Universal Basic Income: Is it the only cornerstone of a just society?

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The momentum in favour of universal basic income is gathering. John McDonnell, the Shadow Chancellor of the Exchequer, recently announced the Labour Party was establishing a working group to investigate UBI. Round about the same time, at our SSM/MMU event on Universal Basic Income, featuring Karl Widerquist, we asked people who came three things: why they were interested in UBI, how their or others’ lives might change if UBI were introduced and what alternative policies might be introduced to achieve the same ends as UBI?

Interest in UBI

Interests in UBI were wide ranging. Several people wanted to know if and how it could work in practice and what the implications would be if there were still destitution? Some concerns were expressed about how ‘citizenship’ would be defined and whether there would always be people excluded. The potential advantages were:

- It would bring people out of extreme poverty and those unable to work, or, unable to find work would not be at such a disadvantage

- It would realise the dignity and unifying effect of no longer having the ‘strivers and the skivers’ as our current welfare system is perceived.

The challenge to the current state of affairs was recognised.

In the transition to even greater use of technology, jobs will become scarcer. With UBI people could top up their income with part-time work. The stigma attached to ‘benefit claiming’ would be removed. Making the payment universal would reduce bureaucracy.

Apart from getting a cheque each month, I am interested in what effect it would have on society. I see the social and economic system as a complex system and the UBI is a fundamental change to that system, so, when making fundamental change to a complex system, the emergent effects are unpredictable and potentially significant. So I am interested to see what effects UBI will have in the real world, positive and negative.

It has been in the mind of many people. But, its application requires a huge effort not just to social groups and social scientists, but also to convinced political parties and mostly to convince several strategic sectors that haven’t been involved in this issue yet.

How might lives change with UBI?

People identified lots of ways lives would be changed for the better with UBI.
It would mean for me a better society. More equal society in terms of income. Happier.
No need to work. Reduce vilification of people needing benefits. Push conditions of employment and service up

I think that the most positive aspect would be that people would be free to pursue their dreams. This could potentially create a much more value for society than currently. For example, I would be free to work on a start-up.

I can only see improvements for everyone. A UBI to give everyone a lift; means that those on benefits are no longer ‘slaves’ working for the JobCentre Plus ‘master’ and churning out CVs and job applications; means that only those who actually want the flexibility of the zero-hour contract are forced to take zero-hour contracts I think that it would allow people more freedom and time to pursue more meaningful work, or develop their interest/passion in order to find suitable work in the future. A shift toward this could contribute greater wellbeing, due to more economic security than is currently granted.

Have wellbeing? Healthier communities? Happier people? Decent living?

I would be better able to continue in my varied self employment, which I enjoy very much but is a low and patchy income that I couldn’t manage on for ever. This self employment gives me freedom to dedicate a lot of time to pursuits that I consider to be more worthwhile than any paid work I’ve ever done – currently running the organisation World basic Income

Remove anxiety leading to improved mental health of no or few choices. Opening up choices of how to live.

Alternatives to UBI

As to alternatives to UBI, several people were stumped and not able to think of alternatives. However a range of possibilities were and these included:

Reform of tax law – and a proper system where people can contribute and then get back but not a something for nothing culture. And spending on weapons could stop.

In a sense NHS and free u16 education are a form of UBI. Need to do community testing broadly

Stronger Unions. Increased use of cooperatives.

Work guarantee with the right to refuse until an appropriate job comes up

The living wage. International wages for housework

Free homes for everyone. Free gas and electric

Presenting positive points of view from employers (the richer the better)
Have a UBI for a sector of the community e.g. 18-25 year-olds initially, as being proposed by the potential left in France.

We thought it might be useful to overview some of these alternatives.

**Alternatives to UBI?**

Many alternative proposals are based on the principle that paid employment offers the best route out of poverty. However, we know that there are high levels of in-work poverty (JRF, 2016a), that precarious work leads to poor psychological health (Banach et al., 2014), and that there are growing inequalities and increasing numbers of households failing to meet minimum income standards (Davis et al., 2016). There is also the very real danger that further automation will render full employment for all just a pipe dream (Srineck and Williams, 2015), although the contrary view is that a coming scarcity of energy will make that unlikely in the longer term (Davey, 2016). Assuming for a moment that full employment is a possibility, the case against UBI and for paid work should be revisited.

