UBI could prove to be a befitting aspect of “share-economy” in 21st-century China

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Abstract: In the last half-century an increasing number of firms in industrialized countries have adopted proposals for the amounts of the laborers’ remuneration to be linked systematically with how well the firm is faring in the market. This paper will describe briefly the rationale and main kinds of such income-sharing systems – some of which entail sharing with the laborers the firm’s ownership and hence management – and how some of them function in certain developed countries; it will then describe in some detail the Chinese government’s recent promotion-of-employment measures in response to the challenges of tougher international competition in this phase of the era of digitization; it will suggest that the existing Chinese mechanisms may not meet adequately those challenges; and it will discuss how Universal Basic Income (UBI; i.e. government paying unconditionally a certain modest but essential rate of income to all its resident citizens) could be financed in China. The essay includes some relevant rudimentary economic theory and some relevant statistical and cultural information about China.

Some purposes and previous forms of income-sharing

A considerable number of firms share profits or revenues with their employees. According to Martin Weitzman (1986), this reduces the likelihood of stagflation, because a firm operating with such an income-sharing system has no incentive to shed laborers since each one is paid securely less than a pre-determined fraction of the revenue he or she helps the firm win. (We will return later to this point.) And, James Meade said (1988) that income- and ownership-sharing mechanisms not only *(1)* reduce the risk of stagflation, but also *(2)* alleviate excessive inequality in the distribution of income, wealth and power, and *(3)* tend to solve the dilemma between (a) *laissez-faire* conflict between labor and capital and (b) the dangers of rigid bureaucratic planning. According to Meade, the laborers in a fixed-salary system are inherently subject to risk of unemployment if the market is not perfectly competitive. And yet most of them do prefer fixed wages to a major shift toward getting a variable wage-amount in keeping with how the firm is faring in the market – *unless* they themselves can participate the firm’s decision-making and thus help ensure that their interests are protected against greedy managers sucking out too much of the firm’s revenues or even a predatory one driving it into bankruptcy). Thus, income-sharing mechanisms tend often to be associated with labor’s participation in deciding how the firm is to operate.

Meade summarized neatly (1988, p.221) four kinds of income-sharing mechanism, according to whether the laborers participate (at least to some extent) in managing the firm and/or own some of it or maybe even all of it. In Table 1, “**PS**/**RS**” stands for “Profit-Sharing” or ”Revenue-Sharing” arrangements; “**ESOS**” stands for “Employee Share-Ownership Schemes”; “**LCP**” stands for “Labor-Capital Partnership”; and “**LMC**” stands for “Labor-Managed Coöperative”.

Table 1. Four Main Forms of ‘Share Economy’

	Are the laborers required to own at least some of the firm’s capital? No	Yes
Do the laborers control, or at least participate in control of, the firm? No	PS/RS	ESOS
Yes	LCP	LMC

Within each category there can be significant differences. There is a range of possibilities between sharing a portion of the total revenues and sharing a portion of only the profit. If the laborers own some (or even all) of the firm, their shares may be either allocated individually to each one of them or else held in trust for all of them together (whereby distribution would be done later according to a scheme of how it is all to be shared). An LCP (labor-capital partnership) may be less fair to the laborers in some cases than in others, according to how it is designed. In an LMC (labor-managed coöperative), the overall portion of the firm's capital that is owned by the laborers, and the extent to which they manage how the firm operates, can vary from case to case. In general, however, the effects of an income-sharing mechanism tend to help the firm compete better as a market enterprise

Some historical styles of income-sharing in various countries

Before the rise of industrial capitalism, income-sharing (though often not in monetary form) was the main way in which workers were rewarded materially for their work. In preindustrial agriculture, for instance, sharecropping was the prevalent method of paying for work, i.e. with shares of the crop rather than with coinage. (Chueng, 1969) Early in the history of the "Industrial Revolution", there prevailed in Britain a sliding-scale arrangement linking miners' wages directly with wholesale coal prices; such a system was adopted to some extent in the British iron industry as well; and this way of distributing wealth was regarded as a splendid economic achievement (Weitzman, 1987). In the USA, the notably successful firm Proctor & Gamble introduced in 1887 a profit-sharing plan which divided net profits between *(a)* the company and *(b)* its employees (in the same proportions as their respective wages); Ford in second decade of the 20th century was doing something along the same lines; etc.; the owners of such corporations believed that this profit-sharing promoted quality and efficiency in the laborers' work.

