

Why Should Everyone Get a Basic Income Grant?

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RINAANI MUSUTUA and HERBERT JAUCHFAR TOO MANY Namibians still live under inhumane and degrading conditions, struggling to meet their basic human needs without having a decent income, proper roofs over their heads, clean water and sanitation.

For the past 15 years, the Basic Income Grant Coalition of Namibia has campaigned for a universal Basic Income Grant (BIG) as a way of addressing poverty and inequality. The proposal for BIG was first made in 2002 by the government-appointed Namibian Tax Consortium (NamTax). It advocated that every Namibian should receive the grant until reaching pension age. The money received by people not in need or not living in poverty could be recuperated through adjustments in the tax system, NamTax argued.

Spearheaded by the Evangelical Lutheran Church in the Republic of Namibia (ELCRN), this proposal was taken up by Namibian civil society (including youth organisations, NGOs and trade unions). They formed the BIG Coalition, which implemented the BIG pilot project at the village of Otjivero in 2008/09.

The results clearly showed the many positive social and economic effects and contradicted those who claimed that BIG leads to irresponsibility, laziness and alcoholism. On the contrary, the experience at Otjivero showed that most people make good use of opportunities presented to them and take initiatives to improve their own livelihood.

The campaign was halted after bishop Zephania Kameeta, who had been chairperson of the BIG Coalition, was appointed minister of poverty eradication in 2015, and assured the coalition that BIG would be implemented. This never happened, and no explanation was given. On 8 September, the coalition therefore relaunched the BIG campaign to start pushing for the urgent implementation of a universal BIG through the proposed cash payment of at least N\$500 per person per month to people aged 19 to 59 to enable them to meet basic human needs.

This proposal takes into account that, parallel to this, a universal child grant for all Namibians from birth until 18 years would be introduced (as outlined in the draft social protection policy of 2019) and that the social pension for everybody reaching 60 years of age would be maintained. The coalition also considered Namibia's financial situation and calculated that N\$500 a month would result in net costs of about N\$4 billion a year, which is still affordable under the current conditions.

A key question around BIG has been why it should be given to everybody, and not just the poor. Some political parties proposed giving it to only people who are poor and vulnerable due to loss of employment. This would require means testing on an ongoing basis, but many international experiences with welfare programmes show it is expensive, wasteful and ineffective at reaching intended beneficiaries.

Namibia also experienced that the N\$750 Emergency Income Grant during the Covid-19 lockdown did not reach all those it was aimed at. If targeting is applied through administrative requirements, the poorest are often those least likely to benefit, because they are the most disadvantaged in terms of access to information, infrastructure, and administrative services.

The need for a universal BIG is also shown by Namibia's extremely precarious labour market and lack of income predictability – even by most of those considered employed. According to the Labour Force Survey, about 60% of all employed Namibians are 'informally employed' in precarious conditions. Means testing under such conditions to determine who should get a BIG and who should not will be almost impossible. Most Namibians move in and out of jobs and income-generating activities because of our highly precarious labour market.

While the argument that only the poor should receive a grant sounds morally convincing, a means-tested BIG makes the identification of proposed beneficiaries challenging, socially problematic and administratively expensive. It will discriminate against people who live in precarious conditions as tracking them will be almost impossible and may lead to corrupt practices.

Means testing would also exclude many women who are 'homemakers'. This goes against Namibia's gender equality discourse and marginalises women's unpaid care work, which is important to society although they are excluded from the official definition of the labour force.

Means-tested grants run the risk of unintended consequences such as punishing those who find employment or other income by withdrawing their grant. In this way, means-tested grants that were well intended can become a poverty trap, creating dependency.

Given the extreme difficulties of implementing a means-tested BIG, a universal BIG is a far better option. A universal grant will constitute an economic right for all and avoid social stigmatisation and possible tensions among those included or excluded. A universal BIG would not discourage people from looking for work, rather it would enable people to escape the vicious and debilitating cycle of poverty.

The cost of a universal BIG can be offset by income tax adjustment so that higher income earners immediately repay their grant through the tax system. This should

be arranged progressively so that high income earners effectively subsidise the BIG paid to the poor.

This can be arranged fairly easily and could thus contribute towards income redistribution.

As evident at Otjivero, a universal BIG will lead to improved health and educational outcomes as well increased economic activities and falling crime rates.

The real question is: What are we still waiting for?

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