



The Palgrave International Handbook of Basic Income

Edited by
Malcolm Torry

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Exploring the Basic Income Guarantee

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Basic income is one of the most innovative, powerful, straightforward, and controversial proposals for addressing poverty and growing inequalities. A Basic Income Guarantee (BIG) is designed to be an unconditional, government-insured guarantee that all citizens will have enough income to meet their basic needs. The concept of basic, or guaranteed, income is a form of social provision and this series examines the arguments for and against it from an interdisciplinary perspective with special focus on the economic and social factors. By systematically connecting abstract philosophical debates over competing principles of BIG to the empirical analysis of concrete policy proposals, this series contributes to the fields of economics, politics, social policy, and philosophy and establishes a theoretical framework for interdisciplinary research. It will bring together international and national scholars and activists to provide a comparative look at the main efforts to date to pass unconditional BIG legislation across regions of the globe and will identify commonalities and differences across countries drawing lessons for advancing social policies in general and BIG policies in particular.

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Malcolm Torry
Editor

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*This volume is dedicated to all those who have contributed their time
and energy to the global debate on Basic Income*

Foreword

The debate on Basic Income has become global in character. When we set up a small network of academics and activists in September 1986 to explore the feasibility and desirability of a Basic Income, a network we called BIEN, the Basic Income European Network, we had no inkling of this development. Yet today, Basic Income is being discussed in every part of the world, and BIEN has evolved into BIEN, with the E changed to Earth to express that fact.

The debates have evolved too, although as this book testifies many of the issues that concerned us in the 1980s and 1990s remain just as controversial and topical now. However, there is one irritating aspect of contemporary commentaries that was less prevalent in the past. It is the tendency to have opinions and to write articles and blogs with little or no time spent on prior research, as a result of which prejudices are repeated again and again without any respect for objectivity or reflection.

Perhaps the biggest problem is that blogs are not subject to any peer-review process and thus correction. A case in point is the oft-repeated opinion that a Basic Income would result in a reduction in work. There is no evidence to support that assertion, and there is considerable evidence showing that it is actually likely to increase work.

This book is written by a wide array of researchers and activists who have made valuable contributions to the evolution of thinking around Basic Income. Among those who have been working on Basic Income for years, there are still differences in interpretation. Thus Karl Widerquist in Chapter 3 of this volume believes that there have been ‘three waves’ of

widespread support for Basic Income, whereas in my book summarising the intellectual roots, it is argued that there have been four waves (Standing 2017). Whatever the nuances, I think that all would agree that the current phase is more geographically widespread and covers a broader range of political perspectives than ever before, if only because now the ecological perspective is paramount.

Another issue that teases aficionados is the question we are frequently asked, 'Where do you think Basic Income will first be introduced as a policy?' For a long time, it was presumed that it would be a wealthy country, probably in north or western Europe. But in recent years, that presumption has been challenged. Pilots in Namibia, India, and Kenya have changed the perspective; and at the time of writing, there is an exciting debate in the General Election of India, in which the leading opposition party, Congress, has proposed something like a Basic Income. The governing party, the BJP, has proposed a variant of their own. Neither of the proposals is what perfectionists would call a Basic Income, but both would go a long way towards one. While the two big parties slug it out in the world's biggest democracy, the little State of Sikkim has a governing party that has made a public commitment to phase in a full Basic Income if re-elected, which looks likely.

The reader of this collection of chapters will surely pick up the flavour of many of the debates held within the BIEN community over the years. My view is that the factor that makes a Basic Income system likely in the near future is not the advancing robots, which have led leading lights in Silicon Valley to come out in its favour, but the ecological crisis and the very real threat of global warming and air pollution. We will have to change the way we live and work, and we will have to impose eco-taxes and opt for a different view on 'growth'. It is important that there is a chapter in this volume which focuses on that. I have tried to take the debate forward in a book on the plunder of the commons, and the need for a 'commons fund' from which Basic Income could be paid as 'common dividends'. This would be an advance on what was long regarded as a relatively successful move towards a Basic Income, via the Alaska Permanent Fund. Sadly, as several of the contributors to this volume have shown, that Fund has been maltreated by opportunistic politicians. However, as the chapter in this volume on alternative ways of funding a Basic Income shows, the fund approach is one promising way of paying for it. Perhaps that is the way forward.

In sum, the diversity of views shown in this volume—which is rather more than a 'handbook'—testifies to the relevance and intellectual vigour of contemporary discussions. Those coming fresh to the debates may still have

the vanity to claim that they have rescued the ideas from obscurity. The reality is that many generations of thinkers have made contributions. Now the time has come to make it a reality.

Geneva, Switzerland

Guy Standing

Reference

Standing, G. (2017). *Basic Income: And how we can make it happen*. London: Pelican: published in the USA as *Basic Income: A guide for the open-minded*. New Haven: Yale University Press.

Guy Standing is a Professorial Research Associate and former Professor of Development Studies at SOAS University of London. He is the author of *Basic Income: And How We Can Make It Happen*.

Preface

It is the right time for a book of this nature. The idea of a Basic Income—an unconditional income for every individual—has emerged at various times since the end of the eighteenth century, and then fallen back into obscurity. There were brief peaks in public and policymaker interest during the twentieth century, and some successful concerted attempts during the 1980s to give institutional stability to the debate in order to provide a more solid foundation for any subsequent increases in interest: and then from about 2011, interest started to pick up, first in one place, and then another: and interest around the world has been building ever since.

It seemed to both the editor and the publisher that the current stage of the global Basic Income debate made a *Handbook* of this nature both necessary and possible. The book is necessary because although there is now a vast literature on Basic Income, there was no book that brought together from around the world a wide variety of experts in the field to contribute their particular expertise to a connected study of the wide variety of aspects of the debate to be found in this volume. And the book is possible because there is now more than enough to write about, there are enough experts to contribute to a book of this kind, and we have the ability to bring them together.

Following the granting of the contract to write the *Handbook*, an advertisement for expressions of interest in writing chapters was published at the Basic Income Earth Network (BIEN) Congress in Lisbon in September 2017, and via BIEN's news service and similar websites and email cascades, to at least one of which any serious scholar of Basic Income would be a subscriber. Numerous expressions of interest from around the world were gathered in this way. Applications to write chapters were evaluated and chapters

were allocated. The editor then filled in a few gaps on the basis of his own knowledge of existing research and following consultation with relevant academics.

Draft chapters were submitted by July 2017, and circulated to all of the authors. Approximately one-third of the authors attended the BIEN Congress in Tampere, Finland, in August 2018, during which authors met to discuss the book and to make suggestions for improvement. Following the Congress, authors finalised their chapters, and remaining issues were discussed.

While the main purpose of the *Handbook* is to provide an authoritative overview of the global debate on Basic Income, a secondary purpose relates to the process of writing the book. A number of the chapters have been written by groups of academics and practitioners who have not worked together before and some are by mixtures of seasoned scholars and younger academics. The writing process itself has therefore been a contribution to the further development of the already diverse and well-connected network of researchers and practitioners involved in the global Basic Income debate.

We hope that this *Handbook* will fulfil its purpose and provide a resource for the many researchers, campaigners and policymakers now involved in a Basic Income global debate that shows no signs of diminishing in its intensity.

London, UK

Malcolm Torry

Acknowledgements

First of all some personal acknowledgements, as there are numerous individuals who have contributed to my understanding of Basic Income, and to whatever ability I might have had to edit this *Handbook*.

During university holidays my Uncle Norman arranged for me to work in Bexleyheath's Department of Health and Social Security (DHSS) office, filing the cards on which employers stuck stamps to the value of their employers' and employees' National Insurance Contributions. On leaving university, I worked for two years on the public counter of Brixton's Supplementary Benefit office; and then, while I was a curate working in the parish at the Elephant Curate, in which the DHSS had its headquarters, Sir Geoffrey Otton, the Department's Permanent Secretary, invited me to a departmental summer school where I found Hermione ('Mimi') Parker and others suggesting that the unconditional Child Benefit, which had been such a favourite of those of us who were administering the benefits system, might be extended to other age groups. I remain grateful to the DHSS and its staff for educating me in the UK's benefits system and in the possibility of its reform.

In 1984, Mimi invited me to join the group that became the Basic Income Research Group and is now the Citizen's Basic Income Trust. It has been a pleasure to have served the Trust as its honorary Director for most of its existence, and I am grateful to its trustees for making that possible, and to successive parish officers and Bishops of Woolwich for permission to do it.

I continue to be grateful to Professor David Piachaud for supervising my London School of Economics (LSE) Master's Degree dissertation on Basic Income; to the LSE's Social Policy Department for appointing me a Visiting

Senior Fellow; to Professor Hartley Dean for supervising much of my work at the LSE; to Professor Holly Sutherland and her colleagues at the Institute for Social and Economic Research for introducing me to the microsimulation programmes POLIMOD and then EUROMOD, and for publishing the results of my research in EUROMOD working papers; and to the trustees of the Citizen's Basic Income Trust for permission to quote from material previously published by the Trust.

In relation to this book I am grateful to the officers of the Basic Income Earth Network (BIEN) for assisting with the initial advertisement for authors; to those whom I consulted about authors who might fill the gaps left by the initial application process; to Guy Standing for writing the foreword; to Ruth Lister, Rubén lo Vuolo and Philippe Van Parijs for writing endorsements; to Laura Pacey, Clara Heathcock, Ruth Noble and their colleagues at Palgrave Macmillan for their enthusiasm for the project, and for the help and advice that they have given; and of course to all of the authors for their enthusiasm for the *Handbook* and for the expertise that they have exercised in writing their chapters.

I believe that I can speak for everyone who has written this book when I say that we are permanently grateful for the encouragement and education that we constantly receive from colleagues in BIEN and in our own national Basic Income networks.

All royalties from this book will be donated to BIEN.

Praise for *The Palgrave International Handbook of Basic Income*

“After years of being confined to a narrow group of scholars, the Basic Income idea has gained wide public interest. This Handbook is both timely and necessary because it offers an authoritative overview of the various dimensions of this idea by a group of international scholars from multiple disciplines. A very welcome must-read Handbook that provides solid foundations for the growing number of researchers, policymakers and campaigners involved in the ongoing debate on Basic Income.”

—Rubén M. Lo Vuolo, *the Interdisciplinary Centre for the Study of Public Policy, Argentina*

“As Basic Income gained unprecedented popularity throughout the world, it quickly became the subject of many monographs. But it lacked a good handbook, a collective effort to present a comprehensive, competent, accessible, up-to-date picture of the current state of knowledge and debate on Basic Income in several disciplines and in many countries. This splendidly organized collection fills that gap.”

—Philippe Van Parijs, *the University of Louvain, Belgium*

A Note on Terminology

‘Basic Income’

A ‘Basic Income’—also sometimes known as a ‘Citizen’s Basic Income’, a ‘Citizen’s Income’ or a ‘Universal Basic Income’—is an unconditional and nonwithdrawable income paid to each individual by virtue of their legal residence in a country. ‘Nonwithdrawable’ is often included in the definition to emphasise the fact that the Basic Income would not be withdrawn as other income rose: but strictly speaking the word is redundant because ‘unconditional’ implies that the income is not conditional on the level of other income, so it is by definition nonwithdrawable as other income rises. A variety of assumptions are often made alongside the normal definition: that the income will be paid regularly, either weekly or monthly; that it will not vary from payment to payment (although it might be uprated each year); that it will be paid in cash into a bank or similar account under the control of the individual to whom it is due; and that it will be permanent (Torry 2017).

Some authors incorporate the word ‘guarantee’ into the name, as in ‘Basic Income Guarantee’. This book avoids ‘guarantee’ language because it can imply a means-tested benefit. For instance, a previous government in the UK established a ‘Minimum Income Guarantee’, a means-tested payment to bring pensioners’ household incomes up to a prescribed level; and in the social policy literature, ‘Minimum Income Guarantee’ generally means a level of income below which a household will not be allowed to fall, which implies a means-tested benefit to fill the gap between earned and other income and the specified level.

A distinction must always be drawn between ‘Basic Income’ and ‘Basic Income scheme’. ‘Basic Income’ is always the general idea of an unconditional income for every individual. A ‘Basic Income scheme’ is a Basic Income, with the levels specified for different age groups, the funding method specified in detail, and any changes to the existing tax and benefits systems also specified in detail. ‘Basic Income’ is always the same thing. In any country there will be an infinite number of possible Basic Income schemes, some of which might be feasible.

There is a variety of practice in relation to definite and indefinite articles in relation to the term ‘Basic Income’. In this *Handbook* the variety lives on. ‘Basic Income’ is the idea itself: an unconditional income for every individual. ‘A Basic Income’ can either mean the same as ‘Basic Income’, or it can mean the Basic Income paid to a particular individual, or a Basic Income of a particular level paid in a particular country, or the Basic Income specified as part of a Basic Income scheme. ‘Basic Incomes’ might mean the many individual Basic Incomes paid out in a pilot project or an implemented Basic Income scheme, or it might mean the Basic Incomes at a variety of different levels paid to people in different age groups. The context will generally determine exactly what is meant. All of them mean unconditional incomes paid to individuals.

For further discussion of the definition of Basic Income, see Chapter 2 of this volume.

Tax Credits and Negative Income Tax

A Tax Credit (—a real one, rather than the means-tested in-work benefits that some governments have called ‘Tax Credits’) is an amount of money ascribed to an individual, either weekly or monthly. It is paid in full if an individual has no other income, and it is withdrawn at a specified rate as earned income rises. As earned income continues to rise, the Tax Credit ceases to be paid and the worker starts to pay Income Tax. If the individual is employed, then the employer manages the Tax Credit.

A Negative Income Tax (NIT) is the same as Tax Credits (genuine ones), but instead of specifying the amount of money that is to be paid out in the absence of earnings, it specifies the earnings threshold below which payment is to be made and above which income tax will be paid, and also the rates at which tax will be paid above the threshold and payment will be made to the employee below the threshold.

Contributory Benefits or Social Insurance Benefits

Social insurance benefits, sometimes called contributory benefits, are paid to individuals on the basis of records of contributions deducted by employers and sent to the government or social insurance agency, or to self-employed individuals who have paid contributions directly to the government or the agency. While the contributions record determines the amounts of benefits paid, there is sometimes little or no direct connection between the amount of benefit paid and the contributions made.

Means-Tested Benefits

A means-tested benefit is one calculated on the basis of other means available to the household: that is, as other income rises, the amount of the benefit falls. Means-tested benefits are often ‘tested’ in other ways too. They might only be paid if someone is employed, or is seeking employment; they might be reduced in relation to the amount of money someone might have saved; and the amount paid might depend on the structure of the household, with less being received by two people living together than they would have received in total if they had been living separately.

‘Marginal Deduction Rate’

If someone earns additional income, then usually they are not better off by the additional amount that they have earned. First of all, income tax will be deducted, and social insurance contributions might be deducted as well. If the individual’s household is receiving means-tested benefits, then those will probably be reduced. If the worker finds themselves better off by 30% of the value of the additional earned income, then 70% has been deducted, and they have suffered a marginal deduction rate of 70%.

It is a ‘marginal’ deduction rate because it relates to *additional* earnings. The marginal deduction rate is important because it might affect incentives to earn additional income. If the marginal deduction rate is low, then it is more worthwhile to earn additional income than if the marginal deduction rate is high.

‘Unconditional’ and ‘Universal’

There are two kinds of conditionality: conditionality that we can affect, and that requires enquiry if a benefits system is to know whether we fulfil the condition or conditions; and conditionality that we cannot affect, and that requires no enquiry. Income and employment status would be examples of the former kind of conditionality, and age an example of the latter. By ‘unconditional benefits’ we mean benefits not subject to any conditions of the first type. Unconditional benefits can vary with someone’s age because we cannot affect our age, and once the administrative system knows our date of birth it never needs to ask us how old we are. When the word ‘unconditional’ is found in this book, it will mean that no conditions of the first type will apply. Readers might wish to be aware that in other books, reports, and articles, ‘unconditional’ might not mean that no conditions of the first type apply, so great care will sometimes need to be taken to discover what an author means by ‘unconditional’. So, for instance, ‘unconditional’ might mean that there are no work tests, but it might not mean ‘nonwithdrawable’: that is, the amount of benefit paid might depend on the amount of other income coming into the household (Honorati et al. 2015; Young 2018).

‘Universal’ means ‘for everyone’, but usually does not in fact mean for everyone in the world. The word normally implies ‘everyone within a particular jurisdiction’. Again, the reader will often need to work out what the word means in a particular context, and might find that in the same article or report it can mean different things on the same page (Béland and Petersen 2014).

Unconditional benefits, such as the UK’s Child Benefit, are sometimes called ‘universal benefits’ because they are universal in relation to children. ‘Universal’ can sometimes mean ‘unconditional’, but again care must be taken, because it might not. It might mean a means-tested benefit that is potentially due to everyone but is not in fact paid if they have other income. So ‘unconditional’ implies ‘universal’, but ‘universal’ does not necessarily imply ‘unconditional’ (Kuitto 2016: 176). The only benefit that would be properly both unconditional and universal would be a Basic Income (Torry 2017).

Capitalisation

This book will follow the usual convention that the names of particular taxes or benefits will be capitalised, but that names for types of benefits or taxes will be in lower case. So ‘income tax’ will denote any tax on income, whereas

‘Income Tax’ will mean the particular tax charged on income in a particular country, along with its rates, thresholds, and other regulations. ‘Basic Income’, ‘Negative Income Tax’, and other particular proposals, will also be capitalised.

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Abbreviations

AFDC	Aid to Families with Dependent Children
AFP	Agence France Presse [French Press Agency]
AGALEV	Anders Gaan Leven [To start living differently]
AI	Artificial Intelligence
ANC	African National Congress
ATTAC	Association pour la Taxation des Transactions financière et l'Aide aux Citoyens [Association for the Taxation of financial Transactions and Aid to Citizens]
BBC	British Broadcasting Corporation
BI	Basic Income
BIEN	Basic Income Earth Network (formerly Basic Income European Network)
BIG	Basic Income Grant (in Namibia); Basic Income Guarantee (in the US and Canada)
BIN NL	Behavioural Insights Network Nederland
BIRG	Basic Income Research Group (then Citizen's Income Trust: CIT; now Citizen's Basic Income Trust: CBIT)
BPC	Benefício de Prestação Continuada [Continued Cash Benefits]
CBI	Citizen's Basic Income
CBINS	Citizen's Basic Income Network Scotland
CBIT	Citizen's Basic Income Trust (formerly Citizen's Income Trust: CIT; Basic Income Research Group: BIRG)
CCT	Conditional Cash Transfer
CDU	Christlich Demokratische Union Deutschlands [Christian Democratic Union of Germany]
CEIC	Census and Economic Information Centre
CI	Citizen's Income

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CIT	Citizen's Income Trust (now Citizen's Basic Income Trust: CBIT; formerly Basic Income Research Group (BIRG))
CNBC	Consumer News and Business Channel
CNPq	Conselho Nacional de Desenvolvimento Científico Tecnológico [National Council for Scientific and Technological Development]
COSATU	Congress of South African Trade Unions
CP	Citizen's Pension
CU	Claimants Union
DBT	Direct Benefit Transfer
DESC	Observatorio de los Derechos Económicos, Sociales y Culturales [Observatory for Economic, Social and Cultural Rights]
DfSD	Desk for Social Development
DHSS	Department of Health and Social Security
DIME	Denver Income Maintenance Experiment
DWP	Department for Work and Pensions
EBI	Education Age Basic Income
ECLAC	Economic Commission for Latin America and the Caribbean
ECOLO	Écologistes Confédérés pour l'Organisation de Luttes Originales [Confederated Ecologists for the Organisation of Original Struggles]
ECSO	Effective Control Self-Ownership
EHU	Euskal Herriko Unibertsitatea [University of the Basque Country]
EITC	Earned Income Tax Credit
ELCRN	Evangelical Lutheran Church in the Republic of Namibia
ESS	European Social Survey
EU	European Union
EUROMOD	A European Union tax and benefits model
EWGW	Expert Working Group on Welfare
FAP	Family Assistance Plan
FBI	Full Basic Income
FC	Financialised Capitalism <i>or</i> Federal Constitution
FACT	Fundação para a Ciência e a Tecnologia [Foundation for Science and Technology]
FCU	Federation of Claimants Unions
FES	Final Evaluation Survey
FFBM	Ferret's Future Benefits Model
FOB	Free On Board
FPA	Fundação Perseu Abramo [Perseu Abramo Foundation]
GAEPF	Group for Evaluation and Study of Poverty and Policies Focused on Poverty
GAI	Guaranteed Adequate Income
GDP	Gross Domestic Product
GWP	Gross World Product
iCWild	Institute for Communities and Wildlife

IES	Interim Evaluation Survey
IFC	International Feminist Collective
IIEA	International Iranian Economic Association
ILO	International Labour Organization
IMF	International Monetary Fund
INBI	India Network for Basic Income
IPE	Institutional Political Economy
IPR	Institute for Policy Research
ISER	Institute for Social and Economic Research
JD	Doctor of Jurisprudence degree
JG	Job Guarantee
JRF	Joseph Rowntree Foundation
Kela	Kansaneläkelaitos [Social Insurance Institution]
KESK	Suomen Keskusta [Centre Party]
KOK	Kansallinen Kokoomus [National Coalition Party]
LICO	Low Income Cut-Off
LPG	Liquefied Petroleum Gas
LVT	Land Value Tax
M5S	Movimento 5 Stelle [Five Star Movement]
MDR	Marginal Deduction Rate
MDS	Ministério do Desenvolvimento Social [Ministry of Social Development]
METR	Marginal Effective Tax Rate
MIG	Minimum Income Guarantee
Mincome	Minimum Income
MMT	Modern Monetary Theory
MNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MP	Member of Parliament
MPC	Marginal Propensity to Consume
MSc	Master of Science degree
MSP	Member of the Scottish Parliament
MSSc	Master of Social Science degree
NAMTAX	Namibian Tax Commission
NEPRU	Namibian Economic Policy Research Unit
NFCU	National Federation of Claimants Unions
NGO	Non-Governmental Organisation
NICs	National Insurance Contributions
NIT	Negative Income Tax
NJ	New Jersey
NWO	De Nederlandse Organisatie voor Wetenschappelijk Onderzoek [Netherlands Organisation for Scientific Research]
NWRO	National Welfare Rights Organization
OECD	Organisation for Economic Co-operation and Development

ONS	Office for National Statistics
OP	Opportunity Paradox
PAN	People-Animals-Nature
PBI	Partial Basic Income
PDS	Public Distribution System
PFES	Post-Final Evaluation Survey
Ph.D.	Doctor of Philosophy degree
PI	Participation Income
PPP	Purchasing Power Parity
PS	Perussuomalaiset [True Finns]
PT	Partido dos Trabalhadores [Workers' Party]
PTR	Participation Tax Rate
PvdA	Partij van de Arbeid [Workers Party]
PvdD	Partij voor de Dieren [Party for Animals]
RBC	Renda Basica de Cidadania [Citizenship Basic Income]
RCT	Randomised Controlled Trial
RIME	Rural Income Maintenance Experiment
RJ	Rio de Janeiro
RSA	Royal Society for the Encouragement of Arts, Manufactures and Commerce
SAK	Suomen Ammattiliittojen Keskusjärjestö [Central Organisation of Finnish Trade Unions]
SC	Scheduled Caste
SEWA	Self Employed Women's Association
SFH	Single Female Head
SGKR	Stone-Geary-Klein-Rubin (utility function)
SIME	Seattle Income Maintenance Experiment
SNP	Scottish National Party
SOAS	School of Oriental and African Studies
SP	São Paulo
ST	Scheduled Tribe
TBI	Transitional Basic Income
TC	Tax Credit
TIPEGG	Targeted Intervention Programme for Employment and Economic Growth
TSO	Targeted Subsidy Office
TTM	Tax Transfer Model
TUC	Trades Union Congress
UBI	Universal Basic Income
UBIE	Unconditional Basic Income Europe
UBS	Universal Basic Services
UCT	Unconditional Cash Transfer
UIA	Urban Innovative Actions

UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
UPI	United Press International
UPV	Universidad del País Vasco [University of the Basque Country]
US	United States of America
USBIG	United States Basic Income Guarantee
USS	Unions des Syndicat Suisse [Union of Swiss Unions]
UWC	University of the Western Cape
VAS	Vasemmistoliitto [Left Alliance]
VAT	Value Added Tax
VIHR	Vihreä liitto [Green League]
WABI	Working Age Adult Basic Income
WfH	Wages for Housework
WHO	World Health Organization
WLM	Women's Liberation Movement
WRO	Welfare Rights Organisation
YBI	Young Adult's Basic Income

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Part I

Introductory Chapters



1

Introduction

Malcolm Torry

The Purpose of This Handbook

Handbook: Originally a book small enough to be easily portable and intended to be kept close to hand, typically one containing a collection of passages important for reference or a compendium of information on a particular subject ... Later also more generally: any book (usually but not necessarily concise) giving information such as facts on a particular subject, guidance in some art or occupation, instructions for operating a machine, or information for tourists. (Oxford English Dictionary)

This *Palgrave International Handbook of Basic Income* is clearly of the latter variety, although the electronic version of it might presumably be easily portable. It aims to provide facts on Basic Income and on the global debate about it; it offers occasional guidance as to how that debate might best be conducted; it provides instructions for financial analysis; and it contains information that might be of use to any tourist who wished to study the world's Basic Income pilot projects and other experiments. While the book is not concise in the sense of being short, and many of the chapters are not short either, each of the chapters aims at a discussion of its particular aspect of the Basic Income debate that is as concise as possible.

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One common characteristic of handbooks is not mentioned by the Oxford English Dictionary. Handbooks normally aim at being comprehensive: and an important aim of this *Handbook* is to provide as comprehensive an overview as possible of Basic Income and of the global debate about it. Ten years ago, and possibly just five years ago, a truly comprehensive overview might have been possible. Until five years ago, it was possible to read pretty well everything published on Basic Income. No individual could do that now. Because no truly comprehensive overview would now be possible, what we have attempted is sufficient of an overview to acquaint readers with all of the major aspects of Basic Income and of the current debate about it. The lists of references at the end of each chapter will then enable readers to pursue further any aspects of the subject in which they might have a particular interest.

We are of course aware that even before this book is published it will be out of date, because the debate will have moved on in possibly quite significant ways. Given the speed with which the debate is evolving, this *Handbook* was always going to be a snapshot at a particular point in time. But we hope that the content will continue to be useful for a number of years, even though some of the detail will date quite quickly.

Some of the Characteristics of This *Handbook*

Handbook of *Basic Income*

This *Handbook* is about Basic Income, understood to be an unconditional income paid to every individual. The amount paid might vary according to someone's age, but not in any other way: so means-tested, work-tested, or household-based incomes are not Basic Incomes.

We are of course aware that the term 'Basic Income' has sometimes been used with other meanings: for instance, in the Ontario experiment that has recently been terminated, where an income-tested and household-based income was called a 'Basic Income' (Ontario, n.d.). We are also aware that an unconditional income of the same amount for every individual of the same age has sometimes been discussed alongside various other mechanisms because they share characteristics in common: so, for instance, Basic Income and Negative Income Tax are sometimes discussed together because they can both generate the same relationship between earned income and net disposable household income: but that does not make a Negative Income Tax a Basic Income. A Basic Income is always an unconditional income paid to everybody of the same age.

Readers can read this book in the confidence that ‘Basic Income’ always means a genuine Basic Income: an unconditional income of the same amount paid to every individual of the same age. There are chapters in which some deviation from this position will be discovered, simply because the aspect of the debate being discussed requires that. Where this occurs, the chapter will clearly state the stance taken. So, for instance, in Chapter 22 on libertarian perspectives, the authors are clear that in the context of the libertarian tradition, Basic Income and Negative Income Tax are often discussed together.

There are numerous other names for Basic Income in circulation: Citizen’s Income, Citizen’s Basic Income, Universal Basic Income, Basic Income Guarantee. We have not used those in this book. In particular, we have avoided the word ‘guarantee’. This is because the word ‘guarantee’ in ‘Basic Income Guarantee’ can enable Basic Income to be confused with a Minimum Income Guarantee, which is something entirely different. A Minimum Income Guarantee is a level of disposable income, determined by the household structure, below which a household is not allowed to fall: and the mechanism employed to ensure that the household’s disposable income does not fall below the stipulated level can only be a means-tested benefit. In the Basic Income debate in the US and Canada, the term ‘Basic Income Guarantee’ is commonly employed to encompass Basic Income and other similar mechanisms. In this book, in order to avoid the word ‘guarantee’, other means of expression will be employed to describe a category of mechanisms that might include both a Basic Income and other tax and benefit provisions.

A number of unstated assumptions are often made when Basic Income is either defined or discussed. One of these is that the income will be paid in cash, and into a bank or similar account: that is, it will never be in kind, or in the form of tokens or vouchers destined for particular kinds of purchases. Whenever Basic Income is discussed or defined in this book, the assumption will be made that the income is to be paid in cash, and generally into a bank or similar account under the control of the individual to whom the Basic Income is due.

Similarly, it is generally assumed that the income will be paid regularly, by which is normally meant weekly or monthly. This assumption will be made throughout this book. If ever there is any deviation from this assumption then the frequency with which the Basic Income is to be paid will be stated.

An additional assumption is that the Basic Income will be permanent. Readers will find that this becomes an issue in relation to the pilot projects and experiments discussed in part IV of this volume.

Readers wishing to explore terminological issues further might like to read both the note on terminology earlier in this book, and also Chapter 2.

International Handbook of Basic Income

This is an international handbook, in three different senses.

- While it is impossible to describe and discuss every aspect of the now global Basic Income debate, and equally impossible to discuss how the debate has evolved in all of the countries in which it is happening, we have attempted to describe and discuss what we regard as the most significant aspects of the global debate, wherever they occur, and in particular the pilot projects and other experiments around the world.
- We have aimed at an international group of authors. We are of course aware that an author's nationality might have little connection with where they currently live and work, and that locating authors in particular places is often problematic. This is particularly true of academics, who frequently move between countries, and will often work in more than one country at the same time. What we can say is that the authors of this book are working or have worked on five different continents; and, where appropriate and possible, chapters have been written by authors working in different parts of the world.
- Except for the chapters about pilot projects or experiments in particular places, each of the chapters aims at a general discussion that will be relevant to readers anywhere in the world. Where examples are required, these have to be drawn from particular contexts (—for instance, the examples of financial analysis are drawn from the UK): but even where context-specific material is offered, readers from elsewhere should be able to translate what they are reading into their own context.

Repetitions, and the Order of Authors' Names

Because some readers might read selected chapters rather than the whole book, it has been important to retain a certain amount of repetition where the arguments in two or perhaps three chapters require similar material to be included: but wherever possible we have tried to avoid repetition, both within each chapter, and between chapters.

There is more than one tradition relating to how authors' names should be ordered where pairs or groups of authors have written chapters. In relation to some of the chapters in this book, one of the authors has done more of the work than the others; several of the chapters have been written by scholars with different levels of experience; and, in relation to some of the chapters, the editor has done some of the work. It would be impossible to

choose a policy for ordering authors' names that would work for all of the chapters, so the decision has been taken to list authors' names alphabetically, and to include the editor's name only where he has written a whole chapter or an entire section of a chapter.

The Structure of the Book

The book is divided into five parts: firstly, a section on the concept of Basic Income and its history; secondly, some of the effects of Basic Income; thirdly, the feasibility and implementation of Basic Income; fourthly, pilot projects and other experiments; and fifthly, ideological and ethical perspectives.

Such divisions of a book are inevitably to some extent arbitrary, because there will always be chapters that would fit into more than one of the categories. For instance, the chapter on trade unions and Basic Income has been located in the section on political and ethical perspectives, but it could equally well have been included in the section on feasibility and implementation; and Louise Haagh's chapter on the political economy of the Basic Income debate comes to an important conclusion about feasibility, and therefore makes a fitting concluding chapter for the section of the book on that subject, but the chapter's subject-matter could equally well have been located in the section on political and ethical perspectives. The increasing extent, depth and complexity of the Basic Income debate means that consideration of one aspect of it will increasingly involve reference to others, so the categorisation of contributions is bound to become progressively more difficult as the debate continues to evolve.

Part I: Introductory Chapters

The first part of the book provides introductory material. Following this introductory chapter, the editor's second chapter introduces readers to the debate about the definition of Basic Income. In Chapter 3, Karl Widerquist offers a history of Basic Income since the early twentieth century, and draws particular attention to the current 'third wave' of interest in the subject.

Part II: Some of the Likely Effects of Basic Income

The second part of the book explores a variety of effects that we would expect to see if a Basic Income were to be implemented. As no genuine Basic

Income has ever been implemented across a whole country, it is impossible to say with complete confidence what the effects would be. However, it is possible to argue from the characteristics of Basic Income, and from the results of pilot projects and other experiments, to some of the likely employment market, social, economic, ecological, and gender effects.

In Chapter 4, Richard Gilbert, Ursula Huws and Gunmin Yi consider the impact of the current wave of technological innovation on the employment market; find that shifts in employment patterns have affected the economic security of workers; and conclude that if certain tax and regulatory changes were to accompany the implementation of a Basic Income, then workers would be more able to combine different kinds of work, obtain stable incomes, experience increased freedom to decline oppressive or degrading labour, and maintain their psychological motivation to work. In Chapter 5, Jenni Mays studies the likely social effects of Basic Income at the individual, community, and societal levels, and argues that Basic Income could improve social cohesion and inclusion, and provide a sense of community and solidarity, particularly for people with disabilities, and especially if the Basic Income scheme were to be designed with appropriate social principles in mind. In Chapter 6, Meghnad Desai and Ana Helena Palermo employ economic theory to discuss the individual-level effects that Basic Incomes of three different amounts would have on consumption, paid work, unpaid work, and leisure, and also the effects at a societal level on aggregated consumption, Gross Domestic Product, and income distribution. The authors discuss the different effects that Basic Incomes financed by a tax on labour income and Basic Incomes financed by an external source would generate.

In Chapter 7, Michael Howard, Jorge Pinto and Ulrich Schachtschneider discuss ecological effects, and find that a Basic Income could facilitate work sharing, less energy-intensive work, and reduced demand for wasteful positional goods. Green growth strategies, including a carbon fee and dividend, are compared with degrowth strategies, for which Basic Income would be needed to protect the standards of living of workers and the poor. Because policies to reduce inequality might result in an increase in carbon emissions, Basic Income might require complementary policies such as work time reduction if ecological goals were to be met. And in Chapter 8, Annie Miller, Toru Yamamori and Almaz Zelleke explore the gender effects of Basic Income through a study of feminist theories of distributive justice, critiques of the gendered effects of welfare state policies, the history of welfare claimants' movements in the UK and US, and empirical evidence from cash transfer experiments. They ask about the potential emancipatory effects of a Basic Income for women, how a Basic Income might affect the gendered

division of labour, and what pilot projects have already told us about Basic Income's gender effects. As with other chapters in this section of the book, it becomes clear that the effects of a Basic Income would be likely to be beneficial, while specific outcomes would depend on the details of the particular Basic Income scheme.

The overall message of the second part of the book is that Basic Income could have positive effects for the employment market, society, the economy, the planet's ecology, and women, provided care is taken over the design of the Basic Income scheme, and appropriate complementary policies are in place.

Part III: The Feasibility and Implementation of Basic Income

This third section of the *Handbook* asks about the feasibility of implementing Basic Income, mainly in relation to the issues that would need to be faced in more developed countries; then it discusses a number of aspects of the debate; and finally it asks whether paradoxes can be resolved and constraints overcome so that we might see a Basic Income implemented.

Chapter 9 suggests that several different feasibility tests would normally have to be passed for implementation to be possible, but that policy accidents can sometimes enable tests to be bypassed. In Chapter 10, Julio Andrade, Geoff Crocker and Stewart Lansley study three possible funding methods: digital royalties, money creation, and a citizens' wealth fund.

The pilot project in Namibia (Chapter 18 in this volume) has shown that in a developing country it would be feasible to implement a Basic Income of the same amount for every individual without making changes to existing tax and benefits systems, because existing benefits systems are rudimentary (except for pensions in the case of Namibia), and funding for the Basic Incomes would have to be found from elsewhere. All that would need to be specified would be the amount of the Basic Income, whether it would be paid on a weekly or monthly basis, and whether a lower amount would be given for children. However, in a more developed country, with existing substantial and often complex tax and benefits systems, no Basic Income would ever be implemented on its own, as existing tax and benefits systems would need to be changed; and the Basic Income might be paid at different levels for different age groups. Chapter 11 presupposes that changes to a country's tax and benefits system would provide the revenue required to pay Basic Incomes, and describes two methods for analysing the financial effects

of Basic Income schemes. Howard Reed describes microsimulation—a computer programme that employs data on a large sample of the population to calculate the effects that a Basic Income scheme would have on disposable incomes, poverty, inequality, the numbers of households on means-tested benefits, and so on. Reed and the editor offer examples of microsimulation being put to use; and Gareth Morgan describes a modelling scenario method that compares financial outcomes for a range of typical households.

If reform of the benefits system is under consideration, then there will always be a number of options available to policy-makers, of which Basic Income will be just one. In Chapter 12, Benjamin Leff, Andrew Percy, Michael Story and Maciej Szlinder discuss four of the alternatives to Basic Income: the US Earned Income Tax Credit, Universal Basic Services, Negative Income Tax, and a Job Guarantee. Apart from Negative Income Tax, which would be complicated to administer, and would not be implemented at the same time as a Basic Income, the chapter finds that the other alternatives could work happily alongside a revenue neutral Basic Income scheme.

How Basic Income is expressed will always affect how the debate goes, and whether or not a Basic Income will be implemented. In Chapter 13, Johanna Perkiö, Leire Rincon and Jenna van Draanen study how Basic Income has been framed in academic texts and in the media in their three different countries.

In Chapter 14, Louise Haagh asks to what extent the opportunity presented by growing public interest in Basic Income has enabled the debate to overcome long-standing contradictions between advocates' claims for Basic Income and real-world constraints, and whether changed social conditions might enable the contradictions to be overcome and a Basic Income scheme to be implemented.

Part IV: Pilot Projects and Other Experiments

Part IV of the book contains reports on a variety of pilot projects and other experiments, in the past, present, and future, and in various parts of the world.

A significant factor in stimulating the current wave of interest in Basic Income has been the pilot projects held in Namibia and India, and a variety of other experiments around the world. In Chapter 15, Karl Widerquist recounts the Negative Income Tax experiments of the 1970s; in Chapter 16, Valéria Ferreira Santos de Almada Lima and Maria Ozanira da Silva e Silva

discuss Brazil's *Bolsa Família* as a possible step towards a Basic Income, and Pablo Yanes tells us about Mexico's debates and experiments; in Chapter 17, Massoud Karshenas and Hamid Tabatabai describe the policy accident that gave Iran something like a Basic Income; in Chapter 18, Claudia and Dirk Haarmann and Nicoli Natrass describe and discuss the Namibian pilot project and its results; in Chapter 19, Sarath Davala describes and discusses the Indian pilot project and its results; in Chapter 20, Jurgen De Wispelaere, Antti Halmetoja and Ville-Veikko Pulkka describe and discuss the Finland pilot project and its results; and in Chapter 21, Julien Bollain, Loek Groot, Annie Miller, Enkeleida Tahiraj, Timo Verlaat and Gunmin Yi describe some current experiments and plans for experiments and pilot projects, and Enno Schmidt describes the nationwide Swiss referendum on Basic Income, which was neither a pilot project nor an experiment, but a unique initiative with the intention of bringing about a nationwide Basic Income.

The two different terms 'pilot project' and 'experiment' are used here advisedly, in an attempt to distinguish between two very different things. A Basic Income is an unconditional income for every individual, and only if a project is testing a genuine Basic Income is it right to call the project a 'Basic Income pilot project'. A project that tests anything else should be called an 'experiment' from which useful lessons might be learnt. However, the two terms 'pilot project' and 'experiment' are not used consistently either in this volume or more generally, so it will always be important to study the detail of a project to discover whether it is a Basic Income pilot project or some other kind of experiment.

Additional caveats have quite rightly been suggested. For instance: A pilot project is by definition for a short period of time, as the point of a pilot project is that it should cease and be evaluated, and only then a decision made as to whether the policy should be implemented on a permanent basis. Because an assumption that is often made when a Basic Income is defined is that it should be permanent, it might be thought that a two, five or twelve year experiment with an unconditional income cannot be a Basic Income pilot project because it is not permanent. This is a fair point: but the problem with it is that it would prohibit any attempt to run a Basic Income pilot project. All one can say is that some useful experiments have been held in Namibia and India, that it was genuine unconditional incomes for individuals that were tested, that the incomes were Basic Incomes in every respect apart from being permanent, and that because permanence is an assumption usually made rather than an explicit element in most stated definitions of Basic Income, it might be legitimate to call the two experiments Basic Income pilot projects.

Similarly, there is generally an assumption that a Basic Income will be paid to an entire community of some kind, whether throughout a country or throughout a region of a country. The Indian and Namibian pilot projects were community-wide in relation to small communities, so they fulfil the assumption. However, the Finland experiment was for two thousand randomly selected unemployed individuals from across the whole of the country. Should this count as a Basic Income pilot project? Again, all one can say is that the experiment was with a genuinely unconditional income, and that it was therefore with a genuine Basic Income apart from the fact that it was not community-wide and it was not permanent. Those two assumptions are never or rarely stated as elements of the definition of Basic Income, so again it could be argued that the Finland experiment was a Basic Income pilot project.

The lesson to draw is that the detail must always be stated so that legitimate conclusions can be drawn. The Indian and Namibian pilot projects generated significant outcomes for the pilot communities, and because the effects of a permanent Basic Income might be likely to be even more significant, it could be argued that the pilot project outcomes can tell us what would occur if a permanent Basic Income were to be implemented. The Finland experiment, on the other hand, has been neither permanent nor community-wide, so it is further from a nationwide and permanent Basic Income than the Namibian and Indian pilot projects. Interestingly, this means that wellbeing effects would be larger for a nationwide and permanent Basic Income than for the two year experiment with a randomly selected sample.

It is the detail that matters: so in relation to the chapters in this section, and in relation to the Basic Income literature generally, readers will always need to evaluate experiments for themselves, and ask how close they are to being Basic Income pilot projects, and what that tells us about the significance of the results. Readers might also wish to ask whether it is a feasible Basic Income that is being tested in a pilot project. If the Basic Income scheme being tested—that is, the Basic Income, with its levels specified, its funding mechanism specified, and any changes to the existing tax and benefits system specified—would not be feasible to roll out across the whole country, then we would have to ask whether the project should be held, because however positive the results, the Basic Income scheme tested could never be implemented.

So what we need is pilot projects that test genuine and feasible Basic Income schemes for as long as possible, and we particularly need them in developed countries. The results of such pilot projects would be highly significant for the policy process.

But it is not just the results of pilot projects and other experiments that matter. As chapters in this section make clear, holding a pilot project, or an experiment that is close to being a Basic Income pilot project, will propel Basic Income onto the public agenda, enabling useful educational activity to take place. For this reason alone, Basic Income pilot projects need to be held, particularly if it is genuine and feasible Basic Income schemes that are being tested.

A lesson to draw from this section is similar to the lessons that we have drawn in relation to other sections of the book: that the detail of the Basic Income scheme, and the political, social, and policy context, could be crucial to the implementation of Basic Income.

Part V: Political and Ethical Perspectives

No discussion of the feasibility of Basic Income can avoid the question of its relationships with prevailing political and ethical perspectives: so the fifth section of the book offers discussions of Basic Income's relationships with a broad range of them.

In Chapter 22, Miranda Fleischer and Otto Lehto discuss the diverse libertarian tradition's attitude to redistribution, and decide that the cash transfers that best reflect core libertarian principles are unconditional ones. In Chapter 23, David Casassas, Daniel Raventós and Maciej Szlinder understand socialism as the heir to an old republican tradition, and show how this perspective helps to shape socialist arguments for Basic Income. In Chapter 24, Joe Chrisp and Luke Martinelli find that Basic Income evades categorisation as left or right, but that particular schemes might be accurately described as either left or right. The left is found to be the most likely source of support. In Chapter 25, Troy Henderson and John Quiggin analyse labour movement attitudes towards Basic Income, and ask what kinds of Basic Income scheme might win trade union support. In the final substantive chapter, Chapter 26, on the ethics of Basic Income, Simon Birnbaum finds that arguments for Basic Income are often driven by ethical convictions, and that they reflect conflicting views on the requirements of such values as humanity, utility, freedom, reciprocity, equal opportunity, and domination; and that a Basic Income scheme with certain design features could be ethically justifiable.

Part VI: Concluding Chapter

This final section of the book contains a single chapter that draws some tentative conclusions in relation to the whole book:

- The Basic Income debate is increasingly extensive and deep;
- Definitions must be clear;
- Three questions characterise the current debate: Is Basic Income a good idea? Is it feasible? How would we implement it?
- The questions need to be answered over and over again, as responses will be different in every different place and at every different time;
- It will always be a particular Basic Income scheme that will be a good idea, feasible, and implemented;
- The prevailing political, social and policy context will to a large extent affect the feasibility of Basic Income and the effects that it might have;
- Further research will always be required;
- Every country needs a long-term institution to develop an appropriate research and debate ethos for its own context;
- Implementation of Basic Income will probably be difficult, but the likely beneficial effects mean that the debate is worth pursuing.

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2

The Definition and Characteristics of Basic Income

Malcolm Torry

Introduction

The question that this chapter will address is this: What does ‘Basic Income’ mean, and how can that meaning be expressed in a set of words? Related questions are these: What does ‘Citizen’s Income’ mean? What does ‘Universal Basic Income’ mean? What does ‘Citizen’s Basic Income’ mean? What does ‘Basic Income Guarantee’ mean? And what do ‘unconditional’ and ‘universal’ mean?

The chapter will first of all explore the meaning of ‘definition’: that is, what are we doing when we ‘define’ something? (How should we define ‘define’? Take care, reader, that you do not disappear down an infinite vortex.) We shall discover a variety of ways of defining, and will then apply those different methods to the task of defining a Basic Income, a Citizen’s Income, and so on.

Finally, we shall look at policy implications of different definitions.

Why does any of this matter? It matters because mutual comprehension requires that different participants in a conversation should understand similar things by a particular word or group of words. If we mean different

This chapter is based on a paper titled ‘What’s a definition? And how should we define “Basic Income”?’ presented at the BIEN Congress in Lisbon in September 2017.

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things by ‘Basic Income’ then people and organisations involved in research and debate might think that they are understanding each other when in fact they are not. While ‘definition’ and ‘meaning’ do not mean the same thing, and, as we shall see, two people can mean different things by the same words, for two people to agree on a definition of Basic Income can help each of them to have some idea about what the other one means by ‘Basic Income’, and can therefore enable useful dialogue to occur.

In the context of the *Palgrave International Handbook of Basic Income*, it is of course particularly important that, firstly, all of the authors should mean the same thing by ‘Basic Income’, and secondly, that both authors and readers should mean the same thing, because otherwise each reader will have to work out what ‘Basic Income’ means to the author or authors of each individual chapter. A *Handbook* needs to be about something, and that something must be clearly defined.

Different Ways of Defining¹

Definition by Usage

Ludwig Wittgenstein suggested that we discover the meaning of language by studying how language is used (Wittgenstein 1967: §1), and, as the same word might be used in different ways in a multitude of different contexts, he offered the image of ‘family resemblances’ to describe the relationship between one use of a word and another (Wittgenstein 1967: §§66–67).

By ‘definition’ we generally mean a set of words that indicates the ‘meaning’ of a word or group of words. This immediately poses a problem. If we study a particular use of a word and then construct a set of words to express the meaning of that use, then the use of the new set of words, and of each of its component words, will be specific to a particular context. This means that, in a different context, even if we employ the same definition (in the sense of the same set of words in the same order), we shall be offering a different definition.

However, there really will be a family *resemblance*: and it is on this that dictionaries rely when they define a word or group of words.

¹Some of the material in this section was first presented in a paper entitled “‘Unconditional’ and “‘Universal’: Definitions and applications’ at the Federation for International Studies on Social Security annual conference at Sigtuna, 5–7 June 2017.

The Oxford English Dictionary not only offers a definition of each English word commonly in use, but it also lists the particular usages on which it has based its definition. There is no entry for ‘Basic Income’ or ‘Citizen’s Income’ (which is interesting), but we do of course find both ‘basic’ and ‘income’. ‘Basic’ used as an adjective is given a wide variety of definitions, the first two of which are as follows:

- a. Of, pertaining to, or forming a base; fundamental, essential: ... b. That is or constitutes a standard minimum amount in a scale of remuneration or the like. (Oxford English Dictionary)

The dictionary also offers the following definition:

Providing or having few or no amenities, accessories, functions, etc., beyond the ordinary or essential; of or designating the lowest standard acceptable or available; rudimentary. (Oxford English Dictionary)

—of which it gives an example: ‘Pastries and other sweets in the north can be pretty basic.’

English as spoken in the United States of America exhibits similar meanings:

- a. being the main or most important part of something ... b. very simple, with nothing special added: ‘The software is very basic.’ (Cambridge Essential American English Dictionary)

Whether the derogatory undertones are understood by a speaker using the word ‘basic’ in the context of ‘Basic Income’, or by someone hearing or reading the words, will depend on the speaker’s, writer’s, hearer’s or reader’s previous experience of the word ‘basic’ and the context in which the word is being used. It is in relation to such undertones that meaning and definition can diverge. When we hear ‘Basic Income’, we might define it as ‘an unconditional and nonwithdrawable income for every individual’: but we might also understand it to mean that in some respects the income will not be a very good one. This aspect of our understanding might not appear in the stated definition.

The conclusion to draw from this discussion is that two people using the same words do not necessarily mean the same thing by them, and that they might not mean the same thing by words that they use to explicate the meaning of those words. So to attempt to define ‘Basic Income’ by reference

to current usage will deliver a variety of different definitions, and an even wider variety of understood meanings, with each definition and meaning depending on the context in which the words are being used.

In relation to the global debate on Basic Income, a significant additional question has to be that of the transferability of definitions between different languages. The German *Grundeinkommen* offers a useful example. *Grund* in this context means ‘foundation’, so *Grundeinkommen* means a foundational income. There is no sense here that the income is not of good quality. Again the question arises as to whether two people using a word will mean the same thing by it. An English speaker might translate *Grundeinkommen* as ‘Basic Income’ and understand some derogatory undertones that a German speaker would not understand when they heard the same word.

Definition by Characteristics

What is sometimes called the ‘classical’ way of defining a definition is to envisage a category defined by a list of characteristics, with the category name being defined by names of characteristics. Thus the category ‘table’ is defined by the characteristics ‘horizontal surface’ and ‘supported on legs’. Those entities that possess the characteristics are in the category, and those entities that do not are not: so a square is a rectangle because it has four sides, opposite sides are parallel, and the angles are right angles. But for anything other than simple cases of definition, this strategy quickly breaks down because there are frequently cases where we cannot determine whether the entity concerned is in the category or not. A folded drop-leaf table is not a table, whereas a stool is a table.

Eleanor Rosch (Rosch and Lloyd 1978; Rosch 1999) has suggested that categories are not the clear-cut things that we often think they are, and that it is often not the case that entities are either in the category or not in it; and neither is it the case that entities belong equally. Thus a robin is more a bird than an ostrich is, and a bat is on the boundary of the category. Rosch points out that in the real world we define categories in terms of prototypes and then decide whether something is in the category by asking how similar it is to the prototype. For the category ‘bird’ the prototype might be ‘robin’. Mark Johnson (1993) has successfully used this means of definition to give a coherent account of how we categorise actions as moral or otherwise: we have in our minds a prototype lie and we then ask whether other actions are more or less like it.

So the question to ask is this: Is there a set of characteristics by which we can decide whether something belongs in the category labelled 'Basic Income'? There are a number of ways to approach this:

- Each user of the term 'Basic Income' could select their own preferred characteristics. The individual's autonomy would thus be honoured, but at the risk of losing mutual comprehension.
- We could study a wide variety of actual usages of the term 'Basic Income' and work out the lists of characteristics either stated or assumed by users of the term. If we could find characteristics employed in *all* actual usages, then we would have discovered the 'family likeness', and would be able to list a definitive set of characteristics. However, that does not mean that everyone would agree with the list. It would only take one user of the term 'Basic Income' to insist that they understood a characteristic not in the list to be essential to the definition of the category for the definition to become contentious and thus problematic in relation to attempts at mutual comprehension.
- An authority of some kind could decide on the list of characteristics that would qualify something as belonging to the category 'Basic Income'. This is our third definitional strategy.

Definition by a Recognised Authority

If a field of interest has related to it an organisation that those involved in that field believe to have some standing or authority, then participants might look to that organisation to supply definitions of terms. This will be by way of something like a social contract. In order to avoid the chaos of multiple definitions, participants in the field might be willing to forego autonomy and to grant authority to the recognised organisation.

There are a number of ways in which the organisation might construct the expected definitions. It might construct a list of characteristics that something has to have in order to be included in the named category; or it might collect examples of the use of the term and on that basis decide on a definition; or it might employ a mixture of those methods: constructing a list of characteristics, and then testing the list against current usage. There might be various ways in which an organisation could go about the task. There might be an individual with the authority to make such decisions; a small body of people might be elected or appointed to decide; or the entire membership might decide on a definition by a democratic process

(although this method might in practice come down to an individual or small group making the decision, because the wording of a resolution will always be words written by an individual or a small group).

Defining ‘Basic Income’

‘Basic Income’ is frequently defined in relation to a list of characteristics. For instance: an income might be said to belong in the category ‘Basic Income’ if it is ‘unconditional’, ‘nonwithdrawable’, and paid to ‘each individual’ rather than to households. However, as we have seen, meaning might be richer than definition. Usually unstated, but generally assumed, are some additional characteristics:

- That the income will be paid monthly, fortnightly, or weekly (or perhaps daily?): that is, both regularly and frequently. The Alaska Permanent Fund Dividend (Goldsmith 2012: 49–50), which pays an annual dividend, is therefore not a Basic Income.
- That the income will be permanent. This becomes an issue in relation to pilot projects.
- That the income will be paid in cash, usually into a bank or similar account (that is, it will not be paid as tokens destined for purchasing a restricted range of commodities).
- That the income will not vary, although regular annual upratings will be expected. Again, the Alaska Permanent Fund dividend, which is the payment of a varying dividend, is not a Basic Income.
- That the income might vary with the recipient’s age, with a ‘standard’ amount for working age adults, smaller amounts for children, and perhaps for young adults, and larger amounts for individuals over a defined state pension age. This assumption would appear to breach the ‘unconditional’ requirement, and strictly speaking it does: but because this conditionality is of a particular type, the breach is permitted. In relation to social security benefits, conditionalities exhibit two variables: ease of administration, and whether or not enquiry has to be made into an individual’s situation or activity. Two of the expected advantages of a Basic Income are that it will be simple to administer, and that it will require no bureaucratic intrusion into the lives of recipients. Employment market status, household structure, and disability, are conditionalities about which enquiries have to be made, so none of them can be permitted to influence the level of someone’s Basic Income. On the other hand,

nobody would ever have to inquire into someone's age. Their Basic Income would begin at their birth; the computer would automatically increase or decrease their Basic Income as they ceased to be children, when they became working age adults, and when they passed state retirement age; and it would turn off their Basic Income when they died. There would be no bureaucratic intrusion, and, indeed, no active administration to be done.

These five assumptions are generally understood to belong to the definition of a Basic Income, but they are rarely stated. If 'definition' means a set of words that give some indication of the meaning of 'Basic Income', then the definition will rarely include these five assumptions. If by 'definition' we mean the generally understood meaning of 'Basic Income', then they do belong to the definition.

If we look for the words that generally accompany 'Basic Income'—that is, if we employ a 'usage' method of definition—then we will often find the words 'unconditional', 'nonwithdrawable', and 'individual'. We might find 'monthly', 'weekly', or 'regularly and frequently', which can encapsulate the first assumption above; and we will generally find different levels of Basic Income for different age groups, reflecting the fifth assumption. So in the case of 'Basic Income', usage delivers a fairly consistent set of characteristics, and our first two definitional methods converge.

We also find the third definitional method in use. There are now multiple organisations involved in the Basic Income debate. In many countries we can find at least one organisation facilitating the debate, and in some countries there will be more than one. (In the UK, the Citizen's Basic Income Trust has been facilitating the debate for thirty-five years; Basic Income UK is a more recent campaigning organisation; and Citizen's Basic Income Network Scotland is now facilitating the debate in Scotland.) BIEN is a global membership organisation. Some national organisations affiliate to BIEN, but BIEN has no control over the activities of the national groups.

Each of these organisations has the authority to construct its own definition, but because each organisation's definition reflects common usage, and because the organisations are in network relationships with each other, and also with numerous writers on the subject, we might expect a certain amount of consistency. Quite often, 'unconditional', 'nonwithdrawable' and 'individual', or similar words, will be found, and the five assumptions (regular and frequent payment, payment in cash, permanence, nonvarying but upratable payments, and possibly payments varying with age) will also be found.

Because BIEN is a global organisation with affiliated organisations, its own definition of Basic Income will need to reflect current usage, and in particular it will need to reflect current usage among its affiliates. This is not difficult to achieve. The wording on BIEN's website runs as follows:

A basic income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement. That is, basic income has the following five characteristics:

1. Periodic: it is paid at regular intervals (for example every month), not as a one-off grant.
2. Cash payment: it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.
3. Individual: it is paid on an individual basis—and not, for instance, to households.
4. Universal: it is paid to all, without means test.
5. Unconditional: it is paid without a requirement to work or to demonstrate willingness-to-work. (BIEN 2019)

And a shorter form, last amended at the Seoul BIEN General Assembly in 2016, reads like this:

A periodic cash payment delivered to all on an individual basis, without means test or work requirement. (BIEN 2019)

As far as I can tell, neither of these definitions conflicts with any affiliated organisation's definition, and both of them represent the consensus among affiliates. Most importantly, they reflect common usage of the term 'Basic Income'.

BIEN can therefore confidently function as a 'recognised authority' in relation to the definition of Basic Income: and perhaps it should, particularly in relation to usage of 'Basic Income' that does not conform to BIEN's definition.

The recent rapidly curtailed Ontario 'Basic Income' pilot project describes its 'Basic Income' like this:

The payment will account for other income and ensure a minimum level of income is provided. Participants will receive:

- Up to \$16,989 per year for a single person, less 50% of any earned income
- Up to \$24,027 per year for a couple, less 50% of any earned income
- Up to an additional \$6000 per year for a person with a disability. (Ontario)

Such payments were neither ‘individual’ nor ‘without means test’. They did not constitute a Basic Income. They constituted a Minimum Income Guarantee. While somewhat late in the day BIEN’s website made it clear that Ontario’s use of ‘Basic Income’ complied with neither common usage nor BIEN’s definition, neither BIEN nor anybody else had any right to tell the government of Ontario not to call its Minimum Income Guarantee a Basic Income.

The Amount of the Payment

There would appear to be just one issue over which the national organisations affiliated to BIEN disagree: the amount of the payment. In 2017, a survey of organisations affiliated to BIEN showed that for some national organisations only an unconditional, nonwithdrawable, regular, frequent and individual income that is paid to each working age adult at ‘subsistence level’ qualified as a Basic Income, whereas for other organisations an unconditional, nonwithdrawable, regular, frequent and individual income of any amount could count as one (Torry 2017: 10–17).

It might be thought that this leaves an umbrella organisation such as BIEN with a dilemma: but in fact it does not. BIEN is an authoritative organisation in the field, but it is no more authoritative than the national organisations. The difference is that BIEN has affiliated organisations. If BIEN were to include ‘at subsistence level’ in its definition of Basic Income, then it would have to disaffiliate national organisations that did not require that (or they would disaffiliate themselves), whereas if it were not to include ‘at subsistence level’ in its definition of Basic Income then every national organisation would be able to remain affiliated. The fact that some of those organisations might choose to add an additional characteristic to their definition would only be relevant to affiliation if BIEN were to decide that it should be.

If BIEN did wish to make a statement about the level of Basic Income that would be agreeable to every affiliated organisation, then there is just one possibility. The survey showed that

- Some affiliates did not mention the level of the Basic Income, suggesting that the amount to be paid was not integral to their definitions;
- some said that a democratic process would be used to decide the amount;
- one mentioned a particular amount (Southern Africa); and
- some offered a description of the kind of life that the Basic Income would be expected to fund ('subsistence', 'dignity', 'participation', 'poverty line') in relation to the national context, but without specifying the relevant level of Basic Income.

BIEN could legitimately say that in each country the normal democratic process would determine the levels of Basic Income and the funding mechanism. This would be entirely uncontentious.

'Universal', 'Unconditional', 'Citizen's', 'Guarantee'

'Universal'

A Basic Income is sometimes called a 'Universal Basic Income', which raises the issue of what we might mean by 'universal' in this context. If we study uses of the word 'universal' in the context of Basic Income, then we generally find that it means 'everyone within a national boundary', or perhaps 'everyone within a regional boundary'. For those campaigning for a global Basic Income, 'universal' means what it says: but generally 'universal' does not in fact mean universal. Does that matter? Not if everyone understands what is meant.

It might be thought that 'universal' in 'Universal Basic Income' is redundant. Strictly speaking, it is. Presumably 'Universal Basic Income' has become a common designation for a Basic Income because it emphasises an aspect of the income that its proponents might wish to emphasise: the fact that everyone would receive it.

'Unconditional'

A Basic Income is sometimes called an 'Unconditional Basic Income', and the word 'unconditional' is often used to name one of Basic Income's characteristics. If within a particular jurisdiction a benefit is unconditional, then by definition it is universal within that jurisdiction. If it is universal then it is not necessarily unconditional. This means that 'unconditional' cannot be replaced by 'universal'.

'Citizen's'

'Basic Income' is sometimes described as 'Citizen's Income' (with the apostrophe before the s, because the income is for each individual citizen). It is partly because of the somewhat derogatory undertones of the English word 'basic' that in 1992 the trustees of the Citizen's Basic Income Trust agreed with a suggestion from the Joseph Rowntree Charitable Trust that we should speak of a 'Citizen's Income' rather than a 'Basic Income': and the Green Party in the UK has often preferred 'Citizen's' to 'Basic'. However, the designation is not unproblematic, because the word 'citizen' does not necessarily include everyone who lives within a nation state's borders. This means that the word is not as all-encompassing as 'universal': but it does connect Basic Income with a discourse about citizens' rights; it avoids the negative connotations of 'basic'; and it encourages debate about the meaning of 'citizen'. The new Scottish network, and the publisher of this author's recent *Citizen's Basic Income: A Christian social policy* (Torry 2016), both independently asked that we should call the income a 'Citizen's Basic Income', and the trustees of what is now the UK's Citizen's Basic Income Trust have decided to do the same. The advantage of this designation is that it contains both 'Basic Income' and 'Citizen's'. The disadvantages are that it is longer than either 'Basic Income' or 'Citizen's Income', and that CBI can also mean the Confederation of British Industry.

'Guarantee'

Rather more problematic is the word 'guarantee'. During the early 1980s, at the beginning of the modern debate about Basic Income, Hermione Parker and Brandon Rhys Williams MP called a Basic Income a 'Basic Income Guarantee' (House of Commons Treasury and Civil Service Committee Sub-Committee 1982, 1983; Parker 1989). The word 'guarantee' was confusing because to guarantee an income is not necessarily to provide one. A means-tested benefit can guarantee someone an income by filling a gap between earned income and a specified minimum. When the British Government wanted a new name for its means-tested top-up for pensioners, it chose 'Minimum Income Guarantee': a rare example of accurate description. Because 'guarantee' can imply means-testing, the British Basic Income debate soon dropped the word, preferring 'Basic Income', and then 'Citizen's Income', and now 'Citizen's Basic Income', with 'Basic Income' remaining a term in common use. The North American debate, however, retains

the use of ‘guarantee’, causing occasional misunderstanding as to what is intended. Take, for instance, the wording on the United States Basic Income Guarantee (USBIG) website:

The Basic Income Guarantee (BIG) is a government ensured guarantee that no one’s income will fall below the level necessary to meet their most basic needs for any reason. ... The Basic Income gives every citizen a check for the full basic income every month, and taxes his or her earned income, so that nearly everyone both pays taxes and receives a basic income. (USBIG)

Here ‘Basic Income Guarantee’ can mean a means-tested benefit, whereas ‘Basic Income’ does not. Because ‘Basic Income’ appears in both designations, this is potentially quite confusing, because someone could easily think that ‘Basic Income’ and ‘Basic Income Guarantee’ mean the same thing when in this context they do not.

My recommendation would be to abandon use of the term ‘Basic Income Guarantee’, and that if for some reason it needs to be retained then at each use its meaning should be stated as either ‘minimum income guarantee’ or ‘Basic Income’.

Policy Implications

‘Basic Income’ has a clear definition—unconditional, nonwithdrawable, individual—and also carries with it five significant assumptions: regularity of payment, payment in cash, permanence, unvarying but upratable payments, and payments might vary with age. Its meaning is clear, which is helpful to the debate about incomes paid unconditionally, nonwithdrawably, and to individuals. ‘Citizen’s Income’ has the advantages that it does not suffer from the unfortunate undertones that ‘basic’ can suffer from, and that it connects Basic Income with a citizen’s rights discourse: but the downside is that in most jurisdictions the word ‘citizen’ is not entirely unproblematic. As long as we are clear that ‘Citizen’s Income’ and ‘Basic Income’ mean the same thing, either or both of them can provide the clarity that the debate requires. Strictly speaking ‘Universal Basic Income’ means simply ‘Basic Income’: but the ‘universal’ is making a point. ‘Basic Income’, ‘Citizen’s Income’, ‘Citizen’s Basic Income’ and ‘Universal Basic Income’ all mean the same thing, and between them they will continue to provide the debate on unconditional, nonwithdrawable and individual incomes with the consistent definitional foundations that it needs.

It might be thought that it would be helpful to reduce this variety to a single agreed term. First of all, there is no organisation with the authority to make the decision as to which that term should be; secondly, neither individuals nor organisations would be under any obligation to conform; and thirdly, the diversity is helpful because it enables different aspects of a Basic Income to be emphasised: ‘Basic Income’ its foundational nature; ‘Citizen’s Income’ its payment to each individual as a right; ‘Citizen’s Basic Income’ both of those; and ‘Universal Basic Income’ its payment to everyone.

‘Guarantee’ can cause confusion, and the view of this author is that we should not be using it in association with ‘Basic Income’.

Perhaps the most significant question for anyone editing or contributing to a multi-author volume on Basic Income relates to the question as to whether or not ‘Basic Income’ should imply an income at subsistence level somehow defined. We have already recognised that any national organisation is at liberty to add this requirement to its definition of Basic Income, but that a global organisation such as BIEN ought not to do so: but it might still be legitimate to pose some questions to those individuals and organisations that do decide to add a particular level of the Basic Income to their definition:

- ‘Subsistence level’ is notoriously difficult to define. Every household behaves differently, and what one household counts as a subsistence income might be counted as utterly inadequate by another, and as over-generous by yet another. Qualitative research can construct a list of expenditures regarded as necessary for participation in society (as in the Minimum Income Standards annual survey conducted for the Joseph Rowntree Foundation) (Davis et al. 2018); but such an approach can only obscure the wide variation in understandings of ‘subsistence’. Government-specified subsistence levels are precisely that, and are driven largely or partly by political considerations.
- Governments tend to be cautious, and social policy is path dependent, so it is more likely that a Basic Income will start small, and will then grow, than that a large Basic Income will be implemented in the first instance. Organisations that insist that ‘Basic Income’ means an income at subsistence level will not help a government to ponder the possibility of making a start with a small Basic Income: and such an organisation will not be doing the kind of research required to enable a government to think rationally about whether a Basic Income might be feasible.
- Any organisation that decides that a payment is only a Basic Income if it is at a predetermined subsistence level is at risk of depriving itself of research results from organisations that research Basic Incomes at lower levels.

One solution to this problem would be to return to a set of terminology developed during the earlier period of the debate: a ‘Full Basic Income’ meant a Basic Income at subsistence level (somehow defined); a ‘Partial Basic Income’ meant one at a lower level; and a ‘Transitional Basic Income’ meant something in between (Parker 1989). Some organisations might find this terminology helpful: and, because it assumes that a ‘Basic Income’ can be paid at any level, no organisation should find the terminology problematic.

Conclusion

Definition is a complex field, but it is one that anyone involved in the Basic Income debate needs to understand. Definitions matter. The more clarity we can achieve, the more useful will be our research results, and the more productive will be the debate.

For the purposes of this *Palgrave International Handbook of Basic Income*, a Basic Income is an unconditional, nonwithdrawable income paid to every legally resident individual within a particular jurisdiction; and it is assumed that the Basic Incomes will be regular, periodic payments (with payments at least once a month); that the incomes will be paid in cash, normally into bank or similar accounts; that the incomes will be permanent; that people of different ages might receive different amounts; and that levels might be updated annually. No other alterations in the amounts would be possible. No assumption will be made that a Basic Income would need to be paid at a particular ‘subsistence’ or other specified level.

Disclaimer Views expressed in this chapter are not necessarily those of BIEN or of the Citizen’s Basic Income Trust.

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3

Three Waves of Basic Income Support

Karl Widerquist

Introduction

Although ideas something like Basic Income can be traced back as far as ancient Greece, and perhaps into prehistory, the history of fully developed proposals for Basic Income, or of similar policies, does not begin until the 1790s, and even then proposals were extremely scattered and discussion did not seem to catch on anywhere for over a century.

But since the early twentieth century, Basic Income and similar policies have experienced three distinct waves of support, each one larger than the last. Basic Income experienced a small wave of support between 1910 and 1940, followed by a down period in the 1940s and 1950s. A second and larger wave of support happened in the 1960s and 1970s, followed by another down period in most countries until the early 2000s. Basic Income's third, and by far its largest, wave of support so far began to take off around 2010, has increased every year since then, and shows no signs of dissipating.

Any effort to identify waves of something as complex as international political support is necessarily a simplification. One can argue that the same international wave hit some countries before others, or that separate waves hit different countries with little interaction. The simplification does not

This chapter draws heavily on an earlier work (Widerquist 2017).

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need to be perfect to avoid oversimplification. The point of this chapter is to recount this part of the history while drawing lessons from when and where the discussion tends to have come and gone.

Pessimists might think that the current wave will inevitably subside, just like the first two waves. History, however, seldom sticks to simple patterns. The history of the Basic Income movement suggests that there are important fundamental reasons why support for Basic Income has been trending upwards for a century despite occasional ups and downs. This chapter attempts to understand today's Basic Income movement in the context of that history. Although the future is always uncertain, the chapter argues that there is good reason for optimism.

Before the First Wave

Some writers trace the history of Basic Income back to Thomas More's *Utopia* (Van Parijs and Vanderborcht 2017: 51), but More's vision was conditional on work, and is more accurately described as the beginning of the modern social welfare movement. Others might trace the beginning of the Basic Income debate to ancient Athens, which used revenue from a city-owned mine to distribute a small cash income to Athenian Citizens. This institution sounds like a Basic Income except that 'citizens' had a very different meaning in Athens from its meaning today. Citizens were a small, elite portion of the population. Noncitizens, such as slaves, women, and free non-citizen males, were the bulk of the population and virtually all of its labour force. A Basic Income for the elite is no Basic Income at all.

One could trace the beginnings of Basic Income into prehistory because many observed 'prehistoric' (in the sense of non-literate) societies have two ways of doing things that might be considered forms of Basic Income (Widerquist and McCall 2017). First, nomadic, hunting-and-gathering societies of less than a hundred persons tend to treat all land as a 'commons', meaning that everyone could hunt and gather on it but no one could own it. Although this practice is seldom witnessed in communities with larger-scale more integrated economies, a similar right to use land can be seen in small-scale agrarian communities right up to the enclosure movement, which was not complete in Europe until the 1800s. The connection between common land and Basic Income is that both institutions allow every individual to have access to the resources they need to survive without conditions imposed by others. Second, if anyone brought back to camp more food than they and their immediate family could eat in one meal, they had to share it

with everyone in the camp, including people who rarely or never brought back food for the community. The food shared around camp could be seen as a specifically ‘basic’ income.

Although our understanding of these practices comes from observations of modern small-scale hunter-gatherers, who cannot be assumed to exhibit the same practices as people in the deep past living in similar conditions, ethnoarchaeologists can offer significant corroborating evidence to suggest that these two practices might be tens or hundreds of thousands of years old (Widerquist and McCall 2017).

The modern definition of Basic Income either stipulates or assumes that the grant must be in cash, and because small-scale hunter-gatherers or agrarian communities do not have cash economies, they did not have Basic Incomes. What the two ancient practices show is that the values that motivate much of the modern Basic Income movement are not new to politics but have been recognised and practiced by societies for a very long time.

Proposals that begin to fit the modern definition of Basic Income begin in the 1790s with two writers, Thomas Paine (1797) and Thomas Spence (2000). Paine’s famous pamphlet, *Agrarian Justice*, argued that because private ownership of the land had deprived people of the right to hunt, gather, fish, or farm on their own account, they were owed compensation out of taxes on land rents. He suggested this compensation should be paid in the form of a large cash grant at maturity plus a regular cash pension at retirement age: nearly a Basic Income, but not quite. Spence, however, responded to Paine’s pamphlet with one of his own, carrying the argument a little farther to argue for higher taxes on land and a regular, unconditional cash income: the oldest known Basic Income proposal.

At least one person reinvented the idea of Basic Income during the 1800s: a follower of Charles Fourier named Joseph Charlier. John Stuart Mill wrote favourably about this proposal, attributing it to ‘Fourierism’ rather than to Charlier specifically (Van Parijs and Vanderborcht 2017: 75–78). However, Basic Income proposals remained thin and widely separated until Basic Income experienced its first small wave of support in the early 1900s (Cunliffe and Erreygers 2001).

The First Wave

Basic Income dates back more than two hundred years, but enough people were discussing it in the early twentieth century to constitute a wave—or at least a ripple—of support. The idea was still new enough that most

advocates had little knowledge of each other, and they all tended to give their versions of the programme a different name.

Some supporters of Henry George's land tax suggested that part of the proceeds from a land tax could be distributed in cash. In the United Kingdom, Bertrand Russell (1918) and Virginia Woolf (2016) both praised the idea in their writings without naming it. In 1918, Dennis and E. Mabel Milner started the short-lived 'State Bonus League'; and, in 1920, Dennis Milner published what was probably the first full-length book on Basic Income, *Higher production by a bonus on national output* (Cunliffe and Erreygers 2001; Cunliffe et al. 2003; Milner 1920; Milner and Milner 1918).

In 1934, the Louisiana senator Huey Long debuted his 'share the wealth' programme. He seems to have come up with the idea on his own, as there is no evidence that he was influenced by the ideas spreading around the United Kingdom in those years. The plan might have served as the basis for a presidential run in 1936 had Long not been assassinated in 1935 (Amenta et al. 1994).

Several economists and social policy analysts, especially in Britain, discussed Basic Income, often under the name 'social dividend', in the 1930s and early 1940s. These included James Meade, Lady Juliet Rhys Williams, Abba Lerner, Friedrich Von Hayek, Oskar Lange, and G.D.H. Cole, who apparently coined the term 'Basic Income' in 1935 (Van Parijs and Vanderborght 2017: 78–82). Major C.H. Douglas wrote about Basic Income extensively under the name 'national dividend', and included it in a wider package of reforms which he called 'Social Credit' (Van Trier 1995).

These early Basic Income advocates achieved little direct influence on legislation. In 1935, the Social Credit Party of Canada took power in Alberta, but did not move to implement Douglas's proposed dividend. As the Second World War drew to a close, most Western democracies built up their welfare systems on a conditional model, typified by the famous Beveridge report for the British government (Beveridge 1942). Although the conditional model varies enormously from country to country, it always provides assistance to those who fit into some category of need, such as old age, disability, unemployment, single-parenthood, absence of market income, and so on, and it usually works in combination with macro- or microeconomic policies that are supposed to move the national labour market towards full employment. Truly universal programmes were few and small in most mid-century welfare systems. Discussion of a full Basic Income programme largely fell out of mainstream political discussion for more than two decades.

The Second Wave

Discussion of Basic Income was kept alive between the first and second waves largely by economists who increasingly discussed the idea as an interesting theoretical alternative to the existing welfare systems even as the idea dropped out of the mainstream discussion.

Technically speaking the second wave was a wave of support for the Negative Income Tax (NIT; see Chapter 12 of this volume) and for a Minimum Income Guarantee, and not for Basic Income, and a genuine Basic Income played only a small part in the discussion. (On the meanings of ‘Basic Income’, ‘Negative Income Tax’ and ‘Minimum Income Guarantee’, see the note on terminology at the beginning of this volume.) Although NIT and Basic Income have substantial differences in design and effects, the second wave was extremely important in directing international attention towards the idea of creating a world in which everyone would have an above-poverty-level income.

The second wave took off in the early-to-mid 1960s. At that time, at least three groups in the United States and Canada began promoting the idea. Welfare rights activists, including Martin Luther King (1967), mobilised people frustrated by inadequate and often demeaning conditional programmes. Futurists, such as Robert Theobald (1966) and Buckminster Fuller, saw Negative Income Tax as a way to protect workers from disruptions to the labour market caused by the computer revolution. Finally, many prominent economists—such as James Tobin, Milton Friedman, and John Kenneth Galbraith—agreed that a Negative Income Tax would represent a more effective approach to poverty than existing programmes that were conditional on work tests (Friedman 1968; Tobin 1968; Van Parijs and Vanderborcht 2017: 89). Negative Income Tax would have been an attempt to simplify and streamline the welfare system while also making it more comprehensive.

The mainstream media first noticed Negative Income Tax around the time Lyndon B. Johnson declared a ‘war on poverty’. Politicians and policy advisors began to take up the idea, and the Canadian government released several favourable reports on the ‘guaranteed annual income’ idea in the 1970s. For a short time, many saw some kind of Minimum Income Guarantee as an inevitable next step in social policy: a compromise that everyone could live with. People on the left viewed it as the culmination of the welfare system that would fill in the remaining cracks. Centrists, conservatives, and people from the burgeoning libertarian movement, saw it as a way to make the social safety net more cost-effective.

In 1971, the US House of Representatives overwhelmingly passed a bill introducing a watered-down version of NIT. It missed becoming law by only ten votes in the Senate. The next year, presidential nominees from both major parties endorsed a variety of similar proposals: Richard Nixon supported NIT, and George McGovern a proper Basic Income under the name of a ‘demogrant’. Interestingly, the fact that both nominees held such similar positions made such reforms less of an issue in the campaign than they might have been (Widerquist and Sheahen 2012).

Although Nixon won the 1972 election, the NIT never got another vote. It died partly because it had no groundswell of support outside the welfare rights movement. None of its proponents made a serious effort to sell the proposal to the public at large. Even supporters viewed Nixon’s version with scepticism, seeing it as too small and watered-down to truly fit the model. Letting it die cost the politicians who backed it very little, so they allowed the idea to fade from public discourse (Widerquist and Sheahen 2012).

Although the second wave was most visible in the United States and Canada, the discussion spilled over into Europe, even as the second wave waned in North America. A high-level government report in France focused on NIT in 1973. At about the same time, Bill Jordan and James Meade managed to draw attention to the idea in the United Kingdom. In 1977, *Politieke Parij Radicalen*, a small party in the Netherlands, became the first party with representation in parliament to endorse Basic Income (Van Parijs and Vanderborght 2017: 95–97). The next year, Niels I. Meyer’s book, *Revolt from the centre*, launched a substantial wave of support in Denmark (Meyer 1981).

While neither the United States nor Canada introduced full NIT or Minimum Income Guarantee programmes, the second wave of support for incomes similar to Basic Income had some major successes. Both countries conducted implementation trials (see Chapter 15 of this volume), and the United States created or expanded several programmes that can be seen as small steps in the direction of Basic Income. These included Food Stamps, the Earned Income Tax Credit, and the Alaska Permanent Fund Dividend. These policies not only helped a lot of people, but also their relative success provided convincing evidence that helped to push social programmes toward universality (Widerquist and Howard 2012a, b; Widerquist and Sheahen 2012).

Politicians such as Ronald Reagan and Margaret Thatcher dramatically changed the conversation around the welfare state in the early 1980s. They successfully vilified virtually all recipients as frauds. As a result, many people stopped talking about how to expand or improve the welfare system and

started talking about whether and how to cut it. The left largely went on the defensive in response, and stopped criticising the existing, conditional model. Any suggestion that the model might be replaced by something better could at that time be seen as lending support to people who wanted to cut existing programmes and replace them with nothing.

In 1980 the United States and Canada cancelled the last of their implementation trials, and Canada stopped analysing the data that it had spent years and millions of dollars collecting. Fortunately, the results of those trials eventually re-emerged as important evidence for Basic Income's potential.

For the next thirty years, with a few notable exceptions, mainstream politics in most countries included virtually no discussion of any form of Basic Income, Negative Income Tax, or Minimum Income Guarantee (Widerquist and Howard 2012a, b; Widerquist and Sheahan 2012).

Between the Waves

During the 1980s, 1990s, and 2000s, various Basic Income and similar proposals briefly gained traction in different countries, including substantial interest in post-apartheid South Africa in the late 1990s and early 2000s (Standing and Samson 2003). But for the most part, discussion of Basic Income took place outside the political mainstream, where the very gradual upward trend in interest attracted little notice from mainstream media or mainstream political parties. The two places where Basic Income discussion was steadily growing in this period was in the United Kingdom and in academic journals. Juliet Rhys Williams' son, Brandon Rhys Williams, presented a Basic Income proposal to a British parliamentary committee in 1982: an event that inspired the formation of the Basic Income Research Group (BIRG) in 1984 (now the Citizen's Basic Income Trust). Also in 1982, the Belgian philosopher Philippe Van Parijs reinvented Basic Income with no prior knowledge of the previous waves. He eventually connected with other supporters, including Guy Standing, Claus Offe, Robert van der Veen, and a number of members of BIRG, including Annie Miller, Hermione Parker, and Bill Jordan, and together they established the Basic Income European Network (BIEN) and convened the first BIEN Congress on 4–6 September 1986 (Basic Income Earth Network 2019b). From this point on, in most countries, Basic Income, rather than NIT, dominated the political discussion of mechanisms to provide an income floor.

The academic debate grew substantially between the mid-1980s and the mid-2000s, especially in the fields of politics, philosophy, and sociology.

By the time BIEN changed its name to the Basic Income *Earth* Network twenty years later, national groups existed in at least two dozen different countries (Basic Income Earth Network 2019a). Yet Basic Income stayed mostly outside the political mainstream. For those of us taking part in Basic Income events, it felt less like a movement and more like a discussion. Even the activist contingent within the Basic Income networks concentrated more on discussion than action, believing (probably correctly) that they had to increase public awareness before they could gather enough supporters to make political action viable. Isolation from mainstream politics distracted supporters from how much their movement had grown. But as supporters would learn only in retrospect, the groundwork had been laid for a take-off.

The Third Wave Takes off

The third wave of Basic Income activity hit the mainstream in 2015 or 2016, but volunteers at *Basic Income News* had been noticing substantial increases in media attention since at least 2011.¹ In some places, the crossover began even earlier than that, and almost certainly the mainstream take-off of Basic Income was at least partly the result of efforts supporters had been making for decades.

In 2006, at the BIEN Congress in South Africa, Zephania Kameeta, then the Lutheran Archbishop of Namibia, slammed his fist on the podium and announced, ‘Words, words, words!’ Basic Income conferences had seen many passionate calls for action, but they were almost always accompanied by appeals for *someone else* to take action. This time, the speaker already had an action plan under way: the Namibian Basic Income Grant Coalition was raising funds to finance a two-year implementation trial (Haarmann et al. 2009). This project coincided with a smaller one in Brazil, and a much larger one followed in India in 2010. These tests attracted substantial media attention and helped to inspire the privately and publicly funded experiments now under discussion or underway in Finland, Scotland, Canada, the United States, Kenya, and several other countries.

At about the same time that Kameeta spoke in Cape Town, a national Basic Income wave was beginning to swell in Germany. Prominent people from across the political spectrum—Katja Kipping, Götz W. Werner, Susanne Wiest, and Dieter Althaus—all began to push different proposals in

¹Much of this section is written on the basis of the author’s own personal experience.

a very public way (Van Parijs and Vanderborght 2017: 192–193, 207–208). Unlike most previous waves of support, this one inspired broad activism, which has only grown. In 2008, Basic Income networks in Germany, Switzerland, and Austria jointly organised the first International Basic Income Week, which has subsequently grown to become a worldwide event with actions taking place as far away as Australia and South America (International Basic Income Week 2019). The financial meltdown and subsequent Great Recession had sparked a new climate of activism. Public attention had turned to poverty, unemployment, and inequality, and Basic Income supporters suddenly had a much more welcoming environment for their activity.

Citizens' initiatives got under way in both Switzerland and the European Union (EU) in the early 2010s. In the former, Daniel Häni and Enno Schmidt successfully collected enough signatures to trigger a national vote. The EU movement eventually recruited across Europe. Although neither ultimately won, they had between them built an infrastructure to support activism across Europe and had brought a tremendous amount of attention to the issue, which in turn sparked additional activity and attracted more support (Bashirova 2014; De Wispelaere 2016). One of the contemporary movement's most important strengths is its diversity: support comes from many different places and from people who do not usually work together, follow similar strategies, or adhere to the same ideology. Indeed, today's Basic Income supporters are motivated by a number of different issues and sources.

Many developing countries had been moving towards Conditional Cash Transfers (CCTs) for some years. These programmes, though still conditional, streamlined and eased the conditions for eligibility. At least one CCT programme, Brazil's *Bolsa Familia*, inspired by the Senator and Basic Income supporter Eduardo Suplicy, was introduced specifically as a step toward Basic Income. Although most others were not, the positive results from easing conditions bolstered support for further steps toward Basic Income (Hanlon et al. 2010).

Mirroring the futurism discourse of the 1960s, many advocates point to automation and precariousness as reasons to implement Basic Income schemes. High unemployment, the gig economy, and the pace of automation, threaten large segments of the labour force. Whether or not the need for human labour is decreasing, the labour market has become extremely unstable. Labour leaders, activists, academics, and tech entrepreneurs have all proposed Basic Income in response, making employment market changes one of the prime drivers of recent interest in Basic Income (Bregman 2017; Hughes 2018; Stern 2016; Yang 2018).

For the first time, environmentalism has played a major role in the debate. Two of the most popular proposals for combating climate change are the tax-and-dividend and cap-and-dividend strategies, both of which involve setting a price on carbon emissions and distributing the revenue to all citizens. Other environmental groups, such as ‘Degrowth’ and Canada’s ‘Leap Manifesto’ see Basic Income as a way to counteract excessive consumption and the depletion of resources (Acosta 2017; Hornborg 2017).

Two additional movements, ‘quantitative easing for the people’ and ‘helicopter money’, are pressuring central banks to stop giving money away to private banks and to start giving it directly to every citizen. The movements believe that their proposals would constitute a more equitable and effective economic stimulus programme. Although they do not always use the term, distributing money directly to the people is essentially a temporary Basic Income (Muellbauer 2014). Some private groups are trying to bypass central banks entirely by creating non-governmental digital currencies, and some of these groups have announced their intentions to provide their users with a Basic Income in the new currency.

At the same time, new evidence has convinced people of Basic Income’s radical potential. Evelyn Forget (2011), of the University of Manitoba, received grant funding to analyse the data from Canada’s NIT experiment. She released her findings in 2011, just as new implementation trials and citizens’ initiatives were getting off the ground. Her positive findings received a great deal of press attention and helped to spark new interest in the programme in Canada and beyond. This increased media attention has built the movement even further. Seemingly every major news outlet has published something about Basic Income. And, in a sure sign of the movement’s newfound strength, opponents have started to attack it.

A couple of years ago, it remained unclear whether the third wave would match the size and reach of the second. Now the answer is obvious: grassroots support and international media attention are more extensive than ever, and the third wave represents the first truly global Basic Income movement. According to Philippe Van Parijs (personal correspondence), ‘the big difference between the first two waves and the third one is that the third one quickly became international’. The first two did not extend much beyond the United States, Canada, and the United Kingdom, but the third wave already involves major campaigns on all six inhabited continents.

How Far Can the Third Wave Go?

The left should recognise that past Basic Income movements entered mainstream conversation when people worried about inequality and unemployment, and then subsided when public attention turned to other issues, or when other ways of addressing poverty became dominant. The second American wave ended in the United States not in the prosperous economy of the mid-1980s but in the troubling times of the late 1970s, when right-wing politicians convinced large numbers of people that redistributive programmes had become overly generous.

The biggest danger to the third wave appears to be growing nationalism. If politicians can convince voters to blame immigrants and foreign competition for growing inequality, then they can effectively distract people from mobilising around better social policies.

Despite these dangers, Basic Income advocates have good reason to feel encouraged: each wave has been larger than the last. With every resurgence, Basic Income has been represented by more developed proposals than the time before, and supporters have been better prepared to address people's concerns about poverty, inequality, and unemployment. The fact that academics had continued to study, and activists had continued to promote, Basic Income during its unfashionable years gave it recognition as a viable alternative when inequality once again became a dominant policy discussion.

Meanwhile, dissatisfaction with the conditional welfare model has been growing for over a century. This system is based on the idea that everyone who can work should, and only those who can prove that they are unable to work should receive help. All others are declared undeserving. The assumed contract is that if everyone contributed or proved inability, then they would all live a decent life. But the conditional welfare state has never fulfilled its contract. Conditionality has not made the welfare state more generous or less vulnerable to attack. Many who work still live in poverty, as do many who have proved that they are unable to work. Opponents have successfully chipped away at redistributive programmes for more than 40 years, largely by vilifying any group that meets the conditions for need. The conditional system also hurts workers. By making welfare requirements so stringent, the system makes able-bodied employees dependent on employers. Dependent workers have less power, making it harder to demand good wages and decent working conditions. It is no coincidence that middle-class income has stagnated over the same period that the welfare system has declined. Despite enormous productivity gains, most workers now work more hours for less pay.

Conditional welfare systems are built on paternalistic assumptions that force people to prove their right to survival. Basic Income might not always gain steam as fast as it has in the last few years, but the conditional welfare system's shortcomings will not disappear, and they will continue to provide a strong reason for people to look seriously at Basic Income.

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Part II

Some of the Likely Effects of Basic Income



4

Employment Market Effects of Basic Income

Richard Gilbert, Ursula Huws and Gunmin Yi

Introduction

One of the important questions frequently asked about Basic Income is this: What effect would it have on employment? In order to respond to that question, we will first ask about the current state of employment, mainly in developed countries. We identify a number of particular changes, such as online platforms and the micro-control of workers, but also considerable diversity in employment patterns, and a lot of uncertainty about how the future will look. We know about the jobs that have already been destroyed and those that are changing, and we know about the new jobs that have been created. What we do not know is how the destruction and creation process will evolve in the future. We find an increasing awareness that new employment patterns require governments to act in order to provide workers with new rights.

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One of the reasons for the popularity of the idea of a Basic Income is the recognition that in a more turbulent employment market in which stable and adequate earned income is more difficult to come by, a foundational level of economic security is bound to be helpful. We discuss the positive ‘flexicurity’ that Basic Income could help to establish, and the effects that Basic Income might have on wage levels, job quality, and the definition of ‘work’.

A question is often asked as to whether a Basic Income would reduce employment motivation, and we explore this issue from both theoretical and empirical points of view.

Diverse Employment Market Pressures Today

The Destruction and Creation of Jobs¹

Each time there is a wave of technological change, similar questions are raised about the future of work. Pessimists fear that robots will take all the jobs, leading to mass unemployment and a population too poor to buy the products of the new automated factories. Meanwhile optimists hold out seductive visions of a world with leisure and plenty for all, where automation frees us from routine chores, so everybody can release their creativity.

Employment levels in the UK (the proportion of people aged from 16 to 64 who were in employment) are at an all-time high of 75.8%, with the unemployment level (people not in work but seeking and available for work) having fallen to just 4.0% in January 2019 (Office of National Statistics 2019). So, are we facing mass unemployment or not? Here we are, nearly a decade after a major financial crisis that led to job losses, austerity, and waves of corporate restructuring, including bankruptcies, mergers and acquisitions, seeing the emergence of new winners, with new business models, and the birth of new industries, with new technological applications playing a key role.

If we take a broad historical view, this is actually quite a familiar story. We could look, for example, at the development of new industries based on the spread of electrical power and mass entertainment after the 1929 crash, or computerisation after the 1973 energy crisis, or the explosive growth of the

¹Some of the material in this chapter is drawn from blog posts by Ursula Huws: <https://ursulahuws.wordpress.com/>.

internet in the decade after the infamous 1987 Black Monday. Each of these technologies was also, of course, instrumental in displacing large numbers of jobs in older industries. And with each wave, livelihoods were irrevocably damaged, because the new jobs were not created in the same areas, or for the same people, as the old ones.

On the optimistic side are analysts who maintain that the current upheaval is best understood as a painful but temporary process. In their view, new markets generated by technological innovations will gradually re-absorb workers from obsolete jobs and create new high-wage employment opportunities (Avent 2017; Kaplan 2017). The pessimistic view comes easily to victims of change. If your income depended on looking after horses, then you would have seen the coming of the automobile in the early twentieth century as a direct threat. Even if you had a crystal ball that enabled you to see how many jobs would be created in the auto industry in the future, you might still have thought: ‘So what? How does that help *my* family?’ For every gleaming new factory in one part of the world, there are piles of rusting machinery in others, along with devastated lives and communities. Such ‘creative destruction’, as Schumpeter called it (Schumpeter 1975/1942: 81–86) is, surely, part and parcel of capitalism as usual.

Not only can each new wave of technological innovation create new jobs in different parts of the world: it can also create them under very different working conditions from the old ones. The job of an assembly-line worker in Detroit in the 1920s was very different from that of a rural stable-hand in Somerset, just as work in a washing-machine factory was different from that of a laundry-maid.

Obvious first targets for automation are processes where labour costs are high, usually because they require scarce skills or workers are well organised. So it is not surprising that skilled print workers were first in the firing line for digitisation, or auto factories for robots. New technologies such as robotics, 3D printing, and artificial intelligence, while dramatically increasing productivity (Bryniolfson and McAfee 2014), have reduced job security for skilled and unskilled labour in areas such as manufacturing, construction, transportation, and retail services (Heath 2016; Peterson 2016; Silverberg 2017; Smith 2016). In addition, major advances in deep-learning systems of artificial intelligence have begun to perform jobs that involve cognitive abilities once thought to be the untouchable domain of human intelligence, including medical diagnosis, translation services, legal research, and banking and financial services (Lohr 2017; Mukherjee 2017; Popper 2016).

The first companies to introduce innovations can make a killing—getting ahead of their competitors with a step change in increased

productivity. But such advantages do not last for long. Once the technology is generally available, it is open to any competitor to buy it at the lowest market price and copy the production methods. A race to the bottom is started, which can only be sidestepped by firms that continue to innovate. It is fanciful to imagine that it would be possible to populate the world's factories with 2017 state-of-the-art robots and then just leave them to get on with production. Leaving aside the question of how these robots are to be assembled and maintained, there is no conceivable business model that would make this profitable over any sustained period of time. A much more likely scenario is that vast new industries will grow up to manufacture these new means of production which, like today's laptops and mobile phones, will rapidly become obsolete and need replacing.

New industries and new working methods give birth to new service jobs, involved in the design, distribution, and maintenance of new technologies; and in the development and integration of intelligent software, in robotics, online education, virtual and augmented reality, genetic analysis and gene editing, the development of digital ledgers (blockchain) and new payment systems (cryptocurrencies), the use of big data and predictive analytics, and a host of other areas of growing relevance to post-industrial economies. As with previous rounds of automation, whole new industries are emerging to deal with the unintended consequences of the widespread adoption of new technologies, such as cyber-crime and new safety hazards. As society struggles to keep up with new forms of technology-enabled crime, more new jobs are created to deal with cyber-fraud, and to remove unwanted content from social media sites. All of this suggests that optimism might be in order in relation to the future employment market.

On the less optimistic side, one oft-cited analysis supporting this more precarious outlook indicates that approximately 47% of current jobs are under threat of displacement by automation in the next twenty years (Frey and Osborne 2013). Similarly, a recent analysis conducted by the global forecasting company, McKinsey, concluded that currently available technologies could 'automate 45 percent of the tasks people are paid to perform and that 60 percent of all occupations could see 30 percent or more of their constituent activities automated, again with technologies available today' (Chui et al. 2016: 1). According to this view, machine displacement of labour may not be just one more challenging but temporary transition: it might be a permanent and accelerating feature of post-industrial society that poses an unprecedented challenge to human welfare and social stability. A rather different conclusion can be drawn

when a task-based approach is taken rather than an occupation-based approach. A recognition that any particular occupation is constituted by a large number of separate tasks, only some of which are automatable, leads to a conclusion that only 9% of jobs will be automated out of existence (Arntz et al. 2016).

It might be that both the optimistic and the pessimistic views of technological unemployment have a degree of validity. Instead of asking ‘Will robots and AI take all of our jobs?’ perhaps we should ask: What will be the *ratio* of job destruction to job creation (especially for jobs that provide wages that promote economic security and social mobility) as the current suite of intelligent technologies continues to advance? We can also ask: What are the areas of physical, intellectual, and/or social-emotional work where human beings are likely to retain a cost-effective advantage over increasingly capable machines, and can our educational system be reconfigured to effectively train workers to perform these jobs? To the extent that the level of job destruction significantly exceeds that of job creation, and/or a large number of human workers lack the training or ability to perform jobs that cannot yet be efficiently done by a machine, new economic and social safeguards like a Basic Income are likely to receive increased attention.

Job Quality

There is some debate regarding the long-term impact of these changes on human labour (Ford 2015), and in particular about whether new technology will deliver better job quality. Unfortunately technology is being used, not to shorten, but to lengthen, the working day, with expectations of round-the-clock availability (Turner 2016). We might have thought that technology would take over the boring and repetitive activities, leaving the more creative and satisfying ones for human beings to carry out. That has not happened. Often it is cheaper to use human labour for the most mundane tasks, as evidenced by the growth of online platforms like Amazon Mechanical Turk that enables a dispersed human workforce to carry out micro-tasks deemed not worth automating, such as labelling colours, verifying fuzzily-scanned numbers, or clicking ‘like’ on corporate websites. Human labour is also used in warehouses, with workers instructed via headsets where to run, with every action timed and monitored. A visitor from another planet watching them at work might think that humans are servants of the technology, rather than technology serving the people.

Online Platforms

Current technologies do not just create new kinds of jobs, they also change the way work is organised, managed and controlled. Currently 2.7% of workers in the UK already get more than half of their income from online platforms (Huws et al. 2017: 26). These new organisational models do not just change the way existing jobs are managed: they also bring new areas of economic activity within the direct orbit of capitalism, for instance by drawing into the formal economy the kinds of cash-in-hand work done by window-cleaners, dog-walkers, baby-sitters, or gardeners. They may not be jobs in the traditional sense, but they are work, with the potential to be organised differently in the future, and they can form the basis of profitable new industries.

The variety of terms used to describe this phenomenon reflects a confusion in public attitudes. Phrases like ‘sharing economy’, ‘digital commons’ and ‘peer-to-peer networking’ reflect a utopian vision in which the internet enables individuals to connect with each other co-operatively, and to provide each other with services (and, using 3D printing, even goods) for mutual advantage. For some idealists, this is even seen as a way to bring about a post-capitalist society. Others, using terms like ‘workforce on demand’, or ‘liquid labour’, see it as a way of creating a just-in-time workforce, sometimes described as a ‘human cloud’ or simply ‘crowd’, that is available on tap for specific tasks. Terms like ‘crowdsourcing’ or ‘cloudsourcing’ link this concept to existing organisational practices of ‘outsourcing’ or ‘global sourcing’, whereby the world is scoured for the cheapest sources of appropriately skilled labour. Switching the focus from the needs of the corporation to the reality for workers, we find phrases like the ‘gig economy’, drawing on the experiences of workers in the creative industries to describe the reality of a working life made up of unpredictable hops from one short-term engagement to the next. At the aggregate level, ‘mesh economy’ and ‘platform capitalism’ are new coinages that struggle to capture the character of an interconnected global economy in which labour is increasingly organised via open market type relationships mediated by online platforms. Across all these different discourses runs a common theme: work is being changed irrevocably, and new legal and political frameworks will be needed to accommodate these changes.

It is clear from the evidence that crowd work is not only growing fast but spreading into diverse occupational areas. There are currently four broad types of platform that match clients with workers for paid labour.

These encompass: first, relatively high-skill creative and IT tasks that can be delivered electronically from anywhere in the world (*Upwork* is a typical example); second, lower skill repetitive online ‘click work’ that can also be carried out independently of location (*Clickworker* is a typical example); third, manual service work that is carried out on a customer’s premises (*Taskrabbit* is a typical example); and fourthly, work involving driving or delivery (*Uber* is a typical example)—and there is evidence that this model is spreading to other diverse areas including health services, teaching, legal services, and a wide variety of manual and maintenance tasks (Huws et al. 2017).

The gig economy must therefore be seen as part of a broader picture of the spread of a just-in-time workforce, also evidenced in the growth of zero-hours contracts, temporary agency work, and other new contractual forms, such as umbrella contracts, which blur the distinction between employment and self-employment. As the job for life, with a fixed occupational identity and clear employment conditions, is eroded, there appears to be an exponential growth in the numbers of people patching together a livelihood from multiple sources, paid by the task.

Micro-Control of Workers

Meanwhile, some of the practices of online companies (such as the use of ‘apps’ to summon people to work at short notice, record working hours, and collect performance indicators) are spreading into mainstream employment. Being monitored and paced digitally is not unique to manual workers or casual ‘click workers’. Nurses, teachers, truck drivers and software developers are just a few of the workers whose work is being cut up into quantifiable chunks, who have to work to numerical ‘performance targets’, and who have to log their working time using online ‘apps’. How is it that apparently liberating technologies seem to enslave workers ever more tightly to the demands and rhythms of the global economy? (Huws 2016).

The corporations that dominate the global economy have somewhat contradictory needs. They need a stream of new ideas to help them to stay one step ahead: and to provide these ideas they need bright, motivated, well-educated creative workers. But once these ideas have been implemented, the best way to stay competitive is to cut costs to the bone, minimise responsibilities to a permanent workforce, and find workers who can be deployed efficiently to provide only the tasks that are needed. Digital technologies make it ever-easier to manage these ‘just-in-time’ processes. But the flexibility they offer is all too often just for the employers.

For workers, it might mean being unable to plan ahead, because you never know when that smartphone will ping, summoning you to the next task (Huws 2017a).

Pressures Towards Enhanced Employment Rights

There are now signs that governments and the courts are waking up to the damage that some of the trends that we have outlined are imposing on our societies. In London, regulatory authorities have deprived Uber of its licence to operate (Transport for London 2017); and before that happened the same company was deprived of its right to regard its drivers as self-employed (Makoff 2017). A similar case has been decided in favour of self-employment in relation to Deliveroo, because its riders can ask someone else to undertake a job for them (Kenner 2017).

In the midst of this battle over employment rights in the UK, a long-awaited review of employment status has been published (Taylor 2017) which suggests adding an additional employment status: that of the 'dependent worker'. We already have two statuses: employment, which gives access to such rights as paid holidays and the National Living Wage; and self-employment, which does not. If the report's recommendations are enacted then the courts will need to decide between three statuses rather than two, thus considerably complicating their task. Other countries are already trying to cope with such problems, and particularly Italy, which suffers from a variety of sub-categories of self-employment. The overwhelming evidence is that when such new kinds of status are established they do not just result in reduced rights for the 'new' kinds of workers who fall under them but, even more importantly, the new provisions are then extended across the workforce to bring previously better protected forms within their scope, resulting in a worsening of conditions across the board. In other words, what they do is provide employers with a new tool for casualisation and the erosion of existing rights, whatever well-intentioned language purports to prevent this (Huws 2017b).

A New Employment Paradigm?

The developments described represent not just quantitative changes in terms of the numbers of people working in digitally enabled 'just-in-time' labour markets, but also qualitative changes in work organisation, with far-reaching

implications for skills, career development, occupational safety, health, and the sustainability of work in the long term.

Ever since the implications of the ‘silicon chip’ for work first penetrated public awareness back in the 1970s, commentators have prophesied the end of the twentieth century post-war model of stable, full-time, permanent employment. At first, attention focused on the deskilling effects of digitisation and the mass unemployment that might result from computerised automation. In the 1980s, attention shifted to the potential of communications technologies to relocate employment in the form of teleworking. By the 1990s, when global telecommunications networks were in place and the internet was born, the discourse opened up to encompass worries about offshore outsourcing of digitised services. Now, in the twenty-first century, there are similar fears: on the one hand, a resurfacing of concerns that the use of robots will destroy skilled jobs, and, on the other, apprehension about the implications of a development for which there is not yet even an agreed name: the exponentially spreading use of online platforms for managing work.

But how seriously should politicians take such prognoses? There have, after all, been four decades of scaremongering about the impacts of technological change on work. Yet on the whole, much employment has remained obstinately traditional in its form. According to Eurostat, only 15% of the European workforce is self-employed, a proportion that has changed little in decades. And less than 15% have a contract of limited duration. Might not this just be another case of crying ‘wolf’?

But perhaps this time we really are facing a sea-change in work organisation. This is not so much because an entirely new phenomenon is emerging (although it undoubtedly is), but precisely because of the cumulative impact of all the other changes that commentators have been noting over the past forty years. Sector by sector, occupation by occupation, company by company, disparate trends—standardisation, modularisation, an atomised workforce, the demand for constant availability, and the drawing into online platforms of formerly informal work—have reached critical mass, converging to produce a kind of snowball effect in which each change induces others, with the potential for generating an avalanche.

