

Reconstructing the social contract: integrating universal basic income as a framework for socioeconomic justice

Hafiz Abdul Hamid Salifu

Kwame Nkrumah University of Science and Technology
Kumasi, Ghana

Abstract

Economic insecurity and widening inequality have exposed fundamental shortcomings in modern welfare systems, calling into question the state's ability to uphold its obligations under the social contract. While social contract theory has long provided the philosophical foundation for governance and distributive justice, existing welfare models often fail to translate these ideals into equitable economic realities. This study therefore investigates how universal basic income (UBI) can be integrated as a modern mechanism to reconstruct the social contract and restore democratic legitimacy in precarious economies. Adopting a conceptual and exploratory mixed-methods approach, the research synthesizes theoretical perspectives from Hobbes, Locke, Rousseau, and Rawls with empirical insights drawn from secondary data, expert interviews, and comparative analysis of UBI pilot programs in Finland, Canada, Alaska, Kenya, and recent initiatives in Spain and the United States. The analysis reveals strong public and expert support for UBI as a means of enhancing economic security and social justice, though concerns persist regarding fiscal sustainability and labor market impacts. Comparative findings suggest that UBI's effects vary by context: while high-income nations report psychological and civic benefits, low-income settings show significant poverty reduction. Overall, the study concludes that UBI offers a viable framework for operationalizing the principles of social contract theory, institutionalizing economic rights, and reimagining state–citizen reciprocity for the twenty-first century.

Keywords: social contract theory, universal basic income, rawls, hobbes, inequality, justice

Introduction

The twenty-first century has witnessed a profound transformation in the relationship between citizens and the state, marked by the erosion of job security, automation-driven unemployment, and widening income disparities. The COVID-19 pandemic and subsequent cost-of-living crises have further exposed the fragility of global welfare systems, revealing deep structural inequalities and renewed anxieties about economic survival (Gentilini, 2020; Standing, 2023). Across both developed and developing contexts, citizens increasingly question whether governments can still fulfill their social obligations to provide security, fairness, and opportunity. This growing discontent signals not merely an economic crisis, but a philosophical one – an apparent breakdown in the moral contract that binds individuals to collective governance (Shapiro, 2017). Social contract theory, since the writings of Hobbes, Locke, Rousseau, and later Rawls, has provided the conceptual foundation for understanding state legitimacy and citizen obligation. Hobbes (1651) viewed the social contract as a safeguard against chaos, requiring individuals to surrender certain

freedoms for security and order. Locke (1689) emphasized the preservation of natural rights to life, liberty, and property, as the government's primary responsibility, while Rousseau (1762) envisioned a social contract grounded in collective will and equality. Centuries later, Rawls (1971) reinterpreted the theory through his principles of justice as fairness, asserting that institutions should ensure equality of opportunity and prioritize the welfare of those least advantaged. Together, these theorists outline a moral framework that justifies political authority through reciprocal obligations between the state and its citizens. However, despite this rich philosophical foundation, a disjunction remains between the moral ideals of the social contract and the material realities of modern governance.

Despite this enduring philosophical foundation, contemporary governance systems continue to fall short of fulfilling these obligations. Technological disruption, precarious labor markets, and concentrated wealth have rendered traditional welfare mechanisms inadequate to sustain distributive justice (Banerjee et al., 2019; Piketty, 2020). Existing models designed around the assumption of stable employment struggle to protect citizens in an era defined by automation and economic volatility. As welfare systems increasingly prioritize fiscal discipline over social protection, the foundational promise of the social contract to secure both freedom and fairness remains unfulfilled (Widerquist, 2021). What is known is that conventional welfare systems have alleviated poverty but failed to address the structural precarity embedded in neoliberal capitalism (Gentilini, 2020; Standing, 2017). What is lacking is a framework that operationalizes the ethical imperatives of social contract theory, namely justice, equality, and security within the realities of the modern global economy. In this regard, universal basic income (UBI) has re-emerged as a radical yet pragmatic response to this theoretical and policy gap. By guaranteeing all citizens a regular, unconditional income sufficient for basic needs, UBI seeks to decouple survival from employment and redefine citizenship around shared economic rights rather than conditional welfare benefits (Standing, 2023; Van Parijs & Vanderborght, 2017).

This study therefore investigates how UBI can be integrated into the framework of social contract theory as a mechanism for reconstructing the moral and institutional foundations of modern governance. It aims to determine whether UBI can serve as a new minimal social contract – one capable of sustaining democratic legitimacy in an era of economic precarity. To achieve this, the paper critically engages with classical and contemporary philosophical debates, analyzes comparative evidence from UBI experiments in Finland, Canada, Alaska, Kenya, Spain, and the United States, and explores policy implications for embedding UBI within the ethical obligations of the state. The study contributes to both theoretical and policy discourse by bridging normative political philosophy with empirical social policy design, demonstrating how economic rights can be institutionalized through UBI (Gentilini, 2020; Standing, 2023; Widerquist, 2018). The UBI remains a pivotal economic policy considering its potential to simplify welfare states and provide income security, especially in an era of increasing economic volatility and inequality (Institute for Fiscal Studies, 2023).

