

## Basic Income Debate

On Tuesday the 9<sup>th</sup> of June, Nick Thorne, student of International Relations at the University of Sussex, debated against Dan Travis, director of the Brighton Salon, on the subject of the basic income. Each speaker had roughly 10 minutes to make their case, and the audience of about 10 people had the opportunity to pose questions and make comments. A lot of interesting ideas came out as the proposal of a basic income was put under rigorous scrutiny. The key points of clash in the debate were the issues of whether or not the introduction of a basic income would lead to an increase in wages and productivity and whether or not there would be increase in bureaucracy and dependency on the state. After Nick had explained how the system would work and what the implications for society would be, Dan launched his counter argument:

Dan Travis: “When I first agreed to take part in this debate I was nervous, thinking, what is this proposed system really all about? But I’ve looked at it in some detail over the past week or so. Now, I’m no expert on taxation or anything like that, but I would say that the idea does have some validity. In terms of affordability, I worked out for the UK it would cost about £190 billion a year. That’s the cost of this project. Well, I can live with that. It’s roughly taxation plus welfare per annum. But it’s that very technical aspect of the citizen’s wage, as I believe it’s referred to in certain circles, which I do have an objection to.

In fact, I’ve got four main objections. One is that it’s a partial approach to a problem in society. The second is that there actually will be an increase in state activity, and I’d argue that that’s a bad thing. I’d also say that there would be an increase in dependency in key areas of society. Fourthly, and probably actually my most important point is that it would actually exacerbate the problems that it seeks to address.

So first of all, it’s a partial approach. I mean, yes, ok, socialism, communism, they’re rather pejorative terms, but the basic income does remind me of certain proposals we’ve seen in the past that try to introduce socialism by increment. The way it does this is by focusing on the lack of meaning in work life, and at the same time, the lack of means of subsistence. This is what the citizen’s wage is essentially trying to address. And it tries to solve this dual problem, just by covering the means of subsistence. And by doing that, by focusing on that one technical aspect, it ignores two of the most fundamental problems in the economy, namely low productivity and a lack of political engagement in society as a whole, and I would argue that a citizen’s wage would exacerbate both of these problems.

In terms of the increase in state activity, this is what immediately flashed warning lights at me as I was reading about it. I think realistically, if we are to give everyone £12 000 per year, roughly two thirds of the national average wage, the only body able to administrate this in society is the state. I think that to argue the current system is complicated and therefore there would be reduction in bureaucracy, one is living in a dream world. And that would mean an increase in bureaucracy, not just in terms of administering the basic income, but at every level of life. There would be such a shift from the existing system that the only method would be to introduce more bureaucracy, extending the existing administration of the tax and welfare systems. And that’s a key concern to me. Rationalisation of everyday life. State intervention I think is particularly problematic as it robs us of agency in the decision making process and reduces the amount of political engagement

Now, an increase in dependency, this is quite controversial. I mean, if the state's giving you £12 000 per year, how can you possibly argue that this leads to an increase in dependency. But I would argue that having a means of subsistence paid to you is in fact a major disincentive not to work. The citizen's salary would make the disincentive far worse, particularly I think among school leavers between 16 and 21. That age group. The incentive to be entrepreneurial and to get on in working life would not be instantly removed but it would become very problematic, and I believe that at the moment an increase in entrepreneurship is what we need, not less. Another point is that if the government is giving me £12 000 per year, I can see what's going to happen to that money. For example, I'm going to need a place to live. Every landlord in the country knows how much I get from the state, and fairly quickly that money would be removed from my pocket. Unless we intervene on that level, there would simply be a transfer of money from the government to other capitalist bodies.

My fourth point, that the citizen's income makes the problems it seeks to address far worse. I think there is a genuine attempt to take on inequality. It does take it seriously. One could even say it's the starting point of the whole project. But as has been said, the £12 000 would just about cover a life of subsistence in the UK, very little else. Why this figure, £12 000, what is £12 000? Roughly, it's what you would earn in a year on minimum wage. Although I think this is in fact quite a good proposal, I think that in fact, dependency and inequality would be recreated, and become institutionalised. There would be no need to address real problems of inequality. A doctor on a decent salary, he's ok, but for those who are underemployed, the poverty trap would become inescapable. My choice of job for example, I cannot see how this £12 000 would increase my sense of self fulfilment – it's very woolly. So yes, I think we would have a bureaucratic straight jacket. I think it's a good argument, but just to summarise, it's technically sound, but because of this, too technical. There is no sense of political engagement, we just give everyone £12 000 and then just get on with things thanks very much. So that's my counter argument. Thank you.

