

Towards understanding a nuanced view of Universal Basic Income (UBI) in the UK

Mohammed Majid Salim MSc

Management Consultant and Sole Trader, Mohammed Salim Management Consultancy

Abstract

This paper reviews the advocacy already put forward for Universal Basic Income. It then outlines a more nuanced view of how the payments should be theorised about whilst in the discussion stages, as part of a broader argument understanding the complexities of Monetarist thought. To this end the paper argues that UBI, if paid, would not be some kind of cash gift for consumers to be excited about, but rather a ratification of a social security principle, namely that the UK is a mature developed economy, and a going concern enough to make the payment possible, however this debate happens in a specific context this paper describes. This paper describes the way a payment such as UBI could be made without the Government feeling it has made a mistake or lost full control of the way the debate progresses.

Keywords: UBI, Monetarism, State finances, economic confidence, social security.

1 Introduction

Universal basic income (UBI) is a radical policy proposal of a monthly cash grant given to all members of a community without means test [Bidadanure, 2019], in much the same way as Child Benefit payments are given to parents or guardians of children without any form of means testing, until the children are of adult age. The argument is formed broadly in various ways – some advocates state that advanced economies can afford such a payment, which should be construed as another form of “safety net” for the public alongside unemployment benefit [Hoynes and Rothstein, 2019]. The concept is also supported by many social activists, advocacy groups or perceived radicalists, which suggests that people view the subject alongside theories of utilitarianism, or even utopianism. In essence the debate is about a individual social paradigm within contemporary welfare theory [De Wispelaere and Stirton, 2004].

2 Analysis

One of the main issues debating whether UBI should be introduced to a society is the debate about the pertinent theory presented to do so, and the metric in question which should help us decide if the system is worth bringing into existence. The debate about framing the debate is

interesting, and presents a thoughtful and stimulating review of the literature. De Wisplaere and Stirton made a point about the basic unit to be paid – should this be an individual, or a 'household' unit? [De Wispelaere and Stirton, 2004] This leads to an interesting discussion of the way indirect taxation and financial grants like this can be used to shape a society, similar to, for example, allowing tax breaks for married couples on the understanding that married couples are a stabler form of family unit than one where the parents are in conflict. Van Parijs analyses the basic utilitarianist argument, as an *a priori* justification of the costs on the grounds of idealising a better society into existence, and gives examples of where and how this idealist belief has found currency in contexts of actual social debate [Van Parijs, 2013]. De Wispelaere and Noguera have also written interestingly about the political feasibility of introducing UBI, and how a State can retain complex formal structures whilst at the same time giving everyone, in effect, 'free money' [De Wispelaere and Noguera, 2012]. Their paper made a contribution by attempting to define an analytic framework where the political feasibility could be discussed.

It is mainly this point which this author thinks is the main problem with moving to introduce UBI – namely, the political feasibility of doing it without young people falling into informalised thought-views about the State, or the feasibility of doing it without affecting the work ethic of the population in a way which creates problems elsewhere in the economy. With common sense it can be seen that a given Government might not want to introduce UBI for fear of the population thinking other things might be relaxed too, like the speed limit on motorways, or legislation regarding recreational drugs, and so on. It might also result in a generation who are systematically able to survive without a job, which could change the way society looks and feels over time. A given administration might end up feeling like a teacher out of control in a chaotic classroom, which is the point where some commentators express reticence about giving the subject too broad a debate on legislative chambers.

This paper seeks to address the point regarding the feasibility with which UBI is viewed - not for those receiving it, but for the government which wants to introduce the payment. Most Western governments agree the idea has its advantages, but they remain reticent about putting it into practice. Having a debate about the political feasibility offers some ideas, but the basic issue of a “free gift” psychology remains. However, this author has a contribution to make which may assist with this.

Many people view UBI as a “free cash gift”, to top up ones monthly or weekly budget. That is one way of looking at it, certainly, but it is a way of looking at it which is defined, and it could be defined another way. In the UK the economy is based on consumer spending, and many financial institutions seek to offer credit cards and loans on consumer high street spending. In fact, inflation in the economy is measured by reference to a “shopping basket” of goods. The branded items in this basket have their price measured month on month, and flux in the price of these items helps decide inflationary policy.

3 Conclusion

This paper seeks to make one point. Under Monetarist theory large sums of paper cash can be “ringfenced” for use in certain parts of the economy, so as not to flow into the wider cash movements of the economy. Consider builders merchants: they sell bricks and paints to small plumbing and DIY companies. They are not open to the public, like more well-known “DIY” stores. As such their corporate income is not the same as consumer spending, it is business to business spending which is in a different part of the economic structure. People view UBI as a

boost to their consumerism, and as such Governments worry about how such a payment might be popularly discussed, and worry that the payment might be discussed in a way which runs contrary to their way of viewing working life. The point this paper makes is this – it should be stressed to the public that the money received from a UBI scheme is not a “cash gift for high street spending”, but rather a payment which forms a social security deal with the public, from a deeper part of the economic structure. It should be viewed as a maturation of Monetarist thought, possible because the theoretical view is correct. Politicians worried about the feasibility is in fact just the surface appearance of the understanding of the money.

Describing the payment as a social security deal from a deep part of economic structure, not involved with the consumerist economy, helps us realise the notion that states like the UK are advanced economies which have already benefitted from the utilitarian views of tolerant, liberal reformists like John Stuart Mill, for over a century anyway, in forms such as vote enfranchisements or allowing colonies to become independent states. It helps those who are living in poverty today realise that the economic progression of the UK over the last few centuries is not an alien subject for them, it is one they can benefit from the dividend of by being a UK citizen, just like the wealthy. Framing the debate like this could even increase multicultural patriotic thoughts, which would be widely, positively and appreciative welcomed by the establishment, it would seem likely.

The problem with Monetarism is that states often wonder if they control the amount and value of cash in an economy in too free market a way they might end up destabilising the constitution, in a way they could not predict would happen beforehand. It is hoped this paper offers a point of view which assists with this. It is a question of informing the public of a mature debate about the UK economy, which in popular terms started on 1066 AD, and the “value of the value” of this.

Acknowledgment

This paper is an output of research work done by my sole trader management consultancy.

References

- [1] Bidanure, J.U., 2019. The political theory of universal basic income. *Annual Review of Political Science*, 22, pp.481-501.
- [2] Hoynes, H. and Rothstein, J., 2019. Universal basic income in the United States and advanced countries. *Annual Review of Economics*, 11, pp.929-958.
- [3] De Wispelaere, J. and Stirton, L., 2004. The many faces of universal basic income. *The Political Quarterly*, 75(3), pp.266-274.
- [4] Van Parijs, P., 2013. The universal basic income: Why utopian thinking matters, and how sociologists can contribute to it. *Politics & Society*, 41(2), pp.171-182.
- [5] Jurgen De Wispelaere, José Antonio Noguera, 2012, On the Political Feasibility of Universal Basic Income: An Analytic Framework, *Basic Income Guarantee and Politics*, 2012