Chapter 7
Experiments of Basic Income in Worlds of Welfare

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ABSTRACT

Experiments of 'basic income' in worlds of welfare suggest that different countries are prone to experience the same pressures and moreover, in ways that lead them to produce the same socio-economic outcomes, resulting in their convergence toward an alternative social policy tool outside of their own traditional welfare models to deal with such problems. The implication is that no single welfare model has proven adequate to the task of reducing or reversing negative outcomes to any significant extent thus far. This is the most probable reason why each type of welfare regime has designed and implemented a 'basic income' pilot in the post-2008 crisis period. However, experimental designs and results have so far diverged from each other in interesting ways, likely reflecting the interactions between different versions of 'basic income' and the different national environments in which they have been deployed.

INTRODUCTION

The late twentieth century was characterized by growing competition, liberalization and technological progress accompanied by persistent or increasing levels of un(der)employment and poverty in developed countries. Keynesian policies were officially replaced by more conservative fiscal measures based on monetarism or supply side economics. Deregulation, budget constraints and retrenchment dominated public and academic discourse over welfare reform. National strategies adopted in response to economic, fiscal and social pressures, however, differed widely and have continued to diverge since the crisis of 2008. This raises the issue of the implications of different welfare policies, both for the distribution of income and wealth, and for the living standards of some of the most vulnerable sections of the popula-

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tion, particularly the working poor and welfare poor (Hauser et al., 2000). This chapter examines various political reactions to poverty and un(der)employment in the post-2008 crisis period and their outcomes in countries that differ significantly in their welfare regime-type.

BACKGROUND

Comparative political economy often uses typologies to describe and explain the institutional similarities and differences between modern nation-states. The theory of welfare state regimes developed by Esping-Andersen (1990) was one of the first to shift attention to the "combined, interdependent way in which welfare is produced and allocated between state, market, and family" (Esping-Andersen, 1999, p. 34f). As a classification scheme, it allowed for the identification of dimensions of variation within welfare regimes, dimensions that were narrow and explicit enough to be operationalized in an assessment of four ideal welfare cases – the typical liberal, conservative-corporatist, social democratic and southern European welfare regime-types.

Similar to the typology of welfare states, the varieties of capitalism framework popularized by Hall and Soskice (2001) highlighted systematic differences in the structural characteristics of countries. However, unlike welfare regime theory, it used market and strategic coordination to classify countries into three ideal types of capitalism – the liberal market economy, the coordinated market economy and the Mediterranean economy. The varieties typology complements welfare-regime classification in that liberal market economies overlap with liberal welfare states, coordinated economies can be embedded within conservative-corporatist and social democratic welfare states and the Mediterranean economy complements the southern European welfare state (Schroder, 2013).

Esping-Andersen's typology of different welfare states bears strong resemblance to other theories that have been used to classify developed countries into different poverty or social assistance regimes (Leibfried, 1992; Eardley et al., 1996).

The critical factor in categorizing poverty regimes is the relationship between work and welfare as expressed in the social rights of citizens. Accordingly, Leibfried (1992) identified four ideal types of poverty regimes: Scandinavian, Bismarck, Anglo-Saxon and Latin Rim. They are all based on different policy paradigms – modern, institutional, residual and rudimentary. Within each poverty regime, welfare institutions serve different functions in combatting poverty and un(der)employment.

The Scandinavian welfare states (such as Finland) are characterized by universalism and the promotion of full employment, with the welfare regime serving as "the employer of first resort" (Leibfried, 1992, p. 140), especially for women. Labour market entries or non-exits are subsidized by and mediated through the welfare state. The right to work and participation in the labour market is the primary focus of the Scandinavian model (Kennett, 2001), with strong work incentives built into social assistance schemes. Bismarck poverty regimes (such as the Netherlands) rely on 'paying off' social problems by subsidizing exits or non-entries from the labour market through the substitution of a right to social security for a right to work. The right to social security is earned through past contributions. In contrast to the Scandinavian regimes, Bismarck welfare states are "not the employer but the compensator of first resort" (Leibfried, 1992, p. 140). In Anglo-Saxon welfare states (such as Canada and the United States), entry into the labour market is facilitated less by subsidization or training policy and more through coercion via very low level of benefits and negative sanctions (Leibfried, 1992). The Latin Rim or poverty regimes of

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