



**UNIVERSAL  
BASIC  
INCOME**

# **A UNION PERSPECTIVE**

**FULL REPORT**

NEW  
**ECONOMICS**  
FOUNDATION



A helicopter is shown from a high angle, dropping a large amount of money (banknotes) into the air. The money is falling in a dense stream, creating a large cloud of banknotes below the helicopter. The background is a solid orange color.

# UNIVERSAL BASIC INCOME A UNION PERSPECTIVE

## FULL REPORT

**THIS IS THE FULL REPORT: Universal Basic Income - A Report for Unions**

**There is also a Political Overview document, containing the extract of the Introduction and Summary A and B of this report, accessible online; <https://tinyurl.com/y32sdrw8>**

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NEF is a British think-tank that aims to help build a “new economy where people are really in control”. The Foundation was founded in 1986 by the leaders of The Other Economic Summit (TOES) with the aim of working for a “new model of wealth creation, based on equality, diversity and economic stability”. The Foundation has around forty employees mainly based in London and is active at a range of different levels. Its programmes include work on housing, reform of the financial system, the future of work, democracy and devolution and climate and environment.

### **About the publisher**

Public Services International (PSI) is a global trade union federation representing 20 million working women and men who deliver vital public services in 154 countries. PSI champions human rights, advocates for social justice and promotes universal access to quality public services. PSI works with the United Nations system and in partnership with labour, civil society and other organisations [[www.world-psi.org](http://www.world-psi.org)].

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# FOREWORD

Rising inequality, precarious work and fundamental changes to the structure of the global economy are unleashing new and powerful political forces around the globe. Many, such as the trend to scapegoat migrants, women's rights and the workers movement are driving decades of social and economic progress into reverse. In such circumstance proponents of Universal Basic Income (UBI) offer a new and seemingly positive solution.

Why would progressives not support concepts such as universality and provision of minimum income guarantees?

Yet many trade unionists and progressives feel deeply uncomfortable with the idea and have avoided the debate potentially missing opportunities to promote our solutions and allowing ourselves to be framed as irrelevant to modern political movements. This guide is designed to allow trade unionists to confidently engage in the debate so we can promote our solutions, build new allies and continue to be relevant to workers across the world.

At the heart of the critique of UBIs contained in this brief is the failure of the most basic principle of progressive tax and expenditure, which can be summarised as "from each according to their ability, to each according to their need".



Whereas universal benefits such as healthcare or unemployment payments are provided to all who need it, UBI is provided to all regardless of need. Inevitably it is not enough to help those in severe need but is a generous gift to the wealthy who don't need it. It is the expenditure equivalent of a flat tax and as such is regressive. But the consequences are more than a question of principle.

The estimates of funds required to provide a UBI at anything other than token levels are well in excess of the entire welfare budget of most countries. If we were able to build the political movement required to raise the massive extra funds would we chose to return so much of it to the wealthiest, or would it be better spent on targeted measures to reduce inequality and help the neediest?

What's more such schemes require the total current public welfare budget to be used. Do we really want to stop all existing targeted programs such as public housing, public subsidies to childcare, public transport and public health to redistribute these funds equally to billionaires

And this raises other practical political issues. With a UBI in place many have argued that the states obligations to welfare will have been met. That people would then be free to use the money as they best need – free from government interference. With such a large increase in public spending required to fund a UBI it would certainly prompt those who prefer market solutions to public provision with powerful arguments to cut what targeted welfare spending might remain.

Arguments put by proponents of UBI to counter these questions usually involve targeting of payments, or combination with other needs-based welfare entitlements. However, as this report notes, models of UBI that are universal and sufficient are not affordable, and models that are affordable are not universal. The modifications inevitably required amount to arguments for more investment, and further reform, of the welfare state – valuable contributions to public debate but well short of the claims of UBI.

It is one of the unfortunate mirages of UBI, as clear from the evidence and trials outlined in this report, that UBI can mean all things to all people. But the closer you get to it the more it seems to recede. A further, and significant point for trade unionists, is the assumptions UBI proponents make about technological change and the effect on workers. The argument that technology will inevitably lead to less work, more precarious forms and rising inequality is deeply based on the assumption that technology is not within human control. In fact, technology is owned by people and can be regulated by government if we chose. Work is not disappearing – there are shortages of paid carers and health care workers, amongst others, across the globe. And precarious work can be ended at any time with appropriate laws. What

is missing is the political will to control technology, and work, for the benefit of the population. In this regard UBI is a capitulation to deregulation and exploitation, not a solution to it.

None-the-less questions raised by the UBI debate are important for trade unionists and progressives. We must not alienate the majority of UBI proponents who genuinely seek to build political power to tackle inequality, support the welfare state, deal with precarious work and fund public services. To the extent that the UBI debate is built on answering these questions it is a debate that we must be engaged in as it provides us with opportunities to put our case for workers' rights and quality public services as essential planks to dealing with rising inequality. This union briefing provides the extracted evidence and arguments trade unionists need to be able to take those opportunities by confidently engaging in this growing debate.

**Rosa Pavanelli**

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# POLITICAL SUMMARY

## Summary A – Key Findings

The case for ‘universal basic income’ (UBI), has gathered momentum in recent years. Essentially, it promotes the idea of making regular, unconditional cash payments to all individuals, regardless of income or status. Many trade unions have taken an interest in this and some have begun to support it. Advocates for UBI see it as a way of tackling serious problems that face working people and their organisations around the world, including the rise of automation and rapidly changing labour markets, deepening poverty, widening inequalities and a growing sense of powerlessness.

This briefing considers arguments for and against UBI and examines what can be learned from efforts to realise it in practice. It describes different meanings and versions of UBI, reasons why people are attracted to the idea, likely costs of implementing UBI, arguments against it, practical trials in poor, middle-income and rich countries, and what evidence they yield. It briefly describes a range of alternative policies for tackling today’s urgent challenges, and ends by concluding that UBI is unlikely to fulfil the claims that progressive advocates make for it and that there are more effective ways of tackling the problems they seek to address.

### MEANINGS AND VERSIONS OF UBI

The idea of UBI is interpreted very widely. Practical experiences of regular cash payments to individuals in different countries and localities, which are claimed by some to be versions of UBI, come in many different forms. These include any combination of:

- how often payments are made
- how much is paid
- where the money comes from
- who gets it - what conditions are attached and
- how payments relate to other forms of social protection.

UBI is best understood as a patchwork of possibilities rather than a single idea or policy. It can mean almost anything to anyone, with one consistent theme: UBI is about giving money to people for the purpose of solving social and/or economic problems. This is an important starting point for unions who may be considering whether to support something called 'UBI' because while in general unions will tend to support proposals for redistribution of wealth and increased welfare payments based on need, the ambiguity of many models requires us to ask: what version is under consideration and in what context?

## WHY DO PEOPLE WANT UBI?

Supporters of the idea of UBI fall into three broad and overlapping categories.

- those who want to alleviate poverty, reduce inequalities and reform inadequate social protection systems;
- those who want to enable people to flourish in an automated future – who include those seeking to increase workers' pay and conditions, and their power in the workplace;
- those who see basic income a route to radical transformation, who can be found at both ends of the political spectrum.

Trade union supporters can fall into all three categories. They should be aware of other political motivations and interests that may not coincide with their own.

## HOW MUCH WOULD UBI COST?

The cost of making regular, unconditional cash payments to all individuals in all or part of any country will be very large in all cases. Exactly how large will depend on how much is paid, to whom, for how long and whether this is sufficient to live on. Costs will inevitably be higher where there are higher standards of living so that "sufficiency" costs more.

The International Labour Office (ILO) has calculated the costs of UBI in 130 countries, finding that "for most world regions, the average costs ... are in the range from 20 to 30 per cent of GDP."

Gross costs can be reduced by paying smaller amounts to each individual or introducing conditions so that fewer people get paid, but these changes limit the potential of UBI to realise many of the aims of its supporters: for example, a small payment will not be sufficient and a conditional payment will not be universal; neither variation is likely to provide a route to radical transformation. Both are probably better understood in the context of progressive welfare reform rather than support for UBI.

Costs may be offset by abolishing other welfare benefits or tax allowances, by raising existing tax rates or by introducing new taxes, for example on



unearned income. Net costs nevertheless remain high. For example, micro-simulations for full, or nearly full UBI schemes in the UK suggest they would increase welfare spending by more than two-thirds; calculations a UBI scheme for India, paid at just below subsistence level, would cost around 5% of GD. Unions will need to consider the practical and political implications of paying for UBI, the associated trade-offs, and whether it is financially realistic as well as politically and economically feasible.

## WHAT ARGUMENTS ARE RAISED AGAINST UBI?

As campaigns for UBI have gathered momentum, more people in policy and academic circles have critically appraised it. They mainly address the idea of UBI and claims made for it, set against the possible implications of putting it into practice - drawing more on simulations than on lessons from practical trails (which are severely limited, see below). They argue that:

- *UBI can entrench low pay and precarious work.* It will not improve workers' pay and conditions, or their bargaining power.
- *The sums don't add up:* an affordable UBI is inadequate and an adequate UBI is unaffordable.
- *The trade-offs are unacceptable:* paying for it by abolishing other forms of social protection would exacerbate inequalities; it would make those without work poorer and would benefit the very rich. Even if funds can be raised, money spent on UBI cannot be spent on important causes, such as quality public services, industrial strategy, renewable energies and carbon reduction.
- *It is not a route to effective welfare reform:* it would create a powerful new tax engine to pull along a tiny cart; a targeted social security system will always be more efficient and equitable.
- *It is diversionary,* draining the political energies of progressives – as well as funds - from more important causes such as the living wage, boosting trade unionism, more and better public services, radical change in housing policy, policies to reduce working time and investment in sustainable infrastructure.
- *It is an individualist solution to a shared set of problems:* progressives will look for other solutions, based on solidarity, reciprocity and collective action.
- *It supports consumer capitalism,* helping people have more access to consumption without altering anything about how production is organised; it is not an alternative to neoliberalism, but an ideological capitulation to it.