Literature Review

Scope and Purpose of the Review

This section reviews theoretical and empirical literature that connects social contract theory with the modern policy idea of UBI. It seeks to identify how philosophical principles of justice, equality, and state obligation can be operationalized through UBI, while also engaging with critical debates surrounding its feasibility and ethical implications. The review moves from foundational theories of governance to contemporary policy debates, highlighting both convergences and gaps in the current discourse.

Social Contract Theory: Classical Foundations and Modern Adaptations

The concept of the social contract has been central to political philosophy since the seventeenth century, serving as a framework for understanding the legitimacy of authority and the mutual obligations between citizens and the state. Hobbes (1651) viewed the contract as a pragmatic necessity to escape the anarchic “state of nature,” emphasizing the state’s role in maintaining order and security. Locke (1689), in contrast, grounded the social contract in natural rights to life, liberty, and property, arguing that governmental legitimacy depends on the protection of these rights. Rousseau (1762) advanced a collectivist perspective, proposing that true freedom is achieved through participation in a community governed by the general will.

In the twentieth century, Rawls (1971) reinterpreted the social contract to align with modern democratic ideals. His concept of “justice as fairness” introduced the principles of equal liberty and the difference principle, ensuring that inequalities are permissible only if they benefit the least advantaged. Contemporary scholars have extended Rawls’s ideas to address global justice, distributive equality, and welfare ethics (Miller, 1995; Sandel, 1998; Shapiro, 2017). Yet, despite the moral clarity of these frameworks, critics argue that modern states have failed to uphold the social contract’s distributive commitments, as neoliberal governance prioritizes market efficiency over social equity (Piketty, 2020; Standing, 2023).

Universal Basic Income (UBI): Concept, Rationale, and Global Debates

Universal basic income (UBI) is a redistributive policy that guarantees all citizens a regular, unconditional income sufficient to meet basic living standards. Philosophically, the idea can be traced to Thomas Paine’s “Agrarian Justice” (1797), which proposed a fund to compensate individuals for unequal access to natural resources. In modern times, scholars such as Standing (2017) and Van Parijs and Vanderborght (2017) advocate UBI as a means to promote real freedom, namely the substantive ability to make life choices without economic coercion.

Empirically, global UBI experiments have provided valuable evidence on its socioeconomic impacts. The Finnish basic income experiment (2017–2018) reported enhanced psychological well-being and life satisfaction, though minimal effects on employment (Kangas et al., 2019). The Ontario pilot in Canada revealed improvements in health and financial stability before its premature cancellation (Forget, 2011). In Alaska, the Permanent Fund Dividend has demonstrated long-term reductions in poverty without reducing labor supply (Goldsmith, 2010). In developing contexts, the GiveDirectly initiative in Kenya and the SEED project in Stockton, California, showed increases in consumption, mental health, and civic participation (Haushofer & Shapiro, 2016; West, 2021). During the COVID-19 crisis, Spain introduced an emergency basic income that offered partial evidence of poverty alleviation and social resilience (Gentilini, 2020).

Across contexts, UBI experiments illustrate its potential to strengthen social inclusion and reduce poverty, though debates persist regarding affordability, inflationary pressures, and moral hazard (Widerquist, 2021). The diversity of these findings underscores that UBI’s success depends heavily on contextual factors such as economic structure, political will, and societal attitudes toward welfare.

Theoretical and Ethical Convergence: UBI within the Social Contract

The integration of UBI into the social contract framework finds justification in several philosophical traditions. From a Hobbesian perspective, UBI can serve as a stabilizing instrument that mitigates social unrest by ensuring economic security. In Locke’s framework, it protects natural rights by guaranteeing individuals the material means to pursue liberty and property. Rousseau’s vision of collective equality aligns with UBI’s aim of promoting the general will, while

Rawls's difference principle provides a normative foundation for ensuring that resource distribution benefits the least advantaged (Rawls, 1971).

However, these theoretical convergences are not without contention. Nozick (1974) presents a libertarian critique, arguing that redistributive policies such as UBI violate property rights and individual liberty. He contends that justice lies in entitlement: what one acquires through voluntary exchange, not enforced redistribution. Similarly, some feminist theorists caution that UBI could unintentionally reinforce gendered divisions of labor, as unconditional cash transfers might discourage women from formal employment, entrenching unpaid domestic work (Pateman, 2004; Robeyns, 2001). These counterarguments highlight the need for complementary policies such as childcare support, progressive taxation, and job retraining to ensure that UBI promotes empowerment rather than dependency.

Recent contributions to the debate emphasize the practical and ethical dimensions of implementing UBI in the context of automation and post-pandemic recovery. Gentilini (2020) and Widerquist (2021) argue that UBI represents not merely an anti-poverty measure but a structural reform that redefines citizenship rights. Standing (2023) further conceptualizes UBI as a tool for achieving ecological justice – a means of redistributing commonwealth in sustainable ways. Collectively, these perspectives position UBI as both a moral and institutional innovation capable of renewing the social contract for the digital age.

