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The universal basic income grant (UBIG): A comparative review of the characteristics and impact

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WORKING PAPERS

**The universal basic income grant (UBIG):
A comparative review of the characteristics
and impact**

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Abstract

In recent years, public debates, pilot projects and academic research have internationally boosted the prominence of the universal basic income grant (UBIG) as a policy option. Despite this prominence, the arguments and evidence of the UBIG discussion have not been systematically put forward and discussed in light of the different UBIG conceptual understandings and applications. This paper adds value to the debate by systematically presenting the social, economical and political arguments in support of and against a UBIG. It furthermore discusses the UBIG dimensions/characteristics and variations, and also poses questions about whether all the UBIG experiments can really be classified as a UBIG. Antagonists of a UBIG often raise concerns about the negative effect of the lack of conditions and targeting in a UBIG. Since evidence on the impact of UBIG is limited, this paper turns to the evidence base on unconditional cash transfers and conditional cash transfers. The results show that it is the cash transfer rather than the conditionality and targeting that produce positive outcomes in areas of personal wellbeing.

Keywords: Unconditional basic income grant (UBIG), cash transfers (CT), unconditional cash transfers (UCT), conditional cash transfer (CCT), conditionality and targeting

1 Introduction

In recent years, the universal basic income grant (UBIG) debate has been garnering international attention as a viable policy proposal in both developed and developing countries. However, the UBIG proposal is not new, Raventós (2007) credits the minimum income concept to work by More and Vives² in the 16th century in their research on 'poor laws', which have influenced the thinking around poverty in many countries. This paper presents the social, economic and political arguments in support of and against the UBIG proposal. The challenge is that, even amongst supporters, the various UBIG experiments demonstrate that the conceptualisation and ideological underpinning of the related UBIG differ depending on the experiment's design, aims and implementation. The emerging evidence from those experiments suggests that there are limits to discrediting or confirming arguments against and in support of the UBIG proposal. The assertion is that, due to complex economic, social and political contexts, key questions remain unanswered and experiments are far from definitive, especially concerning the success of a UBIG (Banerjee et al., 2019; Widerquist, 2019). There are other concepts claiming to be a UBIG which conflates the discussions on what constitutes a UBIG (Ortiz et al., 2017; Standing, 2017), including the dimensions/characteristics. This confusion, in turn, complicates a comparative analysis.

This paper commences by establishing common ground on what constitutes a UBIG, which includes the definition and dimensions/characteristics, and other concepts that conflate the UBIG debate (section 2). The subsequent section presents the social, economic and political arguments in support of and against the UBIG proposal (section 3). Building on the arguments in support of and against the UBIG in the preceding section, the next section (section 4) turns to the application of a UBIG by presenting different international UBIG experiments and their

² For example, Vives viewed government's role as securing subsistence income for residents, and the approach was not on the principles of justice, rather than the notion of charity (Raventós, 2007).

evidence. However, the limited evidence from those UBIG experiments is challenging, and thus the next section (section 5) draws on existing evidence from both conditional cash transfers (CCTs) and unconditional cash transfer (UCTs) to demonstrate cash transfer effects. The paper concludes by summarizing the main points and highlighting areas for future research (section 6).

2 The definition of UBIG

The UBIG case study applications demonstrate that there is a lack of consensus on the dimensions/characteristics of UBIG. This raises pertinent questions around the understanding of a UBIG and whether all these applications can or should all be categorised as UBIG applications. As such, in the absence of a common understanding of UBIG, it is difficult to discuss its importance or consequences. It is with this notion in mind that the following chapter commences by establishing a common understanding of the concept of a UBIG.

Birnbaum & Wispelaere (2016) add that the term 'basic' in 'basic income' recognises the economic foundation established by the income in the absence of other sources of income. In the context of the 'basic income' debate, universalism in 'universal basic income' refers to how social security in the form of a basic income is provided within a jurisdiction. In a universal approach, eligibility is based on citizenry or residency of a particular country (van Parijs, 1995, 1997; van Parijs & Vanderborcht, 2017). The universal approach denotes a departure in the provision of social security.³

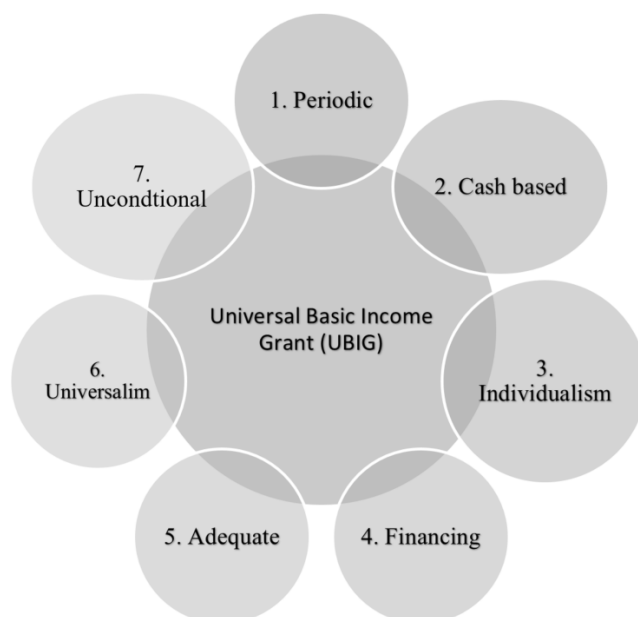
³ The terms social security and social protection are often used interchangeable, however, some scholars like to point to their stark differences, such as viewing social protection as a poor man's strategy compared to social security which is entrenched in development discourse as it relates to pensions and unemployment insurance. The argument is that social security is not necessarily targeted at the poor, whilst social protection is geared towards those who are not covered by insurance or are very poor and vulnerable to economic shocks.

In this paper, the term UBIG is used to refer to regular cash transfers paid to all members of society and differs from other welfare programmes for several reasons. First, the payment is not based on the capacity or willingness to participate in the labour market or meeting pre-determined conditions. Second, in terms of provision, the emphasis is on a universal approach in the distribution of cash transfers, meaning that everyone, irrespective of their social, economic and political position is eligible to receive the cash payment. Third, the universal approach is justified as an entitlement because every citizen or resident permit holder qualifies to benefit by simply being a member of society. Fourth, the cash transfer is targeted at an individual level rather than a household level. Last, it is a regular cash payment such as a yearly or monthly basis (Murray, 2008; Offe, 2008; van Parijs, 1995; Wright, 2006).

2.1 The dimensions/characteristics of UBIG

The varied applications of a UBIG demonstrate that there is no consensus on what constitutes a UBIG. In both developed and developing countries, the conceptualisation and aims of a UBIG differ, which adds to the argument that there is a lack of conceptual clarity on the UBIG. Figure 1 below provides the dimensions/characteristics that are found in various applications of the UBIG internationally. Murray and Pateman (2012) point out, the first two dimensions, namely, (1) periodic and (2) cash-based, there is a general agreement. Other dimensions/characteristics include (3) individualism, (4) financing, (5) adequate, (6) universalism and (7) unconditional (Standing, 2008; van Parijs, 1995, 2003; Wispelaere & Stirton, 2004; Wright, 2006) and are all discussed in detail below.

Figure 1: Dimension/characteristics of UBIG



Source: BIEN (2018) and Wispelaere & Stirton (2004), own illustration

(1) Periodic

A UBIG can range from a regular and consistent monthly payment(s), meaning that eligible recipients receive their payment(s) every month, or an annual payment(s), whereby payment(s) are made as one lump payment once a year. The periodic payment dimension refers to when the money is paid out. It is proposed as a regular source of income paid regularly to individuals on a monthly or yearly basis (Standing, 2008; van Parijs, 1995; Wispelaere & Stirton, 2004; Wright, 2006). There is a trade-off: Annual payments are easier to administer but have serious risk of insufficient consumption over the year.

(2) Cash-based

In designing programmes, policymakers often have to make choices between providing cash or in-kind transfers. Cash transfers refer to direct, regular and predictable transfer of money,

whilst in-kind⁴ transfers transfer to households the politically intended good and services directly such as food and shelter (Holmes & Jones, 2013). The difference between the two is that cash payments enable individuals the freedom to choose and creates purchasing power⁵ (van Parijs & Vanderborght, 2017), compared to in-kind transfers⁶. The former yields efficiency, while running the risk that “unreasonable” consumption decisions such as spending on alcohol and other drugs are made. The latter more effectively attains the desired policy goals, but runs the risk of creating inefficiencies. In terms of the UBIG proposal, the dimension of cash-based refers to the payment being made in the form of cash payment, as compared to in-kind payments.

(3) Individualism

In a UBIG, the cash payment is made to individuals compared to a household level (BIEN, 2018; Van Parijs, 2018). Wispelaere & Stirton (2004) assert that the individualism dimension in a UBIG refers to the standard unit which the policy targets. In other words, a UBIG target on an individual basis irrespective of their household characteristics⁷ or other eligibility criteria⁸. Other forms of minimum income support programmes are paid to the head of the household, whereas the UBIG proposal advocates for payments to be made on an individual basis. In other words, payments are made to every member of the household. Those who support payment on an individual basis argue not all household members are located in the same house or geographical location. Making payments to each individual makes it simpler to administer and

⁴ In-kind services include basic food, health care services, or schooling to eligible groups who cannot afford to otherwise access or procure these products or services (Tabor, 2002).

⁵ There are circumstances such as the lack of markets, natural disasters or other crisis which would make in-kind transfers favorable.

⁶ In-kind transfer programmes provide basic food, health care services, or schooling to those who otherwise could not afford these services or are unlikely to purchase adequate services even if they did have adequate resources.

