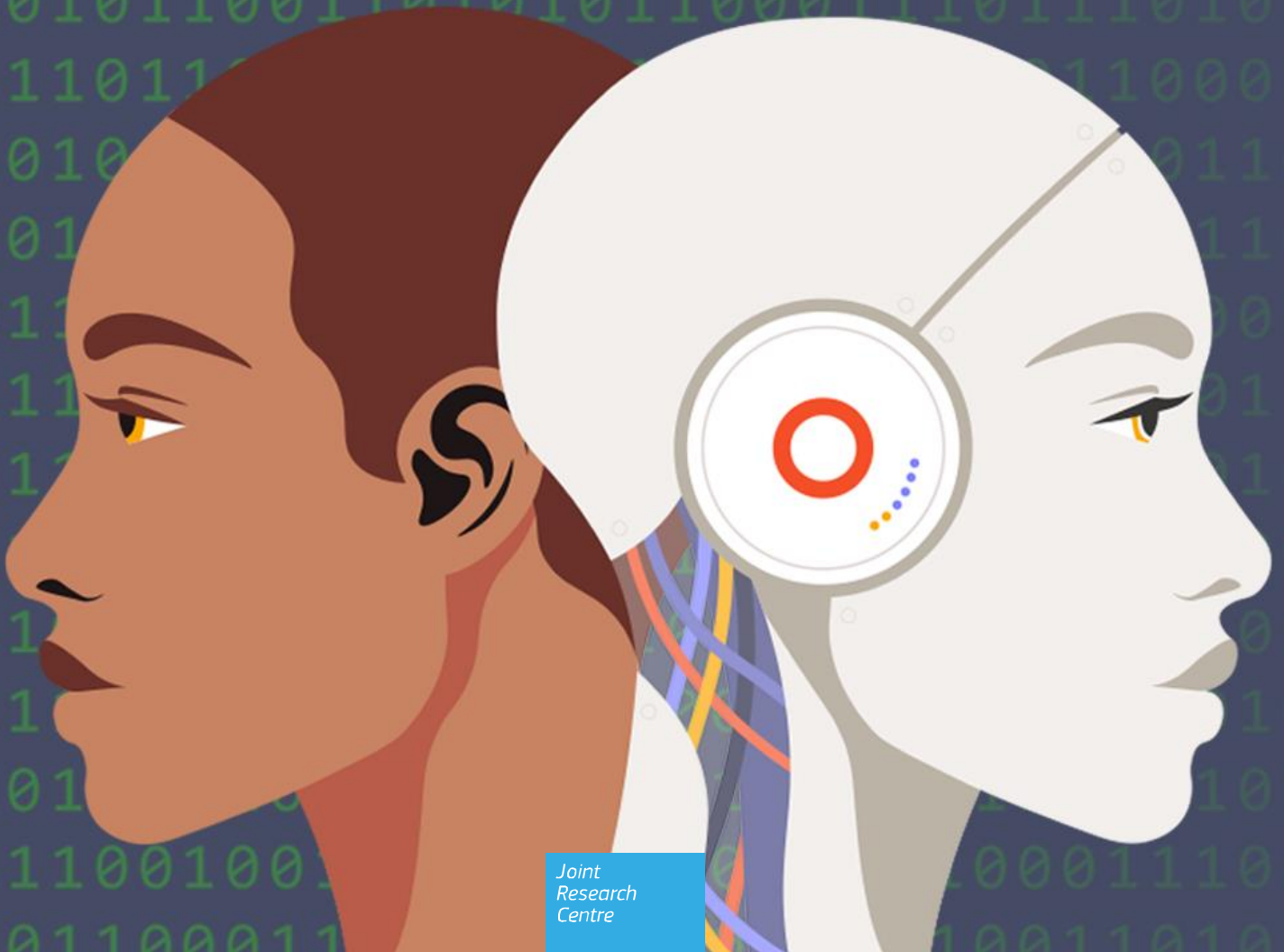# REAL UTOPIAS FOR A SOCIAL EUROPE: UNIVERSAL BENEFITS

Summary Report

DIGCLASS

Social Classes
in the Digital Age

Contact information:
Name: Salazar, Leire
Address: Joint Research Centre, European Commission (Seville, Spain)
Email: leyre.salazar-velez@ec.europa.eu
Tel.: +34 9544-89005