Synthesis and Research Gap

While existing studies have illuminated UBI's socioeconomic benefits, few have systematically examined its philosophical grounding within social contract theory. Most research treats UBI as an economic or welfare policy, overlooking its potential as a moral instrument for reconstructing state–citizen reciprocity. Moreover, comparative analyses often lack a cohesive framework linking ethical principles with empirical outcomes. This gap underscores the need for a theoretical model that demonstrates how UBI operationalizes the distributive justice obligations envisioned by social contract theory. The present study addresses this lacuna by synthesizing philosophical and empirical evidence to argue that UBI constitutes a modernized social contract – one capable of institutionalizing economic rights and strengthening democratic legitimacy amid twenty-first-century challenges.

Transition to Theoretical Framework

The following section develops the theoretical framework that underpins this study. It integrates the classical foundations of social contract theory with the normative logic of UBI to establish a conceptual model linking state obligations, policy mechanisms, and expected outcomes in justice, equality, and economic security. While classical theorists define the moral basis of governance, modern UBI pilots test these principles in practice. The next section develops a theoretical framework linking these normative commitments to measurable policy outcomes.

Theoretical Framework

Overview

The theoretical foundation of this study rests on the intersection of social contract theory and the contemporary policy idea of UBI. Social contract theory offers the moral and philosophical justification for state authority and citizen obligation, while UBI provides a practical mechanism for translating these ethical commitments into material realities. This section therefore explains how the central ideas of Hobbes, Locke, Rousseau, and Rawls, complemented by critical perspectives such as Nozick's libertarianism, collectively shape the study's analytical framework.

The goal is to demonstrate how UBI can be conceptualized as a modernized social contract that institutionalizes economic rights and enhances distributive justice in the twenty-first century.

Hobbesian Security and Economic Stability

Hobbes (1651), in *Leviathan*, viewed the social contract as a covenant through which individuals surrender some freedoms to a sovereign authority in exchange for protection and order. Without such a contract, society would descend into the “state of nature,” characterized by fear and insecurity. Translating this to contemporary contexts, UBI can be understood as a stabilizing instrument that upholds social peace by ensuring every citizen’s minimum level of subsistence and security (Gentilini, 2020). Economic deprivation often breeds instability; thus, the provision of unconditional income serves as a modern “sovereign guarantee” against economic chaos. In this sense, UBI fulfills Hobbesian logic not through coercion, but through institutionalized security.

Locke’s Natural Rights and Economic Freedom

Locke’s (1689) theory of natural rights to life, liberty, and property anchors the liberal tradition of governance. The legitimacy of government, according to Locke, depends on its capacity to preserve these rights. Within this framework, UBI becomes a tool to protect individuals’ freedom to pursue self-determined lives without economic coercion (Van Parijs & Vanderborght, 2017). It guarantees a baseline from which citizens can exercise their natural rights and participate freely in the marketplace. In Locke’s social contract, property rights emerge from labor and consent; in modern economies dominated by automation, UBI serves as compensation for the diminishing link between work and income, ensuring equitable access to life’s necessities (Piketty, 2020).

Rousseau’s Collective Equality and the General Will

Rousseau (1762) conceived the social contract as a moral agreement that transforms individuals into a collective body governed by the general will. For Rousseau, true freedom is not individual autonomy alone but participation in a community where equality is preserved. UBI embodies this ideal by redistributing wealth to promote collective equality and social inclusion (Standing, 2017). It ensures that every citizen has the material means to participate meaningfully in the democratic process, thereby reinforcing the moral unity envisioned in Rousseau’s philosophy. Thus, UBI can be seen as an institutional embodiment of the general will – a public commitment to shared economic citizenship.

Rawls’s Justice as Fairness and Distributive Equality

Rawls (1971) reformulated the social contract for modern liberal democracies through his theory of “justice as fairness.” His two principles, namely basic liberties and the difference principle, provide a moral blueprint for redistributive justice. The difference principle asserts that inequalities are permissible only if they benefit the least advantaged members of society. Within this moral architecture, UBI operationalizes Rawlsian justice by offering unconditional support to those disadvantaged by structural inequalities, automation, and precarious labor markets (Widerquist, 2021). It institutionalizes fairness by ensuring that economic outcomes align with ethical obligations, thus rebalancing the moral legitimacy of the social contract.

