In the Balance

Marais, Hein

Published by Wits University Press


Project MUSE. muse.jhu.edu/book/98154.

For additional information about this book
https://muse.jhu.edu/book/98154
A decade or so ago, UBI proposals were being met with a roll of the eyes and brisk dismissals for being utopian and unrealistic. Today, these demands and debates routinely make headlines. Political parties and national and city governments with diverse ideological leanings are exploring such a mechanism for distributing income support, many to the point of launching pilot projects.

Switzerland staged a national referendum on the issue in 2016: 23% of voters (and up to 35% in some cantons) supported the proposal to pay every Swiss national a monthly guaranteed universal income of CHF 2,500. The European Citizen’s Initiative is campaigning for the introduction of unconditional basic incomes throughout the European Union. Basic income pilot schemes or studies have been launched in cities and countries in Africa, Asia, Europe and North America. Some trade unions support the concept, as do some Silicon Valley billionaires, many grassroots activists and utopian socialists, not to mention sworn enemies...
of the welfare state. In South Africa, a growing coalition of civil society groups is demanding the introduction of a guaranteed monthly income for all adults.

How can the same basic idea attract support from such disparate quarters? Part of the answer is that UBI means different things to different sets of interests. It is a highly contested concept, with supporters spread enigmatically across the political spectrum – from the post-capitalist Left\(^6\) to the progressive reformist Left\(^7\) from mainstream liberals\(^8\) to right-wing libertarians.\(^9\) Before considering the merits of a UBI, we need to be clear about the concept itself.

**ORIGINS**

The basic idea of a guaranteed income is centuries old. It made an appearance in English social philosopher Thomas More’s 1516 novel *Utopia* and in Juan Luis Vives’ *On Assistance to the Poor* a decade later, and it resembles the concept of ‘ground rent’, which the American philosopher and activist Thomas Paine described in his 1796 pamphlet *Agrarian Justice*.\(^{10}\) Paine regarded agricultural land as ‘natural property’ to which every citizen had a claim. However, he also saw an ‘efficiency case’ for private ownership of the land. The compromise was to tax private ownership of agricultural land (the ‘ground rent’) and to distribute that revenue equally to all adults in society – not as charity, but as a right, since all citizens had an original claim to privately owned land.

Drawing on the thinking of the French socialist Charles Fourier (set out in his 1836 text *La Fausse Industrie*),\(^{11}\) the philosopher John Stuart Mill also argued for a form of guaranteed income in the 1848 edition of his textbook, *Principles of Political Economy*.\(^{12}\) It would require, he wrote, that ‘a certain minimum is first assigned for the subsistence of every member of the community, whether capable or not of labour’.\(^{13}\) The concept then languished, eclipsed by the rapid expansion of both industrial capitalism and the ranks of waged workers – and with that, the rise of radical political programmes that centred on transforming relations and conditions.
of production. As the power and influence of workers’ organisations grew, proposals for basic income-type arrangements tended to recede.\textsuperscript{14}

At the end of World War I, the mathematician and philosopher Bertrand Russell called for an income for all.\textsuperscript{15} The concept also featured in a pamphlet that circulated prominently in the British Labour Party, claiming that a basic income would boost economic production. In response to the Great Depression during the early 1930s, US senator Huey Long championed an annual ‘homestead allowance’ of US$ 5 000 for families.\textsuperscript{16}

It was after World War II that Britain, and several western European and Scandinavian countries, introduced variants of a guaranteed minimum income as part of their social welfare systems. These schemes were targeted and/or highly conditional – thus not universal. They included, for example, payments to families with children (often irrespective of income levels) and old-age pensions. Universal provisioning tended to focus on essential services and other public goods, such as education, healthcare, sanitation, emergency services, maternity leave, childcare and so on.

Social policy proposals resembling a basic income entered mainstream policy debate in the United States in the 1960s, as economic planners struggled to deal with the re-emergence of structural unemployment: the economy was growing, but job creation lagged. President JF Kennedy’s economic advisers floated the idea of a guaranteed income in the form of a negative income tax. Popularised by Chicago School economist Milton Friedman in his 1962 book, \textit{Capitalism and Freedom},\textsuperscript{17} a negative income tax entailed an income transfer to people earning below a specified income, with the amount varying according to a person’s level of income (see below). The proposed mechanism was basically a means-tested income transfer to low-income earners.\textsuperscript{18} Friedman and other advocates promoted it as a replacement for what they regarded to be a complex, intrusive and costly mosaic of welfare entitlements. One of the motives was to remove the alleged disincentive effect of conditional welfare programmes on labour market participation.

