

European Green Perspectives on **Basic Income**



GREEN EUROPEAN FOUNDATION

European Green Perspectives on Basic Income

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**“There’s nothing
inherently
dignifying about
working 14-hour
days and still being
stressed and
having anxiety.”**

**Michael Tubbs *Mayor of
Stockton, California, USA***

Foreword

We are proud to present this collection of articles exploring different aspects of the universal basic income debate. For the past two years (2017-2018), this Green European Foundation project, implemented with the support of national foundations from different European countries, has been working on basic income and investigating the proposal's potential in relation to employment, the recognition of work beyond paid work, and the gendered division of the labour.

We have brought together experts on basic income from across all parts of Europe to debate and clarify different aspects of the topic and help us develop proposals. Our goal was to push forward the European debate on Universal basic income, a debate that touches on some of the biggest challenges our societies are facing. How can we ensure that people can live in dignity with sufficient means so as not to have to depend on multiple jobs or work in insecure conditions? How can we create a social security system that is both as simple and as fair as possible? Could basic income be a tool for a social security system that works better overall?

Discussing basic income also means talking about social and gender justice and the different social security standards in place across Europe and the world. And it raises the question of whether we could implement a European Union-wide basic income despite the different political systems and Europe's cultural and societal differences?

The contributions in this publication offer a way into the basic income debate, drawing on the experiences of politicians, academics, and campaigners. The first article introduces some key concepts and responds to some of the most common objections raised against basic income. The next three articles address central, reoccurring questions: what is the difference between basic income and minimum income, what can we learn from pilots, and is basic income feminist? The following two articles consider basic income in practice drawing on experiences of Barcelona's pilot at the city level and the 2016 referendum in Switzerland. The final set of articles explores the debate in three European countries, analysing the support and prospects for basic income in different contexts. The publication concludes with a contribution assessing ways towards achieving a European basic income in the future.

The introduction of a universal basic income would come with its own challenges and obstacles to overcome. However, work and the structuring of time are central to human life and, today, many people are forced

to work in conditions not of their choosing just to make a living.

At a time when social inequality and political polarisation are growing within the EU, green foundations can be a driving force in this debate. That does not mean that we have all the right answers or definite proposals, but that we can contribute, be constructive, and push things forwards. We can do things such as providing a space to confront different perspectives on universal basic income, formulating possible criteria for a European pilot project, and making suggestions for European solutions, be them universal basic income or a common minimum income.

Only with new concepts like these can we respond to the uncertainties created by automation and digitalisation, as well the ageing population and the multiplication of precarious forms of work. Uncovering these alternatives promises greater freedom and security for all in ways that are in harmony with our efforts to reduce social inequalities and address climate change.

Bertolt Brecht, a German playwright and poet, said: "Food comes first, and then morality." Only if people's basic needs are covered, are they free to occupy themselves with other things. We are not so naïve to believe that no one will take advantage of such a system. But we are convinced that for people to feel valued and empowered to become active members of society, they must first be freed from the pressures of basic provision.

This publication aims to inspire and be a next step in promoting the basic income discussion. We hope that in 2019 the debate will spread across Europe and beyond the Green movement.

We want to give special thanks to all our experts for their time and dedication, and for being willing to join us on the journey of debating a future work-life-model from a green perspective.

Susanne Rieger & Ville Ylikahri
Green European Foundation Board Members



I. Introduction

Twelve Questions and Answers on Universal Basic Income

Natalie Bennet

I do on average a couple of public meetings a month in the United Kingdom talking about universal basic income (UBI). It has been a long-term policy of the Green Party of England and Wales, but it is only recently, as the idea has caught fire, that it has become a major interest for audiences.

I speak to a wide variety of groups – many in universities and colleges, some at events organised by local Green Parties, but others broader. The community group “Skeptics in the Pub” (who as the name suggests organises talks in public houses, many with a science focus) has been particularly keen to hear about it. In the city of Coventry in the Midlands, where I did the first of these talks, 150 people came along, more than three times their usual turnout, and towards the end of the evening one questioner asked: “We’re supposed to be skeptics, so why are we all being cheerleaders?”

The following list of questions, and some of my responses, draws on that experience and aims to provide not technical answers for experts, but ones that speak to a wide variety of people’s experience and understanding. It reflects the particular circumstances of the UK, but many of the questions will be similar in other countries.

1. Won’t people just sit on the sofa and do nothing?

I owe part of this answer to a participant at a Skeptics in the Pub meeting in Barnsley in the north of England, who pointed out that retired people are in some respects in a similar situation to recipients of UBI, but, between providing childcare for his grandchildren and community volunteering, since he had retired he was busier than he had ever been in his life. There are huge numbers of activities that will make lives better and improve our communities that are not, and often never will be, paid jobs: caring responsibilities, roles that enrich communities from volunteer gardening to coaching sports teams to reading to children. However, our current benefits system in the UK actively discourages people from doing these things if they are on job seekers’ allowance or similar benefits – they have to be “available for work” at all times.

And if some people do sit on the sofa now, that may well be because they have been so beaten down by the current system – forced to apply endlessly for jobs they know they won’t get, tormented by zero-hours contracts and the stress of unpayable bills and insecurity – that they are ill as a result. As I sometimes joke bitterly, daytime television is absolutely lousy – no one would be watching it by choice.

2. Why are you giving money to millionaires?

Millionaires or other higher-income recipients would not become financially any better off as progressive tax rates mean that the government would recoup the basic income payments made to them. The Green Party of England and Wales’s fully costed proposal¹ for the 2015 general election saw arrangements that meant people earning under about £40,000 a year would be slightly better off, but not those earning above that figure. Where lower-earners really gain is with the security of knowing they won’t be left without any money at all, as many are now with zero-hours contracts and benefit sanctions.

A further virtue of a “universal” payment, without means testing, is that administration costs are very low. The Citizen’s Income Trust² has calculated that administering UBI would represent about one per cent of the total cost of the payments (similar to child benefit, which was, until 2013, a universal benefit in the UK). Means testing benefits often means administration costs similar to the savings, and there is always the reality that some people who should be receiving it will miss out and suffer poverty or destitution as a result. UBI being an individual rather than a household payment, it ensures as far as possible that every individual in a household has access to at least some income – of particular interest to protecting victims of domestic abuse and giving them a route out.

3. But how can the government possibly afford basic income?

The proposal referred to above is fully costed, so details of one way of doing it are there. Roughly half the costs are met from replacement of existing benefits and administrative savings. Taxes, particularly taxes on the well-off, cover the rest. And it is possible elsewhere too: costed basic income proposals have been developed

1 Green Party of England and Wales (2015). *Basic Income: a detailed proposal*. [bit.ly/1JbjfLi]

2 For more information on the Citizens’ Income Trust see: [citizensincome.org]



“There are a huge number of activities that will make lives better and improve our communities that are not, and often never will be, paid jobs: caring responsibilities, roles that enrich communities from volunteer gardening to coaching sports teams to reading to children.”



in other countries such as those of the Ecolo party³ in Belgium and of the Finnish Greens⁴.

4. Wouldn't it be better to provide people with services and goods instead?

The UBI as envisaged by the Green Party of England and Wales certainly isn't meant to replace existing universal services, most notably the National Health Service. The Party also aims to work towards restoring the near-certain provision of social housing for those who want it that had been provided until Margaret Thatcher's Right to Buy policy for council tenants and the virtual abandonment of the construction of new social housing.

The Green Party's policies also provide for universal early childhood education starting (if parents wish) from age one, when pregnancy leave ends. But to provide people with state-supplied food, toiletries, phone and internet connection, leisure services, transport, etc., would be to provide a level of centralisation and lack of choice that I – and I think most people – would not find at all comfortable.

5. But what about the government support that currently goes to the disabled and parents?

Disability payments acknowledge that our societies are discriminatory, failing to meet the needs of all of our members – and that inflicts costs, whether extra transport costs associated with inaccessibility and lack of services on public transport or discrimination in the workplace that means disabled people's employment prospects are far more limited than they could be. So, the Green Party of England and Wales's 2015 proposal kept disability benefits (and in fact restored them to the somewhat more generous 2010 levels). Most proposals for UBI make a similar acknowledgement.

The 2015 proposal paid child UBI at half the rate of adult UBI (accepting that most children will be living with a parent or carer who meets a significant part of their living costs). This roughly doubled the rate of child benefit currently paid to a majority of children in the UK. There was also an extra payment to single parents in acknowledgement of the extra costs they need to meet.

6. Where has basic income been tried? Why has it not been tried more broadly?

In the Global South there have been broadly successful trials in India and Namibia, and this is a policy that has huge transformative potential at relatively low cost in such contexts. But these are such different circumstances that it is trials in the Global North that are most relevant.

The earliest of these was in Manitoba, Canada, in the 1970s, where it was instituted by a progressive state government, but the results then were not released by a right-wing replacement. Only decades later was the data available to be analysed. This showed that only two groups spent less time in paid employment under this two-year experiment – mothers of very young children and boys and young men who stayed longer in education rather than going out to work, both outcomes that few would regard as problems.⁵

Another interesting case study, although not called UBI, came with the Eastern Tribe of the Cherokee that, after deciding to build a casino, chose to share the proceeds among all members of the tribe in a UBI-like manner. Before the payment started, the rate of signs of mental ill-health among children in the poorest families was twice as high as in others. Four years later, with the payments still relatively modest, their rates were the same as their peers from better-off families. Those who had lived their whole lives with the bonus of the payments were healthier than their older brothers and sisters.⁶

There was a widely reported trial of something like basic income in Finland from 2017 to 2018, where payments were given to 2,000 long-term unemployed people, with the chief aim of increasing their participation in the labour market. It was not extended beyond the planned two-year term, as the right-wing government had other political priorities. First results are expected in March 2019.

There are also now a wide range of trials planned, such as those in Scotland (still being designed but interesting in that impetus for it has come from the grassroots up), Germany (similar to the Finnish trial), the Dutch city of Utrecht, and Barcelona. Tragically in Ontario, a planned trial was scrapped when already underway by a newly elected right-wing government, leaving its recipients in the lurch after planning to rebuild their lives over the planned three years of the trial.

3 Ecolo (2017). *Proposition d'Ecolo Pour le Revenu de Base*. [bit.ly/2TbI4UR]

4 Ylikahri, V (2017). *Basic Income Model of the Finnish Greens*. [bit.ly/2T0Jhgs]

5 Lum, Z. (2014, December 23). A Canadian City Once Eliminated Poverty And Nearly Everyone Forgot About It. *HuffPost*. [bit.ly/2HTMSs1]

6 Lapowsky, I. (2017, November 12). Free Money: The Surprising Effects of a Basic Income Supplied by Government. *Wired*. [bit.ly/2zyflvX]



7. Won't basic income just increase inflation?

Most incomes, except for low earners and the destitute, will not increase significantly. What is increased is security, freedom from fear, and worry. This is not the same as creating extra money or transferring it in from abroad. The redistribution might have some impact in a country with great regional disparities of wealth, such as modestly increasing rents and house prices in areas where they are currently very low, reflecting greater prosperity in deprived areas, but the effect would be modest.

8. Will people refuse to do unpleasant, unpopular jobs?

My case study for this is sewer cleaners. Maybe to get people to do this job you will have to pay them more – maybe even more than bankers. Maybe sewer cleaners *should* be paid more than bankers. And maybe people would refuse to work in horrendous call centres where they are forced to meet impossible call finish targets and timed when they go to the toilet. That might improve all of our lives.

9. If some vulnerable people are not forced into contact with support services by the benefits system, will they not get help?

This question was raised when a Green European Foundation UBI study tour visited Finland and spoke with social workers. They expressed this concern, but also acknowledged that they now spend 70% or more of their time with clients ensuring their benefits are sorted out so that they have enough money to live on. If they did not have to do this, they could spend far more time working to help clients deal with drug and alcohol problems, to support them into and through education and training, or to help them deal with family issues. There would need to be outreach efforts to ensure vulnerable populations were reached and helped, but this should still allow more time for real social work, and, certainly in the UK, taking away the “policing benefits” element in institutions such as job centres could restore them to a supportive, valued role, rather than being places of fear and stress.

10. If you were forced to say something negative about UBI, what would it be? (This was the question from the Coventry “cheerleaders” questioner referred to in the introduction.)

The level at which UBI is set is crucial. UBI can be a right-wing policy as well as a progressive one. I once had the uncomfortable experience of sharing a platform with free-market think tank Adam Smith Institute advocating what it called a UBI at a low level that would work as a wage subsidy, so employers could pay their staff less

(much as family tax credits and housing benefit worked under the Blair and Brown Labour governments in the UK). It needs to be set at a level that people can afford not to do other paid work and still live (which was why the Green Party of England and Wales's 2015 proposal kept housing benefit alongside it, due to high and widely varying rent levels in the UK between regions and between residents of social and private rental housing). Minimum wage levels also need to be maintained, to prevent exploitation of workers, although they would of course have far more options than now.

11. Does UBI solve everything?

No. Very few people claim this, and those who try to argue against it on the basis that “it won't fix everything” are arguing with a straw man.

12. Why is this a “green” policy?

It is a foundation of green thinking that economic and environmental justice are indivisible, and UBI as a policy is a perfect illustration of that. Fear of want, of poverty, and even of destitution is an important driving force in causing people to seek more and more wealth and resources in search of security. Take away the fear of want, and very few people lie on their deathbed saying: “I wish I had spent more time in the office.” Research regularly shows that what is of most benefit to wellbeing, once a certain basic level of subsistence is met, is not extra money, but time with friends and family, a varied life, a balanced life. UBI can help make that possible.



“What is of most benefit to wellbeing, once a certain basic level of subsistence is met, is not extra money, but time with friends and family, a varied life, a balanced life.”



II. Big Questions of Universal Basic Income

How Basic Income Can Make up for What Minimum Income Schemes Lack

Julen Bollain

Introduction

Minimum income schemes have proliferated throughout Europe in recent decades. These are means-tested benefits conditional upon a certain level of need and are designed to help people who have previously “failed” and are able to demonstrate that they “deserve” *ex post* guardianship. In addition, at the end of the 1980s and after the approval of the *Revenu Minimum d'Insertion* in France, two dimensions of minimum income schemes were extended in most European countries (Sweden, Holland, Norway, Denmark, Germany, Finland, and the United Kingdom): the monetary dimension and the dimension of labour inclusion. In this way, mandatory “activation” policies are strengthened⁷, linking the economic benefits to labour inclusion actions and understanding these processes as an essential path towards restoring the social integration of the beneficiaries.

Therefore, we can conclude that the purpose of minimum income is to provide temporary means to cover an absence of income, presumably transitory, and linked to a process of social intervention.

The effectiveness of minimum income

The objective of minimum income schemes is to eliminate, or at least drastically reduce, poverty⁸. However, due to the fact that this objective is not consistently achieved, the academic debate on the effectiveness of minimum income schemes is intense.

Sainsbury and Morrisens carried out a study⁹ that analysed the effectiveness of minimum income schemes at a European level in the 1990s, when poverty rates increased substantially (exceeding, for the first time, the threshold of 50 million people below the poverty line) and minimum incomes were a pillar of the Welfare State when it came to reducing poverty. This study showed that in Europe, means-tested benefits *per se*

were not sufficient to achieve a significantly large reduction in poverty in the mid-1990s, where their effects on poverty reduction ranged from 0.2% in Italy to 8.5% in the United Kingdom. Apart from the United Kingdom, means-tested benefits had the greatest impact in reducing poverty in Sweden (5.5%), Finland (5.1%), and the Czech Republic (4.2%). At the other extreme were Hungary (1.8%), France (1.7%), and Belgium (0.8%).

However, the study also showed that universal social transfers had, in general, a much more significant role in reducing poverty compared to means-tested benefits. While the impact of the Welfare State on inequality levels was considerable, this was not the case with the impact of social assistance, which was much more modest. Korpi and Palme¹⁰ described as the “distribution paradox” the fact that the more minimum incomes are targeted at the poor, the less likely they are to reduce poverty and inequality.

In this sense, the debate on whether the effectiveness in the redistribution of wealth is greater through means-tested benefits or through unconditional benefits is quite common. There is a lot of literature focused on studying the distributional results of minimum income, but these have been examined almost exclusively in terms of how public spending is distributed, rather than of the amount budgeted for distribution.

Nevertheless, an exhaustive analysis of the current academic literature allows us to identify five main factors that diminish the effectiveness of means-tested benefits.

Limitations of minimum income

Budget constraints

It is undeniable that one of the main problems of means-tested benefits, especially of minimum income schemes, is their budgetary limitation and instability.

In general, a very small percentage of the population is covered by these programmes. If we take into account

7 Aust, A. & Arriba, A. (2005). Towards Activation? Social Assistance Reforms and Discourses. In P. Taylor-Gooby (Ed.), *Ideas and Welfare State Reform in Western Europe* (pp.100-123). New York: Palgrave Macmillan.

8 Immervoll H. (2010), Minimum-Income Benefits in OECD countries: policy design, effectiveness and challenges. *OECD Social Employment and Migration Working Papers*, No. 100. Paris: OECD Publishing.

9 Sainsbury, D. & Morrisens, A. (2002). Poverty in Europe in the mid-1990s: the effectiveness of means-tested benefits. *Journal of European Social Policy*, 12(4), 307-327.

10 Korpi, W. & Palme, J. (1998). The paradox of redistribution and strategies of equality: Welfare state institutions, inequality, and poverty in the Western countries. *American Sociological Review*, 63, 661-687.



all the people who could be potential beneficiaries of minimum income schemes, the amount budgeted would almost never satisfy the whole demand.

In addition to this, it must be borne in mind that the budget allocated to these programmes is not fixed, so that the different institutional structures may reduce or increase it as they please. Therefore, we can affirm that when restrictive budgets are allocated to means-tested benefits, the reduction of poverty rates will also be cut down.

Coverage errors

Currently, minimum income schemes do not offer a complete coverage of the entire citizenry that meets the necessary requirements to access them. This is what we will call the ‘non-take-up rate’, defined as the rate at which people do not access the rights to which they are entitled.¹¹

Several studies coincide with the results compiled by Hernanz, Malherbet, and Pellizzari¹². These results show that the non-take-up rate of social benefits is, in general, quite large in OECD countries. The rate is even larger when speaking about conditional social assistance programmes, such as minimum income schemes, where it varies between 20% and 60%. Therefore, it can be assured that although the non-take-up rate of minimum income schemes varies considerably depending on the country (since some programmes are better designed than others), this is always very significant.