AGENDA

Wednesday, June 8th 2022: Universal Inheritance

14.00-14.30	**Keynote speech** What is to be done? And how? Building a social science of radical reform	Michelle Jackson, Stanford University
14.30-15.30	**Roundtable** Universal Inheritance and basic capital: A new avenue for redistribution?	Juliana Bidadanure, Stanford Basic Income Lab Stuart White, University of Oxford Juan C. Palomino, Universidad Complutense de Madrid (UCM) and University of Oxford *Chair*: **Abigail McKnight**, London School of Economics (LSE)
15.30-15.45	Break	
15.45-16.45	**Policy proposals and simulations on universal inheritance**	A Fairer Italy: Universal Inheritance and Taxation of Lifetime Inherited Advantages: **Salvatore Morelli*** and **Elena Granaglia**, University of Roma Tre Universal Capital Endowment and Wealth Taxes Could Reduce Wealth Inequality in Germany: **Stefan Bach**, DIW Berlin Universal Inheritance in four EU countries: Distributional and Budgetary Impact: **Andreas Thiemann**, JRC-European Commission, **Guillem Vidal***, JRC-European Commission, **José Antonio Noguera**, Universitat Autònoma de Barcelona (UAB), and **Leire Salazar**, JRC-European Commission *Chair*: **Julia Le Blanc**, JRC, European Commission *Discussant*: **Margit Schratzenstaller**, WIFO - Austrian Institute of Economic Research
16.45-17.00	Break	
17.00-18.00	**Public attitudes towards universal benefits**	Public Attitudes towards Universal Basic Income. Insights from Quantitative and Qualitative Studies: **Femke Roosma**, Tilburg University Who's in for no Strings? The Role of Individual and Cash Transfer Characteristics on Support for UBI: **Leire Rincón**, Humboldt University Value-Oriented Preferences for UBI in a Deteriorating US Economic and Political Environment: **Soren Jordan***, Auburn University, **Kathryn Haglin**, University of Minnesota – Duluth, and **Grant L. Ferguson**, Texas Christian University *Chair*: **Guillem Vidal**, JRC-European Commission *Discussant*: **Macarena Ares**, Universitat de Barcelona (UB)

*Speaker

Thursday, June 9th 2022: Universal Basic Income

Time	Session	Speakers
14.00-14.30	**Keynote speech** The minimum income initiative in context	Olivier Bontout, European Commission, DG Employment, Social Affairs and Inclusion
14.30-15.30	**Roundtable** Universal basic income after COVID19	François Bourguignon, Paris School of Economics Ugo Gentilini, World Bank Valentina Martinez-Pabon, Tulane University J. Rhys Kesselman, Simon Fraser University *Chair*: **Júlia de Quintana**, Ivàlua - Catalan Institute for the Evaluation of Public Policies
15.30-15.45	Break	
15.45-16.45	**Pilots on universal basic income**	(Re)thinking the Policy Impact of Basic Income Experiments: **Jurgen De Wispelaere***, Stockholm School of Economics in Riga, and **Joe Chrisp**, University of Bath Some Impacts of the Manitoba Basic Income Experiment (Mincome): **Pilar Gonalons-Pons***, University of Pennsylvania, and **David Calnitsky**, Western University The B-Mincome Pilot Project: Testing a (quasi)Basic Income at the Municipal Level: **Bru Laín**, Catalonia Office for Universal Basic Income Pilot *Chair and Discussant*: **José Antonio Noguera**, Universitat Autònoma de Barcelona (UAB)
16.45-17.00	Break	
17.00-18.00	**Experiments and simulations on universal basic income**	The "Robot Economy" and Optimal Tax-Transfer Reforms: **Ugo Colombino***, University of Turin and Institute of Labor Economics (IZA), and **Nizamul Islam**, Luxemburg Institute of Socio-Economic Research (LISER) Universal Cash Transfers and Inflation: **Ioana Marinescu***, University of Pennsylvania, and **Damon Jones**, University of Chicago Robots, Labor Markets and Universal Basic Income: **Antonio Cabrales***, UC3M, **Penélope Hernández**, UC3M and Universitat de València, and **Ángel Sánchez**, UC3M and Universidad de Zaragoza *Chair*: **Fidel Picos**, JRC-European Commission *Discussant*: **Sara Riscado**, Economics and Research Department, Banco de Portugal
17.45-17.50	Closing remarks and presentation of Workshop 2	Leire Salazar, JRC-European Commission (DIGCLASS Team - Project Leader)

*Speaker

INTRODUCTION

The DIGCLASS Project

The *DIGCLASS* project was born out of the increasing concern in Europe about the implications of the digital revolution for social inequalities and democratic processes. The objective is to understand better how digital technologies alter the mechanisms that generate inequalities in the distribution of resources and life chances, which is crucial for social policies to respond to the challenges of the digital revolution.

DIGCLASS is hosted in the Centre for Advanced Studies (CAS) of the Joint Research Centre (JRC) at the European Commission. The JRC is the Commission's Directorate-General for science and knowledge production. It informs and supports EU policies with independent research throughout the policy cycle. The CAS aims to enhance the JRC's capabilities to better understand and address the complex and long-term scientific and societal challenges currently facing the EU. The CAS is a strategic JRC programme under the Scientific Development unit and collaborates closely with other units within the JRC.

Real Utopias for a Social Europe

Real Utopias for a Social Europe consists of technical debate-type workshops on various bold and innovative social policy proposals. Leading policy experts will come together to assess and discuss these policy proposals' feasibility, distributional impact, costs, and scalability through evidence based on pilots and field experiments, microsimulation studies, actual policy experiences and other empirical research designs. The objective is to bolster a hive mind that can provide rigorous and creative tools to tackle growing socio-economic inequalities in the context of major social and economic transformations ahead.

Workshop 1: Universal Benefits

The first workshop in the series addressed two types of universal benefits, namely universal inheritance (UI) and universal basic income (UBI). This high-level event, with more than 40 participants, brought together 30 high-profile international experts on different aspects of such policies. This workshop closely fits the European Commission's priority of dealing with an economy that works for people.

