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Universal Basic Income

A new idea for the welfare state?

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Authors:

Paula Kukołowicz, Polish Economic Institute – *From the welfare state to basic income, Poles' opinions on Universal Basic Income*,

Ryszard Szarfenberg, Warsaw University – *Universal Basic Income in the eyes of a supporter*,

Rafał Trzeciakowski, Civil Development Forum – *Universal Basic Income in the eyes of a critic*.

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Substantive editing: Piotr Arak, Andrzej Kubisiak

Editing: Dariusz Sielski

Graphic design: Anna Olczak

Graphic collaboration: Liliana Gałązka, Tomasz Gałązka, Sebastian Grzybowski

Text and graphic composition: Sławomir Jarząbek

Polish Economic Institute

Al. Jerozolimskie 87

02-001 Warsaw, Poland

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Key numbers

87 per cent of Poles have never heard of Universal Basic Income

51 per cent of Poles aged between 18 and 64 years would support the introduction of Universal Basic Income in Poland, with:

- support for the introduction of basic income reduced to **30 per cent** if its financing should involve a significant tax rise,
- support for the introduction of basic income reduced to **28 per cent** if its financing should involve the elimination of certain social security benefits and services,
- support for the introduction of basic income reduced to **24 per cent** if its financing should involve an increase in Poland's debt

73 per cent of working Poles claim that they would continue economic activity in the case of receiving Universal Basic Income benefits

22 per cent of Poles claim that other people would continue economic activity in the case of receiving basic income benefits

PLN 376 billion

the annual cost of Poland's introducing Universal Basic Income in monthly amounts of PLN 1,200 per working-age person and PLN 600 for youth

PLN 343 billion

total expenditure on social security and social assistance in Poland in 2018, including:

- PLN 229 billion total spending on pensions
 - PLN 54 billion total spending on family and child benefits
-

Key findings

Universal Basic Income is also called Unconditional Basic Income, Basic Income Guarantee or citizen's income. It refers to a cash benefit that could be paid by the state to every citizen regardless of the citizen's economic activity, income or wealth. The payment of such a benefit would aim to satisfy basic human needs.

No country in the world has a Universal Basic Income in place. However, the solution has been increasingly discussed in the context of the challenges facing the current welfare state system. Those challenges include gaps in access to social security benefits in connection with the so-called flexible forms of employment, limited permanence of jobs due to changing demand for labour skills and the related need for re- or up-skilling in an individual's life span. The aim of basic income would be to respond to the above-mentioned challenges and possible gaps in the existing social security and social assistance scheme by ensuring the payment of the benefit concerned to everyone, with no need to prove compliance with any conditions.

Funding such a Universal Basic Income scheme would require the elimination of a significant part of the current social expenditure, a marked rise in personal and corporate income taxes or a considerable increase in debt. Assuming the UBI benefit amounts of PLN 1,200 for working-age persons and PLN 600 for children and youth, the annual implementation cost of such a scheme would be PLN 376 billion. For comparison, in 2018, the overall amount spent on the whole social security and social assistance scheme was PLN 343 billion, of which pensions represented PLN 229 billion and other forms of support and social assistance accounted for PLN 114 billion.

Half of Poles aged between 18 and 64 years (51 per cent) would support the introduction of Universal Basic Income in Poland. That level of support falls significantly if specific options of funding basic income should be taken into consideration. It would drop to 30 per cent if the financing of such a scheme should involve a significant tax rise, to 28 per cent – if funding should require the elimination of certain social services and social security benefits, and to 24 per cent – if financing should entail increasing Poland's debt.

Support for Universal Basic Income is greater among persons with prior knowledge on the solution. Among the 13 per cent of Poles who have heard of basic income and keep track of the discussion on the subject, support for the solution is 60 per cent. At the same time, for those who openly admit that they have never heard of basic income (57 per cent of those surveyed) and for individuals who claim having heard of it but without following the related discussion (30 per cent of those surveyed), the support level is 49–50 per cent.

Support for basic income is strongly related to individual risk exposure. The solution is the most frequently supported by persons aged between 18 and 25 years (60 per cent), individuals with educational attainment below secondary education (70 per cent) and those with no permanent income source – home-makers (75 per cent) or unemployed persons (74 per cent). Having a permanent livelihood reduces support for basic income. The introduction of such a solution would be supported by 48 per cent of persons employed and by 44 per cent of the retired population.

73 per cent of working Poles claim that they would continue paid work if they should

be entitled to basic income. However, a mere 22 per cent of all Poles express the same level of certainty as to other people's behaviour in a similar situation. It implies the existence of a significant discrepancy between one's own expected behaviour and the anticipated behaviour of others. It partly reflects low confidence in fellow citizens: their ambitions, diligence and responsibility for common well-being.

The arguments for basic income primarily refer to the presumption that such a benefit, applicable universally and unconditionally to everyone, would ensure social support for all deprived persons. Supporters of basic income also argue that such a solution would encourage economically inactive people to take up employment, due to lifting all benefit-related

conditions. In addition, it is pointed out that such a solution would stimulate individuals' innovation and encourage risk-taking, thus fostering entrepreneurship.

The arguments against basic income mainly concern the impossibility of financing such a solution. It is indicated that the provision of a universal benefit at an adequately high level would drive up taxation considerably, thus slowing down economic development. Another argument is that such a benefit would reduce economic activity in the population as individuals might decide against continuing gainful employment. It is also pointed out that it would be impossible to ensure a universal benefit in an amount sufficient for those with special needs, e.g. persons with disabilities.



Introduction

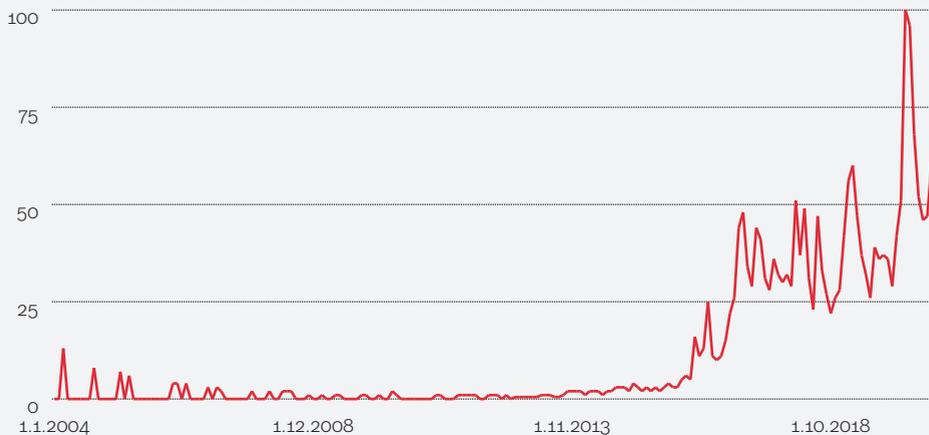
What is Universal Basic Income?

Universal Basic Income (also called: UBI, Unconditional Basic Income, Basic Income Guarantee or Citizen's Income) is a social policy solution. In a nutshell, the concept of basic income consists in the payment of a fixed monthly cash benefit by the state to every citizen. The entitlement to receive such a benefit would be independent of compliance with any conditions regarding economic activity or inactivity, or of incomes from other sources (Gentilini et al., 2020).

The idea to guarantee every citizen a fixed-amount benefit, uniform across the population,

elicits much controversy. For some people, guaranteed income would embody the fundamental principle of justice according to which the earth's resources are common goods and all accomplishments of humankind result from collective efforts by and accumulated knowledge and experiences of many generations. For others – on the contrary, such a notion would contradict the basic rules of justice and social foundations for development according to which individuals should be rewarded in proportion to their work involvement and efforts.

↘ **Chart 1.** Interest in the search term 'Universal Basic Income' in Google Search



Source: prepared by the PEI based on Google Trends data (2020).

What adds difficulty to adopting a clear stance on basic income is that the solution has advocates among those with fundamentally different ideas for the economy – both extreme socialists and extreme liberals (Gentilini et al., 2020). Individuals with socialist views believe that such a benefit would be an efficient response to the issue of material deprivation and poverty. At the same time, liberals argue that such cash transfers – if they should replace all the existing social assistance schemes – would be cost-effective and prevent an uncontrolled increase in social spending.

Recent years' rise in interest in basic income, especially interest from differentiated intellectual and ideological circles, is no coincidence. It primarily results from challenges facing the present social policy in today's socio-economic reality. Those challenges include diminishing social security provided by gainful

employment in European countries. Non-standard forms of employment entail not only lower earnings but also reduced security, e.g. in the case of incapacity for paid work. The manifestations of the inefficiency of the existing social security schemes are reflected in attempts to provide a top-down guarantee of a uniform level of social security across the European Union by implementing the so-called European Pillar of Social Rights.

The above-mentioned challenges also include shrinking possibilities of financing social policies of governments in the context of ageing European populations. Tax revenues foregone due to the functioning of tax havens and international financial centres as well as the anticipated low level of the economic development of European economies reduce funding options for extensive social policy.

Structure of the report

This report is composed of four parts. Part I discusses issues related to the origins of the welfare state in the 19th century and the underlying sources of its crisis. That section provides the context necessary to understand the challenges faced by present-day societies in designing their social policies. Part II of the report presents Poles' opinions on basic income and outlines determinants of those opinions. The last two parts describe positions of experts who argue for or against a basic income scheme. Specifically, their opinions show conditions on

which a guaranteed income scheme could be implemented in Poland and how it might influence Poland's current development-related challenges. Professor Ryszard Szarfenberg from the University of Warsaw presents his stance with a focus on those components of a basic income scheme which could support the introduction of the solution concerned in Poland, whereas Rafał Trzeciakowski, an economist of the Civil Development Forum, points to the limitations and drawbacks thereof.

Part I. From the welfare state to basic income

The welfare state as a risk management system

The welfare state can be described as a risk management system. It provides subsistence funds in situations where – for various reasons – individuals are unable to earn them. The European welfare states date back to the second half of the 19th century when they were being formed in an attempt to respond to the challenges of the Industrial Revolution. In

the pre-industrial era, risk was largely managed within broadly defined families and based on intergenerational solidarity. An individual's survival in old age as well as in the case of sickness or accidents was guaranteed by a large group of working family members. One's family, especially numerous descendants, served as a kind of life and old-age insurance policy.

The welfare state – its basic function is considered to be taking care of its citizens' economic well-being. Specifically, the government finances free-of-charge and universal access to health care and education. Another area of welfare state activity is the social security and social assistance scheme. In that case, the government's involvement is solely limited to persons unable to meet their own basic subsistence needs, e.g. the poor, those at risk of poverty and individuals incapable of working (such as pensioners).

Due to the Industrial Revolution, having caused a rapid urbanisation of European societies, the family-based risk management mechanism ceased to function properly. In European countries, a major share of rural populations moved to urban areas which offered jobs in the growing sectors of industrial production, mining, the iron and steel industry, metallurgy and construction¹. On the one hand, the outflow of rural dwellers to cities represented an

effective escape from poverty and deprivation; on the other hand, job migration involved the severing of migrating workers' family ties – the main guarantee of social security at that time. The foundations of social security schemes created in the second half of the 19th century aimed to respond to that situation by providing workers with protection against risks related to an individual's natural life cycle or resulting from the occurrence of accidents.

¹ In 1800–1910, the population living in cities of over 5,000 inhabitants went up from 19.2 per cent to 69.2 per cent in England, from 8.9 per cent to 48.8 per cent in Germany, from 12.2 per cent to 38.5 per cent in France (Bairoch, Goertz, 1985). The share of urban dwellers in Polish regions in the late 18th century was estimated at 14 to 17 per cent of the total population and the respective proportion for 1921 was 30 per cent (Chwalba, 2005).

The first country to cover industrial workers with a system for the insurance of accidents at work was united Germany (1871). As early as the 19th century, similar solutions were introduced by France, Italy, Ireland, the United Kingdom, Denmark, Norway, Finland, Austria and Switzerland. In subsequent years, social security cover included additional areas such as sickness insurance, old-age insurance, unemployment benefits and family allowances (Pierson, 2006).

By the first years after World War II, most European countries had introduced extensive social security packages. In the early 1930s,

approx. half of the total number of workers in Western European countries enjoyed protection against accidents, sickness and old age; in the mid-1970s, those covered represented 90 per cent (Pierson, 2006). It involved a significant rise in the share of social spending in state budgets. In the 1950s, such expenditure increased at an annual average rate of 0.9 per cent; between 1970 and 1974, the respective growth rate was already 3.4 per cent. For the seven largest OECD economies, the total expenditure accounted for an average of 12.3 per cent of GDP in 1960 and nearly 22 per cent of GDP in 1975 (Pierson, 2006).

↘ **Table 1.** Social expenditure in selected OECD countries in 1960 and 1975 as a percentage of GDP

Country	1960	1975
Canada	11.2	20.1
France	14.4	26.3
West Germany	17.1	27.8
Italy	13.7	20.6
Japan	7.6	13.7
United Kingdom	12.4	19.6
United States	9.9	18.7
Weighted average	12.3	21.9

Source: prepared by the PEI based on: Pierson (2006).

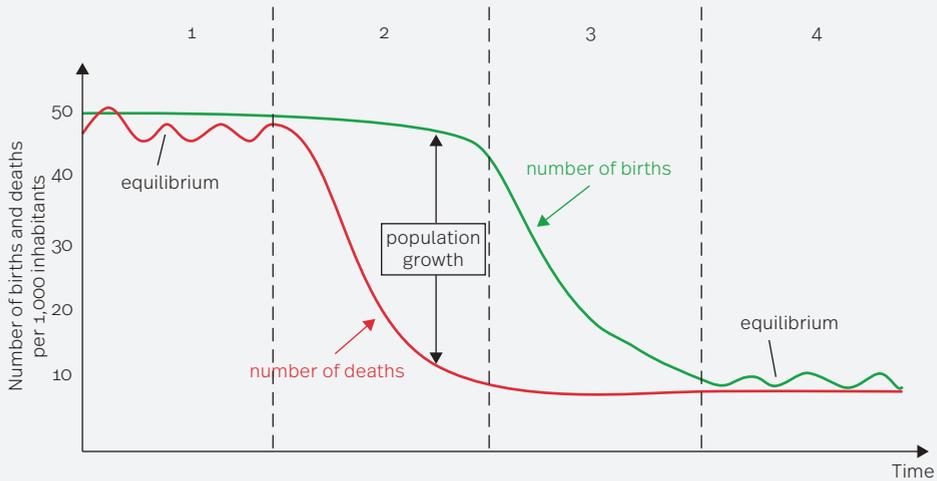
Expansion of the welfare state

A significant rise in social spending after World War II was largely made possible by the occurrence of a unique phenomenon, the so-called demographic window. The development consists in a considerable increase in the share of the working-age population

without demographic dependency. The occurrence of a demographic window was possible due to an almost simultaneous fall in death and birth rates (Infographic 1). The two processes not only pushed up the share of the working-age population in society, but there was also

a significant decline in youth dependency – as a result of a fall in fertility – and in old-age dependency – due to longer life spans (Bloom et al., 2009).

➤ **Infographic 1. A demographic window developing as a result of falling death and birth rates – illustration**



Source: prepared by the PEI.

As estimated by the United Nations, the European advanced economies entered the demographic window phase in the 1950s and it lasted for 30 to 40 years. It means that those countries enjoyed above-average labour supply until the 1980s or even the 1990s (UN, 2004). High labour supply combined with rapid technological progress underlaid the robust post-war economic growth, referred to as the demographic dividend

(Gordon, 2012). Although it is difficult to estimate the scale of economic benefits derived by the European countries from the occurrence of the demographic window, economic growth estimations for the so-called Asian Tigers (Bloom, Williamson, 1998) show that in 1965–1990 a dynamic rise in their working-age populations contributed 1.4 to 1.9 pps to their annual GDP *per capita* growth rates.

The welfare state crisis?

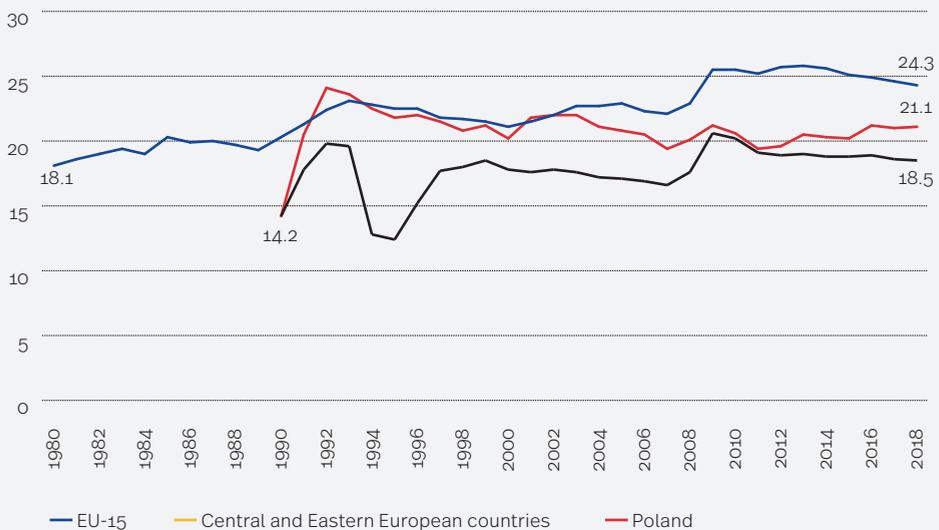
One reason for the welfare state crisis observed since the turn of the 1970s and the 1980s was the reversal of the previous demographic dividend. In that process, the

'baby-boom' cohorts which had boosted economic growth in the post-war period started to become economically inactive as net beneficiaries of the social security scheme.

That circumstance created particularly strong spending pressure on the social security scheme, as reflected in developments such as social expenditure rising since the 1980s. Whereas it represented an average of 14 per cent of GDP in 1980, it accounted for as much as 20 per cent in

2018. Poland experienced a considerable increase in social spending in the first years of transition. Whereas such expenditure constituted 14 per cent of Poland's GDP in 1990, it jumped to 20.6 per cent after one year; in 2018, it accounted for 21.1 per cent of the value of the Polish economy.