**Why work?**

Society places a high social value on paid employment. So, not only does work provide a source of income, it is also a source of self-respect, social status and identity. Unemployment (involuntary) on the other hand, is strongly associated with depression and feelings of a lack of self worth. Fryer and Fagan (2003) drew attention to the reasons why some people continue to work when in receipt of benefits that provide them with an income. They found that when people were out of paid employment and in receipt of benefits, some turned to work in the hidden or ‘black’ economy, which provided them with a sense of pride, status and respect. It enabled them to develop skills and to buy necessary items like children’s shoes. Those who remained reliant on out of work benefits, on the other hand, showed signs of depression, passivity, and feelings of humiliation and stigmatisation. Importantly, there was a lack of reciprocity, of an exchange relationship; whereas working in the hidden economy enabled a reciprocal relationship between work done, payment received and entitlement to spend as people pleased.

Trial experiments of UBI have shown that contrary to most people’s predictions, people continued to work, even in the face of a guaranteed basic income. (The exceptions were some young people who continued to study and women with small children, particularly single mothers.) However, the reciprocal relationship – of work done and payment received was missing. Do we need this kind of reciprocity or not?

It is important to note that studies on the psychological consequences of (involuntary) unemployment have been undertaken in the context of paid work being highly valued in society, leading to social status and the self-respect that comes with this (Mckenzie, 2014). One of the advantages predicted for UBI, is the weakening of the social value placed on paid employment, in favour of unpaid work, caring, creativity and community building. In other words, UBI would change the social norms around work and break the link between social status (being socially valued) and paid employment.
Variants on a UBI theme

Before we go on to consider alternatives to UBI it is worth mentioning variants on the Basic Income theme. Firstly, negative income tax, originally proposed by Milton Friedman, writing about the alleviation of poverty (Friedman, 1962) from the political right but re-visited later by Block and Manza (1997) from a progressive political position. A negative income tax is a progressive tax system whereby households below a certain income receive a cash transfer from the Government instead of paying taxes. Effectively a negative income tax would create a floor below which income could not fall. This would give a degree of income security, enabling choices to be made by those in work about how many hours to work, and giving some basic income to those without paid employment. In Block and Manza’s formulation it would also supplement low wages, as tax credits do under the present system. They argue that it avoids the “benefit trap” whereby people on certain benefits gain little or nothing by becoming employed at low wages.

Negative income tax would not address the universality aspect of UBI, being targeted instead on those with low incomes: instead it is a progressive measure, integrating money subsidies to the poor with the tax system, with those on higher incomes contributing progressively more.

Stakeholder grants, however, have been proposed as alternatives to UBI, and to be universal. Ackerman and Alstott (2004) argue that a 2% tax on the wealthiest, would enable a grant to be paid to all those coming of age as long as they complete secondary school and do not have a criminal record. (Ackerman and Alstott, 2004). The grant would enable all citizens of working age to make choices and plan their lives, spending (or saving) their money as they wish. Every citizen, then, claims her or his stake (or collect their Basic Income) simply by virtue of being a citizen capable of forming a life plan. The idea is similar to that introduced in the UK via the Child Trust funds – a small amount of money paid to every new born child, invested until the child reaches 18, and then to be spent on whatever the young person chooses. Critiques of the stakeholder income include the argument that this grant would be to the advantage of those with the human and knowledge capital to use the money wisely, and to the detriment of those who did not (Standing, 2006).

Perhaps income redistribution is not the only way to alleviate poverty.

Other proposed variants of UBI include proposals to (1) use a form of UBI as a way of sharing the profits from equities (i.e. the ownership of capital) (Varoufakis, 2016); (2) return unused UBI payments to Government or to charity in order to discourage the accumulation of further wealth by those on higher incomes (Cadarn Research, 2017) and (3) the FEASTA Cap and Share proposals in which carbon permits are bought by fossil fuel companies and the revenues from these shares distributed equally in the population, thereby reducing carbon emissions whilst at the same time providing an income in an equitable way (http://www.feasta.org/documents/energy/Cap-and-Share-May08-summary.htm).

