

Citizen's Income *newsletter*

2020, issue 2

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Citizen's Income Newsletter

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Retirement

Last November, Dr. Malcolm Torry, who has been secretary and then director of the Citizen's Basic Income Trust for twenty-five of the thirty-six years of the organisation's existence, announced that he would be retiring from the voluntary post at the end of May.

From mid-May onwards, emails to info@citizensincome.org will be received by the secretary and treasurer, Mark Wadsworth

The coronavirus crisis and the Citizen's Basic Income debate

As well as the editorial and second main article in this *Newsletter*, additional resources will be found on our website at <https://citizensincome.org>.

Editorials

Coronavirus: and the next time it happens

A significant effect of the coronavirus, and the measures that the Government has put in place to slow its spread, is that individuals' incomes are experiencing significant damage. This is particularly true of individuals working in the tourism, hospitality, and leisure industries, and workers on zero hour contracts or in the gig economy. Such income loss impacts both the individuals concerned, and the level of demand in the economy, making a recession a significant risk.

An obvious suggestion to make is that a temporary Citizen's Basic Income, or an equal one-off payment, should be paid to every individual legally resident in the UK. (Hong Kong recently made such a one-off payment to inject spending power into an economy affected by social unrest.)

Unfortunately, this option is not currently open to the UK, because there is no database that could be used for that purpose. There are lots of disconnected lists - driving licence holders, National Insurance numbers, National Health Service numbers, income tax references, passport holders, etc. - but no single list that contains names, contact details, and, crucially, bank account details, for every individual legally resident in the UK.

The coronavirus will not be the last such crisis, and we can envisage a variety of scenarios in which personal incomes will be rendered temporarily or permanently insecure, and in which spending power will therefore be reduced and the risk of recession increased.

As soon as the current crisis is over, a useful contingency plan would be to create a database containing the names, contact details, and bank account details for every legal resident, so that when the next crisis occurs the required mechanism will be available.

The British public has generally been averse to the Government constructing a single list of legal residents. When the last Labour government proposed issuing identity cards to every legal resident, the resulting public, media and political storm soon buried the plan. It is an interesting question as to whether a list of every legal resident's name, contact details, and bank account details, designed for the positive purpose of paying a Citizen's Basic Income or one-off payments, might be acceptable to public opinion.

For a discussion of whether it would in fact be possible to implement a Citizen's Basic Income in the UK quite quickly, see the second main article

Tackling inequality and poverty

The Centre for Analysis of Social Exclusion at the London School of Economics has published an *Inequality and Poverty Policy Toolkit*¹ which enables readers to study the different mechanisms that create both inequality and poverty and to evaluate a variety of policies that might reduce both poverty and inequality. A related report, *Understanding the Relationship between Inequality and Poverty: Overview report*,² contains research results relating to the relationship between inequality and poverty. The report concludes that inequality and poverty are closely linked; that only if inequality is tackled will poverty be reduced to any significant extent; that policies should therefore be sought that would reduce both inequality and poverty; and that reducing inequality would be unlikely to reduce economic growth.

One of the policy options discussed in the toolkit is an increase in universalism in the benefits system:

... Increasing the universal element of welfare policies would reduce any stigma and increase take-up. Moreover, especially in highly unequal societies, where public attitudes may be divided into 'them' and 'us' ... , a more universalistic cash transfer system with a wider set of beneficiaries may attract more support and a more generous tax base, emphasising the role of redistribution as insurance required by everyone

¹ http://sticerd.lse.ac.uk/case/_new/research/Inequalities_and_Poverty/policy-toolkit/default.asp

² <http://sticerd.lse.ac.uk/dps/case/cr/casereport119.pdf>

at different stages of life against periods of income vulnerability. ...³

The toolkit discusses Citizen's Basic Income:

... Supporters of a UBI have a variety of reasons to justify its institution: next to arguments related to dignity and human rights, there are arguments related to the simplicity the system, but also an emphasis on how UBI would allow to avoidance features of means-tested support – including stigma, disincentives and barriers to worker flexibility A libertarian argument sees UBI as potentially reducing the government involvement in people's lives. The latter arguments would seem to face a substantial trade-off in terms of the higher marginal tax rates needed to finance the system as well as attributing a role to the state in giving some baseline level of financial support, even if recipients choose not to do anything to try to earn money for themselves. Moreover, there are concerns that UBI would reduce the progressivity of the current system.⁴

Our research shows that a revenue neutral Citizen's Basic Income that would reduce both inequality and poverty is available for the UK.⁵

Tax allowances

The National Audit Office has published a report on tax reliefs.

The UK tax system had 1,190 tax reliefs (as at October 2019). A tax relief reduces the tax an individual or business owes. There are two broad categories of tax reliefs: structural tax reliefs that are largely integral parts of the tax system and define the scope and structure of tax (such as the personal tax allowance); and non-structural tax reliefs where government opts not to collect tax to pursue social or economic objectives.

Non-structural tax reliefs are often referred to as 'tax expenditures'. Examples include tax credits for companies' research and development (R&D) costs and income tax relief on pension

³

http://sticerd.lse.ac.uk/case/_new/research/Inequalities_and_Poverty/policy-toolkit/resource-constraints-universalism.asp

⁴

http://sticerd.lse.ac.uk/case/_new/research/Inequalities_and_Poverty/policy-toolkit/resource-constraints-universalism.asp

⁵ <https://citizensincome.org/research-analysis/updated-microsimulation-research-results-and-responses-to-questions/>

contributions. Some tax expenditures simply reflect a policy choice by ministers to support particular groups or sectors (for example the housing market), while others are designed to incentivise behaviour. Some tax reliefs can be difficult to classify because they have more than one objective and include elements of both tax expenditures and structural reliefs.

Tax expenditures are an important part of public policy design. They cover most areas of government activity, including welfare, housing, business, food, education, health and transport. They can also make the tax system more complicated and less transparent, and they could pose risks to public finances because their costs can rise beyond expectations. Tax expenditures differ from public spending in that they reduce the amount of tax collected, rather than consume resources after tax is collected. However, they are similar in that both affect the public purse and can be used to pursue discrete policy objectives.⁶

What is particularly interesting about this report is that it states that tax reliefs function in the same way as public spending, as of course they do. This raises the question as to whether all tax allowances and reliefs function in the same way as public spending: which of course they do. This suggests that the public expenditure figures should include the cost of all tax allowances and reliefs. If this were to be done then turning the Income Tax Personal Allowance into an unconditional income would not increase the stated public expenditure figure, which of course it shouldn't, but now does.

News

In its recent budget the **Hong Kong** government has included a one-off unconditional payment of HK\$10,000 (£1,000) for every permanent resident aged 18 years or over. This is not a regular income, and so is closer to the Alaska Permanent Fund Dividend than to a Citizen's Basic Income, but it is an interesting example of an unconditional payment specifically designed to stimulate the economy. (<https://citizensincome.org/news/hong-kong-to-make-a-one-off-unconditional-payment-to-permanent-residents/>)

On the 3rd March The Compass Basic Income Hub's **Basic Income Conversation** had its second event at the QEII Centre in Westminster, where a talk was

given by Floyd Marinescu, a Canadian Tech entrepreneur and a CEO activist for Basic Income. He founded CEOs for Basic Income and UBIWorks.ca, and has been referred to as 'Canada's Andrew Yang'. He discussed his vision for a Common Wealth Dividend, and the meeting discussed how best to frame Basic Income, including discussing Andrew Yang's 'Freedom Dividend'.