▼ **Chart 2. Social expenditure in European OECD countries in 1980–2018**
(in per cent of GDP)

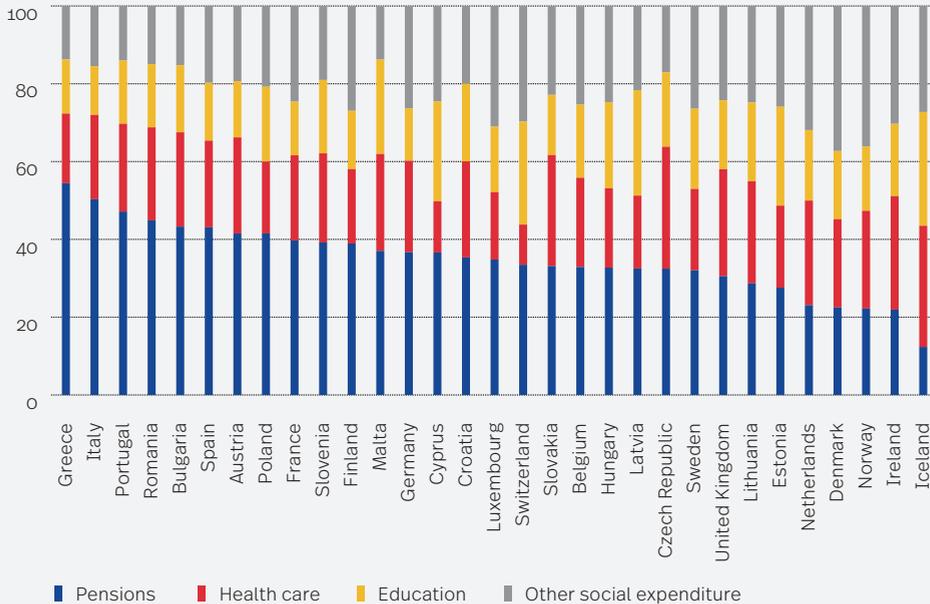


Source: prepared by the PEI based on OECD data (2020).

The reversal of the demographic dividend also means that at present a major share of countries' social budgets must be used for financing the payment of old-age pensions. In 2018, in individual European Union Member States pensions represented from 22 per cent (Ireland, Denmark,

the Netherlands) to 54 per cent (Greece, Italy, Portugal) of total social expenditure. In Poland, such appropriations account for 41.5 per cent of total social spending. It means that a significant share of the overall social budgets of countries are assigned to commitments made in the past.

▼ **Chart 3. Structure of social expenditure in selected countries in per cent of social expenditure in 2018**



Source: prepared by the PEI based on Eurostat data (2020).

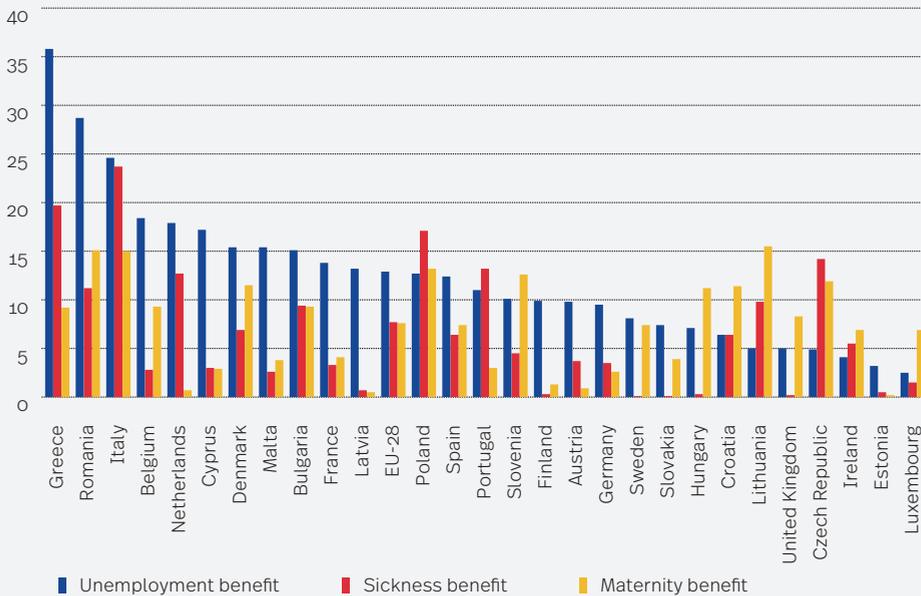
New challenges facing the social policy

One fundamental challenge facing the social policy is the actual non-entitlement of many workers to social security benefits. In 2014, in the European Union Member States, an average of 13 per cent of those in

employment aged from 15 to 64 years were at risk of not being entitled to receive basic social security benefits, i.e. unemployment benefits, sickness benefits and maternity benefits (Matsaganis et al., 2015)².

² Those estimations are based on the EU Labour Force Survey data concerning the frequency of various forms of employment and the rules of granting specific benefits applicable in the European countries.

▼ **Chart 4.** Share of persons at risk of not being entitled to social security benefits among those in employment aged 15–64 in the European Union Member States in 2014



Source: prepared by the PEI based on: Matsaganis et al. (2015).

As demonstrated by more in-depth analyses, access to social security benefits largely depends on the legal form of employment. It is more limited for persons in non-standard employment than for those with standard employment contracts³. Formally, non-standard forms of employment do not exclude workers from the social security scheme. However, due to specific conditions for being entitled to particular benefits, their accessibility is reduced for non-standard

workers. It results from the fact that the rules for gaining entitlement to a benefit usually include requirements such as a minimum period of uninterrupted employment, a minimum number of hours worked or having earnings above a certain level before claiming the benefit concerned (Matsaganis et al., 2015). But non-standard forms of employment tend to involve shorter periods of uninterrupted employment, reduced working time and lower pay (European Commission, 2018a).

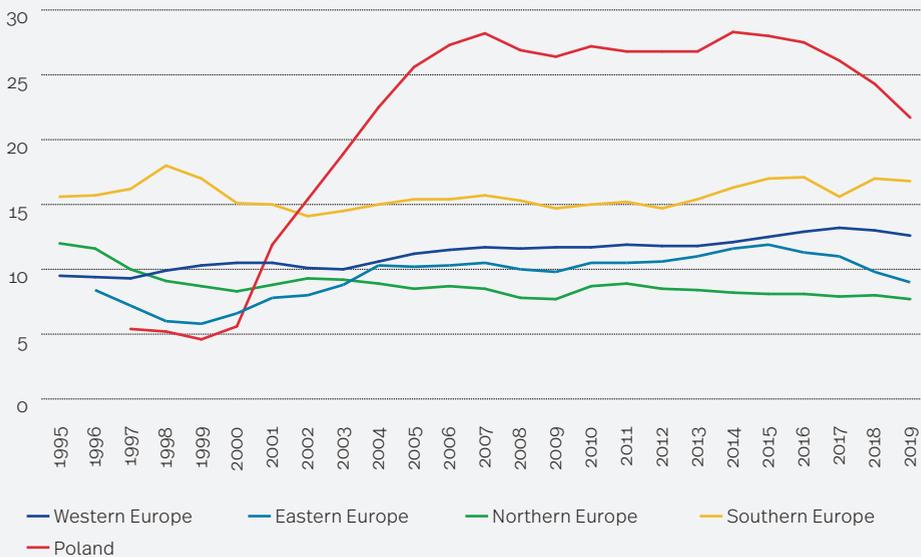
³ Such non-standard forms of employment include self-employment, part-time work and fixed-term contracts. Those broad categories encompass various hybrid forms, e.g. crowdworking, work with no guaranteed minimum hours, voucher-based work. What such forms have in common is the lack of prospects for permanent employment, usually limited working hours and low wages (ILO, 2016).

As regards Poland, the actual non-entitlement to social security benefits is a major challenge.

According to estimations for Poland by Matsaganis et al. (2015), in 2014, due to the legal form of employment, 17.1 per cent of workers might have had limited access to sickness benefits, 12.7 per cent – to unemployment benefits, whereas 13.2 per cent of women – to maternity benefits. Another issue particularly affecting Poland is the payment of social security and health insurance contributions calculated on the basis of amounts lower than actual earnings. Such reduced contributions

limit the workers' access to social security or decrease the benefit amounts they are entitled to. As estimated by Iwanowski et al. (2020), such circumstances, occurring in combinations of various forms of employment and multiple social insurance, concern ca. one million workers. Both phenomena are related to the use of non-standard employment, rather frequent in Poland. In 2019, the share of persons working in Poland in non-standard employment arrangements was 21.7 per cent, significantly above the European Economic Area average (11.4 per cent).

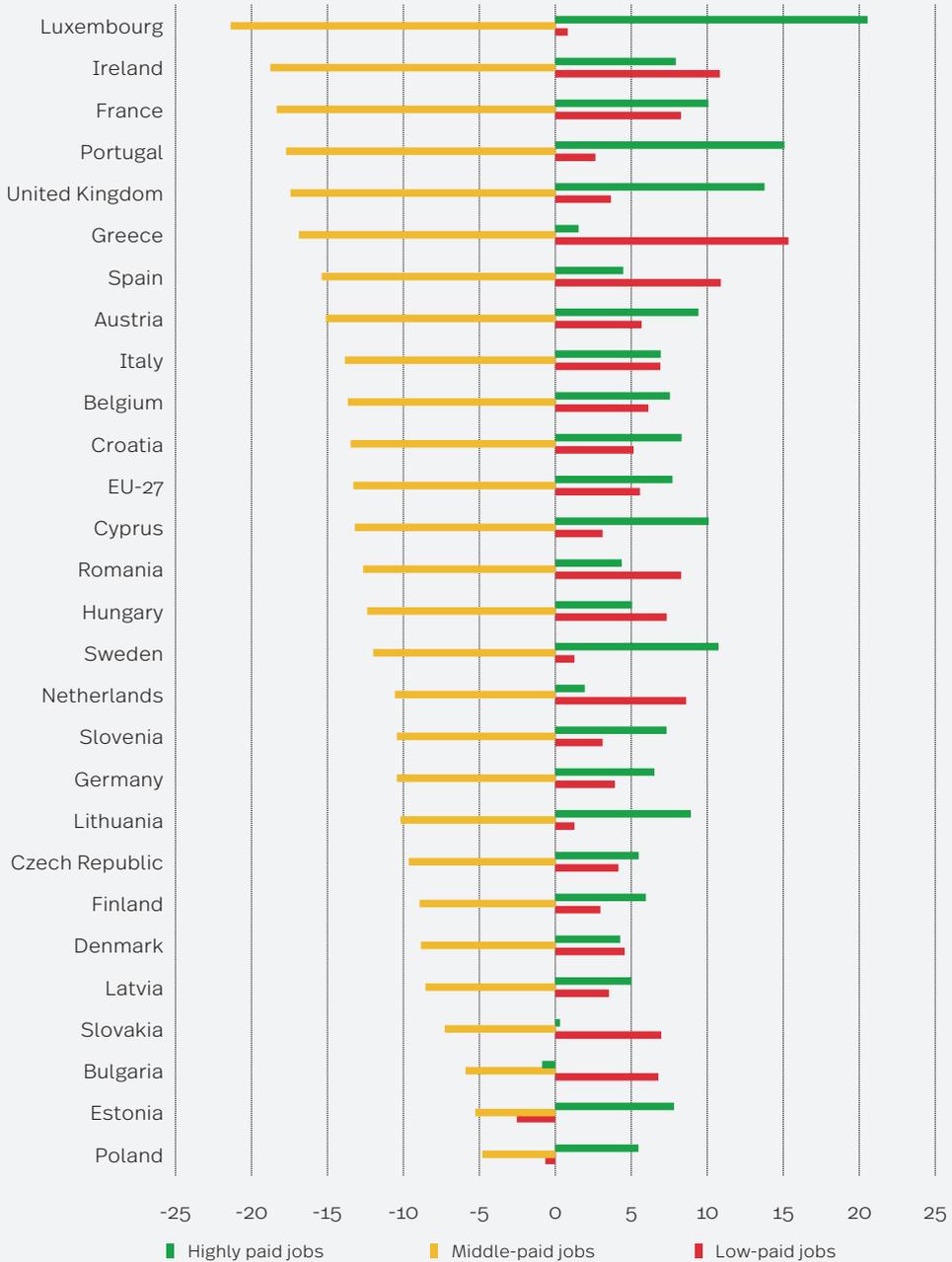
↘ **Chart 5. Persons in non-standard employment as a percentage of total employment**



Note: the data also include self-employed persons.

Source: prepared by the PEI based on Eurostat data (2020).

▼ **Chart 6. Change in the share of jobs by earnings level in 2002–2016**
(in percentage points)



Source: prepared by the PEI based on the European Commission data (2018a).

At the same time, the ongoing technological changes and the rising take-up of new technologies reduce employment certainty in an individual's life span.

As indicated by most research results, the increasing use of robotisation and automation does not reduce the total number of available jobs (Klenert, Fernández-Macías, Antón, 2020). But the take-up of new technologies has been changing the demand for labour skills, driving up the share of occupations involving professional and digital competences and pushing down the proportion of medium-skill jobs (World Economic Forum, 2020). In 2002–2016, the 27 EU Member States experienced a 5.6-pp increase in the share of low-paid jobs, a 7.7-pp rise in that of highly paid jobs, with a simultaneous 13.3-pp fall in the respective proportion of middle-paid jobs (cf. Chart 6). The fact that those changes occurred over such a short period means that the up- and reskilling of labour force will be observed in an individual's life span rather than between generations. Firstly, it implies reduced continuity of employment during the lifetime of an individual; secondly, workers will need to continuously upgrade their professional skills. However, as indicated by all the available knowledge, cognitive abilities decline with age, as a result of which older people, whose share in the population is bound to rise, may find it harder to adapt to new labour market requirements and conditions (OECD, 2017).

Technological changes and the increasing take-up of new technologies also pose a challenge to efficient use of human resources in the labour market.

It is reflected in a low share of adult participants in training and upskilling programmes, at 11.1 per cent of persons aged 25–64 in 2019. Specifically, an important fact is that lifelong learning programmes are attended by individuals already having significant knowledge and skills rather than by less educated people. It means that those most at risk of losing their jobs due to the increasing take-up

of new technologies make limited efforts to guarantee access to secure and better paid employment. That circumstance is particularly challenging to the European countries' labour markets. It may be difficult for those institutions to design efficient labour support instruments in conditions of rapidly changing job market needs. The challenge has been intensifying in the context of ever longer working lives. Making efficient use in the labour market of growing numbers of older persons may prove difficult since routine manual jobs are those in decline in terms of share and availability as technology advances (World Economic Forum, 2020).

In a longer term, the fundamental social policy challenge remains the ageing of European populations.

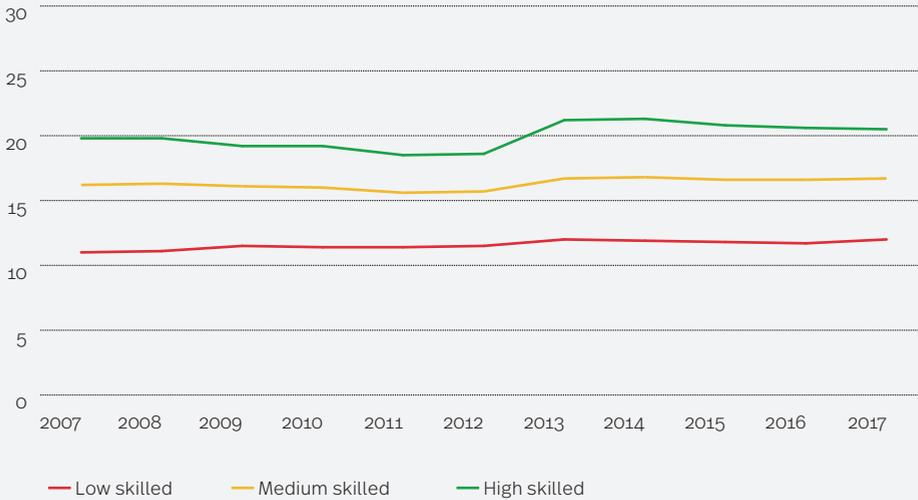
According to the European Commission projections (2020), by 2050 the working-age population (20–64) in the European Union Member States (EU-27) will have shrunk by 14 per cent. At the same time, the old-age dependency ratio will have increased from 34.4 to 56.9, which means that there will be nearly sixty persons aged 65 or over per one hundred persons aged between 20 and 64 years. Those changes will be particularly evident in Poland as its working-age population will drop by 22.9 per cent, whereas the demographic dependency ratio will rise from the current level of 29.0 to 57.0. According to the European Commission's 2018 estimations, by 2050 total expenditure related to elderly people as a share of GDP will have increased by 1.9 pps (European Commission, 2018b).

The ongoing population ageing will result in difficulties related to ensuring adequate living standards to the elderly. The old-age pension schemes developed in the 19th and 20th centuries were based on high amounts of total contributions obtained due to a major share of working-age persons in society. On account of the ageing European populations, the provision of adequate old-age pensions will be challenging

to many countries. As projected by the European Commission (2018b), the first pension benefit relative to the last wage before retirement will

be on average 24 per cent in Poland in 2050. It means a significant fall from a share of 61.4 per cent observed in 2016.

▼ **Chart 7. Participants in lifelong learning programmes by educational attainment level in 2007–2017**



Source: prepared by the PEI based on the European Commission data (2018a).

Those new social policy challenges are accompanied by declining financing capabilities based on standard state revenue sources.

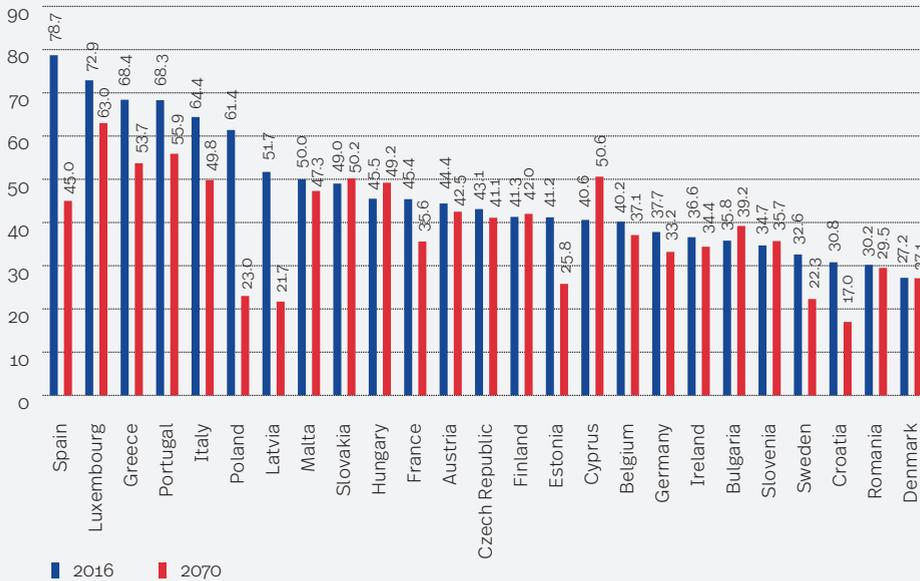
Since the 1980s, European countries have been losing an increasing share of tax revenues as a result of artificial profit shifting between tax jurisdictions by transnational corporations, individuals' transferring capital to international financial centres⁴ and VAT fraud (Genschel, 2002). According to estimations, the European Union

Member States' tax revenues foregone totalled EUR 170 billion in 2017 (European Commission, 2019; Sawulski, 2020). The amount of tax receipts lost by Poland in 2016 was estimated at PLN 71 billion, of which the CIT gap was PLN 30.6 billion (Sawulski, Bąkowska, Gniazdowski, 2020), lost taxes on the capital income and wealth of individuals were PLN 5.9 billion (CASE, ECOPA, 2019)⁵, whereas the VAT gap was PLN 34.9 billion (Sarnowski, Selera, 2018).

