Arab Reform Initiative

Research Paper, 12 June 2020

A Slice of Knafeh for Everyone? A Critical Introduction to Universal Basic Income in MENA

→ Julia Choucair Vizoso

Knefeh at Jaffer's famous shop in old city Jerusalem.

With millions of workers around the world losing their income as they are forced into physical isolation or culled from the labour market, the Covid-19 pandemic has reignited interest in an old idea: Universal Basic Income (UBI). In April, Spain made global news for its high virus-related reported deaths, but also for the government's plan to unveil a permanent national income. The Pope's Easter addresses were marked by an empty St. Peter's Basilica, but also by his conviction that "this may be the time to consider a universal basic wage".

Distributing cash to ameliorate the economic effects of shocks is not uncommon. Cash transfers are often part of the package of policies that governments deploy during economic downturns, natural disasters, and mass movements of people. In a pandemic, cash transfers not only mitigate, but tackle the shock itself: Giving people money allows them the option of staying home, which helps control infection rates. But what is tantalizing about the current moment is the call to make these payments permanent. For long-time advocates of a universal basic income, now is the time to sneak it in through the backdoor — a temporary emergency measure that will hopefully prove itself worthy of permanence. For newcomers to the idea, something about UBI seems to spark the imagination — especially as the virus exposes the vulnerabilities of our socioeconomic systems and fuels the search for alternatives. After all, who doesn't want to receive a monthly payment just for being alive?

As elsewhere, the Covid-19 crisis is igniting interest in basic income in the Middle East and North Africa (MENA) region, as journalists, economists, and policymakers grapple with arrested economic development and gaps in social protection — chronic conditions now rendered more visible. But in the region, the pressing need to boost social spending amidst the pandemic has also coincided with a serious challenge to public budgets caused by the shock to oil prices. The high dependence on oil prices for almost all states in the region — either as producers or, indirectly, via remittances, trade, and foreign aid and investment — is a major factor conditioning the way MENA countries are experiencing the public health crisis.

In the hydrocarbon-rich states, the sharp decline in oil prices is throwing into relief the unsustainability of petro capitalism — i.e., capital accumulation founded on the extraction, distribution, and consumption of petroleum. Beyond oil, global

political responses to the health crisis, such as border closures, challenge other core tenets and visions of economic growth in Gulf Cooperation Council (GCC) states; namely, the region's investment in becoming an unrivalled hub for the transport of people and capital across borders. Crucially, thinking through contagion, living quarters, and who can afford to stay "home" from work, also makes it more difficult to ignore the habitual brutal conditions of marginalized migrant workers.

For the hydrocarbon-poor economies, the pandemic compounds the fragilities of dependence on remittances from the GCC, service sectors, tourism, and foreign aid. It also poses a tough question: In economies where so much of employment is informal and where welfare systems are practically non-existent, how can most people stay home? Faced with the impossible choice between disease and hunger, distributing cash is an obvious approach.

But beyond crucial relief in the immediate term, does universal basic income have a place in the search for alternative economies? What does the concept refer to exactly? Who has supported it historically and on what basis? Can it be applied to the diverse economic structures and political economies of MENA? And should it? How relevant is it to the social justice demands that continue to fuel popular uprisings and mass movements?

An overview of UBI as it has manifested in theory and praxis over the last 50 years reveals an idea that resurfaces periodically with much fanfare, but little definitional clarity — and even less practical engagement. When stripped from the enthusiasm that "free cash for all" naturally elicits, we are left with discussions that often talk past one another, about fundamentally different policies. We are also left with few real-life cases to draw on — which themselves are at best approximations, given that UBI has never been tried on a national scale. When we turn to MENA, we are confronted with the additional challenge of translating a concept that was moulded by the experience of OECD countries — contexts in which welfare is organized primarily by governments, taxation systems are robust, and where employment is primarily formalized (i.e., where most waged work falls under social security coverage). A combination that does not apply to states in the region.

Yet the critical limitations of UBI for the MENA region do not lie in a problem of "lost in translation." It is not the different economic structures, with the ensuing concerns about feasibility and affordability, that should give us the biggest pause. Instead, the limitations are inherent in the concept's vision for economic relations and social contracts in the region and beyond. Often decried as too ambitious, UBI's vision may actually be too narrow for the socio-economic emancipation many are calling for in the region.

2. What is universal basic income?

Universal basic income (UBI) refers to the idea that an amount of *income* be paid *regularly* to *all* members of a society on an *individual* and *unconditional* basis. Parsing it out, this definition rests on five pillars that set it apart from existing system social benefit and welfare schemes.

