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DETERMINATION OF A BASIC INCOME BENEFIT UNDER FAMILIAR TYPOLOGY

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- **Define** a basic income according to the individual characteristics of each citizen to cover the essential needs of individuals.

- Analyse the factors that determine essential needs using a quantile regression model from the HB Survey (2010).

- Determinate the BI amount for each citizen/householder.

BASIC INCOME

Basic benefit, minimun income, **life income, basic revenue**, **guaranteed minimun income**, **guaranteed income, guaranteed revenue, social dividend**, **negative income tax, universal credit**, **citizen´s income**, **unconditional basic income, subsistence income**, **minimun revenue**

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- Calculation of BI
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BACKGROUND

Universal Declaration of Human Rights, (1948)

Article 25:

- *"Everyone has the right to a standard of living adequate for the health and well-being of himself/herself and of his/her family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control".*

World Bank (Holzmann & Hinz, 2005)

Passed from a three pillars system of social protection to a five pillars system, by adding:

- *a "zero pillar" based on non-contributory or assistance pensions,*
- *another "pillar" based on family or informal transfers.*

European Parliament, (2010)

In this sense, this minimum income is a key instrument for reducing unemployment, poverty, promoting social inclusion and ensuring adequate living standards.

ILO, (2012)

In the same way, in June 2012, ILO made known the Social Protection Recommendation in order to ensure that all people enjoy at least a basic level of social security throughout their lives.

SET UP

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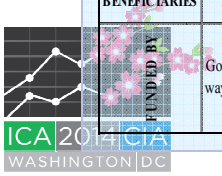
SET UP

Basic Income

- it is paid to individuals
- it is paid irrespective of other sources of income
- it is paid without requiring the performance of work or the willingness to accept a job offered

World approaches:

	ALASKA	CANADA	MEXICO	GREECE	BRAZIL	CUBA	NAMIBIA
CONCEPT	Partial Universal BI without income requirements	Universal Benefit. Part of it without income requirements	Universal Benefit	Partial Universal BI	1) Partial income if the salary is less than twice the minimum salary 2) A family grant per child	BI in kind. Basic Goods.	Universal BI
BENEFICIARIES	Residents	Retired Residents	Retired Citizens	Retired Citizens	Residents	Citizens	Citizens
FUNDED BY	Government by way of oil Fund	Federal Government	Government	Government	Government	Government	Government



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IMPLICATIONS

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IMPLICATIONS

•minimum income for the whole population by unifying existing subsidies (Segura, 1995; Herce et al, 2003)

•a negative income tax (Friedman, 1966)

•“second cheque" is a salary payment to offset cuts in salary due to reductions in working hours (Gorz, 1991).

•income related to a "socially useful" task (Zoll,1995; Zoll,1998; Atkinson, 1995; Gorz, 1992; Vanderbrouke, 1997)

•senior workers and retirees continue in part-time working, contributing to society and to their own personal well-being

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CALCULATION OF BI

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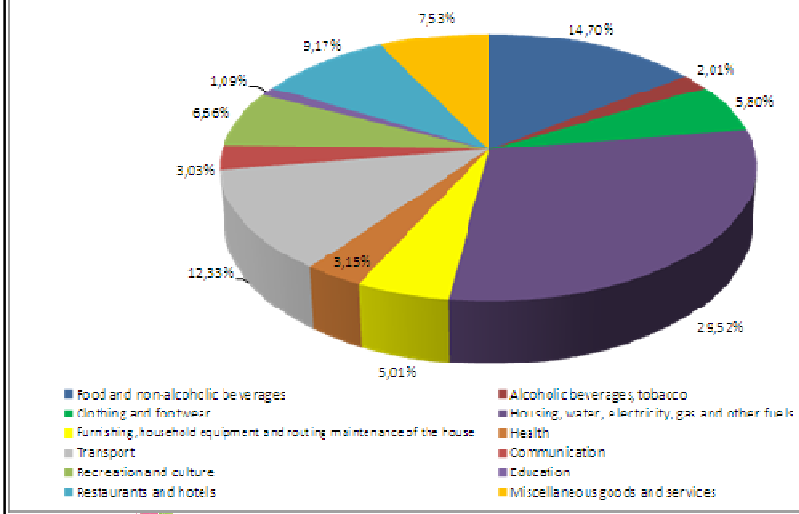


Percentages of spending according to the Household Budget Survey of Spain (2010)

CALCULATION OF BI

BI estimated by the Household Budget Survey for 2010.

The **Sample** is made up of **22,203 households**

The **average** expenditure on primary consumer goods obtained is:

€ 4,541.02 (**14.70%**) on Food and non-alcoholic beverages;

€ 1,791.43 (**5.80%**) on Clothing and footwear;

€ 9,115.95 (**29.52%**) on Housing, water, electricity, gas and other fuels;

€ 3,808.28 (**12.33%**) on transport services.