In 1969, President Richard Nixon proposed a Family Assistance Plan, which resembled the mechanism outlined by Friedman. The intervention
would have amounted to an annual payment of US$1 600 for low-income households on condition that they sought employment.\textsuperscript{19} The idea gained attention amid concerns about persistent poverty and findings from social science research suggesting that cash assistance would most rapidly reduce poverty.\textsuperscript{20} Criticised from both the political Right and Left, however, that proposal languished. It was then revived during the run-up to the 1972 US presidential election, as more than 1 000 economists called on the federal government to introduce some kind of income guarantee to reduce poverty.\textsuperscript{21} The Family Assistance Plan eventually made it to the floor in the US Congress, where it failed to pass. The biggest concern seemed to be not the affordability of the scheme, but that it might discourage people from seeking waged work.

In western Europe, an activist network with a footing in academia began promoting a UBI in the 1980s. The Basic Income Earth Network (formerly the Basic Income European Network), set up in 1986, became an important institutional base for research and advocacy. It was a paper by Philippe van Parijs,\textsuperscript{22} in which he made a liberal-egalitarian case for a universal basic income, that seemed to spark wider interest in the concept.

In the early 2000s, a campaign for a small basic income grant (BIG) in South Africa, led initially by trade unions allied with the ruling African National Congress (ANC), attracted enough attention to prompt the government to appoint a committee of inquiry to examine the option. The Committee of Inquiry into a Comprehensive System of Social Security for South Africa (known as the Taylor Committee) recommended that a small basic income be phased in nationally. There was support for the proposal inside the government, with then Minister of Social Development, Zola Skweyiya, noting that a ‘basic income grant system is one of the excellent ideas we might consider introducing.’\textsuperscript{23} Both the National Treasury and the Presidency, however, opposed the scheme, deeming it unaffordable – and the proposal was rejected (see Chapter 5).

Internationally, awareness about a UBI dimmed during the first decade of the new millennium, but the idea then burst into prominence in the
2010s, as societies reeled from the impact of the 2008 global financial crisis. By mid-decade, the concept had become a staple of media coverage and public debate. Popular support has grown and some mainstream political parties are even adding basic income proposals to their election platforms.

**THE CONCEPT**

Broadly defined, a UBI is a universal and regular (monthly) cash payment to individuals, without conditionalities (such as work requirements or enrolling children in school), means-testing or targeting.

But proponents differ on the details. Mainstream supporters focus on the more prosaic potential of a UBI to provide an indiscriminate safety net that can eliminate precarity, reduce inequality and perhaps even increase aggregate economic demand. Those on the libertarian and neoliberal Right are attracted to a UBI as a mechanism to purge existing systems of welfare protection and further limit the state's obligations to citizens. Recipients would use the basic income payment (and any other income or credit they have) to purchase all goods and services as commodities from private providers. In the United States, Charles Murray, for example, touted a guaranteed income as the next best option to obliterating state-managed redistribution; the scheme would be financed by eliminating almost all existing state-funded support for individuals. Some technology-sector proponents of a UBI seem to lean towards a similar approach, seeing a basic income as 'the ultimate hack to get around the complexities of creating equitable social welfare policies', as Eileen Guo has put it.

Progressive proponents support a UBI that functions as an important element of far-reaching social and economic change, emphasising its role in reducing constraints and inequalities that are outside individual control. Proponents in the 'futurist' or 'accelerationist' camp see it as an important feature of a 'post-work' society in which widespread automation and other advances render waged work increasingly
superfluous to the production and distribution of goods and services.\textsuperscript{28} Other supporters on the Left\textsuperscript{29} see a UBI operating as part of a system of distribution that protects everyone against deprivation and grants them the freedom to choose whether and when to perform waged work. For them, the intervention would supplement – not replace – other forms of social provisioning and it would function against a backdrop of regulation, standard-setting and subsidy, and of macroeconomic, industrial and labour market policies that are designed to increase access to decent waged work. Such a UBI would force the principle of social justice into the heart of economic and social policymaking. For proponents such as Erik Olin Wright, a generous-enough UBI also harbours the potential to reshape power relations, including class relations.\textsuperscript{30}