- The income takes the form of a direct cash transfer, as opposed to more common assistance in the form of in-kind benefits and services.
- It is disbursed regularly on a permanent basis. It is not a temporary or extraordinary measure.
- It is universal, distributed to all members of a defined political community (whether by citizenship or residency), irrespective of their wealth or employment status — in sharp contrast to "means-tested" assistance, which targets those who need it most.
- It is attached to individuals as the unit of concern, not to households as is the case of many existing assistance programmes.
- Finally, but most crucially, individuals receive it unconditionally, no strings attached. Unlike most welfare schemes around the world, recipients need not demonstrate they are genuinely unfit for work or trying their best to find employment.

It is this final feature, unconditionality, that fuels the considerable interest in UBI among contemporary moral and political philosophers. The fact that UBI is intended for everyone — rich and poor, able and disabled, young and old, working and not working — "challenges some of our most enshrined institutions about

what justice requires." It stands in sharp tension with assumptions about the importance of productivity, and of who is deserving or undeserving of assistance.

A policy that fulfils the five requirements has never been implemented on a national scale. In fact, even mere proposals branded as UBI rarely meet the definition. To return to the recent announcement by the Spanish government: Despite the global hype and the UBI misnomer in the international press, Spain's *ingreso minimo vital* will not be universal (as the Spanish name makes clear). Instead, it is a guaranteed minimum income scheme only for those who cannot find work — and therefore is more accurately described as an expansion of the national unemployment benefit. Such a programme already exists at the autonomic level, such as in the Basque region, and when expanded to the national level will match existing European systems such as Germany's. (Although UBI was originally a goal of Podemos, the leftist party that rose from the rubble of Spain's brutal economic crisis, it was relegated to the status of a long-term ambition in the party's 2015 electoral platform).

Similarly, recent coverage of French politics also highlights "UBI," especially as associated with one of the frontrunners of the 2017 presidential race, the socialist Benoit Hamon. Yet from what we know from the details released about the proposal, it too would not fulfil the requirement of unconditionality (nor would it, in this case, meet the individual-level requirement as it does not automatically individualize recipients).

The tendency to ignore even the term's most basic definition reveals the blinding enthusiasm with which public discourse tends to react to all-UBI-sounding-things. The concept is stretched even thinner when we move beyond the basic definition to details of design and implementation.

3. UBIs various versions and battle lines

UBI is not a new concept. It has been around for at least 200 years, defended by overlapping but also conflicting political theory traditions. It has its roots in social democratic, anarchist, and socialist thinking of the 19th century, but gained a footing in conservative thinking of the 1960s.

The diverse origins are reflected in its eclectic fan base. During its heyday in the 1960s and 70s, its proponents included Martin Luther King Jr., the Black Panthers, and Richard Nixon. Over the past decade, it has also found support among those unaccustomed to advocating for the same policies: from the tech world's Mark Zuckerberg, Elon Musk, or US presidential candidate Andrew Yang, to progressive social movements such as #Black Lives Matter or Spain's Indignados. Alaska and Iran share the status of hosting two of the most ambitious cash transfer schemes in the world. Electoral campaigns have featured UBI in Australia, Belgium, Canada, Germany, Ireland, Finland, France, the Netherlands, the United Kingdom, and the United States. UBI activists have managed to attract much public attention in Italy, Japan, and South Korea. Political interest is growing in developing economies, including Iraq, Brazil, East Timor, Namibia, Nigeria, India, or South Africa.

The fact that UBI finds supporters across the political spectrum is often touted as proof that UBI is an apolitical third path forward, away from Left or Right. But the apparent consensus is illusory. UBI is not so much a single, well-defined concept, as it is a Rorschach test: different people see different designs. And with UBI, everything is in the design.

Three design features, in particular, make all the difference. (1) Will basic income replace or complement existing governmental assistance programmes? (2) Will the amount of the basic income be high enough to eliminate the need to work for a wage? And (3) where will the money come from? The answers to these questions, in their sharp disagreements, quickly reveal that there is not one but many UBIs, and that the different versions track familiar battle lines.

3.1 Free-market UBI

Traditional free-market conservatives see in UBI a golden opportunity to abolish social policies and welfare programmes, which they bemoan as hopelessly bureaucratic and inefficient. Founded on Milton Friedman's 1962 *Capitalism and Freedom*, this version envisions replacing most or all existing public assistance programmes with a single payment to individuals. With the additional income, the logic goes, individuals would be able to purchase services on the private market. In its most sweeping form, this version of UBI would replace not just services such as

food stamps and cash welfare payments, but rights to services like health care and education.

In terms of the question of how high the payment should be, conservatives are driven by the fear that a high enough basic income will unleash laziness and idleness, as people lose the incentive to work for a living. They seek a UBI level that alleviates poverty but does not free anyone from needing to work. As for the question of funding, eliminating most public services should certainly free up spending. Yet the core of conservative funding schemes for UBI is Friedman's proposal of the Negative Income Tax: individuals who make below a certain amount do not pay any income tax, getting money back from the government instead.

