

Good New Idea

John Lanchester makes the case for Universal Basic Income

The broad outline of 21st-century history, its first couple of decades anyway, is starting to become clear. A period of credit-fuelled expansion and runaway financialisation ended with an abrupt crash and an unprecedented bank bailout. The public's reward for assuming the bankers' losses was austerity, which crippled the recovery and led to an interminable Great Recession. At the same time, increasing automation and globalisation, and the rise of the internet, kept first-world wages stagnant and led to an increase in precarity. Elites did fine, and in the developing world, especially Asia, economies grew, but the global middle class, mainly located in the developed world, felt increasingly anxious, ignored, resentful and angry. The decades-long decline in union power made these trends worse. The UK had its longest ever peacetime squeeze on earnings.¹ In response to this the political right played one of its historically most effective cards - Blame the Immigrants - and achieved a string of successes from Brexit to Trump to Orbán to Bolsonaro to Salvini and the AfD, succeeding in normalising its new prominence to such an extent that a quasi-fascist party scored 34 per cent in the French presidential elections, which were nonetheless hailed as a triumph for the 'centrist' winner.

The left, let's be honest, has had a pretty bad century so far. This is partly a matter of electoral defeats, from the US to the UK to France, Germany, Italy, Brazil etc, but also a consequence of its failure to come up with a new ideological framework to match the new landscape. Many current problems seem likely to grow worse. In 1980, the bottom half of earners in the US took home 20 per cent of all income; by 2014, that figure had fallen to 12 per cent. The richest 1 per cent, meanwhile, went from earning 12 per cent of all income to earning 20 per cent. Variations on that theme played out in many countries. The old centre-left was complicit in that distribution of economic power, and as a result the old centre left model of a kinder, gentler free-market capitalism looks outdated and inadequate. Many of the current trends in automation and globalisation seem certain to make existing problems of income stagnation and inequality worse. You don't have to believe in an imminent artificial intelligence job apocalypse to see that work will continue to change in the direction of machines doing more and humans doing less, and often less interesting, work. These trends overlap and compound. As Philippe Van Parijs and Yannick Vanderborght put it in *Basic Income: A Radical Proposal for a Free Society and a Sane Economy*,

We live in a new world, remade by many forces: the disruptive technological revolution, brought about by the computer and the internet; the globalisation of trade, migration and communication; a fast-growing worldwide demand running up

against the limits imposed by a shrinking pool of natural resources and saturation of our atmosphere; the dislocation of traditional protective institutions, from the family to labour unions, state monopolies and welfare states; and the explosive interactions of these various trends.

The danger is clear, they argue: we risk ‘igniting sharp conflicts and breeding new forms of slavery’.

The question is what to do about it. In response to the right’s bad old ideas - more nationalism, more borders, blame the immigrants, culture wars, trade wars and war wars - the left needs some good new ideas. And that is where Universal Basic Income comes in, because UBI has the potential to be the frame-changing, game-changing solution to a whole set of economic and political problems. The fundamental idea is simple, and is summed up in the title of Annie Lowrey’s excellent primer, *Give People Money*. A guaranteed regular cash payment for every citizen, unconditionally and for life. The money would be enough to provide psychological and practical security, and enough to prevent destitution, but not enough to be a disincentive to work; if you wanted to live on it, you would be safe but not comfortable. (I’m paraphrasing, and there is, as we will see, no consensus about the exact amount of money we’re talking about.)

Lowrey describes Van Parijs, a Belgian political philosopher, as ‘the godfather of the modern basic income movement’. He and Vanderborght, a Belgian political scientist, argue that the crucial point about basic income is that it provides freedom: freedom from anxiety, from the often humiliating and chaotic process of applying for means-tested benefits in a welfare state, from the need to take demeaning or exhausting or damagingly precarious work. This idea has been the focus of attention for a great range of thinkers, including Nick Srnicek and Alex Williams in *Inventing the Future*, David Graeber in *Bullshit Jobs*, Paul Mason in *Post-Capitalism*, Rutger Bregman in *Utopia for Realists*, and Peter Barnes in *With Liberty and Dividends for All*. UBI is definitely having a moment.

