The Cryptocurrency-Based Projects That Would Pay Everyone Just for Being Alive

May 29, 2015

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For a policy proposal that has an approximately 0 percent chance of being passed by the US Congress right now, universal basic income is an uncommonly hot topic. The idea that every body should receive a paycheck simply for being alive (http://www.vice.com/read/something-for-everyone-0000546-
The idea of basic income is fast becoming a darling of several factions: tech investors who expect millions of jobs to be automated out of existence, libertarians who see it as a way to avoid the inefficiencies of the traditional welfare state, and certain lefties who have embraced it as part of a way to separate government benefits from work. Dylan Matthews of Vox has produced a string of primers on the subject, and The Atlantic recently profiled a Reddit-famous basic income advocate. Yet the idea goes against everything Republicans are supposed to believe about no free rides, as well as Democrats’ preference for welfare programs designed from on high. Even if there were solid mainstream support for basic income, Congress can barely do anything these days, much less consider a wholesale redistribution of wealth.

This may not be such a dead end for the concept as it seems. Over the past few months, basic income advocates tinkering with Bitcoin and other online currencies have created a series of experiments under the premise that we can start playing with basic income now, whether the government gets in on it or not.

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Greg Slepak, for instance, is the sort of Bay Area software developer who reads the Yelp reviews of homeless shelters to learn about their conditions. "We cannot say with a straight face that we provide welfare to Americans," he has concluded. "We don't." His response, of course, is software—in particular, Group Currency (http://groupcurrency.org/), a specification for online currency systems that provide basic income–like distributions of funds to all their users. He believes that the technology underlying Bitcoin—a database called a blockchain, shared among its users without need for central authority—makes this possible in ways that it wasn't before. When based on a blockchain, money itself can be a shared resource. "For the first time in the internet's history, mass ownership is possible," Slepak says. "It gives individuals back their self-determination, back their dignity, back their freedom."

More on basic income: The town where everyone got free money. (http://motherboard.vice.com/read/the-mincome-experiment-dauphin)

So far the two projects Slepak recognizes as fitting the Group Currency spec are uCoin (http://ucoin.io/), which gives every member of the system a "Universal Dividend," and (possibly) Swarm (http://swarmcorp.com/), a cryptocurrency investment platform that refers to its payouts for all participants (https://medium.com/@Swarm/from-capitalism-to-consensus-64acb326c29b) as a basic income. But there are other digital currencies being developed or discussed that include their own variants on the basic income idea, including the Kiwicoin (https://coinzofficial.wordpress.com/about/) in New Zealand, Cubecoin (https://cubecoin.net/), Strangecoin (http://digitalinterface.blogspot.com/2014/03/strangecoin-proposal-for-nonlinear.html), the Worldwide Globals Organization (http://www.i-globals.org/), and the Basic Income Project, LLC (http://basicincomeproject.org/).

The ones using cryptocurrency have their own subreddit (https://www.reddit.com/r/CryptoUBI).
In San Diego, Alex Goodwin has more than just a schematic. The initial implementation of his idea, FairShare, is already up and running ([https://fair-share.github.io/#/r/GetFairShare/sticky/comments/1JBbuhbsnou187vsQX8M9xHX64HWCAEpJi](https://fair-share.github.io/#/r/GetFairShare/sticky/comments/1JBbuhbsnou187vsQX8M9xHX64HWCAEpJi))—it uses a bot on Reddit ([https://fair-share.github.io/#/r/PoliticBot/wiki/index](https://fair-share.github.io/#/r/PoliticBot/wiki/index)) to pass out portions from a stash of donated bitcoins. Payouts are still small, but they're there for the taking. Slepak considers the FairShare specification "vague," but Goodwin wants to develop the project through practice, not theory. He takes as his motto an utterance of Satoshi Nakamoto, the pseudonymous inventor of Bitcoin: "We shouldn't delay forever until every possible feature is done."

Perhaps the most eyecatching digital basic income out there is the one associated with BitNation ([http://www.bitnation.co/](http://www.bitnation.co/))—"a collaborative platform for do-it-yourself governance" led by Susanne Tarkowski Tempelhof, a Swedish entrepreneur whose [resume](https://www.linkedin.com/in/susannetarkowski) includes contracting stints in Afghanistan and Libya. The idea is to use blockchain technology to provide opt-in, state-like services free from the constraints of borders. Basic income is to be one of those services—alongside pensions, marriage contracts, and "contract enforcement"—though the program ([http://www.resilience.me/story.html](http://www.resilience.me/story.html)) has fallen short of its initial $20,000 crowdfunding goal ([https://www.indiegogo.com/projects/basicincome-co-a-peer-to-peer-safety-net-network--2#/story](https://www.indiegogo.com/projects/basicincome-co-a-peer-to-peer-safety-net-network--2#/story)).