The **Chancellor of the Exchequer**, Sajid Javid, has rejected Hull City Council's request to host a Citizen's Basic Income pilot project. (<https://citizensincome.org/news/hull-pilot-project/>)

Kate Summers of the **London School of Economics** and David Young of the **University of Bath** have published new research in the Journal of Poverty and Social Justice: 'A key aim of Universal Credit is to simplify the social security system. While several aspects of its introduction have received critical attention, this overarching aim continues to receive acceptance and support. Drawing on two empirical studies involving means-tested benefit claimants, we aim to deconstruct the idea of 'simplicity' as a feature of social security design and argue that it is contingent on perspective. We suggest that claims of simplicity can often be justified from an administrative perspective but are not experienced as such from the perspective of claimants, who instead can face greater responsibility for managing complexity. (<https://citizensincome.org/news/new-research-on-the-simplicity-claimed-for-universal-credit/>)

Guy Standing has written a new book, *Battling Eight Giants*, which will be published by Bloomsbury during March. The publisher says about the book: 'Today in one the richest countries in the world, 60% of households in poverty have people in jobs, inequality is the highest it has been for 100 years, climate change threatens our extinction and automation means millions are forced into a life of precarity. The solution? Basic Income. Here, Guy Standing, the leading expert on the concept, explains how to solve the new eight evils of modern life, and all for almost zero net cost. There is a better future, one that makes certain all citizens can share in the wealth of the modern economy.' (<https://citizensincome.org/news/guy-standings-new-book-battling-eight-giants/>)

Palgrave has published *Basic Income and Sovereign Money: The Alternative to Economic Crisis and Austerity Policy* by **Geoff Crocker**. The publisher says about the book: 'Challenges the orthodox explanation for economic crisis and the justification for austerity policy. The current economic system is

⁶ <https://www.nao.org.uk/report/the-management-of-tax-expenditures/>

dysfunctional, characterised by crises, austerity, excessive household and government debt, low pay, poverty, inequality, and ecological damage. This needs a radical re-think and re-engineering of the economic system. The standard explanation of the 2007 economic crisis is that banks behaved badly and governments failed to regulate. But policies of tighter bank regulation, quantitative easing, and austerity failed, and proved counter-productive. This book challenges this orthodox view. From a careful analysis of long-term economic data, it shows that earned income has inexorably fallen behind economic output, leading to huge increases in consumer debt, causing the crisis. Governments have sought to curtail deficit spending by socially harmful austerity policy. The answer is a universal basic income, funded by debt-free sovereign money, which also funds government social expenditure, always limited by economic output to avoid inflation. This book will appeal to policy makers, academic economists, think tank networks, and everyone who is concerned with the ongoing dysfunctionality of the current economic system.' (<https://citizensincome.org/news/a-new-book-from-geoff-crocker-basic-income-and-sovereign-money/>)

Prime Minister's Questions, Wednesday 18th March 2020

At Prime Minister's Questions in the House of Commons on Wednesday 18th March, the Prime Minister was asked questions about Citizen's Basic Income:

Ian Blackford (Ross, Skye and Lochaber) (SNP)

... This is an unprecedented emergency and it requires an unprecedented response. I welcome the fact that parties across the House, and Governments across these islands, have worked together as we attempt to protect all our peoples. It is the right approach and it is the least the public expect and deserve from us.

Yesterday the Chancellor announced a £330 billion financial package for business. Today the UK Government need to announce a financial package for people. Members from six parties across the House have expressed support for a temporary universal basic income to help everyone, especially freelancers, renters and the self-employed. Using the current tax system, will the Prime Minister stand up and give a commitment today to provide people with the security of a universal basic income?

The Prime Minister

First, I want to thank the right hon. Gentleman for the spirit in which he has spoken. Indeed, there is a huge amount of collaboration going on across all four nations of this country, as you can imagine, Mr Speaker. We are in lockstep.

What I would say on the right hon. Gentleman's appeal for basic income is, do not underestimate the value to people of the measures that we have already announced that will support business, keep jobs going and make sure those businesses continue in existence. That must be the first step. As I have said repeatedly now to the right hon. Gentleman, the Leader of the Opposition, it is important that throughout the crisis we take steps to support workers. The right hon. Member for Ross, Skye and Lochaber (Ian Blackford) is quite right and the suggestion that he makes is, of course, one of many such suggestions.

Ian Blackford

I thank the Prime Minister for his answer. There is a willingness from all of us to work together as we go through this crisis, but thousands of people are already losing their jobs. It is happening today. Millions will face the same threat. They need reassurance and support, and they need it today. They need an income guarantee.

We must not repeat history. People are worried about their bills and about keeping a roof over their head. In the last financial crisis, the banks were bailed out, but ordinary people were not. The Prime Minister has it in his power to protect people's incomes and provide them with peace of mind. At this time, an emergency universal income scheme would do just that. Will he at least commit to meeting all of us who support that proposal to discuss how we can protect the incomes of all our peoples?

The Prime Minister

Yes, indeed. I can make that commitment and I said as much in my earlier answer to the right hon. Gentleman. It is very important that, as we go forward, we try to enlist a consensus in this House about how to support people throughout the crisis. I agree profoundly with what he said about not repeating history. It is very important that, as we ask the public to do the right thing for themselves and for everybody else, no one, whatever their income, should be penalised for doing the right thing, and we will make sure that that is the case. ...

Kevin Brennan (Cardiff West) (Lab)

On the matter of “whatever it takes”, it takes more than three-word slogans, and in this case it takes a bit of war socialism. We need to get money into the pockets of the workers. Has the Prime Minister seen early-day motion 302, which I have proposed, about bringing in a temporary universal basic income to support workers and get money to where it is needed?

The Prime Minister

I hear the hon. Gentleman loud and clear. He echoes a point that was made by the right hon. Member for Ross, Skye and Lochaber (Ian Blackford). Of course, that is one of the ideas that will certainly be considered.

(An account of the session can be found here: <https://www.parliament.uk/business/news/2020/march/prime-ministers-questions-18-march-2020/>, and the Hansard record of the relevant session here: <https://hansard.parliament.uk/Commons/2020-03-18/debates/54730C67-DC55-4B76-844A-C87D1127B4B2/Engagements>)

Main articles

Neither universal nor creditable

The report of the Citizen's Basic Income Trust's Universal Credit working group to the trustees

The Citizen's Basic Income Trust's Universal Credit working group

At their meeting in October 2019 the trustees of the Citizen's Basic Income Trust asked a group of three trustees to prepare a report on Universal Credit. The trustees appointed were Anne Gray, a social policy academic; Barb Jacobson, a Welfare Rights Advisor; and Gareth Morgan, Chief Executive Officer of Ferret Information Systems (the largest company in Europe in the field of law dealing with welfare benefits). Also members of the group were Colin Hampton, Coordinator of the Derbyshire Unemployed Workers' Centre; and Malcolm Torry, Director of the Citizen's Basic Income Trust. This is the group's report to the trustees.

At their meeting on the 5th February 2020 the trustees approved the report for publication.

Introduction

The UK's Universal Credit is a household-based, means-tested and work-tested benefit. A Citizen's Basic Income would be an unconditional income for

every individual, paid regularly without means test or work test. This report will compare these two very different ways in which a state might provide its population with an income.

Universal Credit is in crisis. Far from being an aid to people on low income, it has pushed many further into debt, use of foodbanks, rent arrears, and sometimes homelessness (*Universal Credit: Not fit for purpose*, Unite the union, 2019). Even worse than the five-week wait before it starts, Universal Credit payments fluctuate monthly, yet with a rigid assessment schedule which does not take into account actual paydays. Universal Credit therefore makes it impossible for claimants to plan payment of their bills more than one month in advance, and the draconian repayment demands for people who need Universal Credit advances leave some with nothing to live on despite their claim starting. Cuts, in the form of the two-child limit, the bedroom tax, the Local Housing Allowance, the Benefit Cap, the 'Income Floor' for the self-employed, promised new in-work conditionality, reductions in severe disability payment, and reductions in passport benefits such as free school meals and exemptions from National Health Service charges, have squeezed the incomes of people on Universal Credit. The cuts have also led to lower take-up, leaving many to rely on family, friends, and debt, to get by.

The Labour Party in their 2019 General Election manifesto promised to 'scrap Universal Credit', but did not say what they would replace it with; and the grassroots campaigns by Unite Community, Disabled People Against the Cuts, and others, seem mainly to advocate a return to the previous system. With the Conservatives now in power, even some of their politicians are starting to express doubts in private about Universal Credit, such are the problems reaching their surgeries and inboxes all over the country.

Far from the expensive, complicated process of returning to the old system, we need to reform social security by introducing a Citizens Basic Income as a foundational payment to each person, with housing, disability and other needs-based benefits on top. This would mean everyone would have a regular amount of money every month that they could count on, no matter how their employment, health or family situation might change. A Citizen's Basic Income would enable and truly encourage budgeting, because everyone would have at least some money coming in every week. A Citizen's Basic Income would also enable and truly encourage employment, by ensuring that everyone had enough money to eat, travel, and communicate in order to find a job: and they would

not lose out if they found one. With separate payments to each individual, a Citizen's Basic Income would help to ensure that family arrangements would be voluntary, and it would ameliorate the biggest cause of family breakdown: money and debt problems. A Citizen's Basic Income would help to encourage more training, self-employment, and new enterprises, rather than burdening small businesses with further paperwork. A Citizen's Basic Income would encourage more community and voluntary work, and would support those with caring responsibilities.