MAIN FACTORS

The household basic income would be set up as a fixed amount plus variable amounts that depend on household characteristics (number of individuals, dependents, location, etc.) as follows.

The basic income for a household "*h*" is

$$BI^{\%}_{h;t} = BI^{\%}_{n;t} \cdot n_{h;t} + \sum_{j=1}^{s} DBI^{\%}_{j;t} \cdot n_{j;t}$$

The different factors analysed under current expenditure items in the Household Budget Survey are:

✓The **age** of the household

✓The **town size** in which the household is located (Type 1: 10,000- 50.000 inhabitants and Type 2 >50,000 inhabitants),

✓ the **status** of household head (employed, unemployed, retired or other -housewife, student-),

✓the **region** of Spain in which the household is located and the gender of the household head.

✓ the **number** of individuals in the house

ECONOMETRIC METHODOLOGY

The quantile regression model for the conditional quantile of Y is:

$$Y_i = X_i'\beta(\tau) + \mu_i(\tau)$$

and

$$Q_\tau\left(Y \middle| X_i\right) = X_i'\beta(\tau)$$

$0 < \tau < 1$ $\quad\quad$ $\tau \epsilon (25\%; 50\%; 75\%)$

METHODOLOGY

		QUANTILE REGRESSION			OLS
		25%	50%	75%	
Age		49.71* (128.07)	50.53* (5.28)	51.83* (4.49)	63.85* (5.81)
Age square		-0.27* (-72.2)	-0.24* (-2.47)	-0.21* (1.97)	-0.28** (-2.7)
Number of dependents		-648.87* (-681.21)	-891.53* (37.99)	-1276.62* (45.12)	-1141.48* (-42.38)
Town	(10.000; 50.000)	508.35* (256.7)	538.74* (11.04)	454.47* (7.27)	567.89* (10.14)
	More than 50.000	214.60* (96.58)	199.36* (3.64)	13.96 (0.21)	96.03 (1,52)
Head of household (HH)	Unemployed	-273.09* (-89.94)	-162.59** (-2.17)	-9.08 (-0.1)	-180.79** (-2,1)
	Retired	216.11* (73.17)	472.01* (6.49)	692.13* (7.88)	429.90* (5,14)
	Other	86.37 (21.71)	555.33* (5.66)	744.56* (6.31)	464.59* (4,13)
Constant		1107.64* (105.36)	1370.20* (5.29)	1786.33* (5.72)	996.38* (3.35)
Income		0.12* (2662.4)	0.16* (141.97)	0.21* (154.89)	0.17* (129.09)
Gender		459.26* (248.29)	685.95* (15.05)	1001.55* (18.23)	845.74* (-16.17)

Note: ***, **, and * represent significance at the 10%, 5% and 1% levels respectively. T-statistics are in parentheses. Regional dummies are also included in all regressions.

RESULTS AND CONCLUSIONS

RESULTS AND CONCLUSIONS

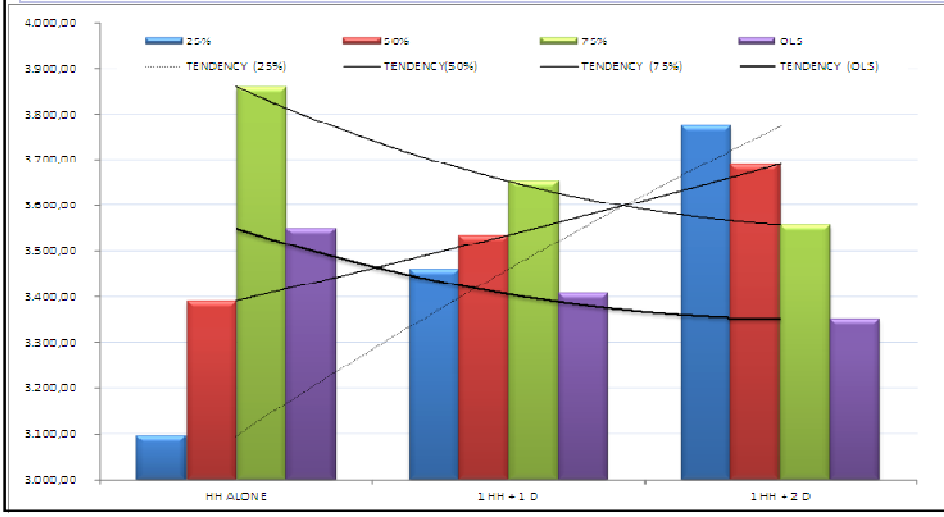
The OLS and QR results determine:

That **ALL** the factors are **statistically significant**.

All the factors **influenced current expenditures** by the household in its quantile.

