

## Universal basic income as a form of social contract: assessment of the prospects of institutionalisation

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### Abstract

The potential benefits and risks of the introduction of universal basic income (UBI) are examined. UBI is considered as an alternative mechanism of social policy, the emergence of which is explained from the perspective of the crisis of contemporary social security systems. The aim of the study is to find out the prospects for the widespread introduction of UBI in modern social security systems under the crisis of the welfare state institution, as well as to assess whether UBI can be an effective response to current social challenges. The analysis is based on the methodology of neo-institutionalism and case study.

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It is emphasised that the interest in UBI was caused by the inefficiency of the institution of the welfare state in the context of economic globalisation, technological advance (automation, robotisation of production) and increased under long-term quarantine restrictions in 2020-2021 with their devastating effect on national economies. The major approving and critical arguments with reference to the practical implementation of the UBI concept are systematised. The principal differences in pilot projects to provide UBI, from the standpoint of their goals and outcomes, are indicated. The potential ability of UBI to act as the latest philosophy of social policy in the era of globalisation, technological progress, pandemic challenges, etc. was proved. The need for public solidarity regarding the new social contract as a key prerequisite for the widespread implementation of UBI was highlighted.

**Keywords:** universal basic income (UBI), social policy, technological advance, economic globalisation.

## 1. Introduction

The topic of universal basic income (UBI) has been the subject of both theoretical interdisciplinary discussions and political debate in recent years. It is currently unclear whether UBI will become the latest model of social policy in the near future or remain at the level of a utopian project. Attitudes toward UBI vary. At first sight, UBI is perceived as the latest utopian project. However, in outlining the long-term consequences of the global Covid-19 pandemic, the discussion of the benefits and risks of implementing UBI has reached a new level. The keynote of today's UBI debate is that such payments have the potential to mitigate some of the most disturbing socio-economic consequences of the coronavirus pandemic. Specifically, the point is that direct cash payments to citizens solve the problem of a sharp and long-term decline in consumer spending, which will reduce the economic impact of the crisis that was caused by quarantine measures. UBI payments are also regarded as the ones that are presumably capable of affecting the spread of the virus, given that the fact of having a stable income can influence physical distancing among a number of groups of employees who are not able to work remotely from work.

It is obvious that governments, due to the encouragement of self-isolation as the main way to prevent the spread of viruses, are determined to take into account the existence of numerous groups of employees that lose their income while in self-isolation. Prominent examples are drivers (Uber, Lyft, etc.) or couriers of popular delivery services, etc., whose income is directly dependent on active engagement with

other people. Hence, many citizens now live not only under the conditions of the risk of coronavirus infection, but also in what can be categorised as an epidemic of social insecurity, in the face of which there is a clear need for new social policy instruments that will become a response to contemporary social challenges.

The idea of implementing UBI, which until recently was positioned as radical and unjustified, in the context of the pandemic, has gained the advocacy of some international institutions and governments of certain countries that were severely affected by the coronavirus infection. The issue of UBI began to be debated by politicians during the present-day election campaigns. However, the question of whether UBI can be an effective response to the exacerbation of various social inequalities against the background of the Covid-19 pandemic has no clear answer. Researchers only begin to clarify this issue (Nettle et al., 2021), but it is obvious today that the issue of introducing the UBI has entered social space, launched a discussion about the ways to change the social functions of the state, modernise the welfare state model.

## **2. Conceptual principles of understanding universal basic income**

The rising inequality in developed countries since the 1980s, combined with economic losses, an increase in unemployment that was caused by the global financial crisis of 2008, and nowadays another economic downturn generated by the Covid-19 pandemic, have exacerbated the failure of the traditional welfare state institution. These processes contributed to the intensification of academic interest in alternative mechanisms of social policy, one of which is UBI. In recent years, the subject of UBI has shifted from the intellectual periphery to the centre of public policy discussions.