⁴ The amount includes foregone tax revenue due to unpaid capital gains tax, wealth or inheritance tax and income tax, cf. European Commission (2019).

⁵ Estimation based on the European Commission data (2019), at the annual average EUR/PLN exchange rate published by the NBP (4.3757).

▼ **Chart 8.** Replacement rate (the first pension benefit relative to the last wage before retirement) in the European Union Member States (in per cent)



Source: prepared by the PEI based on the European Commission data (2018b).

Structure of social expenditure in Poland

The basic function of the welfare state is supporting its citizens' economic well-being. Countries vary widely in government involvement in various social policy areas. A significant share of such spending is allocated to the maintenance of universal and free-of-charge education and health care systems. The government's direct involvement in the two areas aims to ensure equal opportunities to citizens so that individuals' financial resources have as limited influence as possible on their health and skills. In 2018, the maintenance of the education system cost PLN 106 billion, whereas appropriations for the health care system totalled PLN 102 billion (Eurostat, 2020a).

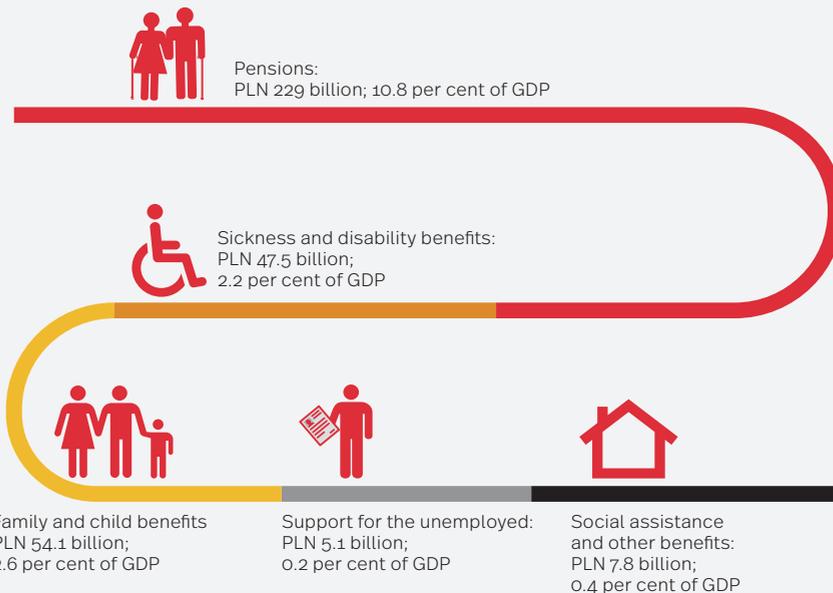
Social security benefits represent another fundamental category of social expenditure. Those comprise benefits paid in connection with the occurrence of social risks (sickness, disability, losing one's job or capacity for work due to ageing), social assistance to persons incapable of meeting their own needs independently as well as child and family benefits (including the universal child benefit – 500+). In 2018, the above-mentioned items of expenditure under Poland's social security and assistance scheme totalled PLN 343 billion, of which pensions represented PLN 229 billion (Eurostat, 2020b). The remaining amount of PLN 148 billion was spent on child and family benefits (PLN 54 billion), sickness and

disability benefits (PLN 47.5 billion), support for the unemployed, i.e. both unemployment benefits and labour market activation instruments (PLN 5 billion) (Eurostat, 2020b)⁶.

» **Infographic 2. Structure of social expenditure in Poland in 2018**



Social security scheme



Source: prepared by the PEI based on Eurostat data (2020a; 2020b).

⁶ The data presented are derived from the Eurostat Classification of the Functions of Government (COFOG) and may insignificantly differ from data reported by the Polish institutions.

Universal Basic Income: a cure for the crisis?

Universal Basic Income is presented as a solution which might efficiently respond to the challenges facing countries' social policies. Supporters of the idea of basic income argue that such a solution would efficiently reduce the poverty rate and economic inequalities. The efficiency of guaranteed income in that regard would result from its universality and unconditionality, ensuring access to the benefit to all the deprived (Van Parijs, Vanderborght, 2017). It is also argued that basic income would encourage recipients of social security or social assistance benefits to take up gainful employment. The effect would be created by the lifting of conditions for combining economic activity with receiving the benefit (Hirsch, 2015). According to others, basic income would also stimulate individuals' innovation and entrepreneurship. It would result from the fact that an individual's entitlement to the benefit would serve as a safety cushion and simultaneously encourage risk assumption (Gentilini et al., 2020). Presumably, by freeing individuals from fear of deprivation, guaranteed income would also support their creativity. The last argument for guaranteed income is most frequently raised by those with liberal views. It refers to the belief concerning countries' high social spending and maintenance costs of institutions administrating the expenditure. The argument points out that the provision to every citizen of minimum security in the form of basic income combined with the cancellation of other social programmes and the related administration would be cost-effective.

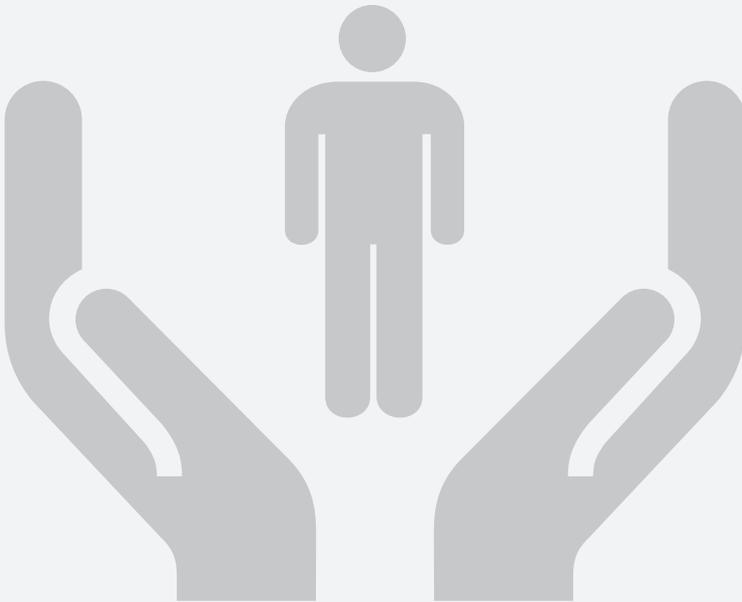
Arguments against basic income refer to the impossibility of implementing such a solution. First and foremost, opponents indicate that it is not possible to finance such a benefit in an amount adequate to reduce the scale of poverty or inequalities (Ortiz, Behrendt,

Acuña-Ulate, 2018). If such a benefit should be designed in a manner ensuring its funding in a longer term, it would not lead to the achievement of assumed social objectives (Hirsch, 2015). Opponents of the solution also claim that basic income would result in economic deactivation of some of those employed (Bergman, 2004). Another argument is that the minimum amount of such a basic income benefit would be inadequate to the needs of certain categories of individuals in need, e.g. persons with disabilities (Christensen, 2009). According to the general assumption, the basic income benefit would only allow to meet an individual's basic subsistence needs, being lower than benefits paid to persons with disabilities under the current scheme. Other needs should be satisfied as a result of gainful employment, which could not be effective for those incapable of working. Lastly, basic income is criticised in the version where its introduction would involve the liquidation of the present social programmes and of the related administration system. According to critics of the implementation of a basic income scheme in such a version, reducing government support for workers and various deprived groups to the payment of a universal and unconditional benefit would imply less effective protection of persons employed and the privatisation of key social services such as education and health care.

The list of potential gains from the introduction of guaranteed income may be almost unlimited. The same holds true for a list of its drawbacks. Moreover, it is difficult to determine which of the expected effects would actually materialise as there are differentiated specific proposals for the implementation of a basic income scheme. Those proposals vary in the suggested benefit amount relative to the relevant national poverty line and in universality, differentiating

access to the benefit depending on nationality or age (children's benefits in lower or full amounts). Therefore, such a solution should be considered in the context of the degree to which it responds

to the present development challenges, possible recognition as an efficient social policy tool and feasibility rather than in the context of its advantages and disadvantages.



Part II. Poles' opinions on Universal Basic Income

The data and analyses presented in this section of the report rely on the findings from a survey carried out for the Polish Economic Institute (2020) in October 2020. The survey was conducted on a sample of 1,200 persons aged between 18 and 64 years using the CAWI methodology. The objective was to gain knowledge on Poles' opinions on Universal Basic Income and to identify determinants of those opinions.

In the survey, we enquired about Poles' support for the idea of introducing Universal Basic Income in Poland. In the first step, the respondents were given brief information on the

general characteristics of such a solution – its functioning and purpose. Next, half of the respondents, selected randomly, answered the question about support for such a solution if the benefit amount should be PLN 1,200, corresponding to the 2019 minimum subsistence figure (IPiSS, 2020). The other half of the respondents expressed their opinions on such a benefit in the amount of PLN 800, corresponding to the relative poverty line (GUS, 2020). The threshold is determined at 50 per cent of the mean monthly expenditure per statistical household member. The questions regarding support for guaranteed income are presented in Appendix 1.

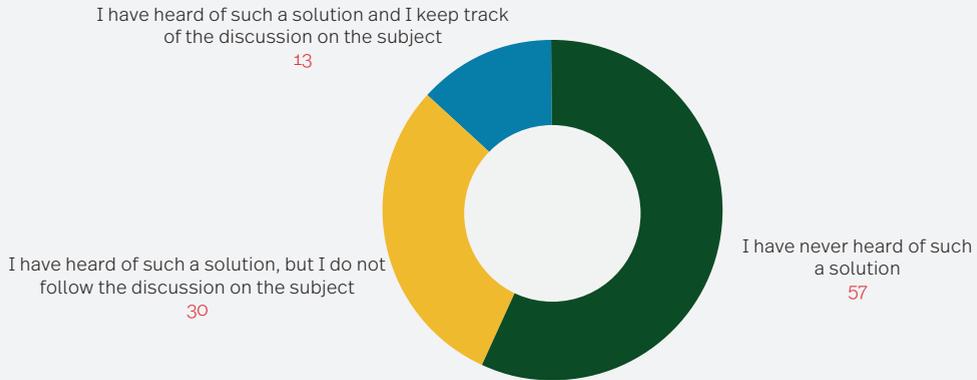
Support for basic income

Support for basic income is declared by 51 per cent of Poles. But the level of support is much higher among persons who have heard of basic income before (62 per cent) than among those who have never heard of such a solution.

What is Poles' support for introducing Universal Basic Income in Poland? It is difficult to give an unambiguous answer to the question as most Poles have never heard of such a solution. It is corroborated by the data gathered in the PEI survey (2020). 57 per cent of Poles expressly admit that they have never heard of such a solution, 30 per cent claim that they have heard of Universal Basic Income, but do not keep track of the discussion on the subject, whereas 13 per cent

declare that they have heard of the solution and follow the related discussion. Presumably, prior knowledge on guaranteed income will determine support for the solution. Therefore, before answering the question about the level of Poles' support for guaranteed income, a distinction must be drawn between views of persons who had heard of such a solution before the survey and opinions of those who found out about the idea of Universal Basic Income during the survey.

▼ Chart 9. Knowledge on the idea of Universal Basic Income (in per cent)



Source: prepared by the PEI based on the survey results.

Taking into account all the respondents – both those who have heard of guaranteed income and those who have never heard of it – support for such a solution is declared by 51 per cent of Poles, 24 per cent of whom are firm supporters of such a solution. The level is similar to the result obtained in the 2016 European Social Survey (2016) where support for the general idea of guaranteed income was 54.8 per cent.

As expected, support for basic income varies widely depending on prior knowledge on such a solution. It is much higher among those who have heard of guaranteed income and keep track of the related discussion (62 per cent) than in the case of other persons. The same level of support (49 per cent) for guaranteed income was found for those who claimed to have heard of guaranteed income but without keeping track of the discussion and by

persons openly declaring that they had not heard of such a solution. Based on that result, it may be presumed that all those individuals – regardless of their declarations – had never heard of basic income before the survey. It means that **13 per cent of Poles aged between 18 and 64 years are likely to have any knowledge on basic income**, whereas the remaining 87 per cent have no knowledge on the subject.

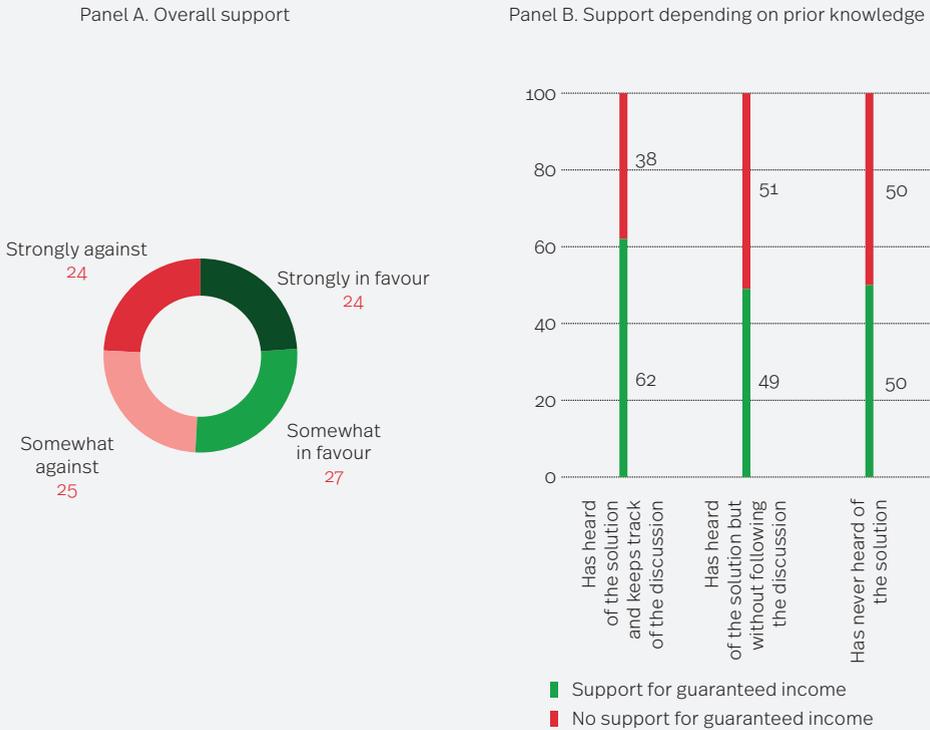
The benefit amount itself has no major effect on Poles' attitudes to the solution concerned. In general, Poles are slightly more inclined to support Poland's introducing guaranteed income in the lower of the two benefit amounts (PLN 800). The introduction of such a solution would then be supported by 53 per cent of the population. If the benefit amount should be PLN 1,200, the solution would be supported by 49 per cent of Poles⁷.

⁷ The two proposed amounts of benefits - i.e. PLN 800 and PLN 1,200 can be expressed as, respectively, EUR 176 and EUR 264, with the exchange rate equal to EUR 1 = PLN 4.55.

The former amount refers to the relative poverty threshold constituting 50 per cent of the average value of Polish households' per capita spending.

The latter refers to the minimum subsistence threshold, that is the amount of per capita expenditure that allows the reproduction of one's life force, having and raising children as well as maintaining social bonds

▼ **Chart 10. Support for Universal Basic Income (in per cent)**

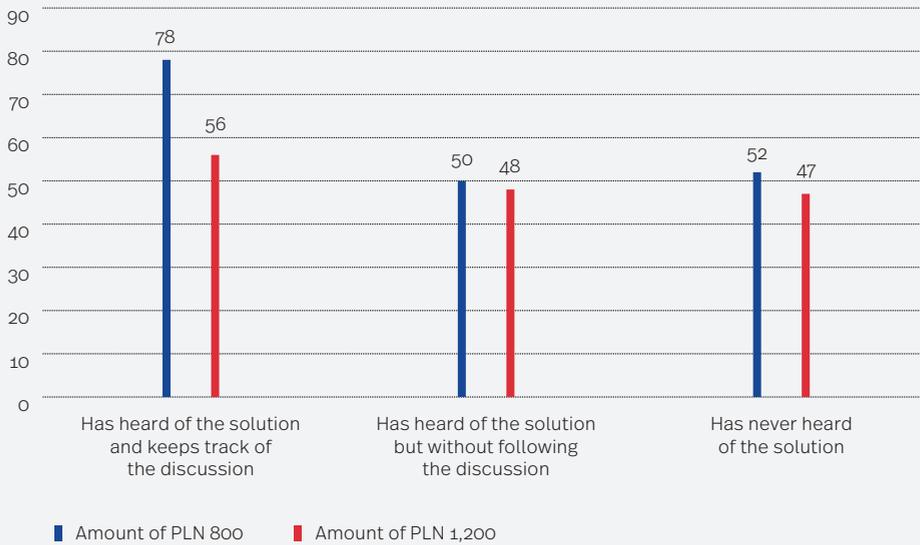


Source: prepared by the PEI.

Gaps in support for guaranteed income widen where both the proposed benefit amount and prior knowledge on such a solution are taken into consideration. Such a basic income scheme would gain the most support (78 per cent) among those having prior knowledge on such a solution, but only where the benefit

amount should be set at the relative poverty threshold. Increasing the benefit amount would reduce support to 56 per cent. The finding is interesting in the context of opinions expressed by experts (cf. Parts III and IV of the report) who point out that an adequate benefit amount in Poland's conditions would be PLN 1,200.

▼ **Chart 11.** Support for guaranteed income depending on the potential benefit amount and prior knowledge on the solution (in per cent)



Source: prepared by the PEI.

