REPORT OF THE CHAIRMAN OF THE CORSICA ASSEMBLY

Subject: Presentation of the conclusions of the work of the ad hoc committee on the study of the feasibility of a basic income and the possibility of experimenting with its implementation in Corsica.

U rivenutu universale in Corsica
(A basic income in Corsica)

INTRODUCTION

The global health crisis has rekindled the discussion on the desirability of a universal income. In the urgency of the situation, the leaders of several countries have launched a debate on this subject, particularly in Germany, the United Kingdom and Spain.

The universal income under debate at the Corsican Assembly

In Corsica, this debate has been open since 2017. According to the conclusions of the Senate's fact-finding mission in 2016, universal income seemed to be an avenue to be explored as a possible response to the challenges facing Corsica: the fight against poverty, social justice, construction of a model of society, impact of the technological transition on work and employment.

Thus, by deliberation 17/017 of 27 January 2017, the Assembly of Corsica decided to initiate a process of reflection on the concept of universal income, by creating the ad hoc committee in charge of studying its possible advantages as well as the conditions of its feasibility in Corsica. The committee was renewed in 2018 following the creation of the Collectivité de Corse.

As a high point of its thoughts, the ad hoc committee organized a roundtable on 12 October 2017 on the theme of "the future of work", which highlighted the usefulness
of universal income in meeting future challenges. The committee based its discussion on the OECD's forecasts, which, in a report published in April 2019, estimated that over the next twenty years, robotization would lead to the disappearance of 14% of jobs and the transformation of 31%. The international organization also foresaw the polarization of the labor market between low-skilled and low-paid jobs on the one hand and high-skilled jobs on the other, with medium-skilled jobs in sharp decline.

After consulting several international experts in Quebec, Germany, the United Kingdom and France, including Gaspard Koenig, and contacting the French departments that had taken a similar approach, the commission called on the technical assistance of a recognized specialist on the subject, Marc de Basquiat, chairman of the A.I.R.E. He led a discussion with representatives of all the Assembly groups during 2019 with a view to devising a technical solution adapted to the Corsica island situation. Discussions were held in committee and workshops with elected representatives, tax specialists and economists, as well as the managers of the agencies and services that intervene in social matters. These exchanges made it possible to assign to universal income the objective of mitigating, on the one hand, the effects of an increasingly unequal society and, on the other hand, the dysfunctions of the redistribution system.

The quality of the workshops' work is particularly noteworthy. They were carried out in a spirit of co-construction. During their interactions, the participants developed scenarios to reach a consensual solution. Despite different initial views on universal income, each participant was led to work together to define a shared point of view. The latter is the subject of the report that you will find following this introduction.

**The ad hoc committee's draft**

A technically advanced project was being finalized in recent months. The working group, which met between May and September 2019, validated the principle of a tax mechanism that would advantageously replace social benefits such as the RSA (*Revenu de Solidarité Active*) and the so-called activity bonus (*Prime d’activité*).

This successful project assumed a monthly basic income of €500. We all agree that this is an insufficient sum to ensure a decent life. In the spirit of universal income, the amount should be enough to escape poverty and social exclusion. This means that this income should be at least equal to the poverty threshold, i.e. around €1,000, a target which should be pursued in the future. However, this raises the question of the immediate feasibility of the scheme, particularly in view of the urgency of the matter. It is therefore proposed today that you take a first step by adopting a mechanism whose feasibility and robustness are not seriously debatable. Moreover, its flexibility and adaptability will make it possible to give the political hand back to the policy to adjust income in accordance with changing needs and resources.
Sometime before the current health crisis, this project had reached the phase of
determining the budget to be mobilized to set up the experiment in Corsica, thanks
to a microsimulation tool based on a database created from INSEE and DGFIP data
(see report on the work of the commission on pages 9 to 25).

**Universal income and health crisis**

The current health crisis has come about as this process was ongoing. We do not
know the medium- and long-term effects, but we can already measure the immediate
consequences in Corsica and in several countries, particularly in Europe.

Confinement forces to inactivity shopkeepers, company employees, workers and
craftsmen who are not reluctant to work. It deprives many people and families of
income and of any means of subsistence for an indefinite period. It will end gradually
and a return to "normal" will not take place for several months.

The 2020 tourist season, which was due to start while the containment was being put
in place, seems to be in serious jeopardy. It seems more than likely that this season
will not take place under normal conditions, as there are so many uncertainties. It
seems deceptive to think that the problems of a sector which accounts for 31% of
Corsica's GDP will not have repercussions on the rest of the island's economy.

Containment will have an impact on employment. According to figures provided by
the Corsican Prefecture, 36,000 people are on partial unemployment at the time of
our meeting. According to INSEE (Insee Dossier Corse n°12 - December 2018, page
27), on 31 December 2016, Corsica had 106,142 employees, 47% of whom were in
the public administration, i.e. around 56,000 in the private sector. Commerce
employed 16,000 people, mainly in the retail trade. Partial unemployment would
therefore today affect more than one in two employees in the private sector whereas
the average in France is more than one in three employees in the private sector. If
we add to these figures the forced inactivity of self-employed jobs (19,136), the
uncertainty of seasonal jobs, the number of replacements and students who will not
find jobs this summer, the evolution of the social situation in Corsica is very
worrying.

The current social protection systems, whose complexity is usually denounced by
many actors, are not flexible enough to adapt to a rapidly changing situation. It was
not until, for example, the 25 March 2020 order, issued pursuant to Article 11 of the
Law of 23 March 2020, that the RSA's rights were extended until September 2020.