Most of these older income-sharing systems were to give way, in the second half of the 20th century, to new varieties of income-sharing in various highly civilized countries. Here are brief descriptions of three cases in point:

(1) In Spain in the late 1950s, a Roman Catholic priest, who had in the '40s set up a small town in an economically vexed region a training college for skilled laborers, engineers and small-business managers, began to set up some LCDs which in time evolved into a large international federation of such ventures. The overarching corporation is named "Mondragon" after the town where it started and is still headquartered. Some 75,000 worker-owners are now involved worldwide, and the annual revenues are more than $15 billion. According to an economics professor from the USA (Wolff, 2012), "In each enterprise, the co-op members (averaging 80-85% of all workers per enterprise) collectively own and direct the enterprise. Through an annual general assembly, the workers choose and employ a managing director and retain the power to make all the basic decisions of the enterprise (what, how and where to produce and what to do with the profits)." According Wikipedia (2019), within each co-op there is maximum permissible ratio, decided periodically by the worker-owners through a democratic vote, between the highest and lowest wage-rate in that co-op; these ratios range from 3:1 to 9:1 in different Mondragon co-ops; the average is said to be 5:1.

(2) In Germany there has been, under a law of "co-determination" (*Mitbestimmung*) enacted in 1976, a distinct approach to corporate governance. (Siebert, 2005) Employees are allocated "control rights" in the form of seats on an overseeing "supervisory board" (*Aufsichtsrat*) making the firm's enterprising decisions, and these rights are legally equivalent to the rights of the owners of the equity. In stock companies employing more than 2000 laborers, the *Aufsichtsrat* has an equal number of members chosen by the laborers and by the owners, except that there is also an additional head of the board who can vote on its decisions and who is chosen by the owners. (In firms employing more than 500 but less than 2000 laborers, only one third of the members of the *Aufsichtsrat* are chosen by the laborers.) This "supervisory board" elects a "managing

board" (*Vorstand*) directing the day-to-day running of the company; one member of the *Vorstand* has to be a representative of the laborers (*Arbeitsdirektor*); certain important managing decisions have to be approved formally by a council consisting entirely of laborers; etc. The idea is for the suppliers of capital and of labor to steer the firm cooperatively, and indeed this happens to such an extent that there are distinctly fewer workers' strikes in Germany than in, say, France.

Share-economy impulses often harmonize with the hope of the great 20th-century Chinese intellectual *Lu Xun* (1881-1936) that quasi-cannibalistic economic behavior (which he tagged as *chī rén*, meaning "(people) eating people", could be ended. He found *chī rén* lurking beneath the traditional Chinese moral imperative of *rényì dàodé,* a phrase which is often translated as "benevolence" or "righteousness" but which can be full of wry connotations.

Competition overwhelming cooperation in the current phase of globalized digitization

Here is some relevant rudimentary economic theory: It used to be that a firm could be understood as embodying a cooperative *quid pro quo* between the two basic "factors of production" (and of marketing, included implicitly as an aspect of "production") – labor and capital – envisaged by the "classical" economic theorists of the first half of the 19th century. According to that kind of theory, the amount of labor equals the amount of money spent on wages (including salaries as well as hourly wages), whereas the amount of invested capital equals all the other related expenditures of the firm. Labor as a factor of production would thus be measured, not in terms of how much work was done by the laborers for the firm, nor in terms of how productive it was, but only in terms of the monetary cost to the firm of that work. The *quid pro quo* arrangement, determining which people would get which kinds of benefit and of risk, might traditionally be understood as guaranteeing a monetary income to the laborers in return for working for the firm. But, the guarantee would fail if the firm lacked market viability and if its monetary losses and perhaps even a prospect of bankruptcy might thus trouble the firm's capitalist(s). Such failure is likely to occur, now in our more and more thoroughly digitized and globalized 21st-century economy, when some other, competing firm(s) somewhere gain(s) decisive competitive advantage by using novel technology to reduce substantially the labor "factor of production" while not increasing to a similar extent the analogous capital factor. It is happening every day nowadays, due to swift technological progress in this era of digitization and automation.