The financing of basic income

The inclusion of specific forms of financing basic income significantly reduces support for such a solution. A guaranteed income scheme funded by raising taxes would gain support from 31 per cent of the respondents, by eliminating other social policy tools – from 28 per cent of Poles and by increasing debt – from 24 per cent.

A vital aspect of the debate related to the introduction of basic income is the financing method. As demonstrated by the majority of available research results, the efficiency of guaranteed income in ensuring social security would depend on the benefit amount (Ortiz, Behrendt, Acuña-Ulate, 2018). In Polish conditions, the amount most frequently indicated

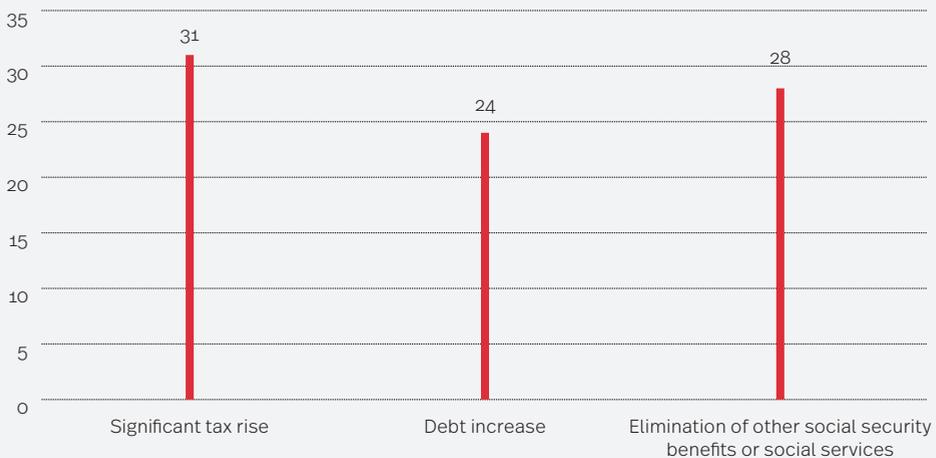
in this context as the most appropriate from the point of view of achieving the underlying objective is the minimum subsistence figure (PLN 1,200). Such a benefit amount – available to all – would involve substantial funds, to be raised through increasing taxes, eliminating some of the existing social policy programmes or increasing debt. The inclusion of each of the

three options of financing such a basic income scheme considerably affects the level of Poles' support for such a solution.

The funding of guaranteed income by significantly increasing corporate and personal income taxes reduces the share of supporters to 31 per cent, i.e. by 20 pps. If basic income

should be financed through the cancellation of other support programmes for the poor and deprived or of certain gratuitous services (e.g. health care, education), support would drop to 28 per cent, i.e. down by 23 pps; the funding of such a scheme by increasing debt pushes support down to 24 per cent (-27 pps).

▼ **Chart 12. Support for guaranteed income depending on the financing method (in per cent)**



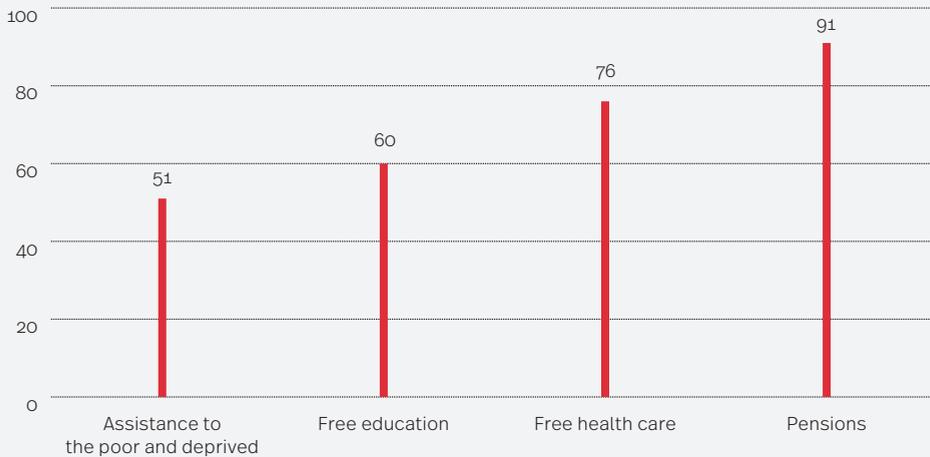
Source: prepared by the PEI.

The respondents were requested to indicate a maximum of two areas of the current social policy which might be eliminated if the state should introduce a universal benefit in the form of guaranteed income. As the relevant question required the indication of at least one such area among the four options listed, the answers given must not be interpreted as support for cancelling those programmes. Taking that fact into account, the results obtained are interpreted negatively as a ranking of social policy areas where direct involvement of the state is seen as necessary.

In line with such an interpretation, a vast majority of Poles (91 per cent) believe that

guaranteed income could not be financed at the expense of eliminating the pension scheme. At the same time, three-fourths of Poles think that the state's direct involvement is necessary in the provision of universal and free (i.e. funded from contributions) health care. The area most frequently indicated as dispensable in the case of introducing universal guaranteed income was assistance to the poor and deprived. 49 per cent of indications concerned possible elimination of that area of state involvement, whereas 51 per cent of indications concerned the lack of such an option.

▼ **Chart 13.** Social policy areas where government involvement is considered necessary (per cent of indications regarding the lack of support for eliminating the social policy area concerned)



Source: prepared by the PEI.

Who supports basic income?

Support for basic income is strongly related to individual risk exposure. The most fervent supporters of introducing guaranteed income include young people, those with the lowest educational attainment levels and persons with no permanent income sources.

The introduction of Universal Basic Income would gain the most support from the youngest and individuals with the lowest educational attainment levels. 60 per cent of persons aged 18–24 would welcome such a solution, whereas the respective share of those aged 35–54 is 45 to 49 per cent. At the same time, the highest support is declared by respondents with the lowest educational attainment levels (70 per cent) and university-educated individuals declare the least support (39 per cent).

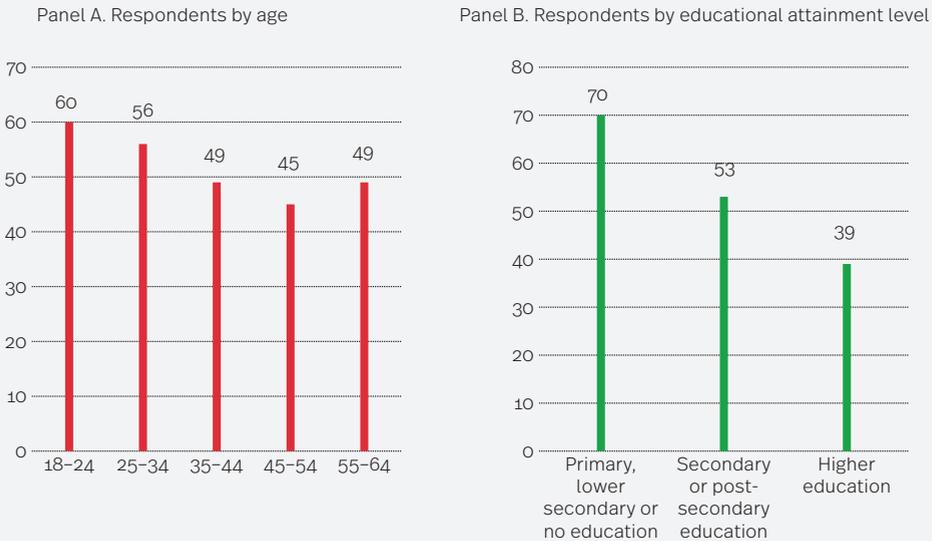
The higher level of support for basic income among younger and the least educated

people is due to the fact that both age and educational attainment determine the level of occupation-related financial independence. Most frequently, younger individuals have not yet established a strong foothold in the labour market; they are also more likely to work under non-standard employment relationships – according to Eurostat data, such forms concern 59.1 per cent of persons aged between 15 and 24 years. At the same time, the lack of higher education implies not only, on average, lower earnings (Strawiński, Majchrowska,

Broniatowska, 2018), but also reduced employment stability and predictability (ILO, 2018). In other words, younger and less educated

persons may treat guaranteed income as a form of financial security in an uncertain financial position.

Chart 14. Support for guaranteed income by age and educational attainment level (in per cent)



Source: prepared by the PEI.

The direct relationship between the lack of a sense of financial security and support for guaranteed income is clear if the occupational and financial situation of individuals is taken into account. The highest support for such a scheme is declared by persons without sustainable livelihoods (panel A in Chart 15). Basic income is supported by 75 per cent of homemakers and child carers and by 74 per cent of the unemployed. In contrast, the lowest support is declared by persons with secure livelihoods – those in gainful employment (48 per cent) and pensioners (44 per cent).

The relationship between financial security and support for guaranteed income can also be observed with regard to the legal form of employment (panel B in Chart 15). It appears that support

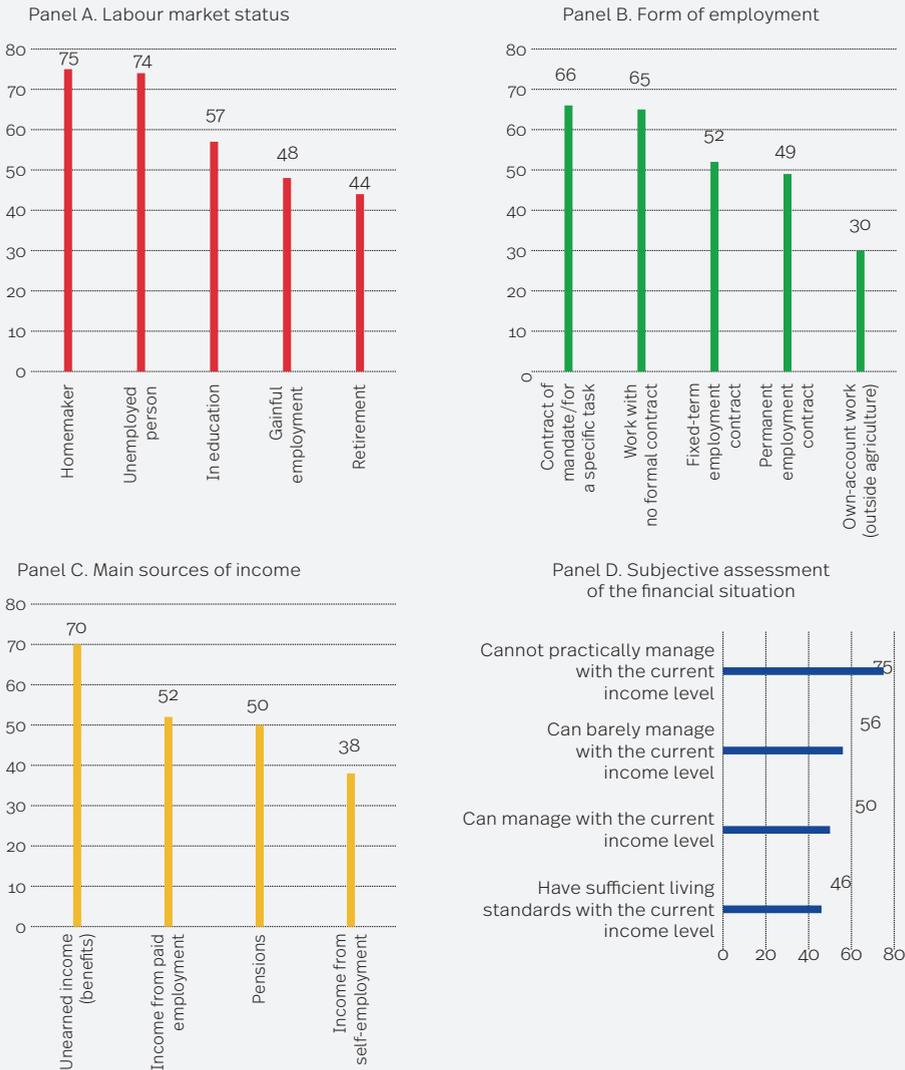
for the solution varies even among those in gainful employment. It ranges from 30 per cent of own-account workers, to 49 per cent of employees with permanent employment contracts, to 65 per cent and 66 per cent, respectively, of individuals working under civil contracts or without formal contracts.

Another crucial dimension of the differentiation of support for basic income is the sense of security related to income received. Its importance is reflected in the subjective assessment of the financial situation of the respondent's household (panel D in Chart 15). It is interesting to compare opinions of persons receiving pensions as the main source of income with those expressed by beneficiaries of social security benefits. Such significant differentiation in support for

basic income – 50 per cent among of pensioners against 70 per cent among recipients of other benefits – may result from differences in the

predictability and stability of the benefits in question. It is higher among pensioners than among recipients of other social security benefits.

Chart 15. Support for Universal Basic Income in subgroups broken down by occupational status, form of employment, main source of income and self-assessed financial position of the household (in per cent)



Source: prepared by the PEI.

There is no obvious relationship between the sense of security in connection with income obtained and support for basic income. One clear example is the group of own-account workers who would be expected to assess their own situation as unstable and characterised by significant risk exposure. Such an evaluation should result in greater support for basic income in that category than among those in paid employment. But it is not the case. Own-account workers are

the least inclined to support a basic income scheme. The phenomenon of lower support for basic income among own-account workers may result from the fact that as declared in the survey they obtained higher earnings than persons in paid employment. The median disposable income per household member was PLN 2,000 for own-account workers, as compared to PLN 1,860 among those working under employment contracts and PLN 1,300 for workers with civil contracts.

Impact of basic income on economic activity

73 per cent of working Poles believe that they would not give up gainful employment if they should be entitled to a cash benefit under a guaranteed income scheme. However, a mere 22 per cent of Poles express the same level of certainty as to other people's behaviour in a similar situation.

A major source of the criticism of universal (unconditional) basic income is the possible adverse effect of such a solution on the population's economic activity. A fixed monthly payment of a cash benefit might be expected to discourage some individuals from engaging in gainful employment. In the light of available empirical studies, referred to by experts in subsequent parts of the report, it is difficult to assess the actual impact of basic income on the economic activity of Poles. All the major pilot surveys carried out so far have only tested the consequences of such a solution in the short term, usually on the basis of non-random samples of survey participants. Therefore, such pilots give no answer to the question about how guaranteed income would function if it should include persons employed and in a long-term scheme.

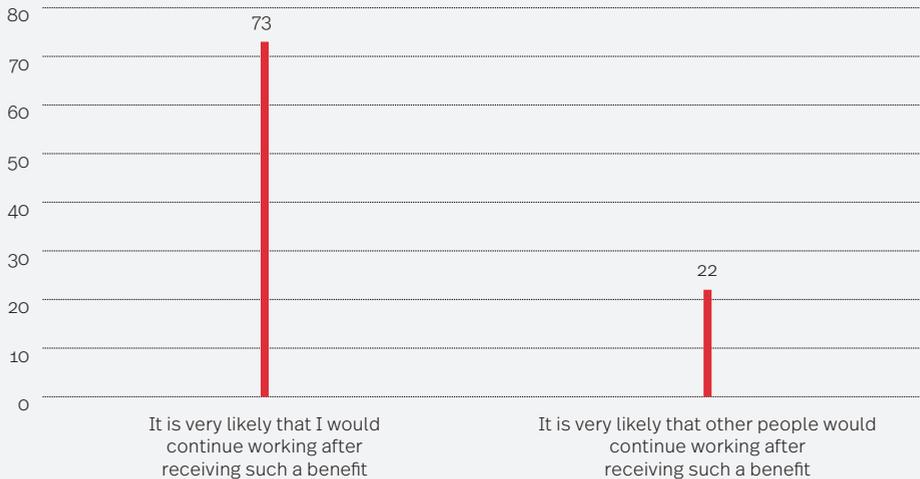
The survey conducted provides interesting conclusions in that regard. We enquired about Poles' assessment of how likely it would be for

them to continue gainful employment in a situation of introducing a guaranteed income scheme in Poland. 73 per cent of working Poles claim that it is very likely, whereas 18 per cent assess that it is rather likely. Thus, a total of 91 per cent of persons employed assess that their entitlement to an unconditional benefit would not affect their economic activity. The respondents' answers in that regard hardly vary depending on the benefit amount (PLN 800 or PLN 1,200).

At the same time, Poles tend to be pessimistic about behaviour expected from other people. A mere 22 per cent of the respondents thought that other people would continue gainful employment if they should become entitled to such a benefit. On the one hand, such a discrepancy between assessments of one's own expected behaviour and of that of others stems from respondents' tendency to declare conduct consistent with accepted social norms, as confirmed by various social studies (Sutek, 2001).

On the other hand, it also reflects Poles' ambitions, diligence and responsibility for common well-being. | low confidence in their fellow citizens: their

Chart 16. Assessment of the likelihood of continuing gainful employment after receiving a benefit under a guaranteed income scheme (in per cent)



Source: prepared by the PEI.

Support for basic income and the perceived role of the state

Support for basic income may be treated as an indication of attitudes to the institution of the state and of the perception of its obligations in building citizens' well-being. The main focus in the definition of the welfare state is on the state as an institution actively promoting that well-being. Support for such involvement of the state tends to be seen as a sign of social views. In contrast, liberal views will be accompanied by the belief that the state should only be involved in economic relationships to the necessary minimum.

Representing either of those views can be consistent with supporting the general idea of

a guaranteed income scheme. Individuals with social views may support basic income as a solution supplementary to the standard social policy of the state, whereas liberals may support such a scheme as a solution alternative to the standard social policy of the state.

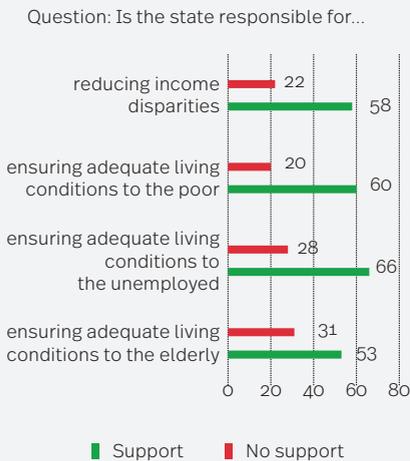
In Polish circumstances, support for guaranteed income is primarily related to social views and opting for direct involvement of the state in the economy. Firstly, support for the solution is much higher among those in favour of broad involvement of the state in creating citizens' well-being. For example, the solution

is supported by 66 per cent of persons believing that the state is responsible for ensuring adequate living standards to the unemployed, in comparison with 28 per cent of those in disagreement with that statement. Secondly, the pattern of support for basic income does not change if account is taken of the question about the financing of such a scheme by eliminating

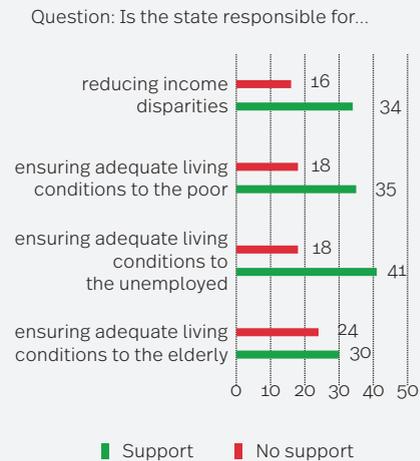
other social welfare programmes currently in place. If Poles should support basic income as a solution alternative to the present social policy, we would observe a significantly higher level of acceptance for such a solution funded by cancelling other social policy programmes among those with liberal views. However, this is not the case (cf. Chart 17).

