

# UNIVERSAL BASIC INCOME:

## THE NEW POLITICAL ECONOMY OF AN OLD IDEA

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### **Introduction**

A Universal Basic Income (UBI) seeks to ensure that everyone has a monetary safety net, in the form of an unconditional, universal, individual, and regular cash payment. Crucially, all individuals in a society would therefore receive a UBI regardless of working status, individual ability to work, or any other behavioural requirements. The origins of the UBI idea can be traced back to ancient Greece, while more first UBI proposals go as far back as the 14<sup>th</sup> century (Parijs and Vanderborght 2017).

Despite this longstanding interest, this policy idea has experienced a particularly strong revival in recent years: a major experiment was conducted in Finland; the socialist presidential candidate in France, Benoit Hammon, proposed it as one of his key electoral promise; while Switzerland conducted a referendum on UBI. Support seems to have further increased during the Covid-19 pandemic: a recent poll conducted during the covid-19 pandemic showed a very high-level of support among those surveyed with more than 70% of respondents expressed favourable views of UBI.<sup>1</sup>

In part, this growing appeal for UBI lies in the simplicity of its design, but also in its ability to overcome the shortcomings of existing labour market policies. Indeed, some of the more recent attention to a UBI has been linked to Covid-19 pandemic (Johnson and Roberto 2020;

Prabhakar 2020; Ståhl and MacEachen 2020, Stahl and MacEachen 2021, Vlandas and Klymak 2021) and the negative environmental consequences of our productivist economic system (Van Parijs 2009; Widerquist and Lewis 2006). Others have emphasised the role of growing concerns about technological change (Goos, Manning et al. 2014) and in particular the effects of digitalisation, automation and Artificial Intelligence on workplaces and jobs (Im, Mayer et al. 2019, Cabrales, Hernandez et al. 2020, Colombino 2015; Dermont and Weisstanner 2020; Martinelli 2019; Sloman 2018).

A UBI would represent a radical departure from most existing labour market policies in two ways. First, its logic and underlying principles contrast markedly with the long-standing logics of reciprocity and deservingness, which are at the core of both social assistance such as minimum income benefits and social insurance schemes such as unemployment benefits. Second, its design is much more decommodifying than unemployment benefits, which nowadays often require some form of selectivity and conditionality.

Partly as a result of these radical differences, the idea of a UBI faces several challenges in terms of its normative acceptability and its economic feasibility, both of which have been largely debated in a large and well-established literature on UBI. By contrast, the aim of this chapter is to summarise some of the more recent literature on UBI with a particular focus on how it relates to the economics and politics of labour market policies. Unlike other policies discussed in this handbook, a UBI does not yet exist in its fully-fledged form. This explains why most of the original literature on UBI has tended to be more philosophical and historical, and over time also considered its potential economic effects, while it is only recent studies that have started to consider the political economy dynamics of a UBI.

The chapter is structured as follows. Section 1 provides a brief overview of UBI as a policy proposal, examines its origins, and sets out the cornerstones of its recent political developments (Parijs and Vanderborcht 2017). In section 2, we then discuss the much debated relationship between a UBI and various labour market issues, while also examining UBI's potential consequences on the labour markets and briefly discussing the experiments that have been implemented to test these effects. Section 3 focuses on the politics of UBI with an emphasis on what coalition of voters and/or interest group might be mobilised to promote its successful introduction. The last section concludes.

### **1. Origins and long-standing debates in UBI literature**

We provide only a very brief introduction to the large and valuable literature on the history of and debates around UBI which for reasons of space cannot be reviewed exhaustively here.<sup>2</sup> A UBI is far from being a new idea since its roots can be traced back to ancient Greece. More concrete proposals were advanced by Thomas Moore and Thomas Paine in 1516 and 1797, respectively (Standing 2016, Parijs and Vanderborcht 2017). Indeed, one of the first explicit references to the idea of a UBI can be found in Paine's *Agrarian Justice Pamphlet* (1797) where he proposed a universal grant for every citizen after the age of 21, who would receive 15 pounds per year, and those over 50 would receive a pension of 10 pounds per year.

This universal grant was to be funded in two ways: first, an estate tax would be paid by all those who possessed land that could be cultivated; second, an inheritance tax of 10% would be levied. Crucially, the main justification for his proposal was to redistribute wealth to compensate for its early accumulation via the establishment of private property. In the natural world, he reasoned, resources are publicly owned and everyone has access to the necessary

goods needed to survive. With the development of modern economies, private property hinders the survival of the many by allocating resources to a few private owners, which are passed on for generations through inheritance (Lister 2020), producing enduring inequalities. He then argued that compensating for this original inequality required introducing these grants.