⁷ In programmes that are targeted at a household, determination whether a household should benefit from a social programme is determined using a set of eligibility criteria such as a means-testing or proxy means-testing.

⁸ This is contrasted against social programmes which target at a household or individual level and involves processes of collecting data on the characteristics of the household to establish eligibility (Devereux et al., 2015).

more efficient, as there would be no additional administrative costs associated with establishing eligibility.

(4) Financing

There are various proposals for financing the UBIG internationally. These include increases in taxes, earmarked taxes, taxes on luxury goods, wealth tax and extra taxes on the extractive industries (EPRI, 2004; SPII, 2014; Standing, 2008).⁹ An extra tax on the extractive industries in the developing world has been identified as another vehicle that could be used as a source of finance for UBIG (SPII, 2014), as witnessed with the UBIG applications in Alaska and Iran through the sovereign wealth funds.

(5) Adequate

Adequacy can be defined as “the fact of being enough or satisfactory for a particular purpose”¹⁰. A UBIG is viewed as an extension of cash transfers and social assistance benefits either in the form of cash transfers or in-kind services must be adequate, both in amount and duration (United Nations, 2007). Adequate benefits are meant to guarantee or ensure a minimum standard of living. The argument is that if the amount or duration inadequate, the benefits will not ensure minimum living standards in the long term and may prove ineffective as a poverty alleviation instrument. However, adequacy of benefits can be negatively influenced by costs associated with accessing services such as education and health. The level in which the UBIG must be set would have to consider the rights-based approach, which

⁹ In their proposal for financing the basic income grant in South Africa, the Taylor Committee (South Africa, 2002) proposed a combination of tax instruments such as tax on luxury goods, value added tax, income tax, taxes on good and services and cooperate and personal tax.

¹⁰ See dictionary.cambridge.org/dictionary/english/adequacy

includes meeting minimum standards of living and basic needs (Standing, 2008; United Nations, 2007; Wispelaere & Stirton, 2004).

(6) Universalism

The universalism¹¹ dimension refers to the cash payment paid out universally, meaning that eligibility is based on citizenry or residency of a particular country or jurisdiction (van Parijs & Vanderborcht, 2017). The term 'universal basic income' is most appropriate as it denotes that it is provided to everyone and not because it seeks to replace other provisions and universal payment is an indispensable feature. Van Parijs and Vanderborcht (2017) state that recipients must be members of defined geography¹², and would exclude tourists, undocumented migrants, diplomats and employees whose taxes are not subjected to the local personal income tax.

(7) Unconditional

A UBIG is different to other social welfare programmes in that it is unconditional, meaning that it does not require people to meet any conditionality. Conditionality refers to certain conditions such as behavioural compliance that individuals have to meet to continue benefiting (Schuring, 2012). The conditions include eligibility criteria and behavioural compliance (Wispelaere & Stirton, 2004) and other pre-determined behavioural conditions to continue benefiting from the programme (Schuring, 2012).

¹¹ Danson et al. (2012) conclude that as a social policy, a universal approach is geared towards a broad range of categories of people, including the young, old and unemployed and does not discriminate between categories of people based on socio-economic indicators. Mkandawire (2005) adds that the universal approach denotes that everyone in society should receive the same benefit as a right. Anttonen & Sipilä (2014) stress that universal approaches are characterized by services and benefits that are grounded by legislative frameworks, tax-financed and available to all members of society irrespective of their socio-economic standing.

¹² There is lack of clarity on the portability of the UBIG, especially for citizens who choose to reside in another country, and the waiting period for people who are applying for residency, or citizenship in a country that has initiated a UBIG.

2.2 Other concepts conflating the UBIG discourse

Other concepts are claiming to be a UBIG that conflates and muddles the discussion on what constitutes a UBIG. The lack of consensus in the conceptualisation is demonstrated by differing applications in terms of the objectives, design, and implementation of the UBIG (see UBIG case study applications in section 4). The challenge is that the term UBIG is often used interchangeably with terms such as basic income, basic income guarantee (BIG) or guaranteed minimum income (GIM), citizens income, social dividend and negative income tax (NIT) (Murray & Pateman, 2012).

Ortiz et al. (2018) argue that there are two differences in the UBIG proposals. First, UBIG proposals that aim to establish a positive utopia by removing insecurities associated with the lack of income whilst empowering individuals. Second, the neoliberal or libertarian UBIG proposal which seeks to replace existing social welfare systems with a minimalistic safety net. Despite the difference in ideological underpinning, aims and design, there is recognition in the varied UBIG proposals and applications that there is a need to provide some sort of income security for vulnerable groups. This common ground is based on the acknowledgment and concern that there is increased economic and social inequality and the need to improve access to social protection globally. This section discusses other concepts that conflate and muddle the discussion on the UBIG such as the negative income tax (NIT), and guaranteed minimum income (GMI).

2.2.1 Negative Income Tax

Some argue that a negative income tax (NIT) and UBIG are two sides of the same coin or two distinct ways of achieving the basic income guarantee. This, in some instances, conflates the two concepts, with the term basic income being co-opted to refer to NIT (BIEN, 2018). The distinguishing feature between the two concepts is that a UBIG provides income support to all irrespective of their socio-economic position, whilst taxing different amounts, whilst a NIT

provides varied income support benefit levels to individuals or households based on their income. In other words, a NIT is provided by the government to individuals or households whose income falls below an established threshold to enable the individuals or household's income to reach the established threshold. In a NIT system, if an individual or household's income increases, the benefit level of the NIT would decrease and for individuals and households with break-even income level, their tax liabilities equal to their NIT credit, as a result, they neither pay taxes nor receive NIT benefits (Ortiz et al., 2018).

Compared to a UBIG, Standing (2017) notes that although some have viewed the NIT as some form of a UBIG, there are two distinguishing features between them. First, a NIT would be linked to family income or earning, paid to low-income earners retrospectively, usually at the end of the tax year based on a complex means test. Second, because the amount is paid based on earned income during the tax year, this also implies that the payment amount will not be known in advance, and not available when needed. Standing (2017) argues that a NIT is more of a windfall gain compared to a steady and reliable income that a UBIG would provide. However, some have argued that both the UBIG and NIT would achieve the same net transfer, but caution that a NIT is characterised by high levels of administrative costs which may be detrimental to the potential recipients (van Parijs, 2003).

2.2.2 Guaranteed Minimum Income (GMI)

The term guaranteed minimum income (GMI) is often used interchangeably with the term basic income guarantee. GMI refers to several means-tested social assistance schemes that provide transfers for poor individuals and households (Ortiz et al., 2018). Standing (2017) states that there is a difference between a predictable basic income and GMI, which is used to top up low incomes and is associated with complex means-tests. Standing (2017) notes that it is also different from a NIT, which is based on the individual's income, such as when their

income rises, withdrawals are made.¹³ The GMI in comparison to UBIG is different and as a concept is closely associated with creating additional government bureaucracy by requiring continual administrative costs (Ortiz et al., 2018).

3 Arguments in support of and against the UBIG

This section simultaneously presents the arguments in support and against a UBIG. There are various arguments used in support and against the UBIG proposal and vary from: social arguments (social inclusion, social equality and equity, poverty reduction, individual freedoms and empowerment, economic arguments (economic growth, labour market incentive, cost-effectiveness and income security for all) and political arguments (internal peace, political commitment, political support, UBIG intersection with politics and political acceptance of a UBIG).

3.1 Social arguments

3.1.1 Social inclusion

In social policy, a critical question for policymakers centers on how to best include the poor in programmes aimed at the poor. Supporters of the UBIG proposal argue that enacting a UBIG would lead to social inclusion for everyone because the money is transferred to every member of society, irrespective of socio-economic status (Danson et al., 2012; Standing, 2008; van Parijs & Vanderborght, 2017; Wright, 2006). The argument also includes how a UBIG create an inclusive social security system because the cash transfer is provided at an individual level

¹³ For example, in the United States of America, GMI programmes include the Food Stamp Program, Supplemental Security Income, and Temporary Assistance for Needy Families. The application of GMI in the USA is conceptually different to the UBIG dimensions/characteristics such as cash transfers, individualism, unconditional and universalism.

compared to the household level, benefitting every member of society (van Parijs, 1997, Wright, 2006).

A UBIG is viewed as creating social inclusion because it allows for the de-stigmatisation of the poor, especially the beneficiaries of social assistance programmes: In comparison to current practices in the delivery of social assistance, a UBIG is viewed as addressing the challenges of stigmatisation of the poor, which arise either from them having to prove their poverty through various administrative hurdles or as a result of participating in a programme (ODI, 2009). Stigmatisation of the poor includes them feeling inferior, including physical recognition of being poor, and the burden of feeling responsible for financial challenges and emotional consequences (Simons et al., 2018). The argument is that the universal and unconditional approach advocated in a UBIG would address the stigmatisation of beneficiaries of redistributive programmes and also decrease the social isolation of those on a low-income (Wilderquist, 2018).

3.1.2 Social equality and equity

Supporters of a UBIG argue that it can be an important tool for addressing questions related to social equality and equity. This argument is mainly based on a UBIG being transferred to every member of society irrespective of socio-economic status (Standing, 2008; Wright, 2006; van Parijs, 1995; 2017; Danson, Spicker, & Sullivan, 2012). In other words, a UBIG is viewed as increasing social equality because the cash transfer allows individuals to participate in social activities, and thus decreases social isolation of people on low-income (Wilderquist, 2018). The supporters claim that a UBIG would deliver a greater social equality because social security benefits (targeted and conditioned cash transfer programmes) would be less bureaucratic (Standing, 2008) and less likely to be captured and corrupted by bureaucrats because a UBIG is more transparent and everyone is entitled to the benefits (Wilderquist, 2019).