Finally, the health crisis highlights inequalities in the workplace and in exposure to
the virus. Confinement is only bearable because certain jobs allow the community to
hold on (garbage collectors, cashiers, storekeepers, delivery drivers). Jobs that in
"normal" times are either poorly recognized or poorly paid (nurses, firefighters, personal care workers).

**Before the crisis, the reluctance to introduce a Basic Income was based on two main arguments: assistance and cost, arguments which are falling out because of the COVID emergency.**

Indeed, the confinement means that most of the population's income is no longer the counterpart of any effective work (retirement or unemployment pensions, income from assets or solidarity, partial unemployment). Moreover, the period brings to light the voluntary commitments of some, the voluntary work of others, which sometimes have no relation to the activity for which they receive remuneration during confinement. The causal link between remuneration, employment and work no longer exists. In these times of crisis, the State does not therefore provide "assistance", but it does provide each inhabitant with housing, a minimum income to pay for subsistence consumption, access to the health system and education. Poorly assumed in normal times, income security has become a social requirement and an economic imperative.

In 2019, Marc de Basquiat estimated that the introduction of the universal income of €500 in France would cost around €25 billion - about 1% of GDP. When the time comes to take stock of the financial impact of the crisis, it will be necessary to compare the costs and gains of the current system with those of universal income.

Revealing the weaknesses of the current economic and social system, the crisis itself will induce its own additional costs. It will increase the mass of allowances, exceptional aid and social benefits. At the same time, it will reduce the amount of allocations as well as tax revenues, particularly for local authorities. What might have seemed costly at one point in time may turn out to be more cost-effective in the long term.

**Universal income and the new social project**

The COVID-19 crisis is one of those ruptures that mark the history of humanity. These ruptures are always twofold: they are both destructive and promising for the future.

The Black Death of 1348 revealed the compassion of some, the greed or selfishness of others, decimated almost half of the European population and yet led to the Renaissance and the Reformation. After the Second World War and its destructions, a new society was built. Based on mass consumption and although imperfect in many respects, this society improved the living conditions of millions of human beings, particularly in Europe.
The current health crisis is exceptional by its nature, its fullness and its magnitude. It comes at a time when the levels of scientific knowledge, the dissemination of information, the amplification of phenomena, the acceleration of time, the rapidity of the spread of viruses, the movement of people and wealth have never been reached. It has occurred in a context of depletion of the planet's resources, global warming, accentuation of inequalities, demagogic discourse that is still developing in such a situation, the preponderance of technocracy over politics, and unbridled capitalism that has learned nothing from the mistakes of 2008.

Philosophers, economists, intellectuals, scientists, sociologists, many have been warning for decades about the threats to humanity. These threats will become irreversible if we continue to think and lead the world according to the rules of "market" fundamentalists, witnessing the progressive disintegration of social ties and the continuous degradation of nature.

Confinement is an unprecedented experience. It will certainly leave its mark on our lifestyles, on the way we move, travel and on social ties. It already reveals at least two things: on the one hand that we can live in a certain sobriety, and on the other hand that the environment is doing better.

Edgar Morin observes that "the techno-economic unification of the planet has created, at the same time as a generalized interdependence, a community of destinies without solidarity". As contradictory as it may seem, as difficult as this period may be, confinement is an opportunity to rethink a new social order by affirming a certain number of principles. The principle of common humanity, which opposes all forms of discrimination. The principle according to which the first richness for human beings is that of the social relationships they maintain, the richness of conviviality. Every human being has the right to be recognized in his or her uniqueness. Finally "to oppose without slaughtering each other" as Marcel Mauss said, taking care of nature and our species.

Carried by currents with different ideological genealogies and political projects, the universal income is one of the instruments of this "civilizational New Deal" Edgar Morin invites us to think about. If three great traditions claim different motivations for its establishment, it is not contradictory to recognize at the same time all the virtues put forward by these different political and philosophical trends: equality between people and the same dignity of their living conditions, freedom of choice of their activities as a condition for their personal development, solidarity of the healthy towards the most disadvantaged.
The work of the ad hoc committee has resulted in a realistic and robust proposal on one subject, universal income, which, because of the health crisis, is more relevant than ever.

We must take advantage of the lead we have taken to move as quickly as possible to action. That is why I wanted the ad hoc committee to meet without delay in the presence of Marc de Basquiat in order to take stock, in the light of the work already carried out, with a view to rapid implementation, which presupposes a deliberation by the Corsican Assembly aimed at obtaining the necessary legal means to do so. After consultation and opinion of the Assembly of Corsica, the proposal, in order to become effective, will need to formulate a feasibility request to the government.

The aim of the approach is twofold: on the one hand, to respond to the emergency and, on the other hand, to establish a protective and evolutionary system for the future.

The meeting of the ad hoc committee on 9 April 2020 made it possible to check the political consensus that had emerged during the work of recent months and which led to the report before you.

I should be grateful if you would deliberate on it.
U rivenutu universale in Corsica

ACTIVITY REPORT
Ad hoc Committee on the study of the feasibility of a basic income and the possibility of experimenting with its implementation in Corsica.
April 2020

1 Conduct of the work of the ad hoc Committee

A/ The deliberations of the Assembly of Corsica

❖ AC 17/017 of 27 January 2017 setting up an ad hoc committee to study the feasibility of a basic income and the possibility of testing its implementation in Corsica.

❖ AC 17/188 of 30 June 2017 extending the ad hoc committee to study the feasibility of a basic income and the possibility of testing its implementation in Corsica.