These early references to the idea of UBI never led to a serious and prolonged attention by the public or policymakers. Indeed, it was not until the later part of the 20<sup>th</sup> century that the UBI idea gained further traction. Several studies have sought to conceptualise this more recent attention to UBI across different time periods. One example is Widerquist (2018) who identifies three main waves. The first wave occurred at the beginning of the 20<sup>th</sup> century with writings like those of Virginia Wolf, and more specific proposals to introduce a social dividend by economists such as Friedrich von Hayek. The second wave is characterised by rising support for a negative income tax more, rather than a UBI specifically. In the Global North, its geographical centre of gravity was in the United States and Canada, where the most important debates took place, but also where some crucial pilot projects were implemented.

Soon after, these debates partly led to the creation of the Basic Income European Network (BIEN) in 1986.<sup>3</sup> Today this network is known as the Basic Income Earth Network, and comprises more than 38-member organisations from all over the world<sup>4</sup>. Aside from this overarching network, different nationally based advocacy organisations or citizen platforms exist all over the globe, working to promote the idea of a UBI, bringing clarity to its conceptualisation<sup>5</sup> (see Caputo and Liu, 2020, for a comprehensive contribution on activism on UBI). The onset of the third wave can be dated to rising media attention since 2011, but it was not until 2015 that UBI became ‘mainstream’ (Widerquist 2015).

The most common definition of UBI is a “periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.”<sup>6</sup> Thus, the key elements of a UBI therefore are its universality (for all), unconditionality, periodicity or regularity and individuality. While these central defining features of a UBI are relatively clear, they leave unspecified other elements, most notably the generosity of the benefit, which population age groups should receive a UBI, the appropriate funding mechanisms, and which legal requirements (if any) condition receipt of the benefit.

Moreover, there are a range of so-called ‘cousin proposals’ (Wispelaere, 2015; Van Parijs, 2017; Widerquist, 2018) that are sometimes confused with a basic income. One prominent example is the negative income tax (NIT) initially proposed by Friedman (1962), which has sometimes been used interchangeably with a UBI (examples of academic work where this occurs are: Delsen, 2019; Palier, 2019). Yet, an important difference between these two proposals is that a UBI is universal and unconditional, hence given to all. By contrast, NIT is only received by the part of the population that is under a particular income threshold. As such, it is neither completely universal nor fully unconditional, and is instead closer to a minimum income scheme than a UBI (for a comparison see: Honkanen, 2014). The effects of NIT and UBI might also be quite different in at least some cases, due to their key differences in terms of design that may have far-reaching implications for the stigmatisation of recipients or income traps (Todani, 2009; Lyn, 2020). Finally, other cousin or so-called ‘stepping stone’ include a partial basic income (Groot, 1997) such as the euro-dividend (Van Parijs, 2013), the participation income proposed by Atkinson (Atkinson, 1996; Hiilamo and Komp, 2018), or a so-called demogrant (Van Parijs, 2004). Other more distant alternatives are unconditional job guarantees or universal services (Theobald 1973, Munoz and Perez 2007).

Since there is no existing fully-fledged UBI, most of the scholarly literature and debates have focused on two dimensions of a UBI. The first strand explores the normative and philosophical justifications for a basic income (classics include: Van Parijs, 1992; see for a review Winderquist et al., 2013). For instance, it debates whether it is fair to provide cash transfers to people who fulfil neither an income means test, nor a reciprocity-based conditionality test in terms of prior contributions or work record. Many UBI advocates contend that its universality and unconditionality are best justified by the selective appropriation of previously universal natural resources (Parijs and Vanderborght 2017).

A second strand of research has focused instead on the economic feasibility and consequences of introducing a UBI in modern economies. One issue is its potential fiscal costs and the impact of the economic impact of the taxes necessary to fund a UBI. The economic effects of a fully decommodifying cash benefit on labour supply decisions of workers, unemployment and wages, have also been debated (Gamel, Balsan, and Vero 2006; White 2006). In addition, other types of outcomes have more recently been investigated, for instance life satisfaction, gender equality (Elgarte 2008; McLean 2016) or health outcomes (see for example: Forget 2011; E. L. Forget 2013). Finally, costs have been contrasted with potential benefits, most notably in terms of increasing efficiency of the welfare state and/or reducing administrative costs (De Wispelaere and Stirton 2011).