When such danger draws nigh for any given firm, the most vulnerable employees are not the core labor-force-"insider" workers (this is businessman's jargon) but the low-seniority, untenured, last-hired and first-fired ones. However, if lots of *them* in various firms in the nation lose their jobs, and if the "insider" workers see therein some worrisome handwriting on the wall, then effective demand within the nation for commodities will tend to shrink because the portion of the nation's population that has only a pitiful amount of money has increased, and a considerable number of other folks are worried about running short: it is a vicious circle of unemployment generating lower demand and hence more unemployment. (This "demand-side" argument from the 1920s needs today to be complemented by arguments taking into account the galloping 21st-century rates of environmental degradation. But let us here, for simplicity, follow out this "demand-side" logic without an "environmental-degradation" updating of the theory.) The decline in domestic demand means that the nation's firms have to depend, for their market success, more and more on competing abroad with firms that may have, say, lower transportation costs to pay; and there may also be stiff tariffs, especially if a trade war is under way.

Now let us add to our relevant economic terminology the term "base wage rate". It means the lower limit of payment per hour of work (i.e. the payment has to be at least that much per hour), or per month or per year for salaries, which an employee is contractually entitled to be paid by the employer for this or that kind of job (at this or that location). It does not include supplementary "expense allowances" or bonuses such as profit-sharing which might also be paid. A firm with a base wage rate for a certain kind of job will not hire, for that kind of job, a new employee at a lower base wage rate.

And now let us suppose that in a firm encountering a threat of bankruptcy because of sharp competition from some other firm(s) with newfangled labor-reducing technology, the labor-cost factor in the endangered firm includes a substantial profit- or revenue-sharing component in addition to the base-wage component. *To the extent that* each worker's remuneration consists of a certain stated percentage of the firm's profits (a small percentage of course, as he or she is only one laborer), the firm has an automatic inducement not only to hire more workers in good times (in the expectation of gaining more profit), but also to avoid laying them off during bad times. When the firm was doing well, a beautiful thing about the profit-sharing was more money in the employees' pockets, but now that the firm is in trouble, a beautiful thing is the possibility of maintaining a low rate of layoffs even so: instead of some of the employees being kept on at the same per-capita cost to the firm as before, and others being thrown out, each employee's *flexible* bonus due to profit- or revenue-sharing is reduced or even lost for a while, but still everyone is there together and presumably determined to help the firm regain success.

It is beautiful if effective, but nowadays it is often not effective enough. More and more laborers have no economic security. Back in the post-World-War-II decades, the mainstream social-security systems involved belonging to trade unions and being members of firms offering pensions as well as wages. But today more and more workers are hardly employees of a firm but are just getting some "gigs" via "outsourcing" and "transaction platforms" (Uber is a well-known example of the latter). Once upon a time, a laborer might do one kind of job for an entire career, or might progress within his firm to higher positions; later, his or her line of work might change several times during a career of gainful employment with one firm after another. Now, a laborer may be just finding, via digitization, various temporary bits of gainful employment here and there. The labor market is thus becoming so flexible as to sweep away the individual laborer's economic security altogether.