The payment would be ‘universal’ not because it replaces other entitlements, but because it is available to everyone.\textsuperscript{31} Martin Ravallion, for example, has proposed positioning a UBI as an element or aspect of a ‘full income’, with income defined expansively.\textsuperscript{32} A full income would resemble a social wage (or the public provision of essential amenities) and would – in addition to a UBI – encapsulate essential non-cash provisioning (such as housing, education and healthcare) by or via the state, as well as subsidies favouring low-income households (for example food, energy, fuel and water subsidies). In this book, we examine the potential merits and pitfalls of a UBI that is defined in these expansive terms.

A UBI is sometimes confused with a negative income tax (of the kind proposed in the United States in the 1960s and early 1970s). Such a tax provides supplemental income to low-income families, with a portion (scaled according to income) ‘clawed back’ through taxation. The actual net income transfer therefore varies, depending on the recipient’s income level. An obvious hitch is that all adults need to file tax returns (including zero and very low-income earners) if this type of income guarantee is to reach the people who need it the most. Substantial variation in people’s monthly earnings (an increasingly common phenomenon) also makes a negative income tax a less attractive and an administratively challenging intervention. In addition, it lacks the stability and predictability
of a UBI: people with fluctuating monthly incomes are likely to receive income support that reflects their earnings several months earlier. In rough outline, a negative income tax corresponds with a libertarian understanding of distributive justice, while a UBI supports egalitarian principles, making them very different kinds of distributive devices.

Beyond the issue of definition lies the thorny matter of eligibility. In principle, and for proponents such as Van Parijs and Kathi Weeks, every member of society – child or adult – should be eligible for a UBI. Other conceptions would limit the payment to individuals 16 or 18 years and older. Views also differ on whether a UBI would be paid to national citizens only, or also to legal residents, or to everyone who has resided in a given country for a specified period of time (whether legally or not). The definition of ‘universal’ (or ‘everyone’) has both fiscal and political implications and requires clear delineation. At stake here is the nature of an ostensibly inclusive society, the criteria that are used to determine inclusion, and the principles that are used to select those criteria. These are weighty matters that tend to be settled on seemingly pragmatic (often fiscal) grounds rather than by considering the implications for the goals of social justice, inclusion and egalitarianism.

Also controversial is the monetary value or amount of a UBI payment. A basic income should, by definition, be sufficient for a basic livelihood: a ‘foundation … for dignified living’, it should be sufficient to cover basic needs beyond a set of basic, free or subsidised public services, thereby enabling a person to participate more fully in social life. However, income supplements that are too small to constitute such a guarantee are typically also presented as ‘basic incomes’. Even fixing a UBI at the level of a livable income leaves unsettled how such an amount would be determined in a given context. An amount close or equal to the poverty line is one option (it guided the amount proposed in the 2016 Swiss referendum, for example), though the manner in which poverty is defined and the calculation of poverty lines are controversial. Statistics South Africa, for example, calculates and updates three poverty
lines: an upper-bound poverty line, a lower-bound poverty line and a food poverty line.  

Many of the desired effects of a UBI could conceivably be achieved with a payment that significantly contributes to, but does not in itself constitute, a livable income. The amount of an efficacious UBI would be context-specific, as would the political and fiscal factors that shape its size, and the macroeconomic strategies that accompany it. For now, it bears emphasising that, depending on the design and scope, a basic income can perform radically different functions and serve very different sets of interests.

EXPLAINING THE NEW-FOUND APPEAL

While the slipperiness of the concept partly explains the growing attraction of the UBI idea, we should ask: why now in particular? There are several possible explanations, some self-evident, others less obvious.

The 2008 global financial crisis and subsequent flurries of progressive activism (notably the Occupy Movement) led to greater acknowledgement of widening income, wealth and social inequalities, of a decades-long trend of stagnant or falling real wages (especially for low- and middle-income workers) and of the extraordinary accumulation of income and wealth by the top 1% of earners (forensically analysed in French economist Thomas Piketty’s 2013 book, *Capital in the Twenty-First Century*).  