- *It is a lazy utopian remedy* that fails to address issues of class, economic ownership and the productive capacity of the economy.

## HOW HAS THE IDEA BEEN TESTED IN PRACTICE?

Fourteen practical schemes are briefly described, selected because they have been referred to as examples of UBI and/or cited as “evidence” of how UBI can work in practice. They include past, present and prospective trials in poorer, middle-income and richer countries:

- In poorer countries: completed trials in Madhya Pradesh, India and Zomba, Malawi; current scheme in Kenya.
- In middle-income country: three current schemes in Brazil
- In richer countries: completed trials in Manitoba, Canada and New Jersey USA; current schemes in Alaska, USA, Finland and the Netherlands; prospective trials in Switzerland, California USA and Scotland.

## Summary B – Key Conclusions

The schemes vary enormously in purpose, type, scale and funding source, as well as in their political and economic context. Claims that any of these practical schemes provide “evidence” that “proves” the case for UBI are fanciful. Key lessons are as follows:

- *Evidence is severely limited.* There is no robust evidence relating to UBI defined as unconditional, regular cash payments to individuals regardless of income or status. The schemes have seldom lasted long enough to test viability over more than a few years. We can learn very little about how local trials might be scaled up to country level, or about their political and economic consequences, including impacts on employment, trade and investment. Most trials are conditional, mainly targeted on low-income groups, so they offer little or no evidence about the costs or effects of universal schemes.
- *Context really matters.* In a poor country where there is little or no existing social protection, a cash payment scheme can play a very different role from one in a developed country with an established welfare state. There are also big differences between both poorer and richer countries, so that it is impossible to read across from one scheme in one country to anticipate how something similar might work elsewhere.
- *In poor countries cash payments are used as a development tool.* Instead of giving aid to national governments or local agencies, money goes straight to individuals. There is some evidence that this approach has positive effects in some settings. If the beneficiary has nothing to start with, even a very small cash payment can make a huge difference. However, this is rarely evaluated against alternative uses of the funds such as for public goods, including schools, roads or a safe water supply. There is no evidence about how long the aid can (or should) be maintained, or how far it can be extended beyond the trial areas. There are some signs that positive effects can fade soon after payments cease.
- *Recipients don't fritter away the payments.* There is no evidence that people spend the money on tobacco or alcohol. In poor countries they are more likely to spend it on healthcare, education or micro-enterprise. These findings have important implications for broader welfare reform debates.
- *UBI alone cannot build long-term economic self-sufficiency.* Small injections of cash, even if regular and unconditional, will not be enough. Peo-

ple must also be able to control what happens to them, to have structures for shared decision-making and access to essential resources.

- *It would be self-defeating to use basic income schemes to justify rolling back the state* or dismantling public services. Without the “social wage” provided by collective services, cash payments cannot lift people out of poverty or improve their prospects for the future. Where services have been severely squeezed by austerity policies, there is a risk of UBI exacerbating that trend rather than rectifying it – offering to replace a collective system with individual money payments.
- *If emancipation is the goal, not just ‘inclusion’ or reduction of poverty, UBI is not the answer.* If cash payments become the preferred tool for social protection, there is a serious risk of crowding out efforts to build collaborative, sustainable services and infrastructure – and setting a pattern for future development that promotes commodification rather than emancipation.
- *There is no evidence that UBI is an effective way of reforming welfare systems* in richer countries. The main barriers are the vast costs of maintaining UBI alongside high quality public services and top-up measures to meet specific needs, and the difficulty of winning political support for meeting those costs.
- *UBI can help women and reduce gender inequalities*, but may also have negative impacts. There is some evidence that women receiving basic income in poor countries are more likely than non-recipients to have a say in household and financial decisions, and benefit disproportionately in terms of education, nutrition, health and finding paid work. In richer countries, receiving cash payments has enabled some women to choose not to seek paid work, usually where they have caring responsibilities. Whether this is genuinely liberating for women, or traps them in domestic roles and limits their opportunities, depends on a wide range of other factors.
- *Funding for cash-payment schemes comes from different sources.* Most often, it comes from development agencies or charities in poorer countries, and from taxation in richer countries.
- *Power lies with the funder.* People receiving cash payments funded through development agencies or charities have little or no power to influence terms and conditions, including how long payments continue or how widely they are spread. Where payments are funded through taxation, this amounts to a single and extremely powerful lever in the hands of the state, making recipients especially vulnerable to changes in cash transfer policies.

## CONCLUSIONS

- Making cash payments to individuals to increase their purchasing power in a free-market economy is not a viable route to solving problems caused or exacerbated by neoliberal market economics.
- There is no evidence that any version of UBI can be affordable, inclusive, sufficient and sustainable at the same time
- There is no evidence that UBI will help to increase the bargaining power of workers and trade unions or solve problems of low pay and precarious work.
- Rapidly changing labour markets, inadequate welfare systems, poverty, inequality and powerlessness are complex problems that call for complex changes on many levels: there is no “silver bullet” of the kind that UBI is often claimed to be.
- The campaign for UBI threatens to divert political energies – as well as funds – from more important causes.
- It is necessary and possible to raise funds to bring greater security, opportunity and power to all people, but the money needed to pay for an adequate UBI scheme would be better spent on reforming social protection systems, and building more and better quality public services.
- Many (although not all) proponents of UBI see it as a means to fix problems that unions care about. Thus the UBI debate creates important opportunities for unions to advocate for quality public services, progressive labour and welfare reform.
- However, unions should be careful when intervening in these debates that they do not unnecessarily alienate those proponents of UBI who are potential allies.





# UBI: AN INTRODUCTION

Universal Basic Income is a hot topic. Some of its leading advocates have been building support for the case for many decades. Over the last 3-5 years, the campaign for UBI has gathered considerable momentum. In the UK, for example, the Labour Party has convened a working group to explore its feasibility; in the US, Silicon Valley billionaires have launched privately funded UBI experiments; and in Malawi, World Bank economists are emerging as keen supporters of one version of UBI known as Unconditional Cash Transfers (UCT)<sup>123</sup>. Its new popularity has begun to stimulate some trenchant criticism from policy makers, economists and academics – on ideological and practical grounds. The debate around UBI symbolises a central dilemma in contemporary politics. If the goal is to tackle today's problems of growing inequalities, job losses from automation and insecure livelihoods, is this best achieved by giving money to individuals, or by acting collectively, pooling resources and sharing risks? Can these approaches be comfortably combined, or do they conflict with each other?

These are crucial questions for trade unions, because they have direct implications for workers' rights and conditions, for the quality of life of members, and for the pursuit of equality and social justice. This briefing is intended to inform PSI and its members about current debates around UBI and to help the address political and practical questions that arise from them.

We start by setting out different ways in which the concept is described and applied. We then explore reasons people give for wanting UBI: what are the problems they claim it will solve? Next, we examine likely costs and then bring together recent critiques of UBI, setting out the ideological and practical reasons for rejecting it. We review a range of case studies, where different versions of UBI have been tried out in practice and explore how far – and why – these support the case for or against the idea. We end by examining alternatives: are there better ways to tackle problems identified by UBI advocates while also responding constructively to its critics?

# UBI: MEANINGS AND VERSIONS

Most advocates agree that UBI can be defined as a sum of money paid to every individual, regardless of their income or employment status. According to the Basic Income Earth Network (BIEN), UBI is cash paid at regular intervals to all individuals, unconditionally.

On closer inspection, the term is almost infinitely flexible. As leading advocate Guy Standing says, “this deceptively simple definition nevertheless needs unpacking”.

The idea of universality is widely accepted in theory but rarely applied in practice. UK campaigner Malcolm Torry argues for payment to all as a “right of citizenship”, which he defines as having fulfilled “a minimal period of legal residency”. Most practical experiments (as we shall see) have been confined to a selected group of people meeting one or more specified criteria, usually by having income below a certain level or living within a particular locality.

Some insist that a basic income must be sufficient: the cash must be enough for an individual to live on. Others settle for a much smaller amount, usually coupled with a promise to increase it in future. Most practical experiments have given payments below – and often well below – the poverty line of the country in question.

There are other variations, including payments to women only and payments made over a limited period of time.

In addition, there are different mechanisms for paying money. These have been described, variously, as a “social dividend” model, where regular payments are made from a public wealth fund derived from shared resources, such as oil revenues; a “stakeholder grant” model, where lump sums are paid at certain life stages, such as at birth, leaving school or entering retirement; and a “pension” model, where sums are paid regularly over part of most of a lifetime. Schemes that are similar to UBI include Negative Income Tax (where the tax system claws back the basic payment as an individual’s earnings rise), Unconditional Cash Transfers (where payments are made to those identified as being in particular need) and Helicopter Money (creating new money to stimulate the economy by giving people more spending capacity in times of economic downturn).

Funding sources vary too, including income tax, wealth tax and public wealth funds, redirecting existing social protection funds, development aid budgets and donations from non-government organisations and charities.

In summary, proposals for UBI as well as practical experiments suggest that putting the broad idea of “universal basic income” into practice could be claimed to comprise any combination of the following:

### **Regularity of payment**

- Weekly
- Monthly
- Annually
- At one or more specified life stages
- Payments over a limited period.

### **Payment level**

- A full scheme sufficient to satisfy all basic needs
- A partial scheme able to satisfy some basic needs
- A very small amount that cannot satisfy needs but stands as a gesture towards the principles of UBI
- A very small amount combined with a promise to increase later.