The fear of a lurking idleness among the masses that must be kept at bay has pervaded most UBI proposals and pilot projects since — which have been few to begin with. It helped derail the closest we have ever come to a national-level UBI: Nixon's proposed 1969 Family Assistance Plan. Given the state of US politics today, it can be hard to imagine that the country once came that close to distributing an annual income equivalent to $11,000 today for a family of four. The programme was born out of a desire to erase the distinction between the working and non-working poor, which policymakers believed had bedevilled previous attempts to alleviate poverty. However, unfounded fears stoked by Nixon's advisers that the plan would incite the poor to idleness and dampen their productivity and wages, precipitated the addition of a work requirement. The plan eventually died in the Senate, under both Republican and Democratic opposition.

The rhetorical distinction between the "deserving and undeserving poor" also sunk the handful of North American negative income tax experiments in the 1960s and 70s: four experiments in the US and one in the Canadian province of Manitoba. (In the US case, early results from one trial, which revealed an increase in divorce rates, also fuelled opposition to UBI as toxic to the American family). As the 1980s and 90s decimated social safety net spending in North America and parts of Europe, basic income discussions receded.

The spirit of Milton Friedman also haunts the second wave of interest in UBI, which we are currently witnessing. It manifests in one of the most publicized cases in

recent years, an experiment in Finland that in reality was quite limited in scope (consisting of a discontinued pilot whereby only 2,000 citizens received payments for 2 years in 2017-18). The proponents of the programme, Finland's centre-right party, defended it along conservative rationales — that it would reduce "welfare traps that discourage people from working" — and designed it primarily to propel the unemployed into low-wage labour in the wake of a double-dip recession. Yet even then, opponents claimed the programme would incentivize people to stay home and play video games.

The tech world's much-publicized embrace of UBI also echoes Friedman, but on a different note. Unlike conservatives, techno libertarians worry less about presumed rampant laziness and more about a future where there will be no work to be had anyway. They imagine a "post-work future" where automation and artificial intelligence obliviate the current need for human labour, and where UBI is the only answer to mass wage loss. What began as a fringe idea in Silicon Valley made it into California's 2018 Democratic Party platform, and onto the US national stage as the centrepiece of tech entrepreneur Andrew Yang's campaign for the 2020 presidential race. Yang's proposed "freedom dividend" of $1000 a month fits the conservative mould of UBIs. Rather than stacking atop the existing welfare system, current welfare beneficiaries would have to decide between their current benefits or the dividend. Moreover, it would be funded through taxes with a negative redistributive effect: A Value-Added Tax of 10 percent that would distribute the cost of UBI to citizens based on consumption, not wealth.

3.2 Progressive UBIs

Progressives are naturally wary of any programme that threatens to replace government benefit programmes and concentrate wealth even further. Any basic income scheme that tries to replace existing means-tested benefits would have catastrophic effects on poverty. Others fear that a UBI that simply tops up workers' income but is not high enough to provide exit options, risks amplifying employers' current race to the bottom as they lower wages and spread precarious work. Some historic worker parties also believe UBI could undermine organized labour if it replaces current benefit schemes. In Finland, where workers must be union members to be covered by an unemployment fund, UBI could reduce workers'

incentive to join unions — a key reason why Finnish labour unions oppose it.

Support from the Left for UBI comes in two forms. First, there are those for whom the only UBI worth having is a "liveable UBI": one at a level high enough to allow workers the option to choose whether to take a job or not, which proponents believe would liberate workers from the tyranny of the job market. For some in this camp, the promise of this type of UBI is time. Time to hunt in the morning, fish in the afternoon, and do critical theory at night. Time to organize into progressive social movements. For others, the real significance would be to "overturn the asymmetry of power that currently exists between labour and capital," by emboldening workers to demand more. If workers know they cannot fall under a certain level of income, the logic goes, they are more likely to risk making demands of their employers. Seen in this light, UBI would be "a kind of unconditional and inexhaustible strike fund." For ecologists, especially those in European Green parties, the hope is UBI will lead to ecologically sustainable lifestyles. For feminists who approach it from a social reproduction angle, UBI promises to recognize all the unpaid labour that happens every day, especially within households and overwhelmingly by women. For other feminists, the move from the household level to the individual could be a means of empowerment for women who would receive an income of their own, because it appreciates that though families are often spaces of solidarity, they can also be spaces of contention and potentially domination.

Yet a liveable UBI that does not replace most existing benefits is estimated to cost between 17.9 percent and 50.3 percent of GDP, depending on the world region — which for many makes it dead on arrival. The furthest a proposal of this type has advanced was in 2016 Switzerland, when social movements advocated for a liveable 2,500 francs ($2,555) per month for each adult and 625 francs for each child. It was opposed by a majority of parliamentary members and ultimately by 77 percent of voters when it went to a referendum.