❖ AC 18/032 of 2 February 2018 setting up an ad hoc committee to study the feasibility of a basic income and the possibility of testing its implementation in Corsica, in the context of the establishment of the new Collectivité de Corse

B/ Meetings of the ad hoc committee

❖ 17 March 2017. Agenda: update on precariousness and social benefits in Corsica, placing them in their demographic, economic and monetary poverty context. INSEE and CAF.

❖ 26 June 2017. Agenda: hearing of M. Marc de Basquiat.

20 June 2018. Agenda: videoconference hearings of various experts on universal income around the world. M. Gaspard Koenig (present in Aiacciu), M. Steven Strehl in Germany, M. Jurgen de De Wispelaere in Chile (experiment conducted in Finland), Mrs Dorothée Boccanfuso in Quebec.

9 April 2020. Agenda: presentation of the progress and conclusions of the commission's work.

C/ The technical assistance mission April 2019

The choice for Marc de Basquiat.

- His academic background: a doctoral thesis from the University of Aix-Marseille in economics which demonstrated the technical feasibility of a basic income in France.
- The professional experience, as director of complex transformation projects.
- Involvement over the last 12 years in clarifying the concrete form that a basic income could take in France, notably through his publications: various articles and books including "LIBER, un revenu de liberté pour tous" (2014 and 2017) in partnership with the philosopher Gaspard Koenig, the latest work published in the framework of the A.I.R.E. being dedicated to the necessary reform of family benefits.
- His involvement in the AIRE association (Association pour l'Instauration d'un Revenu d'Existence, founded 1989), of which he has been chairman since 2014 and as founder of the French movement for a basic income (MFRB), which today brings together a large number of activists.
- Recognition as an expert within the BIEN (Basic Income Earth Network).

The description of the mission:

1. to lead workshops with a small "project team", emanating from the ad hoc committee, also involving the usual partners such as CAF, MSA, CESEC, the University of Corsica, tax experts, etc.
2. to provide educational support on the project, as necessary, to the various bodies involved in Corsica.
3. to participate in the drafting of the ad hoc committee's concluding report by formulating proposals for concrete, scientifically robust, financially sustainable and socially innovative adaptations, which would be submitted to the Corsican Assembly for approval and could possibly open up for experimentation in Corsica.

2 A series of workshops to analyze a complex project
The co-construction process implemented in the five workshops led to the development of a shared solution.

2.1 Kick-off meeting - May 22, 2019

The ad hoc committee on the feasibility study on a basic income and the possibility of experimenting with its implementation in Corsica met on 22 May 2019 at the Hôtel de l’Assemblée in Ajaccio, under the chairmanship of the President of the Assembly of Corsica, in order to validate the launching of the technical assistance mission provided by Marc de Basquiat, economist for StepLine Conseil, President of the Association pour l'Instauration d'un Revenu d'Existence (A.I.R.E.).

His speech entitled: "Experimenting with a universal income in Corsica", showed why it would be complicated to propose the experimentation of a system that would include all the characteristics of a universal income. Nevertheless, a more in-depth work, with the participation of all the expertise of the Commission and the interested institutions should make it possible to define collectively a concrete project, the benefits of which will be explained. This project was carried out in several workshops between May and September 2019. The necessary technical work was carried out in the intervals by Marc de Basquiat.

The kick-off meeting on 22 May provided an opportunity to recall the theoretical target, various international experiences and the difficulties to be addressed by the working group.

2.2 Analysis of the current socio-fiscal system - 4 June 2019

For the first workshop, the 12 participants focused on identifying the drawbacks of the current socio-fiscal system, in order to study in a later phase to what extent the concept of universal income can constitute progress. From a list of 73 observations, the vote and joint reflection brought out 10 formulations which then served as criteria for the solution to be proposed.

1. **There is a fear that society will evolve towards an ultra-liberal capitalism.**
   The social elevator is blocked. A choice must be made between an ultra-liberal model or "care", where everyone can find their place.

2. **Our system is facing a problem of financing and governance.**
   Public aid is decreasing due to budgetary pressure. The multiplicity of forms of governance (State, local authorities, EPCI, etc.) complicates the life of citizens and public decision-making.
3. **Inequalities in the population are increasing.** Precariousness is high in Corsica - with one person in five below the poverty line (even if this indicator is obsolete) - caused in part by the seasonality of many activities.

4. **Inequalities are very high between territories:** towns, rural areas, developed coastline, etc.

5. **The welfare system is complex.** Access to the law is a recurrent problem for fragile populations, with a high rate of non-use. Problem of the "invisible".

6. **Young people face severe difficulties in entering the labor market.** Public intervention is complicated in the "blind zone" of 18-26-year-old. High precariousness of students. Exile of young people, departure of grey matter on the continent or abroad.

7. **Unemployed people are faced with obstacles to returning to work,** difficulty in exercising individual choices with freedom of action. One does not earn much more with precarious work than by receiving social assistance. Setting up a business is difficult, because one must ensure one's subsistence while starting the activity. Tax burden. The informal economy is probably underestimated.

8. **Older people often have small pensions,** fortunately compensated for by the social and family ties (which unfortunately tend to become distended). Many elderly people give up applying for ASPA for fear that their heirs will lose the family home.

9. **The cost of living is high in Corsica,** a consequence of insularity in all strata of the economy.

10. **Housing is a major problem.** One can no longer find decent housing without the help of one's family.

After this first working meeting, allowing a constructive criticism of the current situation, the following workshop was totally creative, inviting everyone to forget all the constraints of implementation and to dare dreaming of a perfect world.