### **Means of funding**

- Publically owned resources invested in a shared ‘wealth fund’
- Income tax reform, such as abolishing personal tax allowance and/or increasing tax rates across some or all bands
- New taxes such as land tax or wealth tax
- ‘Helicopter money’ created by central bank (quantitative easing)
- Redirection of existing funds for welfare payments
- Development aid budgets
- Philanthropy

### **Conditionality: paid to every individual in a country, or conditional upon**

- Citizenship or legal residence
- Residence in a particular locality within a country
- Level of poverty or membership of a designated social grouping
- Compliance with required behaviour, which could include political participation, sending your children to school, using or observing laws or customs

- Using the money in a particular way, such as investing in a shared fund or buying only nationally produced goods and services

### **Impact on existing welfare systems**

- Replaces existing social protection schemes
- Topped up by means-tested benefits
- Replaces public services (or the need for them, where they do not exist)
- Added to existing benefits and services.

Looked at this way, the idea of UBI is a patchwork of possibilities rather than a single idea or policy. This has the advantage of being a broad church that many can join, since it can mean almost anything to anyone. It lacks definition and the term hides a range of opinions among its advocates about what is, and is not, truly 'UBI' and which versions are, or are not, really feasible. There is, however, one consistent thread that runs through every element of the patchwork: *UBI is always about giving money directly to people to help solve social and/or economic problems.*



## CHAPTER THREE:

# ARGUMENTS FOR UBI

The ambitions of those who support the idea of UBI fall into three broad and overlapping categories. The largest belongs to those who want to alleviate poverty, reduce inequalities and reform inadequate social protection systems. Next, there are those who want to enable people to get by or even flourish with little or no paid employment, either by choice or necessity, in an automated future, including trade unionists who want to strengthen workers' bargaining power. Finally there are visionaries for whom basic income both symbolises and effects radical transformation: they can be found at both ends of the political spectrum.

## ADDRESSING POVERTY, INEQUALITIES AND INADEQUATE SOCIAL PROTECTION

Supporters of UBI who have these ambitions tend to be on the political left. They usually want to provide cash payments that are sufficient to lift people above the poverty line of the country where they live, and improve levels of health and wellbeing. They appreciate that a universal payment will mean much more to those on low incomes, hopefully enabling them to pay for essentials such as food, clothing, housing and – in countries where public services are limited or non-existent – schooling and healthcare. This way, UBI may help people escape the ruinous consequences of falling into 'debt bondage'<sup>4</sup>. The UK trade union, the GMB, takes the view that UBI "has the potential to offer genuine social security to all while boosting the economy and creating jobs".<sup>5</sup>

Where UBI is paid to all individuals in a given area, it may provide women with economic power they did not previously have – freeing them, partly or wholly, from dependence on men. Where separate payments for children are part of a UBI scheme, these may play a significant role in reducing child poverty. In some countries, the payments may also enable people to start their own businesses and build economic independence over time.

These ambitions are reflected in a number of pilots in countries such as India, Kenya and Malawi as a form of development aid and usually focusing on groups selected on grounds of severe economic disadvantage.

In richer countries with existing welfare systems, UBI is presented as a way of simplifying social protection, eliminating means testing and avoiding anxiety, state surveillance, stigma and ‘benefit traps’ associated with the process of claiming income support.

## GETTING BY OR FLOURISHING IN AN AUTOMATED FUTURE

The prospect of a shrinking job market due to increased automation has swollen the ranks of UBI supporters in recent years. Many, including trade unionists, see UBI as a way of mitigating the social and economic downsides of technological change. They anticipate a rapidly diminishing supply of paid work as machines take over – although opinions vary about the extent of this effect. Ray Kurzweil, director of engineering and chief futurist at Google, predicts that UBI will spread worldwide by the 2030s as artificial intelligence wipes out jobs<sup>6</sup>. Others predict that strong growth in some sectors will counterbalance job losses in other sectors<sup>7</sup>. Martin Ford, author of *The Rise of the Robots: Technology and the threat of a jobless future*, reckons that three kinds of employment will remain resilient: jobs that are creative, relational and responsive to emergencies<sup>8</sup>. Ultimately these predictions are based on the assumption, and normalise the myth, that the economy exists outside of the control of people, when in fact the economy is created by people who could choose to stimulate employment in the badly needed sectors of health, education and environment if they so desired.

For some trade unionists, UBI offers a way of strengthening workers’ bargaining power, so that they are better able to improve or safeguard pay and conditions, or resist redundancies or other changes that would make them worse off and less secure. They envisage cash payments making it easier for workers to withdraw their labour, because they would have a basic income to fall back on, or could use some or all of the cash to help build up a strike fund. UBI is thought by some to mitigate the financial risk of a volatile labour market, by creating a buffer for workers who have to move frequently between jobs, who work under “zero-hours” contracts or who are trying to set up and run their own business. The founder of India’s Network for Basic Income, Sarath Davala, argues that UBI would provide security to a growing precariat<sup>9</sup>.

Whether or not automation threatens the “end of work”, some advocates of UBI see it as a way of liberating people from the drudgery of paid employment, enabling them to use their time for leisure, learning, caring and creativity. Contemporary political theorists such as David Graeber see UBI allowing people to escape from ‘bullshit jobs’<sup>10</sup>.

## RADICAL TRANSFORMATION

For some of its progressive advocates, UBI is part of a vision of a new social settlement where poverty is eliminated, where everyone has a secure income, where unpaid work is valued on par with paid work, and where inequalities are history. For UK Green Party leaders Jonathan Bartley and Caroline Lucas, it is an “exciting idea because it will help us form a clearer idea of what constitutes welfare, good work and human flourishing, and it would help us towards a more balanced economy which acknowledges what is truly ‘productive’ in its broader sense”<sup>11</sup>. UBI is rarely seen as the only lever to achieve these goals: it is usually envisaged as running alongside a range of progressive reforms as well as more and better public services.

At the other end of the political spectrum, UBI advocates envisage a future without much paid work, where social unrest is avoided by individuals having (just) enough money to buy what they need in the market place. Public services and social protection systems are not required and tax rates are low. The state has a minimal role to play apart from making cash payments. Charles Murray, leading proponent of the US libertarian right, argues that it is time to stop the government paying out huge amounts of money on income transfers: “we should take all of that money and give it back to the American people in cash grants”<sup>12</sup>.

# HOW MUCH WOULD IT COST

To calculate the gross cost of any UBI scheme, one must decide what kind of scheme it is, with what combination of variables (described earlier): who gets it, how much is paid, under what conditions and at what intervals. It is then possible to calculate net costs by deciding which other costs will be cut and/or how additional funds can be raised for the purpose. Costings will vary between countries: those described here may simply help to indicate the scale of expenditure likely to be involved.

The International Labour Office (ILO) has calculated the costs of UBI in 130 countries, at a level sufficiently high to reduce poverty and ensure at least a basic level of income security for all. It used two scenarios, one that paid a basic income at 100 per cent of the national poverty line for all adults and children, one that did the same, but with income at 50% of the poverty line for children up to the age of 15. It found that “for most world regions, the average costs of both scenarios are in the range from 20 to 30 per cent of GDP.” For low-income countries, the cost was “dramatically higher”.<sup>13</sup>

The distinguished British economist Tony Atkinson envisaged a “Participation Income” that would be paid to all who were considered to be making a “useful” contribution to society - whether through work, care or volunteering<sup>14</sup>. He modelled a number of schemes, designed to be revenue neutral, adding no extra costs to the total bill for welfare payments. This involved abolishing personal income tax allowance and existing benefits for children and lone parents, making other benefits taxable and retaining means-tested benefits while including participation income in the assessment. Atkinson estimated that a revenue neutral payment of £37 per week (worth £74.37 in 2018) would require a 10 % increase across income tax bands<sup>15</sup>. Building on this work, Cambridge economist Holly Sutherland has argued that in order to pay a revenue neutral UBI at 40% of the weekly average income, a flat rate tax of 53.4% would have to be imposed<sup>16</sup>.

In his later work, *Stumbling Towards Basic Income*, Atkinson calculated that the gross cost of a Universal Basic Income would be £33bn, to be added to the cost of existing welfare payments. To fund it he proposed increasing tax by 7% for the basic rate and 9% for the higher rate, or introducing a flat rate

of 40% for all. The net cost, which would still need to be added to the cost of existing benefits, would be £4.6bn, amounting to 0.28% of GDP.<sup>17</sup>

Further calculations have been offered by UK organisations campaigning for UBI. In 2015, Malcolm Torry of the Citizen's Income Trust put forward a micro-simulation for a UBI scheme that would pay £60 per week to adults of working age and maintain some existing benefits. He calculated that this could be rendered revenue neutral by increasing income tax by 3% across the three existing tax brackets<sup>18</sup>.

In 2016, the pressure group Compass modelled a further range of schemes. The most generous of these, which involved payments of £151.20, £73.10 and £44.30 per week for pensioners, adults and children respectively, abolition of almost all existing benefits and pensions, and increased tax and national insurance rates of around 10%, was estimated to cost £43 billion.

Luke Martinelli of Bath University has conducted micro simulations for the UK. In the most generous scheme he considers, UBI is set at the level of existing welfare benefits, with extra payments for people with disabilities: This would cost £326 billion, or approximately one and a half times all current expenditure on welfare payments offset by tax and national insurance. A much more modest scheme which pays everyone the equivalent value of the UK personal tax allowance (worth £2,200 a year in 2017/18), while abolishing the allowance itself, and paid in addition to existing welfare benefits would have a net cost of £140 billion<sup>19</sup>.