Guy Standing is a long-standing member of BIEN, the Basic Income Earth Network, which, since its founding in 1986 in Louvain, has been the main body studying and advocating for UBI. Standing’s *Basic Income: And How We Can Make It Happen* is a thorough, level-headed account of the idea from theoretical and practical perspectives. He starts with tax and with the principle that the rich should pay more tax than the poor. However, in most means-tested welfare states there are brutal, self-sabotagingly high tax rates for people who are on benefits and trying to move off them into paid work. In the UK and Germany, for instance, the marginal tax rate - the amount of tax paid on a specific band of income - for people coming off unemployment, losing their benefits as they move into paid

work, can hit 80 per cent. That is far higher than the highest rate of income tax. It makes no sense to give the group whom society most wants to be working the strongest possible incentive for not doing so: for every £1 of work they do, they get to keep 20p. On the UK minimum wage, that means their labour earns them £1.64 an hour (less if they're under 25). Would you work for £1.64 an hour? Should you? Recent decades have seen a 'catastrophic loss of worker power', as Lowrey writes - a systematic attack on organised labour, and a corresponding reduction in pay, security and working conditions. UBI would, quite simply, make it easier for workers to say no.

Freedom, security and social justice - and there's more. Our current economic system downgrades the importance of unpaid work, most of it done by women. Guy Standing cites the economist Arthur Cecil Pigou and his thought experiment about women and work: 'If he hired a housekeeper, national income went up, economic growth increased, employment rose and unemployment fell. If he subsequently married her, and she continued to do precisely the same activities, national income and growth went down, employment fell and unemployment rose. This is absurd (and sexist).' The amount of unpaid work done by women was dramatically highlighted in Iceland by the Women's Day Off on 24 October 1975, an experience which seems to have raised the consciousness of the whole country. President Vigdís Finnbogadóttir, the first single mother to have become a head of state, credits the radicalising effect of the Day Off, which inspired her to go into politics: 'It completely paralysed the country and opened the eyes of many men.' Besides, even when women are in paid employment, their work is paid less than men's work, simply because it is done by women - evidence for this comes from an Israeli study of professions which went from majority-male to majority-female. UBI would not cure this but it would help alleviate it.

Not everyone believes in the coming AI Jobpocalypse, but everybody who has studied the question is sure that the biggest growth area in employment in the developed world is going to be care, especially care of the elderly. It's a simple question of arithmetic: our populations are growing older and iller, at unprecedented demographic speed. (An individual can't grow older at increased speed, but a population can, if not enough children are born and the old are living longer.) For the first time in human history, there are more people over the age of 65 than under the age of five. Someone is going to have to look after them/us as we age. At the moment, a great deal of this care work is done for free. Even when it isn't, it's very badly paid. Unwaged and underpaid work can be ameliorated by UBI, which gives a direct cash sum to unpaid workers, underpaid women and unremunerated carers.

At the same time, UBI would have the effect, as Van Parijs and Vanderborght say, of 'desacralising paid work': of making it clear that there are other forms of work than paid work, and that work is not the only basis of worth, and that it is not true

that any job is always better than no job. It would allow people to refuse work that they felt was demeaning, and to take creative chances with their lives; it would make possible deliberate career breaks and ease the strain of externally imposed periods in between jobs. Both of these, along with mid-career retraining, are widely seen as an inevitable feature of the future world of work, and UBI would be a big step towards making them much more endurable. It is possible that some people would take the 'desacralising' even further, and choose not to work at all. To some thinkers of a utopian or anarchic bent, such as Graeber in *Bullshit Jobs* or Srnicek and Williams in *Inventing the Future*, that is one of the most positive features of UBI, which represents a profound break with our culture's deeply imbued ideas about the innate and redemptive virtue of paid work. It's not as if most people find their jobs satisfying. A survey from Gallup showed that only a third of workers in the US are 'engaged' with their work, which isn't great, but is a lot better than the findings in the UK: only 11 per cent of British workers feel 'engaged'.

It's fitting that the first mention of something like UBI comes in Thomas More's *Utopia* of 1516. Let's stop hanging thieves, one of More's characters argues: 'Instead of inflicting these horrible punishments, it would be far more to the point to provide everyone with some means of livelihood, so that nobody is under the frightful necessity of becoming first a thief and then a corpse.' So UBI is a fever dream of the anarcho-utopian post-Marxist, post-Fordist left? Well, no. The odd thing is that recent interest in UBI began on the economic right, with none other than Friedrich Hayek arguing for a 'certain minimum income for everyone ... a floor below which nobody need fall even when he is unable to provide for himself'. Milton Friedman took on this idea in the form of a Negative Income Tax (NIT), one of the many subspecies of UBI. The government sets a minimum income figure: over that number, you pay taxes to the state; below it, the state tops up your income, gradually tapering the subsidy until you hit the number.² It is a policy that targets people in poorly paid work, and indeed encourages them into work, and as such it accepts an implicit distinction between the deserving and undeserving poor. Still, it is a progressive policy, which attracted a 1968 petition signed by 1200 American economists.

