

Written evidence from the Citizens Basic Income Trust [PCW0026]

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About the Citizen's Basic Income Trust

The Citizen's Basic Income Trust (CBIT) is an educational charity, (originally called the 'Basic Income Research Group'). CBIT was founded in 1984 and is politically independent. It exists to promote informed debate on the desirability and feasibility of a Citizen's Basic Income. It publishes and disseminates research through its newsletters, other publications, and website. It maintains a library of resources, and is active in responding to requests for information and ensuring that debate on Basic Income is accurate and founded on solid scholarship.

Challenges to the DWP

The challenges faced by the DWP as a result of the increasing automation brought about by the 'Fourth Industrial Revolution' have been building for several decades but are now accelerating. These challenges are compounded by huge changes in family patterns in modern society. These challenges include:

Accelerating automation

This does not just affect the manufacturing sector. Tasks which are being automated include knowledge work such as accounting, legal prep, as well as low paid-labour such as restaurant work (both in kitchens and waiting) and agriculture. These changes are affecting people across much wider income levels, including academics, the civil service, the legal profession. The impact of automation is also affecting unexpected sectors¹. This is shrinking the job market,

perhaps irreversibly. Various estimates put the estimate of jobs vulnerable to automation at between 30%-50%.² While it is undoubtedly the case that jobs eliminated from some sectors are replaced by new jobs in others, particularly the high tech sector, the general tendency has been for skilled, well-protected jobs to disappear, whilst the new jobs are more likely to be low-skilled, low-paid and poorly protected. The increasing globalisation of knowledge work may accelerate this trend.

Rapid growth of precarious work

This is a trend both in jobs with part-time or flexible hours, zero-hour contracts³, remote working from home (now accelerated by Covid19 measures), agency work as well as platform working facilitated by phone applications like Uber and Deliveroo.⁴ Between 2016 and 2019, the number of people in the UK who said their work was obtained via an online platform at least once a week doubled from an estimated 2.8 million people to an estimated 5.8 million (from 4.7% to 9.6% of the adult population) during this period. For the vast majority, this was not a 'job' but a top-up to earnings from other sources. This has been accompanied by major changes in work patterns with many practices used in the platform economy being adopted in more conventional employment⁵.

1 <https://www.theguardian.com/business/2017/oct/16/automation-jobs-uk-robots>

2 <https://www.weforum.org/agenda/2018/11/the-changing-nature-of-work>
<https://www.pwc.co.uk/economic-services/ukeo/pwcukeo-section-4-automation-march-2017-v2.pdf>
<https://www.theguardian.com/society/2015/nov/29/five-ways-work-will-change-future-of-workplace-ai-cloud-retirement-remote>

3 The Office for National Statistics (ONS) estimated in 2019 that the percentage of people in employment on a zero-hours contract had grown from 0.6% in 2010 to 2.7% in 2019 (Office for National Statistics (2019) Dataset EMP17: People in employment on zero hours contracts, 12 August. <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/emp17peopleinemploymentonzerohourscontracts>

4 Temporary agency work was estimated in 2016 by the Resolution Foundation at 2.5% of the workforce (Kollewe, J. (2016))

'Britain's agency workers underpaid and exploited, thinktank says', Guardian, December 5. <https://www.theguardian.com/business/2016/dec/05/britains-agency-workers-underpaid-and-exploited-thinktank-says>

It was estimated that 4.2 million people were working from home in their main job in 2014 – the highest rate since comparable records began in 1998, when there were just 2.9 million. (National Archives (2014) <https://webarchive.nationalarchives.gov.uk/20160105210705/http://www.ons.gov.uk/ons/rel/lmac/characteristics-of-home-workers/2014/sty-home-workers.html>) - a number which has of course grown exponentially during the Covid crisis.

The ONS further estimated that the level of self-employment rose from 3.8 million to 4.6 million between 2008 and 2015 with a particularly strong increase in part-time self-employment (which grew by 88% between 2001 and 2015), with self-employed workers representing some 13% of the workforce.

Office for National Statistics (2016) Trends in self-employment in the UK <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/trendsinselfemploymentintheuk/2018-02-07>

5 Huws, U., Spencer, N.H. & M. Coates (2019) Platform Work in the UK 2016-2019, Brussels: Foundation for European Progressive Studies. <https://www.feeps->

A high, and rapidly growing proportion of the workforce is patching together an income from multiple sources - many of which are unpredictable and precarious and working outside the limits of the conventional working day as well as away from the traditionally-defined workplace. It is increasingly difficult to assign them to the categories 'employed' or 'seeking work' or to classify their employment status, rendering them simultaneously outside the scope of employment protection and of the benefits system.

The DWP, therefore, has the double challenge of determining the correct level of benefit for each household at any one time, as well as ensuring that uptake of benefits remains high amongst those eligible in the face of this ever-changing landscape. This is particularly the case after a recession, which in recent years has seen an increase in employment without security⁶.

Accelerating patterns of technological obsolescence

Rapid changes in technology make single time-frame training redundant. To retain up to date skills, workers will need to engage in constant retraining as technology advances and renders their old skills redundant or their area of work ceases to be viable.

Changing family patterns

This has been a problem for the DWP for decades, but it has become especially acute in recent years. There has been a marked increase in informal relationships and in the rate at which households with no formal agreement get together and split apart⁷. Spiraling rents in the metropolitan areas where most jobs are available has also meant an increase in house- or flatsharing by non-related adults. This has meant that the DWP is spending a lot of time and resources trying to establish who is and who is not in a 'household', only for this to change fairly frequently and with little or no notice. Economic insecurity has also led to a large increase in the numbers of those perceived to lead chaotic lifestyles.

