality of the universal basic income policy distribution targets and distribution standards, providing empirical basis for the widespread popularization of the universal basic income policy.

(2) The central government will make overall plans to ensure the fair and effective operation of the universal basic income policy. The empirical results of this paper show that differences in regional development determine the fiscal capacity of various regions to implement universal basic income. Therefore, this universal social security policy requires overall planning by the central government to achieve a fair allocation of welfare resources. In the implementation of the universal basic income policy, transfer payments from the central government have full legitimacy and necessity. Of course, as mentioned above, how to weigh the efficiency and fairness of central fiscal transfer payments theoretically and empirically during the implementation process requires further comprehensive research based on many factors such as cost calculations, financial burdens, and regional differences.

China Basic Income Plan

Divide age groups according to necessary consumption and income

0-5 years old, infant period

Consumption: milk powder is about 150-200RMB per can, about three cans a month; clothes, diapers, a pack of about 100 yuan, about 4-5 packs a month, 500RMB. A total of 1000RMB per month

Income: 0

6-17 years old, adolescent

Consumption: Take ordinary cities as an example. Food ingredients cost 700RMB, home meals; clothing costs 500RMB; school supplies cost 300RMB. A total of 1500RMB per month

Income: 0

18-22 years old, in college/university

Consumption: dormitory school, food cost 1,000RMB; clothing cost 500RMB; electronic product loss 100RMB; school supplies cost 100RMB, transportation cost 50RMB. Total 1700RMB per month

Income 0

22-26 years old, entering a period of social transition

At this stage, the situation of different industries and different regions are quite different, so detailed values will not be listed here.

27-55 years old, continue to develop in an industry, realize income about consumption

56-80 years old

Basic income should consider medical expenses, which may vary greatly from person to person.

Basic income comes from tax regulation, which can collect taxes, such as personal income tax, from wealthy age groups aged 27-55. In addition, the establishment of basic medical facilities can be strengthened to protect the medical problems of the 56-80-year-old group.

Summary by Fang Yuan