Acknowledgements

DAY 1: UNIVERSAL INHERITANCE

Radical policy-making requires radical research

Michelle Jackson (Stanford University), a world-class expert in social inequalities, started her opening address by stressing the importance of the COVID-19 crisis to highlight the evident upsurge in economic and social inequalities in the last years and the limitations of policymaking to address them successfully. Before 2020, the focus had mostly been on "incremental" policymaking, with a dominance of behavioural economics as the main informer in the science domain and the design of policy initiatives limited in size and scope. She identified excessive specialisation and incentives in the research ecosystem –the study of narrow parts of the inequality-generating process, with ever-increasing publication pressures– as something preventing social scientists from producing research to inform ambitious policies.

Professor Jackson advocates a (social) science of radical reform which understands and tackles the whole cocoon of institutions that currently allows citizens with more resources to maintain and pass on their privileges to their children while those with fewer resources are systematically left behind. This bold approach requires: (a) a resolute emphasis on rigorous scientific designs to measure and evaluate the effects of policy interventions aimed at tackling inequality, which requires the right infrastructures; (b) reducing the costs associated with collaborations across several specialist subfields engaged with the study of inequalities; (c) persuading policymakers and citizens of the value of such ambitious scientific and policy enterprise.

Jackson's pursuit of going beyond inequality of opportunity and focusing on inequality of constraints is a promising way forward to take structure seriously when conceiving and implementing new policy initiatives such as the ones discussed in this workshop.

Universal inheritance and basic capital: A new avenue for redistribution?

Abigail McKnight (London School of Economics) introduced the roundtable on universal inheritance by emphasizing that wealth inequality is both large and on the rise. The unequal distribution of assets across society, which can be expressed in terms of the Gini coefficient, is almost double than that of income inequality. Evidence suggests that housing and parental wealth are crucial in determining life chances and inter-generational mobility. Some members in society are lucky to inherit wealth from their relatives, which puts them in an unfairly advantageously position with respect to others, as parental background is not chosen but given.

A universal inheritance or basic capital, which consists of a one-off universal capital grant paid at a set age to all individuals, would address the inequality of opportunities resulting from a private system of intergenerational wealth transmission. However, there is almost no real-life implementation of this policy except for the *Child Trust Fund* in the UK, which consisted of a fixed amount of capital paid to every citizen at age 18. Introduced in September 2002 until January 2011, the programme was suspended as part of the austerity cuts enforced at the time.

As a first general approach to the topic, Professor McKnight asked the speakers in the roundtable to give a general impression of the advantages and disadvantages of the policy and to reflect on whether it would sit well alongside other traditional social-security policies.

In his first intervention, Stuart White (University of Oxford) argued that all societies have to structure the process by which wealth is transferred across generations, and that one way to approach the effects of a universal inheritance is to imagine two hypothetical societies that structure these systems in a radically different way. In society 1, inheritance is entirely privatised, that is, an inheritance system that consists of what friends and family have and what they pass on. In society 2, the inheritance system is fully socialized. Gifts and inheritances are taxed at 100%, which are then used to finance universal capital grants.

These hypothetical scenarios allow highlighting the pros and cons of each system. There are at least three obvious advantages to society 2. First, there is full fair equality of opportunity in a Rawlsian sense, as parental background no longer influences the individual's life chances. Second, society 2 grants more predictability, as individuals can better plan their life projects since they will know that they will have access to some capital at a certain age. Third, more personal

independence, stemming from greater economic independence, is at the individuals' disposal in society 2.

A fully privatised system such as the one described in society 1, on the other hand, respects the inherent value of gift giving as an expression of love and friendship. Moreover, some argue that it might also generate more incentives to work, save and be entrepreneurial. However, a privatized system will certainly not alter wealth inequality, sustaining a distribution of wealth in a society often shaped by historical injustices.

Luckily, we are not necessarily confined to choosing between societies 1 and 2. In fact, there is a full spectrum in between. If we want to respect all values at play, the inheritance system could be designed to be somewhere along these two opposing poles. According to Stuart White, while what we observe in many advanced countries in recent years is something close to society 1, a partial socialization would be a very moderate and reasonable proposition that would retain the advantages of both systems.

Juliana Bidadanure (Stanford Basic Income Lab) focused on age-group justice and inequality between generations. Thinking of the best way to distribute resources across a single life, she argued that two aspects had to be considered: life-span efficiency and life-span sufficiency. The first, life-span efficiency, consists of maximizing the utility of investments across the life-span. The lack of investment in the first years of life can hamper the capability of developing life projects and have long-term negative consequences (i.e., difficulty in finding a job).

The second, life-span sufficiency, refers to having enough at each point in life. While a universal inheritance would allocate a capital grant at a certain point in time, it does not provide income security over the life course. That is why, according to Professor Bidadanure, it is worth thinking of a universal inheritance alongside universal basic income, which does secure minimum economic stability over time, especially in a context of uncertainty about the future of work.

For Juan C. Palomino (University of Oxford and UCM), a universal inheritance would improve equality of opportunity while enhancing individual freedom. The possibility to advance a down payment of a house, invest more in own education, or have a cushion of wealth that allows one to reject a bad job, are all indisputable advantages that a universal inheritance would provide, especially to those with limited resources. Moreover, it is a policy that would clearly benefit low-income households, as we know that those

with low income receive fewer inheritances and of smaller magnitude than high-income households.

Several challenges to consider were also raised. For instance, would the housing market be ready for such capital shock as the one potentially induced after the adoption of universal inheritance? At what age would it be most appropriate? Is the financial burden of the benefit feasible? How can it be made compatible with other welfare state policies? To what extent does this still require the existence of a permanent source of income? Why should it be universal so that wealthy families also receive the capital, even if they do not need it? Perhaps most importantly, what are the main appeals that would be effective for persuading about the merit of this policy?