Many jobs and even some mere gigs require today, and many more in the near future will require, specific skill-combinations – of technological know-how, problem-solving, and critical thinking, as well as of soft skills such as perseverance, collaboration, and empathy – and so the laborers will have to be lifelong learners. While technological innovation will continue to accelerate, developing countries will need to take rapid action to ensure that they can hold their own in the economy of the future. They will have to arouse in their employed and potentially employable citizens a sense of urgency with regard especially to education and health – the building blocks of "human capital" – so that the benefits of technology can be harnessed and its worst disruptions reduced. (World Bank Group, 2019)

We need a social-protection system to cope with these conditions and the manifold kinds of environmental degradation. We need, more than in any previous decade, a new kind of social contract with the national government promoting the health and development of all its citizens and, to that end, providing an adequate income-sharing system.

The next section of this essay will outline some of the elaborate measures which government in China is taking in view of the vast 21st-century "precariate" problem (Standing, 2011) of under-employment, uncertainty about employment and desperate unemployment.

China's recent and current 'New Deal'

(It is not called "The New Deal" in China. We are using the term to imply an analogy with Franklin D. Roosevelt's famous "New Deal" in the USA in the 1930s, which was a national government's way of seeking to cope with the "Great Depression" of that pre-World-War-II economic era. We won't elaborate upon the analogy; to evoke it is enough.)

Here are some relevant demographic, economic and cultural facts about China. *(1)* Since the national population is so big, the cultivation of "human capital" is a very broad challenge. *(2)* The birth rate is much lower than in other developing countries (and is even lower than in some developed countries); China is thus entering a century-long "aging plateau". *(3)* While total GDP is big, GDP *per capita* is relatively low. Whereas only the USA has a larger total GDP, the officially acknowledged "poverty-line" rate of income in China as of 2019 is at 3747 yuan a year, which may be regarded as equivalent to less than two US dollars per day (inasmuch as one dollar is currently exchanged for seven Chinese yuan); in other words: if you earn in China an equivalent of two dollars a day, you are regarded as an economically productive citizen. (And here we may mention also, as an aspect of current Chinese culture, that very few of the citizens have time and money to see much of the world before the world obliges them to assume adult responsibilities. Even the ones who are relatively well off are likely to have emerged just very recently from poverty.) *(4)* Inequality of income-amounts is excessive. China has nowadays a Gini coefficient around 50, whereas the corresponding figure for the USA (as of 2018; these data are from Ventura 2019) is 38, and for Sweden 26. *(5)* In Chinese culture there is no strong tradition of *laissez-faire* economic theory. There is, on the contrary, a strong notion that the individual's relationship of duty to the sovereign of the "middle kingdom" (this is the literal meaning of the Chinese word for China (中国; *zhōng-guó*), and the sovereign is now the national government) is *inborn* like his or her various relationships to father, mother, older brother, younger brother, older sister, younger sister etc.) and is thus *not* a contractual matter subject to negotiation and revision (as suggested by, for instance, the concept of social contract set out in Rousseau 1762). The current sense, in China, of the individual citizen's duty to help the entire nation "develop" is nourished by that traditional notion from the age-old imperial days, as well as by the ideal of socialism. Chinese nationalism is deep and is linked with governmental paternalism.

Government in China has taken a series of new measures for coping with the big industrial and social transformations in this current phase of the era of globalized digitization. Most of the measures are focused on maintaining a high level of employment in wage labor. They may prove insufficient to achieve their purpose, but their scope and total fiscal bulk are nonetheless remarkable.

(1) Government has directed state-owned enterprises to institute dividend-sharing reforms so as to give employees an expectation of profit-sharing and thus motivate them to work harder and with more enthusiasm.

(2) Government has taken new measures to stabilize privately financed firms, including: *(a)* refunding, if the firm has avoided layoffs this year, 50% of the unemployment-insurance premiums that the firm paid in the previous year; *(b)* giving full play to the role of government financing-guarantee institutions to support small and micro enterprises; *(c)* increasing government's funding of subsidies to reduce the interest-rates on loans; *(d)* speeding up the construction of key group-entrepreneurship-incubation carriers, with low-cost venue-support, guidance services, and policy support for entrepreneurs; *(e)* expanding the scope of employment-apprenticeship subsidies. This year (2019) a three-year subsidy program for youth internships began to be implemented; it will cover a million youth this year, and the scope of employment-apprenticeship subsidies will expand from unemployed college graduates to all unemployed people between the ages of 16 and 24.