## **2. The UBI and changing labour markets**

### *Labour market challenges*

While it is beyond the scope of this chapter to offer a comprehensive review of labour market challenges, we offer a brief overview focused on outcomes that intersect with a UBI. One set

of issues relate to the economic effects of technological change, the digitalisation of workplaces and automation of jobs, which has spurred a vast research on the potential consequences for the future of employment and inequality (e.g., Acemoglu & Restrepo, 2018; Autor, 2015; Frey and Osborne, 2014; Palier, 2019). One side of the literature provides a pessimistic assessment of the capacity of labour markets to provide a stable source of economic security to its workers, in the absence of effective state intervention. For instance, early research showed that up to 47% of US employment was at risk of disappearing. Previous studies have shown that technological change such as the introduction of robots have a significant negative effect on jobs and wages in the US (Acemoglu & Restrepo, 2020). These changes may also lead to substantial transformations such as reduced number of working hours, radically transforming labour market demand, in turn calling for more re-train programs or job-sharing schemes. On the other hand, pessimistic estimates use occupational based measures (Frey and Osborne, 2014) which have been argued to over-estimate unemployment derived from automatization as workers perform other tasks. New estimates using task-based indicators suggest instead that the percentage of occupations susceptible to automation in OECD countries is much lower than previously thought (Arntz, et al., 2016).

There might also be potential asymmetric effects, with unequal consequences of automation of jobs for different types of workers, leading to distributional concerns. As a result, job polarisation is growing, with a decreasing share of middle-skilled routine workers, while the shares of non-routine high and low skilled jobs have increased. The main beneficiaries are non-routine workers in high-skill positions (Kurer and Gallego, 2018). Technology thereby exacerbates the inequalities generated by more traditional long term transformations, such as deindustrialisation workers and the tertiarization of the economy (Iversen and Wren, 1999), the dualization of labour markets and the welfare state (e.g. Rueda 2007, Vlandas 2013), the

emergence of a precariat (Standing 2011), and growing in work poverty. Taken together these transformations have increased inequality, undermined regular employment, and increased economic insecurity while threatening the effectiveness of existing welfare state institutions.

Several solutions to these challenges have been proposed. Some advocate reforms to existing welfare institutions, which often mostly protect insiders employed in stable positions, to better cope with the rising precarity in the labour market and provide further protections to outsiders (for the case of temporary work regulation, see Vlandas 2013). Others have recommended a move to a social investment state (Garrizman et al 2022) or a greater promotion of growth regimes (Hassel and Palier 2021). Yet others have recommended a UBI, which we discuss in the next section.

#### *The UBI solution to labour market challenges?*

In the face of labour market challenges and issues with existing welfare state institutions, UBI has been proposed as an effective solution with several advantages. First, a UBI can incentivise employment and entrepreneurship, particularly in comparison to other existing welfare schemes. In contrast with the common (mis)conception that a UBI disincentivises labour market participation by guaranteeing material existence for the population, a number of studies argue that current unemployment schemes are much more prone to this than a UBI since the latter is not automatically lost when finding employment (Martinelli, 2017; Stahl and MacEachen, 2021; Van Parjis, 2004). Indeed, current welfare policies lead to unemployment traps, where individuals in unemployment are unable to substantially increase their disposable income by participating in the labour market (Kyyra et al., 1999). Partly, this stems from the fact that wages provided in the labour market do not sufficiently compensate the costs associated to employment -i.e., care and domestic assistance, transport, food, etc. Hence, many existing unemployment schemes incentivise individuals to opt for benefits rather than returning

to work (Gilroy, Heimann and Schopf, 2013). By contrast, a UBI is universal and unconditional, and is as a result not lost by recipients when they start earning income in the labour market, which incentivises taking up employment and engaging in entrepreneurship.

A second and related advantage of a UBI is that it also empowers individuals to decide whether they would rather re-train, engage in entrepreneurial activities or other types of valuable work not currently remunerated by the labour market like care work, volunteering, and community participation. Indeed, a UBI holds the potential to increase the social and economic value of unpaid work or low paid jobs (McKay, 2001; Zelleke, 2011). Much essential work that is often unpaid is carried out by women, and many socially valuable jobs have very low wage because they are portrayed as requiring low skill. Some have defended a UBI as a better means to compensate for this gendered asymmetry than low-paid work subsidies (Kasy, 2018).

A third attractive feature of a UBI compared to other social policy alternatives, concerns the problem of non-take-up, defined as the gap between those individuals who are entitled to a policy and those who actually end up receiving it (see the following sources for a review of this problem: Van Oorschot, 1991; Matsaganis, Levy and Flevotomou, 2010; Roosma, van Oorschot and Gelissen, 2016). There are various factors behind the problem of non-take-up, operating through diverse mechanisms, but most commonly it is the complex bureaucratic administrative process required to sign up for benefits, combined with strict conditionalities and the presence of sanctions often leading to the exclusion of eligible recipients (e.g. Knotz 2020). Lack of information about welfare programs, or the stigmatisation of recipients in this process, may further reduce applications to existing schemes (Link and Phelan, 2001; Eyal, 2010; Calnitsky, 2016). As a result, traditional welfare policies have a considerable rate of non-take-up, which leads to the persistence of poverty and material deprivation. The automaticity of a UBI would present an efficient solution to this problem.