Elements of Universal Credit might still be needed for some people, but many households would no longer suffer from Universal Credit and the counter-productive, punitive and debt-inducing policies that surround it, and everyone would suffer less from them. It is time to introduce a regular national inheritance payment which would truly enable people 'to reach their potential'.

A table showing many of the differences between Universal Credit and Citizen's Basic Income can be found in Appendix 1.

Universal Credit: payment periods and amounts

Two important aspects of income security are that income should arrive in a timely fashion and should be of predictable amounts. To an astonishing degree, Universal Credit appears to have been designed to remove security from many people. This is somewhat surprising, given the emphasis on the importance of security when the benefit was conceived.

For many looking to enter the world of work, a potentially unstable pattern of earnings poses many risks, and deters the first steps into work. A better benefits system will take account of the realities faced by those entering low wage jobs. Security of income is important, especially when a potential worker has a partner and children to consider. Benefits should be provided quickly: they are to supplement the income of those who cannot afford a decent living otherwise. They should be managed in a way to reflect or compensate for the natural cash-flow issues of those transitioning into and out of work. (*Dynamic Benefits - Towards welfare that work*, Centre for Social Justice, September 2009)

The importance of security of income was reinforced when the government enthusiastically adopted the concept.

The system will be simpler and will respond more quickly to changes in earnings so that people will not face the same complexities as

they do now, particularly at the end of a tax year. As a result people will be much clearer about their entitlements and the beneficial effects of increasing their earnings by taking on more hours or doing some overtime. (*Universal Credit - welfare that works*, Secretary of State for Work and Pensions, November 2010)

If we were generous then we would attribute at least some of the system's failings to an overoptimistic view of the technical challenges that the system would face: challenges clearly not understood by the Secretary of State:

This would involve an IT development of moderate scale, which the Department for Work and Pensions and its suppliers are confident of handling within budget and timescale. (*Universal Credit - welfare that works*)

We would, though, have to be extremely generous to find any excuse for the choices that were made about time periods and assessments. Every claimant household has an assessment period of a calendar month. Within this, earnings and income received, and some outgoings, are taken into account to determine the following month's entitlement. A simple glance at the calendar will show that in four of the months during the year, people who are paid weekly will have five paydays, and in the other eight months they will have four. On constant earnings, that will mean that for one third of the year their benefits are assessed on earnings which are 25 per cent higher than for the remainder. If people receive their pay on a four weekly basis, then, similarly, there will be at least one month with two paydays in it; giving a 100 per cent increase in earnings taken into account. With some combinations of dates, people paid four-weekly will see more months with two paydays and some months with zero. People who are paid monthly and whose paydays fall close to the universal credit month start dates can face even worse situations. (For a more detailed look at this issue, and some consequences, see <https://benefitsinthefuture.com/universal-credit-and-patterns-of-earning/>)

A single person with steady earnings can thus see their income vary dramatically month by month. If they pay rent weekly to a social landlord, they will find that they sometimes have five rent weeks in the universal credit month, and sometimes four, further complicating their disposable income after housing costs. A couple, who are both working, perhaps one paid weekly and one paid monthly, will see even more variation in benefits.

In future, it is likely that those months when universal credit is not paid because of the additional earnings that these rules assign to a particular month will also affect the amount of benefit in subsequent months, because of the surplus earnings rules expected to be introduced in full in April 2020.

These are the simple cases: people with steady earnings who could be expected to operate regular budgets. They are not those with a 'potentially unstable pattern of earnings' that the Centre for Social Justice were worried about. They will find themselves in an even worse situation.

Ignoring the many other failings of Universal Credit and the inadequate amounts often assessed under the rules, we should ask how this structural design feature might be mitigated. A fundamental change to the assessment calculation, such as moving to an annualised basis, could help, but would reintroduce many of the failings of the legacy tax credit system.

Citizen's Basic Income: Payment periods and amounts

What, though, if there was to be a sum payable of a fixed amount, at fixed intervals, regardless of changes in earnings or other income? If it was large enough to extinguish any assessment of Universal Credit then the problems outlined above would go away. Even if it was less than the Universal Credit amounts payable, it would remove the problem for some people in some months, and reduce it for a lot more people in most months.

Universal Credit: Employment incentives

For most households, paid employment is at the heart of any strategy to provide a secure income; and paid employment is essential to providing the goods and services that individuals, households, and whole societies require.

Universal Credit is enthusiastically promoted by its advocates as a way to incentivise paid employment. Universal Credit was designed to do this better than the previous 'legacy' benefits by providing a 'work allowance': a level of earned income that would not be taken into account in Universal Credit calculations. This was designed to be particularly useful to people starting to work a small number of hours each week, because it meant that they would keep all or most of their Universal Credit. The five week wait and the monthly payments were designed to mirror a world of work in which wages are paid in arrears and on a fixed day of the month despite the differing lengths of those months. However, the world presented in this way to claimants is one that is unrecognisable to the majority of people reliant on

Universal Credit. For many, far from incentivising paid employment, Universal Credit has the opposite effect. There was a massive under-claiming of the legacy benefits and many more will be put off claiming their entitlements by the nature of the new regime. For those able to navigate the system, surveys show that many are descending into debt, relying on foodbanks, getting into rent arrears, and facing eviction, purely as a result of the characteristics of Universal Credit. The damage done by forcing people into indebtedness, far from encouraging people to get closer to the labour market, is driving people away from the prospect of employment, as spiralling debt and insecurity impacts on mental and physical wellbeing. The threat and imposition of sanctions adds to that insecurity and stress. Impoverishing people is not an 'activation' policy, but rather it acts as a warning to those in work to do all they can to avoid having to interface with Universal Credit or become unemployed. This means accepting poor terms and conditions of work, and squeezes on wage levels.

It is claimed that 200,000 more people will be in work when the rollout of Universal Credit is complete, but the National Audit Office says 'the Department will never be able to measure whether Universal Credit actually leads to 200,000 more people in work'. The statistics on foodbank usage, debt and rent arrears, though, make stark reading. Universal Credit, far from being a route to employment, appears, for many, to be a pathway to destitution. The evidence should be making government take notice of the problems it is creating for the health of its citizens as well as their precarious financial position. The situation concerning rent arrears and evictions is alarming. It makes no sense, under the auspices of saving money for the exchequer, to plunge people into serious financial problems, with life-changing consequences that impose a greater burden on the taxpayer in the long run. It appears that despite knowing how Universal Credit is forcing people into poverty, the Government is still intent on ploughing ahead regardless, pushing families to the brink of survival.

Citizen's Basic Income: Employment incentives

In order for people to contribute in society, whether through paid employment or other activities, they need to be sustained. Mental and physical wellbeing are crucial. The security that a regular income would help to ensure would make paid employment more likely to occur. A Citizen's Basic Income would completely avoid the access problems that have been heavily reported with Universal Credit, and its predictability would make budgeting and money

management a possibility. The corresponding impact on physical and mental wellbeing, with the ability to be able to sustain oneself and one's family, and the increased sense of security that this would bring, should not be underestimated. Above all, if the earned income of someone on Universal Credit increases, then Universal Credit is withdrawn, and after Income Tax and National Insurance Contributions are deducted as well they can receive an increase in disposable income of only about a quarter of the increase in earnings. Someone whose Citizen's Basic Income took them off Universal Credit would have only Income Tax and National Insurance Contributions withdrawn, and so their disposable income would increase by a higher proportion of any increase in earned income, and there would be more incentive to seek an additional employment hours, a better job, or additional skills training. Someone receiving a smaller Citizen's Basic Income, and therefore still on Universal Credit, might be able to take themselves off Universal Credit by adding a relatively small amount of additional earned income, and when they did then they too would experience enhanced employment incentives.

Universal Credit: Labour supply and employers' behaviour

Whilst government claims that Universal Credit motivates (re)entry into work, in so far as it does so it is to a considerable extent at the expense of the taxpayer, since the effect is to make some low paid jobs acceptable which would otherwise be rejected or taken only under duress, that is, under threat of benefit sanctions. The cost of this hidden subsidy to low-paying employers may well have motivated the increases in the National Minimum Wage under Conservative governments, and there was some evidence of this in George Osborne's budget speech in July 2015. It is likely that some employers would have had to raise their wage rates to fill vacancies in the absence of Universal Credit, so Universal Credit might be said to have had a wage-depressing effect.

