

## Written evidence from the Editor at The Basic Income Forum [PCW0007]

### 1 Introduction

I have been researching and advocating **basic income funded by sovereign money** for some time.

My response to DWP specific questions is set out below, but refers to content in

- the web site *'The Case for Basic Income'* [www.ubi.org](http://www.ubi.org) which I edit
- my recent book *'Basic Income and Sovereign Money – the alternative to economic crisis and austerity policy'* (Palgrave 2020) at [www.palgrave.com/gb/book/9783030367473](http://www.palgrave.com/gb/book/9783030367473).

I jointly initiated and fund the research project *'The Economics of Basic Income'* at the Institute for Policy Research at the University of Bath, and *'Basic Income Conversation'* hosted at the Compass think tank.

My work is condensed in a Powerpoint presentation which I have presented at several universities and conferences, and would be happy to forward to the committee.

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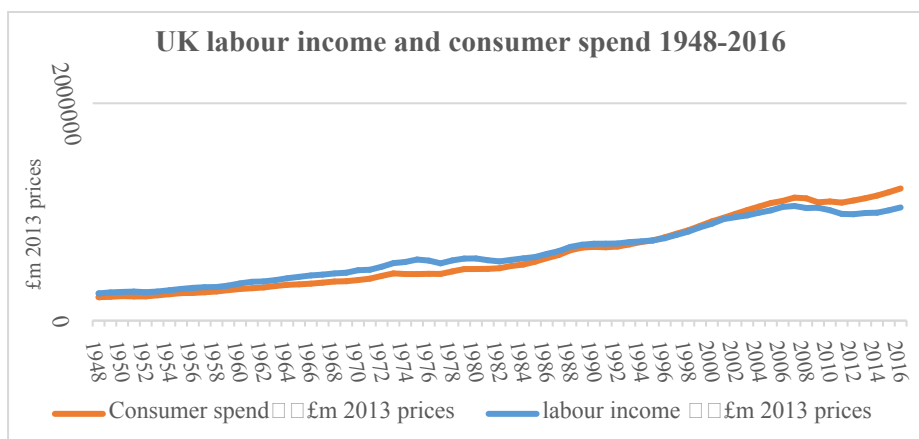
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### 2 DWP questions

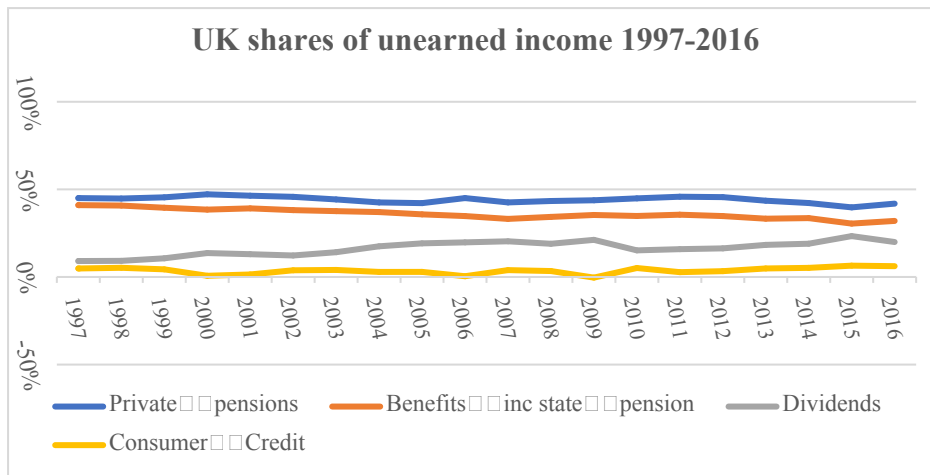
1. What are the main challenges that DWP faces as a result of the “Fourth Industrial Revolution”?