The important question in relation to this chapter is this: What kinds of social protection systems are suitable for workers who do not know from one hour, day or week to the next when they will next be working, and for how long? (Huws 2014) Perhaps a prior question is this: What kind of society, and therefore what kind of employment market, do we want to see emerge?

While advanced automation could pose a threat to human welfare by negatively impacting jobs and wages, it also has the potential to increase people's sense of freedom. As Marx (1858/1973) noted in *Grundrisse*, labourers freed from the need to produce goods and services by machines could devote more of their time to pursue self-development via art, education, and social and physical activities. This position was carried forward by Marcuse in *Eros and Civilization* (1955) and received contemporary expression by novelist and essayist Mark Slouka (2004) who famously observed that freedom from excessive work is 'requisite to the construction of a complete human'.

The ideal of freedom from excessive work has never been realised in practice even as more goods and services have been automated. This is because in order to enhance freedom from inordinate work, the goods and services produced by machines would need to be distributed freely or at little cost, which would be somewhat inimical to today's predominantly private sector economy. But this is no reason not to pursue the complementary goods of human freedom and security.

Would a Basic Income Be a Useful Response?

A number of suggestions have been made as to the changes required in developed countries' tax and benefits systems if people are to experience financial security in the midst of the changes outlined above: extension of employee status to wider groups of workers; introduction of social insurance credits for those whose labour market participation is intermittent; the introduction of special schemes for the self-employed; and the introduction of a Basic Income (Huws 1997: 47–50), which would provide a level of economic security for workers while maintaining the system of work incentives required for energetic capitalism. While not overtly challenging capitalism, a Basic Income would allow individuals the freedom to hold out for work that is meaningful and dignified, rather than accept any job, even if it is oppressive or degrading, in order to ensure their basic survival. Perhaps the most elegant definition of freedom is the ability to say 'no', including saying no to a dehumanising job, and for that word to have meaning.

Some of the problems that changes in employment status impose on workers, such as the absence of paid holidays for the self-employed, can only be ameliorated by changes in the law on employment status: but at least one problem could be ameliorated by the implementation of a Basic Income—and that is the problem of the financial insecurity that is often a consequence of employment market insecurity.

Flexibility may be perceived as autonomy, creativity, freedom of manoeuvre, responsiveness, convenience, adaptability or the ability to integrate activities from different spheres of life in new and mutually enhancing ways. On the other hand it may be perceived as precariousness, insecurity, contingency, marginalisation and instability. It may be experienced as chaotic and unpredictable, making it impossible for rational forward planning to take place and encouraging short-termism and opportunism.

Similarly, security may be perceived positively, as a precondition for mental and physical well-being, social stability, mutual trust between the social partners and the creation of a social and economic infrastructure within which it is possible for rational long-term planning to take place. It may also, however, be regarded as detrimental: as a form of rigidity which encourages dependence and bureaucratisation, imposes unacceptably high costs on the dynamic sectors of society and is the enemy of creativity and initiative. (Huws 1997: 13)

Labour market flexibility is of two kinds: ‘internal’ flexibility, meaning multi-skilling and organisational innovation; and ‘external’ flexibility, meaning temporary and part-time employment, home-working, on-call working, and subcontracted and casual labour. Means-tested benefits systems contain traps and barriers that, taken together, either discriminate against flexible workers, or create obstacles to entry into the labour market on a flexible basis. A Basic Income

- would make it possible for people to change their working hours flexibly and combine more than one job much more easily than at present;
- would give to freelance workers a more secure income stream; and
- would make it much easier to move in and out of education. (Huws 1997: 21, 37)

Above all, a Basic Income would provide a firm financial platform on which workers of whatever status would be able to build. A positive ‘flexicurity’ would be the result.

The Effects of Basic Income on the Employment Market

Would Wages Rise or Fall?

In the abstract, the relationship between a Basic Income and wage levels can be argued to be either positive or negative. Some argue, quite plausibly, that a Basic Income would enable people to be much choosier about which jobs

they would accept, giving them options to turn down exploitative wage rates and perhaps even providing them with the equivalent of strike pay to enable them to negotiate more effectively with employers without their dependents suffering.

An alternative view draws on the experience of the UK's means-tested Tax Credits (and now, Universal Credit) to point out that providing a means-tested income top-up is, in effect, a subsidy to employers who pay below-subsistence wages. These credits, therefore, represent a factor which causes wages to fall, and also, whether inadvertently or not, *increases* inequalities between those who rely on their wages for their livelihood and those who derive their incomes, directly or indirectly, from corporate profits.

It might be suggested that a Basic Income would also function as a wage subsidy. This would be the case: but it would also be true that a Basic Income would have less of a subsidy effect than means-tested benefits of the same amount. Because means-tested benefits are withdrawn as earnings rise, they act as a dynamic subsidy: that is, if wages fall in real terms, means-tested benefits might rise in real terms, increasing the wage subsidy. Because a Basic Income would not rise as earnings declined in value, it would have only a static subsidy effect, and would therefore not impose the same downward pressure on wages that means-tested benefits impose.

In order to ensure that a Basic Income did not cause wages to fall, it would be important to retain a National Minimum Wage when the Basic Income was implemented, and to increase it if possible. A thorough survey concluded that 'with sixty-four studies containing approximately fifteen hundred estimates, we have reason to believe that if there is some adverse employment effect from minimum wage rises, it must be of a small and policy-irrelevant magnitude' (Doucouliagos and Stanley 2008: 22): so to retain or increase a National Minimum Wages on the implementation of a Basic Income would not be a problem.

A further concern is expressed by social democratic parties and trade unions, especially in parts of continental Europe with a strong tradition of sector-level bargaining. They argue that a Basic Income's introduction would undermine their efforts to make employers pay into schemes that provide negotiated benefits, such as pensions, health insurance, or childcare. A Basic Income provided by the state would, they contend, shift the burden of paying for it from employers to the general taxpayer. To avoid this risk, it would be important to ensure that the introduction of a Basic Income would be accompanied by measures that would support trades unions' abilities to bargain with employers at company and sector levels for benefits for their members, by protecting existing company pensions schemes, and by other

measures that ensure that employers continue to contribute their share of the cost of social provision, for instance through employers' contributions to National Insurance.

Towards a More Positive Employment Experience; and Towards a Broadening of the Definition of 'Work'

For anyone on means-tested benefits whose Basic Income took them off those benefits, the judgement about what is or is not 'work' would no longer be made by a bureaucratic authority, but by the individual. If you wanted to live on very little and devote your life to art, music, prayer, blogging, archaeology, chasing an elusive scientific concept, conserving rare plants, or charitable work, that would be your choice. This would not just be good for those individuals, but would also be spiritually enriching for society as a whole. And it could result in an explosion of voluntary and community activity.

The labour market would become a little less one-sided. Employers might have to offer a bit more pay to entice people into unattractive jobs. Though, on the other hand, they might find people queuing up to fill the jobs that offered high levels of personal satisfaction and reward.

A Focus on Motivation

A significant question often asked is this: Would people stop working? That is, would people no longer apply for jobs on offer because they could live on their Basic Incomes?

Evidence from Experiments

(a) Psychological Research Providing Indirect Evidence

Various areas of psychological research provide indirect support for the proposition that a Basic Income would have a negligible impact on the work activity of recipients.

First of all, research on intrinsic and extrinsic motivation (Gagné and Deci 2005; Thomas 2009) demonstrates that individuals are motivated to learn and work by internal desires such as curiosity, knowledge acquisition, and expanding one's capacities, as well as by external rewards such as social

approval or monetary compensation. Similarly, research on 'competence motivation' (White 1959) or 'mastery motivation' (Pike 2009) suggests that a powerful reinforcement for actions undertaken by human beings, including their paid work activities, is an increased sense of competence in their environment, something that is unlikely to be diminished by a Basic Income.

In addition to competency-centred motivations, a body of research has examined the important role of work in promoting social relationships, social identity, and a sense of purpose and meaning, in addition to providing financial benefits (Kirk and Wall 2011). In a study of the phenomenon of 'unretirement', in which previously retired individuals decide to return to work, Maestas (2010) found that a sense of purpose, social engagement, and mental stimulation, were often cited as primary motivations for the decision to resume working, while earning money was rarely mentioned as the primary incentive. The meaning of work beyond its role in generating income is also reflected in studies of lottery winners. These studies reveal that a large majority of prize winners who exit their jobs have either returned to the same positions after a vacation period, moved to a different area of employment after receiving additional education or training, or shifted to self-employed work (Avery et al. 2004; Faraker and Hedenus 2009). We can conclude that most individuals who received a Basic Income would not exit or reduce paid work, and that most changes in labour market behaviour would involve temporary respites or transitions to new forms of employment.

On a theoretical level, Abraham Maslow (1954), a seminal voice within Humanistic Psychology, has argued that there is a hierarchy of human motivations that begins with having the basic necessities for survival (food, water, clothing, and shelter), extends to social and emotional goals of love, belonging, and self-esteem, and culminates in a desire for self-actualisation, or the full realisation of one's talents and abilities (Rogers 1963). Viewed from this perspective, individuals who are provided with sufficient income to meet their basic survival needs would not lose their motivation to work, but would continue to work to achieve goals at a higher level of human aspiration.

We can conclude that all of these empirical and theoretical sources emphasise motivations to work that are more psychological than financial: and presumably these would continue to drive individuals to work even if they received a subsistence-level income.

(b) Direct Experimental Evidence on Labour Impact

While psychological theory and research on non-pecuniary motivations to work are relevant to predictions regarding labour responses to Basic Income, more direct evidence is provided by empirical studies of cash transfer programmes that include one or more labour responses as outcome variables. We first of all study cash transfer programmes that are not Basic Income experiments—that is, the cash transfers might be withdrawn as earned incomes rise—and then we shall study specifically Basic Income experiments.

Cash transfer studies tend to report only small labour market impacts of the programme (e.g., modest or no reductions in average hours of work, labour participation rates, and so on). As one example, a World Bank report by Chaudhury et al. (2013) described a two-year cash transfer programme sponsored by the government of the Philippines. In this study, poor households with children under fourteen years old received cash grants every two months ranging from 500 to 1400 local currency units depending on the number of eligible children. The results indicated that households that received the cash transfer had a 3.1% greater drop in work hours at post-test than control households that were equally poor but did not receive the benefit.

In addition to reports from individual studies, three multi-study evaluations of labour responses to cash transfers have been conducted in an effort to identify trends across studies. Alzúa et al. (2013) evaluated three randomised control evaluations conducted by the World Bank and the United Nations in Honduras, Mexico, and Nicaragua. This work was later extended to include a set of seven randomised controlled studies in an unpublished paper by Banerjee et al. (2015), with neither paper finding notable impacts of cash transfer programmes on either the propensity to work or the overall hours worked. Finally, in a comprehensive assessment of labour response outcomes to cash transfer programmes, Gilbert et al. (2018) examined sixteen trials conducted in the past half-century in twelve nations in the developed and developing world with a cumulative sample of over 105,000 recipients, and found no evidence of significant reductions in either average hours of work per week or labour participation rates in response to these programmes. Specifically, across twenty-nine changes in either hours of work or labour participation rates reported in the set of studies, twenty-seven, or 93%, supported the prediction that a Basic Income programme would have a limited impact on work activity when the criterion was set at between a

2 and 5% decline in labour force participation, or less than a one to two hour reduction in a standard forty-hour workweek. In addition, of particular interest, was the fact that *increases* or zero change in work activity occurred in multiple programmes undertaken in developing nations (for instance, Bangladesh, Brazil, India, Namibia, and Uganda), and only modest reductions in work activity in similar experiments in developed nations such as the United States and Canada. As a possible explanation for this increased work activity, Schjoedt (2016) suggests that, rather than using the cash transfer to fund idleness and leisure, many recipients used the additional income to invest in goods that expanded their capacity for employment (for instance, a mobile phone to more easily communicate with prospective employers or customers, transportation to attend job interviews and meetings, clean clothing, and so on) or to purchase tools and commodities such as seeds, fertiliser, or yarn, that enabled them to shift from low wage paid labour to self-employed work activities. It would therefore appear that the current body of empirical findings from actual cash transfer programmes provides strong support for the prediction that Basic Income would not serve as a major disincentive to work.

Turning to unconditional cash transfers: Although neoclassical economic theory might suggest that labour supply would be reduced due to income effects (because non-labour income would have increased), Jones and Marinescu (2018) have identified the possibility of an increased employment effect due to the macroeconomic effects ('general equilibrium effects') in the case of Alaska Permanent Fund Dividend, which is a permanent, unconditional, and universal cash transfer, and therefore resembles a Basic Income. The positive effect has occurred because increased consumption, especially for low-earners, has boosted the macro economy in Alaska, thus expanding labour demand and employment. It means that if we consider not only the 'direct effect' or 'micro effect' of permanent, unconditional and universal cash transfers like the Alaska Permanent Fund Dividend on labour supply, but also the 'macro effect' on employment (first, labour demand, and then, labour supply), then we can conclude that this kind of cash transfer would have little or no effect on labour supply or employment. An analysis of the overall effect of the Alaska Permanent Fund Dividend shows that it has little impact on whether people participate in the labour market, and a small positive effect on the number of hours worked by part-time employees (Jones and Marinescu 2018).

A Negative Income Tax, while different from a Basic Income in terms of its administration, generates a similar relationship between earned and net income, and so should have a similar employment market effect. Studies of

Negative Income Tax experiments in developed countries have reported little negative employment effect (Marinescu 2018; Munnell 1986; Robins 1985; Widerquist 2005), while the genuine Basic Income pilot projects in India and Namibia have shown a significant and noticeable increase in the number and percentage of people involved in production activities (Davala et al. 2015; Haarmann et al. 2009). The following conclusions can be drawn:

- *Financial market development and financial accessibility problems:* Access to finance for low earners is more difficult than for higher earners, resulting in permanent debt, high debt burdens, and insecurity of daily life. This is common to all countries. However, advanced countries have developed more efficient financial markets than developing countries. So it is to be expected that people in developing countries will achieve more improvements in terms of enhancement of bargaining power, reduction of debt, opportunities for education and training, searching for better and more suitable jobs, and opportunities of new businesses, than those in the former, if a permanent, unconditional, and universal cash transfer or Basic Income is provided.
- *Money as a scarce commodity:* Through an analysis of the Basic Income pilot study in the Madhya Pradesh region of India, Guy Standing has shown that money was a scarce commodity in the region, and that monopolistic and asymmetric power relationships could be changed when money circulated well (Standing 2015). Based on this analysis, we can argue that Basic Income would yield an emancipatory value, which would have a positive effect on society as a whole, by breaking the existing monopolistic positions, especially in areas where money is scarce, and enhancing the bargaining power of socially and economically disadvantaged people.
- *The covering of additional costs and reduction of the burden of risk-taking:* If someone's status changes from not participating in the labour market to labour market participation, then they will confront various additional costs (commuting costs, care costs, additional costs for eating and drinking with colleagues) or the burden of risk-taking (for start-ups, businesses, and so on), so that regular and reliable non-labour income below the minimum level of consumption would have rather positive effects on labour market participation by covering additional costs and/or relieving the burden of risk-taking (as, for instance, in the Indian and Namibian Basic Income experiments, and in the 'transition paths from non-participation to part-time work' identified in the analysis of the Alaska Permanent Fund Dividend) (Jones and Marinescu 2018; Yi 2018).

Because advanced countries are more developed than developing countries in terms of various infrastructures such as financial institutions and systems, transportation, and social services, people in the latter need to take more risks than those in the former in relation to the failure of start-ups and businesses. Inversely, the potential for new promising opportunities for start-ups and businesses is greater in developing countries than in developed countries. Overall, the positive effects on innovation of a reduction in the burden of risk-taking must be greater in developing countries than in developed countries.

- *Extension of the time horizon and establishment of a long-term outlook:* Basic Income can lower the burden of working for livelihoods to the extent that it is paid, and it thus empowers people to the degree of their greater freedom to refuse jobs that are neither desirable nor desired, such as ‘bullshit jobs’ (Graeber 2018) and ‘lousy jobs’ (Goos and Manning 2007). Instead of being forced to work in bad jobs, Basic Income can give someone the power to invest in education, learning and training, and to search for and find jobs that suit them.
- *Economic growth:* Because income transfers from the high-income groups to low-income groups will promote the overall consumption in the society, due to the latter’s marginal propensity to consume being generally larger than the former’s, paying a Basic Income should cause economic growth, which would be another factor in increasing employment motivation.
- *Other positive effects:* Advanced countries have developed better public universal healthcare systems (not the case in the US), education systems, housing policies, and social services, than developing countries. In terms of health, education, housing, childcare, and eldercare, the additional positive expected effects that Basic Income can have in these areas will be greater in developing countries than in developed countries. Such improvements will have significant positive effects on the long-term dynamics of labour motivation, especially in developing countries, by improving health, human capital investment, child development through better parenting and so on (Bregman 2017: 25–47; Standing 2017: 217–246).

A Theory-Based Approach to Motivation

The neoclassical model of labour-leisure choice analyses the effects of particular policies (for instance, tax policies, welfare programmes, integrated

systems of tax and transfer, and so on) on the labour supply of specific individuals or households by identifying substitution and income effects. If we examine the effects of the transition from the ‘no social welfare’ or ‘no social security’ to Basic Income on labour supply, then income effects will work in a negative direction: that is, higher incomes will mean that more leisure will be demanded. It can be expected that the substitution effect will also work in a negative direction because increases in the rates of the existing taxes and/or the introduction of the new taxes for funding the Basic Income will mean that leisure will have a lower price in terms of lost wages (Yi 2018). But reality is not that simple. To analyse the effects of Basic Income on labour supply, the following should be considered.

- a. *Setting of objects of comparison*: Most advanced countries have developed welfare states, so they are far from ‘no social security’. Therefore, Basic Income policy should be compared with the status quo, namely, conditional social security, where social assistance, social insurance and social services programmes are already established rather than ‘no social security’ (Yi 2018).
- b. *The level of Basic Income*: Depending on whether the level of Basic Income is a full basic income (FBI), sufficient for meeting a minimum level of consumption in the society, or a partial basic income (PBI), below a full Basic Income, the effects of Basic Income on labour supply will vary. Assuming that the marginal tax rate applied to a particular individual is the same, if the person’s level of Basic Income increases (further assuming that there is no nonlinearity of income effects, or macroeconomic effects, described below), it is expected that the person’s labour motivation will be weakened, because the substitution effect remains the same, but the income effect works in a negative direction.
- c. *Policy design, individual heterogeneity, different sources of funding, and the disparate impacts resulting from them*: Basic Income is permanent, unconditional, universal, and paid individually and regularly. Existing welfare programmes may share some or none of these various characteristics of Basic Income. These programmes exhibit differences in payment periods (some payments have fixed periods, while others can continue to be received when people reach certain ages); conditions for receiving benefits, such as work tests, means tests, and contribution records; selection criteria, such as age and income; the unit of eligibility, assessment and payment (family-based or individual-based); and frequency of assessment and duration of payments in case of dropouts.

Particular welfare programmes have different income and substitution effects by recipients' income level. Existing public assistance recipients, characterised by a marginal deduction rate of 80–100%, sometimes over 100% when considering in-kind benefits, will be faced with much lower marginal tax rates if a nonwithdrawable Basic Income is paid. Thus it is expected that they will increase their labour supply, at least in terms of substitution effects. On the other hand, in the case of high earners who are net contributors to the Basic Income policy, even if they receive Basic Income, it is predicted that their total non-labour income will decrease more significantly. Income effects will work in a positive direction, but substitution effects will work in a negative direction. Thus overall effects will be inconclusive, depending on the relative size of those two effects on the person or household (Yi 2018). In the case of the income groups at break-even points, defined as 'the groups in which the total tax amount for the basic income payments is the same as the basic income payment under the assumption of unchanged labour supply' (Yi 2018: 203), the effects of Basic Income will be influenced by these factors: the prior propensity to consume (or work) of the particular person or household, and the gap between the Basic Income amount and the amount of additional income tax. The important and interesting point is that 'spreading effects' would be expected, so that those who have been working (too) long hours would reduce their working hours, and those who have been working shorter hours than they might wish would increase their employment hours (Yi 2018).

It therefore appears that how labour supply would change on the implementation of a Basic Income would depend on the current situation (tax rates, existing social security system, existing marginal tax rates, and so on) and on decisions made in relation to the funding of the Basic Income, which could affect tax rates, marginal tax rates, and the social security system. In general, the more we depend on labour income taxation to fund a Basic Income, the more likely it will be that labour supply will be reduced (Yi 2018: footnote 5). Interaction effects between the Basic Income and taxation, and between Basic Income and other expenditures, will need to be identified and analysed (Marinescu 2018).

d. *Nonlinearities of income effects*: In relation to the theoretical predictions that we have made on the basis of literature that employs the standard neoclassical model of labour-leisure choice, we need to recognise the possibility of nonlinearity or asymmetry of income effects. In other words, there are 'nonlinearity' cases in which an income effect does not increase or decrease linearly in proportion to the level

of non-labour income, or an income effect does not occur at a certain level of income but suddenly occurs at a certain threshold, or an income effect can abruptly jump at a certain level. Next, if the income effect appears asymmetrically between below and above the minimum level of consumption, ‘nonlinearity’ cases are significant. If the income (or consumption) of a particular individual or household is below the minimum level of consumption, they cannot make a living if they do not sell their labour power in the market as a commodity, so it is possible to argue that the income effect may be zero or inappropriate in this case. In addition, as described above, the transition from non-participation to participation in the labour market can lead to increases in various costs such as commuting costs, care costs, additional costs for dining during the lunch or supper break, and risks (for start-ups, business, etc.), so regular and predictable non-labour income below the minimum level of consumption can have rather positive effects on labour market participation by covering additional costs and relieving the burden of risk-taking (as in the Indian and Namibian Basic Income experiments, and ‘transition paths from non-participation to part-time work’ found in the analysis of the Alaska Permanent Fund Dividend) (Jones and Marinescu 2018; Yi 2018).

- e. *Macroeconomic effects:* As described above, if tax system reforms combined with Basic Income are superior to the current tax and benefit systems in terms of an effective redistribution mechanism, those policy reforms can generate positive macroeconomic effects or ‘general equilibrium effects’ through the income transfers from high-earners to low-earners, to the extent that they reduce income inequality in the society. This can be another factor for the possible positive effects of Basic Income on labour motivation.

Naturally, other approaches might be more appropriate than the approach above based on the neoclassical model of labour–leisure choice. For example, Pech (2010) has analysed the effects of Basic Income on workers’ intrinsic motivation and work efforts in a behavioural economics perspective. He has predicted that equilibrium points would shift towards a higher wage and a higher work effort in the case of a ‘bad job’ (a job that does not give people intrinsic motivation), through the decrease in labour supply at the same wages; and toward a lower wage and a higher work effort in the case of a ‘good job’ (a job that provides people with intrinsic motivation), through an increase in labour supply at the same wages (Pech 2010).

Conclusion

There are growing concerns that new technologies such as robotics and artificial intelligence may have a detrimental impact on jobs and wages for human workers. One proposal to cushion the impact of automation on human labour is to implement a Basic Income: a tax-free income paid directly by a government to individuals with no conditions. A central element of the controversy surrounding a Basic Income rests on a key psychological and motivational issue: While opponents believe that receiving a Basic Income would reduce or destroy recipients' motivation to work (the Work Disincentive Hypothesis), we have shown that studies in both psychology and economics reveal that, depending on the tax and benefits changes that accompany the implementation of a Basic Income, the effects of Basic Income on labour market participation can be positive for both workers and the economy.

We cannot predict with any accuracy how new technology will affect the employment market in the future. What we can say, on the basis of the research described here, is that a Basic Income would be positive for today's employment market, and that it would be positive whatever shape the employment market takes in the future.

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5

Social Effects of Basic Income

Jenni Mays

Introduction

Basic Income would have a profoundly transformative effect on people, communities and wider society, and specifically for people with disabilities. Conceptualising the social effects of Basic Income requires an exploration of deep normative considerations associated with social protection and societal transformation in order to highlight the essential tenets and moral values necessary for transitioning to a Basic Income. In progressing to a Basic Income, embedding social justice and social citizenship principles in constitutions and legislation would provide one way forward in the transition. A discussion of social effects cannot occur without referring to ideas of social justice and solidarity, and philosophical principles of equity, social citizenship, equality and social cohesion (Piketty 2014: 31; Raventós 2007: 65—and see section “[Conclusion: Basic Income, the Catalyst for Social Effects in Responding to Inequality](#)” of this book). As a unifying force, Basic Income has an inbuilt commitment to be a progressive vision and a central organising principle for transformational change. This position forms part of the vision underpinning both a strategy for restructuring the social (welfare) state (income support, health, social services), and a transition to an egalitarian society that responds to wider inequalities and impacts on people, particularly people with disabilities. The welfare state would be recon-

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stituted and reconfigured as a social state for a more progressive, democratic society, underpinned by egalitarian values for public or community provision of social services and programmes (Piketty 2014: 31, 307–308, 481; Raventós 2007: 65, 190).

Not all Basic Income advocates propose it as such a radical transformative measure (see Harvey 2006: 4). However, as part of an overall inclusive strategy, Basic Income's redistributive possibilities would enable it to be transformative at the social as well as the individual level (Raventós 2007: 190). Such a focus necessitates a reinvented social contract with the modern social (welfare) state, and this will need to be taken into account during the design and implementation phases of a Basic Income scheme.

Basic Income establishes the tenet that people would be free from conditional welfare, compulsion and paternalism, and enabled to engage in the wider activities of society. Basic Income, which goes directly to individuals (as opposed to family units or households), is freedom enhancing as it provides the means for people to be socially and financially independent from partners, other family members, or caregivers (Torry 2016a: 32). In the case of people with disabilities and women, the provision of a Basic Income would greatly reduce reliance on other family members, carers, or, in some cases, perpetrators of violence and experiences of subsequent poverty. Basic Income responds to power inequities within the household and beyond (Tomlinson 2016: 56; Torry 2016b: viii). This means Basic Income fosters greater socio-economic independence, encourages the social effect of empowerment, and strengthens social relationships through a greatly enhanced social cohesion.

Social effects are concerned with people's membership and empowerment in society, which supports full participation in social life, social interactions, and community. The social right of citizenship assumes a decent standard of living and wellbeing, together with equal worth and dignity for all. Poverty is inherently connected with social exclusion and disadvantage (Honkanen and Pulkka 2016: 61). Thus, the social dimension of Basic Income provides one way to establish an adequate social protection measure to ameliorate poverty and social exclusion. Inequality and poverty have social effects. As Wilkinson and Pickett (2009: 190) suggest, an unequal society affects people across all income levels, and as well as poverty it produces fractured social relations within families and communities, higher incidences of chronic health conditions, and increased crime and violence. Wilkinson and Pickett argue:

We need to find ways of ensuring that greater equality is more deeply rooted in the fabric of our societies and less vulnerable to the whim of successive

governments. We need to address the concentrations of power at the heart of [social] and economic life. (Wilkinson and Pickett 2009: 248)

Such an assertion calls for a Basic Income to ensure that new social protection arrangements are not solely based on financial effects, but that they should be social in nature to ameliorate the harmful social effects of inequality on people, communities and society.

Decades of austerity policies and neoliberalism have exacerbated social problems manifested in the form of precarity, free-market individualism, stagnant and declining wages, and unprecedented levels of inequality. Basic Income pilots in Namibia and India have shown the social gains of people working more collaboratively with each other in setting mutual goals that benefit not just the household but also the broader community (Widerquist 2013: 105—and see Chapters 18 and 19 in this book).

The three levels of social effects of Basic Income are the individual citizen; the community; and the institutional (social protection) and societal levels. Exploring the social effects at all three levels promotes an inclusive and sustainable Basic Income approach that has emancipatory potential. The embedding of preconditions and normative values supports the notion that social effects will occur, rather than be left to happenstance. This chapter explores these three levels of social effects:

- Citizen level: Greater social cohesion and non-stigmatising effects.
- Community level: Social cohesion, solidarity, and community spirit.
- Institutional (social protection) and societal levels for a democratic and egalitarian vision of a good society.

The social effects will be explored in relation to the case of people with disabilities. The connections between Basic Income and disability is under-researched. Historically, people with disabilities have been objects of policy and have experienced long-term exclusion from participating at all levels of society. As we shall see, Basic Income has the power to transform the lives of people with disabilities.

Citizen Level: Greater Social Cohesion and Non-stigmatising Effects

At the citizen level, Basic Income has the ability to forge increased social cohesion and to reduce stigmatising effects because of the absence of targeting of particular groups. The universal and unconditional principles of

Basic Income mean that everyone receives a payment based on their citizenship, not on the basis of conforming to an identified targeted group. It is the universality principle that supports the creation of social cohesion and collective social experience, and not merely individual gain (Torry 2016a: 32). Universalism in the social (welfare) state denotes the way rights to social protection (income security, public services) are grounded in social citizenship and permanent residence (Healy and Reynolds 2016: 5). Coverage of rights and justice extends to all members of society, rather than distinct groups in society. Hence, a Basic Income does not form categories that separate some groups from the rest of society, nor does it create distinctions on the basis of need or ability. Because it removes the necessity for distinguishing between groups, a Basic Income would promote stronger personal networks through greater engagement in all parts of social life (Honkanen and Pulkka 2016: 62).

A Basic Income would reconstitute hegemonic unequal social relations and structures and would align them with social justice norms and would challenge unequal social structures that run counter to universal and unconditional benefits. The power of reframing hegemonic and unequal social relations through Basic Income lies in its capacity to reconstruct individual and group agency, connections with society, and the way people exercise rights and power (Torry 2016b: 88–89). Poverty affects social inclusion. The constant pressure to survive financially, socially and emotionally, erodes a sense of dignity and worth and in turn connections to society (Honkanen and Pulkka 2016: 61). Social control of people who are disadvantaged and vulnerable in society (such as welfare to work requirements) reduces capacity. People's capacities are strengthened through having basic security and greater access to social services, employment or educational opportunities, social housing, and health care. Basic Income would assist this process. Social and economic equality would be enhanced by Basic Income's ability to help people to pursue their own interests and endeavours, as opposed to those imposed by coercive control of their activities. Thus, it is the universal and unconditional principles that allow for a right to freedom and personal development in the context of the broader common good.

A 'full' Basic Income would be sufficient to live on, whereas a 'partial' Basic Income would not be and would require means-tested benefits that reify existing regulations, conditionality, and categorisations, to continue. For people with disabilities, a full Basic Income would be the most useful, because there would then be no classifications or categorisations to separate the group from the general population (Mays 2016: 209; Mays et al. 2016: 210).

Case Study: People with Disabilities at the Level of the Individual

Disablism has been reflected in exclusionary practices across all levels of society, including socio-cultural, institutional, and interpersonal dimensions, and social policies that disadvantage people with disabilities and have excluded people with disabilities from society (Barnes and Mercer 2005: 539; Oliver 2009: 12). Restrictions prevent people with disabilities from engaging in the social life of the community and in creative activities (Barnes and Mercer 2005: 539). Basic Income, as non-exclusionary, responds to this problem by modelling social inclusion and calling for it in other fields, such as education (Lister 2008: 13). The unconditional nature of Basic Income, which applies no exclusionary, surveillance or control mechanisms to particular groups, would create relationships based on mutual trust and reciprocity, paving the way for more mutual, inclusive, and collaborative efforts. Social cohesion would be enhanced by these power-shifting and reconstruction activities (Lister 2008: 13).

Basic Income assumes social citizenship as a pre-condition for income support and service delivery (Mays et al. 2016: 208) and it understands social protection and social service provision in terms of a right, not as charity for the deserving, so it will be important that any Basic Income scheme should be designed to promote solidarity (Standing 2014: 325). Interdependence promotes a moral and civic commitment to inclusion and full participation in all aspects of the community and society, and active involvement in community activities promotes a sense of responsibility towards other members of society (Mays et al. 2016: 222). Top-down decision-making hierarchies are transformed under Basic Income to create collective community and political decision-making processes (Birnbaum 2012: 58). Basic Income would promote a sense of belonging, and possibilities for engaging in what the individual or community decide to be meaningful activities.

For people with disabilities, Basic Income would be inclusive, as there would be no classifications or categorisations to separate the group from the general population (Mays et al. 2016: 210). For people with disability, the non-stigmatising, universal and unconditional nature of the provision would mean that the payment would be a social and ethical right, rather than associated with job requirements or labour market participation (Birnbaum 2012: 68; Mays et al. 2016: 210). The provision of a payment, with no strings attached, and on which people could rely, would promote the worth and dignity of people with disability.

Since the 1970s the positioning of people with disability as equal citizens in Australia has been compromised by changes to the labour market and income support, and enhanced by entitlements to social services and a wider understanding of disability as a social expression of diversity. The enhancements continue to fail to adequately address the costs of disability to the person and their carers, or the range of possibilities for active citizenship beyond the labour market (Mays et al. 2016: 232). The dominance of neo-liberalism and free-market principles have had a profound effect on social cohesion and a sense of belonging, as it emphasises the pre-eminence of the individual positioned within a free-market economy and society. The encroachment of neo-liberal presuppositions into all aspects of social life has produced tensions with community-oriented approaches, which espouse the contrasting characteristics of collectivity and cohesion. A more fragmented community is the result (Birnbaum 2012: 71). As a universal provision, Basic Income would create inclusive and cohesive social relationships and a common good that would benefit all citizens rather than dominant group interests (Raventós 2007: 190). This would be significant for people with disabilities, given that marginalisation and inequality have been sources of social exclusion for people with disabilities (Oliver 2009: 9). Freedom and personal development belong alongside the right of citizens to the common good (Raventós 2007: 190). For people with disabilities, social connection is experienced in terms of non-market attachments, and it is constituted by activities of educational, cultural and political value, and other forms of social capital enhancing efforts that establish coalitions and networks (Birnbaum 2012: 71).

People with disabilities need not only to have opportunities to engage in the struggle for social, political, economic and cultural rights, but also to have access to opportunities to connect in a meaningful way to resources, including a decent income and the general life of the community (Birnbaum 2012: 73; Lister 2008: 8). Rather than using means-tested benefits to attempt greater equality, a Basic Income could promote both redistribution of income and rights and justice, particularly in terms of collective benefit. This speaks to people with disabilities who have long been objects of policy grounded in charitable notions and the concept of the deserving poor. Historically, disability income support policies tended to emphasise individual-functional limitations and medical criteria, with ideas of worthiness attached to the provision (Oliver 2009: 9). Social factors and impacts were not included in eligibility determinations. The exclusion of social factors narrowed the potential for greater social effects attached to citizenship and well-being outcomes, together with the potential for a social stake

(Lister 2008: 8). This has diminished the social dignity and sense of connectedness to the community needed by people with disabilities.

For people with disabilities, Basic Income would establish people as equals, and would free people to choose the type, nature and hours of work that they wanted, and would particularly free people with disabilities to pursue creative endeavours (Standing 2014: 18–19). The social effects would be profound. With Basic Income there is an emerging sense of the collective and vision for the future. Although Basic Income is an individual provision with an interest in personal freedom, it also has the capacity to promote social solidarity, greater social cohesion, cooperatively funded services, and collaborative decision-making and activity. This is the subject of the next section on community level impact of Basic Income.

Community Level: Social Cohesion, Solidarity and Community Spirit

Basic income responds to the quality of social relations at the level of the community. It functions as a catalyst for social and community change through strengthening social bonds and solidarity, developing greater cohesion, and redressing unequal power relations and an individualistic ethos. Basic Income principles shift the social relations of production to notions of communal projects, coalition building, and collectives (Birnbaum 2012: 73). This shift occurs through an emphasis on the social, whereby there is a greater reliance on citizens forming close ties to community (Raventós 2007: 190).

Modern conceptions of the community, informed by austerity policies and productive citizenship through welfare to work requirements, have reconfigured attachment to the community in the direction of productive capacity and individual self-reliance (Levitas 2012: 320). Basic Income provides an inclusive citizenship framework with ethical justifications, and contributes to developing capacities to transcend individual interests in order to generate an approach that promotes a sense of belonging in the community. A Basic Income that accompanied an explicit commitment to egalitarian, collective communities, would inspire collective solidarity and vision, and a community characterised by trust and respect (Birnbaum 2012: 73). People would find themselves free to live in a transformed egalitarian community that provided a deep sense of belonging together with an associated set of rights (social protection, Basic Income, healthcare, and education)

(Birnbaum 2012: 86). Social justice grounded in ethical priorities would thrive in this more egalitarian community, in which egalitarian values and practices would help to produce an egalitarian, just society (Birnbaum 2012: 86).

The transformative social effect of Basic Income would be seen in the way in which productive relations and interactions would be reconstituted into socially meaningful membership of the community. Rather than solely emphasise economic ideals, Basic Income would ascribe value to local initiatives to uphold social cohesion (social interconnectedness), inclusion, and meaningful activity (Birnbaum 2012: 86). A citizen's status would be derived from the principle of equality and connection to the community, rather than from relationships with the market and purchasing power. A 'productive' citizenship and market claims are based on the inequality principle, which fosters individual self-reliance, and can erode the commitment of citizens to cooperate socially through social endeavours (Birnbaum 2012: 86; Piketty 2014: 31). Basic Income represents the power to transform material and social independence and individualised goals into something more collective. It would create an environment in which the community could redefine what is most important at the local level and could undertake projects designed and implemented from within the community. This would foster social cohesion through freeing people to engage in community activities, such as supporting a neighbour, or helping out at the local market. Basic Income would help to embed an ethos of social cohesion (Birnbaum 2012: 86), collective reciprocity (Torry 2016b: 93), and democratic community (Birnbaum 2012: 6). Democratic negotiation and collective action would be enhanced, valued, and necessary for embedding mutuality, cohesion, dignity, community, and loyalty.

Case Study: People with Disabilities at the Level of the Community

For people with disabilities, a Basic Income would enable a renewed focus on universal social investment for the community, which in turn would inspire hope, and practices of caring, sharing, and repairing, as opposed to the threat of precarity (Van Parijs 1992: 6). People with disabilities require dignity for all to be *implemented*, and they need greater social cohesion that would enhance the ties and networks that create the fabric of the community. Birnbaum has captured the implications of the ideal of membership and collectivity for people with disabilities:

By connecting the right to basic social protection to membership of the relevant community rather than one's attachment to the labor market, the case for a Basic Income suggests a policy path in which social rights do not reflect and strengthen divisions between the insiders and the outsiders of the labor market. It offers an innovative strategy for the aims of expanding the opportunities of the least favorably positioned (in the labor market and elsewhere) while simultaneously reducing material inequalities and promoting personal independence. (Birnbaum 2012: 6)

Here, Birnbaum is alluding to the range of social rights and obligations, deriving from a community culture, which shapes and regulates the collective life of a society, in turn generating stronger social cohesion. But it needs to be set up as a deliberate strategy to maximise the possibilities for community- and egalitarian-oriented values. In contrast to a narrow individual, economic construction of relationship, within which disability and income support for people with disabilities have been constructed, a Basic Income would support the establishment of a broader interpretation of a system of social value underpinning social relations (Birnbaum 2012: 6). Community would become a pathway for coordinating and regulating behaviour through the embedding of social objectives and priorities. A Basic Income would give a social stake to people with disabilities who would otherwise have had no access to resources, nor inclusion in the everyday life of the community. A Basic Income would enable 'payment pooling', in which community members pool their money to buy community resources so as to form credit unions, produce markets, community lockers, and training workshops (Birnbaum 2012: 86; Jauch 2015: 343).

Evidence for these community social effects is found in the Namibian pilot project, where the Basic Income had emancipatory effects. There was an increase in public health through a reduction in child malnutrition, school attendance improved, crime declined, employment increased (Jauch 2015: 343; Kaufmann 2010: 39), and local markets were created that allowed for access to nutritious foods and that became a common point for meeting up (Jauch 2015: 343). People worked collectively once immediate needs were provided for. A sense of community spirit emerged, leading to higher levels of community activity, mutual social ties, and participatory community engagement and interaction (Frankel and Mulvale 2013: 435; Jauch 2015: 342). Rather than respond solely to individual goals, people worked collaboratively on collective, mutual goals, which raised their sense of wellbeing and their perception of hope (Jauch 2015: 342). This has profound implications for making sense of the social effects of Basic Income.

The community was empowered to engage in collaborative decision-making, and to provide information and education around use of the grant. Such community-led approaches can have greater social effects in terms of empowerment and instilling a sense of hope than state-led initiatives. Other experiments have exhibited similar community-level findings (Forget 2011: 290, 301; Frankel and Mulvale 2013: 435; Standing 2014: 18–19; Torry 2016b: 147).

For people with disabilities, who have had a long history of paternal control and regulation by the social (welfare) state, the fact that in Namibia connections were forged from the ground up, allows us to hope that Basic Income would provide greater freedom for people with disabilities to have control over the way they use the provision. The democratic social effects of Basic Income would open a space for people with disabilities to become more involved in community decision-making, community mobilisation, and building community cohesion (Jauch 2015: 343). People with disabilities can find inspiration in Basic Income's encouragement of community connections and extended networks relating to care and caring. Means-tested targeted provisions sever ties to the community and increase stigma for people with disabilities. In contrast, Basic Income, by strengthening community connections, a sense of hope, and social cohesion, offers a pathway for people with disabilities to participate in the activities and resources of the community.

Institutional and Societal Levels: Toward an Egalitarian Society

One of Basic Income's major social effect is in the way that it can equalise the distributions achieved by social protection schemes, and inspire the equalisation of other public provisions that would contribute to a democratic and egalitarian vision of a good society. A Basic Income helps set the foundations for a society in which people can have voice in being able to express their wishes and hopes (Birnbbaum 2012: 180). These social effects would be enhanced at the societal level through an explicit commitment to Basic Income and to associated citizenship rights that produce and reproduce social cohesiveness. Basic Income would not replace the social (welfare) state but would redefine and strengthen the social (welfare) state and the social contract between government and its citizens as it transformed broader society (Birnbbaum 2012: 180). It would provide a progressive vision

of the type of society we might want: one with strong social requirements in the social protection system, a moral commitment to human rights, and an adequate standard of living, which would be most effectively achieved by a full Basic Income, as this would do most to enhance both individual freedom and economic security. Additional mechanisms, such as constitutional embedding of the notion of citizenship, would help to uphold dignity and autonomy. As Birnbaum argues:

The relevant ethos is informed by a broader concern for solidarity-guided and basic autonomy-protecting dispositions, a number of powerful arguments become available for why a ‘Basic Income society’ would help generate its own support. Taken together, then, these arguments suggest that a politics of Basic Income – in the right normative context, and with the relevant supporting policies – can activate important mechanisms to help generate and support the civic virtues on which its stable realization depends. (Birnbaum 2012: 180)

Basic Income, in terms of a social stake, would alter power imbalances by supporting the transition of democratic power to citizens for the common good (Birnbaum 2012: 180; Standing 2014: 18–19). The provision, based on social citizenship, would redirect citizenship from productive usefulness to the citizen’s social inclusion.

A Basic Income could be implemented by any political community: a community, a nation state, part of a nation state, or a supra-national political unit (Van Parijs 2005: 10). In each context, Basic Income would promote social citizenship, inclusion, and rights, and would promote a moral shift from punitive measures like targeting, which result in stigmatisation and categorisations of vulnerable groups such as people with disabilities. It would also counter paternalism and emphasise egalitarian principles, which could engage people politically at the broader community and societal levels (Standing 2002: 216–217). Power would be transferred from conservative paternal welfare states to the community or political unit at supra-national level (Standing 2002: 216–217; 2014; Van Parijs 2005: 10). Additional social effects would result from the universal wealth sharing arrangements that would encompass all citizens, as opposed to social protection systems that permit inclusion in society as an earned right through the labour market (Birnbaum 2012: 180).

A Basic Income paid to a whole society would provide a pathway for cooperative and trusting relationships to be established, which would strengthen the cohesiveness of society. The principles of social justice and social citizenship that Basic Income represents would then support a more

inclusive society for all, particularly if the tax system were to be reformed in a more progressive direction at the same time. If Basic Income and tax reform occurred alongside social dividends from natural resources, there would be scope to transition to an even more sustainable, egalitarian and ecological society, that is, a society built on the common good and social inclusion (Birnbaum 2012: 197; Widerquist 2013: 105—and see Chapter 10 in this book).

Case Study: People with Disabilities at the Level of Society

Governments or supra-national political units have a responsibility for resource allocation and distribution, and therefore a role in providing an adequate level of social protection. By doing this through a Basic Income they could create a truly inclusive and sharing society with social benefits for people with disabilities. Basic Income would enable people with disabilities to feel socially equal to others, and would create an inclusive society for people with disabilities, which in turn would enhance their sense of hope and trust in relation to others (Standing 2014: 18–19). There has been a long history of people with disabilities not being afforded similar rights to other members of society. What is required is a relationship between disability policy and social justice, solidarity, freedom, and dignity, if we are to see an egalitarian society (Widerquist 2013: 105). Basic Income would help to achieve this, and would make rights meaningful rather than tokenistic. Even a small or partial Basic Income would go some way toward redressing poverty effects and toward greater autonomy and dignity. If set at a rate that is insufficient to account for additional needs, then there would be less change in the social dimension for people with disabilities. Because people with disabilities often require additional support with medical and transport costs in order to maintain an adequate standard of living, an additional grant with as many characteristics as possible like those of a Basic Income would need to be provided. This would assist with what Birnbaum (2012: 202) refers to as opportunity-equalising: that is, people with disabilities would have a sense of belonging and being valued according to their needs because they would have a payment set at a rate to account for additional costs or meeting basic needs that would be as unconditional as possible (Birnbaum 2012: 207).

A Basic Income has a role in restructuring income support policy in the transition towards an egalitarian society. The proposal is experiencing a resurgence globally and in Australia, in part due to growing inequities,

widening poverty, and loss of hope. A Basic Income would redress the problems caused by traditional targeted and conditional welfare responses to poverty, income inequality, and job insecurity, as it would provide a better way to ensure economic security and freedom and would also have social effects that would lead to the social citizenship, dignity and wellbeing of people with disabilities (Widerquist 2013: 105). A society underpinned by civic, democratic principles, could increase respect for the rights, participation and dignity of people with disabilities, and could help to build their confidence so that they could more easily engage in social and political interactions, which would in turn generate heightened mutual trust and collective wellbeing (Widerquist 2013: 105). Building on the social effects at the community level, Basic Income would help to create a sense of belonging and community spirit through changes to infrastructure, institutions, legislation, and policies, and by countering deprivation and hardship (Standing 2014: 29).

In order to ensure the sustainability of a Basic Income, shifts elsewhere would be required in order to shift society from market only solutions to a range of measures to ensure an egalitarian society: for instance, by devolving power. Basic Income as a response to structural inequalities, and economic and ecological crises, could create a powerful social effect, as it would redefine the nature of the social relationships of people with disabilities, with the nation state (traditionally authoritarian and conservative), and with others in society, and would shift attitudes towards egalitarianism and away from notions of deserving and undeserving (Mays et al. 2016: 232).

Conclusion: Basic Income, the Catalyst for Social Effects in Responding to Inequality

Basic income offers the potential for nation states to advance a fairer system and redress poverty and insecure employment (see Chapter 4 in this book). This would be emancipatory. Basic Income would simplify much of the existing benefits system, although additional provision would be needed to address particular needs (Piketty 2014: 41; Torry 2016b: 87), and additional measures would be needed to respond to broader structural inequalities in society (Piketty 2014: 41). Basic Income would need to be a part of an overall strategy that would lead to the reconfiguration of such currently unequal structures as the taxation system, labour markets, employment conditions, and such public provisions as adequate childcare social housing. Basic Income addresses categorisations such as disability by bringing people with disabilities within an overall social justice framework (Mays 2015: 107).

Reformist change tends to make insignificant or token changes to policy, so paternalism and unequal structures do not change, even if they manifest slightly differently (Gramsci 1977: 76). Where changes are made, they are not always for the benefit of all people, and particularly not for people with disabilities. In promoting stronger solidarity through its freedom-enhancing and freedom-preserving principles, Basic Income has the capacity to transform individuals, communities, and society towards the common good. Basic Income paves the way for realistic solidarity by severing solidarity from discourses of control, activation, and compulsion (Mays 2015: 110). A Basic Income would free people to explore their own creativities, interests and capacities (Mays 2015: 109). In the modern context where participation in society is defined in relation to productivity, particularly for people with disabilities in receipt of income support, a Basic Income would reconstruct society in terms of individuals having their basic needs met and participating as citizens in their own right. From this position, a key social effect would be that people with disabilities would not be compelled into insecure, under-remunerated and often exploitative labour (Mays 2015: 110). This in itself would be a route to a more egalitarian and democratic society built on a strong social framework.

Where capitalist society drives competition and unequal relations, a Basic Income would build cooperative (not competitive) interconnections. Disability social theorists, such as Oliver (2009: 9), have long argued that people with disabilities are interdependent, not dependent, and are reliant upon cooperative relationships, rather than individualised supports. Basic Income as a redistributive strategy would help us to move towards an egalitarian system that would promote social justice, improve quality of life, and enable both individual freedom and economic security to prosper. A Basic Income would help society to restructure income support policy in the transition toward an egalitarian society: and for people with disabilities, Basic Income would lead to an institutional change to social protection, and to a society that would be a meaningful expression of rights, freedom, and the social citizenship required for an egalitarian society (Mays 2015: 107). A Basic Income grounded in citizenship rights would prevent a return to the norm of targeting and reliance on entitlements (who is deserving and who is not deserving). Social citizenship would be the basis of the provision of Basic Income, rather than a proven disability (Mays 2015: 107). In shifting from targeted measures to a universal approach there would be increased trust and tolerance through a shared sense of solidarity and a collective stake in society. Wilkinson and Pickett (2009: 232) found that inclusive societies create trusting and cooperative relationships.

Basic Income represents an emancipatory reform, not just an ameliorative or prescriptive one. In upholding the pre-eminence of the social, over the economic, Basic Income would destabilise growing inequalities and precarity by offering a new vision for a good society and by redressing power imbalances. Growing inequalities globally are further perpetuating deeper level social problems, as evidenced by the way governments have been under pressure to respond to economic crises in highly prescriptive ways, often at the expense of social dimensions (Wilkinson and Pickett 2009: 219). Wilkinson and Pickett (2009: 232), as well as suggesting that the more unequal a society is, the greater potential there is for social impacts (and not just economic ones) such as the loss of social cohesion and the collective good: that is of the very fabric of our society. Where fractures are evident in cohesiveness, there is a greater propensity for pain, isolation, and marginalisation (Wilkinson and Pickett 2009: 213). They also suggested that increased inequality and disparity perpetuated greater levels of violence, crime, drug dependency, suicide, homicides, and imprisonment, with lower rates of social mobility and lower life expectancy.

The erosion of global safety nets and an over-reliance on austerity measures, exacerbated by inequality and poverty, have created diverse health and social problems such as homelessness, unemployment, insecurity, low wage growth, and poorer health outcomes in terms of infant mortality, mental health conditions, and life expectancy. The impact on social dimensions has led to reduced trust in governments, institutions and community (Birnbaum 2012: 18). With growing inequalities and precarity, there is decline of social cohesion and what Birnbaum (2012: 19) refers to as 'deliberative politics for the common good'. For Birnbaum and this author, the social effects at the individual citizen, community and societal levels are an important consideration in Basic Income debates. The social effects would emerge through establishing a Basic Income as one way of achieving a collective common good. The common good is understood to be the totality of the fabric of society that sustains social cohesion, coexistence, and interrelations (Flahault 2013/6: 773), and it comprises the range of social systems, institutions, and structures that function in solidarity with, and in such a way as to benefit, all people and groups, and particularly people with disabilities. For people with disabilities, Basic Income would create the preconditions of equality and dignity required for the needs and rights of all people to be respected across society (Flahault 2013/6: 773). Basic Income would support the vision of the common good by building the conditions from which the good of all people and the collective would be able to flourish. The transformative effect of Basic Income in building an egalitarian society would make

it an ideal policy instrument for democratising society through prompting social and civil rights, participation and solidarity, and the common good (Wilkinson and Pickett 2009: 232). Much of the debate underestimates the power of Basic Income in providing a much needed re-envisioning of society and its social dimensions.

It is the unconditional nature of Basic Income that would achieve all of this (Birnbaum 2012: 4; De Wispelaere 2016: 130; Widerquist 2013: 105), and it would need to be accompanied by, and would enhance, social justice, solidarity, the civic virtues of a democratic society, a sense of security, and hope. Above all, Basic Income would provide a foundational economic security (De Wispelaere 2016: 130). For many people with disabilities in poverty, the very act of surviving from payday to payday erodes their sense of self-worth and ability to contribute to society. Regular, ongoing Basic Income payments would remove chronic long-term stress and concerns around survival (such as how to pay for food, rent, and utilities) (De Wispelaere 2016: 130). The philosophical foundations underpinning Basic Income would be pivotal to building a society founded on the notion of a shared political space of social equals with shared power and expression (De Wispelaere 2016: 130). As Birnbaum (2012: 19) has noted, the widening disparities in wealth and income and burgeoning un/underemployment are prompting a resurgence of interest in Basic Income and are instilling a sense of urgency to redress poverty and injustice. On its own, a Basic Income can only go so far in democratising the space. However, it would generate social effects that would mean that Basic Income would contribute to transforming society.

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6

Some Effects of Basic Income on Economic Variables

Meghnad Desai and Ana Helena Palermo

Introduction

In this chapter, we address the potential consequences of the introduction of a Basic Income on some aspects of the economy. Our objective is to offer a theoretical-analytical framework to discuss the potential effects of Basic Income on a set of variables. We specify two forms of Basic Income, which differ in relation to the financing mechanism. Our conclusion is that the economic effects of a Basic Income will strongly depend on the mechanism that finances it.

Further, these economic effects will also depend on the level of the Basic Income. We elaborate three categories of Basic Income in relation to the amount paid. These different quantities of Basic Income lead to different effects on the amount of paid work done by the recipients as well as the unpaid creative work that they may choose to perform in their 'leisure time'. The first level of Basic Income is a 'partial' Basic Income, which is not enough to release an individual from dependence on full-time employment to meet basic needs, and so requires people to participate fully in the formal labour market. The second category is the 'freedom-enhancing' Basic

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Income, which enables citizens to achieve their basic needs without needing full-time employment. With this income, individuals can invest less time in paid work, but labour income is still required in order to survive. The last type is the ‘emancipatory’ Basic Income, which permits people to choose whether they would like to participate in the formal labour market or not. With such a Basic Income, if an individual chooses to invest time in the labour market, it is not because she or he needs it to survive, but rather because it expresses an individual preference for the investment of a certain number of hours in this kind of activity. The emancipatory level of Basic Income is defended by many activists, who would like people to be able to say ‘no’ to paid work and to plan their use of time in accordance with their genuine preferences without being biased by survival concerns.

All these levels are individually and contextually defined. A certain Basic Income may be emancipatory for one individual, but partial for another. The effect will also depend on the level of prices in the region in which a person lives, and on personal preferences, which in turn will depend on many other social, cultural, political and gender aspects.

In much discussion about the economic effects of Basic Income, the notion that if you give people more money then they will immediately do less paid work (in the limit not at all) plays an important role. This view implies that people work solely to achieve a target income or consumption and ignores the non-pecuniary aspects of paid work. People are also guided by non-pecuniary motivations, which may be independent of the amount of income they receive. Besides, someone’s target level of income may be changed by the need for new consumption goods or by changes in tastes or family size. Besides, not all work that is essential for the maintenance of individual and social welfare is paid. Unpaid work can be found within many activities which are essential for social and economic development, like cooking, cleaning, child care, and care for the elderly—mostly performed by women—and in voluntary activities in the neighbourhood, in the local political party, or with the children’s school. Therefore, when we model individual economic behaviour, we assume that time not spent on paid work is not just used for leisure, but also for unpaid work. We specify a variable called unpaid time to represent the sum of both leisure time and time spent on unpaid work. We discuss the effects of the two types of Basic Income financing on consumption and on this unpaid time. We also assess their effects at the aggregated level, on aggregate consumption, on Gross Domestic Product (GDP), and on income distribution.

The remainder of the chapter is organised as follows. In the next section, we present each Basic Income financing mechanism and the individual

utility maximisation problem that we use in our evaluation. Then, in the third section, the economic effects of the two financing mechanisms are discussed. In the last section, we draw final conclusions and make recommendations for further research.

For readers comfortable with mathematical expressions of economic realities, asterisks in the text alert the reader to the presence of relevant equations in the appendix.

Modelling Different Funding Mechanisms

When we analyse different Basic Income proposals, we discover various ways through which Basic Income could be financed: money creation, and different forms of taxation, such as consumption taxes, Value Added Tax (VAT), income taxes, capital taxes, resource taxes, robot taxes, and taxation on financial transactions. However, it is important to note that ‘in most of the cases, the funding is part of the general income tax scheme’ (Van Parijs and Vanderborcht 2017: 287) and that ‘because of various privileges granted to income from capital, taxing personal income has increasingly become close to equivalent to taxing labour’ (Van Parijs and Vanderborcht 2017: 134). Aware of this phenomenon, the economist James Meade (1989) suggested that the state itself should become ‘the beneficial owner of a part of the country’s income-generating capital resources’ and should use ‘the income earned on this capital wealth to finance the payment of a social dividend to all citizens’ (Meade 1989: 28). Others have suggested less radical methods, such as the public ownership of natural resources and the use of revenues derived from these, and from such other resources as intellectual property, for the payment of a dividend.

No financing scheme guarantees the sustainability of a Basic Income scheme. However, finance based on income tax seems to be among the most viable forms, and most detailed proposals include such taxation in their design. A dividend financed by sources external to labour income appears to be the second most frequently suggested method for financing a Basic Income, and among those sources we might count capital, robots, natural resources taxes, and the proceeds from state-owned funds. Therefore, in this chapter we focus on two generic forms of financing, one directly dependent on labour income, and another which is external and independent of labour income.

The first financing scheme that we analyse is an income tax scheme. A Basic Income financed by an income tax can be treated theoretically

as if it was a Negative Income Tax (NIT) as both Basic Income and NIT are analytically equivalent (Barr 2004: 233), as ‘the ultimate effect on the individual’s disposable income would be virtually the same’ (Yunker 2013: 205). However, that is where the similarity ends. NIT involves lower total transfers than Basic Income (Tondani 2009: 247): but Basic Income has an epistemological advantage (Tondani 2009: 254) as it ‘is a citizenship entitlement, not a welfare handout to the needy’ (Desai 1998: 123), it is paid to all upfront, and it is not received as a fiscal credit ex-post, as NIT is (Suplicy 2000). And administratively there is a significant difference. NIT is administratively complicated to implement, as it involves a different calculation for each individual, with the amount paid depending on earned income; and because administration involves both employers and the government, the result is ‘administrative complexity, incentives and disincentives of various kinds, bureaucratic intrusion, and stigma’ (Torry 2017: 3).

As a significant context for the discussion that follows it is important to be aware that poverty traps—which can be defined as the situation in which more impoverished individuals or households face higher marginal tax rates than others in higher income brackets because of implicit taxes on their benefits (Barr 2004: 225)—are not necessarily extinguished by unconditional incomes. To enable poorer households to escape from poverty traps it is essential to design a Basic Income scheme in which the net benefits are higher for the lower income deciles than in a conditional system: otherwise, all that might be happening would be a change from implicit to explicit taxation. In this sense, the analysis of the interplay between the taxation system and the Basic Income paid is important to evaluate if poorer households are to be better off and poverty traps are to be diminished. One method of helping to achieve this would be to revise current benefits systems so that benefits are withdrawn more slowly (Barr 2004: 240).

The exercise that we do in this chapter abstracts from the existence of means-tested and other kinds of benefits in the ‘before Basic Income’ scenario. Our initial scenario represents a pre-existent income taxation system with a tax allowance and with no income redistribution.

Basic Income Financed by Flat Income Tax*

We assume that if a Basic Income is to be implemented, it will demand an additional tax burden on labour income, and in this case we assume a flat tax rate, without a tax allowance, meaning that individuals would pay the same additional proportion of taxation, independently of their income

level. We also assume that income from paid employment might suffer an adjustment after the introduction of Basic Income, because of the additional income tax. So, the only difference between the taxation system before and after Basic Income is the additional flat tax, which is introduced to enable the financing of a Basic Income. With this model, we do not imply that a flat income tax is the only way to finance a Basic Income. The additional tax could also be formed, for example, by progressive marginal tax rates. We choose the flat tax schedule to illustrate an example in which every individual in the income distribution would have the same additional marginal explicit tax burden. However, if the flat tax is calculated together with the Basic Income, then the average income tax will form a progressive schedule.

Household Income*

Incomes of households both before and after Basic Income will depend on the income levels of those who belong to households and on the taxes on this income. Before Basic Income, total household income will be the sum of the incomes of each member of the household minus the income tax paid by each member of the household. After Basic Income, the total household income will be a result of the sum of the Basic Income paid for each member plus the sum of the adjusted incomes of each member minus the paid income tax.

Required Tax*

The amount of tax collected for the introduction of a Basic Income is, in this case, the difference between the total tax revenue under a Basic Income scheme and the tax revenue without it. The amount of extra tax collected will depend on how individuals react to the introduction of Basic Income, that is, on how they adjust their income when faced with an additional tax burden. If the adjusted incomes do not differ from the previous ones, then the tax collected for Basic Income will depend solely on the flat income tax rate. If adjusted incomes do differ, then the aggregated amount collected by the flat tax might be lower or higher than the aggregated amount needed to pay the Basic Income for all individuals, depending on how the levels of adjusted and previous incomes are different from each other. So, depending on how individuals react, this Basic Income system may be neutral, or might result in a deficit or a surplus in the government's budget. However, note

that even if some individuals do work fewer hours, it will still be unlikely that households' incomes after Basic Income will be less than before.

Basic Income Financed by Sources External to Labour Income

The second financing mechanism is a source for the Basic Income which is external to labour income. Here we assume that a Basic Income in the form of a social dividend is paid to residents based on taxes levied on the use of natural resources, on revenues of state-owned funds, or on the taxation of capital: for instance, in the form of robot taxes. The central point here is that financing is not directly dependent on taxation of labour income and is, therefore, external to it. One of the fundamental ideas here is the decoupling of income and work: that one has the right to a certain amount of income independently of time invested in paid work. This argument is reinforced when we observe developments such as the digitalisation of the economy and new dynamics in the labour markets that lead to increasing job insecurity and exclude an increasing number of individuals from the social protection provided by formal and secure employment. Besides, the proceeds of production have increasingly been accrued to capital rather than to labour in the last few decades, and there is an argument for redistributing some of those proceeds. Because financing of the Basic Incomes is external in this case, we just add the Basic Income to the individual's budget.*

The Individual Utility Maximisation Problem*

A significant issue is Basic Income's effect on consumption and hours worked. In standard economics, the behaviour of an individual (or household) concerning consumption and work is modelled in terms of utility maximisation. This is an approach that is widely used by economic theorists as well as policymakers.

We can model the situations of the two funding mechanisms for Basic Income. The initial position, before Basic Income, is income taxation and no redistribution of income. If Basic Incomes are to be funded by income tax, then the situation after Basic Income contains Basic Income and an additional flat income tax. If funding is to be external, then the situation modelled contains Basic Income and only the original income tax. In all three cases, an individual divides time between paid working time and unpaid time.

We make a standard assumption that an individual's demand for a specific good is a function of the individual's affinity to this good, the price of the good, available income, and a subsistence level for the good: that is, we assume that no-one can derive 'utility' from consuming a good unless the amount of the good is above a bare minimum. We assume that there are two goods, consumption and unpaid time. Minimal levels of both have to be reached, and after that an individual might wish to substitute one good for the other. The available income is defined by paid working time multiplied by the wage level and discounted by the taxation, plus the Basic Income. If for an individual their Basic Income does not enable consumption at subsistence level, then we would expect them to invest time in paid work until the required amount of income has been achieved, and only after that will choices be made between consumption and unpaid time.

We find from our equations that the total amount of both consumption and unpaid time are dependent on the subsistence amounts of consumption and unpaid time, and on individuals' affinities to each of consumption and unpaid time, and that each of the two goods is negatively related to the subsistence amount of the other. We also find that Basic Income has positive effects on both consumption and unpaid time.

Potential Effects of the Different Financing Mechanisms

Consumption and Unpaid Time (Individual Level)*

In the case of an emancipatory Basic Income, the subsistence level of consumption equals the Basic Income. In this scenario, we find that consumption beyond the subsistence level will depend on the preferred allocation of time to paid work. We also find that the amount of unpaid time is independent of Basic Income under this assumption. So, in this situation, the total level of unpaid time would be defined by the amount of it required for subsistence, plus a discretionary amount, determined by individual affinities. An emancipatory Basic Income would give to a person full access to subsistence needs, so the trade-off between consumption and unpaid time would be independent of Basic Income in this case. However, if this Basic Income was to be funded from extra income tax, then the additional tax burden would have a potentially negative effect on both unpaid time and consumption, depending on how individuals decide to adjust their income.

With an externally funded Basic Income, no additional negative effect would be expected.

There are two other levels of Basic Income, which are interesting for the discussion on consumption. With a 'partial' Basic Income, if an individual invests their total available time in paid work, then the resulting labour income together with taxation and the Basic Income will either be lower than subsistence consumption or will manage to reach it. The Basic Income is called 'partial' because it helps an individual to come closer to or to reach subsistence consumption, but it is not high enough to enable the individual to trade-off, even partially, between unpaid time and consumption.

Concerning this 'partial' Basic Income, the effects of the two financing mechanisms would not differ from each other, because in this scenario individuals would invest the total amount of available time in paid work independent on the amount of taxation, as they are dependent on labour income to achieve minimum consumption or to come as close to it as possible. Nevertheless, in the case of labour income tax-financed Basic Income, the taxation would be higher than in the externally financed one, meaning that, for the same level of Basic Income, with the income tax-financed scheme the disposable income (—income available to an individual or household after taxation and income redistribution) would be lower than with external funding for the Basic Income.

Additional to the 'emancipatory' and 'partial' Basic Income levels is the 'freedom-enhancing' Basic Income, which enables an individual to trade-off at least some of their time between employment and unpaid time. In this case, if labour income, minus taxation, plus Basic Income exceeds the minimum consumption, and the Basic Income is lower than minimum consumption, then the paid work time will be the result of total time less minimum unpaid time and a discretionary amount of unpaid time. This discretionary amount represents the additional amount of unpaid time an individual could win with this Basic Income, if it is a preference of theirs. Another option would be to increase consumption, adding a discretionary amount to it.

As for this 'freedom-enhancing' Basic Income, the internally and externally financed Basic Incomes differ concerning their effect on paid work time. Since with this Basic Income, an individual begins to trade-off at least partially among consumption and unpaid time, there is the possibility that the extra taxation of the internally financed Basic Income will have a negative effect on labour supply, that is, on paid work time. Anyway, with this Basic Income, individuals will have the possibility of working less, if this is their preference. That means that even the externally financed Basic Income

might, in this scenario, result in a decrease in labour supply, because the ‘freedom-enhancing’ payment enables those who want to decrease paid work time to do so. The internally financed Basic Income might generate an even stronger disincentive effect because of its larger tax burden.

Consumption and GDP (Aggregate Level)

The step from an individual to an aggregated evaluation of results can follow different logics. An economist who dedicated much attention to this issue was Lawrence R. Klein, who in 1948 set himself ‘the objective of obtaining from the marginal conditions of utility maximisation, with demand functions that are linear in relative prices and income, a “true” index of the cost of living’ (Klein and Rubin 1947; Visco 2014: 613): that is, of scaling up the logic from an individual to a society. However, at the beginning of the 1990s, Klein again discussed the relation between micro and macro, and defended the idea that macroeconomics stands on its own as a subject and cannot be derived from microeconomic general equilibrium systems (Klein and Park 1993; Visco 2014: 614), apparently questioning the perspective that he earlier presented. This means that he had rejected the assumption of a representative agent, had found deficiencies in aggregation methods based on the assumption of a representative individual, and had called attention to variations among groups of agents.

Following this line of thinking, we take account of variations among income levels, and we do not make use of the representative agent assumption to discuss the potential effects of a Basic Income on aggregated consumption. Instead, we use the concept of the marginal propensity to consume (mpc). This is the ratio between the marginal increase in consumption and the marginal increase in income, and it measures how consumption increases in response to an increase in income. If we assume, for instance, that individuals with different income levels have the same mpc, then the aggregate additional effect of an income tax-financed Basic Income scheme on consumption compared to the initial situation would be zero. However, if we assume that mpc declines with income—that is, if people consume less in proportion to their income as their income rises—then we would expect that the aggregated effect would be positive. This is because we can assume that if an income tax-financed Basic Income were to be implemented then some income would be transferred from individuals in higher income brackets to individuals in lower income brackets. If the latter had a higher propensity to consume than the former, then we would expect aggregated consumption to increase in this case.

The variation of mpc among income levels is an issue that has been extensively discussed. There is evidence that propensity to consume is lower for households at higher income brackets (Corrales and Meijia 2009; Duesenberry 1949; Frank 2008; Dynan et al. 2004). For instance, the Roosevelt Institute studied macroeconomic effects of three versions of unconditional cash transfers (Nikiforos et al. 2017). One of their results is that ‘even when the policy is tax- rather than debt-financed, there is an increase in output, employment, prices, and wages, because the households that pay more in taxes than they receive in cash assistance have a low propensity to consume, and those that receive more in assistance than they pay in taxes have a high propensity to consume’ (Nikiforos et al. 2017: 3). Therefore, one may expect that the aggregated effect of the Basic Income scenario compared to the before Basic Income scenario will be positive in relation to aggregated consumption and, therefore, the level of GDP. However, there is no evidence for an increase in GDP growth rates in the medium to long term. One question that remains in the income tax-financed Basic Income scenario is how individuals would adjust income after the introduction of the new taxation and the Basic Income. The effects on consumption would to some extent depend on these adjustments and on the direction that they took for each income level.

For a Basic Income paid for externally, the income of every individual would rise by the same absolute amount, the amount of the introduced Basic Income. As this Basic Income would be externally financed, there would be no negative effects on income for any of the income levels: so the effect on aggregated consumption would depend on how individuals in different income levels reacted. It is to be expected that aggregated consumption would increase, as discussed above. So, in this scenario, we would expect only positive effects on aggregated consumption and GDP.

Income Distribution and Poverty Alleviation

The effects of Basic Income on consumption and GDP will affect income distribution. When evaluating income distribution, we need to know who the net winners would be, and who the net losers, in relation to the two Basic Income policies. Here we use the Gini coefficient: a measure of inequality that we can use in the absence of the kinds of specific data that other inequality indices require. Furthermore, for the sake of this exercise, we assume that all other factors like time allocated to paid work and unpaid time remain constant for everyone.

With a Basic Income funded by income tax, the Gini coefficient for income inequality would decrease because there would be redistribution from higher incomes to lower ones, so the distance between them would diminish. As for the externally funded Basic Income, here the Gini coefficient would remain unchanged, because the increase in income would be equal for all income classes, not affecting the distance among them. Here it is important to note that these conclusions are based on a one factor model, which accounts for labour income, and which abstracts from capital income.

Poverty reduction can be better understood with the use of the income distributions in Figs. 6.1 and 6.2, in which disposable income stands for the

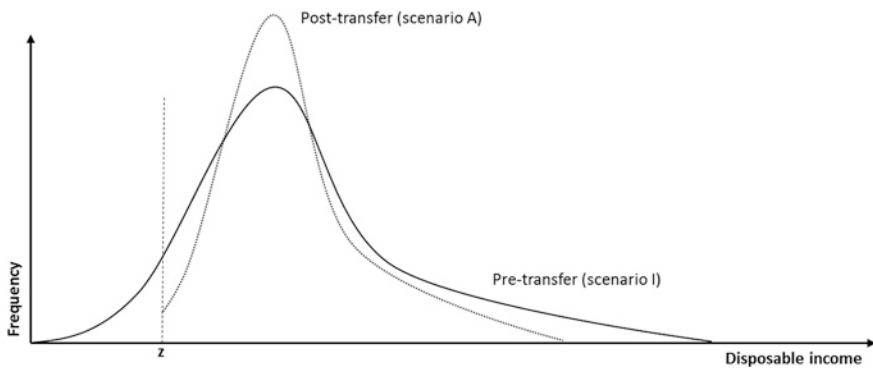


Fig. 6.1 Income distribution in the initial scenario and with a basic income funded by income tax (Graph constructed by the author, Ana Helena Palermo. For the method, see Creedy [1996]. Scenario I is the initial situation; scenario A is the Basic Income scheme funded by income tax)

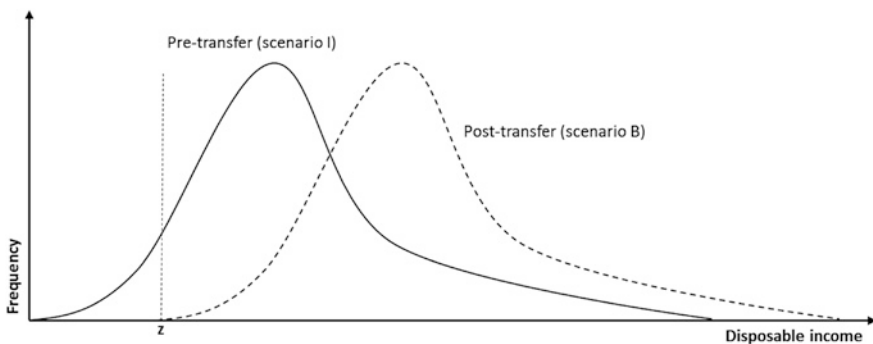


Fig. 6.2 Income distribution in the initial scenario and with a basic income funded externally (Graph constructed by the author, Ana Helena Palermo. For the method, see Creedy [1996]. Scenario I is the initial situation; scenario B is the Basic Income that is externally funded)

income available to an individual or household after taxation and income redistribution, and frequency stands for the number of individuals or households with a certain level of disposable income.

Figure 6.1 shows the Basic Income funded by income tax (post-transfer, scenario A), and Fig. 6.2 the Basic Income funded externally (post-transfer, scenario B). With the Basic Incomes, no individual has an income below the level of the Basic Income—point z on the horizontal axis—so there are no points on the Basic Income scheme curves to the left of z . Therefore, if z is set above a socially defined poverty line, poverty would be eliminated.

In Figs. 6.1 and 6.2, we can see that distribution post-transfer would be different for the two post-transfer scenarios. For a Basic Income funded by labour income tax, the form of the curve would change, as the relative positions among income earners would change. The effect is a compression of the income distribution by reducing the numbers of individuals in both tails (that is, the standard deviation (σ) decreases). For the externally funded Basic Income, the curve would remain the same shape but would shift to the right as a consequence of the additional amount of disposable income, which would be the same for all individuals.

This exercise is just an estimation of what could be the effects of both Basic Incomes on income distribution. We are aware of its limitations. One of them is the exclusion of the potential effects of Basic Income on the time allocation of each individual, which in turn would also affect the income distribution. The aim here is to give an illustrative example of how one might conceptualise the interaction between different Basic Income schemes and possible changes in the income distribution. We also wanted to emphasise the fact that the effects of Basic Income on distribution might differ considerably for different funding methods.

Final Remarks

This chapter has aimed to discuss the effects of two stylised types of Basic Income on selected economic variables. Writing about the economic effects of Basic Income in a general way is a challenging task. Many of the critical economic effects will depend on contextual particularities, which were not considered in this chapter. To these particularities belong the political system, the institutional environment, existing social benefits, and how those benefits might be or might not be substituted or adapted if an unconditional Basic Income were to be introduced. Further, social,

cultural and ethical values would also play an essential role in how Basic Income might affect economic outcomes. Aware of the importance of these factors, we have focused on the development of a theoretical-analytical approach that is potentially helpful for the evaluation of the effects of different types of unconditional Basic Incomes in different political contexts. Therefore, we hope that our analytical approach is helpful to those who are evaluating specific programs or designing concrete reform proposals.

Among our suggestions for further research is the inclusion of variables such as money and capital stock into the models that we have presented here, and also a theory of the evolution of these variables (Klein 1965; Visco 2014: 613). Also, the analysis of models in which other agents such as firms and banks are included might be helpful for further insights on economic effects. Another suggestion for improvement concerns the methods through which welfare can be measured. The meaning of welfare and its measurement in economics has generally been narrowly connected to a pecuniary understanding of well-being, a logic which emphasizes indices like GDP and the Gini coefficient. Other components of wellbeing like 'health, employment satisfaction, close personal relationships, religious faith, and active community participation' (Jordan 2010: 2) would also play a very important role in relation to life satisfaction, and could be both found in the time spent at paid work and in unpaid activities. The indices commonly used in economics to discuss well-being should be accompanied by these other components.

Mathematical Appendix

Basic Income Financed by Flat Income Tax

Taxation

The income taxation before the Basic Income is implemented is represented by Eq. (6.1), in which income taxation begins when a threshold (\bar{y}_1) has been reached. The marginal tax rate is represented by τ_1 and is modelled as a flat tax to simplify our analysis. We do not ask what this tax is used for, and we abstract from possible benefits and redistribution. We assume that if a Basic Income is to be implemented, it will require an additional tax, which is represented in the second equation by τ_2 . This term stands for a flat

tax rate, without a tax allowance, meaning that individuals would pay the same additional proportion of taxation independently of their income level. y represents the gross income level in the ‘before Basic Income’ scenario, and \hat{y} represents the gross adjusted income level in the ‘after Basic Income scenario’.

(a) Before Basic Income:

$$\tau(y) = \tau_1(y - \bar{y}_1) \quad \text{Income tax function before Basic Income if } y > \bar{y}_1 \quad (6.1)$$

$$\text{If } y \leq \bar{y}_1, \tau(y) = 0$$

$$\tau_1 > 0$$

\bar{y}_1 is the level at which the tax rate starts.

(b) After Basic Income:

$$T(\hat{y}) = \tau_1(\hat{y} - \bar{y}_1) + \tau_2\hat{y} \quad \text{Income tax function after Basic Income if } y > \bar{y}_1 \quad (6.2)$$

$$T(\hat{y}) = \tau_2\hat{y} \quad \text{Income tax function after Basic Income if } y \leq \bar{y}_1 \quad (6.3)$$

Household Income

Before Basic Income (Eq. 6.4), total household income will be a sum of the income of each member (i) of the household (j) minus the income tax paid by each member of the household. After Basic Income (Eq. 6.5) the total household income will be a result of the sum of the Basic Income (z) paid for each member plus the sum of the adjusted income of each member minus the paid income tax.

(a) Before Basic Income:

$$y_j = \sum_{i=1}^{I_{ij}} \left(y_{ij} - \tau(y_{ij}) \right) \quad (6.4)$$

(b) After Basic Income:

$$\hat{y}_j = \sum_{i=1}^{I_{ij}} z_{ij} + \sum_{i=1}^{I_{ij}} \left(\hat{y}_{ij} - T(\hat{y}_{ij}) \right) \quad (6.5)$$

Required Tax

For the discussion on the effects of the introduction of a Basic Income, it is essential to understand the Basic Income's connections to income, tax revenues, and time invested in paid work. Equation 6.6 gives the tax collected from person i in household j before the Basic Income, Eq. 6.7 the tax collected after the Basic Income.

$$\tau(y_{ij}) = \tau_1(y_{ij} - \bar{y}_1) \quad (6.6)$$

$$T(\hat{y}_{ij}) = \tau_1(\hat{y}_{ij} - \bar{y}_1) + \tau_2(\hat{y}_{ij}) \quad (6.7)$$

$T(y) - \tau(y)$ is the difference between the total tax revenue under a Basic Income system and a system without it. Equation 6.8 shows that this amount will depend on how individuals react to the introduction of Basic Income, that is, on how they adjust their income when faced with an additional tax burden. If the adjusted income does not differ from the previous one, then the level of Basic Income will depend solely on the additional flat income tax rate (τ_2). If they differ, the amount collected by the flat tax may be lower or higher than the Basic Income, depending on how the level of adjusted and previous income is different from another. The total amount of the extra tax collected is represented by ZN

$$ZN = T(y) - \tau(y) = \sum_j \sum_i \{\tau_1(\hat{y}_{ij} - y_{ij})\} + \sum_j \sum_i \tau_2(\hat{y}_{ij}) \quad (6.8)$$

However, note that if some individuals work fewer hours:

$$\hat{y}_{ij} < y_{ij} \text{ for some } ij \quad (6.9)$$

It will still be unlikely that households' incomes after Basic Income will be less than before it:

$$\sum_i (\hat{y}_{ij} + z_{ij}) < \sum_i y_{ij} \quad (6.10)$$

If $\hat{y}_{ij} = y_{ij}$, then ZN simplifies to:

$$ZN = \sum_j \sum_i \tau_2(\hat{y}_{ij}) \quad (6.11)$$

The Individual Utility Maximisation Problem

Here we depict the model that we use to discuss the individual income for each of the two types of Basic Income. The income for each will depend on different variables. As the basis for the utility maximisation problem of individuals and households we use a Stone-Geary-Klein-Rubin (SGKR) utility function, which describes individuals' demand for a specific good as a function of individuals' affinities to this good, the price of this good, available income, and a subsistence level for this good. The specification of a subsistence level is unique to this particular function. The idea is that no one can derive 'utility' from a good unless it is above the bare minimum. This is an idea very much in tune with the logic behind Basic Income. This is why the SGKR function suits our purpose.

In our case, there are two goods, consumption (c) and unpaid time (u) (Palermo Kuss and Neumärker 2018). In Eq. 6.12, the affinities to each of them are represented respectively by α and β . The subsistence levels of each of these goods are c_{sub} and u_{sub} . The available income (budget constraint) is defined by paid working time (h) times the wage (w) discounted by the taxation (τ or T) plus the Basic Income (z), where applicable.

We include in the model a budget constraint for each scenario and one time constraint. The first budget constraint (I) represents the before Basic Income scenario, in which there is initial income taxation and no redistribution of income (Eq. 6.14). The second budget constraint (A) represents the after Basic Income scenario, in which an additional flat income tax finances the Basic Income (Eq. 6.15), and a third one (B) represents the after Basic Income scenario with the initial income taxation and an exogenously financed Basic Income (Eq. 6.16). The time constraint is represented by Eq. 6.13 and states that the total time (t) is equal to paid working time (h) plus unpaid time (u). Carrying out the maximisation exercise yields a clear result concerning consumption and unpaid time.

$$\max U(c, u) = (c - c_{sub})^\alpha \cdot (u - u_{sub})^\beta \quad (6.12)$$

such that

$$t = h + u \quad (6.13)$$

$$c = hw - \tau \quad (\text{Budget constraint I}) \quad (6.14)$$

$$c = hw - T + z \quad (\text{Budget constraint A}) \quad (6.15)$$

$$c = hw - \tau + z \quad (\text{Budget constraint B}) \quad (6.16)$$

$$c^* = \frac{\beta}{(\alpha + \beta)} c_{sub} + \frac{\alpha}{(\alpha + \beta)} (z - \tau + (t - u_{sub})w) \quad (6.17)$$

$$u^* = \frac{\alpha}{(\alpha + \beta)} u_{sub} + \frac{\beta}{(\alpha + \beta)} \left(t + \frac{z - \tau - c_{sub}}{w} \right) \quad (6.18)$$

Solving the maximisation problem, we get the optimal amounts for both consumption (c^*) and unpaid time (u^*) (see Eqs. 6.17 and 6.18). These are each dependent on the subsistence amounts of consumption and unpaid time, respectively. However, each of them is negatively related to the subsistence amount of the other. The Basic Income has a positive effect on both consumption and unpaid time.

We can interpret these Eqs. (6.17 and 6.18) for each of the three budget constraints (I, A, B). In the case of budget constraint I , $z=0$, as there is no Basic Income, and the taxation is indeed equal to τ . In the case of A , $z > 0$ and the taxation is equal to T , which is $>\tau$. This higher taxation has negative effects on both consumption and unpaid time according to the schedules presented by both equations. The intensity of this effect for each depends on the affinities α and β . However, this higher taxation does not affect the subsistence levels of consumption and unpaid time. Therefore, if the level of subsistence consumption has still not been achieved, the taxation would not have a negative effect on consumption. In scenario B, we have an exogenously financed Basic Income. Therefore, income taxation remains the same as in I , and $z > 0$. In this case, the Basic Income would also have a positive effect on consumption and unpaid time, also depending on the affinities, but without the negative effect of extra taxation, as this would remain the same because this Basic Income is externally financed.

Discussing Potential Effects of Each Mechanism

To discuss the potential aggregated effects of the different types of Basic Income presented above, we assume that the subsistence level of consumption equals the Basic Income ($c_{sub} = z$). This means that we are discussing the effect of the third type of Basic Income level mentioned in the introduction, the ‘emancipatory’ one. This assumption enables the generation of strong, simple results.

Assuming that $c_{sub} = z$, the schedules for c^* and u^* simplify to:

$$c^* = z + \frac{\alpha}{(\alpha + \beta)}((t - u_{sub})w - \tau) \tag{6.19}$$

$$u^* = \frac{\alpha}{(\alpha + \beta)}u_{sub} + \frac{\beta}{(\alpha + \beta)}\left(t - \frac{\tau}{w}\right) \tag{6.20}$$

Equation (6.19) shows that with an emancipatory Basic Income, the optimal consumption level would be dependent on the Basic Income plus the preferred allocation of time to paid work, which would result in an additional amount of consumption. Equation (6.20), which determines the optimal amount of unpaid time, is independent of Basic Income (z). So, in this situation, the level of unpaid time would be dependent only on the necessary time for subsistence plus a discretionary amount, determined by individual affinities. These results make it clear that an emancipatory Basic Income would provide a person with access to subsistence needs, and the trade-off between consumption and unpaid time would be independent of Basic Income in this case. Still, the extra tax burden that we find in budget constraint A would have a potentially negative effect on both consumption and unpaid time. For budget constraint B , no extra negative effect would be expected.

There are two other levels of Basic Income. A Basic Income is defined as a ‘partial’ Basic Income if an individual invests their total available time in paid work, and the resulting labour income together with taxation and the Basic Income is lower than the subsistence consumption or just manages to reach it:

$$\text{If } hw - \tau + z \leq c_{sub} \tag{6.21}$$

$$\text{Then, } h = t - u_{sub} \tag{6.22}$$

The other Basic Income is the ‘freedom-enhancing’ Basic Income, which enables an individual to trade-off at least some of their time between employment and unpaid time. This is described as follows:

$$\text{If } hw - \tau + z > c_{sub} \tag{6.23}$$

and

$$z < c_{sub} \tag{6.24}$$

$$\text{Then, } h = t - u_{sub} - u_{dis} \tag{6.25}$$

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7

Ecological Effects of Basic Income

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Introduction

Basic Income (BI) has supporters and opponents along the political spectrum. From the radical left to the most neoliberal right, different (and often antagonistic) propositions for a Basic Income are presented. Of all political parties, the Greens are the most prone to defend the idea (Birnbaum 2010).

However, the reasons given for that support refer variously to the emancipation of individuals, fighting poverty, and increase of real freedom. Although such proposals fit the Green ideology, they are not directly linked to environmental issues and could even result in a negative environmental impact. Moreover, the green proposals for a Basic Income are not always very clear and often seem too optimistic regarding the role a Basic Income just by itself and independently of all other policies that could play a role in the promotion of a more sustainable way of living. Even green-minded supporters of a Basic Income can be caught in the trap of defending such an

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income almost for its own sake, and only then considering actual (environmental) impacts that it might have.

The question that needs to be answered is whether, despite all the support offered by the Greens, there is an actual green case for a Basic Income or just a case for a Basic Income by the Greens. In this chapter we will examine some green approaches to a Basic Income that have been presented in the past, and will discuss their pros and cons.

Basic Income and Ecology

Linking Basic Income and the environment goes back to the 1970s. In *Toward a Steady-State Economy*, Warren Johnson proposed a ‘guaranteed income as an environmental measure’ (Johnson 1973). He claimed that promoting continuous economic growth leads to overproduction and overconsumption, that a Basic Income could remove the need for continuous growth and job creation while still providing a flexible device for economic stability, and that Basic Income would therefore be an environmental measure (cf. Van Parijs and Vanderborcht 2017: 309n99).

Separating economic security from growth seems to be a key aspect of some green Basic Income proposals, and Andersson (2010) has referred to the connection between growth and economic security as an ‘unholy link’ that could be broken by an adequate Basic Income. However, as we will discuss in the next section, the relationship between growth and an environmentally-oriented Basic Income is not straightforward.

A number of green Basic Income proposals are based on the fact that such an income, especially if at subsistence level, would allow individuals to experiment with different forms of living outside the productivist and growth-based paradigm (Boulanger 2009; Schachtschneider 2012; Widerquist et al. 2013: 259–310). According to them, such a Basic Income would give to individuals the security to move their activities to the autonomous sphere where the environmental impact would arguably be smaller. Outside the formal economy, people might focus more on ecological and emotional values (Fitzpatrick 2010); those living only on the Basic Income would be able to choose more leisure and less material consumption (Goodin 2001; Johnson and Arnspurger 2011); work sharing would become more feasible relative to full employment dependent on growth (Fitzpatrick 1998, 1999); and work could be more labour intensive and less natural-resource intensive (Van Parijs 2013).

A current reality is substantial inequality, which causes health problems and encourages the development of needs that are positional. A Basic

Income, to the extent that it reduced inequality, would reduce inequality-related illness, and would reduce the felt need for positional goods (Schachtschneider 2012; Wilkinson and Pickett 2009).

Green Basic Income and Economic Growth

As noted earlier, of all the political groups, the Greens have generally been most supportive of Basic Income. This suggests that Basic Income might be a policy that can contribute to ecological goals. However, there is a divide between those environmentalists who support 'green growth', and those who argue for some variation of slow growth, no growth, or degrowth (Pinto 2018). The role of Basic Income in environmental policy varies accordingly.

A Carbon Dividend/Green Growth

Among the numerous environmental threats, probably the greatest and most immediate is that of climate change. There is widespread agreement that to avoid catastrophic climate change, human beings must reduce their carbon emissions, and among the most effective policies toward this end are those that put a price on carbon. Carbon pricing can be achieved through a carbon tax, or a carbon cap with an auction of emission permits (Boyce 2016; Boyce and Barnes 2016; Boyce and Riddle 2010; Citizens' Climate Lobby, n.d.; Climate Leadership Council, n.d.; Carbon Tax Center, n.d.-a, n.d.-b; Howard 2012, 2016, 2017). Either policy will generate a large amount of revenue. One possible use of such revenue is payment of a carbon dividend, which, if granted to all residents without means test or other conditions, would constitute a partial Basic Income.

There are competing uses for the revenue from carbon pricing, such as investment in renewable energy, tax shifting, and compensation to workers displaced by the phasing out of fossil fuels (Dorman 2016). Arguments for a carbon dividend appeal to equity and political feasibility (Howard 2012; Schachtschneider 2012). A carbon tax, like other consumption taxes, is regressive. Lower income households spend a larger proportion of their income on energy, and so will pay a higher percentage of their incomes in carbon taxes than will upper income households, even though the latter typically have larger carbon footprints. If most of the revenue is returned to residents as equal individual dividends, then a majority of households will experience a net financial gain, turning the regressive tax into a progressive

redistribution of income (Boyce and Riddle 2010; Carbon Tax Center, n.d.-a).

Since the carbon tax will need to rise steadily over a decade or more, securing strong popular support could be challenging. If the revenue were to be used to pay an equal dividend to every individual then the economic benefit of the carbon dividend would overcome popular resistance to rising taxes, and would secure support for the tax. While a carbon tax and dividend can be part of a degrowth strategy, most advocates stress that it is compatible with economic growth and expanding employment (Carbon Tax Center, n.d.-b; Citizens' Climate Lobby; Climate Leadership Council). The rising cost of fossil fuels because of the tax will shift demand to renewable energy, and, as a result, investment in wind, solar, and other forms of renewable energy will result in many new jobs (Citizens' Climate Lobby/Regional Economic Models, Inc. 2014).

There is a strategic reason for focusing on just tax and dividend, without mentioning degrowth. The possible coalition is bigger, and it could include proponents of a Green New Deal, and even conservatives concerned about climate change (Climate Leadership Council). Even the proponents of degrowth should concede that the results of a sufficiently high ecological tax would be positive in any case: a decline of CO₂ emissions, whether with or without growth (Ludewig 2017).

Robert Pollin, a green growth critic of degrowth, points out that even a 10% global contraction of Gross World Product over twenty years—a contraction four times larger than that of 2007–2009—would reduce emissions by only 10%, so the bulk of emissions reductions must come from other policies anyway. And a degrowth policy resulting in mass unemployment has little chance of being politically acceptable (Pollin 2015).

Degrowth

The case for green growth rests on the possibility of decoupling growth in Gross Domestic Product (GDP) from growth in energy and resource consumption: but there is reason to be sceptical about the possibility of decoupling on the scale required to avoid environmental disaster. Absolute decoupling has arguably never been achieved, and even relative decoupling has had very little success (Giljum et al. 2014; Nørgård and Xue 2016; Vergragt et al. 2014). For this reason, although remaining a possibility, economic growth without growth of resource consumption is an idea without strong empirical support.

While granting that some relative decoupling is possible, critics of green growth point out that if consumption continues to rise then carbon emissions will not fall fast enough by means of carbon pricing and technological innovation to avoid catastrophic global warming (Jackson 2009; Victor 2008). Victor and Sers (2018) argue that there is an ‘energy emissions trap’: that is, a shift to alternative energy adequate to avoid intolerable emissions increases will involve energy shortages, effectively precluding growth (see also Jackson 2009: 199). Thus, it is not enough to raise the price of carbon while continuing to pursue economic growth. It is necessary to reduce absolute consumption (Gough 2017: 146–170), and for this it will be necessary to improve our measures of wellbeing, and to recognise that it is possible to live well with less consumption of energy and material resources.

It is conceivable that a carbon tax alone, if rising rapidly, could reduce consumption of fossil fuels enough to avoid catastrophic temperature rise: but it would be likely to simply suppress demand, without effective alternatives at hand, and thus drive the economy into recession. Such a policy, without any planning for the economic, social and political effects, would not be politically feasible (Jackson 2009: 64, 128, 134–136; Pollin 2015; Pollin and Chasman 2015).

What is needed therefore is degrowth ‘by design not by disaster’ (Victor 2008). In such an approach, Basic Income would not be simply a policy to address the inequity of a regressive carbon tax, nor simply a material benefit to compensate for the rising cost of fossil fuel. In the decades after World War II, economic growth was the necessary condition for rising wages and inclusion of a rising population in economic prosperity: but if it is now necessary for ecological reasons to slow, stop, or reverse growth, then we must learn how to share fairly a shrinking pie. This could mean abandoning the goal of full employment: or it could mean sharing the employment more widely through work-time reduction. In either case, Basic Income would ensure that each person’s income would not fall below a decent minimum, regardless of willingness to work. It would also facilitate simpler ways of living, and the growth of what André Gorz has called the autonomous sphere, encompassing activities in the household, non-profit organisations, community gardens, and so on: that is, purposely activity outside the market and the State spheres (Gorz 1985, 1987). It should be stressed that Basic Income is not likely to achieve these results by itself. Other policies would be needed to entice people to use their Basic Income in sustainable ways (see the section on ‘complementary conditions’ below).

Basic Income and Consumption

The relationship between a Basic Income and sustainable consumption is far from obvious because greenhouse gas emissions increase with income. For this reason, a Basic Income, despite possible social and economic benefits, might have a negative environmental impact as collateral damage. Analysing the possibility of poverty eradication in a world where ecological limits (such as those on carbon emissions) are required, Hubacek, Baiocchi, Feng, and Patwardhan find that

eradicating extreme poverty, i.e., moving people to an income above \$1.9 purchasing power parity (PPP) a day, does not jeopardize the climate target even in the absence of climate policies and with current technologies. On the other hand, bringing everybody to a still modest expenditure level of at least \$2.97 PPP would have long-term consequences on achieving emission targets. (Hubacek, Baiocchi, Feng, and Patwardhan 2017).

Along the same lines, Hubacek, Baiocchi, Feng, Muñoz Castillo, Sun, and Xue (2017) argue that an increase of income leads to an increase of the carbon footprint, which is why achieving global targets on reducing greenhouse gases (such as those agreed in Paris in 2015) would be difficult given the slow pace of technological progress and current levels of dependence on fossil fuels. Given that policy on poverty eradication has often been presented as depending on economic growth, the issue becomes clear: eradicating poverty might come at the expense of deepening the ecological crisis. These conclusions open two different paths: one that leads to a commitment to a redistribution of wealth (and of carbon shares) and another focused on (green) growth as a way to ensure poverty eradication.

Sager (2017) has quantified the 'equity-pollution dilemma': 'Given the higher pollution intensity of consumption per expenditure by poorer households, progressive redistribution may result in higher aggregate pollution from consumption' (Sager 2017: 5). Sager estimates that in 2009 a marginal transfer of \$1000 USD from rich to poor could increase the CO₂ content of income by 5%, or 2.3% if there were to be complete redistribution. For a hypothetical redistribution of income in the US similar to that of Sweden, he predicts a 1.5% increase in household carbon pollution (Sager 2017: 5). Of course, if the tax that funds the redistribution takes the form of a pollution tax, then that should more than offset the pollution increase that would result from the transfer. This dilemma should always be factored into expected ecological effects of a Basic Income.

Assuming that a full Basic Income would not be funded entirely by pollution taxes, the more of the Basic Income that is funded by other sources, the less the increase in emissions would be offset by pollution taxes. Perhaps this dilemma could be avoided if a Basic Income were to be combined with other ecological policies.

A green growth Basic Income would not require changes in production and consumption, so the green growth case, if interested in avoiding further consequences linked to global climate change, would have to be technologically optimistic. That is, it would have to believe that technological development would allow wealthier countries to keep their currently unsustainable patterns of production and consumption because some technological solution would be developed that would compensate for the negative impacts. Supporters of such a case might even be able to support measures such as geo-engineering or nuclear power as good 'green' alternatives to ensure sustainability, and the reduction of greenhouse gas emissions and other causes of global climate change. Some green theorists follow this technological-optimistic path. In their Ecomodernist Manifesto, nineteen scientists argue that 'even dramatic limits to per capita global consumption would be insufficient to achieve significant climate mitigation' (Asafu-Adjaye et al. 2015: 21), so only technological improvement will be able to promote meaningful climate mitigation.

On the other hand, the degrowth case for a Basic Income would prioritise challenging the consumerist society. Sceptical about the role of technology on its own in finding solutions that would avoid ecological catastrophe, this case would aim at structural changes in production and consumption patterns, and specifically a reduction of total consumption in wealthier countries. Moreover, the degrowth case would aim to define a new way of living, outside the economic growth paradigm and based on other measures of prosperity.

Robert and Edward Skidelsky (2012) argue for an economy that is able to ensure the satisfaction of basic needs such as personal development, community, health, recognition, real friendship, life, and security, but that does not require growth (compare Gough 2017). They ground this list of basic needs in the results of inquiries all over the world in which people had to answer questions about what was really important in their lives. The authors defended a Basic Income as a social policy that would support the required economy, would provide for a good life, and would maximise human happiness at the same time as being compatible with conceptions of a liberal state that allows people to decide for themselves what will make them happy. Whether the State is responsible for enabling individuals to pursue a good

life or to realise capabilities, a Basic Income could assist the process (O'Neill 2018), and could enable society to revise the roles of work and labour in a post-productivist world, and in particular could break the link between work and income in the cause of creating a more convivial and frugal way of living.

Not all forms of consumption must be reduced for the sake of environmental protection, especially because some of them serve already that purpose in the first place. It makes a big difference in terms of resource usage, whether someone spends 10,000 € for guitar lessons or for a new car; and it makes an even bigger difference whether this person buys a small car with low emissions, or a SUV. Ecological taxes, such as a carbon tax, and the Basic Income that they could pay for, could be two matching parts of the financial underpinning that a shift to lower consumption would require.

A Basic Income will generally result in some redistribution of income, so its impact on consumption patterns has to be examined. Part of consumption above the poverty line is what we call status consumption: the consumption of positional goods, which are used to express one's social position in relation to others. The expectation that consumption would be lower if inequality were to fall has some empirical support: survey evidence shows that 48% would accept lower income (and consequently lower consumption) if their neighbours were also to have less (Solnick and Hemenway 2005). If a Basic Income were to reduce inequality then consumption could be lower, because consumption of positional goods would decline; but it could also be higher, because low income households tend to spend a higher percentage of their incomes. The expectation that consumption would be lower if inequality were to fall is based on an assumption which is supported by some empirical survey evidence (Solnick and Hemenway 2005).

Basic Income and the Labour Market

Assuming technological progress and rising labour productivity, slower growth (not to mention degrowth) might generate higher unemployment (see Chapter 4 of this Handbook). Basic Income is essential to ensure that everyone has an income whether or not they are working. It also makes it attractive to engage in other non-employment activities, which are typically 'far more labour-intensive and less natural-resource-intensive than formal production is' (Van Parijs 2013: 270).

For real freedom to be 'at as high a level as is sustainable' (Van Parijs 2013: 271), the level at which the Basic Income is paid will need to be at the highest possible feasible level, but that in itself does not tell us whether it will

be below or at a sufficiency level. If it is below sufficiency level then it will not enable individuals to exit paid employment and it will tend to increase consumption, whereas if it is enough to live on then it will not (Gorz 2002, 1999; Mylondo 2010, 2012; Birnbaum and De Wispelaere 2016).

By breaking the link between income and the labour market it would allow individuals, *if they so wished*, to abstain from the race to accumulate ever more material goods and help combat the identification of freedom with consumerism. (Pateman 2004: 96, our italics)

Whether a Basic Income of a particular level would enable someone to leave the labour market would be specific to the individual. Some US residents would find themselves liberated from the need to seek employment with a Basic Income of \$500 per month, whereas others would feel compelled to work for wages when earning \$2000 per month. Needs vary from person to person and across the lifecycle.

Even assuming that the activities in the autonomous sphere are more ecologically sustainable than in the other two spheres, if we want to increase the possibilities that individuals will want to live in a more frugal way, it will not be enough to give them an income—even if sufficient—and expect ‘good’ ecological behaviour to follow automatically (Fitzpatrick 2010). The question is whether individuals will actually *wish* for a non-consumerist way of life.

A Basic Income might have yet another positive effect regarding the shift from ‘employment’ to ‘work’: the demoralisation of the labour market. If having paid employment becomes less socially relevant—and this will arguably be the case with a sufficiently high Basic Income—then exit from a paid job market will be easier, and individuals will have more free time and energy to participate in activities outside the market sphere. Thus, by supporting the shift to post-productivism, and facilitating the exit from the job market, a degrowth Basic Income would support sustainable consumption and the related reduction in greenhouse gas emissions.

Ian Gough (2017: 184–188) opposes Basic Income as ‘neither feasible nor desirable’, but favours instead reduced working time as offering ‘a direct and effective route to just post-growth’. Once we examine his arguments, it is apparent that Basic Income and reduced working time should be seen as complementary rather than conflicting. His feasibility objection, that a ‘full’ Basic Income at say 50% of average income (for the UK) would be too costly and would require very high tax rates, fails to distinguish between the gross cost and the net cost (Widerquist 2017). Once the Basic Income is subtracted from the additional taxes that would be paid by net contributors, the net cost can be seen to be much lower, and would of course be the

same as that of a Negative Income Tax (Van Parijs 1995: 35–37, 57). Gough himself favours a minimum income guarantee, which would be means-tested and subject to a work or participation requirement. Given the higher administrative costs of this, and the possibility that government funded employment would require subsidy, the overall cost of the conditional scheme could well be higher than the net cost of Basic Income. Assuming that most recipients of a Basic Income would voluntarily engage in the sorts of non-waged work that would be required for a Participation Income, the difference might come down to whether it is worth the administrative cost and bureaucratic interference of a Participation Income in order to exclude the few slackers who would otherwise benefit from a Basic Income.

The point is well taken that

from a human need perspective, participation in productive and reproductive activity, as well as contributing to collective welfare, is a crucial component of self-respect, contributes to cognitive development and provides the site for purposeful socialisation. (Gough 2017: 185)

A Basic Income would enable both withdrawal from the paid labour market and also participation in the autonomous sector, in care work, and in forms of productive work that are attractive for non-monetary reasons but would otherwise be unaffordable.

It is unfortunate that Gough confuses Basic Income with its most conservative versions, such as that of Charles Murray (2016). An ecological Basic Income would not divert attention ‘from collective goods, services and investment’, or re-commodify existing welfare states, but would be an important part of the ‘mixed package of policies’ favoured by Gough, including collective in-kind provision of health care, education, and other basic needs, reduced working time, policies to reduce consumption, and investment in renewable energy.

The Impact of Different Forms of Funding for Basic Income

Income Tax

While other forms of tax could fund the Basic Income, income tax is a natural fit to fund a Basic Income adequate for basic needs, and to ensure that the more affluent are net contributors and the less affluent are net recipients.

Because the scheme could be progressively redistributive, it might have the ecological effects that we have already discussed. A more thorough comparative assessment of the ecological effects of income tax vis-a-vis other forms of taxation is beyond the scope of this article.

Pollution and Resource Taxes

In the green growth strategy, a partial Basic Income is one possible use of a carbon tax (or a cap and auction scheme), the principal purpose of which would be to internalise the environmental costs of pollution. The Basic Income would serve social justice by remedying the otherwise regressive nature of such a tax, but beyond this purpose there is no intrinsic reason in a green growth strategy for a Basic Income sufficient to meet basic needs.

In a degrowth strategy, on the other hand, pollution taxes are likely to be only one source of funding, because even the most optimistic assumptions about the revenue from a carbon tax show that it would fall far short of a full Basic Income.

