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Elite's fears over tech backlash drive universal income debate

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The question of whether societies should introduce a minimum income for citizens has been raging — intermittently and inconclusively — for about 500 years. Sir Thomas More first gave life to the idea in his 1516 book *Utopia* and it has been discussed on and off ever since.

The debate has now flared up again and the trigger has been the fear of automation, the looming loss of jobs and the possible immiseration of society. So it was in the late 1960s when worries about mass manufacturing and the incipient computer revolution led to a flurry of interest in the idea.

At that time, an unlikely coalition developed between Democratic Senator Daniel Patrick Moynihan and Republican President Richard Nixon to back a Family Assistance Plan guaranteeing a minimum income. Despite winning a big majority in the House of Representatives, the plan was shot down by the Senate in 1970: the left considered it too timid, and the right too bold.

The same appears to be the case today as renewed fears about the rise of the robots and the impact of artificial intelligence fuel a new debate on universal basic income (UBI).

The idea has become something of an obsession in Silicon Valley, with a pilot project being run in Oakland, California.

A modest form of UBI has been quietly operating since 1982 in the oil-rich state of Alaska, where an annual dividend is given to every resident. Last year, the payout amounted to \$1,022 per person.

The UBI debate gained momentum in India after a pilot project in Madhya Pradesh from 2011-14 that covered 6,000 people. Its supporters say UBI can be a more effective way of distributing cash given the corruption and waste in much of India's welfare system. The government's February economic survey included a 40-page discussion of UBI and concluded it was time for a "serious deliberation" on a national scale.

Some notable experts have expressed doubts. Amartya Sen, the Nobel Prize-winning economist, said it would be an "abdication of responsibility" if the government just gave cash and went away.

This year, Finland also launched a limited UBI experiment. Over the next two years it will hand out about \$590 a month to some 2,000 randomly selected unemployment benefit recipients. The main aim of the exercise is to determine if unconditional cash transfers are more effective than means-tested benefits payments. The experiment has drawn fierce criticism from the country's biggest trade union, which has branded the move as unworkable, uneconomical, and ultimately useless.

Some charities have also been experimenting with direct cash transfers in the developing world as a means of alleviating poverty. Last October, the New York-based non-profit organisation GiveDirectly launched a remarkable pilot project in Kenya. For the next 12 years it will transfer \$22 a month via mobile phone to selected villagers in western Kenya. It hopes to expand the scheme to 200 villages. Preliminary findings suggest the handouts have not deterred people from working and have boosted the local economy.

UBI experiments are also taking place in India, Canada, Finland and the Netherlands. There are many variants of basic income supported by advocates across the political spectrum, from libertarians, who want UBI to replace the welfare state, to radical socialists, who want a more equal division of wealth.

The Basic Income Earth Network (Bien), an international campaigning group, defines UBI as having five chief characteristics: payments must be regular, individual, universal, unconditional and in cash. To many that sounds wildly utopian and unaffordable. Guy Standing is co-founder of Bien and author of a book, *Basic Income: And How We Can Make It Happen*, to be published in May by Pelican. He says he has never seen such an upsurge of interest in UBI in the 30 years he has been arguing the case. He attributes this to two main factors.

First, mainstream politicians and corporate bosses have been alarmed by the rise of populism. Second, there is an increasing realisation that technological disruption is breaking the income distribution model, even if it has not yet resulted in mass unemployment. "Inequality and insecurity have scared the global elite," says Mr Standing. "Their policies have failed."

Champions of UBI, such as Mr Standing, say the strongest argument in its favour is social justice rather than economic efficiency. But cash-strapped governments are likely to adopt a far more hard-hearted view, assessing UBI's appeal in terms of cost and benefit.

A report from the Cato Institute in 2015 supported the idea of a guaranteed national income in principle. The libertarian think-tank said the US welfare system, which spends almost \$1tn a year via 126 federal, state, and local agencies on anti-poverty measures, had failed.

But it concluded that even a relatively modest flat cash grant of \$12,300 a year to 296m citizens would amount to \$4.4tn, exceeding the entire federal budget. "The further one moves from theory to implementation, the more the theoretical advantages of a guaranteed national income dissipate," it said.