(3) Government is implementing employment-training plans. They include *(a)* conducting training for unemployed people, as well as *(b)* paying firms to carry out on-the-job work training for their employees.

(4) Government is requiring that if a firm has to lay off a laborer, it be done in a timely (not drastically quick) manner and that he or she receives financial help. This means *(a)* establishing unemployment-insurance benefits, *(b)* implementing permanent-residence services for people registered as unemployed, and *(c)* guaranteeing the basic livelihood of people nevertheless in need of financial help. (This latter provision is analogous to the proposal sketched out for discussion in Chapter 9 of the Indian government's *Economic Survey 2016-17*. The chapter was entitled "Universal Basic Income: A Conversation with and within the Mahatma". The author of the *Survey* said that the time was ripe to discuss UBI for India, but not yet to implement it there.)

(5) National government is setting up an accountability mechanism for local governments with regard to employment issues. This includes *(a)* establishing and implementing local mechanisms, directed by local government leaders with support from relevant departments, to promote employment in each region and to create, in each region, "early-warning" systems classifying various firms as more or less vulnerable; the local governments will thus ascertain which firms are having which kinds of ominous difficulties (and to what extent) and which kinds of subsidies might help solve the problems under the given conditions and financial capabilities of the firms, and ensuring that the applicable subsidies come into effect as soon as possible; *(b)* clarifying the details of responsibilities in regard to organizing and coordinating the related efforts of various government departments; and *(c)* effectively improving policy services. Relevant departments around the country are being pressed by the national government to actively implement and publicize in depth and detail these policies and to make certain that citizens' specific complaints are heeded.

(6) Government is guiding firms and the citizenry to fulfill their social responsibilities. It is considered necessary to guide difficult enterprises to pay more attention to the use of market mechanisms and economic means, via multi-channel of production transformation, training transfer, "double innovation" subsidies for resettling laborers, and to deal with labor-relations according to law. The employees of each and every firm are to be urged to care about the survival and further development of the firm. If a firm in danger of folding negotiates with its employees, the resulting adjustments may include changes in salary, in quantity and distribution (time of the day and days of the week) of working hours, and in on-the-job training to retain jobs and stabilize labor-relations. Laborers will be educated to establish a good concept of the responsibilities (to the firm and to society) of gainful employment, to take initiatives for improving their own employability, and to achieve employment and entrepreneurship through their own efforts. Government intends to mobilize extensively the enthusiasm of all sectors of society for forming a joint force striving for stability and expansion of gainful employment.

(7) Some special funds will be arranged from the general fund for industrial enterprise-structure-adjustment and will be released in due course. All localities are directed to sort out the existing subsidy projects, and all the subsidy projects are to be merged and simplified, while maintaining policy continuity and stability, in order to render more and more efficient the uses of the funds. The implementation of these measures – and the relevant problems found in all localities – are to be reported in a timely manner to the Ministry of Human Resources and Social Security.

(8) Taxation is being reduced. *(a)* National and local tax systems are being integrated. In this era of modern techniques of digitization, a unified tax system is expected to render more efficient the management of taxation. (This will tend to increase the power of the national government vis à vis local government.) *(b)* The social security system is being integrated with the tax system. Before, the social insurance payment of individuals was administrated by Ministry of Human Resources and Social Security, but now the payroll-collecting system is to be administrated by Ministry of Finance. However, the institutions granting pensions and other benefits are not to be changed. *(c)* The level of payments made by enterprises into the social-security system for pensions is being decreased from an amount equal to 20% of the laborer's wage to an amount equal to 16%. *(d)* Individuals' income-tax rates are being decreased. The income-tax-exemption-threshold is being raised from 3500 to 5000 yuan per month. Children's education, adults' further education, home-rental costs, installment-plan payments for building a house for the family, and the costs of caring for the family members who are too old to engage in gainful employment, can all be deducted before the tax is calculated, and a member of the family whose income is lower than the tax-exemption-threshold of 5000 yuan per month is allowed to transfer these deductions to a member of the family who has a higher income.