The governance response to the financial crisis in industrialised countries came in the shape of substantial infusions of liquidity, much of it channelled into financial markets rather than towards recuperation in the real economy and/or direct income support to households. Massive layoffs and wage depression were followed by a slow, skewed recovery, as relatively secure employment was increasingly displaced by insecure, piecemeal jobs and shift work, stripped of regulatory protection and often remunerated well below the living wage. Austerity policies decimated social programmes. In the United States, the Occupy Movement rallied against increasing economic inequality and social
vulnerability. Elsewhere, the Arab Spring uprisings in North Africa and the Middle East, which erupted in the context of harsh domestic austerity programmes, highlighted the potential for sudden, radical contestation even in places that had seemed solidly barricaded against popular discontent. As countries doubled down on austerity-based ‘recovery’ programmes, the restiveness fed anxieties about the prospects of chronic social and political unrest. The rise of right-wing populist political formations underscored the concerns.

These events coincided with an upsurge of both optimism and alarm about the potential impact of innovations in artificial intelligence and other forms of digital automation. Some on the post-capitalist Left predicted that those changes would steadily transform utopian visions of work and society into tangible prospects. If new technologies massively boosted productivity, output could be maintained or increased using less labour input – and, in theory, work time could be reduced and shared without cutting into wages and salaries. But the technological changes also evoked dystopian scenarios in which dozens of job categories would disappear, leading to massive increases in unemployment and poverty. Sluggish economic recovery and further restructuring of labour markets (mostly at the expense of low-skilled and low-wage workers) also encouraged a rethink of social protection (and social policy in general). A UBI began to seem like a reasonable, even advisable option. But this seeming respectability of a UBI emerged also in a broader context: penetrated and reshaped by forty years of neoliberal capitalism, social policy had shifted profoundly.

Neoliberalism is often portrayed as an assault on the state. In fact, it involves a radical recasting of the ways in which state power and resources are deployed in society. Under neoliberal capitalism the priorities for state action shifted more emphatically towards expanding and sustaining conditions for profit-taking. This included drastic steps to extend and safeguard private property rights (including intellectual property rights), remove barriers to the circulation of capital, and privatise commons and other collective assets. The neoliberal state is an interventionist state.
It has redesigned tax and labour regimes, removed regulatory constraints and adopted monetary policies that unabashedly privilege corporate capital, and it has intervened to displace economic risk onto society at large through corporate subsidies and bailouts. Having introduced that template, the state has then allowed market forces to determine the allocation of capital and the production, circulation and use of products and services.\textsuperscript{45}

These changes included several shifts in social policy, which reflected a repositioning of the state in relation to the market and society. The state was recast as ‘facilitator’ rather than ‘provider’, and the principle of social solidarity was replaced with an ideology of individual responsibility and risk-taking. Being poor was presented as an individual character flaw, a moral defect. The state’s obligations towards citizens swung towards providing ‘public support for private responsibility’.\textsuperscript{46} Erstwhile welfare states retreated from their social responsibilities, ceding public assets and provisioning roles to profit-seeking enterprises (typically via privatisation and outsourcing).

Facilitating and incentivising opportunity and enterprise – rather than guaranteeing access to the basic means for dignified life – became the state’s central duty towards citizens. In social policy, the principle of universalism was displaced by the increased use of individualised, targeted and conditional forms of provisioning, often in a coercive administrative context. The centrality of waged work was reinforced, with access to social support tied more firmly to having had a paid job (in the recent past) or actively seeking one. Social policy was remodelled to herd individuals into the labour market on the terms and rates offered. This ‘coercive use of social provisions’\textsuperscript{47} came loaded with a moralising discourse that condemned individuals’ or families’ dependency on public spending. Subsidies and tax breaks lavished on businesses were spared such disapproval.