The International Monetary Fund has explored the feasibility of implementing a national UBI scheme in India. It found that replacing existing subsidies for food and fuel would improve coverage of low income groups but would not make the system more progressive because top income groups would also benefit<sup>20</sup>. In addition, if a UBI scheme were to replace in-kind benefits in India, on average, 50% of households in the bottom four income deciles would face a 6% income loss. A survey conducted by the Indian Ministry of Finance found that for UBI in India to be affordable, it would have to exclude the top 25% of earners and be paid at just below the official poverty level<sup>21</sup>. Overall, it was found that a UBI scheme at just below the subsistence level would cost around 5% of GDP<sup>22</sup>.

For the US, a “back of the envelope” costing for the journal Basic Income Studies, found that a UBI scheme paid at the official poverty line, combined with a 50% flat tax rate, could be funded for around \$539bn a year, which is around 25% of current welfare spending and 2.95% of GDP<sup>23</sup>. The author acknowledges that the calculations are “simplified” and does not explore how to integrate UBI into the existing tax and benefit system, or consider what if anything UBI would replace<sup>24</sup>.



# ARGUMENTS AGAINST UBI

There are strong arguments against UBI. It is thought to have negative impacts on workers and to cost too much, absorbing funds that would be better spent in other ways. It diverts political energies from more important issues and shores up neoliberal ideology.

## IMPACTS ON LABOUR

Trade union critics note the danger of UBI entrenching low pay and precarious work. It could effectively subsidise employers who pay low wages and – by creating a small cushion for workers on short-term and zero-hours contracts – help to normalise precarity. The German Trade Union Federation, the DGB, has said of UBI: “It’s no solution to shunt somebody aside with a standstill reward just because people cannot be offered any decent jobs anymore... [it’s] a complete disorientation”<sup>25</sup>. In the face of a rapidly changing labour market, the DGB has called for greater funds to be invested in quality public services<sup>26</sup>.

## COSTS AND AFFORDABILITY

Some of the most trenchant criticisms of UBI focus on its costs and affordability. The higher the level of payment, the greater the amount of additional funds needed to pay for it – and vice versa. This is neatly summed up by Martinelli who concludes from his own microsimulations (see above): “*an affordable UBI is inadequate and an adequate UBI is unaffordable*”.

There are inevitably winners and losers and the effects are not necessarily progressive. If means-tested benefits are abolished to help pay for UBI, then some of the most vulnerable people on low incomes are bound to suffer. If income taxes are raised across the board, workers on low pay are likely to lose out. In one scheme modelled by Martinelli, both child and working age poverty fell by around 14-15% and the Gini coefficient by 5.5%, yet there were still “unacceptably high proportions of households losing out amongst lower income deciles”<sup>27</sup>.

David Piachaud, leading expert on social security, is highly critical of the claim made for basic income that he calls the “justice of unconditionality” and ar-

gues that “a targeted social security system was, is and always will be more efficient and equitable than a full Basic Income”<sup>28</sup>.

## TRADE-OFFS

If public money is to be spent on an adequate UBI, that would almost certainly reduce funds available for spending on public services and other functions that safeguard wellbeing and reduce inequalities. The results are likely to be counterproductive. The International Labour Office (ILO) points out that UBI should complement – and never displace – “the budget for core social security, health, education, active labour market policies and other crucial social services ... A UBI by itself is insufficient to provide a stand-alone solution to redress an ever more unequal primary distribution of incomes; to the contrary, unless embedded into a coherent policy framework that takes these broader factors into account, a UBI may exacerbate inequality and damage inclusive growth and social justice”<sup>29</sup>. In any imaginable scenario, funding a sufficient UBI would be incompatible with funding the full range of public provision that would need to be included in that “coherent policy framework”.

Jonathan Portes, Professor of Economics and Public Policy at Kings College, London, points out that, “while basic income can smooth work incentives, it cannot get over the trade-offs inherent in any tax and benefit system.” At most plausible tax rates, says Portes, a basic income scheme “would make those without work poorer; and would benefit the very rich”. In a report for the Institute for Global Prosperity that argues for universal basic services, rather than income, Portes points out that “basic income is very expensive to implement as anything bigger than a relatively small payment, certainly insufficient to provide even basic subsistence with the current configuration of the welfare system.” A more modest and realistic scheme would have to “leave the current system of means-tested benefits largely untouched”, thereby undermining one of the main ambitions of its advocates: to simplify and streamline current social protection systems. He concludes that “while some version of a basic income may be a useful complement to ambitious reforms of the welfare system, expecting basic income on its own to be ‘the answer’ is neither realistic nor desirable”<sup>30</sup>.

## DIVERSIONS

Drawing on calculations by Compass (see above), Ian Gough, Visiting Professor at the London School of Economics, comments that proposing to pay for a partial basic income for all by raising £210 billion through income tax and employees’ national insurance contributions is “deluded and diversionary”. It would create a “powerful new tax engine [that] will pull along a tiny cart”, draining the energies of the left in social policy and diverting attention from more worthwhile policy alternatives: “the living wage, boosting trade union-

ism, free childcare, radical change in housing policy, policies to reduce working time to limit turbo-consumption, green investment and so on.<sup>31</sup>

## IDEOLOGICAL IMPLICATIONS

A number of critics take issue with the ideological implications of UBI. Francine Mestrum agrees that, while the objectives of the basic income movement can be shared, “Progressives will look for other solutions, based on solidarity, reciprocity and collective action”. She points out that basic income is an individualist solution to a set of shared problems that require instead collective responsibility, recognising the “interdependence of all people”<sup>32</sup>.

Ed Whitfield, founder and co-director of the US-based Fund for Democratic Communities, argues that a guaranteed basic income would “only help people have more access to consumption without altering anything about how production is organised.” Daniel Zamora, academic social theorist, takes the view that UBI is not “an alternative to neoliberalism, but an ideological capitulation to it.” It is no surprise that it is favoured by so many high-tech billionaires, he says: “the most viable forms of basic income would universalize precarious labor and extend the sphere of the market — just as the gurus of Silicon Valley hope.”<sup>33</sup>

For British MP Jon Cruddas and Tom Kibasi, director of the London-based Institute for Public Policy Research, UBI “institutionalises the gap between the disproportionate and increasing rewards for the few and stagnant and poor prospects for the many”; it is a “lazy utopian remedy” that fails to address “issues of class, economic ownership and the productive capacity of the economy.”<sup>34</sup>

# UBI IN PRACTICE

Key features of UBI are broadly reflected in a range of practical schemes, briefly summarised here and set out in more detail in the Appendix (p.xx). They represent a wide variety of historical, current and prospective schemes. All have been referred to as examples of UBI and/or cited as “evidence” of how UBI can work in practice, although the link between vision and reality is often highly tenuous.

## TRIALS IN POOR COUNTRIES

**1. India.** A Basic Income Pilot Study was conducted between 2011 and 2014 in Madhya Pradesh, funded by UNICEF and the Self Employed Women’s Association (SEWA). The trial provided monthly payments to 6,000 residents of randomly selected villages, to another group of tribal communities, and **to** a control group. Payments were made in addition to subsidised public services such as distribution of food and fuel to people on low incomes.

**2. Malawi.** Unconditional Cash Transfers and Conditional Cash Transfers were paid to young women and their parents in the poor district of Zomba. The two schemes were tested and compared by World Bank economists in 2008/9. The trial was funded by a range of charities and development aid budgets and took place in an area selected on the basis of poverty indicators<sup>35</sup>.

**3. Kenya.** A randomised control trial, funded through a US charity, Give Directly. In total, about 21,000 people receive some type of cash transfer, with more than 5,000 receiving a long-term basic income, in villages selected on the basis of extreme poverty.

## TRIALS IN A MIDDLE-INCOME COUNTRY: BRAZIL

**4. Bolsa Familia** is a Conditional Cash Transfer scheme that provides payments to poor families whose children are enrolled in school and complete their vaccinations.

**5. ReCivitas**, a UBI scheme established in 2008 and funded through the NGO of that name, makes regular, monthly payments to all residents in the village of Quatinga Velho.

**6. Marica.** The city of Marica makes small monthly payments to all residents, supplementing existing welfare payments.

## TRIALS IN RICH COUNTRIES

**7. Canada.** The Mincome experiment in Manitoba ran between 1975 and 1978. Monthly payments were made to a sample of 1,300 low-income households from across the state with a control group of low-income households who did not receive any payment. The scheme was funded by the federal and provincial governments.

**8. USA, New Jersey.** The New Jersey and Pennsylvania Income Maintenance Experiment was a Negative Income Tax scheme that ran between 1968 and 1972<sup>36</sup>. It included 1,357 households who were paid at rates between 50% and 125% of the poverty level and taxed at rates ranging from 30% to 70%<sup>37</sup>.

**9. USA, Alaska.** The Alaska Permanent Fund was established in 1976 and continues today. It makes payments to adults and children using revenue from Alaska's natural endowments, in this case, oil<sup>38</sup>. The Permanent fund dividend is available to almost all Alaska residents and is paid annually. In 2017, the annual sum received was \$1,100.

**10. Finland.** In January 2017, the Finnish government began a two-year trial UBI scheme for 2,000 unemployed people that gave each individual €560 a month. The government has refused to extend the scheme to employed people.

**11. The Netherlands.** Trials of Social Assistance, described by some as UBI schemes, began in four Dutch municipalities, Tilburg, Groningen, Nijmegen and Wageningen, at the end of 2017. Payments are to unemployed people and are set at the rate of existing unemployment benefit.

## TRIALS YET TO BE REALISED

**12. Switzerland.** In 2016, a national petition of 126,000 citizens called for a referendum on Universal Basic Income. The outcome was that 23% of people voted in support of a UBI scheme with 77% against<sup>39</sup>.

**13. USA, California.** A 5- year UBI trial is due to begin in 2019 in Oakland, California, funded by Y Combinator, a high-tech company based in Silicon Valley. The trial will randomly select 3,000 people and give half of them \$1,000 per month, clawed back through tax from higher income recipients, and \$50 per month to the other half with no clawback.