➤ **Chart 17. Support for Universal Basic Income and the perceived obligations of the state (in per cent)**

Panel A. Support for the general idea of a basic income scheme



Panel B. Support for a basic income scheme financed by eliminating other social expenditure



Source: prepared by the PEI.

Support for basic income and the efficiency of the welfare state

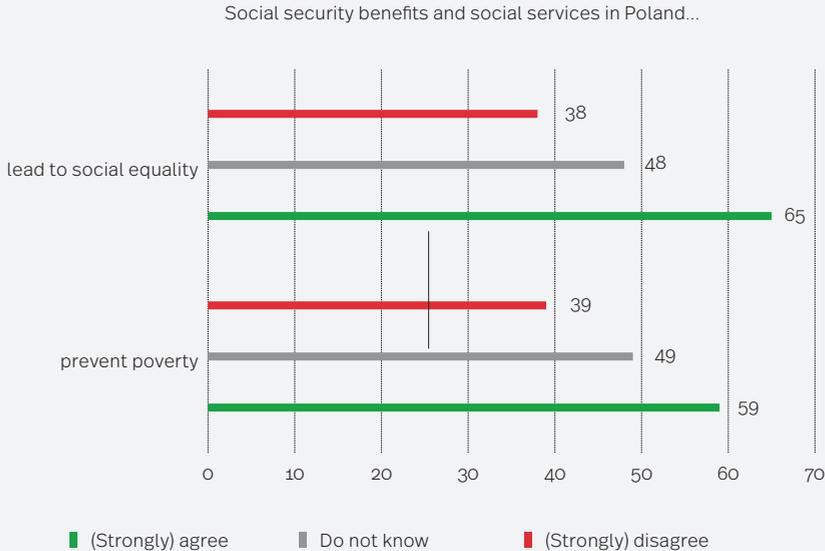
Basic income is indicated by some as a solution which could efficiently respond to certain social policy issues and challenges. The solution is mostly suggested in the context of the debated inefficiency of the current

social solutions, e.g. in reducing poverty and deprivation. It is emphasised that social security benefits, if only due to required compliance with certain conditions or low amounts of financial assistance, fail to ensure proper

support to the deprived (European Commission, 2018a; Ortiz, Behrendt, Acuña-Ulate, 2018). Guaranteed income granted on an

unconditional basis would be intended as a solution to the problems so defined (Gentilini et al., 2020).

▼ **Chart 18. Support for basic income depending on the assessed efficiency of the present social policy (in per cent)**



Source: prepared by the PEI.

Presumably, Poles do not see guaranteed income as a solution which could replace the social programmes currently in place. Poles' support for basic income does not result from their criticism or recognition of the inefficiency of the present social policy instruments. Rather, the available data suggest that a basic income scheme would be treated as an extension of the existing social welfare activities of the state. It turns out that support for the solution increases along with the assessment of the efficiency of

the social services and social security benefits in place in Poland. Support for such a basic income scheme is expressed by 65 per cent of persons considering that the current system of social security benefits and social services leads to greater social equality and by 59 per cent of those who believe that the programmes in question prevent poverty. For comparison, a much lower level of support for basic income is observed in subgroups of persons in disagreement with the statements concerned (38 to 39 per cent).

Is basic income just?

Basic income may be criticised as an unjust solution. The foundation of the current social assistance system is the so-called 'need' principle, i.e. the focus of the system on protecting individuals incapable of meeting their basic subsistence needs through gainful employment. At the same time, the social security scheme is based on the 'equity' principle, i.e. the rule that benefits distributed to individuals should be allocated according to their efforts – e.g. their social security contributions. The concept of guaranteed income violates the two principles of justice. In the solution, the benefit amount received by individuals would be fixed – unrelated to their needs or capabilities to independently meet those needs through gainful employment, neither would it be linked to individual efforts or contributions in the form of taxes or contributions paid. The concept of universal basic income would basically serve to implement another principle of justice, namely the principle of equality according to which everyone should receive the same support from the

state, regardless of their needs, capabilities to engage in gainful employment, abilities, skills or resources.

The three above-mentioned principles are referred to as basic social justice orientations (Liebig, Hülle, May, 2016). Individuals may follow those principles to a varying degree in their judgements on situations faced by them in everyday and social life. Those orientations may also be expected to influence individuals' support for basic income.

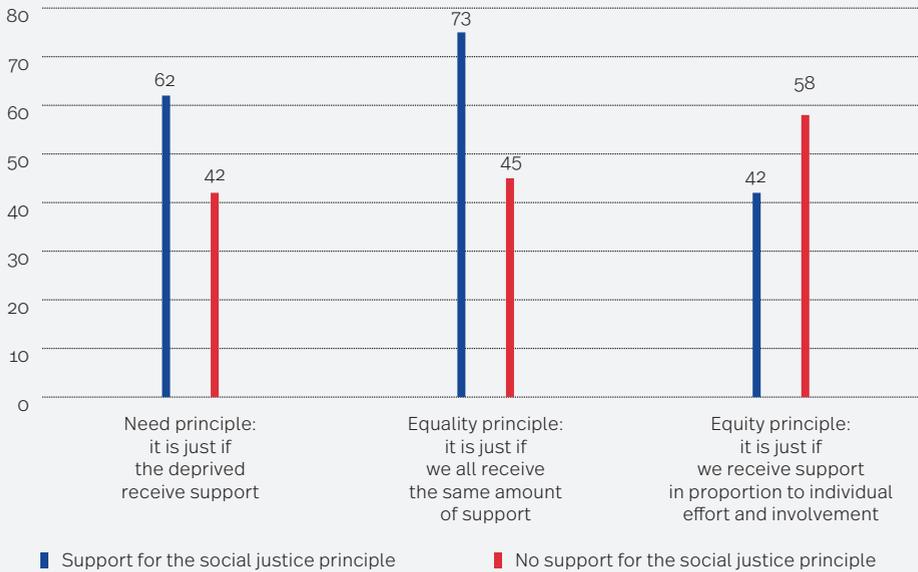
As anticipated, the equality orientation favours support for guaranteed income the most. Individuals who believe that it is just for everyone to receive the same benefit from the state are those most inclined to support the introduction of a basic income scheme in Poland (75 per cent of those surveyed). Support for guaranteed income is also favoured by a preference for the 'need' principle. Persons who consider that it is just for society and the state to take care of the deprived are also more frequent supporters of basic income scheme (62 per cent of those surveyed).

▸ **Table 2.** Basic social justice principles and their implementation

Principle	Possible implementation method
Need	Social assistance benefits, only granted – as a rule – to the deprived
Equity	Old-age pension scheme when the benefits are based on the total amount of contributions paid. Earnings based on skills, work effort, etc.
Equality	Universal health care and education systems allowing equal participation for all.

Source: prepared by the PEI based on: Liebig, Hülle, May (2016).

▼ **Chart 19. Support for Universal Basic Income depending on social justice orientations**
(in per cent)

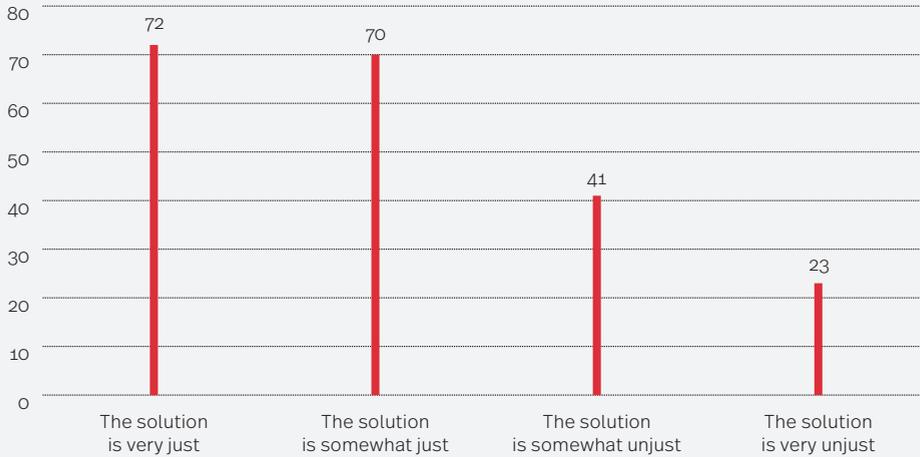


Source: prepared by the PEI.

The opposite relationship is found between support for basic income and a preference for the 'equity' principle. Greater support for the solution is declared by persons who disagree with the principle than by individuals in favour of it. Those who claim that individuals should be rewarded in proportion to their work efforts, whereas any income differentiation observed is desirable as it reflects individual involvement, less frequently express their support for guaranteed income (42 per cent) than persons who refuse to accept the principle in question. Within that group, 58 per cent support the solution.

In general, the assessment of a basic income scheme in terms of justice is strongly related to support for the solution. The difference between the level of support declared by those who strongly believe the solution to be just and the level of support among persons who strongly consider it to be unjust is 39 pps. Presumably, the perceived justice of such a basic income scheme is the most significant determinant of an individual's attitude to the income benefit in question, stronger than the socio-demographic characteristics discussed in the initial part of the analysis.

▼ **Chart 20. Support for Universal Basic Income and the assessed justice of such a solution (in per cent)**



Note: support for UBI is shown in subgroups of persons who assessed the degree of justice of a solution in which both poor and rich people should be paid the same amount of money under a UBI scheme.

Source: prepared by the PEI.

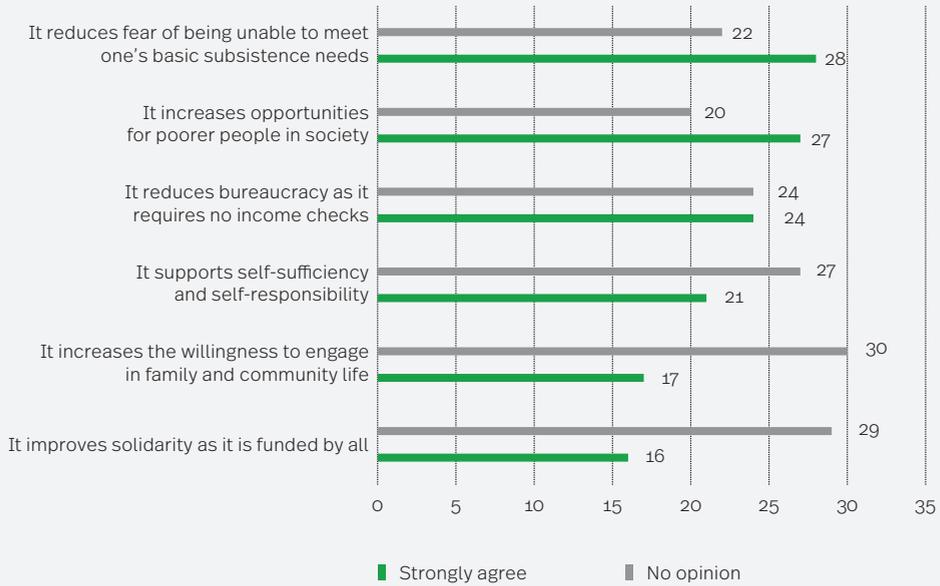
The perceived efficiency of basic income

Poles differ in their views on the effects of introducing such a solution. Arguments for its adoption are considered significant by a limited share of the respondents. Relatively the largest groups strongly agree with the statement that guaranteed income would reduce fear of being unable to meet one's basic subsistence needs (28 per cent) and with the statement that such a solution would increase opportunities for poorer people in society (27 per cent). The other arguments, e.g. reducing bureaucracy related to social assistance distribution, promoting individuals' self-sufficiency, ensuring more time for taking care of one's family, receive significantly less support. Importantly, however, a considerable share of the respondents – 20 to 30 per cent – are unable to answer the

question about the efficiency of basic income in the implementation of the above-mentioned goals.

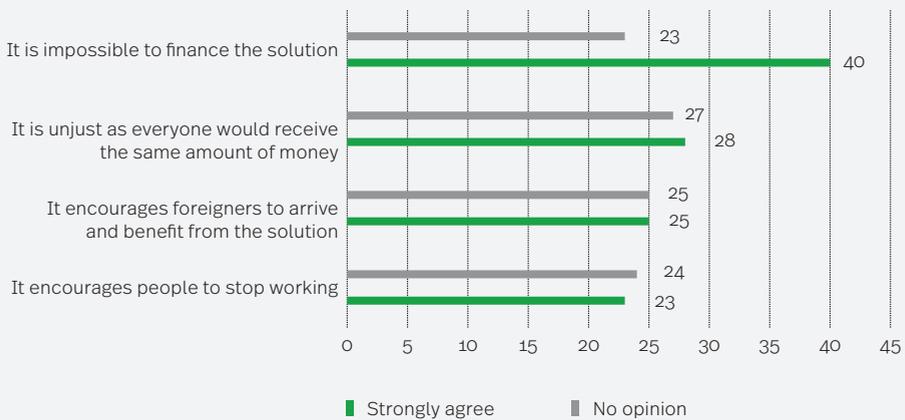
A similar situation concerns Poles' attitudes to those aspects of basic income which potentially hinder its introduction. For most of those arguments, every fourth respondent strongly agrees with the statement that the factors mentioned work against such a solution. Importantly, nearly the same percentage of the respondents consider that it is impossible to estimate such effects of a basic income scheme and express no opinion in that regard. The only exception is a substantial group of the respondents (40 per cent) who believe that there is no possibility to finance a basic income scheme.

▼ **Chart 21.** Arguments for the introduction of Universal Basic Income (per cent of the respondents)



Source: prepared by the PEI.

▼ **Chart 22.** Arguments against the introduction of Universal Basic Income (per cent of the respondents)



Source: prepared by the PEI.

Part III. Universal Basic Income in the eyes of a supporter

Ryszard Szarfenberg

Introduction

This article presents Universal Basic Income (basic income) with a favourable bias. It results from the convention of confronting the view of a supporter with that of an opponent and from the role of the author in the Polish Basic Income Network. In other articles, the author adopts a more comprehensive approach (e.g. Szarfenberg, 2018a).

The rationale for the introduction of basic income is presented in the context of the development challenges facing Poland, effects on the

labour market as well as economic and policy options for implementing the solution in question. Universal Basic Income is understood as a type of cash benefit universally applicable to every citizen (Szlinder, 2018). Basic income so defined may be regarded as a practical method for implementing a more general idea, i.e. ensuring a poverty-free life to every individual (Szarfenberg, 2018b). The right may have various implementation options depending on the understanding of poverty, the adopted hierarchy of human rights.

Impact on Poland's development potential

How can basic income outlined above be reconciled with the development challenges facing Poland? It depends on the definition of such challenges, a major exercise in itself. For the purposes of this analysis, three development dimensions are distinguished: economic, social and environmental. Within each of those, one or several problems can be pointed out so as to show that basic income may help solve or mitigate them.

Ensuring high demand

If the main economic issue is insufficient effective demand, universal basic income can be suggested as a response to the problem. It increases the disposable income of consumers, especially those from the lower half of the income distribution. That, in turn, should boost demand realised in the economy and ultimately

stimulate GDP growth. The International Monetary Fund points to favourable effects of direct cash transfers targeted to the least wealthy households and – as a result – to a positive contribution of such transfers to the economy (International Monetary Fund, 2020).

A more complex argument that basic income responds to economic challenges refers to possible effects of technological progress on the job market and thus on markets in consumer goods and services. If technological progress leads to ever-better and cheaper solutions replacing human labour (artificial intelligence, robotisation, automation), we may expect a rising threat, not so much of technological unemployment, but rather of labour market polarisation. It means that jobs are increasingly divided into strictly technological and very high quality

occupations, whereas all the rest become more precarious, low quality and lower-paying jobs. From such a perspective, development barriers include not only insufficient demand but also growing support for populist economic policies. Universal Basic Income responds to employment precariousness by ensuring the certainty of basic income, stimulating demand and reducing support for populist political groups.

Another argument is that basic economic security in the form of basic income will make individuals more inclined to assume greater economic risks, thus encouraging entrepreneurial behaviour. If it is crucial for economic growth, it adds to the rationale for positive effects of basic income on that growth by fostering entrepreneurship. A similar argument is also raised by supporters such as Richard Branson, Elon Musk and Mark Zuckerberg. The last influencer expressly says that basic income would help build an entrepreneurial culture. According to Zuckerberg, such a culture thrives when people have the courage to try new things and basic income would give individuals basic security, a 'cushion' to explore new ideas and to experiment, thus contributing to the creation of such a culture (*Tracking influencers' opinions*, 2020).

Freedom from poverty

The fundamental social challenge which could be pertinently addressed by basic income is poverty, still present in advanced economies. Extreme poverty means consumption below the breadline, i.e. at a level dangerous to human life or health. Deprivation refers to a level of consumption below the minimum subsistence figure, putting social inclusion in jeopardy. In 2019, the breadline in Poland was estimated at PLN 546 per household member (IPISS, 2020a). At the same time, the average expenditure per person at the level of the minimum subsistence figure was PLN 1,048 (IPISS, 2020b). Whereas the poverty rate at the former threshold is below 5 per cent, the

respective rate for the latter is close to 40 per cent (GUS 2020). As exemplified by Poland, in families with children the child benefit introduced (500+), similar in shape and unconditionality to basic income for children, has additionally reduced poverty in comparison with the previous family allowances (Paradowski, Wolszczak-Derlacz, Sierminska, 2020). Presumably, basic income – which would in fact extend the 500+ programme currently in place to adults – would be effective in eradicating extreme poverty and deprivation. Therefore, if basic income should increase freedom from poverty, it would be another argument for its development-oriented nature in that dimension. Freedom from poverty is the basis for many other freedoms as it frees individuals from dependence on others in meeting basic human needs, thus from the related dominance, exploitation and violence. Furthermore, as indicated by the leaders of various international organisations (the World Bank, the International Monetary Fund), reducing inequalities (including poverty reduction) is the pre-requisite for economic development (International Monetary Fund, 2020). The economic result would be increased aggregate demand (see the previous section).