Although there is some contention on the Leftover which programmes UBI would replace — discussions that are highly contextual given how much welfare systems vary across countries — in general, most see UBI as a further expansion and enhancement to the budget for core social security, health, education, active labour market policies, and other crucial social services.

The second form of support for UBI among progressives is for a "basic income at the highest level that is economically and ecologically sustainable," whether it meets the liveable level or not. For this camp, societies should aim for a UBI at any level because the sheer elements of universalism and unconditionality are radical in and of themselves. A UBI at any level, they argue, will erode the harmful policy distinction in existing welfare systems between "deserving versus undeserving poor"; highlight the arbitrary link between "work" and income (in line with the feminist logic discussed above); implant the idea of basic subsistence as a right, not a favour; and reveal the irrationality of an economic system in which productivity increases bring only additional misery. Others add that a non-liveable UBI might pave the road toward a liveable one, readying the institutional infrastructure that could then be expanded. And for some, the financing model of a non-liveable UBI could be positive in itself if it serves as a robust redistributive measure; for example, if basic income is financed by raising taxes on the rich.

On this question of how to finance UBI, most proposals from the Left appeal to progressive taxation schemes — a wealth tax, financial transaction taxes, carbon taxes, or a combination. One proposal is for governments to tax capital assets, and ultimately to create social wealth funds, in which the government directly owns a large pool of income-generating assets and then pays out the returns on these assets to every resident on an annual basis. Proponents of this approach highlight two reasons for its feasibility. First, a programme of this nature already exists at a major scale. The US state of Alaska has been running a form of UBI since 1982 through the Alaska Permanent Fund and Permanent Fund Dividend. The fund builds its principal by charging royalties to companies for extracting Alaskan public oil, proceeds to invest them in the stock market, and then parcels out the annual capital income flows in equal amounts to residents of the state. Second, advocates argue that this type of financing lays bare the fact that the global economy is already used to the concept of basic income: A minority of the population already receives income unconnected with their work, in the form of returns on income-earning property. UBI, seen in this light, would simply be expanding the mechanism to the population at large.

The different versions of UBI, from the Left and the Right, demonstrate that there is nothing inherently radical or emancipatory in proposals that simply bear the

name "basic income." The details of the design are crucial. As philosopher Brian Barry famously expressed, "Asking about the pros and cons of basic income as such [without setting a clear level] is rather like asking about the pros and cons of keeping a feline as a pet without distinguishing between a tiger and a tabby."

4. Lessons from basic income in practice

As may have become clear from the discussion thus far, most discussions surrounding UBI are normative in nature. Empirics-based arguments are much less frequent. We could hardly expect it to be different, given that UBI has never been tried and tested on a national scale — and that it is practically impossible to extrapolate from what has been tested in practice.

For, even putting the universality requirement aside, the experiments we have to draw on have rarely met all the other four criteria of the UBI definition. Many existing programmes have been conditioned on particular behaviours and targeted toward those who are severely disadvantaged. Consequently, even for seemingly successful programmes, we cannot know what might happen if we scale them up, extend their duration, and satisfy additional criteria of the UBI definition. Moreover, experiments have been infinitely varied, making it very difficult to compare across experiences. In most cases, cash has been paid at markedly different levels and intervals, although usually well below the poverty line. Pilot programmes have ranged from 17 percent of the national poverty line (India) to 52 percent (Finland) to over 100 percent (Uganda).

The closest approximations to basic income programmes in the world today are in Alaska and Iran. Alaska's Permanent Fund Dividend (described briefly in the previous section) meets the definition of basic income because it makes a regular, unconditional, in-cash payment to every U.S. citizen who lives in the state of Alaska for the full year. Yet it is far less than enough to meet everyone's basic needs; it usually varies between $1,000 and $2,000 per year depending on stock market fluctuations. The programme is widely popular and has been found to produce some positive impacts on rural indigenous groups. It has had no effects on reducing child poverty or preventing widening income inequalities. It has also had no effects on labour activity.

Much less attention is devoted to Iran's basic income scheme, which comes far closer to the ideal definition of UBI than any other large-scale cash transfer scheme in the world. In December 2010, the Iranian government rolled out a nationwide unconditional cash transfer programme, whereby all Iranians residing in the country would be entitled to a monthly cash transfer of about $40 per person. The payments were intended to cushion the blow to consumers of the country's most sweeping economic policy change in a decade: the phased elimination of state subsidies on the price of nearly all staple commodities — bread, electricity, water, and gasoline. The idea was for the state to address its budget deficits, ameliorate absolute poverty, and relieve the pressures of sanctions on Iranian households, all at once.