These changes also saw social policy increasingly penetrated and appropriated by private enterprise (through, for example, the privatisation and subcontracting of public services). One effect was the detachment of social policy from overarching economic and development strategies,
with discrete instruments (such as cash transfers or the discredited micro-credit fad of the 1990s) paraded as catalysts for ‘pro-poor’ development.48

It is in this context that cash transfers were elevated as multipurpose social policy instruments.49 From the 1990s onward, cash transfer programmes proliferated, initially in Latin America and parts of Asia, and then in Africa, where donors became ardent enthusiasts.50 By the late 2000s, almost every Latin American country was operating some form of cash transfer programme, with Brazil’s Bolsa Familia and Mexico’s Progresa/Oportunidades programmes among the best-known examples.51 Within a few years, numerous African countries were doing the same, albeit on smaller scales. Cash transfers were celebrated for being much less expensive and more cost-efficient than universal welfare provision, and for being effective at reducing poverty and income inequality, and at improving health and other social outcomes.

Usually targeted and conditional (on, for example, school attendance or health-seeking behaviours), these transfers contrast with the universalist principles that had earlier characterised much progressive social policy. In Andrew Fischer’s analysis, conditional or not, cash transfers mark an abandonment of the egalitarian and equalising ambitions of twentieth-century social policy, and instead legitimise segregation and inequality.52 There remains an emphasis on universal access to certain services or entitlements (for example, all children should be able to attend school), but there is less concern about the overall levels of investment in those services, their quality, the terms of access and whether the services are provided through the private or public sector. This has profound implications.

Rather than form part of an overarching redistributive strategy (which would encompass macroeconomic policy, labour policy, industrial strategy, social protection and other forms of social provisioning), cash transfers typically serve as piecemeal proxies. In many instances, they are deployed in the context of dismantled public provisioning and faltering development strategies,53 with the financial sector expanding down the ‘income ladder’ in a process of ‘financial inclusion’ – ‘commodification all the way down’, in Nancy Fraser’s words.54 One aspect of this, highlighted
by Lena Lavinas, is the proliferation of credit markets and the incorporation of cash (or credit) transfers into new strategies to extract debt and rent from low-income earners. Facilitating these predatory incursions is the bundling together of cash transfer programmes and ‘financial inclusion’ in global development discourse. Access to financial services has been elevated into a developmental principle. The World Bank regards it as a core factor for development and it features prominently in the United Nations 2020 Sustainable Development Goals. Financial corporations are adeptly exploiting this tenet by teaming up with technology firms to secure contracts for managing electronic disbursement systems for cash transfers, thereby gaining direct access to many millions of grant recipients and their income streams. Those strategems were plainly evident in the 2015–2017 social grants crisis in South Africa, when transnational corporations successfully used the grant disbursement system as part of wider financial predation strategies among low-income earners. Social grants were turned into collateral for credit in ways that made the cash transfers ‘a site of nearly risk-free profit’ for the companies.

Viewed in this light, the mainstream appeal of a potentially transformative intervention such as a UBI is less perplexing. The mechanism seems compatible with the prevailing policy and ideological environment, as critics on the Left have charged. It also reflects an awareness that many traditional sources of material security and well-being are becoming increasingly fragile and inaccessible, and it speaks to anxieties about the social and political implications of those changes. Indeed, some supporters seem attracted to the idea of a UBI precisely because they see it as a discrete, technical mechanism that can be deployed to improve specific socioeconomic metrics (such as poverty gaps and rates) irrespective of the surrounding dynamics that generate precarity and inequality.

Yet progressive proponents also invest a UBI with a liberating potential that exceeds such a narrow, instrumentalised function. For them, a UBI potentially subverts orthodoxy in multiple, profound ways. It could even help unlock a new social order in which the prospect of a fulfilling life is
no longer dependent solely on the ritualised sale of one's labour. They see it contributing to the conditions for radically new, egalitarian societies in which labour and production are harnessed to serve social life, rather than the inverse. The concept of a UBI therefore is too rich with possibilities, too problematic, too pliable, and too subversive to settle unambivalently in ‘pro’ or ‘con’ camps.

**THE IDEA GOES MAINSTREAM**

Basic income pilot schemes or studies have been launched in numerous places, including Finland, Germany, the city of Utrecht in the Netherlands, the Canadian province of Ontario, India, Namibia and Uganda. Some of those projects were halted prematurely after new governments took office: the Ontario trial, which involved paying up to Can$17,000 per year to 4,000 individuals across the province, was discontinued after a conservative government assumed power in the province. Pilot projects were also under way in the United States, including the Stockton California SEED demonstration. California has allocated US$35 million to fund basic income pilot projects that favour youth and pregnant mothers. At the time of writing, a large-scale, 12-year study of a basic income was being conducted among 21,000 adults in Bomet County on the shores of Lake Victoria in western Kenya.

