

Could China Adopt A Universal Basic Income As A Social-Protection Policy?

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In this short article Joe Lung questions the purpose, advantages and affordability of UBI, and considers the likelihood of implementation of UBI in China.

By 2020 China has become a 'moderately prosperous' country with 100% social welfare coverage, relatively low unemployment protection, but a unique individualised system of national insurance accounts. Substantial progress has been made towards the goal of poverty elimination. By 2035 China aims to be a high income country by technological innovation.

Leung points out that the wide diversity of population and social context across China makes a standard universal UBI less suitable. However he doesn't consider China's potential case for UBI derived from its role in global production. Currently China supplies consumer output throughout the world, funding this in the case of the USA by its purchase of US Treasury bonds. Importantly, it therefore has the production potential to meet the consumer demand a UBI would create. A radical strategy option would therefore be to allocate such funding to a national UBI to enable its own citizens to consume its own national output. The funding could be defined as debt-free sovereign money, and the UBI could be delivered directly to citizens via China's central bank digital currency, the e-yuan. Further technological innovation and automation of production will increase the need to supplement the resulting declining wage share with UBI.