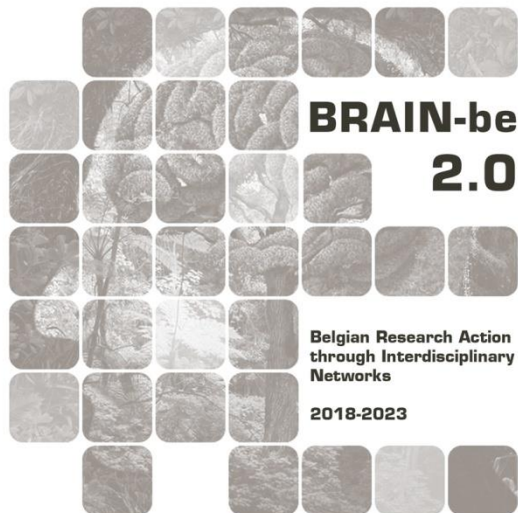


BABEL

Basic income in Belgium: stress-testing basic income in the digital era

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Pillar 3: Federal societal challenges



NETWORK PROJECT

BABEL

Basic income in Belgium: stress-testing basic income in the digital era

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SUMMARY

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SUMMARY

Context

A Basic Income (BI) differs radically from traditional public benefits because it severs the link between contribution and benefit on the one hand and between need and benefit on the other. Although a BI is often presented as a simple idea, discussions of concrete policy proposals quickly end in a Tower of Babel-like confusion. In many of these debates, it appears that proponents, and respectively opponents, often have different types of BI schemes in mind when advocating or criticising the idea. However, it is quite clear that the actual outcomes of a BI will largely depend on the concrete policy design in terms of entitlement, eligibility criteria, benefit levels, funding and implementation modalities. These aspects will greatly influence the extent to which a BI will encourage or discourage paid work or any work, increase or reduce gender inequality in work and care, and end the myriad problems associated with income-dependent social benefits. Unfortunately, we lack empirical research on many of these outcomes. This is the main focus of the BAsic income in BELgium (BABEL) project.

Objectives

The main objective of the BABEL project is to shed more empirical light on the redistributive, budgetary, and employment consequences of a variety of BI proposals, and to investigate the extent to which these proposals are politically feasible. It is our assumption that a BI proposal can only inspire real welfare reform in Belgium and beyond if it (1) is likely to garner sufficient support by the general public and by the social partners; (2) leads to better outcomes in terms of poverty reduction at a given budgetary cost; and (3) does not negatively affect employment and encourage idleness. By bridging theoretical models, empirical data, and experimental approaches, the project seeks to provide comprehensive insights into the feasibility and impact of BI within Belgium's welfare state.

Methodology

The study employed a multi-method approach. Microsimulations using EUROMOD were conducted to assess the fiscal and poverty implications of diverse BI scenarios, offering a detailed evaluation of their redistributive and budgetary impacts. A key innovation was the use of vignette experiments in public surveys, where respondents were presented with hypothetical BI scenarios that systematically varied in design features, such as benefit levels, universality, and financing mechanisms. These scenarios allowed researchers to capture nuanced preferences and behavioral intentions. Additionally, interviews with policymakers, trade unions, and employers provided qualitative insights into the political feasibility of BI. A case study based on data from Belgium's Win4Life lottery offered a real-world perspective by examining the labor market and social behaviors of lottery winners who receive unconditional monthly payments. This methodological blend enabled the integration of quantitative and qualitative findings to address the complex interplay between BI design, outcomes, and political acceptance.

Results

The findings revealed that the design and context of BI critically influence its effectiveness and acceptability. Partial BI models that complement existing welfare systems were identified as the most feasible and cost-efficient approach for reducing poverty. In contrast, full BI schemes significantly lowered poverty but required unsustainable budgets, reaching up to 25% of GDP. Microsimulations demonstrated that higher BI levels do not necessarily lead to proportional poverty reductions due to trade-offs in budgetary feasibility and redistributive impacts. Notably,

poverty outcomes varied depending on household types, with single-parent and single-adult households often disadvantaged due to the lack of economies of scale in consumption.

In terms of employment, BI had minimal overall impact on labor market participation, but important socio-economic variations were observed. For example, women were more likely to reduce paid work, potentially exacerbating gender disparities in employment and caregiving roles. However, many participants expressed intentions to redirect time toward socially valuable activities, such as caregiving, volunteering, or entrepreneurship. These findings suggest that BI could foster diverse forms of societal contribution, provided complementary policies are in place.

Public attitudes toward BI were shaped by its perceived design and outcomes. Conditional BI models that included eligibility criteria, such as residency requirements or work-related obligations, received more support than unconditional universal schemes. Financing methods also influenced preferences, with progressive tax-based approaches viewed more favorably than regressive mechanisms. The vignette experiments highlighted that people's support for BI is highly sensitive to its projected outcomes, particularly regarding poverty reduction and personal financial impact. Negative information, such as potential increases in poverty, significantly dampened public support.

The political feasibility of BI faced significant challenges, including ideological divisions among political parties and resistance from trade unions. While left-leaning parties were more open to generous and universal BI models, right-leaning parties and unions were skeptical, particularly about its potential to undermine existing social norms of reciprocity and work incentives.