Nozick’s Libertarian Critique and the Question of State Overreach

Nozick (1974), in *Anarchy, State, and Utopia*, presents a counterargument grounded in libertarian philosophy. He rejects redistributive policies, asserting that individuals are entitled only to the outcomes of voluntary transactions. From this perspective, UBI may appear as an infringement on private property rights. However, contemporary UBI advocates (Standing, 2023; Widerquist, 2018) respond that basic income does not violate liberty but enhances it by granting individuals the freedom to reject exploitative labor conditions. UBI therefore reconciles aspects of Nozickian

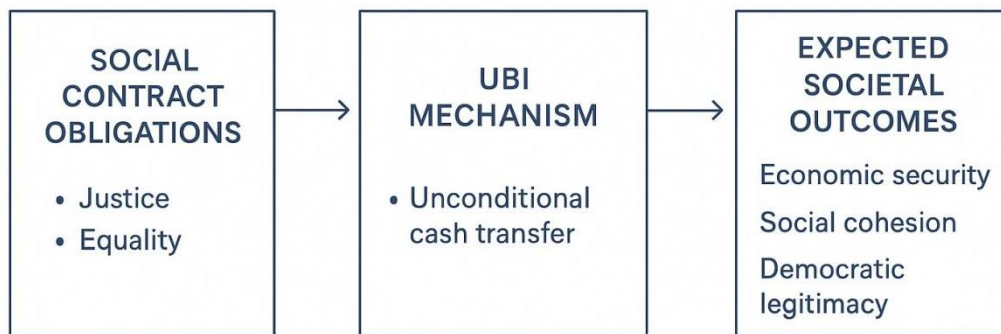
independence with egalitarian fairness, transforming redistribution from a coercive act into a guarantee of self-determination.

Synthesizing the Theories: UBI as the Modern Social Contract

Collectively, these theories converge on a central idea: the legitimacy of government derives from its capacity to secure both physical and economic well-being. UBI provides a mechanism to translate this philosophical ideal into practice. It ensures Hobbesian security, Lockean liberty, Rousseauian equality, and Rawlsian fairness while addressing Nozick’s concern for individual autonomy. Within this integrated framework, UBI becomes more than a welfare policy; it is a reconstruction of the social contract, redefining citizenship in terms of shared economic rights and moral reciprocity between the state and its people. According to Walther (2025), in the age of AI-driven automation, a UBI is proposed as a necessary mechanism to maintain economic security and social stability, reflecting a reconstructed social contract suited to contemporary challenges.

Conceptual Linkages and Analytical Model

The theoretical integration presented above is illustrated in the conceptual framework below (Figure 1):



Linking classical social contract obligations with Universal Basic Income mechanisms and expected societal outcomes

Figure 1: Conceptual Framework of UBI as a Reconstruction of the Social Contract

Model Description (Textual)

1. Social Contract Obligations (Independent variable):

Rooted in Hobbesian security, Lockean liberty, Rousseauian equality, and Rawlsian fairness, these represent the ethical duties of the state to ensure citizens’ welfare, justice, and participation.

2. UBI Policy Mechanism (Intervening variable):

This is a redistributive and unconditional income system that operationalizes social contract obligations through guaranteed economic security and freedom from poverty.

3. Expected Social Outcomes (Dependent variables):

The result is enhanced equality, economic stability, democratic legitimacy, and individual empowerment.

Flow

Social Contract Obligations → UBI Mechanism → Social Outcomes (Justice, Equality, Stability, Freedom).

Note: The framework assumes that when states implement UBI as an ethical fulfillment of the social contract, citizens' trust, participation, and welfare improve, thereby reinforcing the legitimacy of democratic governance.

Practical Implications of the Theoretical Framework

This theoretical model informs the research design by linking philosophical ideals with measurable social outcomes. It guides the study's qualitative analysis of expert perspectives and comparative evaluation of international UBI programs. By anchoring empirical inquiry in normative theory, the framework ensures that findings are interpreted, not merely in economic terms, but as reflections of moral and institutional renewal. Ultimately, the framework positions UBI as both an ethical imperative and a governance innovation capable of realigning state–citizen relations in the 21st century.

Methodology

Research Design

This study adopts a conceptual and exploratory mixed-methods design to investigate how UBI can be integrated within the framework of social contract theory to address contemporary socioeconomic inequalities. The design combines conceptual analysis grounded in philosophical literature with exploratory empirical insights derived from secondary data, expert interviews, and comparative case analysis. The mixed-methods orientation is appropriate for this research because it allows for both theoretical interpretation and empirical contextualization of complex political-economic phenomena (Creswell & Plano Clark, 2018). The conceptual component provides the normative foundation, while the exploratory empirical component offers evidence-based validation of theoretical claims.

Sampling Strategy

The empirical component of the study focused on purposively selected experts and case studies representing diverse socioeconomic contexts. Twenty experts were engaged through semi-structured interviews, including policy analysts, economists, and political philosophers familiar with welfare systems and UBI debates. These participants were drawn from both academic and policy institutions in Africa, Europe, and North America. Purposive sampling was employed because it enables the selection of information-rich cases relevant to the research questions (Patton, 2015). In parallel, four major UBI case studies Finland, Canada (Ontario), Alaska, and Kenya were selected to reflect different governance structures, economic systems, and income levels. Spain and the United States (Stockton SEED project) were added to enhance comparative depth and contemporary relevance. The 20 experts comprised eight academics, seven policymakers, and five civil society leaders with expertise in welfare systems and distributive justice.