Peter Barnes (2014) has estimated that a ‘base income’—insufficient for basic needs, but enough to raise many families out of poverty and provide more economic security—could be funded from taxing the rents from the use of common resources, broadly construed to include natural resources such as atmospheric carbon storage and electromagnetic spectrum use, but also shared social assets such as new money creation, intellectual property protection, and securities transactions (Barnes 2014: 94). Such a base income is understood as a resource dividend, that is, each person’s share of common natural and social wealth. By itself, such a policy would not guarantee any particular use of the income, although pollution taxes, such as a carbon tax, would encourage a shift to renewable energy, and resource taxes generally, by raising the cost, would encourage conservation of the resources. Hence from an ecological perspective, such a base income might need to be complemented by other policies to encourage ecological spending. Resource taxation would not necessarily generate enough revenue to fund a full Basic Income; but Flomenhaft (2012) has found that a ‘resource poor’ state like Vermont could generate enough revenue from resource taxation for a full Basic Income if the resources required could be reappropriated into the commons for the rents to be available for taxation, and if some revenue could be redirected away from other uses and towards Basic Income.

Like a carbon tax, taxation on other resources can serve to discourage overuse, but to the extent that this goal is served, the revenue will decline, at least in the case of fossil fuels. For example, ultimately there should be no revenue from fossil fuels, because they will have been priced out of the market entirely. There is a concern that if a carbon tax is used to fund a Basic Income, there will be some interest on the part of the Basic Income recipients in halting the tax increase at the point of maximum revenue, rather than continuing to raise the tax in order to further discourage consumption.¹ To address this possibility, policy makers should consider a phase-in of other sources for the Basic Income when the carbon tax revenue declines.

In the case of renewable resources, the tax rate has to rise continuously, so that the revenue will be constantly large enough, and the pressure to make further changes both of technologies and lifestyles to reduce resource consumption will continue. Theoretically this process will end in a balance between acceptable resource usage and sufficient resource tax revenue to finance a Basic Income. In practise culture, technology and environmental problems will never come into a steady state, so we can assume that we shall always have to adapt the resource tax rates (Schachtschneider 2014). There will always be a tension between the ecological goal of reducing consumption, and the Basic Income goal of raising revenue. The optimal level of taxation to sustain the highest revenue stream might be less than the optimal level to achieve maximum ecological benefits.

Value Added Tax (VAT)

Walker (2016) has proposed funding a basic income of \$10,000 per annum for all working age adult citizens in the US from a Value Added Tax (VAT) of 14%. Although by itself this would be a regressive flat tax, when combined with the Basic Income everyone earning up to \$81,000 per annum would be financially better off. The VAT could discourage consumption, and so might be seen as an ecologically friendly source of funding, but this possible effect could be overshadowed by increased consumption resulting from redistribution.

¹Expressed to one of the authors by Jurgen De Wispelaere, in conversation.

Complementary Conditions for Green Effects Through Basic Income

A Basic Income would offer individuals the security to experiment with alternative, more sustainable ways of life. This is an important Green argument for a Basic Income. Nevertheless, the income on its own might not be enough to ensure a shift from unsustainability to sustainability. In this section, we shall focus on some possible complementary conditions that would enhance the green effects of a Basic Income: education, reduction of working hours, and a maximum income.

Education

A first and important aspect is education. In his defence of a Basic Income, Christian Arnspenger (2010) argues that, confronted with the capitalistic way of life, individuals are trapped in a form of life, and that current and future generations will have the ‘inevitable task’ of creating and putting in place a more frugal way of life. To do so, two things would be required: (a) radical educational reforms for teaching how to live outside a productivist and consumerist framework, and (b) a Basic Income. One of those two actions without the other would not be successful, so they should be implemented in parallel. A Basic Income would allow those who had acquired ‘existential lucidity’ to experiment with new ways of life that would be more frugal, cooperative, alternative, and non-capitalist.

Working Time Reduction

Another way of reducing environmental impact would be to reduce the legally permitted maximum working hours (Gough 2017; Kallis et al. 2013; Knight et al. 2013; Schor 2005). Schor is sceptical that unregulated markets and technological innovation alone can achieve environmental sustainability. ‘Rates of diffusion of green technologies have been disappointingly slow’ (Schor 2005: 48). For poor countries, cutting-edge innovations are costly. Consumption growth is likely to involve further use of natural resources, and higher incomes have been found to result in a rebound effect, where more efficient energy use results in ‘rising vehicle ownership and miles driven, larger homes, and a growth in appliances’ (Schor 2005: 48). She argues that it is necessary for the affluent of the world to reduce

consumption. One way to do this would be to divert productivity increases from increased consumption towards greater leisure, through work time reduction. Thus, work-time reduction may be a necessary complement of a green Basic Income.

Van Parijs and Vanderborght, on the other hand, point out difficulties with legislated work time reduction. First, if accompanied by a reduction in income, it could drive the lowest paid workers into poverty. This is an effect that could be mitigated by a Basic Income, but still the costs would fall on those least able to bear them. Or, if pay was maintained, then labour would become more costly, which would lead to more involuntary unemployment. There are also dilemmas between fair allocation of the privilege to work (if only some occupations were subject to work time reduction) and bottlenecks with regard to scarce talents (if all occupations were included), and between 'nightmarishly expensive and intrusive bureaucracy' to achieve fair implementation and (if limited to wage workers) a proliferation of fake self-employed workers undermining the goal of shared work.

A Basic Income would achieve at least some of the same effects while allowing for labour market flexibility and individual choice. Workers who wished to reduce working time could do so.

The employment capacity thereby freed up by current incumbents can be occupied by those currently unemployed, especially as basic income's universality enables the unemployed to start off with part-time jobs or to accept low pay for jobs with significant training components. (Van Parijs and Vanderborght 2017: 48–50).

It is difficult to know how close the reduction in working time brought about by a Basic Income would be to a legislated work time reduction (Kallis et al. 2013).

A Maximum Income

A third complement to Basic Income would be to legislate for a maximum income and a very high taxes on profits. The argument is that if the race for profit were to become less interesting, or the need for positional goods less compelling, then the need for perpetual growth would become less appealing. Daly has argued that 'we will not be able to shift from growth to steady state without instituting limits to inequality' (Daly 1996: 215). For this reason, Daly defends both a Basic Income and a maximum income (Christensen 2008).

Defenders of degrowth often favour a maximum income. Liegey et al., for example, claim that a Basic Income ‘might not go far enough and will work as a palliative of a deeply sick society’, and for this reason they also call for a maximum income (Liegey et al. 2013: 38). Samuel Alexander (2015), in his entry to the degrowth dictionary, follows a similar line, and claims that Basic Income and maximum income could help to achieve egalitarian goals without relying on growth. Thus, by contributing to reducing inequalities, both policies would contribute to reducing overconsumption (Wilkinson and Pickett 2009), and would therefore reduce inequality (Lorek and Vergragt 2015). A maximum income is a policy that might find approval among more diverse political interests than we might think (Casassas and De Wispelaere 2012).

The Impact of Alternative Policies

Opponents of a Basic Income sometimes propose in-kind transfers (such as food or education vouchers, or the free usage of public services) as an alternative (Bergmann 2004; Gough 2017: 163; Heath and Panitch 2010; Portes et al. 2017). Proposals for in-kind transfers are sometimes made for environmental reasons. Calder (2010) proposes free public transport, which would serve both social and environmental justice, and thus, he argues, would be consistent with a green case for Basic Income. Gough (2017) cites evidence that public consumption results in fewer emissions than private consumption, and that publicly funded welfare states emit less carbon than privately funded alternatives. In-kind provision, however, does not preclude a Basic Income as a complementary policy, unless all basic needs are to be met through in-kind provision.

Other proposals for in-kind services include a basic amount of some essential goods, normally followed by an exponentially higher taxation on the consumption of such goods above the ‘bad-use’ level (Ariès 2007; Gough 2017: 161–164; Liegey et al. 2013). Once again, the definitions of the ‘fair’ and ‘sufficient’ levels of consumption are extremely difficult to assess because only a part of daily goods needed by everyone in pluralist modern societies could be reached with such provision, and the discussion about that problem is generally absent from proposals for such schemes.

Alf Hornborg (2017) proposes that each country should establish a complementary currency for local use only, and that it should be distributed to all local residents as a Basic Income. Merrill et al. (2019) suggest the creation of an ecological income in the form of a local convertible

complementary currency which could be used in local shops, with public authorities and the community deciding which businesses could be part of the scheme. Experiments have taken place, such as ‘Basic Income Circles’ (BGE-Kreise) in Germany. Every local circle gave their members a monthly income in its own local currency (often in the form of cryptocurrencies), with the scheme funded by taxing economic activities undertaken with that money. But almost nothing happened. The local currencies were not valued highly enough in daily practice, because the currency was not sufficiently universal.

Another interesting idea from Tony Fitzpatrick (2007) is to convert or mortgage Basic Income streams into occasional capital grants. Such conversion into a capital grant should only be permitted if it would serve post-productivist goals such as care, sustainability, or other desirable ends. But precisely identifying businesses and shops to be accepted as suitable for post-productivity goals is nearly impossible, due to the diversity of lifestyles in pluralist modern societies—as it is with the definition of material basic needs.

Strategies for the Implementation of Green Oriented Basic Income

Most funding conceptions are based on the idea of financing a Basic Income with money taken from present public budgets and programmes. Contemporary social welfare systems, with their historically generated balances of giving and receiving, would be changed suddenly into radically new ones: so politicians and citizens hesitate to switch from current systems even if they perhaps agree with the fundamental idea of a Basic Income as the core of an emancipatory and less bureaucratic modern welfare state. To put it in other words, path dependency will place constraints in every social context on the introduction of a Basic Income: on the level, on how it is funded, and on how it intersects with previously existing programs.

A significant increase in ongoing taxes even for a partial Basic Income would cause a big legitimation problem. Perhaps that dead end can be avoided if the historically new principle of social security can be combined with a historically new funding principle, which can be legitimated not only as a funding source but also as a necessary steering instrument for hitherto unsolved environmental problems: the taxation of scarce environmental

resources such as the atmosphere, of water pollution, and of the development of natural land for businesses and housing and the extraction of minerals, and so on.

New paradigms can be more easily established when prototypes and small pilot schemes have taken place. So, for instance, an eco-bonus, that is, the sharing of the revenue of a resource tax equally with all citizens, could be a prototype of a Basic Income funded via ecological taxes. Starting with a small amount could be the way for an incremental implementation of a Basic Income. It could be introduced slowly and parallel to the ongoing social security scheme in order to establish the principle. Every citizen would receive unconditionally a share from the common inheritance of society (Schachtschneider 2014). The Alaska Permanent Fund Dividend—the sharing of revenues from Alaska’s state-driven oil exploration—shows that the principle of sharing the revenues of natural resources can be popular, even if the motivation for its introduction was not an ecological one (Widerquist and Howard 2012). An eco bonus for an ecological reason already exists in Switzerland, although the amount is very low (approximately \$100 per annum). The law implemented in 2007 says that if the CO₂ emissions are higher than they should be according to the national emission reduction plan, then a tax on various fossil fuel usages has to be raised the revenues from which have to be paid to the population via a reduction in the contributions to the obligatory public health service (Federal Office for the Environment 2016).

Funding a Basic Income with eco taxes would avoid ecologically oriented Basic Income proponents having to decide whether they should plea for green growth or degrowth. In any case, the environmental benefit would be useful (Ludewig 2017). We can achieve reduced resource use either with green technology (green growth) or with cultural change (degrowth), and in practise there will be a combination of both: so there is a chance to form a political coalition of these two main fractions of environmental discourse and movement. Moreover, to use economic instruments for environmental policies could be the main road for liberals concerned about environmental problems. However, such a coalition will meet with resistance both from those who think that a focus on a carbon tax is insufficient for uniting a left coalition of environmentalists, workers, and marginalised groups for radical system change (Klein 2015), not to mention from conservatives who favour a carbon tax and dividend, but oppose any dampening of economic growth (Halstead 2017).

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8

The Gender Effects of a Basic Income

Annie Miller, Toru Yamamori and Almaz Zelleke

Introduction

This chapter surveys a range of arguments and movements in favour of a Basic Income from a feminist perspective, including normative arguments, critiques by theorists, policy advocates, and welfare claimants of the welfare state's treatment of women, and empirical evidence from cash grant pilots to examine the gender effects of a Basic Income. Feminist arguments for Basic Income in the UK and US stand alongside a tradition of ostensibly 'gender-neutral' normative and economic arguments for Basic Income dating back to Thomas Paine and continuing through twentieth century economists and contemporary philosophers. In the US and Canada, the economic argument for Basic Income gave rise to cash grant pilots in the 1960s and 1970s (see Chapter 15 of this volume). Those, along with more recent pilots in countries around the world (Chapters 16–21), provide some evidence of the gender effects of cash grants. Although we consider empirical evidence from a range of countries, we focus primarily on the UK and US, where

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gender-based arguments for Basic Income have had a particular resonance because of the inadequacy of the Anglo-American ‘liberal’ welfare state to address poverty and economic insecurity, especially for women, and because of the existence in those countries of grass-roots movements for Basic Income led by female welfare claimants.

This chapter is divided into five parts: firstly, a discussion of normative arguments for Basic Income articulated by feminist political theorists in the liberal egalitarian tradition; secondly, a discussion of gender-based critiques of welfare state institutions developed on a ‘male breadwinner’ model in the UK and US; thirdly, a history of grass-roots movements by welfare claimants in the UK and US campaigning to replace much of the cash grant part of the welfare system with a Basic Income; fourthly, a survey of empirical evidence from cash grant pilots around the world; and fifthly, a conclusion summarising the theoretical and empirical gender effects of a Basic Income, with a note on the implications of this survey for the implementation of a Basic Income that supports gender equality.

Feminist Political Theory and the Normative Argument for Basic Income

Contemporary theorists of distributive justice have proposed a range of theoretical justifications for redistribution to address the inequalities created, or magnified, by capitalist economic systems. Several theorists in the liberal egalitarian tradition, from Rawls onwards, have endorsed the notion that redistribution should be conditional on a demonstrated work effort in order to prevent exploitation by those who choose ‘excess leisure’ of those whose work funds the redistribution (Dworkin 2000; Gutmann and Thompson 1996; Rawls 1971, 2001). Because the status of care work was not explicitly addressed, these theories seemed to imply that women who ‘choose’ to perform unpaid care work in place of undertaking paid employment are choosing ‘leisure’ over work and are not entitled to receive redistributive benefits.

Feminists critiqued these theories for regarding work in the domestic sphere as equivalent to ‘leisure’, and for failing to address the tension between their ideals of equality and the gendered division of labour (Kittay 1999; Okin 1989; Tronto 1993). But while there was widespread agreement among feminist political theorists on the need to resolve this tension, there was no consensus on how to do so. Philosopher Nancy Fraser characterises the two approaches that dominated the feminist literature in the 1970s and 1980s as the ‘universal breadwinner’ and ‘caregiver parity’ models (Fraser 1997).

The ‘universal breadwinner’ model ‘aims to achieve gender equity principally by promoting women’s employment’ (Fraser 1997: 51) and requires support services designed to free women from caregiving responsibilities that hinder their full-time employment (Bergmann 1998; Hirschman 2006). This model is exemplified by the Scandinavian Social Democratic welfare states, where norms of full employment for women and men are supported by state-sponsored child and elder care, health care, education and training, and a large public employment sector (Bergmann 2006). The ‘caregiver parity’ model, on the other hand, ‘aims to promote gender equity principally by supporting informal care work’ (Fraser 1997: 55) and requires that care work be regarded and remunerated on a par with other paid employment (Abelda et al. 2004; Bergmann 2000; Kittay 1999). This model, yet to be implemented in any contemporary welfare state, resembles proposals for a ‘Participation Income,’ which is similar to Basic Income but with a requirement to ‘participate’ in society that assumes a more expansive view of the kind of ‘work’ that can satisfy the principle of ‘reciprocity’ for tax-financed redistributive benefits (Atkinson 1996, 2015; White 2003).

Fraser critiques both of these models. Neither the ‘universal breadwinner’ model nor the ‘caregiver parity’ model fundamentally challenges the assumption of an autonomous, independent worker as the model citizen. The ‘universal breadwinner’ model attempts to provide sufficient supports for women to participate in paid employment in equal numbers to men; the ‘caregiver parity’ model seeks to recast unpaid caregiving in the mould of autonomous, independent work. Neither model recognises that caregiving and household responsibilities cannot be fully commodified or restricted to the confines of employment-comparable hours and tasks (Mink 1995). Both models concern themselves only with the redistribution of what is primarily ‘men’s work’: paid employment or other activities that can be moulded to resemble paid employment. As a result, both models are only marginal improvements on the status quo in terms of valuing care work, and they continue to deny women true equality with men. True gender equality, Fraser argues, requires the redistribution of what is primarily ‘women’s work’—care work—as well. Fraser calls this model of citizenship the ‘universal caregiver’ model. ‘The key to achieving gender equity in a post-industrial welfare state ... is to make women’s current life-patterns the norm for everyone’ (Fraser 1997: 61). Rather than paid employment and care work being divided between workers and caregivers, all citizens would be assumed to participate in both kinds of work, and social institutions, including the workplace and the welfare state, would be structured so as to support this dual responsibility.

Fraser and others argue that the ‘universal caregiver’ model requires something like a Basic Income to support and incentivise care work in combination with paid employment for both women and men, laying the foundation for a more egalitarian distribution of both care work and paid employment for all genders (Baker 2008; Elgarte 2008; Fraser 1997; Pateman 2006; Zelleke 2008). In contrast, other feminists see in Basic Income’s unconditionality an implicit endorsement of care work as women’s proper ‘work,’ consigning women to the domestic sphere that so many have struggled to escape from over the last fifty years (Bergmann 2006; Roebyns 2000). In the absence of a true Basic Income, this theoretical dispute over the effects of a Basic Income on the gendered division of labour remains unresolved.

Gender Critiques of the Welfare State and Gender-Egalitarian Precedents for a Basic Income

Critiques of the inherent gender biases of twentieth century welfare states are as old as, or even older than, the welfare state itself. In both the US and the UK, alternative, unenacted proposals for pensions and income support included individual payments to women and men on an egalitarian basis. In general, welfare policy analysts and advocates argue that conditional, categorical, and means-tested welfare systems, (1) leave many individuals at risk of poverty, particularly lone parents and children; (2) fail to support the economic independence and autonomy of women in particular; and (3) create perverse incentives through the disparate treatment of the non-working and working poor (McKay 2005). The stories of two early proposals for universal cash grants illustrate what positive outcomes advocates envisaged that the effects of a Basic Income would be for women, in relation to autonomy, well-being, and productivity.

In the US, the Townsend Movement of the 1930s and 1940s proposed a monthly pension for elderly people who agreed to give up employment and spend the full amount of the pension each month (Amenta 2006; Ranalli 2015). The Townsend Plan was an alternative to the contributory, worker-centred pension plan for elderly people (people sixty years old and older) known as Social Security that was the foundation of the contemporary US welfare state. The plan was designed to provide an income guarantee for elderly people, to increase employment for younger workers, and to provide

stimulus spending for an economy in the throes of the Great Depression. The pension was to be *universal* in the sense that it was without means test for the age-eligible population, and it was to be *individually* paid to men and women. But it was not *unconditional*. Its receipt was to be conditional on elderly people foregoing employment so that jobs could go to younger workers. It was also required that the pension be spent, rather than saved, in order to spur consumer demand that would lead to even more employment for younger workers. In contrast to Social Security, the pension would have been gender-neutral—paid to women and men regardless of previous employment status, rather than to overwhelmingly male former workers only. Although Social Security was later extended to the ‘dependent,’ overwhelmingly female spouses of workers, its conditional and contributory structure continues to leave US women at disproportionate risk of poverty in retirement.

In the UK, Liberal Party member Lady Juliet Rhys Williams proposed an alternative to the male breadwinner-based social insurance system proposed by the Beveridge Commission, which became the foundation of the UK’s post-WWII welfare state. Rhys Williams argued that the Beveridge Report’s emphasis on income-replacement for workers would fail to eradicate poverty, and would create perverse incentives by failing to reward the efforts of the working poor (McKay 2005; Parker 1989; Rhys-Williams 1943; Sloman 2016). She proposed universal payments that would go to men and women on an individual basis, although she did suggest that they should be conditional on willingness to work (for men and single women), or the provision of care (for married women and mothers), to enforce the reciprocity principle.

The contemporary Anglo-American welfare state remains subject to the same critiques. The implementation of means-tested social assistance benefits is inherently difficult to get right in contemporary capitalist economies. If benefits are kept below what can be earned in low-wage employment, then they cannot meet even the basic needs of claimants. If benefits are high enough to lift recipients out of poverty, then claimants might become worse off if they moved into the low-wage employment typically available to social assistance claimants. Providing benefits in the form of a wage supplement is also inherently tricky to do without effectively subsidising low-wage employers and driving low wages even lower (Rothstein 2010).

The choice of an appropriate unit for calculating benefits also poses problems. Joint assessment of a married couple’s needs is justified on the basis of the marriage contract. As British barrister Helena Kennedy wrote, ‘until the late 19th century, under the Common Law a husband and wife were treated as one person and marriage meant the surrender of separate legal rights for

a woman. From this unity of husband and wife sprang all the disabilities of the married woman' (Kennedy 1993: 25). In the UK, the marriage law is not a contract between spouses, but between the couple and the state, in which the partners agree to maintain each other and only claim assistance when the couple as a unit is in need. Hence, the couple is the unit for assessment and delivery of means-tested benefits, and a couple receives a smaller benefit than two single recipients on the grounds that a couple can live more cheaply than two people separately.

Joint assessment is extended to unmarried, cohabiting couples to prevent them receiving higher benefits through individual assessment than married couples through joint assessment. However, joint assessment may create the perverse incentive for couples who are struggling financially to split up to increase their benefits. Within either marriage or cohabitation, joint assessment puts the poorer partner, usually the woman, at a disadvantage. The wealthier partner might maintain her by providing food, clothes and accommodation, but he is not required to provide an income. The poorer partner is treated as a financial dependent with no entitlement to either a separate assessment of her needs or a portion of her partner's income.

Thus, while welfare policy critics have not been uniformly in favour of a Basic Income's *unconditionality*, they have seen the *individual* basis of its benefits as an advantage for unpaid or lower paid spouses, typically women, over the couple or household assessment of need that treats women as economic dependents of their partners.

Grass-Roots Movements for a Basic Income

In the UK, US, and Italy, the 1960s and 1970s saw women welfare claimants and housewives campaigning against these inequities. The history of these movements demonstrates a faith in the emancipatory effects for women of a Basic Income. Although there was some fear among women's movements that Basic Income might further consign women to the domestic sphere, this was a view held primarily by middle-class women, rather than by the welfare claimants themselves.

The Welfare Claimants Movement in the UK

In the UK, the grassroots movement for a Basic Income began in 1968 with the formation of welfare claimants unions, self-described as 'trade unions' of social assistance claimants (NFCU 1970: 24). Claimants Unions (CUs) were

open to all welfare claimants, and included women, men, and pensioners, who met weekly and supported each other in negotiating benefits in welfare offices. In 1970 they gathered to form the National Federation of Claimants Unions (NFCU), later renamed the Federation of Claimants Unions (FCU) when the Scottish FCU became independent.

Women's differential treatment by the Department of Health and Social Security (DHSS), and their objection to what was known as the 'cohabitation rule', were key reasons for women being at the heart of the movement. Whether a claimant was cohabiting with someone was determined by neighbours and social security officers spying on them, and not by the claimant herself:

It would be pushing naiveté to the point of imbecility to suppose that fraud is never attempted, or that the truth about a relationship between a man and a woman will always be openly told. It is not therefore possible to rely on the unsupported word of persons to whom concealment or untruth can bring substantial advantage. (DHSS 1971: 7)

Women claimants opposed the state's assumption and enforcement of women's economic dependency on, and control by, men, but neither did they want to replace it with dependency on, and control by, the state. The NFCU campaigned against the cohabitation rule and for a guaranteed income.

In the 1960s and 1970s, the term 'guaranteed income' did not necessarily mean an unconditional Basic Income as we use the term now. Guaranteed income could, at the time, refer to a flat grant paid to all without means-test or work test, or to a supplement that topped up low income to a specified amount. The CUs demands for a guaranteed income were not clearly defined as a Basic Income until the development of a Claimants' Charter at the first NFCU meeting in 1970, which called for 'the right to adequate income without means test for all people' (Yamamori 2014: 8). One CU member described what they wanted this way: 'We just wanted something like, best we can think of is Beveridge's child benefit or family allowance. A universal benefit, not means-tested, guaranteed to everybody. Because you are a British citizen, you get it. So I suppose, we demanded it based on child benefit' (Yamamori 2014: 8).

The NFCU began its campaign for a Guaranteed Adequate Income (GAI) in April 1972 and held a conference in Swansea at which members discussed the details of amount and administration, as well as whether a GAI would reinforce women's position in the domestic sphere or liberate women from dependence on men. Participants believed that a Basic Income would make

women independent of men, while ‘Wages for Housework’—another idea gaining currency at the time—would trap women within patriarchal households (Swansea Minutes 1972). Conference participants considered two forms of GAI—a universal weekly payment of £10 a week for all, without work test or means test and regardless of claimant status—that is, a Basic Income—and a narrower GAI for claimants and unemployed people, without a further means test. The majority chose the latter, giving up on universality in the name of political pragmatism (Brapsstacks 1972; Swansea Minutes 1972; Yamamori 2014). By 1975, however, the NFCU had returned to the universal option: its publications emphasised women’s need for an individual benefit, and made an explicit connection between a GAI and ending gender discrimination in the administration of social security, in employment, and in the family (NFCU, c. 1977–1978; *Spare Rib* 1975). The 1985 version of the FCU’s publication *Women and Social Security* argued:

A Guaranteed Minimum Income would radically affect the position of women in this society. It would undermine the sexual division of labour in the home and in employment. It would blur the divisions between ‘male’ and ‘female’ gender roles. And it would lead to autonomy for women in most areas of production and reproduction. (FCU 1985: 44)

Women in the CU movement tried to make demands for a GAI part of the broader Women’s Liberation Movement (WLM) in the UK, with mixed success. When the WLM was launched at a conference in 1970, a CU delegate presented a ‘Women’s Liberation Statement’ declaring the claimants’ struggle as ‘a struggle for women’s rights’ (NFCU 1970: 24), but the first four demands set out by the WLM at its 1971 conference omit any reference to the pressing interests of claimants. Instead, they include equal pay for equal work; equal educational opportunities; free contraception, and abortion on demand; and free twenty-four-hour nurseries, which are also, of course, the interests of women claimants. ‘Legal and financial independence for all women’, along with the right to self-defined sexuality and an end to discrimination against lesbians were added in 1974; a final demand for freedom from intimidation, violence, and sexual coercion, and legal reforms to end male dominance and aggression was added in 1978 (British Library 2013). Records suggest that CU members succeeded in passing a resolution in favour of GAI proposed at WLM conferences more than once, but it was opposed by the ‘Fifth Demand’ group—the group that succeeded in getting the fifth demand for legal and financial independence added to the WLM’s list, and which included CU members (Yamamori 2014).

The objections to a GAI seemed in part to follow from the GAI being lumped together with the ‘Wages for Housework’ (WfH) movement that emerged in Italy during the early 1970s and spread internationally after the formation of the International Feminist Collective (IFC), a group founded by Mariarosa Dalla Costa, Selma James, Silvia Federici, and others. In Federici’s words, its goal was ‘to open a process of international feminist mobilisation that would force the state to recognise that domestic work is work’ and to remunerate it accordingly (Federici 2012: 8). The IFC brought a Marxist, revolutionary perspective to the place of housework in the larger system of capitalist domination—that the foundation of ‘productive,’ waged, male labour is ‘reproductive,’ unpaid female labour in the home, and that the emancipation of waged labour could only come through this recognition. The IFC’s ‘Wages for Housework’ slogan suggested to some feminists a desire to recognise women’s natural place in the home and to keep her there through the payment of a wage (Toupin 2018: 3), and obscured the group’s more radical goals—to make housework visible as work so that it could be rejected as work; to revolutionise gender relations; and to demand the redistribution of capital to support social reproduction (Federici 1975). The WfH movement was critical of middle-class feminists’ belief in the ‘myth of liberation through work’ outside the home (Dalla Costa and James 1972: 49) or through the state-controlled commodification of care, demanding instead cash independent of the performance of waged or unwaged work (Federici 1975: 6–7).

The WLM, along with many members of the CU movement, rejected what they saw as the WfH movement’s perpetuation of a gendered division of labour. Nevertheless, the CUs were seen by socialist feminist Sheila Rowbotham as one of the groups, along with WfH, that had, in her words, a ‘rejection of work’ tendency (Rowbotham 1989: 186). In the end, the resolutions passed in favour of the GAI were ignored by the middle-class leaders of the WLM conference, a symptom of the class-based split in women’s movements between the poor and working-class claimants on the one hand, and middle-class and professional women on the other. The former thought that the latter’s focus on securing access to employment outside the home was not enough, because of the intersectionality of the discrimination they experienced in terms of class, race, disability, sexual orientation, and gender identity (Yamamori 2014). Despite this split in the larger WLM, it is clear that the working-class welfare claimants’ branch of the WLM envisaged what Nancy Fraser was later to term the ‘universal caregiver model’, and considered a GAI to be an indispensable part of it (Yamamori 2014). While the WfH movement’s demands were less clear, its demand for redistribution

outside the wage relationship strongly suggests support for the emancipatory effects for women and men of an unconditional and individual Basic Income (Weeks 2011).

The Welfare Claimants Movement in the US

In June 1966, welfare claimants across the US held marches and demonstrations to demand increases in welfare benefits up to the amount necessary for a minimum standard of living. This marked the beginning of a unified national movement of welfare claimants that had begun up to a decade earlier in local Welfare Rights Organizations (WROs) across the US (Nadasen 2012). The WRO movement arose as a result of a confluence of economic, political, and social changes building over several decades, including the continuing transition of the US from an agricultural to an industrial economy; the Civil Rights Movement for political and social rights of African-Americans; the Great Migration of African-Americans from the South to the North and West; changes in family structure linked to these pressures; and changes in sexual mores over the course of the twentieth century. But the proximate cause was the structure of the US welfare state, and its failure to address adequately the needs of poor women and mothers.

As in the UK, the post-Second World War US welfare state emphasised income replacement for employed men, with Social Security pensions and Unemployment Insurance funded by deductions from workers' wages. The social assistance programme known as Aid to Dependent Children (later, Aid to Families with Dependent Children, or AFDC) was meant to provide for children in families without a breadwinner, including those in which the breadwinner had died or was disabled. After Social Security pensions had been extended to spouses, widows, and dependent children of workers covered by Social Security, and later to disabled children and disabled workers and their dependents, AFDC eventually became a programme limited to spouses and children of 'absent,' rather than dead or disabled, breadwinners (Nadasen 2012: 8). The shrinking of the AFDC population to families without a breadwinner—or an acceptable reason for his absence—made AFDC claimants vulnerable to the intrusive inquiries and moralistic judgments of those charged with disbursing its benefits. While this was true from the early days of state-run 'mothers and widows' benefits, which were strictly limited, and went primarily to white women, it was even more the case once urban women of colour became the face, if not the majority, of AFDC claimants.

Local groups of AFDC claimants had formed as early as the late 1950s to share information about benefits, confront AFDC administrators when claimants' benefits were denied or reduced, and resist intrusive inquiries about a 'man in the house' who might be held responsible for the children's support and thus disqualify a claimant from AFDC benefits. In August 1966, WRO representatives gathered at a conference and began to form the National Welfare Rights Organization (NWRO). It was at the 1966 meeting that NWRO members first encountered the idea of a GAI, an idea that had gained currency in economics and policy circles in the US in the 1960s as President Johnson's administration declared a 'War on Poverty.' The NWRO did not begin campaigning for a GAI until 1969, but from the beginning the idea exposed fundamental disagreements between the membership, who were mostly poor African-American women, and the mostly black and white middle-class men of the national leadership. Those disagreements were to persist until the NWRO's demise in 1975.

NWRO Executive Director George Wiley argued that the GAI was necessary because a lack of jobs for men and childcare for women meant that the poor could not earn an adequate income, and because a GAI would incentivise marriage by providing the same benefits for the working poor and for unemployed poor families, rather than only for families without an employable breadwinner. The NWRO's membership, on the other hand, saw the GAI as a recognition of the value of women's work as mothers, independently of their relations with, or dependency upon, men (Nadasen 2005: 165–166). Johnnie Tillmon, a welfare claimant and later Executive Director of the NWRO, articulated the feminist argument for a GAI, describing the conditional and means-tested welfare system as exchanging one form of dependence for another:

Welfare is like a super-sexist marriage. You trade in a man for the man. But you can't divorce him if he treats you bad. He can divorce you, of course, cut you off anytime he wants. ... The man runs everything. In ordinary marriage, sex is supposed to be for your husband. On A.F.D.C., you're not supposed to have any sex at all. You give up control of your own body. It's a condition of aid. You may even have to agree to get your tubes tied so you can never have more children just to avoid being cut off welfare. (Tillmon 1972)

Tillmon and other NWRO members also noted that African-American women were expected to accept the lowliest, poorest paying jobs: domestic service, seasonal agricultural work, and other work that paid less than the federally-mandated minimum wage, in line with a long tradition in the US

of African-American women being seen as labourers first and women second (Nadasen 2012: 48–49; Tillmon 1972).

NWRO members' belief in their entitlement to income support as a matter of right informed their reaction to President Nixon's proposal for a GAI in his Family Assistance Plan (FAP). Members of the Nixon administration had debated the merits of a pure 'income' approach to addressing poverty, against the belief that the welfare system should 'rehabilitate' the poor into paid employment, even if the jobs were undesirable. The rehabilitative approach prevailed, and the FAP included a requirement that adult recipients had to accept employment, although children's benefits would not be reduced if their parents refused work (Steenland 2008: 80–83). The NWRO membership opposed the work requirement, but the leadership did not. Both members and the leadership opposed the amount of the income benefit, which was lower than existing welfare benefits in many states with large NWRO memberships, and more generous than existing welfare benefits in other states (Nadasen 2005: 171–179). The NWRO proposed its own, more generous GAI, without a work requirement. But in the end neither its bill nor the President's FAP was approved by Congress. Both were doomed by a combination of liberal opposition to the low level of the GAI, and conservative opposition to alleviating the economic dependence of low-income workers. One Southern Senator, Senator Russell Long, complained at a FAP hearing that even without a GAI in place, 'I can't get anybody to iron my shirts!' (Welsh 1973).

Despite the failure of the NWRO's campaign for a generous, unconditional GAI, the effort made clear what effects welfare claimants thought a GAI would have: a basic economic security for all, regardless of employment, and also the ability to refuse exploitative employment. In addition, it would have brought about the independence of women from men—husbands, fathers of their children, 'the man'—and the recognition of care work, primarily performed by women, as 'real work.' On the question of whether a Basic Income would liberate women or confine them to the domestic sphere, NWRO members had a perspective distinct from that of mainstream feminist groups in the US, which were dominated by middle-class white women and focused on breaking down the barriers that kept women from access to the labour market. Black welfare recipients wanted the same privilege to care for their own children, rather than working outside the home, that white middle-class women had long enjoyed (Kornbluh 2007: 3).

Thus the lesson that we can draw from the welfare claimants' movement in the US echoes that which we have drawn from the claimants' movement

in the UK: that we need to keep in mind class and ethnic differences among different groups when speculating about the gender effects of a Basic Income. Where middle-class and professional women see a danger in Basic Income's support for, and implicit endorsement of, traditionally female roles in providing unpaid care, poor women and welfare claimants see the emancipatory promise of allowing them to decide for themselves, on a foundation of economic security, whether and how to combine the multiple roles that women have always performed, rather than being forced to choose dependence on either a breadwinning spouse or on a low-paying job.

Gender Effects in Cash Grant Experiments

The effects that have been observed in cash grant experiments can be divided into four areas: labour market effects; improvements in well-being; emancipatory effects; and effects on economic productivity. We discuss these effects in relation to four pilot projects: the Negative Income Tax (NIT) Experiments in the US; the Mincome (Minimum Income) Programme in Manitoba, Canada (see Chapter 15 in this volume); a privately-financed cash grant demonstration in the small rural settlement of Otjivero-Omitara in Namibia (Chapter 18); and randomised controlled trials of Basic Income in Madhya Pradesh, India (Chapter 19).

The US Negative Income Tax Experiments of 1968–1980 have been exhaustively discussed elsewhere (Hum and Simpson 1993; Marinescu 2018; Widerquist 2005; and see Chapter 15 in this volume). We limit our discussion here to their gender-relevant effects. In the case of labour market effects, researchers observed declines in labour supply that varied by gender, with larger declines among married women than married men, suggesting that the income supplements induced women to devote more time to unpaid care work, as some in the women's movement feared would be the case. But the reliability of the findings has been questioned due to the experimental design, which included a range of NIT amounts and withdrawal rates to which families were assigned according to their prior household earnings (and not randomly) in order to minimise programme costs (Hum and Simpson 1993); and the experiments did not include enough experimental families in any of the sites to induce a labour demand response, which could in turn have affected labour supply (Widerquist 2005).

These observations suggest that a NIT generates different labour supply effects for primary and secondary earners in families, and also for those who identify primarily as breadwinners and those who take on more

responsibility for care-giving. However, the predictive value of NIT experiments from the 1970s for a Basic Income today might be limited due to changes in gender roles and family composition since the 1970s, and also due to the differences between the NIT imposed then and the definition of Basic Income. In every experiment the income supplements were based on household income and size, rather than paid individually; and they were targeted to families with low incomes, rather than being universal. Also, the NIT experiments imposed high effective tax rates on recipients' earnings, which might or might not be the case with a Basic Income.

The Canadian Mincome Programme of 1974–1979 included a 'saturation site' in Dauphin, an agricultural community in Manitoba, Canada. This meant that all 10,000 members of the community were eligible to receive a means-tested benefit (MTB) equivalent to 60% of the official Canadian low-income cut-off (LICO), with a 50% withdrawal rate. (Not all Dauphin families applied for the MTB, as those with incomes near to or above the LICO would have had no reason to do so.) As in the US experiments, researchers observed that 'few people had stopped working and hardly anyone with a full time job reduced the hours that they worked. ... Married women took longer maternity leave. Adolescents, mainly boys, reduced the hours that they worked' (Miller 2017: 107).

Markers of increased well-being in the Canadian Mincome included a 19% drop in hospitalisation rates in Dauphin between 1973 and 1978, and a convergence, by the end of the programme, of hospitalisation rates in Dauphin with those in control communities, whereas they had been 8.5% higher in Dauphin before the programme (Forget 2011: 294). Dauphin also saw increased high school completion rates during the programme years, while comparator communities saw no increase during the same period (Forget 2011: 291). Researchers found data that suggested a limited effect on fertility. Women who had been young girls during the programme (younger than seven years old at its start) 'were significantly less likely than the comparison group to give birth before age 25 and had, on average, significantly fewer children before age 25', but this effect did not extend to their older sisters (Forget 2011: 298). Researchers also found a decrease in fertility, fewer infants with low birthweight, higher nutritional intake, and higher school attendance and test scores, in experimental families than in control families in US NIT sites where evaluation of well-being was part of the experimental design (Salkind and Haskins 1982). These results suggest, unsurprisingly, that income supplements can increase well-being regardless of gender, but also that they might have additional benefits for mothers, and might delay the onset of parenthood for children who grow up in

families for which income supplements allow greater investments in education (Forget 2012).

The pilot project in Namibia was a saturation study of a Basic Income, rather than a NIT or MTB: the Basic Income was *unconditional, individual, and universal* (although it was not extended to people who moved into the community after the experiment had started). Although the lack of a control makes it impossible to attribute causation to the Basic Income intervention, average income increased by 60%, and measures of well-being, including child nutrition and school attendance, improved significantly during the pilot (see Chapter 18 in this volume). In addition, one of the pilot's explicit objectives was to promote gender equality and empower women (Haarmann et al. 2008: 96). 'Even after as little as six months, significant changes were obvious. ... Women's economic status improved and women were empowered through gaining more choices, enabling them to escape from abusive relationships and avoid having to earn money through sexual services ... Better nutrition for pregnant women improved maternal health' (Miller 2017: 118–119).

The results of the Basic Income pilots in Madhya Pradesh, India are discussed in Chapter 19 in this volume. They demonstrate statistically significant improvements in economic productivity; improvements in a range of measures of well-being, including a larger increase in the proportion of girls at normal-for-age weight than boys in experimental villages as compared with control villages; and emancipation, both from crippling debt for those who had no options other than local moneylenders, and for increased voice for women within families (Davala et al. 2015).

Women were the immediately obvious [beneficiaries] in a society where women were second-class citizens with no citizenship rights (even in high caste households), with no identity, and no empowerment. Their first problem was to establish that they existed, in order to open a bank account. ... The individualisation of the BI meant that for the first time women had some control over their lives, and influence in the household. Both men and women agreed that women had been the major beneficiaries of the advantages offered by the cash transfers. (Miller 2017: 72)

In sum, the evidence from these experiments suggests that the effects of unconditional and individual cash grants are largely what feminist theorists, welfare policy analysts, and grass-roots welfare activists, have envisaged: a decrease in the economic dependence of both women and men on earned income; an increase in economic security, with positive effects on well-being; and a decrease in the economic dependence of women on men.

Conclusion: Gender Effects of a Basic Income, and Consideration of the Structure of a Basic Income That Supports Gender Equality

A Basic Income is the antithesis of the conditional, categorical (restricted to particular categories of individuals), and means-tested social security systems that developed in ‘liberal’ welfare states in the twentieth century. Where these systems differentiate benefits on the basis of contributions, employment history, household size, means-tests, and willingness to accept paid employment, a Basic Income provides the same benefit to all adults (with perhaps the same or a lesser amount for children) without reference to these differences. The Basic Income would be *universal*, rather than selectively targeted to the poor; *unconditional*, rather than conditional on behaviour, employment history, or relationship status; and the *individual*, rather than the couple or the household, would be the unit for its assessment and delivery.

A Basic Income could be especially beneficial for women, given the deficiencies of both the wage and welfare systems in meeting the needs of those with disproportionate responsibility for care work. Those adults who would otherwise have been financial dependents could become emancipated. Basic Income could help the poorer partner—most often, the woman—to negotiate a better relationship within the household, and a fairer sharing of caring responsibilities, domestic tasks, and paid employment. It could redress the balance in what is essentially an unequal power relationship in the home, and could lead to fewer relationship breakdowns. Alternatively, it could make it easier for either a woman or a man to leave an abusive partner. A Basic Income could help workers to demand a shorter working week, allowing them more time at home with their families. A shorter working week, along with the availability of improved childcare facilities, could in turn encourage more women to participate in paid employment. Thus, a Basic Income could lead to a redistribution between paid and unpaid work, and could also lead to a blurring of the distinction between traditional gender roles, although we must be careful to acknowledge that a Basic Income might also have the effect of reinforcing gender roles of women of lower socio-economic status to whom care work in advanced ‘gender egalitarian’ economies often devolves (Glenn 1992).

A Basic Income would provide financial security for the men who currently lack it, as well as for women; and it could give to men more control over the use of their time, allowing them a greater ability to participate in

raising their own children and to share more equitably in the domestic tasks and other care-giving roles traditionally allotted to women and discouraged for men. A Basic Income would also compensate for the kind of affiliative work, beyond formal care for children and elders, that maintains healthy communities and cannot be easily commodified (McKay 2005; Oksala 2016). An individual Basic Income is inclusive of different family forms, neither prioritising nor penalising heterosexual, lesbian, or gay relationships, dual- or lone-parent families, or alternative household compositions.

The larger the Basic Income, the larger would be the gender-egalitarian effects outlined here. Ideally, a Basic Income should be large enough to provide a foundation of economic security for those whose care responsibilities might, at least for a time, preclude paid employment, although a smaller Basic Income would also provide a layer of income security that would begin to offer those effects. By definition the Basic Income would be individual, and it would be unconditional. This means that undertaking care work could never count as a condition for receiving Basic Income. Such a condition would require the intrusive monitoring of individual behaviour of a kind to which women in the welfare claimants movements have objected, and it would be counter to the definition of Basic Income. To provide lone-parent families with economic security without the need for too much by way of additional needs-based benefits, adequate Basic Incomes for children would also be required, perhaps as additions to existing unconditional child benefits where those exist.

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* 11 April 2019: Warning for Users of the Spare Rib Jisc Archive – possible suspension of access. This warning has been updated to reflect the further extension to the deadline for the UK to exit the EU to 31 October 2019. See our news item for further details. We regret to inform you that if the UK leaves the EU without a deal on the 31 October 2019 the full run of the feminist magazine Spare Rib, hosted on the Jisc Journal Archives platform and digitised by the British Library, will no longer be available. We know this resource is used by researchers, activists, students and teachers, not only in the UK but around the world and greatly regret the possible need to suspend the resource. We are sorry for the disruption and disappointment this will cause if it proves necessary. Information about why the Spare Rib online resource may have to be closed down can be found on the British Library's website.

Part III

The Feasibility and Implementation of Basic Income



9

Feasibility and Implementation

Malcolm Torry

Introduction

‘Is a Basic Income feasible?’ Here ‘feasible’ means ‘Capable of being done, accomplished or carried out; possible, practicable’ (Oxford English Dictionary). So the question that we are asking is this: Is a Basic Income capable of being implemented?

Firstly, we shall need to provide a context, because context will largely determine feasibility. Where a context is required, that context will be the United Kingdom. A reader from elsewhere will be able to ask themselves to what extent differences between their context and the UK would make it more or less feasible to implement a Basic Income in their own country. Secondly, in order to answer the general question ‘Is a Basic Income feasible in a particular country?’, we shall have to ask about a variety of different feasibilities: financial feasibilities of different kinds, psychological feasibility,

Parts of this chapter are drawn from a paper presented at the BIEN Congress held in Montreal in 2014, ‘A Basic Income is feasible: but what do we mean by feasible?’ and from a report (Torry 2016b) written to accompany a consultation on Basic Income organized by the Institute for Chartered Accountants of England and Wales in November 2016. A more detailed discussion of the feasibility tests will be found in *The Feasibility of Citizen’s Income* (Torry 2016a). The lists of feasibility tests employed in the BIEN Congress paper, in *The Feasibility of Citizen’s Income*, and in this chapter, are adapted from a list offered in a paper by De Wispelaere and Noguera (2012).

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administrative feasibility, behavioural feasibility, political feasibility, and policy process feasibility.

In relation to this chapter, it will be particularly important to distinguish between a Basic Income (an unconditional income paid to every individual) and a Basic Income scheme (a Basic Income, with levels prescribed for each age group, and with accompanying changes to existing tax and benefits systems specified). A Basic Income never comes alone, so the question that this chapter addresses is this: Is there a Basic Income *scheme* that would be feasible to implement? If so, then Basic Income is feasible.

Financial Feasibility

The answer to the question ‘Would a Basic Income be financially feasible?’ is of course ‘yes’. It would always be possible for a government to divert existing tax revenue from public services to fund a Basic Income, or to invent new taxes in order to fund it. However, either of these methods could have consequences for living standards, suggesting that implementation of the Basic Income might not be as feasible as first thought; and, just as importantly, both of those funding methods would require two policy debates to occur at the same time—a debate about Basic Income, and another about changes to the tax system. As we shall see when we discuss the different feasibility tests, shepherding a single policy change from idea to implementation would be difficult enough. Regardless of whether it would be right to divert funds from public services—which is unlikely—to obtain sufficient agreement about service cuts at the same time as getting the idea of Basic Income from idea to implementation would be complicated in the extreme; and it would be even more complicated to get a novel type of taxation from idea to implementation at the same time as getting a Basic Income through the same process. It will be far simpler—although not simple—to fund a Basic Income by making relatively small changes to the current tax and benefits system, and preferably by making as few such changes as possible. This is the approach that will be taken in this chapter. We shall therefore reduce the question ‘Would a Basic Income be financially feasible’ to the question ‘Could a Basic Income be funded by reducing tax allowances and means-tested benefits and making small adjustments to income tax rates?’ Such a revenue-neutral Basic Income would always be feasible: and in the UK a Basic Income of £63 per week for working age adults, with different amounts for children, young adults, and elderly people, would be feasible if funded in this way (Torry 2017, 2018b).

But being able to pay for a Basic Income for every individual within a particular jurisdiction is not the only financial feasibility question that needs to be asked. The concept of financial feasibility might also relate to the number of households that would suffer significant losses if a revenue neutral Basic Income were to be implemented. So, for instance, we might decide that to pass this second feasibility test no more than 2% of households should suffer net income losses of over 10% at the point of implementation, that no more than 3% of low income households should suffer net income losses of over 5%, and that no more than 10% of all households should suffer losses of over 5%. If a revenue neutral Basic Income scheme were to be implemented, then household gains would need to be matched by household losses; and the complexity of current tax and benefits systems, particularly in developed countries, means that gains and losses will always occur and will always be difficult to predict: so to prevent sizeable net income losses at the point of implementation, particularly for low income households in receipt of in-work or out-of-work means-tested benefits, will always be challenging. In some contexts, the configuration of existing tax and benefits systems might make it impossible to organise a revenue neutral Basic Income scheme that would prevent major losses occurring. Only rigorous testing by microsimulation (a research method that passes financial data from a large sample of the population through a computer programme into which are coded tax and benefits regulations in order to discover the individual and household level financial effects of changes to tax and benefits) will determine whether this second feasibility test can be met. The most recent research shows that a Basic Income of £63 per week for every working age adult, and different amounts for other age groups, could be paid for by reducing tax allowances and means-tested and contributory benefits, and by adjusting Income Tax and National Insurance Contribution rates slightly: and that it would be possible for such a Basic Income scheme to pass the second kind of financial feasibility test defined by the losses thresholds listed above (Torry 2018b).

It might be objected that any household net income loss would be unacceptable. The objection can be answered. First of all, any revenue neutral change to a modern tax and benefits system will create household losses as well as household gains. To declare all losses unacceptable would be to prevent any useful change to tax and benefits systems in contexts in which additional public expenditure is unlikely to be available. Secondly, the reason that losses in relation to changes to means-tested benefits are problematic for low income households is that they can find themselves unable to make up the losses through additional earnings, because benefits being withdrawn

as earnings rise means that additional earned income can result in very little additional net income (Murphy and Reed 2013: 25–27). A household's Basic Incomes would never be withdrawn, so many households currently on means-tested benefits would no longer be receiving them, and those that remained on them would usually be a lot closer to coming off them. In both cases, making up net income losses through additional earnings would be a lot easier than before (Torry 2017).

So in relation to revenue neutrality, in relation to the levels of household losses at the point of implementation, and in relation to households' ability to handle such losses, a Basic Income scheme could be designed for the UK that would be financially feasible. Whether such financially feasible schemes could be constructed for other countries can only be tested by employing microsimulation on a wide variety of Basic Income schemes designed for those countries to see whether a revenue neutral scheme exists that would avoid unmanageable household net income losses at the point of implementation.

This chapter has tackled the two financial feasibility questions in a context in which existing income tax and benefits systems have been adjusted to obtain the revenue required to pay for the Basic Incomes. Other assumptions would be possible: but in all cases similar feasibility criteria will need to be applied. So, for instance, if Basic Incomes were to be funded from new consumption taxes, then it would be essential to prove that the combination of Basic Incomes and the new taxes did not leave too many low income households worse off by too much. If revenue neutrality is not to be a constraint, then it will have to be shown that that would be politically and policy process feasible; and if revenue neutrality is to be a constraint, then it will have to be shown that new revenue raising methods would achieve that. In all cases it would have to be shown that only an insignificant number of low income households would experience net losses of any kind, and that no household would experience unmanageable losses.

Psychological Feasibility

There are some public policy fields in which public opinion plays only a small part in policy-making (Richardson 1969): but in the benefits sphere public opinion matters, and in many contexts it might be the psychological feasibility test that proves to be the most difficult to pass.

My experience of explaining a Basic Income to groups of intelligent people is that, at the beginning of the conversation, at the forefront of people's

minds are such understandable presuppositions as ‘to reduce poverty we need to give more money to the poor’, ‘to reduce inequality we need to give more money to the poor’, ‘if you give more money to the poor then they might not work’, ‘the rich don’t need the money’. I might draw the group’s attention to the UK’s Child Benefit. This gives the same amount of money to every family with the same number of children, *and* it reduces poverty because it provides additional income for families with the lowest incomes, *and* it reduces inequality because it constitutes a higher proportion of total income for those with low incomes than it does for those with higher incomes. Child Benefit provides additional income for those with the lowest incomes, but because it is not withdrawn as earned income rises, it does not act as an employment disincentive and so is more likely to encourage additional gainful employment than means-tested benefits do. The wealthy pay more in Income Tax than they receive in Child Benefit, so it hardly matters that they receive Child Benefit: and it is better that they do receive it because to give the benefit to every family with children is administratively efficient. I might also draw the group’s attention to means-tested benefits. These give more to the poor than to the rich, but because the benefits are withdrawn as earnings rise, they prevent families from earning their way out of poverty, they make it less likely that people will seek gainful employment, and they therefore tend to increase inequality.

When I suggest that the intentions behind the group’s presuppositions are better served by Child Benefit than by means-tested benefits, and that a Basic Income would also serve those intentions better than means-tested benefits currently do, I can see the penny drop for some of the group’s members. They have understood. But by the end of the session there will still be some members of the group who cannot see beyond the idea that if the poor need more money then means-testing is the obvious way to make sure that they get the money that they need.

Such presuppositions (which might also be understood as hegemonic discourses [Gramsci 1971: 287, 343]) are so difficult to shake off because we have lived with them for so long. In the UK, we have operated means tests for more than four hundred years, with the State giving more to the poor than to the rich, and then withdrawing benefits as other income rises: and many developed countries will be living with similar histories. Means-testing might once have been the only option, but in the context of a progressive tax system, unconditional and nonwithdrawable benefits are the administratively efficient way to provide those with low incomes with additional income, and at the same time to ensure that they experience as few employment disincentives as possible.

So is it possible to shift the public mindset? Is it possible that sufficient numbers of people will understand that in the context of a progressive tax system an unconditional payment is a more constructive way of targeting money on the poor than means-testing will ever be?—that unconditional benefits make people more likely to work, and not less?—that the tax system takes far more from the wealthy than they would receive in unconditional benefits, so it is no problem that they would receive Basic Incomes along with everyone else?

Since William James wrote *The Varieties of Religious Experience*, we have known quite a lot about individual conversion experiences, both religious and otherwise (James 2012); and, more relevantly, Serge Moscovici has shown how a minority within a group can convert the majority to their viewpoint:

A minority, which by definition expresses a deviant judgment, a judgment contrary to the norms respected by the social group, convinces some members of the group, who may accept its judgment in private. They will be reluctant to do so publicly, however, either for fear of losing face or to avoid the risk of speaking or acting in a deviant fashion in the presence of others. (Moscovici 1980: 214–216)

If individual but unexpressed conversions then occur, public compliance with the view expressed by the majority can for a long time coexist with an increasing minority thinking differently. Then one act of courage can reveal how opinion is shifting; and a snowball effect can then occur because

a consistent minority can exert an influence to the same extent as a consistent majority, and ... the former will generally have a greater effect on a deeper level, while the latter often has less, or none, at that level. (Moscovici 1980: 214–216)

Moscovici's research related to groups and institutions, and we ought not to assume that a whole society will function in the same way: but recent experience of rapid shifts in public opinion towards same sex marriage suggests that the same process might also occur at a societal level. We also know that societal feedback mechanisms enable legislative change to change public opinion as well as vice versa (Gingrich 2014: 109). This suggests that for a government to establish an unconditional income for one age group could generate approval for unconditional incomes for other age groups. To start with such 'deserving' groups as elderly people and young adults could reveal and embed a public opinion shifting towards a deeper understanding of the advantages of unconditional incomes. The silent majority

might become conscious of their growing approval of the idea, and might become vocal about it, which might in turn cause the required opinion shift among policymakers.

Administrative Feasibility

This section of the chapter will be much shorter, because this feasibility is easier to demonstrate than financial feasibility, and far easier to demonstrate than the possibility of psychological feasibility.

The UK has been paying Family Allowance to every family with more than one child since 1946; and it has been paying Child Benefit for every child since the 1970s. Administration is simple and efficient; almost no fraud occurs, and error rates are negligible (Torry 2018a: 72, 76). To pay a Basic Income to every adult would be even easier, because every child who leaves school is allocated a unique National Insurance Number. Similar systems exist in most developed countries, and are becoming more common in developing countries. Just as importantly, it would be easy to administer an unconditional and nonwithdrawable benefit for any particular age cohort; and whether for the entire population, or for a particular age cohort, the unconditional and nonwithdrawable nature of the benefit would make computerisation simple in the extreme.

Behavioural Feasibility

The question here is whether a Basic Income would work once it had been implemented. What we would need to show is that households would either experience no change if a Basic Income scheme were to be implemented, or that they would find themselves in a better position: not necessarily in terms of net income on the day of implementation (because for some households net income might go down slightly), but in terms of employment options, and the net income possibilities attached to those options. If attempted new behaviours produced advantageous outcomes—whether that be in terms of work-life balance, increased net income, new self-employment or co-operative employment options, and so on—then the Basic Income will have been behaviourally feasible.

A potential problem with behavioural feasibility is that, while we might be able to predict behavioural feasibility, it would not be possible to demonstrate it in advance. This is not necessarily a problem, particularly if

implementation of a Basic Income were to be phased in, either by providing every legal resident with a very small Basic Income and then increasing it, or by establishing a Basic Income for one demographic group at a time. For instance, if an unconditional and nonwithdrawable Pre-Retirement Income were to be paid to adults between the age of 55 and state retirement age, paid for by reducing personal tax allowances and means-tested and other benefits, then that group would experience behavioural changes, and policy-makers would be able to evaluate both the changes and their acceptability. This would provide valuable evidence about the behavioural feasibility that might follow the implementation of Basic Incomes for other demographic groups, and would go a long way towards passing the psychological feasibility test for a Basic Income for another demographic group.

Political Feasibility

This feasibility test will be particularly sensitive to national context. In relation to the UK, the main recent and current political ideologies are all capable of generating arguments for a Basic Income, such arguments for a Basic Income have in fact been developed by proponents of the different ideologies, and any arguments against a Basic Income developed by proponents of the ideologies are generic: that is, whatever the ideology espoused by the objector, the objections are of the form 'A Basic Income would be too expensive', 'We should not pay people to do nothing', 'Rich people do not need it', or 'A Basic Income would discourage people from seeking employment' (Torry 2013: 228). This suggests that a Basic Income would be politically feasible in the sense that every mainstream UK political ideology, and every proponent of these ideologies, can find reasons to support the implementation of a Basic Income, and any arguments against implementation are not related to those ideologies. However, we cannot generalise from this result. Every country is different, so in each country the ideological commitments of political parties will need to be studied, and statements made by proponents of those ideologies will need to be researched.

But having said that, it is also true that whatever a politician's ideological commitment, shifts in public opinion will always have influence: so political feasibility is in practice strongly related to psychological feasibility. For a Basic Income scheme to pass a society's psychological feasibility test would take it a long way towards passing a political feasibility test, whatever the ideological commitments of a country's politicians.

The Policy Process

It might be important to be able to show that no mainstream political ideology would necessarily be a barrier to the implementation of a Basic Income, but if the ways in which policy is made would preclude the implementation of a Basic Income, then ideological acceptability would be irrelevant. We therefore need to answer the following question: Given the way in which social policy achieves implementation in a particular country, might it be possible for a Basic Income scheme to be implemented?

Michael Hill's description of the UK's policy process is probably generally applicable:

The policy process is a complex and multi-layered one. It is ... a complex political process in which there are many actors: politicians, pressure groups, civil servants, publicly employed professionals, and even sometimes those who see themselves as the passive recipients of policy. (Hill 2009: 4)

Crucial to the policy process are the institutions for which ideas and evidence are inputs, and legislation and implementation are outputs. In most cases, this means government ministers, government departments, and elected parliaments. Any one part of this tripartite system can block or delay policy change, and all three parts have to co-operate to enable change to occur (Hill 2009: 68, 73). Also essential to the policy process will be a policy community or policy network concerned about a particular issue, or perhaps about a variety of issues. Such networks (around which information passes) and communities (groups of organisations more intimately engaged in the policy process) will often be complex (Smith 1993: 76–77), and they will overlap with other networks and communities (Hill 2009: 58–66). In relation to Basic Income, networks concerned with poverty alleviation, poverty abolition, employment incentives, individual freedoms, and the voluntary sector, will all be relevant, as will be the already quite well developed network gathered around the idea of a Basic Income.

But however effective interest groups might appear to be, however well-organised policy networks and policy communities might appear, and however adequate the general public's understanding and approval of a policy proposal might be, only if the policy community, including the government, the civil service, and parliamentary institutions, can line up to create the necessary change, will the policy change occur (Hill 2009: 87). If they do all line up behind the proposal then members of the policy community will exchange research and other resources with each other in order to

achieve policy implementation. If they do not all line up then the community will revert to being a powerless network (Smith 1993: 82–83).

As Hill suggests, institutions relate to institutions, which means that as well as individual proponents of a policy relating to individuals within the complex system, it is important that institutions within the relevant policy networks and communities should relate to other institutions (Hill 2009: 88). Think tanks are important because they are institutions that can relate to institutions.

Important to both individual and institutional relationships with a government, a civil service, and a parliament, will be a recognition that every actor in the system is to some extent self-interested. Each member of a parliament, each government minister, and each civil servant, will be influenced to some extent by their own interests; and if supporting a proposal would be clearly against their own interests, then they would be unlikely to support it. So, for instance, civil servants would be unlikely to support proposals that might reduce the size of their departments (Hill 2009: 90, 102). They might also be somewhat unenthusiastic about a policy change that might appear to be impossible to implement. Successful implementation of a policy can enhance a civil service career, but impending implementation failure will lead to capable civil servants seeking transfer from the department or section involved.

What we have said so far about the policy process makes it look as if it might be orderly and rational, but that is often far from the truth. Hill describes the policy environment as like a soup within which problems (which are socially constructed), policy options (again socially constructed), and political factors (constantly influenced by societal pressures), swirl in unpredictable ways. Policy change is generally incremental because that is the only kind that looks feasible within such a complex environment (Anglund 1999: 151; Hill 2009: 157, 164), it is often easier to implement changes to existing systems than to build entirely new ones (Hill 2009: 188), incremental change enables learning and useful adaptation to occur (Richardson 1999: 67), evidence can only be collected from existing systems, small incremental changes are generally easier for the different parties within a policy network to understand than major system changes would be, and political pressures in a variety of directions will often only allow minor policy changes, and will frequently result in a pendulum effect: for instance, between means-testing and unconditionality (Barkai 1998). The media, which is an important and influential component of any policy network, will often not be capable of expressing simply and accurately the smallest policy changes, or public opinion related to them, and is therefore

highly unlikely to be capable of expressing accurately the reasons for major system changes: so again, consensus and incremental change will be the safest option (Hill 2009: 167; Jacobs and Shapiro 1999: 136).

The policy process is often described as a series of steps: for instance, (1) precise definition of policy objectives; (2) instruments chosen; (3) implementation arrangements formulated; and (4) rules for implementation—whereas in practice ‘policy formulation is a piecemeal activity’ within which the different theoretical steps merge into each other (Hill 2009: 173–174, 191), and within which what we might call ‘policy accidents’ can occur: either the sudden implementation of an unexpected policy, or a failure to implement a policy that had appeared to be making its way successfully through the policy process (Torry 2018a: 109).

We can draw some initial conclusions in relation to the policy process feasibility of a Basic Income scheme:

- Institutional representation of the policy idea is essential: that is, broadly based think tanks and academic departments actively involved in research, dissemination, and education;
- A policy network or community is required in which institutions and individuals representing the media, community groups, academia, political parties, trades unions, employers’ organisations, and generally as wide a range of interests as possible, will relate well to each other, will relate consistently to the issues of insecure employment, poverty, the poverty trap, Basic Income, and so on, and will together relate to government, parliament, and the civil service;
- An important task will be to prepare draft legislation, regulations, and implementation strategies, because these will make it clear that some of the complexities related to other policy options would not apply to a Basic Income—and, in particular, that computerisation would be simple, that institutional arrangements for implementation would be radically simple, and that there would be no street-level bureaucrats to worry about;
- Implementation of a Basic Income might have to be incremental: that is, implementation one demographic group at a time rather than as a single project for the entire age-range;
- Careful study of current government priorities will be required throughout (Hill 2009: 291).

A final word must be said here about a frequent characteristic of the policy process: compromise (Richardson 1969: 107). Any compromise over the

characteristics of a Basic Income for a particular demographic group—for instance, by applying conditions of any kind to its receipt—would destroy the policy proposal, would not deliver the benefits that an unconditional and nonwithdrawable benefit would offer, and would make it more difficult to establish an unconditional and nonwithdrawable benefit for the next demographic group. Commitment to unconditionality and nonwithdrawability by individual and institutional members of relevant policy networks and communities, and their carefully and consistently expressed arguments for these characteristics, will be essential.

Relationships Between Feasibilities

Ivan Steiner has identified three types of group task:

- *Additive*: all group members do the same thing. The outcome is the sum of the contributions (as in a tug of war).
- *Conjunctive*: the performance depends on the performance of the least talented. All members' contributions are needed for success, and the links between the elements are often crucial (as in a relay race).
- *Disjunctive*: here accomplishment depends on the performance of the most talented member. The group remains better than that individual because even the best at something does not necessarily know all of the right answers (as in a pub quiz). Here the major requirement is that less talented members of the group should not be able to hold back the most talented member (Steiner 1972).

We might employ this categorisation of group tasks analogically to explore the relationships between the different kinds of feasibility that we have discussed.

The argument of this chapter suggests that if one of the feasibilities is absent or weak then it is difficult to see how implementation is likely to be possible. This means that the relationships are not disjunctive. Some of the feasibilities relate to each other (for instance, psychological, political and policy process feasibilities form a circular, or possibly a spiral, process), so here an element of additivity might be present: but generally the feasibilities are independent of each other (Pasquali 2012: 60, 188), and because all of the feasibilities are required, it would appear that we are looking at conjunctive feasibilities. The fact that the order in which the feasibilities are established is important—for instance, financial and administrative feasibilities

and a certain amount of psychological feasibility will need to be in place before political and policy process feasibilities can be built; and that behavioural feasibility then needs to generate the next tranche of psychological feasibility so that the next demographic group can be tackled—makes the relay race analogy even more relevant.

The conjunctive nature of the feasibilities that we have been studying has practical importance because it means that for implementation of a Basic Income to be feasible, even for an individual demographic group, sufficient work needs to have been done on all of the feasibilities, and that none can be neglected.

Implementation Options

Context is again important because implementation methods feasible in one country might not be feasible in another. Here I shall take the UK as a case study. Readers elsewhere will need to hold similar but different discussions in relation to their own contexts.

The following four implementation methods would be administratively feasible in the UK:

1. A Basic Income for every UK citizen, large enough to take every household off means-tested benefits, and large enough to ensure that no household with low earned income would suffer a financial loss at the point of implementation. The scheme would be implemented all in one go.

Microsimulation research shows that with such a Basic Income scheme it would not be possible to pass both financial feasibility tests at the same time. If the scheme were to be revenue neutral, then it would impose significant net income losses on low income households, and the second financial feasibility would not be passed. If, as required, such net income losses were to be avoided, then revenue neutrality would be impossible to achieve, and the first financial feasibility test would not be passed (Torry 2015: 6). Such a Basic Income scheme would not be able to pass either the political or the policy process feasibility tests.

2. A Basic Income for every UK citizen, funded from within the current tax and benefits system. Current means-tested benefits would be left in place, and each household's means-tested benefits would be recalculated to take into account household members' Basic Incomes in the same way as earned income is taken into account. Again, implementation all in one go.

A Basic Income of £63 per week for each working age adult, £20 for each child (on top of Child Benefit), £50 for each young adult (up to age 25), and £30 for each pensioner (on top of current state pension provision), could be paid for by adjusting Income Tax and National Insurance Contribution allowances and rates (Torry 2017, 2018b).

Anyone currently on means-tested benefits would either be taken off them, or would be receiving less of them (and so would have a greater opportunity to come off them by reducing costs or seeking additional earned income); any household no longer on means-tested benefits would no longer experience the stigma, bureaucratic intrusion, errors, and sanctions that accompany them; and because existing tax and benefits structures would not change, the scheme could be implemented almost overnight. The scheme would on average redistribute slightly from rich to poor (Torry 2018b: 9).

3. This scheme would start with an increase in Child Benefit. A Basic Income would then be paid to all eighteen year olds, and they would be allowed to keep it as they grew older, with each new cohort of eighteen year olds receiving the same Basic Income and being allowed to keep it.

For each new annual cohort entering the employment market, the value of the Basic Income would match the value of the Income Tax Personal Allowance and the value of the National Insurance Contribution Primary Earnings Threshold still being experienced by cohorts above them. No further additional funding would therefore be required. Only very small increases in tax rates would be required.

The increase in unconditional benefits coming into every household with children would provide a solid financial platform on which to build, and would therefore offer many of the effects of a Basic Income; the young adult's Basic Income would provide a valuable contribution to maintenance costs during education and training, and would therefore encourage education and training; and it would be extremely easy to administer such a start-up scheme because almost no changes to the current tax and benefits systems would be required.

4. Inviting volunteers among the pre-retired, between the age of fifty-five or sixty and the state pension age.

Anyone above the age of fifty-five or sixty would be able to exchange their Income Tax Personal Allowances for a Basic Income of the same value. Take-up of the scheme would constitute a clear measure of the scheme's

popularity; many of those who volunteered who were on means-tested benefits (including in-work benefits) would find themselves on reduced means-tested benefits, or on none at all, and would therefore experience increased incentives in the employment market; and the solid financial floor provided by the household's Basic Incomes would enable many pre-retired individuals to reduce their costs or to accept part-time or occasional employment in order to come off means-tested benefits: something currently impossible for many pre-retired people. All of those who came off means-tested benefits would escape from the sanctions, errors, stigma, and bureaucratic intrusion associated with means-tested benefits.

We can conclude that the second, third and fourth options could pass the financial feasibility tests. Option 3 would be the easiest to implement, and would more easily pass the psychological feasibility test than option 2. Option 4 would pose a variety of administrative problems (such as how to treat households in which one member volunteered for the scheme but the others did not). It therefore looks as if option 3 would be the most feasible to implement: an enhanced Child Benefit, Basic Incomes being paid to all eighteen year olds (who would then keep them), and each year's new eighteen year old cohort being given Basic Incomes.

Conclusions

Our discussions of psychological feasibility, of behavioural feasibility, and of the policy process, might have suggested that the establishment of a Basic Income would not be feasible. However, we have discovered that in the UK what might be feasible would be an unconditional and nonwithdrawable benefit payable to a demographic group perceived as somehow deserving—or at least as not undeserving. We have shown that such an income would be both administratively and financially feasible if paid to eighteen year olds. A public understanding of the deservingness of this demographic group would not be difficult to achieve, and successful implementation of a Basic Income for them could generate sufficient psychological feasibility to enable implementation for further demographic groups. Basic Incomes established for successive demographic groups would then narrow the age range without a Basic Income, would enable Basic Income to become psychologically feasible for working age adults, and would enable the policy process to embrace the idea as a necessary completion of a task already nearly completed.

It would appear that the best way forwards for the UK would be the implementation of a Basic Income for one demographic group at a time; and

what this chapter has shown is that the implementation of a Basic Income by that route would be entirely feasible. Which is not to say that option 2 would never be possible under the right political and other circumstances.

Readers might wish to undertake the research that could show the kinds of Basic Income schemes that might be feasible in their own contexts.

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10

Alternative Funding Methods

Julio Andrade, Geoff Crocker and Stewart Lansley

Editor's Introduction

Much of this *Handbook* makes the assumption that Basic Incomes will be funded from within current income tax and benefits systems: that is, by raising income tax rates, reducing or abolishing income tax allowances (levels of earned income on which tax is not charged), altering the rates and thresholds of social insurance contributions (such as the UK's National Insurance Contributions), and reducing or abolishing existing means-tested and other benefits. Chapter 4 discusses how a Basic Income funded via income tax might affect the labour market; Chapter 6 asks how some economic variables might be affected by a Basic Income funded by income tax; Chapter 7 explores the ecological implications of funding Basic Incomes using income tax; the implementation options discussed in Chapter 9 assume that Basic Incomes will be funded by altering the current income tax and benefits systems; and in Chapter 11 the evaluation methods assume the same funding method. There seemed little need, therefore, to include a

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section on Basic Incomes funded by income tax in this chapter on funding methods. What is clearly required instead is some discussion of a variety of alternative funding mechanisms, so in this chapter the reader will find discussions of what we might regard as three representative ways of funding Basic Incomes.

- The first, which proposes funding Basic Incomes from dividends on a permanent fund, is in the tradition of James Meade's 'social dividend' (Meade 1995: 57; Van Trier 1995: 343–407) and Alaska's Permanent Fund Dividend (Widerquist and Howard 2012). In Alaska's case the dividend is paid annually and is of a varying amount. Stewart Lansley envisages a citizens' wealth fund that provides the revenue for a regular income for every legal resident.
- The second method, in which Geoff Crocker envisages governments creating new money in order to pay Basic Incomes, belongs to a growing understanding that there is nothing inevitable about the way in which money is created only by private banks as they make loans (Jackson and Dyson 2013), and also to the recognition that the creation of additional money is not necessarily inflationary as long as the amount of money in the economy does not exceed Gross Domestic Product (GDP). During the past ten years, European and other governments have employed 'quantitative easing'—money creation—to purchase government debt as a means of increasing the amount of money in the economy. Inflation has not been a problem.
- The third method is taxation. In order to fund public services, national defence, and means-tested and other benefits, governments impose taxes. Any particular tax might have a variety of purposes. Tobacco taxes are designed to discourage smoking as well as to raise revenue; income tax is designed to reduce inequality as well as to raise revenue; and fossil fuel taxes are designed to protect the planet as well as to raise revenue (see Chapter 7 for a proposal to use a carbon tax to fund Basic Incomes). A variety of suggestions for new taxes have been made with a view to providing the funds needed to pay for Basic Incomes: consumption taxes, financial transaction taxes, a land value tax, robot taxes, and so on (Torry 2013: 245–252). The example that Julio Andrade chooses here is the taxation of data, which is increasingly recognised to be a valuable resource.

The options that we have chosen to discuss here would be feasible in the short to medium term. A longer term possibility might be non-traditional currencies, such as local currencies and cryptocurrencies. We have not

included those here because at the moment it is not clear how they could function as universal, stable and non-inflationary means of exchange: but at some point in the future they might provide useful mechanisms for funding Basic Incomes.

The People's Stake: Basic Income and Citizens' Wealth Funds

By Stewart Lansley

There is a powerful case for funding at least a part of a Basic Income through the creation of a dedicated citizens' wealth fund. This would be a commonly owned investment vehicle, with the returns used explicitly for the benefit of all citizens, including future generations. Such funds would help to preserve and grow public wealth, thus ensuring a higher level of common ownership of national assets. The most transformative versions of such funds would be wholly owned by citizens and managed independently of government for the public good, giving all citizens a direct, equal and growing share in societal wealth.

There are different ways of viewing the role to be played by a Basic Income. Some see Basic Income as a way to reorganise the present tax and benefit system to make it more progressive and build a firmer floor; the libertarian right see it as a substitute for large parts of the existing welfare system; and some advocate Basic Income as a way of building a utopian post-capitalist, post-work world. Linking a Basic Income to a citizens' wealth fund offers another quite distinctive route, one with the potential for significant social transformation. This link draws on the idea that a greater share of national wealth should be held in common, with the gains from the exploitation of that wealth shared equally among citizens. This idea draws on the work of the human rights campaigner Thomas Paine who argued in the late eighteenth century that the earth should be seen as the 'common property of the human race', with natural resources such as land belonging to the people, with the gains from their use returned to them through direct payments (Paine 2005: 332–336). This idea can be extended to the pool of modern physical, productive and social wealth that is essentially inherited from the efforts of previous generations. In the twentieth century, the Nobel Laureate, James Meade, reinforced this idea of legitimate claims by calling for the greater socialisation of private capital with the returns used to pay a universal social dividend for all (Meade 1989, 1990).

Yet these principles have been, at best, very patchily applied. We are a long way from ensuring that a significant share of societal wealth should, as a matter of inheritance and right, be commonly owned, with the returns distributed among citizens. Rather, most of the gains from the industrial, social and natural base built up over centuries have been captured by powerful elites: some from new wealth creation, but mostly through luck, private inheritance, and economic muscle.

The UK wealth mountain is overwhelmingly privately owned. Private wealth is worth over £12tr, some six times the size of the economy, up from three times in 1970. In contrast, the share of national wealth that is publicly owned has been contracting and now stands at 12% of all national wealth (Lansley et al. 2018: 8). This doubling of the ratio of private wealth to the size of the economy, has gone hand in hand with its increasing concentration among the wealthy (Alvarado et al. 2018: 241–247). Moreover, because wealth begets wealth—with the proceeds from ownership in profits, dividends and rent accruing disproportionately to the already rich—wealth inequality is self-reinforcing.

Moving to a system where a higher proportion of national wealth is commonly owned, with the returns paying for a regular and equal cash payment to all, would give the whole of society—current and future generations—an equal and growing stake in the economy. A citizens' fund would provide a powerful new economic and social instrument, a new pro-equality 'force for convergence', countering what Thomas Picketty has called 'the force for divergence' built into today's model of corporate capitalism (Lansley 2017).

Socialising wealth for the direct financial benefit of citizens is far from utopian. The concept came close to implementation as early as BC 483 when the ancient Athenians discovered an unusually rich seam of silver. One proposal was that the revenue stream from the windfall should be distributed among all 30,000 citizens in a regular, equal citizens' dividend. Such a move would have transformed the social character of this Greek civilisation. In the event, the Athenian Assembly voted against the revolutionary idea in favour of expanding the Athenian navy (Tridimas 2013).

Proposals for a social dividend linked to a wealth fund were debated in the UK and other European countries in the 1970s and 1980s, but it was the US state of Alaska that effectively implemented the Athenian proposal, using the gains from the discovery of oil in the 1970s to create a permanent sovereign wealth fund. This has paid out an annual cash dividend—averaging over \$1100 each year—to every citizen since 1982. This 'third rail of Alaskan politics' has proved hugely popular and, significantly, has helped to ensure that Alaska has the lowest level of inequality of all US States

(Noss 2010). The UK, enjoying its own ‘gift from nature’ of North Sea oil, could have followed a similar path by giving all Britons an equal share in the resulting income stream from oil revenues. Although the UK has foregone this opportunity to use newly discovered sources of natural wealth to build a citizens’ fund, one could still be created by mobilising part of the existing pool of national wealth through the application of modest new levies and taxes on corporate, institutional and privately held wealth, without the need to raise taxes on earned income. This approach could be augmented with an initial endowment from public assets and the issuing of a long term bond by the newly created Fund. Although it would take time to build, one study has found that after a decade, it would have grown large enough to pay a dividend of £430 per person per annum. As the fund continued to grow, the dividend could be transformed into a weekly Basic Income at modest starting rates after twenty-five years: a single generation (Lansley et al. 2018). The fund would eventually grow to command a larger share of the economy, enabling more generous pay-outs over time.

By rebuilding the nation’s stock of depleted ‘family silver’, such an approach would re-establish the importance of social wealth, boost the ratio of public to private capital, and tackle extreme wealth concentration. Legally ring-fenced to prevent a Treasury ‘raid’, a citizens’ fund that paid a dividend would offer a progressive way of managing part of the national wealth, with an inbuilt pro-equality bias that could command widespread public support.

Of course, the annual gains from a citizen’s wealth fund could be used in ways other than paying a Basic Income, such as to boost investment or to pay for new or expanded public services. This would carry the risk of government using the fund as a revenue substitute rather than an additional source of funding. Moreover, a fund used primarily for investment or as revenue for public spending would be much closer to a state sovereign fund than a *citizens’* fund managed independently of government with the returns going to all in cash on an equal basis. The big virtue of a citizens’ fund is that it would be owned by all citizens, locking in part of the gains from economic activity to be shared equally, not as a way of helping the government resolve its fiscal pressures.

Funding a Basic Income by rearranging the current tax benefit system, including the abolition of the personal tax allowance, is an essential first step to its introduction, but would only pay for a modest initial starter rate of payment. A Basic Income paid at least in part through an independent, special vehicle rather than the state would give the payment a public legitimacy that might not emerge if it was seen merely as part of the state’s wider social security system. Once it was established, a citizens’ wealth fund would

provide a permanent and independent stream of additional funding in perpetuity: a growing stream that would gradually boost the size and generosity of the payments over time (Lansley and Reed 2019).

Funding Basic Income by Money Creation

By Geoff Crocker

The Impact of Technology on Basic Income and Its Funding (Crocker 2014, 2015)

A strong argument for Basic Income is the argument from technology. A widespread concern is that ‘the second machine age’ described by Brynjolfsson and McAfee (2014) will create unemployment, social exclusion, lack of macroeconomic demand, and consequent economic recession. The current practice of supplementing deficient aggregate consumer income with consumer credit is unsustainable, since the credit extended becomes unrepayable from the same declining earned income. This in turn leads to economic crisis, as it did globally in 2007, which then leads to counterproductive austerity policy with the consequence of further social deprivation.

Basic Income avoids this vicious cycle and is therefore frequently proposed as the answer to the new wave of automation. The question then is how the very substantial levels of Basic Income needed can be funded? Most advocates propose funding Basic Income within the current financial orthodoxy of balanced budget targets. Their proposals therefore tend to advocate only modest levels of Basic Income.

This section of the chapter examines the option of funding Basic Income by ‘money creation’ (which is a kind of deficit financing) in line with heterodox modern monetary theory.

In a thought experiment, a machine is plugged into the earth and produces all goods and services with zero employment and zero wages. It is a totally automated economy. Goods and services are purchased by consumers using government vouchers which are distributed to consumers annually, handed in at the point of sale, then destroyed and reissued each year. In this scenario, two important consequences are that

- the whole of Gross Domestic Product (GDP) becomes Basic Income;
- the whole of GDP is deficit funded.

The more nuanced argument is that in high technology economies

- some element of Basic Income is essential to maintain macroeconomic demand and avoid social deprivation;
- some element of financial deficit is inevitable: that is, Basic Income can be deficit financed.

This surprising conclusion requires a deeper understanding of the nature of income and the nature of money in high technology economies.

The Nature of Income

The structure and definition of income has changed fundamentally over the last seventy years. Figure 10.1 shows that in the UK economy, aggregate 'labour income' (= wages + self-employed earnings) has declined compared to consumer expenditure, with a turning point in 1995, such that

- From 1948 to 1995, labour income exceeded consumer expenditure;
- From 1995 to 2016, consumer expenditure increasingly exceeds labour income.

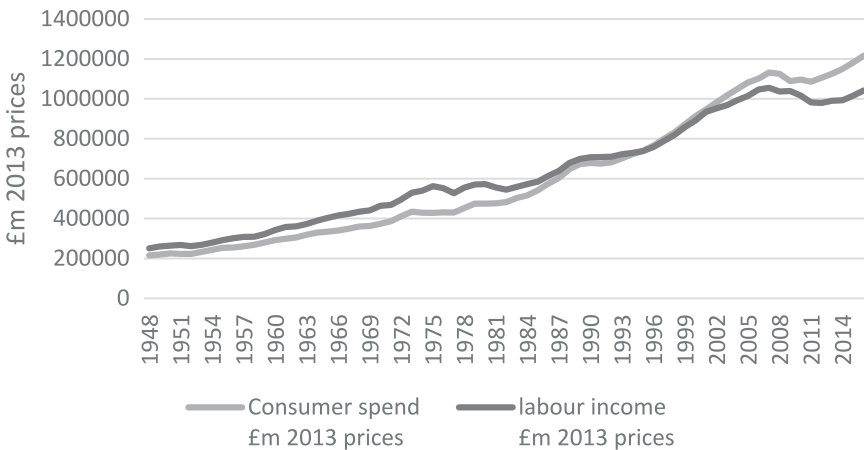


Fig. 10.1 UK labour income and consumer spend 1948–2016. Graph constructed by the author from Office for National Statistics data (ONS) (Office for National Statistics 2018). Note that ONS define 'Labour income' as wages + self-employed income. The author is grateful to David Matthewson and other staff at the Office for National Statistics for valuable help in defining and interpreting UK income data streams

Consumption is decreasingly funded by earned income. Unearned income is increasingly essential to the current structure of the economy.

By 2016, labour income only funded 86% of consumer expenditure. 14% of consumer expenditure was funded by unearned income, that is, pensions, benefits, dividends, and credit. This trend is structural, long term, and inevitable. The cause of this is the increased productivity of technology, inevitably and inexorably reducing the wage element of output.

In 2016 UK unearned income accounted for 22% of household income. Basic Income would be one element of unearned income, and would therefore have a significant potential role in modern high technology economies.

The Nature of Money

Financial orthodoxy insists that

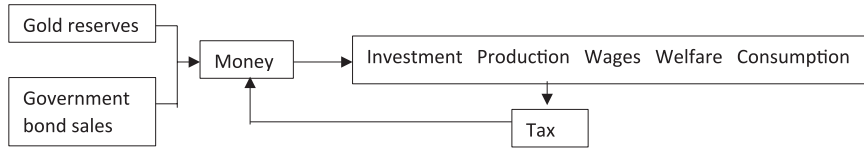
- money has inherent value by its correspondence either historically to gold reserves, or currently to the sale of government bonds;
- money is real, and cannot be created or destroyed, so that government budgets must balance.

It is this orthodoxy, largely a derivative of accountancy rather than economics, which leads to socially harmful austerity policy due to its insistence on balanced government budgets. Alternative, heterodox neo-Keynesian theories of money, such as the models advanced by Mary Mellor (2015) and others claim that

- money has no inherent value, but derives its value solely from its correspondence with output Gross Domestic Product (GDP);
- a sovereign state can issue money without reference to any other criterion than output GDP;
- government financial deficit is inevitable in high technology economies, and is entirely manageable

These alternative conceptualisations of money are set out diagrammatically in Fig. 10.2.

We have thus established a credible and robust theoretical foundation for the deficit financing of Basic Income by ‘money creation’, otherwise known as ‘Quantitative Easing’, ‘Overt Money Financing’, or popularly as ‘helicopter money’. The frequent objection to this strategy is the concern that



Heterodox neo-Keynesian theory of money

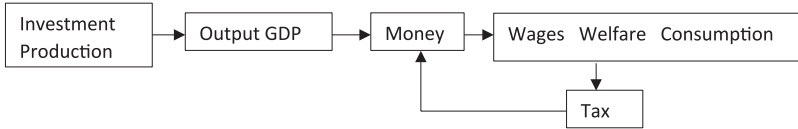


Fig. 10.2 Financial orthodox and heterodox neo-Keynesian theories of money. Diagram constructed by the author

it will lead to mass inflation. The most widely known episode of economic history appears to be the Weimar Republic experience of ‘printing money’ irresponsibly, causing catastrophic inflation. The answer to this concern is that money creation must work within the limit of output Gross Domestic Product (GDP). If this constraint is observed, there will be no inflationary effect. There is nothing wrong with ‘printing money’. Central banks print money all the time. Commercial banks create virtual money as controlled multiples of their deposits. It is not a question of whether to ‘print money’, but a question of observing the constraint of output GDP.

But is it sustainable in practice to run government budgets that do not balance? Figures 10.3 and 10.4 show that both in the UK economy, and in the leading G7 economies, deficit has been the common experience over the last 12–20 years.

Deficit has been persistent, despite the determination of finance ministers to eliminate it. By accumulating this deficit, the national debt has soared, as Fig. 10.5 shows, from 50%, through typically 100%, to in the case of Japan, 234% of GDP.

This demonstrates that, not only is deficit financing practically possible, it is in fact contemporary practical reality, and has been for a considerable period of time. The popular interpretation of this phenomenon is that we are creating immense ‘burdens for our grandchildren’ which they will labour for decades to pay off. It is simply not the case. The constant writing of financial deficit to national debt, which continues to accumulate to a whole year’s GDP, demonstrates that, in reality, deficit is inevitable and manageable. It can be written off, as in reality it actually is. It is far better

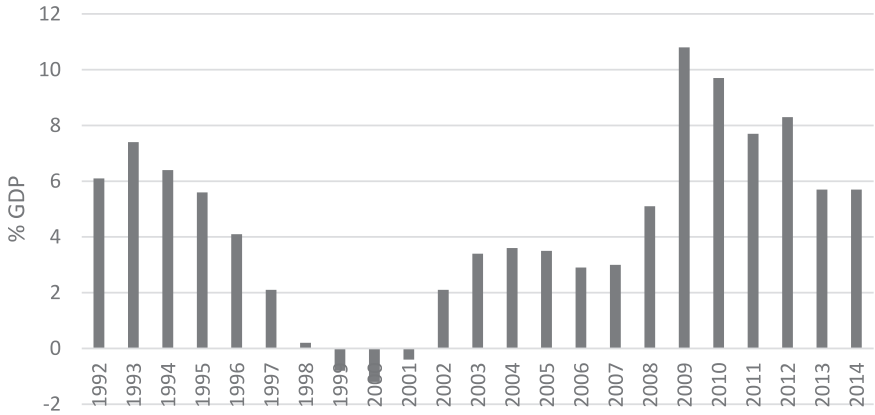


Fig. 10.3 UK deficit as percentage of Gross Domestic Product 1992–2014. Graph constructed by the author from Office for National Statistics data (Office for National Statistics 2015)



Fig. 10.4 G7 economies' deficits as percentages of Gross Domestic Product 2000–2012. Graph constructed by the author from Organisation for Economic Cooperation and Development (OECD) data (OECD 2018)

to challenge the assumptions of financial orthodoxy and manage economic reality, than to continue with the balanced budget illusion, and its socially harmful consequences of austerity policy.

The claim that this section of the chapter is making is that *unearned income* is essential to macroeconomic demand in high technology economies, and that this unearned income is equally essentially funded by perpetual deficit. It does not necessarily follow that such unearned income

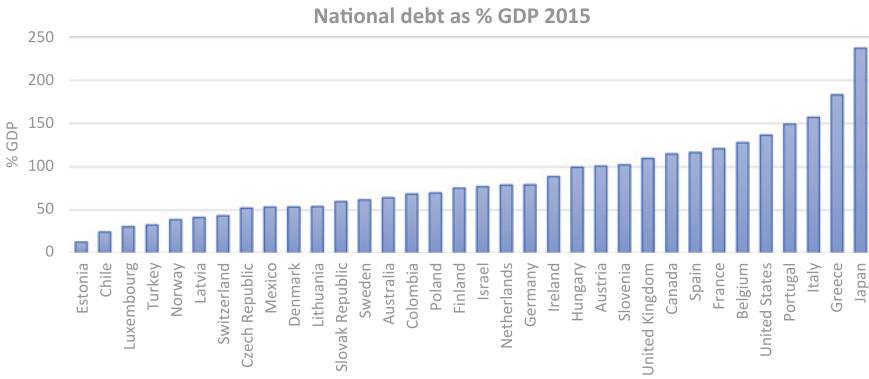


Fig. 10.5 National debt as percentage of Gross Domestic Product, 2015. Graph constructed by the author from Organisation for Economic Cooperation and Development (OECD) data (OECD 2018)

is rendered as Basic Income. The aim has been to demonstrate the GDP-affordability of substantial levels of Basic Income by deficit funding. Clearly, the same deficit finance can equally well fund current welfare benefits, or other government expenditures, or be paid into a sovereign wealth fund. However, the analysis has shown that it is consumer income which needs funding to achieve macroeconomic balance, and to avoid both crisis and austerity policy, in high technology economies. Together with the argument that Basic Income is more cost effective and less intrusive than standard welfare benefits, Basic Income emerges as the most effective policy instrument.

Basic Income can and should be financed by sovereign money.

Funding a UBI by Digital Royalties

By Julio Andrade

The Digital Economy

One way to fund a Basic Income is through what can loosely be called ‘digital royalties’. Justifying such a claim involves a reconceptualisation of data in the digital economy, and this has important implications for how economic value is assigned and distributed in the digital economy.

Douglas Rushkoff (2016: 13–67) identifies the common thread between the old industrial economy and the new digital economy as the ‘removing [of] humans from the [economic value] equation’. Industrialisation

amounted to ‘developing manufacturing processes that required less skill from human labourers’, which in turn justified paying lower wages for that job and thereafter, eliminating that job. One way the digital economy removes humans from the economic value equation is through the silent expropriation of data. Data is central to the new digital economy. One metaphor seeks to capture this centrality by describing data as ‘the fuel of the future’ which would, like oil in the past, power the new digital economy (*Economist* 2017). Oil, as a natural resource, first requires *extraction* before it can be traded, which in turn leads to another metaphor associated with data—*data-mining*. Levying taxes, or royalties, on extracted resources, is an accepted way for governments to raise revenue: which suggests that governments might be able to raise revenue from data as well as from oil.

Data, Meta-Data and Big Data

Data can be understood as information, or content; while meta-data can be understood as information about information. So the verbatim contents of a phone call constitute the data of that event, while the call’s duration, where the call was initiated, and on what type of a phone the call was made, all constitute meta-data derivable from the event. We leave a digital trail whatever we do and wherever we go, even, alarmingly, if we are not connected to the internet. Paul Sondereger can therefore suggest that ‘data will be the ultimate externality: we will generate them whatever we do’ (*Economist* 2017).

The volume of data and meta-data generated has increased exponentially as more and more of our life has migrated online, leading to a shift from data to big data. This constitutes ‘not just a quantitative shift, [but] a qualitative shift as well’, which involves ‘thinking about data, dealing with data, and approaching challenges and opportunities through the eyes of data’ (Sax 2016: 26). While Facebook and Google originally used the data they collected from their users to develop more effective advertising, they have come to realise that data ‘can be turned into any number of AI (artificial intelligence) or cognitive services’ which will generate new sources of revenue (*Economist* 2017). In amassing amounts of data as large as possible the goal is not ‘to simply paint an as accurate as possible picture’—that would just deliver better advertising—rather, ‘the goal is to come up with interesting and unanticipated insights that do not follow directly from the aggregated data themselves, but that need to be extracted or generated from them’ (Sax 2016: 26).

In the digital economy the crucial question then becomes: Where is the primary source of value located: in the data, or in the algorithm which

extracts from that data? (In relation to the mining metaphor, the correlative question asks: Is the primary source of value located in the mineral/oil deposit, or in the mining equipment that brings it to the surface?) Google's Hal Varian argues that the dominant value lies in the algorithm, because data 'exhibits decreasing returns to scale, meaning that each additional piece of data is somewhat less valuable, and at some point collecting more does not add anything' (*Economist* 2017). However, as AI becomes increasingly sophisticated, and the algorithms increasingly self-teaching, newer data will constantly be required, at which point collecting more data does add something, leading to potentially more service add-ons (*Economist* 2017). The chief economic value is thus in the data, not in the algorithm.

Data as Ambient Intellectual Property and Digital Royalties

Data, then, has enormous economic value, but this value has been obscured from us. The digital economy has been subverted into an 'economy of likes' (Rushkoff 2016: 30) where economic value has been remonetised into the alternative currencies of reposts, views and shares which only the big tech companies can cash out. Alternatively, we are offered 'free' services such as search and social networking in exchange for our data. So-called 'big data' has succeeded in obscuring this iniquitous trade-off in part because of concern about online privacy. While a discussion about privacy is beyond the scope of this section, Rushkoff (2016: 41) warns that 'privacy is the red herring' of the digital economy. Lanier (2013: 99) concurs, adding, 'your lack of privacy is someone else's wealth'.

One way to restore symmetry to this exchange is to understand our data (and our meta-data) as intellectual property. The inevitable and ever present digital trail and digital externalities that our existence in the digital economy entails leads Lanier (2013: 231) to describe our data as '*ambient* intellectual property'. Our current understanding of intellectual property, covering, inter alia, patents, trademarks, and copyright, is inadequate to account for this more general and ambient intellectual property. The idea behind granting a patent, for example, is that time and money have been spent in creating something original, and the owner of the patent deserves to reap the benefits of such creation. Although intellectual property is seen as a 'creation of the mind' (World Intellectual Property Organization 2019), geographical indications and appellations are also considered intellectual property, so ambient intellectual property derived from the data one 'creates' is not an extension too far.

In the digital economy, our very existence becomes creative: a person does not need to say or do anything specific or novel in order to contribute to the ongoing creative insights that power the digital economy. Something as rudimentary as one's location at a specific place, at a specific time, in the presence of specific others, is data that contributes economic value. This example also shows that data is created in common, and emerges from the interactions of multiple individuals with each other across different locations, times, and connected devices. This is even more apparent when one considers that the power and value of social networking consists precisely in that it is a *shared* network. As such, ownership of data is collective, as is the value, economic or otherwise, which attaches to that ownership.

Lanier (2013) argues that a stream of nano-payments called 'digital royalties' derived from any and all of the data that we generate and transmit, would represent fair and just economic exchange in the new digital economy. But would the royalties be regarded as a return on capital or as wages for labour? While intellectual property *can* be regarded as capital, the digital royalties that would flow from regarding our digital activities and presence as an ambient intellectual property might be better understood as the proceeds of labour. Lanier, in Arrieta et al. (2017), has called for a move from a 'data-as-capital' paradigm, which sees corporate entities extracting economic rents from the ownership of individuals' data, to a 'data-as-labour' paradigm in which ownership of data remains with the individual, or the collective, that generates it.

Anything a person says or does that 'contributes even minutely to a database that allows, say, a machine language translation algorithm, or a market prediction algorithm, to perform a task, then a nano-payment, proportional *both* to the degree of the contribution, *and* to the resultant value, [should] be due to [that] person' (Arrieta et al. 2017: 16). However, having established that such contributions flow from the joint creations of individuals, these digital royalties would need to be distributed accordingly. Digital royalties could be paid into a fund from which the dividends would pay for a Basic Income, or the royalties could simply pay for a Basic Income.

This outlines the basic schema and justification for digital royalties to support a Basic Income. One final point to consider is that while the government may choose to use digital royalties for a Basic Income, it could also use them for, inter alia, education, healthcare, and social welfare. One argument against this is that the bureaucracy required to equitably distribute such benefits, especially when such benefits are means-tested, are inevitably less efficient and would incur higher administration costs than paying a Basic Income directly to recipients.

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11

Analysis of the Financial Effects of Basic Income

Gareth Morgan, Howard Reed and Malcolm Torry

Introduction

A Basic Income would never be implemented entirely on its own, as there would have to be some method of paying for it. Chapter 10 of this volume discusses a number of such methods. This chapter is based on a funding method not discussed in that chapter: adaptation of the current income tax and benefits systems. Reducing income tax allowances so that more income is taxed, increasing tax rates, and reducing or abolishing means-tested benefits, could provide the revenue needed to fund Basic Incomes. Within any country there will be multiple ways of making those adjustments, and each way of doing it would have different effects on individuals and households. In order to evaluate those effects, every detail of the proposed scheme needs to be specified, and evaluation methods then need to be applied.

As Chapter 9 on the feasibility of Basic Income makes clear, two financial feasibilities are crucial: (1) The Basic Income scheme must be affordable, and if the current income tax and benefits systems are to be adapted to pay

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for the Basic Incomes then the scheme will need to be revenue neutral: that is, no revenue from outside those systems will be required; and (2) No low income household should suffer a net loss in their disposable income at the point of implementation, and no household should suffer an unmanageable loss. It is therefore essential to test any proposed Basic Income scheme that would be funded by adapting the income tax and benefits systems for both revenue neutrality and household losses.

There might also be other tests that we might wish to apply. For instance: we might wish to ensure that the scheme would reduce both poverty and inequality; and if means-tested benefits were to be retained and recalculated, then we might wish to know how many households would no longer be receiving them.

During the earlier part of the modern debate, the crucial requirement for any illustrative Basic Income scheme was that it was affordable, and if the scheme abolished existing means-tested benefits then a 'national accounts' method that employed the national accounts, population statistics, and other national statistics, could be used to calculate the cost of giving to every member of the population a Basic Income, the money saved by abolishing tax allowances and means-tested and other benefits, and the additional revenue that would be collected if tax rates were raised. The net cost of the Basic Income scheme was then the total cost of the Basic Incomes less (a) the money saved by abolishing allowances and benefits, and (b) the additional tax revenue collected. If a revenue neutral scheme was required, then a process of trial and error could reduce the net cost to zero. This was the method that used to be employed by the Citizen's Basic Income Trust (House of Commons Work and Pensions Committee 2007: Ev.84–90) and that is still sometimes employed by more recent research (Miller 2017; Painter and Thong 2015; Citizen's Income Trust 2016a). The deficiencies related to the method are that on its own it cannot tell us about the losses that households would experience at the point of implementation, and that if means-tested benefits are retained and recalculated rather than abolished then there is no way of knowing how much additional revenue would be available to fund the Basic Incomes. As earlier research has shown (Torry 2014), a Basic Income scheme that abolished existing means-tested benefits, and that was funded purely by making adjustments to the current Income Tax system, would generate significant losses for low income households. A Basic Income scheme that both abolished existing means-tested benefits and avoided losses for low income households would need additional funding from outside the current tax and benefits systems. Thus at least one of the financial feasibility tests would be failed.

The variety of information that we now need to know about illustrative Basic Income schemes means that we need different methods for evaluating their financial effects. This chapter describes two such methods. Microsimulation can provide all of the information required: the overall net cost of a scheme; household losses at the point of implementation; changes in poverty and inequality indices; redistribution patterns; and the numbers of households taken off retained means-tested benefits. Two different strategies are represented by the microsimulation evaluations in this chapter. Howard Reed describes the method and then chooses a Basic Income scheme to evaluate. Malcolm Torry first establishes a set of strict criteria for a scheme and then uses a trial and error method to find a scheme that fits those criteria.

An additional method described in this chapter is a ‘typical household’ scenario modelling method that discovers the net disposable income effects for selected household types. This method, while not responding to the important feasibility tests, provides the kind of useful educational material in which members of the public might be interested, as it can answer the questions: If this Basic Income scheme were to be implemented, then would my family be better or worse off, and by how much?—and would it be able to come off means-tested benefits?

The reason for all three authors of this chapter being from the United Kingdom is that rigorous testing of the financial characteristics of illustrative Basic Income schemes has been a hallmark of the UK Basic Income debate since Brandon Rhys Williams MP presented an illustrative Basic Income scheme to a parliamentary committee. We are not aware of any other country with such a developed community of financial evaluation researchers working on Basic Income schemes, and we look forward to further development of this essential component throughout the global debate.

Microsimulation

By Howard Reed

Microsimulation modelling is the main empirical tool used to produce estimates of the costs and distributional impacts of Basic Income schemes. This section explains how microsimulation modelling works and how the results are produced, as well as giving an illustrative example of the kind of analysis that is possible using microsimulation.

Microsimulation models work by combining two basic elements. One is micro-data, usually from a household survey. The data needs to include

information on the gross incomes and characteristics of survey respondent households (for example, family structure, housing tenure type) and individuals within those households (for example, gender and age). This information is essential for modelling payments of taxes and receipt of social security transfers (for instance, benefits and tax credits). The best source of micro-data for microsimulation modelling of the personal tax and transfer system in the UK is the Family Resources Survey, a repeated cross-sectional survey of around twenty thousand households which has operated since 1993–1994 and is used for the UK Government’s income distribution statistics (Department for Work and Pensions 2018).

The other element of microsimulation models is the policy parameters: the rules of the tax-benefit systems to be modelled. These include the rates and thresholds of taxes, and the payments and eligibility criteria for benefits, tax credits, and so on. By combining this information with the data on household and individual characteristics in the micro-dataset it is possible to calculate net incomes for households (and individuals within households) under one or more tax-benefit systems. The system for which net incomes are calculated can be either the actual tax-benefit system in place in a given tax year (for instance, 2018/2019) or a hypothetical system which has been created for the purpose of modelling a reform (for example, a change to income tax rates or thresholds, or changes in benefit rates).

Tax-benefit models in use in the UK include the models used in UK Government departments (for instance, Her Majesty’s Treasury, and the Department for Work and Pensions), the Institute for Fiscal Studies’ TAXBEN model, the Tax-Transfer Model (TTM) developed by Landman Economics and used by the Institute for Public Policy Research and the Resolution Foundation, and the Euromod model, which models tax and benefit systems for all twenty-eight European Union countries.

Modelling Basic Income schemes is, in the current UK context, an example of a hypothetical reform, given that a Basic Income scheme for adults does not yet exist in the UK (although Child Benefit is close to being a Basic Income scheme for children, except that the amount paid for the first child in a family is larger than that for second and subsequent children, and the income tax payments of Child Benefit recipients earning over £50,000 per annum are increased to claw the benefit back). Basic Income is a relatively straightforward type of benefit to model using a microsimulation model, as the only qualifying condition is age. Conditional on age, every individual gets a certain level of Basic Income. This makes it much easier to model than much of the existing means-tested benefit system in the UK and other

countries (and is indeed one of the advantages of a Basic Income system compared to means-tested transfer payments).

Any illustrative Basic Income scheme needs to specify four key sets of parameters, as follows:

- a. The levels of weekly Basic Income to pay to individuals of different ages;
- b. Which existing benefits or tax credits (if any) should be abolished;
- c. Whether Basic Income should be taken into account as income for existing means-tested transfer payments;
- d. What tax increases should be implemented to fund the Basic Income scheme.

The remainder of this section uses an example of a Basic Income scheme from recently published research by Lansley and Reed (2019) to illustrate the questions that need to be answered when presenting a Basic Income scheme for microsimulation, as well as the types of outputs that can be produced. Other examples of recent microsimulation modelling work on Basic Income schemes include Malcolm Torry's work on various implementations of Basic Income using Euromod (Torry 2017) and Luke Martinelli's work for the Institute for Policy Research on the fiscal and distributional implications of alternative Citizens Income schemes, which uses a version of the TTM (Martinelli 2017).