Moreover, the complex bureaucracy of welfare benefits also generates important costs. By contrast, a UBI would not require such a large bureaucratic apparatus so its introduction could lead to lower costs if it replaced some of the existing social policies (De Wispelaere and Stirton, 2013). There are further advantages of a UBI in relation to labour market dynamics, most notably the potential to increase the bargaining power of workers, thereby compensating some of the adverse effects of technological changes (Birnbaum and De Wispelaere, 2021; Lazar 2021) while also leading to better gender equality (Rubery, 2019).

### *Evidence from experiments*

In principle, a UBI therefore seems like a promising alternative and effective policy solution to many of the labour market challenges affecting advanced economies. To analyse the effects of UBI on labour markets, many governments, institutions and organisations around the globe have been conducting field experiments and pilot projects. The evidence so far is mixed (see for a review: Widerquist, 2018; Gibson et al., 2018). Table 1 summarises some of the experiences in testing a UBI's effect on the labour market, the indicators used and the results. Most of the experiments to date have tended to focus on analysing the effects on employment or unemployment rates. Yet, this risks overlooking many other potential and relevant effects of a UBI in the labour market that have been previously mentioned, most notably on the bargaining power of workers, improved working conditions, higher entrepreneurship and retraining, greater valuing of care work, reducing stigma, and improving gender equality in the labour market. A noteworthy exceptions include the experiment in Nambinia which did cover measures of entrepreneurship (Torry, 2013), while other experiments like the Mincome or B-Mincome consider mental health and well-being indicators (Forget, 2011; Riutort et al., 2021).

Table 1. Examples of UBI-related experiments and their effects on labour market indicators

| Experiment  | Year      | Indicator   | Results  |
|---|-----------|---|--|
| Finland   | 2016-2018 | Average number of days of employment  | 78 days for the treatment group, and 73 days for control; the report concludes that there were small employment effects (Kela, 2020; Kangas et al., 2020)  |
| Otjivero-Omitara, Namibia                           | 2007-2008 | Unemployment rate; per capita income; source of household income; expenditure and assets; | The rate of those engaged in income-generating activities (above the age of 15) increased from 44% to 55%. Thus, the BIG enabled recipients to increase their work both for pay, profit or family gain as well as self-employment; the main income source of a household changed, with the biggest change being self-employment as a source (which increased at 301%); While self-employment increased, particular jobs or income-generating activities like prostitution decreased (Torry, 2019) <sup>7</sup>   |
| Manitoba Basic Annual Income Experiment (Mincome)   | 1975-1978 | Average yearly hours worked   | Negative but insignificant effect on labour market supply (Hum and Simpson, 1993) <sup>89</sup>  |
| Madhya Pradesh Unconditional Cash Transfers Project | 2011-2012 | Shift in wage labour to farming; productivity   | Shift of wage labour to farming (individuals especially women had the capacity to buy seeds and fields and grown their own crops rather than offer labour) (SEWA Bharat, 2014) <sup>10</sup>   |
| Barcelona (B-Mincome)                               | 2017-2019 | Working full time with an indefinite contract   | Most of the treatments reduced significantly being in work (Riutort et al., 2021)  |
| New Leaf (Vancouver, Canada)                        | 2018-2019 | No job or employment related indicator  | There is an extension program being carried out now that will measure the impact of employment, although the initial program did not <sup>11</sup>   |
| Stockton Economic Empowerment Demonstration (SEED)  | 2019-2021 | Proportion of recipients in full time employment  | 12% increase in the proportion of recipients that were engaged in full-time employment (compared to 5 % in the control group) (West et al., 2020); On their website: In February 2019, 28% of recipients had full-time employment. One year later, 40% of recipients were employed full-time. In contrast, the control group saw only a 5% increase in full-time employment over the same one- year period -- 32% of those in the control group were employed full-time in February 2019; one year later, 37% of control group participants were employed full-time. <sup>12</sup> |