2.3 Imagining the ideal target – 17 June 2019

This second workshop was organized in the "brainstorming" format, facilitating the emergence of ideas, without restraint. This made it possible to draw up 10 idea sheets responding to the formulations of current dysfunctions. These ideas are grouped into two categories, depending on whether they mobilize a form of universal income. Indeed, it appeared necessary to make explicit the fact that the Basic Income is not a "miracle solution", but that other important public policies must be developed in addition to it, in order to best meet the needs of the population.
### 1 – There are fears that society is moving towards ultra-liberal capitalism.

What would a universal income do there?

11 - It gives everyone their place in society.

12 - We are breaking with the logic of "rich people who give charity to the poor": everyone has their rightful share.

13 - It is a philosophical and moral break: everyone receives, without compensation. It is a right, not a gift.

14 - We recognize activities that have a social / societal value but without any income (non-market).

15 - The time freed up can be used for actions that are very useful for society.

16 - It is an investment for the future, an added value for society.

17 - It will not suppress ultra-liberalism but makes it bearable.

Other actions to be studied:

18 - Act to unblock the social lift, by rethinking the school system and access to culture.

### 2 – Our system is facing a problem of financing and governance.

What would a universal income do for it?

21 - It allows operating savings through the rationalization of complex systems.

22 - It leads to savings on certain dispersed budgets (e.g. public support for avant-garde artists who have no significant income).

23 - Transfers made are not lost to the economy, as they are reinjected through consumption.

24 - Governance will be very simple, with a single manager of levies and payments.

Other actions to be studied:

25 - To obtain for Corsica a fiscal status that allows it to adapt to its realities, its needs.

26 - Create a tax or a specific tax for Corsica (possibly inspired by what exists overseas / for other French islands).

27 - Create a local interest bank for Corsica.

28 - Reduce the multiplicity of governance bodies and better distribute responsibilities between the local authority and the other levels.

### 3 – Inequalities in the population are increasing.

What would a universal income do?

31 - It can reduce great precariousness, but not eliminate poverty (which is multifactorial).

32 - If its amount is high, it can help reduce inequalities.

Other actions to be studied:

33 - Put the package on education, training and guidance to reduce inequalities.

34 - Establish a real right to health for all, to cope with the cost of access to health and medical deserts. Create a university hospital in Corsica.
### 4 – Inequalities are very strong between territories.

What would a universal income do there?

41 - Paid to the whole population, it can make the inequalities between territories less flagrant and reduce them.

42 - If the amount is high, it can reduce inequalities between territories, inducing a transfer to less favored areas.

Other actions to be studied:

43 - "Public service" buses to bring medicine, essential services and even cultural activities to the population. Organize regular bus services (drawing inspiration from Bolivia).

44 - Developing digital technology in the territories (while being cautious about dematerialization, which excludes some).

### 5 – The social aid system is complex.

What would a universal income do?

51 - By its extreme simplicity and automaticity, and if it replaces enough of the current mechanisms, it will solve the problem of access to social assistance (an income base for all).

52 - It simplifies the work of the administration, which can devote itself to the management of specific social problems.

Other actions to be studied:

53 - Allowing people to meet a physical interlocutor for administrative procedures (intelligent one-stop shop).

54 - Avoid the excesses of a dematerialization of all administrative procedures.

### 6 – Young people face severe difficulties in entering the labor market.

What would a universal income do?

61 - It solves the problem of young people’s precariosity.

62 - It would help young people to prepare to enter the labor market, by offering them time for reflection and training or the means to undertake.

63 - It releases the energy and creativity of the younger generations.

Other actions to be studied:

64 - Prevent school dropouts, by detecting them as early as possible. Sometimes, reorient from primary school onwards.

65 - Make studies free, whatever the level of study, for students living in Corsica.

66 - To set up training courses adapted to the needs of the Corsican territory.

67 - To develop promising sectors, with a bright future, to retain young people. Activity in Corsica must not be restricted to the building and public works sector, tourism, shops...
### 7 – Unemployed people face obstacles to returning to work.

What would a universal income do?

71 - It would avoid the perverse effects of current aids, which discourage people from returning to work.

72 - It would create a degree of stability during the period of vocational reintegration (training, setting up a business, etc.).

73 - It provides a little oxygen during the period of unemployment, making it easier for the people concerned and their families to cope with this trying phase.

Other actions to be studied:

74 - Reducing tax levies on salaries and business start-ups.

75 - Use the same logic as that which prevails in the TZCLD approach in favor of the long-term unemployed: companies with the aim of employment give them the chance to express their desires, to develop their skills and to train.

### 8 – Older people often have small pensions.

What would a universal income do there?

81 - It eliminates the double conditionality of the ASPA. At present, older people are faced with an iniquitous choice: poverty or losing the inheritance of the poor.

82 - A conditional supplement would be offered to the elderly, in addition to the unconditional universal base achieved by the Basic Income.

Other actions to be studied:

83 - Preserving the conditions of mobility (transport) for the elderly. Broaden the scope beyond the most modest.

### 9 – The cost of living is high in Corsica.

What would a universal income do there?

91 - Nothing, because it does not directly affect the cost of living.

92 - But it can provide some form of compensation, by ensuring or even increasing the population’s purchasing power.

93 - This support is not uniform but depends on individual situations.

Other actions to be studied:

94 - Implement more efficient public transport (urban and inland).

95 - Favoring short circuits, through the development and more systematic distribution of local agricultural production.

96 - Extend to Corsica the tax exemptions and reduced fares applicable in other French islands (particularly for fuel).
10 – Housing is an important issue.