The universal provision of social protection from a UBIG is viewed as promoting solidarity and equality within a population as it allows every member of society to benefit (van Parijs, 1997; Wright, 2006). A UBIG is viewed as a tool for addressing the rising levels of income inequality and reduce gender inequality, including inequality between age groups and people with disabilities (Standing, 2017). Standing (2008) also argues that if the UBIG transfer amount were to be set at an appropriate level, it would enable many to have a decent standard of living, which would result in improved quality of life for more people. A UBIG would contribute towards social equity because it directly redistributes to groups on lower-income (Wilderquist, 2019).

Wilderquist (2018) cautions against the notion of equality as a result of a UBIG, especially if it allows individuals who choose not to enter the labour market to benefit financially at the expense of those who are in the labour market. In particular it would allow them to benefit without reciprocating, including meaningful social contribution (Wilderquist, 2018).

3.1.3 Poverty reduction

A well-designed and skilfully implemented UBIG could reduce poverty and inequality simultaneously (Henderson, 2017). A UBIG is a cash transfer, and the argument concerning cash transfers is that the poor are best suited to making decisions on what to do with the cash, the lack of which they view as a constraint (Hanlon, Barrientos, & Hulme, 2010). Another assertion is that a UBIG would be an effective anti-poverty strategy because the cash transfer is paid to every member of society in a non-discriminatory manner (Danson, Mcalpine, Spicker, & Sullivan, 2012). It therefore addresses the exclusion and inclusion errors associated with targeted cash transfer programmes (van Parijs, 1995; 2017; Standing, 2008). The argument is that, because a UBIG is regular and consistent, it will allow for sustained food consumption patterns whilst also addressing the challenges related to income insecurity related to the absence work (Mckay, 2013).

The regular and consistent payment resulting from a UBIG is viewed as an effective and transformative anti-poverty strategy because it allows the traditional structures of employment, poverty reduction and patriarchy to be reshaped (Healy, Murphy, & Reynolds, 2013). A UBIG is an effective anti-poverty strategy against the effects of the neo-liberal agenda, which has seen poverty increase, and, by guaranteeing a minimum income for everyone, it would protect vulnerable groups who cannot defend themselves against market forces and an insufficient and inadequate welfare state (Lacey, 2017). UBIG proponent argues that, if a UBIG is set at an appropriate level, it can provide a decent standard of living for more people (Standing, 2008).

3.1.4 Individual freedoms

In his assertion, UBIG proponent, van Parijs (1995) states that a UBIG would provide individuals with 'real freedoms'. His claim is that a UBIG will do away with the hardships associated with non-employment and poorly remunerated work by providing people with individual freedoms to choose. In other words, a UBIG would provide individuals with freedoms by enabling them to pursue activities of their choosing, whilst reducing or eliminating their dependence on employers (van Parijs, 1995). The argument is that a UBIG would lessen the material restrictions on individual decisions as it increases the variety of options (van Parijs, 2001) whilst ensuring access to social protection coverage without reliance on labour market participation (Lacey, 2017); it would give people power over their own lives (van Parijs, 1995;2003; van Parijs & Vanderborght, 2017).

Supporters furthermore argue that the financial security provided by a UBIG will enable individuals to have more time to pursue activities of their choosing, such as more time to search for jobs that fit their ideas and values (van Parijs, 1995, 1997, van Parijs & Vanderborght, 2017), and the 'power to say no' to exploitative labour market conditions (Wilderquist, 2013). In other words, the provision of a UBIG would allow individuals to work shorter hours, engage in job sharing, become full-time parents, care for those in need such as

the elderly or participate in community activities (van Parijs, 1995; Van Parijs, & Vanderborght, 2017). A UBIG would increase 'worker-centered flexibility' because it would increase individuals' ability to make choices that suit their situation and wishes during their life span. This freedom would potentially increase personal autonomy and improve physical and mental outcomes over time (Hendersen, 2017).

At the macro level, a UBIG addresses the neoliberal failures that have led to increasing number of individuals being reliant on the market rather than on the state, with negative consequences for the poor as they are made to believe they are responsible for their circumstances (Ortiz et al., 2018). In addition to the effects of neoliberal policies, new technologies, including platform work and digital economies, are making organizations more uncertain with less social protection (Pulkka, 2017). The claim is that a UBIG would still provide workers with a form of partial social insurance in cases where they are adversely directly affected by emerging technologies and machines replacing humans in the labour market (Hendersen, 2017). Technologies and machines are viewed as affecting the labour market in three key ways: first, from employment to mass joblessness, second, from high pay to low pay and third from secure work to insecure work (Arthur, 2016). A UBIG would provide individuals with a minimum standard of living (Standing, 2008), especially as automation takes them out of the labour market (Lowrey, 2018). Therefore, UBIG can be a facilitator when it comes to disruptive structural changes of the economy. Lastly, different forms of work, including platform or gig economies, make it challenging to assess whether someone is working at all (Browne & Immorval, 2017).

The 'individual freedoms' (van Parijs, 1995) proposition is criticized for being based on the assumption that every individual can take advantage of the 'real freedoms'. The critique is that a UBIG serves the interests of individuals who are healthy and who only care for themselves and assumes that every individual can take advantage of the new-found freedoms: The assertion amongst critics is that not every individual can take advantage. For example, people

with a disability may not be able to convert incomes into freedoms and typically require more resources to achieve equivalent freedoms (Andersen, 2016). Although supporters of a UBIG argue that it would provide 'individual freedoms', the challenge is that it will be based on taxing workers for the benefit of those who choose not to work (Wilderquist, 2018). While, Phelps (2001) views the UBIG proposal as morally and socially corrosive because it challenges the centrality of paid work in people's lives. The challenge is that in the literature, supporters of the 'individual freedom' proposition have also not adequately addressed criticism relating to the incentive to withdraw from the labour market due to the income effects, especially among those working in unfavourable conditions, and that it will promote idleness and laziness.

The argument that technologies and machines will replace individuals in the labor market is viewed by some as premature. Critics argue that the fear of machines has been ongoing since the 1970s and that new technologies and machines are more efficient and effective compared to humans and that, where there have been job losses, new jobs have also emerged as result of new technologies and new jobs will develop from these developments (Gans, 2014; Arntz, Gregory, & Zierahn, 2016).

3.1.5 Empowerment

Wilderquist (2018) states that a UBIG is empowering because it reduces the exploitation of both unionised and un-unionised individuals in the labour market as it gives them the power to refuse exploitative or unfavourable working conditions. Others add that a UBIG is empowering because it would allow individuals and trade unions to improve and enhance workers' bargaining power (Standing, 2008; Wright, 2006; Howard, 2015). Vanderborght (2006) adds that the existence of a UBIG would act as a source for a fund that protects workers during industrial strikes and would allow workers and individuals to face long-lasting resistance from employers, and the collective power of unions would, therefore, be enhanced. The view is that, in conjunction with an increased ability to reject exploitative work and wages, enhanced bargaining power would create tighter labour markets and would result in an

increase in wages, especially for individuals in low-skilled, low-paid jobs (Hendersen, 2017). The assertion is that a UBIG can be viewed as a recognition of unpaid forms of productive labour (Paterman, 2007) and, along the lines of a feminist argument, that a UBIG could lead to a fairer distribution of income between genders by providing compensation for unpaid work, which is disproportionately done by women (Henderson, 2017).

However, there are warnings that a UBIG would potentially reduce the bargaining power of trade unions as it facilitates self-employment, which is viewed as leading to the decline of wage labour or lowering wages (Vanderborght, 2006). There are ongoing debates relating to the income support provided by a UBIG, as to whether it would create a wage floor and would provide less employer interest/incentive to negotiate favourable terms for workers. Wilderquist (2018) notes that a UBIG could be detrimental to the feminist agenda as it would make it easier to maintain the patriarchal roles since the income provided by a UBIG would make it easy for women to remain in unpaid work, thus reinforcing the traditional gender roles (Wilderquist, 2018)

3.2 Economic arguments

3.2.1 Economic growth

Some view the UBIG as contributing to economic growth. Proponents of a UBIG argue that regular and consistent payments will provide the financial cushion that allows individuals to pursue entrepreneurial activity and innovation and to take a risk. The claim is that the income guarantee of the UBIG would enable individuals to take a risk, provide more time to pursue different activities of their choosing and allow investment for visionaries to pursue ideas (van Parijs, 1995; 2017; Standing, 2008; Wilderquist, 2018). Further possibilities are that the payment will also provide workers and individuals with an income that allows them to enhance their skills, which include starting a business or developing their skills (Painter et al., 2018; Standing, 2008). A UBIG is also viewed as playing an important role in improving working

conditions because it would allow workers to have the flexibility to move to attractive sectors, which is viewed as contributing to improving working conditions (Wilderquist, 2018).

However, the assertion that a UBIG would lead to economic growth is contested. Wilderquist (2018) cautions against the potential of a UBIG decreasing economic growth by various means, which includes labour market withdrawal or reduction, increasing labour costs, high inflation and the need to increase taxes, which reduces investment and innovation. The assertion is that a UBIG could negatively affect wages as it will also encourage individuals to only take jobs they prefer rather than jobs with a higher salary and will also increase the wage for 'bad' jobs and decrease the wage for 'good' jobs (Pech, 2010). Research has shown how a UBIG would require a substantial reconfiguration of existing taxation systems, social insurance and pension system (Ravallion, 2018 EPRS, 2016), with unknown consequences on the economy.