First and foremost, it is necessary to define the basic concept for the further analysis. The concepts of “unconditional basic income”, “universal basic income”, less often “basic income guarantee”, “universal (demo)grant”, “social dividend”, “citizen’s income”, “negative income tax”, “social wage”, “social credit” and others are used to denote it in the political science discourse. UBI is often defined as income paid by the national government in a unified amount at a determined time interval to

each adult member of society, irrespective of their level of well-being, marital status, place of residence, involvement in community service (van Parijs 1992). In other words, it is a form of social security, in which every citizen receives a legally guaranteed unconditional minimum of cash benefits (corresponding to the living standards of a particular country), which is paid by the state or local self-government authorities in addition to any other income.

UBI is considered as an alternative to the classic measures of state social policy. Presently, the expert community have moved away in the analysis of UBI from its simplest interpretation solely as a guaranteed cash payment to all members of society, regardless of income, employment and other factors. The point is that the new social policy is now determined by various fundamental factors that need to be addressed promptly: material stratification, which grows simultaneously with economic growth; technologies are rapidly changing the labour market and employment structure; population aging; an increase in life expectancy, etc. Thus, UBI may potentially become a form of social security that guarantees everyone an unconditional minimum of cash benefits, which is paid in addition to other (if any) income received by the person.

Since nowadays in the analysis of UBI only pilot projects are studied, many issues arise with regard to the construction of political and legal comprehension of this concept and its content. A wide range of possible reactions in social space is expected as a result of the introduction of such a controversial institution as UBI.

At present, one may talk not so much of the key features of UBI, but of the characteristics that follow from the implemented pilot projects, and thus can eventually form the content of this potential new form of social security. Such characteristics are: fixed non-taxable amount of assistance; non-targeted nature of assistance; the same amount of assistance for all or its dependence on the age of the recipient; regular nature of payments; ability (and even desirability) of the recipient to work without loss of assistance; payment is usually made from state funds with the possibility of attracting other sources; no requirements for recipients (general). In fact, UBI is a magnetisation of benefits, because instead of various social benefits and guarantees, the recipient receives money. Nonetheless, the pilot projects demonstrate different

variations of UBI: payment is made only for the unemployed, not for all citizens; the amount of payment depends on the age of the recipient, etc.

The idea of payments similar to UBI is not new. Its sources can be found in the approaches voiced by the thinkers of the past. For example, J. L. Vives in his work "On Assistance to the Poor" (1999) emphasised the need to provide a certain level of financial assistance to the needy. T. More in his treatise "Utopia" (1998), from the standpoint of the problems of his time, substantiated the idea of a minimum guaranteed state income. J. A. de Condorcet in the work "Sketch for a Historical Picture of the Progress of the Human Mind" (1955) outlined his vision of social insurance and analysed its positive influence on the reduction of inequality and poverty.

One of the forerunners of the idea of UBI is considered to be T. Paine. In the study "Agrarian Justice" (2004), he voiced the idea of annual payments of 15 GBP to each Englishman upon attainment of the age of 21 and 10 GBP after 50 years. T. Paine believed that such an approach would be a fair way to combat poverty and inequality. He considered the need to ensure a decent standard of living without poverty to be the purpose of such financial support. The researcher proposed to finance such assistance with land rent, which must have been paid by landowners to a common national fund, inasmuch as land was a public good. In turn, T. Paine's proposal stems from J. Locke's idea that since land is a common good, the profits from its exploitation must be shared among all. Hence, T. Paine is often viewed as the founder of UBI theory. His formulation of the concept of "basic income" suggested the ownership of private shares by citizens in the total national production.

A new round of theories that laid the foundation for the modern concept of UBI dates back to the 19th century. Specifically, Ch. Fourier (2004) argued that the state should have an obligation to provide citizens with a minimum income as compensation for their loss of direct access to natural resources. The wrong distribution of wealth is designated as the major cause of poverty by the thinker, because even in those economies where there is a surplus of resources and scarce production, unfair policies contribute to the generation and preservation of poverty. Subsequently, he spoke in favour of making the working (as a process) to be as attractive as possible.

Only this, in his opinion, will make it possible that the minimum income received by the poor will not encourage them to live off the benefits.