Citizen's Basic Income: Labour supply and employers' behaviour

Citizen's Basic Income might also be considered a wage subsidy, but not in quite the same way. Its introduction could be expected to have the following effects on labour supply:

1. The receipt of Citizen's Basic Income would not be dependent on fulfilling externally imposed job-seeking conditions, so workers would feel free to reject some low paid or insecure jobs and prolong their search for better work. Employers would find it more difficult to recruit for low

paid or insecure jobs, and might have to raise wages or offer greater security;

2. Some unwaged people who had thought it not worth looking for work because of the prospect of losing unwaged benefits would enter the labour market, augmenting labour supply, and potentially depressing wages;
3. Some unwaged people would feel a secure income stream from Citizen's Basic Income would make it possible for them to take the risk of becoming self-employed. This might lead to an increase in their own economic activity, and also greater acceptability of working in the 'gig economy';
4. Some people who would, under Universal Credit, have been in work - probably a smaller number than the total of the first three categories - would opt for more leisure, or more caring time or education/training time, reducing labour supply and exerting upward wage pressure.

Of the four effects above, (1) and (4) would operate to raise wages and improve working condition. Effect (1) is not heavily dependent on the level of Citizen's Basic Income, whereas effect (4) would only occur if the Citizen's Basic Income were large enough for people to contemplate staying out of paid employment. Effects (2) and (3), on the other hand, would depress wages. If overall labour supply were to rise, then the wage-depressing effect would win out. If overall labour supply were to fall, then wages would increase. A research exercise undertaken in 2017 suggested that the overall effect in the UK economy might be a slight fall in wage levels. (<http://citizensincome.org/research-analysis/behavioural-effects-of-a-citizens-income-on-wages-job-security-and-labour-supply/>).

The evidence from pilot projects is that Citizen's Basic Income would result in an increase in labour market engagement and an increase in self-employment start-ups. A possible consequence is that Citizen's Basic Income could make insecure and short hours jobs more acceptable (Standing).

These considerations suggest that implementation of a Citizen's Basic Income scheme would need to go hand in hand with appropriate labour market regulation, and that the higher the Citizen's Basic Income, the more such regulation might be thought appropriate. On the other hand, a smaller Citizen's Basic Income would leave more people on means-tested and work-tested benefits, which could lead to a greater Universal Credit wage subsidy effect, which in turn would mean the combination of Citizen's

Basic Income and Universal Credit subsidising employers rather than benefiting the intended beneficiaries. All of this suggests that care would need to be taken to match labour market regulation to the Citizen's Basic Income scheme chosen for implementation. (See appendix 2 for a discussion of the effects of an increase in the National Living Wage.)

Conclusion

'Social Security' embodies in its two words some important concepts. 'Social' implies that social security benefits should be of service to society, specifically by promoting social cohesion, preventing poverty, and reducing inequality; and 'security' implies that social security benefits should ensure that individuals and families should experience security, and in particular secure incomes. The content of this report suggests that Universal Credit neither delivers security nor serves society, and that Citizen's Basic Income would do both.

Universal Credit and Citizen's Basic Income have some similar aims: To reduce the prevalence of poverty and unemployment traps; to incentivise employment; and to provide an income for those who need it. However, they are very different in their characteristics, as the table above shows, and they are radically different in their effects, as the rest of this report amply demonstrates. It is differences in both their characteristics and effects that suggest that Citizen's Basic Income would be more likely than Universal Credit to secure desirable social and economic outcomes, and provide the genuine social security that the country needs. More secure incomes would improve mental health, relationships, social cohesion, the ability to budget, and economic risk-taking, and would reduce indebtedness; the absence of work tests and sanctions would improve motivation and mental health, would encourage diverse kinds of work, and would reduce workplace anxiety; the absence of means tests would improve employment motivation and diverse income generation; payment to individuals would improve relationships and gender equality; universality and the absence of take-up problems would reduce poverty, inequality, and stigma, and would improve social cohesion; and the absence of restrictions would

reduce anxiety and, with the right Citizen's Basic Income scheme, would reduce poverty.

It would therefore be ideal if the UK were to establish a Citizen's Basic Income that would be enough to live on. In practical terms, this would mean a Citizen's Basic Income at least high enough to ensure that means-tested benefits could be abolished without imposing disposable income losses on low income households. Such a sizeable Citizen's Basic Income would ensure that all of its social and economic benefits would be maximised.

However, in the immediate future only a smaller Citizen's Basic Income, funded by changes to the current tax and benefits system, a carbon tax, or both, would be likely to be financially feasible. In this case, the Citizen's Basic Income scheme (the Citizen's Basic Income with the levels for different age groups specified, with the funding method specified, and with any changes to the existing tax and benefits system specified) would need to ensure that low income households would not suffer disposable income losses, and that poverty and inequality indices would be reduced.

A smaller Citizen's Basic Income could work well alongside a continuing Universal Credit. The Citizen's Basic Income would immediately take a lot of households off Universal Credit; it would reduce the amounts of Universal Credit received by all households, thus enabling many of them to escape from Universal Credit by adding small amounts of earned income; and the Citizen's Basic Income would have entirely predictable effects on Universal Credit calculations and so would not complicate it any more than it is already.

An additional advantage of Citizen's Basic Income is that Child Basic Incomes would be paid to the children's main carer, unlike Universal Credit where the child elements are normally paid to the individual who makes the claim for the household.

If a smaller Citizen's Basic Income were to make it necessary to retain Universal Credit, then the United Kingdom demands for the reform of Universal Credit should be implemented (see appendix 3). This would bring Universal Credit closer in character to Citizen's Basic Income, and therefore closer in its effects.

Appendix 1

A comparison of Universal Credit and Citizen's Basic Income

Issue	Universal Credit	Citizen's Basic Income
Security of income	Insecure income	Secure income
Waiting periods	Five weeks delay in first payment, at least one month delay in recognising changes in need or income.	No waiting periods
Predictability of payment dates	Unpredictable payment dates	Totally predictable payment dates
Predictability of payment levels	Unpredictable payment levels	Totally predictable payment levels
Work tests	Work tests	No work tests
Behavioural conditionality	Complex rules of behaviour to follow. Very high level of sanctions applied for breaching conditions. In-work conditionality imposes new stresses not present in relation to legacy benefits.	None
Effect of increase in earned income	Universal Credit reduced by 63% of net additional earned income. Disregarded earned income varies according to household circumstances.	No deductions from additional earned income
Self-employment	A notional earned income is assumed that may be larger than income received. *	Income levels do not affect Citizen's Basic Income
Claimant unit	Household-based	Individual-based
Coverage	Only those with not enough to live on receive it	Everyone receives it
Take-up	Take-up problems	No take-up problems
Restrictions	Restrictions (the local housing allowance, the two child limit, the bedroom tax, the benefit cap)	No restrictions
Recognition of children's needs	Basic support limited to first two children. (Exceptions for multiple births, non-consensual conception and long term caring.)	The same amount for every child
Housing costs	Limited by tenancy type to low average private rent or by bedroom tax for social rents if property size considered too large. Loan support for mortgages.	No direct support
Recognition of disability and incapacity	Limited, in comparison with earlier schemes.	None
Age	Multiple rates for adults of differing ages. Fixed child amounts. Mixed age couple rules keep couples on lower rates until the youngest reaches state pension age.	Most schemes propose child, adult and elderly amounts.
Administration	Complicated	Simple
Effect of change of circumstances	Complex, with exaggerated results	None, except for age changes, or change of bank account
Ease of understanding	Extremely complicated and difficult to understand; the emphasis on digital contact makes access very difficult.	Simple and easy to understand
Cost of operation	High	Low
Overall cost	High	Dependent on scheme and other changes

* Monthly reports have to be made, which does not reflect the way in which self-employed individuals receive income. Universal Credit was meant to make life easier for people with varying earnings, but has in fact made it more difficult.

Appendix 2

The effects of an increase in the National Minimum Wage

As we have seen, the implementation of a Citizen's Basic Income scheme would require labour market regulation to be reconsidered. An important element in any such reconsideration will be the level of the National Living Wage, the effects of which are not always obvious. At the end of 2019 an increase was announced. This was said to be a £930 a year increase for someone on 35 hours a week paid at the National Living Wage. The reality is different.

For the employee, the £930 per annum headline figure for 35 hours a week becomes £631 after Income Tax and National Insurance Contributions at current rates, and it becomes £233 if they are getting Universal Credit, as the means-tested benefit is withdrawn as earned income rises. There will probably also be a reduction of around £120 per annum in Council Tax Relief, depending on the area of residence. The net gain will therefore be about £115 per annum.