Stigmatisation of beneficiaries

There is often social stigma attached to the situation of people who access minimum income programmes. In the eyes of a large part of society, being poor constitutes a form of social deviance. It has been established that getting out of poverty is not only possible, but also worthy of praise. And as a consequence of this belief, people receiving public assistance have been labelled over the years as lazy, lacking in ambition, and morally weak.

The targeting of subsidies is usually socially divisive insofar as it divides society into those who give and

those who receive¹³, which undoubtedly generates social stigma towards those people who (potentially) can receive.

Administrative costs

The fact that benefits are targeted at the most vulnerable sectors of society, that is to say, the fact that benefits are means-tested, means that there are *de facto* significant administrative costs. These administrative costs lead to a reduction of the amount of resources destined to alleviate poverty. Means-tested benefits, such as minimum income programmes, require for their correct implementation and subsequent follow-up both personnel and skills as well as time and money.

In economic terms, a large part of the inefficiency of means-tested benefits is due to administrative costs.¹⁴

Poverty trap

In general, minimum incomes are means-tested benefits that are not cumulative. These are benefits that, at most, complement a possible income that the family may earn up to a threshold set by the programme (which, logically, varies depending on the programme/country). This non-accumulation takes the form of a deduction from the total amount of the benefit, in line with the amount of income that is provided by the family.¹⁵

The impossibility of receiving two incomes at the same time (due to the incompatibility of the minimum income programmes) leads us to the trap of poverty. The poverty trap is defined as “*the penalty incurred by accepting paid work by the beneficiary of a means-tested benefit*”¹⁶, this penalty being the amount deducted from the means-tested benefit. This trap is a negative incentive to accept possible paid work offers.

In addition, while non-cumulative benefits discourage active job-seeking, they encourage minor tax fraud. Often, the short-term benefits of obtaining two incomes, one through the benefit and another through undeclared work, have a greater influence than the prejudices in the medium and long term, where the undeclared work will never be taken into account when calculating an unemployment benefit or a retirement pension.¹⁷

11 Matsaganis, M., Levy, H., & Flevotomou, M. (2010). Non-take up of social benefits in Greece and Spain. *Social Policy & Administration*, 44(7), 827-844.

12 Hernanz, V., Malherbet, F. & Pellizzari, M. (2004). Take-Up of Welfare Benefits in OECD Countries: A Review of Evidence. *OECD Social, Employment and Migration Working Papers*, No. 17. Paris: OECD Publishing.

13 Currie, J. (2004). *The Take Up of Social Benefits*. Cambridge, MA: National Bureau of Economic Research.

14 Atkinson, A. B. (1996). The case for a participation income. *The Political Quarterly*, 67(1), 67-70.

15 Bollain, J. (2017). La Renta Básica y la vagancia de ciertos mitos. [<http://www.sinpermiso.info/textos/la-renta-basica-y-la-vagancia-de-ci-ertos-mitos>].

16 Raventós, D. (2000). El salario de toda la ciudadanía. *Claves de Razón Práctica*, 106, 1-11.

17 Raventós, D. (2007). *Las condiciones materiales de la libertad*. Barcelona: El Viejo Topo.



“No one would feel “marked” when receiving a basic income since its universality, as opposed to the targeting of minimum income programmes, allows citizenship not to be divided between those who give and those who receive.”



Comparison between basic income and minimum income schemes

In this section, we analyse the performance of a basic income when dealing with the limitations of a minimum income programme.

First, basic income should not present budgetary problems as long as the model is designed in a competent way. Despite the fact that financing basic income requires a significant allocation of resources, it should also be said that transfers are not equal to expenses. Transfers are reallocations of purchasing power from the richest minority to the social majority who are not strictly rich, which means that the net cost of financing a basic income is undoubtedly lower than the total cost.

Secondly, it must be taken into account that basic income, by virtue of being universal and unconditional, covers all citizens. So, unlike the high non-take-up rate of minimum income programmes, it is estimated that with a basic income this rate would be close to 0%.¹⁸

Thirdly, and as argued by Van Parijs¹⁹, there is nothing humiliating or socially stigmatising about providing an unconditional basic income to the entire population as a right of citizenship. No one would feel “marked” when receiving a basic income since its universality, as opposed to the targeting of minimum income programmes, allows citizenship not to be divided between those who give and those who receive.

Fourthly, the existence of high administrative costs in minimum income programmes compared to the total budget allocated, leads several authors, such as Van Parijs, Raventós, and Offe²⁰, to affirm that a basic income is more economically efficient than those programmes. It seems sensible to think that a basic income would save administrative costs since it would greatly simplify the complexity of minimum income programmes by making them more transparent and reducing the degree of control and monitoring.

Finally, basic income is a tool that avoids perfectly the poverty trap so characteristic of minimum income schemes. A basic income is understood as a “floor” that is not incompatible with other sources of income. Precisely because of the possibility of accumulating different incomes apart from the basic income and as long as these incomes are not subject to a marginal tax rate of 100%, a person in remunerated work will always

receive more income than a person who only receives the basic income.

Conclusions

We have pointed out the economic inefficiency of minimum income schemes and verified that they provide an incomplete safety net across Europe.

Then, we have made a behavioural comparison of basic income with respect to the limitations of minimum income schemes identified above. Analysing them one by one, it has been possible to demonstrate how a basic income overcomes them perfectly thanks to the principles of universality, unconditionality and income accumulation.

It should also be noted that in recent years there has been a deliberate semantic confusion in Europe, created for political purposes, of likening basic income to means-tested subsidies.

It can be seen very clearly in France, Spain, and, above all and recently in the spotlight, Italy. The Italian government led by Movimento 5 Stelle and La Lega (an extreme right-wing party) pledged in their government contract to establish a “citizen income”, which is also reflected in the budget law presented for the year 2019.

However, the partisan use of semantics cannot deceive us. What the Italian government has presented has nothing to do with the principle of universality or unconditionality. It is a means-tested benefit that seeks the reintegration of the workforce and acts as a last resort safety net for the unemployed, temporary workers, and the poor. In other words, governments in Europe are presenting means-tested benefits as if they were basic income. Means-tested benefits dressed up in a new suit but, in essence, the same dog only with a different collar.

18 Atkinson, A. B. (1996). The case for a participation income. *The Political Quarterly*, 67(1), 67-70.

19 Van Parijs, P. (2006). Basic Income: A simple and powerful idea for the 21st century. In E. O. Wright (Ed.), *Redesigning Distribution: Basic Income and Stakeholder Grants as Cornerstones for an Egalitarian Capitalism* (pp. 4-39). London: Verso.

20 Offe, C. (2005) Wasteful welfare transactions: why basic income security is fundamental. In G. Standing (Ed.) *Promoting income security as a right: Europe and North America* (pp. 69-82). London: Anthem.



Should We Have More Basic Income Pilots?

Ville Ylikahri

Introduction

Universal and unconditional basic income (UBI) is a revolutionary idea: everyone has the right to a small share of a nation's wealth. On the other hand, UBI is not so revolutionary in the context of developed EU countries. Today, most countries already provide various kinds of benefits to their citizens: child benefits, pensions, unemployment benefits, etc. At the same time, countries allocate different amounts of money to universal and free services like schools or healthcare. That means that allocating money directly to citizens is not such a strange idea after all. UBI can be seen as just a more flexible and equal way to organise social benefits.

In any case, UBI would mark a sharp change to the way benefits and taxation are organised. That is why we need simulation models and pilot projects to predict the results of UBI. Moving to UBI would have significant behavioural effects and we should try to have some kind of picture of them in advance.

Green parties in many countries have called for UBI to be piloted for many years. After introducing the idea of UBI, demanding pilots is a natural next step. It is also politically easier to call for pilots than to demand that UBI be implemented right away.

UBI still needs political credibility in many European countries. The idea is too odd for most people and parties. Talking about UBI can easily be labelled utopian and dangerous. Therefore, all kinds of calculations, studies, pilots, and experiments are warmly welcomed. They can easily boost public debate and make the idea of UBI more familiar.

In this short article, I attempt to show some of the pros and cons of UBI experiments. I also present the main features of some of the UBI pilots that are currently being carried out.

The difference between calculations and experiments

Many think tanks, parties, and research institutes have calculated the effects of UBI. Most advanced calculations are made with micro simulation models, where it is possible to simulate the effects of the different kinds of benefits and taxation upon different groups. The

Finnish Green Party carried out this kind of simulation with the help of the Research Institute of Parliament, in 2014. It showed that implementing UBI in Finland was economically possible, with some changes to taxation and by removing all the social benefits smaller than UBI. The microsimulation also showed that UBI would have only a small effect on income distribution.

The micro simulation carried out by the Greens had a huge impact on the Finnish discussion. It turned UBI into a reasonable political alternative. The problem is that the microsimulation is always a static model. It doesn't show behavioural changes. The big question is: will people work more or less, if they get UBI? The Greens argue that UBI will help people to combine work and social benefits. It will also encourage people to start new businesses, etc. Opponents of UBI argue that free money will diminish people's willingness to work. It is impossible to find answers to these questions without experimenting with UBI in practice.

Piloting and testing basic income

There have been numerous UBI pilots in different parts of the world. Maybe the most famous ones have been conducted in the USA and Canada in the 1960s and 1970s. There have also been trials in many so-called developing countries. Comparing different pilots is very difficult, because of the different levels of social security in different countries. In some countries, a UBI pilot could be the first time the government gives any money to people. And in other countries, UBI just replaces some other forms of social benefit.

Different pilots have also varied in the way they have been carried out. There has not always been a control group, so it is not easy to say which changes are the result of UBI and which are due to other factors (such as economic depression). It also makes a big difference whether people volunteer to be a part of the pilot or whether they are ordered to do so. There are also cases where governments have discontinued pilots after election. For example, in 2018 in Ontario, Canada, the Conservative government ended the province's basic income pilot, calling it expensive and unsustainable, but the real reasons were clearly ideological.

For all these reasons, it is not easy to draw clear conclusions about the pilots. But overall, the results from the different pilots seem to be quite positive. People did not stop working. Their health improved. People could invest in their education or start their own business.



Finland's basic income experiment 2017-2018

The most famous pilot project in Europe has been taking place in Finland since 2017²¹. The centre-right government of Finland decided to carry out this experiment. Behind the pilot were many years of discussion about UBI and different microsimulation models.

Before the experiment, several reports were published that recommended different kinds of pilots. According to a report by the think tank Tänk²², the minimum duration of the field experiment should be two years and the minimum number of participants should be 8,000 individuals between the ages of 18 and 62. The participants would be selected through a draw. The participants' tax system should be changed to a monthly system to enable the use of monthly income data. The report proposed using several levels of guaranteed income, between €400 and €700, in the experiment.

After a political process and budgetary limitations, the experiment started at the beginning of 2017. The main characteristics of the pilot are the following:

- ▶ Objective: To explore the effects of a basic income both in terms of the participants' employment status and more generally.
- ▶ Level of the basic income: €560 per month, tax free, no changes to taxation.
- ▶ Target group: Residents of Finland between 25 and 58 years of age who are being paid basic unemployment allowance or labour market subsidy as of November 2016.
- ▶ Sample: A total of 2,000 persons are selected at random from the target group. Participation is obligatory in order to avoid producing skewed results. The rest of the target group will serve as the control group.
- ▶ Timeframe: The experiment takes place from 2017 to 2018. There will be a comprehensive evaluation study on the experiment, including statistics, survey and interviews. The first results are due to be published at the beginning of 2019.

This pilot has faced a lot of criticism. Some of the main arguments against it are:

- ▶ That the target group is too small.

- ▶ That the target group consists only of unemployed people (no students, no freelance artists, no housewives, etc.)
- ▶ That there are no changes to taxation which means that the experiment is quite expensive. If someone from the target group finds a full-time job, he/she will receive a normal salary with normal taxation and on top of that €560 tax free. In most UBI models the basic income is recuperated through taxation from those with large enough incomes.

Other ongoing pilots in Europe

There are also various UBI pilots currently taking place in countries other than Finland. The City of Barcelona is running a pilot in the poorest neighbourhoods of the city. Authorities are testing different kinds of UBI models and comparing them. Part of the target group will receive money completely unconditionally, while others will have some conditions.

There are plans to start pilots also in Scotland and in several cities in the Netherlands. Although different pilot projects have different target groups, different methods, and different organisations behind them, they will all provide valuable information about the effects of UBI in different societies.

What can we learn from pilots?

The main question posed by UBI is: can we afford to give people free money if they stop working as a result? Sometimes it feels as if the greatest obstacle to UBI is a moral one. Some people think poor people are lazy and that is why they shouldn't be given free money.

This moral outrage against the "lazy and poor" isn't supported by the research. On the contrary, previous UBI pilots and other research show that giving poor people money activates them. Writer Rutger Bregman puts it clear and simple: the problem of the poor is that they don't have money. And when you don't have money, you are not able to think about anything else. This stress will diminish your ability to work and be creative and active. In this way, UBI can release the energy of poor people and activate them to work, study, and start businesses.

The main idea behind the pilots is to show that UBI will not lead people to stop working. But of course, there

21 KELA (Finnish social security authority). Basic Income Experiment 2017–2018. [<https://www.kela.fi/web/en/basic-income-experiment-2017-2018>].

22 Gustafsson, S. (2014, December 1). Think tank Tänk: a field experiment is the best way to test basic income. SITRA (Finnish Think Tank). [<https://www.sitra.fi/en/news/think-tank-tank-field-experiment-best-way-test-basic-income/>].



are many interesting questions about the ways UBI will affect the labour market: will there be more part time jobs, will it make easier for unemployed people to combine benefits and salaries, which groups will diminish their working hours and which groups will work more, and how UBI will affect the situation of atypical labour (artists, researchers, entrepreneurs)?

One interesting question concerns equality: will more women stay at home with their kids if UBI, together with a husband's salary, offers sufficient income for the whole family? Will that affect the position of women in the labour market? Will UBI make women more independent?

We can also research health effects through pilots: UBI could improve mental and physical health of target groups by diminishing stress levels. This was one of the biggest findings in the Manitoba pilot in Canada in the 1970s.

We could also study effects on GDP, but usually the pilots are so small that it is hard to see any macroeconomic changes. Big changes in the labour market, such as a possible increase or decrease of the lowest wages, are also hard to see in small pilots.

The whole concept of such social pilots and testing is, of course, open to criticism, because they are always limited in time, place, or size of the test group. Target groups usually know that they are tested and that affects their behaviour. A good pilot takes these limitations into account and carries out an analysis of the results with that in mind.

Political effects of pilots

By far the biggest effect of the Finnish experiment is that everyone is talking about UBI – in Finland and elsewhere. The Finnish government must be surprised that their little experiment has done more to put UBI forward than anything else. UBI gets a lot of credibility when a right-wing government tests it. There have been polls in Finland that show that every second Finn supports the idea of UBI. It is clear that the pilot project has increased support for UBI.

The downside to the Finnish pilot is that the political opponents of UBI could use a bad pilot as a weapon against UBI. Because there are no taxation changes included in the pilot, it is easy to say that UBI is too expensive, although the pilot may have positive results.

And of course, we also have to be ready to accept the possible negative results of the pilot. It is possible that the pilot might show that UBI is not working. However,

this result is quite unlikely given the results of the earlier pilots.

Throughout history, the results of pilot projects can be seen to be politically dangerous, and that some parties want to hide them as a result. For example, the data of the Manitoba UBI experiment in Canada was kept hidden in the closet for many years after the government changed, and the positive results of the pilot were released only 30 years later.

In the USA, some politicians argued that the fact that a UBI pilot increased the number of divorces alone was enough of a reason to scrap the whole idea of UBI.

We should remember that UBI is a huge political question. Pilots can provide more arguments in favour of UBI, but there will never be a pilot that could convince everyone.

What makes a good pilot?

A good UBI experiment should show the behavioural changes of people. That is why experiments should be long enough and on a sufficiently large scale. They should have randomised target groups and a control group. All data should be collected, and an evaluation study should be carried out scientifically and independently. We should be careful to ensure that the evaluation study is not labelled partisan or biased. All the data should be open to everyone to study (personal data excluded of course).

The target group should consist of different kinds of people. Regional pilots are problematic because people tend to move.

In Finland, there have been two big obstacles in the way of piloting. One was constitutional: all the experiments in which a target group would receive less money than the control group were seen unconstitutional because social security is a constitutional right in Finland.

The other problem was taxation. Most of the UBI models are combinations of direct money payments and taxation. The tax authorities in Finland were reluctant to include taxation in the UBI pilot, so taxation is unchanged for the pilot group. Can we learn anything from a pilot in which the target group receives tax-free UBI on top of their potentially good salary, without any changes to their taxation?

Prospects for a European-level pilot

I started this article by saying that UBI is a revolutionary idea. Even more revolutionary is the idea of a



“UBI pilots that are well thought-out and executed are a good tool to get more information and create more discussion about renewing social security systems.”



European-level UBI. At the moment, the EU does not have any competence on social policy issues. The social security systems differ from country to country in the EU. Also, the overall level of wealth and income varies considerably between different countries, so it would be very hard to calculate the right level of UBI for the EU.

But of course, we can have visions – and we should! If the EU paid a certain sum of money directly to all EU citizens, would that bring the Union much closer to us all? Could that help to harmonise the economies of different EU countries? Paying benefits to every EU citizen would of course require changes to the EU budget, but where there is a will there is a way.

The EU paying basic income to every European citizen is a vision of the future, but we could introduce steps towards it. We could start by introducing some universal benefits - like child benefits and universal basic pensions - in all EU countries. After that we could begin to discuss whether some of those benefits could be paid directly by the EU. There has been some discussion about the possibility of the EU starting to pay a child benefit of

€30 to €50 to all EU citizens. That could be a starting point for testing UBI at an EU level. EU member states could provide additional benefits on top of that. Maybe we could test this kind of modest child benefit for a set period of time?

UBI pilots that are well thought-out and executed are a good tool to get more information and create more discussion about renewing social security systems. But EU-level solutions are still far away. In my view, national- and local-level pilots are, at this point, the best way to put the idea of UBI forward. Another way would be to demand more universality in different national social security systems. The third way is to demand greater powers for the EU on social issues. If we want Europe to be a real single market where people move from country to country, we also need to have more harmonised social security systems. We need to understand this before starting a real discussion about the practical solutions of EU-level benefits. Yet we also have to remember that UBI pilots will not change the fact that we need to win the political battle for basic income.