Momentum behind the NIT grew to such an extent that an experimental form of it was put into practice by President Nixon, whose economics were closer to those of Alexandria Ocasio-Cortez than to those of today's Republican Party. 'Let us place a floor under the income of every family with children in America,' Nixon said, 'and without those demeaning, soul-stifling affronts to human dignity that so blight the lives of welfare children today.' The scheme was called the Family Assistance Plan, and the idea was to pay every qualifying family \$1600 a year, about \$11,000 in today's money. To qualify, a family with children had to be headed by a breadwinner of either sex in low-paid employment. The scheme was popular with the public and passed the House of Representatives, but in 1972 was killed by mainly Democratic opposition in the Senate - people were worried that the amounts involved were too low, and that the requirement to work was invidious. The plan had a legacy, though. The Earned Income Tax Credit of 1975, which

continues to this day and distributes \$70 billion in cash to 26 million working families, was in a sense the successor of the NIT; you could also argue that the compulsory-work component was the seed for Clinton's punitive 'workfare' policy, 'the end of welfare as we know it', in 1996.

It might seem counterintuitive that the first serious attempt at a sort of UBI should have come from the political right. But the right loves UBI - or rather, it loves one particular form of it. The idea is that the state would take all the various complex types of existing welfare, pensions and tax credits and unemployment support and child benefit and everything else, and simply chuck them out. They would be replaced with a single cash payment, given to everyone, irrespective of circumstances. In the frank words of Charles Murray, he of *The Bell Curve*: 'What I want is a grand compromise between the left and the right. We on the right say: "We will give you huge government, in terms of the amount of money we spend. You give us small government, in terms of the ability of government to mess around with people's lives."' The idea is to get rid of the entire welfare state and replace it with a cheque for \$10,000 to all adults.

The maths of that might sound impossible. However, as Lowrey points out, the US government 'spends roughly \$2.7 trillion on social insurance, including Social Security, Medicare, Medicaid, unemployment insurance, benefits for veterans, and so on'. There are 210 million adults in the US, so you just get rid of all social spending and behold, you have your cash payment for everyone. A few seconds' thought will show that this is a dystopian, even nightmarish vision of a state which has retreated from many of its core functions and, faced with its citizens' needs, taken up the posture of a permanent shrug. Part of the attraction for people like Murray is that when a desperate citizen runs out of money, 'he can no longer portray himself as a victim who's helpless to do anything about it.' It's a deeply vindictive vision - *Mad Max*, minus the exciting chase scenes. A revulsion at this prospect, combined with suspicion of the kind of people who have expressed public support for UBI - Mark Zuckerberg, Elon Musk, Bill Gates, Eric Schmidt, Hillary Clinton - has led to scepticism on the left. The Basic Income Earth Network is so troubled by the free-for-all libertarian version of its ideas that it has adopted a resolution rejecting the anti-welfare state version of UBI.

Before we go on to look at the full-fat, welfare state inclusive versions of UBI, I should say that there is some middle ground. Chris Hughes is the internet equivalent of Vesna Vulović, the Serbian flight attendant who survived after falling 33,000 feet from an exploding plane. Hughes wasn't quite as fortunate as that, but he did share a room at Harvard with Mark Zuckerberg, and as a result ended up with half a billion dollars. This experience made him interested in the question of luck. The result is *Fair Shot: Rethinking Inequality and How We Earn*. Hughes has realised that luck is important, and that one way of making it more manageable would be a reincarnated version of the Negative Income Tax. His plan is this: 'Every American who lives in a household that makes less than \$50,000 and who works in the formal economy, does caregiving at home, or who is enrolled in school would receive a guaranteed income of \$500 a month.' It would be paid for by

closing tax loopholes on capital gains, capping tax deductions at 28 per cent, and raising income tax for those who earn more than \$250,000 a year: these measures taken together would raise \$290 billion, which would pay for the new plan without the need to cut any existing benefits.