Tempelhof is outright opposed to a basic-income scheme coming from a government. "At Bitnation everything is done through voluntary means, rather than through forcing people through the use of—or threat of—violence," she says. "We believe voluntary participation is the only morally defendable way of doing things."

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In principle, a DIY basic income scheme need not require cryptocurrency. For instance, one could set up a trust of some sort that would take donations and distribute dollars to, say, every active Social Security number. Of course, just the cost of cutting and mailing checks would cost hundreds of millions of dollars. And that's one of the advantages of using cryptocurrency, which can be transferred at zero or negligible expense. Given the legal ambiguity of cryptocurrencies, too, they offer a means of bypassing the regulations and taxes that would come down on such a fund based in regular money.

Another advantage of cryptocurrencies is that they can accrue value as they become more widely adopted. (The 10,000 bitcoins used to buy a pizza in 2010, when only a few people were on the network, are worth almost $2.4 million now.) When more people have them and use them to exchange with each other, they tend to become more valuable. Basic income, since it involves wide distribution, could be a very good way to make a cryptocurrency valuable. Already, similar kinds of giveaways have been used to create pump-and-dump schemes using Bitcoin clones, where a free giveaway ratchets up the value just long enough for the founders to sell off their coins and make the currency worthless again.

Another downside of these pseudonymous blockchain systems is their vulnerability to what is called a "Sybil attack": With no obvious way of confirming who is who, one person could claim the payouts for multiple accounts. This is a defining challenge for basic income schemes based on cryptocurrencies, and some have addressed it more convincingly than others.
For those wary of cryptocurrency, there are other ways to fund a basic income program that don't require an act of Congress. UNICEF has been testing basic income payouts in India (http://isa-global-dialogue.net/indias-great-experiment-the-transformative-potential-of-basic-income-grants/); the organization GiveDirectly (https://givedirectly.org/) turns donations into direct cash transfers in poor regions. Alaska already has a basic income–like program with its Permanent Fund (http://pfd.alaska.gov/), which pays out about $1,000 in dividends from the state's oil revenues to every resident, every year. This is an idea that progressive businessman Peter Barnes adapted into his "Sky Trust" proposal (http://www.yesmagazine.org/issues/reclaiming-the-commons/sky-trust), which would use carbon permits to curb emissions while putting the fees into a basic-income fund. Barnes calls for using such trusts to treat resources like clean air, intellectual property, and the electromagnetic spectrum as commons—from which we are entitled to "liberty and dividends for all" (http://dividendsforall.net/potential-revenue-sources/).

Barnes's proposals, however, would require government intervention of one kind or another, such as California's cap-and-trade program (http://www.arb.ca.gov/cc/capandtrade/capandtrade.htm). In lieu of that, a Citizen's Permanent Fund might be seeded with voluntary contributions. Wealthy corporations and individuals could contribute to such a fund as part of their charitable portfolio. Activists could also target entities that take advantage of the commons—energy companies, internet giants, pharmaceutical firms profiting from publicly funded research—and hold sit-ins outside their doors until they pay into the fund. Finance hackers like Robin Hood Minor Asset Management (http://www.robinhoodcoop.org/) could pitch in by co-opting financial markets.

One way or another, creating a decent basic income system now, even if it had only a little money in it at first, would give every potential beneficiary an incentive to see it grow. We'd get creative, because the more creative we got, the more we'd get. And having such a system (or systems) in place would change the conversation from whether to consider basic income than the more interesting questions of how.

We'd also start to notice some of the things that can go wrong. Cryptocurrency schemes run the risk of leaving us with (https://en.wikipedia.org/wiki/Seasteading) a system in which you'd get your check only if you play by the founders' rules. Many of us would also want to make sure that the redistribution goes...
Imagine, for instance, that a small group of investors holds half of the tokens in a cryptocurrency, and then distributes the other half to the whole world as a basic income. The value rises as people use the currency, and everyone gets money for nothing—but the investors get a whole lot more, and their behavior could have seismic effects on the currency's value.

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Another issue with blockchain-based basic income is that the people who need the money most may be the ones least likely to have the gizmos or knowhow needed to become fluent with digital currencies; as with the Bitcoin economy itself, the beneficiaries are likely to be white, male, and affluent. At the same time, a universal payout to everyone on Earth could do much to reverse global inequality—in regions with low costs of living and high rates of poverty, what seems like a little in the United States could mean a lot. For people without the necessary technology, funds could be held in escrow until they find a way to access them.

All this is just speculation, however. It's difficult to know what the strengths and weaknesses of various plans are until we try them out—and this new wave of digital experiments are an opportunity to do just that.