|   |           |   |  |
|---|-----------|---|--|
| Rural Income Maintenance Experiment (iowa and north carolina) | 1970-1972 | employment rate, unemployment rate, change in employment  | No additive effects of support payments on changing employers were evidenced. However, relative to similar control group subjects, experimental who initially had desirable positions were less likely to change employers than were those with less desirable positions. Time of unemployment was longer among subjects who expected less gain upon re-employment than among those who expected greater income gains. Those whose prior jobs were undesirable tended to take new jobs less desirable in terms of status and job satisfaction. Those subjects who had good jobs before tended to obtain better positions than similar controls. Experimental with secondary earners in the family and a higher guaranteed level tended to find jobs with more status and earnings. <sup>13</sup> |
| Eight Fort Portal Project                                     | 2017-2019 | n/a   | Still ongoing (although SBIL seems that it is over)  |
| Give directly   | 2011-2013 | Wage labor primary income (dummy); Own farm primary income (dummy); Non-agricultural business owner (dummy) | significantly reduces wage labour (-0.06); changes the source of primary income, increases the non-agricultural primary income; "We observe increases in total revenue from farming, animal husbandry and non-agricultural business activities, but these are offset by increased expenditures relating to these activities, resulting in an insignificant increase in measured profits." <sup>14</sup>  |
| Give directly   | 2014-2017 | local enterprise production, employment and revenue; labour market conditions                               | In the data, we find fairly limited evidence of increases in the employment of either land, labor, or capital. Total household labor supply does not change significantly (Table 2), though we do see a net shift out of self-employment and into wage employment (Table A.4, Panel A), with the latter increasing by 1.8 hours per person per week on average across recipients and non-recipients. These estimates are not statistically different from zero, however, and even under generous assumptions can explain only around a 5% increase in real output, well below the observed response. <sup>15</sup>   |

*Note: The US NIT experiments have not been included. to complete the table above, we reviewed all UBI related initiatives through the Stanford basic income lab<sup>16</sup> tool (accessed at: <https://basicincome.stanford.edu/experiments-map/?sel=fbie>) which includes a comprehensive summary of all global related activities to UBI. To select which experiences we included all the past experiences in the map (that is, that have ended and have their results available).*

Moreover, existing UBI experiments have additional limitations to understand the potential effects of a UBI (Widerquist, 2018), not least because the experimental designs often diverge from a strict definition of UBI. This is for instance apparent in the case of Finland, which carried out a very popular and recent nation-wide experiment in 2016-2018 proposed by the centre coalition government. The results suggested that a UBI could potentially improve the wellbeing of its recipients, but have limited effects on employment rates (for an overview of the experiment and the political process see Torry, 2020; and De Wispelaere, Jurgen; Halmetoja, Antti; Pulkka, 2018; Halmetoja, De Wispelaere and Perkiö, 2019). Yet, the experimental design of a UBI began as a reformulation of a pre-existing unemployment scheme so that the benefit would not be lost if the individual found work. Thus, it was not unconditional since one had to be unemployed to claim the benefit. In addition, it was not universal either, while it was questionable whether it was sufficient to live on. These shortcomings are present in other basic income pilots, which often continue to resemble unemployment schemes and minimum incomes, more than true UBI.

However, even if newer designs were devised to match the characteristics of a UBI more closely, there seems to be a ‘practical impossibility’ (Widerquist, 2018) of testing a UBI: by definition, in a UBI scheme everyone ought to receive it whereas all experimental approach require *at least* some people not to receive it to establish a control group. Nevertheless, new efforts are being made to further understand the impact a UBI on the labour market, for instance through new designs like lab or survey experiments (see for example: Cabrales et al., 2020).

Aside from experiments, one could also learn about the effects of a UBI by looking at real-world implementations of similar policies. Some policies that are more or less similar to a UBI have also been implemented in some countries. One prominent example is the Permanent Dividend Fund in Alaska introduced in 1976 by the conservative governor of Alaska, Jay

Hammond. This fund has been delivering an annual, unconditional, universal and individual cash payment to its citizens derived from the benefits generated by the fund. While it is not a regular payment as conceived by the idea of a UBI, there are no strings attached to the cash payments, and these are made to all of the population on an individual basis. Thus, it constitutes one of the closest real-world implementation to the idea of a UBI (Goldani, 2010; Jones and Marinescu, 2018; Feinberg, Robert and Kuhen, 2018; Widerquist and Howard, 2012). Contrary to common misconceptions, existing research has shown that there has been no welfare magnet effect of the policy, mixed and small effects on labour market supply and positive results for child-baring responsibilities across a range of outcomes (Gibson et al., 2020), income and employment improved for native Americans (Conner and Taggart, 2013).

### **3. How labour market risks and institutions shape the politics of UBI**

While normative justifications as well as economic feasibility and impact are certainly crucial dimensions to adjudicate whether a new social policy should be introduced, new schemes are never introduced solely on philosophical or economic grounds. Indeed, a large literature in comparative political economy has demonstrated the importance of electoral politics and voters' policy attitudes. Many studies have shown that the introduction, reform and long term viability of a policy depends crucially on the electoral coalition behind it and the interest groups that support it (Esping-Andersen 1999, Hall and Soskice 2001, Thelen 2014, Beramendi, Hausermann et al. 2015, Iversen and Soskice 2019, Simoni and Vlandas 2021). Thus, the likely future of a UBI also needs to be anchored in a political economy framework identifying the evolution of support over time as well as conflict lines between different political parties, electorates and interest groups (cf. Vlandas 2021).

