POLICY DEVELOPMENT

Basic income: a debate

Mat Lawrence and Neal Lawson

Many see it as a 'silver bullet' policy innovation: the RSA is behind it, as is Compass, and support also comes from the Adam Smith Institute and Silicone Valley tech-utopians. Neal Lawson and Mat Lawrence debate Basic Income in theory and practice.

Round 1

Dear Mat,

As we know, more and more people are talking about Basic Income (BI), an unconditional, automatic and nothwithdrawable payment. The RSA is behind it, as is Compass, as is intriguingly the Adam Smith Institute (we should get into why). Major trials are taking place in Finland and Utrecht, and Switzerland just had a referendum on a BI (it was lost). And back here Labour's Leader and Shadow Chancellor have said they are interested in the idea while on the other wing of the Party, Jonathan Reynolds MP is a strong backer of this big policy shift. Why is all this interest bubbling up, could a BI work, and if so, how might we make it happen?

I think I'm right that you are an open minded sceptic about the idea, so hopefully we can bounce some thoughts back and forth that will develop our own thinking and open the issue up to *Renewal* readers. And just to be clear, I'm not a policy expert or an economist but I'm increasingly sold on the idea. It's not the silver bullet, but it might just be a bronze. So what's all the fuss about?

The growing interest has several drivers; wages in the West have been flat-lining for a decade, and work and life have become more precarious. Outsourcing, zero hours contracts and the 'gig economy' are creating a sense of insecurity and anxiety right through the income chain. Of course the 'march of the machine' is a big backdrop too. Won't the robots just take over, and without a BI will there be food riots? Well maybe. My own sense is that this technological revolution could be unlike others

– in that the net impact could see quite large scale job replacement. If both muscle and brain can be replaced by technology then what are we going to do? Sure there are caring jobs and may be more of them, but I sense something big is brewing. The boy cries wolf and everyone ignores him – but eventually the wolf comes. I think the robot/algorithm wolf might be coming. But we can't base a big policy jump like BI on a forecast or a hunch.

What we can base it on is the fact that the welfare system now is no longer fit for purpose. It has undergone decades of reform, universal credit being only the latest, but it's essentially an insurance based system that relies on most people being in full time work most of the time. It's been creaking and cracking as part-time and temporary work replaced a job for life, and now the precariat is a rising and embryonic class in its own right. A welfare system that tries to impose a twentieth century straitjacket on a twenty-first century, complex labour market just won't work. But not only does it not function – it's pretty inhumane. It is based on the humiliation of the people it is there to serve.

So this is my dual starting point in support of a BI. First the pragmatic reason that the nature of the twenty-first century labour market is already incompatible with a twentieth century welfare system based around the insurance model. The robots might come – but even if they don't we need to transform the system in ways that support people through an increasingly precarious working existence. And second, the principled reason, is that we should design systems around a belief in the best in people, not the worst. This is the belief that people, or at least the vast majority of them, are not lazy but incredibly committed and creative and that through the security and recognition that a BI offers will be able to develop to their full potential. A BI gives people space to train, retrain, be educated, refuse low paid jobs, go for more rewarding careers and start their own enterprises. As the old Swedish social democrat slogan goes, 'secure people dare'. But here there is something more than just hard economics at work. I sense a yearning for something more in life than just work – the time to love, care, create and be a citizen. A BI gives people recognition that society believes in and supports its citizens.

I know there are a lot of moral and practical issues about the possible introduction of a BI. Let's get into them. But it's the biggest idea of our political moment. Is it the right one?

Yours in Hope,

Neal

* * *

Dear Neal

Political projects succeed when they have a strong set of demands allied to a sense they own the future. As the seemingly terminal decline of twentieth century social democracy continues, the re-emergence on the Left of the demand for a universal basic income is therefore a cause for potential optimism. After all, as you rightly set out, the idea has much intuitive appeal.

A basic income (BI) would strike against growing insecurity in the labour market, compensate for unwaged social labour, promote gender equality, and promises to simplify a complex, bureaucratic and often cruel welfare system. And if the robots really do arrive, a basic income holds out an emancipatory promise: a policy to create a more caring, creative, and less work-based society. So I am perhaps better characterised as a cautious supporter, but one with serious reservations.