**14. Scotland.** In 2017, the Scottish government provided £250,000 to explore the feasibility of a UBI trial in four Scottish local authorities, chosen by assessing business-case models submitted by the authorities by March 2020.



# LESSONS FROM THE TRIALS

## METHODOLOGICAL LIMITATIONS

The practical trials described above vary enormously in purpose, type, scale and funding source, as well as in their political and economic context. They have seldom lasted long enough to test viability over more than a few years, and there is an acute shortage of high-level evidence relating to UBI as it is essentially defined at the start of this paper: unconditional, regular cash payments to individuals regardless of their income or status. In summary, they raise a number of questions about methods and limitations, including:

- *Length*: Although some longitudinal studies are emerging – most notably the continuing Give Directly trial in Kenya – we ultimately have limited evidence of how a UBI scheme might function in the long term – for example, how it might respond to economic crises or inflation, and how it could be financially or politically sustainable over time.
- *Scalability*: All of the case studies above focused on local level trials. This raises the question of how national UBI schemes would be achievable and how they would respond to regional inequalities.

These effects may have impacts on social justice and on the capacity of working people to defend or improve their living conditions.

## CONDITIONALITY

Almost all practical experiments with cash payments, including those described as ‘Unconditional Cash Payments’, have in fact been (or are) conditional. The only exceptions are the Alaska Permanent Fund, the city of Marica in Brazil, the unsuccessful Swiss proposal and the Californian scheme planned by Y Combinator. For the rest, the most common condition is that the recipient must have a sufficiently low income to merit inclusion in the scheme. Some are specifically for unemployed people; some are for residents in particular areas selected for their high deprivation score; one is just for girls and their parents; another is conditional upon families sending their children to school and getting them vaccinated; yet another insists that recipients must open a bank account.

By and large, such conditions are perfectly sensible. They target available funds on those most in need of cash or most likely to benefit. Whether they

amount to anything resembling ‘universal basic income’ is highly questionable. They tell us nothing about the impact of making cash payments to all regardless of income or status. They tell us nothing about whether or how genuinely unconditional payments could be afforded across whole countries or regions.

## UBI IN POOR COUNTRIES

One important lesson is that context really matters. In a poor country where there is little or no existing social protection (in the form of unemployment benefits, public education or healthcare services), a cash payment scheme can play a very different role from one in a developed country with an established welfare state.

If we look at poor countries, we can see that *the idea of UBI* appears as proxy development tool that aims to lift people out of destitution and help them become economically self-sufficient. Inevitably, if the beneficiary has nothing to start with, even a very small cash payment can make a huge difference. Funders will have to dig far less deeply into their pockets to make an impact than if they were supporting a UBI scheme in Finland or California.

This begs the question of whether cash payments in poor countries constitute an effective or sustainable development strategy. Rather than giving the money to national governments or local agencies, you give it straight to the people who need it most. But development requires more than small injections of cash, even if these are regular and have few conditions attached. It calls for a shift in power relations so that the same individuals can control what happens to them, to their families and neighbours and to their environment over the medium and longer-term. They need structures for shared decision-making as well as access to essential resources. They need a voice in the running of local banks where they deposit their money and over environmental policies that affect whether or not they have access to essential natural resources. Unless this kind of infrastructure is built to support the efforts of individuals, there is little prospect of achieving long-term systemic change.

There are further questions about how far the positive effects of cash payments to individuals in poor countries can be sustained over time, and whether cash payments can be extended beyond a few selected areas. We learn from Zomba in Malawi that desired trends in behaviour change can be thrown into reverse when the money runs out. We learn from Madhya Pradesh that cash payments brought improvements in factors contributing to recipients’ health and livelihoods<sup>40</sup>, but the longer-term impacts on recipients after the experiment ended in 2014 are not known. The evaluation of the Madhya Pradesh pilot recognises that people need a collective voice, not just cash, and that the goal is financial emancipation, not just inclusion. It recommends

the “involvement of a body such as SEWA (the Self-employed Women’s Association that partnered UNICEF in the scheme) ... to help in the education of recipients on how to acquire and manage money and in how to protect their new economic and social rights...” The report ends by insisting that basic income schemes must not be introduced as a means of lowering state benefits or rolling back the state, or “being a step towards the dismantling of public and universal social services.”

There are always trade-offs. The money that is devoted to cash payments cannot be investment in public services. How far can cash payments be extended and for how long can they be sustained, without absorbing funds that are needed for building strong democratic and collective infrastructure? In poor countries where there is little or no public provision, should development start with cash payments, or with building services and infrastructure, or both together – and if both, how could that be afforded?

This goes to the heart of the political debate about UBI, between “progressive” advocates, who see it as a route to emancipation for all, and “neoliberal” advocates, who see it as a way of promoting market-based strategies as an alternative to collective provision through public institutions. Progressives may recognise that collective structures and services provide an essential underpinning for achieving emancipation by way of cash payments. But they seldom engage with the challenge of how these can be afforded at the same time. If cash payments are allowed to take precedence, there’s a serious risk of crowding out efforts to build collaborative, sustainable services and infrastructure – and setting a pattern for future development that promotes commodification rather than emancipation.

## **UBI IN RICHER COUNTRIES**

UBI trials in richer countries tell a different story. Living standards are higher; cash payments must be much larger in order to make any impact. Funds are more likely to come from taxation than from external sources such as development agencies and philanthropists. There are usually well-developed systems of social protection, including income support and essential services – although in many countries these have failed to prevent rising levels of poverty and inequality.

The manifest shortcomings of social protection systems have led to calls for UBI, which some regard as a radical intervention and a simpler way of overcoming such failures than trying to improve tax and welfare systems. Another key motivator behind UBI trials is the likely impact of robotics and artificial intelligence on job markets. Some see UBI as a way of enabling people to manage the kind of intermittent, insecure employment that is available through digital platforms, or as a financial cushion to support those wanting to set up their own business.

There is not yet any clear evidence about the possible impact of UBI on individuals struggling to cope with penny pinching, stigmatising welfare regimes, or with fast-changing, increasingly automated labour markets. It would be unwise to read across from trial results in poor countries where the context is entirely different. The Mincome and New Jersey trials took place in another, pre-internet era. The Alaska Fund offers an annual dividend from shared wealth: a model with real potential, but one that currently makes payments that are far too small to address either problem. Elsewhere, the idea of UBI has failed to win sufficient political support to test its potential. This is most often because it is considered unaffordable without huge tax hikes that would not win votes.

There are similar debates in the rich world between “progressive” and “neo-liberal” advocates of UBI. They tend to focus on whether UBI can be part of more emancipatory welfare states, or further weaken them by diverting funds and political energy. Where public services have been severely squeezed by austerity policies, UBI can be seen as a way of exacerbating that trend rather than rectifying it – offering to replace a collective system with individual money payments.

## **GENDER RELATIONS**

Advocates often claim that UBI is good for women and helps to reduce gender inequalities. Trials in developing countries tend to support this claim. In particular, findings from Madhya Pradesh show that women receiving basic income are more likely to have a say in household and financial decisions than those in the control group. They benefited disproportionately in terms of education, nutrition and health, as well as finding more paid work – compared with men who received basic income as well as with the control group. The fact that the trial encouraged recipients to join SEWA is likely to have contributed to these changes. So far we know very little about whether or how these changes can be sustained or extended to other women.

Trials in richer countries suggest that receiving cash payments enables some women to choose not to seek paid work, usually where they have caring responsibilities at home. Some advocates take the view that this is liberating for women and rightly recognises monetary value in unpaid work; others that it intensifies a gendered division of labour, trapping women in domestic roles and severely limiting their opportunities. Much depends on the range of choices that women actually have and on the level of UBI payments, as well as on other factors such as how far men and women are encouraged and supported to share paid and unpaid labour equally between them, the quality of education for women, and the availability of childcare and adult social care services.

The ILO has warned that “if the implementation of a UBI were to lead to a privatization of public benefits and services, women would be negatively affected”<sup>41</sup>.

## FUNDING AND POWER

The trials show us a range of possible funding sources for UBI. In poor countries, cash payment schemes are likely to be funded by development agencies, the World Bank, and charities. In richer countries, they are more likely to be funded through taxation, although crowd funding has been mooted in Switzerland and profits from a Silicon Valley enterprise are due to fund the Oakland experiment next year. In most cases, the recipients have no control over their cash payments: what they are worth, how long they last, who gets them and under what conditions. Big-hearted NGOs or progressive development agencies may listen to their views and even take them into account, but the people have no power in such decisions. Where UBI is funded through taxation, it amounts to a single and extremely powerful lever in the hands of government – and governments often change and reverse policies pursued by their predecessors.

Arguably, adequate cash payments, sustained over time and – crucially - underpinned by robust democratic and social infrastructure and collective organisation, could enable people to build power and gain more control over decisions and actions that matter to them. They could elect a government willing to raise funds to support cash payments as well as essential social and democratic infrastructures, and they could arguably build up enough power to defend the policy against changes in government. (The UK’s National Health Service, which has become too popular for any electable political party to dare to abolish, is an example of sorts.) However, it is hard to imagine how or where the necessary funding - which would be immense, as we have indicated - could be raised by any government without incurring serious opposition from large parts of the electorate. It is unlikely that a system of cash payments to individuals would generate the kind of solidarity and collective action that would be needed to achieve and sustain such a result. In any event, this could never happen where the source of funds is beyond the reach of the recipients’ own political system: development agencies and charities fall into this category.

