

The Catalan Pilot: as challenging as today's context.

Aida Martinez Tinaut

Office of the Pilot Project to Implement the Universal Basic Income

Government of Catalonia

Political background

The Office of the Pilot Project to Implement the Universal Basic Income is part of the Ministry of the Presidency at the Catalan Government, and was commissioned on February 2022 with the objective of designing and implementing a pilot to test the effects a UBI would have on Catalonia.

The political origins of the creation of the Office go back to 2001, where the Basic Income Network in Spain was established, and was accepted as an official section by BIEN the next year.

In 2002, the Parliamentary Group of Esquerra Republicana de Catalunya (ERC) and the Parliamentary Group of Initiative for Catalonia-Greens (ICV) presented a proposal to pass on to the Bureau of the Congress of Deputies containing a project to create the law of the Universal Basic Income.

Next year, in 2003, there was an agreement to form a government in Catalonia between the three Catalanist and progressive parties, the before mentioned ERC and ICV and also the Socialist Party of Catalonia (PSC). In their Agreement, there was an article stating they would be "redefining the Minimum Insertion Income with the aim of making it a basic income for citizens while studying the different proposals for progressive implementation".

The next year of political relevance for the universal basic income in Catalonia was 2011, with the 15-M movement that happened throughout Spain, the idea of implementing a UBI was more and more popular.

In 2014, the first study on the feasibility of financing the Universal Basic Income in Spain through a reform of the personal income tax was published. Its authors are Jordi Arcarons, Antoni Domènech, Daniel Raventós and Lluís Torrens.

There was also a political statement by BIEN in 2016 that would later influence the approach that the Catalan pilot design took. It happened at the BIEN Congress in Seoul (South Korea), where was decided in the General Assembly that the proposed Universal Basic Income had to be "stable in quantity and frequency and high enough to be, in

combination with other social services, part of a political strategy aimed to eliminate material poverty and enable the social and cultural participation of each individual". BIEN opposed "the substitution of rights or social services if this situation worsens the situation of relatively disadvantaged, vulnerable or low-income people".

2019 and 2020 were very important and decisive years for the universal basic income in Catalonia since following the crisis caused by the COVID-19, several groups, organizations and entities made public manifestos asking for a Universal Basic Income, making the proposal popular and gaining social support.

This was not unnoticed by ERC and CUP (Candidacy of Popular Unity) parties at the Catalan Parliament, and they reached a presidential investiture agreement that included the implementation of a pilot on Universal Basic Income.

For that end, the Office of the Pilot Project to implement the Universal Basic Income was created in March 2021, and the Director is presented at the end of that year. Two months after, the technical team was constituted and the Office started its work designing the pilot project to study the effects of the universal basic income in Catalonia.

The Office is particularly interested in testing two key elements of a UBI: its basic nature and its universal nature. These two elements have been relatively understudied in the context of developed countries, and therefore the Pilot Project approach is appropriate from an evaluation point of view in that it can provide new theoretical and empirical insights into the effects of a UBI. These two key elements have guided most of the pilot's design and methodology.

Main characteristics of the design:

The UBI Pilot Project in Catalonia consists of a payment of €800 for adults and €300 for children under 18 years of age. Payments will be made on an individual basis and paid monthly for 24 months. There will be no restrictions or conditions on how the cash allowance is spent by its recipients. About 10,000 people will participate, of which about 5,000 will receive the UBI.

Why 800€ for adults and 300€ for children?

Basic income refers to an amount sufficient to cover the basic material needs for a dignified life. While there is no concrete definition of a sufficient amount, according to

the literature on poverty and guaranteed income, the Office has deemed an amount equal or close to the relative at-risk-of-poverty threshold as basic. According to the 2021 Living Conditions Survey, the at-risk-of-poverty threshold in Catalonia stands at 941 euros per month for an adult living alone. However, the estimation of this threshold takes into account the economies of scale that exist within the household, so the threshold varies according to the number of members who live together. Thus, in a household of two adults, the at-risk-of-poverty threshold is 706 euros each. This is why guaranteeing the poverty threshold involves different amounts and information on household composition. In order to simplify and avoid technical difficulties that would be unmanageable in the framework of a pilot plan, but at the same time guarantee an amount close to the at-risk-of-poverty threshold, the monthly amount of the cash allowance has been set at 800 euros for adults and 300 euros for children under the age of 18.

Who is included to be part of the pilot?

Universal income refers to an income that is not targeted to a specific social group or to a set of people who meet certain requirements. The universality of basic income is of interest, among other things, because of the aggregate effects it may have on a community – such as changes in the identity of the average beneficiary, spill over effects, and general equilibrium effects – which are not necessarily the sum of the individual effects. That is why the Catalan pilot's design does not focalise on any particular group, but includes all population in Catalonia as potential beneficiaries of the project.

