

# State handouts for all? Europe set to pilot universal basic incomes


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 A giant poster installed in a Geneva square by a campaigners in favour of a universal basic income. Photograph: Fabrice Coffrini/AFP/Getty Images

Switzerland is poised to hold a referendum on introducing the concept, and Finnish and Dutch pilots are set for 2017

To its acolytes, it is the revolutionary policy idea whose arrival is as urgently needed as it is inevitable. In a future in which robots decimate the jobs but not necessarily the wealth of nations, they argue, states should be able to afford to pay all their citizens a basic income unconditional of needs or requirements.

Universal basic income has a rare appeal across the political spectrum. For those on the left, it promises to eliminate poverty and liberate people stuck in dead-end workfare jobs. Small-state libertarians believe it could slash bureaucracy and create a leaner, more self-sufficient welfare system.

In an increasingly digital economy, it would also provide a necessary injection of cash so people can afford to buy the apps and gadgets produced by the new robot workforce.

Crucially, it is also an idea that seems to resonate across the wider public. A recent poll by Dalia Research found that 68% of people across all 28 EU member states said they would definitely or probably vote for a universal basic income initiative. Finland and the Netherlands have pilot projects in the pipeline.

This weekend the concept faces its first proper test of public opinion, as Switzerland votes on a proposal to introduce a national basic income.

The model on which Swiss citizens will vote on 5 June sits at the left-liberal end of the spectrum. The wording on the ballot paper is vague – it calls for the country’s constitution to be changed to “guarantee the introduction of an unconditional basic income” that guarantees “a humane existence and participation in public life for the whole population” – but the proposed scale is ambitious.

The referendum’s initiators suggest a basic monthly income of 2,500 Swiss francs (£1,750) for adults and 625 Swiss francs for children as a “working example”. Given the high cost of living in Switzerland, the initiative’s co-founder Daniel Straub says this would be the rough equivalent of giving people living in central Europe between €1,000 and €1,500 a month, or between £900 and £1,300 in the UK.

In a book published ahead of the Swiss referendum, Straub and his co-authors argue that a basic income pegged at such a level would not only free people up to do important work that is currently not incentivised by markets, such as care and climate change research, but also lead to higher wages for unloved and low-paid “dirty work”.

“If these jobs are really indispensable, then they have a social value and should be appreciated more,” he says. “If no one else wants to do them, they should be more highly paid. Work conditions would have to be improved so that people do these jobs.”

Set at such a level, a universal basic income would require an increase in Switzerland’s current social welfare budget. Even if it were to replace some benefit payments altogether, the country’s federal assembly has calculated an annual funding shortfall of 25bn Swiss francs, which it suggests would have to be bridged by tax increases. Some basic income activists have proposed a financial transaction tax.

Straub rejects some of the federal assembly's calculations, but acknowledges that introducing a unconditional basic income would cost around a third of the country's GDP. Switzerland currently spends 19.4% of its GDP on welfare, less than the OECD average.

Latest polls suggest that more than 60% of Swiss voters are likely to reject the proposal, but Straub is optimistic that the initiative has already achieved some of its aims. "Five years ago, only about a hundred people in Switzerland had heard the term 'universal basic income'. Now everyone is debating it, and acceptance levels are rising," he says.

Unlike the Swiss initiative, Finland's basic income experiment enjoys the political support of the government, a coalition of conservatives, liberals and the populist rightwing Finns party.

The framing of the Finnish initiative is also markedly different. The prime minister, Juha Sipilä, formerly a successful IT businessman, has commissioned the country's social insurance body, Kela, to carry out experiments to establish whether a basic income could "make the system more participatory and strengthen work incentives, reduce bureaucracy, and simplify the now complicated benefit system in a way that ensures the sustainability of public finances".

A preliminary report published at the end of March suggests the government is already scaling the initiative back from a full basic income model, which its authors note would be "quite expensive", to a partial one. According to Roope Mokka, the founder of the Nordic thinktank Demos Helsinki, the Finnish experiment, which will take place in 2017, is likely to involve 5,000 to 10,000 Finns being paid a basic income of €500 to €700 a month – considerably less than the average Finnish income of €2,700.

Given that Finland's welfare state is comparable to that of other Scandinavian economies, introducing a universal basic income model similar to that used in Kela's experiment would involve shrinking the country's social security spending, which currently stands at about 31% of GDP.

Basic income experiments also scheduled to start in the Netherlands in 2017, and lie somewhere between the Swiss and Finnish models. According to Rutger Bregman, the author of Utopia for Realist: The Case for a Universal Basic Income, the appetite for such initiatives in cities such as Utrecht has grown mainly out of frustration with workfare programmes that turned out to be "hugely expensive and humiliating for those involved".



📷 Utrecht will begin its experiment with a universal basic income on 1 January 2017. Photograph: Alamy

In the Utrecht experiment, which will start on 1 January 2017, one group of benefit recipients will remain on the old workfare regime, under which people who live alone get €972.70 and couples €1,389.57. Another group will receive the same benefits unconditionally, without sanctions or obligations.

A third group will also receive the same benefits unconditionally, plus an extra monthly bonus of €125 if they choose to do volunteering work. A fourth group will be obliged to do volunteering work. If they fail to do so, they will lose their €125 bonus. A fifth group will receive unconditional benefits without the bonus, while being allowed earn additional income from other jobs.

Similar experiments will be conducted in other Dutch cities such as Wageningen, Tilburg, Groningen and Nijmegen, most of them with the aim of finding ways to get rid of the sanctions and the obligation to apply for jobs.

The fact that political intentions behind Europe's basic income movements vary so wildly should not discredit the basic idea, Mokka says. He likens the idea to the space race during the cold war. "Moonshot was never about getting to the moon. There was nothing in the moon. Kennedy and his administration knew that. The point is that each generation must have their mission, something that encapsulates their vision.

"Unconditional basic income is best seen as a platform on which several different political views can come together to deliberate beyond tweaking of old systems and to create something entirely new."