Basic Income Has Always Been a Women's Cause

Natalie Bennett

It is telling that, in the United Kingdom at least, women were at the forefront of early campaigns for a universal basic income.²³ It has even been claimed, with some justification, that Virginia Woolf, in asserting a woman's need for £500 a year and a room of her own, was setting out at least the case for a universal basic income, if not yet a model for it.²⁴

The campaigner Lady Juliet Rhys-Williams, with a pre-Second World War background in maternity and child welfare, set it out as a less gender-discriminatory and labour-based alternative to the Beveridge model in her book *Something To Look Forward To*, in 1943.²⁵ However, the Beveridge model (whereby incomes such as pensions are based on contributions rather than need – something that has trapped older women too often in desperate poverty) triumphed, geared as it was to the needs of the capitalist growth economy.

Beveridge came under significant attack from a range of women for these aspects of his plans, notably from Elizabeth Abbot and Katherine Bompas of the Women's Freedom League, who said his was “a man's plan for man”. But the Labour Party that would deliver them – and certainly the Conservatives who would acquiesce to them for decades – were unlikely to take up such a challenge and act on it.

It is important to keep highlighting that history today, when male tech billionaires like Elon Musk, Sam Altman, and their ilk are creating a splash with their championing of universal basic income for a (possible) age of technological triumph.²⁶ Many women were here first and must not be forgotten.

23 Sloman, P. (2015). Beveridge's rival: Juliet Rhys-Williams and the campaign for basic income, 1942–55. *Contemporary British History*, 30(2), 203–223.

24 Widerquest, K. (2017, October 27). Basic Income's Third Wave. [<https://basicincome.org/news/2017/10/basic-incomes-third-wave/>].

25 Sloman, *op. cit.*, p. 203.

26 Weller, C. (2017, February 13). Elon Musk doubles down on universal basic income: 'It's going to be necessary'. *Business Insider*. [<http://uk.businessinsider.com/elon-musk-universal-basic-income-2017-2>].



Planting the seed: How the feminist idea/vision of UBI took hold

It was often women who, in the UK, continued the push for universal income through the decades that followed. That most notably included the successful campaign for a universal child benefit, introduced in 1946, led by the strong-minded and determined Member of Parliament Eleanor Rathbone. That universal benefit was only recently (in 2013), and disgracefully, dropped with little fanfare, under the coalition government of the Conservative and Liberal Democrat parties, in power from 2010 to 2015.²⁷ Campaigning, however, never really achieved traction beyond support for children (and implicitly their mothers) with the public or the largest, massively male-dominated, political parties, which in the British winner-takes-all first-past-the-post electoral system, are the only ones who have been able to introduce structural changes.

Yet the push continued. In 1984, the National Council for Voluntary Organisations in the UK proposed a universal basic income, saying that women would be the main beneficiaries, no longer dependent on their husband's earnings (along with the unemployed, who would not be caught in what we now call benefit traps).²⁸ In 2001, Ingrid Robeyns²⁹ was again setting out the case for a universal basic income, pointing out how the welfare states of Western Europe had developed in a very different age, of stable secure jobs and marriages, and a highly gendered division of labour, with men allocated to the breadwinning role.

In recent years, the feminist case, as the broader case, for universal basic income, has been gathering traction. Jessica Flanigan wrote in a millennials' journal of choice, *Slate*, that it is a "feminist cause".³⁰

The case often starts, as Flanigan's does, from the fact that women in the UK, as around the world, are more likely than men to be poor. But at its heart is the fact that women are more likely to be responsible for the care of the young and the old, work that is very often entirely unremunerated, sometimes unchosen, and not respected. When I was a child, "I'm just a housewife"

was a phrase often heard. That might be less the case now, at least in "polite" public discourse, but that does not mean these caring responsibilities have become properly respected or counted, either in the lives of individuals or at the national level (in the form of GDP).

That is not a new situation, but the pressures of a carer's life, in a world in which people are being told increasingly to "sell themselves", to be a "product", to always be ready to seize opportunities, have become more acute than ever. A grinding life of poverty, caring for aged parents, an ailing husband or wife, or a disabled child, leaves little space for a sparkling Instagram account or Facebook feed, the development of a "look" or a "brand", or the perky manner and the kind of "people skills" demanded now even for many minimum-wage jobs.³¹

Equally so with the nature of modern employment. It might look like the gig economy lends itself to fitting around the demands of caring responsibilities, but instead its workers are increasingly expected to fit their lives around its demands.

Fostering solidarity: How UBI could help marginalised groups across society

There has also been a growing focus on the way in which a universal basic income could address the disempowerment of poverty and destitution (that result from a UK welfare system increasingly under threat). With benefit sanctions affecting almost one in four jobseekers' allowance recipients between 2011 and 2015, and benefits of £132 million being withheld in 2015 alone, desperation is a condition all too familiar in many communities, with women often being the ones left to pick up the pieces.³²

And it is the most vulnerable who are likely to suffer the most. The deputy leader of the Green Party of England and Wales, Amelia Womack, wrote on a popular website in 2018 about its value to some of the most vulnerable women in society: victims of domestic violence and abuse.³³ By contrast, the universal credit system being implemented by the Conservative Party sees household

27 Osborne, H. (2013, January 3). Child benefit changes and what they mean. *The Guardian*. [<https://www.theguardian.com/money/2013/jan/03/child-benefit-changes-what-they-mean>].

28 Hencke, D. (1984, July 31). Basic income 'should replace benefits'. *The Guardian and The Observer*, p. 4. (Accessed through *The Guardian* (1959-2003); ProQuest Historical Newspapers).

29 Robeyns, I. (2001). An Income of One's Own: A Radical Vision of Welfare Policies in Europe and Beyond. *Gender and Development*, 9(1), 82-89. [www.jstor.org/stable/4030672].

30 Flanigan, J. (2018, January 25). The Feminist Case for a Universal Basic Income. *Slate*. [<https://slate.com/human-interest/2018/01/the-feminist-case-for-universal-basic-income.html>].

31 Lavelle, D. (2018, February 27). Want a shop job? You've got to have the 'X factor'. *The Guardian*. [<https://www.theguardian.com/mon-ey/2018/feb/27/x-factor-want-a-shop-job-auditions>].

32 Butler, P. (2016, November 30). Benefits sanctions: a policy based on zeal not evidence. *The Guardian*. [<https://www.theguardian.com/society/2016/nov/30/benefits-sanctions-a-policy-based-on-zeal-not-evidence>].

33 Womack, A. (2018, March 17). How a universal basic income could help women in abusive relationships. *The Independent*. [<https://www.independent.co.uk/voices/domestic-violence-abuse-bill-theresa-may-financial-independence-a8260736.html>].



payments all being aggregated into one (except by special request), making it even harder for vulnerable women to escape abusive situations.

A German study found that incapacity to meet employment demands, and particularly lack of opportunities, due to discrimination by employers, was preventing older women and men from remaining in the labour market when they wished to do so, frequently forcing them to take pensions at a lower rate earlier than they would have wished, condemning them to an old age of poverty and insecurity.³⁴ This is the situation of a group of women known as the WASPI in the UK (Women Against State Pension Inequality). Born broadly in the 1950s, they have been adversely affected by rapid increases in their state pension age, bringing them to equality with men (with which few argue as a principle) but with little time to plan and prepare, and in many cases no official notice (and often personal knowledge) of the change in their circumstances. A universal basic income would ensure they were not forced into humiliating, often health-damaging, requirements for the receipt of the very low unemployment benefit, with little chance of gaining employment.

That a universal basic income might smooth the way to more gradual retirement, through a phased process of gradual disengagement from waged work, is not a particularly feminist point, but it is a significant one for many women.

There are some further groups of women who might particularly benefit, workers in low-paid work with low rates of unionisation and with relatively toothless unions representing them, such as shopworkers and cleaners. This applies particularly, but not exclusively, in the case of the UK, with its highly repressive anti-union legislation.³⁵

An imperfect solution or No miracle cure for all society's ills

But there is, it must be acknowledged, a genuine, heart-felt, progressive case made in some quarters against universal basic income from a feminist perspective. The chief claim is that it could, by guaranteeing women basic subsistence, lay them even more open than they are now to social pressures to take up unpaid care, and even community, responsibilities, condemning them to

lives of low incomes, limited opportunities, and lower status. The case was made two decades ago that one of the early forms of extended parental leave, *premia*, in Belgium, a payment for up to three years during career interruption, was, as might have been expected around the turn of the century, chiefly taken up by women.³⁶

This, however, brings up a very broad and important point about universal basic income. It is not a panacea, a solution to all of society's ills, including misogyny, discrimination, and a failure to respect caring and community roles. Few of its proponents have suggested that it is. So, in some respects, this is a "straw woman" argument, although it does highlight the point that a struggle for universal basic income needs to be combined with the struggle for an equitable sharing of these responsibilities – for shared parental leave, for respect for the role and difficulties of caring, and adequate recognition of it by employers, families, and society in general.

As I have argued elsewhere, against those who suggest that universal basic income could be a threat to universal basic services,³⁷ universal basic income would only threaten to impose an ideology of women being forced into home and caring duties in a society with politics whereby this could be conceivable/acceptable. In an equitable society, or one working towards gender equality, such a claim would be the object of bemusement or derision, rather than debate.

Thus, I would argue to all women's groups, all feminists, that the struggle for a universal basic income is their struggle. By recognising that all members of society deserve a fair basic share of its resources, enough to meet their basic needs, because they all in some way or another contribute to it by their existence, it does strengthen the position of women, and all of their other struggles, as workers, as family members, as people in need of respect as well as material resources. When women fully secured the vote in 1928 in the UK, many thought they were well on the way to respect for women's contributions to society. It is obvious that progress has been glacial since then, and a universal basic income for everyone could be an important step further along that road.

34 Wübbecke, C.J. (2013). Older unemployed at the crossroads between working life and retirement: reasons for their withdrawal from the labor market. *Journal for Labor Market Research*, 46(1), 61-82.

35 The point of strengthening all workers, is made interestingly in the Chinese context: Lin, K. (2018). Collective Bargaining or Universal Basic Income: Which Way Forward for Chinese Workers?. In I. Franceschini and N. Loubere (Eds), *Gilded Age* (pp. 60–63). Australia: ANU Press. [www.jstor.org/stable/j.ctvgt1hr.15].

36 Robeyns, *op. cit.*, p. 85.

37 Bennett, N. (2017, August 28). Universality: we need it in incomes and services. *Huffington Post*. [https://www.huffingtonpost.co.uk/entry/universality-we-need-it-in-incomes-and-services_uk_5b85321be4b0f023e4a60430].



III. Universal Basic Income in Practice

Combining a Minimum Income with Active Social Policies: Barcelona's B-MINCOME Pilot

Bru Laín and Lluís Torrens

Poverty has become the new urban issue. To face this, municipalities like Barcelona find themselves conditioned by their states' structural economic, legal, and political obstacles. Furthermore, traditional conditional social policies seem to be losing much of their former redistributive capacity. This creates new necessities to respond to the new forms of urban poverty that national or regional social policies seem incapable of solving. By tackling these structural obstacles and given the continuing lack of a full basic income at the national or regional level, the B-MINCOME project combines a minimum income scheme with active social policies to provide some evidence in order to design innovative and more efficient policies to fight poverty and exclusion in the most deprived urban areas.

Spanish poverty and its impact at the local level

Although the Spanish state's redistributive capacity has never been quite generous, the economic crisis has weakened it even further.³⁸ While in 2005, the entirety of taxes and social transfers contributed to mitigating inequality by 3.14 points (as a percentage of the Gini coefficient), in 2013 they did so by 1.68 points. Hence, during the most crucial years of the crisis, the redistributive capacity of the whole tax and transfers mechanism decreased by 1.46 points. Such a trend is fundamentally due to two structural shortcomings. First, an unfair tax system (wage and salaries pay much more than capital and profit revenues) that is also inefficient because, as we have seen, its economic-redistributive capacity is less and less capable of reducing primary inequality. Second, although the redistributive effect of all social transfers reduces inequality by 27%, almost 80% of its aggregate effect is due to retirement pensions and unemployment benefits.³⁹ The Spanish welfare system

thus relies almost entirely on contributory pensions and transfers which, as a whole, limits and makes insufficient the rest of the non-contributory benefits. This feature, which might be called the “contributory-bias”, is mostly due to the dual character of the Spanish social protection system and labour market that over-reward the “insiders” to the detriment of the “outsiders”.⁴⁰

These structural deficiencies are also the result of the same Spanish multi-level governance regime that negatively affects the portfolio of social policies, making it more complex⁴¹ with an evident lack of internal coordination, solidarity, and subsidiarity among the three political levels: the Spanish government, the Autonomous Communities, and the municipalities. According to this institutional design, the central government appropriates itself all the contributory pensions and benefits (unemployment and retirement pensions that have the biggest redistributive capacity), while the Catalan government and the City Councils are bound to fund the bulk of all the non-contributory, assistance, and social-urgency benefits and last-resort transfers programmes, which are always much more limited, both in terms of their economic value and their redistributive aggregate-capacity.⁴²

The traditional mechanisms of social transfers formerly designed according to a context of economic expansion and of consolidation of the Welfare State are nowadays proving to be less capable of responding to the current economic crisis and its multiple and heterogeneous forms of inequality and precariousness. While it is true that having a job is still the best manner to assure a minimum living standard, precariousness of employment is driving us to a scenario in which having a job no longer guarantees a decent life. In facing this new scenario, City Councils and particularly their basic social services are becoming the “last resort of the social protection net of citizens, recovering then their primary ‘assistance’ character”.⁴³ In doing so, the increasing un-

38 Ayala, L. (2014). *Desigualdad y pobreza en España en el largo plazo. VII Informe sobre la exclusión y el desarrollo en España 2014*, Documento de Trabajo 2.1. Madrid: FOESSA.

39 Fedea (2018). Observatorio sobre el reparto de los impuestos y las prestaciones monetarias entre los hogares españoles. Tercer informe 2015. [www.documentos.fedea.net/pubs/eee/eee2018-14.pdf].

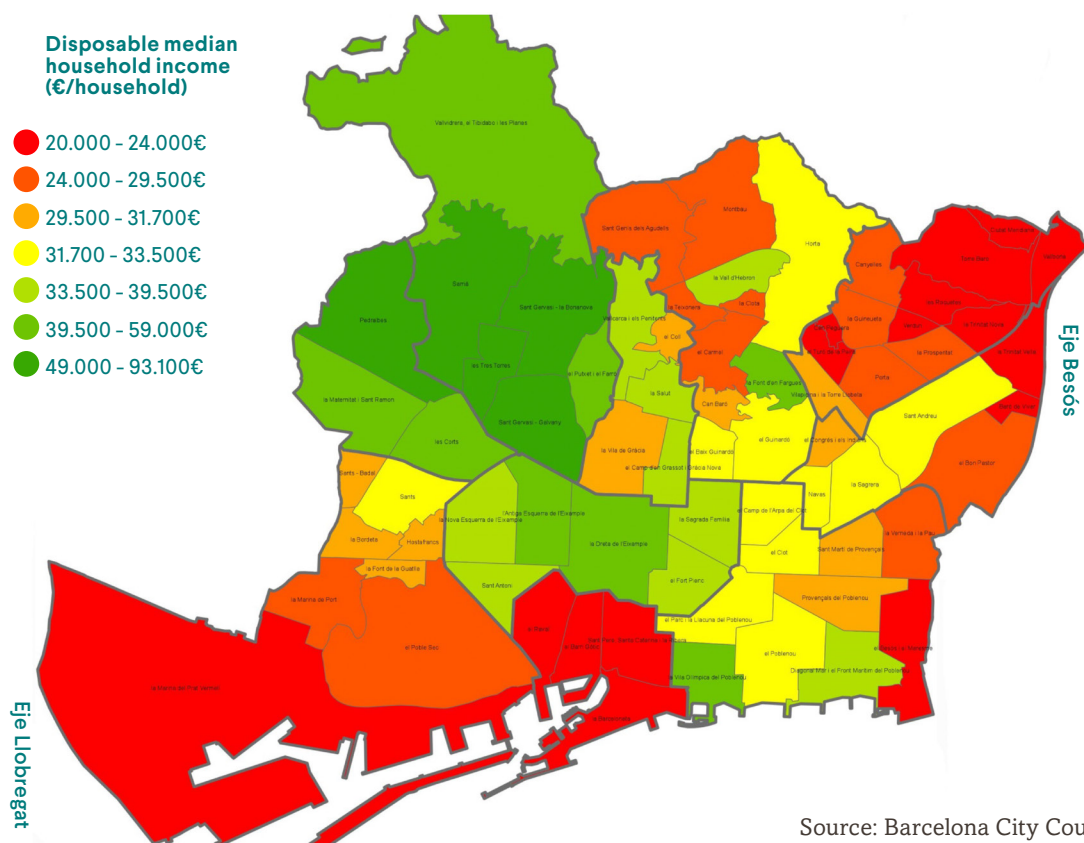
40 See: Buendía, L. and Simarro, R. (2018). ¿Por qué nuestro Estado de bienestar apenas redistribuye?. [www.paradojadekaldor.com/2018/11/07/por-que-nuestro-estado-de-bienestar-apenas-redistribuye/], and Fernández-Albertos, J. and Manzano, D. (2012). ¿Quién apoya el Estado del Bienestar? Redistribución, Estado de Bienestar y mercado laboral en España. *Zoom Político* 2012/09, Fundación Alternativas.

41 Arriba González, A. and Guinea, D. (2009). Protección social, pobreza y exclusión social: el papel de los mecanismos de protección de rentas. In: V. Renes (Coord.). *VI Informe sobre exclusión y desarrollo social en España*. 2008. Madrid: FOESSA.

42 The political competences of the Spanish government are stated in the 39/2006 Law, of December 14th. Those in the hands of the Catalan Government are outlined in the 27/2013 Law, of December 27th, and those of municipalities in the 12/2007 Law (art. 28 and 29).

43 Porcel, S. and Navarro-Varas, L. (2016). *Pobresa, suports econòmics municipals i renda metropolitana*. Barcelona: IERMB.





Source: Barcelona City Council, Department of Data and Research

der-protection that most vulnerable groups are suffering has forced the adoption of multiple *ad hoc* benefits and social transfer mechanisms created by municipalities in order to mitigate the “new forms of urban poverty”.⁴⁴

Consistent with the Spanish trends, inequality in the Metropolitan Area of Barcelona has also increased, reaching in 2011 the same level as in 1995.⁴⁵ In the city of Barcelona’s particular case, inequality has two important components. On one side, the persistence of a structural poverty not eradicated even during the periods of economic growth that is highly concentrated among the most vulnerable inhabitants (migrants, low-educated individuals, elderly women, single-parent households, etc.). On the other side, residential segregation and economic-geographical polarisation. The increasing occupation of central neighbourhoods by the new middle and upper classes is expelling the most vulnerable inhabitants who then become concentrated

on the outskirts of the city, particularly in the areas of the Eje Besós and of the Eje Llobregat. As the graph shows, while the median disposable household income of the 73 neighbourhoods of the city in 2014 was about €35,000, almost none of the neighbourhoods in the two Ejes areas exceeded €24,000.

