Unconditional Welfare: The Universal Basic Income

Abstract  It might seem clear from previous chapters that there are direct ways in which well-being, and hence social value, can be increased through public policy. One obvious way would be for greater equality of incomes to be sought through fairer distribution. But, as I have argued (pp. 59–60), the institutions for redistribution, especially in the Anglophone countries, have become part of the problem, because they divide the working class, and coerce those who claim means-tested income subsidies. A radical new approach is explored in this chapter.

Keywords  Basic Income • Universalism • Poverty • Employment

The pandemic accelerated institutional changes which were already under way. Some of these were fairly trivial, concerned with consumption behaviour, such as more online shopping and less long-distance business travel. But more were derived from the experience that many face-to-face interactions are now unnecessary in an age of digital communications. Education was an obvious example: online teaching and learning proved relatively easy. In health care, non-clinicians were enabled to do routine diagnoses and treatments, saving visits to doctors; in legal disputes, courts and tribunals could conduct remote hearings through video links (BBC Radio 4, ‘Rethink: Fast Forward’, [presented by Eric Schmidt], 23 June, 2020).
But another focus was income maintenance. The coronavirus pandemic has revived interest in this issue, because of the massive numbers of citizens who have required state support during social isolation in lock-down, and the selective suspension of much economic activity. This has partly been a simple issue of the fall in national income – a recession – which affected even the very rich. It emerged that a tiny group of these in the UK had lost £54 billion among them in the spring of 2020 (BBC Radio 4, ‘News’, 17 May, 2020).

But the great majority of those furloughed by their employers, and those with very small businesses, had to rely on claims from state funds, which many of them had not done before. The former – seven and a half million by 16 May (BBC Radio 4, ‘Moneybox’, presented by Paul Lewis) – were entitled to 80 per cent of their earnings, up to £2500 per month. But employers, who received these funds, were in many cases not paying them. Furthermore, the rules surrounding these measures forbade workers to do any tasks for these employers, but not to work for other firms, or do voluntary work. The tax authorities (HMRC) said that they reserved the right to conduct retrospective audits, to name and shame firms, or even report them for criminal fraud; they said they had already received 795 reports of fraudulent activities or omissions. Furloughed workers could do voluntary work only in the community for the common good, or for the sake of their own health.

All this was superimposed upon the travails of Universal Credit. The attempt to consolidate the several means-tested systems of income maintenance which had been created since the early 1970s had already encountered a series of problems in the ten years since it had begun, and was due to take another four. Now the numbers claiming it were greatly increased (by a million in two weeks in early April, ten times the usual number), causing further administrative difficulties.

There were delays of up to eight hours on the telephone as callers were required to supply identification, and many needed advance payments, made as loans against their eventual entitlements; 10,000 extra staff had been engaged (BBC Radio 4, ‘News’, 2 April, 2020). New claimants were told that they should submit evidence of spending 35 hours a week seeking employment; if they found part-time work, they were still required to come to the employment office to report their earnings, so that deductions in payments could be made (BBC 2 TV, ‘Universal Credit: Inside the System’, 11 February, 2020).
The five million self-employed were an especially difficult category, since they were not entitled to benefits arising from unemployment, and could therefore not be categorised as ‘furloughed’. In the event, they were quickly included in payments, as eligibility for UC was widened, and waiting time abolished (BBC Radio 4, ‘Today’, 12 March, 2020). But there were many reports of delays, both in contacting the offices and in receiving payments; the dates when employees were in work to be eligible were also quite arbitrary, and reports of adverse effects on mental health and increased suicide rates were common (BBC Radio 4, ‘Moneybox’, presented by Paul Lewis, 8 April, 2020).

By mid-June the unemployment rate had not risen, but government statistics showed a 600,000 fall in employees on payrolls and a very large reduction in hours worked (BBC Radio 4, ‘News’, 16 June, 2020). Young people were most adversely affected, with areas of material deprivation closely correlated with those experiencing the worst health outcomes (BBC Radio 4, ‘World at One’, presented by Sarah Montague, on the same day).

In the USA, the situation was more straightforward, since President Trump had surprisingly declared himself in favour of unconditional payments to all citizens. The Democratic Party representatives in Congress opposed this, and wanted payments to be means-tested, but the limit eventually imposed was quite permissive, with only those earning $75,000 a year or more being excluded from payments of $1200 a month to every adult and $500 for each child (BBC Radio 4, ‘News’, 25 March, 2020).

This was not an entire innovation in US social policy. Some 40 years earlier, the windfall discovery of oil reserves in the hitherto undeveloped state of Alaska allowed the Republican governor, Jay Hammond, to fund a range of public services. When there was still a surplus from the tax receipts, his administration decided to pay a dividend to each citizen from an ‘Alaska Permanent Fund’. Although the sum (initially $1000 a month) was modest for the oil company employees, it was life-changing for the Native American and Inuit populations of the state.

So the implementation of the idea of universal, unconditional benefits in the Republican-led USA, which had also been adopted in other countries with windfall mineral wealth (Namibia and Mongolia) and in Kerala, India, was not associated with radical politics, even though in the UK and Europe it was advocated by Green Parties. It began to be seen as a serious social policy measure, which received a sudden spurt of attention during the coronavirus pandemic, when neither Continental Social Insurance
schemes nor the UK’s means-tested Universal Credit was an adequate response to the extent of need.