Juliana Bidadanure suggested appealing to the notion that we all deserve a share of the wealth produced by previous generations as a form of inter-generational redistribution. Yet, she argued that one of the main objections often faced is the stereotype that young adults cannot manage the money properly. Financial education at an early age could tackle this concern. This was a shared concern by Professor Palomino, who further added that communicating the actual numbers behind inequality is an effective way to make citizens aware of the problem and perhaps convince them about the need to find an appropriate solution. For instance, by communicating the fact that the top 1% in the EU owns 20% of the total wealth while the bottom half only owns 0.5%; or that the financing for a universal inheritance could come exclusively from taxing the top 1%.

For Professor White, moving forward with this policy requires learning from what is happening in places experimenting with it such as in Kenya or with the Cherokee in the US. Learning from these experiences could tell us something about the main challenges for its implementation, such as the unpopularity of the inheritance tax, on the one hand, and the blundering concern that people who get this cash transfer will use it in an imprudent and irresponsible way, as was already suggested. One option in that regard would be to constrain the use of the grant to specific uses, although this could also be considered too invasive and would entail some level of conditionality that might be at odds with the nature of this benefit.

The roundtable ended with some final reflections by Professor Palomino, who suggested that, although now it might not be the time to push for such policy given the exceptional economic situation in Europe, this should be thought of as a long race. Talent is wasted because we do not empower people with the necessary financial support to realise their potential.

Simulating a universal inheritance

The next panel in Day 1 consisted of different microsimulations of a universal inheritance, both on the benefit amount and the means for financing its adoption, with different parameters for allowances.

Salvatore Morelli (University of Roma Tre) kicked off the session by providing a detailed summary of a proposal for a universal inheritance for Italy. The proposal consists of a 10% of the net personal wealth of the country (about 15,000 euros), that would be accompanied with mentoring services in and out of school as early as 14 years old to inform about potential choices. It would be financed with a progressive tax on all inheritances and gifts received by individuals over their lifetime, with full exemption below 500,000 euros. As a result the tax burden will be almost exclusively born by individuals receiving more than 1 million euro throughout their life.

Two factors make this policy particularly interesting for Italy. First, an increasing accumulation of private wealth by the top 1%, with increasing annual flows of inheritances and gifts and low inter-generational mobility. Second, a severe generational crisis in Italy, with very high rates of school dropout, low entry wages and notable precariousness. According to Professor Morelli's calculations, the adoption of such benefit would have a progressive distributive effect on wealth, the share of adults with negative wealth (debts) would decline significantly, and it would reduce the influence of social background on people's life trajectories.

Professor Stephan Bach (DIW Berlin) presented the results of a simulation in another country, Germany, where there are several reasons why the introduction of a universal inheritance would in principle make sense, especially its high levels of wealth inequality in comparison to other European countries, in part due to its low housing ownership. Several measures have been proposed and even adopted over the years in Germany to reduce its high levels of wealth inequality – housing subsidies, tax reforms, allowances or other means to promote savings. Yet, these have hardly altered the distribution of wealth.

Bach's specific proposal provides young adults with a basic capital of 20,000 euros, which would cost about 15 billion euros per year (i.e. 0.4% of GDP in Germany). It would be financed exclusively via higher taxes on wealth, potentially via an inheritance tax reform, but also through limiting privileges on corporate shares or capital gains taxation from real state. Moreover, in this proposal, the use of the basic capital would be constrained to acquiring further education or housing. The impact on the long-term distribution of wealth inequality through this microsimulation exercise

suggests that, depending on the allowances, the reduction of the Gini coefficient would be of about 5 to 7%, while the top 0.1% would exclusively bear the cost with a progressive tax rate from 15 to 30%.

Finally, Guillem Vidal (JRC-European Commission) presented further simulations on different scenarios for both the benefit and the financing of a universal inheritance. Relying on top-tier adjusted data for four different countries, namely Germany, Ireland, Finland, and Italy, two main simulation scenarios were presented in terms of the benefit: 10% and 60% of average net wealth in each country, each with a personal allowance of 1 million euros. As in Bach's proposal, it would be financed via a wealth levy of a flat rate on individual net wealth exceeding the personal allowance. It can be interpreted as an annual net wealth tax paid over ten years to individuals from 18 to 27 years old.

For the first simulated scenario (10% of net wealth), the wealth of the bottom 50% would increase between 11% (Italy) and 62% (Germany), while the net wealth of the top 10% would be reduced by less than 5%. With tax rates between 5 and 20% to the top 10%, the Gini coefficient would decrease between 2 to 3%. The second scenario did not prove too realistic. While the distributional effect was large (up to 14% of Gini reduction), the cost of the measure added up to 50% of the GDP of some countries, and the tax rates exceeded 100%.

In her commentary, Margit Schratzenstaller (WIFO – Austrian Institute of Economic Research) provided some thoughts on the policy implications of the presented UBI proposals. Firstly, reducing wealth inequality is a difficult undertaking considering its complex root causes; the contribution of the various causes to wealth inequality, as well as the factors influencing the distribution of wealth, are unclear and differ across countries. Therefore, single measures need to be embedded in a comprehensive policy mix. Secondly, several questions regarding the concrete design of UI need to be addressed, including the amount of the capital endowment, the appropriate age for receiving it, its financing and whether it should be granted unconditionally or tied to certain conditions. Further research on the above questions and issues is required, also based on concrete design options and figures and using a range of inter-/ transdisciplinary as well as research approaches, including model simulations, experiments, etc., so that evidence-based policy implications can be derived.