For the employer employing someone for 35 hours per week on the National Living Wage, the wage bill will rise by £930 a year. The employee on Universal Credit will get £233 or £115. The other £697 or more goes straight to the government in Income Tax, National Insurance Contributions, and benefits withdrawal. Employer costs will also rise by a £128 increase in National Insurance Contributions if no Employment Allowance applies.

So, in a typical case, the rise in National Minimum Wage supposedly aimed at helping the lowest paid gives them just £115 extra per annum, the local authority £120, and the government £825. The employer pays approximately £1,060.

If a Citizen's Basic Income were to be sufficient to take the worker off means-tested benefits, then there would be no benefit withdrawal, and the worker would receive approximately an additional £631 per annum from an increase in the National Living Wage of £930 per annum. If the level of Citizen's Basic Income were not sufficient to take the worker off means-tested benefits then they would be receiving less in means-tested benefits, less might be withdrawn, and they would receive something between £631 and £115 per annum of the £930 per annum increase in the National Living Wage.

Appendix 3

The Unite demands for the reform of Universal Credit (*Universal Credit: Not fit for purpose*, Unite the union, 2019, p. 27)

Unite is campaigning to stop and scrap Universal Credit. Should government refuse to scrap Universal Credit, Unite strongly demands that government commits to:

- End benefit sanctions for all claimants and abolish plans to introduce in-work conditionality.
- Ending the long waits for claimants to receive money, and the unsustainable debts caused by advanced payments.
- Allow people to apply for Universal Credit in jobcentres with face to face support, not just online.
- Introduce flexibilities within the monthly assessment system to recognise that people are not all paid monthly or regularly.
- Provide people with better help when the system fails them, including through adequate levels of staffing for the system and proper funding to advice and legal aid services for claimants.
- Reverse the in-built benefit cuts within Universal Credit including lifting the cap on benefit uprating, removal of the taper rates for payments, reversing the cuts to the work allowance in full, scrapping the unfair 'two-child' policy and removal of the first child premium.
- Simplifying the childcare support offered to Universal Credit claimants to prevent claimants having to cover massive upfront costs.
- Allow payments to multiple recipients within the same household to prevent financial dependence on one individual and provide some protection for victims of domestic abuse
- Remove the Minimum Income Floor for the self-employed.
- Pay landlords directly to stop people getting into rent arrears and losing their homes.
- Introduce incentives and penalties on employers to protect claimants from error or malicious act that cause benefits not to be paid. This should include an enforcement body with real power to win compensation

and sanction employers who cause Universal Credit claimants to lose their benefits, as well as an extension of the right of workers to bring tribunal claims against employers for unpaid wages to include unpaid, underpaid or late Universal Credit.

- Give claimants the right to trade union help and representation for Universal Credit claims. Trade unions should also be given formal enforcement powers, including the ability to bring a class action.

Further reading: *Citizen's Basic Income: A brief introduction,*

<https://citizensincome.org/news/citizens-basic-income-a-brief-introduction/>

Getting Citizen's Basic Income done

We have been asked the question: Would it be possible to implement a Citizen's Basic Income now for the UK?

The first editorial in this edition has laid out the difficulties of implementing a Citizen's Basic Income that would serve the British public in the midst of the coronavirus crisis. But having been asked the question as to whether it *would* be possible, here is a tentative outline plan for implementing a Citizen's Basic Income in as short a time as possible so as to serve the population's need for financial security in the midst of the current crisis.

1. Emergency single paragraph legislation to permit the Government to combine existing central government departments' and local authorities' databases, including names, dates of birth, identifying numbers such as NI, NHS, passport and driving licence numbers, and bank account details, and to add information from banks, building societies and credit agencies; and a bill to permit the payment of a Basic Income (see the 'Fair Allowance' illustrative draft legislation put together by a Citizen's Basic Income Trust working group: at) <https://citizensincome.org/news/illustrative-draft-legislation-for-a-citizens-basic-income/>. Normally such legislation would take a considerable period of time, but under the current circumstances it might be possible to do it quickly.
2. A number of databases contain household member names, contact details, and bank account details: Council Tax payers; Child

Benefit recipients; Universal Credit and legacy benefit claimants; HMRC records (minimal bank account coverage probably).

3. The information in these databases could be combined into a single database which would then contain partial information on the individuals in each household, and at least one bank account in most households.
4. The electoral registers should enable the individuals in each household to be identified, enabling further information to be added; driving licence and passport records should also be able to assist with that.
5. NI and NHS numbers would provide useful checks; and if legislation gives permission for bank, building society and credit agency records to be included, then a lot more individuals, along with their bank account details, could be identified and verified.
6. Every household could then be asked to verify the information gathered: in the vast majority of cases this could be done online.
7. Basic Incomes could then begin to be paid to every individual between the ages of 20 and the state retirement age (ensuring that anyone for whom Child Benefit is being received is excluded, along with anyone receiving a state pension). No calculations would be required. Every individual on the database would be sent the same amount of money, every week or every month.
8. Where only one bank account in a household of two or more adults can be identified, the Basic Incomes would have to be paid into that, and households for whom that was happening would then have the option of sending details of additional individual bank accounts, enabling payments to be made to individuals.
9. It would be a simple matter to recoup some of the funding required by reducing the Income Tax Personal Allowance, ensuring of course that the additional Income Tax that would then be collected would always be less than the Citizen's Basic Income being paid.

That is a first attempt at what would be a complex problem to solve: but if the Government had the will to do it, government departments, local authorities and the banks and credit agencies all played their part, and competent systems analysts were employed to put together the algorithms required, then it would

be possible to get a Citizen's Basic Income into payment quite quickly.

No doubt there are problems with the tentative outline above, and experts on government databases would need to identify and solve them: but once those gaps were filled, and the plan carried out, it would be possible to 'Get Basic Income Done'.

Reviews

Review article

Anna Coote and Andrew Percy, *The Case for Universal Basic Services*, Polity, 2020, 1 5095 3983 3, vi + 162 pp, pbk, £9.99

The book begins with a definition of Universal Basic Services:

1. *Services*: collectively generated activities that serve the public interest.
2. *Basic*: services that are essential and sufficient (rather than minimal) to enable people to meet their needs.
3. *Universal*: everyone is entitled to services that are sufficient to meet their needs, regardless of ability to pay. (p. 4)

- and then discusses such basic needs as health and autonomy, and such means of meeting them as nutrition, healthcare, transport, and information and communication technology.

A variety of aspects of public services are discussed – responsibility, power and devolution, ownership, funding, degrees of participation, the role of the state, and so on; and then the benefits of them: equality, efficiency, solidarity, and sustainability. The case continues with explorations of how the public services of healthcare, education, childcare and adult social care might be improved; and then the possibility of the universal provision of housing, transport and information and communication technology are discussed.

In relation to these new universal services, the 2017 report on Universal Basic Services published by University College London ⁷ suggested that housing

⁷ Jonathan Portes, Howard Reed and Andrew Percy (2017), *Social Prosperity for the Future: A proposal for Universal Basic Services*, Institute for Global Prosperity, University College London, <https://www.ucl.ac.uk/bartlett/igp/sites/bartlett/files/univer>

might be a 'universal basic service', but unfortunately described a means-tested solution to the housing crisis that would have been a very long way from being universal in any sense of the word. The authors have clearly recognised the infeasibility of that approach, and now suggest a rapid increase in the provision of social housing: again a long way from being a universal basic service. Free bus travel really would be a universal basic service, but any such provision would require a rationing method, or demand could rapidly outstrip supply. Universal access to information and communication technology could feasibly be a universal public service, which is why universal connectivity appeared in the Labour Party's General Election manifesto in 2019.

The 2017 report listed food as a human need that could be met through such public provision as providing free meals to 2.2 million households. This was perhaps the most paternalistic and stigmatizing of the suggestions in that report. There is nothing less suited to general public provision, and more suited to the market, than food, apart from in such extreme human situations as destitute homelessness, when public provision of a basic diet is appropriate. In this new book, food provision has sensibly been reduced to broad policy guidelines and an increase in free school meals.

The first line of a chapter on 'challenges and responses' is wrong: It is simply not true that 'the proposal for UBS is new' (p. 107). We have lots of them already. What are correctly identified are the challenges: lack of government competence; the complexities of decision-making; profiteering by corporations; public resistance; and affordability. Here the authors offer good arguments, and the financial evaluations are generally sound.