# ALTERNATIVES TO UBI

People advocate UBI for a range of reasons: to tackle poverty, inequality and dysfunctional social protection systems; to cope with the effects of automation on labour markets; and to bring about radical transformations envisaged from left and right of the political spectrum. Are there better ways of achieving these objectives? The alternatives set out here could be combined in an overarching strategy to achieve the ambitions that people have for UBI.

## REFORMING SYSTEMS OF INCOME SUPPORT

The UN Sustainable Development Goals (SDGs) commit countries to implementing nationally appropriate social protection systems for all with “a nationally defined set of basic social security guarantees that should ensure universal basic access to healthcare and basic income security”<sup>43</sup>. UBI could be seen as a way of satisfying commitments to the SDGs, but only – and importantly – as a part of a blended system that combines quality public services and income support.

The main ambition of most UBI proposals is that everyone has enough to live on. This is partly about reforming faulty social protection systems, but also about tackling low pay. Stagnant wage levels for most workers have gone hand in hand with soaring rates of pay in the top income groups. To address low pay effectively, several linked strategies are needed. These include strengthening the capacity of workers’ organisations to defend and improve their members’ earnings, and to extend their reach to the growing ranks of workers in the precarious ‘gig’ economy and all those on casual contracts, and establishing and enforcing payment of a decent living wage.

Reforming social security systems is always a complex challenge. One option is to build on existing welfare systems to develop more generous means-tested benefits capable of lifting people out of poverty without stigmatising claimants. Another is to embark on a more radical programme, for example along the lines proposed by the UK Fabian Society: “we can start to integrate taxes and benefits and build a tiered system blending universal, contributory and means-tested entitlements, as well as private action. We can found a reformed system of social protection, insurance and investment, that works for us all and itself sits in the broader context of activist government, economic intervention and strong public services”<sup>43</sup>.

There is no “one size fits all” solution to the problems of poverty and inequality. Effective reform of income support in any country is likely to be complex and multi-faceted. That is largely because people’s lives, relationships and experiences come in so many different shapes and sizes. The politics, policy and financing of welfare reform is dependent on national circumstances, there are no short cuts and efforts often fail. It does not follow that a simple “solution” such as UBI is more likely to succeed.

## JOB GUARANTEES

Under a Job Guarantee (JG) scheme, when the market fails to provide employment, the state would be expected to create employment or create incentives for private businesses to create additional employment. Historic examples include public works initiatives such as those created under the New Deal in the US during the Great Depression. There are various proposals for such schemes that aim to challenge income inequality, instability caused by inflation and the problems of under and unemployment among others<sup>44</sup>. Job Guarantee (JG) schemes have been proposed as a means to address the associated problems that may accompany unemployment as a result of increased automation.

Proponents of JG schemes place importance on the inherent value of work as a social good, often emphasising that the right to work is enshrined in the Universal Declaration of Human Rights<sup>45</sup>. While claims about the importance of work as a social good in and of itself are subject to critique, JG schemes are nonetheless seen as a means to improve people’s everyday lives and working conditions, to improve the economy as a whole and to advance public purpose<sup>46</sup>. Most notably, JG can involve creating more jobs in public services such as health and social care, where higher levels of employment - accompanied by appropriate training and decent pay and conditions - are likely to improve the quality of services as well as the wellbeing of both service users and service workers.

One proposal for a JG scheme focussed on the US argues that the core policy objective of a JG scheme should be: “to provide decent jobs at decent pay on demand to all individuals of legal working age who want work regardless of labour market status, race, colour or creed”<sup>47</sup>. The key features of this would be to provide permanent work with right of refusal, a living wage, an add-on option with the ability to draw down time limited unemployment insurance, and jobs tailored to individual skills.

This proposal argues that such a scheme should also incorporate other forms of income support such as social security benefits, disability benefits, universal healthcare, universal education and free childcare. Such ambitious proposals raise concerns similar to those related to means of funding most UBI schemes.



More modest proposals for Jobs Guarantee schemes include combining them with existing systems of welfare and income support. A report drawing on the UK as an example argues that a Jobs Guarantee scheme should “offer a guaranteed job, paid at the minimum wage or above to anyone who has been unemployed and claiming Job Seeker’s Allowance for more than 12 consecutive months”<sup>48</sup>. This proposal would make the job offer under the JG scheme obligatory if the individual is unable to find an alternative that does not involve drawing unemployment benefit. Such an approach, while incentivising work, may raise concerns around workfare and a moralistic emphasis on the importance of work above all.

An alternative approach to JG schemes is that guaranteed employment should be combined with a modest UBI. This argument is based on the view that a UBI alone would not solve the problem of under or unemployment but that a modest UBI coupled with disability benefits and guaranteed jobs for those willing and able to work would boost employment, reduce poverty at a relatively low cost within the wider context of increasingly precarious labour markets<sup>49</sup>.

A final consideration is that evaluation evidence of job creation schemes in OECD countries in both the 1970s and the 1990s found that they had some socially useful outcomes, but compared with expanding education and training schemes, they were less effective in helping people’s future job chances and enabling them to find permanent work<sup>50</sup>.

## REDUCING HOURS OF PAID WORK

Proposals to reduce standard hours of paid work have been put forward to tackle a range of interlinked problems, most of which feature in the ambitions of campaigners for UBI. These include rising unemployment due to automation, rising rates of ill health due to overwork, gender inequalities, the care crisis and the need to reduce green house gas (GHG) emissions and establish more sustainable lifestyles. These mainly apply to richer countries, although aspects of this approach has relevance for poor countries too, especially urban and industrial areas. Most often, proposals are for a four-day week or 30 hours as the new standard<sup>51</sup>.

Where jobs are lost because of automation, one response is to avoid redundancies by sharing the effect among all workers, whose hours are reduced accordingly. Some trade unions have sought to negotiate settlements along these lines without *pro rata* cuts in pay<sup>52</sup>. Some employers have agreed to cut their employees’ hours without loss of pay, finding that this helps to create a more focused and productive workforce<sup>53</sup>. There is evidence that people who work shorter hours are more productive hour for hour<sup>54</sup> and that shorter hours are better for workers’ physical and mental health, leading to reductions in sick leave and absenteeism<sup>55</sup>.

Reducing hours for men as well as women creates the conditions for a better distribution of paid and unpaid work between them. If ‘part-time’ became the new ‘full-time’, men could spend more time looking after their children and women could therefore have more opportunities to develop their careers<sup>56</sup>. More generally, those who spend less time in paid work have more time to care for family and friends, to take part in civic activities, to look after themselves and to keep on learning.

Countries with shorter average hours of work tend to have smaller ecological footprints<sup>57</sup>. Much of the energy-intensive consumption that pushes up GHG emissions is a result of people having too little disposable time (taking the plane instead of the train or the car instead of walking or cycling, buying processed ‘ready meals’ or throwing things away instead of repairing them).

The idea of a four-day week is gaining ground in some countries. In the UK, for example, it is supported by the Trades Union Congress<sup>58</sup>, the Communications Workers Union<sup>59</sup> and the Labour Party<sup>60</sup>. Low-paid workers are more likely to resist any move to shorter hours that implied loss of earnings. If only higher paid workers could afford to cut their hours, this could lead to growing inequalities in disposable time as well as earnings. It is therefore important to consider this strategy in parallel with efforts to tackle the problems of low pay (see above).

## **MORE AND BETTER QUALITY PUBLIC SERVICES**

A new campaign is gathering momentum for what are called “universal basic services” (UBS). This aims to tackle many of the challenges that advocates of UBI are trying to address<sup>61</sup>. The Institute for Global Prosperity at University College London, which launched the campaign, coined the phrase “UBS” to suggest a viable alternative to UBI, but the vision is more ambitious. It sets out a case for more and better quality public services that are free to those who need them, regardless of ability to pay. Health care and education are obvious examples. It is argued that the approach should be adapted for extension into other areas such as housing and domestic utilities, childcare, adult social care, transport and digital communications. This is because collective provision offers more cost-effective, socially just, redistributive and sustainable ways of meeting people’s needs, than leaving individuals to buy what they can afford in the marketplace. Proponents of UBS assert the value of the ‘social’ or ‘virtual’ wage, which makes a very considerable contribution to the livelihoods of individuals and households<sup>62</sup>. In OECD countries public services are equivalent to an extra 76% of the disposable cash income of the poorest 20%<sup>63</sup>.

It is argued that building more and better quality public services will help to tackle a range of urgent problems, including social and economic inequalities, precarity and joblessness, and the risk of catastrophic climate change.

Proposals for a 'green new deal' make the case for increasing employment in areas that are less energy-intensive and/or contribute to reducing GHG emissions<sup>64</sup>. Collectively provided services – as long as they are appropriately funded, organised and delivered – can address these problems effectively because:

- They are worth much more to people on low-incomes and so have a strong redistributive effect<sup>65</sup>.
- They offer economies of scale as well as equality of access, demonstrating better value for money than individual market transactions.
- They strengthen social solidarity and a shared purpose, as people experience the mutual benefits of acting together to help each other.
- They can generate secure employment - not least for women and ethnic minority workers - even in times of economic downturn, helping to offset the effects of recession.
- They can restore or build confidence in public institutions that help provide services and thus make services more resilient in the face of governmental change and proposed cuts.
- They embody and encourage a collective purpose, which makes them more amenable to regulation for ecological sustainability (e.g. emissions reduction and using renewable resources).

Advocates of Universal Basic Services agree that they should be combined with a more generous and non-stigmatising system of income support for those who need it, and that this combination would be preferable to UBI.

# CORE CONCLUSIONS

Taking account of the evidence and arguments set out above, we come to the following conclusions.