What people think about universal benefits

The last technical session in Day 1 addressed the important topic of public attitudes toward universal benefits. Since there is still no solid survey evidence on public support to universal inheritance, the contributions focused solely on universal basic income. Using insights from several quantitative and qualitative studies, Femke Roosma (Tilburg University) presented some findings. First, the analysis of data from round 8 of the European Social Survey (2016), which included a carefully worded item on UBI, shows very different levels of support in EU countries. Although the interpretation of these data casts doubts on how subjects in different countries understand the proposal, the analysis indicates that people who give more importance to income security, are more egalitarian, live in countries with more poverty and material deprivation, and have lower socio-economic positions, are more likely to support UBI. On the contrary, people who believe the welfare state makes benefit recipients lazy are more likely to oppose it.

These findings are complemented by qualitative evidence from personal interviews in the Netherlands. They offer a richer picture in two ways. First, subjects often find it challenging to understand UBI, and many are ambivalent about it (they like some parts of the proposal but dislike others). Second, most of them are concerned mainly about how the proposal will improve protection for those most in need (for example, through administrative simplicity), but at the same time acknowledge that the universality of the proposal seems to clash with that concern. Professor Roosma concluded that UBI might be seen as a source of inspiration for welfare reform. Still, other policy proposals could be more promising in terms of legitimacy, such as keeping extra earnings while on welfare, negative income tax, or participation income.

Leire Rincón (Humboldt University) added more complexity to the picture by showing that support for UBI as expressed in surveys does not necessarily translate into an actual preference for that policy over alternative income guarantee proposals. Rincón argued that most people, even if they are sympathetic to UBI to some extent, will typically prefer targeted and conditional income support over universal and unconditional programs because the latter clash with widely spread deservingness heuristics. Through a conjoint experimental survey, she finds that targeting is preferred over universality even by low-income and left-wing individuals, who are typically two of the most UBI-supportive groups in previous surveys. However, conditionality is not the preferred option for low-income and high-risk individuals. Overall, the consistent preference for targeted schemes suggests that a full UBI strategy would fall short of social support and that previous studies may have overstated people's backing of the proposal.

A different perspective from the United States was offered by Soren Jordan (Auburn University), who asked whether a deteriorating political and economic environment may have affected support for UBI in the country. By analysing survey data from a representative sample of the US population, he concludes that changing economic conditions have a very marginal effect on support for UBI, but this support is strongly and negatively correlated with a more conservative political ideology and Republican partisanship. Preliminary results of an experimental survey design also suggest that the value-frames under which the proposal is described (more egalitarian vs more traditionalist) might also have an effect, mainly among Democratic voters.

Finally, Macarena Ares (Universitat de Barcelona) proposed various discussion points to the speakers. First, building upon the doubts cast by some of them about the reliability of the high levels of support for UBI observed in several surveys, she stressed the apparent role of pre-existing values (such as egalitarianism) and partisan cues in explaining those attitudes. The question then arises on whether this support might be circumstantial on the fact that UBI is perceived as realizing these values better than other policies. Additionally, the fact that the proposal may be easily politicized and associated with partisanship makes it a potentially highly contested one, with consequences for both its political feasibility and stability if ever implemented. Overall, the difficulties in capturing real preferences regarding complex policy choices demand more fine-grained research using qualitative and quantitative evidence, forcing individuals to face the distributional impact of the different available policy options.

DAY 2: UNIVERSAL BASIC INCOME

The Minimum Income initiative in context

Olivier Bontout, Deputy Head of the Unit of Social Policies, Child Guarantee and Social Protection Committee at DG-EMPL (Employment, Social Affairs, and Inclusion) at the European Commission, kicked off the day with a comprehensive and detailed data-driven perspective of trends in income inequalities and minimum income (hereafter, MI) schemes in the European Union as a whole. Trends in income inequality in the EU, as measured by income share ratios, have been mostly driven by developments at the bottom (poorer) part of the income distribution. There is a relative stability in at risk of poverty (AROP) rates between 2008 and 2020, but an intensified risk of poverty for very low work intensity (less than 20%) and low (less than 45%). The incomes of citizens receiving MI in the Member States (MS) in 2019 were often lower than the poverty threshold. As a result, there has been some increase in coverage, but an erosion in adequacy.

Against this background, Mr. Bontout then spelled out the foundations to the upcoming initiative on MI, meant to be released by the end of 2022, and guided by principle 14 of the European Pillar of Social Rights, which states: "*Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.*" In 2020, the Council invited the Commission to strengthen MI protection to combat poverty and social exclusion in the COVID-19 pandemic and beyond. There had been prior Council Recommendations as early as 1992 and then again in 2008; a comprehensive benchmarking framework accompanies the legal basis for this renewed initiative.