Iran's plan was launched with much confusion and opposition. Many citizens disagreed with the income cluster they had been placed in and complained to their MPs. Iranian industry was vocally opposed, fearing the effects of subsidy removal for various industrial sectors that were already facing competition with a flood of imports. Also, like basic income pilots elsewhere, there were unsupported but widespread assumptions that the programme was disincentivizing people to work. Yet researchers have found "the programme did not affect labour supply in any appreciable way." Some workers even increased their work hours. In terms of the programme's other effects: small-town entrepreneurs used these payments to open up small shops geared towards consumption; some improved or expanded their homes; but inflation and the continued removal of subsidies seem to have counteracted any improvements in poverty, let alone ameliorate inequality.

The finding that basic income schemes do not cause recipients to withdraw from the labour force has also been found across other, more limited experiments (thereby contradicting the most common argument from the Right against UBI). Such was the general finding from the four negative income tax experiments between 1968 and 1980 in the United States, as well as from Canada's 1970s Manitoba experiment. In the latter, only two groups of citizens changed their behaviour in the labour market: married women reduced the hours they worked in order to fulfil parental duties; and teenage boys reduced their work hours, stayed in high school, and graduated at higher rates. Results from Finland's 2017 experiment also found no difference between the number of days worked for the

2,000 recipients of $590 per month unconditionally, and for a control group of 5,000 who continued to receive payments from the basic unemployment allowance. The surveys also showed that the basic income recipients perceived their health and stress levels to be significantly better than members of the control group.

Over the past decade, a second type of experiment has been injected into UBI debates: cash transfer programmes provided on a randomized basis for fixed periods to citizens subsisting on very low incomes in selected locales in developing settings (mostly in India and across sub-Saharan Africa). The programmes have tracked a growing enthusiasm for cash grants as a tool to tackle poverty globally, as opposed to skills training programmes or in-kind benefits, such as water pumps or cattle. Known as "social action funds" or "community-driven development," they are usually run by partnerships between governments and charities, corporations, development agencies such as the World Bank, and foreign researchers. Kenya is currently hosting the largest of these randomized controlled trials, in which 6,000 people will be guaranteed a flow of cash for at least a decade.

Thus far, development economists have documented promising short-run impacts and mixed longer-term impacts. For example, in Uganda, where a programme gave young people a one-time payment of $400 (equal to their annual incomes), researchers found the cash had raised earnings and consumption four years after it was distributed, but these effects disappeared after an additional five years. Cash also had lasting impacts on assets, skilled work, and possibly child health, but little effect on mortality, fertility, health or education. The authors of that study conclude that one way to think about it is that cash is one way to speed up an escape from poverty, rather than as the key to helping escape poverty in the first place. Yet these programmes still perform better than other non-cash developmental projects, especially skills training which have a very underwhelming record in developing countries. UBI pilots in India and Namibia have also generated positive impacts on beneficiaries and their families, namely with regard to improved food and nutrition, health outcomes, school enrolment as well as a marked reduction in child labour — and they reveal no significant effects on employment.

The enthusiasm for cash transfers has also reached refugee assistance

programmes. The first rigorous evaluation of emergency cash for refugees, conducted with Syrian refugees in Lebanon, produced results consistent with the other settings: it does not create disincentives to work, it enables people to study and spend money on things that improve their lives. Cash also increased access to education, and there is evidence of reduced tensions within the household and between the refugee and host community.

Naturally, the link between these one-time cash transfers and universal basic income is tenuous. Giving small amounts of cash to the dispossessed is bound to make a difference on their lives, and indeed, these schemes have helped to improve the recipients' health and livelihoods. But there is much we do not know about their longer-term viability, or how they could be scaled up to serve entire populations.

5. UBI in MENA

The Middle East and North Africa has been largely absent from global UBI discussions. In part, this reflects the absence in this region of the characteristics of OECD states that have propelled UBI thinking, namely the nexus of formal employment and wage labour that is the foundation of many social-insurance models. Most MENA states possess large informal sectors that are difficult for the state to regulate and administer, relatively weak taxation systems, and formal welfare programmes that are either underdeveloped or limited, with many citizens relying heavily on non-state institutions and services to meet their basic needs.

On another note, the region has missed the recent experimental turn that tests the effects of cash transfers in developing economies, which have focused on lower-income countries in Sub-Saharan Africa or Asia, where ambitious experiments are both cheaper and more likely to garner government approval. In sum, MENA has been left out of two broad classes of UBI discussions: Euro-centric models born out of the welfare state and Global South experiments focused on cash-as-development.

Yet even when governments in the region have enacted large-scale cash transfer programmes, these have garnered rare mention. Iran's 2011 programme (discussed in the previous section) is one of the most ambitious we have seen, yet

is rarely featured in UBI comparisons. The same goes for other cases of cash transfers in the region, such as Kuwait's 2011 one-off programme or Saudi Arabia's Citizen Account Programme (*Hisab al-Muwatin*), which was launched in December 2017 as direct cash transfers from the Ministry of Labour and Social Development to Saudi low- and middle-income households, with the aim of offsetting the impact of energy price increases and the introduction of VAT on food and beverage. According to officials, by February the programme had distributed 66 billion riyals ($ 17.5 billion) to 2.3 million households.

