

## **Basic Income**

The idea of a universal basic income has attracted visionaries for centuries, but it is only in the last few years that it has come to look like a practical solution to a real economic predicament. What is that predicament?

The last four decades have seen owners of capital gain steadily in wealth and power at the expense of workers. This trend has three main causes. First and foremost, capital is now free to flow to wherever in the world it will command the highest return, undermining the bargaining position of workers everywhere. Second, and related to this, governments across the world have repealed laws protecting the rights of workers and unions; this has been done in the name of “securing competitiveness in the global market”. Finally, jobs in both industrial and service sectors are being destroyed by computer technology, to be replaced (if they are replaced at all) by jobs of lower status and value. (Computer technology also enables firms to monitor workers more closely, further undermining their status and bargaining power – a phenomenon dubbed “digital Taylorism” in honour of the pioneer of scientific management, F. W. Taylor.)

As a result of all this, the future for workers in the affluent world looks bleaker now than at any time since the Second World War. Structural unemployment has increased steadily across the developed world: in Europe it now stands at 9%. Real wages have stagnated or gone into decline. And more and more work is part-time, temporary or unpaid altogether. Even university graduates face the prospect of years of internships and “zero-hour” contracts before landing a decent job. They constitute the upper end of the “precariat” – the swelling class of those without wealth or job security.

So what can be done?

One solution, favoured by the unions, is a return to the old regime of high wages and job security. But its flaws are obvious. If the sum total of decent work is in long-term decline, the protection of some jobs can only spell the disappearance or degradation of others. Many European countries contain an “aristocracy” of unionised public sector workers, jealously protective of their privileges, surrounded by a larger hoard of casual, often migrant labourers. This is not an attractive vision for the future.

Another solution is to redistribute income from the rich to the poor in the form of *conditional* benefits. Traditionally, these would be unemployment and disability benefits, but increasingly they have come to include supplementary benefits to those on low-income jobs. Last year, 4.3 out of a total of 11.4 million working households in the U.K. received tax credits, including working and child credits, housing benefits, and local tax benefits. The implications of this are worth pondering: 38 per cent of working households in the UK cannot command a market wage sufficient to make ends meet, and so have to be propped up by the state.

Such schemes might be extended. But they face two decisive objections. First, conditional benefits of all sorts inevitably create “poverty traps” – incentives for their recipients *not* to find work, or better work. More importantly, they are felt, and perceived, as stigmatising. They demoralise those who receive them and provoke righteous fury in those who don’t – or who do, but prefer to forget the fact.

It is in this context that an unconditional basic income starts to look attractive. Being paid all citizens both in and out of work, it would not create any poverty traps, and would not be a source of shame or stigma. To be sure, a basic income would be redistributive in effect, being funded mainly from taxes levied on the

rich. But it would have the status of an entitlement, not a dole – and that fact is crucial to its political appeal.

In short, as the contribution of work to national income declines, more and more people will require state support, and a basic income may be the least humiliating and divisive way of providing this. That is the pragmatic justification for the scheme. It explains why hard-nosed politicians are getting interested in it. But the idea of a basic income also has a purely ethical rationale, to which I now turn.

Almost everyone in our society agrees that freedom is a good, which we should strive to realise as widely as possible. But what is freedom? Here opinions differ. Classical liberals identify freedom with absence of legal coercion. Freedom, on this view, does not expand with economic opportunity and is not curtailed by poverty. The call-centre worker is as free as any heiress. I regard this as a statement of ideology, not a dictionary definition. In ordinary English, and German too, it is perfectly natural to say that a rich woman is “free” to give up her job, or that a poor man is “not free” to say no to an exploitative contract. The classical liberal view of the matter was nicely parodied by Anatole France, who spoke of “the majestic equality of the law, which forbids the rich as well as the poor to sleep under bridges, to beg in the street, and to steal bread.”

Freedom, then, has an economic dimension. It is not just a matter of what you are legally entitled to do, but of what you actually *can* do. But here I must make another distinction. By “economic freedom”, I am not thinking exclusively, or even primarily, of freedom to go to opera or drive a Mercedes. That is one aspect of economic freedom, but a relatively trivial one. Far more important is *independence*, meaning in the first instance independence of the job market. Mere purchasing power is not the same as independence, as is demonstrated by the figure of Sherman McCoy, the bond trader in Tom Wolfe's *Bonfire of the*

*Vanities*, whose huge salary disappears immediately in mortgages, school fees and the like, so that ruin follows rapidly on losing his job. McCoy is in effect a wage slave, if a rather well-healed one. He has less real economic freedom than someone with a much smaller income but savings sufficient to live for a few years without a salary.

A universal basic income would promote freedom in the sense given here – freedom to pursue a plan of life suited to one’s own tastes and ideals, without regard for the need to earn a living. For some, this would mean sex, drugs and rock and roll; but for many more, I believe, it would mean freedom to determine their own hours and conditions of work. A basic income would make it easier for people to work part-time, to work full-time in gratifying but low-paid jobs, or to give up paid work altogether in favour of public service, or simply some hobby. And even those who chose to stay in their current occupations would have the security of knowing that they could leave if they wanted without ruining themselves, thus redressing the inequality of power between capital and labour mentioned earlier. Bosses would think twice before mistreating workers who could up and leave at a moment's notice.

In the end, what matters is not *what* people do with their basic income but *that* they freely choose to do it, rather than having it forced upon them by external circumstances. Supporters of basic income may have particular ideals of life they would like to encourage – I certainly do – but those ideals needn’t form part of their official defence of the scheme. The appeal is simply to freedom, in the true sense of the term.

The idea of freedom invoked here may seem exotic, but it has deep roots in the European tradition. In the ancient world, citizens, or “free-men”, were expected to possess wealth sufficient to free them from the necessity of working. In Sparta, citizenship was subject to a property qualification. In Athens it was not,

with the result that many citizens lost their land, but this was widely felt to be anomalous. Aristotle, for instance, found it obvious that “citizens must not lead the life of artisans or tradesmen, for such a life is ignoble and inimical to excellence. Neither must they be farmers, since leisure is necessary both for the development of excellence and the performance of political duties.” To have to sell one’s labour for money was widely regarded as degrading – as tantamount to prostitution or slavery. Marx’s concept of “wage slavery” is in this classical tradition.

This ancient understanding of freedom as implying financial independence was to leave a long trace in European history. In England, the franchise was confined to owners of land and other forms of immobile property until 1832, when it was extended to wealthy tenants and leaseholders. (A vestige of this history is the legal term “freeholder”, meaning the outright owner of a piece of real estate; in the past, a freeholder would have been “free” in the political sense too.) It was regarded as self-evident that voting should be confined to those with “a permanent fixed interest in this kingdom”, as the Cromwellian general Henry Ireton put it. The propertyless were seen as feckless and easy to corrupt.

Advocates of basic income can and should draw upon this classical conception of freedom, though without the snobbery that typically attended it. If in the past the goal was to *limit* political freedom to the economically independent, today it must be to *extend* economic independence to the politically free, i.e. to everyone. “All are free; therefore all must be made independent.” That is the strongest case I can think of for a universal basic income.