It is a pity that throughout the book the authors pit Citizen's Basic Income and Universal Basic Services against each other (pp. 7, 16, 51-6, etc.), especially when they can see the need for a less conditional and simpler benefits system and for less means-testing (pp. 51, 125), and as they correctly recognise that

we can meet some of our needs through market transactions. ... Food and clothing are examples here: most of us expect to be able to buy these ourselves, and having enough money to do this is clearly important. (p. 13)

There are some needs that can only be satisfied if individuals and households have secure incomes, and

there would be no better way of achieving that than paying unconditional incomes to every individual. Yes, there are other needs, such as healthcare and education, that are best provided as public services: and to describe these as Universal Basic Services, and to expect to see more collectively provided services, is entirely sensible: but that is not an argument for not wanting to see a Citizen's Basic Income. Just as Universal Basic Services are the most efficient way to provide for many of needs, so a Citizen's Basic Income would be the most efficient to provide for others.

One of the roots of the urge to juxtapose Citizen's Basic Income and Universal Basic Income might be the diversity of meanings of the word 'universal'. As with many words, and perhaps all words, meaning depends on context. If the NHS is described as providing 'universal healthcare', then what 'universal' means here is universal availability of a service when we need it. If a Citizen's Basic Income is described as a 'universal unconditional income', then what is meant is an income given to every individual without conditions having to be met. There is a huge difference – which Coote and Percy recognise (p. 29) – between the former use of 'universal', which we might define as 'universal availability', and the latter use, which we might define as 'universal provision'. It is this difference that means that universal healthcare could never be replaced by universal incomes (whatever such US scholars as Lawrence Mead and Charles Murray might think). Some individuals absorb almost no healthcare during their lives, and some absorb vast quantities of it. If a universal and unconditional income were to be substituted for the NHS, then some people would not be able to afford the healthcare that they needed, others would experience an increase in their net income, and the UK would experience the market failures experienced by every country that runs an insurance-based healthcare system. Coote and Percy are right to ask for better universal healthcare in the UK, and for the establishment of new public services where those are appropriate. They are wrong to use this as an argument against Citizen's Basic Income. A Citizen's Basic Income is the best way to provide for those basic human needs that are best met in the market-based economy, and so would be a natural complement to Universal Basic Services.

Coote and Percy are of course correct to say that the same money cannot be used to pay for both unconditional incomes and public services: but they then use flawed research from the International

Labour Organization ⁸ to support their statement that unconditional incomes are unaffordable, and that if they were to be established then they would make further universal public services impossible to afford. The authors ignore the scientific research that shows that there are illustrative Citizen's Basic Income schemes that would reduce by very little, if at all, the money available for public services, and would at the same time reduce poverty and inequality, remove a lot of households from means-tested benefits, improve employment incentives, enhance the status of women, improve social cohesion, and not impose any significant disposable income losses on low income households: something that they cannot prove for a combination of additional public services and the increased tax rates required to fund them. ⁹

As well as the affordability argument for opposing Universal Basic Services to Citizen's Basic Income, the authors suggest that they 'conflict ideologically' (p. 56). Yes, they are different, although the fact that Citizen's Basic Income can be supported from within any mainstream political ideology ¹⁰ suggests that any ideological conflict relates to individuals ideologically opposed to Citizen's Basic Income rather than to the intrinsic ideological locations of Citizen's Basic Income and Universal Basic Services.

Not all of the public service improvements proposed in this book are feasible, not all of them are sensible, and not all of them are universal, but the book does make a solid case for improving those public services that we already have, and for considering additional public services, including such genuinely universal ones as bus travel and information and communication technology. Its major flaw is the running argument against Citizen's Basic Income. This distracts attention from the main argument of the book – that more and better universal basic services would be useful – and it is an unnecessary polarisation, when what is needed is a recognition that both Universal Basic Services and Citizen's

⁸ I. Ortiz et al. (2018), *Universal Basic Income Proposals in Light of ILO Standards: Key issues and global costing*, International Labour Organization, https://www.ilo.org/secsoc/information-resources/publications-and-tools/Workingpapers/WCMS_648602/lang--en/index.htm

⁹ Malcolm Torry (2019), *Static microsimulation research on Citizen's Basic Income for the UK: A personal summary and further reflections*, Institute for Social and Economic Research Working Paper EM13/19, Institute for Social and Economic Research, University of Essex, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em13-19.pdf>

¹⁰ Malcolm Torry (2013), *Money for Everyone: Why we need a Citizen's Income*, Policy Press, pp. 211-30.

Basic Income would work happily side by side and would in tandem considerably improve life for millions of people. As Andrew Percy recently put it:

Where UBS and Basic Income conflict most seriously is competition for priority of funding. While they do effectively compete for the same budget, the extent to which either can restrain their impact on public expenditure creates more space for the other, so revenue neutral Basic Income schemes and hyper-efficient basic services could offer the best route to a package likely to satisfy the greatest number of needs.¹¹

Michael Cholbi and Michael Weber (eds), *The Future of Work, Technology, and Basic Income*, Routledge, 2020, vi + 193 pp, hbk, 1 138 31606 5, £115

To get an important criticism out of the way: This book really ought to have started with some definitions. It is not until chapter 9 that we find a definition of 'work': 'a physical or mental activity done in order to change a current state of affairs or a condition in the world that is experienced as unsatisfactory or defective' (p. 153); but that is not how most of the authors understand 'work'. In most of the chapters 'work' means 'paid employment', and 'paid employment', 'work', 'labour' and 'employment' tend to be used interchangeably. This is problematic, because it does not leave the word 'work' free to take on such additional meanings as 'unpaid care work', 'voluntary community work', and so on. The definitional problem relating to 'Universal Basic Income' is different. 'UBI policies provide a minimal level of income to all individuals without condition and, arguably most importantly, without requiring them to work' (p. 2). So far, so good: but then as we work our way through the book we find authors suggesting that 'basic income' might be both means-tested and work-tested. This is a significant problem because it means that when an author uses the term 'basic income' we cannot sure what they mean by it. All of this is something of a surprise, because most of the authors are philosophers, who ought to know that in an edited collection of this kind it is essential that authors should agree on definitions and then stick to them.

But having said that, as long as the reader is clear that this is a book about the relationships between paid

employment, technology, and a variety of unconditional, means-tested, and work-tested incomes, it is a useful contribution to the field. At its heart is the idea that artificial intelligence could make a significant difference to the amount and types of paid employment, that the changes could be both liberating and traumatic, and that 'UBI policies' could be a useful response.

Some of the chapters offer arguments for Basic Income from ideological perspectives. Chapter 1 argues that Hayek's libertarianism commits him to advocate a Basic Income, even though he did not do so; chapter 2 argues that anarchists should advocate for Basic Income on the basis that it would provide more protection for natural rights than existing property conventions can, and would promote egalitarian relationships between citizens; chapter 3 argues that Basic Income would be a good basis for relationships of respect throughout society; and chapter 4 proposes an anti-paternalist case for Basic Income.

Then follow chapters more closely related to the title of the book. In chapter 5, Evelyn Forget discusses the social and personal value of work (understood as paid employment), and asks whether a work requirement should be imposed on recipients of 'basic income'. Chapter 6 discusses the benefits and burdens of employment, the ways in which technology might change employment and disadvantage workers, Basic Income's advantages over current benefits, and the fact that a Basic Income would not be able to substitute for many of the social and personal aspects of employment. The author assumes that a Basic Income would substitute for employment, whereas the lower marginal deduction rates that it could deliver could increase employment incentives and therefore both increase paid employment and create new businesses; and also assumes that providing a Basic Income entails the provision of additional income, whereas it could perfectly well be funding by reducing tax allowances and means-tested benefits. If a Basic Income were to be funded on this basis, then there is no reason to think that consumption and its ecological consequences would necessarily increase. Chapter 8 offers a rather different perspective by recognising that motivation is diverse, and that a Basic Income would improve employment conditions and therefore motivate employment.

Chapter 7 defends an argument that work is bad and leisure good, and therefore that automation is desirable – and in this chapter the definition of 'work' is extended to include such creative 'higher forms of activity' (p.123) as craftwork and political

¹¹ Andrew Percy (2019), 'Universal Basic Services', in *The Palgrave International Handbook of Basic Income*, Palgrave, pp. 219-22, p. 22.

engagement. Chapter 9 discusses 'bad work', Basic Income as an exit option, and ways of sharing socially necessary work; and chapter 10 discusses such 'intimate labour' as sex work and commercial surrogacy, and argues that the autonomy that a Basic Income would provide would be preferable to criminalisation.