The exclusion of these cases from UBI discussions cannot be justified on a conceptual basis, especially given how broad the parameters seem for anointing a programme "a case of UBI." Rather, the rhetorical exclusion might reveal a more generalized bias against welfare policies that are deemed "populist" or "clientelistic." This bias is not specific to the region — it is reminiscent of attacks on American and European welfare policies from the 1970s through the 1990s. These days, it projects onto MENA with the view that anyone who receives something from a state is being "bought off, co-opted, or silenced in exchange for handouts."

Moving beyond how MENA cases are (or rather, are not) discursively incorporated into what counts as UBI in international policy circles: What can be said about basic income in the region? First, what is the likelihood of seeing new or expanded versions of basic income under current regimes? What are the parameters of the discussion if we focus on feasibility and cost from the perspective of extant policymakers? Second, and more importantly, what role if any should UBI have in demands for change and social justice in the region, especially as they have been articulated since 2011?

5.1 UBI in MENA's current regimes

There is limited discussion in MENA about UBI (in the term's complete definition, not in the approximations we have already seen around the world). UBI lives in the domain of some economists and journalists, mostly thinking about Egypt and the Gulf, as well as that of regional organizations like the Arab League's Arab Monetary Fund or international ones like the International Labor Organization (ILO).

In these incipient discussions, the focus is on cost calculations and financing options (the latter receiving perfunctory attention without detailed proposals or strategies). According to a 2018 ILO report, the cost of a UBI that provides a universal basic standard of living in MENA would be 17.9 percent of GDP (based on a calculation that uses nationally-determined poverty lines in accordance with ILO recommendations for income security, and assuming children would receive half the amount of adults). Interestingly, this is the lowest percentage of any world region: 25 percent in Asia, Europe and Latin America and 50.3 percent in Sub-Saharan Africa. According to a March 2020 report by the Arab Monetary Fund, the annual cost of a UBI programme set at 25 percent of the median per capita income would range between a low of $1 billion in Djibouti and Mauritania, to a high of $195 billion in Saudi Arabia and $101 billion in the United Arab Emirates. In the middle would be Egypt at $76 billion annually, or Iraq at $56 billion.

Where would this amount of funding come from in a region that has the lowest tax revenue as a percentage of GDP in the world (5.3 percent in 2015)? According to some economists, low tax collection rates are a source of strength in the current moment: When you start at such a low baseline, there is nowhere to go but up. Referring to the Egyptian case, they believe implementing a generalized basic income in the midst of a pandemic could be *the* opportunity to improve tax collection rates.

Yet we know that for UBI to have redistributive impacts, sources of funding must be non-regressive; i.e., UBI must not come from taxing households at large or depriving them from crucial social benefits. Nor should it rely on increases in value-added tax (VAT), which is already relatively high across the region, and a main culprit of the structural distortions in the tax system. In Egypt, for example, VAT represents approximately 50 percent of the tax revenue (which in turn comprises 14 percent of GDP). At the same time, there are slim chances we would see progressive taxation systems. Unless extant oligarchic structures are toppled, it is difficult to hold out hope for tax reforms that begin to recoup income from Arab societies' richest individuals through higher taxes on wealth, capital assets, or financial activity and transactions.

Given the unpropitious taxation landscape, if UBI proposals were to pick up steam, funding schemes would likely stay in the realm of: (1) re-allocating public

expenditures, and (2) investing revenues from the hydrocarbon industry. Bolder, progressive versions might envision: (3) restructuring existing debt, or (4) making UBI a component of foreign aid.

(1) The likeliest path we can imagine to more expansive versions of basic income under current regimes would fall under a generalized programme of reallocating and even cutting existing public expenditures. Cutting public funding has been a key tenet of the region's trajectory of economic liberalization, grounded in transnational neoliberal ideologies of what constitutes economic development and mandated by international financial institutions' Economic Reform and Structural Adjustment Programmes, in return for financial bailouts to cover foreign exchange shortages or budget shortfalls. In this context, cash transfers become a way to ameliorate serious and painful reforms — such as the elimination of price supports for essential goods and services. As the cases of Iran and Saudi Arabia show, cash transfer programmes have been conceived of as "cash subsidies," or transfers that replace price subsidies that are being phased out, on bread, water, electricity, heating, and fuel. In a sense, this type of UBI would echo the free-market versions discussed in section 3.1, whereby basic income is part of a contraction, not an expansion of social benefits.