- Making cash payments to individuals to increase their purchasing power in a market economy is not a viable route to solving problems caused or exacerbated by neoliberal market economics.
- There is no evidence that any version of UBI can be affordable, inclusive, sufficient and sustainable at the same time.
- There is no evidence that UBI will help to increase the bargaining power of workers and trade unions, or solve problems of low pay and precarious work.
- Rapidly changing labour markets, inadequate welfare systems, poverty, inequality and powerlessness are complex problems that call for complex changes on many levels: there is no “silver bullet” of the kind that UBI is often claimed to be.
- The campaign for UBI threatens to divert political energies – as well as funds – from more important causes.
- It is necessary and possible to raise funds to bring greater security, opportunity and power to all people, but the money needed to pay for an adequate UBI scheme would better spent on reforming social protection systems, and building more and better quality public services.
- Many (although not all) proponents of UBI see it as a means to fix problems that unions care about. Thus the UBI debate creates important opportunities for unions to advocate for quality public services, progressive labour and welfare reform.
- However, unions should be careful when intervening in these debates that they do not unnecessarily alienate those proponents of UBI who are potential allies.

# EXAMPLES OF TESTING UBI IN PRACTICE

The schemes described here have all been referred to by others as forms of UBI and/or cited as evidence of how UBI can work in practice. Few bear much resemblance to UBI as it is defined in this report. But they may help to shed light on what can and cannot be achieved. They range across a variety of historical, current and prospective schemes, in poor, middle-income and rich countries. The last three have not yet been realised in practice.

## TRIALS IN POOR COUNTRIES

### 1. Madhya Pradesh, India

The Madhya Pradesh Basic Income Pilot Study was conducted between 2011 and 2014. UNICEF and the Self Employed Women's Association (SEWA) jointly funded the trial.

The trial provided monthly payments to 6,000 individuals registered as usual residents of selected villages. In order to satisfy the methodology of a randomised control trial, the villages were selected randomly and payments were made to all. The sole condition was that adults must open a bank account within three months of receiving the first transfer. The trial adopted a RCT methodology. Of the two groups in receipt of the basic income:

- The general pilot received 200 rupees per month per adult and 100 rupees per month per child. Payments for children were made to the mother. In the second year of the trial, payments rose to 300 rupees and 150 rupees per month for adults and children respectively.
- The second group was a 'tribal group', which targeted poorer, tribal communities living in largely forested areas. This paid 300 rupees and 150 rupees per month for adults and children respectively, recognising this group's relative poverty compared with the general pilot<sup>66</sup>.

The third group was a control group of a sample of randomly selected villages that received no payments at all. It is of note that payments were made in addition to subsidised public services such as the Public Distribution System, which provides subsidised food and fuel to people on low incomes. As a result, findings from the study cannot be used to conclude whether payments in kind or in cash are better.<sup>67</sup>

Overall, findings from UNICEF's evaluation can be summarised as follows:

- Increased health seeking behaviours
- Improvements in children's nutrition
- Increase in money invested into access to clean drinking water
- 16% of recipients reported that they improved their toilets<sup>68</sup>

Additional analysis also found that a majority of UBI recipients invested in livestock or started small businesses<sup>69</sup>.

## **2. Zomba, Malawi**

Unconditional Cash Transfers and Conditional Cash Transfers have gained significant attention in the field of international development. In 2008/2009, Zomba, one of the poorest districts in Malawi, was selected by World Bank economists to test and compare the outcomes of UCTs and CCTs<sup>70</sup>. Irish Aid, The World Bank, The European Union and the German government funded the scheme with the Bill and Melinda Gates Foundation as partners<sup>71</sup>. The trial district was selected on the basis of poverty indicators<sup>72</sup>. Zomba is thus a useful case study in considering the benefits of UCTs in areas experiencing multiple deprivation and high levels of poverty.

The scheme involved payments to 3,796 young women and their parents. Payments to the young women ranged from \$1 to \$4 a month and payments to their parents ranged from \$4 to \$10 a month. The payment levels were assigned by lottery<sup>73</sup>.

The evidence from Malawi draws attention to improved health and education outcomes but notably omits discussion of structural factors and means of funding public services such as health and education<sup>74</sup>.

The CCT scheme placed conditions on education, specifically on school enrolment and attendance with the hope of improving educational and human capital formation outcomes<sup>75</sup>. It was found that those who were offered CCTs complied with the educational conditions but only during the trial period<sup>76</sup>. The trial found that young women who received UCT were less likely to marry or become pregnant both relative to the control and to those offered the conditional cash transfer<sup>77</sup>. However, when compared to the group who received a conditional cash transfer, it was found that two years after the programme ended, the differences in outcomes between those who received the CCT and

the UCT disappeared. As the evaluation noted, “the desired trends reverse themselves: we open a gap and then it closes very quickly”<sup>78</sup>. This suggests that, for the positive outcomes of a UCT to be maintained, the scheme needs to continue indefinitely, or at least for a far longer period of time than those of existing trials.

### 3. Kenya

A US NGO called Give Directly, established in 2008, funds this scheme. Give Directly began its operations in Kenya in 2011. Private donors are encouraged to give \$1 per day and Give Directly also received significant funds from Google<sup>79</sup>. The scheme targets villages identified as extremely poor through publicly available data. It uses e-payment systems involving text message alerts to inform recipients that funds have been transferred, so that they can then collect cash from a mobile money agent or from the nearest town<sup>80</sup>. Using national census data, the scheme began targeting villages in the district of Rarieda. Following this, 120 target villages were selected based on the eligibility criteria of those living in a house with a thatched rather than a tin roof. Households within villages were identified based on a census conducted with the help of the village elder<sup>81</sup>.

The scheme is a Randomised Control Trial that provides:

- Long-term basic income to 40 villages with recipients receiving roughly \$0.75 (nominal) per adult per day, delivered monthly for 12 years
- Short-term basic income to 80 villages, with the same amount paid monthly for 2 years
- Lump sum to residents in 70 villages, with recipients receiving the same amount (in net present value) as the short-term basic income group, but all up front as a single payment.
- Control group with residents in 100 villages receiving no cash transfers<sup>82</sup>.

In total, about 21,000 people receive some type of cash transfer, with more than 5,000 receiving a long-term basic income.

Latest findings from a study of the scheme, published in 2016<sup>83</sup>, indicate that transfer recipients experienced large increases in household wellbeing<sup>84</sup>. In addition, modelling based on the Kenya experiment suggests that UCTs have the potential to reduce infant mortality<sup>85</sup>. The study also found that per \$1000 paid in cash transfers, there is a \$270 increase in earnings, a \$430 increase in assets and a \$330 increase in spending on nutrition. So far there has been no increase in spending on tobacco and alcohol<sup>86</sup>.



## TRIALS IN A MIDDLE-INCOME COUNTRY

### 4-6 Brazil

There are three schemes in Brazil that can be considered under the broader umbrella of UBI. The first is Bolsa Familia, which is a Conditional Cash Transfer scheme that provides payments to poor families whose children are enrolled in school and complete their vaccinations. Existing research shows that this scheme has led to a reduction in child labour, improved school enrolment and reduced poverty<sup>87</sup>. In addition, families were found to spend their cash transfers predominantly on school supplies, food and clothing for their children<sup>88</sup>.

The second scheme, known as ReCivitas, is a UBI scheme funded through the NGO of that name. It makes regular, monthly payments to all residents in the village of Quatinga Velho. The scheme was established in 2008. Residents of the village receive 30 Brazilian Reals per month. Although the scheme is currently funded by private donations to the NGO, ReCivitas aims for the scheme to become self-sustaining. It hopes to do this by encouraging recipients to invest their income in a local investment bank, which repays all proceeds to residents in the form of a UBI rather than to shareholders or other investors. There is little research on the outcomes of this scheme<sup>89</sup>.

The third scheme is currently being implemented in the city of Marica. The current mayor of Marica, Fabiano Horta, is a member of the PT, the Democratic Socialist Workers' Party. Under the city's previous mayor (also of the PT) the scheme only made payments to the city's poorest residents. In 2016, Fabiano Horta rolled it out to all residents. It consists of a monthly stipend of R\$10 (£2.61) for all, with poor families receiving an extra R\$85 (£22.21) per month. Payments are made on a cash card and supplement existing welfare benefits. It is hoped that the cash cards will improve financial inclusion. The scheme is combined with existing federally mandated welfare benefits<sup>90</sup> as well as a free local transportation service implemented by the local government<sup>91</sup>. There is little evaluation data on the scheme and a lack of empirical research.

## TRIALS IN RICH COUNTRIES

### 8. Mincome, Manitoba, Canada

The Mincome experiment ran between 1975 and 1978<sup>92</sup>. It selected a sample size of 1,300 low-income households from across the state of Manitoba as well as a control group of low-income households who did not receive any form of payment. In one town, Dauphin, Mincome payments were extended to all qualifying low-income residents with a total of 586 families enrolled<sup>93</sup>.

The guarantee levels were C\$3,800, C\$4,600, and C\$5,400 per month for a family of two adults and two children aged younger than 15 years, adjusted

according to family size for smaller and larger families<sup>94</sup>. The income ceiling for a family of four was C\$13,000 per month for the dispersed sample, and C\$9,000 per month for participants in Dauphin<sup>95</sup>. Monthly payments were made in addition to any income from work, pensions or welfare benefits<sup>96</sup>.

The federal Canadian government funded 75% of the scheme and the province funded the remaining 25%<sup>97</sup>. The scheme was ended in 1978 when the federal government decided that the overall cost of the experiment was too high<sup>98</sup>.

The Mincome scheme used a relatively large sample size and included a Randomised Control Trial (RCT), producing data that is widely held to be robust and, as a result, continues to be used in analyses of proposed UBI schemes<sup>99</sup>.

Analysis from the data gathered across the Mincome experiment found that labour market effort decreased by 1% for men, 3% for married women and 5% for unmarried women<sup>100</sup>. Although these findings were considered statistically insignificant because of the sample size, they led to negative media reporting and reduced public support for the experiment<sup>101</sup>.