The ideas that became the basis for the further formation of UBI theory continued to take shape in the twentieth century. Their authors were first of all representatives of the economic science, who responded to socio-economic problems that worsened after the First World War. In particular, B. Russell advocated a social model that combined the advantages of socialism and anarchism, i.e. motivation to work was combined with freedom (Russell 1966). According to him, basic income should be provided to all without exception and its amount should meet the essential human needs. Simultaneously, those who do community service, should receive more income.

D. Milner and E. M. Milner (2004) enunciated the need for weekly assistance to all country's citizens, which included a certain amount of money that would support them in the post-war period. P. Drucker (1950) proposed the theory of a "Predictable Income Plan"; such income would banish uncertainty, fear of the future under which employees constantly live. J. K. Galbraith (1968) focused on the feasibility of introduction of the "income floor" to overcome poverty. P. Wogaman (1968) suggested that economic individualism and Protestant ethics should not allow recipients of basic income not to work; consequently, the introduction of UBI, from both ethical and practical points of view, was justified by this author.

Nowadays, the dominant debatable issue in terms of the feasibility of implementing UBI is whether such a payment to all needy citizens is reasonable and, therefore, whether those who receive such compensation will be motivated to continue active employment. A widespread stereotype about UBI is its attachment to socialism, its identification with equalization. Although the idea of UBI originated in the environment of utopian socialism (T. More), it has later been supported by the representatives of various ideologies. This can be traced even today: both right-wing and left-wing politicians, against the background of the devastating impact of the Covid-19 pandemic on the economy and social sphere, allow for the prospects of introducing the UBI institution.

In addition to the possible role of UBI in mitigating the socio-economic consequences of the Covid-19 pandemic, UBI is considered to be a potential tool of minimising the effects of the fourth industrial revolution. Technological changes that cause automation and robotisation of production reduce the need for humans as labour force and, consequently, result in rising unemployment. It is deep technological trends that become the principal factors in the functioning of modern political, economic, social and other institutions. In this regard, the General Secretary of the International Trade Union Confederation, S. Burrow, in her report at the Forum in Davos (22-25 January 2019) noted: the new technological conditions require a new social contract, which can be part of the response to the latest challenges (Burrow 2019). Thus, researchers and politicians consider the introduction of UBI as one of the feasible tools to solve this problem.

In recent years, the concept of UBI has been on the rise in the discussions about reforming the welfare state. A growing number of political parties integrate the idea of the feasibility of UBI into their programmes. UBI is also lobbied by various NGOs, including the European Initiative for Basic Income, Basic Income Earth Network (BIEN), Basic Income Studies, and others. A seminar on UBI philosophy was started at Stanford University in 2017. These and other facts indicate an increase in theoretical and practical interest in the probability of implementing UBI as a social programme.

D. Acemoglu (2019) refers to the inadequacy of the social protection network as the reason for the increasingly active discussion of UBI in developed countries. This author argues that the research on the implementation of UBI programmes has shown their positive influence on the empowerment of women and marginalised groups. On the whole, however, D. Acemoglu considers UBI to be a wrong idea, taking into account the excessive cost to the state, as well as the inevitable (in the case of the introduction of UBI) processes of dramatic reduction of the social protection network.

It is obvious that pilot projects for the implementation of UBI have not the same motives for introduction in countries with different levels of development. For instance, low-income countries aim to overcome rising unemployment, to guarantee

a minimum level of incomes and living standards. Instead, countries with a high level of development and per capita income, where the basic needs of people are fully met, intend to encourage people, through the UBI mechanism, to self-development, creativity and talent development (Korchynska 2018).

### **3. Support and critique of the UBI concept and its practical application**

Presently there is no consensus in academia on the potential of the UBI concept to address poverty and social exclusion. The arguments that are used by supporters and critics of UBI while speaking “for” and “against” its practical application need to be analysed.

It has already been emphasised that the concept of UBI is among those that arouse the interest of politicians of both the right and left ideological spectrum. As J. Kay (2016) points out, for left-wing political forces, it is a simple and comprehensive response to fears of poverty and inequality. Right-wing politicians usually regard the UBI as an opportunity to simplify the social security system, reduce costs and encourage the unemployed to find employment.