Municipal strategies and capacities in reducing poverty

States usually use labour policies in order to reduce poverty and inequality. Nevertheless, most active labour policies and the different minimum income schemes for the working poor seem to be incapable of mitigating the emergence of new forms of poverty and economic inequality, both at an international level⁴⁶ and at a Spanish one.⁴⁷ Therefore, if the mechanisms that the Spanish government can rely on are clearly insufficient in

44 Despite these municipal efforts, however, the “last social net resort” is mostly provided by charity organisations, social restaurants, food banks, and communitarian organisations working in the most vulnerable neighbourhoods to attend to the basic needs of housing, food, etc. See: Gutiérrez, E. (2014). *Nova pobresa i renda mínima d’inserció. Dossier Catalunya Social*. Vol. 35, Barcelona: Taula d’Entitats del Tercer Sector Social de Catalunya.

45 Navarro-Varas, L. and Porcel, S. (2017). *L’acció contra la pobresa: cap a una política metropolitana de garantia de rendes?*. In J. Clapés (Ed.), *Anuari Metropolità de Barcelona* (pp. 39–60). Barcelona: Àrea Metropolitana de Barcelona and IERMB.

46 See: Dwyer, P. (2016). Citizenship, conduct and conditionality: sanction and support in the 21st century UK welfare State. *Social Policy Review*, 28, 41–62; and Titmuss, R. (1958). *Essays on the Welfare State*. London: Allen & Unwin.

47 See: Ayala, L. (2000). *Las Rentas Mínimas en la Reestructuración de los Estados de Bienestar*. Madrid: Consejo Económico y Social; and La Rica, S. and Gorjón, L. (2017). Assessing the Impact of a Minimum Income Scheme in the Basque Country. *IZA Institute of Labour Economics Discussion Paper Series n.10867*. Bonn: Germany.

themselves, the Barcelona government's redistributive capacity is even more limited, both in economic and in legal terms. Creating new jobs and fostering the labour market should be the first measures to be implemented, although unfortunately the City Council has not enough economic power to create the nearly 100,000 jobs that would eradicate unemployment in Barcelona. Thus, alternative policies, or at least measures complementing the labour market policies, seem to be necessary not just to reduce income inequality but also to reinforce social integration and cohesion.

Along this line, there is solid empirical evidence showing that, in order for people to be able to look for a decent job or to receive a proper education, they need to be able to rely on a certain material or economic security enabling them not to be forced to accept any kind of labour contract they might be offered.⁴⁸ A measure like a universal and unconditional basic income might guarantee such an economic *floor* in order for recipients to be able to design their own life plans by having assured the material conditions of their freedom.⁴⁹ Furthermore, a measure like this would eradicate the problems associated with the conditionality of most of our means-tested policies and minimum incomes for the working poor⁵⁰ such as poverty traps, non-take-up⁵¹, social stigmatisation, administrative arbitrariness, bureaucratic obstacles, lack of information, etc.⁵² However, the Barcelona City Council has neither the financial capacity to implement a basic income nor the political ability to pass it, since it is only entitled to implement "social urgency" benefits which are always comple-

mentary and subsidiary to all the Spanish and Catalan in cash-benefit policies.⁵³

The B-MINCOME case

In such a situation, the City Council is testing new strategies for fighting poverty and economic inequality more related to the "minimum income" scheme⁵⁴. It is through the *Urban Innovative Actions*⁵⁵ European programme that the B-MINCOME project is set to evaluate the efficacy (in reducing poverty) and the efficiency (in making it economically feasible) of combining a minimum income scheme with four active policies of social and labour inclusion in deprived urban areas.⁵⁶ Since December 2017, the B-MINCOME project provides a monthly minimum income to 1,000 vulnerable households across the Eje Besós, the so-called "*Soporte Municipal de Inclusión*" or SMI (Municipal Inclusion Support), calculated according to the household's composition, its total income, and its housing expenses.

Through a randomised and income-stratified lottery carried out in September 2017, 2,000 households were picked and divided into two groups: one consisting of 1,000 individuals sub-divided into ten active treatment groups, and the other a passive group which serves as the counterfactual or control group of the pilot. Of the active treatment households, there are 550 which, beyond receiving this SMI, are also enrolled in one of the four active policies (a professional training and job programme for 150 recipients; a programme of social

48 It is known that economic and severe financial pressure have the same effect as being sleep-deprived, which is estimated at around 13 points of the IQ index. See: Mani, A.; Mullainathan, S.; Shafir, E. and Zhao, J. (2013). Poverty Impedes Cognitive Function. *Science*, 341(6149), 976–980.

49 See: Casassas, D. (2008). Basic Income and the Republican Ideal: Rethinking Material Independence in Contemporary Societies. *Basic Income Studies*, 2(2); Laín, B. (2015). Republican Freedom and Basic Income. [www.revolution-francaise.net/2015/11/10/632-republican-freedom-and-basic-income/]; and Raventós, D. (2007). *Basic Income: The Material Conditions of Freedom*. London: Pluto Press.

50 Dwyer, P., et al., (2018). *Welfare Conditionality Project: Sanctions, Support and Behaviour Change, Final Findings Report*. York: University of York.

51 Domingo, P. and Pucci, M. (2014). Impact du non-recours sur l'efficacité du RSA « activité » seul. *Économie et Statistique*, 467-468, 117-140.

52 For some of these problems, see: Heckman, J. J. and Smith, J. A. (2004). The Determinants of Participation in a Social Program: Evidence from a Prototypical Job Training Program. *Journal of Labor Economics*, 22(2), 243–298.

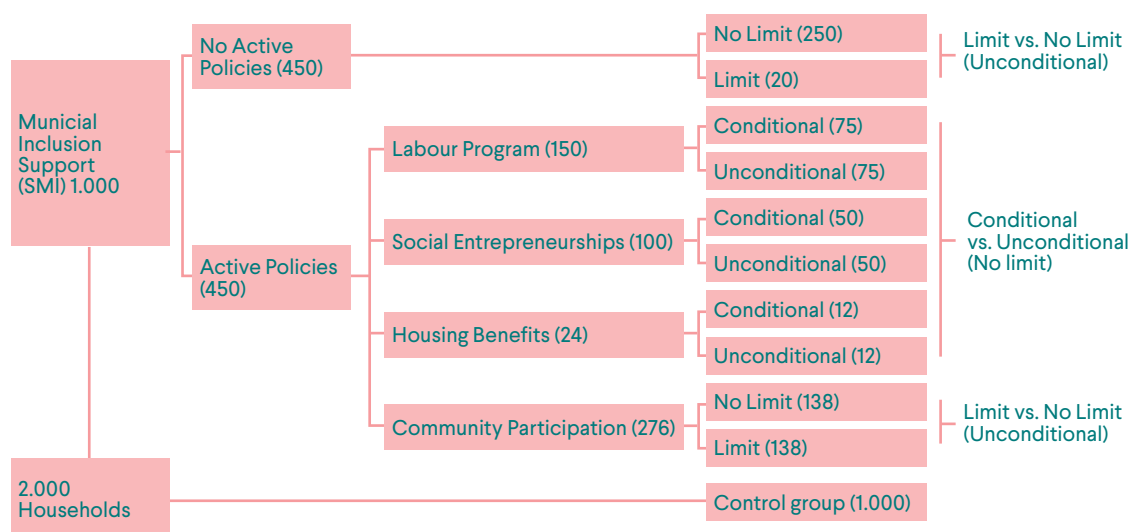
53 According to the 13/2006 Catalan law, the economic benefits considered as "social urgency" are the main mechanism to secure "punctual, urgent, and basic needs" (art. 5) that "are established by the municipalities according to the legal faculties in matters of primary social policies they are entitled to" (art. 6).

54 A minimum income benefit is an in-cash benefit provided to all at-risk of poverty households who do not have their economic needs guaranteed. Typically, programmes of minimum income "supplement the income, if any, that poor households gain directly or indirectly from work up to the point that those households reach some socially defined threshold". See: Van Parijs, P. and Vanderborght, Y. (2017). *Basic income: a radical proposal for a free society and a sane economy*. Cambridge, MA: Harvard University Press. Individuals are usually required to fulfil multiple conditions to be entitled to these benefits, such as not exceeding a minimum economic threshold, not having previous work-income during a particular period, accepting job offers, participating in job-training programmes, etc. In the European context, minimum income schemes are considered a fundamental tool to prevent poverty and economic exclusion. The European Parliament is encouraging Member States to implement these kinds of policies. Nowadays, 24 of the 27 Member States have some type of minimum income scheme, although "the spectrum of such arrangements varies a lot between and within Member States. This is due to various design aspects, such as the level, coverage, and eligibility of benefits and their link to activation (where applicable), but also to the interplay with other benefits (housing, family and children, etc.)". See: European Commission (2018). Peer Review on Minimum income benefits – securing a life in dignity, enabling access to services and integration into the labour market. Thematic discussion Paper by Katalin Szatmari. Brussels: European Commission. [<http://ec.europa.eu/social/mlp/>].

55 Urban Innovative Actions (UIA) is an EU initiative that provides European urban areas with resources to test new and unproven solutions to address urban challenges. Further information can be found at: [<https://www.uia-initiative.eu/en/>].

56 Further information about the project can be found at: [<http://ajuntament.barcelona.cat/bmincome/en/>], as well as at: [<https://www.uia-initiative.eu/en/uia-cities/barcelona>].





Source: authors' elaboration

entrepreneurship in social and cooperative economy for 100 recipients; a programme of granting household refurbishment in order to rent a room to get additional income for 24 households; and a programme of social and communitarian participation for 276 recipients). Until the end of 2019, the 1,000 recipients of the active treatment groups will be receiving the SMI according to four different modalities: conditioned or unconditioned (to participate in these active policies), and limited (when additional income reduces the amount of SMI) or unlimited (when SMI is net-added to any extra income). The following graph shows the experimental design and the combination of these four modalities of SMI with all the active and passive treatment groups.

The B-MINCOME project was designed and is being implemented in a way that will provide some robust evidence about which of these four modalities of SMI, with or without active policies, demonstrates the most efficiency and efficacy in reducing poverty and inequality and in reinforcing the recipients' capacities to design their strategies to improve their own situation. The pilot is led by the Social Rights Area of the Barcelona City Council along with a consortium of five partners: Ivalua, Novact, the Polytechnic University of Catalonia, the Autonomous University of Barcelona, and the Young Foundation. The pilot's implementation also relies on other municipal institutions such as Barcelona Activa, the Education Consortium of Barcelona, the Municipal Public Health Agency, the Citizens' Rights Area, the districts of Nou Barris, Sant Andreu and Sant Martí, social and communitarian associations, NGOs, and neighbouring platforms of that area.

The B-MINCOME pilot aims to test and compare the outputs of the conditionality attached to the traditional

passive policies of in-cash benefits (in linking them to these four active policies), with the effects of the unconditioned in-cash schemes more related to the basic income idea. The data this pilot will obtain by the end of 2019 is going to be of high interest, particularly in a moment when welfare policies at the urban and metropolitan level are gaining the attention of scholars and policy-makers alike. Meanwhile, Barcelona City Council is considering a more coherent and simplified system of social protection by trying to integrate all social benefits into a one-stop shop.

Minimum income schemes managed by the Spanish government are not able to cover the "new forms of urban poverty", mostly because the conditions these schemes require are too strict and are not designed to accommodate new poverty situations, such as the working poor, precarious workers, etc. In addition, these kinds of benefits are usually subsidies creating poverty and precariousness traps. Specifically, the Catalan minimum income scheme – the so-called Citizenry Guaranteed Income (RGC) – also fails in this regard. According to the Spanish official statistics, there are 214,000 Catalan households below the threshold of income which are potential recipients of this benefit, although one year after the RGC law was passed, only 27,000 households are actually receiving it and so far 90% of applications have been rejected. Particularly, in the city of Barcelona, only 2,600 households are beneficiaries of the RGC, while according to the official data, around 33,000 households would be entitled to receive it.

The introduction of the different modalities of basic or minimum income in the B-MINCOME project also has a pedagogical-demonstrative effect of evaluating the



“While it is true that having a job is still the best manner to assure a minimum living standard, precariousness of employment is driving us to a scenario in which having a job no longer guarantees a decent life.”



attainment of paid work within the traditional benefits as the only way to cover basic needs and achieve a certain degree of well-being. Eliminating this work centrality might help to avoid continuing to promote unsustainable growth to create, at any environmental cost, new jobs to replace those that have been irreversibly destroyed by the advances of globalisation and automation.

Conclusions: a municipal strategy towards a basic income

Until a pure universal and unconditional basic income model has been introduced in either Spain or in Catalonia – a model that would eliminate these minimum income’s administrative rigidities as a result of their conditions as well as their political and social conse-

quences (poverty traps, stigmatisation, non-take-up, etc.) – municipalities like Barcelona find themselves compelled to tackle urban poverty mostly by their own means. Barcelona’s capacity to do so is, by definition, limited in political, legal, and financial terms. Although the B-MINCOME is a two-year experiment, it is expected to provide the City Council with robust data in order to develop new and more powerful tools to fight poverty and, at the same time, to provide it with solid arguments to encourage the Catalan and the Spanish Government to go further in introducing a pure basic income model, not just for Barcelona’s inhabitants, but for the whole Catalan and Spanish population.

The Hidden Success of the Swiss Referendum

Irina Studhalter

In June 2016, Switzerland became the first country in the world to vote on the introduction of a basic income. The proposal was simple and short, clearly aiming towards a humanistic basic income: securing a decent living and participation in public life for every citizen. On the polling day, 23% of voters voted “Yes”.

For some, this result may sound disappointing, but this article will attempt to outline why the referendum may still be considered a success.

To understand the political context of the referendum, a short introduction to Switzerland’s model of direct democracy is needed. Four times a year, Swiss citizens are asked to vote on one or more issues. The range of topics is very broad: taxes, road construction projects, or even clothing regulations. Only a minority of issues are “popular initiatives” – meaning proposals put forth by citizens rather than political parties – and these get voted down the majority of the time: a mere 1 out of 10 popular initiatives gets voted through the referendum. Despite this, half of the demands outlined in popular initiatives still find their way into law-making.

Swiss citizens are staunchly sceptical about new policies. For example, a hemp legalisation initiative found support with only 37% of voters, while a proposal petitioning for six instead of five weeks of holiday a year for everyone found only 33% in favour. With this low possibility of success, these initiatives are often a strategic undertaking to increase awareness and debate

around a particular topic, rather than a genuine attempt at passing a referendum; many popular initiatives do not even aim to win at the ballot boxes.

Bearing Swiss scepticism in mind, imagine now a major change in the economic system, including a different social system and the challenging new ideal of unconditionality – it was widely known that basic income faced sky-high obstacles.

The actual question on the ballot paper was cut down to the essentials, which left it very open to interpretation. The proposal included three bullet points:

- ▶ The introduction of a basic income.
- ▶ The basic income should allow all community members a decent existence and participation in public life.
- ▶ Funding shall be decided and implemented by the law.

This short proposal was simultaneously the referendum’s biggest strength and biggest weakness. It managed to gather supporters with different ideas for its detailed design, but also evoked the critique of some supporters who feared its implementation by non-progressive policy makers.

In the lead up to the referendum, discussion of the costs was very prominent, but less so discussion of the funding. The referendum text did not include an actual



income amount, though the initiators proposed CHF 2,500 (€2,200), based upon the Swiss poverty threshold. Both the amount and the phrasing “decent existence and participation in public life” clearly aimed towards a full, humanistic basic income.

Basic income was not the only policy Swiss citizens voted on in June 2016, but it was the topic that was discussed the most. Discussion began early, starting half a year before the day of the vote. The quality and depth of the discussion was surprising. Of course, the media asked the popular “hammock question” (“Would we all start lying in hammocks and doing nothing?”) about whether people would simply stop working should the basic income proposal pass. And yet, Switzerland also debated digitalisation, care work, poverty, and the future of work.

Switzerland was far from the first country to talk about basic income. While our German neighbours donated hundreds of thousands of euros to *Mein Grundeinkommen* (basic income) and talked about which party was in favour, most of Switzerland did not even know the term basic income. The referendum changed that fact dramatically; in the run up to polling day, every Swiss citizen had read about the idea of basic income – at the very least on their ballot card.

Support from established institutions was very rare; the Green and the Young Green Parties were the only ones in favour. The campaigning team instead acted at a distance from parties and established political institutions. The discussion and support were very much on a civic, societal level compared to what Switzerland is used to.

Shortly before polling day, a representative survey underlined the success: a vast majority of 69% of the voters believed Switzerland would vote a second time on the introduction of a basic income – the referendum of 2016 was just the beginning. The next steps seem to be clear too; 44% of the respondents, regardless of whether they voted in favour or not, wished to see a basic income experiment in a Swiss canton or in another country.

The referendum campaign itself was innovative and very prominent. The media called the campaign team “grand masters of the political circus”, executing the “most exciting campaign ever since”.⁵⁷ Not without reason: the team gave away bills of 10 Swiss francs with stickers on them at Zurich train station, claiming that this cash would be the campaign’s official flyer. At a conference on “Future of Work”, the team invited well-known basic income advocates such as Richard Reich, Natalie Foster, and Yanis Varoufakis. They even achieved a Guinness world record for the biggest post-

er on earth, emblazoned with the “biggest question”: “What would you do if your income were taken care of?”.

Thanks to the campaign around it, the Swiss referendum accelerated the global discussion on basic income. Campaigning beyond the Swiss borders, it strengthened the cause worldwide.

In Switzerland, there is an unwritten rule stating that a declined policy is politically ‘dead’ for seven years. A second referendum on basic income is not currently within reach and the activists all needed a break after the intense period of the referendum. Discussion around basic income is still rather quiet, but there are some promising ideas and projects emerging; some of them taking the classic political route, others aimed towards civil society.

A quarter of Swiss voters are open to social change, alternative economic systems, and a secured livelihood for everyone. As a first step towards a basic income in Switzerland, this quarter is a big achievement.

As for the steps to follow, basic income supporters have differing ideas. Some wish to start a second referendum with the exact same proposal, some with a more specific proposal – mostly in terms of funding. Others aim to foster experiments and pilot projects in Switzerland, and still other groups favour a civic, non-governmental approach. Time will tell, as the path towards basic income continues.