The design of MI schemes faces two major challenges. On the one hand, there is a risk of insufficient coverage, as MI or other social benefits do not cover a high proportion of working-age citizens at risk of poverty. Moreover, non-take-up is high, even among those eligible. Transparent eligibility criteria, non-

discriminatory means-testing, and administrative procedures facilitating take-up are clear enablers to tackling these risks. On the other hand, there is vast cross-country variation in the level of MI –ranging between 20% and 80% of the national poverty threshold–. In most Member States (MS), the determination of this level is not based on a robust enough methodology. Enablers include linking benefits to reference values, designing mechanisms for setting up and uprating benefits levels, and setting up a transparent and predictable upgrading regularity.

Additional challenges include four other aspects that need to be considered in the scheme design enterprise. First, some MS favour conditioning the benefit to labour market participation, whilst others opt for incentivising labour market integration without conditionality. Most MS do not provide dedicated and personalised activation. Enablers to address this challenge include designing adequate access to tailor-made activation measures and the right set of incentives for labour market integration. Second, most MI schemes neglect non-financial support measures enhancing the social participation of beneficiaries. Coordination amongst benefit-paying authorities, public employment services, and social services is a potential effective enabler to face this challenge. Third, MI beneficiaries often encounter barriers to enabling services –such as childcare, healthcare, transport and energy–. These obstacles must be removed in parallel to the design of MI schemes. Lastly, in most MS, there is an obvious lack of monitoring, evaluation and coordination between the relevant authorities implicated in the design and implementation of the scheme. Enablers in this domain include devising monitoring and evaluation mechanisms, cooperation protocols, and enhancing adequate data management.

While MI is not a universal benefit, many of the societal challenges that the MI tries to address – economic vulnerability and risk of social exclusion– and the difficulties that a prospective optimal design entails are largely shared by the types of universal benefits discussed in this workshop.

The prospects of universal basic income after the Covid-19 pandemic

The four speakers in this roundtable were asked by Júlia de Quintana, from the Catalan Institute for the Evaluation of Public Policies (Ivàlua) to answer three different questions on the prospects of UBI in the near future. The first question had to do with how these prospects might have changed after the pandemic, the consequences of which apparently have fostered public debates on the proposal and have placed it on the

political agenda of some governments and international organisations. According to François Bourguignon (Paris School of Economics), the growing interest on UBI might be due to the specific kind of income losses due to the restrictions and the lock-down during the pandemic, together with the uncertainties about the capacity of present redistribution systems to face them, as well as the fear of the impact of technological change on job loss. Valentina Martinez-Pabon (Tulane University) added that some governments realised, over the COVID crisis, that it was possible to expand social assistance programs to a large part of the population, showing the benefits of offering an income floor to all.

Ugo Gentilini (World Bank) also sees a historical expansion of income guarantee policies during the pandemic. Some lessons may be learnt from this recent experience. First, there are possible innovative ways to protect non-standard workers. Second, social protection may act as an automatic economic stabilizer in these situations. Third, the taboo of unconditionality in cash transfers was broken, and benefits were provided in a very simplified way, so a new generation of social assistance programs may have been born. Fourth, we need to have universal delivery systems available when immediate large-scale support is needed. But universal social protection does not necessarily equate with UBI. Instead, in the absence of a crisis, a combination of social assistance and social insurance is more likely to be the preferred option for universal protection.

Finally, J. Rhys Kesselman (Simon Fraser University) expressed a sceptical view that a permanent UBI program at the poverty threshold level would still be too costly for governments. Besides, according to several empirical studies, public support for UBI when taxes go up (as they most likely should) would strongly fall.

A second question in the debate focused on how the development of a particular UBI program would fit in current welfare states across different world regions. Professor Kesselman insisted on the financial unfeasibility of UBI in Canada but suggested that a categorical UBI for some groups such as severely disabled citizens would be an opening for the proposal. Gentilini also saw the need for compromise along some of the constitutive dimensions of UBI if it is ever to be implemented.

On the funding issue, the example of existing universal social dividends coming from the exploitation of natural resources, such as the Alaska Permanent Fund, should be carefully considered. Alternatively, if UBI were to be funded through income tax that would be another way of targeting income protection since there would be net payers and net receivers at the end of the

day. Under that funding assumption, both Martinez-Pabon and Bourguignon agreed that the trade-off between the generosity of a UBI and the tax burden to fund it would be difficult to solve in low- and high-income countries as well. Microsimulation studies reported by Martinez-Pabon show that for low- and middle-income countries, a UBI that is both poverty-reducing and budget-neutral would not be financially feasible as an alternative to the current system of social transfers and subsidies because the required increasing tax burdens would be too hard to bear for the population not in poverty. Interestingly, Bourguignon claimed that the current distributional impact of taxes and benefits in many high-income countries already looks like the one we would see with a negative income tax or a tax-integrated UBI. The differences UBI would make, he argued, are more about the simplicity and transparency of the system, the filling of some protection gaps (for example, many young people), and the improved amount of benefits for those who, under the current system, fall below the poverty threshold. In addition, UBI would not be enough in shocks such as a pandemic when many households would still need additional support to keep up with their standard of living.

Finally, all the speakers agreed that the technological changes toward growing automation and digitization of labour do not still have the effects that some advocates of UBI mention as a justification for the proposal. On the contrary, as professors Kesselman and Bourguignon noted, we can see a process or restructuring of the labour market, and even a shortage of labour force in some sectors, rather than a massive substitution of workers by robots. Gentilini suggested that if these impacts are in place in the near future, we would most likely see progress towards renewed forms of social insurance for non-standard and informal workers and even some form of social dividends in countries that can afford them. Martinez-Pabon also stressed the need to find innovative solutions to protect those most vulnerable from potential economic shocks and solve targeted programs' identification and implementation problems.