What then are my concerns? I should start by saying I'm not convinced by many of the existing critiques – that it is overly utopian or would undermine work incentives, for example. Instead my concerns centre on questions of practicality, progressivity, and the politics of a basic income. None are insurmountable, and I look forward to batting them back and forth with you.

First, there are important technical issues. A key appeal is that it would replace the complexity of the UK's social security with a single unconditional payment for all, at a stroke ending the bureaucratic regime of sanctions and eligibility testing. Yet I remain unconvinced that its theoretical elegance would survive contact with the messy reality of actual life.

In particular, I'm sure you would agree that even with the introduction of a basic income, we would still want to provide extra resources for particular households or individuals, for example people raising children, living with disabilities, or having to cope with high housing costs. Adapting a basic income to meet these needs would likely involve some form of conditionality and targeting, inevitably bringing it much closer to our current welfare system, which is, after all, complex for good reasons. If we both agree a twentieth century social security model is creaking, perhaps our focus should be on how to improve it – for example in refining and expanding existing universal elements of the welfare state – rather than pinning our hopes on a policy that offers false simplicity to complex challenges.

Second, and relatedly, how progressive is it? We currently target benefits for a reason. Some households have greater needs than others, both over their lifetime and in particular moments. Unless the basic income payment was set at a level far

higher than most of the current proposals envisage, many households would lose out to an inexcusable degree. Of course, both these concerns can potentially be overcome by effective design and innovation – which is why the experiments currently going on across the world are so exciting – but the design has got to be right, otherwise a basic income could do more harm than good.

My final concern is the politics of a basic income. First, there is the question of priorities: a basic income may indeed be desirable, but – if we accept the ideal basic income rate would be generous and require significant additional taxation – is it more desirable than funding a world class universal childcare network or greater public investment in housing or a whole host of other necessary projects for the Left? Perhaps, but the opportunities lost by pursuing a basic income deserve greater consideration.

Second, it would potentially run counter to strong, widely held public sentiments regarding social security, particularly around contribution and reciprocity. These are complicated issues, but we should at least think about how they could challenge the politics of a basic income programme.

Finally, you've written about how New Labour's coalition was arguably too large to achieve radical change. Similarly, are you not concerned that a coalition broad enough to encompass the Adam Smith Institute and the libertarian cultists of Silicon Valley is so large as to at least give us pause for thought? For them a basic income is a Trojan Horse towards the complete marketisation of public life – we should beware Californians bearing gifts!

Got wrong, a politics centred around a basic income risks stripping out social solidarity, undermining public institutions, and eroding the role of collective democratic struggle and agency in building the common good, replacing it with a centralising cash transfer system that leads to the marketisation of the public realm, and leaves the stark inequalities of contemporary society relatively unchallenged. It might be the biggest idea of the moment – and may even be the right one – but the Left needs to answer these concerns before it commits wholly to the basic income.

I look forward to trying to probe some of these matters further.

Yours in hope,

Mat

* * *

Round 2

Dear Mat,

Great response because you have accelerated us into all the tricky issues. So if we accept desirability, what about feasibility? This excites me because it makes me think about how the architects of the NHS or the welfare state must have felt – knowing they were on to something amazing but tricky and determined to find their way through the maze. Everyone said that the NHS was impossible, that people would simply go to the GP every day and waste the resources if it was free, that we couldn't afford it etc. So now they say it's money for nothing and it will make people 'feckless'. What a hopeless view of human nature and potential. Before we get stuck into the detail, let's remind ourselves that as good as a basic income might be it can never be everything, it's not perfect and even the slickest design will have faults. But let's not allow the perfect to be the enemy of the good – in this case the very good. So on that basis ...

On complexity – most of the modelling being examined in the UK by the RSA, the Citizens Income Trust, and Compass all go for relatively modest introductory rates of around £80 per week – which means that housing and disability benefit, for example, are still paid and means tested. This is not ideal, but to jump to payments of circa £250 per week just doesn't feel feasible yet. So we maybe can't get to simplicity in one leap – but we can lay the foundations and principles of unconditional payments for the journey ahead. These models then need a ten-year acceleration plan to shift away from any conditionally. All these schemes are progressive, although the results vary according to family type.