Hughes takes the centrality of work as an axiomatic truth about American society, as does Lowrey. Hughes is well placed to know that there are several flavours of UBI - he helped fund the GiveDirectly network to study the scheme and run pilots, one of which, in Kenya, earns praise from Lowrey in Give People Money. The work-centred, deserving-poor, tax-credit American version of UBI shares some DNA with full UBI, but the similarities hide deep philosophical differences about the role of work, and perhaps also highlight just how different the US is from countries with fuller versions of the welfare state. It might be that something like the Hughes plan is implementable in America, under a progressive Democratic government - indeed, it could even be that countries other than the US get this version of basic income before they get anything more comprehensive. The very fact that it is cheaper and more partial makes it more possible in the medium term - not likely, but possible.

By about this point, most people hearing about UBI for the first time are saying 'but but but ...' The questions and objections have two main strands, the first of which concerns whether it would work, or be destroyed by unintended consequences. Here are some of them: that people would take the opportunity to drop out of work, and society would end up with a permanently entrenched underclass; that people would spend the money irresponsibly, squander it, so none of the benefits of increased security would be realised; that people would piss the money away on 'private bads' (wonderful term, the opposite of public goods, and meaning essentially drugs and drink); that it is inherently invidious to treat the non-working and working poor alike; that too much money would go to people who don't need it. (Note that plenty of money already goes to people who don't need it: during quantitative easing, the UK spent £435 billion on buying assets, all of it going to rich institutions and people, to uncertain effect. That would have been equivalent to £50 a week paid to everybody in the UK for two years. I think you would have trouble finding a sane economist who doesn't think the stimulus effect of that would have been much greater.)

Fortunately, there is a large body of empirical evidence about the effects of UBI, thanks to a range of pilots and experimental schemes, from an extraordinary range of places: Manitoba, Iran, Finland, Stockton, Kenya, the Cherokee nation, Alaska, Brazil, Mexico, Liberia, Honduras, Indonesia, even the City of London. (The last may be the most unexpected: a pilot scheme giving cash, no strings attached, to rough sleepers, run by a charity called Broadway. Thirteen of the City's longest-term rough sleepers, who had been on the streets for more than four years, were asked 'what they needed to change their lives', and then given it. The average outlay was £794. A year later 11 of the 13 were no longer living on the streets. An experiment with a very small sample size, obviously, but a suggestive one for all that.) Some of the pilots have been accidental. The Cherokee pilot happened

because in 1993 researchers at Duke University began a study of mental health in 1400 poor children from the Snowy Mountains. In 1996, the Cherokee opened a casino, and decided to distribute half of the earnings to all tribal members, unconditionally, equally and annually. About a quarter of the children were tribal members, so the Duke project by chance became a large-scale, decade-long study of the effect of UBI. Standing: 'Children in families receiving the basic income, controlling for other factors, did better at school, and there was a "dramatic decrease" in juvenile crime.' Relationships between parents seem to have improved - fewer arguments about money would help - and, best of all, the effects were most marked among the children who had previously been most deprived. Parents drank and drugged less, too.

There are variations on these themes in all the pilots. Alaska has had a version of UBI since 1976, thanks to a policy brought in by the Republican governor Jay Hammond. It is called the Alaska Permanent Fund and takes a quarter of the annual royalties from fossil fuel extraction and puts them into a government-run fund. As Lowrey points out, this makes Alaska's fossil fuels 'unlike the coal pulled out of the ground in West Virginia, the sludge drawn from the shale sands in North Dakota, the electricity generated from the wind off Massachusetts, or the energy that gets collected from the sun in Nevada'. Or the data we generate, or the rain that falls on us. There are lots of public resources that could be used to help fund UBI - as Peter Barnes convincingly points out in his influential book *With Liberty and Dividends for All*. The Alaskan scheme offers a strong model for what might happen if governments diverted more money from public assets towards cash for their citizens. The fund hands out 2.5 per cent of itself in cash annually in the form of a cheque given to every resident of Alaska except prisoners and convicted felons. The amount usually comes to between \$1000 and \$2000; the typical payout has been about \$1400, which for a family of four is more than \$6000 a year, not a lavish sum but not a trivial one either. As always seems to happen with these unconditional cash transfers, people spend it mainly on things they really need. Hughes reports that the most common thing people say, when asked what they do with the money, is: 'It helps me make ends meet.' Alaska has one of the lowest rates of inequality of all fifty states. Studies have concluded that the fund dividend has no negative effect on Alaskan employment rates - a big part of the argument against UBI schemes is that they reduce the incentive to work.³