What would a universal income do for it?

101 - **Basic income has no significant direct or indirect effect on access to housing.**

Other actions to be studied:

102 - **To justify a resident status (for 5 years) before being able to buy a property in Corsica, in order to slow down the price explosion.**

103 - **Promote cooperative housing (cf. international examples) in order to lower property prices and reinvent life in society.**

104 - **Exempt from tax rental income for year-round housing, when the level of rents or income is below certain ceilings.**

105 - **Encourage the accommodation of young people by isolated elderly people in their villas.**

106 - **Set up a "public life annuity" scheme: the local authority takes over the housing of certain elderly people and eventually transforms it into social housing.**

Even if half of the actions identified are not directly linked to the introduction of a universal income, their inclusion in this report encourages the Corsican Assembly to study their interest and feasibility.

2.4 Identifying opportunities and obstacles - 2 July and 10 September 2019

Once the benefits of a Basic Income solution were identified, the workshop met twice more to determine its concrete characteristics. To this end, M. Marc de Basquiat prepared and presented four possible scenarios, which were very different, for discussion and modification by workshop participants to best meet the objectives:

a) **Withholding of an advance payment for income tax** calculated as follows: 30% of the taxable income (RFR) of the past month minus an individual tax credit (€ 498.52 in 2020). Social allowances received the previous month (RSA, ASS, PA, AAH, ASPA...) are deducted from the payment.

b) To pay to all legal residents in Corsica, who apply for it between 25 and 65 years old, a **specific individual unemployment benefit**, of an amount equal to the ASS (16.74 euros per day in 2019), from which is subtracted 100% of the unemployment benefits and social allowances received and 30% of other income.

c) An unconditional and individual income (498.52 euros in 2020) for the elderly in the agricultural sector and/or rural territories (MSA perimeter), from which 100% of the ASPA and 30% of other income is subtracted.

d) To pay to **each young person aged between 16 and 25**, resident in Corsica and whose parents are tax resident in Corsica, the lump sum of 250 euros per month plus 120 euros per defaulting parent, from which are subtracted the grants as well as the family allowances,
the ASF, the effect of the family quotient and other financial advantages enjoyed by the parents.

The first scenario is the only one that would concern the entire population (domiciled on the island for tax purposes), the other three being variations of the principle of unconditionality for a specific population (the unemployed, those administered by the MSA, young people). The participants of the workshops twice validated the choice of scenario a), which best meets the criteria defined in the previous workshops. In summary, it responds to several dysfunctions and provides several solutions:

1 - It avoids an evolution of society towards an ultra-liberal capitalism:

11- It gives everyone his or her place in society.

12- Break with the logic of "rich people who give charity to the poor": everyone has his rightful share.

2 - A problem of financing and governance:

21- It allows operating savings through the rationalization of complex systems.

24- Governance will be very simple, with a single manager for withdrawals and payments.

3 - It reduces inequalities in the population:

31- It can reduce extreme precariousness, but not eradicate poverty (which is multifactorial).

4 - It reduces inequalities between territories:

41- Paid to the entire population, it makes inequalities between territories less flagrant and reduces them.

5 - It replaces a complex system of social assistance:

51- Through its extreme simplicity and automaticity, and if it replaces enough of the current mechanisms, it solves the problem of access to social assistance (a basic income for all).

7 - It prevents the unemployed from being confronted with obstacles to returning to work:

71- It avoids the perverse effects of current aid, which discourages people from returning to work.

8 - It helps older people with small pensions:

81- It eliminates the double conditionality of the ASPA. Currently, the elderly are faced with an unfair choice: poverty or losing the inheritance of the poor.

At the end of the workshop on 10 September 2019, a more technical work started in order to specify the technical solution and to evaluate its micro- and macro-economic impacts. To this end, and with the contribution of representatives from INSEE, the
DRFiP and the MSA in Corsica, Marc de Basquiat developed a specific microsimulation tool, the first results of which are presented in this report.

2.5 Universal Income in the Context of the Health Crisis - April 9, 2020

Given the very worrying economic context due to the confinement of the population since 17 March 2020, the idea of setting up a basic income for the entire population is topical in many countries. Many leaders have decided to provide emergency aid to the millions of families who find themselves deprived of work and income overnight. Some talk about the desirability of a long-term solution, for example in Spain. Pope Francis also mentioned this in a letter sent to the "Popular Movement" on Easter Day.

On analysis, not all of these recent statements necessarily evoke a "universal income" to which an entire country would be entitled. On the other hand, it is always a question of ensuring that the most fragile members of society will benefit from a guaranteed minimum income regardless of changes in their economic situation.

However, we were able to verify in a telephone meeting with several members of the ad hoc Commission that the universal income scenario chosen by our working group would be a robust and effective response in the context of the crisis we are experiencing. To demonstrate this, Marc de Basquiat has put a tool for simulating individual cases online at www.lemodele.fr. Everyone can thus check how the financial resources of all kinds of family configurations would evolve thanks to the "emergency solution for the Covid-19 crisis", which is a simple variation of the scenario defined for Corsica.

On an island where tourism-related activities are predominant, the economic crisis is probably only just beginning. Securing the livelihoods of tens of thousands of families deprived of income will become complicated. The classic approach of the welfare state is to check, on a case-by-case basis, that each applicant is indeed deprived of resources before calculating an allocation based on his or her past income history. On the one hand, this process is totally unsuitable for a sudden and probably long crisis. On the other hand, the perverse effect of these conditional allowances is that the beneficiary fears losing them if he or she regains income, all the more so if it is uncertain, encouraging passivity or concealed work.