In terms of the politics of a basic income, yes, it challenges the fundamentals of the existing welfare state and the Beveridge notion of contribution based on paid income. But that's the problem – we live, and will increasingly live, with a labour market that simply doesn't offer the paid security on which such conditionality will apply. That doesn't mean people won't contribute – I think they will – more so than now. They will pay taxes when in work and they will contribute to their family and community much more effectively than they do now. The bonds of citizenship, value and virtue will be enormously strengthened by the social commitment that a basic citizens' income brings to life. The conditionality of a twentieth century labour market in a twenty-first century world simply doesn't work and is breaking down fast. We have to escape it.

And you are not alone in worrying about universal public services. But the progressive or left take on a basic income is that we need both – and only both together work. The Adam Smith Institute and others on the right see basic income as a

negative income tax – a voucher to then go and buy previously free public services to create new markets. This of course has to be resisted – but we can't drop support for basic income just because the right want to use it for different ends to us. We have to contest its purpose and its design.

This point about political contest tells us that a basic income can't be a policy diktat, dreamt up in a think tank, delivered by whoever is in power – left or right. Then it could be used for the wrong ends or will end up like the Child Trust Fund, a good policy from out of the blue that had no roots or moral public support that was then junked without a blink or a murmur. We have to build a social movement for a basic income – a political alliance that wants social security relevant to this century. How we build that has to be the big question.

Finally, what does this mean for the party of labour? I think it's part of the existential challenge facing Labour – a name and an ethos that is clearly struggling to find its place in this fast changing world. If labour is precarious and no longer defines our identity or the means of reproducing ourselves and society – because we eat and find shelter on the basis of our citizenship and not our work – then what happens to a party based on the past and not the future? Can it use basic income to reposition itself?

Neal

* * *

Dear Neal,

Thanks for your reply. The NHS is an instructive comparison. As you say, it was an institution that seemed improbable until it became possible, and faced many of the same questions as a universal basic income does now: how can we afford it? How would it work? Is it 'credible'? However, the NHS succeeded because it responded effectively to the needs of the time, yoked in growing social and political forces in support, and reflected the emerging sociological formation of post-war Britain.

Yet if the NHS was the lodestar pointing the way to a New Jerusalem, I am less convinced that the same conditions hold for the basic income today. Democratic agency is vital. How will it be fought for and won, and by whom? As you say, it shouldn't be driven by a wonkish agenda – as someone who works at a think tank I couldn't agree more! Yet many of the most powerful social forces behind it – wealthy techno-libertarians in particular – would shape it in a direction few on the Left would want. I worry about that and would like to know more about how you think we could build a stronger social movement that can win the case for a better type of basic income.

Similarly, I am also concerned that we concede too much in basing an argument for the basic income on an acceptance of universal insecurity as the inevitable condition of the modern labour market. Of course the nature of work is changing, precarity is growing, and labour is under pressure. Yet politics can and should order markets. The morbid symptoms of the contemporary labour market are not inevitable or natural. We can rebalance power towards labour with the right institutional reforms and innovations and improve work. In other words, it is too passive to accept inevitable and growing insecurity as the socio-economic condition driving the need for a basic income.

Moreover, whatever happens, a basic income is almost certainly not going to be the next evolution of the welfare state or the labour market. Given that, what about demands in the here and now, from a four day working week to strong, universal collective bargaining coverage to higher wage floors? By focusing our energy on the reforms of tomorrow, we risk ignoring the problems of today, and I sometimes fear that we turn to debating the basic income as a way of avoiding complex labour market issues like bad pay, low power jobs, poor productivity and slow progression that blight society now.

Nonetheless, I do agree that questions of design can be overcome – that we can find our way out of the maze – and am hopeful that with effort and imagination, a mass movement can be developed that can successfully advance a Left version of the basic income over that pushed by the Adam Smith Institutes of this world. Yet two concerns remain that for me are consistently understated in the debate, just as issues of design and 'credibility' are over-emphasised.