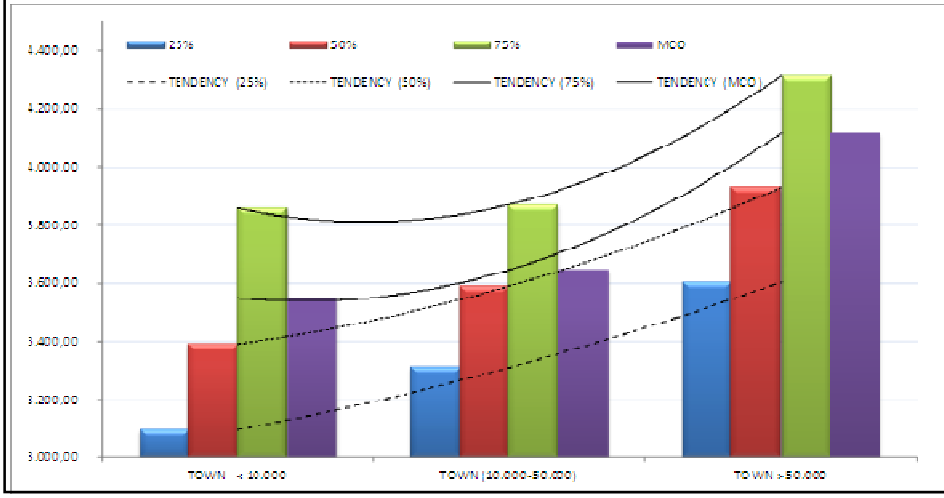
RESULTS AND CONCLUSIONS

Spending on primary consumer goods per quantile **increases** in the household **when the number of dependents is considered.** An increment in the number of individuals results in a less-than-proportional increment in budget



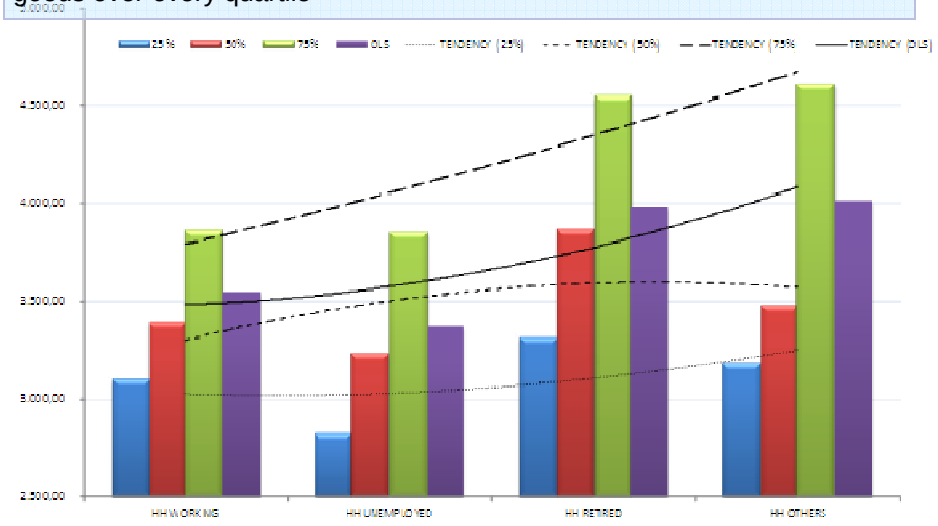
RESULTS AND CONCLUSIONS

The size of the town implies a high variation in basic income. The **biggest expenditures** take place in the towns which have **more than 50,000 inhabitants**, follow by towns between 10,000 and 50,000 inhabitants and the lowest expenditures take place in towns with 10,000 inhabitants or less.

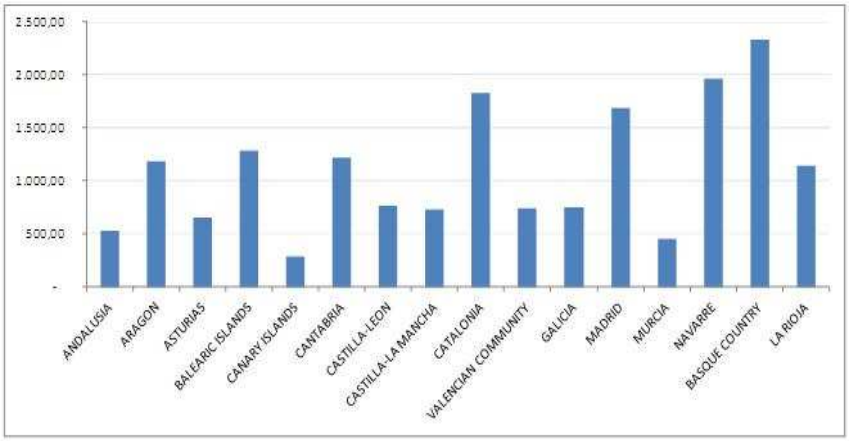


RESULTS AND CONCLUSIONS

The effects of the labour situation from unemployment to employment and finally retirement gives a **progressive increase** in spending on essential goods over every quartile



RESULTS AND CONCLUSIONS



Differential amount upon the **region** where the household lives.

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