



Responding to COVID-19 in the Liverpool City Region

Universal Basic Income: A Necessary but not Sufficient Response to Crisis

Dr Matt Thompson

Map of Liverpool City Region Combined Authority (LCRCA) boundary (in red) and constituent local authorities



Data sources: Westminster parliamentary constituencies (December 2018 - ONS), local authority districts (December 2018 - ONS), and combined authorities (December 2018 - ONS)

Universal Basic Income: A Necessary but not Sufficient Response to Crisis

Key takeaways

1. Universal Basic Income (UBI) could provide faster and more effective income support during the COVID-19 crisis than that offered under existing UK Government schemes.
2. UBI may be harmful if used as an economic stimulus during the pandemic but prove useful for stimulating recovery after lockdown, especially in resolving the consumer debt crisis.
3. In the long run, UBI faces a number of intractable tensions between maintaining affordability and delivering on diverse policy objectives – from empowering workers and providing an alternative to jobs lost to automation, to eradicating poverty and simplifying the tax-benefit system.
4. UBI alone cannot bring about the revaluation of key worker roles, particularly care work; fails to address the structural roots of its target problems; and acts as a subsidy for asset owners, especially tech giants, without reforming the tax system required to fund UBI in the first place.
5. More interventionist and state-entrepreneurial approaches – including investments in Universal Basic Services (UBS), place-based industrial strategy, technological innovation and skills training – could deliver much more effectively many of the benefits often claimed for UBI for a similarly significant level of public expenditure.

1. Introduction

With the COVID-19 pandemic causing chaos for work, welfare and healthcare systems across Europe, governments are searching for creative new solutions. Universal Basic Income (UBI) – an unconditional, non-means-tested, regular cash transfer from the state to all citizens regardless of employment, income or demographic status – is being promoted across the political spectrum as an emergency response. The Spanish government is [reportedly taking steps](#) towards implementing a UBI as a “permanent instrument” to help counter the economic fallout in Spain. In the UK, Prime Minister Boris Johnson is [openly entertaining the idea of introducing UBI](#) following a letter signed by over [170 MPs and Lords](#) calling for UBI in response to the pandemic. Meanwhile, Rishi Sunak, Chancellor of the Exchequer, has

announced an unprecedented programme of government support for workers’ incomes, pushing the Tories uncharacteristically close to endorsing UBI.

Calls for an emergency UBI to tackle COVID-19 have been issued by new think tanks [The Institute for the Future of Work](#) and [Autonomy](#), alongside the [Royal Society of Arts](#). A growing group of [over 500 leading academics and political figures](#) calling for a global emergency UBI adds to the urgency. Even sceptics support an [emergency £1,000 per person per month](#), citing favourable costs – just £66bn a month – compared to the £500bn bank bailout of 2008. This policy brief explores the social, economic and political implications of implementing some form of UBI both as immediate response to the crisis and more permanent policy solution to a number of problems, from rising

poverty and inequality to the transition to a more automated economy with fewer jobs.

2. A radical response to crisis?

UBI has great potential to address immediate needs in the wake of business closures, job losses, falling incomes and increasing hardship, as well as to provide a stimulus package for economic recovery as restrictions on mobility and consumer spending are eased in the following months. In the aftermath, it may give people the economic security they need to flexibly seek out new employment, training and entrepreneurship opportunities or to continue important care work.

Part of its appeal is its supposedly simple administration as a universal payment to all citizens without costly and complicated means-testing. It could plug the gaps in the patchy coverage currently offered by the government's income support schemes. The belated help offered to the self-employed comes with long time lags in payment and too many conditions attached, excluding new start-up businesses and entrepreneurs, gig workers, and those on zero-hour contracts – the precarious workers that need it most. A 'minimum income guarantee', as proposed by the [Trades Union Congress](#), [Citizens Advice](#), the [New Economics Foundation](#) and [openDemocracy](#), would no doubt prove more effective. Emergency basic income seems necessary to protect livelihoods – but questions remain over what form it should take, how much, for how long and how universal.