Evidence from the poor world is similar. In Kenya, GiveDirectly runs what seem to be well-designed pilots using the generally agreed gold-standard scientific methodology of randomised controlled trials. (The lack of those trials was a big problem with a previous generation of attempts at poverty alleviation, in Africa and elsewhere: in their absence, it simply wasn't possible to tell which aspects of a programme were having what effects. See Nina Munk's gripping *The Idealist*, about Jeffrey Sachs, for more details.) The GiveDirectly pilot in Kenya simply gave people lump sums in cash, unconditionally, and observed the effects over time. 'After receiving payments of \$404 or \$1525, household assets increased by 58 per

cent. Business and agricultural income increased by 38 per cent, with an implied annual rate of return of 28 per cent. Children were 42 per cent less likely to go a whole day without eating. Domestic violence declined. The transfers even reduced the amount of the stress hormone cortisol in recipients' bodies.' The largest sort of UBI programme in the world is Brazil's bolsa familia. (I say 'sort of' because it is paid only to families and is conditional on the children being vaccinated and attending school. That makes it technically not a UBI but a CCT or Conditional Cash Transfer. Acronyms are fun!) It cut extreme poverty by 50 per cent, reduced inequality by 20 per cent, increased school attendance and cut the suicide rate, inter alia. A similar programme in Mexico increased women's earnings by 65 per cent, increased the amount of time children spent in the school system by a year and three months, cut childhood rates of illness by 23 per cent, and reduced stunted growth in girls by 39 per cent.

Some of these positive effects may come about because the removal of financial stress makes people think more clearly. A test done in a mall in New Jersey (!) set questions about a one-off car repair costing \$150, then asked a different group a similar question about a \$1500 repair. All respondents scored equally on the \$150 question, but on the higher sum, the poor did much worse. The element of financial stress - the emotional impact of imagining it - had the effect of making their IQ drop by between 13 and 14 per cent. That is the same impact as going without a night's sleep. As Hughes puts it, 'people who lack financial stability live each day as if they had just pulled an all-nighter, with all of the exhaustion and reduced mental and emotional stability that comes with it.' Eldar Shafir and Sendhil Mullainathan, the Princeton psychologist and Harvard economist who came up with this experiment, corrected for all the variables to focus on the effect of poverty, but there was one they couldn't fix, the fact that the rich and the poor were different people. So they went to duplicate the experiment in rural India, in a place where the sugar cane harvest brings 60 per cent of annual income at once, meaning that a typical farmer's year involves being both rich and poor. The experiment showed that when the farmers were poorer, they did worse on the cognitive tests, just as the poor in the mall had. From New Jersey to Villpuram and Tiruvannamalai, being poor imposes a damaging cognitive strain. Cash transfers have an effect so comprehensive that they're almost magic.

I think there is enough evidence to allay the first set of fears about UBI, that it might not work, or might be smothered by unintended consequences. The second set of worries is simpler, and harder to dismiss: that it is unworkably expensive. Everything ever written about UBI gets to this moment, often with a sense of reluctance and eye-rolling: the point where you have to say how we'd be able to pay for it. The answer entirely depends on which of the many flavours of UBI/NIT/CCT you favour. The libertario-dystopian, Charles Murray, let-the-poor-die version largely pays for itself, by getting rid of all state spending on welfare. The Chris Hughes, Captain Sensible version of NIT pays for itself through means testing and taxes on the rich. Philippe Van Parijs pays for it by starting with a relatively low

amount, €200, funded by a Europe-wide value-added tax, and retaining all existing forms of state welfare. The idea would be to start low and see how it goes - which makes sense. A recent Finnish experiment in UBI set the payment level at €560 a month, which, given that the Finns have a generous welfare state, is actually less than the average current level of benefits. If the Finns rolled out that version of UBI instead of the system they currently have, they would save €6 billion a year.