Given that affordability is a recurrent issue, one alternative might be to combine UBI with a complementary local currency, one not linked to sterling but nevertheless backed by councils and
other institutions (for example by accepting payment or part payment in these local units – this would be an essential requirement in order to ensure the currency had value). The Hullcoin pilot has these characteristics [http://www.hulldailymail.co.uk/what-is-hull-coin-and-why-is-it-the-city-s-answer-to-groupon/story-29582248-detail/story.html](http://www.hulldailymail.co.uk/what-is-hull-coin-and-why-is-it-the-city-s-answer-to-groupon/story-29582248-detail/story.html). There is no limit on the amount of such currency that can be created (other than what the local economy can sustain) and it would have the virtue of keeping money local, rather than leaching out to profit centres elsewhere. Such a variant of UBI could be trialled in parallel with the existing benefit system.

In addition, there are alternatives in the form of a redesigned social welfare system; job guarantees; participation income; and civic economy developments.

A redesigned social welfare system

Two recent poverty-reduction strategies, with paid employment as the goal, include substantial changes to the social security and tax systems.

A complex and comprehensive anti-poverty package has been proposed by the Joseph Rowntree Foundation (JRF, 2016a,b). This strategy places responsibilities on government, employers and businesses, communities and citizens to develop economic opportunities alongside social reform. The emphasis of the strategy is to ensure that everyone has a decent and secure life. The outcomes of the strategy are declared to be: to boost incomes and reduce costs; deliver an effective benefits system; improve education standards and raise skills; strengthen families and communities; and promote long term economic growth benefiting everyone (p. 21). The package, then has jobs, education, employment and economic growth (albeit what JRF are calling, after the OECD [Organisation for Economic Co-operation and Development - [http://www.oecd.org/inclusive-growth/](http://www.oecd.org/inclusive-growth/)], ‘inclusive growth’) as the key route out of poverty, taking little account of the changing nature of work and the possibilities of a reduction in jobs overall. Furthermore, it does little to explicitly challenge the negative psychological consequences of a welfare system founded on eligibility assessments, conditions and sanctions: a system that is humiliating and belittling, leading to stigma, loss of self esteem, demoralisation, apathy and even mental ill health. The strategy is to be welcomed for its comprehensiveness, but because it retains a focus on economic growth, we do not believe it is environmentally sustainable in the long term.

Another set of proposals that aims to reduce poverty and raise lower and middle incomes through the re-design of the social security system comes from Harrop (2016a) in a report for the Fabian Society.

The report discusses at length the merits and challenges of a universal basic income (Harrop, 2016b). It concludes that the idea of a basic income might be the eventual end point after policy reform, but that the focus should be on “practical, incremental policy changes which embody something of the spirit of the basic income idea, but make sense as reforms in themselves” (Harrop, 2016a:139). (This incremental approach also features in the recent Compass proposals for UBI (Reed and Lansley, 2016)).
Harrop proposes retaining, but increasing the generosity of, means tested out of work benefits but supplementing them with the gradual introduction of individual universal credits in place of tax allowances, and substantially increasing the amounts of child and disability allowances. He also argues that adult credits should be conditional on participation in society (on learning, parenting, caring, job search or work preparation). The proposals include ‘disaggregation’ - moving away from the assessment of household income to benefits and allowances being awarded to individual adults and children. This change alone could have the effect of enabling greater independence and autonomy and reducing financial dependency, especially for women or for those with caring responsibilities.

Harrop acknowledges the challenge that providing for housing costs presents, and also that his proposals depend on economic growth (although there is no reason why Government could not just fund them) and questions whether or not his proposals would be adequate if the assumed growth did not take place. Scant attention is paid to the changing nature of work, and extent of precarious and uncertain work. Embedded within these proposals is the idea of a guaranteed job for those out of work for 12 months, modelled on the Young People’s Guarantee which was in place 2009-2011.

Indeed, the major challenge to UBI as a policy comes from those who advocate guaranteed work as the means by which people gain purpose and meaning and positive mental health and well-being as well as income security.

The Job Guarantee

Job guarantees for young people are a part of the contemporary political landscape. As a response to the recent fiscal crisis, the UK Coalition Government introduced a voluntary job guarantee for young people via the Futures Job Fund, which proved successful in moving young people into unsubsidised work and off benefits (Alkker and Cavill, 2011; DWP, 2012). The 2015 Labour Party Manifesto included a Compulsory Job Guarantee for every young person, unemployed for over a year, guaranteeing a job which they would have to take or lose benefits. The then leader Ed Miliband explained: “.. it will be a tough contract – those who can work will be required to take up the jobs on offer or lose their benefits. A life on benefits will simply not be an option” (http://press.labour.org.uk/post/79110402681/next-labour-government-will-guarantee-starter-jobs). The crucial difference between job guarantees (and indeed of the current social protection policies) and UBI is focused on the ‘unconditionality’ principle. Should people be entitled to state income without the expectation of a contribution in return?