Table 11.1 shows the specification of the Reed/Lansley scheme regarding the four key parameters specified above.

Microsimulation of Basic Income schemes can produce a range of results. Figure 11.1 shows the distributional effect of the Reed/Lansley Basic Income scheme across deciles of the household net income distribution, dividing the population into ten equally-sized deciles, running from the poorest in decile 1 on the left hand side to the richest in decile 10 on the right hand side. Figure 11.1 shows the average distributional impacts of the scheme by income decile as a percentage of net income. The Basic Income scheme shows a very progressive redistribution from richer to poorer households, with the net income of households in the poorest decile more than doubling on average, while the net income for the second lowest decile increases by 20% on average. At the other end of the income distribution, net income for the richest decile falls by an average of 8%.

The microsimulation model can also be used to provide a range of other useful results, for example:

Table 11.1 Specification of a Basic Income scheme: example parameters

Question	Answer
a. Levels of weekly Basic Income payments	Children (aged under 18): £40 per week Working age adults (aged 18–64): £60 per week Pensioners (aged 65 and over): £175 per week
b. Which existing benefits or tax credits are abolished?	Child Benefit, State Retirement Pension
c. Is Basic Income taken into account as income for means-tested social security payments?	Yes, except for a disregard of £25 per week
d. What tax increases are implemented to fund the scheme?	Abolition of Income Tax Personal Allowance; A new income tax rate of 15p is introduced for the first £11,850 of taxable income; Existing income tax rates are increased by 3 percentage points; The employee National Insurance Contributions primary threshold is abolished (so that NICs are payable for all earnings); The rate of employee and self-employed NICs is set at 12% for the whole range of earnings (which means increasing NICs from 2 to 12% above the upper earnings limit)

Source Table constructed by the author (Lansley and Reed 2019)

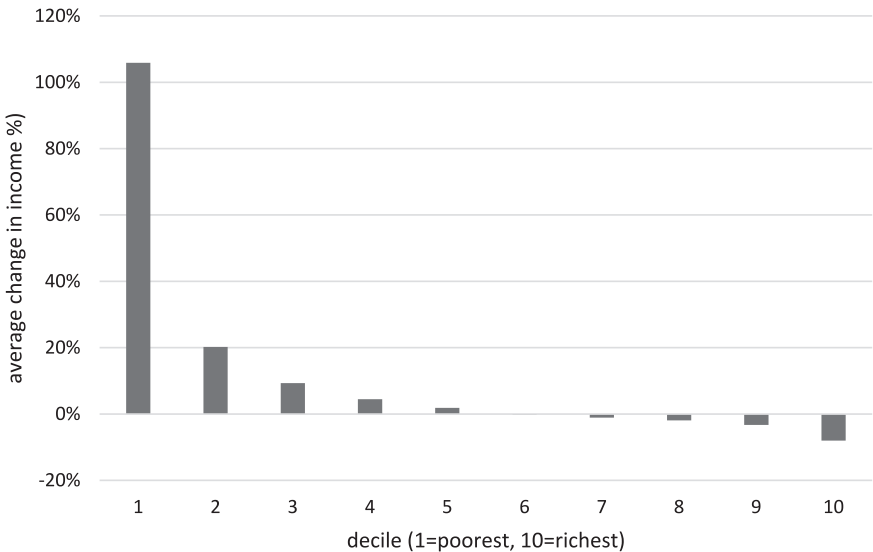


Fig. 11.1 Distributional impact of example Basic Income scheme: percentage terms (Source Calculations from Landman Economics Tax-Transfer Model [Lansley and Reed 2019])

- The proportions of individuals and households gaining and losing from the implementation of the scheme within each decile (and by how much);
- Average gains/losses and the proportion of winners/losers by other household or individual characteristics (for instance, age, ethnicity, disability status, number of children, single/couple status, and so on);
- Impact on poverty measures (for instance, proportion of households below 60% of equivalised net income);
- Impact on inequality measures (for instance, Gini coefficient);
- Impact on work incentives (for instance, Marginal Deduction Rates on earned income).

Crucially, microsimulation modelling can also be used to cost the Basic Income programme. This is achieved by calculating tax receipts from households and transfer payments to households under the existing tax-benefit system and under the reformed system with Basic Income in place and working out the change in net expenditure with the Basic Income system in place. The micro-data set used for the microsimulation model (the Family Resources Survey in this case) is used as a proxy for the entire UK population, and grossing factors in the dataset are used to multiply up the results for each household so that the sum of overall expenditures and tax receipts in the data correspond as closely as possible to UK fiscal aggregates.

Table 11.2 shows expenditure on Basic Income and other transfer payments and tax receipts under the existing tax-benefit system, and under the reformed system with Basic Income in place, using the assumptions in Reed and Lansley (2016). The introduction of Basic Income increases transfer

Table 11.2 Costings for illustrative Basic Income scheme (£bn)

Element of tax-benefit system	Existing tax-benefit system	Reformed system (with Basic Income)	Change
Expenditure on CI	0.0	268.2	+268.2
Expenditure on other transfer payments	202.7	84.2	-118.5
Total expenditure	202.7	352.4	+149.7
Tax receipts	336.8	487.0	+150.2
Fiscal balance (tax receipts minus expenditure)	134.1	134.6	+0.5 (a net gain for the government)

Source Calculations from Landman Economics Tax-Transfer Model, in Lansley and Reed (2019)

payment expenditure by around £150 billion (approximately 7.5% of UK Gross Domestic Product) but this is balanced by around £150 billion of additional income tax revenue, meaning that the scheme taken as a whole is slightly better than fiscally neutral (a net improvement in the fiscal balance of £500 million).

A Second Illustrative Basic Income Scheme¹

By Malcolm Torry

This second illustrative Basic Income scheme is entirely funded from within the current tax and benefits system—mainly by abolishing the Income Tax Personal Allowance and the National Insurance Contributions Primary Earnings Threshold—and current means-tested benefits are left in place, with each household's means-tested benefits being recalculated to take into account household members' Basic Incomes in the same way as earned income is taken into account (Torry 2016: 7; Citizen's Income Trust 2016b). The following constraints are imposed:

- As few changes as possible will be made to the current tax and benefits system, consistent with the other aims in view;
- The scheme will need to be revenue neutral (Hirsch 2015), which is taken to be a net cost or saving of no more than £2bn per annum;
- Significant losses in household disposable incomes at the point of implementation will need to be avoided, particularly for low income households;
- Raising Income Tax rates by more than 3 percentage points would be politically infeasible (Hirsch 2015).

¹This section of the chapter is based on Torry (2017, 2018). The author is most grateful to Alari Paulus of the Institute for Social and Economic Research for considerable assistance with these two publications. The results presented here are based on EUROMOD version H1.0+. EUROMOD is maintained, developed and managed by the Institute for Social and Economic Research (ISER) at the University of Essex, in collaboration with national teams from the EU member states. We are indebted to the many people who have contributed to the development of EUROMOD. The process of extending and updating EUROMOD is financially supported by the European Union Programme for Employment and Social Innovation 'Easi' (2014–2020). The UK Family Resources Survey data was made available by the Department of Work and Pensions via the UK Data Archive.

Microsimulation was employed to test a wide variety of Basic Income schemes by a trial and error method, with each parameter (Basic Income levels for different age groups, and Income Tax rates) being adjusted in turn, and alternative strategies being tried (for instance, replacing Child Benefit with a Child Basic Income, and retaining and supplementing Child Benefit). The scheme that was found to obey the criteria is as follows:

- Child Benefit is increased by £20 per week for each child.
- National Insurance Contributions (NICs) above the Upper Earnings Limit are raised from 2 to 12%, and the Primary Earnings Threshold is reduced to zero. This has the effect of making NICs payable on all earned income at 12%. (This is an entirely legitimate change to make. The ethos of a flat rate benefit such as Basic Income is consistent with both progressive tax systems and with flat rate tax systems, but not with a regressive tax system [Atkinson 1995].)
- The Income Tax Personal Allowance is set at zero.
- Basic Income levels are set as follows: An Education Age Basic Income (EBI), for 16–19 year olds no longer in full-time education, is set at £40 per week; a Young Adult's Basic Income (YBI), for people aged 20–24, is set at £50 per week; a Working Age Adult Basic Income (WABI, or simply BI), for people aged 25–64, is set at £63 per week (Torry 2018: 3); and a Citizen's Pension, a Basic Income for everyone aged over 65, is set at £40 per week. The existing National Insurance Basic State Pension is left in place. (In this particular scheme the EBI is not paid to someone still in full-time education, in recognition of the fact that their main carer is still receiving Child Benefit on their behalf.)
- Income Tax rates are adjusted as required in order to achieve revenue neutrality.

It might be suggested that it would be better either to retain the UK's unconditional Child Benefit as it is and pay a separate small Child Basic Income at the same rate for every child, or to abolish Child Benefit and to pay an equal Basic Income, and that to pay an enhanced Child Benefit at different rates for the first and for the second and subsequent children would compromise the principle that everyone of the same age should receive the same level of income. This might be true in theory, but in practice the situation is more complex. Every Basic Income scheme envisages that Child Basic Incomes will be paid to the main carer, as is Child Benefit: so what is happening in practice is that children receive no Basic Incomes, while their main carers receive varying amounts in relation to the number of children

in their families. This means that to pay different amounts for the first and for the second and subsequent children would simply vary the already varying amounts paid to main carers of children, and that it would preserve sufficient of the unconditionality principle by ensuring that every main carer of the same number of children would receive the same total level of Basic Income, made up of their own Basic Incomes and those for their children. To enhance the level of Child Benefit is therefore legitimate in practice as well as conforming to our principle of making the smallest number of changes possible. (A similar approach is taken by Painter and Thoung 2015. See also Citizen's Income Trust 2016a.)

Net Cost, and Household Gains and Losses

Gains and losses in disposable incomes on the implementation of the illustrative scheme are here evaluated on the basis of household disposable incomes rather than on the basis of individuals' disposable incomes. There are good arguments for both approaches. It is individuals who receive income, so gain or loss is an individual experience; and within a household income is not necessarily equitably shared, so the amounts that individuals receive might be more relevant than the amount that the household receives. However, we can assume that in most cases income is pooled within households, at least to some extent, so if one member gains and another loses then the household might be better off, and that might be a more significant factor than that one member of the household has suffered a loss in disposable income. Because households are of different sizes, an absolute gain or loss is not particularly relevant. However, percentage gains and losses are relevant, so this is the measure that we use.

Table 11.3 summarises the results obtained from microsimulation of the scheme proposed here.

We can conclude that the scheme would be revenue neutral (that is, it could be funded from within the current income tax and benefits system); that the increase in Income Tax rates required would be feasible; and that the scheme would not impose significant numbers of significant losses on low income households. Further research on the detail of the Family Resources Survey data would be required to discover the particular household circumstances that generate the more sizeable losses. Losses for higher income households will be due to increased Income Tax and National Insurance Contribution rates on higher earnings.

Table 11.3 An evaluation of an illustrative Basic Income scheme with the working age adult Basic Income set at £63 per week

Citizen's Pension per week (existing state pensions remain in payment)	£40
Working age adult Basic Income per week	£63
Young adult Basic Income per week	£50
Education age Basic Income per week	£40
(Child Benefit is increased by £20 per week)	(£20)
Income Tax rate increase required for strict revenue neutrality	3%
Income Tax, basic rate (on £0–43,000)	23%
Income Tax, higher rate (on £43,000–150,000)	43%
Income Tax, top rate (on £150,000–)	48%
Proportion of households in the lowest original income ^a quintile experiencing losses of over 10% at the point of implementation	1.62%
Proportion of households in the lowest original income quintile experiencing losses of over 5% at the point of implementation	2.67%
Proportion of all households experiencing losses of over 10% at the point of implementation	1.90%
Proportion of all households experiencing losses of over 5% at the point of implementation	9.88%
Net cost of scheme	£2bn p.a.

Source The table was constructed by the author on the basis of statistics calculated using output data from microsimulation using the EUROMOD programme

^aFor a discussion of different ways of ordering households into income quintiles, see Torry (2018: 5)

We can conclude that the scheme would be financially feasible in terms of both financial feasibility tests.

Changes to Means-Tested Benefits Claims Brought About by the Scheme

Tables 11.4 and 11.5 give the results of calculations based on microsimulation of the current scheme and of the Basic Income scheme.

These results show that the Basic Income scheme would reduce by 6.9% the number of households receiving means-tested benefits; would reduce the total cost of these benefits by nearly a third; would reduce by a quarter the average amount of these benefits received by households claiming them; and would reduce by 15.3% the number of households receiving more than £100 per month in these benefits, and by one fifth the number receiving more than £200. A lot of households would find it far easier to come off means-tested benefits than they do now. Every household that came off means-tested benefits would experience a lower marginal deduction rate: that is, every extra £1 of earned income would generate a greater increase in

Table 11.4 Percentage of households claiming means-tested social security benefits for the existing scheme in 2017 and for the Basic Income Scheme^a

	The existing scheme in 2017 (%)	The Citizens Basic Income scheme (%)	% reduction
Percentage of households claiming any means-tested benefits	33.2	30.9	6.9
Percentage of households claiming more than £100 per month in means-tested benefits	29.2	24.7	15.3
Percentage of households claiming more than £200 per month in means-tested benefits	26.6	21.3	20.2

Source Table constructed by the author on the basis of calculations using output data from microsimulation using the EUROMOD programme

^aFor details of the method, and of results for different kinds of means-tested benefits, see Torry (2018: 6)

Table 11.5 Percentage reductions in total cost of means-tested benefits, and percentage reduction in average value of household claims, on the implementation of the Basic Income scheme

	Reduction in total cost	Reduction in average value of claim
All means-tested benefits	30.7%	25.5%

Source The table was constructed by the author on the basis of calculations using output data from the EUROMOD microsimulation programme

disposable income (Torry 2018: 9–16). To the extent that marginal deduction rates are a factor in employment market decisions (Collado 2018), the results described here suggest that this Basic Income scheme would incentivise additional employment, self-employment, or entrepreneurial activity, for each of the 6.9% of households that found themselves taken off means-tested benefits by their Basic Incomes, and for all households now able to earn their way out of means-testing. At the same time, because this illustrative Basic Income scheme reduces Income Tax Personal Allowances to zero, more households would be paying Income Tax, and for those relatively few households brought into Income Tax for the first time, marginal deduction rates would increase to 32% (20% Income Tax, and 12% NIC).

Table 11.6 Changes in poverty and inequality indices brought about by the Basic Income scheme

	The current tax and benefits scheme in 2017	The Basic Income scheme	Percentage change in the indices
<i>Inequality</i>			
Disposable income Gini coefficient	0.30	0.27	9.2%
<i>Poverty headcount rates^a</i>			
Total population in poverty	12%	8%	33.3%
Children in poverty	14%	6%	56.3%
Working age adults in poverty	12%	9%	29.4%
Economically active working age adults in poverty	4%	2%	39.4%
Elderly people in poverty	11%	9%	11.6%

Source Table constructed by the author on the basis of results generated by the EUROMOD microsimulation programme

^aPoverty is defined as household incomes below 60% of median household income (De Agostini 2017: 67–69)

The Poverty, Inequality and Redistributive Effects of the Basic Income Scheme

Table 11.6 shows the changes that the illustrative Basic Income scheme would bring about in relation to poverty and inequality.

We can conclude that

- the Basic Income scheme would deliver a significant reduction in inequality;
- even more significantly, child poverty would fall by a half, and working age poverty would also fall substantially.

Table 11.7 and Fig. 11.2 show the aggregate redistribution that would occur if the Basic Income scheme were to be implemented.

Table 11.7 and Fig. 11.2 show that the Basic Income scheme would achieve manageable and useful redistribution from rich to poor, with those

Table 11.7 The redistributive effect of the illustrative Basic Income scheme

Disposable income decile	1	2	3	4	5	6	7	8	9	10
% increase in mean disposable income	22.0	11.7	5.7	5.7	7.4	3.1	1.0	1.2	-3.2	-5.3

Source Table constructed by the author on the basis of statistics generated by the EUROMOD microsimulation programme

For the purposes of this exercise households are ranked by total equivalised disposable incomes (De Agostini 2017: 67)

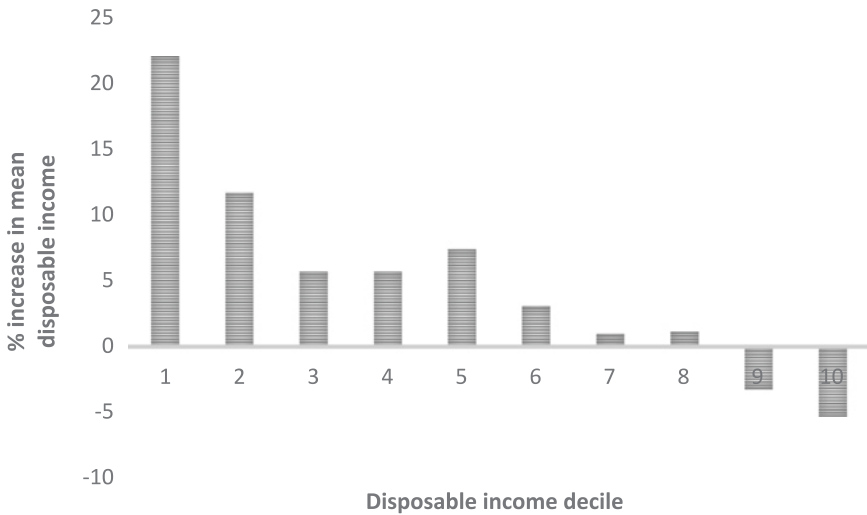


Fig. 11.2 The redistributive effect of the illustrative Basic Income scheme (Source Graph constructed by the author on the basis of the data in Table 12.7)

households often described as the ‘squeezed middle’ benefiting from the transition as well as the poorest households.

Discussion

Because the only changes required in order to implement this illustrative Basic Income scheme would be

- payment of the Basic Incomes for every individual above the age of 16 (apart from those between 16 and 19 still in full-time education), calculated purely in relation to the age of each individual;
- increases in the rates of Child Benefit;
- changes to Income Tax and National Insurance Contribution rates and thresholds; and
- easy to achieve recalculations in existing means-tested benefits claims,

the entire scheme could be implemented very quickly.

This simple scheme would substantially reduce poverty and inequality; it would remove large numbers of households from means-tested benefits; it would reduce means-tested benefit claim values, and the total costs of means-tested benefits; for the large number of households no longer on

means-tested benefits, it would provide additional employment market incentives to the extent that marginal deduction rates affect employment market behaviour; it would avoid imposing significant numbers of losses at the point of implementation; and it would require almost no additional public expenditure.

In the longer term we might wish to see a Basic Income scheme with higher levels of Basic Incomes for the various age groups, with the levels calculated to remove all or most households from means-tested benefits without imposing losses in disposable income at the point of implementation. Such a Basic Income scheme would require additional funding from outside the current tax and benefits systems, and so would require new taxation methods. Such a prospect will be some way off in this era of austerity. In the meantime, as a step towards those larger Basic Incomes, the research results summarised here show that the simple illustrative Basic Income scheme described in this chapter could be implemented immediately in the UK and would have entirely beneficial effects. To show that similar Basic Income schemes would be feasible and beneficial in other countries would require research projects similar to the project that delivered the results described here.

Scenario Modelling of Basic Income in an Existing Situation

By Gareth Morgan

When looking at the impact of Basic Income, when introduced into an existing support structure that includes means-tested benefits, there are a number of matters that need to be considered. In most countries with such support systems, there will be several such means-tested benefits, which will interact with each other, and with the tax and other systems, in often complex ways. People do not lead the simple lives that policymakers might wish to believe. People have differing needs, because of their household arrangements, age, health and economic status. They will have equally different types of resources in earnings, income, property, and possessions. Their circumstances also change, often frequently and with little notice, because of their own decisions or outside events.

While it might be possible to arrive at a global costings figure, simply because it is feasible to average such diverse households across the very large numbers involved, this does not help us to understand the impact that the

introduction of a Basic Income scheme might have on typical households. Understanding that impact is important, as it enables us to see the effect of its introduction in typical households and better judge the real acceptability of a Basic Income scheme.

Any policy change, of this scale and type, should be expected to create changes in the income of many of those affected: indeed, that is, to a large extent, its aim. What that change will be for typical households is a real test of the policy. Because of the complexity of and relationships with current schemes, there are too many combinations of circumstance to be considered in even a detailed design study. Only by testing the new scheme against a large number of scenarios, can we be confident that we are able to understand the outcomes and identify outliers. This kind of modelling can then feed back into the design of the scheme and into the choice of rates and other parameters.

We have modelled here an example of a Basic Income scheme for the UK to demonstrate the feasibility of this approach. The model has been built using Ferret's Future Benefits Model (FFBM) which contains detailed rule sets for existing UK means-tested benefits and the tax and National Insurance schemes. These have been replicated, with the addition of a Basic Income calculation for the household, with the resultant Basic Income figure then used as part of the income assessment for the existing means-tested benefits. This enables a direct comparison of the situation under current rules with that when including Basic Income.

The FFBM is a scenario-based household modeller which automatically generates multiple scenarios and applies the rule sets to each of them. The household types are based on multiple parameters including 1 or 2 adults, 0–6 children, level of disability, tenure types and costs, hours and rates of earnings, other incomes such as pensions, and amounts of capital or other property.

Tables 11.8 and 11.9 show the results for just one family type of an exercise in which we model a small number of family types with up to 3 children in rented accommodation. We include households over and under pension age and with and without disabilities. While not a comprehensive set of examples, there is enough variation in circumstances to demonstrate the different effects of Basic Income on this variety of households. This example uses the UK's 2017/2018 tax and benefit schemes and the second illustrative Basic Income scheme described in this chapter, with a Basic Income for working age adults set at £63 per week, and in which £20 per week is added to the existing unconditional Child Benefit. Basic Income is treated as earnings for means-tested benefits. Under this scheme there are

Table 11.8 Net income for a couple with one earner (earning £20,000 p.a.), two children, and rent of £120 p.w., both for the current Tax Credit system and for the new Universal Credit

Today's system, 2017/18 weekly figures	Tax credits	Universal credit
Gross Earnings/Net Profit	384.62	384.62
Net Earnings—after Income Tax and N.I.	324.61	324.61
<i>Child Tax Credit (No Working Tax Credit)</i>	102.25	
<i>Housing Benefit</i>	21.78	
<i>Council Tax Reduction</i>		3.30
<i>Child Benefit</i>	34.40	34.40
<i>Universal Credit</i>		175.31
Weekly Income	£483.04	£537.61

Source Table constructed by the author on the basis of figures generated by Ferret's Future Benefits Model (FFBM)

Table 11.9 Net income for the same family, but now in receipt of Basic Incomes and with their Tax Credits or Universal Credit reduced in relation to their Basic Incomes

Citizens Basic Income, 2017/18 weekly figures	Tax credits	Universal credit
Gross Earnings/Net Profit	384.62	384.62
Net Earnings—after Income Tax and N.I.	268.84	268.84
<i>Basic Income</i>	126.00	126.00
<i>Child Tax Credit (No Working Tax Credit)</i>	34.19	
<i>(No Housing Benefit or Council Tax Reduction)</i>		
<i>Child Benefit</i>	74.40	74.40
<i>Universal Credit</i>		77.95
Weekly Income	£503.43	£547.19

Source Table constructed by the author on the basis of figures generated by Ferret's Future Benefits Model (FFBM)

no tax allowances, and 3 percentage points are added to existing tax rates. The National Insurance Primary Earnings Threshold, at which contributions begin, is reduced to zero.

Table 11.8 shows the disposable income, at just one level of earnings, under the current scheme. Table 11.9 shows the result with Basic Income included. This scenario extract shows the situation for a couple with 2 children. The UK benefit system is in a process of change at the moment, and two different benefit systems exist side by side. The model assesses the household situation under both systems and tests Basic Income against both as a comparison.

When earnings levels of £10,000 and £30,000 per annum are tested as well, the results of the comparison are shown in Fig. 11.3.

In this scenario, which does not necessarily reflect the results for other circumstances, it can be seen that for this particular household type the



Fig. 11.3 Increases in disposable incomes, at three different earnings levels, on the implementation of the Basic Income scheme for the family of two adults and two children, with one adult employed, and living in rented accommodation (*Source* Figure constructed by the author on the basis of figures generated by Ferret's Future Benefits Model [FFBM])

introduction of Basic Income makes the household income higher for all 3 levels of earnings. The increase in income is higher under the benefit system being phased out than under its successor. The gains are higher, in both systems, for higher earners. The effect of means-testing, which includes Basic Income in the assessment, together with the changes in Income Tax and National Insurance assessments, are clear, with the net gains in income being very substantially less than the Basic Income paid to the households.

This kind of modelling is particularly useful for policymakers whose concern is not solely the costs or financial benefits, but who also need to ensure that individuals and households are not disproportionately affected.

The advantage of this approach is the 'personal' financial impact, both for the household and for the cost of the Basic Income contribution to the household. The comparison with the current situation for the same scenario means that the net cost to the state can also be seen for that household. As Basic Income becomes a part of the income for the existing means-tested benefits, it will very frequently reduce the amount of those benefits to be paid, or may remove entitlement completely. The change in those benefits might have further consequential effects on other benefits or support. For scenarios where these benefits are involved, the real cost of Basic Income will be offset by the reduction in previous support costs.

The disadvantage of this approach is that it does not enable the overall cost of the introduction of a Basic Income scheme to be determined. In the absence of any understanding of how many real households match each

scenario modelled, there is no way to use these results to derive the overall net expenditure of the BI introduction in this way. As one of several ways of assessing the impact and feasibility of such a scheme, however, it can provide a powerful insight from the perspective of the individual household.

Conclusions

We have discovered that microsimulation enables us to

- calculate the net cost of any Basic Income scheme, including schemes that retain means-tested benefits;
- evaluate Basic Income schemes of any kind for household gains and losses;
- discover changes in poverty and inequality as a result of a Basic Income scheme;
- find out how many households would come off means-tested benefits, and how many would be brought within striking distance of coming off them.

A ‘typical household’ scenario modelling method enables us to discover the gains and losses for particular household types, and to discover which household types are released from means-tested benefits.

Unfortunately none of the methods can model contributions to the funding of Basic Incomes achieved by altering the detail of tax allowances relating to expenditures. Take, for example, the UK tax allowance that enables the money spent on private pension contributions to be regarded as non-taxable income. For anyone paying only the basic rate of Income Tax, the saving in Income Tax will be the money spent on pension contributions multiplied by the basic rate of tax. For anyone paying a higher tax rate, the saving will be the money spent on pension contributions multiplied by the higher rate. A proposal might be made to reduce the tax relief to the basic rate for everyone. The Income Tax calculation for any individual paying the higher rate of tax would provide the information that would enable us to calculate the additional tax that they would have to pay and that would therefore be available to fund Basic Incomes, but this amount will depend on individual circumstances, so no aggregate figure can be calculated. Neither is the information available in the Family Resources Survey data employed by microsimulation programmes. An estimate of the total amount of additional revenue can be made (Citizen’s Income Trust [2013](#)), but it might not be accurate.

A further problem now relates to the roll-out of the UK's new means-tested benefit, Universal Credit. Only when Universal Credit has been in place for long enough for the Family Resources Survey to have caught up with the number of people on it rather than on the legacy benefits, Jobseeker's Allowance, Working Tax Credits, and so on, will we be able to use the Universal Credit provisions in microsimulation programmes. It will also be some time before the national accounts catch up with expenditure on Universal Credit.

Every country's tax and benefits will present its own challenges. The important thing will always be to use the best available methods to discover as much information as possible about the financial effects that would follow from the implementation of Basic Income schemes.

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12

Alternatives to Basic Income

Benjamin Leff, Andrew Percy, Michael Story
and Maciej Szlinder

Introduction

Numerous alternatives to Basic Income have been proposed by both supporters and opponents of Basic Income. The current means-tested and social insurance benefits systems are deeply embedded existing systems which are frequently argued for as viable alternatives to Basic Income. This chapter studies four additional alternatives. Benjamin Leff describes one of the most substantial existing alternatives to Basic Income: the United States' Earned Income Tax Credit (EITC). He argues that the EITC could never be a true substitute for a Basic Income because it is work-tested, but that it could be reformed to achieve some of the benefits of a Basic Income by removing its family-status conditional aspects and making it individual, increasing its regularity of distribution, and removing its means-testing.

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Of the wide variety of currently unimplemented but possible future alternatives to Basic Income, Michael Story discusses Negative Income Tax and finds that it would be difficult to administer; Andrew Percy discusses Universal Basic Services—an expansion of existing public services into additional policy fields—and finds Universal Basic Services to be compatible with Basic Income; and Maciej Szlinder finds a job guarantee to be a generally unsatisfactory alternative.

In the context of this chapter, ‘alternative’ does not necessarily mean that Basic Income and the alternative provision exclude each other as possibilities, and it might mean that Basic Income and the alternative could complement each other. It would be perfectly possible for Basic Income to work well alongside existing means-tested and contribution-based benefits, as in the illustrative Basic Income schemes discussed in Chapter 11. If a Basic Income were to be implemented in the US, then the EITC would be somewhat redundant. Negative Income Tax really is an alternative in the sense that no government would ever implement both of them. Basic Income and Negative Income Tax deliver the same relationship between earned income and net income, so no government that had implemented one of them would then implement the other as well—although if they had implemented a Negative Income Tax and discovered its administrative complexity they might decide to replace it with a Basic Income scheme. A job guarantee and Basic Income could both be implemented at the same time, and similarly additional universal services could complement a Basic Income scheme, particularly if the Basic Income scheme were revenue neutral and did not raise income tax rates by more than one or two percentage points.

Negative Income Tax¹

By Michael Story

Globalisation has lowered the market value of many workers’ skills to the point that the clearing price for some labour cannot provide a growing proportion of the populations of more developed countries with an income that meets the popular definition of minimum living standards, even though it

¹Parts of this section of the chapter have been adapted from Story, M. (2015). *Free market welfare: The case for a Negative Income Tax* (London: Adam Smith Institute). The Adam Smith Institute’s permission to use this material is gratefully acknowledged.

has also contributed to cheaper consumption bundles. Current solutions to this are costly, ineffective, and overly complex, leaving many people stuck in poverty traps and financial insecurity. Means-tested benefits and social insurance systems assume stable employment and stable households, which are less and less the reality; means-tested benefits impose employment disincentives as they are withdrawn as earnings rise; finding employment after a period of unemployment will often leave a household on means-tested benefits; and national minimum wages impose negative employment effects, particularly among the least skilled workers (Neumark and Wascher 2006).

What qualities would a replacement for the existing welfare system need in order to avoid repeating the mistakes of the past? It should

- as far as possible replace costly alternative measures;
- if possible, provide a basic floor standard of living;
- be paid to individuals, not to households or heads of households;
- be as administratively simple and cheap to operate as possible;
- be secure and transparent to maximise the ability of claimants to plan and take risks;
- avoid work disincentives where possible;
- work with the grain of public opinion; and
- maximise personal freedom and choice without creating moral hazards or violating social norms.

The answer might be a Negative Income Tax.

First named the Negative Income Tax (NIT) by Milton Friedman (though similar schemes had been proposed before), the NIT is a tax and welfare scheme which replaces many other benefits. If poverty is a lack of income, then NIT tackles this head-on by providing that income. If a citizen earns nothing, the NIT is their entire income and is paid at the highest rate; as they earn more, the payment is gradually withdrawn until the citizen becomes a net tax contributor. The payment scheme is structured so that the claimant is always better off working more hours or earning more market income, but the withdrawal rate can be set at any level. By having one single payment which is withdrawn at a gradual rate, the incentive structure is transparent and easily understood, moral hazards and perverse incentives are avoided, and other means-testing bureaucracy is limited or non-existent.

Negative Income Tax experiments were carried out in the United States during the 1960s–1970s, conducted by Dick Cheney and Donald Rumsfeld. These are of particular interest as they covered different population groups: urban and rural, single parent and dual parent families,

working poor and welfare recipients. The Canadian ‘Mincome’ experiment of the same era was also a Negative Income Tax experiment, and not, as is often thought, a Basic Income experiment. The evidence from these experiments is remarkably robust, especially for its time, and demonstrated the feasibility of such a scheme. Poverty was reduced, and spending on many social services was reduced (including health and in particular mental health). There was a small reduction in the number of hours worked, mostly among part-time second income parents, but among chief household income earners the only labour market finding was a small increase (a matter of two weeks or so per year) in time spent between jobs. This is hard to interpret across a great distance of time, but it is plausible that more efficient matching of employer to employee would be one effect of such an increase. Certainly there was no evidence of main earners withdrawing from the labour market altogether.

If implemented, a Negative Income Tax would

- be paid to individuals, not households;
- be set at a level which provides a basic floor standard of living;
- be withdrawn at a rate which provides clear work incentives;
- not be work-tested, and so would be experienced as very different from many countries’ current means-tested benefits.

A Negative Income Tax of this nature would be similar to a Basic Income in many respects, and it would offer many of the same advantages, and particularly lower marginal deduction rates and therefore better employment incentives. The difference is that a Basic Income would be paid at the same rate to everyone of the same age, and incomes would then be taxed in order to pay for it, whereas a Negative Income Tax would only be paid to individuals whose earnings fell below an earnings threshold, and would be paid in proportion to the amount that earnings fell below that threshold. Figures 12.1 and 12.2 show both the differences between the payment mechanisms, and the identical relationships between gross and net incomes.

The advantages of the Negative Income Tax approach are that

- it avoids ‘churn’, whereas a Basic Income pays money to everyone and then taxes it back from those with higher incomes;
- it doesn’t pay money to those who don’t need it, so might more easily conform to public opinion than a Basic Income that pays money to everyone; and
- there is some evidence that employment incentives would be higher with a Negative Income Tax than with a Basic Income (Kawagoe 2009);

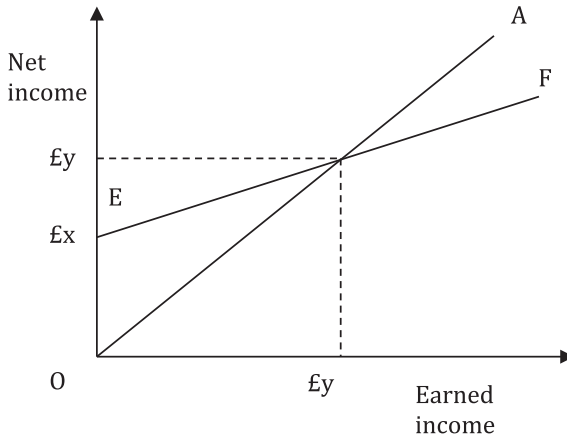


Fig. 12.1 The relationship between net and earned incomes when a Negative Income Tax is implemented (Note The line EF shows net income. At the threshold $\pounds y$, neither a Negative Income Tax is paid out nor Income Tax collected. As income falls below the threshold, a Negative Income Tax is paid. As income rises above the threshold, Income Tax is collected. [The diagram assumes that a single tax rate is charged on all earnings, and that the rate at which Negative Income Tax is paid equals the rate at which tax is collected.] Source Torry, M. [2018]. Alternatives to Citizen's Basic Income. *Citizen's Income Newsletter*, issue 1 for 2018: 6–7. The Citizen's Basic Income Trust's permission to reproduce the diagram is gratefully acknowledged)

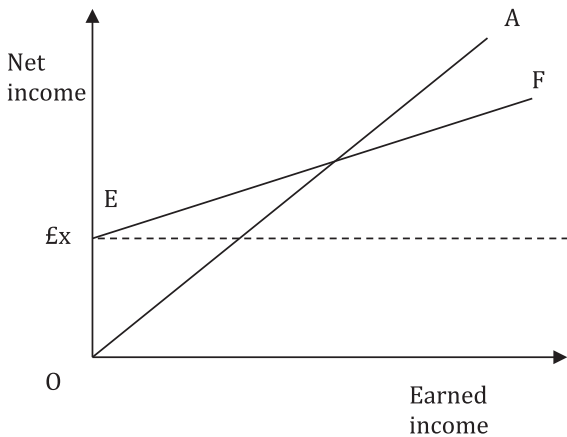


Fig. 12.2 The relationship between net and earned incomes when a Basic Income is implemented (Note A Citizen's Basic Income of $\pounds x$ per week is paid to everyone. All earnings are taxed. The line EF shows the net income. [The diagram assumes that a single tax rate is charged on all earnings.] Source Torry, M. [2018]. Alternatives to Citizen's Basic Income. *Citizen's Income Newsletter*, issue 1 for 2018: 6–7. The Citizen's Basic Income Trust's permission to reproduce the diagram is gratefully acknowledged)

The advantages of Basic Income would be that

- administration would be radically simple, and much simpler than for a Negative Income Tax; and
- the mechanism would be more easily understood than for a Negative Income Tax.

It therefore looks as if Negative Income Tax might more easily conform to public opinion, whereas a Basic Income would be easier to administer and therefore to implement. This suggests that we should look in detail at the administrative problems that a Negative Income Tax might encounter.

A Negative Income Tax could be administered by the Government or by someone's employer. If the Government administers the Negative Income Tax, then the employer must provide regular and accurate earnings information to the Government, as with the UK's new Universal Credit. If the employer administers the Negative Income Tax, then if someone moves between employers their Negative Income Tax administration has to be transferred between employers. If they have a period of unemployment, then administration of the Negative Income Tax has to be handed to the Government and then on to the new employer. If someone has two employments, then the employers have to decide which of them will administer the Negative Income Tax. And if someone has occasional other earnings, then their employer needs to be informed so that the Negative Income Tax or tax charged can be calculated accordingly.

If every working age adult receives the same Negative Income Tax then neither their employer nor the Government needs to know any personal details. If it is decided that people in different circumstances (for instance, in different kinds of household) should receive different levels of Negative Income Tax, then their employer and the Government will need to know individuals' circumstances in order to allocate the correct NIT or charge the correct tax.

Our current income tax system is cumulative. An annual amount of income is not taxed. Each week, or each month, the employer has to calculate how much tax to deduct so that, by the end of the year, the correct amount of tax has been deducted. With Negative Income Tax, the tax system would be non-cumulative. Each week, or each month, the correct amount of the Negative Income Tax would need to be paid in addition to earnings, or the correct Negative Income Tax would need to be paid out. A non-cumulative system requires a single tax rate, so anyone paying higher rate tax would need to pay additional Income Tax at the end of the tax year (Torry 2018).

It would therefore appear that the administrative difficulties facing a Negative Income Tax could be severe. However, we might still see a Negative Income Tax implemented rather than a Basic Income. The reason for this, as the UK's roll-out of the new 'Universal Credit' means-tested benefit has shown, is that political considerations can be determinative, and potential administrative difficulties can find themselves discounted in the policy process. Working with the grain of social norms is important for the success of any policy, and because a Negative Income Tax would do that by providing money only to those who need it rather than to everybody, and at the same time would provide clear and consistent incentives towards work and the protection of an income floor while maintaining a very wide freedom of choice, NIT might appear to be a more attractive option than Basic Income, even though the financial effects and employment effects of both of them would be almost or entirely identical, and NIT would present complex administrative challenges at least as difficult to solve as those of Universal Credit.

If a Negative Income Tax were to be implemented, then perhaps its most important benefit, as with a Basic Income, would be its provision of financial security, and of freedom from coercion for claimants. The Canadian Mincome experiment (see Chapter 15 or this volume) provided the unexpected result that hospital admissions, particularly those for mental health crises, fell after the introduction of the income scheme, most probably as a direct result of the stress-reducing effects of some degree of income security.

Universal Basic Services

By Andrew Percy

Human societies are a complex mix of services, some provided as unpaid mutual support, some as in-kind exchanges, and some as paid transactions. A number of services are commonly accepted as essential to the achievement and maintenance of a basic standard of life: shelter, food, and healthcare. In today's societies, access to additional services are also commonly understood to be necessary to enable individuals to access opportunities and to participate in their society: education, transport, information, and legal services.

Substantial portions of both the philosophical argument for a Basic Income and the practical expectations of a Basic Income implementation are that a Basic Income would enable access to these basic services. The proposal for Universal Basic Services (UBS) (Portes et al. 2017) is that there are substantial portions of these services that are more effectively and

more efficiently provided directly as services to the members of a society, as opposed to giving those individuals the cash to purchase those same services individually. To the extent that Basic Income is conceived of as an adjunct or addition to social public services, such as education and healthcare, then UBS can be seen as an adjunct to a Basic Income rather than strictly an alternative.

Universal Basic Services shares much of the Basic Income agenda, in terms of both objectives and outcomes. Starting from the intention that every citizen of a state or community (here allowing for the inclusion of non-citizen residents) is entitled by right to at least a minimum share in the fruits of the prosperity of the group, and that such rights should allow each citizen the opportunity to pursue their own ambitions, using their own skills to make such contributions as they can and are motivated to provide.

Where UBS diverges from Basic Income is in the mechanism for the delivery of those rights and benefits that are deemed to accrue to every citizen. UBS is a model that sees those rights and benefits delivered as services to the maximum extent reasonably achievable, and it sees a Basic Income or other benefits system as a supplement to those services to cover the most uniquely personal of expenses, or special needs such as disability. And the rationale for promoting services, over cash distribution, is the duty of efficacy that is due to the society as a whole.

The definition of UBS is

The provision of sufficient freely accessible public services, as can be afforded from a reasonable tax on incomes, to enable every citizen's safety, opportunity, and participation.

To some extent every human society already provides some level of public service, and in much of the developed world these services commonly include public education, public healthcare, and public legal services, and public safety services, as well as the infrastructure to provide for their democratic governance. Many states also provide targeted public assistance for shelter, transport, food, and communications, through subsidies, benefits, and conditional entitlements.

The UBS model extends the notion of public services designed to provide a minimum level of function from the existing unconditional areas of healthcare and education to those areas more commonly delivered as conditional benefits.

Advocates of Basic Income sometimes assume and expect that there are certain universal public services that pre-exist and complement the introduction of a Basic Income, such as public education, so the debate about services

and incomes becomes one of degree. To what extent would the emancipation of individuals be best achieved through free access to services or free access to money? What is clear is that neither can be the exclusive solution, so the debate becomes one about the extent of each of them. Whereas the argument for Basic Income revolves substantially around individual choice, the argument for UBS revolves substantially around social commons. With this emphasis we find a significant difference between Basic Income and UBS, where the former emphasises the value of the individual, and the latter emphasises the value of the group. Where UBS accepts the peer validity of the society as an organising agency, Basic Income promotes individuality over society as a superior organising agency. A manifestation of this acceptance of society as an organising agent is that the efficacious delivery of extended public services requires local service design and delivery, necessitating the devolution of budgetary control to effective local government. Therein lies one of the larger practical distinctions between Basic Income and UBS: that UBS must surmount the obstacle of effective local government before it can become a functional reality, whereas Basic Income could be delivered as a national programme without such reform. Indeed, many advocates of Basic Income would say that the dependence of UBS on the quality of local governance is a *prima facie* key advantage of Basic Income over UBS.

The advantages espoused for UBS over BI are:

- efficiency of service over cash by meeting needs as they arise in proportion to their arising, which avoids the expense of funding needs that do not arise, whereas a Basic Income assumes equal distribution to all irrespective of need;
- effectiveness of services in reaching all constituents, especially in the cases of children to whom direct control of cash cannot be given but to whom direct access to services can be enabled;
- the bolstering of social institutional fabric, especially local capacity, by establishing and supporting social infrastructure for the delivery of services;
- incremental implementation by building gradually on existing services and extended them without requiring ‘Big Bang’ changes to the tax and benefit systems; and
- affordability and achievability within the constraints of common overall tax take limits observed across with developed world, where tax takes do not exceed 49% of Gross Domestic Product in even the highest taxing countries.

Where UBS and Basic Income conflict most seriously is competition for priority in funding. While they do effectively compete for the same budget, the

extent to which either can restrain their impact on public expenditure creates more space for the other, so revenue neutral Basic Income schemes and hyper-efficient basic services could offer the best route to a package likely to satisfy the greatest number of needs.

As proposals for a new settlement between citizen and society develop in the coming years, it seems most likely that a combination of service provision and cash distribution will feature in the solutions that emerge. The extent to which services are included, or assumed to exist, will become a defining distinction between proposals.

The Job Guarantee

By Maciej Szlinder

Job Guarantee (JG) is often presented as a solution to the same problems as Basic Income: insecurity, inequality (Mitchell and Watts 2005: 64), poverty (Tcherneva 2007: 2) and unemployment (Harvey 2013a: 4). The JG programme assumes that the state is obliged to offer a job to ‘anyone ready, willing, and able to work, but who has not found desired private sector employment’ (Tcherneva 2007: 3). In this way the government becomes ‘the employer of last resort’. The best known advocates of JG are the Rutgers University Professor of Law Philip L. Harvey, and scholars such as William Mitchell, Pavlina Tcherneva, and Randall Wray, connected to Modern Monetary Theory (MMT).

Proponents of JG argue that the main cause of income insecurity is persistent unemployment (Watts 2011). According to its advocates, the main advantage of JG over Basic Income is that engagement in paid work has many non-pecuniary benefits, such as sustaining social relationships, providing a sense of being useful for the community, and developing skills. Unemployment does not only result in not having enough money, but it also means ‘exclusion from economic, social and cultural life’ (Watts 2011). Basic Income is accused of being an individualistic policy, and its advocates are accused of ignoring common expectations about employment as a means meeting obligations towards the community.

The main objection of MMT JG proponents against Basic Income is that Basic Income would be inherently inflationary (Tcherneva 2007). Tcherneva assumes Basic Income would make some people resign from the labour market, and employers would have to raise wages to convince them to come back. Those higher wages would increase the prices of goods and services, so

the Basic Income would have to be adjusted to inflation, which would lead to another rise in wages, and the cycle would lead to hyperinflation.

There are two problems with this argument. The first is that people using it assume it to be obvious that a significant decrease in labour supply would be caused by the implementation of Basic Income, which is far from certain. Secondly, they assume that every rise in wages transfers itself directly into a proportional rise in prices. They are therefore assuming that the relationship between wages and profits is stable and constant. This assumption is not only empirically not true—the wage/profit ratio, or the exploitation rate, changes constantly because of direct class struggles and the intervention of the welfare state—but it is also politically risky, as it would mean that any struggle for higher wages would be futile. This argument, presented by supposedly left-wing theoreticians and politicians such as Eduardo Garzón, an economist connected with the Spanish United Left (Garzón 2014), stands in contradiction to their declared support for trade unions and labour organisations.

As well as such objections to Basic Income being unsustainable, the JG programme creates serious ethical and practical problems.

Firstly, it is a paternalistic approach, as it requires a certain amount of labour in exchange for guaranteeing basic life necessities. By demanding labour only from the poor and not from every member of society (in contrast to some variants of socialism), JG is also classist. It appears to be accepted that there are people who do not have to labour due to inherited fortunes or the possibility of living off profits, and that only those who do not have such a lucky situation have to labour to get their necessities of life.

The second problem would be stigmatisation. According to Guy Standing, ‘to take a job that is only a job because the employment office says it is a job is stigmatising. If that goes on your CV it’s a sort of marker, meaning “failure”’ (Standing 2014). Moreover, people who would reject the offered guaranteed job (for example, because of responsibilities to care for dependents) could be stigmatised even more.

Thirdly, JG cannot eliminate poverty. Those who, for whatever reason, would not accept a JG offer, would still have to have their necessities covered by different programmes.

Fourthly, JG creates a problem in relation to dismissal. If it was easy to lose the guaranteed job (for instance, because the worker might reject its onerous demands) then there would not be a job *guarantee*; and if it was difficult to lose the guaranteed job (because the only demands were easy to meet), then it would encourage workers to only pretend to work and to perform poorly. At this point the question arises as to what we really gain by imposing the job pseudo-requirement instead of just giving people

money unconditionally. Poor output in the construction of infrastructure was observed in a direct job creation programme in India called Mahatma Gandhi National Rural Employment Guarantee Scheme (MNREGS) (Davala et al. 2015: 9).

Fifthly, JG is subject to corruption. It can also lead to deskilling of those who could otherwise spend their time looking for a more suitable job or enhancing their qualifications. Moreover, forcing carers to accept a guaranteed job could aggravate the situation of their dependents.

Sixthly, JG is costly. To estimate the cost, it is necessary to count not only the currently unemployed but also other groups that might be interested in the programme, such as those involuntarily employed in precarious conditions, the involuntarily partially employed, and some people currently outside the labour force (for instance, those who stopped looking for a job because they lost hope of finding a decent one). Additionally, the cost of creating a job would be far greater than the wage that the worker would get and would include the cost of materials, organisation, control, oversight, and so on. These costs cannot be compensated fully by selling the goods and services produced, because the goods and services would not compete with those produced by the private sector and the traditional public sector (Kaboub 2013: 62; Mitchell and Watts 2005: 75; Wray 2013: 170, 174). If we allow any sort of competition, and (following all MMT advocates of JG) a fixed, uniform basic wage was paid, set at or close to the statutory minimum wage, then the programme would cause displacement of the better paid jobs by the JG jobs, and an overall decrease in wages would be the result.

Harvey's proposal does not assume uniform, minimum wages. In his version, the 'job guarantee program should offer unemployed workers jobs that are comparable in both pay and responsibility to those occupied by similarly qualified and experienced workers in the regular labor market' (Harvey 2013b: 45). This solution might avoid the problems of the goods and services produced competing with goods produced in the private and public sectors, but it would immediately create hazards. If someone were to be employed with a high salary for a short time, then the state would be guaranteeing to him or her the same position and salary as someone in the private or public sector, which would be morally dubious and costlier.

To sum up: the total cost of JG could be even greater than Basic Income, with worse effects and more negative side effects. JG fetishises paid labour against other socially useful activities. It subordinates guaranteeing income security (and the fulfilment of basic needs) to the acceptance of the offered job, which not only directly contradicts republican freedom, but also means JG can be perceived as an example of a workfare policy.

Nevertheless, some of the aforementioned problems would be softened by combining JG with Basic Income, in the full or limited forms of both (FitzRoy and Jin 2018). With Basic Income, JG could be just a broad programme of public job creation that would not need to solve the problem of poverty and insecurity (which would be solved by Basic Income), and would not be so paternalistic, because the freedom provided by Basic Income would be granted unconditionally. Therefore, JG might be worth considering as part of a progressive social/economic policy agenda if that were to include Basic Income.

The US Earned-Income Tax Credit

By Benjamin Leff

The Earned-Income Tax Credit (EITC) is the largest cash transfer programme in the United States. It is politically popular because it is relatively inexpensive to administer, has relatively high participation rates, is not perceived to be stigmatising, and is perceived to support working families rather than providing a ‘handout’ (Sternberg Greene 2013: 535). If a Basic Income is ‘a regular cash income, paid to all, on an individual basis, without means test or work requirement’ (Van Parijs and Vanderborght 2017: 1) then the EITC differs from a Basic Income in almost all of its particulars, but an expanded and reformed EITC could meet a number of goals that would be met by a Basic Income. The only truly essential difference between a Basic Income and the EITC is the fact that the EITC is by definition work-conditional. There are political reasons, in the United States especially, why work conditionality is the keystone of any broad-based, politically stable, and popular transfer programme (Alstott 1995: 538), so it is worth exploring the possibility of using the EITC as a (distinctly second best) platform for achieving at least some of the goals of a Basic Income (Brookings/AEI 2015; Gitterman et al. 2007; Hughes 2018; Sperling 2017).

What Is the EITC and How Does It Differ from a UBI?

The EITC is a federal tax credit that is paid annually in a lump sum to low-income US residents based on how much they earn and whether they are the primary caregiver of children. It is called a ‘tax credit’ because it is integrated into the income tax system and paid after the filing of

a tax return, but the amount paid to the worker in many cases exceeds the amount of tax the worker owes, resulting in a net gain to the recipient. Thus, the EITC is a form of cash transfer from the government to US residents, as is Basic Income. It differs from a Basic Income because it is work-conditional, means-tested, family-based, and makes distributions only once a year.

Firstly, the EITC is *work-conditional*, because the amount one receives is zero for persons who earn nothing in the market economy, and then the payment increases gradually ('phases in') as earnings rise to a threshold. For example, in 2018, an unmarried worker with three children (let's call her Jane) would have received 45 cents of EITC for every dollar she earned up to \$14,320, at which point she would have received the maximum EITC payment of \$6444. So the EITC can provide a substantial wage supplement for Jane, if she is working: but if she is not, she does not receive any EITC, even if she is providing uncompensated familial or social labour, is diligently seeking work, is actively volunteering in the community, or is temporarily or permanently disabled.

Secondly, the EITC is *means-tested*, because the amount received is gradually phased out once one's income exceeds a threshold amount, until the credit is eventually reduced to zero. For example, in 2018, Jane would have gradually lost her EITC benefits once she earned \$18,700 dollars over the course of the year, and if she earned at least \$49,298 then she would have received nothing. Means-tested benefits are often criticised for creating disincentives to work because they penalise a worker for earning income. Because the phase-out of the EITC is relatively gradual (at 21% of additional income in the phase-out range), it would be likely to have only a modest effect on incentives if it operated in isolation. But it does not operate in isolation. Instead, the income that Jane earns in the phase-out range also causes her to owe some taxes, and might cause her to lose government-provided benefits for food, housing, and health insurance. Depending on circumstances, these uncoordinated tax and benefit phase-outs (including the EITC) can produce very high effective marginal tax rates, and can operate as a 'poverty trap' (Shaviro 1999).

Thirdly, the EITC is *not paid individually*, but instead the amount of the credit is dependent on the number of children in someone's care (if any) and on the earnings of a spouse (if any). The amount of EITC increases with each child in one's care up to three, but a worker with no dependent children (let's call him John) barely gets any benefit at all. The amount John would have received in 2018 would never have exceeded \$520, and the rate was set to match the payroll taxes that he owed, so he could never have

received any net benefit from the government. This means that the EITC is a substantial source of governmental assistance to parents caring for children, but it has very little impact on workers with no dependent children living with them, even if they have child-support obligations for children. In addition, because the income of married taxpayers is aggregated for the purposes of calculating the EITC, married couples whose income is in the phase-out range receive less of the credit than they would if their income was counted individually, creating a ‘marriage penalty’.

Finally, the EITC is distinguished from most Basic Income proposals because, rather than being paid *regularly* (periodically throughout the year), the benefit is integrated into the tax system and is distributed once a year, several months after the end of the year for which the recipient qualifies for the payment, after the filing of appropriate income-tax forms.

Possible Reforms of the EITC

For each of the policy components described above, one could imagine reforming the EITC to make it more ‘Basic Income-like’. Because there appears to be significant political support in the US for expanding and reforming the EITC, such reform could be more politically feasible than a Basic Income proposal.

Obviously, the most glaring difference between a Basic Income and the EITC is work-conditionality. But work-conditionality is the feature of the EITC that commentators most often cite as the reason that it is politically popular in the US. It is supported by a broader political coalition than other transfer programmes simply because its work-conditionality insulates it from some of the negative narratives used to attack other welfare programmes. While work-conditionality is an essential component of the EITC, one could imagine steepening the rate at which the credit phases in, so workers received a higher credit at lower income levels. While this would not benefit workers who have *no* income over the course of the year, it would at least provide more of the benefit to more of the working poor.

The fact that the EITC is so closely tied to family-status, rather than being individual, also distinguishes it from Basic Income. Some commentators have proposed eliminating or reducing the ways in which the EITC is so dependent on having dependent children and marital status (Gitterman et al. 2007). However, just as the work requirement is often cited as the source of political strength for the EITC, government distributions that support poor children are supported by a wider political coalition than

distributions that support adults. Reforming the EITC to de-link family status would make it much easier to administer and claim, but any increase in the amount available to childless adults might face political opposition.

Many scholars have proposed increasing the regularity of EITC benefits (Sternberg Greene 2013). Traditional economic theory, and simple intuition, supports the idea that poor families would be better off receiving a payment more regularly than once a year, and sooner rather than later. A subsequently discontinued programme permitted EITC recipients to receive 'advance' payments from their employer throughout the year. This programme was unpopular because workers risked having their advance payments clawed back at the end of the year, resulting in a painful financial shock for some low-income workers. If the EITC were reformed to permit regular payments throughout the year *without* the risk that such payments might be clawed back by the government at tax filing time, then it would likely be beneficial and popular.

Another possible reform would be to remove the phase-out of the EITC (so that it was no longer means-tested). The phase-out of the EITC is functionally the same as an increased marginal tax rate on income in the phase-out range. This phaseout could be eliminated, with the additional cost of the EITC paid for by an increase in regular income taxes (or by other funding sources). Alternatively, if the un-phased-out EITC were to be found to be an employment disincentive, then the phase-out range could be extended and the rate reduced.

Finally, the EITC in its current form is too low. Under current law, a worker with two or more children who works at a minimum wage job full-time for the whole year would still be below the US official poverty line, even when all of their EITC benefits are taken into account. Obviously, for the EITC to fulfil the promise of a Basic Income to dramatically reduce poverty, it would have to be expanded.

Basic Income is starting to gather supporters in the United States, but it still faces considerable political opposition. There are many ways in which the EITC—which has a broad base of political support—already provides some of the benefits of a Basic Income, and could be reformed to provide even more of them. Because the EITC does not provide any benefit to people who are not earning money through labour in the market economy, it cannot be a substitute for a Basic Income, especially if labour market participation declines dramatically, as some predict that it might. The EITC leaves too many people out. But to the extent in which EITC could serve as a transitional measure, or as a compromise attempt to gain some of the benefits of a Basic Income, it is worth understanding how it already achieves some of

the goals of a Basic Income, and how it could be reformed to achieve them more fully.

Conclusion

Basic Income, Negative Income Tax, Job Guarantee, Universal Basic Services, and the US Earned Income Tax Credit, reformed as envisaged, all need to be further researched in order to understand their advantages, their disadvantages, and their relationships with each other. Only the expenditure of such research effort will determine the best mixture for both society and the economy.

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13

Framing Basic Income: Comparing Media Framing of Basic Income in Canada, Finland, and Spain

Johanna Perkiö, Leire Rincon and Jenna van Draanen

Introduction

Despite the surge of attention towards Basic Income in recent years, the ways in which it is being discussed publicly are empirically understudied. What information about Basic Income policy are people exposed to? What are the key arguments employed in favour of or in opposition to this policy? Is the media discussion generally pro or anti Basic Income?

The objective of this chapter is to answer these questions through an analysis of the media coverage of Basic Income in three country contexts where Basic Income has been discussed: Canada, Finland, and Spain. We employ a framing approach to characterise the debate about Basic Income: that is, we ask how Basic Income is being ‘framed’, which comes down to the question: which arguments are being used? To do this systematically, we create a codebook which lists frames used to support and oppose this policy idea, and we code media stories in Finland, Canada and Spain in 2017. The concept of framing and the related scientific literature is useful in understanding how ideas and policy solutions—like Basic Income—are being cased, outlined,

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and formulated. Framing is a key process in policy change, attitude formation, and popular persuasion: so identifying the framing of Basic Income as it is found in the public debate is an essential first step to understanding the policy dynamics surrounding this proposal.

Our results show that the frames present in the academic literature are not fully reflected in the media debate. Some frames present in academic work are absent in the media, while media outlets have also used some frames that were not included in the academic sources that we employed. Media coverage of Basic Income varies across the three countries, possibly reflecting the variety of contextual factors unique to each country. However, one key frame was common across all three countries (taking first place in frequency in Spain, and second in both Canada and Finland): this is the frame of automation. This suggests that the debates on automation are related to, or might be driving, increasing media attention to Basic Income as a policy proposal.

This chapter is structured as follows. Firstly, we offer a theoretical overview of the role of ideas in politics, the concept of framing, and its importance in the literature. We then explain our methodological approach. We select a definition of framing and describe how we operationalise this. To develop a preliminary frame classification system or codebook, we select three key scholarly texts on Basic Income and elaborate an iteratively-adapted preliminary coding scheme. This approach enables us to identify different frames or ways of understanding Basic Income in the Canadian, Finnish, and Spanish media. We adopt an exploratory approach to this, manually coding all articles. Subsequently, we offer our insights to the debate on Basic Income in the three countries, and share the differences uncovered between mainstream media and academic discussions of Basic Income. We report on frequency of the presence of frames in news stories, and we deliver a cross-country comparison in the study of Basic Income framing. In the final section we convey overarching trends, and offer commentary about the observed differences in the debate internationally. In summary, this chapter aims to take readers through an exploratory analysis of the Basic Income debate in a systematic and comparative way.

The Role of Ideas and Framing in Politics

Understanding Ideas in Politics

In the past 20 years, the notion of ideas as drivers in politics has gained increasing attention among researchers. We find that the concept of ideas

takes on various meanings, ranging from ideologies or worldviews to specific policy alternatives, such as Basic Income, and encompassing frames that present ideas from particular perspectives. It has been argued that ‘ideas shape how we understand political problems, give definition to our goals and strategies, and [they] are the currency we use to communicate about politics’ (Béland and Cox 2010: 3).

Advocates of Basic Income are pressing their proposals in various political contexts, constrained not only by existing institutions, powerful elites, and organised stakeholder groups, but also by hegemonic beliefs, policy paradigms, values, and norms. The concept of hegemony that originates from Antonio Gramsci (1971) has been used to describe the dominant ideology or culture that is represented as a collection of world views, beliefs, assumptions, norms and values that appear for people as unquestioned common sense. A policy paradigm, in turn, can be understood as ‘a framework of ideas and standards that specifies not only the goals of policy and kind of instruments that can be used to attain them, but also the very nature of the problems they are meant to be addressing’ (Hall 1993: 279). Paradigms are based on cognitive and normative assumptions about how the world functions and how it should function. Both technical and ideological in content, paradigms constitute the pragmatic ‘world view’ of policymakers, experts, and bureaucrats (Béland 2005: 5–6).

The rationale for Basic Income looks very different when it is discussed as part of neoliberal supply-side economics than, for instance, when it is discussed within the traditional welfare state paradigm based on Keynesian economics, or within a green post-productivist paradigm. The problem that Basic Income advocates often face is that they are introducing proposals in a context where there is a limited range of framing devices to make the idea politically and normatively appealing within prevailing policy paradigms or public opinion. The assumption of scarce public resources by mainstream economics is an especially strong mindset for politicians and citizens alike, which limits the scope of political argument and imagination.

The key normative obstacles for Basic Income concern the notions of ‘deservingness’ in social policy (Kangas 2002; van Oorschot 2000), and especially the norm of reciprocity. The question of the extent to which people should be entitled to benefits without giving a reciprocal contribution is one of the most debated questions concerning Basic Income among social philosophers (Birnbbaum 2012; Van Parijs 1995; White 2006). De Wispelaere and Noguera (2012: 27–29) mention the reciprocity norm as one of the key questions regarding the ‘psychological feasibility’ of Basic Income, that is, the popular legitimacy and normative attractiveness of the policy.

One dilemma for Basic Income advocates is to choose whether to frame their proposal in a way that resonates with the predominant policy paradigms and values, or to challenge the hegemonic views and push for a paradigm change in politics. Framing studies have often found that frames that resonate with long-standing cultural values and beliefs are the most successful (Chong and Druckman 2007b: 111–112; Kangas et al. 2014: 4; Noakes and Johnston 2005: 11–13; Snow and Benford 1992). On the other hand, drawing on the Gramscian perspective, framing can be seen as not only packaging the ideas in politically and culturally acceptable terms, but also as a strategic attempt to change the discourse and extend the limits of what is politically or culturally acceptable.

Framing Concepts and Literature

Framing is the process of delivering a particular understanding of an issue. Key to this is highlighting certain features over others, in order to promote a specific view of the matter in question. This practice has implications for adequate policy solutions and values (Entman 1993) and it is equally important to our understanding of reality, as any way of presenting an issue involves framing it (Gamson and Modigliani 1987; Tuchman 1978).

Framing is also key to agenda-setting and achieving public discussion. Conceptualising an issue in a way that would be relevant to the media, policy-makers, or the wider public, the issue might resonate and be picked up in a variety of arenas. This doesn't only apply to new proposals: old topics can be reconsidered, or become 'new issues' through reframing (Chong and Druckman 2007a, 2013). However, not only issues or problems can be framed: events and candidates can be susceptible to framing as well. In this chapter we are concerned with the framing of Basic Income in comparative perspective. Basic Income can be defined as a policy solution to various competing problems, and the objective is to understand to which problems or issues it has been associated in different contexts.

There are two types of frames: frames in thought, and frames in communication (Busby et al., n.d.; Chong and Druckman 2007a; Scheufele 1999; Druckman 2001). The former refers to how people receive, perceive, and process information, and what is considered relevant. The latter refers especially to manufactured messages that highlight and associate key ideas, while omitting others, in order to promote a view of a topic. This distinction enables the identification of framing effects, and whether a frame in communication can alter individual perceptions about a matter, through changing

the perceived salience of a topic, or the logic through which it is considered (Busby et al., n.d.).

But what is a frame, and what are its key components? One of the most widely accepted definitions (Matthes 2012) describes frames as devices that

- define problems—determine what a causal agent is doing with what costs and benefits, usually measured in terms of common cultural values;
- diagnose causes—identify the forces creating the problem;
- make moral judgments—evaluate causal agents and their effects; and suggest remedies (Entman 1993: 52).

In sum, a frame defines a problem and suggests a relevant policy solution, and in this process it appeals to a particular notion of causality of the problem, and to culture and morality. While there are other definitions of framing, most of them include problem definition and policy solution.

Who Can Frame? And How?

Framing is a process: any actor can frame, and frames are not static, but rather evolve over time, through competition between diverse actors. Entman (2003) develops a cascade model of framing in which he envisages framing as a dynamic process that flows through a diversity of actors: from the administration, passing through media, to citizens. Central to this understanding is the way that frames are elaborated by one actor and pass through others. In this transmission process media are key actors in reproducing, delivering, and reframing debates, and form a connection between different elites and the wider population.

Social movements are also key actors in framing, and they can be seen as active operators in the fabrication of understanding for their members, their wider audiences, and their opposition (Benford and Snow 2000), and can become a mechanism through which actors interpret reality (Goffman 1974).

Successful, Hegemonic and Challenging Frames

To date, the literature on framing has not reached a conclusion regarding what determines frame success. By definition, a strong frame is one that achieves public acceptance across a range of decisive actors as the best rationale for an idea within a specific debate. Chong and Druckman (2007a) distinguish between three characteristics that give strength to a frame:

availability (does it resonate with a wider audience?), accessibility (can it be understood?) and applicability (is the frame suited to this issue?). Other factors, such as the source of framing, whether a frame is thematic or episodic (that is, general subject vs. personal story), emotiveness, identity and cues, have been identified as important features (Busby et al., n.d.). Despite this, previous work shows that not all frames work for all issues and we still lack a generally applicable theory that can predict which frame will be more relevant in a particular subject (Chong and Druckman 2007b).

Frames can not only be successful or unsuccessful (that is, strong or weak), but can also be hegemonic: that is, particular frames or ways of understanding an issue can be normalised to the extent that the original actors that launched them cannot be determined. Frames can therefore become common wisdom and broadly accepted (Gamson and Iyengar 1992; Kangas et al. 2014).

Framing and Public Opinion

As we have already discussed, the terminology used to create or elevate a political issue from an existing social problem has a profound impact on the nature and degree of popular support for or opposition to the issue. This makes issue framing a distinctly political phenomenon. Issue frames often originate with political leaders or thought leaders and are transmitted through the population by mass media (Kinder and Sanders 1996; Nelson et al. 1997). Popular support for policy positions is an important resource that politicians need and which they can leverage to achieve their objectives. However, since many issues are removed from citizens' own experiences, information must be communicated to the public about the issue before support can be gained. This process of presenting and interpreting information for the public inevitably involves framing. Differential framing of an issue varies both the salience and the accessibility of the concerns that individuals consider when forming their opinions on an issue (Zaller and Feldman 1992), and may also drive the perceived importance of separate elements within personal belief and value systems (Nelson et al. 1997).

Scholars have shown that public opinion on government spending in particular varies markedly depending on the presentation of the issue. Framing effects—that is, variation in support depending on the presentation of the issue—are especially prominent in public opinion on government spending because various frames activate different sets of influences on citizens' attitudes. In a study by Jacoby, support was stronger for specific

types of government spending than for issues related to government spending presented more generally (Jacoby 2000). This is probably because issue statements that are framed in general terms and provide little specific information about the policy activities in question are more heavily conditioned by individuals' own (often negative) feelings about the government rather than about the particular activity in question (Lock et al. 1999). On the other hand, a specific issue frame connects a policy to a population or an activity. Therefore, reactions to specific frames are more influenced by feelings people have towards the issue's 'targets' (Nelson and Kinder 1996; Schneider and Ingram 1993) and could also be related to the self-interest of those who would benefit from the policy.

Many different public opinion polls have been conducted internationally on Basic Income, and the results have varied based on how the issue has been framed. A study undertaken by Dalia Research in April 2016 asked 10,000 respondents across the European Union (EU) what they thought of 'an income unconditionally paid by the government to every individual regardless of whether they work and irrespective of any other sources of income'. The survey question indicated that the Basic Income 'replaces other social security payments and is high enough to cover all basic needs'. With this framing of Basic Income, 62% of the UK population said that it would vote for this policy, and the EU average was 64%. Among the EU's six-largest countries, support for Basic Income is highest in Spain, with 71%, and lowest in France, with 58%. Dalia updated the data with a new survey in March 2017, and has shown that the number of Europeans supporting Basic Income increased from 64% in April 2016 to 68% in March 2017 (Dalia Research 2016, 2017).

Interestingly, a vast discrepancy can be seen between the public support for Basic Income demonstrated in the Dalia research poll and a poll conducted by Ipsos. Ipsos conducted a study in twelve countries in April 2017, asking residents aged between 18 and 64 and living in Belgium, Canada, France, Germany, Great Britain, Italy, Mexico, Poland, Serbia, Spain, Sweden, and the United States of America, about their agreement with the statement 'The government should pay all residents in [country] a Basic Income in the form of free and unconditional money in addition to any income received from elsewhere'. The results showed the strongest support in Poland (60% in favour) followed by Germany and Mexico (each with 52% in favour), with countries like Canada and Sweden in the middle (44 and 43% in favour respectively) and Spain and France at the bottom (31 and 29% in favour) (Ipsos 2017). It is possible that the framing of Basic Income as 'free money' and as 'additional' to other income in the Ipsos poll

elicited less support because it evoked associations with unnecessary spending. It is also possible that by not framing Basic Income as a replacement for social security programs, respondents to the Ipsos poll were not conditioned to think about the related reasons for needing a Basic Income, such as poverty alleviation and job precarity.

Finally, within frames, certain arguments have more resonance than others in terms of gaining popular support. The most convincing justification for introducing Basic Income in a poll undertaken by Ipsos was that it would be a way of rewarding people doing 'very important unpaid work, such as caring or other voluntary work'. 79% found this either very or fairly convincing. The second most convincing argument was related to the job security that a Basic Income would provide (67% found this convincing) followed by the absence of harsh conditions that are currently attached to welfare systems (63% found this convincing) (Ipsos MORI 2017).

Methods

Identifying frames is a multi-step process, which begins with defining what constitutes a frame and what would count as a relevant operationalisation for the definition. First, one must decide whether to work with general or issue-specific frames. Secondly, the method through which frames will be identified must be established. This can either be inductively, where frames are pre-identified through an initial exploratory analysis, or deductively, where frames are pre-defined and not changed afterwards. Next, coding and classification of frames can either be done through text or numerically, and this can be carried out manually or computer-assisted (Matthes 2012). There are very few studies which compare suitability of methods for frame identification. In a review of two methods, David and colleagues argued that frame identification depends on the issue, the type of debate, and the material to be coded (David et al. 2011).

To identify the frames in the Basic Income debate, we initially focused on three books (two scholarly texts and one edited volume) already published at the time of the writing of this chapter. We selected the books based on two main criteria: they were written by key experts and long-standing figures in the Basic Income debate; and they cover a range of issues in the Basic Income debate. We selected *Basic Income and How We Can Make It Happen* (Standing 2017), *Basic Income: An Anthology of Contemporary Research* (Widerquist et al. 2013) and *Basic Income: A Radical Proposal for a Free Society and a Sane Economy*

(Van Parijs and Vanderborght 2017). We identified and extracted potential frames through book sections, chapter themes, and arguments. We excluded book sections that were irrelevant to the purpose of this chapter, such as procedural arguments on what strategies to pursue Basic Income through. We also included other frames that were not present in the academic books, but that were surfacing in activist circles or country-based debates, for example, the health frame. This is a key frame in Canada's Basic Income debate, but was not present in the three books that we used as references to elaborate the codebook. The codebook that we elaborated was not static. We conceptualised it as a dynamic roadmap in which we could incorporate new frames or combine codes, and that we could otherwise restructure as appropriate throughout the analysis. We argue that taking this approach, instead of merely engaging in automatic coding or text mining of media, allowed us to identify not only the frames that are present in the media, but also those frames that exist in academic books about Basic Income but that do not reach mainstream media. We then read and manually coded all of the news stories in the chosen media, which enabled us to become deeply familiar with the data.

To identify the relevant news stories, we selected the main newspapers in each country. In Canada, *The Toronto Star*, *The Globe* and *The Mail* were selected. In the Finnish context, we selected the leading newspaper *Helsingin Sanomat*, and the leading tabloid *Ilta-Sanomat*. Finally, in the Spanish context, we included *El Pais*, *El Mundo*, *El ABC*, *La Vanguardia* and *eldiario.es*. We used the database Factiva to perform a keyword search of the term 'Basic Income' in all three languages to identify the relevant news items for the year 2017. We placed each news item into a database, read the full article, and listed the codes that related to the text. Our coding unit was therefore a news story, and we were allowed to list as many codes as were required by the news item. However, this does not measure frame intensity (that is, the number of times the same frame appears in a story), so it can only detect frame presence or absence. We did not follow a paragraph or line-by-line coding scheme because often Basic Income was mentioned laterally, and was not the main topic of the story.

Case Study Selection: Basic Income in the Canadian, Finnish and Spanish Media

An analysis of mainstream media can help us to understand important dynamics of Basic Income debates in different contexts. On the one hand,

it helps us to understand what arguments are being echoed in the public debate and what information citizens receive. It can highlight which arguments are being made in favour of and against this policy, as well as the quality and diversity of public debate. Due to mainstream media structures, usually controlled by elites, it is also indicative of the arguments or parts of the debate that have been picked up by those who hold power in society (Hallin and Mancini 2004). Moreover, using more than one source per country can help us to uncover how institutions use and prioritise frames. Do left-wing sources echo the same arguments as right-wing sources? Are more mainstream sources characterised by less diversity?

We selected three countries for case studies that we determined to be relevant in analysing the Basic Income debate. Each of the chosen case study countries were experiencing heightened attention to Basic Income at the time of writing. Canada and Finland were experimenting with Basic Income (Finland) and a Negative Income Tax (Canada), but the experiments were driven by different political forces and for different reasons. To a lesser extent, Spain was undertaking a guaranteed minimum income experiment in the Barcelona-Besos area in Catalonia. All three countries have important Basic Income advocacy movements, and each of the countries has at least one Basic Income organisation. While the countries all experience attention to Basic Income, advocacy networks, and experimentation, they make an interesting source of comparison due to the diverse sets of motivations behind their attention to Basic Income, and also geographical, institutional, and media system differences.

Understanding Basic Income Framing

Framing in the Basic Income Literature

In the academic books that we examined, Basic Income was most typically framed in terms of social justice, individual freedom, and wealth/income distribution. A common justice-related frame was that of distributive justice, which presented Basic Income as a rightful share (or social dividend) of the societal wealth accumulated through the course of history by the efforts of the past generations, and of collectively owned natural resources. In addition, Basic Income was framed as a tool for more just distribution in a context of increasing wealth and income inequalities. Another strong frame in all of the books was that of freedom, yet there were important theoretical differences in their approaches to freedom. Van Parijs and Vanderborght

in their book advanced the notion of ‘Real-Libertarian’ freedom, that is freedom to do whatever one might want to do, and the two other books favoured the notion of ‘Republican freedom’, that is, freedom from the coercion of others.

In all three books, Basic Income was also discussed, on the one hand, with regard to the transformation of work, caused particularly by technological progress, and on the other, with regard to discussion about the nature of work and the difference between labour and other forms of work. In addition, Basic Income was framed in terms of social rights, economic efficiency, ecological sustainability, gender equality, reduction of poverty, economic insecurity, development policy (Standing only), and labour market effects, especially effects on work incentives and the bargaining power of the employees.

Descriptive Results

The Finnish dataset contained forty-four articles from the leading newspaper (*Helsingin Sanomat*) and the leading tabloid (*Ilta-Sanomat*) that were analysed. The Canadian dataset contained forty-five articles from two leading newspapers: *The Toronto Star* and the *Globe and Mail*. The Spanish dataset contained 164 stories, picked from five different sources (*El País*, *El Mundo*, *El ABC*, *La Vanguardia* and *eldiario.es*, so both printed and online media). Editorials, opinion pieces, and letters to the editors, were excluded (—this excluded twenty-two items from the Finnish dataset, eighteen from the Canadian dataset, and four from the Spanish dataset). In the remaining news items there were some articles that did not contain any frames: thirty-three in the Finnish dataset, eight in the Canadian dataset, and sixty-nine in the Spanish dataset. In the cases where framing did not occur, it was often because the article mentioned that Basic Income was part of a candidate’s political platform, or only mentioned that there was an experiment being conducted. Specifically in Spain, 7% of news items were also not coded because, although they mentioned Basic Income, they were referring to other related but tangential issues or proposals: for instance, the legislative initiative proposed by the two main trade unions in Spain, *Comisiones Obreras* and *Unión General de Trabajadores*.

We found several interesting patterns: first, Basic Income frames vary among countries, although automation is a key frame in the three contexts. Moreover, the dominant frames found in the media articles are generally pro-Basic Income. Figure 13.1 shows the most frequent frames in the Canadian, Finnish and Spanish media.

We obtained the data from which Fig. 13.1 was constructed by selecting the six frames that were most common in the overall analysis. If the theme was present in the media for a country, but was not frequent enough to meet the threshold of one of the top ten frames for that country (as was the case with Spain for the inequality frame), it was not depicted in Fig. 13.1.

Making the Case for Basic Income

Although there was variation across the countries, many frames came up repeatedly across all three of them. The most interesting similarity among the three countries was the strength of the automation of work frame in all of them. In Spanish debate, this was the strongest frame, and in the Canadian and Finnish debates it came out as the second most prominent frame. This frame was used to argue for the need for Basic Income due to job loss and the increased precariousness of labour caused by automation.

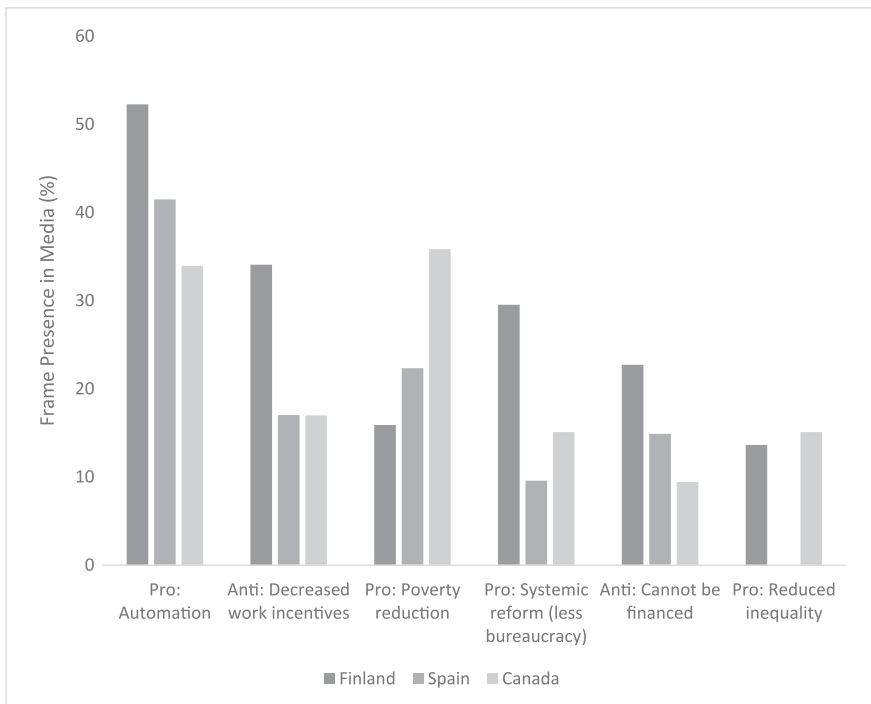


Fig. 13.1 The top six frames across the three countries (Source The figure was constructed by the authors from their own data)

In addition, Basic Income was often framed in relation to poverty reduction. Media discussions often cited the ability of Basic Income to reduce poverty (Canada, Finland, and Spain) and inequality (Finland and Canada) and to eliminate the poverty trap created by the current benefit systems. Related to this, there were also discussions about the potential within Basic Income policy to achieve systemic reform: streamlining or improving the complex structures of benefit systems. Other poverty-related themes that came up with considerable frequency only in Canada were the ability of Basic Income to increase social inclusion and decrease stigma, and to eliminate the policing and paternalism of the welfare system.

All three countries saw discussions in the media about the effect of Basic Income on work, but there were remarkable differences among them in how the question of work and Basic Income was framed. In Canada, the arguments in favour of Basic Income related to work typically brought up the ability of a Basic Income to increase bargaining power for low-wage workers, allowing them to reject exploitative labour. In Finland, the most frequent frame in the coded newspaper articles was the one discussing Basic Income's capacity to incentivise work and to increase workforce activation, because the income would not be clawed back as it currently is in the welfare system. In Spain, the discussion in the media related to work was predominantly about Basic Income giving people alternatives to work, and the ability to pursue other meaningful activities.

The unique feature in the framing of Basic Income in Finland was the strength of the labour activation frame. Our analysis found this frame to be the most frequently used, and it has previously been found to be a strong frame in the Finnish Basic Income debate (Perkiö 2019). It was also a key frame in the Finnish experiment, the main purpose of which was to test the effects of Basic Income on work incentives.

The unique feature in Canadian framing was the strength of the health-related frame. In Canada, the potential health effects of a Basic Income were heavily emphasised in the media. This is probably because of the positive health outcomes that were found in relation to the 1970s guaranteed minimum income experiment in Dauphin, Manitoba, in Canada. In Canada, the redistributive power of a Basic Income policy was also brought up frequently.

In Spain, the unique pro-Basic Income arguments were related to EU-solidarity and the idea that a Basic Income that was implemented across Europe could contribute to increased feelings of social solidarity.

Discrediting Basic Income: Counter-Arguments in the Media

Although the ‘pro-Basic Income’ arguments in the three countries with respect to work touched on different aspects of the way in which Basic Income would impact work, the arguments against Basic Income from a work perspective were very similar. The most common opposition in all of the media texts analysed was the fear of Basic Income contributing to laziness and reducing the incentive to work.

In every country there were articles that presented the argument that Basic Income would be too expensive, could devastate countries financially, and would not be financially sustainable.

One anti-Basic Income theme that was common, especially in the Canadian media, was the fear that implementing a Basic Income could lead to the destruction of the welfare state, because it would only be politically feasible if it was introduced alongside a reduction in existing social services and programmes.

In Spain, the unique anti-Basic Income arguments were related to the fear that a Basic Income could encourage welfare tourism: that is, increased immigration from countries that do not have a Basic Income. This may be partly due to a scandal relating to a member of a socialist party who suggested that if Basic Income was implemented in Spain, they wouldn’t need a border wall (as the United States administration is presently pursuing), but rather snipers on the frontier.

Missing Frames in the Media

Our coding method also enabled us to detect the key missing frames. Mainstream media have not echoed arguments relating to gender, ecological sustainability, development frames, or human rights frames, all of which are common in academic literature; and although the media touched on social justice and freedom, they gave less attention to these areas.

A potential explanation of why development frames are not present in the stories we analysed is that these were all high-income countries. In terms of the ecological sustainability arguments, it could be a question of timeliness. The Basic Income debate, at least in Europe, is associated with Green political party proposals, and these arguments are being increasingly brushed aside by the debate on automation. Although it is beyond the scope

of this chapter to explain why some frames are present in, or absent from, the media debate, this is something that future research could attempt to explain. For instance, is gender-frame absence typical in other policy debates too?

Discussion and Conclusion

Our descriptive analysis of the framing of Basic Income in the three books by academic authors, and in the public debates of three countries, suggests that when transforming the Basic Income idea from an abstract theoretical concept to everyday public and policy debates, one obvious challenge is to frame the idea in such a way that it appeals to decision-makers and ordinary people. This means that it needs to be framed in such a way that it resonates with widely-held beliefs, values, and 'common sense'. While the three books that we consulted emphasised more abstract notions of social justice and individual freedom, the newspaper articles often framed Basic Income as a pragmatic solution to certain problems, such as poverty, or flaws in current welfare systems. The problems highlighted in each location vary, in relation to each country's contexts and problems: In Canada, discussions often centred on health considerations and the strengthening of social protection; Finnish discussion generally revolved around work incentives; and in Spain the conversation was often about poverty reduction and alternatives to work.

In all three places, automation was a key frame which accompanied the other topics that were specific to each country context. This adds credence to the case that fears relating to automation and artificial intelligence taking jobs away from humans have helped to put Basic Income on the global agenda.

The most common anti-Basic Income frame in all three countries concerned its alleged negative effects on work incentives. This framing might reflect the economic concern that people could decide to reduce their work effort, and moral concerns regarding the impacts of 'free cash' on people's work ethic. Opinion surveys have found that 'deservingness and undeservingness are deeply rooted in people's mental maps when they evaluate whether someone should be given support or not and what the proper level of such support should be' (Kangas 2002: 739). People are more eager to provide benefits and increase them for 'deserving' groups (most often the elderly and the disabled), and to leave 'undeserving' groups (healthy working-age people) to survive on their own or with very modest support. This is one of the challenges that Basic Income advocates should consider tackling with their framing.

The books that we consulted for preliminary guidance, and the media articles that we analysed, tackled this challenge in different ways. In our three books we found framing that challenged current hegemonic views about who deserves what and on what grounds. This was particularly done by framing Basic Income as a fair share, or social dividend, of revenues that can be considered the common property of humankind to which everyone is entitled without the need to prove their deservingness. In the media debates, Basic Income was more often framed to address pragmatic policy issues. The Finnish framing emphasised the potential for positive effects on work incentives, and the Spanish framing emphasised the importance of unpaid work as a justification for Basic Income. Both of these frames drew attention to the activities that Basic Income would enable to happen, and portrayed recipients as active contributors to society (instead of idle free-riders). Framing Basic Income as a pragmatic policy solution could be an efficient way to win legitimacy. On the other hand, it might also make room for alternatives to the original Basic Income idea. In all three countries, we found examples of models that were called Basic Income programmes, but in fact were not universal and unconditional.

From the perspective of legitimising Basic Income, the most interesting aspect was the rising frame that concerned the effects of automation on the labour market. This frame was very frequent in all three countries. This frame justified the necessity of Basic Income by referencing job loss and an increase in the precariousness of labour that is expected to happen due to increasing automation of work. In an opinion survey, support for benefits was found to be higher if the claimants were portrayed as victims of structural factors beyond their own control (Kangas 2002). The automation frame presented digitalisation as a threat whose effects might concern almost anyone. This frame could prove a helpful tool to justify the need for Basic Income, as it can easily touch people's intuitive sense of justice, and their fears about losing their jobs. If artificial intelligence or robots are going to take over jobs previously done by people, then it is easy to argue that those people deserve compensation for losing their jobs. Within this frame, Basic Income could turn into a rightful share of the fruits of automation for all, or into a solid social security that would provide the flexibility to facilitate multiple kinds of work and sources of income that diverge from traditional forms of employment.

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14

The Philosophy and Political Economy of Basic Income Revisited

Louise Haagh

Introduction

In this chapter, I survey core narrative claims about Basic Income in historical global development and regional contexts. As a toolkit to place Basic Income in context, I propose asking how two sets of complementarities hold up in specific political settings. These concern, firstly, external complementarities, being conducive conditions, for instance, public finance and services capacity, and wider forces which shape these; and, secondly, internal complementarities between the elements of Basic Income (universality, individuality, unconditionality, permanence and sufficiency). Where one or both complementarities are weaker, feasibility of Basic Income is in greater doubt, whilst conversely claims may be more overdrawn, and both more contentious and less plausible. Having the internal and external complementarities in mind helps us to navigate the Basic Income debate, considering both world time and regional development contexts. I argue that the changed global context brings to the fore three paradoxes, which are linked with a disconnect between underlying conditions and contemporary opportunities for reform in the direction of Basic Income. Involved, first, is a claim that the feasibility and a range of positive effects of Basic Income are governed by a deeper condition, which is the attainment of substantive equality in society (Haagh 2019a). This gives rise to an analytical

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paradox—the Equality Paradox—because whilst Basic Income is commonly set out as an egalitarian basis for society, it is in fact dependent on prior and more complex conditions of social equality. In addition, secondly, whilst Basic Income is set out as a foundation for equal freedom, this effect too is in fact dependent on wider conditions of social equality. On the other hand, Basic Income debate is also governed by two linked Crisis and Opportunity Paradoxes, as Basic Income is more likely to gain visibility in the context of major crises, conditions which generate opportunity, yet which also compromise Basic Income in practice. The Crisis Paradox is a corollary of the Equality Paradox: e.g., it refers to the distance between a moral case generated by inequality, and feasibility and effects, generated by equality. On the other hand, the Opportunity Paradox refers to the greater risks of political deception in crisis conditions, for instance, the seemingly greater plausibility of a singular case for Basic Income in crisis conditions generates discursive risks, connected with overstating a Basic Income's effects precisely at the time when doing so is more likely to seem morally persuasive, whilst being factually wrong.

In sum, I claim that the Equality Paradox creates a difficult discursive scenario, whilst—at an analytical level—highlighting a need to set Basic Income in the context of the political development of society. Even if one is persuaded that a simple egalitarian resource distribution—possibly combined with basic universal public services—ought to dominate, the Equality Paradox entails that approximating this state is bound up with a longer, more complex process of democratisation of a range of resources and social relations. In sum, the Equality Paradox refers to the fact that Basic Income is not a condition for equality or freedom in itself, but is an *outcome* of forms of politics that support freedom and equality: yet advocacy tends to hold that Basic Income is a source of equal freedom in society and/or a form of social equality. This generates political and discursive dilemmas, in so far as setting up Basic Income as a singular foundation draws attention away from conditions that might bring Basic Income about and make it effective.

The paradoxes and dilemmas set out are active in the contemporary debate. Failure by post-war welfare states to implement unconditional income support on a universal basis has reinforced a singular focus within Basic Income advocacy, sustaining in turn a tendency to represent Basic Income as a response to systemic crises, and to beg crisis conditions in the rationale for reform. This activates the Crisis Paradox, to the degree that deepening crises in fact make Basic Income in a stable and public form less likely, yet narratives that present Basic Income as a crisis response are prone to overdraw a Basic Income's effects, reinforcing singularity. The Crisis and Opportunity Paradoxes manifest the Equality Paradox in contemporary

debate, by reinforcing a deceptive connection between effect and crisis. The Crisis Paradox gives rise to an Opportunity Paradox, because crises—real or imagined—enable advocates to draw out the effect of Basic Income on individuals' freedom and the power of direct transaction in the construction of better—more morally based—or economically effective, social relations, even when said outcomes are effects of inequality. This overlooks how proportionate effects are governed. I argue, in conditions of greater inequality, a Basic Income's effect, though relatively greater, is *substantially* smaller. On the other hand, freedom effects of Basic Income in conditions of greater social equality are *relatively* smaller but absolutely greater, because broader conditions support a Basic Income's effects. In all, I claim that whilst Basic Income offers evident relief from poverty and lack of control, sustaining these effects or translating them into wider freedom effects is highly conditional and uncertain today. Hence, taking the Equality and Opportunity Paradoxes into account, we can broadly explain how and when it is that claims about what Basic Income can achieve are often—and perhaps increasingly—out of step with reality. The answer to the political dilemma involved is to recognise Basic Income as a smaller part in a wider set of struggles to democratise society.

In this context, this chapter has two aims: to draw attention to narrative tendencies and risks as they relate to the present moment of rapid public exposure to Basic Income debates, and to explore how a wider contextual analysis can help us to identify trends and navigate contemporary debates. A general hypothesis is that weaker external complementarities—less conducive conditions—draw apart the elements of Basic Income. On the other hand, they also often lead to more abstracted claims, reinforcing the contradictions that have historically accompanied the Basic Income debate. In this context, attainment of substantive equality in society is important not only or primarily because this is a normative good, but because the public capability required for this has many of the elements also required to sustain a Basic Income and support its effects (Haagh 2011a, 2018a). More specifically, to draw this out, I explore how, given its wide informational scope, an Institutionalist Political Economy perspective can usefully help us to resituate narrative claims by drawing attention to deeper and changing structural conditions behind individuals' power.

To pursue these arguments, the chapter is structured as follows. I first give some background and unpack some simple problems that will enable us to navigate the Basic Income debate and its contextual dimensions. Next, I discuss how Institutionalist Political Economy (IPE) presents an analytical filter to help us assess the viability of claims, by allowing a more

detached analysis of contextual factors. Against this background, the third section considers how the global Basic Income debate has been shaped in different development and regional-political, as well as global, narrative contexts. A fourth section then looks specifically at how the unique period of public opportunity for Basic Income during the past few years generates new challenges and discursive ‘devil’s deals’ in the context of a long-term rise in inequality. I conclude by arguing that the way out of an age-old discursive paradox is to understand Basic Income as a small—if potentially key—element in societal change.

The Basic Income Debate in Modernity

The modern origins of Basic Income advocacy are normally dated to the proposals made by two English thinkers, Thomas Spence and Thomas Paine, in the eighteenth century. The way both men classified what today we know as Basic Income, as ‘citizens’ dividends’, speaks to the roots of the Basic Income narrative in Anglo-liberal thought and economic development. Although Spence’s localised and communitarian outlook (Dickinson 1982: xiii) contrasted with Paine’s broader interests in a legally based liberal economy, both men centred their proposals in a notion of reconstituting common heritage through securing subsistence at a time of vast land appropriation. When registrations of new UK landholdings that emerged from the enclosure movements of the nineteenth century were published in 1872, they revealed 0.6% of the population owned 98.5% of the land (Fairlie 2009: 9). This stands in sharp contrast to land reform in Nordic states. As an example, by the end of the 1800s, according to Henriksen (2006: 17), in Denmark, about 80% of agrarian cultivation was in the hands of small-scale cooperatives. In the British context, Spence’s plans remained focussed on public incorporation of land ownership at the parish level. By comparison, it is generally recognised that Paine’s defence of citizens’ dividends formed a small part of his wider liberal political thinking (Lamb 2015). Not surprisingly, given its wider expanse and linkage with liberal political and economic theory, it is Paine’s, rather than Spence’s, legacy that has held sway in Basic Income debate and writing. Paine’s pre-industrial radicalism provides a basis for twentieth century libertarian accounts of natural right, and also voluntarist approaches to political agreement, which are both central to contemporary Basic Income narratives. However, it is questionable how far the substance of Paine’s radicalism travels well in terms of giving the basis for contestation

of contemporary sources of insecurity and unfreedom in structural and competition-based modern inequalities.

As Claeys (1989: 213–214) observes, Paine's linkage of theological arguments with secular concerns—thought extremely radical at the time—predated industrialist society and the social radicalist concern with dynamic productive processes. In his time, Paine was at pains to stress the moderate nature of what was then thought radical, by affirming that he was not concerned by inequality as such, but only that it should not make people poor: 'I care not how affluent some may be, provided that none be miserable in consequence of it' (Dickinson 1982: xiv).

Over time, as Basic Income as a principle has failed to be implemented within the welfare state, advocates have themselves taken on the portrayal of Basic Income as radical, in defence of freedom (Van Parijs 1995) or against state paternalism (Standing 2002). Hence, today, natural right arguments for Basic Income self-declare as radical, in the lineage of the received 'radical' tradition of Paine, thereby gaining legitimacy and traction, as revealed in the presentation of Basic Income as an alternative to regulatory provisions, on grounds of principle or in opposition to the form regulation takes.

Although Paine's distributive ideas were thought radical in their time, in today's context, where regulatory and fiscal welfare states have evolved, returning to a bare resourcist argument entails a regression in political terms towards an apolitical view of development governance. The tying of equal individual freedom to equal individual resources oversimplifies in two ways. Firstly, freedom states are not weighed in terms of resources, in particular not specific resources, but rather in psychological states: for instance, senses of freedom. Secondly, tying equal freedom to equal resources leaves politics out, for instance, political conditions that bring about institutions that support freedom in society. The significance of this in wider debates is often overlooked in favour of a concern with levels of distribution. The idea of radical simplicity has carried a great deal of weight even among sceptics. For example, Atkinson, who later tended to reject Basic Income on grounds of its contemporary association with libertarian thinking (2015: 221), in his early writing on the subject felt compelled to link the Basic Income proposal with a form of strict egalitarian taxation (Atkinson 1995: 24–28).

In all, I maintain that the origins of Basic Income advocacy in Anglo-liberal economic development has not only importantly entailed a view of Basic Income as in fact legally guaranteed in the form of personal property. In addition, it has also contributed to an illusory discourse on several counts

made possible by the resourcist and distributive, as distinct from the political and welfare-constitutive, accents which the early tradition established. Given its roots in inequality, the Basic Income scheme from an early stage was accorded a task of rectifying wrong that was beyond anything a single distributive mechanism could ever live up to. Arguably, the burden of responsibility thus entailed in Basic Income radicalism has carried over in successive global rounds of writing and debate. Anti-systemic narratives have pulled distant discourses and places together, and yet in the process have also constructed a broadly disembedded debate. Since the 1980s, with the formation of the Basic Income Earth Network (BIEN—in 1986), Basic Income debate has become a continuous global discourse. Around the year 2016, the topic became a global *public* debate, after a series of well-publicised campaigns, including the Swiss Referendum, which was preceded by the European Citizens' Initiative, and followed by the Finnish experiment: a state-led trial to test the effects of lifting conditionalities for 2000 unemployed individuals receiving public income support (see Chapters 20 and 21 in this volume). While not universal, the payments were unconditional for the experiment participants for the period of the experiment. The association on this basis of the Finnish experiment with the idea of Basic Income represents both the emergence of a global public debate and the difficulties with that debate, given the confusion generated around what a Basic Income is (see Chapter 2 in this volume), and, as I will discuss, with what a Basic Income entails and requires.

A relatively detached view of the Basic Income debate requires fresh questions to be asked. If Basic Income is an improvement, can it also be a double-movement—a basis for cementing new forms of exclusion, as famously Polanyi (1944/1957: 72–81) saw the civil right to contract in industrialising Britain as a double-edged sword—dubitably casting market freedom for all as equal freedom for paupers?

The Anatomy of a Global Debate

Taking a journey of the Basic Income proposal since Spence and Paine makes a study of a narrative in opposition, which reveals a growing tendency towards framing Basic Income in terms of pure critique and utopia. The upshot of this is a discourse that is somewhat alienated from the conditions that support the integrity of Basic Income, and a set of claims that are in fact highly contingent, from the notion of realising everyone's rights to machines and know-how, to ambitious ideas about how Basic Income

generates freedom in and transforms society. As an example of how Basic Income takes centre stage in social transformation and justice, we can take four central propositions put forward by some of the most influential advocates of Basic Income, such as Philippe Van Parijs and Robert van der Veen, whose interventions during the 1990s and 2000s have had enormous subsequent influence in the Basic Income debate.

The propositions are as follows: First, social positions in society have been irretrievably eroded by globalisation. In 2006, with van der Veen, Van Parijs argued that a Basic Income is necessary to compensate for ‘dislocations that go hand in hand with globalisation’ (van der Veen and Van Parijs 2006b: 10). Indeed, ‘the more’ such dislocations become tied to globalisation, ‘the stronger the case for Basic Income as a demand of impartial justice’ (van der Veen and Van Parijs 2006b: 10). Van der Veen and Van Parijs here rest the defence of Basic Income on the uprooting that globalisation creates. While not necessarily endorsing it, the premise of uprooting is arguably taken as unproblematic in itself. ‘With a significantly more fluid economy and a significantly less stable family, this picture of a “stable society” in which “workers stick to essentially the same occupation throughout their active lives” loses touch with reality’ (van der Veen and Van Parijs 2006b: 9). Van der Veen and Van Parijs’ view that dislocations are resolved through distributive means is linked with their interpretation of Marx’s view of freedom as ‘voluntary productive contribution’. It follows that the problems of regulating work and its conditions are resolved through redistribution, and by moving the organisation of production into the individual and direct-contractual sphere. Work becomes freedom to the extent that it is absorbed into leisure (van der Veen and Van Parijs 2006a: 5). The connection of freedom with expansion of leisure, and, in this context, greater opportunity for a life of occupation (Standing 2002), has had a tremendous impact on Basic Income narrative and on its representation in popular media. For example, a recent promotional film, produced by the *Red Renta Básica* in Spain, begins by stating the threat of automation to jobs, and through the image of giving wings to workers, affirms the freedom that a Basic Income would provide as workers can seek better job contracts (Red Renta Básica 2019). This relates to a third recurrent defining feature of Basic Income advocacy in the natural rights tradition, which relates to the idea of rights in external, given things. In Van Parijs, for example, jobs are understood as assets in the market. Individuals’ talents are separate to jobs (Van Parijs 1995). ‘Jobs do not stick to people in the way talents do’ (Van Parijs 1995: 121). This entails a neo-classical account of the economy: jobs exist to the extent that markets create them, and markets create them to the extent that they are

needed. Competition for jobs selects talent, which inheres in persons, and so on. This helps to explain the understanding in van der Veen and Van Parijs of globalisation dislocations as fact: If jobs are external things which are given, and which essentially operate to produce wealth for a higher purpose, namely individual leisure, then there is no particular value or contention in relation to the form jobs take. Finally, fourthly: a distributive premise, resting on a world of given things, supports a recurrent connection that is made between Basic Income and diversity of choice in the space of different activities, which is also linked with an idea of control. A Basic Income promotes diversity: it allows choice among different life styles.

Van der Veen and Van Parijs support the neoclassical premise that deregulating the labour market redistributes work: ‘Combined with some deregulation of the labour market (no administrative obstacles to part-time work, no compulsory minimum wage, no compulsory retirement age, etc.)’ a Basic Income substitutes individual for collective power: ‘A Basic Income can be viewed as a strike fund, but it is one which can be tapped without the permission of the trade union leadership’ (2006b: 3). Van Parijs has made the point more recently that Basic Income enables individual morality to play a greater role in shaping social relations. As Bizarro (2017) summarises a conference presentation: Van Parijs ‘argued that ... if we eliminate the idea that people have to work in whatever they can to survive, the morality of what one chooses to do will come to the forefront, allowing the duty to work in a more meaningful way, to become centre stage as far as human activity is concerned’ (Bizarro 2017). In all, reworking of the natural law argument within the dominant left libertarian narrative establishes parameters, specifically the connection between dislocation and a new global justice framework, in a way that generates a particular optimistic view of Basic Income in relation to globalisation and crises.

On this account, Noguera (2007: 6), when attributing to left libertarianism a view of indeterminacy as a superior good attached to a vision of politics within a Basic Income society, provided an apt representation of the connection that I posit in Basic Income narrative between Basic Income and pure critique and utopia. *If* Basic Income will fulfil its promise to maximise indeterminacy, its force for good is in some way proportional to the delimitation of the social organisation of production and state intervention. As long as indeterminacy is a superior good, the provision of economic security falls heavily on Basic Income alone, accenting and locking in a voluntarist perspective on economic governance and politics.

Another important corollary of the emphasis on a Basic Income's direct effect on freedom, is to subsume the question of inequality within the debate about a Basic Income's design and level. As we have seen, van der Veen and Van Parijs are reasonably happy that inequalities are tolerable if everyone's basic needs are met, even if they recognise that the tax rate might be used to reduce inequalities as well as shape the level of the Basic Income grant (2006b: 19–21). Second, notably, van der Veen and Van Parijs acknowledge a more significant problem with informality in their eyes is the threat of lower quality leisure brought about by low productivity (2006b: 19–20). The tax rate and Basic Income level are thus constrained by the need to raise productivity through the market.

In summary, examining the central reasoning behind the most influential contemporary narrative within Basic Income debate points to two factors: (i) an acceptance more by implication than explicit analysis of the neoclassical premise that the market works—to optimise productivity and to generate needed jobs and technology, and (ii) from the point of view of freedom, the most important condition is basic security. Inequality is not unimportant, but it is secondary.

Yet it can be argued that this account skirts over the key role that the formalisation of production has played in raising public capacity for both redistribution and regulatory interventions to abate social inequality. Moreover, also obscured is how the two (redistribution and regulation) *in combination* may be counted as central in supporting levels of control that individuals can exercise over their lives. The libertarian account is heavily reliant on political solutions working themselves out—both nationally and regionally, and at the level of global justice at which the libertarian account is pitched. As I discuss next, an IPE perspective is useful in setting both the debate about, and viability and potential effects of, the Basic Income in a wider context.