The environment and climate

One political party more favourably disposed towards UBI is the Green party (the Greens). What positive influence can universal basic income have on the values of such parties, on the environment and climate? The argument may refer to those effects of basic income which appear to be evaluated negatively in terms of GDP. Therefore, if basic income should reduce interest in productive economic activities, reduced labour supply would reduce income and demand. In such a situation, reduced pressure on the environment might be expected. As aptly put in the following citation: 'We work too hard to produce too much [unnecessary] stuff, and we're destroying the planet in the process' (Cabaña, 2019).

Therefore, basic income adds value to a more general strategy of limiting economic growth due to climate and environmental protection challenges (degrowth) or to post-growth scenarios (Malmaeus, Alfredsson, Birnbaum, 2020).

Poland faces particularly significant challenges in that dimension on account of the dependence of the Polish economy on coal combustion. If basic income should steadily reduce growth, including energy consumption, it will facilitate decarbonisation. Miners and other mine workers laid off will have basic income security, as all other individuals in their communities. It is possible, therefore, that UBI will be a facilitator of decarbonisation also through this channel.

Promoting basic income as a solution mitigating the adverse environmental impact of economic development does not necessarily involve the elimination of economic growth. Supporters of basic income refer to the world's unequal distribution of wealth. According to various

estimates, a vast majority of economic resources are concentrated in the hands of very few. Therefore, advocates of basic income put forward two postulates. Such a situation is unjust as the earth's resources are common goods and today's level of advancement providing various benefits results from accumulated knowledge and experiences of many generations. In that sense, the partial financing of basic income from assets of the wealthiest people would be just and consistent with the fact that the present-day development and civilisational achievements are the shared outcome of endeavours of outstanding individuals and of the social process of creating and exchanging knowledge and experience.

According to supporters of introducing basic income, the adoption of a model ensuring subsistence income to every person would also be favourable for the wealthiest, if only as a guarantee of a stable social order and sustainable economic growth in the long term.

Influence on labour supply

A frequent argument against basic income is that such a solution would reduce labour supply. It is argued that if workers have a preference for leisure, additional income unrelated to economic activity will drive down the number of hours worked. However, that mechanism is questionable as people are motivated to work by many other factors. Failure to take them into consideration will lead to an overestimated effect. At the same time, the assessment of a decrease in the number of hours worked is not unambiguous even in economic terms. As shown by minimum income experiments conducted in the US, fewer hours were mostly worked by youth and women with children (Widerquist, 2005). Young people spent their free time investing in human capital, i.e. learning, whereas women spent that time taking care of their children,

which also may be of an investment-related nature. Thus, fewer hours worked did not imply reduced hours for the economy; rather, the time structure changed: less time was spent working, whereas more time was allocated to investments in human capital through more education and bringing up children. As in the first example, work may be seen as something with certain detrimental aspects as well; therefore, in such a value system, a reduction in the number of hours worked itself is not assessed as something fundamentally wrong.

As regards experiments with solutions similar to universal basic income and carried out since the 1970s, those provide little knowledge on what might happen if they should be introduced in full in a large and advanced economy. The first year of the Finnish basic unemployment

benefit experiment showed no difference between the unemployed persons from the 'treatment' group and from the control group in the number of days worked; in the second year of the experiment, the number of days in employment was several days higher in the treatment group. However, the authors of the experiment warn that it might result from the unemployment benefit reform, reducing the number of days worked in the control group (Kangas et al., 2020).

In Poland, there has been an interesting discussion on the impact of the partially universal child benefit on the economic activity of women. According to microsimulations and quality analyses of BAEL (Poland's Labour Force Survey) data, the scale of labour market deactivation in the female population could be approx. 100,000 to 240,000, i.e. several per cent of economically active women (Myck, 2016; Magda, Brandt, Kiełczewska, 2018). It must be remembered, however, that the above concerned the child benefit before the 2019 reform. It removed the criterion, making the benefit closer to basic income for children. As suggested by microsimulations, the child benefit in that version is employment-neutral (Myck, Trzeciński, 2019). Therefore, the income criterion produced at least part of the negative effect on labour supply among women with children.

However, Universal Basic Income is primarily a citizen's benefit. It has no income criterion, it is universal and unconditional; therefore, will it also be employment-neutral if added to the child benefit? As it can be combined with earned income without restrictions, one may expect that it will not affect labour supply. But it must be taken into consideration that for families with children it would be another financial transfer; therefore, a 2+2 family would already have a monthly amount of PLN 3,000 rather than PLN 1,000. Even with no income criterion, the impact on labour supply could then be negative. Would the scale again be 100,000 to 240,000 women? Thus far, no microsimulation of such a reform has

been performed in Poland. If the scale should be 400,000 to 500,000 women with children, the arguments already known from the discussion on the first version of the benefit, regarding negative effects on economic activity in the female population, would return reinforced. The impact would be double: it would be detrimental to those women's careers and future old-age pensions and the local labour markets would suffer new gaps resulting from the implementation of UBI in addition to shortages due to outward migration and ageing communities. However, it must be remembered that choosing to work fewer hours does not mean that they were not allocated to investments in human capital.

If we recognise the ageing population and its influence on the job market in the form of labour supply shortage as another economic challenge, basic income may be an incentive for workers from other countries to migrate to Poland, not only as a temporary arrangement but also to settle down and obtain citizenship. In the past decade, labour supply gaps have been largely narrowed by temporary job migrants from Ukraine. Basic income could strengthen that mechanism. As demonstrated by various studies, the availability and universality benefits stimulated migration to European countries, especially those with high benefit amounts combined with low requirements (Vernby, 2013).

Furthermore, it can be expected that the rising affordability of technologies facilitating the automation of routine work will have a favourable influence on labour supply. As shown by research, large waves of inward job migration did not adversely affect wages; they also activated local workers who – faced with competition in low-paid occupations – were more inclined to invest in skills or to move to better-paying sectors of the economy (Abramitzky et al., 2019). It must also be borne in mind that individuals freed from formal working hours, whether in whole or in part, spend more time carrying out activities beneficial not only to

themselves but also to their families and society, e.g. improving their educational attainment levels, bringing up children, taking care of dependent persons, doing community work. Specifically, in the

near future, care for dependent persons will be as important as the condition of the labour market. In Poland, double ageing will be particularly dynamic in the coming decade.

Applicability

Economic feasibility

In Poland, Universal Basic Income would be an extension of the currently available and universal child benefit (the so-called 500+ programme). Formally and actually, the benefit in question involves very low conditionality (only the requirement not to misspend the benefit, with poor enforcement thereof in practice).

For the idea of basic income to be implemented in full, conditionality should be removed from the child benefit and a citizen's benefit should be granted to all adults, at the level of the minimum subsistence figure. In 2018, it amounted to PLN 1,168.31⁸. The corresponding basic income benefit for children would be half the amount, i.e. slightly above PLN 584. Both benefits would be paid individually, with no income criteria or behavioural conditions, to all adult citizens⁹.

Both benefits would implement in Poland the idea of universal basic income but combined with other components of a social security scheme for income guarantee. The solution adopted for the purposes of this discussion assumes that the system would be partially replaced by two benefits paid under basic income. The Polish social security and social assistance scheme comprises various non-contributory benefits, e.g. the family allowance, social assistance benefits, the incapacity benefit, the supplementary allowance for fully dependent persons, the carer's allowance. Those benefits

would be replaced by basic income. In addition, it is possible to assume that the functioning of the retirement pension scheme as it is today, i.e. the right of the elderly to be free from poverty, would be implemented by insurance payments. Only those who receive old-age pensions below the minimum amount or have no old-age pension entitlement at all would obtain additions up to the basic income level. At present, there are similar solutions in place for certain groups, e.g. the paternal supplementary allowance for mothers of at least four children. However, such additions should be automatic and cover all elderly persons over a certain age. Such an implementation model differs from the simplest solution in the form of a child benefit and a citizen's benefit for all adults. In the case of disability insurance covering working-age persons, one option is to at least eliminate the lower limit of disability pensions in the form of the minimum disability pension. It must be remembered that it will be possible to combine disability pensions with the citizen's benefit.

The main argument against universal basic income is cost-based and points to the impossibility of implementing such a scheme. In this context, it is worth noting that the introduction of the 500+ child benefit in Poland and its subsequent extension to all children triggered a broad debate on whether Poland could afford it. It is difficult to answer such a question. There are many

⁸ The Institute of Labour and Social Studies publishes regular estimates of minimum subsistence figures for several types of households, broken down into income-earning and pensioners' households, <https://www.ipiss.com.pl/?zaklady=minimum-socjalne> [access: 30.12.2020].

⁹ In the case of children, the basic income benefit would be paid their parents or guardians, as at present.

indications that it is so as the solution was introduced, significantly extended and keeps functioning without major economic problems. After the 2019 extension, it cost PLN 41.7 billion, taking the total number of children into account. As a share of GDP of PLN 2.3 trillion, it was 1.8 per cent, i.e. a relatively insignificant percentage.

The rationale for basic income indicates that funding such a solution could be possible (Pereira, 2017). In the literature, several types of financing sources for a basic income scheme have been discussed: taxes, including the elimination of various tax credits; transfers of funds from benefits to be eliminated; public debt. The selection of one of the above-mentioned sources or of their combination requires further arrangements and decisions, e.g. which taxes should be raised and to what extent; what new taxes should be introduced; which tax credits should be eliminated; whether or not the tax-free allowance and deductible expenses should be maintained. This is one approach to replying to the cost-based argument – a detailed design of the financing arrangement for such a scheme.

Assuming the benefit amounts indicated above (a citizen's benefit of PLN 1,168 per month and a child benefit of PLN 584), the annual payments would total PLN 374.8 billion. The figure should be reduced by expenditure on the child benefit currently in place. In 2018, with the income criterion still applicable, total spending was approx. PLN 23 billion. The remaining amount of new expenditure on basic income would be PLN 326 billion, i.e. 15 per cent of GDP. Overall public spending would increase from 42 per cent of GDP to 57 per cent of GDP. If income and wealth taxes should represent 8 per cent of GDP in 2018, using only that source of

financing basic income would require relevant receipts to rise to 23 per cent of GDP.

The calculations exclude funds transferred from non-contributory benefits as those would have been eliminated. It may also be added that benefits for working-age persons with disabilities could be reformed as well, by lifting the lower limit of the disability pension. Assume that the total amount would be PLN 50 billion. Based on such an assumption, additional basic income spending (PLN 276 billion) would have been 13 per cent of GDP in 2018; its share of public expenditure would have been 31 per cent, the expenditure would have necessarily increased from 42 per cent of GDP to 55 per cent, whereas the share of income taxes in GDP would have risen from 8 per cent to 21 per cent. For most people, it ends the discussion on economic feasibility with a firm conclusion that it is not possible to increase state budget revenue by such amounts, not only over a short period but also in the medium term, if the phasing in of such a scheme should take 10 to 20 years.

The above considerations solely concerned the fiscal model of funding universal basic income. By now, however, we know that it was possible to generate more than PLN 200 billion in a short period (PFR and BGK anti-crisis funds). In addition, it was possible without a major tax rise. Rather, the PFR and BGK shields refer to the monetary model. In a simplified approach, funds for the financing of basic income are derived from the issuance of debt subject to monetisation¹⁰. In the fiscal model, it is indicated that a significant tax rise is unfeasible; in monetary terms, the discussion concerns the unfeasibility of a rapid increase in public debt and the detrimental nature of its monetisation by the central bank.

¹⁰ For example: the state UBI fund issues perpetual zero-coupon bonds, purchased by the central bank through intermediary banks maintaining individual citizens' accounts (Szarfenberg, 2020). Debt monetisation by the central bank has become an important subject in the discussion on anti-crisis pandemic packages which could avoid both tax and public debt increases (Gali, 2020).

Therefore, it might be possible to finance basic income using fiscal and/or monetary measures, but there is a risk of very detrimental side effects for the economy, stemming from a substantial rise in income and wealth taxes or from a steep increase in public debt to be monetised. In the former case, it is argued that employment and entrepreneurship incentives could be weakened, with undertakings and individuals escaping to the black economy, which would push down economic growth and tax receipts. With regard to the latter, typical arguments include the harmfulness of high public debt and, first and foremost, the risk of increased inflation based on the hypothesis that a major rise in the volume of money in the economy also causes a significant price rise. The reply to the argument that the child and citizen's benefits can be indexed to the price rise in the following year tends to be that it would further stimulate the upward price spiral.

The fact that no sky-rocketing inflation is currently observed despite the issuance of an additional amount of over PLN 200 billion is not necessarily a strong argument for that model in the case of basic income. To put it simply, the money, largely returnable, has been available to businesses instead of going to all adult citizens' accounts. Besides, the epidemic-related crisis problems are rather specific, which may additionally be raised as an argument against stimulating demand in the first place. It is still open to question what the price rise effects would be if all the funds should be transferred to all citizens in the form of a citizen's benefit and in normal times rather than the pandemic period.

More complex proposals for funding a basic income scheme may include gradual implementation models based on several financing sources: raising taxes (not only income or wealth taxes but also introducing new ones, removing tax exemptions and tax credits); transferring to such a basic income scheme already existing

expenditure on various family allowances and social assistance benefits; additionally increasing debt to be partially monetised. Phasing in such a scheme while combining those solutions has the advantage of possible distribution of the related costs over a longer period and a number of sources. In such an approach, political feasibility becomes increasingly important.

Political feasibility

Political feasibility has two aspects. One refers to support for the solution proposed in the population; the other concerns relatively easy implementation. In both dimensions, political feasibility issues can be found with regard to its main part, i.e. the citizen's benefit.

It was possible to introduce the child benefit during an upswing without raising income taxes or public debt. In the case of the citizen's benefit, such an increase is unavoidable regardless of the overall economic situation. It may cause concerns among political actors that their competitors will lose no time in stirring up taxpayers, thus reducing support for the reform proposed. In the case of fiscal financing by increasing the progressive scale, the main net payers funding such a basic income scheme will be individuals representing upper income deciles. Those groups have a major influence on the political and media agendas and will also incite society to protest against the basic income party. Likewise, in the option of public debt expansion, political rivals will stir up savers but also the poorer part of the population, more vulnerable to inflation ('high prices' warning). Therefore, electoral advantages of such a proposal for a citizen's benefit are not as obvious as it may seem at first glance.

The other dimension of political feasibility involves similar concerns. Even if the party proposing a citizen's benefit should win the election, the implementation of such a scheme would be more difficult than in the case of the

child benefit. It is not about the difficulty of arranging payments for all working-age persons, although it would be challenging as well (De Wispelaere, Stirton, 2017); rather, it would be hard to significantly increase taxes and public debt. The latter operation, especially, may be difficult due to the constitutional and EU constraints. Debates relating to the generation of anti-crisis funds through the issuance of bonds by PFR (the Polish Development Fund) and BGK and their monetisation by the NBP have clearly shown that various issues can be raised – from legal limitations to accusations of the non-transparency of public finance.

The above-mentioned phasing in of a full basic income scheme during several terms of office and the distribution of costs over several sources may cause as many implementation

problems as a rapid implementation and reliance on a single source. A long implementation period would require the party concerned to stay in power for two or even three terms, which is unlikely. Especially in scenarios involving the materialisation of fears rather than hopes related to basic income in an early implementation period. With multiple financing sources, attacks by political competitors will simultaneously concern the detrimental effects of raising taxes, eliminating some of the existing tax credits and benefits or increasing public debt. It is suitable weaponry to stir up taxpayers, savers, poorer social security and social assistance beneficiaries and consumers at the same time. It adversely affects the former dimension of political feasibility.

Summary

It is possible to build more or less sophisticated argumentation for basic income in the form of a specified design of a citizen's benefit in the context of development challenges. The rationale has its weaknesses such as self-contradictions (basic income boosts economic growth, it hinders economic growth) and counter-arguments referring to the lack of empirical evidence for the processes which should supposedly favour the solution, e.g. it is difficult to establish a strongly negative impact of automation and robotisation on the labour market in the form of fast-growing global technological unemployment. There is evidence for the rising polarisation of the quality of jobs, but it is not unambiguous.

Another clear challenge to the stance supporting basic income is that the solution has strong and highly popular competition from the already existing and developed welfare states with extensive income security

through generous and universal, with regard to the scope and beneficiaries, social insurance and supplementary benefits, with solid promotion of activation schemes and advanced sectors of social services. The model is also expressed in international standards; therefore, if faced with basic income, there will be grounds for further doubts (Szarfenberg, 2018a). The welfare state continues to undergo reforms which make criticism from previous periods less convincing, e.g. concerns over discouraging people from working through various benefit-related pitfalls leads to reforms deactivating those traps, e.g. making benefits conditional on employment and introducing disciplinary sanctions or phasing out rather than instantly eliminating benefits after exceeding income thresholds. In countries with extensive and efficient social welfare systems, support for basic income is weaker (Dermont, Weisstanner, 2020).

What will happen during subsequent global crises? Will the scenario of significant labour market polarisation and a weakening welfare state materialise? The memory of the present experiences with crisis benefits and the monetisation of public debt expansion will survive;

therefore, the economic and political feasibility of basic income may increase. Thus, its political attractiveness as an electoral instrument will go up. However, it is a long way from there to winning the election and implementing an ambitious basic income version.



Part IV. Universal Basic Income in the eyes of a critic

Rafał Trzeciakowski

Introduction

Universal Basic Income has been a recurring idea in the West at least since the 1960s, but no country has implemented it yet.

This chapter describes the concept in the Polish context and from the perspective of Poland's development potential, fiscal costs, effects on labour supply and possible implementation.

One determinant of the economy's development potential is labour supply which may be reduced by the income effect of the benefit and its fiscal cost. Challenges related to automation and robotisation are probably better addressed by improving education, whereas those arising from the COVID-19 pandemic – through employment maintenance programmes. Fiscal costs of various universal income options are close to the overall current state budget, i.e. 40–50 per cent of total public expenditure. It is difficult to imagine cuts allowing to introduce the solution in a fiscally neutral manner. In addition, the related costs would involve the imposition of high taxes not only on wealthy individuals, as those are too few, but also on a significant share of

the population (e.g. all persons employed). The influence on labour supply would probably be negative due to the income effect and increased taxation. Various experiments with Universal Basic Income usually fail to meet its most fundamental assumptions; therefore, they can be hardly relied on for drawing any conclusions. However, microsimulations indicate a fall in labour supply. There would be better options to introduce universal basic income if Poland should have significant resource rents, e.g. from shale gas or oil. The only examples of implementing similar solutions on a large scale, in Mongolia, Iran and Alaska, relied on income from natural resources. Without such a source, a possible introduction would be facilitated by economic growth as wealthier countries are capable of allocating a greater share of income to public expenditure. It would also be beneficial to further modernise the economy, with increased employment in large enterprises whose high productivity allows a greater tax burden than in micro-enterprises and agriculture.