These initiatives encompass different types of income guarantee. Most of them retain elements of conditionality and/or are targeted at low-income earners – making them less-than-universal income transfers. During the early months of the COVID-19 pandemic in 2020, for example, Spain’s governing coalition of the Socialist Party and the left-wing Podemos movement pledged to introduce an income transfer scheme that would target families with no or low income. Recipients who found jobs would keep receiving the payment for the first few months of employment, after which the payment would end. The Utrecht pilot involved paying six different groups of participants different stipends,
each with slightly different conditions attached, while the Finnish pilot was designed to pay 2,000 unemployed people aged 25–58 years €560 a month for two years (making it a targeted payment). In contrast, a controlled trial planned in Germany envisaged paying about 120 participants €1,200 (US$1,350) a month for three years regardless of their employment status.

As the COVID-19 pandemic took hold, support for UBI-like interventions grew markedly. Survey results showed that 71% of Europeans favoured the introduction of a UBI, according to an Oxford University study from March 2020, with support spread evenly across age groups. In a large 2019 survey across 14 European Union countries, 46% of respondents supported paying a guaranteed income to each citizen, whether working or not. Twenty-nine percent were opposed (the remainder took no position). Support was strongest in Germany (62%) and it exceeded 50% in Belgium, Hungary and Sweden. An earlier survey in Germany reported a 45–52% approval rate for an unconditional basic income. Even in the United States, with its ingrained culture of self-reliance, 45% of people polled by the Pew Research Center in 2020 supported a guaranteed income of US$1,000 per month for all adult citizens, while a 2019 poll found 37% supported a UBI and 40% opposed it.

By May 2020, according to the Swiss bank UBS, almost 39 million people who had lost their jobs or working hours in France, Germany, Italy, Spain and the United Kingdom were receiving stipends from governments. Even the United States offered temporary income support in the shape of cash transfers. The pandemic both heightened and highlighted acute vulnerability, which was no longer limited to the proverbial ‘poor’. Across the planet, middle-class households discovered that the barriers separating relatively comfortable lives and secure livelihoods from precarity were much flimsier than previously thought. At the same time, social unrest and the rise of right-wing populism on every continent has focused the minds of political elites. The upshot is a broadening recognition that current distributional systems require a rethink.
A UNIVERSAL BASIC INCOME IN THE ‘REAL WORLD’

Among the best-known examples of a basic income is the so-called Mincome Programme, which ran from 1974 to 1979 in Canada and became part of social policy folklore subsequently. The scheme entailed paying a supplemental income worth CAN$19 500 per year per four-person family to about 1 000 low-income families in Dauphin, a small town in Manitoba province. The guaranteed income was reduced by 50 cents for each dollar a family earned above that amount, in effect directing the income support to low-income families.83

After the Conservative Party won the Canadian federal election in 1979, the new government scrapped the experiment without analysing the results. Many years passed before an economist examined the data and found that numerous health and other indicators had improved among recipients of the income payment. A larger proportion of children in recipient families had completed Grade 12 when compared with those living in similar towns in the province. Hospital visits and admissions had declined, especially for mental health diagnoses, accidents and injuries, and reports of domestic violence had decreased. Employment rates had stayed steady throughout the five-year trial, except among new mothers (who were able to spend more time with their children) and teenagers (who were able to give up part-time jobs and focus on schoolwork). All those effects disappeared when the experiment ended.84

More closely resembling a universal income is an instrument that the US state of Alaska introduced in 1999. The Alaska Permanent Fund Dividend annually pays each resident an equal share of the returns from investments in the specially created Alaska Permanent Fund, which is financed from a portion of the state’s oil revenue.85 Studies have found that income distribution and poverty alleviation improved significantly after the dividend was introduced, though it has been difficult to determine to what extent the scheme has been responsible for those outcomes.86 Analysis of the macroeconomic effects suggests that the payment does not discourage recipients from taking jobs and may increase uptake of
part-time work. Matt Bruenig has gone as far as calling the Alaska Permanent Fund ‘a kind of market socialism … a way to socialize the ownership of capital resources without centrally planning anything or otherwise disrupting normal market operations’.