3.2.2 Labour market incentive

Proponents of a UBIG argue that it would act as a labour market incentive because it would allow individuals to pursue activities and jobs of their choosing (Standing, 2008; van Parijs, 1995; 1997; 2017). The claim is that a UBIG provides individuals with the ability to choose their activities, and therefore a UBIG would act as an incentive to labour market participation.

There is an ongoing debate based on the 'real freedoms' (van Parijs, 1995) that enable individuals to pursue activities of their choosing and whether these would result in individuals abstaining from labour market participation in favour of leisure. Wilderquist (2018) cautions that a UBIG could result in a large reduction of labour supply in a manner not easily counteracted by other policies. Whilst, Pech (2010) argues that a UBIG would incentivise individuals to choose certain jobs over others, such as those with higher salaries, and the ability to do this, would reduce the incentive for individuals to enter the labour market (Sommer, 2016). A criticism is that the income security provided by a UBIG would encourage

those in 'bad' jobs to abstain from labour market participation (Phelps, 2010). The lack of conditionality in a UBIG is viewed as exploiting those willing to enter the labour market (Hauser, 2006). The caution is that a UBIG could be viewed as incentivising those in long-term unemployment, such as women looking after children, the elderly employed and new entrants into the labour market to abstain from entering the labour market (Wilderquist, 2018).

3.2.3 Cost-effectiveness

Wilderquist (2018) argues that proponents of the UBIG often allude to the cost-effectiveness of the proposal compared to traditional, conditional welfare policies. In comparison to other welfare programmes, Atkinson (2011) claims that a UBIG will increase take-up, especially amongst individuals with lower-income, as user costs are often cited as one of the major reasons for low take-up of certain welfare benefits. Therefore, enacting a UBIG would result in significant savings and is less likely to discourage take-up in comparison to existing transfer schemes (Murray, 2006). In the long term, the assertion is that a UBIG would result in reduced poverty and inequality levels, including the cost of other services such as healthcare and policing (Wilderquist, 2018).

Conditional Cash transfers (CCTs) are associated with high administrative costs such as targeting, meeting and monitoring conditions, bureaucracy, overhead costs, corruption (Devereux et al., 2015). Advocates of the UBIG argue that a UBIG would significantly reduce these costs (Standing, 2008; Van Parijs, 2003) because it would be simpler and more transparent (Wilderquist, 2018). A UBIG is also viewed as administratively simpler for low and middle-income countries with limited capacity (Banerjee et al., 2019).

Despite proponents arguing for the cost-effectiveness of a UBIG, critics of the UBIG proposal note that universal programmes are expensive, and targeted cash transfers are viewed as a better use of limited resources (Browning, 2002; Slater & Farrington, 2009). The discussion around the cost-effectiveness of a UBIG is exacerbated by the lack of concreted proposal in

terms of how much it would cost and how it could be financed (Browning, 2016). This financing is particularly important, as financial constraints are more pronounced in low- and middle-income countries, where social protection policies often compete with other equally important policy areas (McCord, 2010).

The challenge concerning the estimation of UBIG cost-effectiveness is that there are numerous design features associated with current applications of a UBIG, which make it difficult to put a cost on a UBIG (Arthur, 2016). Depending on the design features, a UBIG has to consider tax implications, as well as the transfer it would replace (Barnejee, 2019). Ravallion (2018) notes that a UBIG would still have administrative costs such as those related to administering an effective tax system that collects significant amounts of data on an individual's income and wealth. The challenge is that there is an imperfect collection of information, including varied administrative capacities and a UBIG could potentially create challenges similar to those associated with other welfare programmes (Ravallion, 2018).

3.2.4 Income security for all

A UBIG is a regular and consistent cash transfer that provides income security for every member of society irrespective of socio-economic standing (Standing, 2008; Healey, Murphy & Reynolds, 2012). Income security provided by a UBIG would enable every individual in society to have the financial capacity to cover necessities (Standing, 2008; Wright, 2006), and if the transfer amount is set at an appropriate level, it would enable more people to have a decent standard of living whilst enabling individuals to access healthcare, education and increased consumption (Standing, 2008). However, the lack of targeting in the UBIG proposal has been criticised as it would mean money being transferred to already wealthier families, and targeted transfers are best suited for raising and broadening existing income floors (Greenstein, 2019).

3.3 Political arguments

3.3.1 Political commitment towards a UBIG

Arguments have been put forward that there is an incentive for greater political commitment towards supporting a UBIG. Universal benefits are viewed as leading to social solidarity and support (Banerjee et al., 2019; Kidd, 2015; Mkandawire, 2005) and provide a base for services to everyone as a right (Danson et al., 2015) because everyone benefits (Standing, 2008). Universal benefits also enjoy greater support than targeted welfare programmes, for example, the National Health System (NHS) in the United Kingdom continues to enjoy public support despite the high costs associated with administering and financing it.¹⁴ The assertion is that, despite the costs associated with a UBIG, there should be greater political commitment towards a UBIG due to support for universal benefits (Kidd, 2015).

3.3.2 Political support from a UBIG

In contexts where there are more people in poverty, a UBIG allows for mass mobilization around income redistribution. The assertion is that rising inequality is not good for any society, and, as excessive inequality can erode social cohesion, it can lead to political polarisation and low economic growth.¹⁵ De Wispalaere & Yemtsov (2019) maintain that, if a UBIG is financed by taxing the rich, the majority will benefit, and in a democratic system where voters follow their interest, the enactment of a UBIG is likely to increase political support. Thus, UBIG potentially contributes to peace and cohesion in a country.

If the majority of people in a democratic system support a UBIG, this would raise questions for politicians in terms of who are they going to please, the middle class and upper class who might oppose the UBIG or the voting masses who could determine whether they remain in or

¹⁴ See www.kingsfund.org.uk/publications/public-satisfaction-nhs-social-care-2018 (last accessed 30.01.2020)

¹⁵ See www.imf.org/en/Publications/FM/Issues/2017/10/05/fiscal-monitor-october-2017 (last accessed 30.01.2020)

lose power. There are examples, especially in low- and middle-income countries, of where access to social assistance in the form of cash transfer has been used favourably to raise political support during political campaigns. For example, Sarwar (2018) found that, in Brazil, Pakistan and the Philippines, political leaders sought to gain political legitimacy and political ground by launching highly visible social protection programmes. On the other side, enacting a UBIG will address the discretionary power of politicians to use cash transfers to raise political support. This enactment would also address the challenges of a UBIG being used to achieve political goals, which could result in schemes and pilots that deviate from its essence (De Wispalaere & Yemtsov, 2019)

3.3.3 UBIG intersection with politics

Barnejee et al. (2019) argue that a UBIG not only has considerable financial implications; it also intersects with politics. In spite of the arguments supporting a UBIG, De Wispalaere (2016) states that proponents of the UBIG have been unable to build a robust political coalition of academics, policymakers and advocates capable and willing to enact a UBIG. However, a UBIG does not necessarily have to lead to political support because a UBIG needs to engage with political philosophy and public preferences (De Wispalaere & Yemtsov, 2019); a UBIG proposition can lack operational clarity regarding the financing and have implications for existing welfare programmes that intersect with politics (De Wispalaere, 2016). The argument is that politics introduces an additional complexity that could make a welfare-enhancing UBIG infeasible (De Wispalaere & Yemtsove, 2019).

3.3.4 Political acceptance

A UBIG is viewed as politically sensitive, especially when it is promoted without conditionality and targeting. The lack of conditionality and targeting are viewed as presenting a UBIG with a challenge in terms of political acceptance as the financing could involve increasing taxes, which will always come under pressure from tax-paying citizens, especially when the money is

transferred to able-bodied individuals who choose not to work. This issue highlights how it could be difficult to politically promote a UBIG, especially if it is viewed as attracting or being made accessible to immigrants or as attracting undesired immigration. A UBIG raises questions on whether it would attract and/or be made accessible to immigrants and whether it would be politically accepted (EPRS, 2016).

4 UBIG in practice

In recent years, there has been an increase in the number of countries that have piloted the UBIG. Table 1 below shows that these experiments can be found in both developing and developing country context(s). The review of the UBIG experiments is restricted to include applications in Alaska, Namibia, Canada, Finland, Netherlands, Uganda, Iran and India, Kenya, Spain, Mongolia, USA (Y-Combinator Research), Mongolia and other planned UBIG experiments. These countries were selected as case studies based on explicit claims to be a basic income (BI) pilot programme and available and accessible information. Although these varied applications all claim to be UBIG, which conflates the discussion on what constitutes a UBIG mentioned above. The review indicates that the UBIG experiments are varied in terms of no country fits all eight dimensions/characteristics discussed above (section 2.1.).

Table 1 below provides information on key elements of the 11 UBIG pilot programmes internationally, which are also discussed in detail below. The information in table 1 also shows that they encompass both large and small experiments, for example, the one in Alaska with 630 000 and in Iran with over 78 million programme participants and smaller experiments of 200 households in Uganda. The cross-cutting issue across the different experiments is the identification of vulnerable groups (Ortiz et al., 2018), and Alaska and Iran are universally based on residency.

