Love the idea of a universal basic income? Be careful what you wish for

Ellie Mae O'Hagan

Yes, UBI could be an important part of a radical agenda. But beware: its proponents include neoliberals hostile to the very idea of the welfare state

THE NEOLIBERAL CASE FOR BASIC INCOME

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WHAT IS NEOLIBERALISM?

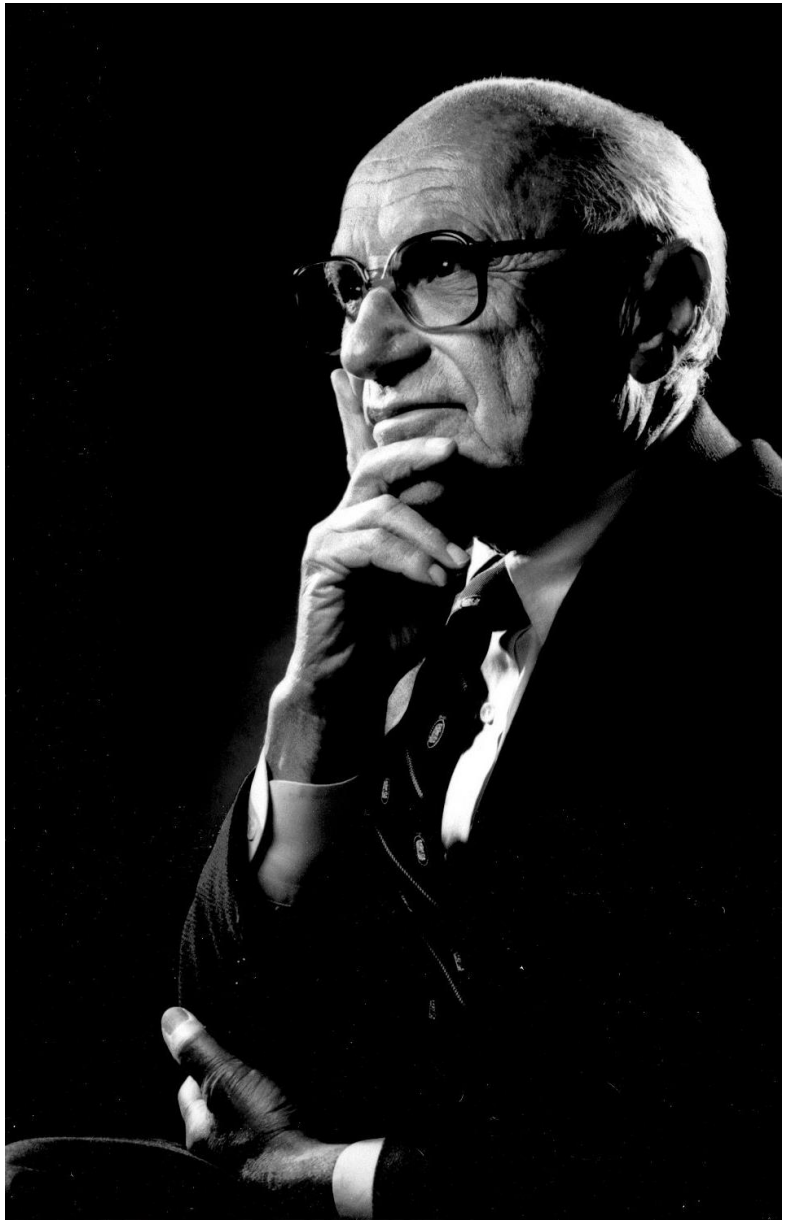
- We like **markets**—a lot.
- We are liberal **consequentialists**.
- We **care about the poor**.
- We care about the welfare of **everyone** in the world, not just those in the UK.
- We base our beliefs on **empirics**, not principles.
- We **try not to be dogmatic**.
- We think the world is getting **better**.
- We believe that **property rights** are very important…
- But we're **comfortable with redistribution**, in principle.

WHAT WELFARE SYSTEM DO WE SUPPORT?

- Negative Income Tax (NIT) vs. Citizen's Basic Income (CBI)
  - Is there *that* much of a difference?
  - Leaky buckets
  - Administered via tax system by HMRC (experience of tax credits)
- Design of NIT
  - Individuals (including children) not households
  - "Full" amount
  - Withdrawal rate: transparent, uniform, fairly low
- Replacing the welfare state vs. augmenting existing welfare
  - All benefits (including housing benefit) except disability welfare

WHY DO NEOLIBERALS SUPPORT THIS?