Nevertheless, given the UBI approach that the Office has, it becomes almost necessary to establish an income and wealth ceiling. The UBI approach defended by the Pilot Project Office is based on the idea that it should be accompanied by other measures, mainly a progressive tax reform to finance the net cost of the measure. Therefore, the whole population would receive UBI, but the wealthier population would pay more tax and consequently contribute more than they would receive in UBI. Since tax reform is not possible under the Pilot Project, in order to partially simulate this redistribution, the Pilot Project Office has decided to establish income and wealth criteria in order to exclude from participation in the Pilot Project approximately the richest 10% of the population. As a result, although the UBI of the Pilot Project is not completely universal, it can be considered almost universal.

The design:

In view of the specific interest in the effects derived from the basic and universal characteristics of UBI, it has been considered necessary to **divide the Pilot Project into two separate trials**. On the one hand, **the randomised trial will consist of the random selection of households throughout Catalonia**, where all members who meet the participation criteria can receive the UBI. Half of the participants in the Pilot Project will be chosen through this trial – around 2,500 people-. The other half will participate in **the synthetic trial (or saturation trial at municipal level), in which a few municipalities will be selected according to methodological criteria**. Two of these municipalities will be treatment municipalities, where all residents who meet the participation criteria will be eligible to receive the UBI – around 2,500 people between the two municipalities-. The rest of the selected municipalities will be control municipalities and a part of their population will be able to participate in the information gathering process of the project. The criteria for both trials are:

- a) being **registered at the selected addresses** on the date established by the pilot regulations,
- b) **not having been obliged to file a wealth tax return** in the last fiscal year with available data,
- c) and **having a gross annual income of 45,000€ or less** in the last fiscal year with available data (so to exclude the top 10% incomes, as explained before).

This dual approach will allow us to draw conclusions at the scale of Catalonia on the effects of a basic, individual and unconditional income thanks to the randomised trial, while at the same time testing the effects of universality thanks to the synthetic control study in the two municipalities. On the one hand, the randomised controlled trial should help to understand what happens at the individual and household level when the UBI is received: that is, what decisions individuals make about work, education, family, consumption, investment, etc. as a result of receiving an unconditional monthly payment for two years. On the other hand, the synthetic trial should make it possible to understand what happens at the aggregate level when all people in a given territory are beneficiaries of a UBI, mainly in terms of the use and operation of public services, civic participation, economic activity, etc.

Implications for the political viability of basic income:

Even though there has been a lot of interest both nationally and internationally because of the innovative design and challenging outcomes of interest, the pilot's implementation has not begun yet.

On March 2023 there was a vote at the Parliament to accept or cancel the budget that had to be approved in order to make the pilot happen. It was cancelled. The decision came from PSC (social democratic, lately having leaned more towards centralised and not so progressive policies) and was supported by all the right wing or neoliberal parties in the Parliament. They had the majority votes and were able to keep the implementation frozen for 2023. The parties that voted supporting the budget to implement the pilot were ERC, CUP and En Comu Podem (left, filling now the progressive space in Catalan politics that left PSC some years ago).

The Office still runs, finishing the last bits of the implementation design, in order to be ready to make it happen if the forces and dynamics in Parliament change in the near future. Also, it is focusing in communication work.

One of the good things that was institutionally designed about this project is that the Office was independent on the budget for the implementation of the Pilot. It leaves the Office able to keep on going with necessary work to finish the pilot and try to get the budget in another occasion, and keep communicating the idea of UBI and the pilot's design, so it becomes more known in society. It has been proven, by a survey conducted at the beginning of 2023 with a big and representative sample, that the majority of society in Catalonia supports the implementation of UBI, and most of them believe a pilot trial should be done before.

In summary, even though the practical implementation of the pilot has been declined for 2023, it is not cancelled due to the existence of the Office and the constant support of the government. Thanks to both these reasons, the budget to implement it can be passed to the Parliament again to check for a different voting dynamic. Looking at the survey data, even supporters of most of the parties opposed to its implementation (and voted against its budget) are generally in favour of having a UBI implemented. Maybe we are facing a future where political elites end up listening more closely to what their electors prefer.

Overall, this is a very **challenging and ambitious pilot**, because it assesses two of the concepts of UBI that have been more unexplored, and because it does so by using

innovative methodologies. To learn more about the details of the pilot you can check: [our methodological report](#), a more [summarised report on the design](#), and the [Office's website](#) where you will be able to find many more documents of interest.