



## Universal Basic Income: A Fantastic Idea?

Universal Basic Income (UBI) is a radical idea that is rapidly gaining traction. With increasing worries about the future of automation and work productivity, UBI has been bounced around as a miracle solution to providing a minimum income security, enabling the masses to fulfil their human potential whilst reducing governmental bureaucracy. It was up for debate in both the past American and British elections, and increasingly so among the general public. However, is it too good to be true?

At its most basic, UBI is the unconditional, regular payment of money to individuals who can freely choose how to spend it, contrasting with current social welfare programmes which typically restrict access by means-testing and many requirements. The specifics for its implementation vary across the political spectrum, with those on

the right generally calling for its full replacement of state welfare schemes and the left advocating it as additional social support. Despite its recent popularity, UBI is far from a new idea, with similar conceptualisations dating as far back as Thomas Moore's *Utopia* in 1516.

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Proponents of UBI believe we need it more now than ever before. With a McKinsey estimate of 800 million jobs at risk of automation by 2030, UBI advocates push it

as a necessary basic income to sustain livelihoods. Some see this as a necessary spur to economic growth. For example, Andrew Yang's monthly Freedom Dividend of £1000 stems from a study by the Roosevelt Institute which proposes that an annual \$12,000 basic income could grow the economy by about \$2.5 trillion by 2025. Some believe this will lessen inequality by providing the neediest easy access to credit. Others view UBI as a more humanitarian approach to living by lessening the burden of sustenance, consequently empowering people with the choice of exploring and developing their interests and skills.

The main economic argument in favour of UBI arguably comes from its efficiency of allocating resources. With prominent economists like Friedrich Hayek believing that governments simply do not know and thus cannot accurately allocate resources to fulfil the needs of the people, UBI will give people the choice of spending back to them, rendering bureaucratic processes of welfare allocation and monitoring redundant and thereby saving precious economic resources.

However, opposition to the UBI is sceptical of these promises.

They raise questions about the uniqueness of the "fourth Industrial Revolution," and whether we will merely repeat another cycle of lower-skilled jobs being automated and new ones being created. Others argue that no matter the amount, UBI will never be enough and the most vulnerable will still fall through the cracks, especially if we scrap existing social welfare programmes.

The biggest and most obvious scepticism surrounds the funding of UBI. With many governments already shouldering massive public debts, how will they possibly fund such an expensive initiative? There is a general consensus on the idea that altogether scrapping existing programmes will be severely detrimental to the poor, but opinions vary on other measures. Measures proposed have included capital taxes, streamlining existing programmes, raising eco-taxes and many more.

The conversation boils down to our fundamental trust in humans — can we trust people to know what is best for them? Sceptics worry that UBI will promote vice behaviours like alcohol and drug consumption. However, a review by the World Bank in 2014 reviewed these fears to be "unfounded." Others also worry whether UBI will incentivise slacking off and unemployment. For better or worse, a small two-year pilot scheme in Finland showed little to no effect of UBI on unemployment.

Ultimately, the debate surrounding UBI is as much a socio-political one as it is economic. It concerns fundamental ways about how we live and function as a society, and will require a paradigm shift in the way we think about the relationship between society, the economy and its governance. Like other economic measures, UBI is not a "one-size-fits-all" solution that all countries can implement to mitigate their socio-economic woes. Although government involvement in its later execution will be limited, a highly competent government will be needed to cultivate the funding measures and trust necessary to run a successful UBI scheme.