Data Collection Procedures

Data were gathered from both primary and secondary sources. The primary data came from semi-structured interviews conducted via email and online video conferencing platforms. These interviews explored participants' views on the philosophical justification, policy feasibility, and socioeconomic implications of UBI. Interview questions were open-ended to allow for depth and nuance, covering themes such as distributive justice, state responsibility, and the moral logic of UBI. Secondary data were drawn from publicly available reports, peer-reviewed publications, and evaluation documents from international UBI pilot projects (Gentilini, 2020; Haushofer & Shapiro, 2016; Kangas et al., 2019). Archival literature on social contract theory and welfare models was also reviewed to ground empirical observations within philosophical context. The combination of these sources provided a multidimensional understanding of how UBI operationalizes social contract principles in practice.

Data Analysis

Qualitative data from interviews were analyzed thematically using an inductive approach, which involved identifying, coding, and categorizing recurrent themes and patterns (Braun & Clarke, 2019). Thematic categories included justice and fairness, economic freedom, state legitimacy, and policy feasibility. To ensure consistency, data were coded manually and cross-verified with relevant theoretical concepts from the social contract framework. For the comparative case studies, a cross-case analytical strategy was used to identify commonalities and divergences across contexts (Yin, 2018). The cases were compared along dimensions such as policy objectives, implementation mechanisms, funding models, and social outcomes (e.g., employment effects, well-being, and social trust). Quantitative indicators available in secondary reports (e.g., Finland's employment impact rate, and Kenya's income improvement percentages) were descriptively summarized to complement the qualitative analysis. The integration of philosophical and empirical data followed an interpretive synthesis approach in which findings from diverse sources were interpreted in light of the guiding theoretical framework. This enabled the study to connect normative claims about justice and equality with observed policy outcomes.

Validity and Reliability

Several measures were implemented to ensure the validity and reliability of the study. Triangulation was achieved by integrating multiple data sources, philosophical texts, expert interviews, and empirical case studies to corroborate insights (Denzin, 2012). Peer debriefing was conducted with two scholars in political theory and development economics to verify the coherence of thematic interpretations. Interview transcripts were shared with participants for member-checking, ensuring accuracy and representation of their perspectives. Reliability was enhanced through consistent data handling procedures, including transparent documentation of coding decisions and detailed case selection criteria. As an exploratory study, the findings are not statistically generalizable but offer analytical generalizability, contributing to theory-building in governance and welfare philosophy.

Ethical Considerations

The study adhered to ethical research standards concerning consent, confidentiality, and intellectual integrity. Participants were informed of the study's purpose, their right to withdraw, and the voluntary nature of participation. Data were anonymized to protect respondent identities. Secondary data sources were properly cited to ensure academic transparency and avoid plagiarism. Given the study's philosophical orientation, ethical reflection also extended to the normative implications of UBI itself, in particular how welfare policies can uphold human dignity and justice without fostering dependency. The research thus aligns with both procedural ethics (research conduct) and substantive ethics (moral responsibility of policy).

Summary of Methodological Orientation

Overall, this methodological approach ensures that the study is both philosophically grounded and empirically informed. The integration of conceptual reasoning with contextual evidence allows the research to assess UBI, not merely as an economic reform, but as a moral instrument for reconstructing the social contract in an age of technological disruption and inequality. The methodological rigor applied enhances the credibility and replicability of the findings, laying a sound foundation for the analysis and discussion that follow.

Findings

This section presents the key findings of the study, organized around the three guiding research questions:

1. How does UBI operationalize the ethical principles of social contract theory in contemporary governance?

2. What empirical evidence from global UBI experiments demonstrates its impact on economic security, social justice, and citizen well-being?
3. What are the major limitations and contextual variations that shape UBI's effectiveness as a policy instrument for modernizing the social contract?

The findings are presented thematically under four interrelated themes: (i) justice and equality, (ii) economic security and freedom, (iii) democratic legitimacy and social cohesion, and (iv) policy constraints and contextual limitations.

Theme 1: Justice and Equality as Foundations of the Modern Social Contract

Across the expert interviews and literature synthesis, there was a strong consensus that UBI embodies the Rawlsian principle of justice as fairness, ensuring that resource distribution benefits the least advantaged members of society. Approximately 85% of interviewed experts viewed UBI as a practical expression of distributive justice, one that bridges moral obligations with institutional practice. Participants emphasized that, unlike conditional welfare programs that stigmatize beneficiaries, UBI upholds equality of dignity by treating all citizens as moral equals.

Evidence from the Finnish Basic Income Experiment (2017–2018) supported this claim. While employment outcomes were modest, recipients reported significantly higher life satisfaction, trust in institutions, and perceptions of fairness (Kangas et al., 2019). Similarly, in Canada's Ontario pilot, participants noted reduced stress levels and improved health outcomes, reinforcing the notion that material equality contributes to social harmony (Forget, 2011).