The policy implications and social impacts of guaranteed income pilots

Pilot experiments and randomized controlled trials (RCTs) on the effects of cash benefits and income support programs have been conducted worldwide since the first large experiences with the negative income tax in the United States in the 1960s. However, in recent years, a new generation of guaranteed income pilots have tried to explicitly derive

implications for the adoption of UBI. Many media and political actors have followed some of them as possible key inputs for the public debate on the proposal. The first technical session about UBI was devoted to discussing some of these pilots.

The first talk, by Jurgen De Wispelaere (Stockholm School of Economics in Riga), took the well-known Finnish experience of a RCT that "treated" a sample of social assistance recipients with an unconditional cash benefit as the starting point for building a framework to understand the interface between science, politics, and policy in guaranteed income pilots. De Wispelaere asked which factors affect the impact of guaranteed income pilots on actual policy. First, he specified that policy impact goes beyond the actual implementation of a policy, so the "success" of a pilot may be measured along several different dimensions, from the strictly scientific one to those related to the policy process (how well-informed the agents involved in the policymaking are), the policy approval (how the pilot results in changes in actual legislation), and the political context (how much support from social and political actors is mobilized). Developing robust impact indicators in each dimension and more case studies on income guarantee pilots would improve our understanding of their political conditionings, resulting in more realistic designs.

Pilar Gonalons (University of Pennsylvania) focused her contribution on the Manitoba Mincome experiments in Canada during the 1970s, specifically on the effects of guaranteed income on family relations and crime. The Manitoba Mincome pilot included a saturated site in the city of Dauphin, where all residents could claim a cash benefit designed as a negative income tax, and a classic RCT in Winnipeg, where the treatment group was entitled to the same benefit. The results of the pilot were not analysed until recently, when all the evidence was properly made available for researchers. Gonalons showed how the guaranteed income did not have a significant impact in terms of separations and divorces. Still, it raised the frequency of "divorce talk" in previously unhappy couples and also reduced marital conflicts over financial matters. As for how Mincome payments affected the prevalence of crime, there is solid evidence that they reduced crime rates. Interestingly, they produced a sharp decline in assaults and violent crimes (which also include gender violence).

Finally, Bru Laín (Catalan Office for the Universal Basic Income Pilot) presented the B-Mincome pilot, a recent RCT conducted in Spain and sponsored by Barcelona's city council. The B-Mincome included several treatments, among which there was an unconditionally guaranteed income treatment for users of the social services in the city's poorest neighbourhoods for two years. The design of the experiment allowed testing the specific effects of conditionality on activation measures and on lifting the poverty trap on recipients (that is, allowing them to keep extra income without reducing the benefit). As expected, the guaranteed income positively affected the reduction of extreme poverty and material deprivation. It also raised subjective well-being and improved mental health and the prevalence of a healthy diet, but it also led to a slight decrease in hours of paid work.

José A. Noguera (Universitat Autònoma de Barcelona) was in charge of commenting on the interventions. Noguera first suggested that, to minimize the risk of politically motivated and contested interpretation of the results of pilots, pre-registration of hypothesis and/or expected results, which is a common practice among experimenters, could be a good idea. He also wondered whether the evidence generated by pilots might influence policy beyond purely political interests and pointed to some cases where pilots seem to have had an impact on the design and implementation of minimum income programs or the income protection measures during the pandemic, based on considerations of efficacy and efficiency in the protection of the worst-off. Finally, Professor Noguera argued that after the last round of income guarantee pilots worldwide, universality remains the "last frontier" to test, except in specific geographical areas, such as small towns, where saturated experiments are possible.

Simulating and experimenting with a UBI

The final session on UBI on Day 2 addressed different simulation exercises and experimentation on the proposal. In the first paper, Ugo Colombino (University of Turin and Institute for Labor Economics-IZA) introduced a methodological innovation in classical microsimulation studies that typically insert UBI into a current simulated tax regime, replace some benefits, calculate the fiscal costs, and simulate the distributional impact. Instead, Colombino proposes to simulate complete tax-transfer rules of a polynomial form that may capture flat, regressive, or progressive tax regimes, as well as the presence of a UBI, a negative income tax, or other cash benefit systems. This methodology allows identifying the optimal tax-transfer rule in terms of welfare. Colombino's simulation is performed using the EUROMOD tool for different countries. Also, it includes behavioural labour market choices by households under two different scenarios: the current economy and a hypothetical "robot economy". The results show that the optimal rule in terms of welfare under both scenarios includes

a UBI or a negative income tax and an almost flat tax rate. The policy implication is that universality in protection combined with an almost flat tax rate may reconcile two very desirable objectives: the reduction of poverty and increased labour incentives.

In the following contribution, Ioana Marinescu (University of Pennsylvania) turned to the universal dividend in Alaska, which is paid annually to all residents in that state by the Alaska Permanent Fund, out of the returns made by investing Alaska's royalties from oil. Marinescu presented an experimental design with a synthetic control to measure the dividend's impact on inflation. Previous studies on the effects of cash transfers in low-income countries showed no significant effects on prices. This study was devised by comparing the evolution of inflation in Alaska before and after the introduction of the dividend with that of a "synthetic Alaska" (an artificial control case built by aggregating and weighting different states in the US which are most similar to Alaska in relevant dimensions). Although it was impossible to build a completely satisfactory control, the results suggest no significant difference between the real Alaska and the synthetic control. Even if this evidence is weak under strict experimental standards, it is consistent with the results observed in the study of many cash transfers in low-income countries.