- Poverty alleviation: an efficient safety net
- Reducing perverse incentives/escaping poverty traps
- Less paternalistic
- Future-proofing economy
  - Automation
  - Globalisation
- Makes other neoliberal policies more politically palatable
  - Liberalised labour markets: NIT as a superior alternative to the minimum wage, protecting flexibility of Gig Economy
  - Carbon tax: currently unpopular but not regressive if linked to NIT

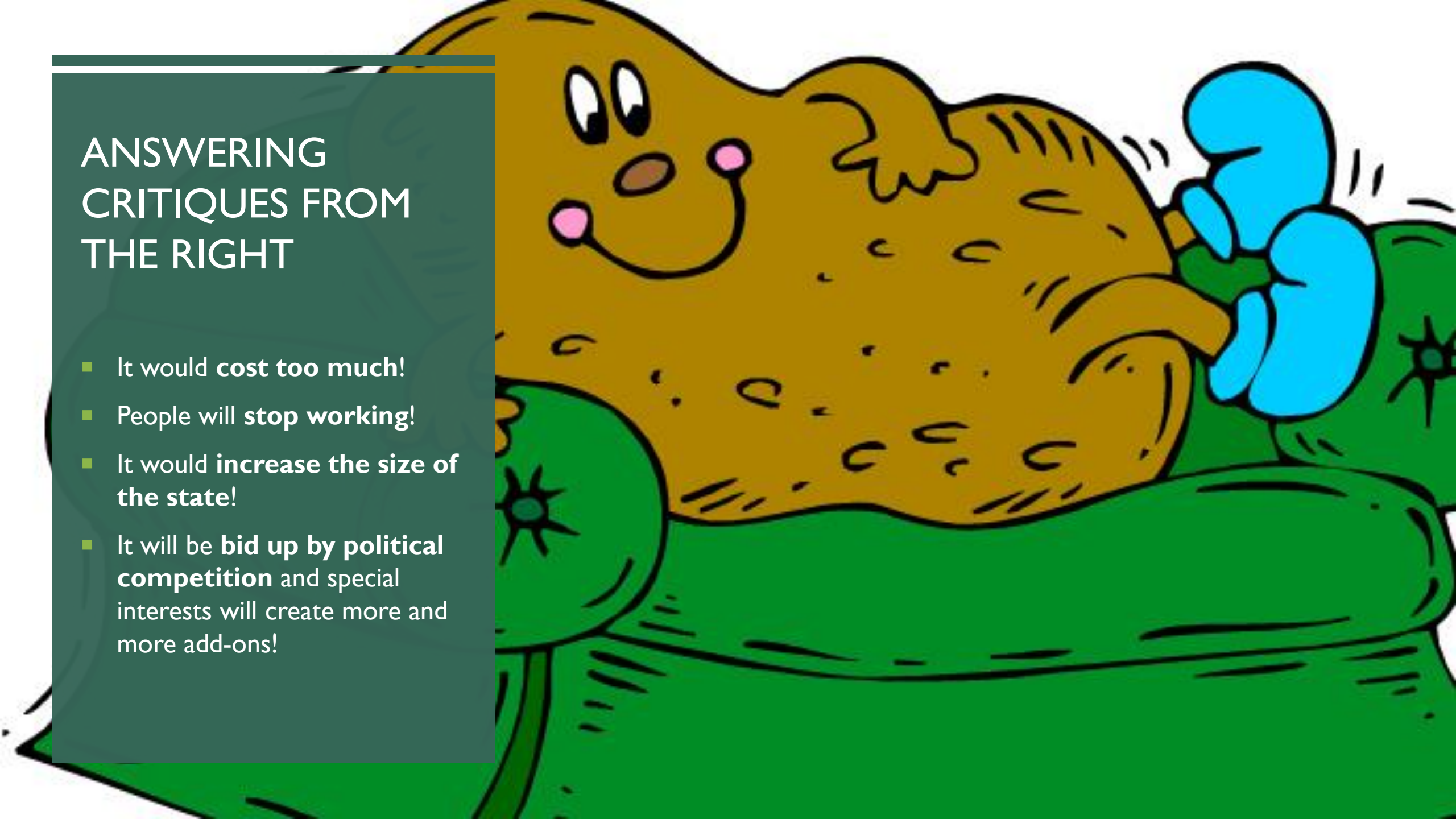


ANSWERING CRITIQUES FROM THE LEFT

- It's a **subsidy to employers** who pay below-subsistence wages – they'll lower wages!
- Realistic proposals are **too low** to have beneficial effects!
- It would be used to **undermine various left-wing policies**!
- It would have **negative effects on marginalised groups** who require greater income (e.g. disabled, those with high housing costs, parents of multiple children)!

ANSWERING CRITIQUES FROM THE RIGHT

- It would **cost too much**!
- People will **stop working**!
- It would **increase the size of the state**!
- It will be **bid up by political competition** and special interests will create more and more add-ons!



Thank you!