57 Marti, S. (2016, March 27). Die Initianten des Grundeinkommens inszenieren eine perfekte Kampagne : Grossmeister des Polit-Theaters. *Blick*. [<https://www.blick.ch/news/politik/die-initianten-des-grundeinkommens-inszenieren-eine-perfekte-kampagne-grossmeister-des-polit-theaters-id4849824.html>]



IV. The Debate Across Europe

Green Debate on Basic Income in Germany: Evolution and Current Status

Wolfgang Strengmann-Kuhn

The early years

The discussion on basic income in the Green Party in Germany is as old as the party itself. The debate in the 1980s was influenced by writers such as Gorz⁵⁸ and Schmid⁵⁹. Within the Greens, one of the main advocates was Michael Opielka, who was the academic advisor for social policy of the Greens parliamentary group in the Bundestag from 1983 to 1987 and had already written extensively in the 1980s about basic income.⁶⁰ In addition, some Green Party members (such as Claus Offe) were among the co-founders of the Basic Income European Network (BIEN) in 1986, which later became the Basic Income Earth Network.

The start of the millennium: Broadening discussion

In the 1990s, after German reunification, other topics were at stake in the German Green Party as well as in German society, and the discussion about basic income receded into the background. However, that changed as a result of the discussions around the so-called “Hartz” labour market reforms in Germany at the start of the millennium. Particularly the reform of social assistance (known as “Hartz IV”) generated disagreement and discussions about alternatives, not surprisingly one of which was basic income. On the same day as the Hartz IV act was adopted in the German Bundestag, the independent “Netzwerk Grundeinkommen” (Basic Income Network) was founded, with the support of several Green Party members, among others. The discussion

on basic income then became more prominent again, also within the Greens.

In contrast to the discussion in the 1980s, which mainly took place within the Green Party and its surroundings and in academic circles, this new discussion about basic income was much broader. At the beginning of this century, representatives beyond the alternative-left-academic scenes also participated in the discourse. Dieter Althaus, prime minister of Thuringia and member of the conservative party (CDU) proposed his own very specific basic income model, which he called *Solidarisches Bürgergeld*.⁶¹ This model proposed a basic income at the upper end of the current minimum income (like Hartz IV) and was to be implemented as a negative income tax. It also included a health flat rate of €200 per month. The unemployment insurance was to be substituted by the basic income, but there was an additional pension insurance which was fully financed by the employers. Interestingly, the CDU-affiliated Konrad-Adenauer-Stiftung hired two Green academics, namely Michael Opielka and myself, to carry out a financial study of Althaus’s proposal.⁶²

Thomas Straubhaar, a market-liberal economist, also argues for a basic income.⁶³ He proposed a basic income flat tax model similar to Atkinson in 1997.⁶⁴ However, in Straubhaar’s model, the basic income should substitute not only the unemployment insurance, like in the proposal of Dieter Althaus, but also pensions and health insurance. In contrast to Straubhaar and Althaus, who proposed to finance the basic income through a reformed income tax, Götz Werner, a prominent entrepreneur, billionaire, anthroposophist, and founder of the drugstore chain “dm”, argued for a basic income which would be financed by an increased value added tax to substitute the income tax.⁶⁵

58 Gorz, A. (1984). *Wege ins Paradies. Thesen zur Krise, Automation und Zukunft der Arbeit*. Berlin: Rotbuch.

59 Schmid, T. (1986). *Befreiung von falscher Arbeit. Thesen zum garantierten Mindesteinkommen*. Berlin: Wagenbach.

60 See, for example: Opielka (1985a), Opielka (1985b), Opielka & Vobruba (1986), Opielka & Ostner (1987), and Opielka & Zander (1988).

61 Althaus, D. (2007). Das Solidarische Bürgergeld – Sicherheit und Freiheit ermöglichen Marktwirtschaft. In M. Borchard (Ed.), *Das Solidarische Bürgergeld – Analysen einer Reformidee* (pp. 1-12). Stuttgart: Lucius & Lucius.

62 See: Opielka, M. & Strengmann-Kuhn, W. (2007). Das Solidarische Bürgergeld – Finanz- und sozialpolitische Analyse eines Reformkonzepts. Gutachten für die Konrad-Adenauer-Stiftung. In M. Borchard (Ed.), *Das Solidarische Bürgergeld – Analysen einer Reformidee* (pp. 13-142). Stuttgart: Lucius & Lucius.

63 Straubhaar, T. (2008, ed.). *Bedingungsloses Grundeinkommen und Solidarisches Bürgergeld – mehr als sozialutopische Konzepte*. Hamburg University Press. See also: Straubhaar, T. (2017). Radikal gerecht: Wie das bedingungslose Grundeinkommen den Sozialstaat revolutioniert. Hamburg: edition Körber Stiftung.

64 Atkinson, A. (1997). *Public Economics in Action: The Basic Income/Flat Tax Proposal*. Oxford: Clarendon Press. (For the idea of a basic income flat tax see also Strengmann-Kuhn, W. (2007a): Finanzierung eines Grundeinkommens durch eine „Basic Income Flat Tax“. In G. W. Werner & A. Presse (Eds.), *Grundeinkommen und Konsumsteuer – Impulse für Unternimm die Zukunft: „Karlsruher Symposium Grundeinkommen: bedingungslos“*. Universitätsverlag Karlsruhe.)

65 See: Werner & Presse 2007, Werner 2008, and Werner & Göhler 2011.



2007: A year-long debate culminating in a showdown

In 2007, there was a particularly intense debate on Basic Income within the Greens. The party executive founded a committee known as “*Zukunft der sozialen Sicherung*” (Future of social security) under the leadership of Reinhard Bütikofer, the main topic of which was the discussion on basic income. One half of the committee were advocates of a basic income while the other half were against it. In the end, there was no total agreement between these two sub-groups, although a lot of common ground was found, such as on basic goals, the necessity of a better minimum income system, and critique about the Hartz IV system. Therefore, the final report took the form of a “Y”, with a trunk of agreement and two branches, one arguing for a basic income with a concrete basic income model and the other branch arguing for a means-tested minimum income system.⁶⁶

In parallel to this committee, there was a broad discussion going on within the Green Party in most local and federal states.⁶⁷ Some *länder* (German states) adopted resolutions that advocated for a basic income, for example Schleswig-Holstein, Rheinland-Pfalz, and particularly Baden-Württemberg. The Greens of Rheinland-Pfalz adopted a resolution that proposed a modular basic income,⁶⁸ which meant a group by group introduction of a basic income. The resolution of the Greens in Baden-Württemberg⁶⁹ was based on the proposal that was made by the committee of the federal party and was then an alternative at the federal party congress of 2007 in Nuremberg.

The main idea was a partial basic income corresponding to the high end of the “*Regelsatz*” of Hartz IV, which is the standard rate covering the current costs of a household, excluding housing costs and special needs. One of the agreements in the federal committee was, however, that the current benefit was too low and should be increased at that time to €420 per month for an adult. Therefore, the basis of the model was a partial basic income of €420, which should be paid monthly to each adult, and €300 for each child. Technically, the basic income

should be implemented as a negative income tax, where it would serve as a substitute for all tax allowances, according to this proposal. Housing costs and special needs should be covered by additional means-tested benefits. This could be financed by an income tax with a tax rate of 35%. The proposal, however, was to have a progressive tax rate up to 42% for high incomes. Social insurances for health, care, and pensions should not be replaced but further developed into citizen insurance schemes (“*Bürgerversicherungen*”) covering all citizens and with contributions that should be paid on all income sources. In this way, the contributions could be lowered compared to the status quo.

The main other alternative discussed at the federal party congress was a proposal of the party executive based on the part of the report from members of the committee who were sceptical of a basic income, which advocated for a better means-tested minimum income system. In the end, the proposal of Baden-Württemberg obtained support of 42%. Thus, the proposal of the party executive was adopted. Nevertheless, even in this adopted resolution, a basic income was not fully rejected. For example, the end of the resolution stated: “With this resolution the debate on basic income is not finished, all the more so as the discussion is going on in society. The discussion shall go on. For example, on the question of whether and how a negative income tax, which is proposed in some basic income models, can be combined with the Green minimum income concept. We will further discuss the design of education benefits as well as better subsistence in old age in view of growing old-age poverty.”⁷⁰

One of the points of common agreement within the Greens in Germany is the further development of social insurances into citizen insurance schemes (*Bürgerversicherungen*)⁷¹. This is important also for the basic income supporters within the Greens, because basic income should not be a substitute for social insurance. For most of the Green basic income supporters, the idea of basic income and the idea of citizen insurance schemes for pensions, health, and care belong together. Michael Opielka even made a proposal of a basic income insurance that combines both ideas.⁷²

66 Bündnis 90/ Die Grünen (2007a). Bericht der Kommission „Zukunft Sozialer Sicherung“ von BÜNDNIS 90/DIE GRÜNEN. [https://www.stefan-ziller.eu/wp-content/uploads/2008/09/202219.bericht_der_kommission_zukunft_sozialer.pdf]

67 For an overview of proposals discussed within the Greens see: Strengmann-Kuhn, W. (2007b). Armut und Grundeinkommen. In R. Zwengel (Ed.), *Gesellschaftliche Perspektiven: Arbeit und Gerechtigkeit*. Jahrbuch der Heinrich-Böll-Stiftung Hessen, Klartext Verlag Essen.

68 Bündnis 90/ Die Grünen Rheinland-Pfalz (2007). Solidarität und soziale Gerechtigkeit – Aufbruch für einen aktivierenden Sozialstaat – für ein modulares Grundeinkommen. [https://gruene-rlp.de/userspace/RP/lv_rlp/pdfs/ldv_09-07/0907-B_Sozialpolitik.pdf]

69 Bündnis 90/ Die Grünen in Baden-Württemberg (2007). Armut bekämpfen, Bildung verbessern, Chancen eröffnen. Der Weg zu einem grünen Grundeinkommen – eine solidarische und freiheitliche Zukunft gestalten. [<https://www.gruene-bw.de/wp-content/uploads/2015/10/Grundeinkommen.pdf>]

70 Bündnis 90/ Die Grünen (2007b). Aufbruch zu neuer Gerechtigkeit. [https://www.gruene.de/fileadmin/user_upload/Beschluesse/Gesellschaft-Aufbruch-Gerechtigkeit-Beschluss-BDK-Nuernberg-11-2007.pdf]

71 See: Strengmann-Kuhn, W. (2005, ed.). *Das Prinzip Bürgerversicherung. Die Zukunft des Sozialstaats*. Wiesbaden: VS-Verlag.

72 See: Opielka, M. (2005). Die Idee einer Grundeinkommensversicherung – Analytische und politische Erträge eines erweiterten Konzepts der Bürgerversicherung. In W. Strengmann-Kuhn (Ed.), *Das Prinzip Bürgerversicherung. Die Zukunft des Sozialstaats*. Wiesbaden: VS-Verlag.



2010 to 2013: Looking for a compromise

In the years following this decision, the discussion on basic income slowed down somewhat within the Greens. From 2010 to 2012, another committee of the federal party dealing with the social profile of the Greens once again was implemented. The committee was called “*Zukunftsforum Antworten auf die auseinanderfallende Gesellschaft*” (Future forum for answers on the disintegration of society). The aim was to describe and to sharpen the Green social profile. As a result, two consecutive reports were published, each containing a chapter on basic income based on the work of a sub-working group of five persons, some of them in favour, some against a basic income⁷³. In contrast to the committee in 2007, this group made a compromise proposal, which they called “*Grüne Basissicherung*” (Green basic security). The basic idea of this compromise was the assessment that, on the one hand, an *unconditional* basic income for everyone was not a consensus in the party, but that on the other hand, a basic income or benefits similar to a basic income focusing on some groups could make sense for a large majority of the party, particular a *Kindergrundsicherung* (children’s basic security), a guarantee pension, and a negative income tax for workers. Besides these priority groups, in further steps there could be basic income benefits or basic income-like benefits implemented for further groups. Additionally, there should be a better means-tested minimum income scheme, which should be simpler and should better safeguard against poverty. A *Kindergrundsicherung* and guarantee pension has already been agreed by the Green Party. The *Kindergrundsicherung* was not very specific, but there already existed a specific guarantee pension model as part of the Green pensions concept.⁷⁴ What was still missing was a concept for a negative income tax for workers.

The election programme for the Bundestag-election in 2013 contained the following: “We want to further discuss the idea of a financial basic security or the idea of a negative income tax. Particularly in the debate on minimum income security and basic income for everyone, it is important to combine our guiding principles of justice and an emancipatory social policy, with the importance of public institutions and financial feasibility. We want to bring this discussion into society. Therefore, we think the implementation of an ‘Enquete-Commission’ of the Bundestag makes sense, in which the idea and models of basic income, as well as fundamental reform perspectives for the welfare state and the social security systems shall be discussed”.

2013-2017: Further development of basic income modules

However, this decision was only implemented in part. The Green parliamentary group decided – with the support of the Green MPs in favour of a basic income – against requesting an Enquete-Commission. This was mainly due to the fact that, in times of a grand coalition of parties who were all against a basic income and two opposition parties in which only a minority was for a basic income, there was a high risk that such a committee, even with considerable effort, might fail to generate any productive debate, or could perhaps even result in a rejection of the basic income idea completely. What was done in the years 2013 to 2017 was to carry on developing the Green concept for a guarantee pension and to develop a concrete concept for a *Kindergrundsicherung* by working groups of the party and of the parliamentary group in the Bundestag.

In the previous concept of the Green guarantee pension there was a deduction if people received private or occupational pensions. In the revised concept of this pension there was no means test at all, so that if the entitlement to public pension was below a certain level, it would simply be lifted to a minimum level. Persons who had been within the pension insurance scheme for longer than 30 years should receive a guarantee pension above the subsistence level without a means test. Besides that, the pension insurance was to be developed into a citizen insurance, so that at least in the long run everyone would reach the condition of 30 years in pension insurance. Another working group developed a fundamental reform of family benefits, including the proposal of a *Kindergrundsicherung*, which is a benefit paid at the same amount for each child and independent from income. The amount should be at least as high as the highest benefit from child tax allowance which is about €300 per month per child. Additionally, there should be an additional benefit for families with low income which guarantees a minimum income of about €400, that should be paid without an additional means test, similar to a negative income tax.

What was not fulfilled during these years was the promise to bring the debate into wider society. There was no intense or public debate on basic income within the party or in society as a whole. However, that changed due to the increasing debates in other countries, especially the referendum in Switzerland in 2016 and the basic income experiment in Finland. In 2016, a congress took place involving several Green

73 Bündnis 90/ Die Grünen (2011). Erster Bericht des Zukunftsforums „Antworten auf die auseinanderfallende Gesellschaft“. [https://www.gruene.de/fileadmin/user_upload/Dokumente/201106_Erster_Bericht_Zukunftsforum_Gesellschaft.pdf] Bündnis 90/ Die Grünen (2012). 2. Bericht des Zukunftsforums „Antworten auf die auseinanderfallende Gesellschaft“ Teilhabe durch gute Institutionen für alle Qualität, Inklusion, Partizipation: Eine grüne Institutionenstrategie für mehr Gerechtigkeit. [https://www.gruene.de/fileadmin/user_upload/Dokumente/20120618_Zweiter_Bericht_Zukunftsforum_Institutionen.pdf]

74 See: Strengmann-Kuhn, W. & Jacobi, D. (2012a). Die Grüne Bürgerrente gegen Altersarmut – garantiert für alle. In C. Butterwegge, G. Bosbach, M. W. Birkwald (Eds), *Armut im Alter – Probleme und Perspektiven der sozialen Sicherung*. Frankfurt: Campus Verlag.



Party working groups, particularly the working group on the labour market, social policy and health policy, and the working group on economic and financial policy. However, the party executive denied it was a co-organiser of the congress. There was only a short welcome speech by Cem Özdemir, the party chairman, in which he argued against a basic income. Also, in the first proposal for the 2017 election programme made by the party executive, the term basic income was not included. Nevertheless, there were a lot of amendments submitted at the party congress, so that in the end the election programme read as follows:

“How social security in times of digitalisation and demographic change can be organised sustainably, in solidarity with one another and poverty-proof is one of the great challenges for the future. We want to push a broad social debate and look at questions from the introduction of a basic income that enables social participation, over the question of a *Wertschöpfungsabgabe* (sales tax) to institutional reforms of the social security systems. A lot of our proposals from the *Kindergrundsicherung* to a guarantee pension are also influenced by the basic income proposal. We want to discuss this idea further. We need answers to questions not clarified so far. For this we want to take experiences in other countries into account and want to test basic income in a model project.”

Besides this general paragraph concerning basic income and the demand for a basic income experiment, there are more demands in the election programme in the direction of a basic income:

- ▶ A guarantee pension, which is not means-tested.
- ▶ A fundamental reform of family benefits, including a *Kindergrundsicherung*.
- ▶ Abolishment of sanctions in the Hartz IV system.
- ▶ A two-pillar-system for students with a first pillar as a base benefit without a means test for each student and a second additional means-tested benefit as a second pillar.

Furthermore, the election programme demanded “that social security contributions, taxes and social benefits should be adjusted in such a way that employment always pays off. The burden of taxes and contributions must not increase by leaps and bounds.” A solution to this demand could be a basic income or at least a benefit that has the same effect as a basic income such as, for example, a negative income tax for workers, as was part of the *Basissicherung*-proposal.

Current discussion: A new stage

Since January 2018, the Green Party has a new federal executive with two new chairpersons: Annalena Baerbock and Robert Habeck. Robert Habeck supports the basic income idea and was already a member of the party committee dealing with basic income in 2007. Also this year, the party started the work and a discussion on a new “*Grundsatzprogramm*” (long-term programme), which is the third such programme, following those of 1980 and 2001, that should be adopted in 2020. Both party chairs emphasised that the discussion on basic income will be a prominent discussion point. The goal is not to have a showdown at the end of the discussion as in 2007, but to have as broad as possible a consensus around a Green concept, which should supplant Hartz IV.

Not only within the Greens but also in society we now have a lively discussion about basic income. One reason behind this is the related debate on digitisation and the future of work. Even some top managers in Germany like Joe Kaeser from Siemens, Timotheus Hoettges from Telekom and others argue for a basic income, along with the philosopher Richard David Precht, who is often a guest in TV talk shows, who linked his demand for a basic income with the expected changes from digitisation. Thus basic income is regularly a topic in the media. Thomas Straubhaar and Götz Werner have also published new books on basic income.