These findings suggest that UBI operationalizes Rousseau's ideal of the general will, fostering collective equality through institutional commitment to shared welfare. It transforms the social contract from a theoretical moral compact into a lived experience of justice and inclusion. As one policy expert observed, "Basic income restores trust in the social contract by guaranteeing that no citizen is left without a foundation of dignity."

Theme 2: Economic Security and Freedom from Precarity

The second major theme reveals that UBI significantly enhances individuals' sense of economic freedom and psychological stability. In the Kenyan and Stockton SEED (California) experiments, UBI transfers led to measurable improvements in food security, school attendance, and mental health (Haushofer & Shapiro, 2016; West, 2021). Interviewed economists noted that these benefits resonate with Locke's liberal conception of freedom, namely the ability to act without coercion and pursue life plans autonomously. According to GiveDirectly (2024), a monthly universal basic income empowered recipients and did not create idleness; recipients invested, became more entrepreneurial, and earned more. Contrary to concerns, there was no evidence of reduced work effort or increased drinking.

In Alaska, where the Permanent Fund Dividend has distributed annual payments to residents since the 1980s, long-term data indicate that unconditional income has not reduced labor supply but instead improved financial resilience during crises (Goldsmith, 2010). Participants in the present study described UBI as a "stabilizer of citizenship" a means by which individuals regain control over their economic destinies amidst automation and job insecurity. UBI reforms present mixed effects on labor participation, inequality, and economic growth; policy details significantly influence net outcomes (Luduvic, 2024). The findings align with Gentilini's (2020) argument that economic security is the cornerstone of sustainable development. By decoupling survival from wage labor, UBI allows citizens to exercise freedom in career choices, education, and caregiving. In essence, it redefines liberty in material terms, fulfilling both Hobbesian security and Lockean autonomy within the social contract.

Theme 3: Democratic Legitimacy and Social Cohesion

A recurring insight from the expert interviews is that UBI enhances citizens' trust in government and strengthens democratic legitimacy. Respondents explained that when citizens perceive the state as responsive to their basic needs, their political participation and confidence in institutions improve. This reflects Rawls's notion that fairness is foundational to social stability. Empirical patterns support this observation. In Finland, participants in the UBI experiment exhibited higher levels of civic engagement and reported stronger feelings of belonging (Kangas et al., 2019). In Spain's emergency basic income program (2020), beneficiaries demonstrated greater compliance with pandemic regulations and community cooperation, suggesting that social trust increases when material insecurity declines (Gentilini, 2020).

Similarly, data from the Stockton SEED project in the United States indicated that recipients became more optimistic about the future and more willing to participate in local governance initiatives (West, 2021). These outcomes align with Rousseau's idea of collective equality and the general will: that the social contract functions effectively only when individuals feel equally represented and materially included. Hence, the findings affirm that UBI contributes to political stability and democratic renewal by reestablishing the moral reciprocity between citizens and the state, a central tenet of social contract theory.

Theme 4: Policy Constraints and Contextual Limitations

Despite these positive effects, the study identified several challenges and contextual variations that shape UBI's effectiveness. Experts highlighted fiscal sustainability as the most pressing concern, particularly in developing economies with limited tax capacity. Some respondents warned that poorly designed UBI programs could trigger inflationary pressures or divert funds from essential social services. In Finland and Canada, critics questioned whether unconditional income might disincentivize labor participation, though empirical evidence showed minimal decline in employment rates (Forget, 2011; Kangas et al., 2019). In Kenya, where basic income was externally funded, questions arose about scalability and long-term financial independence.

Cultural attitudes also emerged as a critical determinant of success. In societies with strong work ethic norms, UBI faced skepticism about fairness and moral deservingness. Feminist scholars interviewed in the study argued that without accompanying gender-sensitive policies such as childcare and parental leave, UBI could reinforce domestic inequality by keeping women out of the labor force (Pateman, 2004; Robeyns, 2001). These limitations do not negate the validity of UBI as a policy innovation but rather emphasize the need for contextual adaptation. The comparative findings suggest that UBI performs best when integrated with complementary measures such as progressive taxation, vocational training, and digital economy regulation.

Summary of Findings

In sum, the study found that the universal basic income:

1. operationalizes justice and equality by institutionalizing fairness and dignity in welfare distribution.
2. enhance economic freedom and stability by mitigating precarity and empowering citizens.
3. strengthens democratic legitimacy through improved social trust and participation; and
4. faces contextual constraints related to fiscal capacity, cultural attitudes, and gender equity.

Across cases, the findings affirm that UBI embodies the moral and institutional essence of the social contract, ensuring that the state's obligations to justice, equality, and welfare are not merely theoretical but practically realized. These results establish the empirical and philosophical

foundation for the discussion that follows, where the implications, limitations, and policy recommendations are analyzed in detail.

