

Review - Basic Income: And How We Can Make It Happen

Written by Harry Shutt

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HARRY SHUTT, OCT 17 2017

Basic Income: And How We Can Make It Happen
By Guy Standing
London: Penguin Books, 2017

The appearance of this book is evidently a response to the sudden surge of interest in the idea of a Universal Basic Income (UBI)—paid unconditionally as of right to all citizens or qualifying residents—which has occurred, particularly in the industrialised world, since around 2010 (although the concept goes back at least as far as Thomas Paine, the English radical who proposed it in 1795). This recent phenomenon is attributable to a number of factors, including growing public consciousness of intolerable levels of inequality and a well-founded perception that established social protection systems have broken down under the pressure of increasingly fragmented labour markets, which are in turn a symptom of the growing redundancy of labour (notably thanks to “robotisation”) in many sectors of the economy.

Against this background of growing public enthusiasm, this book is to be welcomed as an important stimulus to debate. Guy Standing is well known as a committed exponent of UBI with decades of experience in promoting pilot projects and studying their impact (mainly in poorer countries).

The most valuable part of the book, which alone makes it worth reading, is its exposition of the case for basic income in both ideological and practical terms. It is refreshing to see Professor Standing unequivocally nail his colours to the mast of a) social justice, based on the intrinsic right of all citizens to a minimum share of the resources that the whole community has collectively produced irrespective of their (or their ancestors') direct contribution to producing it, and b) personal freedom, which Standing properly defines as freedom from arbitrary interference by unaccountable officialdom, something that would be made possible by the unconditional right to a basic income set at a survivable level. The third principal justification for UBI that he rightly identifies is the practical one that it is the most cost-effective way of delivering basic economic security now that, as he notes, “the income distribution system has broken down”.

Yet if the book makes an overwhelming ideological case for UBI, it is strangely tame and unconvincing in either defining precisely how the appropriate level of such a basic income should be determined, or how its implementation could be achieved in the evolving global economy. Thus the author appears content to accept proposals formulated, in the UK context, by various think-tanks (Painter 2015; Citizen's Income Trust 2017) based on weekly payments of well under £100 per person—compared with a figure of well over £200 required to meet the “poverty line” level (based on 60 per cent of median income) normally seen as the minimum survivable income. Although Standing's reasons for accepting as a target a figure he evidently knows falls far short of a genuinely viable UBI are left unclear, it is apparent this is based on its perceived acceptability to the political mainstream in the UK and other developed countries; that is to say, assuming no meaningful increases in direct taxation of the rich or the corporate sector, despite the massive tax cuts they have enjoyed since the start of the neo-liberal era in the 1980s.

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Although Standing obviously recognises such an approach would require some existing benefits to remain in place, he is regrettably vague about how the implementation of such a partial basic income would work in practice. Since it would imply continued means testing, it would also mean retaining many of the inefficiencies and injustices of the existing system that he rightly condemns—if not the present British government's flagship welfare policy, known as Universal Credit, which Standing comprehensively demolishes as “punitive” and fundamentally unworkable. In the process any such structure would totally negate one of the crucial potential benefits of UBI identified at the start of the book, personal freedom, given that many people would remain beholden to the authorities for the maintenance of their living standards, and thus in a continuing state of wage slavery.

It is true that Standing indicates that the lower levels proposed would transition progressively to one more consistent with a true basic income. However, it is a serious weakness of the book that he fails to define the parameters of a UBI in concrete terms at the end of the transition process, nor how the anomalies and inequities arising during the transition should be addressed, especially bearing in mind that it is recognised that existing welfare benefit structures have broken down.

Another deficiency the book shares with most advocates of UBI is its failure stress the need to assure maintenance of the provision of benefits in kind—including those relating to healthcare, education, housing and social care—at an adequate level, since otherwise any government could undermine individuals' basic security by cutting the level of this “social wage”. Moreover, any structure guaranteeing the level of these benefits in real terms as an essential adjunct to a non-withdrawable UBI would further undermine the ability of the authorities in a corporate-dominated market economy to treat the cost of labour as a residual—or “safety-valve”—whose level could be periodically reduced to take the strain off other parts of the economy when cyclical pressures required it. This points to the conclusion that a genuine basic income which would guarantee provision of minimum survivable living standards under all circumstances is not compatible with retaining an unstable economic model such as that inherent in the capitalist profits system.

Although Professor Standing does not take an explicitly anti-capitalist position, he does state that “it is inconceivable to have a free society if it is based solely on rewards to individual competitiveness”. On the other hand he is clearly at pains to propose a gradualist approach to the adoption of UBI without recognising the risk that it could discredit the idea among the public and set back the attainment of a viable UBI model. Likewise he proposes that an important vehicle for financing UBI would be the creation or expansion of Sovereign Wealth Funds, which obviously implies a counter-intuitive belief in the continued survival of something like the economic status quo.

These flaws in the author's case perhaps stem from a failure to grasp the extent either of the very powerful forces ranged against the entire concept of UBI, or to which the world economy is being radically transformed by forces beyond the power of either governments or corporations to control. For taken together, the three “pillars” of justification for UBI identified by Professor Standing are revolutionary in their implications; as such they challenge the ruling élite's claim to a disproportionate share of wealth and power in a fundamental way. This is not only because acceptance of them would establish the principle that every individual has an equal claim to a minimum share of the planet's resources; more significantly still, it opens the prospect that the global masses could for the first time in history be given freedom from the domination by the ruling élite to which (in different guises) they have been subjected since the dawn of civilisation. The thought that it might no longer be possible for those in power to control the masses by making their right to exist conditional on their accepting an obligation to “work” is just as much anathema to our own rulers as it was to Hitler or Stalin.

Given this reality, it is surprising that the author appears unable to confront the truth that the provision of a UBI at a survivable, liberating level will a) never be willingly accepted by the ruling élite and b) must entail substantial redistribution of income—all the more so given the evils resulting from the levels of inequality that he and others have rightly identified as resulting from the present neo-liberal order.

All this suggests that Prof Standing has not taken account of the incipient shifting of the tectonic plates of the global economy and the likely implications for future patterns of wealth creation and distribution in a “post-capitalist” world. For although he correctly notes that the 20th century Beveridge model of welfare state based on life-time “full

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employment” of workers making social security contributions from their earnings has irretrievably collapsed, he seems not to have grasped the impending total transformation of economic structures caused by the accelerating pace of technological change (Srnicsek and Williams 2017), notably driven by the “digital revolution”, which is also tending to result in a massive devaluation both of labour and of existing assets based on technology that is rapidly becoming outmoded (e.g. the energy sector). This will be the result of the progressive replacement of the present model based on the economics of scarcity to one based on superabundance or what has been called the “zero marginal cost society” (Rifkin 2015).

As these epoch-making changes unfold in the coming years the rising tide of demands to liberate the masses from wage slavery should become an irresistible flood. Despite its internal contradictions this book is an important contribution to a debate that will not go away.

References

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Harry Shutt is a freelance economist and consultant who has worked on more than 100 assignments over the last 30+ years, mainly for international development agencies such as the World Bank, United Nations Development Programme and European Commission. Harry is the author of numerous highly-acclaimed books including *Beyond the Profits System* (2010), *The Decline of Capitalism* (2005), *A New Democracy* (2001), and *The Trouble with Capitalism* (1998). His most recent articles and further information can be found at his blog, harryshutt.com.