#### As a result of technology -

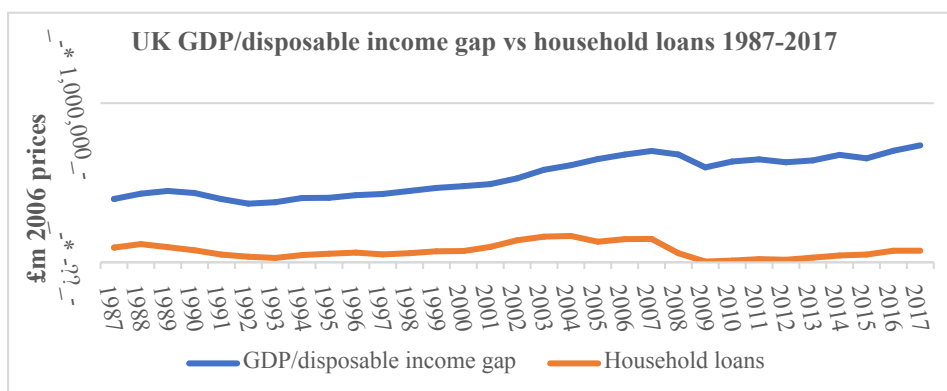
- Labour income is reducing as a proportion of consumer expenditure.



- Unearned income is an increasing proportion of the funding of consumer expenditure.
- Pensions and dividends are increasing as a proportion of unearned income
- Welfare benefits are reducing as a proportion of unearned income



- Household debt at high payday lender interest rates increases to meet the gap between consumer expenditure and income
- This drives inequality between employed vs unemployed, pensioners and shareholders vs benefit recipients
- Increased household debt triggers economic crisis



2. What do we know about the possible likely impact on the labour market? For example:
    1. Are some sectors or types of jobs more likely to be affected than others? Are some groups of people more likely to be affected than others?
    2. What new types of jobs and opportunities could become available?
    3. Is it likely that there will be a reduction in the number of jobs available?
- Repetitive functional tasks, and heavy lifting tasks, are automated first, replacing manual work.
  - Full enumeration of all solutions by powerful processors, plus deterministic, heuristic and iterative adaptive algorithms, are about to automate professional work of lawyers, medics etc
  - The labour market is bifurcated between very high earners and wages which are so low that poverty-in-work is a major phenomenon, ie employment is maintained, but income is not
  - New job opportunities are in systems design and implementation, creative arts and design.
  - It's very likely that less jobs will be available, but certain that the trend of the last century of a reduction in working hours/week will continue strongly.

- But it's not only the reduction in jobs, or their apparent retention, which causes concern, but a clear **reduction in aggregate macroeconomic wage as a proportion of output GDP** which leads to a proposal for UBI.
  - See my '*Managerial Philosophy of Technology – technology and humanity in symbiosis*' free download at [www.philosophyoftechnology.com](http://www.philosophyoftechnology.com)
3. Is there a need to consider new, long-term approaches to addressing change in the labour market: for example, introducing a Universal Basic Income (UBI)?
    1. Is UBI an appropriate short-term response to shocks in the labour market?
    2. What can the Government learn from the international evidence on UBI?
    - The UBI proposal is generated by concerns for social justice, administrative efficiency and effectiveness, aggregate macroeconomic demand management, human flourishing and ecological responsibility (see [www.ubi.org](http://www.ubi.org) ).
    - It is appropriate as a short-term response to labour market shocks, but it is even more needed to cope with the structural change in work and incomes resulting from technology.
  4. Are DWP Work Coaches well equipped to advise people who are looking for work on new and emerging sectors and jobs?
    1. How could DWP improve the training and advice it offers to jobseekers?
  5. What support, advice and training should DWP offer to people who are looking to progress in work, or take up more hours?
  6. What is DWP's role in ensuring that young people have the skills they need to get into and progress in work?
  7. How could DWP work more closely with employers to ensure that claimants have the skills they need to find work in the future labour market?
  8. As the workplace changes, will it be necessary to change the legal definition of employment to ensure that people continue to have the appropriate legal status and protections? Might any other legal changes be needed?

In answer to questions 4-8, DWP needs to accept that employment and wage can no longer meet the need for income. Technology means that this will continue to be the case. That's why *unearned income* is needed, and UBI is the best form of unearned income. We will all need a personal, social and philosophical change in understanding the work/income/life balance. This has been changing structurally over the last century and is set to change further.

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