In the case of Dauphin, where every family was eligible to participate, there was an 11.3% fall in labour participation<sup>102</sup>, which occurred disproportionately among young and single headed households<sup>103</sup>. Qualitative analysis found that withdrawal from paid work stemmed mainly from caring responsibilities, disability and educational investment<sup>104</sup>.

## **9. New Jersey, USA**

The New Jersey and Pennsylvania Income Maintenance Experiment was a Negative Income Tax scheme that ran between 1968 and 1972<sup>105</sup>. President Nixon supported the experiment<sup>106</sup>. It included 1,357 households who were paid at rates between 50% and 125% of the poverty level and taxed at rates ranging from 30% to 70%<sup>107</sup>. This graduated scheme hoped to incentivise work in a rapidly di-industrialising urban area<sup>108</sup>. Payments were made per household and the sample was limited to families whose normal income did not exceed 1.5 times the poverty level and to families with one working age male who was neither a full time student, not disabled<sup>109</sup>. Families in receipt of the NIT payments became ineligible for Medicaid and Food Stamps.

A key finding from the experiment was that overall, people's labour market effort and participation decreased<sup>110</sup>. It was found that the majority of those who withdrew from the labour market, as with Mincome, were either women or young people. It is suggested that the primary reasons for this were re-entering education or training, or taking on care giving roles. Before the scheme began, it was hypothesised that it would promote family stability, as relationships would not be adversely affected by changes in work patterns. The evidence, however, found that those who participated in the scheme ex-

perienced higher rates of divorce<sup>111</sup>. This may suggest that the scheme gave women greater financial independence.

In addition to this, it was found that those who participated in the experiment reported increased engagement with health services and, in the longer term, had better health outcomes than those who were not involved in the experiment<sup>112</sup>. This suggests that such schemes can increase health-seeking behaviours. Although the data in this respect are limited, it is possible that one of the reasons for improved health outcomes was the increased wellbeing of participants as a result of the experiment. However, given poor state provision of health services in the US, the improved health outcomes can also point to families being able to devote greater proportions of their income to health and related services.

Finally, findings from the New Jersey experiment suggest that although household consumption rose overall, spending on drugs and alcohol did not increase<sup>113</sup>.

At the end of the initial experimentation period, the US federal government decided against rolling out further trials or expanding the scheme. The reason given was prohibitive costs. It was found that not only would funding a NIT scheme on a larger scale be more costly than existing welfare benefits in the US (largely in-kind benefits such as food stamps) but it was argued that it would undermine political stability - at a time of high levels of inflation and strong opposition to the Vietnam War<sup>114</sup>.

## **10. Alaska Permanent Fund, USA**

The Alaska Permanent Fund was established in 1976 and continues today. It makes payments to adults and children using revenue from Alaska's natural endowments, in this case, oil<sup>115</sup>. The Permanent fund dividend is available to almost all Alaska residents and is paid annually. In 2017, the annual sum received was \$1,100. The fund is paid to all residents of Alaska regardless of income or background. There are, however, some conditions. People who have been convicted of a felony cannot receive payment during the year the felony was committed. Payment cannot be received if a person was incarcerated at any point during that year. In addition, those who have been convicted of a felony twice in ten years are ineligible for a period of ten years<sup>116</sup>.

Beyond this, deductions of up to 100% are made from payments if the recipient has failed to pay tax liabilities, has filed for bankruptcy or is a perpetrator of domestic violence. Voluntary deductions can be made as a way of repaying student loans<sup>117</sup>.

Analysis from data gathered found the effect of the permanent fund on labour supply is that labour effort decreases for single women in comparison to men and decreases even more for married women<sup>118</sup>. One factor seldom

included in the debate on UBI is its relationship with racial and ethnic inequalities. Data from the Alaska Permanent Fund found that the permanent fund “has had a substantial, although diminishing mitigating effect on poverty for rural Indigenous families”<sup>119</sup>. The data also show that the fund has “a larger effect on poverty among children and elders than for the rural Alaska Native population as a whole” but goes on to conclude that, while poverty rates have declined for older people, poverty rates for children have increased<sup>120</sup>. This is echoed by findings suggesting that, in both the short and long term, the Alaska Permanent Fund has led to an increase in income inequality<sup>121</sup>. This is thought likely to be because people on lower incomes are more likely to spend their dividend on disposable goods (such as winter coats) whereas those with higher incomes are more able to invest their dividends into things with long term pay offs such as home improvements or savings accounts<sup>122</sup>.

## **11. Finland**

In January 2017, the Finnish government began a trial UBI scheme for 2,000 unemployed people that gave each individual €560 a month<sup>123</sup>. The scheme was intended to run for two years before analysis. When Kela, the Finnish social security agency, applied for funding to extend the trial to employed people in April 2018, permission was refused. Some attribute this refusal to Finland's centre-right government actively pursuing austerity policies and being mainly interested in reducing welfare traps and other disincentives to work<sup>124</sup>.

The current trial will run as planned for two years, with data expected to be available by 2020. Findings may shed light on whether such a scheme acts as an incentive or a disincentive for the jobless recipients to enter paid employment, and how far UBI is a cost efficient way of providing welfare in a country where some 8% of the working age population are unemployed<sup>125</sup>.

## **12. Social Assistance Experiments in the Netherlands**

Trials of what are described as UBI schemes began in four Dutch municipalities, Tilburg, Groningen, Nijmegen and Wageningen, at the end of 2017. As with the Finnish trial, payments are to unemployed people and are set at the rate of existing unemployment benefit. The primary goal is to explore whether regular cash payments that are otherwise unconditional serve to incentivise or disincentive entry into paid work<sup>126</sup>. All participants in the trial are already in receipt of unemployment benefit; they are divided into three groups as follows:

- A group where job application quotas and work reintegration requirements are removed
- A group who are allowed to keep up to €199 a month of additional income on top of their unemployment benefit

- A group subject to the work application quotas applied by the 2015 Participation Act (which compels people in receipt of unemployment benefits to apply for at least five jobs a week as well as attending group trainings on finding work and writing CVs)<sup>127</sup>.

The scheme is focused more on welfare reform than on testing the principles of UBI *per se*. It can be seen as an opportunity for municipalities to explore ways of tackling unemployment by reducing complex bureaucratic measures and avoiding welfare traps.

## SCHEMES NOT YET REALISED IN RICH COUNTRIES

### 13. Swiss referendum

Switzerland has a system of direct democracy where people regularly participate in referenda on various social issues. A referendum can be called if a significant number of citizens sign a petition demanding one. In 2016, a national petition of 126,000 citizens called for a referendum on Universal Basic Income. The outcome was that 23% of people voted in support of a UBI scheme with 77% against<sup>128</sup>.

The referendum campaign in Switzerland focused on potential unemployment as a result of automation. Supporters suggested that all citizens should be paid at a rate of CHF2500 per adult per month and CHF625 per child. The government campaigned against the scheme arguing it would require raising an additional 25 billion Swiss francs per year<sup>129</sup>. Supporters did not produce a detailed model of how their proposed level of UBI would be financed, but claimed that a small increase in sales tax or a tax on electronic transactions would be sufficient to raise the necessary revenue<sup>130</sup>.

Following the referendum defeat, it was announced in 2018 that the village of Rheinau would implement its own trial of a UBI scheme for its 1,300 residents<sup>131</sup>. The experiment aims to pay CHF2500 per month to all adults in the village who choose to participate. Recipients who already receive welfare benefits will continue to do so but will be required to repay UBI received if the amount they receive through welfare payments exceeds the monthly UBI<sup>132</sup>. Revenues are to be raised through crowd funding from private and institutional donations. The Rheinau experiment is to be documented in a film.

The population of Rheinau is 1,321<sup>133</sup>. Organisers are currently recruiting recipients, aiming for a minimum of 800. The filmmaker leading the project, Rebecca Panian, argues that Rheinau is a good choice because it is a “mini Switzerland”<sup>134</sup>. The majority party in the village council is the SP, Switzerland’s social democratic party<sup>135</sup>. Reportedly, there are about 50 commercial and service companies with more than 800 employees between them. By far the largest employer is the Psychiatric University Clinic of Rheinau<sup>136</sup>.

## **14. Y Combinator, Oakland, US**

Y Combinator is described as tech start up accelerator business. Based in Silicon Valley, California, it has announced that it will begin in 2019 to fund a five year UBI trial in Oakland, California. The primary motivation, it says, is the risk of joblessness as a result of automation<sup>137</sup>. The principle of UBI has considerable traction among prominent business people such as Jeff Bezos, the founder of Amazon and Mark Zuckerberg, the founder of Facebook<sup>138</sup>. Many of the Silicon Valley proponents of UBI see it as a means to tackle the risks associated with automation radically reducing the supply of jobs.

The Y Combinator trial will randomly select 3,000 people and divide them into two groups. The first will include 1,000 people who will receive \$1,000 per month, regardless of income but with the benefit received by higher income individuals paid back in tax in order to fund the programme<sup>139</sup>. The second group will receive \$50 per month regardless of income. The trial intends to measure the impacts of UBI on objective wellbeing, subjective wellbeing and financial health<sup>140</sup>.

## **15. Scotland, United Kingdom**

In 2017, the Scottish government provided £250,000 to explore the feasibility of a UBI trial in four Scottish local authorities<sup>141</sup>. Local authorities will be asked to submit a business case and proposed model to Scottish ministers for consideration by March 2020<sup>142</sup>. It is as yet unclear what role the national tax authority, the HMRC, and the National Health Service will have in the proposed pilots. In addition, some have expressed concerns that in the absence of a fully devolved tax system, it may be difficult for Scotland to implement a UBI scheme<sup>143</sup>.

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