The first point is that the debate often seems to be looking down the wrong end of a telescope. We focus so much on whether a basic is income is possible, desirable or radical and forget that introducing a basic income is arguably the easy part. The hard part would be achieving the scale of tax reforms necessary to make a basic income progressive and worthwhile. Most estimates suggest this would require expanding the tax base by 10-20% and raising at least £100bn (net of BI payments) from the richest and most powerful 10-25% of the population. How are we going to win that argument and overcome the inevitable opposition? It is certainly not a fight from which we should recoil. Whether progressives back a basic income or not, it is exactly the type of strategic struggle they should be undertaking. Yet if we can answer that, and win that fight, then the challenges of implementing a basic income are much smaller by comparison. Maybe it is time we all began looking down the right end of the telescope.

Relatedly, if we can win the struggle for an expanded tax base – which would be the most significant tax reform in modern history – then the opportunity cost of a basic

income looms even larger. We could go for a basic income, yet I think progressives should be sceptical – though open to being convinced – that the best way to use hard won social resources (resources that could be used to build common institutions and public good) is instead to plough it into funding a transactional, individual cash payment that flows through markets and consumption.

By committing to a basic income, realistically we are likely to forego a wide range of new or expanded collective institutions that could prove liberating and provide enduring anchors for a more equal society. From a national childcare service that would 'de-gender' care and improve life chances, to giving adequate support to mental health, or accelerating decarbonisation and the transition to a post-carbon society, to funding a national housebuilding programme, we have to be honest about what collective and social institutions we could potentially lose out on. The opportunity costs in gaining a basic income are not insubstantial.

So my question to you is: how do we win that argument for an expanded tax base – rather than just the argument of where to spend it – and if we can, are we sure that a basic income is the best use of our collective resources? If we can answer those questions, then who knows, we might even feel brave enough to tackle the existential challenge facing Labour!

All best,

Mat

* * *

Dear Mat,

I hope we are making progress and the readers are still with us. I won't test your patience or theirs with an overly long response. But let me reflect on some of the thoughts that sprang into my head when reading your response and then finish with a little flourishing about why we must go with basic income and how.

The opportunity cost issue is a big issue; what else could we do with the money? People I respect hugely, like Anna Coote over at NEF, worry about this and are trying to come up with alternatives – a new social settlement she calls it. Great, let's have the debate and lots of other ideas too. But maybe there is a fundamental political point here that goes beyond policy. Do we believe the good society of the twenty-first century will be a delivered in the main by the state – or by people? Not people as individuals, but people as new forms of collectives – about to make and shape the big decisions that affect their lives. Let me be clear, the state will continue to have a key role, but I don't believe it should be or will be central – as it was

in the last century. The energy and life to recast the future will not come from the top down but the bottom up. Compass is calling this 45 Degree Politics – the meeting point of the horizontal and the vertical – the latter being essential to sustain the former. Ultimately the good society can only be created by the people – not imposed on them, however well meant. BI doesn't just help end insecurity, it creates the foundations for a different type of society.

This takes us into a related point. Objectors to BI, like Jon Cruddas, who I respect hugely, worry about the loss of identity through work. But what is it about wage labour that people seem so fixed on? And hasn't that ship sailed long ago? For the last 40 years we haven't been a producer society but a consumer society. Consuming isn't all we do, like producing wasn't all we used to do, but consumption is now the prime means by which we know and understand each other and is the system through which society now reproduces itself. And it's a social, economic and environmental disaster. A left that thinks enough is never enough plays havoc with people's lives and the planet. Which is one reason why we should contest the right wing proponents of BI and not leave the field open to them to define its purpose.

BI is a bridge to a different type of society – a citizen's society. It is this citizen shift that Jon Alexander and others are championing, that we must now focus on. This is a huge and necessary leap – not a tweak to labour market rules or the social security system – but a transformation of who and what we are. BI lets us think anew about what it means to be fully human. Some politicians sit round thinking about how the caterpillar can become a better caterpillar – when of course it needs to become a butterfly. We have reached the limits of twentieth century social democracy – every attempt across the globe to reboot it has failed. The reasons are deep and cultural. It is time for a new progressive political project based more around people acting in solidarity than just on the state. A basic income can be one of the cornerstones of it and will be if we build a movement of everyone who would benefit from it.

Go on Mat – tell me I'm not wrong.

My best, as ever,

Neal

* * *

Dear Neal,

We both want a butterfly – you're not wrong there. But the challenge is to stop it being crushed on the wheel. For me, that means more work is required on answer-

ing questions around the design and progressivity of a basic income, and a greater sense of how politically it can be fought for and won, including the crucial challenge of expanding the tax base.