Considering the reasons for such a strong ideological consensus on the possibility of implementing the concept of UBI, it can be assumed that its foundation is the general understanding by the politicians of different ideologies that in today’s world the inequality and a sense of insecure social stability are growing, the labour guarantees, which developed countries relied on, are being ruined, the unemployment is rising and the condition of not only the needy strata of society but also of those who have recently been out of the risk zone is worsening. Proponents of the UBI concept often emphasise that they are not specifically focused on right-wing or left-wing ideology. In fact, the slogan of UBI supporters sounds like: “Universal basic income is neither right nor left, but forward!”

Still, neither right-wing nor left-wing politicians are unconditionally fascinated by the idea of UBI, but they voice both positive and critical arguments. The representatives of the left-wing beliefs are of opinion that the idea of UBI is too focused on finances, purchasing power of the people and, as a consequence, forgets the fact that

companies produce surplus goods, forcing their employees to work more and more. G. Blakeley (2018) substantiates that, without fundamental structural reforms of the economic system, UBI will be only a cosmetic procedure. On the contrary, the representatives of the right-wing ideological beliefs are convinced that such a scheme of social benefits will be too expensive for the state budget, and may lead to a syndrome of dependence and a culture of adaptation, under which people expect financial support from the state without effort (Thornhill, Atkins, 2016).

In the countries where the level of technological advance and socio-economic development is high, the issue of UBI is long overdue. There is a high probability of a scenario when able-bodied citizens will no longer be able to receive an income which is equivalent to the utility of their work for society, because this work will not be considered as such. There is an obvious need for a different income distribution system. UBI is considered to be one of the systems that can hypothetically alleviate the problem which was generated by the technological revolution. Proponents of the introduction of such benefits claim that guaranteeing people a certain income under such circumstances will at least not make them suffer from complete poverty in the absence of work, will not provoke their deviant behaviour. That is, UBI can act as a kind of damper, which will mitigate all possible consequences of job loss.

E. Musk, who is among the active lobbyists for the idea of transition to UBI, was one of the first to draw attention to this problem. He argued his position during the World Government Summit in Dubai (2017). That vision was expressed against the background of the previously voiced economic predictions by Barack Obama for the American workers on the risks of job loss due to their replacement by robotic equipment. According to E. Musk, large-scale automation will be accompanied by a much greater prosperity of states and it must be properly redistributed to give citizens a sense of financial security, even if they do not work as a result of job loss. Thus, the threat of technological unemployment is one of the arguments in favour of UBI.

Supporters of the introduction of UBI also use other arguments for the benefit of its application as soon as possible. Specifically, three points are worth noting.

(1) In order to receive traditional types of benefits, the potential recipient must provide a fairly large number of documents, which confirm the right to assistance, as well as go through procedurally defined stages. Bureaucratic red tape and even abuse are not ruled out. In addition, the organisation of procedures for the provision of existing benefits requires a burdensome apparatus of civil servants, the operation of which also involves funding from the budget. Instead, UBI will notably reduce the cost of administering social benefits. Thus, this refers to the potential advantage of UBI, e.g. a significantly lower cost of maintaining the social security system.

(2) The complex and burdened with bureaucratic formalities system of social benefits in many countries leads to the condition when those who ought to receive such assistance in view of the objective situation do not receive it. The reason may be territorial remoteness from social protection authorities, disability of the person, insufficient information, etc. In the case of UBI, this problem is removed, and the very idea of such payments may be a response to the challenges posed by exceedingly complicated social policies.

(3) UBI has the potential to address stagnant unemployment and poverty ("poverty traps"). In the case of employment, the former unemployed person does not lose the right to assistance and, accordingly, has an incentive to seek work for additional income, agreeing even to low-paid work. It is significant that the concept of UBI does not exclude, but, on the contrary, encourages the opportunity of additional unlimited earnings.

The introduction of UBI also has invisible, at the first glance, positive aspects, especially in low-developed countries. For example, well-nourished pregnant women will have healthier children than those who are malnourished; longer education has the potential to provide greater employment opportunities and so on (Ziskin 2019).