The reference scenario we describe below avoids all these shortcomings, by attributing by default to each person an allowance of an amount allowing for survival, from which a tax deduction of income as it is declared (thanks to the deduction at source) is very simply and automatically deducted.
3 A concrete project

Following the workshops held between May and July 2019, Marc de Basquiat wrote a report edited by StepLine Conseil, *Un revenu universel calculé à la source* ([stepline.fr/ru-source/](stepline.fr/ru-source/)). This report was presented for the first time at a colloquium in the Senate on 16 September 2019. This document specifies the technical modalities for the implementation of the reference scenario, extended to the perimeter of France. We recall here the main characteristics of the reference scenario.

3.1 An individual tax credit calculated within the income tax

The first element in understanding the proposed scenario is the observation - not very intuitive - that the French redistribution first tool is not a benefit but the progressive income tax. More than half of the population does not pay this tax even though they receive a significant income. At the other extreme, the 0.2% of very high incomes (above 157,806 euros per year for a single person, 315,612 euros for a couple) are subject to a marginal rate of 45%. A close look at the calculation formulas reveals the existence of an individual lump sum that applies to the largest mass contributors: the 15% of the population taxed at the marginal rate of 30%.

A table presented on page 327 of the "practical brochure 2019" of the General Directorate of Public Finance (DGFIP) specifies the tax calculation formula for taxpayers in the 30% bracket. The tax is calculated simply by taking 30% of the tax household's total annual income and then subtracting 5,982 euros for each individual (values for 2020). Thus, a couple with an annual income of 60,000 euros pays: 18,000 - 5,982 x 2 = 6,036 euros of tax per year.

Since the introduction of monthly taxation in January 2019, the tax calculation is largely monthly. In the case presented above, the 60,000 euros of annual income is equivalent to 5,000 euros per month. The fixed term of 5,982 euros per year becomes 498.50 euros per month. The monthly tax is: 5,000 x 30% - 498.50 = 503 euros.

It so happens that this amount of 498.50 euros, which is at the heart of the formula for calculating progressive income tax, is practically identical to the amount of the RSA allowance received by a single person without children, living on their own or getting a housing benefit: 497.01 euros per month. When an RSA beneficiary receives some low income, it is deducted from the payment of the benefit, but in some cases the activity allowance (prime d’activité) partly compensates. All this comes with a
complexity that it is out of the question to describe here. A graph provides a better understanding of how the mechanisms fit together.

The red dashed line shows the proposed universal income scenario very accurately: it is simply an extension of the rule for calculating the 30 per cent income tax bracket for all those with lower incomes.

Of course, the replacement of many complicated mechanisms by such a simple rule, even if it is relatively neutral for a large part of the population, highlights a multitude of special cases: some will be winners and some losers. For the latter category, the logic is to provide for a series of conditional supplements. This is obviously the case for disabled people currently receiving the AAH or elderly people receiving the ASPA: they will still be able to apply for a "disability supplement" or an "elderly person's supplement" of around 400 euros per month. This is also the case for some of those who currently apply for the Activity Allowance. Singles whose salary is close to the minimum wage (shown by the light green bump on the previous graph) currently benefit from a "bonus" that exceeds the amount shown by the dotted line by around thirty euros. They will be able to continue to request a "complementary allowance" that will prevent them from losing these 30 euros in this reform.

3.2 A single, simple calculation rule
In concrete terms, the "tax-integrated universal income" scenario would be fully administered by the tax authorities, thanks to a change in the calculation of the monthly tax and an adaptation of its process. Since 2019, the tax authorities have been able to collect almost all information on personal income every month. This is made possible by computer interfaces between the tax authorities and most "third party payers": companies that pay salaries, pension funds, pensions, Pôle Emploi, unemployment benefits, etc. The tax authorities are now able to collect almost all information on personal income each month.

The proposed process change is that "third parties" will no longer withhold the tax that they then pay to the tax authorities but will simply report the amounts paid to the tax authorities. For example, if the company CASANOVA SA employs Louis LUCIANI (single, no children, no other income) with a gross salary of 2,000 euros, it pays the tax authorities 37 euros deducted from the pay slip and 1,543 euros to the employee each month. The proposal is that CASANOVA SA pays LUCIANI 1,580 euros and reports this to the tax authorities.

The tax authorities will use this information to immediately calculate the monthly tax including universal income. Assuming a universal income of 498.50 euros and a rate of 30% (the parameters of the current 30% income tax bracket), the calculation is:

\[
498.50 - 1,580 \times 30\% = 24.50 \text{ euros.}
\]

In this case, the tax authorities make an immediate bank transfer of 24.50 euros to Louis LUCIANI's bank account. He is the winner in this reform, receiving 24.50 euros instead of 37 euros being deducted by the employer from his pay.

It should be considered that a fourth player is currently involved: the CAF. Indeed, in view of his salary level and his family situation, LUCIANI can apply for the activity bonus. After analysis of his file, he will thus receive 31 euros each month, on condition that he renews his application each quarter.

The universal income proposal eliminates the working income premium, as well as the RSA and other benefits. In our example, LUCIANI would earn 24.50 + 37 - 31 = 30.50 euros per month. Furthermore, he would no longer have to take any steps, as his additional income of 24.50 would be calculated and paid automatically by the tax authorities based on information provided by his employer.