Impact on Poland's development potential

Poland's development potential depends on labour supply, capital stock and productivity. Universal Basic Income will not increase investments or the productivity growth rate, but it may reduce labour supply due to the income effect and financing

costs (for more see section III of this chapter). High taxes necessary to finance universal income would probably slow down economic growth (Widmalm, 2001; OECD, 2010; Gemmill, Kneller, Sanz, 2014). There is also a risk that UBI would be reflected in decelerated urbanisation

(the purchasing power of the benefit is higher and labour productivity is lower in rural areas) and increased social resistance to immigration (the granting of citizenship to an immigrant would involve an entitlement to the benefit), which would additionally drive down economic growth. At the same time, it is difficult to find a channel through which Universal Basic Income could positively contribute to economic growth. Potentially, it would facilitate risk-taking for innovators, which could be reflected in increased productivity. It might also encourage more people to take up jobs very desirable due to their nature or high social prestige but mostly not offering very attractive remuneration owing to their relatively limited contribution to the economy or super-star logic (e.g. a small number of musicians receive most revenue from concerts). With Universal Basic Income, more of us could decide to work in areas such as the theatre, music, non-governmental organisations, sports or writing. It could have its advantages, but it would reduce economic reasonableness, today imposed by wage differentials between occupations.

The risk of adverse influence on economic growth is a major argument against the introduction of UBI. The level of income per inhabitant is correlated with virtually every measure of human well-being, from a longer and healthier life to personal freedom and a reduced risk of war to more leisure and a happier life (Cowen, 2018; Pinker, 2018). At the same time, even minor differences in economic growth rates are reflected in major differences in welfare from the perspective of subsequent generations. Assume optimistically that the Polish economy will grow at an annual average rate of 1.5 per cent from the next year to 2100. However, if economic growth should slow down to 1.0 per cent per year, the future generations would be one-third poorer in 2100. It does not mean that it is necessary to pursue economic growth at all

cost, but there must always be very strong reasons for its deceleration.

Universal income is sometimes treated as a response to challenges related to work automation and robotisation, in particular to technological unemployment, but the problem has not yet materialised and remains pure speculation. Concerns that technological progress will lead to unemployment are referred to in economics as the so-called Luddite fallacy. Although the development of labour-saving technologies costs some workers their jobs, production becomes more efficient. As efficiency and productivity increase, prices for goods and services go down, leaving more money to consumers for meeting other needs. Consequently, demand rises in other sectors of the economy, along with employment. That line of reasoning quite adequately describes experiences of developed countries in the past 200 years – initially, the automation of agriculture caused the outflow of workforce to industry, whereas the subsequent automation of industry resulted in the outflow of workers to services.

But concerns over technological unemployment returned less than a decade ago when a number of countries experienced periods of high unemployment in the aftermath of the global financial crisis and automation became applicable not only to manual tasks but also to routine service jobs (Brynjolfsson, McAfee, 2014). As estimated by Frey and Osborne (2013) in their famous article, 47 per cent of jobs in the United States will be at risk due to automation over a decade or two. Bitner, Starościk and Szczerba (2014) estimated the share of jobs at risk in Poland at 36 per cent, which would be the second highest percentage in the European Union. Although the authors did not claim that automation was bound to lead to mass unemployment, such a possibility obviously raised concerns and Universal Basic Income began to be mentioned as an option. Afterwards, however, the world experienced an

employment boom rather than unemployment, at least until the outbreak of the COVID-19 pandemic. According to OECD data, the quarterly unemployment rates in the United States, Germany and Japan dropped to the lowest levels from 1969, 1980 and 1993 respectively. Despite having absorbed approx. one million workers from Ukraine, Poland had the lowest unemployment rate from the beginning of the 3rd Polish Republic. There are various explanations for the phenomenon, e.g. greater labour-intensity of economies increasingly based on services, a lower number of young people (more frequently affected by unemployment), technology reducing recruitment costs, uncertainty hampering investments or weakened trade unions ('The Economist', 2019). The effects of automation and robotisation on labour demand and the share of labour in income continue to be under examination (Acemoglu, Restrepo, 2019), but it is still an area of speculation. However, even if the problem of mass technological unemployment should indeed materialise, Universal Basic Income would be an alternative social policy option rather than a method for ensuring economic development. From the point of view of development, a natural way forward would be supply-side reforms, also covering human capital, e.g. improving the education system so that as many Poles as possible could benefit from technological changes.

The outbreak of the COVID-19 pandemic became another stimulus to the discussion

on the possible introduction of universal basic income (OECD, 2020). During the pandemic, universal income could ensure support for everyone, regardless of their previous livelihoods, thus narrowing possible gaps in social assistance. On the other hand, such a solution might excessively delay returns to work, whereas universal income is less efficient in reducing poverty than targeted programmes (Gentilini et al., 2020). Poland and many other countries decided that maintaining employment was the most important task of public policy for the pandemic. A dramatic rise in unemployment would both destroy the organisational structures of various undertakings and probably have adverse long-term effects on workers. As demonstrated by research results, periods of unemployment cause significant and permanent income losses (Davis, von Wachter, 2011), whereas individuals entering the labour market in a recession may also experience worse employment prospects during their whole careers (Raaum, Røed, 2006). Neither would universal income help keep jobs. The enormous costs of assistance programmes aimed to maintain jobs in 2020 may raise hopes that UBI would also be possible to finance. But it must be remembered that a steep increase in debt during one year, due to objective external factors such as a pandemic, is certainly easier to fund than a major permanent rise in structural deficits necessary to finance Universal Basic Income.

Influence on labour supply

In the light of the theory of economics, it is possible to predict a negative influence of universal income on labour supply through the income effect of such a benefit and a tax rise necessary to its financing. Firstly, everyone makes their choice between work and leisure. On the standard assumption that leisure

is a normal good, the demand for it increases when income rises. At the same time, the wage rate remains unchanged, so labour supply declines. The magnitude of the income effect is still under analysis and depends on a number of factors. In advanced economies, it has been studied on the basis of lottery winners'

behaviour. Both they and their spouses straight away and permanently reduce labour supply, they are also more inclined to retire early (Imbens, Rubin, Sacerdote, 2001; Cesarini et al., 2017). That effect is limited in size, but it must be remembered that lottery winnings provide a one-time increase in wealth, whereas universal income would be a permanent rise in the income stream, although much lower in the short term. Arguably, the income effect would be higher in the case of unconditional guaranteed income. Secondly, the Universal Basic Income is virtually impossible to introduce in a fiscally neutral version; therefore, it would probably entail a very significant tax rise. Increased taxation discourages people from employment by reducing the purchasing power of wages (OECD, 2010); in particular, if it means a tax burden on labour (Blumkin, Ruffle, Ganun, 2012; Florack, Sheffrin, 2013; Kessler, Norton, 2016), it also pushes individuals to move to the black economy.

Ultimately, the influence of universal basic income on labour supply is an empirical issue dependent on various factors. However, the higher the benefit amount, the greater the income effect and the higher the taxes necessary to its financing, *ceteris paribus*, thus the greater the negative impact of labour supply. Neither the existing schemes similar to universal basic income, i.e. those in place in Mongolia, Iran and Alaska, nor the experiments conducted so far have offered clear conclusions regarding the influence of such a scheme on labour supply. In the case of Alaska, the resource rent paid to the inhabitants of the state could contribute to the shortening of their weekly working time (Jones, Marinescu, 2019).

As emphasised by authors from the World Bank, most experiments and pilot schemes referred to as Universal Basic Income in fact fail to even meet its fundamental criterion, i.e. its universality or unconditionality (Gentilini et al., 2020). The experiments

conducted in Canada and the United States from the 1960s to the 1980s concerned a negative income tax and were addressed to specific family types (e.g. families with two children) and age groups. The experiment in the province of Ontario, Canada, was in fact a negative income tax and its participants had been drawn from persons aged between 18 and 64 years and earning below ca. 65 per cent of the average income. The famous Finnish experiment from 2017–2018 only concerned unemployed persons who had received unemployment benefits even before the commencement of the programme (Kangas, 2019).

The experiments and pilots in the context of universal basic income, even if well-programmed, still have two fundamental defects. Firstly, they are temporary. Their beneficiaries know that the benefit will only be received for a specified period, it may be withdrawn early and they do not expect the entitlement to last for the rest of their lives. The Ontario experiment was announced for three years, but it was terminated after two years of implementation due to the change of government. Peoples' behaviour may start to adapt only after such a scheme becomes institutionalised, benefits are paid on a regular basis for a longer period and future funding has been reliably ensured. As a result, the experiments conducted have provided no knowledge on the impact of paying a fixed and permanent benefit on labour supply in a longer term. Secondly, the experiments and pilot schemes ignore the costs of such benefits. The tax rise required for the financing of universal guaranteed income could actually have a stronger adverse influence on labour supply than the income effect of benefits.

In recent years, there have been various experiments involving cash transfers in developing countries, with encouraging results so far. There is no systematic evidence that such schemes should reduce labour supply (Gentilini

et al., 2020). Banerjee et al. (2017) mention effects through which cash transfers in poor countries may have a positive impact on labour supply. Firstly, such transfers may enable households to escape the so-called poverty trap, i.e. to achieve living standards allowing productive work. Secondly, cash may allow individuals to start or re-capitalise their own businesses. Thirdly, such a benefit may help finance economically risky although profitable migration. Fourthly, increased demand may stimulate the local economy. However, such effects may be much less significant in countries characterised by a much higher level of income *per capita*, such as Poland.

In developed countries, microsimulations remain the dominant approach to estimating the effects of introducing universal guaranteed income; they can be estimates of both work-d discouraging effects of benefits and of taxes necessary to their financing. Such models are built on large representative samples of households, in an attempt to predict their responses to public policy changes. Their results tend to indicate the risk of falling labour supply (Colombino, 2019). Among those, for example:

- Islam and Colombino (2018) run simulations of replacing the existing social assistance schemes and their financing with several versions of unconditional basic income (as well as of guaranteed income, negative income tax and in-work benefits) financed by a flat income tax, with no tax credits or exemptions, in Austria, Belgium, France, Ireland, Luxembourg, Germany, Italy and the United Kingdom. In most of those countries and versions, Universal Basic Income has a negative influence on labour supply, although it is not significant except in Ireland. One possible reason is that the replacement of the previous tax systems by a flat-rate tax may have a strong positive impact on labour supply and counterbalance the discouraging

income effect, e.g. the net effect in France is positive for employment.

- Clavet, Duclos and Lacroix (2013) run microsimulations of the effects of introducing universal basic income in Quebec, Canada, at the level of the minimum subsistence figure (as a guaranteed income version). The benefit itself has such a significant negative impact on labour supply that it results in a reduction of beneficiaries' income. The effect is surprisingly strong even for the authors, especially that it excludes effects of higher taxes necessary to finance the benefit.
- Jessen, Rostam-Afschar and Steiner (2017) run a microsimulation of replacing Germany's social assistance scheme and its financing by Universal Basic Income and a flat tax. The elimination of income thresholds of benefits increases labour supply in the first decile of the income distribution, but high taxes reduce employment in the remaining groups to such a degree that the overall number of hours worked in the economy falls by 5 per cent.

A major plus of universal basic income is the lack of work-d discouraging income thresholds, but financing the solution with PIT strongly decreases the return on employment; therefore, it may adversely affect labour supply. As estimated by Eurostat, the so-called unemployment trap, i.e. the loss of gross income after moving from unemployment to employment as a result of losing the entitlement to the unemployment benefit and increased taxes, was 73 per cent in 2019. If the existing social assistance scheme should be replaced with Universal Basic Income, the negative effect of withdrawing the benefit so understood would disappear, but the effect of having to pay higher taxes after taking up employment would remain (and even increase), on the assumption that Universal Basic Income is not subject to taxation.

Table 3 presents the benefits of employment for a national average wage earner in 2019, in different versions of Universal Basic Income.

- **the fiscally neutral version** – a universal benefit in the amount of PLN 793, combined with the elimination of the whole pension and social assistance scheme currently in place;
- **the minimum subsistence version** – a benefit in the amount of PLN 1,200 per month for working-age persons, half of the benefit amount for a child (PLN 600), no such benefit for the retired population as

they would receive old-age pensions in accordance with the previous rules;

- **the minimum wage version** – a benefit in the net amount of PLN 1,674 per month for working-age persons, no child benefits (the parents receive sufficiently high amounts) and no benefits for the retired population as they would receive old-age pensions in accordance with the previous rules;
- **the extreme version** – a benefit in the amount of the minimum subsistence figure of PLN 1,200 per month for every citizen;

↘ **Table 3.** Benefits of employment for a working-age national average wage earner in 2019

Version	Net income		Benefit of employment (for a person employed)		
	in employment	not in employment	per month	per hour	per cent of income
Status quo	3,556	0	3,556	21.2	100
Fiscally neutral	4,349	793	3,556	21.2	82
Minimum subsistence	4,149	1,200	2,949	17.6	71
Minimum wage	4,453	1,674	2,779	16.6	62
Extreme	3,090	1,200	1,890	11.3	61

Note: it is only an indicative estimation, excluding household responses and reduced economic activity.

Source: prepared by the PEI based on GUS and Ministry of Finance data.

As the benefit costs rise, the taxes necessary to its financing go up. Since the benefit is mostly funded from PIT, a 4- to 6-fold increase in the amount of tax paid by a person with earnings below the first tax threshold significantly lowers the return on employment. Therefore, even though both individuals in employment and not in employment receive Universal Basic Income, a rise in the benefit amount reduces incentives to take up gainful employment. In 2019,

a person earning a net amount of PLN 21.20 per hour worked, corresponding to the national average wage, would only receive a net amount of PLN 17.60 after the introduction of the benefit in the minimum subsistence figure version, a net amount of PLN 16.60 per hour worked in the minimum wage version and a net amount of merely PLN 11.30 in the extreme version (Table 3). The likely effects would be a fall in labour supply and the expansion of the black economy.

Applicability

Only at first glance Universal Basic Income may seem encouraging from the perspective of public finance. In 2019, according to Eurostat, Poland had 6.7 million persons at risk of poverty or social exclusion and spent PLN 81 billion (3.6 per cent of GDP) on social assistance.¹¹ We might cancel our social assistance scheme and just transfer an amount of PLN 1,000 per month to each of those individuals, a clear and transparent solution. Unfortunately, it is not as simple as that. Firstly, it is difficult to identify the deprived – a person may be at risk in one month and not at risk in another. Secondly, such a solution would discourage moving out of poverty as it would involve an immediate loss of the benefit. Thus the various proposals of Universal Basic Income for all instead. It solves both of the above-mentioned problems, but the related costs become multiplied. At present, the amount of PLN 81 billion would only be enough for paying merely PLN 178 per month to every citizen, or PLN 229 per month if the retired population should be excluded. The allocation of the current pension expenditure to the financing of universal income would be a violation of the social

contract and would very likely appear to be unconstitutional. However, theoretically, if basic income should be funded from the elimination of social assistance and pensions, the monthly benefit for every citizen would be PLN 793 (Table 4). It is hard to consider such a benefit to be adequate in the role of universal basic income. It is significantly below the minimum subsistence figure of PLN 1,200, thus it fails to guarantee meeting even basic human needs. For the retired population, it would be a very significant decrease in the benefit received as the median net old-age pension was double the amount (PLN 1,702).

The universal basic income costs rise quickly if it is approached in terms of benefit adequacy rather than fiscal neutrality. The estimation presented below concerns the costs of further versions:

- **the minimum subsistence version** – the cost of PLN 376 billion (Table 5);
- **the minimum wage version** – the cost of 456 billion (Table 6);
- **the extreme version** – the cost of PLN 547 billion (Table 7).

↘ **Table 4.** Universal Basic Income in the fiscally neutral version for 2019

Specification	Population (million)	Benefit/month (PLN)	Cost (PLN billion)
Young population	6.9	793	66
Working-age population	22.7	793	216
Elderly population	8.4	793	80
Total			361

Note: the adopted assumption is the elimination of the whole social assistance and pension schemes currently in place. Due to rounding, totals in subsequent tables may not correspond to the sum of all figures shown.

Source: prepared by the PEI based on GUS, Ministry of Finance data and Trzeciakowski (2020).

¹¹ Social assistance here includes the following budget categories: 'social assistance', 'other social policy measures' and 'family'. It represents expenditure on parental benefits, other family spending, social assistance homes and centres, incapacity benefits, unemployment benefits, etc.

↘ **Table 5.** Universal Basic Income in the minimum subsistence figure version for 2019

Specification	Population (million)	Benefit/month (PLN)	Cost (PLN billion)
Young population	6.9	600	50
Working-age population	22.7	1200	327
Elderly population	8.4	0	0
Total			376

Source: prepared by the PEI based on GUS, Ministry of Finance data and Trzeciakowski (2020).

↘ **Table 6.** Universal Basic Income in the minimum wage version for 2019

Specification	Population (million)	Benefit/month (PLN)	Cost (PLN billion)
Young population	6.9	0	0
Working-age population	22.7	1674	456
Elderly population	8.4	0	0
Total			456

Source: prepared by the PEI based on GUS, Ministry of Finance data and Trzeciakowski (2020).

↘ **Table 7.** Universal Basic Income in the extreme version for 2019

Specification	Population (million)	Benefit/month (PLN)	Cost (PLN billion)
Young population	6.9	1200	100
Working-age population	22.7	1200	327
Elderly population	8.4	1200	120
Total			547

Source: prepared by the PEI based on GUS, Ministry of Finance data and Trzeciakowski (2020).

In 2019, none of the above-mentioned versions of universal basic income would be impossible to finance. The cost of universal basic income in the minimum subsistence figure version would be 38 per cent of the 2019 public expenditure, in the minimum wage version – 39 per cent, whereas in the extreme version – as much as 48 per cent. It would roughly correspond to the overall central budget in 2019: 90 per cent, 110 per cent and 132 per cent respectively. As regards the fiscally neutral version, it would be a violation of the social contract.