There is no concluding chapter to draw together the threads; referencing systems differ between chapters; the index is rather skimpy; and the book is expensive.

While it is true that the authors have tackled their subject in a rather haphazard manner, and the book is more a collection of essays on subjects that interest the authors rather than a planned and coherent book, this *is* an important subject, and the book is an invitation to other researchers to take up the debate. It might be helpful if the next book on the subject were to be by social policy academics rather than philosophers.

Wieteke Conen and Joop Schippers (eds)
Self-Employment as Precarious Work: A European Perspective, Edward Elgar, 2019, xi+273 pp, 1 7881 502 5, hbk, £95

This book is the result of a research project on self-employment across Europe co-ordinated by research institutes in the Netherlands and Germany and undertaken by researchers from Sweden, the Netherlands, Austria, Italy, and the UK.

The editors' introductory chapter offers first of all a historical perspective, pointing out that self-employment was common among craftspeople, farmers, tradesmen and professionals throughout the nineteenth century, and that although decline in the number of self-employed individuals set in during the twentieth century as technological change led to capital-intensive production and large employed workforces, the status and rewards attached to self-employment remained high. The twenty-first century has seen further technological change, and an increase in involuntary and precarious self-employment that will often share characteristics with employment. The aim of the authors of this edited collection is to fill knowledge gaps, particularly in relation to the increasing precarity of self-employment, and the relationship between precarious self-employed workers and social protection measures.

The editors define precarious work as 'an employment situation in which individuals or

households are unable to fulfil fundamental physiological and security needs while working' (p. 5), and the three most significant aspects of precariousness are found to be income inadequacy and insecurity, a lack of adequate social benefits and regulatory protections, and uncertainty as to whether paid work will continue (p. 6). It is no surprise to find that the UK is characterised as providing self-employed individuals with a 'patchwork of medium to low access' (p. 12) to social insurance benefits.

The first part of the book explores a number of issues related to precarious self-employment. Chapter 2 explores the reasons for increasing labour market flexibility, the related increase in self-employment, the loss of traditional self-employment, the rise of involuntary self-employment, the ways in which technological change is changing the sectors in which self-employment is more likely to be found, differing regulations relating to self-employment across Europe, gender aspects of precarious self-employment, income insecurity, such social risks as an inability to save for a pension, and the difficulty of maintaining skill levels in a context of rapidly changing technology. A brief third chapter studies the use of such concepts as 'worker', 'self-employed', 'dependent self-employed', and 'false self-employed' in EU legislation, and finds ambiguity and complexity. Chapter 4 finds that the precariously self-employed risk poverty in old age.

The second section of the book contains the results of research on a variety of European countries: the UK, Austria, Germany, the Netherlands, Italy, and Sweden; and also on older self-employed workers in Europe. Of particular interest to readers of this website and *Newsletter* will be the chapter on the UK by Nigel Meager. In the UK, more than 15 per cent of the employed workforce is self-employed, the proportion continues to grow, and that trend is affecting increasing numbers of occupations. A particularly significant aspect of the UK experience of self-employment is the 'gig' economy: work facilitated through online platforms, and which locates workers on the employed/self-employed boundary. Meager reviews the recent history of self-employment in the UK, and reviews research literature, and finds that in the UK the self-employed suffer long hours, low pay, and low skills development. Of particular interest is the finding that since 2000 there is no correlation between the UK's economic situation and the constant upward trend in the number of self-employed workers; and the rather different finding that the post-recession increase in self-employment has been mainly female in composition, which was not the case before the

recession. A further interesting finding is that job satisfaction among the self-employed is on average higher than among the employed, but that since 2006 self-employment job satisfaction has deteriorated. Meager concludes that challenges for policymakers include 'low pay, insecurity, low levels of social protection (including, particularly, pensions), and low levels of training and human capital development' (p. 82).

The third section of the book addresses some Europe-wide concerns related to self-employment. Chapter 12 studies trade union and other organised representation of different categories of self-employed workers; and chapter 13 asks about social protection, and particularly pensions; discusses how social insurance systems might be adapted to be more useful to self-employed workers; and explores the possibility of EU coordination in this area. A final chapter reviews the conclusions of the different chapters, and proposes a research agenda, particularly in relation to social protection.

This is an important book because it is based on high quality research related to a significant and increasingly important issue of clear relevance to millions of people across Europe. We would urge the researchers to continue with their research, and in particular to study the variety of methods that could be employed to reduce the income insecurity experienced by self-employed workers, and particularly by those at the more precarious end of the spectrum. We would of course be happy to assist.

Bill Jordan, *Automation and Human Solidarity*, 3 030 36959 0, hbk, x + 151pp, Palgrave Macmillan, 2020, £35.99

This book sets out from the low wage and insecure service sector employment, and a coercive benefits systems designed to stave off the high unemployment that might result from artificial intelligence and robotics becoming cheaper than human labour, and looks to possible futures, one of which might be constituted by new forms of social solidarity facilitated by artificial intelligence and Citizen's Basic Income.

In chapter 1, Jordan relates the economic history that has led the UK to a particularly fierce example of insecure employment via the relocation of manufacturing industry, the growth of means-tested wage supplements, and the power of the financial sector. He discusses the history of automation, and both utopian and dystopian future scenarios, and asks

for a political and social movement able to create both a new culture of social solidarity and pressure for a Citizen's Basic Income.

Chapter 2 relates the history of employment-replacing automation, the authoritarian regimes that have often enforced new rounds of automation, and the ways in which social policy has adapted to new situations. More recently, the middle class has been losing out to automation, and has seen salaries stagnate and housing costs rise, all of which has provided populist political parties with a new electorate. Jordan concludes that artificial intelligence and robotics replacing human labour in service industries is having significant political and social implications, and will have more of them.

Chapter 3 offers a history of human community, including the communities created by trade and by post-war welfare states, shows how individualism has been fostered by market forces, household debt, and the politics of individual choice, and finds that economics has become the default explanatory mechanism. Following a section on increasing coercion in public policy, Jordan argues that a Citizen's Basic Income is now essential if we are to rebuild the social solidarity that we have lost, and that a new social solidarity, rather than Van Parijs's more atomistic social vision, will be needed to accompany and facilitate the implementation of a Citizen's Basic Income.

Chapter 4 might best be described as variations on themes already explored, and in it Jordan recounts a history of co-operation and conflict, from hunter gatherer communities to nation states, trades unions, voluntary organisations, and co-operatives, in order to ask how the kind of human solidarity that he wants to see might come about, and how a society in which a Citizen's Basic Income had been implemented might ensure that essential tasks would still be undertaken.

Chapter 5 asks for a non-productivist sustainable development model that would value human wellbeing and social justice above economic growth, and for social reproduction work to be as valued as paid employment. Jordan might here have recognised that only substantial carbon taxes along with a Citizen's Basic Income or something like it would enable us both to reduce carbon emissions and to protect the disposable incomes of low income households.

Chapter 6 asks for a return to the 'moral regulation' by which communities regulate relationships within themselves, for new kinds of social solidarity to replace the more contractual relationships that we

now see between members of society, and for an associational and politically participative civil society alongside a Citizen's Basic Income. The theme is continued in chapter 7, in which the gulf between rich gated communities and poorer neglected ones is discussed, as is the populist threat to democracy.

Chapter 8 recognises both the advantages and disadvantages associated with globalisation; and the final chapter, which contains perhaps a little too much political and economic historical detail, asks how the combination of globalisation and automation is likely to evolve. Jordan argues for the new kinds of social solidarity that globalisation and artificial intelligence have made possible, and that political engagement will be required if institutions are to be remodelled so that they promote human solidarity and reduce currently dangerous levels of inequality.

Some minor errors: Scotland is undertaking a feasibility study as to whether pilot projects might be possible, and there are currently no definite plans for a pilot project; and the experiment in Finland was not discontinued by a new government. The plan was for a two year project, and that was carried out. The Government then turned down requests for an extension. In relation to chapter 2: Jordan has missed recent research from the Resolution Foundation that shows that the wages share of GDP has not in fact fallen in the UK. And there are some instances where it might have been helpful to gather material into one part of the book rather than locate similar material in different chapters: for instance, in relation to the employment effects of automation.