Institutional Political Economy (IPE) as Interpretive Method

IPE is a wide field, but four strands focussed on industrial, societal, human and financial features of society and economic systems can help to illuminate how contextual factors intervene in the debate by altering conditions for, variations and effects of, and claims about, reform in the direction of Basic Income.

i. Comparative-Industrial IPE

The *development* school of IPE identifies positive features of social affiliation and ‘hybrid’ property rights arrangements (Chang 2011) as rational ways of coordinating individual and societal interests—as shown in the necessarily collective nature of investments in skills (Andreoni and Chang 2016; Chang 2001; Hall and Soskice 2001). A standard example is child labour. We now take it for granted in advanced societies that children are exempt from labour, yet we still imagine that the labour market is ‘free’ (Haagh 2004a; Solow 1990; You and Chang 1993). Today, the rise of services in weakly regulated labour markets is a deep cause of structural inequality, escaped only by deliberate interventions to compress wages in order to state-engineer the quality of private sectors jobs, which is most consistently and successfully done in Nordic states (Galbraith 2012: 166–168; Haagh 2015). Politics does not sort this out naturally: rising inequality is deeply connected with the way economic deregulation entails a breakdown of the rule of law (Milanovic 2016: 162–204; Stiglitz 2012: 187–206).

ii. Societal IPE

A second strand of IPE looks at the forms of, and levels at which, institutions interact within a *society*, and at the consequences for political agency. A relevant claim is that thoroughgoing institutional change is more likely to take a top-down than a bottom-up form (Hodgson 2005). National governance systems shape the structure and quality of employment: more ‘liberal’ labour markets, like that in the US, systematically generate more ‘guard’ labour’ (Bowles and Jayadev 2006) and junk jobs (Esping-Andersen 1990: 206–208). Given the emphasis on how formal and informal institutions are connected, societal IPE also guards against the ‘cardboard cot fallacy’ in policy learning, or the illusion of direct effect. For instance, when it was discovered that Finland, a country with low-cot-death, had been distributing cardboard boxes to mothers since the 1930s, countries with higher cot death, for instance Britain, attempted to reduce cot death by distributing cardboard boxes, until it was pointed out that other Nordic countries with similar social traits to Finland, and which also had low cot death, had not distributed cardboard boxes (Packham 2018). Similarly, a Basic Income having a positive effect on outcomes such as freedom as control, or democratic participation, must be considered contingent on the whole make-up of civil society.

iii. Human IPE

A third strand of IPE involves a broadening of focus to include systems of human activities and social relations (Haagh 1999, 2019a, b; Pagano 1991, 2017). In human IPE, the notion of hybrid property is extended to encompass mechanisms that protect human development processes, thus generating property rights in stability through a combination of developmental protective institutions and policies (Haagh 2012). This permits a wider measure of freedom as a *state* of well-being that is informed by stability in place and activities (Haagh 2019a). It also points to wider measures of how such a state is protected. To illustrate: human IPE suggests that we should distinguish between four senses of property. Firstly, we need to distinguish between material and nonmaterial property, or owning a particular thing or resource, and enjoying a state. Secondly, we need to distinguish between legal and institutional meanings of owning. For Basic Income, the important point concerns the way in which the substance and impacts on freedom of legal titles are shaped by the development of hybrid property in human development.

Hybridity represents higher levels of formalisation of economic life, and higher levels of resource sharing, and transparency in the form that this sharing takes. Hybridity is therefore a condition for the flourishing of social and economic rights, and Basic Income is no exception. As a relevant example, Ugo Colombino (2009) have shown that tax neutral financing of Basic Income is most plausible in societies with high levels of formal female inclusion. Human IPE also offers a frame for understanding why public support for occupational life—the development of a dimension of occupational citizenship (Haagh 1999, 2002a)—relies on a composite number of social rights. In all, human IPE enables a deeper, multi-level, analytical filter that enables us to consider and compare Basic Income claims and debate across time and space. We can assume that the form and extent of the formalisation of the human economy shape the form of feasibility—and the views prevailing concerning—potential effects and trade-offs connected with reform in the direction of Basic Income. This formalisation is central to enabling substantive social equality.

An upshot is to question the directness of the *impact* of Basic Income on freedom, and thus to nuance a common claim within Basic Income debate. In stylised terms, the way that this connection (Basic Income—freedom) is mediated by developmental systems is set out in Fig. 14.1. The two triangles represent the logic of two different systems that are instantiated in the

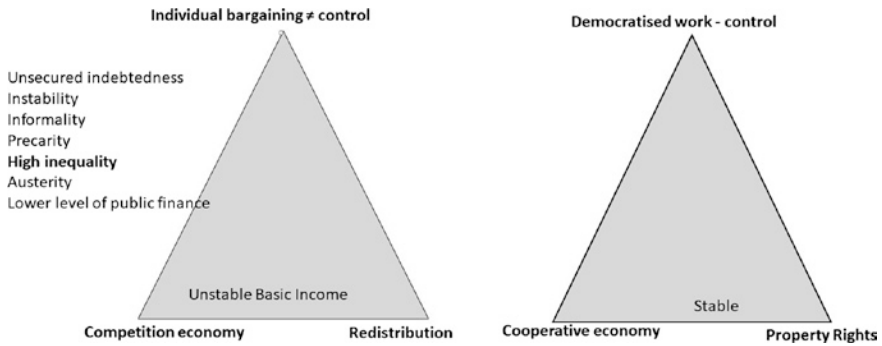


Fig. 14.1 Institutional political economy and Basic Income as 'control'

development of more hierarchical capitalism, and more egalitarian capitalism, respectively. The first is shaped by weaker and the second by stronger hybrid property in human development (Haagh 2012, 2015, 2019a). The key assumption here is that the level of overall formalisation of human economy shapes impacts of individual rights and distributions, the level of control that individuals enjoy in the economy, and the way that control is accessed, for instance, through individual bargaining or democratic institutions, respectively (Haagh 2019b). Concomitantly, public finance and regulatory conditions matter, in relation to income and in relation to more substantive forms of social equality. Besides national differentiation in models of capitalism, the first triangle in Fig. 14.1 also represents the global shift towards neo-liberalisation and financialisation of the global economy, led by—if not confined to—Anglo-liberal and middle-income countries with already high levels of informality and/or social inequality. An assumption can be made that a Basic Income's direct impact will be greater, but its comparable impact will be lower, in countries with high informality.

Secondly, and relatedly, an implication of human IPE is to give a deeper explanation for narratives and debates about, and public attitudes to, Basic Income across time and space. Svallfors (2006) has shown that attitudes to welfare are heavily influenced by the class basis of the institutions that shape experience. Human IPE goes one step further and assumes that congruence of institutions with core human development needs affirms legitimacy and affiliation, as well as an informed public and a critical culture. A progressive tendency in Britain to rely on a uniform low level of means-tested assistance to support working-age adults contrasts with a range of instruments to support this group in Nordic states (Haagh 2012). This difference maps onto contrasting views of income security for working-age adults. For example, based on results of the late 2010s, the European Social survey shows that

in Britain 65% of respondents—the most negative attitude by far among OECD countries—think that welfare makes people lazy, compared with 44% in Denmark (Brooks 2012: 208). Britain outflanks all other countries on this measure.

An implication of this is to add another analytical layer to the ‘frame’ literature, which looks at how discursive strategies affect public opinion. In sum, whereas in general radical discourses can be portrayed as relatively more illusory—given the limited impact of a single policy—this phenomenon is both more likely and differently accented in conditions of high inequality. As already noted, Anglo-liberal capitalist development and liberal thinking have been extremely influential in shaping the Basic Income argument and its political presence. Over time, differences in welfare state development have exerted increasing impact. When the Basic Income proposal first emerged as a serious policy proposal, in the 1970s and 1980s, a different turn in welfare state development was being consolidated and deepened, once again setting the Anglo-liberal states apart. In 1975, taxation in Denmark represented only 37% of Gross Domestic Product (GDP), scarcely higher than Britain’s 34%. By 2000, Denmark’s rate had increased to 47%, whereas Britain’s had fallen to just under 33%. These ratios have since remained roughly similar, with the US rate of around 25% remaining broadly unchanged over time.

Writing on Basic Income in continental European states during the earlier period, e.g., in Germany, Belgium, and Holland, focussed more on labour market stratification, which fits a ‘dual’ industrial structure, and the lower levels of female occupational inclusion of these societies compared with the emerging Scandinavian model. Regional variation also shaped the female perspective during the period of maturing of Basic Income scholarship between the 1970s and the 2010s. In Britain, Parker’s argument of the 1980s that women should be paid both a Basic Income and a care allowance (Parker 1989: 229) fits logically within a welfare state structure that protected women’s status as mothers, exempt from expectations connected with market work that prevailed in Nordic states. The later critique of Basic Income libertarianism on grounds of gender (Haagh 2015; Robeyns 2001, 2008, 2010) was predated by many Danish feminists of the 1980s who saw Basic Income as a potential threat to women’s occupational rights (Christensen 2002).

What is striking in this context is how comparably radical the Danish proposition for social reform—which eventually encompassed Basic Income—was conceived, yet how pragmatic remained the view of its development, which in Denmark at that time was thought would span three

or four decades. Meyer et al. (1978) thought that a humanistic economy should be developed gradually, through common organising of production and a gradual equalisation of wages. For example, Meyer et al. questioned the benefits of unregulated free trade, and the commercialisation of bio-technological research (Meyer et al. 1978: 42–43, 31). They were critical of ‘an economic system that is *primarily* based in productive efficiency in conditions of hard competition’ (Meyer et al. 1978: 33; author’s translation), including the consequences for wage repression that follow from this logic (Meyer et al. 1978: 33), and the idea that the market mechanism ‘works’ (Meyer et al. 1978: 35). They thought that fostering the competition economy simply entails that ‘competition outcompetes – freedom – so to speak’ [author’s translation]. Meyer et al. were critical of specialisation as a model for organising production in pursuit of economic development (Meyer et al. 1978: 93).

In recent debate, a more egalitarian form of economic liberalisation in Nordic states has informed the way in which scepticism about Basic Income has focused on preserving the ‘common economy’ and solidarity systems, which—critics believe—Basic Income discourse threatens. Similar concerns are also raised in Britain (Atkinson 2015; Cruddas and Kibasi 2016), but an increasingly influential set of concerns in the Anglo-liberal context focus on affordability, and losses to the poor within a low-benefit, low-wage economy (Haagh 2019a; Martinelli and Pearce 2019), reflecting the long-term effects of a deeper accent on public austerity.

In all, we can draw from this how the level of formalisation of human economy and the form of public finance play a key role in regional variation within Basic Income debate both in discourse and practice. Among advanced states, a lower level and more redistributive form of public finance—whereby the wealthy pay a greater share of benefits directed towards the poor—are relevant factors in explaining why projected levels of Basic Income tend to be meaner in Anglo-liberal models. Lower levels of public finance in terms of GDP in these cases also help to explain a tendency to stress external forms of funding for reform in the direction of reform in the direction of Basic Income.

Similarly, public finance and regulatory capacity, along with structural conditions of ownership in the economy, play a key role in accenting debates in developing countries. It is no surprise that unconditional cash grant experiments in Sub-Saharan African countries, with lower levels of public finance, such as Kenya, are dominated by an aid logic. By contrast, in Brazil, the *Bolsa Família*, covering a quarter of the population, and at the heart of debates about the scope for converting targeted cash grants into a Basic Income, is fiscally administered through a municipal-federal system.

This system compels municipalities to spend a share of local revenue in exchange for federal support (Lindert et al. 2007). Public finance capacity thus explains the greater coverage and legal coherence of cash grants extension in Brazil, compared—say—with India, where pro-poor distribution is closely tied to the political cycle (Nayyar 1998) within an electoral-premised political democracy and a highly differentiated informal economy increasingly characterised by resource rent-seeking (Jenkins 2019: 128).

iv. Financial IPE

A fourth strand of IPE linked with interpreting the expansion of financial economies in the context of global marketisation is helpful in further illuminating the consequences for Basic Income narrative of changing global conditions. In formal vernacular, Financialised Capitalism (FC) refers to a global-level transformation in the logic of capitalism beginning in the 1970s with the breakdown of the Bretton Woods managed financial system, and evolving over time through successive stages. For example, Lapavistas (2009: 1) refers to financialisation as ‘a structural transformation of core capitalist economies that has gathered momentum since the crisis of 1973–4’. Formally, financialisation can be measured by the level of commercialisation of assets. For example, Krippner (2005: 174–175) describes financialisation as ‘a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production’. However, many scholars argue that the process of financialisation cannot be separated from structural inequalities (Stockhammer 2013: 944). This is important to bear in mind when considering how far Basic Income can offer a response. Financialised uprooting creates not only a personalisation of responsibility, but also inability to support this responsibility, individually or publicly.

As many development economists have argued (Minsky 1993: 18–24; see Sen 2015; Stockhammer 2013: 945), the central problem in development is not levels of debt in terms of GDP, but rather whether productive systems are in place to stabilise and sustain debt, and insulate individuals and firms. For example, average household debt in terms of GDP is higher in some of the wealthier and more equal countries in Europe compared with some of the most financially unstable and unequal economies in Latin America. Denmark’s ratio was 131.7 in 2017, and in the same year the ratio was 127.8 in Switzerland, and 93.7 in the UK, compared with 7.1 in Argentina, 37.0 in Chile, and 50.1 in the EU as a whole (CEIC 2018). At the same

time, there is significant, and on some measures growing, inequality between mature economies in terms of the ability of average and low-income households' to service debt (Grant and Padula 2018), which similarly relates to differences in structural inequalities and regulatory capacities. In Nordic countries such as Sweden, Denmark and the Netherlands, the percentage of arrears was 3.5, 2.2 and 1.0% respectively, whereas in Mediterranean Europe it ranged from 14.2% in Greece, to 2.9% in Italy. Ability to repay is greater among higher earners, the better educated, older people, and among couples. Households in arrears are more likely to have seen earnings fall. Unsecured debt has risen faster in countries with weaker regulation, even after the crisis. For example, the level and rise of unsecured debt were much higher in the UK compared with other OECD states in the 2010s (Stockhammer 2013: 29–31). In contrast, the rate of unsecured and debt arrears are much lower in Denmark, despite higher indebtedness compared with both the UK and South and Eastern Europe, regions which face greater risk as a result of inability to service debt (Civic Consulting 2013: 3–5), linked with relatively lower take-home income, rooted in higher inequality.

In this context, to better understand the 'problem' of financialisation in relation to Basic Income narrative, it is necessary to understand how financialisation and governance are linked. Financialisation extracts profits from risk, and hence feeds on the destruction of hybrid property, which in the end includes states' regulatory and fiscal powers—the very capacities on which Basic Income depends—and the common services which sustain its effects. The 2008 crisis merely extended a growing contradiction between the background for Basic Income and the case for this reform as an instrument of development and freedom. Inability to reassert regulation and taxation, as documented by the International Monetary Fund (2017), has allowed asset concentration, income inequalities, and social exclusion, to continue to rise as states' redistributive efforts are reduced and/or have become less effective.

On the other hand, the 2010s were also a period in which the narrative about Basic Income regained prominence. Europe's renewed focus on a moral concern for the plight of the unemployed emerged in response to some of the same processes already affecting middle-income countries: growing precarity in employment, and relative poverty. This case was underwritten by the emergence of punitive sanctions policies, and in a context of austerity, a range of other public policies devised to reduce the scale of dependence on state transfers in OECD countries (Haagh 2019b). In countries already committed to developed social assistance, these policies had dubious justifiability, given the exclusionary consequences, and the increasingly precarious form

of work that individuals were required to accept. The upshot was to expose a deep tension in Basic Income narrative between the moral case for *income* security, and the claim that Basic Income might generate *economic* security, or economic freedom, given rising stratification of both income and opportunity among states in both the OECD and the Global South. The moral case and the scale of challenges to Basic Income generate the Opportunity and Equality Paradoxes that I discussed at the outset.

Having conditions in view also enables a broader view of opposition to and endorsement of Basic Income under changing conditions, such as liberalisation processes today, which deepen informality and threaten equality. In conditions of higher social equality, opposition is more likely to be 'constructive'. 'Constructive' critique is characterised by being in principle more convertible, under certain conditions. An example of convertibility in the context of more universal systems is Svallfors' (2011) finding that groups (self-employed) in Sweden previously resistant to universalism were converted to it after the 2008 crisis. Universalism had to be in place and effective for conversion to occur. Conversely, in conditions of higher informality, support for Basic Income among elites is more likely to be 'oligarchic', that is, preservative of systems of high inequality. Finally, in conditions of liberalisation, advocacy for Basic Income is, as said at the outset, prone to an Opportunity Paradox. Where opportunity coincides with liberalisation, advocacy is more likely to become opportunistic. In all, both populism and oligarchy are more likely in conditions of high informality and inequality, which generate a convergence of forces pushing for compensation and seeking legitimisation.

In sum, against the background of global economic changes, and of public visibility, Basic Income narrative changed. Political opportunity in a constrained environment exposed a discourse and a debate linked by self-contained ideals and projects to new discursive risks. Below I discuss the emergence of a differently accented form of advocacy for Basic Income, linked more explicitly with improving anti-poverty policy, as a redistributive focus within development accompanied the attempt to give a 'human face' (World Bank 2000) to economic liberalisation programmes pursued first, and with the deepest effect, in developing countries. The focus on Basis Income as a right to economic security emerged as a discourse contesting the remnants of punitive Victorian paternalism, thus resonating with a wider liberal humanist discourse. However, the dismantling of proactive development policy further isolated Basic Income advocacy from more broad-based and proactive visions of development, public provision of welfare, and the role of the state, as I examine next, for first developing and then developed countries.

Liberalisation, Poverty and Basic Income in the Global South

Between Widerquist's second and third waves within North American and European debates (see Chapter 3 of this volume) another wave arose on the basis of the effects of neo-liberalism in middle-income countries, principally Latin America. The immediate context of the debate about Basic Income and the focus on poverty was linked with the emergence of conditional cash transfers in Brazil and Mexico, and later in other countries, including South Africa, during the 1990s.

The connection between Basic Income advocacy and social policy debates in development has been influential in restating a wider rationale for a civic form of social rights. However, the starting point in rising poverty has turned out to be a poisoned chalice in many respects, by hinging the case on converting norms and funding from systems devised for temporary relief. The notion that Basic Income would arrive first in developing countries has been crushed by many writers (Lavinias 2013; Lo Vuolo 2013). Structural factors undermine inclusive, formal systems of human development. The hierarchical form of capitalism in Latin America (Schneider 2013), makes for a highly stratified labour market (Lo Vuolo 2013), and a conservative tenor in social policy. The unexpected long-term reliance on cash grants schemes, such that a quarter of the population in Brazil depends on such grants through the *Bolsa Família*, belies the conservative assumptions about desert that govern the scheme (Lavinias 2013: 41–43; and see Chapter 16 in this volume), even in a country such as Brazil, which has been lax in implementing conditionalities, compared with countries such as Columbia and Mexico (Cecchini and Martínez 2012). Motivational effects of income security in Brazil are weakened by informality and historical educational and occupational stratifications (Haagh 2007a, 2012).

In Sub-Saharan Africa, development agencies' abandonment in the 1990s of support for public investment and insurance policies destroyed systems needed to support local community production and livelihoods (Stiglitz 2012: 54–55). The World Bank's and International Monetary Fund's more recent interest in Basic Income fits within a development model increasingly premised on advocacy for privatised welfare. As Davala et al. (2015) discuss, liberalisation of education in India since the 1990s, as in Sub-Saharan Africa, which was encouraged by development agencies, proceeded apace as part of economic liberalisation and the 'unburdening' of the state, generating a complicated scenario for India's Basic Income pilot. In South Korea,

a fast innovator in public policy (Haagh 2004b), the topic of Basic Income was a feature of the 2017 elections, with a proposal for a ‘life cycle’ dividend and a ‘basic’ dividend (of an equal value) paid to non-working age adults and those above 65, and to the disabled and low paid, respectively. The proposal was modelled on a voucher scheme for youth tried out since 2016, with a beneficiary pool of almost 18,000 24-year-olds in Seongnam city, in a province outside Seoul (OECD 2018; and see Chapter 21 in this volume). The way in which Korean development economists are divided on Basic Income illustrates issues at stake when considering Basic Income along with other development policies and institutions. Some see Basic Income as a plug in rising inequality (*Hankyoreh* 2016) as the position of South Korea has shifted within a classification of varieties of capitalism, based on inequality and growth measures, towards an Anglo-liberal variant (Lee and Shin 2018). Others—such as Ha-Joon Chang—are concerned that the policy will militate against the development of collective welfare goods (Polychroniou 2017). Hence, the case of South Korea illustrates issues at stake when considering Basic Income along with built-up development policies and institutions.

Globalisation of Basic Income: Developed Countries After the Crisis

The fourth global wave or spike in public interest in Basic Income emerges after the global financial crisis of 2007, and the deepening of public austerity policies, and growing poverty and inequality in core capitalist states, that followed. The globalisation of Basic Income discourse coincides with growing interest in piloting or experimenting with features of Basic Income in the real world. A relevant question in this context is this: Is crisis the most conducive context for Basic Income, and, if so, what kind of crisis? Or more precisely: what dose and form of crisis? The recognition within the institutional literature that significant change often takes the form of a ‘cumulation of seemingly small adjustments’ (Thelen 2009: 475) is highly applicable. A plausible hypothesis here is that more developed public systems are less likely to experience major structural crises, and that they are better able to recognise and respond to smaller crises (as in recent experiments that address the dysfunction of income assistance sanctions systems in Denmark, Finland and Holland) (Haagh 2019c). In hybrid cases such as Scotland or Canada, debate about or experiments in Basic Income, or mechanisms with characteristics similar to Basic Income, are more likely to be focussed on poverty.

The globalisation of Basic Income narrative changed the debate in several ways. In the altered global context, a long-standing tendency to draw out the centrality of Basic Income might turn out to be illusory in so far as a Basic Income's impacts are created by other policies. Relatedly, the global Basic Income narrative has also been reshaped by the emergence of new actors in the debate. In a context of global dis-embedding of economic life, a singular form of Basic Income narrative has become a shared language among financial institutions and actors, and globalisation protestors. The double-sided nature of the Basic Income defence in the contemporary setting—its moral justification in response to rising inequality, yet a tendency towards singularity—generates a series of devil's deals and common analytical traps.

The devil's deals concept was first used by Judith Tandler (2002, 2004) in relation to anti-poverty policy in urban Brazil in the 1990s, specifically in relation to tax exceptions for small and medium-sized firms, which Tandler argued appeared to support business development and employment, while in fact promoting low-wage informal employment, thus downgrading the development of the formal sector in Brazil, retaining a low-skill equilibrium and informal economy, with significant poverty. In the context of Basic Income debate, devil's deals obscure the nature, feasibility or impacts of Basic Income, posit false trade-offs between Basic Income and other policies, or practically involve accommodations that compromise implementing a full, stable and/or effective Basic Income over time. Devil's deals in the contemporary development context are framed by the movement towards neo-liberalisation and financialisation of the global economy, although this context plays out in both general and more particular and variegated ways in different countries.

Common devils' deals—from the general to more particular—include *neo-liberalisation*, whereby Basic Income is used as a justification for governance through the market; *fatalism*, whereby Basic Income is viewed as necessary to compensate for wider insecurity; *polemicism*, where Basic Income is pitted against supplementary policies; *Basic Income populism*, defined by immediate needs for the resolution of grievances; *informal marketisation* and *illiberalisation*, where Basic Income becomes a plank in extending a development paradigm based in weakly regulated economic relationships; *financialisation and uprooting*, whereby Basic Income absorbs existing inequalities through the instrument of individual finance; *simplification and displacement*, whereby Basic Income is used to increase the deregulation of wider economic security structures; and *decoupling*, linked with experimentation in partial models. In this context, Basic Income is also prone to two conceptual traps that generally affect single-issue politics: the *crisis* and *rescue* traps.

Specifically, the linkage of Basic Income advocacy with real and imagined crises, as exemplified in the debates about job displacement and relative poverty, both of which some see as inevitable and others as preventable, reinforces a view of Basic Income as settlement, a form of rescue from more intractable problems.

Next I look at the locally embedded nature of these analytical risks within the new settings and actors that characterise defence of Basic Income in the post-austerity period, followed by a discussion of the issues at stake. While it is impossible to cover the wide range of new narratives, four new trends can be identified, linked to: (i) new forms of grassroots activism, (ii) consolidation of the globalised financialised system, (iii) aid and new informal communities, and (iv) experimentation within public bureaucracies with limited features of reform in the direction of reform in the direction of Basic Income.

i. Grassroots Activism and the Europe-Wide Project

In 2016, popular initiatives, including citizens' pressure for a referendum on Basic Income in Switzerland, and a Citizens' Initiative within the European Union, under the institutions of the European Parliament (see Chapter 21 of this volume), put Basic Income on the media agenda, particularly in relation to the crisis of representation of those outside employment or in precarious employment. At the same time, a narrative for Basic Income aimed against existing economic security mechanisms walks a tight-rope between democratisation from within and populist disintegration. In the context of the rise in OECD countries of punitive benefits systems, and actors rightly or wrongly perceived as having a stake in it—for instance, trades unions—a key feature of grassroots activism in Europe after 2016 is opposition to state welfare paternalism in general. In Denmark, frustration at the lack of engagement of the labour movement, and proposals to shift the subsidy for unemployment mutual societies towards funding a Basic Income, fill a representational gap, as trades unions are argued to be ineffective in representing unemployed groups and those in precarious employment. In Germany, as well as in the USA, new groups linked to activism prefer crowd-funding for parastatal 'social' forms of Basic Income. In the 2010s, Basic Income was taken up primarily by fringe parties formed around specific campaign issues, for instance, Green Parties (environmentalism), Pirate Parties (anti-censorship of the internet), and new so-called peoples parties (nationalisation of money). More recently, Basic Income has been taken up as a single-issue party platform (as in Sweden in 2017). In 2018, Basic Income advocacy

became linked with populist movements across Europe, from the left-right populist alliance in Italy (where the anti-establishment Five Star Movement and the right-wing League have gone into coalition, preparing to set the eurozone's third biggest economy on a path of tax cuts, an income for the poor, and the deportation of 500,000 migrants), to some intellectuals and activists linked with the French *Gilets Jaunes* (Yellow Jackets) (Mouvement Français pour un Revenu de Base 2018). The connections between vague notions of Basic Income and populist movements in Italy and France, with significant tax cuts, and (in Italy) mass deportations, illustrates the potential for Basic Income advocacy becoming usurped into new populist narratives (British Broadcasting Corporation 2018).

ii. Consolidation of Capitalism

Besides the well-known propagation of support by prominent platform capitalists, notably Zuckerberg and Musk, owners of Facebook and Tesla respectively, global development and financial institutions such as the World Bank and the International Monetary Fund (IMF) have taken up the case for Basic Income or similar mechanisms in some limited form. A case in point is the IMF's 2017 Fiscal Monitor, which recognises Basic Income as a viable policy alternative, alongside a need to consolidate fiscal states by raising the level of tax, and the need to support public education and health services. First, whilst the IMF's recognition of the dangers of public finance erosion is a significant u-turn, it formulates the challenge of the fiscal empowerment of states primarily in terms of raising top rates of tax (International Monetary Fund 2017). Notably, the political outcome of a redistributive tax system, with money drawn from the rich and distributed to the poor, is a smaller welfare state and a lower level of sharing of resources and rights (Haagh 2012, 2015; Hills 2014). The International Monetary Fund reasons that Basic Income is potentially a good idea in developing countries on the grounds that resources are needed to protect welfare services, which then frames Basic Income against other social policies.

iii. Aid and Informal Communities

The linkage of the case for Basic Income with the extension of cash grants in developing countries, as described earlier, makes a natural connection as noted with the global financial institutions, and also with aid-giving in general, on which anti-poverty policy in the Global South is heavily dependent.

A range of new aid platforms have sprung up around the push for Basic Income pilots in Namibia and India, and on a smaller scale, Brazil (see Chapters 16, 18, and 19 in this volume). The way that new major initiatives, such as Give Directly, which funds a twelve-year experiment in unconditional cash grants in Kenya, are viewed as having an affinity with Basic Income, illustrates a new orientation characterised by Basic Income-related initiatives outside the public framework of states. A similar phenomenon is seen among activists in Europe, as already noted, as well as among cryptocurrency groups, which have allied with Dutch activists to explore a case for alternative currency-based Basic Incomes, whereas other groups view Basic Income as a form of philanthropy. These deviate from a classic (public) conception of Basic Income that is also broadly central to academic scholarship of both right and left.

iv. Experimentation Within Public Bureaucracies

The recent Basic Income debate has also been heavily shaped by experimentation within public bureaucracies, which is distinctive because it is focussed on incremental change within existing welfare arrangements. The significance of public experimentation for the Basic Income debate is twofold. Firstly, the occurrence of limited experiments in advanced, more horizontal welfare states, provides instantiation of a new narrative within Basic Income debate emerging in the 2010s, linking the prospects for Basic Income with social democratic welfare states (Haagh 2011a) and public services (Jordan 2008). Secondly, the varied forms of experimentation illustrate the embedded character of real (public sector) transformation and its emergence in response to neo-liberalisation challenges (Haagh 2019c). It is significant that Finland, Holland and Denmark are all states in which governments (relative to, for example, Sweden and Norway) have pursued variants of flexicurity, that is, flexibilised employment on the back of state-provided security. The outcome is a highly market-sensitive form of provision of income security, which in turn challenges classical paternalist norms. To illustrate further, the concern in Finland with incentivising low wage work, and at the same time streamlining public bureaucracy, can be set in the context of the forefronting of the experiments by a right-wing government, on the one hand, and a gradual flattening of public income security, on the other hand (Halmetoja et al. 2019). In Denmark's more decentralised governance system, municipalities have been in the lead in experimenting with lifting conditions on unemployed claimants (Haagh 2019a, b, d).

In the Netherlands, experiments have been more systematically concerned with testing behavioural theories (Groot et al. 2019), with the emphasis on voluntarism and care in some of the models reflecting the more dualistic approach to work-life/care balance in Holland compared with Denmark (see Chapter 21 in this volume).

In the next section I discuss how some of the devils' deals listed earlier play out in some of these and other contexts. Notably, the discursive problems discussed are all linked with the change in global development. However, some characteristics—for instance, simplification, decoupling and displacement—are more evident in built-up welfare states, whereas others, such as neo-liberalisation and the rescue trap, are easier to spot in countries with larger informal sectors. While acknowledging the overlap across discourses and countries, I start with more general problems, then look at discursive traps connected with informal development, before—more briefly—discussing mature welfare states.

Devil's Deals and World Time in Development

The notion of World Time refers to a shared global framework for debate across even very structurally dissimilar countries. One of the uses of the concept is in pinpointing the prevalence of certain policy paradigms and programmes of structural change in the face of divergence. The contemporary World Time of deregulation, rising inequality, and public austerity generates the context for devils' deals in the context of global Basic Income debate. A changed global development context pushes Basic Income discourse towards accommodation, including by making Basic Income common cause with a portrayal of neo-liberal reform as a response to—and resolution of—inadequacies within post-war welfare provision.

i. Neo-liberalisation

Friedman's advocacy of the Negative Income Tax was tied to his association of economic and political freedom with breaking down the state in favour of the market. Neo-liberalisation of the Basic Income debate can refer in this context to the reduction of ideas of personal control to the basic linear premise of Friedman's argument (Friedman 1962, 1970, 1990). Neo-liberalisation is a devil's deal because it distorts perception of the wider conditions for reform in the direction of Basic Income.

Neo-liberalisation of Basic Income debate also refers to a general outcome in which Basic Income debate supports neo-liberal development reforms in discourse or practice, intentionally or unintentionally. A relevant example is the instrumentalisation of classic arguments for Basic Income in the defence of neoliberal globalisation. According to Ravallion, Basic Income ‘has a strong appeal in allowing guaranteed protection from poverty, while retaining the economic advantages of an open and competitive market economy’. Quoting van Parijs’ left libertarian case for Basic Income, Ravallion (2017: 19) associates the introduction of Basic Income with ‘replacing the existing unemployment benefits and other allowances’, doing so quoting van Parijs’ left libertarian case. According to Ravallion (2017: 19), ‘Van Parijs (1992) ...argues for “Basic Income capitalism,” which combines private ownership of the means of production and free markets with a Basic Income for all’. Arguably, Ravallion’s take here is fairly general, but it is noteworthy that Basic Income is invoked—as in this case—in an argument against mainstream critics of inequality (for instance, Bourguignon 2017; Milanovic 2016), and within an argument that portrays labour informality as a positive way of contesting protections within the formal sector (Ravallion 2017: 16).

Corollaries of neo-liberalisation include Fatalism, the Crises and Rescue Traps, and Polemicism. As noted, marketisation invited fatalism and the crisis paradox, by generating grounds for a form of Basic Income defence that takes the market project as irreversible or fact, side-lining questions about the market’s good or complexity, in favour of describing Basic Income as rescue. If marketisation has invited fatalism—the idea that social positions are irretrievably eroded—then in turn austerity has reinforced polemicism, by drawing out a historical narrative tendency to pit Basic Income against regulation (for instance, minimum wages, work-time regulation, labour standards, needs-based welfare, and so on). In turn, a notion that Basic Income is ‘radical’, or a broad solution to contemporary problems, plays into the hands of sceptics who see Basic Income as a ‘policy alternative’. A good example is the charge that Basic Income necessarily competes with universal services (see further Haagh 2019a for a critique): an argument initiated by think tanks in the UK under conditions of deep public austerity (see Chapter 12 in this volume).

ii. Economic Populism

The conditions for the rescue trap also carry a risk of populism or the perception of it in relation to the portrayal of Basic Income in media and political circles. When talking about Basic Income populism, it is important

to distinguish between discursive populism and political populism, the latter being the manipulation of subjects in the pursuit of power. The former may serve the latter, but they are not the same. To illustrate: discursive populism can be an *outcome* of distortion by the usurpation of an idea by others. Or it can be an outcome of applying a purely theoretical idea to a more complex real context. Discursive populism can involve political self-deception, as defined by Galeotti (2018) as ‘the distortion of reality against the available evidence and according to one’s wishes’. Libertarian philosophy is defined by wishing individuals’ power were greater, and to this extent it is prone to self-deception in the context of addressing more complex governance problems. It is thus evident that in a context of political opportunity for Basic Income at a time of neo-liberal globalisation, Basic Income narrative would be prone to discursive populism, given the strong influence historically of libertarian theory or reasoning in making the case.

An example is the idea that Basic Income can support meaningful and more self-organised work and work collaborations. This claim is naturally more plausible when scaffolded by more stable employment. In altered conditions, the same claim to remain plausible must either be carefully qualified, or combined with a broader analysis. In the same way as minority shareholder activists were dogged by accusations of usurpation into global finance nexi (Lim and Jang 2006: 19–20), in East Asia, as in Europe, setting up Basic Income as a distinctive source of emancipation or governance spells a new monetary populism, characterised by mistaking basic monetary resources for power. The example of digital and cryptocurrencies are both good and related examples of issues at stake. As a public innovation, digital currencies can enable public systems to reach individuals and bypass clunky systems dogged by middlemen, as argued by Le Roux in defence of a form of Basic Income system for the case of South Africa (Le Roux 2006). Parallel digital currencies are potentially more transparent than ‘crypto-currencies’ in terms of members and funding. However, three fundamental problems remain. Such currency projects do not include everyone in a political territory—hence they are not viable as ‘rights’. They are not backed by a central bank, and are therefore unstable. They are not subject to public democratic oversight, and hence are liable to persistent error, or fraud. These conditions turn portrayal of parallel currencies as Basic Income into a form of discursive populism, promising what cannot be done. More than that, in reality, it is difficult to disentangle the risk of political populism from parallel projects: what is to say ‘leaders’ or ‘programmers’ are immune to misuse of their political power, or to manipulation by others? In sum, whilst an IPE perspective can predict and explain more detached narratives about monetary

freedom in a context of deregulatory reform, it also helps us to understand the risks of populism this very context entails. IPE has shown that stable money systems are characterised by their formality and diversity, and by the institutionalisation of money flows into separate streams, individual, institutional and public (Haagh 2019a; Chang 2012; Haagh 1999; Pagano 1991). In this context, advocates could argue that a public Basic Income enables local currencies to operate, which can avoid conflating the two.

iii. Informal Marketisation and Illiberalisation in Developing Countries

The term ‘developing country’ is often replaced with ‘middle-income’ or ‘Global South’. Here I use the term specifically to refer to countries with less developed formal institutions of public welfare protection. In countries with complex and multiple subsidy systems, direct cash support offers both a more technocratic route to an income secure society, and in many ways a comparatively greater degree of citizen autonomy. This is the case, for example, made by Ravallion (2017). However, in economies of high inequality and informality, causes of lack of autonomy and economic security run much deeper. Given the growing debate about Basic Income in India, I will use this as a primary example.

The Case of India

A good example of ways legal poverty intercede in shaping outcomes of a prospective Basic Income is India. At independence in 1947, India was a feudal society. The early decades following independence entailed concerted attempts to formalise, redistribute, and stabilise property in land, through recording ownership, redistributing unused land to the landless, and implementing property ceilings (Ministry of Rural Development of India 2009: ii, 23–27). Whilst such policies were only very partially successful, liberalisation policies in India since the 1980s have been charged with raising income concentration to the rate of the Raj (Chancel and Piketty 2017), whilst contributing to further segmentation of land structures, without replacing informal systems that allow bonded labour ties to continue and deepen. According to Chancel and Piketty (2017: 1):

Over the 1951–1980 period, the bottom 50% group captured 28% of total growth and incomes of this group grew faster than the average, while the top 0.1% incomes decreased. Over the 1980–2015 period, the situation was reversed; the top 0.1% of earners captured a higher share of total growth than

the bottom 50% (12% vs. 11%), while the top 1% received a higher share of total growth than the middle 40% (29% vs. 23%).

Informality of land use and relations is classed as one of the most important obstacles to reducing poverty and insecurity in India today (Ministry of Rural Development of India 2009: 117–118). The period of economic liberalisation has not only failed to solve, but has deeply compounded, these problems. According to the Ministry of Rural Development (2009: 189), landlessness rose from 40 to 52% of the rural population between 1991 and 2005. The period since the passing of the Panchayats (Extension to the Scheduled Areas) Act, in 1996, has involved massive transfers of agricultural and forest land for industrial, mining and development projects, or for infrastructural projects, creating ‘rural unrest and distressed migration’ (Ministry of Rural Development of India 2009: iii). Moreover,

[t]he corpus of tribal lands is subject to continued erosion not only through the process of Government led process of acquisition but also through the institution of moneylenders, collusive title suits, illegal permissive or forcible possession, unredeemed usufructuary mortgages, fraudulent and illegal transfers, abandonment and making incorrect entries in the records-of-rights. (Ministry of Rural Development of India 2009: iii)

One investigative team found that the legal processing of peasants’ claims against others’ possession of their lands was dysfunctional in the recent period, with court rejection rates as high as 90% in some states (Ministry of Rural Development of India 2009: 156). Moreover, in the late 2000s, ‘about 90 per cent of the leased area... is informal and unrecorded. The landless and the marginal farmers constitute the bulk (91%) of those leasing in land’ (Ministry of Rural Development of India 2009: ii). Absence of systematic land surveys means that public records are obsolete. ‘Even where the survey operations have been conducted, instead of being completed in the stipulated 4 years they have dragged on for more than 40 years’ (Ministry of Rural Development of India 2009: vii). A later report by the Government of India, focussed specifically on the proposal to liberalise land leasing, claims that existing laws aimed to protect property rights drive informal contracting in a context of inequality of ownership of land and of weak farmer access to productive resources. According to this report:

Restrictive land leasing laws have forced tenancy to be informal, insecure and inefficient. Informal tenants are most insecure and inefficient, as they do not

have legal sanctity and access to institutional credit, insurance and other support services. In addition, restrictions on land leasing have reduced the occupational mobility of many landowners who have interest and ability to take up employment outside agriculture and yet are forced to stay in agriculture due to the fear of losing land if they lease out and migrate. (Government of India 2016: 4)

This description reveals the double-edged sword that liberalisation of leasing entails, because whilst freeing up more productive use of resources, and potentially formalising economic relationships, creating transparent lease arrangements generates market relations without first redistributing property and without a policy to provide and stabilise access to the productive resources that farmers need. In this context, formalisation of transactions and contract arrangements, whilst providing more transparency, does not generate real income security, productive stability, or senses of ownership. The landless are still dispossessed.

The bottom line is that the case of India highlights the need to set the problem of Basic Income in relation to prevailing development models, and the broader question of economic property: and in this context the way that cash transfer schemes contribute to economic stability is mollified by the general state of economic property in land and housing. As Chancel and Piketty note, the reduction and subsequent rise in inequality in India are a product of a number of combined factors, not only tax rates, but also the rate of public ownership, and the lack of capability to provide land and services free of charge (Chancel and Piketty 2017: 26–27), in addition to public investment. The absence of such actions, and of a land registry even today, mean that the share of taxation from income in terms of GDP is half of that of states like Brazil, and less than a quarter of the OECD average (Chancel and Piketty 2017: 26–27). In all, lack of recording, formalising, redistributing, and stabilising property, entail a form of legal poverty prevails, which besides being a source in itself of unfreedom within informal social hierarchies and structures, also compromises public revenue and regulatory power needed to enable legal reform and secure people's basic rights. For example, as shown in the case of initiatives taken up in Karnataka, West Bengal and Andhra Pradesh (Ministry of Rural Development 2009: 121–122), extending public investment programmes successfully involves buying up and redistributing land, along with investment in rural infrastructure and services (Government of India 2016: 4; Ministry of Rural Development 2009: vii). However, whilst such land redistribution has been central to lowering poverty and raising redistribution of the fruits of economic growth, it is the exception among Indian states (Kohli 2012: 193–195).

The point here is to highlight how the debate about Basic Income in India today is occurring alongside a wider battle over property enfranchisement. The Basic Income proposal was born in Britain during a time of rapid dispossession not dissimilar to the conditions that we see in India today. As a relevant comparison, the inclusiveness of monetisation in Nordic states relied on the concomitant development of extensive land reforms (Haagh 2019c; Kananen 2013). Appraising such factors suggests that a coincidence of development of income assistance with land and property redistribution builds a more resilient basis for rights to income and other forms of economic security, in both law and effect (Haagh 2019a, d). In comparison, monetisation in a modern digital age runs parallel with a form of illiberal marketisation of economic relations in India. Any new distributive scheme, especially to the degree that it becomes reliable, will be converted in use within other prevailing formal and informal systems. Given the low level of public finance, and high inequality, it is hard to see how a Basic Income might be accepted in India except as a targeted form of unconditional cash grant.

In sum, we can surmise how Basic Income debate in India is necessarily bound up with a wider discussion about the form which reformalisation of India's complex economy is going to take. India is in this sense representative of other countries with large informal sectors. Since India has one of the largest levels of wage inequality by gender, an immediate positive effect of a partial Basic Income scheme would be to enhance gender equality. Combined with other efforts to formalise property, extend public services, and support public employment, a Basic Income's progressive effects could thus be considerable. An important challenge, however, would be how to ensure that public employment schemes could continue on a new basis. And a wider question is whether any of this is likely. In the case of land, a more recent government-commissioned report (Government of India 2016) addresses the problem of lease-rights mentioned above, but leaves aside recommendations by the Rural Development Ministry to give legal title to common lands (2009: 225) and to give Homestead rights (to housing and land) to all landless and houseless labourers.

In all, the possibility of distributing cash directly to the poor in India has come to be represented within schemes to consolidate and extend India's market-led model of industrialisation. Referring to neo-liberal reforms in India as marketisation is a misnomer in many ways, in so far as markets require formal and transparent as well as participatory ownership structures, such as recent market reforms have further depressed. Indeed, looking at the dominant discourse on development in India there is much to suggest that

cash distribution schemes may be usurped into the evolving system of informal and uprooted production (Rajan et al. 2018). A set of economists linked with management consultancy and the World Bank recently made a list of recommendations for India, including ‘moving beyond the cash versus kind debate by adopting a choice-based approach on an experimental basis ... [giving] beneficiaries the choice of opting for a cash transfer instead of subsidized food ... instead of policymakers opting for one or the other’ (Rajan et al. 2018). This sounds and perhaps is a move towards a partial form of Basic Income. But the case for cash is for a carefully targeted programme. A progressive report in many ways—recognising inequality as too high, and formal female participation as too low (Rajan et al. 2018: 2), the recipe is for more of the economic liberalisation that has pushed already low female employment rates down from 35% in 1990 to 27% in 2017. Recognising the trap of low-skill, low productivity jobs, the report recommends yet further liberalisation of work contracts, public monopoly privatisation and land acquisition to enable industry and services to operate ‘on a larger scale’, enabling India to ‘position itself as a viable alternative for cheap sourcing of goods and parts’ (Rajan et al. 2018: 2–3). Further, whilst the report recognises the need to boost tax revenues, it recommends a move to ‘charging users for government services’.

Notably, there is already a precedent for a means-tested transfer scheme in India, in the form of the Direct Benefit Transfer system, introduced to overcome scheme fragmentation and bureaucracy in 2013 (Patnaik 2013), and hailed as an instrument for rationalising access, eliminating duplication and fraud, and generating public savings (Sharma 2018). By 2017, this mechanism was used across over 400 schemes, by over 46 ministries. The characterisation by Rajan et al. (2018) of this mechanism as a good starting point in creating a ‘pipeline for providing compensation for losers’ raises the pivotal question of how far in the new development context Basic Income discourse rather than real Basic Income schemes—which seem unlikely—is in fact already usurped in the narrative construction of a new compensatory state. This is because, whilst supporting greater independence of peasants by alleviating the consequences of debt obligation requirements, the unequal land ownership structures that make debt peonage a reality remain. As Davala (2018: 138–139) documents, cash payments help farmers to ‘snap’ the worst form of debt dependence. However, despite this, arguably, debt remains central to subsistence and a part of social relations. For farmers, instability in output and isolation, and for landed labourers the role of cash grants, generate a cycle of cash dependence arising in many cases from wider

economic insecurities, which in turn emerge from a lack of public insurance to control 'life events'. The cash grant helps landless people to move from direct bonded labour to labour market dependence. In other words, Basic Income would buffer desperation, but it would not be able to change the structural causes.

A question that needs to be asked in this context is what kind of economic formalisation monetary digitisation entails within an otherwise informal and hierarchical economy of work and education. Will card or paper cash be sufficient to enable individuals to have control over the local resources and services they need? In Latin America, centre-left governments, such as Lula's, which expanded cash grants, were seen by many as favouring Basic Income (Standing 2008; Suplicy 2002), but they failed to undertake substantial land reforms. Despite reducing inequality from extremely high to high levels, and alleviating income poverty, the rise in money circulation enabled by cash grants tied poor individuals into new debt cycles, as cash grants became an asset in credit markets (Lavinás 2018). In Latin America, the flagship of so-called 'New Developmentalism', namely pro-poor policy, has been undermined by the extractivist model: even the anti-poverty effect began to decline after 2012, as the export boom linked with growth in China began to decline (North and Grinspun 2016: 1496). A wider problem is that digitisation within an otherwise informal economy does not really stabilise property or place, or formalise key social relations and services—if anything, it facilitates and justifies uprooting and informality on a new scale. In India, government enforcement of the digitisation of money has been shown to expose poor individuals to fraud, and to the threat of loss of civil liberties, as the manipulation of personal security data is in the hands of private intermediaries operating weakly supervised charges (Ghosh and Chandrasekhar 2017: 433–435).

Hence, ultimately, a digitisation of economic security, which, as in India, promises to resolve duplicate payments and other forms of ineffectiveness, occurring in the context of a privatisation of finance and services, will transfer the same problems to the private sector, where they will be harder to find and reverse. In the end, the problem of adequately funding and governing public services cannot be resolved by individualising economic security and marketising economic relations. It is thus more important than ever to underscore the way wider emancipatory effects of Basic Income are connected with the problem of public sector development.

Basic Income and Devil's Deals in Developed Welfare States

In developed welfare states where public experiments in lifting conditionalities have been dubiously titled 'Basic Income' experiments, the political pressure to seize this apparent opportunity to push Basic Income is great. The perceived need to test Basic Income, or even just elements of it, to demonstrate its effects, has led in practice to a *decoupling* of the elements. This may be a devil's deal if a strategic accommodation simply leaves something like a Basic Income stuck without a real political understanding of how a real Basic Income might be reached, and why it matters. Relatedly, the idea of Basic Income as a form of simplification of mature welfare systems is a devil's deal in a context of neo-liberal public austerity defined by the use of cuts and new public management methods to shrink the size of the state. Within national debates, the idea of simplification can mean removal of cumbersome behavioural checks, but there is also the risk that simplification can be understood as an extension of a drive to generate a single low level of income security. Opportunity for Basic Income could become a curse.

This juxtaposition also holds at the European level. For example, initiatives for a European Union-wide Basic Income come up against the reality of a fracturing European free movement project under the aegis of a pan-European free market and public austerity reforms. The prospect that a Euro-dividend might support frictionless and secure movement across European borders might be illusory, as the flexible regional labour market has coincided with rising intra-state inequality (Stiglitz 2012: 220). The 2016 Brexit vote in Britain, combined with the rising influence of protest parties across the continent, suggests that the legitimacy of European Union institutions is crumbling.

A flexicurity trap is in this context a corollary of the simplification argument. In Nordic states and Holland, a trend towards 'flexicurity'—best exemplified in Denmark—entails beefing up public income security to support labour market flexibility. It supports the poor in comparison with the more punitive income security framework in Anglo-liberal states. It has led some Basic Income supporters to argue that Basic Income is a natural extension of flexicurity (Haagh 2019a, d). However, this could be a conceptual trap. Over time, income support has grown more punitive in Denmark as flexicurity has matured (Haagh 2018b).

Taking human IPE into account, recently released results from the Finnish experiment that lifted some conditions and controls on unemployed claimants, can be presented as evidence of potentially transformative effects of Basic Income in two appropriately delimited ways. Firstly, from a human IPE perspective, well-being effects, and confidence about future financial prospects (Kangas et al. 2019), bear out the result of other research which has found positive effects in relation to a sense of stability which supports autonomy in cognitive processes and everyday activities (Haagh 2011b). However, secondly, it is hard to control for the effect on these results of overall welfare conditions in Finland, and so it is difficult to imagine replicability in other conditions. The finding that recipients' employment did not increase, but their aspirations (for instance, to move from part- to full-time employment) did, can be read in two ways. The fact that employment did not increase can be viewed as evidence that autonomy works. While some indicative results suggest that recipients were willing to take on lower paid jobs because they had security, the fact that they did not have to, and that on average employment did not change, suggests that recipients were able to refuse. On the other hand, if aspirations for more stable work were raised, steps towards Basic Income within a flexicurity paradigm might lead to frustration and disappointment.

For East Asian as for Nordic states, high social equality has involved a mix of regulation and compressing income distribution. Hence, how and if in future income security universalism can be combined with developmentalism is a question of losing or retaining public power in the face of the market. A polemical debate about whether South Korea is now simply a neo-liberal state (Pirie 2006) illustrates the dramatic transition entailed by financialisation in East Asia. Here, an important question is whether the debate about Basic Income will take place away from or within the development of other economic security systems, such as the employment insurance system set up in the mid-1990s (Haagh 2004a). This system has turned out to pay the most generous flat level of unemployment cover relative to the previous wage in the OECD (2018). The way Korea's social assistance system operates activation 'in reverse', meaning that it relies on rewards for taking work, as distinct from sanctions to punish lack of it, is evidence of a developmental incentive logic still having influence. On the other hand, between 2010 and 2016, the rate of self-employed people making use of a new tax credit system went from nil to one-third (OECD 2018: 85). This sort of development will be seen by many as suggesting that a more universal income assistance system might be a double-edged sword. Whilst being an obvious alleviation and a new form of justice for those left outside of

employment-linked systems, it might also be an intervention to sustain—and legitimise—public subsidy of low-wage employment and a new level of casualisation of work.

Basic Income Complementarities Under Financialised Global Development

To surmise, the cases examined bear out how contexts of economic liberalisation forefront the Inequality Paradox, whereby Basic Income presumes and sets forth equality of standing, yet it relies on, whilst being unable to create, substantive equality (Haagh 2019d). In a context of unstable public development finance, the scope for a genuinely life-long Basic Income, and hence the permanent sense of security rightly envisaged as key to the emancipatory effects of a Basic Income, are hard to conceive. Neo-liberalisation threatens to disrupt the reality or intended effect of some of the core features of Basic Income in practice.

The first feature is *permanence*. The idea of a Basic Income *for life* is implicit in classic texts, as far back as Spence. Envisaging Basic Income as permanent is not only a feature of its universality, but is an essential component part of Basic Income as advocates view it. It is a form of property. *Yet, in debates about Basic Income since 2016, particularly but not only in developing countries, the permanent character of Basic Income has all but vanished from view.* Although much of the scholarly literature on Basic Income assumes that Basic Income has internal integrity as a life-long structure of individual security sufficient to live on, a range of usage-meanings have the implication that a Basic Income scheme might be time-delimited. The public attractiveness of a time delimited grant is that it introduces some elements of Basic Income (like universality or unconditionality) but without going the whole way to permanency. In private pilots where universality is tested within a small community there is often not the money to test over a longer period. In developing countries, the connection with public reform and finance is often tenuous. The private experiment in Kenya—Give Directly—which is set to test over a period of 12 years, is a case in point.

Without permanence, however, schemes mimicking other features of Basic Income will be prone to undermine the psychological and economic effects of cash grant schemes. For example, studies show that cash grants schemes, which alleviate for periods of time, act to sustain individuals and families in cycles of clientelistic dependence on scheme evaluators, in particular where genuine occupational opportunities are weak (Larrañaga et al.

2012: 366, 369). Motivational effects are lower within marginal communities (Haagh 2011b). Nutritional gains were linked with separate nutrition supplement programmes, and the effects disappeared when these were withdrawn (Cecchini and Martínez 2012: 105).

Neo-liberalisation also undermines *universality in effect*, which can be described as an intention not only that everyone is reached, but that Basic Income helps to secure equal standing, and key dimensions of equality of opportunity, such as occupational choice (Haagh 2007b): all of which depend on high social equality being attained.

One of the key advantages of a universal Basic Income is the removal of stigma. However, the higher the inequality in a country, the more likely it is that a Basic Income becomes a targeted policy *in effect* (Haagh 2019d). A singular universal policy under these conditions can simply justify inequality. As long as the primary intention of welfare is to alleviate the situation of the worst off, public policy will remain narrowly focussed and poorly funded, concealing the wider causes that recreate poverty.

A concern in this context is that a new emerging recipe for combining protection of the 'marginal' with ever greater liberalisation of work contract conditions will cast Basic Income as a buttress of precarious informality. As Larrañaga et al. (2012: 366, 369) have shown, the 'marginalisation hypothesis' which accompanied narrow targeting in Chile entails identifying only the group lacking income at a given point, when transient insecurity in work is far greater and the real cause of uncertainty (Nun and Trucco 2008; see also Haagh 1999, 2002b, c, d).

Attacking poverty in a high inequality country entails by definition a low Basic Income, and isolates the policy from other programmes, in the same way as a targeted scheme narrows the target of policy. In this context, the universality of Basic Income is washed away *in effect*, because the effect is eroded by lack of real social equality. Universality becomes but a technical trick, worked out through the tax nexus. The issue is not whether progressive taxation undermines the strict equality principle, because strict equality is not a good measure of equality of standing. The problem rather is that equality of substantive opportunities, and thus of outcome, is so weak that the status equality entailed in Basic Income becomes less effective.

Unconditionality and *individuality* signal an intent that Basic Income will erode status and gender distinctions. Neo-liberalisation casts these effects into doubt too. As has been seen in Europe, where movements for formal equality of the 1970s and 1980s turned into a basis for new gender inequalities in the market of the 2010s, equal individual responsibility in the market is not freedom for women. In countries like India, where the key issue

for women in rural areas is access to land (Ministry of Rural Development of India 2009: xiv), the wider effects of Basic Income must be translated by other conditions.

Finally, the economic security effect of Basic Income relies on its *non-mortgageability*. This is one of the internal complementarities that need to be fulfilled for Basic Income to be effective. Devil's deals discursively or actually overdraw a Basic Income's effect in this context by obscuring or inadvertently idealising the very informality that weakens social opportunities. Whether in the case of indentured labour, the homeless, or the eternally indebted, a Basic Income without a legal framework could become simply usurped into other unequal structures. The problem of financialisation of Basic Income draws attention to the Equality Paradox, the claim that Basic Income is more likely and effective in conditions of greater social equality. A corollary of this paradox is a Lageality Paradox. Social problems can only be effectively addressed legally where they are not too prevalent. Financialisation of Basic Income could normalise the prevalence and coercive force of debt-dependent relations. A similar point is made by the economist Lena Lavinas when pointing out the normalisation of 'over-indebtedness' as a function of its prevalence (2018: 504). Where conditions are poor, legality is debased.

As argued in the second section of this chapter, Basic Income may be a distributive tool without being a source of a property right in stability either legally or de facto. The relevance of this distinction is apparent in the case of the documented effects of unconditional cash grants in India. Usurpation of cash grants within the Basic Income pilot in India into payment of private school fees or tuition fees by over two-thirds of recipients (Davalá et al. 2015: 119) demonstrates the permeability of Basic Income to privatisation. To be sure, this is not a case against Basic Income in itself, as it is a better alternative to clientelistic schemes, but it is representative of the potential usurpation within a wider project to turn the poor into mortgaged and dependent consumers.

The problem of the financialisation of welfare and of a potential future Basic Income also exists in developed countries. Basic Income might alleviate but not solve homelessness or the legal poverty it entails. Will fines for rough sleeping simply increase when authorities know that the homeless have more cash? (Illustrating the monetisation of deterring homelessness, an article in *The Guardian* detailed the rise in cases of criminalisation of begging and rough sleeping through the use of criminal behaviour orders, with fixed penalty notices rising from £100 to over £1000, and the potential for imprisonment for up to five years (Greenfield and Marsh 2018)).

In the end, non-mortgageability cannot be simply decreed. Financialisation of development by definition cannot be *regulated*, because its structure involves the expansion of opportunities for extracting profit from repackaging credit products, which generates interest in repackaging in new forms, leading to the privatisation of welfare. Hence, in reality, containing financialisation and expanding the sphere of Basic Income—its non-mortgageability in practice—involves scaffolding the effect of Basic Income on economic security by expanding the sphere of public goods. Inequality and the poor conditions that result from it weaken the force and everyday reality of law (Haagh 2019a). The effectiveness of particular egalitarian legal provisions is tied to the *general prevalence* of social equality, and in this the Basic Income—as a legal right to security—is no exception.

Conclusion

Surveying core narrative claims and contexts within Basic Income debate, in this chapter I have made the following four arguments. First, it was more plausible to talk about a Basic Income as an instrument of freedom and social progress when economic development and finance were more rooted in national development frameworks, in the 1970s and 1980s. As subsequently destabilised finance flows have attained a greater effect on daily life and on the organisation of production, the freedom claim in particular has grown more tenuous.

Second, during the same period, there has been a shift towards a discourse focussed on Basic Income as an instrument of development that in turn is often tied to a vision of bottom-up development, complementing a case for direct democracy. However, these arguments are also problematic, for the same reason that the freedom argument is.

My third argument is related to what the first two arguments reveal, namely the fact that the case for Basic Income is weak on its own, yet the origins and development of Basic Income debate entail a tendency to present Basic Income in singular terms, which is reinforced by the greater moral force of the case in conditions of macro-crises. This drives an orientation towards a certain kind of advocacy and schools of thought taking up the cause of Basic Income in the form of versions of libertarianism and of narratives linked with pure critique or utopia.

This leads to my fourth argument, which centres on how, given the changes that have occurred in global capitalism, a utopian perspective is more likely to run advocates into the arms of an Opportunity Paradox. In

so far as crises enlarge the systemic case for reform in the direction of Basic Income, crises make the singular case appear plausible, as well as attractive. However, overarching claims concerning ways in which Basic Income supports freedom and development are less plausible to the extent that protective welfare state institutions have crumbled in the face of globalised finance.

The implications for Basic Income debate, and core narrative claims linked with freedom and security in particular, are quite profound, in three ways: Firstly, the effects of Basic Income in relation to economic security may be far less clear in the very countries where this effect tends to be highlighted in crisis conditions, for instance, in countries like the US and UK, or India, with higher or growing inequality. Secondly, the effect on freedom may be greater in countries with more regulation, which is contrary to the claim that Basic Income enhances freedom on grounds of lowering paternalism. Thirdly, whilst a Basic Income could offset insecurity for those at the bottom, in so far as inequalities are structural (for instance, tied to occupational participation and its determinants), as long as those inequalities remain, it is predictable that labour and housing, and other price structures, would adjust around the new income security system. The uncertainties linked with consumption or housing structures tied to unsecured debt would not disappear. An underlying tension within Basic Income narrative within and outside Europe today is then the way in which the rise of a moral case for Basic Income is contradicted by weaker public capacity. The wider argument of this paper is that whether due to the central influence of libertarian arguments, or due to changes in capitalism, or indeed the interaction between the two, Basic Income debate globally has been driven towards making decontextualised claims.

This then leads to my fourth and final argument, which is a need to clarify the broader institutional foundations for reform in the direction of Basic Income. The only way to rescue the Basic Income argument is to understand its connection with the public regulatory domain. The central analytical challenge for those interested in Basic Income is to understand the context, while limiting the claims about reform in the direction of Basic Income. When it comes to the plausibility of Basic Income narrative, the old saying remains relevant, that 'less is more'.

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Part IV

Pilot Projects and Other Experiments



15

The Negative Income Tax Experiments of the 1970s

Karl Widerquist

Introduction

Between 1968 and 1980, the United States (US) and Canadian governments conducted five Negative Income Tax (NIT) experiments, which continue to have an important impact on the discussion of Basic Income. These experiments provide not only inspiration and precedent for current experiments in Basic Income and similar policies; they also provide relevant data and important lessons for the contemporary Basic Income debate.

This chapter discusses some of the findings and a few of the lessons from the 1970s experiments. It draws heavily on an earlier article, ‘A failure to communicate: What (if anything) can we learn from the Negative Income Tax experiments?’ (Widerquist 2005), which contains additional findings of the 1970s NIT experiments. For a more in-depth discussion of lessons for contemporary experiments, see the forthcoming book, *A Critical Analysis of Basic Income Experiments for Researchers, Policymakers, and Citizens* (Widerquist 2018). This chapter draws on material in both the article and the book.

This chapter is divided into five sections. The first section discusses the labour market effects of the NIT experiments of the 1970s; the second the non-labour-market effects; and the difficulty of making an overall assessment of NIT or Basic Income from the experimental findings. The fourth

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section discusses how the public reaction to the release of NIT experimental findings in the 1970s fell victim to spin and oversimplification, and the final section discusses how later reassessments of these experimental findings avoided many of those problems.

Before moving on, it is important to note that Basic Income and NIT have major and significant differences, as other chapters in this book explain. The 1970s experiments focused on NIT because it was a far more popular policy at the time. Today, most political attention focuses on Basic Income, and therefore, these experimental results are slightly more removed from what we most want to know. However, they do have extremely important relevance for contemporary Basic Income *experiments*. Unfortunately, as I argue elsewhere, NIT is probably the closest approximation of a national Basic Income system that can be tested in a small-scale controlled experiment (Widerquist 2018). Experimenters can give a non-means-tested Basic Income to experimental subjects, but because adapting the tax system for a pilot community is almost impossible, they cannot observe the crucial interaction between Basic Income and the taxes needed to support them. Using a means-tested NIT in place of a Basic Income is a (somewhat clumsy) way to simulate the effect of taxes on beneficiaries. Experimenters therefore have a choice between ignoring the interaction effects or experimenting with NIT and not Basic Income.

The differences between Basic Income and NIT are probably smaller on an experimental scale than they would be in practice. Two of the biggest relative drawbacks of NIT—the difficulty that authorities face in determining how much people earn from week to week, and the difficulty recipients face in demonstrating their eligibility for means-tested benefits when they need them—are unlikely to exist in an experiment that will necessarily scrutinise participants closely. Perhaps the most interesting question that might be addressed by a Basic Income experiment—what happens when people never need to fear poverty even if they do not work—can be addressed by experimenting with either policy.

Labour Market Effects of the NIT Experiments of the 1970s

Unfortunately, most of the attention of the 70s experiments was directed not at the effects of the policy (how much does it improve the welfare of low-income people) but to one potential side effect (how does it affect

the employment hours of test subjects): so that issue takes up most of the discussion here.

Table 15.1 summarises the basic facts of the five NIT experiments.

The first experiment, the New Jersey Graduated Work Incentive Experiment (sometimes called the New Jersey–Pennsylvania Negative Income Tax Experiment, or simply the New Jersey Experiment), was conducted from 1968 to 1972. The treatment group originally consisted of 1216 people and dwindled to 983 (due to dropouts) by the conclusion of the experiment. Treatment group recipients received a guaranteed income for three years: that is, earned income was topped up so that net household income never fell below a specified level.

The Rural Income Maintenance Experiment (RIME) was conducted in rural parts of Iowa and North Carolina from 1970 to 1972. It began with 809 people and finished with 729.

The largest NIT experiment was the Seattle/Denver Income Maintenance Experiment (SIME/DIME), which had an experimental group of about 4800 people in the Seattle and Denver metropolitan areas. The sample included families with at least one dependent and incomes below \$11,000 for single-parent families or below \$13,000 for two-parent families. The experiment began in 1970 and was originally planned to be completed within six years. Later, researchers obtained approval to extend the experiment for 20 years for a small group of subjects. This would have extended the project into the early 1990s, but it was eventually cancelled in 1980, so that a few subjects had a guaranteed income for about nine years, during part of which time they were led to believe that they would receive it for 20 years.

The Gary Income Maintenance Experiment was conducted between 1971 and 1974. Subjects were mostly black, single-parent families living in Gary, Indiana. The experimental group received a guaranteed income for three years. It began with a sample size of 1799 families, which (due to a large drop-out rate) fell to 967 by the end of the experiment.

The Canadian government initiated the Manitoba Basic Annual Income Experiment (Mincome) in 1975 after most of the US experiments were winding down. The sample included 1300 urban and rural families in Winnipeg and in Dauphin, Manitoba, with incomes below C\$13,000 per year. By the time the data collection was completed in 1978, interest in the guaranteed income was seriously on the wane, and the Canadian government cancelled the project before most of the data had been analysed.

When the results were released, scholarly and popular media articles on the NIT experiments focused, more than anything else, on the NIT's

Table 15.1 Summary of the Negative Income Tax Experiments in the US and Canada

Name	Location(s)	Data collection	Sample size: initial (final)	Sample characteristics	G ^a	t ^b
The New Jersey and Graduated Work Incentive Experiment (NJ)	New Jersey and Pennsylvania	1968–1972	1216 (983)	Black, white, and Latino, 2-parent families in urban areas with a male head aged 18–58 and income below 150% of the poverty line	0.5 0.75 1.00 1.25	0.3 0.5 0.7
The Rural Income-Maintenance Experiment (RIME)	Iowa and North Carolina	1970–1972	809 (729)	Both 2-parent families and female-headed households in rural areas with income below 150% of poverty line	0.5 0.75 1.00	0.3 0.5 0.7
The Seattle/Denver Income-Maintenance Experiments (SIME/DIME)	Seattle and Denver	1970–1976 (some to 1980)	4800	Black, white, and Latino families with at least one dependent and incomes below \$1,000 for single parents, \$13,000 for two parent families	0.75, 1.26, 1.48	0.5 0.7 0.7–025y 08–025y

(continued)

Table 15.1 (continued)

Name	Location(s)	Data collection	Sample size: initial (final)	Sample characteristics	G ^a	t ^b
The Gary, Indiana Experiment (Gary)	Gary, Indiana	1971–1974	1799 (967)	Black households, primarily female-headed, head 18–58, income below 240% of poverty line	0.75 1.0	0.4 0.6
The Manitoba Basic Annual Income Experiment (Mincome)	Winnipeg and Dauphin, Manitoba	1975–1978	1300	Families with, head younger than 58 and income below \$13,000 for a family of four	C\$3800 C\$4800 C\$5800	0.35 0.5 0.75

^aG = the Guarantee level

^bt = the marginal tax rate

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‘work-effort response’—the comparison of labour time (in the sense of time spent in paid employment) of the experimental and control groups. Table 15.2 summarises the findings of several of the studies on the labour-time response to the NIT experiments, showing the difference in time spent labouring (the ‘work reduction’) by the experimental group relative to the control group in both labour hours and percentages. Results are reported for three categories of workers: husbands, wives, and ‘single female heads’ (SFH), which meant single mothers. The relative labour time reduction varied substantially across the five experiments from 0.5 to 9.0% for husbands, which means that the experimental group laboured less than the control group by about $\frac{1}{2}$ hour to 4 hour per week, or 1 to 4 fulltime weeks per year. Three studies averaged the results from the four US experiments and found relative labour time reduction effects in the range of 5–7.9% (Burtless 1986; Keeley 1981; Robins 1985).

The response of wives and single mothers was somewhat larger in terms of hours, and substantially larger in percentage terms, because they tended to labour for fewer hours to begin with. Wives reduced their labour time by 0–27%, and single mothers reduced their labour time by 15–30%. These percentages correspond to reductions of about 0–5 full-time weeks per year. The labour market response of wives had a much larger range than the other two groups, but this was usually attributed to the peculiarities of the labour markets in Gary and Winnipeg where particularly small responses were found.

All or most of the figures reported in Table 15.2 are raw comparisons between the control and experimental groups: they are not predictions of how labour market participation would be likely to change in response to a Negative Income Tax or a Basic Income. As I argue extensively elsewhere, there are many reasons why these figures cannot be taken as predictions of responses to a national programme (Widerquist 2018). I shall discuss four of those reasons here.

First, although study participants were drawn randomly, most samples were drawn only from a small segment of the population: people with incomes near to the poverty line, about the point at which people are most likely to labour less in response to an income guarantee because the potential grant is high relative to their earned income. Thus, the response of this group is likely to be much larger than the response of the entire workforce to a national programme. One study using computer simulations estimated that the labour time reduction in response to a national programme would be only about one-third of the reduction in the Gary experiment (1.6% rather than 4.5%) (Moffitt 1979). Although simulations are an

Table 15.2 Summary of findings of work reduction effect during US and Canadian Negative Income Tax experiments

Study	Data source	Work reduction ^a in hours per year ^b and percent			Comments and caveats
		Husbands	Wives	SFH	
Robins (1985)	4 U.S.	-89 -5%	-117 -21.1%	-123 -13.2%	Study of studies that does not assess the methodology of the studies but simply combines their estimates. Finds large consistency throughout, and "In no case is there evidence of a massive withdrawal from the labour force." No assessment of whether the work response is large or small or its effect on cost. Estimates apply to a poverty-line guarantee rate with a marginal tax rate of 50%
Burtless (1986)	4 U.S.	-119 -7%	-93 -17%	-79 -7%	
Keeley (1981)	4 U.S.	-7.9%			Average of results of the four US experiments weighted by sample size, except for the SFH estimates, which are a weighted average of the SIME/DIME and Gary results only
Robins and West (1980a)	SIME/ DIME	-128.9 -7%	-165.9 -25%	-147.1 -15%	A simple average of the estimates of 16 studies of the four U.S. experiments
Robins and West (1980b)	SIME/ DIME	-9%	-20%	-25%	Estimates "labor supply effects." It goes without saying that this is different from "labor market effects"
Cain et al. (1974)	NJ	-	-50 -20%	-	Recipients take 2.4 years to fully adjust their behaviour to the new programme
Watts et al. (1974)	NJ	-1.4% to -6.6%	-	-	Includes caveats about the limited duration of the test and the representativeness of the sample. Notes that the evidence shows a smaller effect than nonexperimental studies
Rees and Watts (1975)	NJ	-1.5 hpw ^b -0.5%	-0.61%	-	Depending on size of G and t
					Found anomalous positive effect on hours and earnings of blacks

(continued)

Table 15.2 (continued)

Study	Data source	Work reduction ^a in hours per year ^b and percent		Comments and caveats
		Husbands	Wives SFH	
Ashenfelter (1978)	RIME	-8%	-27%	-
Moffitt (1979)	Gary	-3 to -6%	0%	-26 to -30%
Hum and Simpson (1993)	Mincome	-17 -1%	-15 -3%	-133 -17%

^aThe negative signs indicate that the change in work effort is a reduction

^bHours per year except where indicated 'hpw': hours per week

NJ = New Jersey Graduated Work Incentive Experiment

SIME/DIME = Seattle/Denver Income Maintenance Experiment

Gary = Gary Income Maintenance Experiment

RIME = Rural Income Maintenance Experiment

Mincome = Manitoba Income Maintenance Experiment

SFH = Single Female "head of household"

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important way to connect experimental data with what we really want to know, using them can mean that the reported figures are driven more by the assumptions of the simulation model and less by the experimental findings.

Second, the figures do not include any demand response, which economic theory predicts would lead to higher wages and a partial reversal of the labour-time-reduction effect. As average labour hours decline, firms respond by bidding up wages, and workers respond by increasing average labour hours. One study using simulation techniques to estimate the demand response found it to be small (Greenberg 1983). Another found that ‘reduction in labor supply produced by these programs does tend to raise low-skill wages, and this improves transfer efficiency’ (Bishop 1979): that is, it increases the benefit to recipients from each dollar of public spending.

Third, although the figures were reported in average hours per week, they were very often misinterpreted to imply that 5–7.9% of primary breadwinners dropped out of the labour force. The reduction in labour hours was not primarily caused by workers reducing their labour hours each week (as few workers are able to do that even if they want to). Moreover, few if any workers simply dropped out of the labour force for the duration of the study, as knee-jerk reactions to guaranteed income proposals often assume (Levine et al. 2005). Instead, the reduction was mainly caused by workers taking longer to find their next job if and when they became non-employed.

Fourth, the experimental group’s ‘work reduction’ was only a relative reduction in comparison to the control group. Although this language is standard for experimental studies, it does not imply that receiving the NIT was the major determinate of labour hours. In fact, in some studies, labour hours increased for both groups, and the labour hours of both groups tended to rise and fall together along with the macroeconomic health of the economy—implying that when more or better jobs were available, both groups took them, but when they were less available, the control group searched harder or accepted less attractive jobs (Widerquist 2005).

Most laypeople writing about the NIT experiments assumed that any labour reduction, no matter how small, was an extremely negative side effect. But it is not obviously desirable to put unemployed workers in a position in which they are desperate to start their next job as soon as possible. It is obviously bad for the workers and families in that position. Not only is it difficult for families to go through periods of poverty: the fear of those periods of poverty reduces all workers’ ability to command good wages and working conditions in the labour market. Increased periods of non-employment might have a social benefit if they lead to better matches between workers and firms.

Non-labour-Market Effects of the NIT Experiments

The focus of the 1970s experiments on labour time is in one way surprising, because presumably the central goals of Basic Income or NIT are to reduce poverty and to increase the wellbeing of relatively low-income people, and assessing those issues requires us to look at non-labour-market effects rather than at reductions in employment hours.

The experimental results for various quality-of-life indicators were substantial and encouraging. Some studies found significant positive influences in elementary school attendance rates, teacher ratings, and test scores; some found that children in the experimental group stayed in school significantly longer than children in the control group; some found an increase in adults going on to continuing education; and some found desirable effects on many important quality-of-life indicators, including reduced incidents of low birth weight babies, increased food consumption, and increased nutritional content of the diet. Some even found reduced domestic abuse and reduced psychiatric emergencies (Levine et al. 2005).

Much of the attention to non-labour market effects focused not on the presumed goals of the policy but on another side effect: a controversial finding that the experimental group in SIME-DIME had a higher divorce rate than the control group. Researchers argued forcefully on both sides with no conclusive resolution in the literature. The finding was not replicated by the Manitoba experiment, which found a lower divorce rate in the experimental group. The higher divorce rate in some studies that have examined the SIME-DIME findings was widely presented as a negative effect, even though the only explanation for it that researchers were able to come up with was that the NIT must have relieved women from financial dependence on their husbands (Levine et al. 2005; Widerquist 2005). It is at the very least questionable to label one spouse staying with another solely because of their financial dependence as a good thing.

An Overall Assessment?

Most of the researchers involved in the NIT experiments considered the results extremely promising overall. Comparisons of the control and experimental groups indicated that the NIT was capable of significantly reducing the material effects of poverty, and the relative reductions in labour effort

were probably within the affordable range and almost certainly within the sustainable range.

But experiments of this type were not capable of producing a bottom line. Non-specialists examining the results might find themselves asking: What *was* the cost exactly? How much were the material effects of poverty reduced? What is the verdict from an overall comparison of costs and benefits?

Unfortunately experiments cannot produce an answer to these questions (Widerquist 2018). Doing so would involve taking positions on controversial normative issues, combining the experimental results with a great deal of nonexperimental data, and plugging it into a computer model estimating the micro- and macroeconomic effects of a national policy. The results of that effort would be driven more by those normative positions, nonexperimental data, and modelling assumptions, than by the experimental results that such a report would be designed to illustrate.

A qualitative grasp of the complexity of the results and what they are likely to indicate about a national policy is about the best a researcher can expect from an audience of non-specialists. Communicating such an understanding is no easy task—as the public reaction to the NIT experiments reveals.

Public Reaction to the Release of NIT Experimental Findings in the 1970s

As promising as the results were to the researchers involved in the NIT experiments, they were seriously misunderstood in the public discussion at the time, and discussions in Congress and in the popular media displayed little understanding of the complexity. The results were spun or misunderstood and were used in simplistic arguments to reject NIT or any form of guaranteed income.

The experiments were of most interest to Congress and the media during the period from 1970 to 1972, when President Nixon's Family Assistance Plan (FAP), which had some characteristics of a NIT, was under debate in Congress. None of the experiments were ready to release final reports at the time. Congress insisted researchers produce some kind of preliminary report, and then members of Congress criticised the report for being 'premature', which was just what the researchers had initially warned (Widerquist 2005).

Results of the fourth and largest experiment, SIME/DIME, were released while Congress was debating a policy proposed by President Carter, which had already moved quite a long way from the NIT model: but the confluence attracted a lot of media attention to the SIME/DIME findings. Unfortunately, media discussion based on dozens of technical reports with large amounts of data tended to simplify the findings down to two statements: NIT decreased 'work effort', and it supposedly increased divorce—both presumed to be bad things. The smallness of the labour-time response hardly drew any attention. Although researchers going into the experiments agreed that there would be some labour-time reduction, and were pleased to find that it was small enough to make the programme affordable, many members of Congress and popular media commentators acted as if the mere existence of any labour-time reduction at all was enough to disqualify the programme.

The public discussion displayed little, if any, understanding that the 5–7.9% difference between the experimental and control groups was not a prediction of the national response. Non-academic articles showed little or no understanding that workers did not drop out of the labour force, that the response was expected to be much smaller as a percentage of the entire population, that an employment hours reduction could potentially be counteracted by the availability of good jobs, and that such a reduction in labour hours could be the first step necessary for workers to command higher wages and better working conditions (Widerquist 2005).

A United Press International (UPI) report simply got the facts wrong, saying that the SIME/DIME study showed that 'adults might abandon efforts to find work'. The UPI apparently did not understand the difference between increasing search time and completely abandoning the labour market. *The Rocky Mountain News* claimed that the NIT 'saps the recipients' desire to work'. The *Seattle Times* presented a relatively well-rounded understanding of the results, but, despite this, simply concluded that the existence of a decline in labour time was enough to 'cast doubt' on the plan. Others went even further, saying that the existence of a labour-time reduction was enough to declare the experiments a failure. Headlines such as 'Income Plan Linked to Less Work' and 'Guaranteed Income Against Work Ethic' appeared in newspapers following the hearings. Only a few exceptions, such as Carl Rowan for the *Washington Star*, considered that it might be acceptable for people working in bad jobs to work less: but he could not figure out why the government would spend so much money to find out whether people work less when you pay them to stay at home (Widerquist 2005).

Senator Daniel Patrick Moynihan, who was one of the few social scientists in the Senate, wrote: 'But were we wrong about a guaranteed income! Seemingly it is calamitous. It increases family dissolution by some 70%, decreases work, etc. Such is now the state of the science.' Senator Bill Armstrong of Colorado, mentioning only the existence of a labour-time reduction, declared the NIT 'an acknowledged failure', writing, 'Let's admit it, learn from it, and move on' (Widerquist 2005).

Robert Spiegelman, one of the directors of SIME/DIME, defended the experiments, writing that they provided much-needed cost estimates that demonstrated the feasibility of the NIT. He said that the decline in labour time was not dramatic, and could not understand why so many commentators drew conclusions so different from those of the experimenters. Gary Burtless later remarked, 'Policymakers and policy analysts ... seem far more impressed by our certainty that the efficiency price of redistribution is positive than they are by the equally persuasive evidence that the price is small' (Burtless 1986).

This public discussion certainly displayed 'a failure to communicate'. The experiments produced a great deal of useful evidence, but they failed to raise the level of understanding either in Congress or in public forums. A review of the literature reveals that neither supporters nor opponents appeared to have a better understanding of the likely effects of NIT in the discussions following the release of the results of the experiments in the 1970s (Widerquist 2005).

Whatever the causes for it, an environment with a low understanding of complexity is highly vulnerable to spin with simplistic or nearly vacuous interpretation. All sides spin, but in the NIT debate of the late 1970s, only one side showed up. The guaranteed income movement that had been so active in the US at the beginning of the decade had declined to the point that it was able to provide little or no counter-spin to the enormously negative discussion of the experimental results in the popular media.

Whether the low information content of the discussion in the media resulted more from spin, sensationalism, or honest misunderstanding, is hard to determine. But whatever the reasons, the low-information discussion of the experimental results put NIT (and, with hindsight, Basic Income by proxy) in an extremely unfavourable light, when the scientific results were actually mixed-to-favourable.

The scientists who presented the data are not entirely to blame for this misunderstanding. Neither can all of it be blamed on spin, sound bites, sensationalism, conscious desire to make an oversimplified judgment, or the

failure of reporters to do their homework. Nor can all of it be blamed on the people involved in political debates not paying sufficient attention. It is inherently easier to understand an oversimplification than it is to understand the genuine complexity that scientific research usually involves—no matter how painstakingly that complexity is presented. It may be impossible to communicate the complexities to most non-specialist readers in the time a reasonable person might have to devote to the issue.

Nevertheless, everyone involved has a responsibility to try to do better next time.

Later Release of Experimental Findings

By the time the last of the NIT experiments came to an end in 1980, public attention to them had already fallen to almost zero. Academic discussion continued for another decade as researchers assessed and reassessed the data, and then that too dropped off in the early 1990s.

Starting in the 2000s, the NIT experiments began to attract the attention of the growing Basic Income movement. Several articles came out discussing the relevance of the NIT experiments to an assessment of Basic Income as a policy (Calnitsky 2016; Forget 2011; Levine et al. 2005; Widerquist 2005). Perhaps the political situation at the time made for a more receptive audience, or perhaps Basic Income researchers had learnt to present findings in ways more easily understood. But whatever the reason, the newly released findings had a much more positive impact on the Basic Income debate than NIT experimental findings released in the 1970s.

When Canada's Mincome experiment was cancelled, as many as 1800 boxes of file folders were left unexamined until 2009, when a researcher named Evelyn Forget received a grant to begin reopening them. Forget dubbed Mincome's saturation site (Dauphin, Manitoba) 'the town with no poverty', and the media picked up on it. Media reports stressed the effects (rather than the side-effects) of Mincome. These effects included reductions in hospitalisations, especially for mental health and accidents. Forget estimated the national savings that would occur if the decline in hospital visits were to be replicated nationally (Forget 2011). Media reports discussing the labour market impact did so in context, even discussing how the lack of pressure to find another job helped people to land the right job.

David Calnitsky drew on qualitative participant accounts from the Mincome experiments to show that the design of Mincome largely freed participants from social stigma. According to Calnitsky, 'the social meaning

of Mincome was sufficiently powerful that even participants with particularly negative attitudes toward government assistance felt able to collect Mincome payments without a sense of contradiction' (Calnitsky 2016).

Although the findings of the 1970s experiments are still relevant, probably the most important thing to take away, forty years on, is that researchers, reporters, policymakers, citizens, and anyone else interested in learning from experiments, should ensure that they avoid spin, simplification, and misunderstanding of the results of any future experiments.

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16

Citizen's Basic Income in Brazil: From *Bolsa Família* to Pilot Experiments, with an Appendix: From Local to National: Mexico City and Basic Income, by Pablo Yanes

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Introduction

We shall present the *Bolsa Família* as the first step towards a Basic Income for Brazil. We shall then discuss experiments in policies similar to Basic Income being implemented in some municipalities.

For the purpose of this chapter, 'Citizenship Basic Income' means a Basic Income that is sufficient to satisfy basic needs.

The Context

In Brazil, the historical development of a Social Protection System began in the 1930s. This was a period of profound socioeconomic transformation, and significant changes occurred in the development process of capitalism in the country. An agro-export development model changed to an urban-industrial model, which required the State to provide the social infrastructure needed by the new urban working class. The State therefore took over the regulation and provision of education, health, social security, low income housing, sanitation, public transport, and food and nutrition programmes.

The formal employment market was the context for the rise of Regulated Citizenship (*Cidadania Regulada*) (Santos 1987), allocated to urban workers

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by entries on their work cards; and labour laws therefore became the context for Brazil's social protection system. Consolidation and expansion of the system continued into the 1970s and 1980s, in the context of the military dictatorship (1964–1985). During this period, the

social programmes and services possibly took on the function of minimising the strong repression against the working class and the popular sectors in general. In this context, social protection had the role of contributing to the reproduction of the workforce and the legitimisation of the emergency regime. (Silva 2016c: 145, our translation)

However, social control, via social programmes, did not stop the rearticulation of civil society. The structuring and performance of new social movements (*sindicalismo autêntico*) occurred, political parties were no longer clandestine, and new parties were founded, such as the Workers' Party (PT—*Partido dos Trabalhadores*). Strengthened by the Catholic Church's Liberation Theology, these movements focused their attention on the poor and marginalised population.

Demands to redeem the social debt and to universalise social rights culminated in the Movement for Direct Elections (*Movimento por Eleições Diretas-Já*) and the end of the military dictatorship in 1985; and in 1988 the new federal constitution (FC) led to an increase in social rights and a trend towards universalisation. This process underwent an inflection in the 1990s, when the Brazilian government adopted a more neoliberal model of economic development. The result was a social protection system characterised by semi-contributory benefits for rural workers (which allows rural workers to receive pensions without having a full contributions record) and social assistance benefits for the elderly and disabled (the *Benefício de Prestação Continuada*: BPC—Continued Cash Benefit), to which has now been added non-contributory social assistance benefits.

It was therefore in a context of contributory, non-contributory and semi-contributory benefits that municipalities saw new cash transfer schemes in 1995, followed by state action. By 2002, forty-five municipalities had implemented experiments, and eleven state experiments had covered 1131 of the then 5561 Brazilian municipalities. In 2003 the *Bolsa Família* (Family Allowance) was created, which unified four existing federal programmes: *Bolsa Escola* (School Scholarship), *Bolsa Alimentação* (Food Aid), *Auxílio—Gás* (Gas Subsidies) and *Cartão Alimentação* (Food Card) (Silva et al. 2014).

Except for the *Benefício de Prestação Continuada* (BPC—Continued Cash Benefit, for the elderly over 65 years of age and those with disability), income transfer programmes in Brazil required families to fulfil conditions related to health and education.

In 2003, the National Congress of Brazil passed a draft bill by then Senator Eduardo Suplicy (PT—Workers' Party), to institute the *Renda Básica de Cidadania* (Citizenship Basic Income). The resulting Law nº 10,835 was sanctioned by President Luís Inácio Lula da Silva on the 8 January 2004. The Citizenship Basic Income is a cash transfer, sufficient to cover basic needs, for all Brazilians, independent of their socioeconomic situation or any other requirement, and for foreigners resident in Brazil for at least five years. However, this Law determines that the implementation of the Citizenship Basic Income should occur in stages, with a priority for the poorest. The *Bolsa Família* was intended as the first step towards its implementation, beginning in 2005, with further steps conditional on budgetary possibilities.

The *Bolsa Família* as the First Step Towards a Citizenship Basic Income in Brazil

The *Bolsa Família* is the largest income transfer programme in Brazil. It has been implemented in the 5570 municipalities and is central to the Brazilian social protection system. The programme is focused and has conditionalities, and it aims to complement the employment income of poor and extremely poor families (*Ministério da Cidadania* 2016).

The Ministry of Social Development (MDS—*Ministério do Desenvolvimento Social*), which manages the *Bolsa Família*, states as an objective of the programme that it contributes to the fight against poverty and inequality in Brazil. In order to fulfil this objective, the programme is structured into three main axes: *income complement*, by money transfers to the beneficiary families; *conditionalities*, that is, commitments to be undertaken by the families in the fields of health, education and social assistance; and *relationships with other programmes and actions*.

The process of enrolling families into the *Bolsa Família* begins with registration in the Single Cadaster (*CadÚnico*: a database used by the social programmes of the Federal Government in which information on Brazilian families with a family per capita income of up to half a minimum wage is recorded). Families are then selected from the Single Cadaster.

The basic criterion for the classification of poor families is a family per capita income of up to R\$ 178,00 (US 47.21: the exchange rate throughout this article is one US dollar to R\$ 3,77, which was the rate on the 7 November 2018). To be counted as extremely poor, a family will have a per capita income of up to R\$ 89,00 (US 23.60). After selection for the *Bolsa Família*, the family receives a bank card to draw money, the *Bolsa Família Card: Cartão Bolsa Família* (Silva and Lima 2017). Funds for the benefit are limited for each municipality, and the overall limit is the Programme budget.

When the *Bolsa Família* was established in 2003 it encompassed 3,500,000 families. In 2006 it had already been implemented in all Brazilian municipalities and in the Federal District. By May 2009 it was taking care of 11,611,680 families, and by March 2014 the total number of families had reached 14,053,368, and the total funds paid in benefits to the families that month was R\$ 2,112,724,614.00 (US 650,069,112.00). By May 2017, the total number of families covered was 13,313,779, receiving a mean monthly value of R\$ 180.49 (US 55.53), and, the same month, the total value transferred to families was R\$ 2,402,987,404.00 (US 739,380,739.69) (*Ministério da Cidadania* 2016). By February 2018, 14,080,828 families were receiving benefits with a mean monthly value of R\$ 177,39 (US 47.05). The total transferred by the federal government to the families that month was R\$ 2,497,795,507.00 (US 768,552,463.69) (*Ministério da Cidadania* 2018).

Table 16.1 shows types and values of monetary benefits transferred to the beneficiary families.

The benefits listed in the table above are complemented by: (a) Variable Benefit Linked to Adolescents, to the amount of R\$ 48,00 (US 14.24) (up to two benefits per family), paid to families with a monthly per capita income of up to R\$ 178,00 (US 47.21) and who have adolescents aged 16 and 17 years, with a requirement of 75% monthly school attendance; (b) Benefit to Overcome Extreme Poverty, paid to families that still have a per capita family income of less than R\$ 89,00 (US 23.60) (*Ministério da Cidadania* 2018). This places all families above the extreme poverty line.

While uprating does not follow stated criteria, which means that rates are subject to political decision (—nominal values of the *Bolsa Família* monetary benefits were only updated in 2007, 2008, 2009, 2011, 2016 and 2018), the regular monthly payments are a positive characteristic. As well as the cash transfers, the *Bolsa Família* provides non-monetary benefits: professional training, employment market insertion programmes, and credit to encourage entrepreneurship (Silva 2016a).

Table 16.1 *Bolsa Família* variable benefits (for up to five children and adolescents per family)

Variable Benefit linked to Children or Adolescents aged 0 to 15 years R\$ 41,00 (US 10.34)	Paid to families with a monthly per capita income of up to R\$ 178.00 (US 47.21) who have children or adolescents aged from 0 to 15 years old
Variable Benefit linked to Pregnant Women R\$ 41,00 (US 10.34)	Paid to families with a monthly per capita income of up to R\$ 178.00 (US 47.21) who include pregnant women in their composition, as long as the information is identified by the health department and inserted into the <i>Bolsa Família</i> System in Health. It consists of nine payments
Variable Benefit linked to Breastfeeding Women R\$ 41,00 (US 10.34)	Paid to families with a monthly per capita income of up to R\$ 178.00 (US 47.21) and that include children aged 0 to 6 months in their composition, to a total of six payments. Information about the child must be included in the Single Cadaster until the sixth month of life

Table created by the authors from data from *Ministério da Cidadania* (2018)

Families have to comply with conditionalities to stay in the programme. They must enrol their children aged 6–17 years old in school and maintain a monthly school attendance of 85% for those aged 6–15 years and 75% for young people aged 16 and 17 years; children aged less than 7 years must be vaccinated; children's growth and development must be followed; and pregnant women must undergo pre-natal examinations. Families that do not comply with the conditions are submitted to a punitive process that ranges from warning, suspension of payments, and the blocking of payments. When they repeatedly do not comply with the conditions, families are dismissed from the programme.

All of this means that the *Bolsa Família* is subject to complex verifications, and it focuses on poor and extremely poor families that are doing informal, unstable and precarious work, when they are not unemployed, and so have no rights to other social protection. The focus on poor and extremely poor families, the conditionalities, and the system for checking up on families, which the media and most segments of society approve, place recipient families a long way from receiving a Citizenship Basic Income. It is therefore difficult to see the *Bolsa Família* as the initial stage in the implementation of the Citizenship Basic Income, according to Law n° 10,835/2004 (Silva 2012, 2014; Silva and Lima 2017).

The problematic design of the *Bolsa Família* stems from conservative political ideas in Brazilian society, disintegrated rights, and a reduced

concern for social protection (Silva and Lima 2017). The *Bolsa Família* is constructed in a neoliberal context in which both economic liberalism and a conservative theoretical matrix are opposed to the universalisation of rights. Beneficiaries become depoliticised objects rather than subjects, subjected to a merely technical and instrumental perspective that selects and prioritises marginalised segments of society. The drive for efficiency reduces the content of social policies to compensatory residualism (Silva 2016b). The conditionalities are presented by those who created the programme as potentiating positive impacts and greater access to social rights, but they ensure that the poor cannot receive anything without giving something in exchange, and they transform a right into a concession (Silva et al. 2013).

The institution and use of a sophisticated information system to select, include, follow up, and dismiss families, and to include the poor in all social programmes of the Federal Government—*CadUnico*—compounds the focus on poor families and the adoption of conditionalities. The database on the poor, which must be updated every two years, raises the level of technification of assistance programmes in Brazil.

The transition from *Bolsa Família* to a Citizenship Basic Income should have begun in 2005. In 2018, it is not yet possible to identify any advance towards this. This delay can be explained by three factors that Standing (2017) thinks prevent the transition from focalised and conditioned income transfer programmes to a Basic Income: a belief disseminated in society and among public stakeholders that only the poor should receive a money transfer; the power of selectivity, which determines that only a few groups should have priority; and the adoption of conditionalities which require certain actions and behaviours from the beneficiaries. In addition, two other arguments unfavourable to the implementation of the Citizenship Basic Income are often found in the media, in legislative institutions, and among segments of society: (a) the amount of money needed is very high: an economic argument; and (b) a universal income transfer programme might disincentivise work: an ideological argument (Silva and Lima 2017). The structural limits of the *Bolsa Família*, and the political-conservative ideology conveyed by it, are consistent with other trends in Brazil: the taking apart of rights, deactivation of social programmes, and the reduction of funds aimed at programmes and actions that became part of a policy to deal with poverty in Brazil.

In the current Brazilian political context, since the impeachment of Dilma Rousseff, elected president for a second mandate, the installation of the conservative Michel Temer government (2016–2018), and the election of Jair Bolsonaro in 2019, antipoverty and social protection policy has been

devolved to other levels of government. There is therefore now even more doubt about a possible implementation of the Citizenship Basic Income as proposed by Eduardo Suplicy.

However, the factors preventing the adoption of a Citizenship Basic Income have not prevented debate, or attempts at implementing a Basic Income for Brazilians. We now present some experiments being implemented in some Brazilian municipalities.

Pilot Experiments of Citizen's Basic Income in Some Brazilian Municipalities

Basic Income is characterised by its *universality*, and must be paid to all residents of a community, state or country. It does not allow any kind of discrimination. It is *unconditional*, and transfers a uniform amount to all, without means testing or behavioural requirements. Theoretical and conceptual analyses of the content and concept of Basic Income are usually associated with the notions of social justice, freedom, development, safety, and the reduction of poverty and inequality. For Standing (2017), Basic Income is an income that allows someone to live in safety, to have enough to eat, to have access to education and health services, to participate in society, and to remain above the poverty line.

Based on the concept of Basic Income, and recognising the possibility of its gradual implementation, we present and analyse four experiments with similarities to Basic Income and Citizenship Basic Income (RBC—*Renda Básica de Cidadania*). All of the experiments are initiatives of Brazilian municipalities: Citizenship Basic Income of Quatinga Velha, established in 2008; Citizenship Basic Income of Maricá, established in 2015, and implemented in conjunction with the Mumbuca Minimum Wage; Citizenship Basic Income of Apiaí, proposed in 2013, but not yet implemented; and Citizenship Basic Income of Santo Antônio do Pinhal, proposed in 2012, but not yet implemented. Table 16.2 offers a general characterisation of these programmes.

The following elements qualify the experiments and proposals of Citizenship Basic Income (RBC Renda Básica de Cidadania) in Brazil:

- All of them maintain the name of the national proposal: Citizenship Basic Income;
- All were created by a legal instrument authored by the respective municipality;

Table 16.2 Characterisation of experiments in Brazil

Elements of characterisation	Santo Antônio do Pinhal/SP	Maricá/RJ	Quatinga Velho/Mogi das Cruzes/SP	Apiai/SP
Whether a Basic Income	Basic Income: but not implemented	Not a Basic Income, but intended to lead to one	Not a Basic Income, but intended to lead to one	Basic Income, but not implemented
Name of the Programme	Citizenship Basic Income of Santo Antônio do Pinhal	Citizenship Basic Income of Maricá implemented in conjunction with the Mumbuca Minimum Wage	Citizenship Basic Income of Quatinga Velha	Citizenship Basic Income of Apiai
Legal Instrument	Municipal Law N. 1090 of November 12, 2009	Municipal Law N. 2641 of December 11, 2015	Not informed	Municipal Law N. 041 of November 11, 2013
Date established	May 2012	December 2015	October 25, 2008	November 2013
Date of the beginning of implementation	Did not begin due to lack of resources to create the Municipal Basic Income Fund	Not informed	Not informed	Not implemented
Managing Body/Body Responsible for implementation	Municipal Council of Citizenship Basic Income	Municipal Department of Solidarity Economy/ <i>Instituto Periferia</i> which replaced the Palmas Bank in operating the programmes	(Institute for the Revitalisation of Citizenship) <i>Instituto pela Revitalização da Cidadania</i> (ReCivitas). An Organisation of Civil Society of Public Interest (Oscip)/Council of Residents	Municipal Department of Social Promotion

(continued)

Table 16.2 (continued)

Elements of characterisation	Santo Antônio do Pinhal/SP	Maricá/RJ	Quatinga Velho/Mogi das Cruzes/SP	Apiaí/SP
Objectives	To pay a basic income to the population (7000 inhabitants) of the town of Santo Antônio do Pinhal with the income from the resources of the Municipal Fund of Citizenship Basic Income	To reduce social inequality in the municipality, providing minimum conditions of subsistence for poor families, aiming to reach a universal basic income programme, unifying the existing incomes into a large RBC programme	To promote political and economic emancipation; To stimulate the development of free enterprise and individual responsibility; To preserve human dignity and individual freedoms	To reduce social exclusion; To redistribute income; To guarantee better conditions for the independence of women
Target Public	The entire population of Santo Antônio do Pinhal	The Mumbuca Minimum Wage is for people with a family income of up to 3 minimum wages, who live in Maricá. The RBC was started with the poorer people, with a plan to extend it to the entire population of Maricá	Residents of the municipality of Quatinga Velho/São Paulo	All who have resided in the municipality for at least five years
Total number of people covered	It was not implemented	In January 2018, benefits were paid to about 15,500 people, mostly beneficiaries of the Mumbuca Minimum Wage	It began in 2008 with 27 people, three years later it served 100 people	It was not implemented

(continued)

Table 16.2 (continued)

Elements of characterisation	Santo Antônio do Pinhal/SP	Maricá/RJ	Quatinga Velho/Mogi das Cruzes/SP	Apiai/SP
Sources of funding	Potentially it foresees the municipal government (6% of the tax collected), state and federal governments, corporate entities and individuals	The annual sum of funding in 2017: R\$ 1,171,340.00 (US 5,898,873.84); forecast for 2018: R\$ 2,677,000.00 (US 6,977,538.46)	Consortium formed by residents	The following are planned: <ul style="list-style-type: none"> • Donations from individuals or public or private corporate entities, national or international; • Transfers performed by other levels of government, State or Union; • Municipal funds available; • Other resources
Value of the Benefit	Not defined	R\$ 130,00 (US 34.48), of which R\$110,00 (US 29.17) of the Mumbuca Minimum Wage and R\$ 20,00 (5.30) of the RBC	R\$ 30,00 (US 7.95)	To be defined by the Municipal Council of Citizenship Basic Income
Periodicity of Payment	Not defined	Monthly	Monthly	By law it can be monthly, quarterly, half-yearly or annual
Payment mechanism	Not defined	Mumbuca Social Money, which only circulates in Maraca. 170 businesses were registered in a cadaster and these received the card reader, and the beneficiaries received magnetic cards	Payment delivered during home visits	Not defined

(continued)

Table 16.2 (continued)

Elements of characterisation	Santo Antônio do Pinhal/SP	Maricá/RJ	Quatinga Velho/Mogi das Cruzes/SP	Apiaí/SP
Inclusion criteria	Not defined	Having a family income of up to 3 minimum wages and living in Maricá. The RBC was begun by the poorest but it is planned to extend it to the entire population of Maricá	Without information	To be defined by the Municipal Council of Citizenship Basic Income
Permanence criteria	Not defined	The beneficiaries continue to receive the benefit, until they do not feel the need to use the card anymore, or they do not fit the requirements	Not informed	To be defined by the Municipal Council of Citizenship Basic Income
Dismissal criteria	Not defined	The dismissal is spontaneous or due to denunciations checked on and the appropriate measures taken	Not informed	To be defined by the Municipal Council of Citizenship Basic Income
Results of evaluation	Since it was not implemented, the Programme was not evaluated	The programme was not evaluated	The programme has been evaluated by the working team and various researchers	Since it was not implemented it was not evaluated

Source The authors' survey of information from the programmes

- The managing bodies and entities responsible for the implementation of the programmes are: two municipal departments, one Municipal Council, and one Organisation of Civil Society;
- The objectives indicated refer to reducing inequality and social exclusion; promoting emancipation, free organisation and individual responsibility; preserving human dignity and individual freedom; and guaranteeing better conditions for women's independence;
- The target public intended is either all of the resident population, all of the population resident there for at least 5 years, and all of the population resident, but beginning with the poorest or with newborns;
- As to the number of persons served, the RBC of Quatinga Velho began in 2008 with 20 people, and in 2012 covered 100 people; the RBC of Maricá, implemented in conjunction with the Mumbuca Minimum Wage, in January 2018, transferred benefits to 15,500 people, and we do not know how many of these people received the RBC;
- The main sources of funding are: municipal, state and federal governments; and donations from national or international businesses, individuals, and consortia formed by residents;
- The value of the benefit is R\$ 30,00 (US 7.95) for the RBC of Quatinga Velha, the payment being made during home visits; and the RBC of Maricá provides a transfer of R\$ 20,00 (US 5.30) Mumbuca to some beneficiaries of the Mumbuca Minimum Wage (Mumbuca is the name of the local currency used to pay for money transfers to the families, accepted in the accredited local trade);
- Inclusion is in principle the entire population, but often beginning with the poorest or with newborns; and removal might occur if recipients no longer need the benefit, so by the initiative of the beneficiary; or by removal by the programme;
- Evaluation: the RBC of Quatinga Velha has already been evaluated by internal and external agents, and by national and international scholars.

The proposals and experiments recorded are the result of several debates on Citizenship Basic Income in Brazil, which has expanded since Law nº 10,835/2004 was passed in 2004. This Law instituted a Citizenship Basic Income for all Brazilians and foreigners who have lived in the country for at least 5 years.

Eduardo Suplicy, who instigated the law, has been holding lectures and debates on Citizenship Basic Income in legislative institutions and academic environments, and among workers' unions and popular organisations. He unsuccessfully suggested to President Dilma Rousseff that a group

of scholars should be created to work on the process of implementing the Citizenship Basic Income. Since it was not possible to create the group officially, with the support of the President of the Perseu Abramo Foundation (*Fundação Perseu Abramo* [FPA]), Professor Dr. Márcio Pochmann, a group has been meeting to debate and disseminate the fundamentals and importance of the Citizenship Basic Income and to support the ongoing initiatives and encourage that others be formed.

In 2008 the first pilot experiment was implemented in Quatinga Velho, a community in the municipality of Mogi das Cruzes/São Paulo, followed by the creation of three more initiatives, as described in Table 16.2. The experiments are limited, both in terms of numbers of recipients and the monetary value of the benefit, but the level of formulation and systematisation achieved by the pilot experiment in Quatinga Velho in the municipality of Mogi das Cruzes/São Paulo is significant. The experiment has some of the characteristics of a Basic Income, and evaluation has shown positive results: so this experiment could be replicated. In the report on the experiment by Brancaglio and Pereira (2012), Basic Income is described as a 'method to eradicate the deprivations and promotion of individual freedoms'. Because the experiment is focused on citizenship, it cannot be transformed into a mere distribution of money, but instead enhances people's power of decision. The central idea, according to the authors, is the articulation of the pragmatic operational objectives of Basic Income, with the pedagogic objective of promoting the emancipatory ideal of guaranteeing human rights. This experiment has been developed with little money and with a small field team of one to two persons who work together with the population, at periodical and systematic meetings, where all of the decisions are taken collectively, so that the activity and evaluations do not focus on quantities, but on qualities and people. According to the authors, the information is collected at meetings, visits and observations, performed transparently, allowing researchers to collect spontaneous statements. At the first meeting to present and construct the proposal, out of the forty people present, twenty-seven decided to take part in the project. The project was therefore based on direct democracy and collective decisions, so that the decisions were in the hands of the residents. Because the project was funded by a consortium of residents, it was possible to focus the project on those most in need, without discrimination or bureaucracy. Brancaglio and Pereira (2012) believe that this kind of focalisation would be important to enabling a gradual process of implementation of a Basic Income on a large scale.