Nevertheless, in Germany still none of the mainstream political parties are in favour of a basic income. Only a few social democrats have begun to contemplate it. Although 10 years ago a conservative prime minister of one of the federal states put forward an income proposal (see above), nowadays in the conservative party there are only a few supporters of a basic income, whose role in their group is only marginal. In the left-wing party Die Linke, basic income is also controversial, discussed by some prominent advocates such as the party’s chairwoman Katja Kipping, but also facing prominent opponents such as the chairwoman of the parliamentary group in the Bundestag Sarah Wagenknecht. Compared to the discussion within the Green Party, it is even more controversial, and the opponents are even more strongly against a basic income.

Thus, the discussion within the Greens, which has the aim of being more constructive, can have an important role for the whole debate on basic income in Germany. In this discussion, some key points are now at stake. The first step is that there should be a consensus about the goal to “overcome Hartz IV”, and look for an alternative. One of these alternatives is of course basic income. Thus, we need to have a new concrete basic income model. One possibility is an update of the 2007 model of Baden-Württemberg with a partial



basic income, additional means-tested benefits and citizen insurances for health, care, and pensions. This update should also include the new concepts of child basic security and a guarantee pension. However, the question remains of whether the basic income should be partial or not. The key point for this question is how to deal with housing costs: should they be included in a basic income or not? The Grüne Jugend Hessen (Green Youth of Hesse) adopted a resolution last year, in which they proposed a basic income model that was similar to the Baden-Württemberg model but included housing costs.⁷⁵ Thus, they proposed a basic income of €1000 with additional means-tested benefits for special needs and a citizen insurance for health, care, and pensions. They also proposed to implement the basic income as a negative tax.

Besides the discussion on a new Green basic income model, there is a need to further develop or create new concepts for single groups for a stepwise introduction of benefits such as the child basic security, the guarantee pension, a negative income tax for workers and maybe a basic income for students or artists, a minimum unemployment benefit and so on, because this could be one strategy to implement a basic income group by group.⁷⁶ Besides that, it is still uncertain whether the Green Party in Germany will decide on a universal basic income or one only for some groups.

The discussion on basic income within the Greens in Germany is still open and in the coming years leading up to the decision on the *Grundsatzprogramm* we will see just how far the party will go towards a basic income and which role basic income will play in a final Green concept of social security.

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Universal Basic Income – The Case of Serbia

Predrag Momcilovic

Serbia, as well as other Eastern European countries, followed a different path to socio-economic development than the one taken by Western European countries. Once liberated from fascism, Serbia, as one of the constitutive republics of Yugoslavia, contributed to the establishment of “self-managing” socialism. After parting ways with Moscow in 1948, in order to preserve its independence, Yugoslavia increasingly began to diverge from the Soviet Union. Finding itself

at a crossroads between the East and the West, Yugoslavia was building its own way towards socialism, while nurturing the idea and practice of the Non-Aligned Movement and intensively cooperating with so-called developing countries. The beginning of the 1990s, the breakdown of the Warsaw Treaty and the Soviet Union, along with the Washington Consensus, and the inner struggles and conflicts Yugoslavia was faced with – all led to the bloody civil war and, eventually, to the breakup of Yugoslavia. At that same time, the intensive re-establishment of capitalism took hold as an overall

75 Grüne Jugend Hessen (2017). Bedingungsloses Grundeinkommen – Konzept der Grünen Jugend Hessen. <https://www.gjh.de/frog/beschluesse/lmv-maerz-2017-bedingungsloses-grundeinkommen-konzept-der-gruenen-jugend-hessen/>

76 Strengmann-Kuhn, W. (2012). Schritt für Schritt ins Paradies. In: Strengmann-Kuhn, W. & Jacobi, D. (eds.). *Wege zum Grundeinkommen*. Berlin: Bildungswerk Berlin der Heinrich-Böll-Stiftung.



trend in the whole of Eastern Europe. The re-establishment of capitalism was characterised by processes of privatisation, deindustrialisation, marginalisation and unemployment on a massive scale. This brief historic insight allows for a better understanding of why the idea of universal basic income (UBI) does not have broad support, as well as highlighting both the potential and the limitations of this idea.

The idea of UBI is not so well-known in Serbia these days. Until only a couple of years ago, this concept was neither familiar to the public, nor was it the subject of debate among activists. Over the past two years, the situation has slightly improved, with several debates on UBI being organised, a handful of activist and scientific articles published, which even led to a brief introduction to the concept of UBI in some mainstream media. The interest was mostly prompted by international debates on basic income. Nonetheless, the majority of the population is still not familiar with the concept of UBI, while certain media only made things worse by presenting false information about the concept. The way the concept of UBI is portrayed in the media these days depicts it as a utopia where money is given out for free. One of the main counter-arguments states that Serbia is not wealthy enough to consider introducing the universal basic income. While UBI is regarded as “the latest communist conspiracy” by the Right Wing, liberals criticise it as a concept that would discourage people from taking part in the labour market.

While considering UBI as a free-money utopia, Western Balkan countries continue to pursue foreign direct investments – by offering subsidies to foreign investors. Faced with the lack of money for investing, these countries turn towards huge loans and foreign capital in order to boost their economies. These economic policies are proven to be counter-productive, since they have not resulted in reduced inequalities, rather the reverse. We are now witnessing the race to the bottom between countries that are competing to offer as favourable conditions as possible to investors, while decreasing labour and environmental standards. We often see investors gaining free land and infrastructure, followed with subsidies for every job they offer, which often surpass €10,000 per workplace (to paint the whole picture: the minimum monthly wage in Serbia is €212).

“The whole-year, full-time employment, during the entire career span, is becoming more of a minority privilege”.⁷⁷ The unemployment rate, decreasing salaries and job opportunities and increasing precarity of the workforce – these are all trends that are placing Serbia on the economic outskirts of Europe. The current economic policy, based on subsidising foreign direct investments, has resulted in growing inequality in

society and GDP barely reaching the level it once had in the late 1980s. UBI is now emerging as one of the emancipation tools, which could help achieve social change with the aim of reducing inequalities in society, while offering liberation from the structural constraints of the labour market.

Universal basic income – The experiment

In 2017, the UNDP gathered a team of experts to conduct research on the potential for introducing UBI in Serbia, with the purpose of starting a public debate and carrying out the first UBI experiment. In the first phase, the social security system was analysed, as well as mechanisms for implementing UBI on a state level. Afterwards, a framework for a UBI experiment was created. The main goals of the research were determined as monitoring of the employability and participation in the labour market of a UBI experimental group. The monitoring also focused on how UBI would impact the healthcare of each participant in the experiment. The third goal of the experiment was measuring to what extent the situation in households of those receiving UBI improved.

The city of Niš was chosen as the place to carry out the experiment. Niš is the biggest city in Southern Serbia and was once a big industrial centre, but was heavily hit by deindustrialisation, which resulted in an increased poverty rate. Niš was also chosen due to the fact that some structures of local authorities were open to cooperate on carrying out this lengthy experiment. The experiment was planned to encompass 1000 people receiving UBI for a minimum of two years, with an additional experimental group of 1000 people, in order to measure and compare the results and ensure the results wouldn't be affected by changes from the outside. The amount of UBI taken for this experiment was the poverty line in Serbia, which amounts to 15,416 RSD on a monthly basis (equivalent to €131.6). Within the experiment, UBI was planned to be allocated to the unemployed individuals on the poverty line, without any social protection, while the comparison group was comprised of the people who receive social protection. It is still unknown when the UBI experiment will start.

Once the research was completed and the experiment carried out, the next step would be to introduce this proposal into the public debate, as well as to engage in a discussion with decision-makers. The experiment was due to be financed both by the project and other activities, which would not be possible if UBI was tested at the state level. Although the experiment has its shortcomings, we are witnessing the topic of UBI slowly entering public discourse and these pioneer

77 Gorz, A. (1990, June). Pourquoi la société salariale a besoin de nouveaux valets. *Le Monde diplomatique*, pp. 22-23. [<https://www.monde-diplomatique.fr/1990/06/GORZ/42679>]



projects raise interest in the subject and open up space for debate. The UBI debate is still mostly confined to academia and activists, but some media have shown interest in following this debate.

The potential of UBI

The emancipation potential of UBI in Eastern Europe is huge but remains to be fully explored. UBI is certainly not the magical solution which would erase all the issues in our societies, but it could be a very handy tool. It is equally important to distinguish which UBI model would be applicable, since they vary from very neoliberal to radically leftist. Introducing UBI could help the countries of Eastern Europe in moving away from the economic outskirts of Europe. Throughout the Balkans and Eastern Europe, the context is similar to that in Serbia, and nowhere has the idea of universal income entered the mainstream political debate.

To this day, there is no political subject in Serbia that could launch UBI into the mainstream. Most political parties are against the idea. The ones who are familiar and close to the idea of UBI are liberal parties who demand that all welfare, including healthcare and education funds, be replaced with universal basic income. This type of universal basic income could potentially result in increased inequalities in society and prevent the majority of the population from meeting their fun-

damental needs, such as free quality education and free timely healthcare.

A universal basic income that would provide a decent income, while preserving other social aspects of the state, could succeed in reducing inequality and meeting the basic needs of the population. UBI could ease the position of workers on strike, fighting for better work conditions, because it would liberate them from the imperative of quickly returning to their workplaces, while increasing the pressure on employers. Young people could enjoy better education and compensate for unpaid internships, which is a growing phenomenon these days. UBI could reinforce the position of women and other marginalised groups in society, since marginalisation largely results from economic dependence. Environmental activists would be able to dedicate themselves more to their cause and on-the-spot activism, since they would not be pressured by the need to combine their activism with a regular job. Unfortunately, there is still no left-wing or Green political party, which would be strong enough to turn this idea into reality. Until a progressive political actor, competent to carry out the idea of UBI, is created, it is important for us to continue with the public debates and pushing this idea into the mainstream, in order to increase the visibility of UBI and make more and more people familiar with it.

Is There Any Real Prospect for the Adoption of UBI in Greece and What Should Be Done for This?⁷⁸

Constantine Dimoulas

The two main versions of basic income

The demand for securing all members of society against life's adversities and the negative effects caused from social structures has been an ongoing concern of all social formations. From a historical point of view, this need was expressed in various forms in different times throughout history, ranging from food distribution to the poor in the times of the great empires (i.e. Egyptian Empire) and the charities of the monasteries in Mid-

dle-Ages, to a universal basic income for all, the major social demand in late capitalism.

In contemporary industrial and post-industrial capitalism, this demand is expressed in two distinct political proposals: The first one focuses on *unconditional* universal basic income for all members of society irrespective of their financial status⁷⁹ and the second one focuses on *conditional* basic income exclusively for those in deprivation - if not in extreme destitution – as is the case in many countries globally.

78 This contribution was first published by the Green European Foundation in 2017 and was slightly adapted for this publication. The original publication can be found here [https://gef.eu/publication/gef-basic-income-greece/?sf_paged=2]

79 Van Parijs, P. (eds). (1992). *Arguing for Basic Income: Ethical Foundations for a Radical Reform*. London: Verso.



The proposal for the introduction of an *unconditional universal basic income* focuses on the society's obligation to ensure decent living conditions for all individuals, providing them with a fair starting point to make use of their attributes. This proposal is founded upon everyone's right to the shared inheritance of land and the commons as well as the demand to support the prerequisites for free life, irrespective of property and asset-values that some may have inherited from their ancestors.

The request for an *unconditional basic income* has, to this day, preoccupied academic and political thinking at large. In the golden era of the welfare state it was expressed in the form of social wage and in Johnson's vision of the "Great Society" as the ambition to extinguish poverty. It also guided the efforts of research groups that strove to define the goods an individual must be able to enjoy, in order to live a dignified life.⁸⁰

However, apart from periodic, small-scale, experimental implementations (i.e. Manitoba, Namibia, Helsinki etc.), one cannot trace practical implementations of unconditional basic income, other than in the form of dividends.⁸¹ The only exception might be the case of Iran, where a basic income of approximately 35 euros per month is allocated to all residents. However, this mostly works as a consent and legitimisation mechanism for the theocratic regime, rather than as a mechanism ensuring individual freedom.

The second version, i.e. that of ensuring *conditional* basic income, has been the most preferred policy of all welfare states in modern capitalism and has undertaken various forms. It can be traced back to the poor-laws in early capitalism, when the main prerequisites for access to benefits (see workhouses and alms-houses) were the incapacity to work or inability to ensure sufficient income through work in order to survive (see Speenhamland system). Since then and to this day, policies ensuring a minimum social safety net revolve around the definition of incapacity to survive through personal work and the acceptable level of poverty and social deprivation. The *conditional basic income* policy was and will always be selective and connected to the notion of a social safety net, as this was defined, mainly, by Friedrich Hayek (1944) - as a minimum safety for those who do not participate in the market - and became more specific in

Milton Friedman's 1962 proposal for a negative income tax.

On the contrary, the proposal for an *unconditional* basic income places emphasis on the fact that this income is universal, provides sufficient satisfaction of basic needs, is paid regularly to individuals irrespective of their family status and the absence of criteria relating to income, property ownership, or the ability to work. Last but not least, unconditional basic income is not age-restricted.⁸²

Late capitalism's current structural crisis, contrary to the dominant political tendency towards extending austerity and toughening social benefit criteria, brought to surface discussions on basic income as a realistic proposal for decent living conditions for the majority of the population not belonging to well-paid employees and/or to owners of property and other capital assets – those inside the walls - but living in deprivation, poverty, precariousness and daily adversaries.

The question we will deal with in the next section is whether such a proposal is well-founded and has a potential to be adopted in Greece.

Social protection and basic income prospects in Greece

Current bibliography presents Greece as a dual society, where a number of well-protected citizens coexists with a large number of precarious, low-paid citizens, deprived of basic goods that ensure decent living conditions. The social protection system mainly operates on the basis of the social security mechanism, which up until 2010 provided generous social provisions to middle classes (civil servants, public undertakings employees, pensioners) and residual provisions to a small percentage of people in precarious working situation and the unemployed, while prosperous small and medium sections of the private sector satisfied their needs through the market, resorting to informal economy and their strong purchasing power. Social security expenses represent approximately 22% of the GDP and are mainly focused on pensions and health, while the remaining social protection expenses do not exceed 4% of the GDP, including invalidity pensions.⁸³

80 Johnathan Brandsaw and his partners are an indicative example of such groups (Brandsaw et al, 2008). The activities of the Basic Income European Network, which was established in 1986 and, later, in 2004 became the Basic Income Earth Network, focus extensively around this topic as well.

81 Two distinct examples are the child trust fund legislated by Tony Blair in 1995 in the UK (the fund was abolished in 2009 by conservative Prime Minister Cameron) and the social dividend in Alaska, according to which, from 1982 and to this day a percentage of oil revenues (1,000–2,000 per person per year) is equally allocated to the state's 700,000 residents, on the condition that they reside in the area for at least one year (Sheahan, 2012).

82 Standing, G. (2017). *Basic Income and how we can make it happen*. Pelican Books.; Van Parijs, P. & Vanderborght Y. (2017). *Basic Income: A radical proposal, for a free society and a sane economy*. Harvard University Press.

83 OECD (2013). *Greece: Reform of Social Welfare Programmes*, OECD Public Governance Reviews. Paris: OECD Publishing; World Bank (2016). *Greece Social Welfare Review. Rapid Benefits Inventory and Preliminary Policy Recommendations (First Report)*.



The main institution and mechanism covering the needs of vulnerable groups is family, which undertakes the largest part of the care provided to fragile members, financial support to unemployed members and purchase of education and health services. The value of family is deeply rooted in the Greek popular culture and is constantly reinforced by the provision of meagre social benefits. Most social provisions are directly related to the financial condition of those benefited and are provided not on an individual but on a family and/or household basis, the only exception possibly being pensions.

The current financial crisis, whose detrimental implications became evident in Greece after 2009, significantly deteriorated the population's living conditions causing horizontal shrinkage to social benefits, while no substantial efforts were made to decrease social inequalities. The nominal value of salaries and pensions decreased by over 25%, resources used for staffing and financing social services (health, education, social welfare) shrank by more than 20%, while many benefits were either abolished or became hard to access as entitlement conditions became very strict (invalidity pensions, welfare and family benefits). In the meantime, abolishing tax exemptions, lowering the tax-free threshold on income tax, and introducing new, higher indexes on income tax and VAT significantly limited the purchasing power of lower and middle classes.

During the crisis, precariousness expanded, while those living in destitution now reach 40% of the population. In the meantime, unemployment rose to 27% in 2013 and is still 20% in 2018, long-term unemployment is 60%, youth unemployment is 55%, the employment rate for the working age population is less than 60% and the percentage of those receiving unemployment benefits is less than 14%.⁸⁴

In these financial conditions, the consecutive Greek governments that dealt with the crisis, including that of SYRIZA, adopted the strategy of creating subsidised employment in the public and private sector and promoted apprenticeship for the youth, believing that in this way they would sustain the levels of the country's human capital while limiting the increase of social exclusion for the unemployed. In addition, the emergency measures introduced in 2015, mainly involving the provision of limited public provisions and in kind-benefits (meal cards, food packages and soup kitchens, health insurance for all) are residual and insufficient to ensure decent living conditions for the extremely poor.

Alas! None of the Greek parliament parties have included any suggestions containing basic income attributes

in their government programmes. Even the involvement of the minimum guaranteed income policy in the 2012 Greek economy bail-out agreements that ensured a minimum safety net for those living in extreme poverty, was not widely accepted by the country's political powers. After some ups and downs it finally introduced as a Solidarity Benefit in 2017 and has been implemented according to strict means-tested and conditional standards. The annual public spending to the Solidarity Benefit is limited to 860 million euros representing 0.5% of the GDP. The average monthly benefit is 227.7 per household beneficiary (approximately 260,000 household-beneficiaries per month) or 83 euros per individual beneficiary, complemented by food-packages from public social groceries. At the same time, according to the Hellenic Statistical Authority, those living in poverty exceed 2.4 million, the unemployed exceed 1.1 million people, of which 772,000 are long-term unemployed within a population of 11 million.

In this context the introduction of a UBI scheme seems more as a necessity than as a financial luxury favouring the poor.

What are the feasible perspectives for the adoption of the Basic Income in Greece?

How can the basic income be implemented in a society of high inequalities, limited social provisions and shrinking incomes for those “inside the walls”, where political parties consider the payment of insufficient benefits based on strict means –tested criteria and conditionality morally desirable?

There is a well embedded nexus of combined factors which do not permit the introduction of any UBI scheme in Greece:

First, the existing hierarchical structure in the allocation of social spending by favouring social insurance provisions, formulate and reproduce those well-established social interests which are against any radical change in the priorities of public social expenditures. The strict austerity measures imposed since 2011 in Greece by the creditors, turned the political debate, almost exclusively, on pensions and minimum salaries and how to safeguard the insurance system, leaving apart any space for public discussion on alternative social measures.