If used too hastily during the pandemic, however, UBI [could pose health risks](#) in encouraging people to start spending too soon, increasing exposure to the coronavirus. Incomes need protecting, certainly, but the point is to meet basic human needs, such as health, food and shelter, not inject markets with liquidity at

a time when the economy has been purposefully put on ice.

If implemented as an economic stimulus coming out of the lockdown, UBI could consolidate prevailing trends in consumer behaviour and working patterns to strengthen the competitive position and increase the market share of large online retailers and digital platform corporations like Amazon, at a time when small businesses are already facing bankruptcy.

Although UBI would have a positive impact on the growing consumer debt crisis – [initiating a modern debt jubilee](#) – it cannot alone reform the underlying structural causes of mounting debt: falling real wages and diverging income shares between asset-owners and workers (Benanav 2019). With more cash in our pockets, what would stop landlords and other rentiers from simply hiking up rents? UBI effectively separates income from work but fails to separate income from assets, further inflating the unsustainable asset-based – and debt-based – economy of rentierism.

3. Pros and cons in the long run

If instituted as a permanent policy, [studies suggest a number of benefits](#) to UBI – notably eradicating poverty and homelessness, dramatically reducing inequality, alleviating stress and mental illness, reducing crime and domestic violence, and empowering employees to demand better working conditions and seek more meaningful and socially valuable work, even providing an alternative source of sustenance in the purported transition to a fully-automated post-work society.

However, the evidence is mixed and based on speculative theorising, un-dynamic modelling and partial experimental data. Recent or ongoing pilot programmes in [Kenya](#), [Canada](#), [Finland](#) and [the Netherlands](#) will add to evidence

Figure 1. Example basic income pilots around the world

Manitoba, Canada (1974–1978): World’s first basic income experiment. ‘Mincome’ paid to 1,000 poorest residents in small town of Dauphin to raise above poverty line. Researchers found significant positive impacts on educational performance, hospital use, mental health, crime, and domestic violence, and insignificant impacts on working hours. Funded by provincial and federal governments but withdrawn prematurely with data left unanalysed until 2009.

Barcelona, Spain (2017–2019): Pilot study of B-MINCOME focusing on lived experience, involving 900 people in 10 neighbourhoods in north-east of the city. Findings suggested improvements in household debt and sense of wellbeing, but little impact on employment due to limited local opportunities. Funded by the EU; coordinated by Barcelona City Council and the Young Foundation.

Finland (2017–2019): World’s first statutory, nationwide and randomised unconditional basic income experiment, providing 2,000 unemployed Finns €560 per month. Findings suggest a small positive effect on employment prospects, much improved mental wellbeing and financial security, as well as greater confidence and trust in institutions. Coordinated by national social insurance agency Kela.

Western Kenya (2017–2029): World’s largest and longest basic income pilot to date, providing 21,000 adults, across hundreds of villages, a third of average local income over 12 years. Preliminary results expected sometime in 2020. Coordinated by development charity GiveDirectly, with funders including Google’s foundation.

from earlier trial experiments in, for instance, Namibia in 2008 and India in 2011 (Sloman 2018) (see Figure 1). But these are all limited in scale or scope – either based in particular cities, towns and villages, not yet an entire country; or targeting specific groups, such as the unemployed, rather than being genuinely universal.

Nonetheless, leading advocate Guy Standing (2020) consciously positions UBI as the next big structural reform following the innovation of the welfare state. Invoking Beveridge’s quest to slay the five giants of his time – disease, idleness, ignorance, squalor and want – Standing claims a *global* UBI can battle the eight global challenges of our time: inequality, insecurity, debt, stress and mental illness, technological unemployment, ecological extinction, and populism and fascism. UBI is touted as a panacea for a plethora of

problems, including pandemics, by an extremely diverse range of proponents.

UBI, notes sympathetic critic Daniel Susskind (2020, 181), is one of those “rare policy proposals that make the political spectrum bend back in on itself, with people on opposite ends meeting in violent agreement.” In its various variants – from a vagabond’s wage and negative income tax to a social dividend and citizen’s income (Sloman 2018) – UBI has attracted support from ultra-right neoliberals, notably Milton Friedman, as well as Marxists such as Erik Olin Wright and radical feminists such as Kathi Weeks.