Thus, adherents of the UBI institution position it as a tool for evening out inequalities in the spirit of solidarity, which is ultimately able to build a new type of social policy. Nonetheless, a number of questions remain open, the answers to which are sought through the implementation of pilot projects. For the time being, there are more questions than answers.

UBI sceptics view this model of social security as idealistic and the one which may be a tool for reducing poverty in developing countries, rather than a tool for achieving social justice in developed countries (Ghatak, Maniquet, 2019). Also, the expert community often claim that UBI, if implemented by a state (regardless of its level of well-being), should not cover the entire population, but only particular strata – similarly to the pilot projects that are already tried out.

Apparently, UBI is a financially costly way to alleviate social problems, to reform the now inefficient institution of the welfare state. The introduction of UBI can increase government spending by 6-10% of GDP. Therefore, among the main shortcomings of UBI, critics mention the financial difficulty of implementation, the necessary initial conditions (in the first instance – a high standard of living and taxes). Undoubtedly, the precondition for the implementation of UBI should be the existence of open democratic government, as well as control over it by a developed civil society. Otherwise, the realisation of the idea of introducing UBI may turn into a populist adventure. Taking into account the fact that the welfare state is currently in crisis, even in the most developed countries of the world, one of the destructive consequences of this is the ability of the government to manipulate public finances. This poses a substantial problem for the application of UBI.

Critics of UBI believe that the global economy has slowed notably since the beginning of the global financial crisis in 2008, yet the introduction of UBI requires a stable economic situation. Against the background of the economic downturn, which was caused by the quarantine restrictions as a result of the Covid-19 pandemic, this aspect has become even more relevant. Apparently, in the case of introduction of UBI payments, citizens must be prepared for certain consequences, first of all – tax increases. Most researchers agree that it is impossible to fund UBI without raising taxes. There is also a risk that only in the countries that have already achieved high standards of development, UBI can actually stimulate creativity, research, better education, etc. Instead, in low-income countries, all payments will be spent on basic living needs (food, utility bills, etc.). There are also warnings that a new wave of migrants is possible with the introduction of UBI in highly developed countries, though this can be avoided by regulating certain requirements for potential UBI recipients.

Often, critical assessments of a psychological (UBI can reduce work incentives) and social (UBI will not solve the problem of deepening social stratification) character are expressed. However, for the time being, the pilot projects do not provide adequate evidence that the introduction of UBI will inevitably stimulate inaction, social parasitism.

The study of the probable pros and cons of the introduction of UBI demonstrated the existence of a number of myths circulating around this problem.

(1) The myth that the topic of UBI is actively used primarily by populist political actors. Empirical material provides some basis for such judgments, since certain populist parties do promote the idea of introducing UBI. For example, the Italian Five Star Movement won the election with the programme that lobbies UBI. Nevertheless, it should be noted that the idea of UBI is widely represented in many new ideologies and is not unique to populists. Besides, populists do not support the idea of introducing UBI in all countries, e.g. in Switzerland they did not support a referendum on the introduction of such payments.

(2) The myth that the concept of UBI cannot be realised owing to its high cost. Concurrently, with an optimistic approach, simplification of social policy will potentially lead to the release of necessary finances. It is also possible to attract a wide range of various sources from different countries to finance UBI. In some countries there are large natural resource rents, while others produce innovations, etc.

(3) The myth that the introduction of UBI will definitely eliminate the human desire to work, self-development, and instead contributes to social parasitism. So far, the results of the pilot programmes have not provided evidence of this.

At present, the hypothesis that the introduction of a guaranteed income will minimise poverty and inequality is not proven. The practical implementation of UBI is likely to have only short-term effects, not prolonged over time. It remains unclear whether UBI will develop the people's thrift, strengthen their desire to learn, promote certain motivations in them. The latest political discourse is currently dominated by the view that both the advantages and disadvantages of UBI are not apparent yet. For the formation of scientific and public consensus, large-scale research and a representative empirical base are required. For the time being, it is obvious that pi-

lot projects need to be continued in order to distinctly determine the benefit or unviability of UBI.