Second, public discourse about the introduction of a UBI scheme set aside by almost all the previous advocates in favour of means tested benefits to extreme poor. There is no political organization in favour of a UBI scheme in Greece nor any think tank and epistemic community that supports it as a realistic answer to the

84 Dimoulas, C. (2015). Synthetic report on the development, implementation and performance of innovations. *INSPIRES Working paper series 2016 no. 3*; OAED, 2015. [www.oaed.gr].



extreme social problems accelerated by the strict austerity measures, implemented continuously since 2010. Nowadays, the advocates of a UBI scheme in Greece are limited to a fraction of Greens and a handful of social scientists and activists. The request for basic income is mainly brought forth by one section of the Green Party, individual SYRIZA members and some intellectuals. Additionally, a number of initiatives (Green Institute Event in Athens on 25 October 2017, film screening of “Free lunch society” on 21 November 2017 at the French Institute in Athens, an article by the author in the daily newspaper “*Efimerida ton Syntakton*”) have tried to open an “opportunity window” and to push the topic up in the systemic policy-making agenda without serious positive results until now.

Third, due to the high levels of tax evasion and undeclared work, “free-riders” on public spending are considered to be in very high rates in Greece, and so there is a broadly popular picture of idleness of the beneficiaries of public provisions as well as widespread prejudices against any unconditional benefit to everyone.

Fourth, the role of family as a solidarity and reproductive mechanism, because of the residual public provisions to the poor, has strengthened during the crisis. Additionally, the allocation of public assistance after taking into consideration the family and/or household composition operates as a gate-keeper of “familiarism” as one of the fundamental social pillars against any individualistic approach to social provisions.

Fifth, the finance of a UBI scheme at national level is not affordable except if all other social expenditures including pensions, health and education, radically rearranged in combination with the introduction of new tax revenues and debt release, a prospect which is not feasible in the near future.

If we accept the proposals of Van Parijs & Vanderborght (2017) for an unconditional basic income representing 25% of the mean income per capita, for Greece this would translate to 337 euros per month. In order to provide this amount to the entire population, 3.68 billion euros per month or 46.16 billion euro per year should be spent. Today, an amount of 337 euros per month is secured for pensioners, employees (with the exception of those employed on an occasional basis) and subsidised unemployed. However, it is not secured for non-subsidised unemployed (mainly youths and long-term unemployed) and children.

Taking into account the above financial, political and cultural restrictions, a realistic approach toward the introduction of a UBI scheme in Greece would be to proceed to a partial (at least as a pilot) implementation of the basic income to higher education graduates for a time period of three years following their graduation.

In order to fully adopt and implement this measure an overall estimate of 640.9 million euros per year would be required and the measure would fully cover approximately 150,000 university graduates (50,000 per year). At the same time, it would limit the brain-drain effect, which is one of the most serious problems of the Greek society both on the systemic and institutional - political agenda.

In addition, a universal benefit of 100 euros per month could be secured for each one of the 2,122,537 children aged 0 to 19 years old. Today, child benefits are handed out to public servants (50 euros per month for each child), a large part of the employees in the private sector through collective agreements and a large part of poor households – which receive approximately 650 million euros for their children. With an additional financing, which will not exceed 1 billion euros, an amount of 100 euros can be secured for every child without any income or other criteria.

Additional financing in order to implement both aforementioned measures of categorical basic incomes does not exceed 1% of the GDP per year and could open an “opportunity window” for new social and political alliances (at least with those advocates of the social investment approach in public spending) for the incremental adoption of universal basic income in Greece.

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V. The prospects of an EU-level Universal Basic Income

The European universal basic income: a clarification of the debate

François Denuit

Whilst on the one hand discussions about universal basic income (UBI) remain mostly centred on its justification and design at the national level, proposals for the involvement of the European Union (EU) in social protection, on the other hand, typically rely on conditional forms of social benefits based on means-tests and work requirements. The philosopher Philippe Van Parijs and political scientist Yannick Vanderborght have bridged the gap and argued in favour of a modest European universal basic income (EUBI), or “eurodividend”, to solve some of the problems inherent to the social dimension of the European project.⁸⁵ But what is this proposal exactly about? Why is the EUBI a worthwhile policy? Is it feasible? What are the potential steps towards its implementation? This article aims to clarify the contours of the debate and to assess to what extent the idea may constitute a promising policy vehicle for a more ambitious “Social Europe”.

1. What is the EUBI?

The EUBI can be defined as a periodic and partial cash payment paid by the EU to all legal residents living within its borders, on an individual basis and without conditions of resources or work requirement. Its defining characteristics are thus similar to that of a national UBI, but it is a “partial” basic income (as opposed to a “full” one) in the sense that its level is not sufficient to provide everyone with the means for subsistence *on its own*.

The idea is thus not to replace existing national social models with a supranational European welfare state. Nor need the EUBI be predicated on the introduction of a basic income in each member state, even if there are good reasons to regard the introduction of a national UBI favourably – at least to the extent that the underly-

ing ideological justifications of the proposal, its funding scheme, and the “policy package” in which it is placed are aligned to improve individual economic security and reduce social inequalities, rather than “scrap” the welfare state.⁸⁶ Instead, under this scenario, the EU works as a complementary welfare layer offering systemic support to its member states’ social models by taking a distributive role in direct relation with its citizens. As an allowance generated through a mechanism of EU-wide redistribution, the EUBI embodies a novel instrument of pan-European solidarity necessary, according to Van Parijs and Vanderborght, “to save from extinction the so-called European social model”.

2. Why (if at all) is it desirable?

The desirability of the EUBI may thus be assessed with reference to its capacity to improve the social dimension of the European project according to three dimensions: namely individual, national and European, respectively related to the proposal’s potential to support individuals’ economic security, member states’ core redistribution and stabilisation capacities, and the EU’s political legitimacy.

2.1 An antipoverty measure

Although the European social model remains a poorly defined and ambiguous concept, few would deny that it encompasses, at the very least, the need to guarantee a decent minimum standard of living for all, a right which is protected under EU law.⁸⁷ Yet even if there are important disparities across national borders, the overall European social map remains particularly worrisome as one in four Europeans is still at risk of poverty or social exclusion.⁸⁸ In this context, the prospects for the EU’s “poverty target”, which aims to reduce the number of people living in poverty and social exclusion by 20 million by 2020, look rather dim.

85 See Van Parijs, P. & Vanderborght, Y. (2017). *Basic Income: A Radical Proposal for a Free Society and a Sane Economy*. Cambridge: Harvard University Press, pp. 230–241.

86 Van Parijs and Vanderborght draw their argument for a European basic income on their case for its domestic counterpart and on their conception global social justice, which can be best approached within the EU institutional setting, but they also provide a series of arguments for the EUBI linked to the tensions inherent to European integration, thereby making it an interesting idea regardless of the implementation of a national basic income.

87 The European Charter of Fundamental Rights states that “[i]n order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources” (art. 34(3)). The recently adopted European Pillar of Social Rights reaffirmed that “[e]veryone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services” (art. 14, EU 2017). The EU’s commitment to social protection is also asserted in article 3(3) of the Treaty on the European Union according to which the Union shall aim *inter alia* at “full employment and social progress”, “combat social exclusion”, and “promote social justice and protection”.

88 Social Protection Committee (2017). *Social Protection Committee Annual Report 2017. Review of the social protection performance monitor and developments in social protection policies*. Luxembourg: Publication Office of the European Union.



As a supranational instrument of unconditional and universal income support which can be topped up at will by other sources of earnings or by national social benefits, the EUBI embodies a radically novel form of European antipoverty strategy. For those facing precarious labour contracts and multiple forms of economic insecurity on the labour market – the so-called “precarariat” – it supplements low wages with additional purchasing power and ensures a regular and permanent income flow, thereby contributing, even if only modestly, to the reduction of in-work poverty and the strains of chronic uncertainty.⁸⁹ Minimum wages and collective bargaining, of course, remain indispensable to ensure that the EUBI does not become a mere wage subsidy for employers.

The EUBI also partly mitigates some of the shortcomings of conditional benefits in terms of coverage, take-up, and adequacy.⁹⁰ As a universal scheme, it avoids the failures of means-testing which is the prime reason for bad coverage and high rates of unclaimed rights. Because it makes no distinction between “deserving” and “undeserving” poor, it would thus reach those such as young people, long-term unemployed, working poor, homeless people, and migrants, who are generally among the groups not effectively covered by last-resort safety nets. But, again, a modest European basic income may only tame the intensity of poverty for those in situations of hidden poverty and cannot dispense from reforms to improve access to social rights at national level.

For those benefiting from social transfers, the level of payments for a guaranteed minimum income (GMI) often falls short of the “standard” poverty line, defined by the at-risk-of-poverty (AROP) threshold set at 60% of the national median equivalised income after social transfers. The impact of the EUBI must thus be assessed according to its capacity to improve individuals’ disposable income in comparison with the local poverty threshold. Van Parijs and Vanderborght suggest an EUBI set at 200 euros per person and per month *on average* (i.e. with variations according to the local cost of living). When adjusted to purchasing power parities (PPP), this would yield 85 euros in Bulgaria, 273 euros in Denmark, 201 euros in Germany, and 166 euros in Greece, as shown in table 1. In light of this, the impact of a joint EU-member state action for poverty relief would be most significant in countries of Central, Eastern, and Southern Europe, where the sum of the local

| MS | GMI | EUBI | AROP |
|----|------|------|-------|
| BE | 700 | 215 | 1,083 |
| BG | 76 | 85 | 167 |
| CZ | 345 | 116 | 371 |
| DK | 784 | 273 | 1,418 |
| DE | 559 | 201 | 1,033 |
| EE | 236 | 137 | 394 |
| IE | 1006 | 245 | 1,084 |
| EL | 0 | 166 | 376 |
| ES | 438 | 183 | 668 |
| FR | 655 | 206 | 1,071 |
| HR | n.a. | 124 | 273 |
| IT | 445 | 198 | 792 |
| CY | n.a. | 177 | 690 |
| LV | 131 | 129 | 291 |
| LT | 154 | 113 | 259 |
| LU | 1157 | 269 | 1,764 |
| HU | 150 | 105 | 228 |
| MT | n.a. | 162 | 675 |
| NL | 879 | 221 | 1,065 |
| AT | 773 | 216 | 1,163 |
| PL | 130 | 103 | 278 |
| PT | 204 | 159 | 422 |
| RO | 43 | 92 | 116 |
| SI | 389 | 157 | 617 |
| SK | 165 | 123 | 347 |
| FI | 641 | 241 | 1,188 |
| SE | 632 | 262 | 1,265 |
| UK | 545 | 215 | 1,051 |

Table 1: GMI, EUBI and AROP in euros per person permonth per member state (MS). Figures are PPP adjusted and for the year 2015 (except GMI, only available data from 2012).

GMI and the EUBI would bring individuals much closer to or above the poverty line.⁹¹ However, it would also have a positive impact – even if to a lesser extent – on the situation of those benefiting from Northern and Continental European welfare models.

89 Standing, G. (2011). *The Precariat, The New Dangerous Class*. London: Bloomsbury Academic.

90 Frazer, H. and Marlier, E. (2016). *Minimum Income Schemes in Europe. A study of national policies (2015)*, European Social Policy Network. Brussels: European Commission.

91 Purchasing power parities (PPP) used for the EUBI and AROP thresholds are based on Eurostat figures for 2015 (time of data compilation and simulation of macroeconomic effects). The available PPP adjusted GMI figures are for the year 2012 (see Frazer and Marlier, op. cit.: p. 41). Despite this problematic aspect, the comparison is still useful to provide a rough illustration of the effect of the EUBI, according to cross-country differences.



“The strength of the EUBI lies in its capacity to score relatively well when considering simultaneously a broad range of issues associated with the social dimension of the European project. To the extent that it is accompanied by a number of safeguard measures, such as minimum adequacy requirements, and a wider vision of EU-wide fiscal coordination, the EUBI offers a worthwhile policy proposal to reconnect with the European promise of prosperity.”



This is valid, however, only to the extent that member states do not simply deduct the amount of the EUBI from existing transfers. In this case, an EU-wide basic income may have other benefits (see following sections) but would not necessarily improve the situation of social beneficiaries with respect to the status quo, at least as long as they do not return to employment (since its amount is added to earnings, contrary to conditional benefits). To be most effective as an antipoverty measure, it thus seems desirable to supplement the EUBI with binding legislation setting minimum adequacy standards.⁹²

2.2 An instrument to support national welfare capacities

Notwithstanding the impact of a series of labour market dynamics on EU welfare states (e.g. “atypical” and precarious forms of employment, ageing populations, disruptive technological change, globalisation of labour), the organisation of social protection within the EU must be seen in light of the “social deficit” of European integration, understood as the asymmetry between its economic and social dimensions. Characterised by a bias towards a market-making approach of European integration (i.e. the removal of barriers to trade), the construction of the EU has had a “destructuring” impact on national social protection arrangements which has not been matched by equivalent “restructuring” (i.e. the creation of common regulatory and redistributive instruments for market-correcting purposes) at the supranational level, in part because of the long-standing difficulty for member states with very diverse welfare models to find political agreement on the pursuit of a “Social Europe”. In the Eurozone, the structural defects of the monetary union and the political response to the euro crisis – primarily focused on fiscal discipline and “structural reforms” oriented towards welfare retrenchment – imposed additional constraints on national systems of redistribution and increased social imbalances (e.g. unemployment and poverty rates) between member states. In this context, many regard the upscaling of social policy instruments at an EU level favourably.

According to Van Parijs and Vanderborght, an EUBI provides a system of cross-border transfers desirable for three main reasons. First, thanks to its unconditionality and universality, it has the advantage of bypassing the political and operational conundrum of harmonisation: it does not require uniform eligibility conditions, it avoids considerable administrative costs

associated with means-testing and monitoring, and can simply function as an income floor against which each national social arrangement can be attuned. Yet while the EUBI is a minimally disruptive institutional device respectful of member states’ autonomy to design their own social model, its introduction would not be completely harmonisation-free if it is accompanied by minimum standards or if its funding scheme demands some form of fiscal coordination.

Second, the EUBI reduces the strains on national redistributive capabilities because it acts as a demographic stabiliser. The legal enforcement of EU free movement provides new “exit” and “entry” options in and out of national boundaries, thereby constraining member states’ capacity to “lock-in” agents and to extract the resources required for redistributive policies. By providing additional income security, so the argument goes, an EU-wide basic income reduces the risk of “brain drain” in the country of origin and the risk of ‘benefit tourism’ in the country of destination. Notwithstanding the potential beneficial effect of the EUBI on “push” and “pull” factors of migration, nor the political salience of cross-border mobility in both domestic and EU-level public debates, Van Parijs and Vanderborght’s “welfare magnet” hypothesis is disputable as empirical observations underline that intra-EU migration is predominantly motivated by labour market opportunities rather than by the mere optimisation of access to more generous social benefits.⁹³ In light of this, the migration argument for the EUBI should be recast in terms of its capacity to make “social dumping” a less attractive behaviour.

Third, the EUBI provides one way to organise a mechanism of risk-sharing ensuring macroeconomic stabilisation, which is particularly necessary in the Economic and Monetary Union (EMU). There is widespread agreement that the monetary union requires an automatic fiscal stabiliser at a central level to ensure national resilience in the face of asymmetric economic shocks and to contain the risk of contagion between member states with important socioeconomic disparities. Without it, national social benefits, which play an essential counter-cyclical role of shock absorption in economic downturns, may be insufficient to maintain standards of living on the long run as they may suffer the consequences of “internal devaluation” (i.e. cuts in wages and public spending). This in turn can lead to negative debt spirals, an increase of social imbalances, and, ultimately, greater systemic instability.

92 Van Lancker, A. (2010). Working document on a Framework Directive on Minimum income, European Anti-Poverty Network (EAPN). [<https://www.eapn.eu/images/stories/docs/EAPN-position-papers-and-reports/Working-Paper-on-a-Framework-Directive-EN-FINAL.pdf>].

93 Martinsen, D. S. and Rotger, G. P. (2017). The Fiscal Impact of EU Immigration on the Tax- Financed Welfare State: Testing the ‘Welfare Burden’ Thesis. *European Union Politics*, 18(4), pp. 620–639.



Van Parijs and Vanderborght suggest that an EUBI funded by an increase of the harmonised EU-wide Value Added Tax (VAT) can play the role of automatic stabiliser. Whilst under the current setting a fall in national revenues and the social cost of providing a replacement income would be borne by the national budget of the affected country, with the EUBI, part of the reduction of the yield of the country's VAT would be spread over the E(M)U, and the bottom layer of national income support would take the form of the EU-funded basic income. Van Parijs and Vanderborght thus clearly settle for a scheme that replaces part of existing national social benefits (which is the 'price to pay' for the corresponding loss in VAT revenues). This reveals a potential tension, at least under this scenario, between the objective of providing individuals with a two-tiered social minimum raising current adequacy levels and that of EU-level systemic support of national shock absorption capacities.

Moreover, even if Van Parijs and Vanderborght's proposal does provide one way to support aggregate demand in times of crisis that is particularly interesting for its wide coverage, it is not the most efficient scheme for this purpose. First, as a constant income flow, the EUBI is not directly tied to changes in economic circumstances and thus scores low on anti-cyclicality. Second, the stabilisation impact of VAT is lower than that of a scheme funded out of personal income taxation or social security contributions. Third, the size of the EUBI remains too low to provide a significant response to large economic shocks. By contrast, the idea of a European unemployment benefit scheme (EUBS), for instance, which has become particularly popular among politicians and academics in recent years, offers an alternative satisfying these three requirements.⁹⁴ In principle, both schemes are actually not mutually exclusive; while the EUBS can be used to mitigate large idiosyncratic shocks, the EUBI offers a promising instrument for small cyclical shock absorption.

Of course, the potential of the EUBI as an automatic stabiliser may improve according to the funding scheme chosen, but the idea should be more fundamentally appreciated for what it is essentially made for: an instrument of transnational redistribution aiming at the continuous improvement of EU-wide social cohesion (i.e. the reduction of socioeconomic disparities over time) and the rebalancing of the EU's economic and social objectives, not just a cooperative scheme founded

on the mutual benefit of inter-state insurance in times of economic downturns.