The latest incongruous meeting of manifestos brings together anti-capitalist visions for ‘fully automated luxury communism’ with theses on the ‘fourth industrial revolution’ and ‘the coming machine age’ promulgated by Silicon

Valley, not least Mark Zuckerberg and Elon Musk, who believes UBI is “increasingly necessary” (Benanav 2019). When anti-capitalist techno-utopians and hyper-capitalist plutocrats all agree on something, our critical hackles should be raised.

By promising so much to so many, and attempting to please political factions otherwise pitted against each other, UBI inevitably falls short. It is caught in multiple dilemmas – and one big ‘trilemma’ (Martinelli 2019) – between sufficiency (meeting needs and delivering progressive goals), affordability (controlling costs and distributing them broadly) and advantage (simplifying complicated tax-benefit systems). The evidence suggests all three cannot be delivered at once. The complex administrative compromises required to simultaneously fulfil conflicting promises would reduce UBI to [a powerful new tax engine pulling along a tiny cart](#).

4. The problem with work

One of the deepest divides is in relation to work. Whilst UBI promises liberation from work, its current deployment in multiple experiments in places facing the threat of automation – from [Barcelona](#) to [Finland](#) – is to help under- or unemployed people find jobs. So which is it: freedom from work or support back into work? It cannot be both. Moreover, either option contains contradictions.

First, a fully-automated post-work society with citizens sustained by UBI leaves us in a predicament over who pays. A ‘robot tax’ – [endorsed by Bill Gates](#) – is one option. This forces us to radically rethink how the state can capture and redistribute the economic surpluses produced by productivity gains driven by technological advances in robotics, artificial intelligence and big data – especially considering

Silicon Valley’s impressive knack at tax avoidance.

UBI risks becoming a public subsidy for asset-owners – not least enabling the tech giants to continue exploiting gig workers and zero-hour contractors while extracting value from the free labour that produces data and avoiding paying the taxes required to fund a UBI in the first place.

Second, although forecasts of a looming ‘tsunami’ of automation-fuelled unemployment may well be overblown – [evidence suggests technological change creates as many new jobs as it destroys](#) – we nonetheless face the challenge of transitioning into a new economy with different kinds of work, unequally distributed between places and social classes. UBI alone cannot help people find more meaningful work or new jobs – it simply is not cut out to do that, as researchers found in the Barcelona and Finnish experiments.

What we need instead is to get ahead of the curve of automation to create new jobs and make sure people have the skills and infrastructure to access them. This requires significant renewed state investment in technological innovation, place-based industrial strategy, lifelong education, public services, and infrastructure (from green energy to broadband).

5. Beyond UBI: Universal Basic Services

An alternative to UBI, then, lies in Universal Basic Services (UBS) – [a concept developed by researchers at University College London in 2017](#). This is the idea that those basic human needs that are universal (in transcending cultural differences) and foundational to individual wellbeing and social flourishing – [nutrition, shelter, mobility and access to information](#), alongside health and social care and education – are too important to

be left to the whims of the market and therefore best provided by services directly funded through public investment.

UBS avoids many of the problems associated with the market that UBI perpetuates (Lombardozzi and Pitts 2019). UBS is a more direct form of UBI – a ‘social wage’ that cuts out the middleman and saves people money otherwise spent on essentials. Whereas UBI atomises and privatises, UBS is [‘pro-social’](#) in that it strengthens the ties of reciprocity, solidarity and sociability that help bind society into a functional and cohesive whole. By pooling resources and governing shared public goods as commons, UBS would enhance social citizenship, increase interaction and raise levels of trust in society.

UBS brings the ‘hidden abode’ of production out into the visible public sphere through provision of childcare, adult and social care. UBI may offer financial support for people to continue doing the socially valuable yet under-valued work of caring for children, the elderly and vulnerable, as well as domestic labour in the home and volunteering in the community – work often done by women. But it does not necessarily lead to greater gender equality, more equitable divisions of labour or a revaluation of paid and unpaid roles – just as it cannot by itself generate new jobs.

