

UNIVERSAL BASIC INCOME: A RADICAL NEW IDEA FOR REDISTRIBUTION?

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The Covid-19 crisis has exposed and intensified institutionalised structures of inequality across the globe. As countries struggle to respond to its social, economic and political fallout, mainstream leaders have begun to consider universal basic income (UBI). Spain recently introduced a national minimum income; South Africa's Finance Minister conceded that it was an idea worth exploring; and Pope Francis proposed it as a response to hunger and starvation. But what is UBI? What is its political history? What are the progressive arguments for and against it? And what would a progressive UBI look like?

WHAT IS UNIVERSAL BASIC INCOME?

UBI is a publicly funded unconditional cash transfer paid regularly to all on the basis of citizenship rather than other modes of social incorporation (van Parijs 1992).

WHAT IS THE HISTORY OF UNIVERSAL BASIC INCOME?

UBI is not a novel idea and has resurfaced during cyclical periods of crisis, unemployment and deprivation. First attributed to Thomas Paine (1797), it is rooted in the notion of a rightful share. Writing at the height of agrarian transformation in the US, Paine argued that the dispossessed and excluded should be compensated by the landed monopoly who benefited from their expropriation. After all, land belongs to all who inhabit the earth. More than a century and a half later, Dr Martin Luther King Jr would propose a guaranteed income pegged to the median wage as a response to the crisis of social reproduction triggered by labour-saving technology. Writing at the height of automation, as unskilled unionised workers in the manufacturing sector were being displaced by machines and funnelled into low-wage service work, he said:

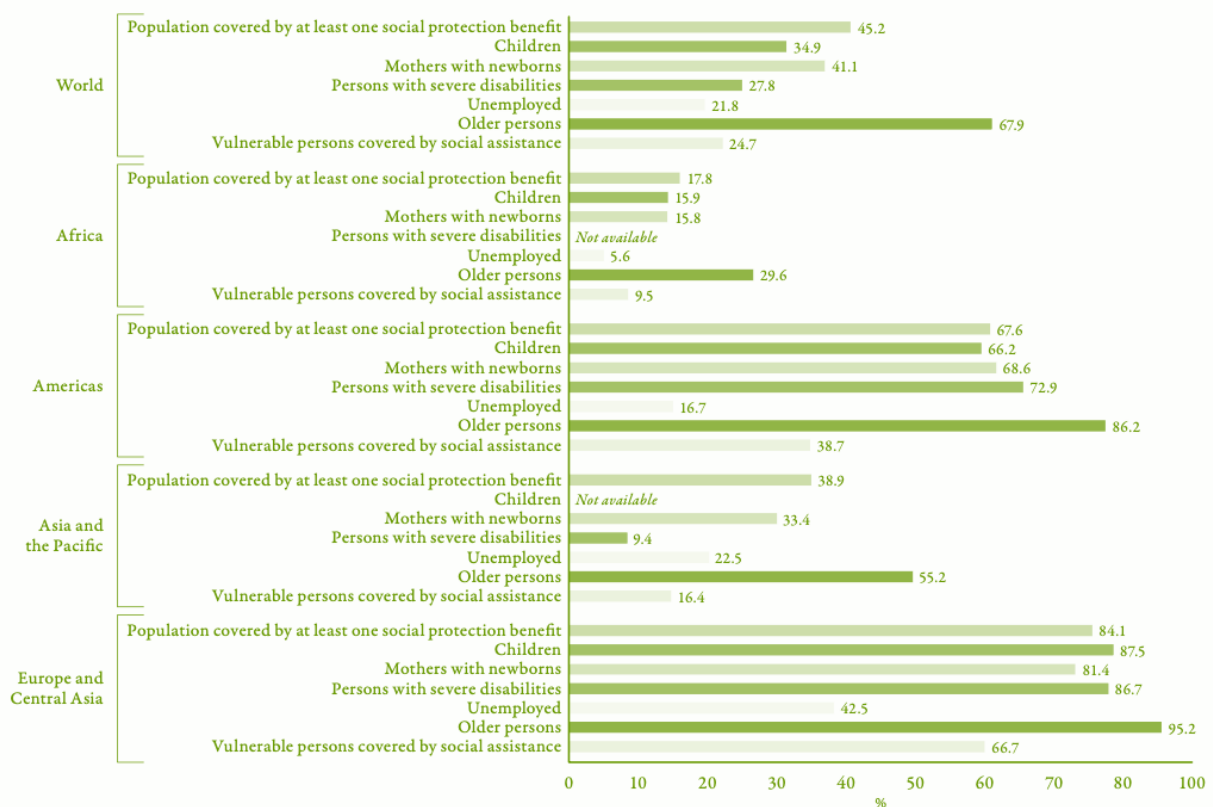
I am now convinced that the simplest approach will prove to be the most effective: the guaranteed income...[The] dislocations in the market operation of our economy and the prevalence of discrimination thrust people into idleness and bind them in constant or frequent unemployment against their will... We have so energetically mastered production that we now must give attention to distribution. (King Jr 1967, 171)