Highlighting elements of their evaluation, Brancaglio and Pereira (2012) point to:

- *Possibilities opened up by the experiment in terms of potential for innovation:* focalisation by value; validity of a Basic Income *in natura*, and the feasibility of a non-governmental Basic Income;
- *Important for understanding the experiment:* need for a democratic environment; perception of a political community with a local social network independent of geopolitical frontiers; legitimacy and the need for organised civil society to perform new public policies; importance of the direct democracy and self-determination for the full exercise of citizenship; need to approach the social action as a pedagogical process that is not separated from everyday life; understanding human development as based on perspectives on life.
- *Key methods applied for the success of the experiment and consolidation of a model that can be replicated:* self-determination by mutual recognition; direct democracy; pedagogy of inspiration. Consequently, the following were emphasised: an emancipatory understanding of Basic Income; identification of the community as a network; and a vision of the project as an integrated pedagogical process.

In conclusion, the authors emphasise that it is not a problem that the experiment in Quatinga Velho is small. What is important is that it can be reproduced, beginning with small and peripheral communities, and then multiplying nuclei in a decentralised form and integrating them into a network, enabling the instances of decision to remain at the local level. They consider that this model requires the creation of Investment Funds to finance new communities that could be associated with government action. They propose the construction of strategic plans to eradicate poverty in given territories, employing the efficiency and pragmatism of public policies, without the loss of values and principles fundamental for human development.

In brief, the authors believe that Basic Income should not be conceived as

... only money or credit—which would not be insignificant—it is also the catalyst of a new cycle of human and economic development, capable of releasing the potential for latent or repressed development in the community, stimulating social capital to return to circulation and reproduction as individual and collective will, and developing socially and economically, and above all, personally. (Brancaglio and Pereira 2012: 54)

The authors also emphasise that

Basic Income is not merely the demand for the end of conditionalities of government programmes but rather the development of new models, that, more consistently, waive not only the conditionalities, but all forms of coercion in favor of the guarantee of real freedoms as rights: something that is not only possible in civil society, but is only possible with the commitment of civil society. (Brancaglio and Pereira 2012: 56)

Conclusion

The ideas developed in this chapter enable us to conclude that the implementation of Citizenship Basic Income in Brazil is still in an initial stage. It now requires political support and, especially, the support of society. This is because we recognise the persistence of conservative arguments against a proposal of this kind, especially in the media, legislative institutions, and segments of Brazilian society. We have pointed out limits and structural difficulties with the *Bolsa Família* as an initial step towards the implementation of Citizenship Basic Income in Brazil. The *Bolsa Família* is focused on poor and extremely poor families, and is subject to conditionalities, and punishment for non-compliance. These qualifiers are antagonistic to the fundamental principles of Basic Income, which has to be unconditional and universal. In this sense, we consider it inappropriate to see the *Bolsa Família* as a first step towards the implementation of Citizenship Basic Income in Brazil. It might be easier to see it as a political strategy to delay the implementation of the Citizenship Basic Income in Brazil. Only transforming the *Bolsa Família* into an unconditional and universal income would enable us to see it as a first step towards implementation of Citizenship Basic Income. This will be difficult in the current economic, political, institutional and ideological context of Brazilian society. One of the main expressions of this context is the advance of conservative thinking which advocates a severe cut in expenditure on social matters, and an attack on important labour and social security rights in favour of a fiscal adjustment, the burden of which falls only on the working class and the poorer segments of society.

Among the four municipal experiments that we have described, one (Quantiga Velho) is a pilot experiment with a high level of systematisation: but it is for a small number of beneficiaries, it transfers only a symbolic amount of money (R\$ 30,00—US 7.95), and it remains conditional.

Programmes that begin with the poor or with newborns, and from which people can be dismissed, are not coherent with the proposal for a Basic Income.

According to this, the proposals and experiments formulated so far in Brazil present an as yet very limited dimension, both in the size of the public covered, and in the monetary value of the benefit, besides the fact that some present components are in conflict with the fundamentals of an authentic Basic Income proposal.

Appendix: From Local to National—Mexico City and Basic Income

By Pablo Yanes¹

The Basic Income proposal has conquered a space within the public arena and within Mexican public discourse. Its presence in this space is part of a trajectory that, even if not linear and without setbacks, is clearly ascendant and seems to have reached a point of no return. In Mexico, one can be for or against Basic Income: but the idea can no longer be ignored or disregarded within public discourse. This process is the result of two decades of hard work. Even though essayist Gabriel Zaid had proposed the creation of a universal cash transfer equivalent to what we now call Basic Income in his book, *Unproductive Progress (El Progreso Improductivo)* during the 1970s, it was not until the beginning of this century that the Basic Income proposal began to be discussed in a growing and systematic fashion in Mexico. In this regard, the experiences of local governments and of the Constitution of Mexico City have been crucial.

In 2000, contrary to the dominant social policy tendencies in Mexico and Latin America, the Mexico City government (then the government of Mexico City, Federal District) headed by Andrés Manuel López Obrador (now President of Mexico, 2018–2024), created and implemented an unconditional and universal pension for all persons aged seventy years or more who resided in Mexico City, under the principles of universality, individuality, perpetuity, and unconditionality. A law establishing this pension as a demandable right was enacted three years later. Establishing resources

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for it within the city budget became mandatory. The law was amended a few years later in order to expand the rightholders to all persons aged sixty-eight years or older. In this way, the universal senior citizen's pension's cycle went from a programme, to a right, and later to an expansion in the rightholding population. From the standpoint of creating public policies with a human rights focus it possessed the attributes of universality, equality, non-discrimination, progressiveness, non-regressiveness, and demandability. Given that it was created and implemented during the peak and generalisation of targeted cash transfers in Latin America, the universal senior citizen's pension of Mexico City was extremely innovative, a breath of fresh air in the debates around social policy. Other programmes implemented around the same time which also followed a similar ethos were *Renta Dignidad* in Bolivia and, partially, *Asignación Universal por Hijo* in Argentina.

Strictly speaking, the universal senior citizen's pension in Mexico City is not a Basic Income because it does not cover the entire population. However, it closely mirrors Basic Income conceptually and philosophically since it is individual, not means tested, unconditional, and for life. Because of this, when Basic Income is discussed in Mexico, the references are not just theoretical, conceptual or abstract, but rather they reference a particular experience which is well known, liked, and valued by society. The existence of an unconditional universal pension in Mexico is an excellent and potent starting point for the understanding of, and empathy for, the proposal of Basic Income, for everyone from a broad spectrum of social sectors.

It is no coincidence then that the most important public discussion around Basic Income in Mexico was held precisely within the context of the creation and approval of the first Constitution of Mexico City (2017–2018). One of the richest and most intense debates that occurred during the Constitutive Assembly was, precisely, the one regarding Basic Income. In its original version, the proposal in the Constitution of Mexico City read as follows:

Every person has a right to a standard of living that is adequate for them and their family, as well as a continued improvement of their conditions of existence. The right to a Basic Income is guaranteed, with priority for people in situations of poverty and those who cannot fulfill their material needs by their own means, as well as priority attention groups. (Mexico City 2017)

The recognition of Basic Income as a right—even though initially what would have been implemented would have been a means-tested but

otherwise unconditional income for the poor, rather than an unconditional income for everyone—was submitted to a vote by the Assembly and garnered 57% of the vote, a clear majority, but not the 66% majority required by the Assembly rules. This led to a new round of negotiations, just as or even more intense than the original debates. Finally, after several long days, and because of the prospect of not obtaining a two thirds majority, the following wording was agreed upon:

Article 9. Dignified Life. 2. Every person is entitled to a minimum vital figure to ensure a dignified life by the terms of this Constitution.

This very relevant discussion was held just a few months before the start of the presidential election of 2018 which was eventually won by Andrés Manuel López Obrador with a large majority of the vote (53%). Within the context of the 2018 election, the three candidates from the participating parties made proposals that involved the expansion of cash transfers towards the population (again, a counterpoint to the dominant trends in Latin America). López Obrador, the election winner, proposed expanding the senior citizen's pension to a national scale, and establishing scholarships for students and aid for people with disabilities. Ricardo Anaya (distant second place) made the Basic Income proposal his own but never turned it into the guiding axis of his campaign and failed to gather the required momentum (he was also criticised for the proposal, as his party had just opposed the Basic Income proposal in the Constitution of Mexico City, and his proposal was not considered original but rather a copy of previous proposals made by legislators from other parties). Finally, José Antonio Meade (distant third place) made a proposal to double the amount of the existing senior citizen's pension and to incorporate an additional two million families into the conditional cash transfer programme *Prospera*.

What will now happen, as repeatedly stated by López Obrador, is that the universal senior citizen's pension, which began at the turn of the century in Mexico City, will be expanded to the rest of the country, and will become a national entity. It is not, strictly speaking, a Basic Income, but it could very well be a step in that direction. It is not for the entire population, but it is Basic Income for all senior citizens. A bounded Basic Income but still a Basic Income in its fundamental aspects.

From local to national, walking in a spiral, the debates around Basic Income in Mexico are sure to continue and to deepen in the coming years.

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17

Basic Income by Default: Lessons from Iran's 'Cash Subsidy' Programme

Massoud Karshenas and Hamid Tabatabai

Introduction

Iran's universal cash transfer programme, launched in December 2010, consists of paying all Iranians irrespective of age, sex, or work status, a fixed sum of 455,000 rials per month. At the prevailing exchange rate in 2010, the cash transfer was equivalent to US\$45 per person, which, for a household of average size, amounted to two-thirds of the minimum wage. Officially labelled a 'cash subsidy', this scheme is not exactly a Basic Income as it is not paid to individuals but to household heads in proportion to their household size: but otherwise it shares the key features of a Basic Income—it is paid by the government on a regular monthly basis, it covers the entire population, and it is unconditional—and although the payment is made to the head of the household, the calculation is individual-based. Given that the only difference from the normal definition of a Basic Income is the payment of all of a household's individuals' Basic Incomes to one individual in the household, for the purposes of this chapter we shall call the Iranian cash transfer a Basic Income.

The amount of the payment has never been sufficient to cover basic needs and its purchasing power has dropped dramatically over the years.

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But the scheme has been popular and has shown remarkable staying power despite a hostile economic environment, political vicissitudes, and considerable controversy throughout. This resilience highlights an important lesson: once begun, it is very difficult to halt a Basic Income. However, if the Basic Income is not framed from the outset as the citizens' right to a Basic Income, then the income can be allowed to fizzle out through inflation, as seems to be the case in Iran. Nonetheless, given the size, duration and universality of Iran's cash transfer scheme, other valuable lessons from this experience, in terms of its mode of financing and various impacts, can be learnt.

This chapter presents Iran's cash subsidy scheme, beginning with an overview in the next two sections of its genesis and actual implementation (these two sections draw on Tabatabai 2011, 2012a, b). This is followed by an assessment of the impact of cash transfers on incomes and expenditures, labour supply, inflation, income distribution, and poverty. The next section then turns to the evolving state of debate and policy on the scheme and on its future prospects. The concluding section highlights some lessons of Iran's experience that might be of relevance to similar efforts elsewhere.

Genesis: Price Subsidy Reform and the Triumph of a De Facto Basic Income by Default

As a major producer and exporter of oil for decades, Iran's easy access to oil revenues has spawned a culture of resource management that tends to favour short-term expediency over long-term transformation. A major manifestation of this lax culture has been the cheap fuel policy in the domestic market. Before the reform of 2010, the cost of petrol was equivalent to US10¢ a litre and diesel fuel only 1.6¢. Gas, water, and electricity were similarly cheap, as were some staple foods such as bread. The result was overconsumption, inefficient production, waste, pollution, smuggling to neighbouring countries, and, last but not least, a lopsided distribution of benefits, as the bulk of subsidies went to the better-off sections of the population who consumed more. By official estimates, price subsidies were costing over \$100 billion a year, of which 70% went to only 30% of the population, mostly in the urban areas.

A variety of policies were attempted over the years to improve the management of the oil wealth, but they bore little fruit. The reform of price subsidies in particular, while widely acknowledged as necessary, was always of marginal interest, and old practices continued. In 2008, however,

the government of then President Mahmoud Ahmadinejad came up with a radical plan that entailed massive increases in subsidised prices coupled, in compensation, with the redistribution of much of the resulting proceeds to the public in the form of cash. 'Cash subsidies' would thus replace the implicit and explicit price subsidies that Iranians had been enjoying for decades. In addition to fuel products, the reform would also extend to electricity and water services, transport, bread, and some other items, but over 90% of the subsidies concerned fuel.

There followed some two years of intense debate, much of it in public. There was little disagreement that the system of price subsidies needed reform. Nor was there much controversy about the need to compensate lower-income households with cash transfers, which are fairly well established in Iran through various aid programmes. Some critics questioned the timing of the reform in an uncertain environment, others cast doubt on the implementation capacity of the government, but the most widespread concern was the fear of runaway inflation and its implications for livelihoods.

Less controversial was the targeting of cash transfers. While views differed as to whether the transfers should cover the lowest two deciles of the population, or five, or seven, or even the entire population, the issue was overtaken by events when the government rushed to put in place a targeting mechanism pre-emptively, long before the reform plan was to be considered by the parliament. Towards the end of 2008, heads of households were invited to apply for the transfer by filling in a Household Economic Information Form, which, apart from demographic information, enquired about the socioeconomic status of household members, in particular their incomes and assets. With about 70% of the population earning less than the average national income, a methodology was developed to identify three groups of households: (1) the bottom four deciles that would be entitled to the highest transfer amount per person; (2) the middle three deciles that would receive somewhat less; and (3) the top three deciles that would not receive any.

The results, however, did not please everyone, and many households objected to their group assignment. Over time, the chorus of protests grew loud enough for the government to abandon the exercise and to declare everyone eligible for the transfer. This about-face was billed as temporary, and the door was left open to reviving targeting at some later date when a more satisfactory methodology could be developed. The resulting universal coverage by default heralded the uniformity of the transfer amount for all. Although the amount could in principle have varied by such easily ascertainable criteria as age, or region of residence (higher amounts for the more deprived provinces was one of the options considered), in the end,

the simplest option of a uniform payment was adopted. As regards the transfer amount, no official figure was available until the reform went into effect, but speculation was rife, with most estimates being in the range of \$10–\$25 per person per month, depending on the underlying assumptions. Such estimates were generally based on the provisions of the subsidy reform bill that was under consideration in the parliament.

Implementation: A Process Derailed

The government tried to put in place a targeting mechanism so early on because it believed that it already had the authority to undertake the reform and that no new legislation was needed. However, given the scope of the envisaged reform and its potential implications, this view did not pass muster, and the parliament formally took up the discussion of a reform bill towards the end of 2009. The debates led to a patchwork of compromises that, while allowing the passage of the law, made implementation problematic. The Subsidy Reform Law was enacted in January 2010, despite government objections to some of its provisions (Guillaume et al. 2011, Appendix I: 24–28). The main provisions of the law authorised the government to reform the prices of fuel, electricity, water, transport, and postal services, as well as of some subsidised food items over the five-year period 1389–1393 in the Iranian calendar (21st March 2010–20th March 2015). Domestic sale prices of petrol, diesel fuel, and other fuels, were to be raised *gradually* to reach at least 90% of Persian Gulf Free On Board (FOB) prices. For natural gas, domestic prices would be increased to eventually exceed 75% of average export price; and for electricity and water to reach their full cost price. In the case of wheat, rice, cooking oil, milk, sugar, air and rail transport, and postal services, arrangements were to be made for the gradual elimination of subsidies over the same five-year period.

The net revenues thus generated were to be used to compensate the population and to facilitate the structural transformation of the economy. The law authorised the government to spend up to 50% of the net proceeds for (1) cash and noncash subsidies to all households countrywide, *taking into account the level of household income*; and (2) implementing a comprehensive social security system for the targeted population. Cash payments would be made through the banking system to the head of each eligible household. The payments would be exempt from income tax.

The Law also set aside 30% of the net proceeds to help producers to adopt energy saving technologies, to compensate some of the losses that

companies and municipalities providing utility services would experience, to develop and improve public transport, and to promote non-oil exports. The remaining 20% of the net proceeds, commonly known as the government share, would be used to compensate for the impact 'on spending and the acquisition of capital assets', with no further specification. The imposition of five years for the implementation process, instead of the three that the government wanted, was meant to ensure a more gradual pace of reform and a dampening of its inflationary effects. This gradualist intent was underlined by limiting the net proceeds from higher prices in the first year to a maximum of \$20 billion, a provision that the government had vigorously opposed as unrealistic, demanding a cap of \$40 billion instead to allow for a faster initial pace of reform. This conflict about the pace of reform proved to be significant as it prompted an implementation process that, while sticking to the letter of the Law, comprehensively violated its spirit, with reverberations that continue to this day.

Having failed to get its way in parliament, the government took advantage of a loophole in the Law and delayed launching the reform for the first nine months of Iranian year 1389 (the last three quarters of 2010). The delay was ostensibly to allow for more thorough preparation, but it served to vastly accelerate the pace of reform as the government then set out to generate a good part of the new proceeds authorised for the first year in only its final quarter. The scale of price increases—from 75% to 2000%, depending on the item—then went far beyond what would have been required to collect the authorised revenues over a twelve-month period. Such acceleration was of course what the government had wanted all along, since more drastic changes in relative prices would have more of an impact on the behaviour of consumers and producers, and more rapidly. The main reason for the delay, however, was to allow the transfer amount to be set at a much higher level than would have been possible otherwise, since the 'inflated' revenues collected over three months would also be distributed over the same three months. The transfer amount was set at the equivalent of \$45 per person per month, nearly three times the maximum amount consistent with strict adherence to the (implicit) provisions of the Law, which was about \$17. This seems to have been regarded by the government as necessary for a more radical transformation of the economy while ensuring public support. A cash subsidy of about \$17 per month per person—only 5% of the minimum wage—would have had little incentive effect, and might well have scuttled the reform from the start. Plausible as this argument might have been, it had the downside effect of derailing the finances of the scheme and jeopardising its future, as we shall see.

Cash transfers to households started at the same time that price increases went into effect, on the 19th December 2010. The transfers are deposited in household bank accounts throughout the country at one pre-announced midnight towards the end of each month. But while payments to households have been regular, those destined for businesses and the government have been anything but. Once the 'inflated' household payments are made, there is little, if anything, left for businesses and the government. The universality of payments, their 'inflated' level (relative to revenues collected), and, to make matters worse, the apparent overestimation of expected revenues from the reduction of subsidies, compelled the government to mobilise other sources of funds to top up the proceeds from the higher prices of previously subsidised goods, a practice that is completely at odds with the original idea of a self-financing reform. It is thus not surprising that most observers were sharply critical of the implementation process. Ali Larijani, the speaker of parliament, echoed that feeling by lamenting that the parliament never imagined that the government would go about implementing the Law in the way that it did.

The partial reform of price subsidies in December 2010 was meant to be only the first stage of a five-year process, to be followed by further reductions in price subsidies, and concomitant increases in cash subsidies, which President Ahmadinejad claimed could be increased four or five fold in due course. However, with economic turmoil gathering momentum as international economic sanctions intensified in 2011 and as Ahmadinejad's government departed in August 2013, the follow-up process fell by the wayside. Ahmadinejad's argument, often labelled as populist, that far more of the country's revenues could be distributed directly to people in cash, has had few takers (Ahmadinejad 2018).

The new government of President Hassan Rohani regarded the cash subsidy programme as an inherited albatross that it could do without, but it was difficult to shake off. The government was not alone in this perception. Much of the political class, and the vast majority of experts, have been critical of the scheme from the start. One criticism concerns the drain on public resources. Many consider that the large amounts distributed in cash could have been redirected to other priorities such as health, education, and infrastructure, all of which suffer from underinvestment. While on the surface this was indeed an option, even perhaps an economically preferable option, it ignores the principal political reason for the previous government opting for cash subsidies: namely, to win public support for the massive cuts in price subsidies that would otherwise have been inconceivable. The revenues

collected could therefore not be viewed as fungible funds that could be allocated among various priorities, as are other public resources. As a matter of fact, the need to use the proceeds of cuts in subsidies to increase household incomes was so acute that the Law set up a special fund separate from the public budget to allay fears that the new revenues might not be returned to the public in cash. But if cash subsidies were indispensable at the start of the reform process, ending them altogether after three years of disbursement was simply not an option, all the more so as lower-income recipients became ever more dependent on them as inflation reached 40–45% by the end of Ahmadinejad's mandate. The new government thus reassured the public early on that cash subsidies would continue, albeit eventually only for 'needy' households.

This reference to 'needy' households was reminiscent of the previous government's (passing and then ignored) pledge to target the transfers after an initial period of unconditionality. Nothing changed for about two more years as cash subsidies continued to flow into bank accounts. As it approached the end of its term, however, the opposition-dominated parliament, still reeling from its loss three years earlier at the presidential elections, saw fit to fire a parting shot by adopting a new law in April 2016 that set a ceiling for the total amount to be distributed in cash to 'needy' households, leaving it to a sceptical government to determine the criteria for inclusion in, or exclusion from, the scheme. This implied the exclusion of some 24 million recipients (30% of all residents) (Erdbrink 2016). Many viewed this as a not-so-subtle stratagem by a lame-duck parliament to tie the hands of the Rohani government and cut into its popularity, which would have been an inevitable result of cutting off cash subsidies to nearly a third of the population just a year before the next presidential elections. This appears to be how the government saw it too as it dragged its feet in putting the new Law into effect. As a result, no more than 5 million people were thrown off the rolls, although, interestingly, 1.5 million of them (30%) had to be restored after complaint due to the wrongful application of vague and often mysterious targeting criteria. In 2016, the latest year with such data, 840,000 recipients were dropped, but 60% of those had to be restored, suggesting that later exclusions were beset with more errors. The process has been plagued with uncertainty as periodic announcements about massive exclusions are scaled back or put on the backburner, depending on political conditions. In the latest example, millions were supposed to be excluded from the programme in 2018, but the idea was quietly dropped following widespread unrest in some hundred cities in the country in January 2018.

The Impact of the Cash Transfer Scheme

Given the size and universality of cash transfers, their impact was always going to be significant and multifaceted. However, the influence of international economic sanctions and other intervening factors over the course of the scheme makes an assessment of this impact difficult.

Some of the qualitative effects are easier to discern. The scheme established and institutionalised universal entitlement to cash transfers, and gave rise to a nationwide constituency that resists the scheme's roll-back. The novel funding mechanism relied mainly on higher domestic energy prices rather than on taxes or oil export revenues, so Iran was effectively modelling the carbon taxes being increasingly discussed in more advanced countries. The scheme also helped to spread banking services throughout the country. The smooth handling of the roll-out confirmed that the government was capable of implementing such a large project if the political will is there (Guillaume et al. 2011). And all this in a large country of eighty million where the notion of Basic Income was and remains virtually unknown, let alone thought of as a right of citizenship. Indeed, a legitimate case might be made that this lack of knowledge about the concept was actually a key factor in allowing a *de facto* Basic Income programme to emerge as a mechanism for ensuring support for a reform of an inefficient and unfair system of price subsidies.

The impact on the economy was multifaceted and complex. Unfortunately, other internal and external shocks that occurred within a year of the implementation of the subsidy reform, particularly those associated with the introduction of the UN sanctions, the precipitous fall in economic activity, the collapse of the exchange rate, and the resulting inflationary pressures, add to the complexity of investigating the effects of subsidy reform. For this reason, most of the empirical studies of the cash transfer programme have focused on its impact during the first year of the reform. For an exception that focuses on the importance of incentives, see Gauthier and Tabatabai (2019) which relies, *inter alia*, on detailed annual income and expenditure data on urban literate households for the six-year period 1388–1393 of Iranian calendar, which is the two years preceding the reform and the four after it.

The value of cash transfers during the first year of the subsidy reform is estimated at 6.1% of Gross Domestic Product (GDP) (International Monetary Fund 2014). This was entirely taken up by cash transfers to households, because the 50–30–20% (household-industry-government)

formula specified in the subsidy reform law had fallen by the wayside. The high proportion of GDP was due largely to the populist political stance of Ahmadinejad's government in setting the level of cash transfers at the equivalent of \$45 per person, which had no relationship to either the stipulations of the subsidy reform law or the economic realities at the time, and also to overoptimistic estimates of the funds that the price reforms would procure. In fact, according to the International Monetary Fund (IMF) estimates, the budget of the Targeted Subsidy Office (TSO) that was in charge of the household cash transfers had a deficit of about 1.6% of GDP during its first year of operations. These facts had important implications for the short-term impact of the scheme as well as its long term sustainability. We start with the short-term income and labour supply effects of the scheme.

Income Effect and Labour Supply Issues

Cash transfers constituted a sizable increase in household incomes, depending on the demographic composition of households and their pre-existing income levels. According to estimates, during the first three months of the reform programme, the transfers for a household with average size of four people with median income constituted 28% of household income (Salehi-Isfahani et al. 2015). During the first year, our estimates in Table 17.1 indicate that cash transfers were 14.2% of average household expenditure in

Table 17.1 Contribution of cash transfers to total expenditure by expenditure decile, 2011

Expenditure decile	Cash transfer as % of household expenditure	
	Urban areas	Rural areas
1	42.2	79.7
2	32.2	60.3
3	27.7	53.0
4	22.9	43.1
5	20.7	39.5
6	17.9	34.0
7	15.2	29.5
8	12.9	24.3
9	9.6	18.1
10	4.9	9.7
Average	14.2	26.1

Note The table assumes 80% overall coverage. Table constructed by the authors from estimates of probability of inclusion for each decile contained in Salehi-Isfahani et al. (2015)

urban areas and 26.1% for rural areas. They thus reduced the income gap between rural and urban areas. The same can be said about regional income disparities, which would have been narrowed as a result of the lump sum transfers to households.

Similarly, the relative impact of the cash transfers across different income groups varied inversely with per capita income levels. As shown in Table 17.1, cash transfers form around 30–40% of household expenditures in the lowest two deciles in urban areas compared to 5–10% in the top two expenditure groups. In rural areas, the corresponding shares are 60–80% as against 10–20%. The figures for the low and top deciles may be somewhat underestimated as they are based on the lower overall coverage of the population at the early stages of the scheme, coverage of which increased over time from about 80% to virtually the entire population.

The high shares of income transfer reported in Table 17.1 do not necessarily indicate a net gain of similar magnitude by the recipients. This is partly due to the fact that income transfers were financed by substantial increases in energy prices. However, since the share of subsidised utilities in total household expenditures is relatively small, the net transfer would still be large and positive. According to estimates by Salehi-Isfahani et al. (2015), the increase in household expenditures due to price increases in all of the subsidised products and services was about 5% for the bottom decile and no more than 2.4% for the top decile. This of course does not take into account the general inflationary effect of cash transfers which we shall discuss shortly below.

Another issue that arises in interpreting the cash transfer rates shown in Table 17.1 is that they are ex-post accounting figures and do not show the possible negative effect that the transfers might have had on other sources of income, particularly those arising from paid labour. According to conventional neo-classical theory, the income effect of large transfers would lead to the contraction of labour supply and therefore of earned incomes. Alternative theories, however, can predict other outcomes. For example, if the labour supply of low-income households is constrained by a lack of complementary investment and other inputs due to credit constraints, then cash transfers can lead to a higher labour supply and an increase in earned incomes. The counterfactual exercise necessary to discern between the alternative theories is often impractical.

With the appropriate data, one can try to estimate the impact of the cash transfers on labour supply, controlling for other factors that influence labour supply. This has been attempted by Salehi-Isfahani and Mostafavi-Dehzoeei (2017), where using a panel data set of recipients and non-recipients of cash

transfers during the early months of the implementation, they estimate the impact on the labour supply of workers in different income and age groups. They find no negative effect on either the hours worked or the participation rates among the bottom 40% of income groups. They only find a negative labour supply effect among the 20–29 age group, which they attribute to the possible effect of cash transfers on the increased participation of young adults in tertiary education, which could be regarded as an investment effect rather than as a substitution of work for leisure, as in the standard theory. The researchers in fact find a positive labour supply effect in the services sector, which they interpret as the possible effect of cash transfers in relaxing credit constraints on self-employed workers. According to the Statistical Centre of Iran, however, the female labour force participation rate declined from 12.1% in 2009 to 10.0% in 2011 (Statistical Centre of Iran 2017: 36). The fact that men, as household heads, were the main recipients of the cash transfers, might have contributed to this phenomenon by strengthening patriarchal gender norms.

Another potential negative effect of cash transfers discussed in the literature is one on the consumption of so called 'temptation goods', largely alcohol and tobacco. This might appear to be particularly important in the case of Iran, as cash transfers were delivered to household heads. Some 90% of Iranian households are headed by men who, as the literature indicates, are more likely to spend such transfers on temptation goods than are women. There are no data on alcohol consumption, which is banned in Iran. Haddad and Shahbazian (2016) use panel data of cash-transfer-recipient and non-recipient households for the years 2010, 2011, and 2012 to test this hypothesis with regard to tobacco consumption, controlling for household characteristics as well as time varying covariates. They find no significant relationship between cash transfers and tobacco consumption, a finding that is in line with similar work in the literature such as Haushofer and Shapiro (2016) in the case of Kenya, and Maluccio and Flores (2005) in the case of Nicaragua.

The Inflationary Impact

One of the important areas of concern about large scale cash transfer programmes such as Iran's has been their possible inflationary impact. As long as cash transfers are appropriately financed, and they do not lead to an overheated economy, their inflationary pressure might not be a serious concern. In addition, if cash transfers lead to higher investment and increased

production capacity by alleviating credit constraints for low income households, they can in fact reduce inflationary pressures. In the case of Iran, however, it is claimed that the transfer programme had an inflationary bias from the outset. This claim is based on the fact that the TSO in charge of cash transfers ran a deficit of 25% in the first year of its operations, which was financed by government borrowing from the Central Bank (Hassanzadeh 2012; International Monetary Fund 2014; Salehi-Isfahani 2017). It should be noted, however, that a considerable proportion of energy price increases did not accrue to the TSO, but covered deficits in other state sectors. For example, the revenues from the substantial utility price increases were retained by the state-owned utility companies to cover their deficits and finance new investments.

On the whole, it is estimated that about 90% of the proceeds from subsidy reform was distributed to households, which should be regarded as a transfer from the government to the private sector. Since 2000, the Iranian private sector has had a savings surplus which has partly financed government budget deficits. Given the higher savings propensity of the private sector, cash transfers in themselves are unlikely to create inflationary pressures. Another indicator of this is that, according to the national accounts estimates by the Central Bank, the share of real household consumption in total domestic absorption dropped from 46.4% in 2009/2010 to 45.6% in 2010/2011, the first year in which the programme was in force throughout the year. As shown in Fig. 17.1, the inflation rate accelerated during the first six months of the price reform in line with the large increases in prices of

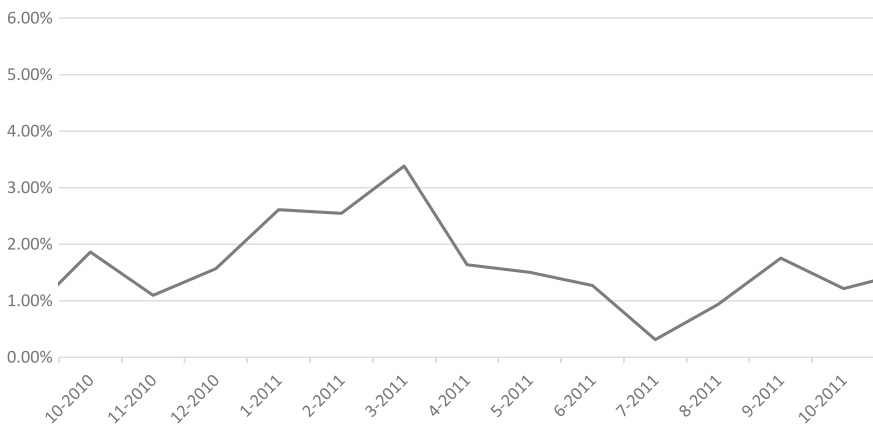


Fig. 17.1 Monthly inflation during the first year of the subsidy reform (Source Calculated by the authors based on Bank Markazi Iran [Central Bank] Economic Trends databank, 2018)

energy, utilities, and bread, but rapidly fell back during the rest of the first year of the introduction of the reform.

The Impact on Income Distribution and Poverty

Universal cash transfers are most likely to lead to improved income distribution across households because they benefit low-income households proportionally more than high-income ones. This improvement can be enhanced or reduced depending on the way in which the cash transfers are financed. In the case of Iran, since the transfers were financed by increased prices of energy, bread and utilities, the net effect on income distribution depends on the relative burden of such price increases on various income groups. Since the share of such necessities as fuel, water and bread are much higher in the consumption basket of low-income households, the effect of price subsidy reform on income distribution would be regressive. The net effect of price reform and cash transfers, therefore, will be ambiguous, and will depend on the intensity of price increases and the amount of the cash transfer. But since 90% of the proceeds from price reform are estimated to have been disbursed to households, the net effect is expected to be positive. According to the Statistical Centre of Iran (2016), the Gini coefficient of expenditure distribution in the country as a whole declined from 0.41 in 2010/2011 to 0.37 in 2011/2012, the first year of the subsidy reform, meaning that inequality declined. The corresponding decline in urban areas was from 0.39 to 0.38 and in rural areas from 0.38 to 0.34. Simulations by Salehi-Isfahani et al. (2015) also show that the net effect of the combination of price reform and cash transfer programme was a reduction in income inequality and a 4.7% decline in poverty by the third month of the subsidy reform compared to the same period in the previous year.

Long Term Trends and Future Prospects

The fate of Iran's cash transfer programme in the longer run has been associated with the successes and failures of the price subsidy reform itself as well as other external and internal developments that have affected the economy in recent years. Price subsidy reform was expected to improve energy efficiency by encouraging industries and households to invest in new energy efficient and more productive technologies. This is a long-term process that requires other complementary policies to assist the necessary changes

in capital structures and induce new energy-saving technologies. Neglect of the necessary complementary policies, along with the international sanctions which intensified towards the end of the first year of the reforms, meant that producers had to pass the energy price increases on to consumers or continue to receive subsidised energy supplies from the government. Lax monetary policy, particularly that associated with Ahmadinejad's populist policies financed by credit from the central bank, contributed to these general price increases. The inflation rate accelerated during the second year of the subsidy reform, and with the sharp devaluation of the exchange rate the annual rate of inflation reached above 40% in 2012/2013.

As the Iranian cash transfer programme does not guarantee a particular Basic Income level in real terms, and transfers have been kept at the same nominal level as in December 2010, with the increasing general price level the real value of cash subsidies has been eroding. By 2017 about 70% of the real value of cash transfers had been lost (Table 17.2). An even harsher blow came in the first half of 2018 when the United States withdrew from the nuclear agreement that binds Iran to the international community. By the end of July 2018, the currency was near collapse, and prices skyrocketed. At the official exchange rate of 44,030 rials to the dollar, the transfer amount per person is little more than \$10 per month, and at the unofficial rate of over 100,000 rials to the dollar, it was worth less than \$5 per month by the end of 2018, a decline of some 90% in real terms relative to 2010 when the cash transfers began. With such a precipitous decline in the purchasing power of cash transfers, the short-term gains in income equality and poverty witnessed during the first year of the programme have also been eroding.

Table 17.2 Trends in the consumer price index and the value of the cash subsidy in real terms

Year	Urban CPI (2010 = 100)	Cash subsidy real index (2010 = 100)
2010	100	100.0
2011	121	82.4
2012	158	63.1
2013	214	46.8
2014	247	40.5
2015	276	36.2
2016	301	33.2
2017	331	30.2

Source Calculated by the authors based on data from Bank Markazi Iran (Central Bank)

Economic Trends databank, 2018

The Gini coefficient that had fallen from 0.41 to 0.37 in the first year of the cash transfer programme was back up to 0.39 by 2015 (Statistical Centre of Iran 2016). What is more, the original subsidy reform itself is being undone as relative energy prices are moving towards pre-reform levels.

Iran's cash transfer programme in 2010/2011 can now be interpreted as a one-off payment to allay political opposition to the abrupt reduction in price subsidies. Since the first round of the sharp energy price increases in 2010/2011, energy prices have on occasion been raised in some cases, but the nominal value of cash transfers to households has been left unchanged. In effect, the government appears to have pursued a policy of letting the programme bleed to death gradually as inflation cuts it down at a rate of at least 10% a year. Some parallel measures that have been or are being put in place more recently confirm the abandonment of universalism in favour of targeted measures.

Concluding Remarks: Potential Lessons of the Iranian Experience

Iran's cash transfer programme was not conceived as a Basic Income scheme, and even less as a 'right of citizenship', an idea that has not been a part of official discourse. The scheme nevertheless can have important lessons for other developing countries pursuing a Basic Income, particularly in terms of its economic impacts in the first year of introduction. These have been discussed in terms of inflation, income distribution, and poverty aspects of the programme in this chapter. The aspect of cash transfer programmes which matters most for the impact of the programme is its financing mode. If the necessary finances are procured through appropriate taxation channels, then the programme would not be inflationary and could be of considerable benefit in terms of income distribution, poverty reduction, and expansion of productive investments by low income households that might be credit-constrained.

In terms of their financing methods, cash transfer programmes in resource rich economies have been distinguished as a special case, with extensive discussion in particular of the Alaska cash transfer programme (Van Parijs 2010; Widerquist and Howard 2012). Being an oil exporting country, Iran's cash transfer programme might at first also appear as an example of financing based on natural resources. This was not the case. Iran's mode of financing was based on the removal of energy price subsidies, and using the funds

to finance cash transfers. As such, it is more similar to the proposals to use carbon taxes to finance a Basic Income. One problem with this type of proposal is that if the scheme turns out to be successful in reducing the consumption of certain energy sources, then it will over time undermine its own source of financing. Such a scheme would also be open to sharp fluctuations in primary energy prices. More general forms of taxation, with more stable and predictable income flows, would be more appropriate as a financing vehicle for Basic Income schemes.

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18

The Namibian Basic Income Grant Pilot

Claudia Haarmann, Dirk Haarmann and Nicoli Nattrass

A Note on Terminology:

In the Namibian context, a Basic Income was called a Basic Income Grant (BIG). For the purposes of this *Handbook* chapter, 'Basic Income' terminology will be used.

For clarity, the organisation responsible for the Namibian pilot project, the 'BIG Coalition', will be termed the 'BIG [Basic Income] Coalition'.

Introduction

During the 2000s, a great deal of energy was put into promoting the concept and practice of a Basic Income in Namibia. In many ways, Namibia was an ideal location for the site of the first Basic Income pilot project as it was a mineral-rich middle-income country with a relatively small population and enjoying the economic growth dividends of a long commodity boom. The case for redistribution through a Basic Income was also strong given evidence of widespread poverty, high unemployment, and high inequality. As of 2003, Namibia had an unemployment rate of 20.5% and a Gini coefficient of 63.3, one of the worst income inequalities in the world.

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The Namibian Basic Income pilot is an important case study as it suggests lessons about the potential impact of a Basic Income on poverty and development, as well as insights into the politics and rival interpretations that can plague such initiatives.

The pilot project provided N\$100 (US\$7) per month between January 2008 and December 2009 to every child and adult not already in receipt of an old age pension in Otjivero-Omitara, a poor, multi-ethnic village about one hundred kilometres east of the capital city Windhoek with a total population of one thousand. Child malnutrition, poverty and petty crime declined, and the payment of school and clinic fees increased after the introduction of the Basic Income. Critics, however, raised concerns about the unconditional character of the grant (fearing that it would generate dependency and so on) and about the project evaluation. This occurred in the context of a broader struggle over development strategy in which international agencies such as the International Monetary Fund (IMF), the International Labour Organisation (ILO) and the United Nations Development Program (UNDP) had ideological stakes in the game. The pilot was driven by a civil society coalition, but this too was fractious as the trade union movement vacillated over its commitment to the project.

The Context of the Namibian Basic Income Pilot

The idea of a Basic Income for Namibia was catapulted onto the national stage by the Namibian Tax Commission (NAMTAX), set up by the Namibian government in 2001. NAMTAX found that the best method for addressing both poverty and inequality in Namibia would be to offer a universal monthly income grant of N\$70 to each person under the age of sixty (the qualifying age for the universal government old age pension of then N\$500 per month) and to fund it primarily through more progressive income taxes and an increase in value-added tax (VAT) (NAMTAX 2002). Estimates by NAMTAX and subsequent economic research suggested that it would cost between 2.2 and 3% of GDP (Haarmann and Haarmann 2005: 2). As of 2002, when NAMTAX made this proposal, tax revenues comprised 26% of GDP, suggesting a Basic Income could have been financed by raising tax revenues to 29% of GDP. This level was in fact reached by 2006, but the Basic Income never gained sufficient support in government to be implemented. Rather, the government expanded the number of government departments, and opted to frame its developmental spending decisions as efforts to improve the lives of the poor by targeting assistance and

promoting economic growth (for instance, through infrastructure projects, assisting small businesses, and so on, in order to create jobs).

Proponents of the Basic Income faced two main challenges. The first was to convince those who preferred payments in kind or job creation programmes because they worried that poor people lacked the skills, capacity or judgement to make good choices, or that they might waste the money on vices like cigarettes and alcohol. Linked to this was a concern that poor people could become ‘dependent’ on the pay-outs and would withdraw from the labour market. The second challenge was to explain that although the rich would also get the grant, they would pay a far greater amount back to the government through progressive income taxation and VAT. NAMTAX estimated that 85% of Namibians would be net beneficiaries (that is, would receive more from the Basic Income than would be paid back through taxation) (NAMTAX 2002): but sceptics regarded such modelling with suspicion.

In 2004 six civil society umbrella organisations (the Council of Churches, the National Union of Namibian Workers, the Namibian NGO Forum, the Namibian Network of AIDS Service Organisations, the National Youth Council, and the Church Alliance for Orphans) formed the ‘BIG [Basic Income] Coalition’ to advocate for Basic Income’s introduction. At that time, economic growth was strong, tax as a share of GDP had fallen to 24.2%, and the economic conditions appeared propitious for the introduction of a Basic Income. Yet many government officials and donors argued that it was unaffordable and would encourage ‘dependency’ (Haarmann and Haarmann 2013: 41). At this time, the idea of cash transfers, of just ‘giving money to the poor’ was gaining traction in other parts of the world, and within the development community (Fergusson 2015) and hence the Namibian debate became a focus of international attention—and to some extent also a location for ongoing contestation within the development community over unconditional grants. In 2005, the IMF explicitly opposed the introduction of a Basic Income, calculating that it would cost 5.5% of GDP, an estimate that failed to take into account the substantial amount that would be recouped by the government through taxation (Haarmann and Haarmann 2012: 6–7).

Also in 2005 the International Labour Organization (ILO) mobilised funding to assist the Namibian Department of Labour to run a national ‘people’s security survey’ that focused on employment and earnings, but also included questions probing attitudes towards a Basic Income. Claudia and Dirk Haarmann, then running the Desk for Social Development (DfSD) of the Evangelical Lutheran Church in the Republic of Namibia (ELCRN),

and spearheading the BIG [Basic Income] Coalition, were involved in the design of the survey. The data was ready for analysis in 2006, but a local official from the UNDP, who was opposed to Basic Income, intervened to prevent the data from being provided to the Haarmanns and Guy Standing (then at the ILO and responsible for the survey) on the grounds that it could be used by the church to promote a Basic Income. At the time, the head of the ELCRN, Bishop Zephania Kameeta, was enthusiastically promoting the Basic Income, and in some circles it became known as 'The Bishops Income Grant'. Subsequent contestation within the Namibian government over who should analyse the data resulted in the data never being publicly released or even reported on. An opportunity for documenting the strengths and limits of economic and social security in Namibia was thus squandered, as was the potential for the survey to function as a baseline for the subsequent Basic Income pilot in Otjivero-Omitara.

The Basic Income Pilot and Its Impact

At the end of 2006, the BIG [Basic Income] Coalition resolved to take the Basic Income agenda forward by raising money for a Basic Income pilot project, to be managed by the DfSD. The Otjivero settlement (comprising mostly displaced farm-workers) along with the Omitara 'town' (hereafter simply referred to as Otjivero) was selected for its manageable size and its deep poverty. Surrounded by fenced cattle and game farms, people in Otjivero had access to water (the dam that supplies water to Gobabis) but had no access to land and limited access to jobs. They faced a largely hostile farming community that had tried unsuccessfully to evict them from the land near the dam in the early 2000s. The only reasonably well-paying jobs in Otjivero were linked to the small school and clinic. The location of the Basic Income pilot was kept secret until August 2007, when it was announced that 1005 Otjivero residents had been registered for the grant and that they would be receiving N\$100 a month from January 2008 until December 2009. Namibia's first prime minister, Hage Geingob, pledged N\$4800 to support two people in Otjivero over the period. Reflecting the conflicted spirit of the time, he managed to express active support for the project whilst also commenting that he was concerned that the grant could 'create dependency' (Isaacs 2007).

The impact of the Basic Income pilot project in Otjivero was monitored by means of a base-line social survey (conducted in November 2007 before the first Basic Income payments were made) followed by two further surveys (in July and November 2008). The analysis was based on the following data sources:

- Household and individual data, sample size 398 individuals in 52 households
- Time series: baseline, 6 months and 1 year
- Clinic: weight and height for children, clinic attendance, and clinic financial records for all residents
- School: enrolment, pass rate, and drawings from a competition, in which children drew their experiences before and with the Basic Income
- Police: crime statistics throughout the pilot
- Case studies (with mother tongue speakers and translators)
- Photo archive
- Project diary

All statistical results were recorded as Stata Programmes from data entry to the published results and were evaluated by international scientists.

The results from the first year of the Basic Income were published on the BIG [Basic Income] Coalition's website and in print form (Haarmann et al. 2009). The headline finding was that child malnutrition (measured in terms of weight for age by the local clinic) declined from 42% in November 2007 to 17% by July 2008 and to 10% by November 2008, and that the distribution improved significantly within the first six months. Figure 18.1 shows

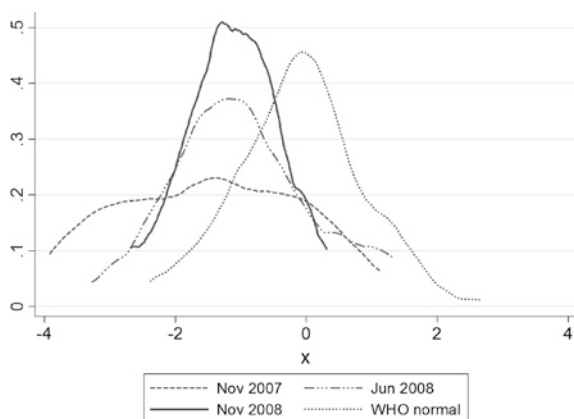


Fig. 18.1 Distribution of weight for age z-scores, children under five, before and during the pilot in comparison to the normal distribution (Source Haarmann et al. [2009]. *Making the Difference! The BIG in Namibia*. Windhoek: Desk for Social Development [DfSD] of the Evangelical Lutheran Church in the Republic of Namibia [ELCRN]: 55). The two-sample Kolmogorov-Smirnov test (to test for significant differences between the distributions of z-scores, confirmed that the shift across the first six months and over the entire year was statistically significant at the 95% level ($p=0.019$ and 0.015 respectively) (Haarmann et al. 2009: 54)

the distribution of weight for age in terms of z-scores (standard deviation units). According to World Health Organisation (WHO) definitions, a child is malnourished if he or she has a z-score of below -2.

Figure 18.1 shows that there was a significant shift in the distribution to the right, and change in the shape of the graph in a more normal direction. This impressive improvement occurred despite a 10% increase in the population over the study period as people moved into the area. In other words, most households were able to feed their children better despite having additional mouths to feed. In some households with in-migration, child malnutrition increased in the latter part of 2008, testimony to the extent to which the impact of the Basic Income was diluted through in-migration (Haarmann et al. 2009: 34, 56).

The Basic Income had a significant impact on household income in Otjivero. Prior to the introduction of the Basic Income, mean household income was N\$1095. For a household of average size, the Basic Income increased household income by about 60%. Average per capita income increased by N\$89 (the average increase was less than \$N100 because pensioners did not qualify for the grant). However, due to steady in-migration, the increase in per capita income fell to N\$75 in July 2007, and then to N\$67 by the end of the first year.

People used the Basic Income to buy food, repair their homes, purchase livestock, pay back debt, and increase their savings. The payment of school fees more than doubled (to 90%) and non-attendance at school fell by 42%. Crime rates dropped (especially for theft, poaching and trespassing) and there was growth in small business activity such as baking and sewing, and in labour market participation (predominantly job search). (Haarmann et al. 2009).

The Basic Income pilot ended after two years, but subsequent fund-raising ensured that cash transfers continued at a reduced rate until 2014.

Contested Critiques

The BIG [Basic Income] Coalition presented the findings of the Basic Income: poverty rates had fallen along with child malnutrition, and rather than the money being wasted on alcohol and cigarettes, the data strongly indicated that residents were choosing to save, to invest more in schooling (paying fees, and buying uniforms and school shoes) and to engage more actively in the labour market (Haarmann et al. 2009). However, critics contended that the team conducting the analysis should have been more

independent, that is, not involved members of the DfSD (the Haarmanns). Another criticism was that the study site lacked a control village and hence no conclusions could be drawn about the impact of the Basic Income on Otjivero. An economist from the IMF telephoned Nicoli Nattrass (who had assisted with the data analysis, and was responsible for the significance levels of the findings on child malnutrition: see the caption of Fig. 18.1) at the University of Cape Town, to argue that the improvements in child welfare could have been due to general improvements across Namibia, and hence could not definitively be attributed to the Basic Income.

The issue of the lack of a control village is fraught and tricky. The DfSD decided against a control village on two grounds: firstly, it was unethical to be asking villagers to participate in the same survey as in Otjivero when they were not benefitting from the intervention; and secondly, there was no obvious control village given the unique history, social characteristics, and location of Otjivero. A later study sought to explore the cultural meanings associated with the Basic Income by comparing gift-giving practices and attitudes of a 'control' selection of residents in Witvlei (a larger town about 50 kilometres from Otjivero) with a sub-sample from Otjivero (Klocke-Daffa 2017). Both towns had a large proportion of Damara-speaking people, hence the cultural comparison is plausible: but given that Witvlei has a longer history, and an economy centred around the regional abattoir, it was unsuitable for the Basic Income socio-economic impact evaluation.

The concern raised by the IMF economist pertains to the possibility that poverty and child malnutrition might have fallen in Otjivero as part of nation-wide improvements during the 2000s. Certainly the long boom of the 2000s (ending in 2008/2009) assisted per capita income growth in Africa, primarily through strong demand (and relatively high prices) for commodities. Namibia, being rich in minerals, enjoyed mostly strong growth and rising per capita income up until 2008 (Fig. 18.2).

This was reflected in falling rates of poverty (from 37.2% in 2003 to 28.7% in 2009 according to the national poverty line) and in falling rates of child malnutrition (from 20.3% in 2000 to 17.5% in 2007) (World Bank 2009). (Note that these are the World Bank figures based on official Namibian government statistics. The 2007/2008 Human Development Report stated that 24% of all Namibian children were malnourished (see Haarmann et al. 2009: 53)).

Based on these figures, it is reasonable to assume that some of this generally improved economic situation would have trickled down into Otjivero, either directly, through improved job opportunities and wages, or, more likely given Otjivero's particularly marginal location, through remittances

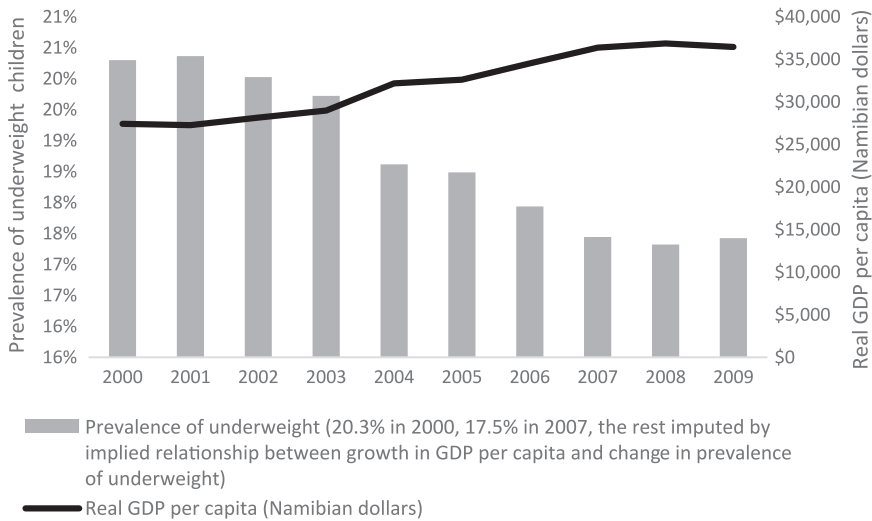


Fig. 18.2 Economic growth and child malnutrition before and during the Namibian Basic Income experiment (*Source* Graph constructed by Nicoli Nattrass, from World Development Indicators [<https://data.worldbank.org/country/namibia>])

from households better positioned to take advantage of economic growth. Yet to the extent that improvements in child malnutrition are a consequence of growing per capita income, it is important to note that during the life of the Basic Income experiment (2008–2009), including in 2008 when the significant improvements in child malnutrition were recorded, economic growth was slow, government spending was contracting, and per capita income was essentially stagnant. If anything, this suggests that the ‘background’ national situation was at best likely to have had no impact on child malnutrition, and in fact might have been responsible for a slight deterioration (as suggested by Fig. 18.2). Indeed, the fact that Otjivero experienced net in-migration in 2008 and 2009 is more consistent with the Basic Income providing substantial support for poor people both inside and outside the region, than with the village population deriving benefits originating from elsewhere in the economy.

Moreover, in Otjivero, households with high in-migration rates had their per capita benefit reduced to such an extent that some of the positive effects on child nutrition were reversed after the first six-month period. This clearly suggests a direct relationship between the level of the Basic Income grant and its impact on child nutrition. It also answers to some degree to the criticism of not having a control group. Households with the exact same treatment and exposure which had their benefits reduced through substantial

in-migration showed a decline in the nutritional status of the children (Haarmann et al. 2009).

The leadership role played by the DfSD in the design of the survey and the collection and analysis of the survey was criticised by Rigmar Osterkamp, a visiting German economist. Osterkamp published several critiques, starting with a piece in the Namibian Economic Policy Research Unit (NEPRU) Quarterly Review (Osterkamp 2008) arguing, inter alia, that Otjivero was not really poor (NEPRU subsequently distanced itself from this error), and claiming that the study was methodologically flawed. Despite replies from the BIG [Basic Income] Coalition pointing out errors in his own assumptions and methodology, and noting that outside experts were also involved in the analysis (Basic Income Grant Coalition 2008; see also Haarmann et al. 2011; Osterkamp 2013a), Osterkamp published his criticisms largely unchanged in *Basic Income Studies* (Osterkamp 2013b). His main grievances were that the analysts, including the international advisory group, were supposedly not neutral or adequately qualified, data were not made publicly available, the methodology was undermined by the absence of a control group, and that many results were in his opinion confusingly presented or implausible.

It is difficult to know what to make of the argument that there should have been a control group—especially given (as noted above) that economic growth in Namibia at the time of the study was essentially stagnant, and that there was no suitable control village in the area. Even the critics disagreed about what the hypothetical control village should have been. According to Klocke-Daffa, Witvlei was ‘the most suitable’ control group because it was far enough away from Otjivero ‘to impede daily contact’ (Klocke-Daffa 2017: 8). Yet Osterkamp argued that the drop in crime statistics in Otjivero was an inadequate measure of the impact of the Basic Income on crime because ‘it seems possible that crimes by Otjivero citizens are also recorded in police stations further away, like Witvlei or Hosea Kutako International Airport’ (Osterkamp 2013b: 81). Are we to assume that Witvlei was far away enough to be a control group for some purposes, but close enough too that it should have been included when measuring crime statistics? The question goes to the heart of the problem of control groups: they are desirable in principle, but finding an adequate control group in practice is an entirely different matter, especially once one takes into account socio-economic conditions, history, culture and the movement of people and financial flows across space.

Whether the project was framed as a success or a failure appears to be strongly influenced by what critics and proponents expected it to achieve.

Klocke-Daffa complained that only a small number of people started their own businesses, whereas Osterkamp regarded the increase in income other than the Basic Income, including income from self-employment, simply as 'implausible'. Klocke-Daffa argues that the Basic Income experiment needs to be understood primarily through a cultural lens, notably the way that it was understood as having come from the Lord and as part of a wider moral economy of gift-giving. She criticises Haarmann et al. (2009) for framing the issue in overly economic terms, which is a somewhat perplexing criticism given the emphasis in the report on the impact on dignity and on various community-level responses to the Basic Income.

Cultural and related organisational responses to the Basic Income were an important dimension of the Basic Income pilot, raising additional issues with regard to how pilots such as these can and should be understood. The Otjivero community was acutely aware of the fact that national and international eyes were on them, and that if there was any hope of the pilot resulting in a nation-wide rollout, then it depended a great deal on them. The community set up a committee which encouraged people to spend their money wisely, and—importantly—gained agreement from shebeens (tavern) owners not to sell alcohol on the day the Basic Income was paid out each month. They understood all too well that the main ideological objection to the Basic Income was whether poor people could be trusted not to fritter it away on vices like alcohol. The fact that such organisational efforts probably would not be replicated at national level in the event of a national Basic Income rollout raises questions about the value of a small pilot project such as this one for drawing conclusions about what would happen at scale. However, these were not the questions raised by critics. Instead, claims were made about a supposed growth in the number of shebeens in Otjivero, and these were repeated by Osterkamp (2013b: 81), who argued that the BIG [Basic Income] Coalition should have 'counted' the number of shebeens rather than ignoring this activity. However, the BIG [Basic Income] Coalition reports pay substantial attention to the issue. The owner of a local bottle-store was interviewed, and was quoted as saying that his sales went up on Basic Income pay-out days, and that the number of shebeens in Otjivero had doubled (Haarmann et al. 2009: 42–43). The report goes on to state that the number of shebeens had in fact not increased, and neither had the turnover of existing shebeens (Haarmann et al. 2009: 43). Rather, the authors attributed the increase in sales reported by the bottle-store owner to sales that would, in the normal course of events, have been enjoyed by the shebeen owners had they not closed for the day in response to requests by the committee.

It is inevitable that some part of a Basic Income will be spent on vices such as alcohol. Conservative commentators and politicians worry about this, and whether a Basic Income would finance consumption rather than underpin development. Linked to this concern is a thinly disguised assumption that poor people are indolent, and thus in part responsible for their own (and the economy's) malaise. The President of Namibia expressed precisely such a view when challenged about the Basic Income in parliament in 2010, stating that 'dishing out money free of charge' could lead to exploitation: 'We in Government feel N\$100 to each and everybody, including the President, is not a good thing. Will it not turn into exploitation? It could be interpreted as exploitation of the workers by those who are not working' (Kisting 2010). This is one of the reasons that the BIG [Basic Income] Coalition emphasised that labour market participation increased in Otjivero, and that there was a growth in self-employment.

Basic Income, Politics and Patronage

When NAMTAX proposed a Basic Income as part of its recommendations to cabinet, government was keen on aspects such as the proposed Capital Gains Tax, but was silent on the Basic Income. It was only after the BIG [Basic Income] Coalition was formed, that government showed interest in it again. At a press conference, Prime Minister Nahas Angula seemed to take ownership of the Basic Income proposal, reminding the Coalition that the original proposal was brought up by Government (*New Era*, 9th May 2006a). However, the enthusiasm of the Prime Minister was quickly dampened when the IMF intervened in the debate. Closely following the IMF's arguments as outlined above, the Prime Minister informed the BIG [Basic Income] Coalition in May 2006 about a Cabinet resolution that a Basic Income would 'not be viable and make no economic sense' (*New Era* 2006b).

Nevertheless, the debate gained momentum, and became more concrete with the release of the first results of the pilot in September 2008, and ultimately with the results in April 2009. This prompted an unprecedented national debate about poverty, redistribution, and economic development (Melber 2012: 302–303).

The SWAPO government leadership followed a two-pronged strategy: First, they dug in their heels and did not move from their official position towards the Basic Income. Prime Minister Angula dismissed the Basic Income as 'making a joke out of the poor' (Shejavali 2009). President Pohamba refused to respond to public and personal invitations by the

people of Otjivero. The trade union movement, closely aligned to SWAPO, followed suit. Having hitherto played a key role in the BIG [Basic Income] Coalition, the union leadership announced in 2010 that it was pulling out of the Coalition. They were forced to retract and re-join the coalition after a revolt by delegates at the national congress, but the unions never played as active a part as they had before (Haarmann and Haarmann 2012: 8).

The second prong of the government's strategy was to push forward with an alternative development strategy. Pensions were increased for the first time since independence, and the government embarked on a programme called Targeted Intervention Programme for Employment and Economic Growth (TIPEEG). However, TIPEEG proved to be a very capital-intensive policy creating only a few low-paid temporary jobs at highly inflated prices (Haarmann and Haarmann 2011).

There was one notable exception to the official SWAPO line of argument and pressure. Hage Geingob, who had been Namibia's first Prime Minister, but had then fallen out with the first President Sam Nujoma, had just come back into politics when the Basic Income pilot was started, and he was one of the first high-profile donors to the Basic Income pilot, and called on his Government to introduce a national Basic Income (Weidlich 2007). In early 2015 Geingob became the third Namibian president with an overwhelming majority. He persuaded Bishop Kameeta, then Chairperson of the BIG [Basic Income] Coalition, to join his government as first minister for a new Ministry for Poverty Eradication and Social Welfare. The BIG [Basic Income] Coalition leadership welcomed the move, and the Basic Income proposal, including the financing model, was updated for implementation. Kameeta believed that his appointment meant the immanent introduction of the Basic Income nationally within months of the new government. In his inaugural speech Geingob played into sentiments of universality, directly borrowing from the Basic Income campaign. He declared a 'war on poverty' with the declared aim to eradicate and not just to reduce poverty. Comparing the Namibian nation with a house, he said that under his rule 'nobody in this house must be left out' (Geingob 2015a). Others also believed that a Basic Income was likely, and all of a sudden showed support. The SWAPO youth league leader tried (unsuccessfully) to become Chair of the BIG [Basic Income] Coalition; and a local businessman circulated a proposal emblazoned with the BIG [Basic Income] Coalition logo seeking to interest the government in investing in off-shore gas exploration and using part of the profit to finance the Basic Income. Nothing came of the investment, but he subsequently became the Namibian ambassador to Germany.

Despite initially high hopes for the introduction of a Basic Income, nothing much changed in terms of concrete policies. Rather than adopting a radical new approach, Geingob appointed the first Namibian who worked for the IMF as his special economic advisor. Government spending increased, but not on a Basic Income. Instead, the Namibian bureaucracy expanded to accommodate an increase in the number of ministers and deputy ministers from twenty-three to twenty-seven and twenty-one to thirty-five respectively. Likewise, military spending increased, becoming one of the highest shares of government spending in the world (Smit 2017). Government discourse about redistribution and economic empowerment of the masses increasingly appeared to be little more than lip service as opportunities for government patronage expanded. Kameeta, now at the helm of the Ministry for Poverty Eradication, found himself in charge of pension and social grant payouts that were previously the remit of other ministries. He withdrew from the public debate on the Basic Income almost completely, and his speeches echoed the government line. The only new programme undertaken by Kameeta's Ministry was the piloting of a food bank, an idea Geingob had come across in Britain. The idea was for the public to donate to the food bank, and for unemployed youth to identify worthy recipients. Unlike the Basic Income, the programme is not geared towards mass poverty eradication, and so far has been known only for PR exercises constituted by the government giving food to a few poor people in urban centres. The actual impact of the government food bank pilot programme on poverty has yet to be evaluated.

The hopes of an imminent implementation of the Basic Income were finally dashed, when after a year of no news, Geingob announced that a Basic Income was too simplistic (Geingob 2015b). By that time Bishop Kameeta's ratings were at an all-time low in the face of widespread criticisms of his ministry (Insight Namibia 2016).

Geingob recently admitted that the food bank was not able to reach the rural poor, and that a revised Basic Income was under consideration, since it was administratively more efficient (Observer 2017). It remains to be seen whether any actions will follow, especially since the economy is stagnant, and the tax burden already high. Introducing a Basic Income at this stage would entail tough choices in government priorities, and, with the BIG [Basic Income] Coalition politically neutralised, is unlikely to happen without sufficient public pressure.

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19

Pilots, Evidence and Politics: The Basic Income Debate in India

Sarath Davala

Introduction

Self Employed Women's Association (SEWA) is the trade union of women workers in the Indian informal economy. It has about two million members spread across India. It organises street vendors, home-based workers, agricultural workers, domestic workers, construction workers, and other women in a wide variety of occupations. Discussions about Basic Income emerged in the union as part of its internal discussions around the question of welfare delivery, and all of its problems. In India, as elsewhere, welfare benefits are targeted, and the track record of government's efficiency in delivering welfare has been very poor (Jhabvala and Standing 2010). In the hope of providing a viable alternative to poorly implemented welfare schemes, in 2010 SEWA decided to conduct an experiment on the feasibility of Basic Income.

The Pilot Study: Design and Implementation

With the financial support of UNICEF India, SEWA conducted Basic Income pilot studies in nine villages in Madhya Pradesh between 2011 and 2013. The central design of the pilot was that the Basic Income was paid every month to all individuals within a village. Transfers for children under

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the age of eighteen went to the mother. Individual transfers were made in order to assess the utilisation by different types of individuals within a household, including for instance the elderly, women, and differently abled persons. The experiment was entirely unconditional. The recipients were informed in advance that they could use the money as they wished, and that there would be no direction by anybody connected with the project. The money was transferred directly into an account in a financial institution: for most individuals into a bank account, and for women who were SEWA members into their individual account in the credit co-operative society.

Given that 21% of the population of the state of Madhya Pradesh is a tribal population, the research team felt the necessity to do a separate study of this group. The tribals in Madhya Pradesh usually live in forest tracts and are considerably poorer than their non-tribal counterparts. To differentiate findings of the pilot across the two contexts, two experiments were carried out. For both, a modified Randomised Control Trial (RCT) methodology was used. Under the 'general' pilot, Basic Income was provided directly into bank accounts of individuals in eight villages, while in twelve control villages nobody received the Basic Income. Similarly, for the tribal village experiment, one village received Basic Income payments while the other village did not.

For between a year and seventeen months, over six thousand individuals received a Basic Income under the two pilots. Initially, in the general pilot, each adult received 200 rupees a month and each child 100 rupees a month. After one year, the amounts were raised to 300 rupees and 150 rupees respectively. In the tribal pilot, the amounts were 300 rupees and 150 rupees for the entire period of twelve months. Participants' situations before, during and after receiving the Basic Income, were evaluated by the use of several rounds of statistical surveys: a Baseline survey (census), a sample Interim Evaluation Survey (IES), a Final Evaluation Survey (FES) (census) and a sample Post-Final Evaluation Survey (PFES). All of these compared the changes in the period with what happened to a control group that did not receive the transfer. In total, the surveys covered over 15,000 individuals. In addition, a hundred in-depth case studies were carried out with recipients over the period of the experiment, as were community level surveys, interviews with key respondents, and a tracking of children's weight for age (as a proxy for a nutrition) and their attendance and performance in schools, to assess if these outcomes were influenced by receipt of the Basic Income.

The original amount of the cash transfer was calculated so that it was not high enough to substitute for employment, but was enough to make some contribution towards fulfilling basic needs. This amount was calculated as between 20 and 30% of the income of low income families: that is, families

at or just above the current poverty line. (The poverty line is estimated to be monthly per capita expenditure of Rs. 1407 [US\$ 21] in urban areas and Rs. 972 [US\$ 15] in rural areas [Press Information Bureau 2014]).

The Pilot Study: Main Findings

The results of the two pilot studies were overwhelmingly positive, demonstrating that unconditional and regular Basic Income can transform the lives of the poorest (Davalá et al. 2014; SEWA Bharat 2014). The following are the ten most important findings:

1. *Those who received Basic Income reported a statistically significant increase in their food sufficiency six months into the intervention.*

The results were striking in the tribal pilot, where the proportion of Basic Income recipient households reporting their income to be sufficient to satisfy their expenditure on food increased from 52% at the start of the pilot to 78% after six months of receiving Basic Incomes. In comparison, little changed in the control village: in fact the numbers reporting their income to be sufficient to fulfil their food needs declined (from 59 to 57%) over the same period. In the general pilot, too, receipt of Basic Income was associated with a rise in reported sufficiency, particularly for vulnerable households such as the Scheduled Caste (SC) and Scheduled Tribe (ST) households.

2. *Receipt of Basic Income had a statistically significant impact on children's nutrition, in both general and tribal villages, and particularly on the nutrition levels of female children.*

Before the Basic Income transfers started, the proportion of normal weight-for-age children in the recipient villages under the general pilot was lower than in control villages (39% compared to 48%). However, by the end of the intervention, a twenty percentage point improvement was observed in the pilot villages (from 39 to 58%). In comparison, the increase in control villages was a modest ten percentage points (from 48 to 58%). Further, while the nutritional status of boys improved in both types of villages, there was a rise in the proportion of girls with normal weight-for-age in Basic Income villages (a 25 percentage point improvement compared to a 12 percentage point improvement in control villages). The difference was statistically significant.

3. *Basic income improved the capacity of households to buy from the market, resulting in a qualitative shift in their food basket: but more money did not result in more expenditure on alcohol.*

Households receiving the Basic Income reported a higher propensity to consume fresh vegetables and milk. Their ability to do so was more pronounced in the tribal pilot, where Basic Income beneficiaries reported a substantial rise in consumption of more nutritious food like pulses, vegetables, eggs, fruits, fish and meat. No evidence was found of an increase in spending on alcohol, either in the general villages or in the tribal pilot. If anything, when asked whether they were buying more or less of specific food items, a slightly higher proportion of households in Basic Income villages in both sets of pilots said that they were buying less alcohol than before.

4. *Regular, Basic Income payments facilitated a more rational or considered response to illness, through more regular medication, and for some households, through more intake of food.*

While the period of the pilots was too short to expect any observable effects on health, interestingly enough, in both general and tribal villages, households receiving the Basic Income reported a lower incidence of illness at the end of the intervention than those that had not been receiving it. The difference was more striking in the tribal pilot: while households in the control village were more likely to report an incidence of illness (70% had at least one person ill in the three months before the end of the transfer), a lower proportion in the Basic Income village (about 58%) reported an illness in that period. A majority of Basic Income recipients in both pilots perceived an improvement in their health, and attributed it to Basic Income payments. When asked how the transfers had helped, most in the general pilot agreed that the Basic Income had enabled them to buy medicines (66%); some spoke of having food more regularly (27%); while some said that the payment had helped to improve their health by reducing anxiety levels (16%). Interestingly, Scheduled Tribe respondents put more weight on regular food intake as a reason for a perceived improvement in their health, relative to other groups, emphasising the importance of food sufficiency for this vulnerable group.

5. *Basic incomes also afforded families more choice in the type of health service to use and in the timing of seeking health care.*

Over the course of the pilots, the use of government hospitals as a first port of call declined in the general Basic Income recipient villages slightly, and the use of private doctors and hospitals increased. A similar trend was observed in the tribal Basic Income village: while in the control village households increased their reliance on traditional home remedies. While the project does not make a claim that private services are better than public ones, what is clear is that, when given a choice,

more people opt to pay for the private service. Perhaps this is a switch from government to private: but perhaps also a tendency to opt for treatment rather than forego any. What is more significant is that the Basic Income seems to allow preventative responses to illnesses. In the general pilot, for instance, the Basic Income allowed people to take medicines more regularly. In fact, the impact of Basic Income in this regard (vis-à-vis regular medicines) was stronger in villages where SEWA was active, suggesting that additional work undertaken by SEWA (for instance, information campaigns around health and healthcare facilities) had had an impact. Similarly, more people in the Basic Income villages took out a health insurance policy: 7.6% of all households, compared to 2.5% of households in control villages under the general pilot.

6. *Basic Income payments reduced the need for households to fund their health expenses through a vicious cycle of debt.*

Borrowing for hospitalisation expenses was lower in Basic Income villages by the end of the general pilot (at 46%) compared to control villages (55%), with the difference being statistically significant. Instead, more Basic Income recipient households said that they had used their own income or savings to pay for hospitalisation. What was even more encouraging was that SC and ST households in the general pilot tended to rely less on loans than their counterparts in control villages. So while around 64% of SC households and 68% of ST households with an incidence of illness in control villages had used loans or mortgaged their assets to fund hospitalisation expenses, in Basic Income villages only 52% of SC respondents and 46% of ST respondents did so. Consistent with the findings from the general pilot, Basic Income recipients in the tribal pilot borrowed less on interest than households in the control village: some 50% borrowed to fund hospital treatment in the former, compared to 58% in the latter.

7. *One of the most important findings was the growth of productive work in both general and tribal villages, leading to a sustained increase in income.*

Nearly 21% of Basic Income recipient households in the general pilot reported an increase in income-earning work or production, compared with just 9% of the control households. The transfers also seemed to be progressive. 19.4% of SC households receiving the Basic Income reported an increase in economic activity, whereas only 7.2% of SC households in control villages said that they had experienced an increase. The difference was not statistically significant for other social groups.

8. *In the tribal villages, perhaps the biggest impact of the project was to enable small farmers to spend more time on their own farms, and also to invest in them, as opposed to working as wage labourers.*

The monthly Basic Income ensured that daily expenses such as those on food could be met by tribal families, thereby allowing them some extra funds to buy seeds and fertilisers. During the project, there was a shift in how people reported what their primary occupation was in the tribal pilot. Whereas in the baseline survey, less than 40% of households in the tribal Basic Income village said that they were farmers, by the end of twelve months this number had risen to over 62%. Conversely, only 35% of control village households said that they were farmers by the end of the project, the rest earning their living as labourers.

9. *Basic income had a direct impact on the indebtedness of households.*

Households receiving the Basic Income in the general pilot villages were less likely to have increased their debt six months into the intervention, and were more likely to have reduced it, with the difference between those households and households in control villages being statistically significant. In the tribal pilot, while in the baseline survey both the control and transfer village had two-thirds of households in debt in some form or the other, in the pilot village, after six months, 18% of the households reported that their debt had reduced, and after twelve months, 73% of Basic Income recipient households reported that their debt had reduced.

10. *Basic income enabled households to shift away from exploitative forms of borrowing to more benign forms.*

During the most serious financial shocks, households in the general pilot villages usually depended on moneylenders, followed by relatives, and then friends and neighbours. However, by the end of the project, when we compared households in the Basic Income villages with those in control villages, the latter were more dependent on moneylenders. In the Basic Income villages, in contrast, reliance on relatives was much greater.

Pilot Study Follow-Up: Legacy Study Findings

The main findings of the two pilot studies—general and tribal—showed that Basic Income induced a series of changes which cumulatively added up to being *transformational*. The Basic Income had a strong positive welfare impact, in terms of living conditions, nutrition, health and schooling, and a strong economic impact, in terms of increased earned incomes, more work and productive labour, and more assets. It also had both an equity impact and an emancipatory impact, in terms of reducing debt, increasing savings,

enabling more people to respond to financial crises and to gain the ability to make decisions for themselves.

Wherever the findings were discussed, across different platforms, the questions that often came up were: ‘How sustainable are these changes?’, ‘Would the positive trends persist even after the payments have stopped?’

The pilots concluded in 2013, and in 2017 we went back to the two tribal villages to conduct what we called a ‘legacy survey’. The same questionnaire as was used in the original evaluation surveys was administered, and the results have been analysed using similar techniques, including the difference-in-difference method. The survey was carried out in January and February 2017: the same months of the year as the final evaluation survey in 2013.

Bearing in mind that even one year of Basic Incomes had a significant impact on living standards, the results of the legacy survey (which can be obtained from India Network for Basic Income, <https://indiabasicincome.in/>) suggest that many of the specific outcomes persisted, mainly because of a growth in income. During the pilot project, many households bought live-stock and other assets. Others began to farm their small plots, which had previously been left fallow, or only cultivated occasionally. Four years later these income generation activities had persisted, and in some cases had been strengthened.

Among other outcomes shown at the time of the pilot, the decline in alcohol consumption seems to have continued. Similarly, the villagers’ access to and understanding of healthcare had continued to improve, as had their attitude towards children’s schooling. There was a continuing positive change in intra-household decision-making. However, some families had dropped back to their previous condition, mainly as a result of health shocks experienced in the subsequent period; and men in those families tended to slip back into debt bondage.

In analysing these and other behavioural changes, we set out to consider three types of effect. These are as follows:

- *Momentum effects*. These refer to changes that were strengthened during the period after the end of the pilot;
- *Persistence effects (or partial drop-back effects)*. These are effects that, partially or wholly, persisted after the end of the Basic Income pilot, and in which a statistically significant difference between the Basic Income village and the control village was maintained, even if reduced in extent.
- *Drop-back effects*. These refer to where a cessation of the Basic Incomes led to a return to the situation before the pilot, so that there was no longer

any statistically significant difference between the control group and the families that had received a Basic Income.

Table 19.1 indicates what had happened by 2017 to key indicators that had shown statistically significant improvements by the end of the pilot project in 2013.

On the whole, the study establishes convincingly that a Basic Income given for a reasonable duration can trigger forces of positive change in communities, and can lead to a process of people pulling themselves out of a poverty trap. What is particularly interesting is that even if a Basic Income is provided for the poor for a period as short as one year, it can have lasting transformational and emancipatory effects. The ‘momentum’ and ‘persistent’ effects described in Table 19.1 tell us a powerful story about what a regular and unconditional income can do to people’s lives: and in particular how it unleashes their own ingenuity and energy. Such dynamism as witnessed here is often missing in several of the schemes and programmes run by governments. The project also proves the value of pilot studies, and the understanding that they can provide of the micro processes underlying transformation and change in the lives of the poor.

The Basic Income Debate in Indian Discussion

During the entire process of the pilot study, the research team led by SEWA was in continuous dialogue with government policy bodies and think tanks, both at the central government level in New Delhi and at the state government level in Bhopal. The idea was that, at the end of the day, it is the government that has to accept the idea and implement it as a concrete policy. However, the research team faced a major setback when there was a major regime change in New Delhi in 2014, the year the study was concluded and the book published. The Congress government was replaced by the Bharatiya Janata Party in a landslide victory. All the efforts that we had made to work with the bureaucracy during the course of the study were in vain. We had to begin our advocacy work afresh with new bureaucrats and politicians.

Even though the new circumstances demoralised the advocacy team, all was not lost, as the government wanted to convert subsidies into direct cash transfers, and so found itself interested in Basic Income. There have been policy discussions around this question since 2008. As mentioned earlier, the Indian welfare system is riddled with inefficiencies and corruption. An

Table 19.1 Summary of Indian pilot project legacy survey results, 2017

Momentum effect (Sustained impact)	Persistence effect (Partially sustained)	Drop-back effect (Complete drop back)
Declining use of alcohol	Better electricity connectivity (as opposed to oil lamps)	No improvement in cooking fuel (from wood to cooking gas)
Improved woman's (spouse's) role in decision making in the household	More private drinking water (as opposed to poorly maintained public water source)	No more housing improvement
Increased livestock	Better nutrition	Medical insurance dropped off
Improved incomes	Better and more regular medical care	Expenditure on schooling declined and returned from private to government school
	More positive attitude to schooling	Increased debt bondage (the bonded labourers who discontinued, had to return to the landlords)
	More likely to earn income from farming as compared to wage labour	
	More likely to earn income from own-account work rather than casual wage	

Source Table constructed by the author

internal evaluation done by the erstwhile Planning Commission concluded that India spends Rs. 3.25 to deliver one rupee of welfare (Ahluwalia 2005). The leakages in the public distribution system of subsidised food grains are estimated to be very high, anywhere between 40 and 50% (Gulati and Saini 2015; Overbeck 2016). Coinciding with the period of the pilot project, since 2010 there have been serious discussions within the government of proposals to convert various subsidies into cash transfers. The government was also in the process of drafting a Bill on Food Security, that is, a revamped and expanded version of the public distribution system. So the activist groups that were working on Right to Food and who were very keen on getting the Food Security Bill passed in the Parliament saw the cash transfer discussion as a major threat, and portrayed the people talking about or working on cash transfers as the enemy. The discussion was polarised as 'food vs cash'. Cash became a bad word, and since the general elections were just a year away, government cleverly changed the terminology. The words 'cash transfers' were replaced with Direct Benefit Transfer (DBT).

Eventually, in 2013, the Food Security Bill was passed in the parliament. Interestingly, the new law also included a provision that in future the government might decide to convert the transfer of food grains into cash transfers.

New Direction and New Hope for Basic Income Movement

With the passage of the Food Security Act, the polarisation of the debate in terms of 'cash vs food' ended. A year after that, the new government took charge, and appointed Arvind Subramanian as the new Chief Economic Advisor. He is a well-known economist and has written about cash transfers (Subramanian et al. 2008).

On the SEWA front, ever since the technical report of the Madhya Pradesh Pilot Study was released and a book published summarising the main findings in 2014 (Davala et al. 2014; SEWA Bharat 2014), the core research team that was involved in the pilot has disseminated the findings of the study in various conferences, universities, and government departments across the country. Sometime in 2015, as the number of Basic Income advocates increased, they came together as an informal network, and called themselves India Network for Basic Income (INBI). Much of the advocacy work from then on has been done by this network.

During the second half of 2016, Arvind Subramanian started talking about Basic Income. This was a few months after the Swiss referendum, and the idea of Basic Income was in the press. Subramanian began saying that Basic Income could be good for India, and as a team constituted by the government began working on the concept, the Chief Economic Advisor invited us to participate in the discussion and to contribute to the chapter on Basic Income in the Economic Survey.

Each year, the Government of India presents to the Parliament, a day before the presentation of the Union Budget, a document called the Economic Survey: an assessment of how the economy has performed during the previous year, and a perspective on the future. In the last week of January 2017, the Finance Minister presented to the Parliament the Economic Survey, including its chapter on Basic Income entitled: 'UBI: A dialogue with and within the Mahatma'. The chapter was framed as a conversation with Mahatma Gandhi, the father of the nation. What we contributed to the document was evidence that Basic Income can have a positive impact on several developmental indicators, and evidence to counter the objection that people given free and unconditional money will drink it away, and become lazy and withdraw from the labour market. The Government used the 'Universal Basic Income' to carry forward its earlier commitment to 'convert subsidy into cash'. This broadened the conversation, framed the debate in the direction of Basic Income, and gave the cash/subsidy debate greater legitimacy and a philosophical underpinning.

The chapter of the Economic Survey triggered a very interesting debate in the country. The traditional Left experienced a kneejerk reaction and offered the political objection that Basic Income is a neoliberal plot to dismantle the existing welfare system. And then there were the usual moral arguments against unconditional money: that people would become lazy and drink the 'free money' away. What is interesting is that to those who had moral and political objections, the fact that we had evidence to the contrary made no difference. Then there were arguments that Basic Income would be economically not feasible; that the nation could not afford it. Also in a country with a population of 1.3 billion, what might finally be given as a Basic Income could be a very small amount, thus diluting the idea of Basic Income. Some even claimed that it would lead to inflation, and that it was a lazy policy option. There were also many supporters who wrote in its favour, both from the point of administrative efficiency and social justice.

As soon as the concept of Basic Income was introduced in the Parliament for discussion, INBI and SEWA organised a national conference, with government officials, politicians, and leading academics coming together

to debate the idea and its relevance to India. There were at least two senior politicians from two states who were strong supporters of Basic Income (McFarland 2016; Mishra 2017; Sahu 2017). Given the fact that there was so much support for the idea in the government, we were hoping that the Government might announce a version of Basic Income in the 2018 budget session in the parliament (*Economic Times* 2018; Rediff Business 2017). However, no announcement came.

The Government's interest is in Basic Income's ability to replace inefficient subsidies. INBI's position is that a Basic Income is individual, universal, unconditional, monthly, and in cash: but it is aware that in relation to a population of 1.3 billion, it might not be wise to demand an immediate implementation of the 'universal' aspect of the idea. INBI's approach has been that a Basic Income should reach the bottom half first by simplifying the targeting system. This does not dilute the concept itself but takes a practical and incremental approach to UBI. In targeting, it is always safer to adopt exclusion criteria than to go by inclusion criteria. For instance, if the government could pick clearly identifiable groups such as scheduled tribes, scheduled castes, or backward castes, which are by and large extremely poor, then it could make the Basic Income entitlement universal within those category. It might be called 'targeted universalism'. In fact, the government document proposed a Quasi Basic Income for the entire female population in the country as a first step. Here, targeting and universalism would not be opposites but could co-exist. Having done that, it would then become easier to exclude the small section that might not find a Basic Income useful, that is, people with government jobs, other income tax payers, and so on, who are easily identifiable. Such people can also be asked to voluntarily give up their Basic Income, as has been done in the case of LPG subsidy (*Economic Times* 2016). By doing this it can avoid the major leakages and transmission losses that are common with the current subsidy schemes. Apart from this qualification with regard to the universal aspect, INBI insists on all other four characteristics of Basic Income, as these are essential to making Basic Income work.

End Note

In conclusion, we can say that in concrete national situations, since so many factors and stakeholders are involved, implementation of Basic Income might not always come in its classical form, but can take a practical local form. The concrete shape in which it will finally emerge might give hope for

strengthening it in future, or the idea could find itself appropriated by governments and manipulated to suit the short-term motives of ruling parties. In India, however, some recent developments demonstrate a slight shift in the language and grammar of welfare thinking. The term ‘universal’ is being used even of the schemes that are not strictly universal in coverage. In early 2018, at a time when we were expecting the Modi government to announce some form of universal Basic Income, it instead came up with another idea called Universal Social Security Scheme (*Economic Times* 2017), a proposal that notionally attempts to cover the 450 million workforce. This is the first time the term ‘universal’ has been used. Subsequently, the government came up with another ambitious health insurance scheme called Ayushman Bharat (Indian Government 2018), which is supposed to provide subsidised healthcare to about 100 million urban and rural households covering about 500 million people, which is roughly 40% of the population. Both of these schemes are new formulations of the same old provisions with lots of conditionalities. Inefficient delivery has been a chronic problem with India’s welfare system, and both of these schemes have failed to address this aspect.

The true game-changer came towards the end of 2018. The southern state of Telangana came up with a unique scheme for all seven million farmers in the state. Termed Rythu Bandhu (‘friend of farmer’) the scheme provides Rs. 4000 per acre per sowing season to each and every farmer without any conditions (Wikipedia 2019). In a year there are two major sowing seasons. A farmer therefore receives Rs. 8000 (USD 120) per acre per annum. The scheme was rolled out in May 2018 just before the sowing season, and within a short period money was transferred. The government also called the scheme Farmer Investment Support rather than a welfare scheme. The scheme has been hailed by Arvind Subramanian as a template for a national agricultural policy. He also termed it as a ‘Quasi Universal Basic Income’ (Subramanian 2018).

After the disbursement of the money to the farmers for the second crop, there were elections, and the party in power, Telangana Rashtra Samithi (TRS), swept the polls with a two-thirds majority. These elections immediately turned the spotlight on the Rythu Bandhu scheme and its features. As I finalise this chapter in January 2019, several state governments and the national government are seriously considering announcing schemes similar to Rythu Bandhu. Three features of this scheme have made it stand out as the game-changer in electoral politics. Firstly, it is a proactive scheme, and is projected as an investment rather than as welfare. Secondly, it is universal within a clearly identifiable section of the population, that is, farmers who own land. Finally, the real clincher that makes it a winner is that it is unconditional.

That is the innovation that this scheme represents in the language and grammar of India's welfare policy. Following this major paradigm shift, India could gradually move towards implementing an unconditional Basic Income to specifically targeted sections of the population during the coming decade.

One final sign of new directions to come: In January 2019, a small hill state, Sikkim, announced that it intends to roll out a universal Basic Income to its 700,000 population (*India Today* 2019).

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20

The Finnish Basic Income Experiment: A Primer

Jurgen De Wispelaere, Antti Halmetoja
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Introduction: The Age of Basic Income Experiments?

The recent social history of universal Basic Income, like many social innovations, features cycles of policy debate. Brief sparks of public awareness or upswings in policy interest in the past decades never managed to create a real window of opportunity for Basic Income to firmly place itself on the policy agenda. Until recently, the Basic Income idea remained relegated to the realm of utopian thinking, never quite considered a serious contender among policy innovations in developed welfare states. Within the space of a mere five years, however, the world seems to have turned topsy-turvy. One of the main culprits for this reversal of fortunes is the high-profile campaign

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preceding the 2015 Swiss referendum on Basic Income, which caused a tidal wave in media coverage around the world despite failing to win a clear majority.

The global excitement of the Swiss referendum campaign had barely had a chance to die down when Juha Sipilä's newly-elected centre-right coalition government committed to launching a Basic Income experiment in Finland in its 2015 Government Programme. In 2016 a research consortium of Finnish universities, research institutes, and think tanks, led by Olli Kangas of the Finnish social insurance institution Kela, published a report outlining several design options (Kangas and Pulkka 2016). In December 2016 the Finnish Parliament approved legislation governing the implementation of an experiment to be rolled out from January 2017 to December 2018 (Finlex 2016/1528). Preliminary results for the first year were published in February 2019 (Kangas et al. 2019).

While Finland spearheaded this current wave of experiments, it was soon followed by a coalition of Dutch municipalities, the Ontario Provincial Government (a project abruptly cancelled by the new conservative provincial government in August 2018), four Scottish cities with support from the Scottish Assembly, an EU-funded initiative in Barcelona, and several experiments conducted by private organisations such as GiveDirectly (Kenya) or Ycombinator (two as yet undisclosed states in the USA). (Basic Income advocates disagree as to whether all of these properly qualify as Basic Income experiments. The Ontario pilot, for instance, took the form of a household-based Negative Income Tax rather than a Basic Income.) This plethora of initiatives has shifted the Basic Income policy debate into a different gear. For the first time in its social history there exists now both widespread public support and growing interest from major policy brokers. Basic Income can no longer be viewed as the pet proposal of a utopian fringe movement—this is a critical achievement, not to be taken lightly.

Nevertheless, the current age of Basic Income experimentation remains imbued with controversy, and ongoing and planned experiments are met with considerable distrust by Basic Income advocates. Are the different experiments able to tell us something new about the prospective effects of instituting a Basic Income? Are the experiments proper Basic Income models to begin with? Can those charged with conducting the experiments be trusted to engage with the results in an open and unbiased manner? Or are the experiments already geared towards measuring an overly narrow range of effects that miss out on much of what makes Basic Income attractive in the first place? And what, if any, guarantee do we have that after the experiments have been evaluated, decision-makers will allow the policy debate

to be influenced by the objective results rather than by ideology? As the recent case of the abruptly cancelled Ontario pilot demonstrates, the fate of experiments and subsequent policy implementation is hostage to political fortune. These and many related questions are part of a thriving debate within the global Basic Income movement. The purpose of this chapter is to outline the main features of the Finnish Basic Income experiment, to promote a more informed discussion about the pros and cons of Basic Income experimentation.

Why Finland Decided to Experiment

The decision of Juha Sipilä to experiment with Basic Income came as a surprise to Basic Income supporters in Finland and abroad. What explains the fact that, out of all European countries, it was Finland spearheading the current wave of Basic Income experimentation? And why now? And why has the Finnish experiment taken the form that it has, warts and all? In our view, three sets of factors help to explain both the decision to experiment and the form the experiment has taken.

Finland Has Debated Basic Income Since the 1970s

Although it is now well known in the wider Basic Income community, Finland is one of the countries in Europe that has a long-standing and well-developed debate on the topic that goes back to at least the 1970s (Halmetoja et al. 2018; Ikkala 2012; Koistinen and Perkiö 2014; Perkiö 2018). In the 1970s and early 1980s, public and political discussion featured a variety of concepts such as Citizen's Wage, Negative Income Tax and Guaranteed Minimum Income, but after the mid-1990s Basic Income (*perustulo*) became the dominant notion. This was not a mere semantic shift, but rather reflected a significant reorientation in understanding the purpose of Basic Income and the social goals that this policy addresses. The earlier debate focused on streamlining the different social protection systems, improving their coverage, and strengthening the social rights of all citizens by guaranteeing a minimum standard of living. By contrast, from the second half of the 1990s onwards, Basic Income became predominantly understood as a tool for activation policy, distinct from conventional activation measures focused on bureaucratic control and sanctions, and focused on eliminating incentive traps inherent in social security (Halmetoja et al. 2018;

Perkiö 2018). In addition to international trends in social and labour market policies, the underlying cause for perceiving Basic Income as an activation measure was the 1990s economic recession, resulting in high unemployment, which jumped from 3.4% in 1990 to 17.7% in 1993 (Ploug 1999: 82). This comparatively high unemployment rate has been a striking feature of Finland for the past twenty-five years, and the main aim of every Finnish government since the 1990s has been to reduce the unemployment rate, which today still stands at 7.2%, with the number of jobseekers standing at 10.8% (Ministry of Labour and Employment 2018; Statistics Finland 2018).

The aftermath of the 2008 economic crisis did little to change the political preoccupation with employment activation, and has affected the debate on labour market policy and unemployment benefit schemes. It should come as no surprise, then, that the same activation mindset continues to inform the Basic Income debate today, and has largely shaped the parameters of the Finnish Basic Income experiment. The aim of the experiment is as clear as it is limited: to ‘identify ways to align the social security system with changes in the nature of work, to create greater work incentives within the system, to reduce bureaucracy’ (Kangas and Pulkka 2016: 4). Instead of highlighting the option of exiting the labour market, Finnish advocates of the idea have framed the initiative as a pragmatic measure to incentivise employment and reduce both poverty traps and bureaucracy. Interestingly, and in marked contrast to what has happened in other countries in recent years, while the implications of the digital economy for labour has increased the debate on Basic Income in the 2010s, concerns about automation and technological unemployment appear not to have been a main driver of the Finnish Basic Income experiment.

Finnish Political Parties Are a Staple in the Basic Income Debate

In addition to a strong continued focus on activation—even if only embraced by Basic Income advocates for strategic reasons—a second critical feature of the Basic Income debate in Finland is the involvement of political parties across the political spectrum. Even though Basic Income made some inroads in the policy debate during the 1970s, the 1990s witnessed increased political interest in Basic Income among the Centre Party, the Green League, a small liberal party, the Young Finns, and the Left Alliance (advocating for a progressive Citizen’s Income). Basic Income firmly entered the policy arena in 2007 when the Green League introduced a partial Basic Income model

as part of their party platform. Another mid-size party, the Left Alliance, followed four years later and published their own progressive partial Basic Income model.

A critical difference compared to previous debates was that both full and partial models were now fully costed, using microsimulation to calculate the budgetary impact of introducing a Basic Income, and to determine what kind of tax reforms would be required. Both models are quite similar in design, but whereas the Green League costed a model without any significant net tax increase, the more generous Left Alliance model entailed increased progressive taxation (Koistinen and Perkiö 2014). This party-political interest pitched the Basic Income discussion towards policy-makers, and reflected a shift away from utopia and towards a quasi-practical policy proposal at a time when many other European countries were still debating Basic Income at the level of social ideals and general principles. It also firmly pushed discussions about more generous Basic Income models to the margins, with partial Basic Income proposals dominating political and public discourse.

The leader of the Centre Party, Juha Sipilä, had already expressed his interest in Basic Income as an instrument for labour market activation in 2012 (Sipilä 2012), and the inclusion of consistent (albeit weak) political support for Basic Income from the Centre Party sets Finland apart from many other countries in Europe, where mainstream political parties remain much more cautious. Other parties across the Finnish political spectrum remain opposed to Basic Income (Stirton et al. 2017), even where recent polling suggests their voters might be broadly in favour (Pulkka 2018). While historical polarisation on Basic Income support appears to defy clear ideological lines—leading opponents of Basic Income include both the left-wing Social Democratic Party and the right-wing National Coalition Party—recent research suggests that there is some space for building a political coalition around a centre-right variant of Basic Income focused narrowly on employment activation as the main goal (Perkiö 2018; Stirton et al. 2017).

Finnish party politics partly explains why the current coalition is uniquely placed to launch a Basic Income experiment, albeit one with a restricted remit focused on employment activation. On the one hand, only the Centre Party would have been able to convince its right-wing coalition parties—the Finns Party (now Blue Reform) and the National Coalition Party, respectively suspicious and overtly hostile towards Basic Income—to go ahead with this project, while these coalition partners in turn ensured the experiment would never expand beyond its current strict remit. In practice, the coalition partners avoided making key decisions, and political coordination across different departments involved in the Basic Income experiment was

minimal. On the other hand, traditional Basic Income supporters such as the Greens and the Left Alliance find themselves in the paradoxical position of being called upon to support a policy which they have championed for decades, while remaining highly critical of the particular form the experimental design has taken, notably for being targeted only at the unemployed and excluding students and people below twenty-five years old. Opposition parties responded by vocally opposing the design parameters of the experiment while nevertheless allowing the legislation to pass in Parliament.

Finland Has Embraced a Culture of Policy Experimentation

A third important factor underlying the Finnish experiment was the influence of the Finnish think tank Demos Helsinki, and its continued promotion of a culture of social experimentation in social policy. This experimental culture was formally adopted by the new centre-right government following the 2015 parliamentary elections, and, as a part of this strategy, Basic Income found its way into the Government Programme of Prime Minister Juha Sipilä.

Negative Income Tax experiments were discussed in Finland during the 1980s, following similar experiments in the US and Canada (Forget 2011; Widerquist 2005). However, the discussion never led to any serious initiatives until a non-partisan think tank named Tänk published a report in 2014 that proposed testing a Negative Income Tax with a randomised controlled trial (RCT) (Forss and Kanninen 2014). The idea of a Basic Income experiment had already been suggested in a blog post by then MP (later Prime Minister) Juha Sipilä two months prior to that, but it appears that the suggestion stemmed from the ongoing work of Tänk. One of the authors of the Tänk report would later become a member of the 2016 Kela-led research consortium responsible for the experimental design recommendations made to the government.

Many of the essential elements of the Finnish Basic Income experiment, such as nationwide randomisation of participants, and sampling on an obligatory basis, were already suggested in Tänk's report. The report argued for testing a negative income tax proposal at four different benefit levels in a sample of the working population with earnings below the median income. The paper highlighted the importance of evaluating the effect of Basic Income on employment, but it also urged a more comprehensive approach that involved evaluating indicators such as subjective well-being and life

management skills. While the Tänk report influenced the current Basic Income experiment, not all of its recommendations survived in the report by the research consortium (Kangas and Pulkka 2016) or the final experimental design approved by the Finnish Parliament and then implemented.

Experimenting with Basic Income in Finland: Process, Design, Implementation

In this section we briefly outline the main features of the experimental design and its implementation, and reflect on some of the reasons for the experiment taking this form.

The Decision Process

The Finnish Government outsourced the design of the Basic Income experiment to a research consortium led by the research department of Kela, the Finnish social insurance institution, and its former research director, Olli Kangas. The consortium consisted of Kela, the Government Institute for Economic Research, the Universities of Helsinki, Tampere, Turku, and Eastern Finland, the National Fund for Research and Development Sitra, the think tank Tänk, and the Federation of Finnish Enterprises. In addition, the Association of Finnish Local and Regional Authorities contributed to the preliminary report. The remit of the research consortium was to study the suitability of different Basic Income models for the experiment. The assignment handed down by the Prime Minister's office outlined four different options to explore and develop: full Basic Income; partial Basic Income; Negative Income Tax; and other alternatives to Basic Income, such as Participation Income. The research consortium published its preliminary report on 30 March 2016, followed by a final report in December 2016. While the preliminary report introduced the recommendations for an ambitious research setting, in the light of practical and political constraints the final report set out a more limited scheme to be launched in January 2017, while retaining recommendations on how to expand the experiment in a putative next phase.

Immediately after the publication of the preliminary report, it became evident that launching the experiment in January 2017 would require starting the legislative process without delay. The Basic Income experiment bill was drawn up by the Ministry of Social and Health Affairs at an extremely

fast pace, and the bill was sent for opinions by major stakeholders such as the trade unions and several research institutes in August 2016, several months before the research consortium released its final report. While the research consortium subsequently provided consultation for the civil servants in the ministry, the main decisions concerning the research setting were taken by political actors outside the expert group.

There was some concern that the Constitutional Law Committee would not accept a research design that subjected those enlisted in treatment and control groups to differential treatment under the proposed legislation, which potentially would go against the Equality Clause in the Finnish Constitution. The Constitutional Law Committee is a sub-group of the Finnish Parliament charged with constitutional matters pertaining to legislative bills. The Committee writes a report about each bill, and it can recommend that a bill should be approved as it is, approved with minor or major changes, or rejected. In the end, the Constitutional Law Committee accepted the design on the grounds that no single individual would be made worse off, and the project itself would benefit the wider society (Kallioma-Puha et al. 2016). This sets an important precedent for future social experimentation. After expert hearings in several parliamentary committees, and two brief discussions in the parliament, the bill was passed on 20 December 2016 by a comfortable majority of 170 out of 200 members of parliament.

The experiment started on 1 January 2017 and continued until the end of 2018, with the results evaluated by Kela's research department in conjunction with several academic partners. Initial results were published in 2019, with a final report due to appear in early 2020. Whereas the draft bill discussed extending and expanding the Basic Income experiment in 2018, the actual law did not retain this option, and in the middle of 2018 the Ministry of Social Affairs and Health signalled that it was not planning an extension.

Design Parameters

Four parameters are key to understanding the Finnish experiment, and set it apart from other ongoing or planned experiments elsewhere in the world.

Firstly, the Finnish experiment is the first Basic Income experiment to adopt a nation-wide RCT design. The RCT design separates out a treatment group receiving a Basic Income from a control group that retains the status quo. The randomisation is supposed to ensure that the treatment and control groups differ only with respect to the intervention being

evaluated—that is, receiving a Basic Income—while remaining similar in all other respects. In Finland, unlike for instance the experiments taking place in the Netherlands or planned in Scotland, the treatment group consisted of a sample taken from the national population, and no particular region or municipality was given extra weight in the experiment.

It is worth pointing out an important complication. Halfway through the experiment, in January 2018, the Finnish government introduced a so-called ‘activation model’, which sets out stricter obligations to participate in activation measures geared towards labour market reintegration for the unemployed. Kela’s former head researcher, Pertti Honkanen, estimates that this new policy reality affected approximately half of the control group in the experiment (Honkanen 2018), which complicates the evaluation of the employment effect, since the control group was now subject to a new intervention (a potential benefit cut of 4.65% for non-compliance) that could be expected to influence its labour market behaviour. The general lesson here is that Basic Income experiments do not happen in a policy vacuum, and that ongoing policy shifts (or drifts) may end up interfering with even the best designs.

While the research consortium argued in favour of a research design that combines both a nation-wide RCT and a locally weighted element, budgetary and practical considerations ruled this out. Adding a saturation site to the planned RCT would have required a considerable additional investment (Kangas et al. 2016: 22–24).

The national RCT allowed Kela to sample an extensive database of approximately 240,000 unemployed recipients of basic unemployment security (36,910 recipients of basic unemployment benefit, and 198,954 recipients of labour market subsidy at the end of October 2016) in a cost-effective and reliable manner. The sample population did not include all those unemployed in Finland, but only those receiving benefits paid out by Kela. According to Kela’s statistics, in 2017, 44% of the unemployed received earnings-related unemployment benefits (on average €1371 per month) (Kela 2018). So the experiment was highly representative of the unemployed in receipt of basic unemployment security across the whole country, and avoided any bias—for instance, there was no bias in relation to either an urban or rural setting. However, the design did not allow the researchers to examine the effects of Basic Income recipients interacting with each other, which were found to be significant in the Dauphin experiment in Manitoba (Calnitsky 2016; Calnitsky and Latner 2017; Forget 2011).

Secondly, while an RCT design allowed for sampling a larger population than a local experiment, the Finnish experimental design focused on a

particular target population: the unemployed. Specifically, the target group of the Finnish experiment was unemployed individuals who on 1 December 2016 were between 25 to 58 years old and who in November 2016 were in receipt of either basic unemployment benefit or labour market subsidy—both administered by Kela (Kela 2017). These criteria add up to almost 240,000 unemployed Finns, with 2000 randomly selected to receive a Basic Income, while 175,000 served as the control group. (Within this larger control group, for comparing administrative data, a smaller randomised sample of 5000 individuals participated in a survey.) Unlike in other experiments, participation in the Finnish Basic Income experiment was mandatory to avoid selection bias (Kangas and Pulkka 2016; Kangas et al. 2017). (Mandatory participation in a social experiment is often considered unethical for violating the requirement of consent in research ethics, but MacKay and Chakrabarti [2018], in a recent discussion of the ethics of public policy RCTs, offer a contrary view.) The eligibility criteria purposefully excluded those unemployed who were covered by the more generous earnings-related unemployment benefit scheme, mainly administered by trade unions. They also excluded many social categories that the Kela-led research consortium, as well as many critics, felt should be included in order to get a better sense of the overall impact of introducing a Basic Income scheme: low-income households, students, the self-employed, and those unemployed below 25 years of age.