4.1 Country case studies

Table 1: UBIG experiments

| COUNTRY | UBIG EXPERIMENTS | | | | |
|---|------------------|--|--|---------------------|---|
| | PERIOD | ELIGIBILITY | TRANSFER AMOUNT | COVERAGE | PROGRAM INTEREST |
| USA (Alaska) | 1982-ongoing | Residents of Alaska | US\$ 1,174 per person / US\$5,870 (Family of 5) in 2011 | 630,000 | Distribute oil proceeds |
| USA (Oakland, California) | upcoming | Adults aged 21-60 ¹⁶ | 1000-2000 US\$ ¹⁷ | 3000 | Individual-level effects of basic income |
| Canada (Ontario) | upcoming | 18-64 | 16,989 (€11,340) for single participants / (16,038) for couples: Dependent of household income and status | 4000 | Reduce poverty, food insecurity, mental and physical health |
| Namibia (Otjivero) | 2008-2009 | Residents of Otjivero | 100 N\$ (=€7) | 1000 | Poverty reduction/effect of cash transfers |
| Iran | 2010-today | Universal | 35 € | Universal | Distribute oil proceeds |
| India | 2010-2011 | | 200 rupees (=2,5 Euros) | 6000 | Poverty reduction |
| Kenya GiveDirectly's Basic Income Experiment | 2016-2027 | 20,000 individuals in 197 villages, | 2,280 Kenyan Shilling ¹⁸ | 26,000 | Poverty reduction/effects of cash transfer compared to Aid |
| Uganda (Eight) | 2017-2019 | Undisclosed villages | €15 (Adults) & 7,5€ (Children) | 200 (50 Households) | Poverty reduction |
| Holland Dutch Social Assistance Experiments ¹⁹ | 2017-2019 | Welfare recipients (25-58 years) | €960.00 | 250 citizens | Effects of removing financial disincentives to work ²⁰ |
| Finland (Kela) | 2017-2019 | Welfare recipients (25-58 years) | €560.00 | 2000 individuals | Labour supply effects benefits ²¹ |
| Spain (Barcelona's B-MINCOME) | 2017-2019 | All HH members had to be living in effective co-existence, | Basic need (€402.60/month for the first adult person, €148/month for each additional member) and HH needs (€260/month for the first adult person, €110/month for the second member, €40/month for each other member) | 2000 | labour market participation, food security, |
| Mongolia | 2006-ongoing | 0-17 years (universal) | US\$16.57 in 2011 | 3 million (2015) | Poverty alleviation |

¹⁶ Whose incomes falls below the area medium-in two states

¹⁷ The experimental group will involve at least 1000 people who will receive \$1000 per month for 3–5 years

¹⁸ "Most villages will receive US\$0.75 dollars per day, in monthly payments—some for 2 years, some for 12 years. A few villages will receive one lump-sum payment of \$500" (Wilderquist, 2018, p.63)

¹⁹ Wilderquist (2018) notes that the "Netherlands is experimenting with something that they do not call "basic income," even though it takes a significant step in the direction of it" (p.66)

²⁰ Reducing the withdrawal rate on means-tested benefits.

²¹ In comparison to those who continue to receive traditional employment

4.1.1 Namibia

The Namibian pilot project was initiated in Otjievero from 2007 to 2009. The experiment was organised by the Namibian 'BIG coalition', made up of several non-governmental organisations and church groups (Lehto, 2018). In this experiment, the 'basic income' was paid to every resident of Otjievero without having to meet any conditions. A total of N\$100 was transferred to every individual residing in Otjievero, excluding pensioners above the age of 60 who were receiving a state pension. To benefit from the 'basic income', individuals had to be registered as residents of Otjievero before the commencement of the project. Mothers received the money on behalf of children and it was paid electronically through a card issued by the Namibian Post Office (Haarmann, 2009; Haarmann & Haarmann, 2007, 2015). The pilot was initiated to provide evidence to the Namibian government of the effects of cash transfers on beneficiaries (Haarmann & Haarmann, 2015). After years of resistance from the government, in 2016, there were indications of political salience as the Minister of Poverty Eradication and Social Welfare, Zephania Kameeta argued that 'the Basic Income Grant aims to provide financial assistance to the poor that fall through the cracks of the current social grants.....even developed countries such as Finland are turning to the Basic Income Grant. The War on poverty needs to be fought from all fronts'.²²

4.1.2 India

The Indian pilot programme took place between 2010 and 2013. The experiment was organised by UNICEF in cooperation with the Self-Empowered Women's Association (SEWA) in Madhya Pradesh (Lehto, 2018). The Indian experiment included a randomised control trial (RCT), with both control and treatment groups sharing similar characteristics such as socio-

²² See www.namibian.com.na/index.php?page=archive-read&id=146993 (last accessed 30.01.2020).

economic conditions²³. The experiment had two forms, which included 8 villages and 12 villages that shared similar characteristics used as control groups. In the second form of the pilot, a control and treatment group was established from indigenous villages (Perkiö, 2014; Schjoedt, 2016). Over 12-18 months, the programme transferred a cash transfer to about 6 000 men, women, and children in nine villages in Madhya Pradesh. Project participants received individual small regular cash transfers of about 200 rupees (adults) and 100 rupees (children)²⁴ paid into a bank or cooperative account (Standig, 2008).

4.1.3 Finland

The Finnish experiment commenced in January 2017, organised by KELA, a social insurance institution in Finland. The experiment is a scheme targeting 2000 individuals aged between 25 and 58, who are all unemployed during the commencement of the pilot programme (Wilderquist, 2019). The scheme targeted individuals who used to receive a basic daily allowance or labour market support under the Unemployment Security Act. The pilot programme aimed to ascertain the effects of the cash transfer on the employment of persons in the experiment, which included labour market participation.

The programme transferred 560 €/month, tax-free benefits per programme recipient. This is equivalent to the unemployment insurance benefit it was replacing (Wilderquist, 2019), and not conditioned on entering the labour market over the 24 months running period of the programme (Lehto, 2018). Already a year into the pilot, mixed reports were emanating from both local and international media regarding the continuation of the pilot programme, forcing KELA to release a press statement assuring the continuation of the pilot programme until

²³ Data was collected on demographic, social and economic characteristics of both the treatment and control group to enable an analysis of the impact on the treatment group and assessment against the control group.

²⁴ The transferred amount was increased to 300 rupees (adults) and 200 rupees (children).

2018 and that would be discontinued before the 2018 completion date²⁵ and other challenges such as money being paid into the wrong accounts, which led to the abrupt termination of the pilot (Lehto, 2018).

4.1.4 Iran

Iran has the largest UBIG application in the world with over 72.5 million people or 97% of the total population, with the rest forfeiting their entitlements (Tabatabai, 2012). In 2010, the government of Iran announced a five-year programme to reform its system of price subsidies. Reforming the system of subsidies meant a significant increase in the price of products (fuel) and services and the proceeds were earmarked to finance an unconditional cash transfer programme of 35 euros a month. As part of the strategy to dispense the cash transfer, the initial plan was to limit the transfers to the less-well members of the society, which is made up of households in the seven lower deciles characterised by incomes at around or below the national average (Tabatabai, 2011).²⁶ The 'basic income of Iran emerged as largely by default. The universality of cash payments became the operating principle simply because of the identification of the initially targeted population - the seven deciles of the population with income below the national average - it failed both for technical reasons and inadequate support. The universality of coverage, in turn, led to the uniformity of transfer amount for all' (Tabatai, 2012, p.18).

²⁵ See www.kela.fi/web/en/news-archive/-/asset_publisher/IN08GY2nIrZo/content/contrary-to-reports-the-basic-income-experiment-in-finland-will-continue-until-the-end-of-2018?_101_INSTANCE_3a1vR0IztzeZ_redirect=%2Fweb%2Fen (last accessed 30.01.2020).

²⁶ The identification of target households used a model that estimated household income on the basis of various proxy indicators (habitable area per person, car ownership, level of education, family loans, etc.) on which data were collected at registration.

4.1.5 Netherlands

In the Netherlands, the UBIG experiment(s) are grounded on a 2015 legislation that enables local authorities to experiment with social policies, and initially, the experiments resembled workfare policies, but have since moved closer towards a basic income (Wilderquist, 2019). The experiment targets social assistance recipients in Utrecht and was scheduled to be launched in March 2017 as a two-year pilot programme and there were delays in commencement of the programme. The experiment aims to investigate the effects on employment, social participation, health and well-being on recipients (van der Veen, 2019) and the cash transfer is not conditioned on participant's continued participation in training activities under the workfare-orientated Participation Act. Recipients can continue to receive the money even if their income rises during this period (van der Veen, 2019; Wilderquist, 2019). The experiment has both the control and treatment groups, and several experiment groups are eligible for slightly different policies. In this experiment, recipients have varied conditions which they would have to meet, whilst some of the recipients are exempted from labour market reintegration obligations, and whilst other participants are provided with additional incentives. The pilot programme aims to re-integrate recipients into the labour market and societal participation and assist in addressing challenges associated with active labour market policies, and it is viewed as a more cost-effective method for achieving labour market policies (Wilderquist, 2019).

4.1.6 Canada

In 2017, Hamilton, Thunder Bay and Lindsay in the Province of Ontario began their basic income pilot experiments. In these pilot programmes, the experiment group is made up of 4000 individuals from low-income groups aged between 18-64 years. The pilot programme incorporates RCTs with participants that will be randomly selected, and the target group will be selected based on living in one of the pilot areas for the past 12 months or longer, living on low-income. Ontario's experiment employs cash transfers that depend on their amount, both

income and household status similar to the NIT and or used to top-up low income of individuals and households (Wilderquist, 2019).

The amount transferred is divided into three categories. First, up to \$16,989 per year for a single person, less than 50% of any earned income, second, up to \$24,027 per year for a couple, less than 50% of any earned income, third, up to an additional \$6,000 per year for a person with a disability. The pilot programme seeks to measure the outcomes in areas of food security, stress and anxiety, mental health, health, and health care usage, housing stability, education and training, and employment and labour market participation. It is envisaged that the transfer will support vulnerable workers, improve health and education outcomes for people on low incomes, and help ensure that everyone shares in Ontario's economic growth. The experiment will also evaluate the effects such as work behaviour, education, and entrepreneurship (Wilderquist, 2019).