*Questions from the audience:*

1. "I've got a question for Nick. First of all, the cost of this scheme would surely be about £720 billion – 60 million people in the UK times £12 000. That's a massive amount of money, all being handled by the state. Most of that is actually completely useless – it's just taking money from a rich person and giving it back to a rich person. Unemployment will definitely be an effect of the basic income. People will shirk more because they won't be scared of getting fired, maybe they'll become less productive because of that. People will spend less because of the increase in VAT and the GDP of the country would go down. There would be a downward cycle in GDP. How would you get away from that?"
2. "Nick, you said workers couldn't be exploited as easily and that wages would increase. But how would small businesses be affected, that can't afford to pay workers higher wages? Secondly, what would happen with immigration? At what point would an immigrant qualify for the basic income? A question for Dan as well, you talked about the problem of the poverty trap, but surely the point of the system is that you'd have the means to go back to studying or do more qualifications, thereby getting out of the poverty trap."
3. "To follow on from that, Dan, you mentioned school leavers. Surely the basic income would lead to an increase in the number of people studying as

university would be made more affordable, and this would lead to more people having jobs. For Nick, what would happen to the people for whom 12 000 pounds a year isn't enough? The existing system is bureaucratic but at least it does have some flexibility – you get more benefits if you have kids or live in London or whatever. Wouldn't you need more bureaucracy to deal with the people for whom 12 000 isn't enough?"

4. "My point links to what Sam just said. On the surface the system seems very fair as everyone gets the same. But surely you could argue that say a couple with two children should get more and needs more than a student for example. And Dan, I think you contradicted yourself. First you said that the basic income would damage entrepreneurship as there would be no incentive to work, and then you said that actually the basic income would make little difference as prices would go up."

Nick responded to these questions and to the issues brought up by Dan with the following arguments. First of all, he conceded that the basic income in its full form would not yet be affordable, but could be introduced gradually, and on this basis it would be financially viable. The second point he addressed was the issue of productivity. He pointed out that the basic income would lead to an increase in wages due to the need to provide an incentive to work. This in turn would increase the incentive for employers and companies to invest in technology, which would lead to more productivity. Furthermore, the ability to choose your job would enable you to have a career which you enjoy, leading to a more motivated and productive workforce. Nick pointed out that countries with more extensive welfare states, for example Norway, have higher rates of productivity. This argument went back and forth with members of the audience arguing that extensive welfare is enabled by a strong economy, rather than being the key to productivity.

On the question of prices, it was pointed out that VAT would replace all other taxes, and so there would not necessarily be any increase in prices whatsoever, and therefore there would be no decrease in consumption. This linked on to the argument that Dan made, namely that the basic income would merely lead to exploitation by landlords and other capitalist bodies increasing prices. Nick made the point that if this really was the case, rents in Germany would be higher than in Britain as wages are higher. In fact the reverse is the case, demonstrating that the system is in fact far more complex. Another question from the audience was whether the basic income, through increasing wages, would lead to capital flight and relocation of industry. Once again, Nick's argument was that it is far too simplistic to argue an increase in the cost of labour makes transnational corporations seek new sources of labour. If this were the case, Mercedes would have moved out of Stuttgart long ago. In fact, the basic income system would make it easier to set up a business as taxes would only be paid at the point of consumption, not beforehand as is currently the case.

There were various questions on the specifics of the basic income. It was explained that naturally a married couple with children would need more than a student, and this would not be a problem as both adults would receive a basic income, as would the children, perhaps in a smaller form. An interesting question from the audience was whether there would still be a minimum wage. The whole point of the basic income is to separate the connection between work and pay, and in doing so, preventing employers from being able to exploit labour to the extent they do now. As a result, a minimum wage shouldn't be necessary.

Dan argued that the basic income would institutionalise dependency and would create a bureaucratic straightjacket. Nick conceded that the basic income would indeed make us far more dependent on the state, but it would not introduce dependency to our lives. At the moment we are highly dependent on our employers, and this would change. The basic income is dependent on the state, and in this sense we would be more dependent on the state. However, we would be freer in our choices of careers, and thus we would also have more independence than we do now. This is what Dan called a 'partial approach'. Of course, the basic income wouldn't solve all the world's problems, but through removing the dependence on work for pay, it would move society a crucial step in the right direction.

Nick was reluctantly forced to agree that the basic income would necessarily involve more bureaucracy than now. However, he maintained that a lot of wasteful bureaucracy could be dispensed with, and while there would be more state involvement, there would also be an empowerment of the individual. Nick rejected Dan's claims that the basic income would exacerbate the problems of low productivity and lack of political engagement on the grounds that the basic income is a socialist rather than statist system. When people here the word 'socialism' they think of the Soviet Union, in which low levels of productivity and political engagement were certainly great problems. But this was because rather than the party enabling the people to control the state, the party became a mechanism for the state to control the people. The basic income is a truly socialist proposal, entailing a greater role for the state combined with an empowerment of the individual, and a reduction in the power of the employer.