3.3 Corrects current malfunctions and provides solutions

This example alone is enough to illustrate how the proposal responds to 4 objectives identified during the ad hoc Committee workshops:
• 12- He breaks with the logic of "rich people who give charity to the poor": everyone has his rightful share.
• 21- It allows operating savings through the rationalization of complex systems.
• 24- Governance will be very simple, with a single manager for withdrawals and payments.
• 51- Because of its extreme simplicity and automaticity, and if it replaces enough of the current mechanisms, it solves the problem of access to social assistance (an income floor for all).

In order to identify the other benefits of the proposal, it is necessary to study its impacts more broadly than on a case.

4 A numerical scenario

The acceptability of a reform of the socio-fiscal system depends on two major criteria:

1. Be bankable
2. Minimizing the number and intensity of potential losers

The economist usually uses a microsimulation tool to perform these checks. In this study, no tool was directly accessible. That is why Marc de Basquiat undertook to develop a customized solution.

4.1 Method: use of microsimulation

In the absence of directly accessible sources, the most complicated phase consists in creating a database representative of the socio-economic demography of the territory. In practice, this involved matching the INSEE databases of the population census and the statistical distributions of income reported to the DGFiP. Seven computer operations were carried out:

2. Extraction, analysis and calibration of tax returns published by the DGFiP (IRCOM) for the year 2017. Grouping into cantons (INSEE definition).
3. Calibration of the 2018 revenue types on the 1507M statements provided by the DRFiP.
4. Statistical allocation of the 8 types of income according to log-normal laws, adjusted according to family composition and cantonal statistics (DGFiP).
5. Overall calibration on a theoretical year 2020 (excluding the impact of Covid-19).
6. Calculation of the individual effects of the main fiscal and social mechanisms (with parameters corresponding to the year 2020) replaced by the Universal Income scenario retained for Corsica.

7. Calculation of aggregate effects by income deciles, population characteristics and geography (cantons).

As a result of this work, we have a database of 165,000 families reasonably representative of the island's population (in terms of family composition and geographical location), to which is assigned a distribution of income consistent with the tax authorities' data. However, in the absence of detailed data on the highest incomes, they are certainly under-represented in the database: a few dozen families with exceptionally high incomes are not represented in the database.

Given the heterogeneity of the data sources used, a margin of uncertainty of around 10% can be estimated in the reading of the results.

4.2 First result: a scenario favoring modest families

Given the large size of the database, the distribution by income deciles is likely to be relatively reliable. This makes it possible to measure with some confidence the overall redistributive impact of the universal income scenario in terms of "winners" and "losers" along the income scale. It also allows us to calculate the budgetary impact, the gross cost of the reform.

The data are presented in monthly euros per consumption unit (in a family, the first person counts as 1, all others over 14 as 0.5 and children as 0.3 under 14). The distribution is calculated per decile of overall gross income (wages, unemployment benefit, self-employed, retirement and maintenance payments, income from land and financial assets) divided by the number of consumption units in each family.
The last row of the table above shows that families in the first decile would earn an average of 27 euros per month through the implementation of the proposed reform. At the other extreme, the wealthiest 10% would see a decrease of around 5% of their disposable income. The modest families in deciles 3 to 5 would see a significant improvement in their disposable income, a little over 10%.

This first table allows us to adjust the two essential parameters of our scenario. The gross budgetary cost here is 129 million euros per year for Corsica. Depending on the budgetary capacity that can be made available for this reform, it is possible to adjust the level of universal income. Here, the universal income is 200 euros under 14 years, 250 euros between 14 and 25 years and 500 euros from 25 years onwards. The level of the levy is set at 33%.

All these parameters must necessarily be the subject of democratic deliberation, with the imperative constraint of a balanced budget.

4.3 Second result: a redistribution between territories

The population census that forms the basis of our microsimulation identifies each individual with a "cantville" field that corresponds roughly to a canton. The IRCOM databases of the DGFiP present income distributions at the commune level, which
makes it possible to reconstitute the INSEE "cantville". With a few more adjustments, it is possible to synchronize the demographic and economic data.

The table below is a statistical reconstruction whose reliability is less assured than the previous distribution by deciles. It shows with some consistency how the territories would benefit from the implementation of our scenario.

Unsurprisingly, consistent with the previous table, we see confirmation that the most opulent territory (Bastia-1) would see on average no gain from the implementation of universal income, unlike cantons such as Golo-Morosaglia, Castagniccia or Ghisonaccia. The case of a canton such as Porto-Vecchio is more ambiguous, as the matching of demographic and fiscal data is particularly difficult (with the presence of a large number of second homes).
Overall, we read here a confirmation of the achievement of an objective of the approach:

4 - It reduces inequalities between territories:

4.1 - It is paid out to the entire population, making inequalities between territories less obvious and reducing them.

4.4 Third result: the correction of inconsistencies in the current system

The third table distinguishes the effect of the scenario for five categories of the population:

A. Single person without children
B. Couple without children
C. Single parent with child(ren)
D. Couples with child(ren)
E. Families with at least one person 65 years of age or older