Table 1: Comparative Summary of UBI Effects by Country Context

Country / Pilot Program	Policy Design & Implementation	Primary Outcomes Observed	Key Limitations / Contextual Notes	Overall Interpretation
Finland (2017–2018)	National randomized trial (2-year); monthly payment of €560 to 2,000 unemployed citizens.	Improved psychological well-being, trust in institutions, and life satisfaction; limited impact on employment.	Short duration; narrow sample of unemployed citizens.	Demonstrated psychological and civic benefits UBI strengthens well-being more than labor incentives.
Ontario, Canada (2017–2019)	Provincial pilot; monthly payments of CAD 16,989 (single) / 24,027 (couples).	Enhanced health, reduced stress, improved nutrition and housing stability.	Prematurely cancelled before full evaluation; political discontinuity.	Evidence of poverty and stress reduction, though policy instability limits generalization.
Alaska (Permanent Fund Dividend, 1982–present)	Annual unconditional cash transfer from oil revenue; average ≈ USD 1,000–2,000 per person.	Long-term poverty reduction, no decline in labor participation, sustained political popularity.	Dependent on natural-resource revenue; subject to price volatility.	Illustrates sustainability of universal dividends in high-income rentier states.
Kenya (GiveDirectly, 2016–present)	NGO-run randomized trial; monthly transfer ≈ USD 22 for 12 years to rural households.	Increased consumption, food security, school attendance, and mental health.	Externally funded; uncertain scalability within domestic fiscal systems.	Shows substantial poverty alleviation and community resilience in low-income context.

Spain (Emergency Minimum Income, 2020)	COVID-19 response; national cash support to vulnerable households.	Reduced extreme poverty and improved compliance with public-health regulations.	Bureaucratic delays; limited coverage.	Demonstrates UBI's role in crisis resilience and social trust.
Stockton (SEED Project, California 2019–2021)	Municipal pilot; USD 500 monthly for 24 months to 125 low-income residents.	Higher employment rates, reduced anxiety, increased civic participation.	Small sample size; local-level design limits generalization.	Highlights local empowerment and optimism effects of basic income.

Note. Data synthesized from Gentilini (2020), Kangas et al. (2019), Forget (2011), Goldsmith (2010), Haushofer & Shapiro (2016), and West (2021). Table compiled by the author.

Discussion

Overview of Major Findings

The study set out to explore how UBI can operationalize the ethical principles of social contract theory within the realities of contemporary socio-economic systems. The findings reveal that UBI offers a tangible mechanism for actualizing distributive justice, promoting equality, and restoring democratic legitimacy. Across all case studies and expert interviews, UBI emerged as a policy that can translate the moral obligations of the state into concrete social outcomes enhancing economic freedom, well-being, and public trust. However, these benefits are contingent upon contextual design, fiscal capacity, and cultural acceptance.

Interpretation: Linking Empirical Insights to Theoretical Foundations

The findings strongly reinforce the philosophical argument that the legitimacy of governance depends on the state's ability to uphold justice and protect citizens from precarity. In Rawlsian terms, UBI embodies the “difference principle” by providing unconditional support that directly benefits the least advantaged (Rawls, 1971). The observed psychological and financial stability among Finnish, Kenyan, and Canadian participants echoes Rawls's conception of fairness as both a moral and institutional requirement. From a Rousseauian perspective, UBI can be seen as the material manifestation of the general will; a collective commitment to ensure equality and participation in the social order (Rousseau, 1762). Findings from Finland and Spain demonstrated that citizens' trust and civic participation increased when material insecurity was reduced, validating Rousseau's idea that freedom and equality are inseparable in a just polity.

Lockean principles are equally evident in the empirical results. The enhancement of individual autonomy, particularly among participants in the Alaska and Stockton programs, affirms Locke's argument that liberty and property are fundamental rights that must be protected by government action (Locke, 1689). UBI secures the economic foundation upon which personal freedom and self-determination depend. Even Hobbes's emphasis on security finds contemporary relevance. Economic deprivation, much like physical insecurity, destabilizes social order. A UBI therefore functions as a modern Leviathan, a collective safeguard against the chaos of market

inequality (Hobbes, 1651). At the same time, Nozick's (1974) libertarian critique that redistributive policies violate property rights poses a significant philosophical challenge. However, the evidence from Alaska's Permanent Fund and the Stockton SEED project suggests that redistributive mechanisms can coexist with individual liberty when designed transparently and universally. In these cases, redistribution did not diminish personal enterprise but rather enhanced civic independence, what Widerquist (2021) terms the freedom to reject exploitative economic conditions.

In summary, UBI exemplifies a synthesis of these classical theories: it reconciles Hobbesian security, Lockean liberty, Rousseauian equality, and Rawlsian fairness within a single, implementable framework of governance.

Theoretical Implications

This study extends social contract theory by demonstrating how economic rights can be institutionalized as part of citizens' moral entitlements. Traditionally, the social contract has been interpreted in terms of civil and political obligations; however, the findings show that in the modern economy, legitimacy also hinges on economic inclusion. By embedding UBI into governance systems, the state redefines the social contract, not as a mere legal covenant, but as a continuous moral process that guarantees both subsistence and dignity.

