

## **Basic Income offers Resilience:**

### **Why do Socialists resist?**

*Guy Standing*

Those on the political left, particularly those who call themselves socialists, are at their best when they stick to their values and support measures that offer ordinary people security and welfare, even when that may not gain them electoral advantage. They are always at their worst when they act opportunistically, trying to take political advantage of particular situations.

The question Socialists in Catalonia should be asking themselves right now is: Are we opposing the proposed basic income pilot the Presidency is planning for principled or opportunistic reasons?

For those unfamiliar with the situation, the Presidency is planning to provide a random sample of citizens with a modest basic income, without conditions, to determine whether that would give people basic security and greater capacity to reduce stress and to gain control of their lives. It would undoubtedly reduce poverty and economic insecurity. The Socialists have aligned themselves with the political right in opposing it.

We know that millions of people across Spain and across Europe are suffering from poverty and chronic social and economic insecurity. We know too that opinion polls have shown that a majority of people support the principle of a basic income. Surely anybody calling themselves on the left would want people to avoid poverty and insecurity.

It is time for integrity. Some Socialists might claim or believe that the government in Madrid has introduced policies that combat poverty and insecurity. But anybody who is objective who has any knowledge of reality will know that millions of people are chronically insecure. Many recognise that the precariat in Spain has grown dramatically.

The government introduced the ingreso minimo vital (IMV) in 2019. It was supposed to stop absolute poverty. But, although it was a modest improvement on what had been the situation, it did not do anything close to what its supporters predicted. The Spanish precariat has continued to grow, with millions of people experiencing chronic economic insecurity.

The IMV is not a progressive policy because it is based on a means-test – testing to see if someone is poor before giving a benefit and only giving it if they are poor. This means, first, that the government has to be intrusive, frightening some people and stigmatising others who are shamed. Second, it is strange in being based on a person's household income long before they apply for the benefit.

It also means that the scheme creates what social scientists call a “poverty trap”. If you can only obtain a benefit if you prove you are poor, then if you try to increase your earnings to become non-poor you lose all the benefit. For many people, that means they will often lose more than they gain. Or it means they are, in effect, facing a marginal income tax rate of 80% or more. That has been found in every country in which means-tested benefits “targeted” on the poor have been implemented. The result is that either people give up trying to increase their earnings from labour, because there is no gain from doing so, or people go into the ‘black’ economy, not declaring the labour they do.

Historically, many generations of socialists across the world learned the lesson that benefits that are only for the poor are invariable poor benefits. And yet today so-called Socialists seem to have forgotten the lesson of history.

Inevitably, if the government operates a scheme that give assistance only to those proving they are poor, the authorities go to the next stage, and exclude those poor who they think are poor because of their own fault or because they are lazy. So, they have to become even more intrusive, moving towards a police state. It becomes at best an exercise in state paternalism.

But let us come back to why the Socialists in Catalonia are opposing an experiment that offers people real basic security. Could it be that they have a fear that it will be a success and that they will not receive any credit for it? In that case, they should enthusiastically support it.

If they oppose it on grounds that they think there will be negative effects for recipients and for society, let them state what are those expected negative effects. Here they have a big problem. There have now been over one hundred basic income experiments in various other countries, including well over 50 in the United States, and pilots or experiments in Brazil, Canada, Finland, Germany, England, India, Kenya, Namibia and Wales. Although the design of the experiments have varied, the results are remarkably consistent and positive.

People who receive a basic income as a right, paid unconditionally in behavioural terms, tend to report improvements in their health, particularly mental health, they report feeling less stressful and insecure, they actually increase their work and increase their productivity in their work, and spend more quality time in caring for relatives and their communities. In the case of women, they gain a sense of emancipation, because more of them have a sense of financial independence.

Of course, there must be additional benefits for those who have extra costs of living, such as people with disabilities. And of course the level of basic income has to be adjusted as resources are mobilised. But there should be no doubt that in a modern rich country a basic income for everybody is affordable. And if necessary the tax rate on the wealthy could be raised a little so that the rich do not gain or lose with the transition. These are political choices.

But what socialists and everybody else should realise is that a universalistic scheme reaches almost everybody whereas a targeted scheme invariably has what we economists call high 'exclusion errors', not reaching those they intend to reach.

Some say it is better to spend government revenue on fighting the cost-of-living, inflation. Selective subsidies on, for example, fuel or food are never very effective and typically benefit some people much more than others. They are subject to bureaucratic inefficiencies. It is so much better to give people the material resources so that they can make up their own minds on how to deal with the cost of living. It is the dignified way. Anybody calling themselves a socialist should forego opportunistic politics and back it.

Finally, let me recall that during the height of the Covid pandemic, the musical group, Massive Attack, contacted me to make a musical video giving the rationale for a basic income. I am delighted to say that in Spanish and English it has been viewed over one million times, and I have received numerous emails from across Spain from people who say they think it would be the best way to overcome absolute poverty and to promote a more free and secure society. So what are those Socialists afraid of?

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