The Royal Society for the Arts has a fully costed UBI scheme paying £71 a week to adults, £143 to pensioners, and varying amounts to children depending on their age. The money would replace most existing benefits, though not disability support and housing benefits. It would be paid for by scrapping the personal tax allowance and national insurance floor, and smoothing out existing tax rates, which, it is universally agreed, make no sense in their current form. This scheme would cost an extra £9.8 to £16.4 billion, less than changes made to the tax system by Gordon Brown and George Osborne. Andy Stern suggests a form of UBI giving every American adult \$1000 a month, at a cost of \$2.7 trillion, to be paid for by getting rid of existing programmes, cutting tax breaks (which cost \$1.2 trillion), reducing defence spending and instituting a sales tax. The range of options is bewildering; the best survey of them is given by Guy Standing. Or you can visit the Economist website, fire up their basic income calculator, and design your own! The moral of the story, though, is that many forms of UBI are more affordable than you might think. Note that one of the main objections - that the better-off would be getting money they don't need - is easily fixed through the tax system. Over a particular income threshold it would be a simple matter to claim back the money in tax that was paid out in UBI.

One large objection remains: we don't know the effect of UBI on incentives across an entire economy. The private sector, meaning companies, would be making the money which feeds back into the system to pay for UBI. As Van Parijs and Vanderborcht say, 'it is only production within the firm (the paid activities in the private and public sector that register in a country's GDP) that can provide a basic income with the tax base it needs.' What would the effect on the private sector be? Would firms function in the same way? How would the incentives, at the scale of companies and of workers, play out? Maybe lots of jobs would become so unattractive that people would simply stop doing them for any level of pay that firms could afford. (And maybe, from the human welfare point of view, that wouldn't be such a bad thing.) Pilot schemes can give you all sorts of evidence about the effect of UBI on individuals, but to run an economy-wide UBI you would be running an economy-wide experiment, and by definition, we don't know how that would work out. This is a good reason for starting UBI low and seeing what happens.

[Note there is a diagram here which doesn't come out

Marginal tax rate against annual earnings]

Still, you can be largely persuaded about the virtues of UBI and still think it unlikely to be implemented. The inertia when it comes to changing the fiscal

system and welfare state is colossal. Indeed, the whole reason the system exists in its current form is because of inertia and accreted decision-making, much of it done for ad hoc and improvisational reasons that are nonetheless incredibly hard to undo. As the SNP MP Ronnie Cowan said to Parliament in 2016, ‘if we were all given a blank sheet of paper and asked to design a welfare system, nobody - but nobody - would come up with the system we have now. They would need thousands of sheets of paper and would come up with a mish-mash of abandoned projects, badly implemented and half-hearted ideas and a system so complicated that it lets down those who need it most.’ Consider the table (above), based on the RSA’s, of UK tax rates in 2016.

Nobody voted for that. Nobody argued for a tax rate over 70 per cent for the poor, or for a 63 per cent tax rate affecting earners on just over £100,000 that then plummets for anyone earning more. It makes no sense. And yet the UK’s chaotic, dysfunctional, bureaucracy-heavy tax system is a political non-issue. Given that, how ripe does the system seem for fundamental reform? The ratio of tax to GDP - how big a share of the economic pie is taken by the government - has been remarkably consistent over time. Since 1972, the lowest it has been is 21 per cent in 1973 and the highest 26.5 per cent in 2008. If you think of all the political and economic twists and turns over those 35 years, that number is extraordinarily stable. (I’m using data from the World Bank. Other sources show similar stability with different numbers.) Our system is characterised, more than anything else, by inertia. A policy such as UBI is unlikely to be implemented without an overwhelming external impetus.

It is possible that stimulus for change could come in the form of the climate crisis. I know that there’s a risk of the left turning to climate change as a form of surrogate political victory, a weird comfort blanket for progressives. But the fact is that warming of a few degrees Celsius by the end of the century - the most likely version of the trajectory we are currently on, according to the Intergovernmental Panel on Climate Change - will overturn many aspects of the current order. In a world facing floods, droughts, storms, heatwaves, unprecedented winters, and mass migration on a never before seen scale, will people be content with the current winner takes all version of capitalism? Will we be fine with the rich taking a bigger and bigger share of total income, until the end of time, as the world drowns and burns and starves? Will we succumb to what’s now being called ‘climate apartheid’, with the rich world cutting itself off from the poor and entrenching itself behind barriers and walls, and letting the poor world die? On current form, you would have to say that is not an unlikely version of future events. If we are to avoid going down that route, we will need to have some different, better ideas; we will need to have some ideas about shared responsibility, shared security and shared prosperity. The left will need a new toolkit. It will need to have done its intellectual prep. That, more than anything, is what this new wave of work on UBI represents. Milton Friedman wasn’t right about everything, but he knew more than anyone in modern political economics what it takes to change an intellectual climate. He worked out how to make a new idea

take shape first as something thinkable, and then as a specific policy. He said that the crucial step was to be ready:

Only a crisis - actual or perceived - produces real change. When that crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes the politically inevitable.

