BASIC INCOME 30.01.2018 | Anna Coote

Robbing Peter to pay Paul

No wonder universal basic income has so many neoliberal champions. It saps employee power and could actually help dismantle the welfare state

Read this article in German

When an idea stirs the popular imagination, pundits and politicians find it hard to resist.

Never mind if there is no evidence to support it. Never mind if closer scrutiny suggests putting it into practice will be counterproductive or plain impossible.

What matters is the platform it provides for its champions, the energy it generates, the votes it wins. Brexit is one example. Donald Trump's Mexican wall is another. And I would add a third: universal basic income (UBI) – the idea that every citizen receives a weekly or monthly lump sum from the government, whether they're in work or not.

UBI's billionaire backers

The case against UBI is building rapidly. But so is the clamour to try it out in states and cities around the world. That the latter seems immune to the former is alarming. And the fact that it's promoted by radicals at both ends of the political spectrum should ring alarm bells.

As Daniel Zamora argues, this is an idea 'whose time has come' not because it is good or practicable, but because it is a creature of the moment.

'As politics move to the right and social movements go on the defensive, UBI gains ground... not as an alternative to neoliberalism, but a capitulation to it,' he says.

We have to assume, as do almost all of its protagonists, that a basic income could only be implemented in very small amounts. The most generous UBI scheme envisaged by the UK campaign group, Compass falls well below the poverty line.

This means a range of additional benefits would need to be paid to people unable to work – wiping out the much-vaunted promise that UBI 'simplifies' the social security system and removes the stigma of claiming.

In fact, all it offers is a small rise in the floor above which conditional benefits are required. And even at that level, we would need massive tax hikes to pay for it. In a nutshell, 'an affordable UBI would be inadequate and an adequate UBI would be unaffordable.'

Why bother to construct what UK economist Ian Gough calls a 'powerful new tax engine to pull along a tiny cart'? Whose interests are really at stake here?

Empty promises

UBI is an individualistic, monetary intervention that undermines social solidarity and fails to tackle the underlying causes of poverty, unemployment and inequality.

These are systemic problems that need to be addressed by people getting together and building shared control over local economic development, wage bargaining and decisions about national investment in industry and infrastructure, not by governments giving individuals small amounts of money.

Leftist advocates of UBI Nick Srnicek and Alex Williams claim that it 'overturns the asymmetry of power that currently exists between labour and capital' by partially de-commodifying labour and loosening the coercive aspects of paid employment.

But here's the catch: it will only happen, they say, if UBI 'provides a sufficient amount of income to live on'. As we have seen, this not remotely possible. If UBI isn't generous enough to let you refuse work, it can only suppress wages and support a multiplication of lousy jobs (that you still can't refuse).

Waving goodbye to welfare

The idea of giving money to individuals sits comfortably with the

neoliberal claim that services are better when markets provide and customers choose. Indeed, where UBI has been piloted in countries without free public services, it is often used to buy such essentials as education and healthcare.

One of the most dangerous aspects of this 'radical' idea is that it can help to dismantle welfare states – both by supporting the ideology of privatisation and monetisation, and by draining huge amounts of money from the public purse.

But collectively provided public services, available to all according to need, give far better value for money than commercialised services; they are more likely to be inclusive and egalitarian, and to encourage solidarity. They represent a very substantial virtual income that is also highly redistributive. According to the charity Oxfam, this 'social wage' reduces income inequality by 20 per cent.

Cradle to grave

Far more compelling than UBI is 'UBS', or the idea of 'universal basic services' currently being developed by economists at London University's Global Prosperity Institute. Their goal is 'public services that enable every citizen to live a larger life' by ensuring access to security, opportunity and participation. This means reaching beyond education and health services, to provide transport, access to information, shelter and food 'all of which are generally considered to be essential to full participation in a modern, developed economy.'

Their technical analysis finds that access to services can be financed through fairly modest adjustments to the tax system; they will meet needs more directly for those on lowest incomes and will 'always deliver greater value for the same expenditure as a cash distribution'. The reforms will 'deliver value across the economy, stimulating new activity and increasing the size of the "pie".'

Many left-wing supporters of UBI claim they also want to defend public services. However, they pay no attention to how these services can be strengthened or improved, and ignore the very obvious danger of robbing Peter to pay Paul. As the UBI fan base grows, it is capturing political energy that is urgently needed for more serious causes.

Deceptive simplicity

There are viable alternatives that have far stronger claims – in

philosophical, economic and political terms – to address the challenges of poverty and inequality.

For example, it is worth building a campaign for a minimum income guarantee combined with more generous child benefits and a system of credits for carers based on the principles of time banking, so that time spent on caring for others earns a reciprocal contribution to one's pension or care costs later in life. And we desperately need a strong defence of essential public services that are sorely threatened by austerity measures. But the snake oil of a deceptively simple idea is charming the public gaze in another direction.

Implemented in any remotely viable form, UBI will do nothing to help workers gain more control through collective bargaining – the ability to negotiate their salary and working conditions. It will do nothing to encourage employers to pay a decent living wage or narrow the gap between the top and bottom of the workplace hierarchy. It will do nothing to alter power relations between labour and capital.

A 'no-strings-attached' pay-out will not eliminate poverty or insecurity. It will only harm the hard-won social democratic tradition of public services available to all according to need. It will not, in fact, disturb a hair on the head of modern capitalism.

No wonder it is popular with the moguls of Silicon Valley. In their world, where automation is the name of the game, they think their interests are best served by a docile population who cannot hold their bosses' feet to the fire but may have just enough money to keep on shopping.

What could be more attractive than a government prepared to spend more public money to subsidise low wages and dwindling supply of precarious jobs?



Anna Coote

London

Anna Coote is Principal Fellow at New Economics Foundation (NEF). A leading analyst and advocate in the field of social policy, Anna has written widely on inequalities, welfare reform, gender, sustainable development, democratic dialogue, reduced working hours and the commons. She was commissioner for health with the UK Sustainable Development Commission (2000-9) and was appointed to the London Sustainable Development Commission in 2017.