An ‘accidental’ basic income pilot in North Carolina also offers instructive insights. It occurred in the 1990s when the construction of a casino on Cherokee land coincided with a longitudinal comparative study of mental health among Cherokee American Indian children aged 9–16 years. As part of the casino deal, all Cherokee Indian adults received about US$4 000 per year. Children in families receiving the payments performed better in school (with test scores 22 points higher, on average, than children in the control group), and displayed significantly better mental and behavioural health than their peers from non-tribal families (who did not receive the payments). Self-reported consumption of alcohol and drugs among adults also decreased.

On a smaller scale, a basic income grant was introduced as a pilot project in 2008 and 2009 in the Namibian town of Otjivero-Omitara, near the capital, Windhoek. The payment of 100 Namibian dollars per month was unconditional and went to everyone younger than sixty years. Data were skewed by an influx of family members from elsewhere, which is why per capita income seemed to fall during the project. But substantial social benefits were recorded. The percentage of residents living in poverty fell from 76% to 37%, and among those who did not take in migrating family members, it fell to 17%. School drop-out rates fell sharply, with 90% of school fees paid in full, while cases of child malnutrition declined by more than half (from 42% to 17%). Recipients also became more active in income-generating activities.

Several analogous pilot projects have been conducted in India, three of them by the Self-Employed Women’s Association, in which thousands of men, women and children received a small, monthly, unconditional income. The recipients’ experiences were compared with those of a control group of thousands of people who did not receive the payments. In the first pilot, implemented in Delhi in 2009, food rations were provided to
low-income families along with cash transfers that were paid into the bank accounts of the eldest women in households. Both the diets and nutrition levels of recipient families improved. In another pilot, in rural Madhya Pradesh, 5,500 women and men received a cash payment directly into their bank accounts, while an equal number of people (not receiving payments) served as control group. Nutrition levels and school attendance for children were markedly higher in the recipient households, especially for girls. Women’s participation in the labour market was not affected, though the kinds of work they performed did change (more women worked for themselves, fewer women worked for wages), which tended to lift household incomes. Debts were also reduced. There was no observed increase in alcohol or tobacco consumption during the 18-month pilot.92 Five years after the experiment ended, a few families had reverted to their previous conditions, mostly due to health crises, but many of the positive outcomes endured due to sustained growth of income. Encouraged in part by these findings, the India Economic Survey in 2017 recommended that a UBI be made available to all women in India.93

Of the dozens of basic income pilots or trials under way or planned across the world, however, very few involve paying universal incomes. Many are cash transfer pilots or demonstration projects that are targeted at unemployed and/or low-income individuals. Some are also conditional. These pilots usually involve small numbers of people and last a few years only, which limits their power and what they can reveal about the societal effects of such support. The ongoing 12-year study in Kenya promises to be an important exception.94

Nonetheless, pilot studies thus far provide encouraging data and insights regarding the short-run positive effects of basic income transfers, and they show little sign of the predicted negative effects. The available evidence indicates that a basic income reduces poverty and hospital admissions; improves diets and nutrition, schooling performance, mental health and psychological well-being; enhances independence and confidence (especially among women); and supports other income-generating activities and community-focused work. None of the studies
supports concerns about recipients retreating from the labour market, or spending the income on ‘temptation goods’.

But the evidence also indicates that a basic income guarantee is not a silver bullet or panacea. Unless set at a relatively high amount, the intervention will not do away with income poverty, though it can substantially reduce poverty gaps and rates (even if set at a modest amount). Neither will it – on its own – dislodge the dynamics that reproduce poverty and inequality. Its full effect depends on whether and how it functions as part of a broader set of changes (including changes to social, macroeconomic and industrial policies). Proponents on the Left believe that a UBI, if deployed as part of a larger transformative project, can have a resoundingly positive impact. The past 150 years have demonstrated that when all people have the security of a reliable income (whatever the sources) and can access other basic support and services, societies thrive as a whole.

At the moment, though, working for a wage or salary continues to be seen as the central and sufficient basis for meeting basic needs, avoiding poverty and ‘earning’ a rightful place in society. The overriding challenge is therefore seen as the need to pursue economic growth in order to generate more jobs. That view is out of sync with today’s realities.