4.1.7 Spain

In Barcelona, an experiment was conducted involving 10000 people who are separated into ten small experimental groups and control of 1000 people. The experiment will be conducted in the Besòs area, regarded as one of the region's poorest areas. Those who participate in the experiment are aged between 25-60, the experiment is voluntary. In this experiment, all programme participants will receive cash income supplements. In this experiment, those in the experiment group will receive a NIT, some unconditionally, and others with various conditionality. In this experiment, 450 households are divided into two treatment groups, and one of the groups, the Municipal Inclusion Support (SMI) is means-tested, which means that the amount is reduced in accordance to the number (amount) of additional household earnings, whilst the other receive the full amount of SMI throughout the program, irrespective of additional income. There are no conditions for this group beyond living in the area until the conclusion of the programme in September 2019 and consent to be monitored for research purposes.

The transferred amount is based on household configuration, and transferred amounts range from 100 up to 1676 euros per month per household. Before the commencement of the experiment, all selected participants were beneficiaries of the city's Municipal Social Services, which is not conditional to labour market participation. During the experiment, participants will continue to benefit from the Municipal Social Services, but be deduced from the (SMI)²⁷. It is envisaged that the experiment will encourage labour, entrepreneurship and community service (Widerquist, 2019).

4.1.8 Kenya (GiveDirectly)

The GiveDirectly experiment in Kenya is undertaken in 295 rural villages in the Western and Rift Valley region of Kenya. In this experiment, the participants are assigned to four groups. First, the long-term basic income group, which includes 44 villages (4, 996 people) who receive \$0.75 per adult per day, delivered monthly for 12 years. Second, the short term basic income group, which includes 80 villages (7, 333 people) who receive the same amount for two years. Third, the lump sum group: This includes 71 villages (8, 548 people) who receive the same amount as the short term basic income group but as a lump sum. Last, the control group, which includes 100 villages who do not receive any CT28. The experiment aims to produce an evidence-based approach towards international aid, and to demonstrate that giving cash directly to the poorest could be more beneficial than international aid approaches (Widerquist, 2019). The initial results of the programme are expected in 2020.

4.1.9 Alaska

In 1982, Alaska initiated what is now referred to as the most established and longest-running UBIG experiment in the world funded by the oil proceeds from the region. The programme was

²⁷ See www.basicincome.org/news/2017/08/barcelona-spain-design-minimum-income-experiment-finalized/ (last accessed 30.01.2020).

²⁸ See www.givedirectly.org/ubi-study/ (last accessed 30.01.2020).

established under the Permanent Fund Dividend (APFD) and each year revenues are deposited into a sovereign wealth fund called the Alaska Permanent Fund (APF).²⁹ Because the cash transfer is paid to all residents³⁰ of Alaska without having to meet any conditions, it is often argued that it is the only universal BIG example available³¹.

The size of the PFD is based on the average returns to the APF over five years. In 2011, the dividend was \$1,174 per person or 5,870 for a family of five. The PFD reached its highest point in 2008, when it was calculated at \$2,069, with the lowest dividend in recent years was recorded in 2005 at \$846. Wilderquist & Sheahan (2012) state that in most instances the transfer is too small to meet a person's basic needs and recipients view it more as a bonus. Despite this, it makes a significant difference to people in need. This is viewed as a UBIG in the sense that it guarantees that everyone receives the cash transfer unconditionally each year for being a resident of Alaska and applies for the cash transfer despite socio-economic standards. There are limited systematic reviews or reports on the performance of the scheme, especially on individual wellbeing, compared to other UBIG pilot programmes internationally.

4.1.10 Mongolia

In 2006, a new law was introduced in Mongolia that made all children between the ages of 0-17 years eligible to a cash transfer called the Child Monetary Programme (CMP). However, this grant did not include children of migrants but included Mongolian children in correctional facilities and those living abroad. The transferred amounts were around US\$7.42 in 2010, US\$16.57 from January 2011 to June 2012. The CMP programme is financed through mineral resources taxes managed by the Human Development Fund. The programme focused on

²⁹ The money is then invested in different portfolio of assets, such as stocks, bonds and real estate. Each year a portion of the returns from the fund are distributed to Alaskans in the form of a PFD.

³⁰ The only requirement for receiving the cash is that a person has a) held residence in Alaska for more than one year and is b) alive.

³¹ See www.motherboard.vice.com/en_us/article/jp5wdb/only-state-free-money-alaska (last accessed 30.01.2020).

children, and they became eligible for the cash transfer at once registered with the State Registration General Office. The cash transfer was paid directly into a bank account of eligible families. By 2015, around 1.03 million, or nearly 100% of children were a recipient of the CMP (Yeung & Howes, 2015).

4.1.11 Planned UBIG experiments

A not-for-profit organization, Y-Combinator Research (YCR) is planning an experiment involving 1000 people in cities yet to be announced. The programme was originally planned for Oakland, California. In this experiment, 1000 individuals will receive \$1000 per month for 3–5 years. In the experiment, the treatment group will include individuals aged between 21–40 with household incomes below the median income in comparison to their local community. The experiment aims to assess the use of time and money, as well as social and psychological well-being through subjective and objective measures. There is also another experiment planned in Stockton, California where 100 participants will receive around \$500 a month over 18 months (Wilderquist, 2019).

4.2 Discussing the UBIG experiments

Between 2008–2011, India and Namibia initiated two pilot programmes that were different in conceptualisation from the previous experiment in that they were universal basic income instead of NIT, they were privately funded as opposed to state-funded, taking place in developing country contexts where the UBIG discourse was not prominent (Wilderquist, 2019). Over the years, the number of experiments has increased in both developing and developed country contexts. Some experiments claim or have been categorised as UBIG experiments, some experiments explicitly claim to be basic income experiments, some have been put in the same group as basic income studies, such as the experiment in the Netherlands (Wilderquist, 2019) This is particularly important because, as mentioned in section xy, these variations in application conflate and muddle the discussion on what constitutes a UBIG and this section

provides a discussion on the similarities and differences in various UBIG applications as it relates to conceptualisation, aims, design, and implementation.

As argued in this paper, there are variations in terms of the experiments of the UBIG internationally, driven by context-specific interest (Wilderquist, 2018). Table 2 below compares the list of UBIG experiments internationally and the dimensions/ characteristics discussed in section 2. Table 2 demonstrates that in comparison to the dimensions/characteristics, there are variations and differences in application. The cross-cutting issue across all the UBIG experiments is that they are all provided as cash-based, and only in Alaska is the payment paid annually compared to monthly payments. Iran provides the only experiment where the cash payment is universal, whereas the rest of the experiments have some form of targeting, such as categorical, geographical and means-testing. The application in Uganda is the only application whereby the cash payment is made at a household compared to an individual level.

Table 2: Dimensions/characteristics of UBIG in practice

| COUNTRY | DIMENSIONS/CHARACTERISTICS OF UBIG | | | | | |
|---------------------------|------------------------------------|------------|------------|----------|--|---------------|
| | Monthly/annual payment | Cash based | Individual | Adequate | Universal | Unconditional |
| USA (Alaska) | Annual | Yes | Yes | No | Permanent residents | Yes |
| USA (Oakland, California) | Monthly | Yes | Yes | Unknown | Categorical | Yes |
| Canada | Monthly | Yes | - | Unknown | 18-64 (voluntary) | - |
| Namibia (Otjevero) | Monthly | Yes | Yes | Unknown | Categorical | Yes |
| Iran | Monthly | Yes | Yes | Unknown | Universal | Yes |
| India | Monthly | Yes | No | No | Categorical | Yes |
| Kenya | Monthly | Yes | Yes | Unknown | Categorical | Yes |
| Uganda (Eight) | Monthly | Yes | No | Unknown | Categorical | |
| Holland | Monthly | Yes | Yes | Unknown | Voluntary & random selection ³² | No |
| Finland | Monthly | Yes | Yes | No | 25-58 ³³ | Yes |
| Spain | Monthly | Yes | - | Unknown | (Voluntary) Stratified random sample | No |
| Mongolia | Monthly | Yes | - | Unknown | 0-17 Years | Yes |

Source: Own tabulation

First, there is a consensus that in all the UBIG experiments, there has been a focus on vulnerable groups, such as the poor, unemployed and/or beneficiaries of other targeted social welfare programmes. For example, in Namibia and Kenya, the aim is to transfer money to the poorest, and this is the same in California, whilst the universal approach in Iran guarantees that all are eligible. The UBIG experiments are associated with removing insecurities associated with the lack of income (Ortiz et al., 2018; Standing, 2008; van Parijs, 2003; van Parijs & Vanderborght, 2017) such as in Namibia, Uganda, Iran, Kenya, California, Mongolia, and India.

The experiments, in general, due to the categorical and geographical targeting, participants are characterised by some level of vulnerability such as poverty levels, labour market entry

³² From a pool of social assistance recipients

³³ Receiving unemployment benefits

constraints or low levels of socio-economic development. For example, Otjivero in Namibia was identified as having low socio-economic conditions or a poor region (Haarmann, 2009; Haarmann & Haarmann, 2007, 2015). Ontario in Canada, Beso in Spain, California in the United States of America are characterised by low socio-economic development, and whilst individuals in the Netherlands and Finland are vulnerable to labour market participation and thus programmes have a labour market focus.

