Squaring the Circle of Welfare Reform: Unconditional Basic Income as a Social Investment Strategy?

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UBI — Bringing the welfare state back in?

- Basic income debate needs to re-engage with welfare state development
  - UBI is a complement not a substitute to the myriad of social policies comprising the modern welfare state
  - UBI effects determined by interaction of basic income and other social policies (including income maintenance, labour market and family policies, amongst others)
  - UBI political feasibility/stability determined by dynamic politics of welfare state development
- Basic income debate needs to accommodate differences between/variation within welfare state models/regimes (“varieties of basic income”)
The Social Investment Welfare State

  - knowledge-based economic growth and social inclusion/cohesion through the productive function of social policy
- Social investment as an emerging (quasi-) paradigm in welfare state research
  - conceptualising ongoing/recent developments in labour market activation, human capital development, minimum income protection, family policy etc. in a single coherent integrated framework
  - charting both common moves towards and differential/imperfect implementation of social investment strategies in different EU welfare states
  - understanding effects of social investment strategies on economic growth, jobs, poverty, inequality etc
Social investment: orientation, goals and functions

• Orientation: social investment in contrast to both Keynesian consumption and neoliberal retrenchment
• Goals: response to “new social risks” and focus on prevention through development/capability strategies over the life-cycle — improving growth, equality/inclusion, and social cohesion through a “social investment multiplier effect”
• Triad of social investment functions (Hemerijck 2013)
  • Social investment as “stock”: improving human capital and capabilities
  • Social investment as “flow”: focus on life-course transitions in education and labour market
  • Social investment as “buffer”: robust universal social protection and safety nets
Basic income — the anti-thesis of social investment?

• Social investment focuses on active (“productive”), not passive (“protective”) social policy

• Social investment moves from “decommodification” to “recommodation”: protecting individuals by enabling them to better weather instead of insulating from market-based social risks

• UBI as a citizen’s entitlement resisting work or willingness-to-work conditions appears to offer a “retreat” to passive decommodification — anti-thesis of social investment?
UBI as social investment strategy — taking a closer look

• Discovering synergies between the UBI and social investment debate …
  • common ideas?
  • mutually reinforcing policy mechanisms?
  • similar political dynamics?
Minimum income protection “critical precondition” for social investment: mitigating economic transitions and economic stability

In practice, not all implementation addresses this as a priority

“negative activation” and “making work pay” fail to reduce (or even increase) poverty

UBI offers secure but modest income stream with anticipated important effects on poverty of most vulnerable groups

UBI combines income security with activation by reducing poverty, unemployment and bureaucratic traps

UBI supports at-risk poverty both in and out of work, with “activation” depending on various individual-level and social factors (cf. experiments)
UBI as social investment strategy — rethinking “stocks”

• Knowledge-based economy and skill-based inequalities are a key concern
• Human capital development with strong focus on supporting early years as well as flexible adaption across the life-course
  • UBI has a strong agenda of supporting the young, including early labour market entrants currently often excluded.
  • UBI are flexible “sabbatical grants” supporting life-long learning and development
• Quality jobs (not any job) is a key feature of the social investment welfare state: UBI improves workers’ ability to search for better job, including part-time employment
UBI as social investment strategy — rethinking “flows”

• Social investment adopts a life-course insurance approach, allowing for work-life balance and taking time out for parenting, care or education and allow labour market reinsertion after — with important effects on gender equality

• UBI supports such an agenda by allowing income security to continue uninterrupted during labour market in/out flows, with equally strong focus on care and education as the key reasons for doing so

• UBI has strong links with gender equality agenda, with some regarding UBI as a universal type of care allowance.
If basic income is a (possible) solution, what is the problem?

“It seems that activation can entail a trilemma between three objectives that egalitarian believers in social investment may wish to pursue: (1) ensuring that the unemployed people are not poor; (2) ensuring that administrative monitoring systems are not excessively intrusive and cumbersome; (3) ensuring employment growth in order to reduce benefit dependency.”

(Vandenbroucke & Vleminckx, 2011)
UBI politics in the social investment welfare state

• UBI interacts with broader social investment policies/institutions
• “Liberal” vs. “universal” social investment welfare states (possible third dual model)
  • focus on negative incentives vs. comprehensive enabling social policy
• What is the implication for the politics of UBI?
  • UBI more politically feasible in universal compared to liberal social investment states?
  • UBI differentiation: “liberal” and “universal” basic income models?
UBI politics in the social investment welfare state

• Adapting Gingrich and Ansell (2015)
  • who benefits from spending on UBI? (progressive, regressive)
  • what is the consequence of introducing UBI in different types of labour market? (integrated, dualized with insider/outside competition)

• **Left win**: UBI when progressive/integrated (increased “reservation wage”)

• **Right win**: UBI when regressive/dualized (wage competition for insiders)

• **Cross-pressurized, no clear win**: when progressive/dualized (Left) or regressive/integrated (Right) — cross-party coalition-building and trade-offs in UBI design
Thank you

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