If through collective debate, conversation and campaigning we can get those answers right, then a basic income increasingly looks like the bridge to a different, better type of society. If got wrong, a basic income could be a historic mistake for the Left, or perhaps more to the point it won't convince the wavering caterpillars to support the idea in the first place. For that reason, it is fantastic that a broad coalition from Compass to the RSA to Labour are taking up the cause, and I look forward to the ongoing debate.

A couple of final points from me. You're right that as a society we're increasingly defined by consumption not production – we've shifted from the politics of the factory to the politics of Facebook. Yet production has not disappeared, it has just dispersed globally. We haven't touched on the universality of a basic income, but given the interconnected, international nature of production and consumption, should we be thinking about a basic income that, if not truly global, at least expands beyond the nation-state? A basic income beyond borders? If only there was an integrated regional economic bloc the UK was a member of that could conduct such an experiment...

Second, there is a risk that a basic income becomes a golden cage, that if implemented, it would sap the energy and political desire to tackle the underlying inequalities and hierarchies of capitalist societies that will remain. Obviously this isn't what you or many other advocates want. But for many others, particularly on the Right, I suspect that introducing a basic income would meet their minimalist vision of social justice and there would be a pushback against further efforts at redistribution of power and reward. So we need to think of a basic income as a step on the way towards a more equal and democratic society, not the summit at which we can rest. It is a means, not the end.

Where you're right – and where I'll end – is that we're facing an accelerating wave of economic, social and technological change that will reshape the country in increasingly radical ways. The scale and breadth of disruption – accelerated by Brexit – will mean that the institutions of the twentieth century that governed how we lived, worked, and acted as citizens will become increasingly inadequate. In the process, it will change how we think about work and value, consumption and production, and the institutions that underpin them. It will be a world transformed.

In the face of this, a position of nostalgia and institutional conservatism won't be enough. Instead, the Left must build new institutions that can shape change for the

common good, embracing the liberating potential of technological and social modernisation while ensuring its benefits are fairly spread. As Jeremy Gilbert argues, it is about building potent collectivities, whether in society, market or state, that can irreversibly expand democratic voice and power.

Above all, it will require re-embedding politics in economics, shaping it through democratic institutions and practices. Taking real control but in a democratic, egalitarian fashion that nonetheless recognizes the limits of control in an interconnected world. Some of these institutions are likely to be state-led but you are absolutely right that many more institutions can and should come from the bottom up. And a basic income may well be an institutional cornerstone for durable, radical redistribution of economic, social and political power in the world to come. If that is the case, all the more reason to make sure we collectively interrogate and answer the questions raised in this discussion.

I look forward to continuing that conversation!

All best,

Mat

Neal Lawson is chair of Compass. **Mat Lawrence** is a research fellow at IPPR.

Further Reading

BIEN, 'History of Basic Income', Basic Income Earth Network (BIEN), http://basicincome.org/basic-income/.

A.Painter and C.Thoung, *Creative citizen, creative state. The principled and pragmatic case for a Universal Basic Income,* (RSA: London, 2015) https://medium.com/rsa-reports/creative-citizen-creative-state-a3cef3f25775#.gfgdy5m6a.

A. Harrop, *For Us All: Redesigning Social Security for the 2020s* (Fabian Society: London, 2016) http://www.fabians.org.uk/publications/for-us-all/

D.Hirsch, *Could a 'Citizen's Income' Work?* JRF, 2015, www.jrf.org.uk/report/ could-citizens-income-work.

D.Z.Morris, 'Elon Musk Thinks Automation Will Lead to a Universal Basic Income', *Fortune,* 6.11.16, http://fortune.com/2016/11/06/elon-musk-universal-basic-income/.

G.Standing, 'Why Basic Income Is Needed for a Right to Work', *Journal of Law & Urban Policy,* 2, 2005.

A. Dinerstein, F. Pitts and G. Taylor, 'A post-work economy of robots and machines is a bad Utopia for the left', *The Conversation* https://theconversation.com/a-post-work-economy-of-robots-and-machines-is-a-bad-utopia-for-the-left-59134.