#### **4. Pilot projects for the application of UBI: differences in purpose and outcomes**

The interest in UBI is expressed in countries with different levels of development. Obviously, the purpose of UBI projects in countries with different levels of development is not the same. For developed countries, the goal is to improve the realisation of human rights and freedoms, free up more time for self-development, stimulate creativity and more. In contrast, in low-income countries, interest in the UBI concept is driven by the intention to overcome rising poverty, to guarantee minimum social protection, etc. This fact can be reasoned on the example of cases of individual states.

One of the first pilot projects for implementing UBI were realised in the United States. These include: (1) the New Jersey Income Maintenance Experiment in Trenton, Jersey City and Paterson, and Scranton in Pennsylvania. In 1967-1972, it covered 1357 low-income families that lived in the old city quarters; (2) Rural Income Maintenance Experiment in Iowa and North Carolina; In 1969-1973 it covered 809 low-income families from rural areas; (3) the Gary Income Maintenance Project in the state of Indiana. In 1971-1974, it covered 1780 Afro-American, mostly single-parent, families; (4) the "SIME & DIME" experiment was conducted in Seattle (the state of Washington) and Denver (in Colorado). In 1971-1982 it covered 4800 people from low-income families. These experiments provided some empirical material for the conclusions, viz. the motivation to work in the assistance recipients decreased, but not significantly; the share of households that received the right to own housing increased; no increase in birth rates was recorded; the number of divorces increased slightly; there was a positive impact on the level of education, life satisfaction, health status of the participants of the experiments (Dluhopolskyi, Dluhopolska, 2017). The American experience of UBI experiments also includes the Alaska case of the 1980s. One of the latest UBI experiments in the United States is a pilot project in Stockton (California) for 125 residents, conducted in 2018-2019.

One of the first experiments on UBI in Canada was the Mincome project involving 1000 people. It was held in the city of Dauphin in 1974-1979. The poorest residents of the city received monthly cheques, which they could dispose of at their own discretion. Consequently: (1) adolescents from Mincome programme families were able to attend school longer than their peers from other Dauphin-like small towns; (2) the number of hospitalisation cases of city residents decreased by 8.5%, with the largest decrease in the number of accidents, injuries or mental illness; (3) the level of employment remained unchanged in the course of the experiment. The experiment in Manitoba ended, however, without any further action, since the governments that had a critical position on UBI came into office.

In 2017, the government of the Canadian province of Ontario announced a pilot project “Basic Income” with a potential participation of 4000 people. The programme started under the government of the Liberal Party of Ontario, but closed a year later, when the local authorities changed (the new government was headed by a progressive conservative). This administration acknowledged the programme to be not only expensive and unsustainable, but also a threat to the province’s budget. Nevertheless, the interviewees of the cancelled programme noted that during its operation they felt less stressed, had healthy food and warm clothes, realised personal needs, including postponed visits to the dentist, taking professional courses for further employment, etc. Generally, the three-year experiment was planned to find out if the project participants’ lives changed as a result of receiving a UBI.

The experience of UBI pilot projects in European countries is worth considering. According to the results of the first pan-European survey (April 2016) on UBI with 10,000 respondents from 28 EU countries (Jaspers 2016), 64% of respondents would potentially support the introduction of UBI. Only 4% of the respondents confirmed they would refuse to continue working after the introduction of the UBI payment. Fifty-eight per cent of the surveyed knew more or less about UBI; only 17% were completely unaware. The results of the survey highlighted considerable expectations related to the implementation of UBI, viz. reduction of anxiety due to financial problems, and more equality of opportunity. The greatest fear of the respondents was manifested in the assumptions that: (1) citizens of the countries where the UBI

institution will operate will lose motivation to work; (2) migrants will benefit massively from such social benefits, which will exacerbate the migration issue once again. In the case of national referendums on the introduction of UBI, the largest percentage of those who would support it was found in the countries of Southern Europe, where social problems are traditionally acute (e.g. 71% in Spain). Those in favour of implementing UBI explained their position by the expected ability of UBI to reduce anxiety about financing their basic needs.