In terms of the Iran experiment, (Tabatabai, 2011) argues that it served multiple functions. First, it assisted in addressing the challenges associated with subsidies. Second, it acted as a poverty alleviation strategy as the 97% recipients meant that the most vulnerable groups benefited. Third, which is similar to the Alaska experiment, the programme distributes the proceeds from the extractive oil industry (Tabatabai, 2011), but the Alaska experiment is not explicit on poverty alleviation.

The difference in the experiment in Finland, Netherlands, and Spain, is that programme participants are beneficiaries of other social programmes such as unemployment benefits in Finland and Spain. Whereas, in the experiments in India, Namibia, Kenya and Iran participants are not beneficiaries of other social programmes. This, to a certain extent, demonstrates that there is an explicit focus in the developing world on poverty alleviation, but in general, both developed and developing contexts have a focus on vulnerable groups, and the definition of vulnerability is contextual.

Second, the case studies also demonstrated that there are variations in terms of targeting and conditionality applied. As discussed above, the Iranian experiment came about as a default as a result of the inability to target (Tabatabai, 2012), whilst the Namibian experiment was categorical because it is undertaken in one village. However, there are similarities in terms of the lack of conditions, besides residency. The Mongolian experiments were universal for all children aged 0-17 (Yeung & Howes, 2015). The experiments in Finland, Canada, Spain, and

the Netherlands targeted individuals who are of working age, who are labour market constrained.

Third, the experiments also demonstrated that there are varied sources of financing, ranging from state funding in Spain, Netherlands, and Finland, to not-for-profit (NPO) financed experiments in Namibia, California, India, and Kenya. There are also experiments financed from extra taxes on extractive industries experiments in Mongolia, Alaska, and Iran (sovereign wealth funds in Alaska and Iran).

Fourth, there is a focus to address challenges related to labour market policies for individuals such as labour participation or re-integration in developed countries like Finland, the Netherlands, and Canada. In these experiments, the argument could be that the UBIG is seeking to replace the existing welfare system in place whilst testing conditionality. For example, in the Netherlands, programme participants are amongst social assistance recipients, and the programme aims to integrate recipients into the labour market and social participation. In Finland, the pilot programme seeks to ascertain the effects of the cash transfers on the employment of persons in the experiment by targeting those between the ages of 25-58 years who receive basic daily allowance or labour market support under the unemployment security act.

In Canada, the aim is to measure the outcomes in areas of personal wellbeing (food, health, and education), training and labour market participation and UBIG discourse in Canada has focused on reconfiguration of the social security system through the Guaranteed Annual Income (Forget, 2012). Due to the specific focus on participants who are labor market constrained, the experiments are viewed as having a specific interest in labour participation and because recipients are/were recipients of other social benefits, this can be viewed as experiments that seek to replace/augment existing schemes.

Fifth, there are challenges concerning the adequacy of the amount transferred in the experiments in India, Finland, and Alaska. Wilderquist (2019) notes that in Finland, the amount transferred is low and recipients were drawn from people receiving unemployment benefits, meaning it incorporates the conditions of eligibility attached to those unemployment benefits (Wilderquist, 2019). Standing (2008) states that the Indian experiment demonstrates the need to set the income transfer at an adequate level to allow for a decent standard of living, as the BIG only reached 30% of the bare subsistence level.

Sixth, the experiments included a rigorous experimental design method with the use of treatment and control groups, meaning the effects can be attributed to the cash transfer and conditionality's applied. The use of RCTs in the design of the experiments was included in the GiveDirectly experiment in Kenya, Spain, Netherlands, and Canada. However, there were notable differences in the selection of participants in Canada and Finland. In Canada, both the treatment and control groups are randomly selected, as opposed to eligibility based on being unemployed in Finland. In terms of design, Wilderquist (2019) states that the finish experiment is still comparable to existing programmes because of the size of the grant.

Last, there are theoretical and policy questions that remain unanswered by these experiments. The variations in application exacerbate the need in practice for a clearer definition of what constitutes UBIG as all these applications classify themselves as UBIG applications, despite the fundamental differences in aims, design, and implementation.

4.3 Evidence emerging from UBIG experiments

There are claims and assumptions on the positive and negative effects of the UBIG. The debates are ongoing because there is limited evidence and there are limitations in terms of evidence to either confirm or discredit all the claims in support or against the UBIG proposal (Wilderquist, 2018). This means that some questions around the effects of the UBIG are ongoing, remain theoretical, abstract. Others argue that key questions remain unanswered

and information from these experiments is far from definite, especially as it pertains to the success or failures of the UBIG, taking into account the complex economic, social and political context. According to Banerjee et al. (2019) existing experimental evaluation studies were different from an ideal UBIG in some potential consequential way. In their analysis, two dimensions are particularly important. First, those existing transfers have not been universal but rather targeted, either through a means-test or targeted towards a specific adult within the household. Second, UBIG experiments are undertaken on a short term basis, as compared to the long term commitment envisioned by UBIG advocates (Banerjee et al., 2019). This section provides available evidence on the effects found in the respective UBIG experiments. In terms of the impact assessment of the effects of UBIG in these respective contexts, there were both positive and negative effects found reported.

There was a positive impact assessment on the effects of the basic income experiments in Namibia, India, and Mongolia. For example, evaluations of the Indian pilot programme indicate positive impacts in areas such as school attendance, income poverty, physical infrastructure investment (household related) and food security.³⁴ In Mongolia, there were short-term positive impacts in areas of poverty reduction (Yeung & Howes, 2015). In Namibia, the results of both qualitative and quantitative analysis showed that in the first year, the programme had a significant impact on the poverty levels in Otjivero, where 86% of the population were considered "severely poor". It was found that poverty declined from 68% to 37% in the first year and child malnutrition reduced from 42% to 17%, especially amongst children aged below 5. School attendance also improved as a result of the cash transfer as parents could afford school fees, and this resulted in a 90% payment rate for school fees. There was also reported increased local economic activity in the community, the unemployment rate decreased and

³⁴ See www.seeisa-global-dialogue.net/indias-great-experiment-the-transformative-potential-of-basic-income-grants/ (last accessed 30.01.2020).

the cash transfer had no negative effect on people deciding not to work, rather, the cash transfer facilitated greater labour market participation as people could use the money for transport in search of work opportunities in other areas (Haarmann & Haarmann, 2015).

There were also negative effects that were found in other experiments. As indicated, in India and Alaska, some challenges related to the adequacy of the cash transfer. In Alaska, it was found that in most instances, the transferred amount was insufficient to meet the basic needs and the cash transfer was viewed as a bonus (Wilderquist & Sheahan, 2012). In India, it was found that the income transfer was insufficient to allow a decent standard of living (Standing, 2008). There were challenges related to the implementation and sustainability of the CMP in Mongolia (Yeung & Howes, 2015).

Jones & Marinescu (2018) undertook an analysis of the Alaska Permanent Fund Dividend (APDFD) to analyse the impact of the UBIG on the labor market. The authors found that there was no overall decrease in employment or the overall number of hours worked. The study also found that there is a 17% increase in women undertaking part-time work. These scholars submit that due to the extra income from the UBIG, this could indirectly increase the need for extra goods and services for recipients and for women it enables them to work-part time and use the extra hours to provide childcare. Although women opting to work less could be viewed as the cash transfer putting pressure on women to remain as caregivers and thus reinforcing the patriarchal role of women in society.

5 Review of the evidence base on cash transfers (CTs)

The above sections provided the definition, including dimensions/characteristics, the arguments in support and against the UBIG and experiments of the UBIG concept internationally and emerging evidence base. The UBIG experiments demonstrated that the experiments are driven by context-specific interest. The differences are not likely to be focused on bridging the gap in understanding (Wilderquist, 2019). These context-specific

interests also make it challenging to undertake a comparative review because of the different aims, designs, and implementation strategies. These experiments also demonstrate that there are variations to the UBIG, which poses questions on whether all these experiments can be classified as UBIG, if so, what are the key dimensions/characteristics.

The UBIG experiments also illustrated that there are complex economic, social and cultural effects that cannot be investigated in any small, controlled experiment. The assertion is that what these experiments do is make a small contribution to the body of knowledge, whilst leaving some questions unanswered and information from these experiments is still far from definitive (Wilderquist, 2018). There are also limitations in terms of evidence especially in the experiments undertaken in the developing world. As argued above, not all these experiments explicitly claim to be a UBIG only three experiments claim to be a UBIG, namely, India, Namibia and Iran, and were not experimentally evaluated. Not all experiments are universal, rather they are targeted (geographically, household, adult household head), and carried out on a short-term basis, compared to longer-term as envisaged by UBIG proponents (Banerjee et al, 2019).

Due to the evidence gap that exists in terms of the impact of the UBIG, this section turns to the evidence base on both unconditional cash transfers (UCTs) and conditional cash transfers (CCTs) in the developing world. Cash transfers are also not delivered in the same manner, however, UBIG supporters argue that due to the lack of conditionality, universalism, UCTs represent the first step towards a UBIG. Supporters of the UBIG argue that the impact of cash transfers makes a case for extension towards a UBIG (Standing, 2008).

Baird et al. (2014) reviewed the evidence of both UCTs and CCTs from 75 reports covering 35 different studies. The authors highlight that there are challenges in comparing UCTs and CCTs. However, these scholars note that with both UCTs and CCTs, there were positive links found between access to the CTs and the chances of school attendance and enrolment compared to when there is no CT in place. In their extensive review covering a period between 2000-2015, which includes bibliographical databases, electronic sources, expert recommendations,

reviews and relevant studies of both UCTs and CCTs, social pensions and enterprise grants, Bastagli et al. (2016) found a positive link between access to CTs and increase in consumption levels.