There was a rash of publications and programmes in the media about the proposal, in *The Times*, the *Daily Mail* and the *Independent* as well as the *New Statesman* and the *Guardian* (see pp. 00–00). The most frequent criticism of the idea – that people would be less motivated to work and earn if they were guaranteed an adequate income – had little relevance while people were furloughed during the pandemic. But the question which now arises is whether the economic recession which inevitably follows the lock-down provides an opportunity for its permanent adoption.

The evidence from the pilot studies, not only in Alaska and the developing countries (Namibia and Mongolia) where windfall mineral wealth for the immigrant few allowed redistribution to the indigenous many, but also in Finland and the European cities where pilot studies were conducted, has been that there was little significant withdrawal from the labour market, except by some women with children, but more importantly, in the most-researched of these, Namibia, women’s status improved, children’s school attendance rose markedly, use of medical clinics and the number of HIV patients taking medication increased, crime rates fell and income inequalities reduced (interview with Guy Standing, *Citizens Income Newsletter*, 2012, p. 5).

So the obvious conclusion is that it is worth persisting with any moves towards an unconditional UBI which are taken during the pandemic, and introducing it where these have not been conducted. The great advantage of an unconditional income maintenance system is that it makes coercion (workfare, welfare-to-work and the threat of benefits sanctions) irrelevant, since people have a choice about how much time to spend in paid work, and how much in unpaid (but often more satisfying and productive of social value) activities.

More recently, the UBI has begun to be trialled in several European and UK cities, as well as in districts of California (under the enthusiastic sponsorship of Elon Musk). But there now seems to be a wave of support for and adoption of schemes across the USA. The Chief Executive of Twitter, Jack Dorsey, has announced that he is donating $3 million to a number of pilot schemes in 16 cities all over the country. He said that he recognised it as a valuable ‘tool to close the wealth and income gap’, and that the proposal had gained momentum as a response to the threat to jobs of Artificial Intelligence. He was attracted by the principle of automatic payment irrespective of wealth and employment status (BBC Online,
‘News (technology)’, ‘Twitter boss donates $3 m to Basic Universal Income Project’, by Jane Wakefield, technology reporter).

This represented a breakthrough, both because of Dorsey’s position in an iconic AI and tech company, and because of its timing, with the US afflicted by the Covid-19 pandemic, and open to new measures to counter economic insecurity and recession. The coalition of city bosses ‘Mayors for a Guaranteed Income’ had declared itself in favour of the measure because the pandemic had exposed the fragility of most American households and ‘disproportionately affected black and brown people’, said Dorsey. The mayors had come together to build ‘a resilient, just America’, and the UBI addressed the ‘systematic race and gender inequalities’ and created economic security for families (ibid.).

The long-term investment in such projects in US cities as a response to the threat to jobs from new technology is really significant; the burst of interest in it during the pandemic is less surprising. It is now well-positioned to be an important feature of a post-pandemic world.

**Conclusions**

As this world emerges, it becomes clear that the alternatives of authoritarianism and a more free society, in which the coercion of poor people has been abolished, are at last becoming the potential issues for debate and political contest. A shift in this direction has already occurred in Germany, where the far-right *Alternative für Deutschland* and the Green Party have become the main contenders for power.

If it is accepted that inequality and coercion are two of the main factors in the stagnation of rates of well-being and social value in societies in the past 40 years (Jordan 2008), the recession due to the pandemic will be compensated in the medium term by these new factors. There should also be benefits for relationships among citizens from the mutuality and cooperation that occurred during the pandemic – just as there were in the UK from the solidarity engendered by the sufferings of the Blitz during the Second World War, which was a major factor in the support for the construction of the welfare state in the post-war years.

This was a remarkable achievement, given how stuck in a conservative, class-ridden culture the society had been in the 1930s, and how little governments had done in that decade to relieve the distress of the people, or to reform obviously inadequate institutions. The war on the coronavirus may be our equivalent of the struggle against Nazism in those times.
Another challenge will be the future path of automation, especially in service work (Jordan 2020). Artificial intelligence is already capable of most of the tasks human beings can perform, both physical and intellectual. Algorithms can replicate human abilities to make plans and execute them, increasingly approaching the moment when robots can think for themselves.

In an analysis of the issues raised by these potential developments, Helen Lewis (BBC Radio 4, ‘The Spark’, 16 May, 2020) interviewed ethical philosophers about these dilemmas. Human designers could ensure that machines are designed to satisfy only human preferences, but this will require tight regulation of firms such as those in Silicon Valley which are highly resistant to such controls.

The dilemmas of politics in an age when machines are more intelligent than people were foreseen by E.M. Forster in his story ‘The Machine Stops’ (1909). Having lost the capacity to live on the earth’s surface, human individuals survive in cells below ground, isolated from each other, but with all their needs (physical and intellectual) met by an omnipotent Machine; they communicate with each other by a kind of internet. Eventually, humans come to worship the Machine, forgetting that they created it, and how to control it. When it breaks down, they perish.

The present situation is not apocalyptic, but our future relationship with technology does pose vital dilemmas and challenges. These will be analysed in the concluding chapter.

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