With respect to political parties with parliamentary representation, several parties across the left-right spectrum have advocated for the idea of UBI. One prominent example is *Podemos*, a left-wing political party founded in Spain in 2014, after emerging from the protest camps of the Indignados movement in 2011. In the year of its foundation and during its first political manifesto designed for the 2014 European Parliament elections, this political party included the idea of a UBI. While the party initially kept a UBI proposal in its manifesto, during the municipal elections in Spain of the following year in 2015, the proposal was then removed from its electoral program and was never re-incorporated. Indeed, this type of left-wing political party support that ends up watering down the proposal is not unique. An example of this is also Hamon's inclusion of UBI within the French socialist party in 2017.<sup>17</sup>

In addition, several Green Parties from various countries have also been among the key political protagonists to include basic income proposals in their party manifestos. Their interest in UBI can be traced back to their post-productivism ideology and the associated view that slowing down economic growth is necessary to reach a more sustainable future. However, some basic income literature has labelled this 'cheap political support' because the stakes of including basic income in these political programs are not high: since their likelihood of forming government and having to implement this policy are low, commitment to this policy is not politically demanding (De Wispelaere, 2015).

Moreover, several single-issue parties with no parliamentary representation have also advocated for UBI, with several having been formed specifically with the objective of promoting a UBI. For example, the *Vivant* Belgian political party, founded in 1998 and self-defined as a Liberal party, advocated for a UBI and participated in several elections without gaining any seats (Vanderborgh 2000). In Germany, the *Bundnis Grundeinkommen* (Basic Income League) is another example of a single-issue political party that advanced a basic

income as its main proposal.<sup>18</sup> It participated for the first time in the German federal election of 2017, but did not win any seats. In Sweden, the *Basinkomstpartiet*<sup>19</sup> was founded by Lena Stark, Vice-Chair of Unconditional Basic Income Europe (UBIE) to compete in the 2018 general Swedish elections.

### *Trade unions: Friends or foes?*

Like political parties where support cuts across traditional partisan and ideological lines, there have been disagreements within the trade union movement about the merits and risks of a UBI. Although existing research maps out some of the theoretical reasons why trade unions *might* find it attractive to make universal basic income a core policy proposal for the labour movement (Standing, 2004), most empirical research to date shows that at least some trade unions remain key organisations opposing this idea (Vanderbroghuht, 2006; Henderson and Quiggin, 2019).

Several trade unions have expressed a number of concerns about a UBI. First, there are fears that a UBI would act as a wage subsidy for employers (Phelps 2001): by providing a part of living costs, a UBI could help employers make low wage jobs more financially attractive to potential employees. Second, unions have played a preponderant role in wage bargaining of workers as well as the provision of certain benefits, most notably in some continental and Scandinavian systems (Rueda 2008, Stephens, van Kersbergen et al. 2012). Any policies that are seen as potentially undermining or substituting these traditional roles tend to be met with some opposition. Third, other concerns relate to some unions' attachment to full employment as being the most important objective (above and beyond income replacement when under-employed and unemployed). Equally, there are questions about the extent to which UBI would represent a feasible and credible exist option from the waged work and contractual relations

with employers. Thus, whether a UBI increases workers' bargaining power is debated (Birbaum and De Wispelaere, 2020).

In sum, while some research explores how a UBI proposal may serve to advance workers' rights and improve their working conditions, it does not follow that trade unions support a UBI. As strategic actors whose *raison d'être* lies in protecting workers from employers with higher bargaining power, a policy that fully protects workers might also – paradoxically - threaten the existence of unions. Future research should consider exploring whether and how these strategic considerations of organisational survival shape trade union support and to what extent the logic of representation may differ from logic of influence that are at the heart of unions' incentives.

#### *The cross-cutting politics of public opinion about UBI*

One of the key determinants of policy implementation is public support. As a result, research on public opinion on universal basic income has grown quickly over recent years, mostly analysing the individual-level determinants of UBI support (Roosma and van Oorschot, 2019; Parolin and Siöland, 2020; Vlandas, 2020b; Lee, 2021) as well as whether and how automation-related risks affect UBI preferences (Busemeyer and Sahm, 2021; Dermont and Weisstanner, 2020). Other studies have started to explore how a UBI design itself affects public support (Dermont and Stadelmann-steffen, 2019; Rincón, 2021; Rincón et al., 2022; Laenen et al., 2022) whether particular arguments shape this support (Jordan et al., 2021) and how the relative importance of such ideas has varied throughout the pandemic (Nettle et al., 2021).