2.3 A vector of political legitimacy

Undoubtedly, the EU faces a multifaceted set of economic, social, and political difficulties, but few would deny that improving its legitimacy requires addressing the economic disenfranchisement of large parts of its population. Although it is unclear whether European citizens would support an EU-wide basic income in the first place (pan-European redistribution and the UBI's unconditionality are controversial matters), once introduced it may associate the European project – which is often perceived (rightly or not) as the very reason behind national politics of welfare retrenchment and the rise of social inequalities – with a more “caring” image.

The EUBI provides a simple, regular, visible, and *tangible* benefit that may improve real individual prospects, not only in one's home country but also across national borders, thereby also making the aspirational promise of the EU's transnational “opportunity structure” a less unequal reality.⁹⁵ But it also has a strong *symbolic* value with respect to the basic equality of standing of all Europeans, because it is distributed as a recognition of their membership of the EU's political order. The EUBI is thus a social policy that is European in scope and substance and, as such, embodies a materialisation of EU social citizenship. Since it is a partial basic income, it represents a modicum of social citizenship that comes nowhere close to what exists at national level, but it strengthens the social rights element of EU citizenship which currently lags far behind its economic and political dimensions.

The expression of European solidarity via an EUBI would be even more legitimate if it establishes a link between the wealth generated by European integration and the requirement to distribute it fairly among all Europeans – which is why Van Parijs and Vanderborght speak of a “eurodividend” – rather than having, say, “the Germans paying for the Greeks”. The proposal's coherence and potential as a vector of political support may thus be strengthened if it is funded out of the EU's own resources – that is, resources associated with economic integration in the single market, such as a Europeanised VAT or a European corporate tax.

94 Dullien, S. (2017). Ten Lessons from a Decade of Debating on EUBS: Robust Findings, Popular Myths and Remaining Dilemmas. *Intereconomics*, 52(3), pp. 159-164.

95 The EU legal order has created a “social citizenship space” in which all bearers of EU citizenship or long-term residents may formally enjoy benefits and services anywhere in the EU according to local rules. Yet, effective access to the advantages of EU citizenship remains unequal as testified by the asymmetry between workers and non-workers' right of free movement: European law allows its restriction if someone lacking sufficient resources risks becoming “an unreasonable burden” for the host member states' social assistance scheme. See: Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States, Official Journal of the European Union, 30.4.2004.



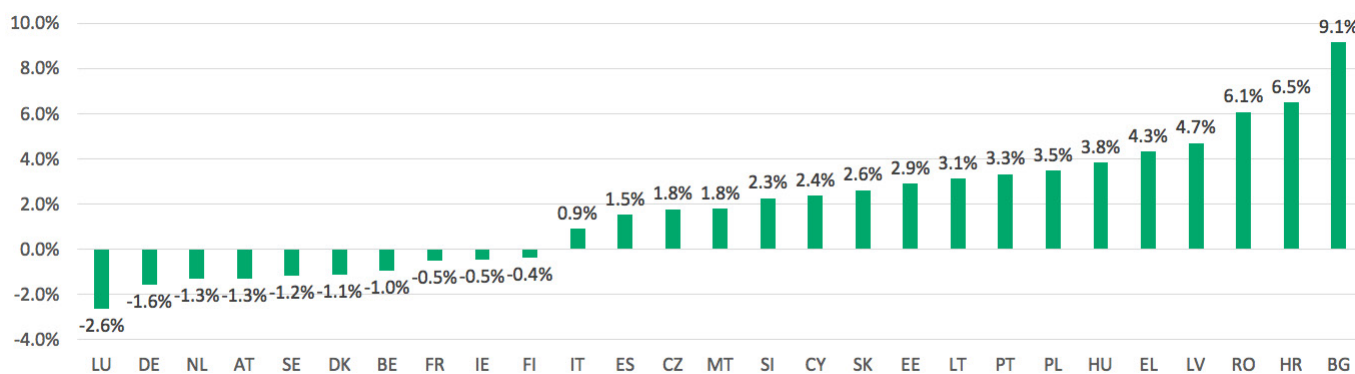


Figure 1: EUBI financed by national contribution - Net contribution in % of GNI, PPP adjusted

3. Is the EUBI feasible?

Now that we have a grasp of the arguments underpinning the proposal, it is necessary to assess whether it can actually be brought about. Given the institutional constraints associated with the complex distribution of legal competences in the multi-tiered EU polity and the limited size of the European budget, the EUBI's legal and financial feasibility constitute key background conditions for its overall political feasibility, as its probability to gain credibility among stakeholders and to reach the EU policy agenda would be significantly improved if legal and financial avenues could be identified.

3.1 Legal feasibility

A suitable legal base can be found in the combination of articles 175(3) and 352(1) of the Treaty on the Functioning of the European Union (TFEU).⁹⁶ According to the provisions of article 175(3) TFEU, the European Parliament and the Council can decide to adopt specific actions with their own eligibility criteria if these actions prove necessary to attain the objective of strengthening social cohesion. Given the problems highlighted above, the EUBI provides a promising policy vehicle to support this objective “by reason of the scale or effects of its action”, to put it in the wording of the subsidiarity principle.⁹⁷

For article 175(3) TFEU to provide a valid legal base, the payment of an EUBI must not undermine other Treaty provisions designed to avoid intrusion of EU

law in national social protection arrangements (the so-called “constitutional savings clauses”).⁹⁸ While the EUBI is not vulnerable to these limits as it is not an instrument of harmonisation that would *substantively* impact national autonomy to define fundamental principles of social security, the use of the aforementioned article may *procedurally* undermine member states' autonomy in the social field as it rests on the ordinary legislative procedure, which involves qualified majority voting (QMV). Indeed, it seems implausible to have such a pan-European redistributive scheme implemented without providing each member state a say in its adoption, when considering that article 153 TFEU requires unanimity in matters of social security. This is where article 352(1) TFEU completes article 175(3) TFEU: the combination of the two legal bases implies that the proposal should be adopted via the ordinary legislative procedure (art. 175(3)) but with a unanimous vote in the Council (art. 352(1)) such that it grants each member state the capacity to be fully involved in the final decision.

If it can be shown that the combination of articles 175(3) and 352(1) does not provide a suitable legal base, other possibilities include the pursuit of differentiated integration, either through the procedure of “enhanced cooperation” (a minimum of nine member states can agree to deepen integration in an area that is not an exclusive competence of the EU, see art. 326-334 TFEU on the procedure) or through an intergovernmental treaty (as was used in the case of the European Stability Mechanism for instance). Finally, the ultimate legal

⁹⁶ This argument draws on the research done on the legal prospects for a European unemployment benefit scheme. See: Repasi, R. (2017). Legal Options and Limits for the Establishment of a European Unemployment Benefit Scheme, Study for the European Commission. Luxembourg: Publications Office of the European Union.

⁹⁷ The principle of subsidiarity holds that “the Union shall only act if the objective of the proposed action cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale or effects of the proposed action, be better achieved at Union level” (art. 5(3) TEU).

⁹⁸ The so-called “constitutional savings clauses” defined in article 153(4) TFEU limit the scope of EU action to make sure that it does not undermine the right of member states to define the fundamental principles of their social security systems, that it does not affect the financial equilibrium of national systems of social protection, and does not prevent them from maintaining or introducing more stringent protective measures compatible with the Treaties.



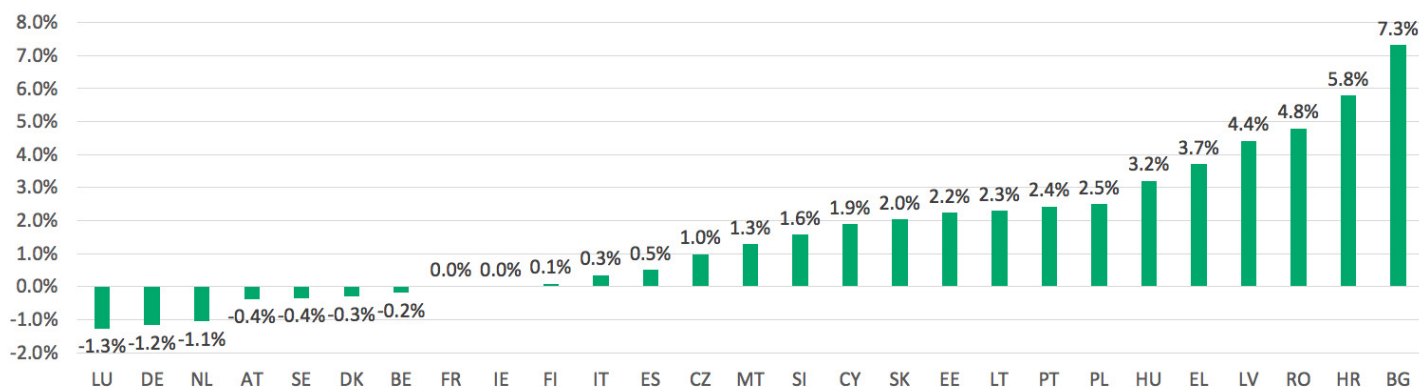


Figure 2: EUBI financed by VAT -
Net contribution as % of GNI, PPP
adjusted

recourse for establishing the EUBI is the amendment of the Treaties.

3.2 Financial feasibility

The financing of the EUBI may be envisaged along three main routes: the reallocation of (part of) existing funds, an increase in member states' contributions, and the development of new financial resources at an EU level. The first option does not look promising, at least not if the aim is to provide an EUBI to the whole EU population rather than a subset of it (see later discussion on a categorical EUBI), as existing programmes serve other useful purposes and do not suffice to yield amounts that are satisfactory.⁹⁹ It is thus necessary to find new budget revenues to finance a credible proposal.

One option consists in raising additional contributions from member states. Considering Van Parijs and Vanderborght's EUBI proposal of 200 euros, figure 1 shows the net budgetary balance for each participating state, expressed in percentage of the gross national income (GNI) and adjusted to purchasing power parities (PPP).¹⁰⁰ This graph shows that inter-state redistribution roughly reflects East-West and North-South dividing lines, and reveals that countries benefiting the most are also in most cases those in which the EUBI has the strongest impact as an antipoverty measure (see above). But for net contributors, transfers are substantial: France and Germany, for instance, would contribute

to about 0.5% and 1.6% of their respective GNI while, comparatively, their current contribution to the EU's budget amounts to less than half of these figures. A fair evaluation of a member state's contribution must thus weigh the scheme's costs against its expected benefits for national citizens and against the potential positive effects of cross-border redistribution in terms of overall economic stability.

The development of new EU own resources provides an interesting alternative basis for the EUBI's financing.¹⁰¹ The term 'own resources' points to EU-wide taxes associated with EU competencies and policies, or to European economic integration writ large, rather than with any particular member state.¹⁰² Examples of this sort include various forms of carbon taxes, a tax on fossil fuels, and taxes on the production, transport, and sale of electricity. It is unclear what the order of magnitude of the EUBI would be under these funding options, but it has the merit of linking EU-wide universal social transfers with EU-level efforts to carry forward the requirements of the much-needed ecological transition.

New EU budgetary resources may also be generated by the proceeds of a European financial transaction tax which aims at discouraging excessive financial speculation and ensuring that the financial sector pays its fair share to public budgets. However, according to Van Parijs and Vanderborght's estimates, this tax would only yield an EUBI of 10 euros per person per month. Another

99 To illustrate, even if the newly reinforced European Social Fund Plus (ESF+) was entirely dedicated to the funding of the EUBI, the level of the latter could not exceed 3 euros per month per citizen (UK population excluded). Similarly, if the bulk of the resources of the Common Agricultural Policy (CAP), which constitute the biggest share of the Union's budget (37.7%), were reallocated to the EUBI, EU citizens would receive a stipend averaging only 11 euros per month. See: Andor, L. (2018) Resources for a Prosperous Europe. Redesigning the EU Budget in a Progressive Way. Wiso Diskurs, 18, Friedrich Ebert Stiftung, pp. 11-12.

100 Special thanks go to Jean Mansuy and Stanislas Jourdan for their help with the simulation models which results are summarised by figures 1 and 2.

101 Monti, M., Daianu, D., Fuest, C., Georgieva, K., Kalfin, I., Lamassoure, A., Moscovici, P., Simonite, I., Timmermans, F. and Verhofstadt, G. (2016). Future Financing of the EU. Final Report and Recommendations of the High Level Group on Own Resources.

102 Note that these taxes need not be directly levied and collected centrally at EU level, as this is not allowed under current Treaties. A share of sufficiently harmonised national taxes transferred to the EU may also count as what somewhat imprecisely often coined as an "EU tax".



possibility is to fund it via an EU corporate income tax, an option which has the advantage of containing the risk of fiscal dumping at its source, thereby limiting the pressures of tax competition on national redistributive capacities. At this stage, EU discussions remain focused on the idea of a new own resource based on a common consolidated corporate tax base, which would have an important role in making the single market fairer but is quite limited financially. To yield sufficient revenues for an EUBI, thus, the European corporate tax rate itself should be Europeanised, an option which requires treaty change. Van Parijs and Vanderborght suggest that a harmonised corporate tax set at an EU-wide rate of 30% could yield an EUBI of 100 euros per person per month. Despite the desirability of corporate tax route – which would reverse the average decline of corporate taxation of the last 20 years – its amount remains low, at least if it is the only funding source.

The two scholars' preferred funding source thus relies on an increase of the EU-wide VAT rate (from 0.3% to 19%) applied to the harmonised VAT base of all EU member states because it is the most homogenised European tax and already used as a source of funding for the EU's budget. Considering an EUBI of 200 euros again, figure 2 shows national budgetary balances for the VAT-based model.¹⁰³ While the graph shows a similar pattern to the national contribution model, in this case the scope of inter-state redistribution is lower, with net contributors and beneficiaries respectively paying or receiving less in proportion to their GNI in most cases.

These various funding avenues need further exploration, but it is important to note that financial concerns are not just a matter of 'finding the money'. Each funding scheme means a different normative approach to EU social and fiscal justice and would lead to different outcomes. The EUBI does not operate in an institutional vacuum and the choice of the funding source is never a neutral operation. It may involve risks, but it also offers opportunities to colour the proposal with a more progressive or a more ecological brush. What is needed is an overall coherent vision of the policy's goals, justifications, and funding schemes, and a fine-tuned assessment of its potential risks, expected outcomes, and implementation requirements.

3.3 Administrative and political feasibility

Besides legal and financial matters, remaining questions relate to the scheme's operational and political dimensions. In terms of administrative feasibility, one may ask if the EUBI should be transferred directly by an independent European agency or mediated

via national agencies and, if so, which ones? One can imagine that EUBI recipients would be identified through their national social security number or through electoral registers – the former being arguably more comprehensive than the latter. If a European agency is set up, it could make the payments directly to all individual bank accounts. Another way would be to transfer European funds earmarked for the payment of the EUBI to national (regional/local) public authorities who would then make the transfer based on information available to them. The first option is demanding in terms of institutional set-up but creates in practice a "direct link" between the EU and its citizens, while reducing the risk – more present in the second option – that payments be diverted from their purposes.

Overall, it is too soon to be optimistic about the EUBI's political feasibility, which ultimately depends on the public recognition of its desirability and on the strategic building of coalitions among political actors to enable legislation. This is precisely why the various claims explored above must be further examined by scholars and policy makers alike. Besides, activists – or "ass-kickers" as Van Parijs and Vanderborght like to call them – also have a role to play in disseminating and democratising new radical ideas broadening the universe of possibilities in the transnational public debate, especially in this crucial electoral period for the European project.

4. Pathways from here

Meanwhile, it is interesting to explore three proposals moving in the direction of the EUBI. A first idea is to have EU co-funding to support the many regional and local authorities throughout Europe which have expressed their desire to start (or have already launched) basic income experiments. The best avenue for EU funding seems to be the European Programme for Employment and Social Innovation (EaSI) which has a specific budget dedicated to social policy experimentation.¹⁰⁴ Although there are well-known limits to the reliability and generalisability of UBI experimental findings (time constraints, sample representativity, external funding, monitoring of beneficiaries only, etc.), a high number of EU-funded case-studies throughout the EU would provide a wide range of data for comparative research, which would be even more relevant if the same experimental design can be replicated, and have the key advantage of promoting a pan-European scientific and public debate.

103 The model used relies on an EU-wide VAT rate of 15% and thus differs from Van Parijs and Vanderborght's estimate of 19%.

104 Other potential funding sources include the European Fund for Strategic Investments (EFSI), the European Social Fund (ESF), the Europe for Citizens Programme and Horizon 2020.



The second idea, called “quantitative easing for the people” (QE4P) or “helicopter money”, concerns the provision of an unconditional lump-sum payment of limited duration to residents of the Eurozone, funded through money creation, in order to boost consumer demand in times of economic downturn.¹⁰⁵ Some estimate that it could be set at about 500 euros per adult.¹⁰⁶ According to its advocates, conventional quantitative easing (i.e. the purchase of government bonds and other assets from the financial markets by the European Central Bank) is not only ineffective but also produces speculative bubbles and an increase of inequality. QE4P, on the contrary, ensures that money creation directly fuels into the real economy, thereby reducing unemployment and increasing economic growth. Such a temporary EUBI restricted to the Eurozone and maintained as long as necessary may provide a “life-size test” for a permanent and EU-wide scheme.

The third idea consists of distributing a categorical European basic income; that is, one restricted to a specific subset of the population. A European child basic income or ‘child guarantee’, which is nothing other than a universal child benefit of the kind that exists in many European countries, seems the most evident place to start given the importance of child poverty in the EU (26.4 % in 2016) and the proposal’s place on the EU policy agenda.¹⁰⁷ Similarly, others suggest a European universal basic pension.¹⁰⁸ One could also imagine starting with a youth EUBI, as young people face a greater risk of social exclusion and higher unemployment rates than the rest of the population and are already targeted by specific European programmes (e.g. Youth Guarantee). A sectoral EUBI is yet another possibility. In this vein, the idea of a European agrarian basic income financed by a partial reallocation of the CAP budget is particularly interesting as it addresses some of the specific challenges faced by the farmers’ population while being a constitutive element of a wider vision for a European ecological transition.¹⁰⁹

5. Conclusion

A modest European basic income is no panacea; it will not solve all ills affecting social welfare in the EU, there may well be more efficient policy instruments when taking some of its objectives in isolation, and its worth depends on the broader institutional environment in which it operates. However, the strength of the EUBI lies in its capacity to score relatively well when considering *simultaneously* a broad range of issues associated with the social dimension of the European project. To the extent that it is accompanied by a number of safeguard measures, such as minimum adequacy requirements, and a wider vision of EU-wide fiscal coordination, the EUBI offers a worthwhile policy proposal to reconnect with the European promise of prosperity.

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