But these are minor complaints. The book is classic Jordan, communicating complexity comprehensibly, handling complex sociological and political concepts with confidence, and revealing the shifting networks of relationships between them. The basic message is one that we all need to hear: that it is essential to create new social solidarities, and that a Citizen's Basic Income needs that to happen and would contribute to it happening. This, of course, raises an important question: If a new social solidarity is needed for a Citizen's Basic Income to happen, and a Citizen's Basic Income is an essential component of such a new solidarity, then how is either of them ever to occur? The only answer to this conundrum is that a Citizen's Basic Income will have to be argued for and implemented on the basis of today's social and economic scenario. This suggests that it is the pragmatic administrative case for Citizen's Basic Income that is required if we are ever to see it implemented, and that once that has happened, the

Citizen's Basic Income will help to build the social solidarity that will ensure its continuance.

It would be easy to criticise this book for being about everything from climate change to automation to politics to Citizen's Basic Income ... It is: but that is as it should be, because these things really are all connected with each other. And yes, a Citizen's Basic Income really would make a positive contribution to the kind of human solidarity that we shall need in a more automated world.

Sue Konzelmann, Susan Himmelweit, Jeremy Smith and John Weeks (eds.), *Rethinking Britain: Policy ideas for the many*, Policy Press for the Progressive Economy Forum, 2019, xvii + 269 pp, 1 4473 5252 5, pbk, £14.99

This book is a collection of short essays first published on the Progressive Economy Forum's website, which is dedicated to 'the development of policy solutions based on social democratic principles to economic problems and issues'. (There is a mistake in the glossary entry on 'progressive/regressive policies' on p. 244. It should read 'Policies that decrease (progressive) or increase (regressive) income inequality'.) Each of the essays addresses a particular policy issue, offering a statement of the issue, some analysis, and a list of suggestions as to what should be done. There are thirty-nine essays, as well as section introductions and 'interludes': far too many for a review of the entire book: except to say that the collection provides a great deal of food for thought, and the sense that there really are things worth trying in response to what can seem like intractable social policy problems.

Of particular interest to readers of this website and *Citizen's Income Newsletter* will be the section on 'genuine social security'. Here there are essays on tackling the UK's private debt crisis; how to address high rent levels; how to make occupational pension funds fit for purpose; and how to stop the social security system aggravating mental distress (- change the policies rather than offering individual therapy). In 'Reconstructing social security', Simon Deakin recommends either a Citizen's Basic Income or a revived social insurance system in a context of demand-led macroeconomic policy that would create stable employment. He clearly prefers the latter approach, suggesting that 'this mix of policies as precisely what lay behind the Beveridge Report of 1942 and the Full Employment White Paper of 1944

... Since social insurance and full employment policy together delivered three decades of economic growth alongside steady redistribution of incomes and wealth, perhaps it is time to take a fresh look at them' (p. 169). He appears not to realise that technology, the global economy, and the global employment market have changed somewhat since the 1940s.

Of particular interest will be Stewart Lansley's and Howard Reed's costed Citizen's Basic Income scheme, which would redistribute income from rich to poor, cut child poverty by 45%, and reduce the number of households on means-tested benefits by 20 per cent, all at a net cost of £8bn per annum. This is followed by Ian Gough's 'Would Universal Basic Income address the causes of inequality, ill-being and injustice?' He provides a summary of the UK welfare state's structure and continuing usefulness, and offers arguments in favour of Citizen's Basic Income in terms of freedom of choice, work-life balance, gender equality, a response to automation's effects on the employment market, a reduction in employment insecurity for young people, a secure layer of income that would assist with employment market transitions, and non-interference in personal activities and household arrangements. Then come the objections: a right-wing version would dismantle public services; a scheme would be either inadequate or unaffordable; and schemes like Lansley's and Reed's achieve too little. He concludes that Citizen's Basic Income 'is an individualistic monetary intervention that does not in itself encourage social solidarity or address the underlying causes of poverty, unemployment and inequality. The problem of changing labour relations and reducing precarious employment are not directly addressed by a basic income' (p. 177). Finally, he suggests that Citizen's Basic Income 'requires a top-down abolition of numerous social support programmes and their replacement with a single payment', and that more effective remedies would be labour market reform and 'investing in public services and other forms of social consumption' (p. 177). These objections need to be taken seriously, because they are frequently heard in the kind of 'social democratic' circles from which the authors of this volume have been drawn. The objections are easy to answer: If Ian Gough wishes to stop a right-wing version of Citizen's Basic Income then he might find it useful to advocate the kind of minimal-cost redistributive version described by Lansley and Reed: a scheme that would not compromise any existing public services, or prevent new ones. He might also find it useful to recognise that small gains, such as the numbers removed from means-testing, and the reductions in poverty, alongside such larger gains as

the reduction in child poverty, would be a lot better than the zero gains of pursuing current policies. And also, of course, that implementing a Citizen's Basic Income would prevent none of the employment market and other policies that he would like to see, and might help to bring about some of the change required. No, a Citizen's Basic Income cannot achieve everything that we would like to see happen, but it would achieve some of it: and it would exhibit all of the advantages so well listed early on in his essay. But answering the objections is not really the point. What is required is to understand the roots of the deeply felt objections. Simon Deakin's prescription might offer us a clue. There we found some serious nostalgia, and it is not difficult to sense the same in Gough's essay. In a less secure world nostalgia is inevitable. The challenge will to harness the emotional energy so that it can create and serve a progressive agenda relevant to today's social and economic context.

The two essays on Citizen's Basic Income are important because taken together they provide a most useful summary of where discussion of Basic Income has got to on the Left. What is now required is a debate about what a progressive Citizen's Basic Income scheme would look like, because otherwise the debate could easily gravitate towards the Right, as Gough fears.

Guy Standing, *Plunder of the Commons*, Pelican, 2019, 0 141 99062 0, xviii + 402 pp, pbk, £9.99.

After years of marginalisation, the question of wealth is finally creeping onto the political agenda. Wealth, and how it's distributed, matters. Generations of thinkers have argued for the significant common ownership of a nation's assets. While their advice has rarely been taken, contemporary writers are now resuscitating the call for the greater sharing of the returns from wealth. Guy Standing's revealing and important new book, *Plunder of the Commons*, is the latest of these calls.

The book traces the idea of the 'commons' back to the 1217 'Charter of the Forest', the companion to the better known 'Magna Carta'. The 'Charter' laid out a series of rights of commoners, from the right 'to the means of subsistence' to access to the land they depended on.

Standing extends the concept of 'the commons' from land and other natural resources to social, cultural and intellectual infrastructure created over time. While

there is room for debate on what a list of a modern commons should contain, most of this 'created' wealth – from transport systems and hospitals to educational assets – has been inherited from the efforts of our ancestors. 'Morally', Standing argues, 'we should all have a fair share of that collective wealth'.

Despite the 1217 Charter's aim to prevent land expropriation, the long history of the commons is of how rights of access – via centuries of land 'enclosure' to the more recent privatisation of public goods and spaces – have been lost through confiscation, encroachment and commercialisation.

Today, Britain's national wealth mountain – which has grown from three times the size of the economy in the 1960s to over six times today - is overwhelmingly privately owned. The publicly owned share has been cut from around a third in the immediate post-war decades, to a little over a tenth today.

Private wealth is also very narrowly owned. Nearly half the country's land mass, for example, is owned by 0.06 per cent of the population. The increasing dominance of private ownership has concentrated power, delivered the returns from natural and created assets to the few and depleted the value of non-renewable resources to future generations. Most citizens are being left out of the wealth party, a central driver of near record levels of inequality.

The big question remains: how to reclaim the commons so that they are managed for the benefit of all citizens and generations? Standing proposes a new 'Charter of the Commons' that would modernise the radical goals of 1217 and build new forms of collective ownership.

Central to the new charter would be the construction of a 'commons' fund'. This would ensure that the gains from the use of natural resources and our common heritage would be more equally shared. It would be financed mainly by levies on the commercial use of physical, financial and intellectual property. The fund would be commonly owned with its gains returned to all citizens on an equal basis. This is far from utopian. Existing models of how a fund might work include the oil-financed Alaskan Permanent Fund, which pays an annual dividend to all citizens, and the Shetland Charitable Trust, also funded by oil, and used to finance a pro-equality range of social projects.

The *Plunder of the Commons* is a compelling contribution to the emerging debate about how to

ensure escalating, but largely untapped, wealth pools are managed for the whole of society, both current and future generations. It adds to the existing debate on whether the best way to fund a guaranteed basic income would be through the dividends from a collectively owned capital fund. How to harness 'the commons' for the public good must, despite the inevitable opposition from those with a vested interest in the status quo, surely be one of the big issues of the decade.

Stewart Lansley

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