Finland became the first EU country in which the state conducted an experiment with UBI. Discussion about the directions of transformation of the welfare state institution began in the 1980s, which was in a state of crisis then. Thereafter, Finnish political parties initiated various models of reforms. The UBI experiments were supported primarily by ecological and left-wing ideological parties. The experiment on UBI introduction in Finland lasted two years (until the end of 2018). The attitude of the authorities towards it changed from positive to critical and as a result the three-year programme was terminated ahead of schedule. Early completion of funding for the Finnish experiment shows that the prospects for such programmes are determined not so much by facts as by policy. After all, the government stopped the project even before the results were studied and conclusions were drawn about the effectiveness of the experiment.

Switzerland became the first and only country to hold a referendum on UBI (5 June 2016). It was initiated by the Swiss branch of the Basic Income Earth Network (BIEN). By the majority of votes (76.9% against and 23.1% for), the Swiss refused to introduce UBI; the electoral frequency was 46.9%, which is a relatively low figure and may indicate a lack of interest in the problem. Generally, in the perception of the most Swiss, UBI was understood as a factor that would undermine labour values. The Swiss federal government and federal parliament also adopted a critical turn toward the referendum issue. Opponents of UBI in Switzerland argued that the payments would require about 150 bln CHF a year, which would lead to higher taxes, first of all an increase in the VAT rate to 50%. The Swiss government also estimated that social security costs would roughly double in the event of introducing UBI. The abolition of traditional social benefits (pensions, unemployment benefits, etc.) in

case of UBI introduction was one of the reasons for the Swiss' prejudice. Even the Swiss populists opposed the application of UBI.

For many countries (especially highly developed) the value of labour is fixed mentally; people perceive themselves through their work. However, globalisation, digitalisation, etc. are radically changing the world and necessitate a revision of attitudes to work, the constant expansion of skills; yet the need for free time for self-development is growing. Today's active discussion of UBI issues in the world is a reaction to these trends.

## 5. Conclusions

UBI is the contemporary philosophy of social policy, which has its own vision of the social sphere of modern states in the context of economic globalisation, rapid technological advance, pandemics and other challenges. Supporters of UBI consider it as a potential tool for mitigating the global problem of rising inequality. However, the practical application of UBI requires a number of prerequisites, in the first instance - a high degree of collective agreement on concluding a kind of the latest social contract of UBI. In the absence of public solidarity on the feasibility of UBI, the attempt to implement such a project will be another socio-political utopia. Also, the practical application of UBI demands a radical transformation of the state social protection system, changes in the taxation system and labour relations, etc.

If in the countries where the institution of the welfare state had been long in operation, the cause of the growing interest in UBI was the search for mechanisms to bring this institution out of the crisis, while in the countries with weak socio-economic development this interest is conditioned by seeking ways to alleviate the most extreme forms of poverty, building the popular culture of income management. Presently, no state is implementing the concept of UBI on a larger scale than pilot projects, but attention to this is growing, and the obvious devastating socio-economic consequences of the Covid-19 pandemic have intensified this process.

The fact that the concept of UBI has so far been implemented only as pilot projects, can be explained by the following reasons: (1) fear of governments to impose an excessive burden on state budgets because of UBI payments; (2) lack of a stable

source of UBI funding; such a source may be an increase in taxes, but this action will lead to an increase in social discontent, which disagrees with the purpose of UBI; (3) lack of clear understanding of the eventual positive consequences of UBI application, especially in the long run; (4) fear of a probable decrease in motivation to work owing to reduced need for work activity, etc.

The concept of UBI has a number of caveats that should be carefully studied following on from the findings of long-term pilot projects: the financial component of implementation, the probability of tax increases, the risk of reduced incentives to work in UBI recipients, the likelihood of development of addiction syndrome and adaptation culture, etc. The question of whether UBI has the potential to alleviate poverty and social exclusion and stimulate lifelong learning remains open. Investigation is currently underway, the outcomes of which will bring the researchers closer to answering the question of what consequences of UBI application in countries with different levels of development may be, what resources that are needed to implement different scenarios should be, etc. The topic of UBI has given rise to various hypotheses, as long, however, as there is no sufficient empirical material and analyses, they can neither be confirmed nor denied.

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