

Facing the future: Basic Income and its critics

– Sample Notation

- Main question – is it possible/desirable for the Government to offer regular free payments to citizens?
- Context: Covid-19, and accelerating economic and unemployment problems.
 - Such payments are happening now – should they happen long term?
 - Not known – scale and longevity of unemployment
 - Likely – economic prospects will be worse, rather than better after Covid.
- Changes in work underway
 - Looking at previous financial crisis 2008
 - Employment remained high (unusual)
 - But status of jobs changed
 - Increasing use of:
 - Self-employment
 - Fixed term jobs
 - Zero Hours contracts
 - Collectively: ‘Precariatization’ of employment
 - Social and psychological effects of this appear to be bad
 - Insecure work strongly linked to ill health and mental health
 - See Marmot Whitehall and Whitehall II studies
 - Evidence from white working class communities in the US suggests the scale of social harms from the post 2008 economy is severe.
- Existing pressures on labour markets in the developed world
 - Globalisation and offshoring of jobs
 - Significant, but rate of change has slowed.
 - Key – Automation and technological change
 - Examples here already
 - ATMs, supermarket checkouts
 - Major near developments
 - Self-driving vehicles (taxis, freight, commuting)
 - Largest employment in many US states
 - Beyond
 - Construction
 - Medicine
 - Media and more
- Key Concept: ‘The Second Machine Age’
 - The move from replacing physical labour to cognitive labour
 - i.e. Analysing, communicating, designing, planning, administering
 - This is what is likely to be different this time around
 - Not clear where the replacement jobs come from this time round
- Crux of the issue: How do we organise society and the economy if work is much less available?
 - Options
 - Do nothing – survival of the fittest, seems unethical
 - Prevent technological development – seems suboptimal
 - Create make work jobs – seems wasteful

- Break the link between work and pay
 - Hence a Basic Income payment
- Main criteria of a Basic Income
 1. Regular
 2. Flat rate
 3. Aimed at basic needs
 4. Paid to all (universal)
 5. Paid without conditions (unconditional)
 - Why Basic? To keep the system simple and cheap. A flat payment to all requires almost no administration. Varying amounts by individual circumstances (work, income) requires expensive and intrusive bureaucratic structures to constantly check on millions of people.
- Objectives
 1. Subsistence
 2. Supporting economic demand
 3. Poverty elimination
 4. Health and mental health benefits
 5. Gender and family
 6. Greater career choices/freedom
 7. Community revitalization
- Some examples exist
 1. In the developing world (Brazil, Kenya, India)
 2. The Alaska permanent fund
 3. Key Evidence: The Manitoba Mincome Trial (1974-97)
 - ___ No measurable effect on unemployment
 - ___ Small reductions in work hours, esp among parents
 - ___ Better health, psychological and schooling outcomes
- Criticisms of UBI proposals
 1. It's unnecessary – hard to square with the evidence today. Status quo at least seems unsustainable
 2. It will encourage unemployment – Evidence suggests otherwise, and unemployment may be the reality without it
 3. Work is good for you – Evidence on this is mixed, strong evidence unemployment is harmful, but so are bad jobs. Notably unemployment seems to benefit *pensioners* – suggests stigma is large part of the problem?
 4. It's unaffordable – a serious UBI is very expensive (a UBI of £5000 a year to all UK taxpayers = approx. £300billion p.a. - approx. double NHS budget). But:
 - UBI would roll up (and cheapen) many existing payments
 - Costs of poverty (crime, education health) are staggering and would be reduced
 - Will this be greater than the (ethical or economic) costs of inaction?
- Conclusions:
 1. Both Covid and automation create huge economic and social risks
 2. There do not appear to be viable ways for our existing economic and social policy to address these
 3. A basic income appears to offer a way to yield the benefits of automation while insulating citizens from the threats it poses
 4. Ramifications extremely broad though – hence need for research into economic, labour, political, gender, social and health impacts.