The list of progressive alternatives which currently fit that description is one item long: universal basic income.

Books discussed in this article:

Basic Income: A Radical Proposal for a Free Society and a Sane Economy by Philippe Van Parijs and Yannick Vanderborght (Harvard, 400 pp., £13.95, April, 978 0 674 23746 9)

Give People Money by Annie Lowrey (W.H. Allen, 272 pp., £12.99, July 2018, 978 0 7535 4577 5)

Inventing the Future by Nick Srnicek and Alex Williams (Verso, 272 pp., £9.99, October 2016, 978 1 78478 622 9)

Bullshit Jobs by David Graeber (Penguin, 368 pp., £9.99, February, 978 0 14 198347 9)

With Liberty and Dividends for All by Peter Barnes (Berrett-Koehler, 192 pp., £15.50, August 2015, 978 1 62656 214 1)

Basic Income: And How We Can Make It Happen by Guy Standing (Pelican, 400 pp., £8.99, May 2017, 978 0 14 198548 0)

Fair Shot: Rethinking Inequality and How We Earn by Chris Hughes (Bloomsbury, 224 pp., £8.99, February, 978 1 4088 9981 6)

The Idealist by Nina Munk (Anchor, 272 pp., £23, October 2014, 978 0 7679 2942 4)

John Lanchester

John Lanchester's latest novel, *The Wall*, came out last year. His most recent non-fiction book is *How to Speak Money*.

Letters

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Letter in response to John Lanchester's article:

Let us accept the need, acknowledged by John Lanchester, for a new economy that will reverse the frightening momentum of neoliberalism and avert climate catastrophe, tax global corporations and the rich, even cut military spending (LRB, 18 July). How is Universal Basic Income any kind of solution to these problems? There are many different versions, as Lanchester says. But there is a core idea: UBI is a programme giving every citizen or resident a regular income for life, with no strings attached, which is enough to live on and provides 'security'. It is not about handing out cash to rough sleepers. It is not Brazil's Bolsa Familia programme. It isn't even Alaska's Permanent Fund, since \$1400 a year is not enough to starve on, let alone enjoy security. Nor is it any of the various plans, from the UK Royal Society for the Arts scheme or Andy Stern's US plan or Philippe Van Parijs's start-low-and-see-how-it-goes €200 idea.

All extant pilots, experiments and plans are partial. They give money to selected groups of people or they give a little bit of money to everyone and then usually payments cease after a limited period. Insofar as there is evidence that any of these schemes ‘work’, it is only on their own, limited terms. So what is all the fuss about? The key is that they are all promoted as way stations to a Big Idea that will transform our lives and politics. But then we encounter two fundamental issues: cost and the very desirability of UBI as the end goal of progressive politics.

Lanchester concludes that ‘many forms of UBI are more affordable than you might think.’ But the most affordable are those he correctly labels as ‘dystopian Mad Max’. It is not ‘odd’ that the origins of UBI lie with Hayek and Friedman, quite the opposite. Eliminating all collective infrastructure and services while giving the poor just enough money to survive and expecting them to purchase all life’s necessities in the market is a perfectly rational neoliberal project.

Lanchester provides no estimates of the costs and benefits of the ‘full fat’ welfare state plus UBI option. The 2016 Compass scheme for the UK is admirably honest in this respect: despite raising income tax rates by 5 per cent, abolishing personal tax allowance and extending National Insurance contributions to all employees, the Basic Income achieves tiny falls in pensioner and working-age adult poverty and reduces the numbers reliant on means testing by only a fifth. Luke Martinelli, after exhaustive modelling, concludes: ‘An affordable UBI is inadequate and an adequate UBI is unaffordable.’