Yet even in the high-income countries of the GCC, it is no longer a given that policymakers will try to ameliorate subsidy reductions. Like in other high-income states around the world, we see a tug of war between those who advocate for injecting money into the economy in the form of cash distributions (either in the hopes of stimulating consumer demand, or as a safety net to prevent popular discontent) and those who support austerity. Saudi Arabia's recent measures, which triple the VAT and suspend cost-of-living allowance for state employees, point to the balance shifting in favour of austerity. Moreover, royal families' current perceptions of the social contract with their citizen-subjects also does not bode well for expansion of basic income. Ruling elites in the Gulf are immersed in a project to transform citizens they perceive as "passive recipients of welfare" into "new entrepreneurially-motivated citizens." The accompanying emphasis on entrepreneurship, knowledge economies, and neoliberal conceptions of state-citizen relations grate against possibilities of safety net expansion.

This path would not be unusual for the region. It would not be the first time that

commodity price collapse leads to harsh austerity measures. For example, the 1986 collapse in oil prices led to harsh austerity measures in 1988 in Algeria (a major natural gas exporter) and Jordan (due to the decline in external rents), and subsequently to bread riots in both countries. What is new is seeing austerity gain popularity in the GCC.

(2) A second source of potential funding for basic income models in the GCC lies in their sovereign wealth funds. In line with most sovereign wealth funds around the world, GCC funds have captured windfalls from the hydrocarbon industry and turned them into financial assets. Currently, these funds are thought of as "rainy day" deposits used to meet macroeconomic challenges such as projected savings shortfalls, currency fluctuations, infrastructure investment targets and structural deficits. Technically, such funds could operate as pools for basic income dividends, à la Alaska model discussed in section 4. However, in another similarity with sovereign wealth funds elsewhere, none of the GCC funds have demonstrated an appetite for such a move. It is unlikely the mood would swing now, considering the slump in oil prices and government nervousness about levels of financing.

(3) Beyond the GCC, any basic income scheme in the region would most likely demand reducing or cancelling existing government debt. Among non-oil producing states in the region, the median debt proportion as a percentage of GDP in 2018 was 88 percent. Based on available 2020 figures, the following countries lead in debt as a percentage of GDP: Lebanon (158 percent), Jordan (90 percent), Egypt and Mauritania (both at 76 percent), and Morocco at 64 percent. Less recent figures also include Yemen in the list, with 63 percent debt-to-GDP in 2018.

The pandemic has inspired calls not simply for debt relief by international agencies and lending institutions, but for debt cancellation altogether for developing countries. So far, the only move to actually reduce debt, rather than simply delay payment, has come from the International Monetary Fund, which in April offered grants that would cover 25 countries' debt payments to the fund for six months, with Yemen as the only state in MENA. Given the international momentum behind it, its mediatic appeal, and the massive impact it would have on freeing up government spending in the region, debt cancellation should be a natural priority for UBI advocates now.

(4) Finally, another significant source of government revenue in MENA — foreign aid — raises the question of why UBI is almost never pitched as part of development aid, either in the region or beyond. According to the ILO: "this is a question of priorities; a UBI for low-income countries that would eliminate poverty overnight in those countries would cost only 0.68 per cent of global GDP, this is, 3 percent of the amount announced by G20 governments to rescue the financial sector in 2009 or one-fifth of the World's military expenditure." A pandemic is theoretically a propitious time to rethink international cooperation and aid structures among states. So far, however, we have seen governments turn inward to focus on their own outbreaks and deep economic turmoil.

Perhaps a more probable change could come not from states rethinking their foreign aid models, but from non-state organizations some of which have development budgets that rival state aid. This could be the time for charities and non-profits to implement the lessons of the cash transfer experiments of the past decade: redistribute money directly to marginalized populations, rather than funnel them through skills training and other in-kind programmes.

Leaving to one side questions of feasibility and cost under the current political economy regimes of MENA: Should a liveable basic income be a centrepiece for social justice demands by social movements in the region? Assuming a funding scheme could be hatched, should we want it?

5.2 UBI and social justice: Bridge or painkiller?

Like many philosophies and policies of how resources should be distributed in society, Universal Basic Income immediately precipitates a return to basic questions: about human nature — are we inherently idle? about our relationship to work — do we want to be free of work or simply of alienating wage labour? about the societies we want to live in — what is the optimal state-society social contract?

More than any region in the world, MENA is in the throes of trying to answer this question. The redefinition of state-society relations, of development models, and of distributional and re-distributional aspects of the economy, have been out in

the open for a decade. The popular uprisings of 2010-11 were movements for jobs and social justice, in as much as they were also about democracy and dignity. And the socioeconomic underpinnings of popular discontent have only become more apparent in successive waves — in Algeria, Iraq, Lebanon, or Sudan.

Does UBI have a role to play in the struggle for radical change towards a different political economy in MENA? Here, it is useful to return to the history of UBI and its battle lines. Some of the fiercest opposition to UBI as it has evolved in European and American contexts has come not from the Right's fears of idle masses lurking at every corner, but from those on the Left who believe it falls well short of radical change, and might even be counterproductive for social justice. UBI, they argue, is not a bridge to a post-capitalist society, but rather a band aid (or more cynically, a painkiller) to capitalism. For less charitable voices, UBI could even be a Trojan horse of neoliberalism.