<table>
<thead>
<tr>
<th>Tyoe de famille</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenu brut global / UC</td>
<td>1 758</td>
<td>1 752</td>
<td>1 527</td>
<td>1 352</td>
<td>1 593</td>
</tr>
<tr>
<td>Allocations familiales</td>
<td>0</td>
<td>0</td>
<td>30</td>
<td>43</td>
<td>0</td>
</tr>
<tr>
<td>Majoration pour âge</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Complément familial</td>
<td>0</td>
<td>0</td>
<td>3</td>
<td>7</td>
<td>0</td>
</tr>
<tr>
<td>Alloc. de base de la PAJE</td>
<td></td>
<td>12</td>
<td>10</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>AAH - Adultes handicapés</td>
<td>16</td>
<td>10</td>
<td>14</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>ASPA - Personnes âgées</td>
<td></td>
<td></td>
<td>55</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASS - Solidarité spécifique</td>
<td></td>
<td></td>
<td>60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>RSA - Solidarité active</td>
<td>48</td>
<td>13</td>
<td>41</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Prime d’Activité</td>
<td>59</td>
<td>39</td>
<td>65</td>
<td>50</td>
<td>1</td>
</tr>
<tr>
<td>Prime de Fin d’Année</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Somme des prestations</td>
<td>125</td>
<td>63</td>
<td>171</td>
<td>141</td>
<td>129</td>
</tr>
<tr>
<td>Impôt sur le revenu</td>
<td>-141</td>
<td>-98</td>
<td>-84</td>
<td>-50</td>
<td>-75</td>
</tr>
<tr>
<td>Prélèvements sociaux</td>
<td>-16</td>
<td>-29</td>
<td>-22</td>
<td>-19</td>
<td>-21</td>
</tr>
<tr>
<td>PFU - Prélèv. forf. unique</td>
<td>-8</td>
<td>-5</td>
<td>-9</td>
<td>-5</td>
<td>-3</td>
</tr>
<tr>
<td>Somme des prélèvements</td>
<td>-165</td>
<td>-132</td>
<td>-116</td>
<td>-75</td>
<td>-98</td>
</tr>
<tr>
<td>Revenu disponible / UC</td>
<td>1 719</td>
<td>1 682</td>
<td>1 582</td>
<td>1 418</td>
<td>1 624</td>
</tr>
<tr>
<td>Revenu universel / UC</td>
<td>519</td>
<td>667</td>
<td>592</td>
<td>645</td>
<td>590</td>
</tr>
<tr>
<td>Prélèvement 33% / UC</td>
<td>-580</td>
<td>-578</td>
<td>-504</td>
<td>-446</td>
<td>-526</td>
</tr>
<tr>
<td>Surtaxe (41% / 45%) / UC</td>
<td>-3</td>
<td>-5</td>
<td>-3</td>
<td>-4</td>
<td>-1</td>
</tr>
<tr>
<td>Complément handicap</td>
<td>5</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Complément pers. âgées</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Revenu dispo. avec RU</td>
<td>1 698</td>
<td>1 838</td>
<td>1 617</td>
<td>1 551</td>
<td>1 664</td>
</tr>
<tr>
<td>Effet de la redistribution</td>
<td>-20</td>
<td>156</td>
<td>34</td>
<td>133</td>
<td>40</td>
</tr>
<tr>
<td>Effet en % du revenu brut</td>
<td>-1%</td>
<td>9%</td>
<td>2%</td>
<td>9%</td>
<td>2%</td>
</tr>
</tbody>
</table>
This table confirms that couples, with or without children, would be generally favored by the reform. This is the correction of a historical anomaly in the social system. Except for the ASS, the social minima for a couple are never double that of a single person but limited at best to 1.5 times the individual amount. The theoretical principle of "equivalence scales" finds its most absurd application here, which can be illustrated with the parameters of the RSA.

This little-known anomaly is aggravated by a lack of consistency between social minima and housing subsidies. Let us illustrate this with the case of Michel, a single person without resources who receives the RSA and a housing allowance of 300 euros. His RSA is calculated by subtracting from the theoretical maximum (564.78 euros) a "housing lump sum" (67.77 euros) justified by the fact that he already receives the APL. He therefore benefits from a total aid of 797.01 euros.

If Michel decides to live with Carla, who is single and a beneficiary of the RSA, their housing assistance will increase moderately, to 360 euros, which is logical given that they are saving money by sharing the same home. Their joint RSA will be the maximum for two people (847.17 euros) minus the housing allowance for two (135.55 euros). The support they will receive by living together will therefore amount to €1,071.62 per month, which is 1.34 times what each of them received by living on their own (a total of €1,594.02 for two). This logic exists with most current conditional social benefits: for people with little or no income, entering a couple means considerably reducing their social benefits.

The logic of a universal, unconditional, individual, no-counterpart income respects privacy and does not interfere with the life choices of responsible adults. Of course, this philosophical choice has a cost. Everyone's universal income is fully preserved regardless of family configuration. This logic obviously does not apply to housing subsidies, which depend on many parameters, particularly local ones.
Conclusion

The work carried out in the framework of the ad hoc committee, since 2017, has made it possible to refine the philosophy and concrete benefits of a solution such as the universal tax income defined by the workshops of July and September 2019.

In essence, the aim is to change the withholding tax mechanism introduced at the beginning of 2019 and replace it with the monthly calculation by the tax authorities of a universal redistribution combining a transfer, of the order of 500 euros, and a levy on all income, at a rate to be adjusted from 30% to 35%.

This universal tax income gives everyone his or her place in society, avoiding the trap of a logic of "the rich giving charity to the poor". The integration of income tax into the system avoids the pitfall of financing and governance of the system. It makes it possible to rationalize complex systems of social and fiscal aid, as well as income tax itself.

The economic studies carried out as part of this project confirm that such a system applied to Corsica would indeed make it possible to reduce inequalities within the population and between territories. It would also make it possible to eliminate many anomalies in the calculation of current social and family aid.

These multiple advantages take on a flavor in the context of the crisis we are experiencing, inviting French institutions to consider the rapid introduction of this universal tax income. An experiment on the territory of Corsica could be carried out for the benefit of our population, with the benevolent interest of all the countries currently considering such a solution.