So, in truth we cannot have a full UBI and at the same time safeguard and build the social infrastructure of a generous welfare state. This crucial insight has led some of us to argue for universal basic services (UBS), a collective programme for meeting needs we all share - an alternative that is far more affordable and effective.

Most serious is the political vacuity of UBI as a progressive slogan for the left. The overriding tasks today are keeping within planetary limits - addressing climate breakdown, species extinction and other existential challenges - while at the same time shifting from a greed-driven to a need-driven economic system. The central slogan should be a ‘just transition’ from the present to a future green, equitable and sustainable world. There are other movements and programmes out there that would help realise this vision, such as the Green New Deal.

Anna Coote; Ian Gough
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Letter in response to John Lanchester’s article:

The most compelling and radical case for UBI emphasises its role in pursuing ecological as well as social aims: to lessen individuals’ dependence on paid work, but also to reduce social labour overall and shorten the working week, in an economy redesigned to deliver sustainable sufficiency instead of endless growth. If today’s left does its ‘intellectual prep’ on UBI, as John Lanchester urges, it must rediscover this perspective, associated especially with André Gorz, whose *Paths to Paradise: On the Liberation from Work* (1985) remains essential reading on the relations between labour, free time, economic security and the sustainable use of global resources.

The mainstream left, including the British Labour Party, has paid scant attention to these arguments so far. The Green Party has been more receptive. It was Caroline Lucas who tabled an Early Day Motion in January 2016 calling for research into Basic Income, and it was Lucas who as recently as 10 July spoke in Parliament on the need to measure prosperity in terms of human and environmental well-being rather than economic growth.

Martin Ryle

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Vol. 41 No. 16 · 15 August 2019

Letter in response to John Lanchaster's article:

John Lanchester makes a powerful case for economic redistribution from the rich to the poor and an equally strong case for giving all citizens a sufficient income to maintain a dignified life (LRB, 18 July). Care must be taken, when instituting a Universal Basic Income, not to achieve the latter at the expense of the former. If a UBI is paid for out of general taxation, then its cost will be borne disproportionately by the poor, who contribute a much higher proportion of their income to taxes like VAT. What's more, it runs the risk of subsidising skinflint employers who pay wages below the cost of subsistence (as family tax credits and universal credit currently do in the UK). The only way a UBI can be redistributive is if it is paid for by taxes on employers and the rich; in the UK case this could be by means of corporation tax, employers' national insurance contributions or a higher rate of income tax on top earnings. Otherwise it becomes a mechanism for redistribution among the poor while letting employers and shareholders off scot free.

Ursula Huws
London N16

Letter in response to John Lanchaster's article:

John Lanchester discusses right-wing and left-wing versions of Universal Basic Income, and concludes that it is currently the only progressive big idea on the table. This may be the case in Europe, but in India, it is very much an idea of the right. The proposal for UBI in the government's economic survey of 2017, for example, viewed cash transfers as replacing a host of existing schemes and benefits for the poor, and explicitly rejected the idea of UBI as a transfer from the rich to the poor. There was no mention, by any of the political parties proposing UBI, of any form of progressive taxation for resource mobilisation. Cash transfers are likely to be the beginning of a slippery slope towards a minimal state. In India, where millions of people are malnourished, illiterate or poorly educated, and liable to die of avoidable diseases, UBI is not a progressive alternative.

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Indian Statistical Institute, Bangalore

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Letter in response to John Lanchaster's article:

Ursula Huws is correct to say that the only way a Universal Basic Income can be redistributive is if it is paid for by taxes on employers and on the rich (Letters, 15 August). In fact taxes on the rich would be enough. When UBI is eventually introduced, it will probably be set at a relatively low level, then subsequently raised. Different states will introduce it in different ways. The countries of the Eurozone could consider introducing a common basic income as part of the harmonisation of taxation and benefits. As when unemployment benefit was introduced, there will be derision and claims that UBI is far too expensive, or that it is a sop to employers.

On 8 August it was revealed that the number of people in Britain claiming non-domicile tax status had fallen to a record low, partly because some of the super-rich left the UK in fear that the Labour Party might win an election and introduce a wealth tax. If you think that

isn't possible, ask yourself why so many of the super-rich don't agree with you. Fortunately, the amount of wealth remaining in the UK is enormous. A modest UBI is affordable. More of the super-rich would leave if it were introduced; but they can't take their land with them. The nicer ones would stay, and they would receive UBI too.

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