Today, interest in a UBI has resurfaced in response to the problem of 'jobloss' growth, spurred by the rise of digital technologies, financialization and the informalisation of work. Its proponents span the political spectrum and include the labour movement concerned with the material and political effects of global restructuring on the world of work; the environmental movement, concerned with the unsustainability of a productivist development model amidst ecological crisis; and ferociously anti-union billionaires.

WHAT ARE PROGRESSIVE ARGUMENTS FOR A UBI IN THE GLOBAL SOUTH?

Progressive proponents of a UBI argue that it provides income security for those precariously connected to the formal labour market. Over the past three decades, there has been a resurgence of interest in non-contributory cash transfers across the global South. Previously dismissed as undesirable, unaffordable and impossible to implement in states with limited capacity, cash transfers have been repackaged as an effective and efficient policy instrument capable of playing both a redistributive role and stimulating economic growth (Hanlon, Barrientos, and Hulme 2010). However, as Figure 1 shows, able-bodied adults of working age have been largely excluded; and when included, cash transfers have been highly targeted, conditional on some form of behaviour modification - such as participation in labour-intensive public works - and insufficient to meet households' needs (Molyneux 2008; McCord 2012; Lavinás 2013). The underlying assumption is that able-bodied adults can sustain themselves and their families through work. However, as scholars of the global South have pointed out, this is an increasingly a fictional account of reality (Standing and Samson 2003; Li 2010; Ferguson 2015).

Figure 1: Effective social protection coverage, global and regional estimates by population group (percentage)



Source: ILO (2017, xxx)

The Covid-19 pandemic has exacerbated the existing crisis of social reproduction. As job shedding escalates, the ILO (2020) estimates that nearly half the global workforce is at risk of losing their livelihoods. In Africa and Asia, projections are still worse. In response, some states in the global South have introduced unprecedented income security measures for able-bodied adults (WIEGO 2020). These include:

- Short-term social assistance to those excluded from existing contributory and non-contributory social protection schemes. In South Africa for instance, the government coupled an increase in existing social grants with a R350 Social Relief of Distress Grant for unemployed South Africans, permanent residents and refugees during a period of six months;
- The expansion of social assistance through non-contributory social protection schemes to categorical groups within the informal economy. In Colombia for instance, the government used the existing social registry to expand coverage to waste pickers, who now receive a supplemental income of \$150 a month; in Thailand, the government collaborated with informal workers' organisations to register workers who similarly received \$150 for a period of three months;
- The extension of employer responsibility, to ensure that workers get paid leave. In Bangladesh for instance, the government offered to pay preferential credits to employers to continue paying workers half their salaries for a period of three months (WIEGO 2020).

However, as the network Women in Informal Employment Globalizing and Organizing (2020) argues, these measures have tended to be structured as short-term stimulus benefits. Given that the effects of the Covid-19 crisis are predicted to be long-term, it is necessary to consider how to transform emergency measures into institutionalised forms of social protection. In this context, UBI has gained a new lease on life.