In each of the versions described, funding basic income would require cuts in spending and a tax rise. The following presents indicative estimates regarding financing options for such a scheme¹². The estimates are based on changes in PIT and CIT which seem the most natural for the purpose – with relatively large tax bases, paid in proportion to income and established by the central government. VAT is considered less harmful in economic terms, but its base seems too broad – it would mean the financing of cash transfers for all with a tax also paid by all. The costs of universal basic income are too high to be only funded by the wealthiest individuals in Poland – those are too few, as can be seen in the following estimations where most of the additional funds come from increased taxation within the first PIT threshold. Specific versions estimate:

- **the minimum subsistence version** – the financing of such a scheme on the assumption of the elimination of social assistance, an increase in PIT receipts by 99 per cent and in CIT receipts by 37 per cent (Table 8);
- **the minimum wage version** – the financing of such a scheme on the assumption of the elimination of social assistance, an

increase in PIT receipts by 156 per cent and in CIT receipts by 71 per cent (Table 9);

- **the extreme version** – the financing of such a scheme on the assumption of the elimination of the ‘Family 500+’ scheme only, an increase in PIT receipts by 254 per cent and in CIT receipts by 132 per cent (Table 10).

In all the universal basic income versions described above (Tables 8, 9, 10), the rise in taxation is very substantial. The financing of basic income in the minimum subsistence figure version would involve increasing PIT receipts by PLN 187 billion within the first tax threshold, by PLN 6 billion within the second threshold and by PLN 31 billion for self-employed persons. CIT revenue would have to rise by a total of PLN 69 billion, even with the assumption of the elimination of social assistance. A steeper increase in the tax burden would result from the financing of basic income in the minimum wage version – by a total of PLN 375 billion and with the elimination of social assistance, whereas in the extreme version – by PLN 516 billion and with the elimination of the ‘Family 500+’ scheme.

Except for the fiscally neutral version, each of the universal basic income versions presented would cause a very substantial increase in public expenditure. Taking into account the previously assumed cuts in spending, public expenditure as a percentage of GDP would rise by 13.0 pps in the minimum subsistence figure version, by 16.5 pps in the minimum wage version and by 22.7 pps in the extreme version (Table 11). As a result, Poland’s public spending, from a moderate share against the backdrop of the European Union, would grow to a very high level or clearly the highest proportion in the Community (Chart 23).

¹² The estimates exclude dynamic effects (reduced economic activity, changes in labour supply, etc.), legal barriers to the taxation of previously exempt entities (foundations, churches, special economic zones, etc.) and the elimination of social assistance.

▼ **Table 8.** Hypothetical financing of the minimum subsistence version in 2019

Financing	Tax base	Current scheme		New scheme		Change (PLN billion)
	Income (PLN billion)	Effective rate (in per cent)	Receipts (PLN billion)	Effective rate (in per cent)	Receipts (PLN billion)	
PIT, 1 st threshold	870	8	65	29	252	187
PIT, 2 nd threshold	60	25	15	35	21	6
PIT, self-employment	180	18	32	35	63	31
CIT, small businesses	16	9	1	35	6	4
CIT, standard	259	19	49	35	91	41
CIT, exemptions	69	0	0	35	24	24
Elimination of social assistance						81
Total						374

Source: prepared by the PEI based on the Ministry of Finance data and Trzeciakowski (2020).

▼ **Table 9.** Hypothetical financing of the minimum wage version in 2019

Financing	Tax base	Current scheme		New scheme		Change (PLN billion)
	Income (PLN billion)	Effective rate (in per cent)	Receipts (PLN billion)	Effective rate (in per cent)	Receipts (PLN billion)	
PIT, 1 st threshold	870	8	65	35	304	239
PIT, 2 nd threshold	60	25	15	40	24	9
PIT, self-employment	180	18	32	40	72	40
CIT, small businesses	16	9	1	40	6	5
CIT, standard	259	19	49	40	104	54
CIT, exemptions	69	0	0	40	27	27
Elimination of social assistance						81
Total						456

Source: prepared by the PEI based on the Ministry of Finance data and Trzeciakowski (2020).

▼ **Table 10.** Hypothetical financing of the extreme version in 2019

Financing	Tax base	Current scheme		New scheme		Change (PLN billion)
	Income (PLN billion)	Effective rate (in per cent)	Receipts (PLN billion)	Effective rate (in per cent)	Receipts (PLN billion)	
PIT, 1 st threshold	870	8	65	45	391	326
PIT, 2 nd threshold	60	25	15	52	31	16
PIT, self-employment	180	18	32	49	88	56
CIT, small businesses	16	9	1	49	8	6
CIT, standard	259	19	49	49	127	78
CIT, exemptions	69	0	0	49	34	34
Elimination of the 'Family 500+' scheme						31
Total						547

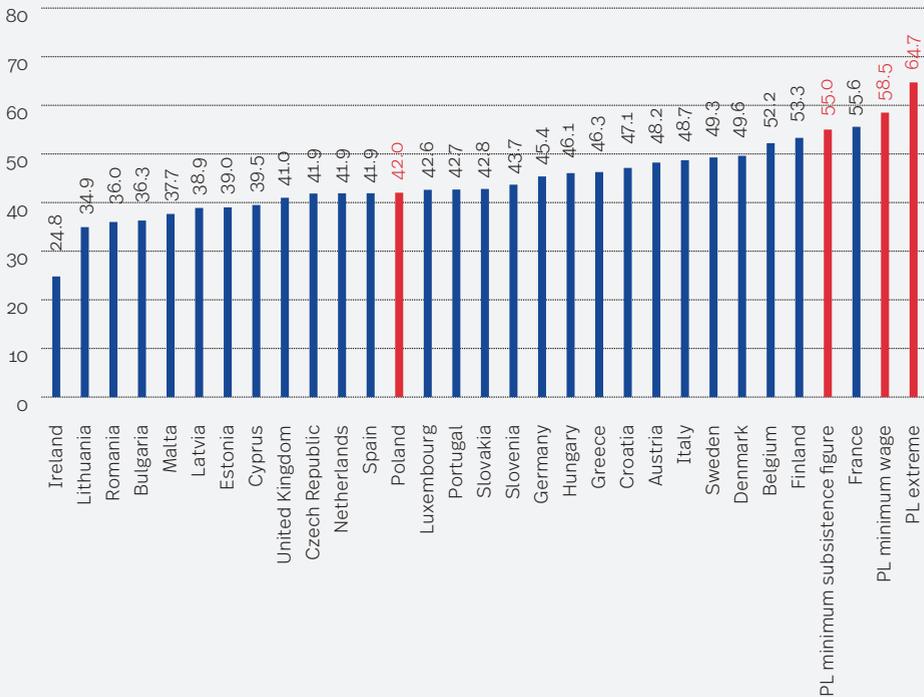
Source: prepared by the PEI based on the Ministry of Finance data and Trzeciakowski (2020).

▼ **Table 11.** Costs of particular versions of universal basic income for 2019

Version	Scheme cost (per cent of GDP)	Eliminated expenditure (per cent of GDP)	Increase in expenditure (in pps of GDP)
Fiscally neutral	15.9	15.9	0.0
Minimum subsistence	16.6	3.6	13.0
Minimum wage	20.0	3.6	16.5
Extreme	24.0	1.4	22.7

Source: prepared by the PEI based on GUS, Ministry of Finance data and Trzeciakowski (2020).

▼ **Chart 23.** Public expenditure after the introduction of a UBI scheme against the backdrop of the European Union in 2019 (in per cent)



Source: prepared by the PEI based on GUS and Ministry of Finance data, Trzeciakowski (2020) and the EC.

The very high fiscal cost of universal basic income hinders its financing through cuts in other expenditure and raising taxation.

Furthermore, such funding could lead to fiscal problems if the benefit amount should become debated during election campaigns. So far, similar schemes have always been financed from the state's natural resource rents. However, as shown by the Iranian and Mongolian experiences, even then exaggerated political promises and volatile commodity prices may easily lead to the scheme insolvency or inflation-related decrease in value. As exemplified by Alaska, it

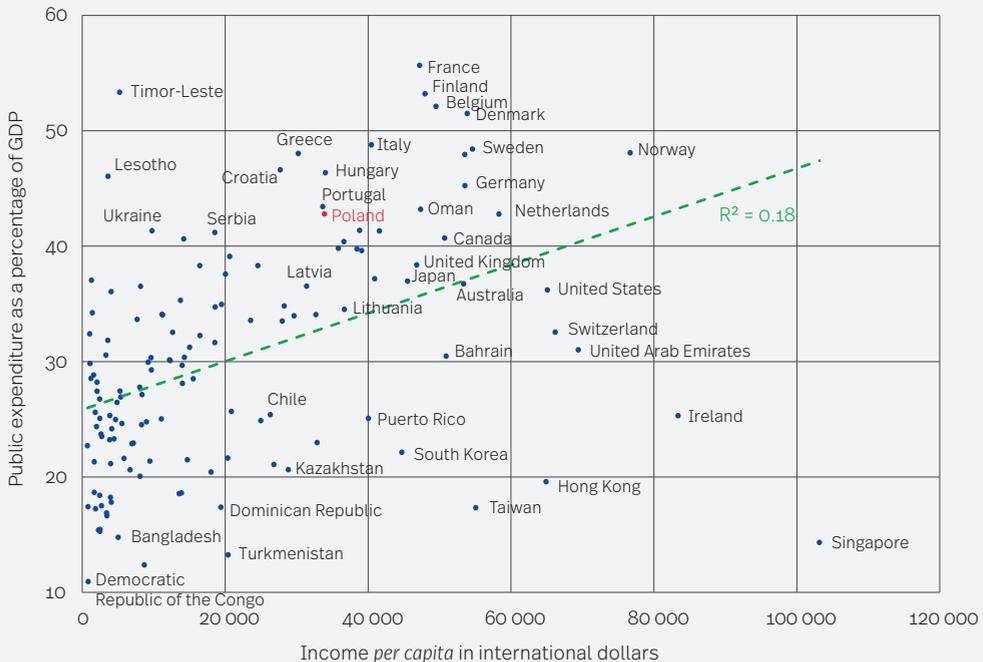
would be safer to make the benefit amount dependent on such resource revenue in a given year. However, it could result in its significant fluctuations. Perhaps, in the future, Poland might have an option to profitably exploit a natural resource, e.g. shale gas or oil. In such a situation, Universal Basic Income would become more realistic.

Until Poland becomes a resource-rich country, the best method for improving the prospects of introducing Universal Basic Income is economic growth. The World Bank economists estimate the universal income costs

at the level of the average poverty gap¹³ (thus very low for Poland) in developing countries. In low-income countries, such a benefit covering the whole population costs as much as 19.3 per cent of GDP, whereas in lower-middle-income countries the respective share is already 9.0 per cent of GDP and in higher-middle-income ones – 5.2 per cent of GDP (Djankov, Saliola, 2019). As income per inhabitant rises, the financing of

basic human needs becomes decreasingly expensive. On the other hand, poverty is also seen in relative terms and – from this perspective – the expected income level increases. In general, however, wealthier countries are able to allocate a higher proportion of income to public expenditure; therefore, they would probably find it easier to finance Universal Basic Income (Chart 24).

➤ **Chart 24. Public expenditure and income per capita in 2019**



Note: the chart excludes petroleum-exporting countries and countries with a population below 1 million; for the sake of legibility, the chart only includes labels for some countries.

Source: prepared by the PEI based on IMF data (WEO, Oct. 2019).

¹³ The poverty gap is a ratio showing the average income shortfall of the total population from the international poverty line. In other words, it indicates the intensity of poverty in the population, defined on a global scale.

The introduction of universal basic income in Poland could also be facilitated by the economy's further modernisation linked with economic growth. To date, one issue remains the small – against the background of the EU – non-financial corporations sector, i.e. the share of employment in undertakings with 10 or more persons employed. The productivity of the non-financial corporations sector is already quite high, but many workers in Poland still

remain employed in not very productive micro-enterprises, agriculture and the black economy. As a result, 6.4 million persons employed in non-financial and financial corporations (40 per cent of employment) generated as much as 58 per cent of Polish GDP in 2015 (Łaszek, Trzeciakowski, 2018). Therefore, any major public expenditure must be financed with high taxes imposed on a relatively limited group of the most productive workers.

Summary

The idea of universal basic income has been recurring, every now and then, at least since the 1960s as it has undisputed advantages from the point of view of both liberals and social democrats. Liberals see UBI as a transparent scheme which could replace the existing welfare state institutions. Its introduction would allow the decentralisation and, probably, improvement of public spending efficiency as decisions on the actual necessities would be made by beneficiaries rather than by public

officials or policy-makers. At the same time, social democrats perceive Universal Basic Income as a method for bridging gaps in social assistance, increasing the bargaining power of workers and making citizens independent of the market logic. Nevertheless, it seems that basic income has not yet been introduced anywhere for a reason. The fiscal costs simply remain too high, the risk of falling labour supply – too significant, whereas full effects on other areas of social life are still difficult to predict.



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Appendix 1. Questions concerning support for Universal Basic Income included in the questionnaire

We wish to ask you several questions concerning **Universal Basic Income (Guaranteed Income)**.

P1. Have you heard of a solution such as Universal Basic Income (Guaranteed Income)?

1. Yes, I have and I keep track of the discussion on the subject
2. Yes, I have, but I do not follow the discussion on the subject
3. I have never heard of such a solution

To make sure that we all have the same understanding of the term *Universal Basic Income (Guaranteed Income)*, a short definition is provided below:

Universal Basic Income (Guaranteed Income) is a solution in which:

- The state pays **all** citizens a fixed **amount of money** on a monthly basis.
- The aim of such a solution is to guarantee all citizens a minimum level of income.
- The amount is only sufficient for meeting **basic costs of living**.
- All citizens receive **the same amount** of money, whether or not they work, whether they are rich or poor.
- That money will not be reduced or taken away if people's earnings or incomes increase.

Now, we would like to know to what degree you support the introduction of such a solution in Poland.

Version I and Version II of the questionnaire randomly assigned to respondents (drawing within quotas to economically inactive and active, with the same number of 600, the questionnaire version drawn once, the respondent receives version I or II for questions P24, P29 and P31)

P2. Are you in favour of a solution in which the state would pay all adult Poles such a benefit in the amount of [Version 1 of the questionnaire] PLN 800 / [Version 2 of the questionnaire] PLN 1,200 per month – whether or not they work?

1. **Strongly in favour** of its introduction
2. **Somewhat in favour** of its introduction
3. **Somewhat against** its introduction
4. **Strongly against** its introduction
5. No opinion

P3. And to what degree would you support the introduction of such a solution if it should turn out that its financing **requires a significant rise in corporate and personal income taxes?**

1. **Strongly in favour** of its introduction
2. **Somewhat in favour** of its introduction
3. **Somewhat against** its introduction
4. **Strongly against** its introduction
5. No opinion

P4. And to what degree would you support the introduction of such a solution if it should turn out that its financing requires **a significant increase in public debt?**

1. **Strongly in favour** of its introduction
2. **Somewhat in favour** of its introduction
3. **Somewhat against** its introduction
4. **Strongly against** its introduction
5. No opinion

P5. And to what degree would you support the introduction of such a solution if it should turn out that its financing involves **the elimination of other support programmes for the poor and deprived or of certain free services** (e.g. health care, education)?

1. **Strongly in favour** of its introduction
2. **Somewhat in favour** of its introduction
3. **Somewhat against** its introduction
4. **Strongly against** its introduction
5. No opinion

It is possible to indicate a maximum of two answers

P6. If it should turn out that the financing of such a scheme involves the elimination of certain support programmes for the poor and deprived or of certain services, which of them would you eliminate in the first place? You can choose a maximum of 2 answers.

1. pensions
2. free health care
3. free education and higher education
4. social assistance to the poor and deprived, family and child benefits

Version I and Version II randomly assigned to respondents

P7. We also wish to enquire about your assessment of various aspects of such a solution. If the state should pay every citizen a benefit in the amount of [Version 1] PLN 800 / [Version 2] PLN 1,200, indicate to what extent you agree or disagree with each of the following statements concerning universal basic income.

Do you think that such a solution...

- a. ... would reduce the scale of poverty in Poland?
- b. ... would lead in a situation that people should have more time for matters other than work, such as family and community life?

1. Strongly agree
2. Somewhat agree
3. Neither agree nor disagree
4. Somewhat disagree
5. Strongly disagree

P8. Universal Basic Income (Guaranteed Income) assumes that all citizens would be paid the same amount of money. To what extent do you agree or disagree with the following statement?

Paying the same amount of money **to both poor and rich people** is a just solution.

1. Strongly agree
2. Somewhat agree
3. Somewhat disagree
4. Strongly disagree

Version I and Version II randomly assigned to respondents

Imagine that such a solution is in place in Poland. All Poles – with no conditions to be met and whether or not they work – receive a monthly benefit in the amount of [Version 1] 800 / [Version 2] PLN 1,200

To be asked if the respondent is economically active

P9. How likely is it that you would continue working if you should receive such a benefit?

1. Very likely
2. Somewhat likely
3. Somewhat unlikely
4. Very unlikely

To be asked if the respondent is economically active

P10. How likely is it that you would reduce your working time or the number of hours worked to have more time for your family, learning or community life if you should receive such a benefit?

1. Very likely
2. Somewhat likely
3. Somewhat unlikely
4. Very unlikely

P11. How likely is it that **other persons employed** would continue working **if they should receive such a benefit?**

1. Very likely
2. Somewhat likely
3. Somewhat unlikely
4. Very unlikely

P12. And how likely is it that **other persons employed** would reduce their working time or the number of hours worked to have more time for their families, learning or community life if they should receive such a benefit?

1. Very likely
2. Somewhat likely
3. Somewhat unlikely
4. Very unlikely

P13. And which of the following arguments **for the introduction of basic income** do you find convincing?

- a. It reduces fear of being unable to meet one's basic subsistence needs
 - b. It increases opportunities for poorer people in society
 - c. It supports self-sufficiency and self-responsibility
 - d. It increases the willingness to engage in family and community life
 - e. It improves solidarity as it is funded by all
 - f. It reduces bureaucracy as it requires no income checks
-
1. Strongly agree
 2. Somewhat agree
 3. Neither agree nor disagree
 4. Somewhat disagree
 5. Strongly disagree

P14. And which of the following arguments **against the introduction of basic income** do you find convincing?

- a. It encourages people to stop working
 - b. It encourages foreigners to arrive and benefit from the solution
 - c. It is impossible to finance the solution
 - d. It is unjust as the poor and deprived would receive the same amount money as the rich and high earners
-
- 1. Strongly agree
 - 2. Somewhat agree
 - 3. Neither agree nor disagree
 - 4. Somewhat disagree
 - 5. Strongly disagree

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