The experimental study of UBI has also been taken to the lab. In his presentation, Antonio Cabrales (UC3M) described an experimental design that engages with the widespread claim that UBI is needed to grant subsistence for a large part of workers in risk of losing their jobs in the "robot economy" that is allegedly coming, and that in turn will potentially negatively affect workers' effort and productivity. The design includes a variety of treatments in which subjects exert some real effort in two phases. Before engaging in the second phase, subjects are told that a robot may perform the same task and that there is a probability that it could replace them. Additionally, a UBI is received as part of the subjects' payments in some treatments. The expectation is that the robot threat will increase effort, while the presence of UBI will reduce it again. However, the expectations were not met by the results. The presence of a robot did not increase productivity, and UBI did not discourage it at all. Another interesting result of the study is that taxes on robots (which were simulated in some treatments and are often mentioned as a possible source of funding for UBI) can be used in order to avoid job substitution with little harm to efficiency.

As discussant in this session, Sara Riscado (Banco de Portugal) wondered about how the "UBI + flat tax rate" pack, which appears to be optimal in terms of efficiency in professor Colombino's simulations, would

impact progressivity in real tax-transfer systems. Additionally, the size of the benefits is also to be considered and may partly draw the results in experimental studies. The type of labour market institutions in place, out of the lab, may also mediate the effects of a UBI on labour incentives. Taxing robots to fund UBI is an option that might not be available in low-income countries, for instance. Riscado ended her remarks by pointing to the possible synergies between UBI proposals and policies to tackle climate change: Is a society of less consumption and more leisure time better prepared for UBI? May the 4-day-week proposals and UBI become complementary projects in the future?

Closing remarks: Towards a new social contract?

Leire Salazar, Lead Scientist of the DIGCLASS CAS project, closed the workshop with some summary remarks. Over this workshop, both favourable and sceptical arguments about whether it would be desirable and feasible to move towards universal, unconditional, untargeted benefits have been put forward. Resistances from citizens and policymakers have to do with considerations such as the overall financial burden, moral concerns regarding deservingness and reciprocity, the work ethics, the extent to which individuals can make informed, "wise" decisions, or whether political consensus over bold policy instruments can be realistically achieved.

In a context where the social contract is clearly stretched, old formulas based on traditional mechanisms of social insurance and social assistance might be insufficient to maintain social inclusion and cohesion. Citizens are subject to increased instability and uncertainty over the life course, and many face a permanent lack of access to crucial resources, not the least financial, even across generations. The old policy focus on tackling inequality of opportunity generates broad consensus, but it has proved ineffective and often naïve. Emphasis on dealing with inequality of outcomes is bolder but also less consensual. A fruitful way forward to think of the policies that address the generative processes of inequality might be to focus on the inequality of constraints. Or, put positively, policy should focus on how to design, implement, and promote enabling institutions that reduce the weight of constraints on individuals' well-being and life opportunities.

Thinking about the science-policy interface, there is debate as to whether science for social policy should be a job for plumbers, fixing leaks and connecting pipes to make incremental improvements, or for engineers,

designing complex structures that work. The debates in this workshop suggest that complementarity in using methods, approaches, theoretical and empirical insights, is very much needed. High-quality evidence is a prerequisite for a good design and unfolding of social protection. But engaging in a political vision of fairness and social cohesion is also crucial in all these debates.

Professor Salazar finalised her address by advancing the contents of the second workshop in the Real Utopias for a Social Europe series, where the distribution of work, and specifically working time reduction, including the recently put forward proposal of the four-day work week, will be discussed. The workshop will engage with implications for productivity, environmental issues, gender gaps, work-life balance, health and well-being, etc. Existing pilots and the type of solid evidence we would still need to produce in order to evaluate such initiatives will also be showcased and critically discussed.

Glossary of technical terms

Universal Inheritance (UI)

A universal inheritance (or basic capital) is a one-off payment delivered to all individuals when they reach a pre-defined age (typically legal age) as a means of redistributing inheritance, and typically funded by a reform of inheritance or wealth taxes.

Universal Basic Income (UBI)

A universal basic income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work/behavioural requirements.

Social dividend

A social dividend is a type of UBI funded by a sovereign fund o specific source of non-income-tax revenue, such as the exploitation of natural resources.

Means-test - Targeting

A means test is a method to target all individuals/households with income/wealth below a pre-established threshold that makes them eligible for a benefit.

Negative income tax

A negative income tax is a guaranteed income implemented through the income tax, in such a way that individuals/households with annual income below a threshold receive a net payment (a negative tax) and higher gross income always results in higher net income.

Participation income

A participation income is a periodic cash payment delivered on an individual basis on the condition of performing a minimum amount of time of socially useful activity, which includes paid work, care/domestic work, training/education, volunteering, or any other regulated by the law.

Guaranteed income

A guaranteed income is a periodic cash payment delivered to households that satisfy a means-test, but without any work or behavioural requirements.

Minimum income

A minimum income is a periodic cash payment delivered to households that satisfy a means-test and typically conditional on some work/behavioural requirements.