Most studies on the role of individual characteristics typically rely on large cross-national surveys. One prominent example is the European Social Survey which includes a question about whether respondents “against or in favour of the UBI scheme” being introduced in their respective country, which “some countries are currently talking about”.<sup>20</sup> Overall, there are

more respondents who are in favour than against, but more who are strongly against than strongly in favour. Consistent with the conventional wisdom in political economy, most studies find that more left-leaning and more vulnerable individuals in the labour market – e.g. low-income, young, unemployed - are more likely to support UBI (Vlandas, 2019; Roosma and van Oorschot, 2020; Schwander and Vlandas 2021). There is also evidence that ‘high-skilled outsiders’ (Hauserman et al., 2015) are indeed a key constituency of support (Martinelli, 2019). The same individual attributes predicting support for other – often more targeted – welfare state policies can explain support for a UBI despite its universality (Vlandas, 2019, 2020b; Roosma and van Oorschot, 2020; Chrisp et al., 2020).

However, some individual-level variables do not have the expected effects. This is for example the case of job automation risk: Chrisp and Martinelli (2018) find no support for the expected links with higher support for UBI, whereas this type of risk has been linked to greater support for redistribution (cf. Rueda and Thewissen 2019). In addition, there is substantial cross-national variation in support for UBI. While the factors accounting for this variation have not yet been fully uncovered, there is some evidence that UBI support depends to some extent on structure and extent of labour market policies can be observed. First, labour market benefits have become more ‘activated’ over time (e.g. Knotz 2020) and workfare a strong reform orientation with more benefit sanctions for non-compliance with certain rules and higher conditionality for receipt of benefits (Knotz 2020). Second, UBI support appears higher where unemployment benefit coverage and generosity is lower (Vlandas, 2020a), consistent with the notion that the falling decommodification in some countries might open up a demand for alternative policy solutions. Third, it is possible that cross-national differences capture distinct population composition: higher support in southern and Eastern Europe might be driven by a

higher share of individuals who share the socio-demographic characteristics typically associated with UBI support (Delsen and Schilpzand, 2019).

While this literature is valuable in advancing our knowledge of the scale of support for UBI in different contexts and in highlighting potential characteristics associated with such support, it still leaves certain important questions unanswered. Most notably, it cannot account for which characteristics of a UBI are more or less popular, or how support for UBI relates to support for other policy proposals. Recent research using conjoint experiments has started to address this gap. Rincón, Vlandas and Hiilamo (2022) explicitly compare a UBI with other forms of cash transfers and find that universality is not a particularly contentious dimension of UBI support, but that its unconditionality instead generates more opposition. People seem to prefer schemes that are directed to those who cannot participate in the labour market or that are actively searching for employment. This contrasts with an earlier study by Rincón (2021) with respondents from Spain, where it is universality not conditionality that is a contentious dimension: giving to those in need -beyond the poverty line or dependent on others- enjoys higher support.

### **Conclusion: the future of UBI in the labour market**

The idea of giving every individual an income, independent of market participation or any requirements, sufficient to sustain their livelihood is far from new. Yet, this chapter has shown that interest in this idea has grown recently, and even accelerated with the coronavirus pandemic (Johnson and Roberto, 2020; Prabhakar, 2020; Ståhl and MacEachen, 2020). This crisis has highlighted the need for a robust safety net that can act as a buffer in times of unexpected shocks, and has exacerbated existing inequalities and poverty, leading many proponents to harness support around this idea.

While in principle a UBI could solve multiple labour market challenges, the evidence from recent policy experiments remains mixed and the inevitably partial nature of many experiments suggest that the likely future of a UBI remain first and foremost political. The literature's traditional focus on normative and economic feasibility and desirability has in turn increasingly been complemented by analyses exploring the political economy factors associated with of UBI support.

While recent studies have made progress in analysing the conflict lines in the electorate and which designs might be more electorally attractive, future research along three axes is required. First, we still have little systematic understanding of what explains variation in support across different interest groups such as trade unions. Second, we also do not know the extent to which the effect of policy design varies across political economies and why. Third, the political effects of experiments on popular support remain unclear.

Addressing these avenues for future research is crucial because the economic viability of a UBI is *in fine* dependent on its political viability. Indeed, whether a generous UBI can be funded depends on whether there is political support for cutting other welfare state benefits and/or for raising taxes to the necessary level. This means that the particular design of a UBI that ends up being electorally viable depends crucially on political factors. Thus, temporary and localised experiments alone cannot tell us about the long term viability or desirability of a UBI.