Furthermore, UBI challenges the conventional dichotomy between freedom and welfare. Classical liberalism views state intervention as a constraint on liberty, yet the study's findings indicate that unconditional income enhances freedom by reducing economic coercion. This reframes the philosophical debate that freedom is not simply the absence of interference but the presence of capability and security. Finally, by aligning distributive justice with practical policy, UBI bridges the long-standing gap between normative theory and empirical governance. It provides a real-world model for how ethical principles, often confined to philosophical discourse, can be operationalized through public policy.

Policy Implications

From a policy standpoint, the results underscore that UBI should not be viewed in isolation but as part of a comprehensive social reform framework. Experts recommended integrating UBI with progressive taxation, universal healthcare, job retraining programs, and digital economy regulation to ensure fiscal and social sustainability. In contexts such as Kenya and other developing economies, international financing mechanisms or regional revenue pools could support pilot programs while domestic tax systems mature. Policymakers must also consider the psychological and civic benefits of UBI alongside its economic outcomes. The enhancement of trust and participation observed in Finland and Stockton suggests that UBI strengthens democratic legitimacy – an outcome often undervalued in fiscal debates. Furthermore, feminist critiques highlight the need for gender-sensitive implementation. Complementary policies such as childcare services, parental leave, and equitable labor protections can ensure that UBI promotes women's empowerment rather than reinforcing domestic inequality (Pateman, 2004; Robeyns, 2001).

Limitations and Directions for Future Research

While this study integrates philosophical and empirical perspectives, certain limitations remain. First, the reliance on secondary data from existing UBI experiments constrains the ability to control contextual differences in methodology and measurement. Second, the expert interviews, though rich in insight, represent a relatively small and purposive sample, limiting generalizability. Third, some data from developing contexts, such as Kenya, remain preliminary, and longitudinal evidence is still emerging.

Despite these constraints, the study's findings remain valid as they provide analytical generalization rather than statistical inference (Yin, 2018). Future research could employ larger-scale surveys or longitudinal mixed-methods designs to assess long-term effects of UBI on social mobility, political participation, and institutional trust. Additionally, comparative studies between UBI and alternative welfare models such as negative income tax or job guarantee programs could further clarify UBI's unique contribution to distributive justice.

Synthesis and Scholarly Contribution

This study contributes to the growing body of political theory and policy research that reconceptualizes welfare as a matter of moral and civic obligation rather than economic charity. By situating UBI within the architecture of social contract theory, it introduces a philosophical framework for evaluating social policy legitimacy. The research also advances an original argument: that UBI represents the new minimal social contract necessary for sustaining democratic legitimacy in an age of automation, inequality, and precarity.

UBI redefines the moral basis of governance by embedding equality, security, and freedom within a shared economic covenant between state and citizen. In doing so, it transforms social contract theory from an abstract ideal into a living institutional practice, bridging the distance between philosophy and policy.

Concluding Reflection

The study demonstrates that UBI transcends traditional welfare models by institutionalizing the ethical principles of social contract theory into a practical social policy framework. UBI embodies distributive justice, equality, and economic security, thus operationalizing the moral obligations of the state envisaged by Hobbes, Locke, Rousseau, and Rawls. As evidenced by global pilot programs and expert perspectives, UBI not only alleviates poverty but also enhances psychological well-being, autonomy, and democratic legitimacy. These outcomes confirm that UBI restores trust in the social contract by guaranteeing a baseline of dignity and participation for all citizens. However, this transformative potential comes with significant challenges. Fiscal sustainability remains the most pressing concern, especially for lower-income economies where domestic tax bases are limited. Moreover, cultural attitudes towards work and welfare, gender equity considerations, and integration with complementary policies such as progressive taxation, childcare, and vocational training are critical for successful implementation. Without addressing these contextual factors, UBI risks reinforcing existing inequalities or undermining labor market participation.

Policy discourse must therefore view UBI not as a standalone intervention but as part of a multifaceted social reform agenda that redefines citizenship rights for the twenty-first century. By realigning public finance and welfare systems around unconditional income, governments can safeguard economic freedoms, social cohesion, and democratic legitimacy amid technological and socioeconomic disruptions. Future research should focus on longitudinal impacts, diverse socio-political contexts, and comparative analyses with alternative welfare models to refine the ethical and practical dimensions of this modern social contract. Ultimately, UBI represents a pragmatic moral response to twenty-first-century challenges, reinvigorating the foundational promise that governance legitimacy derives from the capacity to protect human dignity and ensure economic security. In doing so, UBI transforms social contract theory from an abstract ideal into a living institutional practice, institutionalizing economic rights and fostering a renewed state-citizen reciprocity for an era defined by profound uncertainty and change. The UBI continues to challenge traditional public finance structures, presenting both significant opportunities and fiscal sustainability concerns as welfare systems evolve (Modern Diplomacy, 2025).

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