If the goal is to eradicate poverty, some argue, a much cheaper approach than handing out cash to everyone regardless of circumstance is to introduce an individual unemployment benefit set at the poverty line and granted to all jobless individuals regardless of their place in the family structure. If the goal is to decrease inequality, simply lifting the minimum-income level still leaves the largest, most defining foundations of inequality intact.

If the goal is social and gender justice, why should we equally compensate those who engage in unpaid reproductive labour (usually women) and those who do not? Shouldn't instead advocate for a targeted focus on socializing social reproduction? Especially given that such a targeted focus already exists (in Sweden), why not set our sights on that type of welfare system rather than hypothetical UBI?

For those looking to overturn the foundations of the global economic system, funding UBI schemes through investment and speculation in financial markets — what sovereign wealth funds propose — is a hard pill to swallow. Advocates say such schemes at least socialize wealth, moving it from oligarchs into public hands. But for many, providing citizens a stake in the increasing financialization of the economy cannot be called progress, even if the returns are in public hands.

UBI sceptics also question the assumptions that guide the purported rationales for why UBI should be the primary focus of progressive activism. For one, they argue that most workers are not searching for freedom *from* work but rather for freedom *through* work or freedom *at* work. They point to surveys that show that when workers express dissatisfaction with their jobs, the reasons are often the kinds of exploitative relationships that govern their working lives — not the nature of the work itself. Additionally, they highlight that there is no evidence that automation is labour-saving and increasing productivity. In fact, productivity has been slowing down not speeding up. If we look back at debates of the last century, there seems to be an "end of work" frenzy linked to technology every 20 years — and we have yet to see its effects.

But perhaps the most damning critique is the following: UBI only addresses the question of distribution, while ignoring that of production — which ultimately undermines the purported benefits. By the logic of UBI, a robust (liveable) basic income would dramatically strengthen working-class power. But such a shift would sooner or later lead to capital disinvestment and flight, as it seeks out higher profit margins. Yet slowing production would undermine the material basis of UBI — leaving the only way out to continue producing even if one cannot make a profit. In other words, it would sooner or later force onto the stage the age-old question of the ownership of means of production, which UBI enthusiasts always sidestep.

This fundamental critique is also the most relevant to understanding why UBI cannot help us envision emancipatory futures in MENA. Despite variations, all Arab political economies have perpetuated a non-developmental capitalist model that has major productivity problems, cannot generate well-paid jobs, and increasingly redistributes wealth to the richest. At best, UBI digs into that last part — redistribution. But it has nothing to say about how the region would ever move away from economies reliant on commodities, with all their discontents. Moreover, as the world seems to be heading towards an age of cheapened energy, the usual lid fits even worse than usual. If commodity windfalls can no longer even pretend to make up the gap, what are we left with? UBI has very little to say in that regard.

For all these reasons, it is difficult to make the case for pushing UBI to the top of a

progressive agenda, be it in our region or elsewhere. One could argue, as many in fact do, that we should continue to engage with UBI for strategic purposes; because it manages to continue to spark the imagination and retain its spot on the mainstream stage. One cannot deny that few shorthands manage to pack as much as “free cash for all.” But shorthands can also be deceivingly circuitous paths to the core of the matter, with much lost along the way.

Arab Reform Initiative

About the author

Julia Choucair Vizoso

Julia Choucair Vizoso is a Senior Non-Resident Fellow at the Arab Reform Initiative. She is also Adjunct Professor of International Relations at IE University in Madrid. She holds a PhD in Political Science from Yale University and an M.A. in Arab Studies/B.S. in Foreign Service from Georgetown University. She has served as Vice-Chair of the Center for Middle Eastern Studies at the University of California, Berkeley (2016-19), Fellow at Stanford University (2014-16), and as Associate at the Carnegie Endowment for International Peace in Washington D.C., where she was also Editor-in-Chief of the bilingual monthly *Sada*.

About Arab Reform Initiative

The Arab Reform Initiative is the leading independent Arab think tank working with expert partners in the Middle East and North Africa and beyond to articulate a home-grown agenda for democratic change. It conducts research and policy analysis and provides a platform for inspirational voices based on the principles of diversity, impartiality and social justice.

- We produce original research informed by local experiences and partner with institutions to achieve impact across the Arab world and globally
- We empower individuals and institutions to develop their own concept of policy solutions
- We mobilize stakeholders to build coalitions for positive change

Our aim is to see vibrant democratic societies emerge and grow in the region.

Founded in 2005, the Arab Reform Initiative is governed by a Plenary of its members and an Executive Committee.

arab-reform.net

contact@arab-reform.net