Not all job guarantee schemes are as hard-line as the workfare-like version proposed by Miliband. Tchervena has argued for the job guarantee, for all, not just for young people, because it would enable greater economic stability than would UBI, whilst at the same time delivering many of the same benefits as UBI (Tchervena, 2012). In support of her argument, she draws on the impact of the Plan Jefes programme in Argentina following the financial crisis of 2001. This was a job guarantee programme aimed at Heads of Households (mostly men), but in practice involving women too, offering four hours of work a day at the minimum wage. Extensive evaluations of the programme
have shown the positive impact on the participants, especially on poor women who participated, beyond increased income.

The scheme enabled people to identify specific unmet needs in their families and communities and design jobs to meet those needs. A wide range of work was undertaken, including day care, public libraries, after school activities, tailoring, artistic pursuits, recreation, environmental clean up and recycling, subsistence production and other activities for the public good. After a year the program evolved into Plan Familias, enabling a naturalistic quasi-experiment, comparing experiences across the transition from job guarantee to basic income. Men were offered training and job placement assistance, but women the alternative of a basic income to stay at home: in the pilot area for this change, less than 50% of women made the switch. The impact on the women of paid employment included the learning of basic skills, completion of courses, boosted self-perceptions, feelings of being connected to neighbours and enhanced sense of dignity and pride: collective and individual empowerment was facilitated and women reported increased respect in their households and communities. Being engaged, doing something, helping the community, working in a good environment were all more important to the participants than their increased income. Women wanted to work rather than receive welfare payments of equivalent amounts. Tcherneva argues that income alone does not lead to empowerment: rather empowerment comes from earned income not charitable donations (the reciprocity-exchange relationship discussed by Fryer and Fagan, 2003).

Tcherneva, then, suggests that “a well structured guaranteed employment that offers opportunities for meaningful work at a living wage, counters the precariousness of the labour market by eliminating unemployment, drastically reducing poverty and enhancing the individual freedom to say ‘no’ to bad jobs” (Tcherneva, 2009:184). In the context of the austerity era, she suggests that such a scheme would reverse the decline in public services by focussing on socially useful outputs and public provisioning for all, thus leading to community building and increased social capital at the same time thorough the prioritising of people’s contributions to socially useful activities. By focusing on the needs of those at the ‘bottom’, she argues, job guarantee would also serve a redistributive function, improving the incomes of those at the ‘bottom’ faster than those at the top and transforming the meaning and purpose of work.

Jobs that focus on mitigating the causes and impact of climate change could also be a part of a job guarantee scheme. Godin (2012) modelled a variation on the job guarantee, the Green Jobs Guarantee (GJ), in which the jobs available are in the improvement of energy efficiency for domestic and public buildings (e.g. via retrofitting insulation). In Godin’s simulation, the GJ is cost effective for the State (in comparison to a conventional Keynesian demand stimulation package) and unlike the conventional job guarantee it does not lead to a boost in energy demand as a consequence, instead decreasing it.

The key distinction between UBI, social security modifications or job guarantee, may well lie in the degree to which people choose work and jobs at their will or are forced to take jobs out of financial necessity. One of the arguments in favour of UBI is that it would enable people the freedom to choose what, how and when to work.

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Tcherneva does not dismiss UBI entirely, but concludes that it would be possible to combine the goals of UBI and Job Guarantee. Income guarantees not tied to labour market participation (such as child allowances, old age pensions, disability allowances, healthcare) could be combined with a voluntary employment opportunity through a living wage-benefit-vacation package for those able, ready and willing to work. She calls this a ‘universal guaranteed participation income programme’ (Tcherneva, 2006). Participation is the foundation of participation income proposals.