Progressive proponents of a UBI argue that it would reduce poverty and inequality, while establishing a wage floor below which workers could refuse to work. This would give workers greater power to negotiate working conditions and strengthen the social basis of unions. Furthermore, it would enable people to engage in socially meaningful activities outside of the labour market. Its universal character avoids the costly selection processes and errors of inclusion or exclusion that are endemic to means-tested measures, while its unconditional nature prevents capital from coercing recipients into ultra-low-wage labour. Indeed, by delinking the means of subsistence from the means of production, a UBI has the potential to undermine the exploitative foundations of capitalism and transform class relations (van Parijs 2006; Pateman 2006; Olin Wright 2010).

Conservative critics fear that a UBI could amount to an unlimited strike fund, which of course is what progressives hope. They deploy a paternalistic discourse – e.g. the poor cannot be trusted with cash for they will squander it on vices - to neutralise popular support for a UBI. Existing experience with cash transfers has largely debunked this argument, showing that most recipients spend cash transfers on food, transport, school and medical bills. While conservative critics fear that a UBI would fuel a sense of entitlement and dependency among a growing precariat, progressive proponents argue that it is poverty and unemployment that fuel dependency, and that a UBI would empower the un(der)employed to pursue income generating activities. And finally, while critics suggest that it is morally wrong to receive “something for nothing”, progressive proponents maintain that a UBI should be conceived of as a social dividend to which all who inhabit the earth are entitled to, based on the idea of a rightful share (Fouksman and Klein 2019; Marais 2020).

WHAT ARE PROGRESSIVE CONCERNS WITH A UBI?

Progressives are concerned that a UBI—if delinked from other labour, social and consumer protections—could end up subsidising the exploitative foundations of capitalism rather than undermining them. Prominent billionaire supporters of a UBI include former Walmart chairman Rob Walton, Facebook founder Mark Zuckerberg and business magnate Elon Musk. Given the potential decommodifying effects of a universal and unconditional cash transfer, why would multinational corporations support it?

First, evidence from existing cash transfer programs shows that retailers benefit significantly from an increase in aggregate demand as a result of the expansion of cash transfers. In South Africa for instance, more money is spent at large retailers on cash transfer payment day than on pay day (Vally 2016; Torkelson 2020).

Second, Walmart's business model hinges on leveraging public funds to subsidise workers' low wages. A report by Americans for Tax Fairness (2014) found that Walmart cost the US taxpayer an estimated US\$6.2 billion in food stamps, Medicaid and subsidised housing (Americans for Tax Fairness 2014). And, as Polanyi (1944) detailed, there is historical precedent for this. In 1795 the English adopted the Speenhamland Law which established that all should receive a minimum income based on the principle of the right to live. For thirty years the work requirement associated with the Poor Laws was ignored, giving workers and employers labour flexibility. However, the unintended consequence was the reduction of wages and productivity as employers offset the costs of labour onto poor relief and workers saw little incentive to take up ultra-low wage work. The industrial bourgeoisie soon began to clamour for its repeal, arguing that it was triggering a problem of labour scarcity, and in 1834 it was replaced by the Poor Law Amendment Act of 1834 (Polanyi 1944).

Third, most UBI proposals have been well below the line of working poverty, and thus workers cannot realistically withhold their labour and pursue socially meaningful activities outside of the labour market (Barchiesi 2011). While some progressive proponents of a UBI argue that something is better than nothing because it serves as a harbinger of and intellectual resource for a radical politics of redistribution (Ferguson 2015), it may not be better if it comes at the cost of other labour and social protections. Because cash transfers are often portrayed as a magic bullet response to the crisis of social reproduction, they have been co-opted by conservative forces to grease the wheels of austerity, abstracting from the processes of capitalist accumulation, justifying the roll-back of social and labour protections and facilitating the commodification of public goods and services (Ghosh 2011).

Without strong labour, social and consumer protections, a UBI could ultimately end up subsidising the exploitative foundations of capitalism rather than undermining them. Interestingly, some progressive proponents of UBI argue that contentious politics at the point of production are increasingly irrelevant because social forces no longer have the power to shape the terms of production. Yet it does appear ironic that the same progressive proponents of UBI suggest that an unlimited strike fund is somehow politically viable. Ultimately, reimagining redistribution will require reclaiming—rather than avoiding—the politics of production (Castel-Branco 2020).