It seems very likely that government in China will in the foreseeable future take even more steps to promote industrial upgrading of the nation. None of the specific measures described here has, however, been in effect for long enough to have become a deeply entrenched vested interest.

UBI as a potential component of the Chinese reforms

The idea of the government paying to each and every citizen a "basic income" (a regular periodic flow of cash without a means-test or work-requirement; van Parijs and Vanderborght, 2017) has occurred to a number of bold minds ever since the late 18th century. Neoclassical economists do not regard it as received wisdom; nearly all of them say, for instance, that the fiscal cost, especially in "emerging" national economies, would be prohibitively steep. UBI is perhaps no less radical an idea than were, once upon a time, the ideas of abolishing slavery and of treating women as equal to men in civil society. Karl Marx said in 1875 that the precept of allotting "to each according to his needs" while taking "from each according to his ability" ("*jeder nach seinen Fähigkeiten, jedem nach seinen Bedürfnissen*") could be applied in "a higher phase of communist society, after the enslaving subordination of the individual to the 'division of labor', and therewith also the antithesis between mental and physical work, has vanished; after work has become not only a means of life but life's prime want; after the productive forces have also increased with the all-around development of the individual, and all the springs of cooperative wealth flow more abundantly". Such a society has, in our opinion, not been created, and yet we think that the time is ripe now – given the combined problematic effects of excessive income-inequalities, the relentless 21st-century tide of digitization and automation, and the looming ecological limits to further growth of the gross world economic throughput – for all of us to shake our prejudices, subvert received wisdom and learn to embrace some radical ideas for the sake of rebuilding hope and even confidence in the future of our societies. For societies to benefit from the potential which technology offers, there will, we believe, have to be a new social contract entailing larger investments in per-capita "human capital" *as well as* in universal social protection.

Some notable aspects of the current wave of technological progress are that digital technologies allow firms to scale up or down quickly, blurring the boundaries of firms and challenging traditional production patterns; new business models – "digital platform" firms – are evolving from local start-ups to global behemoths, often with few employees or tangible assets; the ability of governments to raise revenues is curtailed by the virtual nature of these productive assets, and yet the rise of platform marketplaces allows the effects of technology to reach more people more quickly than ever before. Individuals and firms need only a broadband connection to trade goods and services on online platforms. This "scale without mass" brings economic opportunity to millions of people who do not live in industrialized countries or even industrial areas (The World Bank Group, 2019).

Automation raises the premium on high-order cognitive skills in advanced and emerging economies. Investing in human capital is a priority to make the most of this evolving economic opportunity. Three types of skills are increasingly important in labor markets: advanced cognitive skills such as complex problem-solving, socio-behavioral skills such as teamwork, and skill combinations predictive of adaptability. Building these skills requires strong human capital foundations and lifelong learning. The foundations of human capital, created in early childhood, have thus become more important, and yet governments in developing countries do not give priority to early childhood development, and so the human-capital outcomes of basic schooling in those countries tend to be accordingly suboptimal (The World Bank Group, 2019).

Interest in UBI has increased notably in the last decade. Everyone pondering the future of the highly developed welfare-states has heard of it, and so too have the theorists who are trying to figure out how to design basic economic security in the less developed parts of our finite planet. (Many theorists who don't understand how UBI would actually function have nonetheless heard of it.) The idea is bound to intrigue, and sometimes to thrill, those who would like tomorrow's world to be characterized by real freedom – not mere formal freedom – for *all* rather than just for "the happy few".

The UBI concept represents a branching out of the share-economy modes of thinking and feeling, but whereas the traditional forms of share economy would function within firms or at least within the labor market, UBI would function apart from the labor market (while nevertheless strengthening the hand of the lowest-paid employees within that market: Why sink into sheer drudgery for a starvation wage if you're not starving?).