In part, these restrictions were again motivated by budgetary and practical considerations: sampling outside the registry of Kela recipients would have rapidly increased the required budget, and would have involved setting up additional systems to administer the Basic Income and evaluate its effects. In addition, the Finnish government issued a clear political imperative to prioritise the impact of a Basic Income on labour market incentives. As stated in the legislation, ‘the purpose of the experiment is to gain knowledge how Basic Income affects participants’ labour market behaviour and to explore other impacts of Basic Income’ (Finlex 2016/1528). The government also insisted that the experiment should start in January 2017, making it impossible to even contemplate workarounds to the practical challenges of broadening the target population. These political imperatives explain not only why the experiment was deliberately restricted to the unemployed, but also the primary focus of the experiment on those who were assumed to be most sensitive to the introduction of a Basic Income because they faced larger unemployment, poverty and bureaucracy traps under the current system, and because the elasticity of labour supply is expected to be higher among this group in comparison with other groups in better socioeconomic

positions. Unsurprisingly, the limited focus of the experiment has been met with fierce criticism from Basic Income advocates in Finland—notably from influential economists and the Green League and the Left Alliance—and abroad. For instance, economist Osmo Soininvaara, a former Green League MP and minister, as well as one of the most influential Basic Income advocates since the 1980s, has criticised the model for being unrealistic, because it would lead to a major budget deficit if implemented as policy across the country (Soininvaara 2017).

A third critical parameter of the Finnish experiment concerns the level of the Basic Income and how the receipt of a Basic Income affects income from paid work, other social benefits, and taxation. In its preliminary analysis, the research consortium ran a large number of micro-simulations with various levels of Basic Income combined with different tax rates, to estimate the budgetary and distributional impacts of different Basic Income models (Kangas and Pulkka 2016; Kangas et al. 2017). While the research group recommended experimentation with different Basic Income models, the government decided to run the experiment with just a single partial Basic Income model pitched at €560 per month. This level corresponds to the basic level received by those on labour market subsidy and basic unemployment benefit, which allowed the experiment to fully replace the conditional programmes with an unconditional Basic Income—in essence, combatting the bureaucratic trap—while ensuring that no-one in the treatment group was made worse off by having to switch to a Basic Income (Halmetoja et al. 2018; Kallioma-Puha et al. 2016).

When viewed against the institutional background of the Finnish basic unemployment security system, the €560 level serves as a Schelling-type ‘focal point’ for introducing a partial Basic Income in Finland (Schelling 1960). While the level is often criticised as being too low, it is important to understand that Basic Income recipients remained entitled to other forms of benefits, such as housing allowance, as well as to social assistance in the last resort. It is estimated that in November 2017 a little over a third of the study population were also receiving social assistance. This is significant because it means that in order to retain these benefits they needed to satisfy eligibility criteria that might interfere with the testing of behaviour under a strictly unconditional Basic Income regime. These interaction effects between a partial Basic Income and other support programs are little reported or explicitly discussed. Another key feature of the experimental design was precisely that the Basic Income can be topped up with other sources of private income, including paid work, which is meant to reduce the unemployment and poverty traps inherent in current social protection.

A key purpose of the experiment was to see whether those in the treatment group receiving a partial and unconditional Basic Income re-integrated the labour market compared to those in the control group.

A major complication in the Finnish experiment, however, was the tax treatment of the 2000 individuals in the treatment group. The Finnish experiment did not count the Basic Income for tax purposes. This raises two distinct problems. First, microsimulations calculated that implementation of the Basic Income model experimented with would involve politically prohibitive tax rates, which means that the experiment operated with a model that was substantially different from what could be implemented, which raises the question as to what is really being tested. While applying the present progressive taxation with a Basic Income is technically possible, implementing the Basic Income experiment model universally would result in an estimated budget deficit of €11 billion. This would be a political non-starter considering the current budget of approximately €56 billion. Therefore, it was unsurprising that the experiment model was widely criticised as economically infeasible (Soininvaara 2017). Secondly, those in the treatment group were effectively financially better off than those in the control group when they started participating in the labour market: so Basic Income in the experiment constituted a windfall gain that could have resulted in different behavioural effects than we would expect from a realistic model implemented across Finnish society. This was the result of low income taxation combined with a non-withdrawable benefit, which led to unrealistically low participation tax rates for the treatment group. (Participation tax rates indicate how much one's gross income is diminished due to the combination of taxes, lost benefits and earnings-related contributions.) Combined, these two problems raise concerns about the validity of using the experimental results as an evidentiary basis for introducing a fiscally realistic Basic Income model in Finland.

The reasons why the Finnish experiment failed to properly integrate the tax dimension are of a practical as well as a political nature. Practically, within the existing system, adapting the tax treatment for 2000 individuals proved difficult due to the time constraints already mentioned. But crucially, politically there was little willingness on behalf of the responsible Minister of Finance to engage with the experiment. With enough political commitment, overcoming the practical constraints to implement a compatible tax model would arguably have been possible. However, a distinct lack of political coordination between the Ministry of Social and Health Affairs (responsible for preparing and conducting the experiment), the Ministry of Finance (responsible for tax legislation and oversight), and the Tax Administration

(responsible for the practical implementing of taxation), led to many delays in the process. This again highlights the fact that conducting a scientifically valid Basic Income experiment requires political leadership and commitment to ensure the smooth co-operation and coordination of different sectors of government and administration.

A final parameter of the Finnish experiment was that it would be rolled out over a period of two years, followed by a systematic evaluation. Compared to other past, ongoing or planned experiments typically featuring three or four year projects, this was on the short side. Critics correctly argue that a two-year project is not likely to result in significant behavioural changes for two reasons: Basic Income recipients need some time to adjust to their new living circumstances and, more importantly, the realisation that the new programme will only last for a short time means that we should not expect any life-changing decisions to occur. Still, even a short-term change in unemployment and associated traps might allow some individuals to make use of opportunities that otherwise would be closed off; and similarly, expected benefits in health or wellbeing associated with decreased stress tend to materialise even in the short term (Forget 2011, 2013). The decision to go for a two-year project to start in 2017 and end by 2018 was entirely politically motivated and served as a difficult constraint for the research consortium designing the experiment. Several attempts to justify either postponing the starting date or extending (and expanding) the project after one or two years fell on political deaf ears. This outcome is frustrating but not entirely unexpected when taking into account budgetary stinginess and the need for political actors to see a payoff on their 'investment' within the election cycle.

Implementation and Evaluation

The Basic Income experiment was implemented by Kela, which is also responsible for paying out the basic unemployment benefit and labour market subsidy schemes in Finland. The reasons for this were practical. First, since the population sample constituted Kela's current 'customers', implementation did not require the development of new and expensive payment and evaluation systems. Additionally, since Kela is responsible for paying out the basic security benefits, the consolidation of the Basic Income with other benefits, such as housing allowance, was much simpler and less error-prone. Kela was legally responsible for maintaining a Basic Income experiment register comprising information on both the treatment and the control groups. Finally, Kela already had offices spread across the country, which facilitated

running a nation-wide RCT trial. While the implementation of the Basic Income experiment proceeded quite well, the evaluation of the experiment might face serious problems.

Given the emphasis on studying the employment effect of Basic Income, the evaluation of the experiment will mainly employ administrative registers. Finland, like other Nordic countries, maintains comprehensive registers on benefit claiming, earned income, and tax liability, which makes it comparatively easy to combine the data from the Basic Income register with other administrative data for both treatment and control samples, including health data such as the reimbursement of pharmaceutical expenses. Since reliance on administrative data offers an incomplete picture of the potential wellbeing effects of Basic Income for the unemployed, a survey targeted at the treatment group of 2000 people and a random selection of 5000 people from the control group was carried out between October and December 2018. The survey covered questions about social and financial wellbeing, subjective health, job-search activity and employment, and attitudes towards Basic Income (Kangas et al. 2019), but response rates were low, at approximately 30% (treatment group) and 20% (control group). Matters were further complicated because the Ministry of Social Affairs only managed to appoint Kela as responsible for the evaluation team in June 2018. Failure to appoint an evaluation team before the start of the experiment meant that no baseline survey was carried out, and the subsequent evaluation of wellbeing effects will therefore be more limited and less reliable.

Lessons from the Finnish Basic Income Experiment: It's Politics, Stupid!

The Finnish Basic Income experiment was completed at the end of 2018 and at the time of writing preliminary results of the first year have been released, showing no statistically significant effect on employment, but positive effects on self-reported health and wellbeing (Kangas et al. 2019). But firm conclusions will have to await complete results for the entire experiment and more detailed analysis. This means that it is still too early to assess the role of this experiment in Basic Income policy development in Finland, or indeed abroad. Nevertheless, several lessons can be learned from understanding the *process* by which the experiment occurred. We briefly outline three main points.

Firstly, we need to clearly understand Basic Income experiments as part and parcel of the policy process, which also means that we need to

understand the importance of politics for Basic Income experimentation (De Wispelaere et al. 2018). Politics is a key factor when governments at national, regional or municipal level decide to experiment with Basic Income, and it sets very strict boundaries within which such an experiment is to take place. Politics, in turn, affects the design and implementation of the experiment, in large part because overcoming a host of difficulties requires political commitment that may or may not be forthcoming, even when decision-makers proclaim their support for such an experiment (De Wispelaere 2016). The experimental design of Basic Income trials will always require mastering the art of compromise. And needless to say, political considerations will very much affect how robust the evaluation of the experiment will be, and how the evaluation then informs subsequent political deliberation and decision-making. Key political factors in the Finnish case include the strong (almost sole) focus on labour market activation, and the limited budget and strict timeline imposed by the government. In addition, failure to coordinate among reluctant coalition partners affected the roll-out and evaluation of the Finnish Basic Income experiment. Importantly, none of this should surprise us once we appreciate the thoroughly political nature of Basic Income experiments as part of a dynamic and often contentious process of policy development.

The decision to experiment with Basic Income may have come as a surprise, but taking into account the nature of the Finnish Basic Income debate, and the development of the Finnish welfare state in past decades, the subsequent restrictions upon and lacklustre engagement with the experiment were rather predictable. What is important to understand for those keen on advocating Basic Income experiments as part of a more general strategy to institute a Basic Income scheme, is that these experiments are caught up in a double bind. On the one hand, there is no reason to think that experiments themselves offer evidence of a drastic shift in policy attention, opening up the proverbial window of opportunity that has eluded advocates until now. On the contrary, the preponderance of evidence suggests instead that the current interest in experimentation represents a spike in policy attention that is already in decline. Certainly in the Finnish case, recent policy initiatives by the Sipilä government strongly suggest that they have already moved on from Basic Income towards a more conditional activation model, reducing the likelihood that the Basic Income experiment will have a direct impact in shifting the direction of future Finnish social protection (De Wispelaere et al. 2018). On the other hand, in most jurisdictions today, experiments are the only game in town, by which we mean that governments are simply not willing to institute a universal Basic Income without having first trialled it in

pilot form. If that is all there is to get, then Basic Income advocates might have little choice but to grab the opportunity that is on offer, warts and all.

The previous reflections suggest that Basic Income experiments are equivalent to 'price-takers' in the market of policy ideas, but this is only partly true. While political constraints are all too real, this does not mean that Basic Income advocates are merely resigned to the role of passive onlookers. Firstly, given that political factors determine the design and implementation of Basic Income experiments, a key lesson from the Finnish case is the need to secure robust political commitment from the start. Political commitment comes in many forms, but primarily it concerns securing a sufficient budget, obtaining the buy-in of all the key actors across different ministerial or administrative departments to ensure close cooperation, and setting up an independent research team in charge of design as well as evaluation. Secondly, while the experiment is ongoing, policy and political attention is primed, and Basic Income proponents should use this to their advantage. In the Finnish context, it appears public attention, and subsequently political attention, plummeted as soon as the experiment was agreed and started at the start of 2017. Rather than keeping up a strong engagement with educating and debating with key stakeholders and decision-makers during the experimental period, a hands-off, wait-and-see-what-happens approach was adopted. Taking a political stance means that the much-maligned short time frame of a two-year experiment makes good political sense. Two years is a long time in politics, and policy development never gets put on hold while the experiment takes place. A four-year experiment might make more sense from a purely scientific perspective, but keeping political attention for that long would be a major challenge. Unfortunately, the failure of Basic Income advocates in Finland to keep the topic on the agenda during the two years of the experiment made it easier for the government to move ahead with its current activation model, and will make it much harder to pick up the debate once the results are in.

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21

A Variety of Experiments

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Introduction

As well as the various experiments in the US and Canada during the 1970s, the Basic Income pilot projects in Namibia and India, the payments in Iran that are not far from constituting a Basic Income, the recently completed experiment in Finland, and the various initiatives in Brazil and Mexico,

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there is a wide variety of other experiments that are being carried out at the time of writing, or are under discussion for possible implementation in the future. In this chapter we gather accounts of five such initiatives: current experiments in the Netherlands, Spain, and Korea; and discussions about experiments in Eastern Europe and Scotland. None of the current experiments in the Netherlands, Spain and Korea share all of the characteristics normally associated with Basic Income, but readers might like to ask themselves to what extent the experiments, or particular elements of them, are close enough to being Basic Incomes for the evidence gained from the experiments to be relevant to the Basic Income debate.

As well as numerous opinion surveys having been carried out in a number of countries (see Chapter 13 in this volume), we have also seen two large-scale petitions. A European Citizens' Initiative attempted to gather enough signatures across the European Union to require the European Parliament to hold a debate about Basic Income. Not enough signatures were collected, but the effort to collect them gave birth to the organisation Universal Basic Income Europe, and to affiliated campaigning organisations in a number of European countries (European Commission 2013). The Swiss petition that we report on here did gather enough signatures to require the Swiss Government to hold a referendum on Basic Income. The referendum did not achieve a sufficient number of votes to require the Government to implement a Basic Income, but the initiative had a significant impact on the global Basic Income debate.

Local Experiments in the Netherlands

By Loek Groot and Timo Verlaat

This is an account of the institutional background, specifics, and underlying rationale, behind recently launched Dutch local experiments to provide social assistance in alternative ways. In the news media, these experiments are often labelled as 'Basic Income experiments', but properly speaking it is better to label them as 'social assistance experiments'. There are three main differences between the experiments described in this section and a Basic Income experiment in line with the definition of Basic Income used throughout this book. Firstly, the types of benefits tested in the experiments are household-based. Secondly, the Dutch experiments are targeted to social assistance recipients alone. They will

not include, for instance, people working part- or full-time, or the self-employed. Additionally, some groups are excluded, such as those involved in debt restructuring schemes or the homeless. The universality aspect is therefore absent. Lastly, and most importantly, the benefits are means-tested, and the amount of additional earnings allowed is limited. This makes the efforts in the Netherlands comparable to the Finnish experiment (testing an unconditional benefit in terms of work requirements; restricting the experimental population to current welfare recipients) with the large difference lying in the aspect of means-testing (—the payments were not means-tested in Finland, but are means-tested in the Dutch experiments).

The Institutional Background

The Dutch welfare state provides a last resort minimum income guarantee (MIG), known as social assistance. Social assistance payments are tied to the level of the statutory minimum wage: single-person households receive 70% of the net minimum wage (€992 per month), while two-person households receive 100% (€1417). The benefits are conditional in that they are means-tested and subject to several willingness-to-work tests. With respect to the provision of a minimum income, two major reforms in the last two decades stand out. Firstly, in 2001 the provision of social assistance benefits was decentralised from the national to the local level in order to give local policymakers stronger incentives to reduce the welfare caseload, whereas before 2001 all local welfare expenditures were reimbursed by the central government. The budgets municipalities receive to provide social assistance are now based on a complicated population formula using a variety of demographic variables, but they are not related to actual expenditure on social assistance. For local policymakers this means that budgets are exogenous, while expenditures are dependent on local policies and regional labour markets. Thus social assistance is provided in a fully decentralised setting in which the national government establishes the legal framework, and local authorities carry out the scheme. This set-up turned out to be a facilitating force in the recent emergence of the Dutch experiments.

Secondly, in 2015 the new *Participation Act* stipulated stricter obligations, and more scope for intensive monitoring and punitive sanctions as incentives to induce compliance among welfare claimants. The most important change was that under the new law local councils have the power to specify what welfare recipients have to do in return for keeping their benefits.

The requirements range from voluntary work to insertion into local projects. Failure to fulfil these obligations under this *Quid pro Quo* requirement will result in cuts to one's benefits. One concern is that this new approach will prove to be bureaucratic and time-consuming. Due to the additional regulations, controls, and special exemptions, the complexity of benefits claims will increase, leading to more work for case-managers. And the threat of sanctions might create conflicts of interest, and mistrust between case-managers and claimants, instead of a situation of trust and a sense of common purpose.

Inspired by the idea of a Basic Income to try out a different approach to welfare recipients, some of the local authority aldermen have invoked Article 83 on innovation in the *Participation Act*, which stipulates that there should be room to experiment with different forms for providing social assistance (Groot et al. 2018). The common denominator in the local initiatives that have emerged is the label of 'trust'. Instead of monitoring and its associated sanctions, the hope is that a situation more based on trust, voluntary reciprocity, and intrinsic motivation, will result in better outcomes compared to the current state of affairs.

Specifics of the Dutch Experiments

The cities of Utrecht, Tilburg, Wageningen, Groningen, Deventer, and Nijmegen, all started their experiments in the Autumn of 2017 or the Spring of 2018, after receiving legal permission under Article 83 from the Ministry of Social Affairs and Employment after a long uphill battle between researchers, municipal policy-makers, and civil servants from the Ministry, about the specific conditions under which the experiments were allowed to happen.

The set-up and monitoring are being performed by researchers recruited from the University of Groningen, Radboud University Nijmegen, Tilburg University, Utrecht University, and Saxion University of Applied Sciences. These are co-operating to ensure that all of the cities are using the same questionnaires, so that at the end of the experiment the results can be compared across cities. About three thousand welfare recipients are participating in the treatments. Participation in the experiments is voluntary.

The basic treatments in the experiments are as follows:

R—The reference group: claimants *not participating* in the experiment, and therefore subject to the normal welfare regime, which includes applying

for jobs, accepting work, participating in active labour market programmes, or performing services in return for their benefits, on pain of a cut in benefits of between 10 and 100%.

C—The control group: claimants who *want to participate* in the experiment, but are allocated to the normal welfare regime. So there are two groups (C and R) subject to the normal regime, one participating and one not, to identify potential selection bias: that is, potentially skewed results due to voluntary participation in the experiments.

E—The self-management exemption group: claimants exempted from the usual obligations to maintain their benefit.

T—The tailor-made supervision group: claimants who will have more intensive contact with caseworkers, and will receive tailor-made services.

W—Work pays off group: claimants' additional earnings will be withheld at a rate of 50% instead of 75% in the standard case, up to a maximum of €202 net per month.

Whereas all of the cities have the reference and control groups R and C, there is some variation between the cities with regard to implementing (a combination of) the other three groups. In all experiments, participants are randomly assigned to the different groups.

The researchers plan to assess effectiveness and efficiency of the interventions on a broad scale, which is why we are looking at five types of outcomes: (i) reintegration into paid work, (ii) societal participation, (iii) the wellbeing of claimants, (iv) the financial situation of claimants, and (v) evaluation of the scheme by caseworkers. We are planning to measure outcomes up to four times: before the start of the intervention in a baseline survey, after the first year, after the second year, and six months after the intervention has ceased. Case-managers will also be interviewed, to get a sense of their levels of job satisfaction and work stress. Besides collecting information by surveys, we are using administrative data from the municipalities and from national statistics. In this way, we hope to obtain more reliable information about the effects of alternative ways of delivering welfare.

The Rationale Behind the Experiments

Another important factor contributing to the emergence of the Dutch experiments is the growing acceptance of behavioural insights and evidence-based policy for policymaking in the Netherlands. There are three insights in particular that have motivated the Dutch experiments and form

their theoretical underpinning. The first insight concerns recent findings on the impact of poverty on people's mindsets. Research in this relatively new field of study by Mani et al. (2013) and Mullainathan and Shafir (2013) demonstrates that (financial) scarcity and the stress of poverty reduce people's cognitive resources. Next to monetary concerns, complying with welfare requirements may pose an additional cognitive burden. As a consequence, people under poverty stress live from hurdle to hurdle, and easily lose sight of the track and finishing line. Reducing the conditionality of welfare programmes might alleviate the cognitive burden of recipients and free up resources for other tasks.

The second insight concerns the prevalence of social preferences or values, such as reciprocity and trust. Reciprocity describes a preference for repaying kindness with kindness, and meanness with meanness, which suggests that individuals are inclined to reward favours (positive reciprocity) while taking revenge when being harmed (negative reciprocity). Past research has shown the importance of such preferences as they often cause people to behave differently compared to what one would expect from standard economic theory (Fehr and Schmidt 2003). In social welfare, negative incentives such as sanctions and fines are a common instrument for attempting to motivate welfare recipients. If recipients have strong preferences for reciprocity, negative incentives might not be the best way to induce cooperative and compliant behaviour.

The last insight stems from psychological motivation theories, and refers to the observation that extrinsic incentives can crowd out intrinsic motivation (Bowles 2016). Self-determination theory suggests that intrinsically motivated people engage in an activity because they find it enjoyable and interesting (Ryan and Deci 2000). It appears that intrinsic motivation comes with several advantages, including more behavioural effectiveness and persistence, and enhanced wellbeing. Research also shows that one can effectively strengthen intrinsic motivation by communicating the activity as a choice rather than as control. Reducing welfare conditionality and eliminating negative external incentives (such as financial sanctions) conveys autonomy and might foster recipients' intrinsic motivation. Higher intrinsic motivation, in turn, is expected to lead to better behavioural outcomes.

With a growing emphasis on applying behavioural insights, an increasing number of policies in the Netherlands are being tested in the field, putting evidence-based policy making centre stage. Already, many such evaluation studies—most of which are close collaborations between academia and public bodies—apply scientifically rigorous designs, including control groups and the use of random assignment. Examples can be found in policy areas

such as social security, healthcare, education, and many more (BIN 2017). With experiments, and particularly randomised control trials, becoming an ever more popular policy tool, an experimental culture has slowly been emerging in the Netherlands, as illustrated by Article 83 on Innovation giving room to policy innovation through the execution of field experiments.

To take stock: a new avenue for welfare reform has emerged, partly due to the peculiar Dutch institutional setting of social assistance benefits, partly inspired by the everlasting and simmering debate on Basic Income, and partly inspired by the behavioural turn in economics, and greater reliance on evidence-based policy-making. The most controversial aspect of a Basic Income is its unconditionality. Why give people money for free rather than conditionally? The answer invokes terms such as trust, reciprocity, intrinsic motivation, and scarcity-effects. To take into account these dimensions, one inevitably has to replace the narrow focus on rationally calculating citizens postulated in neoclassical economics with a broader behavioural economics approach, which allows for a more extensive toolkit than sticks and carrots to affect behaviour. We expect the Dutch local experiments on social assistance to contribute valuable experimental evidence to the discussion on welfare and conditionality.

Basic Income in the European Periphery

By Enkeleida Tahiraj

After 1990 the Western Balkans shifted to a form of liberal market economy, and the regional discourse since then has been dominated by growth objectives, with social development expected to be contingent on economic gains. Only in recent years, aware that economic growth, even though modest, has led to increasing inequalities, social policies have incorporated more inclusive aspects into mainstream growth objectives. Social policy has focused on increasing the efficiency of welfare schemes by investing in systems to reduce benefit fraud and introduce more intensive targeting rather than investing in people (Tahiraj 2018b). In such a context, could a proposal to give people free handouts find a public audience when welfare programmes are being driven by socio-economic pressures and political compromise (Alcock 1999) rather than by principles of universalism? (Tahiraj 2007).

In 2017, a proposal by the local United Nations Development Programme (UNDP) office in Serbia, supported by the UNDP regional office innovation team in Istanbul, gave life to an enquiry into the feasibility

of Basic Income in Serbia. Throughout 2017, and well into the Spring of 2018, a team of local researchers, academics, and advisers, worked together to explore potential proposals in the context of current welfare provisions in Serbia. I was fortunate to be part of this process. Demos Finland provided know-how on the Finnish experiment that they were working on at the time.

Serbia's Basic Income Proposal (UNDP 2018)

Serbia's welfare platform was predicated on insurance around work and employment relations, with pensions receiving the lion's share of social expenditure. Health expenditure, while the highest in the region (10.4% of GDP) is not matched by its outcomes. Faced with growing inequalities, in-work poverty, massive youth migration, and lack of jobs, Serbia's gains in the field of welfare have been modest. Indeed, all of the former Yugoslav countries, except Slovenia, were worse off compared to the EU member states in 2008 than they were back in the 1990s (Uvalić 2018).

Serbia is studying the possibility of a pilot project that will consist of a periodic, unconditional cash transfer to a select number of individuals for a minimum of two years, with monitoring from one to preferably five years after the experiment. The sample size is set to include at least one thousand individuals from the third largest city in Serbia, Niš, which has a population of 260,237 inhabitants (2011 Census). The sample will be selected via a mix of area, cluster and social transfer based criteria. Equal weights will be given to both male and female representation, with over two thirds of participants being between fifteen and sixty-four years old. Monthly payments will be made via bank accounts, or by transfers within the existing social welfare system, although the latter route presents complications. Participation is individual, on a voluntary basis, and from lower-income households.

The direct goal is poverty reduction through the unconditional cash transfers, with expected impacts on:

- Labour—both as market participation (in line with Serbia's Poverty Reduction Strategy), and also as work on other activities of choice, for example at home;
- individual health outcomes—with reductions in poverty and lower state expenditure on health;
- household financial wellbeing—and what activities are incentivised as a result.

Observations will focus on how the money is spent, an issue which is important for both supporters and opponents of the idea, and for both the Government and external interested parties. Educational attainment and entrepreneurial activity are expected to be affected too.

Payment must be ‘sufficient to be meaningful for the participant, but not so high as to provide total security’.

The absolute poverty line may be too low to show significant impacts, the minimum wage [level] is likely to be too expensive to be feasible, and the replacement for social transfers is too complicated to implement. The relative poverty line is therefore recommended as the starting point for calculating the budget. (UNDP 2018)

Parallel work will be done to ensure that the experiment relates to all levels of government via communications, monitoring, and findings that will feed policy and debate on Basic Income.

A Comparative View of the Serbian Proposal

A study of Serbian possibilities has included thorough analysis of most Basic Income or Basic Income-like experiments across the world. The Finnish experiment, while in fact an employment incentivising test (Neuvonen 2017), was at the time of discussion in 2017–2018 described by the media as ‘Basic Income’, with little journalistic attention being given to the principles that distinguish Basic Income from other policy alternatives. It was therefore helpful for the Serbian team to learn early on that the Finnish model was not quite a Basic Income, particularly in relation to the sole emphasis on labour market goals.

Unlike other experiments that have evolved from years of public debate, the Serbian initiative travelled in some new territory. Welfare debates in all of the Western Balkans countries have sought to improve the efficiency of social assistance systems, or to increase conditionalities in favour of activation, but there has not been much attention on novel ideas such as a meaningful unconditional and non-withdrawable direct cash transfer policy. Social assistance schemes in the region tend to be a result of paternalistic considerations, with punitive actions for the ‘undeserving’ beneficiaries. There is a tendency to add exclusion criteria rather than make the schemes more inclusive. Equally, academic discourse on Basic Income in the region has been weak, and there has been little debate about the experiment in Serbia.

As with a Slovenian proposal, the Serbian initial study was met with scepticism, albeit with a recognition that further testing for local feasibility was required. While in Slovenia, public servants showed resistance to change because they feared that change would result in the loss of their jobs (Korošec 2015)—and in such small job markets, these fears are real—in Serbia, government employees of a younger generation expressed a keen interest in Basic Income. However, they were not decision-makers, and no official ownership of the proposal has so far been declared by the Government of Serbia. While the Government in Slovenia would only embark on a Basic Income policy if there was enough public pressure (Korošec 2015), the ESS survey data show that over 65% of the respondents in Slovenia are in favour of Basic Income, and among them there is high support from trade unions too at 66% (Vlandas 2018). The Serbian proposal, being technical in essence, is yet to gain necessary political backing due to a lack of expressed public pressure. Furthermore, faced with popular protests since the end of 2018, the Government's priority is more immediate policy solutions designed to gain political support. It is worth noting, however, that while political acceptance at the central government remains weak, there has been more readiness to engage with the experiment at the local government level, because local government is closer to local communities and wants to provide tangible action for constituencies.

Unlike Finland (see Chapter 20), Serbia is part of a region that suffers experimentation fatigue. This is a consequence of often short-term project-based international aid during the last thirty years: a strategy that has eroded public faith in unfamiliar ideas. In a recent conference in Serbia, a colleague from the region illustrated this with a word-game anecdote: 'We have had so many pilots, but not a single plane'. While this is region-specific, pilots generally carry the risk of sudden termination of the experiment, which can have 'iatrogenic effects' on the participating community (Tahiraj 2007). Equally, in the minds of a generation that has yet to recover from the post-communist transition, giving people free money is 'a dangerous and frightfully familiar' proposal that is associated with the past and bears negative connotations (author's interviews).

Similar to the Dutch experiments, the Serbian study focused on income poverty as a parameter for Basic Income eligibility and was designed with a poverty reduction aim, with a proposed reference and control group. The issue with such approaches is perhaps like the Irish witticism: 'How do I get there? I wouldn't start from here'. The proposal, as is perhaps the case with all Basic Income pilots, starts from 'here', and therefore remains constrained by current fiscal laws, policy landscapes, and budgetary restrictions

(Widerquist 2018). This leaves little breathing space for an enabling environment for Basic Income, a concept that is different from current welfare platforms. Focusing Basic Income proposals on those officially classified as poor automatically limits the public reach, and therefore reduces the chances of broader support in society.

Conclusions

Prospects for Basic Income in the Western Balkans remain highly dependent on political stability and public demand. Politics continues to overshadow proclaimed social goals. Equally, regional policy and academic discourses remain focused on incumbent programmes. There is a case to be made, in the context of weakening welfare systems and issues with social insurance, to reconsider the current welfare system in order to respond better to changing conditions. It is a 'time for revolutions, and not for patching' (Beveridge 1942). The Serbian proposal can serve to both enrich the theoretical and principled debate on social policy as well as provide country specific evidence for better policy design.

The Basic Income proposal in Serbia, although it has met with scepticism, is considered useful in that it has offered insights into new policy options and has helped to align Serbia's welfare approach to wider EU social goals. In practical terms, Serbia is as well placed to embark on a Basic Income experiment as any of its neighbouring countries. In the current social, political and economic situation, this initiative is timely and important. Although there has been low public demand for it in Serbia, if nothing else, it has raised awareness across the region of the need to question existing welfare arrangements.

Along with contributing to the worldwide debates on Basic Income, the Serbian initiative also highlights the difficulties of a Basic Income experiment that would be carried out against country constraints. While governments tend to focus on maximising the outcome of policies during their four-year mandates, Basic Income requires a longer-term vision. To raise public awareness, and gain political interest, a Basic Income experiment would need to focus on whatever politically important goal was the low hanging fruit in that particular context and time. In the Western Balkans, this is likely to entail hypothesis testing that aims to surface data that can be used for comparison with social inclusion or labour market activation pilots and programmes.

Unlike focusing on poverty reduction alone, such a politically desirable goal is likely to find wider support among the political class, the business community, and the public. Given the current state of political and public readiness for a Basic Income experiment in the region, however, we can expect little to change in the near future, unless external forces contribute to change (Tahiraj 2018a).

Korean Experiments

By Gunmin Yi

Korea is one of the countries where various forms of experiment are being carried out. These can be divided into three categories. Firstly, as a form of demogrant, Seongnam City's Youth Dividend Policy has provided KRW 250,000 (223 US dollars) per quarter for all young people who are twenty-four years old and who have lived in Seongnam City for three years or more. Secondly, there are small-scale Basic Income-related policies implemented by the local community or the church community. Thirdly, there is a series of Basic Income lottery projects that were inspired by a similar project in Germany.

Seongnam Youth Dividend

'Action speaks louder than words', so the best way for a policy idea to appeal to people is to establish and implement the policy. The Seongnam Youth Dividend is significant in Korea because there is little experience of universal or unconditional welfare.

Jae-myung Lee, a representative politician supporting Basic Income in Korea, initiated the Seongnam Youth Dividend Policy in January 2016 with the aim of strengthening the youth's self-empowerment and activating the local economy. This policy is one of the three major free welfare policies of Seongnam; the other two are free school uniforms, and support of free post-natal care.

Seongnam Youth Dividend, which is paid in the form of a local currency called 'Seongnam Gift Certificate' (*Seongnamsalangsangpumkkwon*), has benefited young people and local residents, but has also produced a variety of other positive effects. Considering that recipients had been unfamiliar with 'universal' welfare policies and with the concept of a 'social dividend',

the following survey results are quite optimistic. As of July 2016, a questionnaire survey for 498 Youth Dividend recipients conducted at fifteen community service centres in Seongnam showed that they evaluated the policy very positively: 91.9% answered that the budget was appropriately used; 84.5% responded that the ‘unconditional’ payment was proper; 94.2% replied that this policy should continue after the end of their own payments; 95.3% answered that ‘Youth Dividend actually helped my life’, and young people who became interested in Seongnam City and youth policies thanks to the Youth Dividend were 95.6 and 90.9% of respondents respectively (Seong 2016).

This suggests that Torry’s argument (Torry 2016), that even though Basic Income may initially begin at a very small amount or low coverage of the population, experience of the policy will mean that people can realise that the policy has a positive effect on the society, so then it would be possible to broaden and enlarge its scope. Seongnam Youth Dividend shows that this scenario could be valid.

In addition, Seongnam Youth Dividend is significant in that it has opened up the possibility of overcoming a negative ongoing heritage from the promotion of the export-led developmental state model as opposed to building a welfare state in Korea. During the 1960s and 1970s, an ‘Asset-based Livelihood Security System’ was established (Kim 2013). This involved the control of wages and the prices of agricultural products in order to secure export competitiveness through price advantage. High tax exemption thresholds substituted for higher wages; and policies encouraged housing and real estate purchases. This resulted in low levels of social expenditure and total tax revenues as percentages of GDP compared to other OECD countries. The Seongnam Youth Dividend has shown that a well-designed policy, and experience of it, can change people’s attitudes towards social welfare and tax payments.

2019 could be a year of significant change in the Youth Dividend policies. Firstly, Soo-Mi Eun, who has been the mayor of Seongnam since July 2018, has announced that the Seongnam Youth Dividend will be paid as a mobile gift certificate from April 2019 (Kim 2019). Secondly, Jae-myung Lee, who was the former-mayor of Seongnam from July 2010 to March 2018, and has been the governor of Gyeonggi Province since July 2018, plans to implement the Gyeonggi Youth Dividend (Lee 2019). The Gyeonggi Government plans to pay KRW 250,000 quarterly in the form of local currency issued by the municipal government and circulated in the region. It is expected to be the second largest dividend payment in the world in terms of the number of recipients (—there are about 175,000 24-year-olds in Gyeonggi Province), following the Alaska Permanent Fund Dividend (about 700,000 recipients)

(Kang 2018). Like the Seongnam Youth Dividend, it will be paid only to twenty-four-year-olds at first, but if consensus and the budget can be established, payments will be extended to the 19–24 age range.

Basic Income-Related Policies Carried Out Within Small Private and Voluntary Organisations

Since the end of the 1990s, a lot of people have returned to the Sannaemyeon at the foot of Jiri Mountain in Namwon City for farming and pursuing an ecological life and community values, so now more than one quarter of the Sannae's total population is comprised of them. People in the local community have donated KRW 500,000 a month to young people whom they want to support for at least one year without any condition. The project, the 'Jiri Mountain E-um Community's Fund Dividend for Vitalising Young Settlers' (Sungmisan School et al. 2017), started with the intention of encouraging young people to settle in the ageing rural area, and has supported those who want to live there in the longer term.

Similar is the Basic Income Programme of the Jeonju Hwapyung Church (Lee 2017; Choi 2017). Jeonju Hwapyung Church, led by Pastor Young-jae Lee, formed a Basic Income committee within the church, aiming to restore the spirit of the Early Church, in which property was jointly owned and distributed. The committee decided to implement a Basic Income scheme by holding a 'Basic Income Offering', with some of the proceeds being distributed equally every month to all enrolled members of the church who attended worship, and some to Jeonju's Basic Income lottery project for Jeonju City, 'Comma Project' (*Sheempyo Project*).

Diverse Basic Income Lottery Projects

A series of Basic Income lottery programmes was inspired by the German *Mein Grundeinkommen* project, in which crowdfunding pays temporary Basic Incomes to selected individuals (Mein Grundeinkommen 2019): The Basic income Experiment of Hankyoreh 21 (500,000 won per month for six months to one winner between September 2016 and May 2017); the 'Spacing Project' (*Tio Su-ki Project*) of Basic Income Daejeon Network (500,000 won per month for six months to each of three winners between February and September 2017); the 'Comma Project' (*Sheempyo Project*) of the Basic Income Jeonbuk Network (500,000 won per month for six months to each four winners between May 2017 and March 2018);

Chuncheon Basic Income Experiment led by the Chuncheon Basic Income Experiment Planning Team (300,000 won per month for six months to each of two winners between May and December 2017); the ‘Small Tree Project’ (*Jakeunnamu Project*) of Seongmisan Village (120,000 won per month for six months to each of nine winners between December 2017 and June 2018), which is a village famous in Seoul City for co-parenting, alternative schools, and village enterprises; and the Hongsung Local Currency Basic Income Project (100,000 won per month for six months to each of ten winners between June and December 2017). The Hongsung Local Currency Basic Income Project, headed by the Local Currency Exchange, ‘Leaves’ (*Ip*), was also inspired by the alternative community movement.

The main purpose of most Basic Income lottery projects was not to measure the effects of Basic Income, but rather to promote or campaign for Basic Income, and to apply political and social pressure for the implementation of a Basic Income in the near future (Chuncheon Basic Income Experiment Planning Team 2017; Moon 2018; Oh 2017; Seo 2017; Sungmisan School et al. 2017). Having said that, lots of ongoing Basic Income lottery projects have shown that recipients experienced new possibilities in terms of hobbies, consumption, work decisions, a more leisurely life, personal satisfaction, positive attitudes toward society, better social relationships, and much better time planning with a longer time-horizon and more regular habits (Hwang 2017; Jeong 2018; Kim et al. 2017). Through monthly interviews and questionnaires based on the same questions before and after the experiment, the Hankyoreh 21 experiment, which was the most systematic study on changes in winners’ income and expenditure, working hours, sleeping time, meal times, and so on, showed that a winner, a 27-year-old female graduate student as of 2017, who received monthly payments of KRW 1,350,000 (pre-tax; after-tax, 1,290,600 won) for six months, could not only start new hobbies, take more leisure time, reduce debt, meet friends more frequently, and increase subjective life satisfaction and self-esteem, but also experience more positive attitudes toward society as a whole and Basic Income in particular (Hwang 2017).

Barcelona: B-Mincome

By Julen Bollain

B-MINCOME is a 17 million euros experiment carried out by the Ajuntament de Barcelona (Barcelona City Council) and co-financed by the Urban Innovative Actions (UIA) programme of the European Union

(Urban Innovative Actions 2019). UIA is an initiative of the European Union that provides urban areas throughout Europe with resources to test new and unproven solutions to address urban challenges.

The Ajuntament de Barcelona has implemented benefits to supplement income in the most deprived area of Barcelona. One thousand households are receiving an income to alleviate poverty for a period of two years. The households are drawn from neighbourhoods of the Besòs Axis, which together have a population of 114,014 inhabitants who could potentially benefit from the minimum income (7.12% of the total population of Barcelona City). In Besòs Axis the average income is the lowest in Barcelona—44% less than the average—and there is high unemployment (13.65%, 46% more than the average in Barcelona), there is a high rate of school dropout (7.2% of the inhabitants are out of education, 45% more than the average in Barcelona), and the proportion of immigrants is 5.36% higher than the average in Barcelona. The average cost of housing is 2500€ per month in comparison with the 3150€ per month on average in Barcelona (Ajuntament de Barcelona 2016).

We need to differentiate between minimum incomes and Basic Income, as both minimum income and something closer to Basic Income are being tested in the B-Mincome project. Minimum incomes are benefits conditional on certain requirements (for example, income requirements) and are usually linked to social inclusion processes (often mandatory labour active policies). However, Basic Income is an income paid by the state to every citizen unconditionally. In opposition to the minimum incomes, Basic Income prevents social exclusion *ex ante*, as it grants a minimum income to the entire population and does not divide society between ‘those who give and those who receive’ (Bollain and Raventós 2018).

The B-Mincome project in Barcelona is based on a strategy of testing several types of minimum incomes (combining them with public and private active policies and strengthening communitarianism) and an income with no active policies. It consists of providing these one thousand households with security, freedom, and greater responsibility, in order to overcome poverty. The objective is to improve the socioeconomic situation of these households (especially their employability and ability to generate alternative incomes) and the project aims to evaluate the impact that different designs of public policy can have on the capacity of households to emerge strengthened (both individually and collectively) and abandon vulnerability and dependence on public or private resources to cover their basic needs.

The pilot project, that started in October 2017 and will last for two years, is made up of four ‘passive’ policies and four ‘active’ policies (see Fig. 21.1).

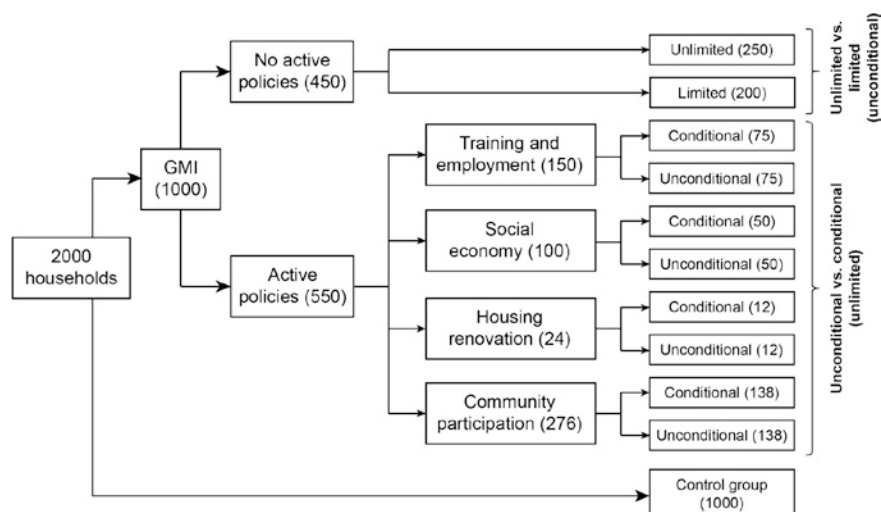


Fig. 21.1 B-Mincome's several types of minimum income strategy (Source Diagram created by the author)

An important objective is to compare those households receiving the minimum income with a control group with similar socioeconomic characteristics. The results achieved will be assessed between September and December 2019 (Ajuntament de Barcelona 2019a).

The aid given via passive policies is divided between conditional or unconditional (in relation to active policies) and into limited or unlimited (in relation to extra income). Whereas conditional aid contains mandatory participation by the beneficiary in one of the four active inclusion policies (allocated to 275 households), unconditional aid is not conditional on participation in any of the four active inclusion policies (allocated to 275 households). On the other hand, limited aid (allocated to 200 households) will be progressively reduced (or extinguished) in the same amount as any variation in households' income, while unlimited aid (allocated to 250 households) will be only partially reduced by the income generated by households. (The new unlimited aid will be calculated with the following formula: Basic household aid limit less the average of the last six months' income before the beginning of the project, less 25% of the monthly income that exceeds by up to 250€ that at the beginning of the project; or less 35% of the monthly income if it exceeds monthly income at the beginning of the project by more than 250€. It is this kind of income that is the closest to Basic Income, but as the income is withdrawn it does not entirely conform to the definition of Basic Income.)

In relation to Fig. 21.1, the words have the following meanings:

- ‘Limited’ means that the aid is withdrawn in an amount equal to additional earned income.
- ‘Unlimited’ means that the aid is withdrawn more slowly, so that people gain some benefit from additional earned income.

(None of the participants in B-Mincome keep all of the value of additional earned income.)

- ‘Conditional’ means that participants *must* take part in the programmes.
- ‘Unconditional’ means that they can take part if they wish to, and they still receive aid if they do not take part.

Four active policies have been designed in order to achieve beneficiaries’ socio-labour integration. The first active policy, designed to support 150 households, is a training programme and municipal employment plan for projects of collective interest for members of working age and unemployed registered with the Employment Service of Catalonia. This policy is coordinated by Barcelona Activa. (Barcelona Activa is the organisation responsible for economic and local development policies. Its objectives are to promote improvement in the quality of life of citizens, employment, and entrepreneurship, and to support companies from the perspective of the plural economy.) The income and the eventual unemployment benefits earned will count as income, and aid could be recalculated.

The second active policy, designed to support 100 households, is a programme for the promotion of co-operatives and the social and solidarity economy through the implementation of collective Social Entrepreneurship Plans. The support that the participants of this policy receive will not count as income for the purpose of calculating the aid, but the net income that could be generated by their professional activity will count as an income and aid could be recalculated.

The third active policy, directed to 24 property-owning households (Torrens 2018), is a housing renovation programme. This will give owners the possibility to rent rooms permanently and obtain a higher yield, which could improve their disposable income. The monetary or in-kind subsidies offered for the renovation will not count as income, but the net income generated when renting the rooms will count for the recalculation of the aid.

The fourth active policy, directed to members of 276 households (Torrens 2018) is a community participation programme which will support

people to participate in community activities, collective projects, or projects of common interest. These activities and programmes will increase and improve beneficiaries' skills and abilities in social relations and interactions (communication, reciprocity, mutual aid, networks), employability skills (professional skills, group work, personal responsibility), the elaboration of projects, and decision making and social responsibility (contribution to the common good, promoting ethical values, and so on).

Another important aspect of the project is that from September 2018, up to 25% of the financial aid is paid in a citizen currency by means of an electronic transfer. The objectives of this citizen currency are to promote local commerce and to strengthen community ties between the residents living in these neighbourhoods (Ajuntament de Barcelona 2019b).

Finally, and although the B-Mincome is the project that must be analysed in this book in accordance with its purpose, it should also be mentioned that it is part of a broader municipal agenda that seeks to fight poverty, socio-economic problems, and inequalities in Barcelona. The whole municipal agenda is led by the municipal administration under the mayor Ada Colau, whose objective is to change the paternalistic approach to welfare support into a basic right for every citizen.

Why Scotland?

By Annie Miller

How did it come about that a small nation on the far north-western edge of Europe is now poised to become the first developed country to conduct an authentic Basic Income pilot experiment?

Professor Ailsa McKay of Glasgow Caledonian University, feminist economist and political activist, was the voice of 'Citizen's Basic Income' in Scotland (McKay 2005) until her untimely death in 2014. Although terminally ill, Ailsa was the keynote speaker on 15 January 2014 at a session at the Scottish Parliament hosted by Jim Eadie MSP, entitled 'Beyond welfare reform to a citizen's income' (Miller 2017: 23). She spoke with wit and passion about its desirability for Scotland. Sadly, she died seven weeks later.

From August 2013, Ailsa was a member of the Scottish Government's Expert Working Group on Welfare (EWGW), of which Martyn Evans, Chief Executive of the Fife-based Carnegie UK Trust, was chair. Recommendations 40 and 41 of their report (EWGW 2014: xvii) identified

Basic Income as an alternative model for which an evidence-based examination would be required.

During the campaign leading up to the Referendum on Scottish Independence on 18 September 2014, the grassroots population dreamed of the society that it wanted for Scotland, educated itself about a range of different policies, and became politicised like no other part of the UK, becoming more receptive to radical ideas.

Then in 2015, the Fairer Fife Commission (2015), chaired by Martyn Evans, expressed its hope that Fife Council would select a town to test and evaluate a Basic Income pilot. In February 2016, Reform Scotland published its report advocating a Basic Income for the UK (Mackenzie et al. 2016). Delegates at the Scottish National Party Spring conference 2016 agreed a motion proposed by Ronnie Cowan, MP for Inverclyde, supporting the introduction of a Basic Income in Scotland. The Scottish Green Party included Basic Income in its manifesto for the Scottish elections on 5 May 2016.

A new educational charity, the Citizen's Basic Income Network Scotland (CBINS), was launched in Glasgow in November 2016. Guy Standing, who had been involved with the Basic Income experiments in Namibia and India, was the invited speaker. During the panel session that followed, the audience gasped when Councillor Matt Kerr announced that Glasgow would be interested in hosting a Basic Income pilot experiment. A cross party group of City of Glasgow councillors was soon established to work out how to make the idea a reality.

CBINS and Fife Council co-hosted a second launch event in January 2017. Karl Widerquist, co-chair of the Basic Income Earth Network (BIEN), was the keynote speaker, and some 150 people from across Scotland learned about and discussed Basic Income. Fife councillors expressed cross-party support for exploring a local Basic Income pilot. A survey of the Fife People's Panel in June indicated that a fair proportion was already familiar with the concept of a Basic Income (Barclay 2017; Vaughan 2017).

The Scottish Social Security Committee (2017) invited oral evidence from five Basic Income advocates and critics on 9 March 2017, asking them whether a Basic Income scheme could be set up under the current devolved powers to Scotland (to which the answer is 'not without difficulty'). The members of the committee were very well briefed for the session, asking relevant and searching questions, and they were receptive to the answers given.

During the early part of 2017, Glasgow City Council, in partnership with the Royal Society for Arts Scotland (RSA Scotland), commissioned

a feasibility study for its own Basic Income pilot, hosting several events involving the voluntary sector, think tanks, and others. Glasgow Caledonian University invited Philippe Van Parijs, international advocate of Basic Income, to give the second lecture in memory of Ailsa McKay on 17 May.

During 2017, North Ayrshire and City of Edinburgh Councils separately expressed a wish to be part of a Basic Income pilot experiment in Scotland. All four local authorities were very concerned about the growing problem of poverty and inequality in their areas, and they committed themselves to working together to explore the feasibility of Basic Income in Scotland.

On 5 September, in its *Programme for Government*, the Scottish Government (2017) announced that it was putting aside £250,000 as seed-corn finance for the planning stage of a Scottish Basic Income pilot experiment. Jurgen De Wispelaere, who had been involved in the planning phase of the targeted Basic Income experiment in Finland, gave a talk on 12 October in Glasgow to some of those involved in the planning stage of the Scottish experiment.

The Scottish Basic Income Pilot Steering Group (2019) was set up in November 2017. It comprises officers from each of the four local authorities, supported by the Improvement Service, and with research and evaluation support from NHS Health Scotland, which is interested in addressing the adverse health effects of inequalities in income and wealth. The four local authorities committed resources to support the ongoing work. In May 2018, the Steering Group's *Application for Funding* to the Scottish Government's Citizen's Basic Income Feasibility Fund, for funding until April 2020, was accepted.

A Cross Party Group on Basic Income (Scottish Parliament 2018) was set up on 10 May 2018, with secretarial support from the RSA in Scotland, to examine all aspects of Basic Income. The group was founded by seven MSPs from three of the five political parties represented at Holyrood (the Scottish National Party, the Scottish Labour Party, and the Scottish Green Party), together with members of CBINS, RSA in Scotland, and other parties interested in Basic Income.

Members of the Scottish Basic Income Pilot Steering Group received financial support from the Carnegie UK Trust to attend the international BIEN Congress 2018 in Tampere, Finland. They were able to meet researchers involved in Basic Income and other experiments in Ontario, Finland, and the Netherlands. Their report was published in January, describing their experience of, and lessons learned from discussions at, the Congress (Barclay et al. 2019).

Any authentic Basic Income experiment could produce a range of outcomes: emancipatory; reducing poverty and improving health and wellbeing; reducing inequality of income and enhancing community; and work incentive effects. The context in which the experiment takes place will focus more attention on some outcomes than on others. The context can also present constraints on the development of the pilot. Examples were given: of new legislation being required in order to test alternative welfare systems in the Netherlands; of cost constraints in Finland; of forthcoming elections affecting either the timing or the duration of the pilot, in Finland and Ontario respectively; or of public attitudes against unconditionality making it difficult to finance a Basic Income pilot: but this provides all the more reason to try out new ideas, rather than to continue to experiment with known failures.

Among other lessons, the need for early planning for each stage of the pilot—development, design, implementation, evaluation and dissemination—was emphasised, together with the importance of communications throughout every stage—repeating the aims, status and reporting schedule of the pilot. It was also important to have rich qualitative data from which to draw narratives and stories of participants' personal experiences. Success was expressed in terms of the level of government participation, and its commitment to legislation being drawn up and to adequate finance.

Clearly, the learning and understanding gained by the team's visit to the Congress, and their discussions with contemporaries, will inform the planning of their experiment. Scotland's Basic Income pilot is the focus of much attention and good will from around the world, and this will increase if the project progresses to its next stage—implementation.

The Swiss Referendum About Basic Income

By Enno Schmidt

On New Year's Eve 2006, two people founded the Basic Income Initiative in Switzerland. It was Daniel Häni and me. My background is art, Daniel Häni's is managing director of the largest coffee house in Switzerland, the 'Unternehmen Mitte' in the centre of Basel. So from the beginning we had a headquarters for the initiative with hospitality and event rooms.

We started with a website that soon became the most popular in the German-speaking world because it was colourful, well written, and lively.

Generosity and beauty were important to us. Basic Income is not poverty, it is not blaming the other, it is more attractive than the other. We made the biggest event ever so far about Basic Income in the huge hall of the coffee house, and started to create the first films about the issue. Because Switzerland is relatively small, and relatively sensitive, we soon got the attention of the media for the topic. After publishing the film *Basic Income—a cultural impulse*, in the Autumn of 2008, other people joined us and suggested that we should start a people's initiative. Christian Müller and Daniel Straub from Zürich organised the compulsory Initiative Committee which is legally responsible for a popular initiative. It was a private civic initiative, independent of political parties and associations.

This is the text of the peoples initiative we launched in April 2012.

Federal Popular Initiative 'For an unconditional Basic Income'

The Federal Constitution of 18 April 1999 is amended as follows:

Art. 110a (new) unconditional Basic Income

1. The Confederation will ensure the introduction of an unconditional Basic Income.
2. The Basic Income should enable the entire population to live in dignity and participate in public life.
3. The law regulates in particular the financing and the amount of the Basic Income.

This had to be signed by at least 100,000 citizens in a period of eighteen months in public places. At the peak times of signature collection, about two hundred people were active for the initiative. The core group consisted of ten to twenty people.

The text was short and simple. We did not want to get lost in side discussions by mentioning specific regulations which would only distract from the essential message. We focused on the central idea. We wanted people to recognise themselves in the unconditional Basic Income idea, to feel it and to experience it emotionally. Do people want a Basic Income to be introduced? Which model, which type of funding: these were issues for the further democratic process. The initiative had to contain just one proposal. Financing would be an issue for a separate vote.

In October 2013, we were able to submit 126,000 valid signatures to the Federal Chancellery, so the people's initiative was successful and Swiss law meant that it had to lead to a referendum, the results of which would be legally binding.

The Federal Council, Switzerland's government body, called on Parliament to speak out against the initiative, and strongly recommended that the population should reject the proposal. The initiative was discussed in the National Council, and described by the majority as dangerous and mad. The Council of States, the second chamber of parliament, also voted in favour of rejecting the initiative. But in Switzerland's direct democracy, government and parliament are not sovereign. The population is sovereign. What the voters decide will be the constitutional text and the law.

Each household received a voting booklet in which the pros and cons were presented equally. In Switzerland, referendums usually take place three or four times a year. Each referendum consists of three to four different initiatives. As a rule, slightly fewer than 50% of eligible voters vote in a referendum.

On June 5, 2016, the Swiss Confederation voted on our proposal. With 46.4% of voters voting, 23.1% voted yes (Swissinfo 2016). That is 568,905 people. The majority voted against, for instance because they saw too many insecurities in it, it contradicted their sense of justice when people just get money like that, and they felt that things were fine the way they were. They were open to small reforms, but not for real change.

But the issue had been discussed throughout the population. The subject is on the table. According to a survey, 69% of Swiss people expect a second referendum on Basic Income, while 44% are in favour of pilot projects in Switzerland. Our campaign and the referendum got a worldwide media response, and took the discussion to a higher level (Al Jazeera 2016; Basic Income Earth Network 2016; BBC 2016; CCTV 2016; CNBC 2016; Lowrie 2013; *New York Times* 2016; PBS 2016). It was about human being, the value of work, performance, freedom, and self-responsibility. We put emphasis on media-effective actions and images, such as dumping eight million five centime coins on the Federal Square in Bern when the signatures were submitted—Switzerland has eight million inhabitants—or we put the world's largest poster in Geneva on the world's biggest question: What would you do if your income were taken care of?

After the vote, during which lots of the world's press gathered around our headquarters, the topic went quiet in Switzerland. Like after a big wave, the wave valley came.

Criticism came from abroad that the amount of 2500 Swiss francs that we demanded for the Basic Income for adults was far too high. But this amount was not part of our initiative. This amount had been discussed in a book by Müller and Straub (2015) and taken up by the press. From then on it was equated with our initiative. Which it was not. Anyway, the

purchasing power of 2500 francs in Switzerland corresponds to about €1250 in Germany, or roughly \$1250 in the US. Purchasing power matters, not the exchange rate. In Switzerland, the amount was regarded by many as too low.

What did we learn? For instance: A sentence that starts with, ‘They should...’ is for the wastebasket. If you have an idea, you have to start with yourself. If it’s attractive, then others will join in. It is better to leave each other free than to shape a paralysing unity. And we also learnt that social tensions arise when things become important.

In Switzerland, it is common for several referenda to be held on fundamental issues like this until a majority is in favour. Now, in 2019, a few Basic Income tests are in preparation, and some people are already talking about the next referendum.

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Part V

Political and Ethical Perspectives



22

Libertarian Perspectives on Basic Income

Miranda Perry Fleischer and Otto Lehto

Introduction

How can libertarianism—which is thought to be hostile to any redistribution—support universal, unconditional cash transfers in the form of a Basic Income? Surprisingly, many vocal proponents of incomes similar to Basic Income—such as economist Milton Friedman, public intellectual Charles Murray, and eBay co-founder Pierre Omidyar—are self-described libertarians; and the US Libertarian Party presidential candidate, Gary Johnson, proposed a Basic Income as part of his ‘Fair Tax Plan’ in the 2012 and 2016 US elections. As this chapter demonstrates, these and other libertarian proponents are not deviating from libertarian thought: instead, they reflect the nuance and diversity of its theoretical foundations.

To that end, this chapter explores several justifications for a Basic Income grounded in libertarianism. By libertarianism, we mean a family of theories that emphasise the right of the individual to be free from coercion, a strong respect for private property rights and the free market, and a presumption that market distributions are just and should be disturbed only

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in limited circumstances. As in any family, however, different personalities emerge. At one end of the spectrum is ‘anarcho-capitalism’, proponents of which assert that there is no such thing as a just state and that voluntary associations can adequately protect one’s life and property (Rothbard 1982). Next come ‘minimal state libertarians’, who believe that only ‘a minimal state, limited to the narrow functions of protection against force, theft, fraud, enforcement of contracts, and so on, is justified’ (Nozick 1974: ix). The more permissive members of the family include left libertarianism and classical liberalism. The latter theory posits that a just government can legitimately provide a limited number of public goods, although it supports neither the broad swathe of activities in which most Western governments currently engage, nor the large-scale redistributive programmes supported by many welfarists and egalitarians (Epstein 2003; Mack and Gaus 2004: 124–129). Left libertarianism stems from the premise that natural resources (sometimes called simply ‘land’) fall under egalitarian ownership. Under this view, anyone who appropriates more than their fair share of natural resources owes compensation (in the form of redistribution) to others (George 1879/1905; Steiner 1994).

As in any philosophical domain, internal debate exists as to the precise boundaries and contours of the libertarian family tree. Some anarcho-capitalists assert that anarchy is the only arrangement consistent with libertarian principles. Other theorists accept a ‘night watchman’ state—that is, one purely concerned with physical security and the enforcement of contracts—but insist that classical liberalism is distinct from libertarianism. Others believe that classical liberalism is properly considered a subset of libertarianism, or vice versa. This chapter sets that debate aside. What matters for our purposes is that there is a set of philosophical beliefs that are sufficiently distinct from traditional utilitarianism and from the liberal egalitarianism of John Rawls, Ronald Dworkin, and other resource egalitarians. Philosophies within this set share a number of views (for instance, an emphasis on private property, animosity to coercion, and a belief that market results should be disturbed only in rare circumstances) even if some are more rigid than others. Moreover, many theorists with these beliefs call themselves ‘libertarian’, and are called such by others—even if the most strident seek to limit the term’s use (Fleischer 2015: 1361).

In addition, the word ‘neoliberalism’ can be used to describe the intellectual legacy of the twentieth century resurgence of classical liberalism. As we will make clear in this chapter, some but not all thinkers associated with neoliberalism, such as Milton Friedman and Friedrich Hayek, were sympathetic to Basic Income or something similar. On the other hand, the term can also be used to describe post-Thatcherite ‘Third Way’ welfare

policies that emphasise stringent welfare conditionality, workfare schemes, and cuts in social spending (Harvey 2005). As such, the term ‘neoliberal’ can encompass contradictory types of welfare policy, which makes it conceptually vague. It is also mostly used as a term of reproach, and almost nobody self-identifies as a neoliberal. It is therefore more accurate to speak of libertarianism.

We thus argue that, although each variant of libertarianism justifies redistribution on unique grounds, as well as justifying differing levels of it, all variants (except for anarcho-capitalism) can plausibly, although not necessarily, justify some limited amount of redistribution. (Because anarcho-capitalism maintains that no state at all is justified, let alone one that potentially engages in redistribution, we set that theory aside.) Because this conclusion runs counter to most readers’ impressions of libertarianism, this chapter focuses on making the libertarian case for redistribution. We further show that once one accepts the case for redistribution, providing such redistribution through unrestricted, unconditional cash transfers best reflects core libertarian principles.

Most libertarian variants coalesce around the conclusion that a Basic Income is the best method of redistribution, although from different directions; and many of them share the intuition that in contrast to in-kind or restricted transfers, unrestricted cash transfers further individual autonomy by recognising that individuals—even poor ones—are better judges of their needs than the government. Moreover, since libertarians are sceptical of the abilities of the government to exercise wise discretion, decoupling redistributive transfers from work requirements acknowledges the inability of the government to distinguish the deserving from the undeserving in a principled way.

Before turning to these arguments, an additional word about terminology. Authors in the libertarian tradition tend to view the difference between a Basic Income and a Negative Income Tax as less significant than other theorists in the Basic Income debate. Chapter 12 discusses the differences and similarities between these two mechanisms in more detail than we do here, as does Van Parijs and Vanderborght (2017: 32–40). Quite briefly, however, both a Basic Income and a Negative Income Tax can deliver the same relationship between earned income and net income, and neither is work-tested. The difference is in administration. A Negative Income Tax is explicitly income tested with varying gross amounts being delivered to the recipient. In contrast, a Basic Income is a uniform gross amount that does not explicitly vary from recipient to recipient (although libertarians believe that any increased income taxes necessary to pay for a Basic Income mean that it

implicitly varies). Another potential difference is that Negative Income Tax proponents seem more willing to accept a household-based benefit instead of an individual-based one. That said, many discussions of an ideal Negative Income Tax would deliver it to individuals, and there have been proposals to pay household-based incomes that would be Basic Incomes if they were not household-based (Brittan and Webb 1990).

The chapter proceeds as follows. The first part begins with the minimal state libertarianism of John Locke and Robert Nozick, which is what most readers likely associate with the term ‘libertarianism’. The second part explores various classical liberal theories; and the third part left-libertarianism. Finally, conclusions are drawn. Given this chapter’s necessary brevity, readers might wish to consult Fleischer and Hemel (2017) and Lehto (2015) for longer explorations of these topics.

Minimal State Libertarianism

Consider first minimal state libertarianism, which proceeds from a Kantian ‘deontological’ emphasis on the separateness of persons, combined with John Locke’s theory of natural property rights. Locke (1690) argues that (1) natural resources are unowned in the state of nature, and (2) individuals have property rights to their own person and labour. He thus concludes that if an individual mixes her labour with a previously un-owned resource, she acquires ownership rights in it—subject to certain conditions. For our purposes, the most important of these conditions is that ‘enough, and as good’ should be left for others (this is known as the Lockean Proviso) (Locke 1690: 19–21). If an appropriation meets these conditions, then nobody else has a claim on such resources. Self-ownership also implies that an individual is not required to contribute her labour for the benefit of others. Together, these conclusions suggest that redistributive taxation violates property rights.

Robert Nozick echoed these arguments almost three hundred years later, when he crafted his ‘entitlement theory’ to rebut popular utilitarian and egalitarian calls for redistribution. Nozick emphasised the separateness of persons, writing that

[t]here are only individual people, different individual people, with their own individual lives. Using one of these people for the benefit of others, uses him and benefits the otherTo use a person this way does not sufficiently respect and take account of the fact that he is a separate person, that his is the only life he has. (Nozick 1974: 33)

Nozick (1974: 169) thus infers that forcing one individual to work for another's benefit violates the separateness of persons: and that is exactly what redistributive taxation does in his view, rendering it illegitimate. Given these baseline principles, how can minimal state libertarianism support any redistribution that is funded by compulsory taxation? This section explores three answers to that question, one grounded in the separateness of persons, and two in the Lockean Proviso. Before turning to these arguments, we acknowledge that although some theorists working in the traditions we explore (such as Mack) accept some level of redistribution as legitimate, others think that the state's role is purely to enforce contracts and provide protection of life and property. Although we believe minimal state libertarians should embrace the following arguments, not all do.

The Separateness of Persons

Philosopher Eric Mack (2006) provides our first answer, by springboarding off the classic 'freezing hiker' hypothetical. Imagine a hiker who, through no fault of her own, encounters unpredicted and fatally cold conditions. She happens upon a locked but unoccupied cabin: if she enters, its shelter, fire, and blankets will save her life. An absolutist conception of property rights holds that she must honour the cabin owner's property rights, even at the cost of her own life. Mack counters that 'no plausible moral theory' would require the faultless hiker to sacrifice her life in this manner (Mack 2006: 119). To insist otherwise, according to Mack, would be to deny the essential premise of Nozick's argument: that each individual is a separate person, that hers is the only life that she has, and that she cannot be forced to relinquish that life for others. The freezing hiker cannot be compelled to sacrifice her life—her only life—solely because of an absolutist conception of property rights.

Next imagine a homeless person who trespasses in a garage for shelter, or steals food from a backyard garden to survive. The same reasoning applies here: a moral theory based upon the separateness of persons must allow individuals, who in dire circumstances through no fault of their own, to engage in self-protection (Mack 2006: 112). The social order would quickly become chaotic, however, if intrusions on private property based on ad hoc determinations of need were actually allowed. Some way of preventing faultless individuals from finding themselves in such dire circumstances that such intrusions are justifiable is therefore needed. Enter a minimal safety net. A guaranteed minimum income removes the conditions under which others

can legitimately violate property owners' rights, thus rendering such rights absolute (Mack 2006: 140–141).

Mack (2006: 122, 140) limits the foregoing in two key respects. First, the state should assist only those individuals who are not at fault for their plight, to ensure that the intrusion truly is necessary to protect the lives and limbs of others. In theory, then, Mack's safety net would be provided only for those willing but unable to work. On that point, several theorists have recently refined Mack's point in light of libertarianism's antipathy to government intrusiveness, and scepticism about government competence (Fleischer and Hemel 2017: 1239–1241; Zwolinski 2015: 525–526). Trying to distinguish who can work from who cannot is incredibly intrusive and error-prone. Work capability is often not readily observable, and the notion itself is often subjective. Many individuals, such as those suffering from depression and difficult-to-diagnose cases of chronic pain, will be classified as able to work. In contrast, many individuals with the wherewithal to convince a government administrator that they are incapable of work might be among those who are actually the most capable of work. Due to these errors, a safety net that required evidence of deservingness would still leave some individuals in dire straits, thereby justifying their intrusion on others' property rights. To fully remove such a justification, the safety net should therefore not be conditioned on inability to work. Secondly, any aid should be extremely basic—enough for 'food, shelter, and basic medical care', but nothing more (Mack 2006: 140). This justifies only a sufficientarian Basic Income, one that is likely smaller than one mandated by non-libertarian philosophies.

Although this theory does not directly address the form of such aid, two points suggest unrestricted cash transfers best reflect these principles. Firstly, such transfers recognise the dignity and autonomy of beneficiaries. In contrast, restricted or in-kind transfers are paternalistic, which diminishes beneficiaries' value as separate persons. Secondly, unrestricted cash transfers are likely to be more efficient from the government's perspective. This means that more aid can be provided at a lower cost, thereby minimising the intrusion on property owners' rights in the form of taxation.

Satisfying the Lockean Proviso

The Lockean Proviso described above provides a second argument for redistribution in the minimal state (Fleischer and Hemel 2017: 1212–1217; Zwolinski 2015). Recall that individuals who mix their labour with unowned natural resources justly acquire property rights in those resources

only if ‘enough, and as good’ is left for others. Given the scarcity of natural resources, theorists do not interpret the proviso literally, for it would be impossible to satisfy. If A appropriates beachfront property, B loses access to that area of the beach. And while B and C might claim adjoining lots, such lots will eventually disappear, and X, Y, and Z will be out of luck.

The proviso is thus generally interpreted as meaning that the appropriation must not leave others ‘worse off’ in terms of welfare. Under this view, the proviso is satisfied if the appropriation generates positive externalities that equal or exceed the value of the appropriated resource. For example, A’s appropriation of beachfront property would comply with the proviso if she plants a coconut grove and builds a coconut water factory on her property, providing jobs to X, Y, and Z which render them no worse off than when they had access to the beach itself (Kymlicka 2002: 115–117). Supporters of strong property rights argue that private appropriation almost always meets the proviso, since it encourages owners to add value to natural resources. A is more likely to plant a coconut grove if she knows she can reap its bounty without free-riders harvesting coconuts for themselves (Schmidtz 1990: 507–509).

However, the fact that private property rights might create positive externalities does not guarantee that nobody will be made worse off on an individual level. Philosopher Matt Zwolinski explains:

But that doesn’t mean that we should ignore the fact that the tide is rising and that property rights are an important part of the cause. If rights of private property fail to make everyone sufficiently better off to satisfy the Lockean proviso, this doesn’t mean that we should throw out such rights altogether. We just need to make sure that something is done to help those whom the general tide of prosperity has left behind. This is the role of a government-financed safety net in libertarian theory. (Zwolinski 2015: 521, 523)

In this manner, the Lockean Proviso is likely to require some type of state aid to those rendered worse off by our system of private property. In theory, this justification mandates some type of showing of deservingness. If X chooses not to trade her labour for some of A’s coconuts, then she cannot plausibly claim to be made worse off than in the state of nature. As we have argued, libertarian scepticism of government intrusiveness and capacity renders seeking evidence of deservingness unworkable in practice. Further, we believe that the same arguments for providing aid in the form of unrestricted cash rather than in-kind or restricted transfers that we outline above apply here as well. A Basic Income thus best satisfies the Lockean Proviso.

Rectification

Nozick's entitlement theory—which layers the separateness of persons onto Lockean theory—provides the third argument for redistribution in a minimal state. This theory has three components. The first, 'justice in acquisition', holds that if an initial acquisition is just (based on Lockean principles), then the owner can do whatever she likes with the property. The second, 'justice in transfer', holds that if justly-acquired property is voluntarily transferred, then the resulting distribution is necessarily just and cannot be interfered with. The third principle, 'rectification', arises when one of the first two principles is violated. If either an initial acquisition of property or a later transfer is unjust, then compensation is due to whoever was harmed. Rectification thus justifies redistributive taxation for this limited purpose (Nozick 1974: 150–153, 174–182).

In theory, rectification requires redistributing resources from the beneficiaries of past injustices (or their descendants) to the victims of such injustices (or their descendants). Implementing this ideal, however, is a daunting task (Fleischer 2015: 1365–1372). First, we lack sufficient information about all but the most obvious past injustices (such as slavery), and, even then, it is unclear exactly who owes rectification to whom. Do all white Americans owe rectification to all African-Americans and Native Americans? Do all descendants of slave owners owe rectification to all descendants of slaves? What about others who have been the victims of past state injustice, such as Jewish and Irish Americans? Secondly, how much rectification is due the victims? Nozick (1974: 152–153) suggests that we should recreate the pattern of holdings that would have evolved 'if the injustice had not taken place', although he admits that doing so would require multiple estimates and assumptions.

Unfortunately, Nozick's discussion of these issues is sparse. He does, however, suggest that a modestly redistributive tax system based on Rawls's difference principle might serve as a rough means of rectification (Nozick 1974: 231–232). He suggests that if 'those from the least well-off group in the society have the highest probabilities of being the (descendants of) victims of the most serious injustice who are owed compensation by those who benefitted from the injustices', and the beneficiaries of past injustices are 'assumed to be better off', then redistribution from the better- to the worse-off might be a rough way of implementing rectification (Nozick 1974: 231–232).

Although this argument makes the case for redistribution, it does not in and of itself mandate that such redistribution be in the form of a Basic Income. A Basic Income best implements rectification for two reasons,

however. Firstly, note that Nozick's rough formulation does not acknowledge that some disadvantaged individuals might not be victims of past injustices, but might instead be responsible for their plight. In our view, this is not fatal to implementing rectification through a Basic Income. Just as the state's inability to determine work ability counsels in favour of eschewing determinations of deservingness, so too does the state's inability to determine who is poor due to past injustice. Secondly, Nozick does not address the form of such redistribution. As with the other arguments grounded in minimal state libertarianism, we believe that a Basic Income is most consistent with other aspects of Nozickian thought. It best respects the autonomy and dignity of beneficiaries, and its efficiency minimises the coercive taxation that must be imposed to effect the appropriate amount of redistribution. Lastly, Nozick acknowledges that determining the amount of rectification is difficult and imprecise. Although our prior two arguments justified only a sufficientarian safety net, it might well be the case that rectification mandates a larger Basic Income. What is key, however, is that uncertainty about how much redistribution is required by rectification does not undermine the argument that rectification requires *some* redistribution.

Classical Liberalism

In contrast to minimal state libertarianism, classical liberalism theorises that a just government can provide activities beyond a night watchman state, such as producing public goods, reducing negative externalities, and prohibiting monopolies. As legal theorist Richard Epstein explains:

The stripped-down libertarian theories ... preclude ... the use of taxation, condemnation, and the state provision of infrastructure. These practices were part and parcel of government action long before the rise of the modern welfare state. Figuring out why these institutions are needed and how they should be designed and funded requires a major correction to the starker versions of libertarian theory, which is what the classical liberal approach seeks to supply. (Epstein 2003: 7)

John Tomasi explains the difference in terms of distributive justice:

Strict libertarianism is biologically averse to such ideals [of distributive justice]. But classical liberalism, with its longer and more explicit history of concern for the working poor, is congenitally open-minded about distributive questions. (Tomasi 2012: 167)

Although deontological theories motivate minimal state libertarianism, the theoretical underpinnings of classical liberalism are more complicated. Many theorists, including Epstein, Friedman, and Hayek, blend consequentialist arguments that focus on the benefits of free markets and strong private property rights with deontological arguments about coercion and autonomy (Epstein 2003: 2–5; Friedman 1962; Hayek 1960). Others, such as Gaus and Lomasky (and Epstein here as well), use contractarian reasoning. In their view, the coercion that arises from establishing a state is acceptable only if that coercion is justifiable to all citizens. Actual consent is unnecessary, but society must be ordered such that all individuals *would* consent. This section first explores contractarian arguments for a Basic Income and then turns to consequentialist ones.

Contractarian Theories

Contractarian arguments for a limited, classical liberal state appear in both the legal and the philosophical literature (Fleischer and Hemel 2017: 1228–1231). Philosopher Gerald Gaus starts from the foundation that a just society treats individuals as both free and equal. Because of individuals' status as free and equal, any coercion must be justified. Given that free and equal individuals will differ in how much coercion they are willing to accept, a just society is one which each concludes is better than none: '[i]f the system of [strong] property rights is to be publicly justified, it must be the case that everyone has reason to accept it and no one has reason to reject it.' Yet 'some people inevitably are left out of the general abundance of modern economies', and Gaus argues that they have no reason to consent to such a system. A minimal safety net, however, gives them an incentive to accept a social system with strong property rights (Gaus 1999: 188–191). Loren Lomasky, who views individuals as simultaneously pursuers of their own individual projects and as social creatures, echoes this argument. He reasons that individuals lacking basic necessities, and therefore the ability to pursue their projects, might 'lack sufficient reason to acknowledge [the] duty of noninterference' called for by strong property rights. Again, a safety net facilitates the necessary buy-in (Lomasky 2016: 176–177). We note that like the Mackian and Lockean arguments outlined above, this supports only a sufficientarian Basic Income.

Legal scholar Richard Epstein similarly conceptualises the classical liberal state as '[a] network of forced hypothetical exchanges' in which each person is 'required to surrender his right to use force in exchange for the like

promise of every other individual to so refrain'. Epstein argues that these hypothetical exchanges are 'Pareto-superior move[s]' that leave each person at least as well off—and some individuals better off—than they would be in the state of nature. He concludes that '[i]n principle, no person can object to [a] world in which the use of sovereign power leaves him better off than he was with his natural endowments' (Epstein 1986: 53). Although Epstein himself does not extend this argument to justify a minimal safety net, others have reasoned as follows: Given what we know of human nature from scenarios such as the Ultimatum Game (Güth et al. 1982), it is entirely plausible that some individuals would reject a scenario that leaves them better off if they perceive that the division of the surplus is unfair. Again, we see that some redistribution might be necessary so that low-endowment individuals accept the exchange, although it is unclear how much redistribution might be insisted upon (Fleischer and Hemel 2017: 1229–1231). This foundation for a Basic Income, therefore, might well justify one that is more generous than a sufficientarian Basic Income.

Consequentialist Theories

A second justification for a classical liberal state stems from consequentialist political theories (Lehto 2015). Starting from Scottish Enlightenment thinkers such as David Hume and Adam Smith, many classical liberals have argued that individual liberty, strong private property rights, and checks on excessive government power increase public welfare and produce desirable social consequences (Hume 1777; Smith 1776/2007). Such consequentialists assess institutions such as the welfare state and the marketplace in terms of how well they provide for the maximum flourishing of individuals. These arguments thus evaluate alternative policy suggestions based on their outcomes alone (for instance, on individual freedom, moral virtue, or human flourishing). A particularly influential subcategory of consequentialism is utilitarianism, which focuses solely on maximising individual and social welfare ('utility') (Bentham 1789). Not all consequentialists are utilitarians, but all utilitarians are consequentialists.

In the comparative assessment of public institutions, utilitarianism gives priority to social welfare (or happiness, or pleasure), and freedom itself has value only when, and if, it increases social welfare (or happiness, or pleasure). As soon as one evaluates private property rights from the utilitarian perspective, there is no intrinsic reason why private property owners should be entitled to the full ownership of their labour, except to the extent that

such private ownership is beneficial to the development of long-term welfare outcomes, including the welfare outcomes of the least well-off members of the society.

Utilitarianism takes the needs of the poor into full account when calculating socially optimal outcomes. However, unlike some other theories of justice, it does not give axiomatic preferential treatment to their needs. Everybody's preferences are given equal weight. However, the diminishing marginal utility of income means that extra money to the poor tends to be money well spent. Even so, the libertarian interpretation of utilitarianism justifies only a flat minimum income instead of income equality, because wealth and income inequalities are thought to increase the welfare of the poor by generating jobs, innovations, and opportunities for everybody. (There are similarities, but also important differences, between the utilitarian theory of income differences and the Rawlsian difference principle. However, an exploration of them is beyond the scope of this chapter.)

The government thus has a duty to alleviate easily preventable suffering through judicious government action while allowing for those inequalities that increase welfare. The difficulty is that government interventions into the market can obviously have a spectrum of consequences, and a spectrum of welfare implications, from the very good to the very bad. Predictably, then, consequentialists approach the government provision of public services and redistributive programs pragmatically, on a case-by-case basis, carefully measuring the costs and benefits.

In the long run, the liberal institutions of private property, free markets, and a limited government are the best public policy solution to maximising social welfare. But in the short run, the institution of private property, and the market order which it supports, do not guarantee optimal results for each individual. As Hume emphasised:

Public utility requires that property should be regulated by general inflexible rules; and though such rules are adopted as best serve the same end of public utility, it is impossible for them to prevent all particular hardships, or make beneficial consequences result from every individual case. (Hume 1777: §257)

Regrettable short-term welfare losses are an unavoidable cost of sticking to principles, but this does not mean that the 'general inflexible rules' cannot be refined to provide for the poor in a systematic way.

F.A. Hayek has used such 'Humean' argumentation in his discussion of the rule of law that applied to the various institutions of the classical liberal political economy, including limited redistributive mechanisms:

‘[I]n whatever manner the government restrains (or assists) the action of one, so it must, under the same *abstract rules*, restrain (or assist) the actions of all others’ (Hayek 1982: 142, emphasis added). This leads to a preference for a welfare system that provides for all citizens ‘the assurance of a certain flat minimum income if things go wholly wrong’ (Hayek 1982: 143). A Hayekian Basic Income, in effect, implements Hume’s insistence on ‘general inflexible rules’, although Hume himself never addressed a Basic Income (Hume 1777: §257).

We can thus see that consequentialists, from Hume to Hayek, are often willing to countenance government interventions that violate the strict libertarian priority of individual freedom if they maximise public welfare. As a result, despite the presumption in favour of individual freedom and against government intervention, some consequentialists are likely to accept Basic Income-style proposals as a matter of first principles (Lehto 2018).

Other consequentialists omit any discussion of first principles, such as the neoclassical economists George Stigler (1946: 358–365) and Milton Friedman (1962). They justify a Basic Income, and particularly a Negative Income Tax, as a pragmatic second-best reform that can alleviate the problems of existing redistribution. According to their arguments, as long as there exists a desire for income redistribution, Basic Income or Negative Income Tax is the most efficient method of implementing that redistribution. Friedman lists numerous ways in which such a system could increase the efficiency of the welfare state:

The advantages of this arrangement are clear. It is directed specifically at the problem of poverty. It gives help in the form most useful to the individual, namely, cash. It is general and could be substituted for the host of special measures now in effect. It makes explicit the cost borne by society. It operates outside the market. (Friedman 1962: 158)

Charles Murray’s influential libertarian argument for Basic Income is essentially Friedmanite: ‘Only a government can spend money so ineffectually. The solution is to give the money to the people.’ (Murray 2016: 1)

The consequentialist libertarian arguments for Basic Income that Friedman and Hayek pioneered have been expanded upon by contemporary scholars such as the so-called ‘Bleeding-Heart Libertarians’, a group of mostly US-based classical liberal writers that includes Matt Zwolinski (2013), John Tomasi (2012), and Michael Munger (2018). They have also inherited the tendency to remain sceptical of more expansive and intrusive welfare schemes. This line of thought, with its deep historical roots, suggests

that sustainable welfare policy should take the long-term view without succumbing to short-term micromanagerial temptations to superintend people's private affairs. Basic Income seems to pass such a test.

Left-Libertarianism

Left-libertarians and Georgists (also known as 'geolibertarians') combine a defence of robust self-ownership (which they share with minimal state libertarians) with a defence of the egalitarian ownership of natural resources (which they share with left-wing Lockean and Painean traditions). The best sources for understanding left-libertarianism are two anthologies—one historical and the other contemporary—both published in 2000 and edited by Peter Vallentyne and Hillel Steiner (Vallentyne and Steiner 2000a, b).

The Land Question: Henry George

Henry George, the author of the influential book *Progress and Poverty* (George 1879/1905), was arguably the first left-libertarian. He is revered by some socialists, but he was a nineteenth century classical liberal who believed in free trade and the doctrine that self-owning individuals should be entitled to the fruits of their labour: 'Well may [the community] let the laborer have the full reward of his labor, and the capitalist the full return of his capital' (George 1879/1905: 436). However, George argued that self-ownership, which is the foundation of the libertarian argument against income and capital taxation, did *not* imply an absolute right to the appropriation of *land* (by which he meant the totality of nature's creations, including land, water, air, minerals, precious metals, and so on). Similar to the left-wing interpretation of Locke's and Paine's theories of property, George thought that the earth belonged to the whole community of equals, or humankind (George 1879/1905: 333–346). George was also strongly influenced by the early works of the libertarian philosopher Herbert Spencer (Spencer 1851).

The Georgist position is essentially that if society allows for the appropriation of external resources into private property, then it must ensure that those who are not land owners—that is, the propertyless—are compensated for their unequal exclusion from the land. George's concrete policy proposal was to abolish all taxes on labour and capital and to institute a one hundred percent Land Value Tax (LVT). Unlike Paine, who proposed unconditional

payments to every member of society, George did not explicitly tie his policy to a social dividend model: he only specified that the proceeds of the LVT should ‘go to the community as a whole, to be distributed in public benefits to all its members. In this all would share equally—the weak with the strong, young children and decrepit old men, the maimed, the halt, and the blind, as well as the vigorous’ (George 1879/1905: 441).

George (1879/1905: 454–457) argued that the revenues of the tax could be used for funding the various ordinary expenses of government, including the police, the courts, and public infrastructure. While he did not advocate a Basic Income scheme, in a later interview he hinted that the redistributive side of his programme *could* be implemented according to the Paine proposal, as a ‘payment of a fixed sum to every citizen when he came to a certain age’ (George 1885: 6). However, this was only one possible application of his theory. He made it clear that his ‘theory does not require that it should be disbursed [in any particular way], but simply that it should be used for public benefit’ (George 1885: 7). However, some neo-Georgists, especially Hillel Steiner, have argued more forcefully that Basic Income might be the best way to distribute the money collected from LVT.

Left-Libertarianism: Hillel Steiner

Hillel Steiner’s left-libertarian theory of justice, much like George’s neo-Lockean theory of justice, falls into the tradition of ‘classical laissez-faire liberalism of the natural rights kind’ (Steiner 1994: 282). This theory shares the ‘self-ownership’ thesis of right-libertarians such as Robert Nozick (1974). In Steiner’s own words,

like right libertarians, left libertarians are not enamoured of the welfare state and its system of *conditional* benefits. Nor do they harbour much affection for extensive state regulation of the economy, which they see as being more efficiently and justly run through the market mechanism. (Steiner 2016: 296)

But it differs from Nozick’s theory in that it incorporates Painean and Georgist views on private property. Given that assumption of initial common ownership of resources, Steiner openly advocates for a Basic Income as the best way to redistribute land and natural resources to all people equally (Steiner 2017). For Steiner (2016), Basic Income funded through LVT functions as practical ‘compensation for liberty lost’. This differs from George, who was more ambivalent about what to do with the collectivised rents, and

who only occasionally hinted at the possibility of a Basic Income distributed as a national dividend.

Importantly, a Georgist or a Steinerian Basic Income can *only* be just if it is funded through a LVT. According to both George and Steiner, taxes on labour income, or on capital income, are unjust: indeed, akin to thievery. As a strict consequence of this fact, Georgist or Steinerian left-libertarian theories do not justify a Friedmanite Negative Income Tax scheme, or any other income-tax-funded Basic Income scheme. This excludes most common Basic Income proposals today.

Not all left-libertarians support Basic Income. Steiner's co-author, Peter Vallentyne, is more ambivalent about the justice of Basic Income (Vallentyne 2011: 1–11). He argues that, at best, a Basic Income is a very rough tool of justice, since, without proper discretionary standards, 'some people will get less than that to which they are entitled' (Vallentyne 2011: 10). For that reason, he thinks that 'justice would be better served by excluding those who have assets above some specified level and who do not have a medically certified, costly disability' (Vallentyne 2011: 10). He thus prefers a more conditional distributive scheme.

Varieties of Left-Libertarianism

There are two other pro-Basic Income theorists who can be classified as left-libertarian, or at least adjacent to left-libertarian, and whose role in the Basic Income debate is very important: Philippe Van Parijs (1995) and Karl Widerquist (2013). We will not attempt a thorough explanation of their theories here. We only wish to explore to what extent their theories fall within the broad spectrum of libertarianism.

Philippe Van Parijs (1995) calls his theory 'real-libertarianism' (or 'real freedom for all'), partially to distinguish himself from right-libertarian theories, and partially to signal his allegiance to the classical liberal tradition, which shares many similarities with the liberal egalitarianism of Dworkin (1981: 283–345), Cohen (1995, 2011) and especially Rawls (Rawls 1971; Van Parijs 1995: 90). He goes beyond Georgist left-libertarians in arguing for what Karl Widerquist rightly calls 'an extremely activist welfare state' (Widerquist 2008: 4). Yet he also swears by 'self-ownership' as a core tenet of his theory, although only as one of its three core tenets (Van Parijs 1995: 25). And at the heart of it all is a theory of freedom as the possession of 'the means, not just the right to do what one wants to do' (Van Parijs 1995: 32–33). It thus qualifies as a fully-fledged libertarian theory.

Karl Widerquist has an equally interesting relationship to the libertarian tradition. He calls his theory ‘Indepentarianism’, according to which freedom should be conceived as ‘the power to say no’, which means the capacity to be independent of the coercive demands of others. Nobody, he claims, should be forced ‘to do the bidding of others’ or ‘forced to work for someone who controls access to resources’ (Widerquist 2013: 26). He calls his theory of freedom ‘status freedom as effective control self-ownership (ECSO)’ (Widerquist 2013: 25–50). Unlike left-libertarianism, in which the justified level of Basic Income is determined by the (unpredictable) tax yield of LVT, indepentarianism is a sufficientarian theory: ‘[t]he freedom people can derive from resources is not the ability to get an equal share of stuff but the ability to meet their needs and secure their independence’ (Widerquist 2013: 141). This also qualifies as a fully-fledged libertarian theory, albeit one that is quite different from both Steiner’s and Van Parijs’s.

Conclusion

This chapter has argued that several theoretical interpretations of libertarianism mandate, or at least allow for, some (often limited) redistribution, and that using unconditional, unrestricted cash transfers to implement that redistribution best reflects libertarian ideals.

The above arguments all share an emphasis on the value of liberty. However, freedom-based arguments are invoked by people across the political spectrum. It is not uncommon to hear a socialist, a conservative, and a liberal argue in unison that people should be given more freedom. However, the superficial unity can break down upon deeper reflection. For this reason, it is useful to separate comprehensive libertarianism, per se, from the libertarian arguments used by non-libertarians. Libertarians (and classical liberals) pursue freedom as the highest (political) value, and not merely as one corner of the multi-dimensional package of Basic Income. This does not mean that freedom is the *only* value for libertarians, but it does mean that it trumps other considerations.

Strategic alliances can be powerful, deep and necessary. But at the end of the day, when it comes to implementing an ideal Basic Income system, the committed libertarian will diverge from the committed socialist on several key questions. Designing a Basic Income in accordance with libertarian principles requires addressing a number of further implementation details (Widerquist 2013: 1252–1266; Fleischer and Hemel 2020). Although resolving such questions is beyond the scope of this chapter, we hope that

the fuller understanding of the foundations justifying a Basic Income that we have provided will help advocates and policymakers think through what is required.

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23

Socialist Arguments for Basic Income

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Introduction

This chapter is based on the assumption that the socialist tradition is heir to the main descriptive and normative cornerstones of the old republican tradition, which understands freedom as not being arbitrarily interfered with and not being arbitrarily interferable with. Many authors have directly or indirectly made this claim (Casassas 2018; Domènech 2004; Gourevitch 2014; Raventós 2007). (This definition of ‘republican’ is very different from the meaning of the term in current US politics, and the two should not be confused.) It is a deep understanding of traditional republican arguments for Basic Income that helps us to grasp the socialist potential of Basic Income in the present.

The text is divided into ten intertwined blocks or theses in which we first analyse the republican social ontology—that is, the republican description of social life—and the resulting republican conceptualisation of freedom and democracy; and then show why and how such a perspective helped and helps to shape socialist arguments and strategies for an emancipatory Basic Income for present-day societies. The last two theses of the chapter dwell

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on historical and institutional considerations about the political need and feasibility of emancipatory Basic Income schemes under contemporary circumstances.

How Society Works

Thesis I: There are uninterrupted isomorphic republican understandings of freedom (and subservience) that hide a deep knowledge of how social life works.

What we wish to show here is that there is a surprising isomorphism, or recurring similarity, in the way in which classical and modern republican thinkers and activists put things together when they conceptualise freedom. Let's recall some telling quotes and ideas as a broad reminder for further conceptual analysis which leaves many authors and moments aside.

When Aristotle defines wage-earning work, he asserts that it is 'part-time slavery' or 'limited slavery' (*Politics*, 1260b), for wage-earning workers are dispossessed, and materially depend on the owners of the productive unit, and therefore are forced to sell their capacity to determine what to work on and how. More than fifty years before, Pericles and Aspasia had established that those free yet poor citizens who participated in politics were entitled to a cash payment that would protect their civil and political independence.

Twenty-two centuries later, during the 1640 English Revolution, Gerrard Winstanley, one of the leaders of the Diggers—the peasants on the left of that revolution—claimed that 'England is not a free people, till the poor that have no land have a free allowance to dig and labour the commons' (Winstanley 1983: 87). Harrington, a more moderate yet prominent figure within this revolutionary period, stressed that 'the man that cannot live upon his own must be a servant: but [he] that can live upon his own may be a freeman' (Pocock 1989: 112).

One century later, Adam Smith and other members of the Scottish Enlightenment saw that dispossession made 'workers proceed with the frenzy of the desperate', which forced them to accept the terms and conditions the labour masters wanted to impose (Casassas 2013). By the same time, and until a century later, North American self-understanding of what a republic was entailed the idea that you could not be a freeman if you could not count on at least 'forty acres and a mule' (Amar 1990) to provide independence. And left-wing French revolutionaries, such as Robespierre, Marat, and, later on, Thomas Paine, aimed to build a democratic republic

made up of people with access to property, either as small-scale individual proprietors (à la Jefferson) or as beneficiaries of communal access to land and other resources (Belissa and Bosc 2013; Bosc 2016; Gauthier 1992; Raventós 2007).

During the seventeenth and eighteenth centuries, thinkers like John Locke and Thomas Paine had noticed the freedom-limiting effects of the dispossession brought about by capitalist accumulation; and, in different ways, they had reached the conclusion that institutional action had to be carried out so that ‘no citizen could be rich enough to buy another, and none so poor as to be compelled to sell himself’: which is how Rousseau understood the situation (Goodhart 2007).

And finally: in the nineteenth century, socialism clearly inherited all of this background. This is why, like Aristotle, Marx presented wage-earning work as ‘wage slavery’ (Domènech 2004); and is why Marx, in his *Critique of the Gotha Programme*, writes that ‘the man who possesses no other property than his labour power must, in all conditions of society and culture, be the slave of other men who have made themselves the owners of the material conditions of labour. He can only work with their permission, and hence lives only with their permission’ (Marx 1994: 316). This is pure republican analysis and rhetoric.

How should we understand the similarity of these statements? What is the underlying intuition? If republicanism has something to offer, it is not because it is an academic fashion, but because it is an intellectual and political tradition that provides us with an accurate account of how human societies work: in other words, because it is a tradition that is sociologically and economically ‘conscious’. Why? Because it clearly shows that social life is criss-crossed by all sorts of power relations, bonds of dependence, and bargaining positions, with crucial effects on how we lead our (working) lives, and on how social institutions, such as markets, are shaped and work. We will see that immediately.

Republican Freedom

Thesis II: Being free, in republican terms, means not being arbitrarily interfered with, and not being arbitrarily interferable with.

In many interesting ways, contemporary republican political theory has captured and distilled these intuitions. Republican political theory points out that individuals are free when they are not arbitrarily interfered with

by others, and they live in a social and institutional context that guarantees that there is not the possibility of being arbitrarily interfered with by others (Pettit 1997, 2001).

What do we exactly understand as an arbitrary interference? According to Philip Pettit (1997, 2001), an act of interference is arbitrary if it is subject only to the judgment of the interfering agent. In this case, the decision to interfere is made without tracking the wishes and interests of those who are interfered with: think of the master who unilaterally decides to force the slave to do a certain set of unwanted tasks; or consider the capitalist employer who sets up conditions of work without taking into account what workers wish to do and how they wish to do it. Having said that, we must immediately add that of course we humans can and need to interfere with each other: otherwise we would be living into an atomistic world—but we cannot do it *arbitrarily*, that is, without respecting all parties' interests and projects. Also, we need a social and institutional context that prevents all of us from arbitrarily interfering with the lives of others. A slave that is not arbitrarily interfered with by his master remains a slave; a wage-earning worker who is not arbitrarily interfered with by those who control the workplace, who actually *could* arbitrarily interfere with her daily life, is not a free worker.

Property

Thesis III: Property plays a central role in republican freedom.

This leads us to the third thesis. The bottom line is that republican freedom is socially demanding. We can even say that it harbours revolutionary conditions, because material and immaterial resources need to be *ex-ante*—up front—distributed to confer upon individuals and groups relevant doses of bargaining power so that they can refuse unwanted social relations and build 'a life of one's own' (Harrington 1992). As Pettit puts it, you need to meet 'the eyeball test' (Pettit 2012, 2014): you need to be able to look the others in the eye, without having to turn your head because you depend on them to live. The crucial requirement is bargaining power. We will see that below in more detail.

In other (historical) words, what permits the enjoyment of republican freedom is property, whether it be personal or collective property, with property understood as the protected and durable control over a set of material and/or immaterial resources in order to increase personal independence.

It is important to observe here that such ‘protected and durable control over a set of material and/or immaterial resources’ can take the form of the legally embodied property of an object, or that of a public common enjoyment of the object in question. In the case of legally embodied forms of property, being a ‘proprietor’ does not necessarily mean enjoying ‘sole and despotic dominion’ over external things, ‘in total exclusion of the right of any other individual in the universe’ (Blackstone 1979: 2, II, 1). Blackstone’s definition of property is important because it became central within the modern liberal and neoliberal capitalist world: but, as Blackstone himself acknowledged in his *Commentaries on the Laws of England*, other forms of communal collective (non-excluding) property are not only possible, but have been and can be widespread in many non-capitalist social formations.

In other words, what permits the enjoyment of republican freedom is socioeconomic independence. Counting on a set of resources confers the bargaining power that is essential to enable someone to sign or not sign all kinds of contracts, and to reach or refuse all kinds of agreements with others. Karl Widerquist (2013) calls it ‘the power to say no’: but we can expand it to the idea of ‘the power to say no’ in order ‘to be able to say yes’ to other social relations that we cannot currently build and nourish because we are trapped, and because we are forced to ‘say yes’ to what is imposed on us and we would like to say ‘no’ to.

This is why some talk about ‘the *proprietary* nature of republicanism’ (Casassas 2007; Domènech and Raventós 2007; Raventós 2007). The question that republicans have asked, and must ask themselves, in every historical period, is this: ‘property of what?’ In other words: individual and/or collective property of what exactly? As we have seen in Thesis I, this question is open to multiple interpretations and answers: land, cattle, slaves (moral consciousness forces us today to dismiss all possible forms of oligarchic or antidemocratic republicanism, but this was not the case in the Ancient World or in the South of Revolutionary America), productive equipment, means of production, and so on.

Historically, two forms of republicanism have arisen: oligarchic republicanism, and democratic republicanism. Both of them share the conception of freedom that individuals cannot be free if their socioeconomic existence is not guaranteed. The difference relates to the fact that the portion of the population that is accorded the right to socioeconomic existence is not the same. According to oligarchic republicanism, freedom only reaches, and only should reach, those men—not women, of course—who own a certain form of property: a certain set of material resources that makes them independent. Democratic republicanism, on the other hand, states that freedom must

reach all men and women who live in a certain community, so all individuals must have their material existence politically guaranteed. In the contemporary world, where formal citizenship has been universalised, the perspective to be embraced is that of democratic republicanism: hence unconditional institutional devices such as Basic Income. There are good reasons to think that universal and unconditional public policy, including cash transfer schemes, might be one of the ways to interpret today this project of *ex-ante* unconditionally conferring upon individuals and groups relevant sets of resources to make them less vulnerable. If citizenship has been universalised, at least on paper, then we need means to universalise the condition of being ‘proprietors’ in the expanded sense of the term ‘property’ that we are upholding here (Casassas and Raventós 2007; Raventós and Casassas 2004).

Socialism, and Control of the Means of Production

Thesis IV: The socialist aim at collectively controlling the means of production rests on openly republican roots.

We have already seen why republicanism has something to offer. But why *socialism* too? ‘Socialism’ is a contemporary term—not the only possible one—in which to coin the (old republican) human aspiration to social emancipation, here understood as the capacity we need to have to (individually and/or collectively) build an interdependence that is based on autonomous decisions from all parties. Such a capacity is of the greatest importance within the productive field, but also within reproduction, politics, and the artistic and creative dimensions of our lives.

When socialists used to call for ‘collective property, and control of the means of production’, they were asking for a republican struggle that keeps all its validity today: the idea was and is to have fully inclusive command of all the spaces and procedures where we produce material and immaterial goods, where we reproduce life, and where we decide how to live in common. Needless to say, having ‘fully inclusive command’ of the means and spaces of production does not amount to having centralised antidemocratic State command of them: the Stalinist despotic degeneration of political institutions is something that is clearly condemned by the republican theory-led socialist approach to the State and its running. Having ‘fully inclusive command’ of the means and spaces of production and reproduction requires that the spheres of both self- and State-management, where decisions

regarding our economic life are made, should be occupied by the whole population and submitted to bottom-up public scrutiny and administration.

But let us return to the general republican framework behind the socialist ideal: Like Aristotle, Marx alerted us, as we have already seen, to the dangers of having ‘[men] who [possess] no other property than [their] labour power’, for those men [and women] ‘must [...] be the slave of other men [the oligarchy] who have made themselves the owners of the material conditions of labour. [They] can only work with their permission, hence live only with their permission’ (Marx 1994: 316). This clearly echoes the old republican point made by Aristotle twenty-three centuries before. ‘Oligarchy’—Aristotle said—‘is based on the notion that those who are unequal in one respect are in all respects unequal; being unequal, that is, in property, they suppose themselves to be unequal absolutely’ (*Politics*, 1301a, 31–33), and remarked that ‘the very rich think it unfair that the very poor should have an equal share in government as themselves’ (*Politics*, 1316b, 1–3). The importance that Aristotle gives to the rich/poor divide—that is, the proprietors/non-proprietors divide—is crucial. Rich and poor comprise the main part of the polity. He says: ‘The same persons cannot be poor and rich at the same time. For this reason, the rich and the poor are especially regarded as parts of a state. Again, because the rich are generally few in number, while the poor are many, they may appear to be antagonistic, and as one or the other prevails, they form the government. Hence arises the common opinion that there are two kinds of government—democracy [the government of the (propertyless) poor] and oligarchy [the government of the rich, that is, of those who own property]’ (*Politics*, 1291b, 8–13).

Is the republican political theory-led socialist approach to freedom and to the common government of the socioeconomic realm capable of offering clear criteria to construct and reproduce today democratic polities where all of us can choose a life of our own? We think it can do, just as Marx’s aim was that of building a ‘republican system for the association of free and equal producers’ (Domènech 2005: 95), or, to put it more broadly: a republican system for the *free* association of *free* and *equal*—in the sense of ‘equally free’—individuals and groups that perform different forms of paid and/or unpaid work. But how to interpret and how to achieve this goal today?

Basic Income and the Transformation of Money

Thesis V: Basic Income is not only income. It might become a lever to transform money into a means of production (and reproduction).

Because of its unconditionality, and thanks to the bargaining power deriving from unconditionality, a Basic Income that is paid at a level at least equal to the poverty line is an income that is translatable as

- time to conceive of, and put into practice, a ‘life of one’s own’, be it individually or collectively. Carrying out your own life plans crucially depends on time to think, persuade, negotiate, and obtain all of the resources required;
- a capacity to explore alternative options, and to take promising risks. The positive correlation between risk propensity and freedom-enhancing bargaining power should not go unnoticed (Elster 2007); and
- the ‘right to credit’, in the twofold sense of the ‘right to financial resources’ and the ‘right to social trust’, or ‘social credit’. A constant stream of income should also be understood as the right to second, third, and subsequent opportunities to trigger and sustain (re)productive projects of one’s own, which is extremely important so as to build a truly inclusive and democratic socioeconomic environment.

Bargaining power deriving from an unconditional income stream allows individuals and groups to try alternative forms of work, other ways of setting up productive and reproductive arrangements, and new social relations within a world to be made in common (Casassas 2016, 2018; Raventós 2007; Raventós and Casassas 2003).

Basic Income does this without giving rise to the invasion, stigmatisation, and discipline, that conditional public policy schemes generate (Casassas and Raventós 2018; Standing 2002, 2009). In this sense, Basic Income meets the socialist anti-bureaucratic (republican) aspiration of thwarting domination among private agents: of thwarting *dominium*, which is the first threat to republican freedom. Basic Income will do this through public institutions that remain safe from all forms of parasitic despotic degeneration: that is, from all forms of *imperium*, which is the second threat to republican freedom. Socialists should be particularly cautious about the possibility of such *imperium* (Domènech 2004).

We shall now try to be more concrete.

Democracy-Enhancing Bargaining Power

Thesis VI: The spheres where such democracy-enhancing bargaining power might unfold include, among others, (1) wage-earning work, (2) the decommodification of labour and the constitution of productive units ‘of one’s own’, (3) the domestic realm, and (4) politics.