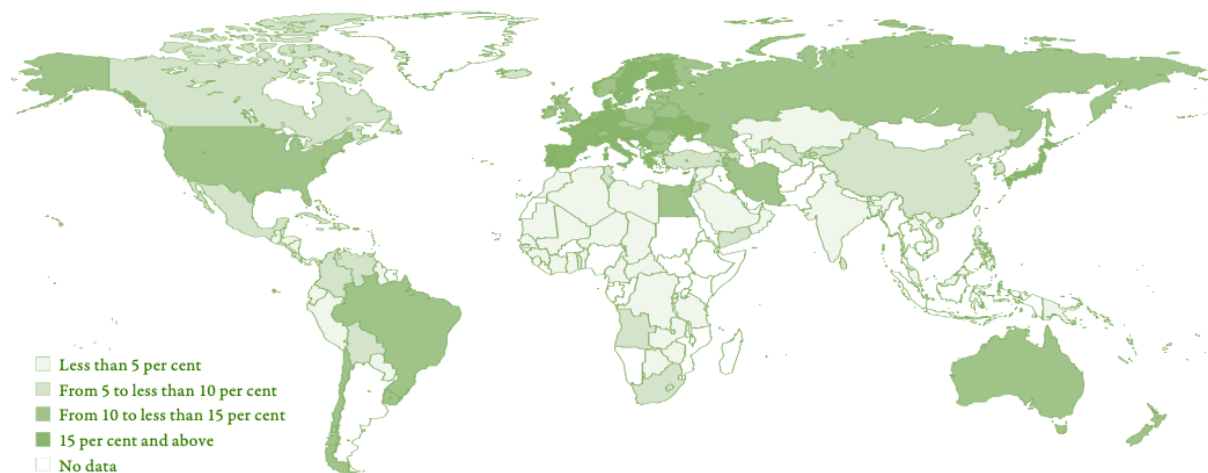
WHAT DOES A PROGRESSIVE UBI LOOK LIKE?

Progressive proposals set the value of the transfer at around the individual poverty line; conceive of it as additional to, rather than a replacement for, existing forms of welfare provisioning; and recognise that welfare provisioning is part of a broader set of labour, social and consumer protections aimed at increasing the social wage and improving working conditions. Finally, and critically, they place the state administration at the centre of welfare provisioning (Olin Wright 2010). There has been a tendency in cash transfer debates to assume that cash can be transferred quickly and easily using digital technologies that sidestep the state administration (Hanlon, Barrientos, and Hulme 2010; Ferguson 2015). Such an assumption not only invisibilises public sector workers and justifies their precarisation, but it also overlooks how digital technologies have been leveraged to trap welfare recipients in debt with the outsourcing to private service providers (Lavinás 2018; Torkelson 2020).

What constellation of social forces can claw back the idea of a UBI from capital and drive a radical politics of redistribution amidst the fallout of the Covid-19 crisis? Writing at the height of automation, as unskilled unionised workers in the manufacturing sector were being displaced by machines and funnelled into low-wage service work, Martin Luther King Jr. (1967) highlighted the importance of coalition building. Given the public resources required to fund a guaranteed income, he argued, the civil rights movement could not go it alone. Although the labour movement had been an uneven ally of black workers, he envisioned an alliance amongst the labour, civil rights and progressive movements.

As Figure 2 illustrates social protection financing varies widely across the globe. There are a number of ways to finance non-contributory social protection system, including: the reallocation of public expenditure from high-cost and low impact investments to sectors with greater socio-economic impacts; increasing tax revenue, and earmarking taxes on natural resources, such as gas extraction; reducing illicit financial flows; and increasing the overseas development aid (ILO 2017). Alliance-building will be essential in shaping the terms of recovery following the Covid-19 Crisis. Whether a UBI will be an element of that very much depends on the nature of contentious politics, the social forces involved and the power that they are able to mobilise.

Figure 2: Public social protection expenditure, excluding health (percentage of GDP)



Source: ILO (2017, xxx)

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