If UBI were implemented, then full employment in the classical and neoclassical economist's sense of wage labor would no longer have to be an aim of macroeconomic regulation, and indeed the average amount of daily wage-labor time might well decrease, since everyone would have some other income as well.

How could China's government possibly finance UBI? Clues can be found in how the "Chinese New Deal" is being financed.

On the one hand, a notable fact about China is that its land and other natural resources are all owned collectively. All the land in each town belongs to the entire town-population via the sovereign. The land in the countryside belongs to the local villagers collectively; and in recent years, as much as half or even more of the local governments' budgets have depended on income due to that ownership of the land.

And then also, China's state-owned enterprises (SOEs) have increasingly, ever since 2007, paid a portion of their net profits to the national government, and in 2020 the portion will rise to 30% of total profits. From this point of view there are different categories of SOEs. The first type includes tobacco, petroleum and petrochemical, electricity-production, telecommunication, coal- and other resource-monopoly industries and enterprises, which now pay 20% of their net profits to the state (except that the National Tobacco Corporation pays 25%). The second type includes steel, transportation, electronics, trade, construction etc. enterprises (i.e. in competitive industries), and they are now paying 15%. The third category includes the military and scientific research institutes and they are now paying 10%. (Yet another category encompasses "policy companies", including the Chinese Grain Reserves Corporation and the Chinese Cotton Reserves Corporation, and they are exempt from contributing any of their net profits to the national government budget.) Part of the revenue from levies on the SOEs' profits has already been allocated to helping pay for the current national social-security system.

Here we should mention the hope – which UBI advocates characteristically express and which we regard as feasible – that UBI could be administered more efficiently than the more complicated kinds of national social-security system, since the individual citizen, in order to be paid the current installment of his or her UBI, would have to prove only that (s)he exists, is a resident citizen and has not yet received that installment (a bar against retroactive UBI payments would make good sense), whereas various other, more-or-less dodgy facts have to be bureaucratically ascertained when it comes to implementing other kinds of social-security benefit. And indeed, for a national population of more than a billion, a ramified social-security system's administrative costs and other inefficiencies are likely to be out of proportion, *per-capita*-wise, to what they would be for a small national population.

Given this advantage of efficiency, Chinese UBI might be paid for by a combination of *(1)* income from public assets; *(2)* tax revenues – and in this connection we would commend, since the government is "the trustee for unborn generations as well as for its present citizens", the wisdom of levies on "rash and reckless spoliation" of "the exhaustible natural resources of the country" (Pigou 1920, ch.2); (*3)* some modest increase (if need be) in public debt, and *(4)* trimming certain aspects of the current social security system which involve inefficient administration or which are widely regarded in China as aggravating rather than diminishing the excessive levels of income inequality. Citizens in very low income-strata have complained for years that government pensions and subsidies for health care and for formal education and for building homes have operated in such a way as to aggravate income inequalities, and the World Bank has reported (2019) that the Chinese minimum-standard-of-living cash-transfer system is administered so inefficiently that 90% of the rural payments are made to people who are not entitled to them. (Misdirected payments of this kind are less rampant in the cities, but still the rate there is said to be more than 50%.) The cheaters' annoyance about losing their illicit payments might be mitigated by the consoling UBI payments, and an overarching cultural effect of the change might be for more and more citizens to shift gradually away from gaming the system and toward cooperating patriotically.

It could be fiscally and politically wise to implement initially a program of "partial UBI" payments – i.e. not enough to lift a destitute person above the poverty line, yet enough to lend a substantial helping hand in that direction; a large rural Indian experiment in partial UBI was remarkably successful (Davala *et al.*, 2015) – while promulgating as policy that government intends to gear up to full UBI (i.e. enough to prevent destitution) if the citizenry performs more robustly its duties to the common good.

Modern digitization could thus serve like a catalyzer to conjuncture more people's economic security.

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