UBS, though, does create new employment. And it provides the material foundations for the structural revaluation of work in society – as highlighted by the newfound respect for key workers during this pandemic – in ways UBI only formally could.

UBS need not be delivered by an all-powerful centralised state but could be coordinated locally and democratically through socialised markets and progressive procurement favouring

cooperatives, social enterprises and charities as providers of publicly-funded basic services. Inspiration can be drawn from various [‘new municipalist’](#) experiments around the world, including the Preston Model – an economic approach developed by the city council with other partners aimed at building, democratising and retaining wealth within the community.

6. Concluding thoughts for the Liverpool City Region

Any UBI or UBS programme will always be embedded in particular places, interacting with different contextual conditions. In so uneven an economic geography as the UK’s, the impacts of such policies would vary significantly between localities with opposing socioeconomic problems, decoupling economies and diverging labour market trajectories. Liverpool’s will have to be designed and implemented very differently to London’s, for instance – underlining the need for devolved place-based programmes.

Had Labour won the 2019 general election, former Shadow Chancellor John McDonnell intended to roll out [UBI trials in several English cities](#) – notably in Liverpool. The Liverpool City Region is also the ideal laboratory for experimenting with a devolved UBS through building the capacity of its [flourishing social economy](#), backed by innovative forms of [place-based industrial strategy](#).

Crucially, renewed investment in basic services would enhance resilience by increasing the capacity of the state to respond to shocks and crises such as global pandemics. It would save lives and money and solve social problems in the long run, by channelling resources into prevention rather than cure, resolving issues upstream before they can flood our

clinical and frontline services with unmanageable levels of demand.

UBI would still have a role to play. It can act as a short-term measure to deal with immediate epidemiological and economic shocks; and as a transitional bridge taking us towards a more ambitious vision for a revitalised public sphere and proactive entrepreneurial state capable of tackling the complex multi-scalar challenges of ecological breakdown and technological transition.

7. References

Benanav, Aaron. 2019. "Automation and the Future of Work - 1." *New Left Review* Sept-Oct (119): 5-38.

Lombardozi, Lorena and Frederick Harry Pitts. 2019. "Social form, social reproduction and social policy: Basic income, basic services, basic infrastructure." *Capital & Class*. <https://doi.org/10.1177/0309816819873323>.

Martinelli, Luke. 2019. "A Basic Income Trilemma: Affordability, Adequacy, and the Advantages of Radically Simplified Welfare." *Journal of Social Policy*. <https://doi.org/10.1017/S0047279419000424>.

Sloman, Peter. 2018. "Universal Basic Income in British Politics, 1918-2018: From a 'Vagabond's Wage' to a Global Debate." *Journal of Social Policy* 47(3): 625-642.

Standing, Guy. 2020. *Battling Eight Giants: Basic Income Now*. London, UK: Bloomsbury.

Susskind, Daniel. 2020. *A World Without Work: Technology, Automation and How We Respond*. London, UK: Allen Lane.

The Heseltine Institute is an interdisciplinary public policy research institute which brings together academic expertise from across the University of Liverpool with policy-makers and practitioners to support the development of sustainable and inclusive cities and city regions.

Heseltine Institute for Public Policy, Practice and Place
University of Liverpool, 1-7 Abercromby Square, Liverpool, L69 7ZH

 Follow us @livuniheseltine

About the author

Dr Matt Thompson

Matt is a Leverhulme Trust early career research fellow at the University of Liverpool's Heseltine Institute. His research focuses on new municipalism, the social and solidarity economy, and urban regeneration. He is the author of *Reconstructing Public Housing: Liverpool's Hidden History of Collective Alternatives*, forthcoming with Liverpool University Press.

The information, practices and views in this Policy Brief are those of the author(s) and do not necessarily reflect the opinion of the Heseltine Institute.

COVID-19 Policy Briefs can be accessed at: www.liverpool.ac.uk/heseltine-institute