1. Within wage-earning work, individuals and groups need to be empowered both to exit those spaces where employers arbitrarily interfere in their daily life and, in case they opt for staying, to credibly threaten the employers and negotiate better working and living conditions. Employees need unconditional resources if they are to face bargaining processes with real opportunities to co-determine the management of the productive unit.
2. Workers need to be able to stop performing wage-earning work for others: that is, they need to (be able to) decommodify their labour, and to constitute either their own business or cooperative self-managed productive spaces where they might count on higher degrees of control over what to do and how to do it (Breitenbach et al. 1990; Howard 2000; Wright 2006).
3. Democracy-enhancing bargaining power should also reach the domestic sphere. Women need the capacity to obtain a fairer division of tasks within the realm of reproduction and care. As suggested by Carole Pateman (2006), the unconditional nature of a Basic Income, particularly if the Basic Income is fixed at least at the level of the poverty line, would enable someone to decide whether to get into or exit labour markets, and could constitute a 'domestic counterweight', enabling women to question and dispute the current sexual division of work and to propose and, if needed, impose, alternative care-related arrangements.
4. Moving on to the political sphere: either under direct participatory democracy schemes, or within indirect representative institutions, one needs resources such as time and some initial endowments in order to be able to make genuine choices with real effects. Basic Income could constitute part of the material conditions for an independent life within the many possible *agoras* [gathering places] of our time (Raventós 2007; Standing 2017). It is not possible to deliberate and/or negotiate in the *agora* while we still depend on the arbitrary discretion of certain social actors who have obtained huge concentrations of private economic power, or on bureaucratic apparatuses extending their tentacles and 'swords' (Callinicos 2003) into each and every domain where we deploy our lives (Alperovitz 2001). Basic Income, by consolidating forms of socioeconomic independence for all, helps to shape a true principle of economic citizenship, and becomes the foundation of civil and political rights for the contemporary world (Krätke 2004). When the young Marx reflected on a future reduction in working hours, he suggested that such a measure should guarantee that a human life should not be treated as a mere means of livelihood, but should experience a better equilibrium between

wage-earning work and leisure, which, in turn, should enable individuals and groups to involve themselves in political life and to exercise full citizenship (Marx 2007).

Flexible Paid and Unpaid Work

Thesis VII: Freedom and social emancipation require the reconquest of the value of flexible (paid and/or unpaid) work.

Finally, Basic Income can help to shape conglomerations of different types of work in a flexible way. The value of flexibility has often been embraced by managerial sectors aiming at reducing costs by eroding workers' legal and institutional protections, which has often turned the discourse of flexibility into a cause of suspicion. However, we do need flexible lives in which we can autonomously perform different tasks according to our needs, as those needs change through our lifecycle. When and how to do productive work, and when and how to do care work? When and how to open up the doors to artistic or entrepreneurial work? And how much of these kinds of work do we want at each period of our lives? These questions need to be answered by individuals and groups themselves, which means that the old Fordist imaginary of one single occupation for all your life needs to be questioned: and is actually questioned by contemporary social movements who see the (not too likely) return to Fordist monolithic lives around one single activity as a clear sign of an important lack of economic sovereignty (Casassas 2018; Casassas et al. 2015; Standing 2014). Again, an unconditional income stream, thanks to the bargaining power that it would confer—which is always absent when resources reach individuals only under certain conditions—would enable people to command flexibility in a secure way that would enhance their effective freedom to choose what kind of work, and/or what combination of different kinds of work, to do, and when, and how, and in which proportions. Marx and Engels embraced this very aspiration in a famous passage of their *German Ideology*:

For as soon as the distribution of labour comes into being, each man has a particular, exclusive sphere of activity, which is forced upon him and from which he cannot escape. He is a hunter, a fisherman, a herdsman, or a critical critic, and must remain so if he does not want to lose his means of livelihood; while in communist society, where nobody has one exclusive sphere of activity but each can become accomplished in any branch he wishes, society regulates the

general production and thus makes it possible for me to do one thing today and another tomorrow, to hunt in the morning, fish in the afternoon, rear cattle in the evening, criticise after dinner, just as I have a mind, without ever becoming hunter, fisherman, herdsman or critic. This fixation of social activity, this consolidation of what we ourselves produce into an objective power above us, growing out of our control, thwarting our expectations, bringing to naught our calculations, is one of the chief factors in historical development up till now. (Marx and Engels 2004: 53)

A Socialist Basic Income Scheme

Thesis VIII: Strong institutional conditions are required for Basic Income to effectively democratise work and boost social emancipation: (1) Basic Income should be high enough to secure material existence; (2) Basic Income should be part of a package of measures; and (3) Basic Income should go hand in hand with controls over great accumulations of private economic power.

As has been seen, Basic Income plays a crucial role when it comes to autonomously deciding how we want to live and work: and this is very much in keeping with republican and socialist values. But we need to add three clauses:

1. Basic income is a ‘ground’, but in order to deploy its democracy-enhancing potentialities, it should be a ‘substantial ground’, equal in value to the poverty line. Below the threshold at which you can start to say ‘no’ in order to say ‘yes’ to what you really want for your life, cash transfers let you increase your welfare, but not your freedom or the democratic nature of your social relations. If Basic Income is not high enough to cover your basic needs—we assume here that the poverty line represents the level where these basic needs are met—there is little gain in bargaining power, which is what makes you free. Of course, this does not mean that we cannot ask for low-level Basic Income schemes for many strategic reasons; but we must be aware that Basic Incomes set below the poverty line do not foster freedom and democracy in the same way that a Basic Income at the level of the threshold would do. Social emancipation requires the unconditional guarantee of sets of resources that are generous enough to secure a life of dignity and therefore help us to raise our heads and our gaze and effectively negotiate the terms and conditions of social interaction.

Opting for a ‘below-the-poverty-line’ Basic Income, or a ‘less but still conditional’ cash transfer scheme, as a ‘strategic’ way to open the door to the future achievement of a fully unconditional Basic Income that is fixed at the level of the poverty line, or above, is a strategy that may or may not constitute a feasible path towards such a Basic Income. Strategies are only strategies, and they can lead to social and institutional contexts in which the logics of those ‘intermediate’ stages—those of ‘low-level’ or ‘less but still conditional’ cash transfer schemes—might simply consolidate. In the end, conditionality has one logic and unconditionality has a very different one. Are we sure that we can assume that the former tends naturally to lead to the latter? Of course, this does not mean that every gradual plan to introduce a full Basic Income must be opposed. What it means is that those plans cannot be thought as necessary and sufficient steps of a linear pathway that will inevitably unfold (Casassas and Raventós 2018). The success of the strategy will always depend on the presence of a sub-jacent cultural and political hegemony in favour of the complete transition towards a subsistence-level fully unconditional Basic Income.

2. The second clause has to do with the institutional context of Basic Income. Basic Income must be seen as only part of the ground, that is, as a measure to be complemented by other equally unconditional devices: such in-kind policies as public healthcare, education, housing, care policies, and so on. Clearly, having to buy those services in the market could turn Basic Income—even a high Basic Income—into an irrelevant measure from the point of view of the democratisation of social relations: for example, we know that the price of private health insurances dramatically grows with risk, and if you are an old and/or ill person, the price of health insurance can grow quickly and exhaust your Basic Income, and therefore ruin your bargaining power. The bottom line of this argument, which we have made elsewhere, is that we need to avoid neoliberal welfare-state-substituting Basic Income schemes such as those that have been proposed by right-wing libertarian authors like Charles Murray (2006) (Arcarons et al. 2017; Casassas 2018; Raventós and Wark 2018a, b). Having said that, we must immediately add that unconditional public policies such as Basic Income are crucial in order to overcome welfare-state capitalism itself, which is incompatible with both the republican tradition, represented by the ideal of a property-owning democracy (Edmundson 2017; Rawls 2001) and present-day socialist concretisations of such a tradition. According to Rawls, within a republican-democratic regime ‘the idea is not simply to [ex-post] assist those who lose out through accident or misfortune [which is what is exclusively done under

the vast majority of welfare-state capitalism regimes], but instead to [ex-ante, unconditionally] put all citizens in a position to manage their own affairs and to take part in social cooperation on a footing of mutual respect under appropriately equal conditions' (Rawls 1999: xv). We could say the same from within a democratic socialist regime on the basis of its similarities to a republican-democratic regime.

3. And third, the ground should go hand in hand with 'ceilings', that is, with ways to avoid great accumulations of private economic power, by directly cutting the range of economic inequalities through a 'maximum income' policy (Raventós 2018) and tax and transfer schemes, or by introducing a 'regulatory ceiling' preventing the most powerful actors from carrying out freedom-limiting economic practices, as Roosevelt advocated (Casassas and De Wispelaere 2016). Why? Because even if individuals and groups have been unconditionally empowered with a relevant set of resources, the prospects of democracy are limited when those individuals and groups try to develop their projects within socioeconomic contexts—markets, for instance—that have been destroyed and disabled by the voraciousness of powerful economic actors with the capacity to introduce entry barriers and, as Callinicos (2003) shows, turn the economic space into an exclusive, excluding, private realm. Let us not forget 'the ceiling': if the argument is social emancipation, then the story does not finish with 'the ground' (Robeyns 2016).

Control Over (Re)Production

Thesis IX: The oligarchic unilateral rupture of the post-World War II social deal, which we owe to neoliberal politics, legitimises the struggle for institutional devices that will achieve collective control over (re)production, such as Basic Income.

Do we find an echo of all of these republican theory-led socialist statements within today's politics? Recently, 'citizen rescue plans' harbouring packages of social rights, including Basic Income, have been presented by post-crash enraged social movements in various regions of the world as a way to give back to individuals and groups the capacity to control the economy (Casassas et al. 2015). Today's struggle stands in the tradition of the pre-2008 anti-capitalist social movements trying to fight the 'financial follies' and societal 'catastrophes' that went hand in hand with neoliberal capitalism (Callinicos 2003).

But how would the mechanism operate? The big question to be answered is this: What to do when a deal is broken? More precisely: what can the wronged and betrayed side do when a deal is *unilaterally* broken? A deal includes a victory and renunciation. This was clearly the case of post-World War II social deal: workers won a certain degree of socioeconomic security, but they had to explicitly renounce control over production as a political objective. Since a return to the conditions that shaped the post-World War II social deal is politically infeasible (the economic elites do not seem to be willing to return to it), the ‘wronged betrayed’ side might feel it legitimate to dust off what it had to renounce as a result of the signature and implementation of the old deal: control over production, over the many ways in which we operate in order to collectively satisfy our needs.

How to raise the question of the possible ways to conceive of and carry out control over (re)production under the circumstances of the present? Of course, we are not suggesting here that Basic Income constitutes a unique, univocal and comprehensive response to this challenge: what we wish to suggest is that Basic Income can help to return control over (re)production—over our whole lives—to society’s agenda. Basic Income would help us to recover something that working populations lost as a result of the old Fordist deal, when they renounced control over production—that is, they renounced ‘economic democracy’—and in its place accepted *ex-post* conditional measures. They lost bargaining power. By unconditionally guaranteeing people’s social existence, Basic Income would confer upon social actors the capacity to ‘say no’ to lives they do not wish to live and to set up work and social arrangements in a way that is really ‘of their own’. At least, this is how the Basic Income debate has taken shape within post-crash social movements in countries such as the Kingdom of Spain (Casassas and Raventós 2018), and it must be added that other actors in other countries and regions are referring as well to Basic Income as a Polanyian way to re-embed the economy in the political sphere, that is, to reopen the political discussion—and struggle—over how to shape social and economic life in a collective non-excluding way. This is why Basic Income makes such sense today and is needed more than ever.

Basic Income as an Anti-capitalist Project

Thesis X: Basic income does not inevitably pave the way to post-capitalist social scenarios, but it can firmly disarm one of the main disciplining mechanisms within capitalist societies: the obligatory nature of wage-earning work – hence its anti-capitalist strength.

The obligatory nature of wage-earning work has always been the main mechanism for the disciplining of workers within capitalism, and also under welfare-state capitalism. And the obligatory nature of wage-earning work has always blocked a myriad of possible productive and reproductive arrangements that only emerge when work and income are decoupled and unconditional resources trigger many sorts of (paid and unpaid) life projects ‘of our own’. As we have seen, some social movements have appreciated the potential of Basic Income in times of social and economic distress, like the present, when the old Fordist social deal has been unilaterally broken by the elites, and indignation rooted in a feeling of betrayal nourishes unprecedented social and political ambitions. How are we to go beyond the discipline of capitalist labour markets and give birth to freer forms and combinations of works? Italian theorist Marco Revelli (2010) quotes the graffiti that he found on a wall at *Torino’s Technical College*: ‘You’ve taken too much from us, now we want it all back again’. It had been written by enraged groups of young activists who felt that current circumstances left them with no future. Might Basic Income serve as a tool to help them to regain such an ‘all’, whatever it might end up concretely meaning?

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24

Neither Left Nor Right

Joe Chrisp and Luke Martinelli

Introduction

Claims to evade political categorisation—to be ‘neither’ left nor right or ‘beyond’ left and right—are often employed as rhetorical devices, aimed at the creation of innovative electoral ‘brands’. These phrases signify rejection of established mainstream positions; they evoke 1930s Fascism at the same time as being embraced by a diverse range of parties including both Front National and *En Marche* in France, Podemos in Spain, and the Five Star Movement in Italy.

That it does not signify a coherent and consistent political perspective is not to suggest that the phrase is redundant, empty rhetoric, however: rather, as we suggest, it means that left and right are complex, multifaceted terms, and the ways in which political parties can evade categorisation as one or the other are plentiful. As Driver and Martell (2000: 147) put it, ‘between Old Left and New Right ... there is not just space for one third way but for many, with varying values and policy positions’.

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In this chapter, we address two main questions in seeking to discuss and ultimately assess claims that Basic Income is neither left nor right:

1. To what extent and how does Basic Income evade categorisation as left or right in ideological/conceptual terms?
2. To what extent and how does support for Basic Income derive from across the political spectrum as an empirical matter?

Before addressing these questions, it is first necessary to consider what the terms ‘left’ and ‘right’ mean in terms of welfare preferences, and whether it makes sense to reduce the politics of the welfare state to a left-right spectrum.

According to traditional accounts, the ideological, party and welfare preferences of voters were relatively well-aligned, and primarily determined by socio-economic class: the left mobilised the working class in favour of redistribution, and the right represented the interests of the middle class in reducing taxes (Häusermann et al. 2013). However, long-term structural pressures—including deindustrialisation, globalisation, changing family forms, and population ageing—have eroded traditional class structures, and motivated novel policy priorities, including the coverage of ‘new social risks’ (Bonoli 2005) and the related ‘social investment’ agenda (Hemerijck 2017). While the decline in ‘blue collar’ occupations has decimated the left’s traditional electoral base, new policy priorities have broadened the appeal of welfare state expansion to the middle classes (Gingrich and Häusermann 2015). The emergence of distinct labour market ‘insiders’ and ‘outsiders’ has also split the working class (Rueda 2007; Schwander and Häusermann 2013), with insiders wishing to shore up employment protections and access to generous social insurance benefits, and outsiders supporting the expansion of so-called ‘new social policy’ priorities. At the same time, the cultural dimension of politics has become increasingly significant, as calls for the exclusion of ‘undeserving’ groups from the welfare state, including nativist ‘welfare chauvinism’, have increased (Häusermann and Kriesi 2015).

Parties of the left and right have not responded to these structural pressures according to a uniform ‘expansion vs. retrenchment’ logic, and many party systems have fragmented to reflect the complex mix of voter preferences. Conceptually, it is also unclear whether many reforms, such as those that reduce the privileges of insiders vis-à-vis outsiders, are inherently left- or right-wing. It is, therefore, difficult to identify welfare policy priorities along a unidimensional left-right scale. In the following sections, we explore whether Basic Income can be defined as left and right conceptually,

accounting for the multidimensionality of policy preferences. We then investigate the empirical claim that political actors and voters across the political spectrum support a Basic Income.

The Conceptual Ambiguity of Basic Income

Defining Basic Income in Terms of Policy Design Features

Basic Income has numerous definitional characteristics in terms of policy design features: it is a regular and uniform (that is, non-earnings related) payment, made to all individuals, and absent all contributory conditions, means testing, and behavioural requirements. What do these features in combination suggest about Basic Income's congruence with the ideological positions of left and right?

The broad principle of universalism—that the welfare system as a whole is designed to encompass the entire population at different times throughout the life course—is strongly associated with the political left. However, universalism in this broader sense normally requires earnings-linked social insurance benefits, so that higher earners are encompassed in the system's functions (Korpi and Palme 1998). Without contributory elements, and coverage of the middle classes, social security is merely a residual and palliative safety net, lacking preventative, egalitarian, and solidaristic functions. In this sense, Basic Income's uniform payment structure appears to fall short of the ideals of the left. However, its universal payment structure does not preclude Basic Income from being progressive in the sense of redistribution from rich to poor. Although Basic Income is paid to rich and poor alike, and may at first glance appear the antithesis of targeting, benefits can be clawed back (in net terms) from high earners through tax. Indeed, Basic Income is normally presumed to be progressive: but not necessarily strongly so, and not necessarily as strongly as the conventional welfare systems that it is designed to (partially) replace. The extent to which Basic Income is a redistributive policy depends on the payment level, the manner of its interaction with other benefits, and the method of funding.

For the left, Basic Income could be expected to represent an improvement on equivalent means-tested minimum guaranteed income schemes for at least two reasons. Firstly, 'fewer among the poor will fail to be informed about their entitlements and to avail themselves of the benefits they have a right to' (Van Parijs 2004: 13). Secondly, recipients of means-tested and

conditional benefits are subject to social stigma, which recipients of Basic Income would not be. As well as being a positive phenomenon in its own right, the reduced stigma should also further increase take-up rates. Thus, the fact that Basic Income is paid *ex ante* to all, rather than on identification, via means testing, of an income shortfall, means that it is more attuned than means-tested benefits to left-wing concerns about the minimisation of ‘exclusion errors’, the elimination of stigma, and the reduction of administrative burdens on claimants. However, the ‘labourism’ of trades unions and social democratic parties, and their attachment to ‘reciprocity’, means that behavioural conditionality is associated with elements of the left, as well as being supported by conservatives in general. Conversely, libertarian elements of the right share the objections of the liberal left toward intrusive and punitive conditionality.

Basic Income’s individual character is another cause of tension with some facets of the left. Under conventional systems of social security, family size and composition determine both entitlement to benefits and payment level; and means testing takes into account both family income and the scope for economies of scale with respect to household expenses. Thus, Basic Income, being individualised, must disadvantage people who live alone relative to those living communally. This is an intractable problem for many on the left: it implies that Basic Income falls short with respect to ‘target efficiency’, by tying up resources that could be directed more effectively to those most in need. On the other hand, it is precisely Basic Income’s individualised nature that gives rise to the policy’s gender egalitarian credentials. By granting an independent income to all, Basic Income serves to reduce the dependence of women on their partner’s earnings, and redresses intra-household power differentials.

Defining Basic Income in Terms of Principles and Goals

Since it appears to be difficult to define Basic Income clearly in the context of a left-right scale on the basis of abstract features, what about positioning the policy in the context of the principles and goals commonly prioritised by the opposing ideological positions?

There is a wide variety of overarching principles and goals associated with the policy. Some of these are likely to appeal primarily to the right, and some to the left, and some might transcend political ideology entirely. To generalise somewhat—and notwithstanding the complexities described above—we might say that the protective functions and equity motivations

of the welfare state are core concerns of the left, while the productive functions and efficiency motivations rouse the right. Similarly, the right might favour relatively prosaic reforms while the left might be more inclined toward systemic change. However we choose to classify the motivations for favouring Basic Income, it is clear that different political positions will prioritise different aspects. The following is a stylised account of the primary motivations of the left and right with respect to Basic Income.

Productive and Efficiency-Related Motivations of the Right

The political right are motivated in their support for Basic Income by issues relating to labour market efficiency, individual liberty, and a distaste for bureaucracy. Basic income is a form of welfare that arguably minimises the poverty and unemployment traps that arise from the high withdrawal rates of means-tested systems. It also gives rise to the so-called ‘reshuffle effect’ (Groot and Van Der Veen 2000a), permitting some to reduce their work effort or exit the labour market entirely, freeing up jobs for the involuntarily unemployed. The provision of an income floor enables individuals to take insecure and short-term jobs in the ‘gig economy’, thus contributing to labour market flexibility, and similarly promotes entrepreneurship, creativity, and innovation. Another preoccupation of the (libertarian) right relates to the emancipation of individuals to live free from the dictates of the state. In this sense, Basic Income’s individualised character is a crucial advantage, as it dispenses ‘with any control over living arrangements’ (Van Parijs 2004: 12). More generally, Basic Income is flexible with respect to how individuals choose to balance wage labour, unpaid work, and leisure. Ultimately, its simplicity is the source of another crucial advantage: the elimination of bureaucratic intrusion and costs arising from complex eligibility tests and behavioural conditions.

Protective and Equity-Related Motivations of the Left

Of course, the elimination of bureaucratic intrusion is not only a concern of the right. The left are also likely to find this aspect of conventional welfare deeply troubling, but are more likely to emphasise the human and psychological costs to claimants, rather than the financial cost of administration per se. Thus, stigmatisation, anxiety, and the implications of punitive sanctions

for the living standards of vulnerable claimants, assume paramount importance as motivating factors for Basic Income's progressive adherents. Basic Income might increase the bargaining power of workers vis-à-vis employers, by providing a full or partial 'exit option' from employment. As Van Parijs (2004: 17) puts it, Basic Income 'makes it possible to spread bargaining power so as to enable [...] the less advantaged to discriminate between attractive and lousy jobs'. More profoundly, through a radical rejection of the 'valorisation' of labour, Basic Income is seen by some greens as a move towards a sustainable future of 'degrowth' (Andersson 2010). A final important 'emancipatory' potential of Basic Income relates to its implications for gender equality, although these remain contested (Robeyns 2000). As one implication of the 'reshuffle effect', men would be able to take on a larger proportion of unpaid care. At the same time, a Basic Income might go some way to recognising the importance and value of unpaid care work, compensating dual-earner families for their use of formal childcare services, and improving women's position in the labour market, given their prevalence as labour market outsiders. Basic Income's unconditional nature would also compensate for gaps in the coverage of contributory systems.

Left- and Right-Wing Basic Income Schemes

While the policy is often treated as a monolith, it is better understood as a family of schemes. As an abstract notion, Basic Income has myriad desirable attributes that recommend it on the basis of left- and right-wing principles and goals. However, the full complement of purported advantages arguably cannot be actualised in a single scheme. Thus, moving from abstract discussion to the design and implementation of specific concrete policy proposals necessarily involves consideration of trade-offs between different principles and goals.

Within Basic Income's core parameters, specific schemes vary with respect to payment level, funding mechanism, and—crucially—the way in which the Basic Income articulates with wider systems of social security in terms of which programmes it is intended to complement or replace. In another source of variation, strict Basic Income schemes—often for political reasons—may be overlooked in favour of 'cognates' such as Negative Income Tax (with payments only made if claimants fall below a specified income threshold), Participation Income schemes (incorporating weak and inclusive behavioural conditions), or household-based entitlements.

Thus a more nuanced assessment of Basic Income's ideological orientation has to take account of the fact that specific schemes might be 'either' left or right, rather than 'both'. Nothing in Basic Income's core definition states that it has to be paid at a specified level, so Basic Income could be paid at rates sufficient to lift recipients from poverty, or it might be tokenistic. It could be designed as a replacement for the existing constellation of welfare benefits and services, as Charles Murray's (2006) has envisaged; or it could underpin an expansive and generous welfare state (Van Parijs and Vanderborght 2017).

Obviously, the level at which Basic Income is paid, and the way that it relates to other benefits and services, will impinge on the levels of satisfaction of the principles and goals enumerated above. The higher the payment level, and the fewer benefits are withdrawn when the Basic Income is implemented, the more redistributive the overall effects of the Basic Income will be, and therefore the more clearly such schemes would appeal to the left. Such schemes would also more profoundly strengthen workers' bargaining positions vis-à-vis capital, but would probably be less effective at activating people into the workforce. Even more disagreeable to right-wing Basic Income proponents, they would come at substantial fiscal cost, generating disincentives to work via higher tax rates.

Empirical Assessment: Support for and Opposition to Basic Income

How does the above conceptual framing map onto empirical reality? Do we see support for Basic Income across the political spectrum, and how do levels of support and specific proposals vary between the left and right? Even if Basic Income can in principle appeal across the political spectrum, how commonly are concrete statements of support, and indeed concrete proposals, coming from the right compared to the centre and left?

Political Actors: Playing 'Hot Potato'

Two countries that have had relatively long-standing political interest in Basic Income are the Netherlands and Finland. In Finland, a Basic Income experiment has been concluded and results are awaited; and in the Netherlands, experiments with measures with some similarities to Basic Income are under way (see Chapters 20 and 21). In the Netherlands, the

2017 parliamentary election saw four parties express support for the municipality-led experiments in their manifestos: the Labour Party (PvdA); Democrats'66 (D66), a social liberal party; Green Left (*GroenLinks*); and the Party for the Animals (PvdD), an animal welfare/environmentalist party that won five seats. Historically, there have been two previous peaks of political interest, first in the early 1980s in a context of high unemployment, and secondly during the social-liberal coalition government formed in 1994 (Groot and Van der Veen 2000b). In both periods, it was the same parties and their predecessors (not including PvdD) that expressed non-committal support, but in the end the parties of government either rejected the policy outright or suggested that it should not be an immediate priority. However, despite its failure to become government policy in the Netherlands, it is clear that interest in Basic Income has mostly come from the political left. We now wait to see how party political interest evolves during the municipal experiments.

This has also been the case to some extent in Finland. The Left Alliance (VAS) has actively campaigned for at least a partial Basic Income since it was formed in 1990. The Green League (VIHR) has also consistently advocated a Basic Income, recently specifying models of how it would work in practice (Koistinen and Perkiö 2014). However, it was the Centre Party (KESK)—a liberal agrarian party that has led the government since the 2015 general election—that set in motion the nationwide Basic Income experiment in Finland that started in January 2017. Although the Centre Party has generally been supportive of the idea for a number of years, the same cannot be said of its coalition partners: National Coalition (KOK), a centre-right conservative party, and the True Finns (PS), a populist right party, although both signed off on the experiment. This unexpected movement on Basic Income from a right-wing government is coupled with long-standing opposition from the Social Democratic Party. In the 1990s, the Young Finns, a liberal party, was also very supportive but lost all of its parliamentary seats in 1999, and disbanded soon after. Hence, although the most consistent and vocal supporters have come from the two smaller new left parties, there is not a straightforward relationship between ideology and political support for Basic Income in Finland.

This more scattered pattern is replicated in other countries. In the UK, a social dividend was supported by many figures in the Labour Party in the 1920s and '30s; and the prominent Liberal and Conservative MP Juliet Rhys Williams campaigned for a 'positive allowance' in the '40s and '50s, as did her son Brandon Rhys Williams (also a Conservative MP) when the Conservative Prime Minister Ted Heath considered a 'tax credit' with some

similarities to Basic Income (Sloman 2018). A Basic Income ('Citizen's Income') was included in the Liberal Democrats' 1992 election manifesto; the Green Party has consistently campaigned for it for decades; and in recent years the Labour Party and the Scottish National Party have expressed interest in Basic Income, with the latter supporting 'feasibility studies' that might result in experiments led by local authorities in Scotland.

In Canada, the Liberal government of Ontario launched the recent household-based Negative Income Tax experiments, despite the original proposal being written by former Conservative MP Hugh Segal. Guy Caron, the parliamentary leader of the social democratic New Democratic Party, recently ran unsuccessfully for party leader on a platform that included a Negative Income Tax scheme that he labelled 'Basic Income'. In the US, guaranteed income schemes were seriously considered by both political wings in the 1960s and '70s when Republican President Nixon put forward the Family Assistance Plan (a type of Negative Income Tax drawing on the ideas of Milton Friedman) and Democratic presidential candidate McGovern proposed a universal 'demogrant'. However, the Alaskan Permanent Fund Dividend, which distributes a yearly dividend to all residents based on revenues generated from the state's natural resources, was set up by Republican Governor Jay Hammond. Although not pitched as part of the welfare system, it remains the only existing example of a Basic Income, although an annual and variable one. Hence, again in these cases, partisanship is a poor indicator of support for Basic Income.

In both France and Germany, the broad idea of a Basic Income has also had supporters across the political spectrum. In France, the Socialist Party's Presidential Candidate in 2017, Benoît Hamon, won his candidacy on a platform of (at least initially) explicit backing for Basic Income, courting the support of small green parties which have also been historically supportive. However, interest has also come from the right, with high-profile figures such as Dominique de Villepin and François Fillon lending their support to a Negative Income Tax (Milner 2016). In Germany, a Citizen's Income (*Bürgergeld*) has been discussed since the late 1980s, but generally means Negative Income Tax schemes supported by the right: FDP's *Liberales Bürgergeld* or Dieter Althaus's (CDU) *Solidarisches Bürgergeld* (Lessenich 2000; Liebermann 2012). On the left, the Left Party (*Die Linke*) and the Greens (*Bündnis 90/Die Grünen*) supported setting up an 'Enquete Commission' on Basic Income in their last two election manifestos, and senior figures such as the Left's chair Katja Kipping are notable supporters. The Pirate Party, which surpassed 10% of the vote in polling preceding the 2013 election, advocated a Basic Income, before its popularity rapidly declined

and it was unable to gain representation in parliament. Elsewhere, Pirate parties in Iceland and the Czech Republic, sitting broadly on the political left, and having expressed support for Basic Income, have experienced modest electoral success.

In other countries, party support is more sparse but equally varied. The populist Five Star Movement (M5S) in Italy, and Podemos in Spain, have both flirted with the idea recently, but proposals ended up as both means-tested and conditional in other ways. People-Animals-Nature (PAN), a new environmentalist party in Portugal, advocated a Basic Income in their 2015 manifesto. Fianna Fáil, a conservative but 'broad church' party in Ireland, examined the policy in a Green Paper when in government in 2002, and its most recent manifesto committed to setting up a Basic Income commission (again). In Denmark, the Radical Liberals (*Radikale Venstre*), a social liberal party, briefly considered the idea in the early 1990s (Christensen and Loftager 2000) and the Alternative (*Alternativet*), which recently broke away from the Radical Liberals, has also deliberated about it. In Switzerland, where a citizens' initiative led to a nationwide referendum on Basic Income, all major political parties recommended voting against the motion (see Chapter 21). In Belgium, the two green parties, ECOLO and AGALEV, have been generally supportive. However, Belgian politics also includes *Vivant*, an economically and socially liberal party founded by the millionaire Roland Duchâtelet in 1998, which unsuccessfully contested elections on a virtually one-issue Basic Income platform (Vanderborgh 2000).

The Belgian case also evokes a surprising continuity in Basic Income advocacy: periodic support among wealthy entrepreneurs and businessmen. In Germany, Götz Werner, founder of a drugstore chain DM, campaigned for a Basic Income in the 2000s. One of the most significant sources of Basic Income advocacy from outside the political mainstream—especially in the US context—comes from the support of a number of high-profile tech. entrepreneurs (Weller 2017). Individual philanthropic donations have so far funded two proposed experiments in California, as well as contributing to campaigning and research efforts more generally. It is unclear what effects these efforts might have on the formal political sphere.

On the whole, the history of political support for Basic Income appears rather like a game of 'hot potato', in which parties and politicians of various stripes express interest and sometimes explicit support for the idea, until it is suddenly relinquished when political scrutiny intensifies. It remains unclear why parties drop the idea, and also why some pick it up again. We suspect that context matters: the appeal of a Basic Income will depend on the system it is designed to replace as well as on the prevailing economic conditions. More systematic research is clearly needed on this topic.

It is particularly important to take stock of what these actors are really supporting, both in terms of the specific policy package they advocate—which in the case of Basic Income can vary substantially—and the type and level of commitment a party or politician is giving to the policy. For example, fleshed-out right-wing proposals from politicians have in practice always taken the form of means-tested guaranteed income schemes of the Negative Income Tax variety. Importantly, parties are often divided on the issue, with individual members of parliament in favour despite a sceptical party. Although it is easy to name-check politicians from across the political spectrum who have expressed interest in Basic Income, it is more difficult to be able to find explicit support at the nationwide party level. Promotion of Basic Income in the abstract can often perform a strategic role for political actors that deviates from the sincere desire to implement the policy in full. This means that explicit party-level support for a universal and unconditional Basic Income is in fact both very rare and disproportionately found in small parties of the left.

Voters' Attitudes Towards Basic Income

In wave 8 of the European Social Survey (European Social Survey 2016), respondents were asked for their opinion of Basic Income, specified according to the standard definition, with the additional stipulation that it would be paid at a level designed to cover essential living costs (European Social Survey 2018: 48). Results broadly support the notion that Basic Income is 'neither left nor right', with support spread across an eleven-point left-right scale, as reported by respondents. However, a smaller proportion on the right (6–10 on the scale) (49.9%) supported Basic Income compared to the centre (54.9%) or the left (0–4 on the scale) (57.2%). Another interesting point that emerges from the data—and one which might also support the notion that Basic Income is indeed neither left nor right—is that the group most supportive of Basic Income are those for whom no political preference is recorded in terms of the left-right scale, two thirds of whom state that they are supportive of Basic Income.

When we examined the results of the survey more closely, we found that the number of respondents who were 'strongly in favour' of Basic Income was dramatically lower than the number 'in favour': only 9% strongly in favour compared to 54 cent in favour. Support is both more prevalent and relatively stronger in proportional terms for those identifying more decisively with the left or right—but especially with the left—compared to

those clustered around the centre. This bolsters the case that despite moderate support being (fairly) evenly distributed across the political spectrum in absolute terms, the left is perhaps Basic Income's most natural stronghold. This is reinforced when we consider opposition, and especially strong opposition, which is much more prevalent among right-leaning respondents. An important caveat to our analysis is that we do not attempt to take into account 'country effects'. It is likely that differences due to political orientation would be confounded by institutional factors that could affect both overall levels of support for Basic Income and wider political norms.

Unfortunately, the ESS does not probe for further details about the form of Basic Income scheme that respondents would prefer, or the features that they would prioritise. To simplify somewhat, there are three main options for financing Basic Income's additional gross costs: increasing tax rates, reducing spending on other welfare provisions, or a combination of both. It is important to know how the addition of these implicit features of Basic Income design would affect attitudes to Basic Income. Polling of 1111 individuals in the UK commissioned by the University of Bath's Institute for Policy Research (IPR) goes some way to addressing this issue by asking respondents for their views on alternative funding mechanisms and design principles (Ipsos Mori 2017). The survey did not record respondents' identification on the left-right scale or their political attitudes, but it did record their voting intention in terms of UK major parties. The results show similar overall levels of support as the ESS. However, when respondents were asked to consider a Basic Income funded through the various mechanisms mentioned above, support fell dramatically in each case.

Furthermore, different groups of voters have differing levels of enthusiasm for Basic Income. For example, 40% of conservative-leaning respondents support Basic Income in general terms, compared to 63% of Labour-leaning respondents, with 41 and 17% respectively opposing the idea. Even more crucially, among supporters of Basic Income, ideological opponents support different types of scheme. Support among Conservative-leaning respondents grows to 49% when asked to consider a Basic Income funded through benefit cuts, but falls to 22% for schemes funded through tax rises. While support among Labour-leaning respondents drops when asked to consider any concrete funding model, this group has a clear preference for schemes which rely on tax increases (43% in favour)—particularly on wealth as opposed to income—compared to those that require benefit cuts (34% in favour). The survey also found evidence that Negative Income Tax and Participation

Income type schemes were more popular than the idea of a Basic Income paid *ex ante* to all. Conservative-leaning voters were more supportive (64% in favour) of schemes that are restricted to working age adults engaged in ‘productive’ activities compared to Labour voters (51%). In contrast, Labour-identified respondents were more favourable towards schemes targeted solely at the poor than were Conservatives, with 62 and 56% respectively expressing support.

Discussion and Conclusion

The ambiguity of whether Basic Income is conceptually left or right is perhaps unsurprising given its claim to strike a compromise between the protective and productive functions of the welfare state. It appeals to the values of liberty and efficiency that are beloved of the right, while expanding the security and dignity of the poor in ways that appeal to the left. Basic Income incorporates design features, and reflects aspects of ideology, from across the political spectrum, although being an expansionary welfare state policy with anti-authoritarian features Basic Income is probably most at home within the left. But crucially, it also contains features that contradict some core elements of left-wing thought, for instance, by eliminating from the welfare system the organising principles of reciprocity and need. While Basic Income embodies aspects of both left and right simultaneously, it is also correct to depict it as either left or right. Depending on policy design features relating to funding and payment level, specific Basic Income schemes are more appropriately described as conforming to progressive or conservative versions.

Empirically, too, we find some support for the contention that Basic Income finds support right across the political spectrum, with the caveat that support appears to be most robust within relatively small new left parties as opposed to mainstream social democratic or centre parties. Interest in Basic Income has been pursued by a number of actors on the centre right too—including, quite prominently, the coalition government in Finland—as well as being promoted by significant business interests, especially technology start-up entrepreneurs. This support has manifested itself in moves towards experimentation across a diverse range of jurisdictions: surely expressions of some degree of political commitment towards the policy. However, where there have been explicit statements of support for Basic Income, on closer inspection concrete proposals have fallen short of Basic Income ‘proper’ as defined in this volume.

In terms of concrete political prospects, our empirical mapping of party support for Basic Income is indicative of one of Basic Income's more profound political difficulties: that it is subject to what De Wispelaere (2016) has termed 'cheap support'. This suggests that Basic Income's apparent popularity appears to dissolve when parties move beyond the context of superficial statements of support to face serious electoral scrutiny. Parties in serious contention for government are required to present detailed costings and distributional evaluations, and faced with this demand, their concrete expressions of support for Basic Income are typically downgraded to more qualified statements of support for a cognate or 'stepping stone' policy. Ultimately, parties with a genuine hope of forming a government will be highly reluctant to contravene widely held political norms, such as those relating to limitations on the scope for legitimate tax increases, and the elimination of the principles of conditionality and reciprocity in the organisation of welfare. This is likely to be true of mainstream parties of the left or the right.

Finally, while support is prevalent across the political spectrum, there are profound difficulties forming coalitions between the disparate groups of supporters: what De Wispelaere (2016) calls 'the problem of persistent political division'. In the context of a wide variety of possible design features and intractable policy trade-offs, it is unlikely that the concerns of the left and right can be accommodated within a single specific scheme. This is reflected in our analysis of voter preferences: right-wing voters are more likely to support a Basic Income funded through benefit cuts, while left-wing voters are much more likely to support a Basic Income funded through taxes. The potential for compromise, and thus the establishment of workable coalitions in favour of Basic Income, might also depend on the political system. In majoritarian systems, persistent political division might discourage political actors from supporting policies 'tainted' by the support of their rivals. Indeed, whole swathes of the left, which might otherwise be more susceptible to Basic Income's principles and goals, appear to be sceptical about Basic Income because of its popularity with Silicon Valley entrepreneurs and its historical association with the libertarian right. Hence, despite unprecedented political and media interest in Basic Income, and the abstract support of over half the population, advocates face a number of intractable trade-offs in policy design and political strategy that cannot simply be overcome by claims that the policy is 'neither left nor right'.

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25

Trade Unions and Basic Income

Troy Henderson and John Quiggin

Introduction

The concept of Basic Income has been advanced in a number of different forms, in support of radically different political agendas. As a result, it has acquired a highly disparate group of supporters, and also a disparate group of opponents. In particular, trade unions have often been critical or suspicious of the concept.

In this chapter, we sketch the history of Basic Income and the labour movement, highlighting the consistent lack of trade union support, and then explore some of the reasons for trade union antipathy towards—or lack of interest in—Basic Income. Based on this history, we argue that advocates of a Basic Income policy can hope to attract trade union support only if the policy is combined with an effective policy to end involuntary unemployment. Basic Income attached to a strategy to end unemployment would yield substantial benefits for unions.

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History of Basic Income and the Labour Movement

The Anglo-American radical democrat Thomas Paine is widely credited as one of the first to put forward a clear proposal for something like a Basic Income. In his 1795 pamphlet *Agrarian Justice* he advocated a stakeholder grant to everyone age 21 and a universal pension to everyone aged 50 and over funded by a wealth tax (Paine 2014). Paine was followed by more obscure figures in the first half of the eighteenth century in the US and Belgium. Their proposals were generally based on the principle of an equal right to share in nature's common wealth, and focused on the socialisation of economic rent to compensate the great mass of individuals who were excluded from the ownership of land. Their proposals often included a concern with labour rights and social justice as well as individual rights (Cunliffe and Erreygers 2004). These proposals, predating the modern welfare state and the labour movement, are most naturally seen as precursors of the utopian strain in Basic Income advocacy.

There is a big gap in the Basic Income literature between the 1850s and the 1920s. Interestingly, this period coincides with the rapid growth of the labour movement, labour parties, and socialist parties. Perhaps, the idea of a world of propertied independence seemed increasingly out of step with the emerging world of industrial capitalism, and the more ambitious goals of socialists in relation to the collective ownership of the means of production.

Basic Income re-emerged in the first industrialised country, the UK, during the 1920s. Subsequent discussion about Basic Income focused on the 'social question', and there was greater attention to macroeconomic concerns, such as consumer demand and labour supply. Quakers, Keynesian economists, Fabian socialists, and Labour Party activists, among others, supported some form of Basic Income (Cunliffe and Erreygers 2004). But the most prominent Basic Income advocate during the period was the Liberal (and later Conservative) activist Juliet Rhys Williams.

Rhys Williams published *Something to Look Forward to: A Suggestion for a New Social Contract* (1943) as a direct alternative to the better-known Beveridge Report, published in 1942. She argued for a weekly income very similar to a Basic Income. The regular income would have been paid to individuals on the grounds that they agreed to attend a labour exchange and take up employment if it were offered (Torry 2013: 33). Rhys Williams' detailed proposal attracted both support and opposition from prominent economists, bureaucrats and politicians. The postwar Attlee Labour

government ‘showed little interest’ in her version of Basic Income ‘since the concept ... cut across both elements of Labour’s traditional egalitarian strategy ... higher wages for working men and collective provision of necessities such as health, education and housing’ (Sloman 2016: 208, 211, 212). Rhys Williams’ idea was finally rejected by the Royal Commission on the Taxation of Profits and Income in 1951. Here, she was opposed by Commission economists, the Board of Inland Revenue, the Trades Union Congress and the British Employers’ Confederation (Sloman 2016: 212–213). As Van Parijs and Vanderborcht write: ‘The [Trades Union Congress] (TUC) published a memorandum criticising the notion of a basic income paid “irrespective of need”. And reasserted its commitment to the social insurance principle, which firmly established workers’ rights to social benefits’ (Van Parijs and Vanderborcht 2017: 174).

This failure highlights the limitations of being an individual policy entrepreneur, the strong support within the bureaucracy and the political class for Beveridge’s model of social insurance and targeted welfare, and Rhys Williams’ personal hostility towards socialism, which prevented even the possibility of an alliance with the labour movement.

The next moment in Basic Income’s history occurred in North America during the 1960s and 1970s. Basic Income, or mechanisms like it, was supported by various intellectuals during the 1960s, and was taken up by bureaucrats during the Johnson administration as part of his ‘war on poverty’. In 1969 Richard Nixon proposed a Families Assistance Plan (FAP) that would have established a Guaranteed Annual Income (GAI), which would have shared some characteristics with Basic Income. There was strong initial support for Nixon’s plan in the press and public opinion polls. It passed the US House of Representatives in 1970, and again in 1971, but was rejected in the Senate Finance Committee by a combination of conservative Republicans and progressive Democrats.

Unions were at best neutral towards Nixon’s plan. As former Senator Daniel Moynihan recounted events: ‘In sum, even if heated debates on FAP took place in Washington, the most advanced elements of the labour movement “showed little interest in it”, but did not overtly oppose it.’ While ‘some of its members regarded it favourably as a possible step towards a more integrated safety net ... the AFL-CIO gave priority to a higher minimum wage over the supplementation of low wages by subsidies from the government’ (Moynihan 1973, quoted in Vanderborcht 2006: 3).

While Nixon’s GAI was not implemented, North America was the site of five innovative GAI experiments between 1968 and 1980 that retain importance to anyone interested in Basic Income (Widerquist 2013: 218; and

see Chapter 15 of this volume). The results of US trials were widely discussed in the 1970s and 1980s, but no political action followed. There are several explanations for the fact that the North American political campaigns and experimental trials did not lead to implementation of Basic Income: political opposition in both countries, the elite-driven nature of the GAI proposals (progressive bureaucrats were the main backers of the idea), lack of support from the working poor for whom the policy was designed, the cultural force of ideas of the ‘deserving’ and ‘undeserving’ poor (Steenland 2006), political manipulation of the empirical results, and the stagflation recession of the 1970s in the US.

In the decades between Nixon’s GAI proposal and the current upsurge of interest, it was mostly academics who kept the Basic Income flame alive. There is little empirical evidence on trade union attitudes towards Basic Income during this period. What there is ranges from hostility in Belgium, mixed views in Canada, limited support in the Netherlands during the 1980s and 1990s (Vanderborcht 2006: 10–15), and broader support for Basic Income in South Africa (Standing and Samson 2003).

In the early 1990s, the leadership of the Dutch Food Workers Union ‘advocated a substantial basic income coupled with a sharp reduction in working hours ... [and] ... also questioned the work ethic and the cultural centrality of waged labour, arguing that a basic income would confer social recognition to “those who do unpaid work, have no income and social status” (Van Parijs and Vanderborcht 2017: 175). However, the union leaders were unable to garner and sustain adequate support among the rank and file. In 2001, the Congress of South African Trade Unions (COSATU) joined church and non-governmental organisation (NGO) representative bodies to create the Basic Income Grant Coalition. COSATU argued that Basic Income ‘would simultaneously advance economic growth, job creation, and the fight right against poverty’, but the policy was dismissed by the ANC government as irresponsible ‘economic populism’, and enthusiasm within the trade union movement ebbed away (Van Parijs and Vanderborcht 2017: 175–176).

The two most significant developments to date during the current period of renewed interest are the Swiss Basic Income referendum in June 2016 and the two-year Finnish Basic Income trial in 2017–2018. In the Swiss referendum, Basic Income was opposed by business, government, and the Unions des Syndicat Suisse (USS), (other major unions were either neutral [for instance, *Synal*], or silent [for instance, *Unia*]). The ‘Yes’ campaign ultimately attracted 23% of those who voted but 35% of 18 to 35 year olds voted yes, and most Swiss people expect there to be another referendum on

Basic Income in the future (Wagner 2017; and see Chapter 21). The Finland Basic Income trial (see Chapter 20) has been criticised for its narrow focus on the unemployed, and was opposed by the Central Organisation of Finnish Trade Unions (SAK) (Tiessalo 2017).

In summary, while most trade unions have demonstrated little interest in Basic Income, several contemporary labour organisations have, at least for a time, adopted an official position of support for Basic Income or for something with some similar characteristics (see Table 25.1). These outliers should be analysed in greater detail in order to ascertain the similarities and differences regarding the internal debates that led to support for Basic Income, and as potential case studies that can be used to promote discussion of Basic Income within labour movement circles.

While official trade union support for Basic Income might appear discouraging to Basic Income supporters, recent European Social Survey (ESS) results provide some cause for optimism that Basic Income can appeal to

Table 25.1 Contemporary trade union support for Basic Income

Trade Union	Country
CITUB (Confederation of Independent Trade Unions of Bulgaria)	Bulgaria
National Farmers Union	Canada
PAM (Service Union United)	Finland
STTK (Finnish Confederation of Professionals)	Finland
IG BAU (Industriegewerkschaft Bauen-Agrar-Umwelt) (Fraction in favour)	Germany
SEWA (Self-Employed Women's Association)	India
COBAS (Confederazione dei Comitati di Base)	Italy
CUB (Confederazione Unitaria di Base)	Italy
USB (Unione Sindacale di Base) Italy	Italy
National Federation of Construction Workers' Unions, Kushiro Local Chapter	Japan
AWU (Part-Time Workers' Union)	Republic of Korea
STUC (Scottish Trades Union Congress)	Scotland
COSATU (Congress of South African Trade Unions)	South Africa
ESK	Spain
SYNA (Social Partners of the Mechanical and Electrical Engineering Industries)	Switzerland
GMB (UK General Union)	UK
TUC (Trades Union Congress)	UK
UNISON West Midlands	UK
UNITE	UK

Source Authors' compilation from various sources, including Velez Osorio and Siegert (2018)

grassroots members of the labour movement. As Vlandas observes regarding the most recent ESS results:

Consistent with the scepticism of some trade unions to UBI, table 9 reveals that current trade union members are less supportive (almost 52%) than both previous trade union members (about 58%) and non-members (roughly 56%). However, the extent of support among current trade union members varies strongly across countries, ranging from 66% in Slovenia to 32% in Norway. Trade union members in several more coordinated market economies (e.g. Germany, Sweden, Norway, Austria) tend to have lower support, but in other CMEs, such as Finland, support is very high. By contrast, both Ireland and the UK have intermediate levels of support. Strikingly, two countries with Ghent unemployment benefit systems (Finland, Belgium), where trade unions manage their unemployment benefits exhibit high support among trade union members. Finally, there is no clear pattern among Central and Eastern European Countries with both high and low support among union members depending on the country under consideration. (Vlandas 2018)

This reasonably high level of underlying support for Basic Income begs the questions of why so few trade unions have supported this policy, and which types of Basic Income proposals might be more likely to win the backing of both trade union leaders and rank and file members in the future. We now explore those questions.

Explaining Trade Union Attitudes to Basic Income

It is unsurprising that some of the most common approaches to Basic Income have attracted trade union opposition. The Negative Income Tax idea, if combined with cutbacks to the welfare state and an end to minimum wages, would be the most obvious example of a form of Basic Income likely to arouse hostility from the labour movement. Proposals of this kind might be seen as a wage subsidy for employers (Phelps 2001). Even worse, they might provide political cover for removing or reducing legislated minimum wages, and for restrictions on wage bargaining. Similarly, it would be unsurprising if unions were to oppose a Basic Income that was presented as a way of reducing the social impact of allegedly inevitable job losses arising from technological progress. This resistance might be exacerbated by the fact that unions are organised on an occupational or industry basis, and therefore

have a natural tendency to resist changes that would result in the decline of their particular occupation or industry. In this sense, there is a natural tendency towards technological conservatism, sometimes reflected in the idea that long-established types of work (particularly manual work) are ‘real jobs’ while newer jobs are not. By contrast, the movement towards Basic Income is characterised by an embrace of technological change and a focus on work associated with the twenty-first century digital economy. This shift raises the obvious question of whether digital workers will be unionised. Falling union density might contribute to an even greater reluctance on the part of unions to embrace more ambitious reforms, such as Basic Income.

During the neoliberal period, the labour movement has been on the defensive in most OECD countries. In such a period, any disruption to existing structures is likely to make workers worse off. A significant motive for the development of the ‘gig economy’ has been to undermine established working conditions. Unions will rightly oppose any Basic Income proposal that goes along with an expansion of ‘gig economy’ working conditions.

Turning to more progressive and utopian models of Basic Income, a number of issues arise for unions. Firstly, Basic Income could be a distraction from achieving more immediate policy goals, such as higher wages and more secure employment. More fundamentally, implementing Basic Income implies a transformation of society in a way that makes paid work less central to life. To the extent that unions see themselves as bargaining agents for people in their capacity as paid workers, this shift would give them a less central role than they had in the twentieth century industrial economy. On the other hand, a broader view of unions as representing the aspirations of working people for control over their own lives, and for a balance between work and family life, would be consistent with expecting unions to support Basic Income, as would be such traditional trade union goals as increases in annual leave and reductions in working hours.

The history of the labour movement is not only a history of struggle for better working conditions and higher wages. It is also a story of the fight to secure greater autonomy over how workers’ use their time. From the eight-hour day to the weekend and paid annual leave, trade unions have fought for ‘freedom from excessive work’ alongside the ‘right to work.’ Properly designed, Basic Income schemes could enhance both the traditional labour movement priority of workers’ bargaining power and ‘worker-centred flexibility’: that is, the ability of workers to make choices that suit a diversity of circumstances and wishes at different stages of the life-course (Henderson 2014–2015).

Basic Income and Workers' Bargaining Power

The effects of a Basic Income on the distribution of income and the outcomes of wage bargaining will depend on the context in which such a policy is introduced, and on the adjustments to other policies associated with it. However, considered in isolation, we would expect a Basic Income policy to enhance workers' bargaining power. This point might be illustrated with reference to theoretical models of bargaining and of the labour market.

Consider first the case of bargaining between a worker, or a group of workers represented by a union, and an employer. A central point of bargaining theory is that the outcome will depend on the benefits to each party from reaching an agreement, relative to the 'disagreement outcome'. Failure to reach an agreement might have a variety of intermediate outcomes, such as strikes and lockouts. If there is no final resolution, then the job (or jobs) go unfilled and the workers either become unemployed or look for alternative work. The availability of a Basic Income would improve workers' position in the event of disagreement, and therefore would enable them to hold out for a larger share of the benefits from an agreement. As Vanderborgh has suggested:

If the level of Basic Income is sufficient, it could easily be used (as part of or in total) as a source of funding for strike purposes ... With a Basic Income, strikers would be able to face long-lasting resistance from employers, and the collective power of unions would therefore be enhanced. (Vanderborgh 2006: 5–6)

At the opposite pole from pairwise bargaining is the case of a competitive labour market, in which labour is traded for a wage determined by market supply and demand. To the extent that some workers would prefer living on just the Basic Income to working at the market wage, the supply of labour is reduced and the equilibrium wage is increased.

As has already been observed, the positive effects of a Basic Income on wage bargaining outcomes might be offset or reversed by other policies that might accompany such a reform. Most obviously, if the introduction of a Basic Income were to be accompanied by the removal of (general or occupation-specific) minimum wages, the bargaining position of employers would be enhanced. In this case, the Basic Income would effectively act as a subsidy to employers.

A Basic Income Scheme That Trade Unions Could Support

What would a Basic Income scheme look like that trade unions could support? While a Basic Income is always an unconditional income paid to every individual, there are lots of possible Basic Income schemes: that is, different levels of Basic Income, different changes to tax and benefits systems to accompany the Basic Income, and so on. Trade unions have an opportunity to contribute to this debate, and Basic Income scholars have a role to play in encouraging labour movement participation in Basic Income research and advocacy.

An unconditional Basic Income set at a level that meant that people could live decently without paid work would mean that people would be able to choose whether or not to seek employment. A Basic Income set at a lower level would provide people with more choice as to how many hours of employment they might wish to undertake. But this leads to an important question: can people choose whether or not to work? Much recent advocacy of Basic Income schemes takes it for granted that this choice is already unavailable to many, and will become unavailable to most people in the future. The central idea, simply put, is that ‘robots will take your job’. There is a growing literature regarding the threat posed by automation and digitisation to employment opportunities in the future (Frey and Osborne 2013: and see Chapter 4 of this volume). Given that automation anxiety is nothing new, it is right to be sceptical of claims that Basic Income is a necessity due to a coming robot-driven jobs apocalypse. More complex and realistic versions of this argument take account of the interaction between technology and labour markets that result in the ‘gig economy’. In this context, a Basic Income might be seen as easing the path of adjustment towards the replacement of paid work by involuntary unemployment. An alternative interpretation of technological progress is that it provides us, as a society, with the resources to allow everyone a meaningful choice between paid employment and other activities, including unpaid contributions to society and the creative use of leisure. To make such a choice a reality, it is necessary to combine:

- Basic Income, with
- Minimum wages at a realistic level, and
- A commitment to full employment: that is, the availability of jobs for all those willing and able to work.

Basic Income should not replace, or undermine, collective bargaining. Collective bargaining must remain at the core of the labour movement as the key means of improving wages and conditions. Basic Income has the potential to strengthen collective bargaining, but Basic Income itself can only be won through collective action. At the aggregate level, the power of employers as a class depends, to a critical extent, on the belief that ‘business confidence’ is essential to economic prosperity. To counter this power, Basic Income should be pursued alongside macroeconomic policies aimed at full employment. These include appropriate fiscal, monetary, industry, and education and training measures. One possible option to implement a commitment to full employment is a Job Guarantee (on which see Chapter 12 of this volume). Experience with programmes of this kind in the period since the breakdown of full employment in the 1970s has been mixed. As Gregg observes, a standard design feature of these programs is that the aim was

to provide temporary jobs but in a way that did not undermine the regular labour market hence most were designed to be additional jobs. That is, they were in activities not normally undertaken in market or public sectors. (Gregg 2009: 2)

Relatedly, a major perceived drawback of these programmes was ‘lock in’, that is, the tendency of those employed in these programs to reduce search for jobs in the regular labour market. These programmes were correctly viewed as attempts to mitigate the consequences of mass unemployment, rather than being, as the name ‘Job Guarantee’ might suggest, part of a renewed commitment to full employment.

In the context of Basic Income, a Job Guarantee would be part of a broader commitment to ensure that the opportunity to work was available to everybody. Rather than being designed not to interfere with the ‘regular labour market’, the object would be to challenge the whole idea of a ‘labour market’, and replace it with socially rewarding work for all. In particular, there would be no reason for a special category of low-paid jobs that would not normally exist. Rather, the aim would be to expand employment, particularly in the public sector, so as to eliminate involuntary unemployment.

While Job Guarantee and Basic Income are often counterposed, there is no reason they cannot be pursued together. As long as the Basic Income floor is universal and unconditional, and a Job Guarantee is optional, these policies can be complementary. Indeed, as Fitzroy and Jin (2018) contend, combining Basic Income with some form of Job Guarantee (which they refer to as a Job Offer) might assist in placating opponents of Basic Income who argue

that Basic Income would lead to widespread ‘free-riding’ while denying people the important non-economic benefits of paid work. Fitzroy and Jin write:

A modest Basic Income combined with a JO [Job Offer] is more likely to be achievable than just a generous Basic Income, partly by attenuating widespread opposition to ‘something for nothing’, and importantly, because Basic Income alone would fail to provide the widely-recognised and documented, essential second component of psychological wellbeing for most people ... namely ‘dignity of work’. This dignity – the vital importance of meaningful employment for life satisfaction – is not provided by many ‘bad’ jobs, and even a modest Basic Income would increase worker bargaining power and their ability to reject such jobs. (Fitzroy and Jin 2018: 5)

Basic Income Under Full Employment: Benefits for Workers and Unions

The combination of Basic Income and a commitment to full employment, for example through a Job Guarantee, would greatly improve the bargaining position of workers relative to employers, both individually and in aggregate. For the individual worker, full employment conditions in the general labour market weaken the ability of any individual employer to threaten unemployment. On the other side of the equation, Basic Income would provide an ‘outside’ option that could be taken if employers attempted to cut costs through work intensification, a worsening of working conditions, and so on. These points imply substantial benefits to unions from a combined Basic Income and Job Guarantee reform package. The capacity of employers to resist unionisation would be reduced, and the bargaining power of unions would increase. Enhanced bargaining power could be expected to lead to an increased capacity to reject poor wages and conditions, creating tighter labour markets and, consequently, higher wages (especially in low wage work). The security of income would also increase. The precarity of employment has been a global concern under market liberalisation. The improved bargaining position of workers under the Job Guarantee would reduce the capacity of employers to hire and fire arbitrarily. Moreover, a Basic Income would provide income security in the transition from one job to another.

The closest approximation to the conditions of a combined Basic Income and Job Guarantee was the thirty-year period of near full employment during and after World War II, which also saw the establishment of most of the elements of the modern welfare state, including easy access to unemployment

and disability benefits for workers. During this period, workers and unions did relatively well. In particular, during the postwar period of Keynesian social democracy, the distribution of market income became much less unequal. Inequality has been at the heart of public debate since the global financial crisis and the great recession. Rising inequality is straining the social fabric in countries around the world, from China, to the US, India, the UK, South Africa, and Brazil. A Basic Income scheme designed with redistribution as a key goal could help to reduce income inequality. A Basic Income set at an adequate threshold could also reduce multidimensional poverty, including the poverty traps that discourage work by creating high effective marginal tax rates for benefit recipients. Basic Income would be in the interests of society as a whole, including the trade union movement.

Concluding Comments

Historically, trade unions and the labour movement, with a few exceptions, have demonstrated a combination of a lack of interest, scepticism, and open hostility towards Basic Income. For some unionists—and workers—Basic Income is viewed as a wage subsidy that would undermine the goal of secure, well-paid work, and as a policy that would undercut the ‘dignity of work’ and the centrality of paid work in people’s lives. These factors can make it difficult to engage trade unionists in strategic debates and campaigns centred on Basic Income as a progressive policy goal. This task, we have argued, might be made easier if Basic Income were to be pitched as part of a policy package that included the macroeconomic goal of full employment, and other such policy measures as a Job Guarantee. If Basic Income can be understood as a policy measure that would augment the collective bargaining power of workers, then trade union support for Basic Income might prove easier to achieve than has thus far been the case.

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26

The Ethics of Basic Income

Simon Birnbaum

Is Basic Income Ethically Justified? Wellbeing, Poverty Prevention, and the ‘so What?’ Objection

To some extent ethical convictions play a role in all discussions of Basic Income, in the sense that arguments on such a reform always involve assumptions about the (un)desirability of certain values or goals. However, as Philippe Van Parijs has pointed out, the need for addressing ethical convictions explicitly through philosophical analysis becomes apparent as soon as someone responds to arguments about the desirable effects of such a reform with the disarming reaction: ‘So what?’ (Van Parijs 1992: 25).

Even *if* it can be shown that Basic Income would be very likely to support the relevant goals, such arguments will fail to convince whenever someone (a) questions the desirability, or (b) priority, of the stated policy aims, or (c) suggests that Basic Income is inherently objectionable in a way that should lead us to reject it regardless of its potentially positive effects. We can only provide a satisfactory response to such arguments by articulating these views with precision, subjecting them to critical scrutiny, and systematically exploring what they imply for the Basic Income proposal. Taking on

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this challenging task, this chapter asks: How should we spell out the most central ethical convictions involved in arguments for and against Basic Income? How are the main values and principles appealed to in debates on this topic fleshed out in the political philosophy of Basic Income? Is Basic Income ethically justified?

Many—and sometimes competing—values and principles have been invoked in defence of Basic Income. Some important general considerations appeal to the values of humanity or utility. For example, it seems clear that poverty, with all of its associated problems, such as poor health, difficulties in making long-term plans, and to participate fully in the public life of one's community, are undesirable social conditions that stand in the way of well-being and human flourishing.

If direct, universal and unconditional cash transfers to every individual member of society would effectively eradicate poverty, then this would provide us with a very important reason to endorse or (at the very least) take a strong interest in such a policy path. Some arguments on this theme will focus mainly on absolute poverty, such as insufficient access to basic necessities of life such as food, drinking water, clothing, shelter, and basic health care. Others will flesh out anti-poverty arguments in a way that (also) takes relative poverty standards into account, emphasising how much poorer members of society have relative to others. Whether or not people can (as stressed by Amartya Sen) 'appear in public without shame' depends not only on how much resources they have in absolute terms, but also on how much they have (and of what) relative to others in their community (Sen 1991: 71). Do all have enough to effectively participate as equals, in accordance with the prevailing social and cultural norms of their society?

If we want to make sure that we have done all within our powers to finally root out poverty (according to the definition we find relevant), we have weighty reasons to establish a steady income floor that nobody can fall below. Thus, a straightforward justification of Basic Income defends such a reform on grounds of humanity, focusing on its potential to reduce human suffering and improve people's lives. With a Basic Income in place, no social stigma or sense of shame, no lack of information or skills, no bureaucratic obstacles or complex rules, would prevent people with a low income from passing eligibility conditions, or from actually claiming the benefits intended to prevent or alleviate poverty. In contrast to conditional or means-tested forms of income support, a Basic Income would reach virtually all individuals with a low income. Moreover, by directing transfers to individuals rather than households, it also ensures that every adult person will actually access an income, regardless of the actions or attitudes of other members of the household.

General considerations of this type also have obvious relevance from a utilitarian viewpoint. According to utilitarianism, the morally right act or policy is that which maximises utility, typically defined as happiness or wellbeing, judged by its effects on all human (or sentient) beings. A familiar utilitarian justification of redistribution is based on plausible assumptions about the diminishing marginal utility of income and wealth. Giving a small amount of money to a very poor person might often increase her wellbeing considerably, potentially affecting access to food, shelter, healthcare and other basic necessities, while giving the same amount to a very rich person might have no effect on her wellbeing at all. The diminishing marginal utility of income and wealth clearly implies that taxing the rich to achieve anti-poverty objectives by way of redistributive policies should generally help to increase aggregate wellbeing and happiness.

For the reasons concerning coverage and take-up just stated, a tax-funded Basic Income has obvious potential to achieve this much more fully and systematically than more conventional anti-poverty strategies, thereby helping to produce a greater sum of wellbeing relative to the status quo or to competing policies within reach. In this context we must not be misled by the observation that even the rich would receive the Basic Income, since they are not (of course) the net beneficiaries of such a redistributive arrangement.

More broadly, in relation to *how* it achieves anti-poverty objectives, a Basic Income might also (on balance) promote wellbeing more successfully than conventional solutions through several other mechanisms. As suggested by experimental evidence related to a Minimum Income Guarantee, Basic Income might help to reduce stress and anxieties and lead to improved health among many people facing poverty risks (Forget 2011). Perhaps access to a predictable and non-stigmatising safety net can provide people with greater opportunities to make better, more rational, long-term decisions. Perhaps—when they are not paralysed by worries and uncertainty related to the (possible) future absence of basic economic and social security, or when they are not caught in a bureaucratic maze of conditional transfers—people are enabled to focus their energy and time on more productive and/or meaningful tasks (Mani et al. 2013; Standing 2011). Perhaps they can better develop their human capital and dare to take meaningful economic initiatives—conducive to their long-term wellbeing—when they have a Basic Income to use as a springboard for action. They might start their own business, or make transitions (perhaps life-long learning, or finding a new occupation) required by a vibrant economy, or they might make productive informal contributions (Atkinson 2015; cf. Colin and Palier 2015). Basic Income advocates have emphasised that when people

can access a solid unconditional income floor, they do need to cling to jobs they hate just to make ends meet. Unlike means-tested social assistance, the Basic Income involves no confiscatory marginal tax rates on low incomes. And unlike unemployment benefits, which typically demands that recipients actively apply for and remain available for work, a Basic Income is paid with no strings attached. It therefore imposes no obstacles to time-consuming initiatives such as taking a course to improve one's qualifications or volunteering for a good cause.

And perhaps—because it ensures a stable source of economic and social security in a way that avoids the poverty traps of means-tested benefits, and the bureaucracy traps of welfare conditionality—a Basic Income will facilitate societies in which people are more likely to lead satisfying, healthy, and happy lives. Perhaps. However, while such general ethical considerations may seem very compelling, they are bound to confront two important objections of the 'so what?' type.

Two Challenges: What About Target Efficiency and Fairness?

Surely, no person receptive to moral reasoning can plausibly respond 'so what?' in the sense of expressing *indifference* in relation to anti-poverty objectives, or in relation to how rival strategies for achieving them might affect human wellbeing more broadly, as if such aims have no moral relevance. But even granting—as we should—that these are desirable objectives, and that Basic Income might well turn out to serve them well (which is largely an empirical question), one might still question the moral weight or political relevance of such justifications based on concerns that I will here specify as the *target-inefficiency objection* and the *unfairness objection* respectively.

The first objection is that a Basic Income provides resources to people who don't need them, while the second objection is that a Basic Income provides resources to people who don't deserve them.

The worry about target inefficiency concerns the potential of Basic Income to achieve a defined objective—in this case poverty prevention—as well as possible within a given budget. What drives this objection is the suspicion that a Basic Income involves an additional cost that would be avoided by more accurately targeted measures. A Basic Income would not only reach all persons in need. It might *also* provide net benefits to people who could potentially cope rather well without them, if—for example—they were

required to make a greater effort to find a job, or to ask family or friends to lend a helping hand, or to seek the temporary assistance of (mildly) conditional forms of income support.

Unpacking the very broad categories of ‘anti-poverty’ and ‘wellbeing’ objectives in a given context will actually require attention to a great number of complex and diverse challenges, all of which compete for scarce resources, and are often calling for carefully targeted programmes related to special needs. If our ethical justification for Basic Income rests exclusively on arguments from humanity or utility, the presumption for unconditional and universal income support only holds insofar as this solution promotes the relevant cause more effectively and cost-efficiently than alternative measures, and without causing undesirable side-effects avoided by rival policy tools.

Specifically, if we would need to scrap (or, if not already in place, do without) other transfers or services of great importance for poverty prevention in order to make the Basic Income economically feasible, it might *not* end up addressing causes of poverty or promoting wellbeing in the relevant target group. When pursuing humanitarian or utility-maximising objectives, giving money in such an indiscriminate fashion might thus appear to be a far too expensive solution, involving a substantial opportunity cost (foregone possibilities to pursue *other* desirable reforms) and a great deal of uncertainty with respect to its potential to support the relevant goals in a well-targeted and cost-efficient way. Introducing a substantial Basic Income is, after all, a grand and costly reform that is likely to have unpredictable consequences in many dimensions of human life. The target-inefficiency objection shows that this type of justification is highly contingent and vulnerable to arguments showing that there may be alternative, less costly measures that could achieve the relevant objectives just as well (or better).

The *unfairness objection* is not that many net recipients do not ‘need’ the Basic Income to avoid or escape poverty and economic insecurity, or might not use it for wellbeing promoting purposes, but that they don’t deserve them. To explain this response, a good starting point is Ronald Dworkin’s claim that ‘forced transfers from the ant to the grasshopper are *inherently unfair*’ (Dworkin 2000: 329, emphasis added). On this type of view, a Basic Income appears to violate moral principles of overriding importance, either amounting to a violation of another’s property rights, or, more mildly, running against central requirements of fairness to which we should normally adhere. Looking into the wellbeing effects of such ‘forced transfers’ might seem politically irrelevant, implying that a positive wellbeing effect of *theft* (would stealing an object greatly increase the happiness of the thief?), or of *exploitation* (would taking unfair advantage of another promote the wellbeing of the exploiter?), would somehow justify theft or exploitation.

In the quote, Dworkin alludes to Aesop's classic fable in which the ant, who had worked hard during the summer to collect and save food for the winter, is asked to rescue the grasshopper, who had spent the summer singing without thinking about tomorrow. Should the ant help the grasshopper when the winter comes and the latter (predictably) lacks shelter and faces starvation? I always felt that it would be cruel of the ant not to reach out to the grasshopper (and my 6-year old daughter certainly agreed). Nonetheless, the example brings out a strong and widely held moral intuition that the grasshopper is not *entitled* to support ('forced transfers'). Yes, ants should probably come to the rescue of grasshoppers. We are, after all, talking about matters of survival and basic needs. But should the state force them to do so? Would not assistance in this case seem more like an act of commendable charity rather than something that the grasshopper has compelling ethical reasons to count on, especially if the same pattern of behaviour is repeated year after year?

This shows that there is a fundamental moral objection that applies specifically to *unconditional* transfers to *adults capable of working*. According to this view, then, Basic Income amounts to an institutionalised form of exploitation or even theft. People need to take responsibility for their own lives and to support themselves insofar as they can. There are different ways to spell out this objection but one particularly influential version of it appeals to principles of reciprocity. The general idea is that we fail to respect our fellow citizens if we claim fruits of their cooperative efforts while failing to make a good faith attempt to contribute productively in return (Van Donselaar 2009; White 2003). To put it bluntly, doing so is to act in a way that treats another as a doormat. Thus, even if people may—on the whole—become happier or lead healthier, more flourishing lives with a Basic Income in place, these are not necessarily decisive or relevant reasons in defence of a solid unconditional income floor *guaranteed by the state*. Whether the ants should (on humanitarian or other grounds) help the grasshoppers through voluntary donations is a different matter.

Social Justice and Equal Opportunity: Basic Income as Pre-distribution

These two challenges—concerning target inefficiency and unfairness respectively—have played a key role in shaping the direction of ethical considerations on Basic Income. How could Basic Income supporters confront them? Is there another, less contingent justification of Basic Income that does not

rest on evidence about optimal outcomes in relation to poverty prevention and wellbeing? And are there compelling reasons to suggest that concerns of fairness would *not* run against the ethical impulse to make sure that nobody falls into destitution?

Philippe Van Parijs's magnum opus, *Real Freedom for All* (1995) deserves particularly close attention in this context, precisely because it might offer the basis of an affirmative answer to both of these questions. According to this theory, Basic Income is not only consistent with, but is required by, fairness. On this view, then, the most fundamental part of the justification for Basic Income is in fact unrelated to how Basic Income might impact on aggregate human wellbeing. To understand this argument, it is important to see that the unfairness objection assumes that the Basic Income would be financed exclusively or mainly through the taxation of earned incomes to which workers have valid moral claims. However, perhaps we should think of Basic Income as a form of pre-distribution of assets to which all have an equal claim rather than a re-distribution of earned incomes. According to Van Parijs's view, a Basic Income to all is essentially a way of ensuring that each person gets her fair share of a set of scarce common assets to which all are equally entitled—gifts broadly conceived.

Think of Alaska's Permanent Fund, which has provided each permanent resident of Alaska with annual dividends on an unconditional basis since 1982. This wealth fund was established with the intention to convert massive temporary oil revenues—following the discovery of vast oil resources on state land—into a sustainable permanent asset that would continue to benefit all Alaskans, in current *and* future generations (Widerquist and Howard 2012). Or consider the proposal for a carbon tax (or fee) to prevent people's aggregate carbon emissions from exceeding critical thresholds, beyond which serious damage to others is likely. The idea that the revenue from such taxes or fees should be distributed in the form of universal dividends is often based on the thought that we are all equally entitled to make use of the atmosphere's limited capacity to absorb carbon emissions, and that those taking more than their fair share of such a scarce common resource therefore owe compensation to everyone else (Van Parijs and Vanderborgh 2017: 228–230).

As Van Parijs and several other authors have pointed out, one path for spelling out this type of view is 'left-libertarian', in the sense that it builds on ideas of self-ownership and original entitlements to natural resources in the tradition of John Locke and Robert Nozick (Steiner 1994; Van Parijs 1992; see also Chapter 22 in this volume). Full libertarian self-ownership

implies ownership of the products of one's labour. This notion has been invoked to support the claim that taxation of the returns to people's exercise of their own abilities is inconsistent with freedom and amounts to a form of forced labour. However, this does not stand in the way of justified redistribution. As argued by Peter Vallentyne: '... no human agent created natural resources, and there is no reason that the lucky person who first claims rights over a natural resource, and the inheritors of those rights, should reap all the benefits that the resource provides' (Vallentyne 2012). According to some left libertarians, such as Hillel Steiner, the right way to address this inequality is to ensure that all may access a share of the competitive value of natural resources by providing unconditional payments in cash, financed by people who claim more than an equal share of these resources.

While such an argument might provide a foundation for a wide range of taxes on the ownership, control or use of natural resources, including environmental taxes, it is not clear that such sources of taxation would be sufficient to offer a substantial or strongly redistributive form of Basic Income (Van Parijs 1992). However, the general idea that I have here called Basic Income as 'pre-distribution' can also be fleshed out in a way that allows a much wider range of taxes for financing a Basic Income, and that links the Basic Income more consistently to an egalitarian project of equal opportunity. An influential idea in contemporary political philosophy, associated with authors such as John Rawls and Ronald Dworkin, claims that just social arrangements should not allow people's socio-economic life prospects to be shaped in any fundamental way by natural and social contingencies, or by circumstances of 'brute luck' fully beyond a person's control, such as their place of birth or their family background (Dworkin 2000; Rawls 1971).

In line with this view, the problem is not, perhaps, that there *are* opportunity-expanding assets—such as inherited wealth—that we receive without any clear or deep connection to our own work efforts, or that we might have unconditional access to (some of) them. Instead, the problem is that such gifts or gift-like resources are distributed so very unequally (Ackerman et al. 2006; Van Parijs 1995). People's access not only to the value of natural resources and inherited wealth but also, more broadly, to the economic returns to the social and technological infrastructure passed on from previous generations, clearly depend systematically and enormously on which family or slot in the economy they happen to find themselves in, mainly due to circumstances that are fully beyond their control. Thus while making use of certain libertarian ideas, Philippe Van Parijs' case for 'the highest sustainable' Basic Income is based on the view that all such 'gifts', whether natural or produced, and whether inherited or bestowed by current generations, are

subject to yield-maximising taxation, taking the incentive effects of taxation into account (Van Parijs 1995: 297–298; Van Parijs and Vanderborght 2017).

In particular, Van Parijs' argument, and his assumption that a high Basic Income, sufficient to meet basic needs, is required by such a conception of justice in today's economically advanced societies, depends importantly on the inclusion of jobs in the category of assets to which the notion of gift equalisation applies. He argues that so-called 'employment rents' are incorporated into the wages of privileged ('scarce') jobs in contemporary economies, and that they call for redistributive transfers by way of predictable taxes on income and capital. In the absence of efforts to equalise access to such job rents, he argues that stable job inequalities (as, for example, reflected in the willingness of people to accept attractive jobs at wages far below actual wages rates) manifest massively unequal opportunities to 'tap ... society's tremendous income-generating power' (Van Parijs 2003: 206). Whether or not we are able to benefit systematically from such efforts to obtain a favourable job depends on 'a combination of circumstances most of which are no less arbitrary than the fact that one of our parents happens to have a rich sister' (Van Parijs 2009: 158)—circumstances such as the fact that we live in a particular part of the world, or that we have access to a particular slot in the economy because of family connections, valuable networks, or a good fit between our talents, linguistic abilities, skills, available positions, and so on.

The 'pre-distribution' or 'gift equalisation' argument for Basic Income, and the connection that it claims to establish between equality of opportunity and such a reform, typically depends on a strong emphasis on state neutrality in relation to people's diverse choices and conceptions of the good life. According to this view there is something deeply objectionable about strategies for equality that focus exclusively or mainly on 'in kind' benefits, or entitlements that are ear-marked for employment-oriented projects, or for other specific purposes defined by the state (Van Parijs 1995: 33–34). This appears discriminatory—unfair—but also illiberal in the sense that it fails to advance equality of opportunity in a way that respects people's commitment to diverse conceptions of the good life. The correct formula of fairness should thus offer flexibility in this regard, focusing on people's real (and not merely formal) freedom to do whatever they might want to do.

No doubt several steps in Van Parijs's argument can be challenged. For instance: Precisely which assets might be sensibly treated as a form of collective inheritance or (more broadly) scarce common assets to which all have an equal claim? Are scarce or privileged jobs gifts in the relevant sense? Do all have an *equal* claim to the value of these assets, or should most resources in

this category be addressed to people with special needs? And to what extent is it true that state neutrality gives a presumption in favour of cash payments as the right form to realise the relevant principles? (For critical discussions of this argument, see for instance Birnbaum 2012, 2017; Reeve and Williams 2003; Van Donselaar 2009; White 2003). Nonetheless, I think it is clear that the general notion of fairness to which these arguments point has an important role to play, and that the case for pre-distribution through Basic Income successfully challenges the suggestion that fairness always speaks *against* a Basic Income for all.

Interacting as Equals: Basic Income, Non-domination, and Exit-Based Empowerment

One potential difficulty for this position is that it needs to explain and justify the view of Basic Income supporters that a regular income stream should be given priority over some form of Basic Capital, that is, one or a few lump-sum payments rather than a monthly income throughout a person's life (Ackerman et al. 2006; White 2015). After all, a Basic Capital would provide greater opportunities and flexibility to make large (and risky) investments at an early stage of life. If we associate justice very strongly with respect for diversity and the 'real' freedom to lead very different forms of life, then it will generally be hard to justify far-reaching restrictions (or a denial of) such options.

A second, more fundamental challenge is that the notion of fairness expressed by the pre-distribution argument for Basic Income concerns the political strategies required for realising and upholding the redistributive practices called for by such principles in contemporary democracies. The idea of gift equalisation, especially in its left-libertarian interpretations, might be politically self-defeating by focusing so strongly on the freedom of individuals to use their fair shares of resources to do whatever they might want to do—whether they prefer to live like ants or grasshoppers. What about social cohesion, political community, and the shared identities needed for sustainable bonds of justice and solidarity to be established and maintained across groups over time? Would not the individualistic outlook of such a philosophy erode rather than support the sense of community and solidarity required by any project of social justice that entails far-reaching redistributive demands? (Birnbaum 2017).

The argument for Basic Income as pre-distribution remains silent about the preconditions for establishing and sustaining the social forms and agents (individual *and* collective) that might sustainably empower the disadvantaged

in such a way that their interests can be successfully advanced and protected (Gourevitch 2016). Relatedly, this approach has little to say about people's fundamental interests and capacities to fully participate as equals in their social and political communities. Normally, this entails much more (or different kinds of) resources than unconditional 'cash' payments, including effective access to the most important contexts for seeking affiliation, recognition, and self-respect (cf. Gheaus and Herzog 2016). Albeit in different ways, these worries all point to the importance of articulating and integrating considerations about community, power, and equal citizenship, in the philosophy of Basic Income.

Reflecting such concerns, one of the most important recent developments in philosophical discussions of Basic Income is a markedly growing interest in how the Basic Income might influence the terms of interaction in a democratic political community, and in the relationship between Basic Income, non-domination, and the bargaining power of disadvantaged groups. So-called 'relational' egalitarianism has evolved through an explicit critique of conceptions of justice (including Van Parijs's theory of 'real freedom for all') that—according to such critics—seemed to focus almost exclusively on the impact of luck on the distribution of resources. In their view, the central point of egalitarian policies is, instead, to help establish arrangements that enable citizens to interact as democratic equals within their political community.

Some—including Elizabeth Anderson's influential view—have claimed that such a relational approach to egalitarian values, and an emphasis on the power and social status of the disadvantaged, would imply a critical stance towards a (high) Basic Income, largely because this proposal seemed to reflect an overly individualistic interpretation of fairness (Anderson 1999). However, a growing number of contributions have argued—on the contrary—that a relational way of thinking about egalitarian objectives is in fact indispensable for understanding and explaining some of the unique advantages of Basic Income relative to more conventional forms of income security (Lovett 2010; McKinnon 2003; Taylor 2017).

To be sure, many of the arguments discussed in relation to poverty prevention—for instance, that promoting income security in a way that avoids poverty traps and bureaucracy traps would support wellbeing and productivity—are also highly relevant for attempts to identify social policies that enable citizens to participate effectively as equals in their communities. Adding to this, it seems that one of the most forceful arguments for providing *regular* access to an individual and unconditional source of income for all is that this can offer a material foundation for people's opportunity to effectively

exercise their basic liberties while being able (as Philip Pettit puts it) to ‘walk tall, and look others in the eye’ (Pettit 2012: 82).

Unlike a Basic Capital grant, which might be spent in the local casino on the day of payment, the Basic Income option provides a resolute strategy for systematically and continuously preventing conditions of exploitable dependency and vulnerability to abuse throughout people’s lives. This type of argument is not primarily about counteracting the impact of luck on the distribution of life prospects, or about endowing people with an equal share of a collective inheritance (important as this may be). Instead, it focuses on the links between Basic Income, power, and social status (Pateman 2006).

Such arguments about the preconditions for interacting as equals are unavailable to libertarian-inspired approaches to the justification of Basic Income, which are (at least in their orthodox forms) exclusively defined with reference to the fair entitlements of ‘self-owners’ and their freedom to use their resource bundles for whatever purposes they might have, even if this leads them into relations of submissiveness and servility. However, if our main concern is, instead, to enable citizens to interact as equals, then it seems clear that we must always be concerned about living conditions under which people might live at the mercy of another, whether in relation to private or public power (Pettit 2007, 2012). Such conditions might easily prevent us from articulating or expressing our own views with strength and confidence, and from relating to others with a non-subservient self-conception (Birnbaum 2012; McKinnon 2003). Whenever we lack a genuine ‘exit option’ from an unattractive job or a bad relationship because we fully depend on that relationship for satisfying our basic needs, then we live—in a sense—only with their permission. This implies that we must be prepared to adapt strategically to the will of those we depend on to satisfy our basic needs, and we will remain vulnerable to their changing moods and shifting judgments.

There are different ways to articulate the central values at stake in this argument on the preconditions for interacting as equals. However, one view that has become increasingly influential builds on the republican tradition in political thought, understanding freedom as non-domination. The term ‘republican’, as understood here, has nothing to do with membership of the Republican Party of the USA. Instead, it refers to the long tradition in political theory based around values of active citizenship, civic virtue, and the common good. In particular, reconnecting to orators and historians of ancient Rome, such as Cicero, Livy, Sallust and Tacitus, a number of influential works by authors such as Philip Pettit and Quentin Skinner have developed contemporary ‘neo-Roman’ versions of republicanism.

In this tradition, the central idea is the notion of freedom as non-domination, referring to the absence of arbitrary or unchecked power. Freedom in this sense is interpreted (roughly) as a condition where nobody has the capacity to interfere in our affairs on an arbitrary basis: arbitrary in the sense that interference is neither controlled nor forced to track our interests and ideas (Lovett 2010; Pettit 2012). An active, vigilant citizenry is one of the important antidotes to conditions of un-freedom, where people live at the mercy of another, such as an emperor or monarch.

The general objective to provide a material basis for people's 'power to say no' (Widerquist 2013) to working conditions or personal relationships where they are constantly bossed around and looked down upon, or where they might reasonably feel that they are a nuisance to others much or most of the time (for example by begging for money, or applying for jobs that it is obvious they are not suitable for) seems highly significant from this viewpoint.

A Basic Income might indeed offer unique advantages from such a perspective by supporting the voice of vulnerable workers in a non-intrusive manner that leaves nobody behind. We do not need state bureaucracies to identify or attack every particular instance of domination or every exploitative form of exchange. Instead, a Basic Income would offer a general measure for empowering all (potential) workers in a way that would make it necessary for employers to be sensitive to workers' interests and concerns—by, for example, providing higher wages or more intrinsically rewarding work—if they want to keep them (for empirical evidence on this claim, see Calnitsky 2018). At the same time, by relying on simple, non-bureaucratic and transparent procedures, Basic Income avoids creating forms of power that might enable arbitrary or overly intrusive forms of *state* interference (Lovett 2010; Taylor 2017).

These mechanisms suggest that exit-based empowerment through Basic Income could thus enable citizens to build relationships and negotiate terms of agreement in which they are treated as equals, and where power must be exercised in a way that is forced to track the interests and ideas of those affected. The fact that the Basic Income, unlike social assistance or unemployment insurance, is paid to all members of society in a predictable and non-stigmatising manner, with no strings attached, makes it possible for recipients to leave a job or turn down a job offer, without thereby interrupting or jeopardising access to the necessities of life. In virtue of securing such a basis for bargaining power, Basic Income can make us more likely to enjoy a strong sense of self-worth and self-respect (Birnbbaum 2012; Lovett 2010: 133; McKinnon 2003).

Thus, arguments on how social policies would affect relational equality, and peoples' vulnerability to domination, offer an important addition to the political philosophy of Basic Income, helping to shed light on key advantages of such a policy not captured by arguments on wellbeing and poverty prevention, or by the notion of fairness as pre-distribution. However, while this third line of argument appears attractive in the abstract, its practical relevance depends importantly on contextual circumstances, the details of the Basic Income scheme in question, such as the level of the Basic Income and what it would replace. For example, the empowering potential of Basic Income for precarious workers will often depend on the *credibility* of the exit threat that it enables, and on how the Basic Income will affect the collective bargaining power of workers (Calnitsky 2018; Gourevitch 2016; Wright 2004; see also Chapter 25 in this volume). A small Basic Income would often fail (on its own) to provide the basis for a credible threat of exit, since workers would then still depend very strongly on their jobs to satisfy basic needs. With a small Basic Income, employers might not need to improve working conditions or wages in order to keep or attract workers (Birnbaum and De Wispelaere 2016). Indeed, if other services, transfers and/or forms of market regulation that are vital to poverty prevention and the bargaining power of vulnerable groups (individual and collective) were to be removed in order to make such a modest Basic Income feasible, then such a reform might even be counterproductive in relation to empowerment objectives.

Taking such caveats and clarifications into account, I conclude that considerations on poverty prevention and wellbeing, fairness and pre-distribution and, finally, the preconditions for citizens to interact as equals, offer three promising (and arguably complementary) routes for arguing that a well-designed Basic Income scheme is indeed ethically justified.

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Part VI

Concluding Chapter



27

Tentative Conclusions

Malcolm Torry

Introduction

In this brief final chapter, I shall make no attempt to summarise the content of the other chapters. This would be impossible, because they offer such a wealth of diverse material on an increasingly diverse Basic Income debate. But what I do intend to do is offer some tentative conclusions based on a reading of the chapters. Where my conclusions relate to particular chapters, the numbers of the chapters will be found in square brackets.

An obvious conclusion to draw straight away from the evidence of the chapters is that the Basic Income debate is increasingly extensive, in terms of both the growing number of countries in which it is taking place, and the diversity of institutions and individuals engaging with it; and that it is increasingly deep, in the sense that the concepts and methods employed by those engaged in the debate are increasingly diverse, sophisticated, and interconnected. There is no reason to think that this debate is going to go away in a hurry, and every reason to think that its extent and depth will continue to increase.

A further conclusion that we can draw is that the increasing extent and depth of the debate means that it is essential that definitions should be

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clear and agreed. There is of course a paradox here. The increasing extent and depth of the debate make it more important than ever that definitions should be clear and agreed; but those same characteristics of the debate make it increasingly difficult to achieve that. If universal agreement on the meaning of terms, and particularly of 'Basic Income', is not going to be possible, then the least that we can expect is that individuals and institutions should be clear what they themselves mean by the terms that they use. We hope that this book will provide a useful example of clarity of definition.

A distinction that the editor and authors of this book have tried to keep in mind is that between Basic Income and Basic Income *schemes* [2]. A Basic Income is always an unconditional income paid to every individual. A Basic Income *scheme* is a Basic Income with the levels for different age groups specified, and with the funding method specified in detail. There is an infinite number of schemes, of varying degrees of feasibility, of varying likely effects, and of varying coherence with different ethical values and political ideologies.

If the global debate about Basic Income is to be productive for those immediately engaged in it, and for policymakers and other interested parties, then such clarity is going to be essential.

The Same Questions Will Need to Be Answered Over and Over Again

When what Karl Widerquist calls the third wave of interest in Basic Income took off—at different times in different places [3]—the broad question generally asked about Basic Income was 'Is it a good idea?' In particular: How would it compare with current benefits systems? How would it affect labour market behaviour? Should we give people money for doing nothing? Why give it to the rich?

As the third wave has evolved during the past five years or so, two new broad questions have emerged: 'Is it feasible?' and 'How would we implement it?' The three questions, and responses to them, will always overlap to some extent (—if something is desirable then it is more likely to be feasible; a clear plan for implementation will increase feasibility; and so on), but the three questions remain different from each other.

I recognised the depth of the change in the questions being asked when the Policy Press asked me for a second edition of my book *Money for Everyone*, which was published in 2013. When that book was written, both the publisher and myself believed that the book would not date very quickly,

but that the figures related to an illustrative Basic Income scheme for the UK would do so: so the figures went into an online appendix. We were wrong. The figures relating to that particular illustrative Basic Income scheme look fairly similar today: but the book itself became quickly out of date, and there was no way in which a minor updating of the book for a second edition was going to be possible. Completely new chapters on feasibility and implementation were required, every chapter had to be rewritten, and a lot of the material in *Money for Everyone* now seemed less relevant and had to be omitted. Every detail had to be re-examined. So, for instance, in *Money for Everyone*, the fact that some illustrative Basic Income schemes for the UK might impose initial disposable income losses on low income households if means-tested benefits were abolished entirely was noted, but it was not regarded as a significant issue. By 2018 the problem had become highly significant, and it was essential to be able to say that if no additional revenue from outside the current tax and benefits system was going to be forthcoming, then means-tested benefits would have to be retained and recalculated; and it was essential to include robust evidence in the book to show that a relevant illustrative scheme was available that did not impose net disposable income losses on low income households, and that even though means-tested benefits had not been abolished, a lot of households would no longer be on them.

The new book was so different that when it was published in 2018 the Policy Press kept the same image on the front cover but gave the book a new title, *Why we need a Citizen's Basic Income*. It will not be long before the new book will be out of date. In case anybody is wondering whether a third version of the book might appear, the answer is 'probably not'. *Money for Everyone* was the first book-length general introduction to the subject for something like twenty years. A significant aspect of the now lively global debate is that there is now a plethora of general introductions, and soon there will be no major publisher without one. I doubt that I shall need to write a third *Money for Everyone*.

Whether the three broad questions 'Is it a good idea?', 'Is it feasible?' and 'How would we implement it?' will remain the main broad questions remains to be seen. Maybe a new broad question will emerge: but for the time being, the three questions remain a useful way of framing the issues at the heart of the global Basic Income debate. *Why we need a Citizen's Basic Income* attempted to answer those questions for a particular time and a particular place: the UK in 2018. Some of the responses given to the questions in that book already need to be revised. The important thing to say is that in every country there will be different answers to those questions, and that in each country the same questions will need to be answered afresh every year. There will never be definitive answers.

This *Palgrave International Handbook* has offered a series of responses to those three questions from the perspectives of the different authors. Those responses are all context-specific, and future responses will continue to be that: but there might also be some more general conclusions that we can draw.

Is Basic Income a Good Idea?

The tenor of the book is this: ‘Yes: Basic Income is a good idea.’ This was of course rather to be expected. Those who have given substantial amounts of time and energy to the Basic Income debate were likely to be doing that because they thought that Basic Income was an idea worth pursuing; and those were likely to be the people who would apply to write chapters, and who would be asked to write them on the basis of their existing work and their existing involvement in the subject. What the book offers in some of its earlier chapters [4–8] is explanations as to *why* Basic Income is a good idea in relation to its possible employment market, social, economic, ecological, and gender effects. I use the word ‘possible’ here advisedly. In each of those chapters there is a recognition that the characteristics of the Basic Income scheme that would be implemented would be crucial: how it was to be funded, what the levels of Basic Income would be, what changes would be made to existing tax and benefit systems, and so on. This is particularly clear in relation to ecological effects. A scheme that reduced inequality, and that did not at the same time reduce carbon emissions, could exacerbate global warming. And as the chapters on the employment market effects, social effects, economic effects, ecological effects, gender effects, framing, trade unions, and constraints and possibilities, make clear [4–8, 13, 14, 25], the characteristics of the social, political, and policy contexts are likely to determine whether Basic Income first of all would be a good idea, and secondly whether it would be regarded as a good idea by particular institutions and individuals. Basic Income is never simply a good idea. It either does or does not appear to be a good idea to particular people in particular places at particular times. There will never be a definitive response to the question, so it will need to be constantly researched and answered.

Is Basic Income Feasible?

As the book makes clear [9], whether Basic Income is feasible is now a significant question. But of course it is never Basic Income that is or is not feasible. What is feasible or not is a particular scheme in a particular place,

with the levels of Basic Income for different age groups specified, with the funding method specified, and with changes to existing tax and benefits systems specified. The feasibility tests that a scheme has to pass will be different from place to place and from time to time, so the question of feasibility becomes highly complex. In each time and place, there might or might not be a Basic Income scheme that would be feasible. Proving financial feasibility will always be essential, and here it will always be important to employ the best available research tools [11], and to consider a variety of options for funding the Basic Incomes [10]. However, financial feasibility is not the only kind, and equally important will be psychological feasibility—that is, whether the idea of Basic Income, and the proposed scheme, are understood, and understood to be beneficial. Here it will be crucial to research and choose the best way to frame both Basic Income and the details of the scheme [13]. A significant complexity will relate to the relationship between financial and political feasibilities. A financially feasible scheme might not be politically feasible, and vice versa. Constant research into each country's political configuration will be essential [14, 22–25], as will be research into a society's shifting ethical presuppositions [26]. In this context, the recent flurry of public opinion surveys has been useful [13]. The more that is known about public opinion about Basic Income, and particularly the more that is known about the detail of that opinion, the better informed will be debate about the idea's political feasibility.

An additional constant research requirement will be comparative study of the feasibility of Basic Income and the feasibility of alternative reform options: and here the complexity will be that the comparative advantages of Basic Income and of alternatives will look different at different times and in different places [12]. A too frequently forgotten requirement here will be a deep understanding of the practical administration of tax and benefits systems. In relation to graphs that relate net household disposable income to gross household income, one reform option might look much like another: but in relation to the details of their administrative requirements they will look very different. The administrative simplicity of Basic Income should never be minimised as a factor when feasibility is studied and debated.

Several of this *Handbook's* chapters are about pilot projects and other experiments [15–21]. A huge amount of effort has been put into the experiments and pilot projects that have been carried out, and the energy being expended on those currently in the planning stage is to be commended. We need more of them: and in particular we need saturation site trials in developed countries. When those occur, it will be essential to experiment with

feasible Basic Income schemes: feasible in the sense that exactly the same scheme could be implemented across the whole country.

As past experiments are evaluated and re-evaluated, and new experiments are planned, a crucial issue must be kept in mind. If it is not a genuine Basic Income that is tested, then conclusions cannot be drawn in relation to Basic Income. So, for instance, if an income-tested benefit is the subject of an experiment, then results will relate to income-tested benefits, and not to Basic Income. It is of course true that experiments with policies similar to Basic Income might give us useful information in relation to the similarities. So, for instance, if the level of net household income security is similar, then it could be argued that because income security relates to mental health outcomes, improvements in mental health generated by a Negative Income Tax experiment might tell us something about the mental health improvements that a Basic Income would generate. And similarly, an experiment with an income-tested benefit without labour market conditionalities might tell us something about what labour market behaviour would be like with a Basic Income. However, any statement that results from an experiment can be used to predict the effects of a policy different from the one tested in the experiment will always be to some extent subjective, and in the end an experiment will only be a Basic Income pilot project if it is a genuine Basic Income that is implemented during the experiment.

This raises the tricky question of the length of the experiment. A very short experiment of a few weeks would be unlikely to generate the social, economic or labour market effects of a permanent Basic Income, because every individual's and household's attention would be focused as much on the situation after the experiment has ended as on the period of the experiment. A longer experiment would be likely to produce effects closer to those of a permanent Basic Income, but we can only speculate about the extent to which the effects would be different. This makes the magnitude of the effects generated both during and after the relatively short experiments in Namibia and India really interesting [18, 19]. It would be logical to assume that a permanent Basic Income would have even larger effects. So although we must be careful to draw only tentative conclusions from short-term experiments, we should continue to hold them, because, quite apart from the obvious educational benefits of pilot projects and experiments, each set of results will add to our understanding of what the effects of a permanent Basic Income might be.

The upshot of all of this is that the only genuine pilot project would be a nation state implementing a genuine Basic Income. By accident, Iran got close [17], and it is not impossible that another country might one day fall into implementing a Basic Income by accident. But we cannot predict that that would happen: so what is required is the research and educational activity that might persuade a national government to implement a genuine Basic Income scheme, or, even better, two governments, one to implement a permanent Basic Income in a developing country, and another to implement one in a developed country. No other method is available for discovering the effects of Basic Income.

How Would We Implement It?

This question is of course connected to the question of feasibility, but it is not the same [9]. Just as constant research into different kinds of feasibility is required, so in each time and place research into a variety of ways of implementing Basic Income is needed, and each of those methods would need to be tested for feasibility. Should a very small Basic Income be implemented, alongside a plan that it would slowly grow? Should a Basic Income be implemented for a single age group: for instance, young adults, who would then keep their Basic Incomes as they grew older, so that eventually everyone would receive a Basic Income? One of these methods might be feasible at one time, and the other at another, or yet another method might prove to be feasible. The broadest possible variety of implementation methods should therefore be researched and communicated.

What must not happen is an implementation method that starts with something that is not a genuine Basic Income. Brazil offers a warning here [16]. The *Bolsa Família* was intended as the first step towards a genuine Basic Income, for which legislation had been passed: but the *Bolsa Família* is as far as the process has got, although recent small-scale experiments have been a hopeful sign that movement might one day occur.

And it is particularly important that something that is not a Basic Income should not be called one, as it has been in Ontario [2]. There is of course nothing that anyone can do to stop national or state governments calling a policy something that it is not: but it would be useful if research and educational effort could be directed towards making that more difficult. To reiterate: Only implementing a Basic Income is an implementation method for Basic Income.

The Political, Social and Policy Context Will to a Large Extent Determine the Feasibility of Basic Income and the Likely Effects of Its Implementation

This is a conclusion that has been drawn in relation to most of the sections of the book, as well as in relation to lots of the individual chapters. The first chapter of this book contains a series of introductions to the different parts of the book [1]. When read together, these provide a clear argument for the conclusion that not only would the political, social and policy context to a large extent determine whether a Basic Income would be likely to be implemented, but that that context would also to a large extent determine the effects that the implemented Basic Income scheme would have. When we consider this conclusion alongside the recognition that the details of the Basic Income scheme implemented would to a large extent determine the effects that the Basic Income would produce (for instance, in relation to income redistribution, household gains and losses, and the numbers of individuals no longer on means-tested benefits), it becomes even clearer than before that rather than discuss the implementation of Basic Income, we need to discuss the implementation of particular Basic Income schemes in particular contexts.

There Is Much More to Be Done

This *Handbook* is evidence of the substantial amounts of thought and practical action now going into the Basic Income debate. But there is more to be done on all three of the questions that we have discussed, and more besides. Every chapter invites a response, whether further academic exploration, further debate, further research, or further experiments. There is now a huge academic literature on Basic Income, but gaps remain to be filled. Work has started on some of those gaps. For instance, those who gathered at a conference on the history of Basic Income in January 2019 were asked which one of them was going to write a complete history of Basic Income, because so far there is not one. We hope to see one soon. New gaps will emerge, and they will need to be filled.

A particularly significant current gap is in the field of research on financial feasibility. As we have seen, the increasingly widespread Basic Income debate has generated legitimate and widespread questions as to whether the idea

is financially feasible, both for nation states and for individuals and households. This *Handbook* contains evidence of existing research in this field, and of the powerful tools now available. Those tools need to be further developed to make them more user friendly, and they need to be far more widely employed. Similarly, research on public opinion, the opinions of policymakers, and other aspects related to psychological and political feasibilities, will also be needed, and it will need to be done over and over again, and differently in every context. Some research effort relies entirely on the interest of researchers—such as more theoretical research on the relationships between Basic Income and political ideologies. Such research is not particularly resource-intensive. But microsimulation research and opinion surveys can be very resource-intensive, and it will be a challenge to ensure that the required research is done constantly in each context. The resources need to be found.

Institutions

An even more important resource requirement is individuals and organisations giving time and effort to ensuring that the required research and educational activity take place, which means finding the personpower and financial resources to run the organisations required. It has been a pleasure to see so many think tanks, university departments, and other organisations engaging with the debate during the past few years. However, their involvement is recent, and it will always be relatively short-lived, as staff move on, and as funding sources and therefore interests change. Essential to the extent, depth and intelligence of the current debate has been the long-term engagement of such organisations as the Citizen's Basic Income Trust (CBIT) in the UK, the Basic Income Earth Network (BIEN) globally, the United States Basic Income Guarantee (USBIG) in the United States, and so on. We are now seeing new organisations emerging, some more campaigning in nature, others more research-based and with an educational ethos, and often several new organisations in the same country. This is all to the good. What will be important is that they should communicate with each other and work together; and it will be even more important that at least some of them should exhibit the same kind of longevity as CBIT and BIEN, founded in 1984 and 1986 respectively. Running organisations will not always seem as important as today's article or tomorrow's conference, but it will be essential, for two reasons:

- Firstly, there is no reason to assume that the current lively debate will continue at the same level. There have been peaks and troughs before [3]. CBIT was established after a minor peak in interest in the UK in 1982 in order to provide a foundation of research and education that would inform the debate however and whenever it happened. The effort expended during the wilderness years has paid off. There might be further wilderness periods, during which it will be important to keep the research and education going. As it always has been, the regular BIEN congress will continue to be a particularly important component of the effort required: but such occasional short-term global events cannot substitute for the requirement that each country needs at least one long-term institution that can act as a focus for research, communication, and debate.
- And secondly, long-term organisations can inform the character of a country's debate in a way that short-term organisational interest cannot. It is no accident that UK think-tanks have built on CBIT's long-term engagement with methods for evaluating the financial feasibility of Basic Income schemes, and that the UK's debate about financial feasibility has been as intelligent as it has been. Similarly, the UK's debate frequently treats Basic Income as a rearrangement of, and an improvement on, the current tax and benefits system: an ethos that has been developed over thirty-five years by CBIT, and which has cohered well with the evolutionary character of the UK's policy process. Each country's long-term Basic Income institution will need to develop its own specialities, and its own particular ethos, on the basis of its understanding of the particular needs of its own national context. It is only long-term national organisations that can do that.

An important characteristic of the Basic Income debate in the UK has been its willingness to hear and take on board the criticisms of Basic Income's detractors. Detailed criticisms of illustrative schemes have resulted in the parameters for feasibility imposed by detractors being accepted as legitimate, stimulating new research to discover illustrative schemes that fit the stringent criteria. And objections on the basis of ethical and political standpoints have resulted in new research on the coherence between Basic Income and political ideologies; and issues treated by some as dilemmas (for instance, the adequacy, simplicity and affordability trilemma) have been accepted as challenges to be solved. The result has been an intelligent debate. Every country's debate will be different, and the debate in the UK and globally will continue to change as time passes, but essential to the depth and extent of the current debate globally has been long-term institutions able to learn lessons,

absorb them, and respond to them. Short-term think-tank interest is always welcome, but it is never enough.

And herein lies the challenge. Neither experienced and expert person-power, nor financial resources, are particularly plentiful; and building and maintaining institutions is hard work. But the depth, extent and intelligence of the debate in the future will require that each country should find some way of developing at least one long-term viable institution that can undertake the research and educational activity required in its own context. Ensuring that that happens will be more important than the next video, the next book, or the next website post.

The Verdict

Should a *Handbook* of this nature arrive at a verdict on its subject-matter? Should this concluding chapter come to a conclusion? No, not necessarily. But it is of interest that those chapters that have asked significant questions about the feasibility of Basic Income, or have understood that the conditions required for successful implementation might be difficult to achieve, have left an impression that yes, it might all be very difficult, but the beneficial effects that a Basic Income would generate mean that the attempt must be made. That is a conclusion that I would draw: that a carefully constructed Basic Income scheme could be feasible, could be implemented, and could be beneficial for individuals, families, society, and the economy. It is for that reason that the Basic Income debate is worth pursuing.

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