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## Notes

- <sup>1</sup> See the Gallup poll, conducted with the support of UBIE and WeMove: <https://www.wemove.eu/it/results-yougov-poll-about-ubi>; another survey conducted by Timothy Garton Ash and his team: <https://www.ox.ac.uk/news/2020-05-06-new-study-reveals-most-europeans-support-basic-income-after-covid-19>; and also academic evidence of the same trend includes: <https://www.nature.com/articles/s41599-021-00760-7>.
- <sup>2</sup> But see for instance Van Trier (1995), Steensland (2007), Cunliffe & Erreygers (2004), Torry (2021).
- <sup>3</sup> See a brief history of the BIEN organisation at <https://basicincome.org/a-short-history-of-bien/>.
- <sup>4</sup> See affiliated members at <https://basicincome.org/affiliated-organisations/>.
- <sup>5</sup> See for instance their section on the definition of a UBI, <https://basicincome.org/about-basic-income/> or the frequently asked questions regarding this idea <https://basicincome.org/faqs/>.
- <sup>6</sup> Basic Income Earth Network definition: <https://basicincome.org/>.
- <sup>7</sup> [http://www.bignam.org/Publications/BIG\\_Assessment\\_report\\_08b.pdf](http://www.bignam.org/Publications/BIG_Assessment_report_08b.pdf)
- <sup>8</sup> <https://gregorymason.ca/mincome/>; [https://www.researchgate.net/publication/227387994\\_The\\_Town\\_with\\_No\\_Poverty\\_The\\_Health\\_Effects\\_of\\_a\\_Canadian\\_Guaranteed\\_Annual\\_Income\\_Field\\_Experiment](https://www.researchgate.net/publication/227387994_The_Town_with_No_Poverty_The_Health_Effects_of_a_Canadian_Guaranteed_Annual_Income_Field_Experiment)
- <sup>9</sup> [https://www.ssc.wisc.edu/~dcalnits/wp-content/uploads/2014/07/Calnitsky\\_More\\_Normal\\_than\\_Welfare\\_CRS.pdf](https://www.ssc.wisc.edu/~dcalnits/wp-content/uploads/2014/07/Calnitsky_More_Normal_than_Welfare_CRS.pdf); [https://umanitoba.ca/media/Simpson\\_Mason\\_Godwin\\_2017.pdf](https://umanitoba.ca/media/Simpson_Mason_Godwin_2017.pdf)
- <sup>10</sup> <https://www.developmentpathways.co.uk/wp-content/uploads/2016/04/Indias-Basic-Income-Experiment-PP21-1.pdf>
- <sup>11</sup> [https://static1.squarespace.com/static/5f07a92f21d34b403c788e05/t/617989f9898f760c97fcbace/1635355131600/2021\\_FSC\\_Statement\\_of\\_Impact\\_w\\_Expansion.pdf](https://static1.squarespace.com/static/5f07a92f21d34b403c788e05/t/617989f9898f760c97fcbace/1635355131600/2021_FSC_Statement_of_Impact_w_Expansion.pdf)
- <sup>12</sup> <https://www.stocktondemonstration.org/employment>
- <sup>13</sup> <https://eric.ed.gov/?id=ED190331>
- <sup>14</sup> [https://jeremypshapiro.appspot.com/papers/Haushofer\\_Shapiro\\_UCT2\\_2018-01-30\\_paper\\_only.pdf](https://jeremypshapiro.appspot.com/papers/Haushofer_Shapiro_UCT2_2018-01-30_paper_only.pdf)
- <sup>15</sup> [https://www.nber.org/system/files/working\\_papers/w26600/w26600.pdf](https://www.nber.org/system/files/working_papers/w26600/w26600.pdf)
- <sup>16</sup> Stanford Basic Income Lab [cartographer]. (2020). Global Map of Basic Income Experiments [map]. Retrieved from <https://basicincome.stanford.edu/research/basic-income-experiments/>
- <sup>17</sup> See <https://www.bbc.com/news/world-europe-38723219>
- <sup>18</sup> See more at <https://buendnis-grundeinkommen.de/>.
- <sup>19</sup> See: <https://www.basinkomstpartiet.org/>. The party rejected the notion of a single-party label because its founder argued that the introduction of basic income was linked to a broad set of issues.
- <sup>20</sup> This question specifies that a UBI has the following characteristics: (1) “The government pays everyone a monthly income to cover essential living costs; (2) “It replaces many other social benefits”; (3) “The purpose is to guarantee everyone a minimum standard of living”; (4) “Everyone receives the same amount regardless of whether or not they are working”; (5) “People also keep the money they earn from work or other sources”; (6) “This scheme is paid for by taxes”.