**Participation Income**

In 1994, the commission on Social Justice (IPPR, 1994:261-265) explored the possibilities of a citizen’s income, arguing for a modified version based on active citizenship, a participation income. This idea has also been proposed by the economist, Tony Atkinson (Atkinson 1996; 2015). He was concerned with reducing inequalities and both preventing and reducing unemployment, and proposed a version of basic income that replaces the ‘citizen’ eligibility requirement of most UBI proposals, with a ‘participation’ requirement. The qualifying conditions would include:

“**people working as an employee or self-employed, absent from work on grounds of sickness or injury, unable to work on grounds of disability and unemployed but available for work, it would also include people engaging in approved forms of education or training, caring for young, elderly or disabled dependants or undertaking approved forms of voluntary work, etc. The condition involves neither payment nor work; it is a wider definition of social contribution.”** (Atkinson (1996:; 68–69)

Atkinson’s scheme grants a secure income but requires recipients to satisfy a participation requirement as a condition of support. The kinds of participation envisaged are socially useful activities, such as caring for an elderly person, volunteering in a neighbourhood project, engaging in training or studying for a qualification. The qualifying conditions would need to be approved, which in turn would require a mechanism for administering and monitoring participation activities. How, and on what basis participation activities would be approved would need to be worked out, with the obvious danger that such approval could be politically, rather than socially motivated.

The introduction of such a conditional element to the BI is similar to the ‘contribution contract’ proposed by the RSA as part of their model of UBI. The idea here is that all recipients of the BI sign a contract with their local communities to “Contribute to the extent they are able, through earning, learning, caring or setting up a business” (Painter and Thoung, 2015:.20). The suggestion is that such a contract will be a positive affirmation to establish norms, provide social support and underpin the contribution ethos – thereby helping to shift social attitudes values from individual success to social solidarity.

It is unknown whether or not participation, or contribution, requirements for a BI would enhance community building, and whether the breach of one of the core principles of most UBI models, namely that of unconditionally, would weaken the transformative potential of the UBI or strengthen it.
Participatory Civic Economy

Participation is at the heart of the creation of participatory civic economies, currently in their infancy. Rather than thinking about national policies and processes to alleviate poverty, austerity and its negative psychological effects, civic economies are locally focussed and begin with the goal of increasing social solidarity. Drawing on the work of Murray (2009), the Compendium for the Civic Economy (“00/(London)”, 2011:9) describes the civic economy as one designed to “unlock and share the resources we have more effectively...It comprises people, ventures and behaviours that fuse innovative ways of doing from the traditional distinct spheres of civil society, the market and the state. Founded on social values and goals and using deeply collaborative approaches to development, production, knowledge sharing and financing, the civic economy generates goods and services and common infrastructures in ways that neither the state nor the market economy alone have been able to accomplish”.

Civic economy approaches, then, aim to alleviate the passivity and isolation of current employment and welfare practices. Furthermore, proponents argue for innovative and new methods of co-producing society, co creating value, cost savings and mechanisms for financing or collective investment. People come together to identify local needs, design and implement projects, producing socially useful products. The approach has been successfully trialled at a neighbourhood level in Lambeth (Open Works, 2016:21), but has yet to be scaled up. This approach is similar to that of the Organisation Workshop, developed in Brazil and implemented in Latin America and Africa (Carmen and Sobrado, 2000; https://en.wikipedia.org/wiki/Organization_workshop) and in Marsh Farm, Luton (Imagine, 2016).

Civic economy approaches are participatory and collaborative, local in scale and are a way to regenerate and enhance the resilience of local communities, cities and regions. Examples of civic economy practices highlight the empowering impact of participation, as well as the sense of agency participants feel. The ideas challenge conventional thinking about work, social protection and participation, and so offer an alternative way forward, with positive social benefits, to those of UBI or welfare-employment reform.

So... are there viable alternatives to UBI?

These alternatives to UBI rely on either new packages of policy interventions, guaranteed jobs, or new ways of thinking about relationships between individuals, communities, the market and the state. The proposals do not address the potential UBI has of moving towards greater gender equality, particularly in terms of sharing care. Lister (2017), however, points out that to achieve this would require enhanced parental leave and shorter working weeks (Coote, Franklin and Simms, 2010) – which could be incorporated into either basic income, job guarantee or participatory alternatives.

Further work would be needed to ensure that whatever alternatives are considered, that they deliver the optimal mix of liveable and predictable income; sensitivity to additional needs; equity; encouragement of social solidarity and community contributions; economic stabilisation; ecological
beneficence; and political and public feasibility and acceptability. They need to address both the
social recognition that paid employment gives with income redistribution.

Perhaps they are not either/ors. Maybe social-good job guarantee schemes, coupled with
progressive benefit and tax reform would form a realisable step towards UBI – and may even exist
once UBI is in place to moderate the ravages of the market and ensure that the economy is realigned,
with a just future of prosperity for all within ecological boundaries.

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