Although CT programmes indicate increased school attendance in both CCTs and UCTs, however, there was no significant difference between CCTs and UCTs programmes in terms of school attendance (Baird et al., 2014; Bastagli et al., 2016). The challenge in terms of educational outcomes is establishing the link between CTs and improved learning and cognitive outcomes (Bastagli et al., 2016). For example, in terms of education, institutional factors such as the capacity of teachers, parental support and overall school environment are viewed as having a key role providing improved learning outcomes (Samson et al., 2010).

In Zambia, Malawi, Kenya, Lesotho, Ethiopia, and Zimbabwe it was found that CTs increased ownership of livestock and agricultural activities, whilst also allowing programme participants to have greater flexibility with how they choose to use their time, in both agricultural and non-agricultural businesses (Davis et al., 2016).

Hunter et al. (2017) reviewed the effects of CCTs and vouchers on the use and quality of maternity care services. The authors found that the effects were influenced by social and health care system factors that acted as barriers but there was a positive effect of the CCT and uptake of antenatal care, including the vouchers for use of maternity services and birth with a skilled birth attendant.

Oduro (2015) reviewed the LEAP programme in Ghana through the use of qualitative methods to assess how recipients felt about benefiting in the program. The study explored the notions of the citizenry and the LEAP programme in Ghana. The authors found that the LEAP programme brought the state closer to its citizens. The argument is the LEAP programme enabled individuals to be part of society because it allowed them to partake in political, economic and social life. This is mainly because at times, especially in developing countries,

government (department or services) are/can feel removed from the poor, who are mostly located in hard to reach rural areas. Before the inception of the LEAP program, participants felt betrayed by the state because the state was seen as insensitive to their needs and the CT brought the government closer to the people and they felt part of something or belonging to the state (Oduro, 2015).

In their qualitative analysis of community-based targeting and its effectiveness in three Sub-Saharan African countries, namely, Kenya³⁵, Malawi³⁶, and Mozambique³⁷. Handa et al. (2012) found that CT programmes were viewed as being unfair by community members as the targeting missed individuals and households who the community viewed as being in need. The study compares the demographic characteristics of CTs with the national population to establish how the demographic characteristics differ from the overall population as well as the ultra-poor in general. Overall, the study concludes that community-based targeting is pro-poor. However, the qualitative survey demonstrated the challenges associated with targeting, as the results revealed negative perceptions of the programmes with communities viewing the targeting process as unfair, lacking clarity in eligibility, lack of understanding of the programmes by communities and quotas in each geographical area not reflecting the poverty levels, resulting in exclusion (Handa et al., 2012).

In a review of qualitative data from six sub-Saharan African countries, Kenya, Ethiopia, Malawi, Lesotho, Zimbabwe and Ghana to explore and ascertain how and whether CTs go beyond welfare objectives to promote livelihoods, the authors found that beneficiaries participate in casual labour for women and also enabled them to have time to do less (Fisher et al., 2017).

³⁵ Cash Transfer for Orphans and Vulnerable Children (CT-OVC).

³⁶ Social Cash Transfer Scheme (SCT).

³⁷ Programa Subsídio de Alimentos (PSA).

Zembe-Mkabile, Surrender, Sanders, Jackson, and Doherty (2015) undertook a review of the experiences of CT recipients in the form of the child support grant (CSG) in South Africa contrasted against non-CSG recipients. This qualitative analysis was undertaken using quantitative study data whereby families were contacted and invited to participate in the study. The authors found that there were administrative factors that were a barrier to accessing the CSG such as waiting times, coordination between departments for applicants submitting applications.

An RCT allows for a comparison of the two groups and enables a determination of the effects of the treatment, and Baird, McIntosh, & Ozler (2011) undertook an RCT which contained UCTs and CCT (school attendance) in Malawi. The authors found that the CCT resulted in increased enrolment, but the size of the impact was minimal, highlighting that this could be the case for poorer countries such as Malawi. It was also found that CCTs in this context was more cost-effective in increasing enrolment.

Handa et al (2015) in their review of the Kenyan CT-OVC evaluated the impact of the programme on early pregnancy and marriage of adolescent girls. The study was a cluster-randomised longitudinal design with 14 treatment locations and 14 control locations. The study included 1,542 and 755 treatment and control households. It was found that the programme reduced the chances of pregnancy by 5 percentage points. However, the study did not find a significant impact of the programme on early marriage. The authors found out that there was a positive relationship between the programme and school enrolment due to the financial stability that the CT provided to the household.

Kilburn et al (2016) reviewed the effects of the UCT on the mental health outcome of young people in Kenya. The authors argue that due to financial constraints, they couldn't undertake an experimental evaluation. However, there was randomisation in the allocation of individuals to treatment and control groups. The study included four locations in each district were identified as being eligible to be included in the CT-OVC programme. Two locations in each

district were selected for the implementation, whilst the remaining two served as control groups. The authors found that there was a positive relationship between access to the programme and health outcomes, especially amongst males aged 20-24 and orphans. The authors add the result to support the hypothesis that poverty alleviation can improve mental health outcomes.

Muchiri (2016) used data spanning from 2006 to 2012 from the General Household Survey (GHS) in South Africa to estimate the impact of the Old Age Grant (OAG) on labour participation and consumption patterns of selected households. The author found that for both men and women, the OAG increased the chances of labour market withdrawal when they reached eligibility age, and the OAG was the dominant source of income, and often the only source of income, especially in rural areas. The author also found that the CTs increased the quantity and quality of food consumed and improve the overall wellbeing of the household (Muchiri, 2016).

An earlier study by Fultz and Francis (2013) comparatively reviewed CT programmes in Brazil, Chile, South Africa, India, and Mexico to analyze the impact on poverty and women empowerment amongst others. The authors found that the CT empowered women in all five countries and mainly related to women's autonomy, decision making, self-esteem and sense of self in the broader context. Similar results were found in South Africa because the majority of the CT recipients are women in South Africa's social assistance program, it is viewed as increasing gender equality and empowerment (Plagerson & Ulriksen, 2015).

Samuels & Stravopolou (2016) reviewed findings from a qualitative and participatory study of UCT in the Middle East and sub-Saharan Africa. The authors found that there was an improved positive psychological outlook amongst recipients due to CTs. This is mainly because of the stress that the lack of income to cover necessities can have on the mind. It was found that CTs have a positive psychological impact on recipients (Samuels & Stravopolou, 2016). This is

mainly because of the regular and consistent payments that enable individuals and households to have improved food security.

In a review using both qualitative and quantitative methods in Afghanistan, Bangladesh, India, and Nepal the authors found a positive relationship between access to CT and food security. There was contrasting evidence from both qualitative and quantitative results in terms of personal empowerment effects, with qualitative results showing positive effects from across a range of programmes, whilst the quantitative analysis found no impact.

In a study focusing on Ghana, Zimbabwe, and Lesotho, it was found that there was positive psychological well-being of recipients in the areas social life participation and decision making. The study found that recipients had greater independence, self-esteem, and ability to contribute to community life amongst recipients of cash transfers (Babajanian et al., 2014).

6 Concluding remarks

Despite the international prominence of the UBIG discussion, the application and conceptualisation of UBIG vary. This paper presented the limited evidence of the social, economic and political arguments in support of and against a UBIG. The different design features in UBIG applications show that there are ideological differences, aims and implementation differences driven by specific context interests and that a UBIG is not approached the same way in developed and developing countries. As argued above, in both contexts, a UBIG is conceptualised as achieving different aims such as answering context-driven specifics. The UBIG experiments illustrate that there were context-driven questions underpinning UBIG implementation such as poverty alleviation and labour market reintegration. These areas of interest are not interchangeable, as labour market entry or reintegration or poverty alleviation do not cut across developed and developing countries. In the developing world, the labour market focus is premature when those countries are

characterised by high levels of poverty, income insecurity and unemployment questions the assumption that a UBIG would negatively affect labour market supply, wages and prices.

There is also a lack of evidence from UBIG applications and CT programmes to suggest that a UBIG would lead to individuals abstaining from labour market participation. These debates are ongoing and require further research, especially the semantics around the proposed benefit levels and whether a UBIG should only cover basic needs or enable people to have a decent standard of living. Furthermore, prospective recipients, costs and financing mechanisms, administrative arrangements and the benefits and services that a UBIG would complement/replace/supplement need to be considered (Ortiz et al., 2018).

The literature and case studies clearly show the lack of consensus on the dimension/characteristics of a UBIG: From an academic and policymaker perspective, these case studies do not shed light on what constitutes a UBIG because of the differences in ideological underpinning, design, aims and implementation. Despite all studies claiming to be about UBIG, the definition and dimensions/characteristics of UBIG provided indicate that not all applications involve a UBIG. However, the case studies demonstrated that they all contain aspects of the dimension/characteristics of a UBIG. These differences lead to questions on whether all these applications can be classified as a UBIG, and if so, which dimensions are important. For academics, critical questions remain unanswered and require further research focusing on or identifying the key dimensions/characteristics of a UBIG.

For policymakers, the review of cash transfer evidence, which includes modelled impacts, RCTs, and other impact evaluations, demonstrated that both UCTs and CCTs have a positive relationship between access to CTs and positive outcomes in areas of income security, gender parity, poverty alleviation, health, education, psychology and empowerment. The evidence also demonstrated that there is no difference between CCTs and UCTs in terms of impact but that conditionality's in CCTs could have negative implications on a recipient's continued participation in CT programmes. Impact evaluation studies from UCTs in sub-Saharan Africa

suggest that the predictability and reliability of the CTs are more important than conditionality, and the recipients are best suited to know how to spend the money and time.

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