Job Creation

As large companies increasingly automate jobs out of existence (something which will accelerate in the wake of Covid19), the most reliable source of new jobs will be (as it is now) new small enterprises⁸. Finding ways to facilitate the creation of these businesses is and will

europe.eu/attachments/publications/platform20work20in20the20uk202016-201920v3-converted.pdf

6 See page 5 first paragraph of <https://basicincome.org/wp-content/uploads/2018/09/Basic-Income-Labour-and-Migration.pdf>

7 <https://www.kingsfund.org.uk/projects/time-think-differently/trends-demography>

8 95% of UK businesses employ fewer than 10 people. <https://www.merchantsavvy.co.uk/uk-sme->

continue to be a major concern for the DWP. These arise from a number of factors, but include people identifying a gap in the local or national economy which they feel well-placed to fill, a need to be in control of one's own work hours and a desire to express their talents and expertise in a way suited to both themselves and the market.

Creative industries

One field in which the UK has a strong historical track record in creating new jobs is the field of creative industries, a field which is also being transformed by digitalisation. It is estimated by the Department for Digital, Culture, Media and Sport to be worth £268 billion in 2018⁹. This sector relies very heavily on precarious labour and unpaid internships. Creative content generators such as musicians and writers (with J.K. Rowling being a prominent example) generally require some supplementary form of income to produce their first works. Other specialists (eg editors, designers, studio technicians or post-production film workers) rely on unpaid internships to gain the experience on which they can build careers. Even when work is paid, it is often organised on a temporary project basis, with a self-employed workforce moving from project to project, perhaps having to supplement their incomes with earnings from other sources between 'gigs'. This deters talented people from entering the industry and, indeed, makes it impossible for those from economically or socially disadvantaged backgrounds from doing so, representing a major loss to these sectors and a constraint on their growth¹⁰.

With more automation in other sectors, the UK's world-leading creative industries, which export their products globally, will increase dramatically in importance. Any measure which can support the workforce and the development of new enterprises, as well as sustaining existing employment within these industries, will therefore produce major economic added value.

Farming and agriculture

In the aftermath of Brexit, the government has had to find other ways to support agriculture and food security - and environmental sustainability. CAP was always flawed in the sense that many small farmers were ineligible because of their small size or weren't growing the crops supported. The government's proposals for supporting farmers after Brexit are still very complicated and difficult to access¹¹. CAP also paid out huge sums¹² to larger landowners for keeping their land fallow, while many small dairy, livestock and fruit farms missed out, and many have gone under in the past few decades. The suicide rate among agricultural workers in general is twice the national average¹³. The sector is rapidly getting older, with up to a third over 65¹⁴, so there is an

[data-stats-charts/](#)

9 <https://www.gov.uk/government/news/britains-creative-industries-break-the-100-billion-barrier>

10 Hesmondhalgh, D. (2018) *The Cultural Industries*, Sage; Banks, M. (2017). *Creative justice: Cultural industries, work and inequality*. Pickering & Chatto Publishers

11 <https://www.ft.com/content/db2a28e2-c175-11e8-95b1-d36dfef1b89a&>

12 <https://basicincome.org/wp->

content/uploads/2015/01/Aurelie_Hampel_et_al_Research_Paper_Agrarian_Basic_Income.pdf

13 <https://www.theguardian.com/environment/2019/mar/03/brexit-and-bad-weather-puts-uk-farmers-at-risk-of-suicide-say-charities>

urgent need to attract younger people. Farmers are also missing the seasonal migrants from the EU who made sure that crops were picked. The current benefit system under Universal Credit will not be fit to ensure that UK residents can easily pick up this work without endangering their claims, either by having to change address temporarily or perhaps by being treated as earning too much in one month but nothing in another.

Need for new measures

As families and individuals adapt to all of these challenges, there is a need for the DWP to also adapt and find ways to support them. We believe that a Universal Basic Income, or a Citizens Basic Income (CBI) can help to address all of these challenges.

A CBI is a regular cash payment by the state to each individual, without means test or work requirement. Income from work or other sources would be paid in addition to a CBI, and taxed appropriately¹⁵. For a costed indicative scheme, please see the 2017 booklet produced by CBIT, *Citizens Basic Income: a Brief Introduction*¹⁶.

But there is now a variety of potential schemes, including those detailed in reports from the recent Scottish feasibility study of basic income pilots¹⁷, Compass¹⁸, and the RSA¹⁹.

CBI has several advantages for both citizens and the DWP:

1. Because the payment is not means-tested, there would be no need for the DWP to constantly adjust the level of CBI against income. There is evidence to suggest that Universal Credit can make regular incomes more irregular.²⁰
2. Because the payment is individual, there would be no need for the DWP to grapple with changes in household structures.
3. Because the payment is regular, it would support more entrepreneurial activity, since people would not be risking their financial or domestic security while they establish a new business.
4. It would support retraining in the wake of job automation, because individuals would be able to have a predictable income floor while they retrain.
5. It would support a labour market in which people are free to move flexibly in and out of

14 <https://www.ft.com/content/db2a28e2-c175-11e8-95b1-d36dfef1b89a&sa=D>

15 <https://citizensincome.org/faqs/>

16 http://citizensincome.org/wp-content/uploads/2016/03/Citizens-Basic-Income-FINAL_WEB.pdf

17 https://basicincome.scot/wp-content/uploads/sites/75/2020/06/Draft-Final-CBI-Feasibility_Main-Report-June-2020.pdf

18 <https://www.compassonline.org.uk/wp-content/uploads/2016/05/UniversalBasicIncomeByCompass-Spreads.pdf>

19 <https://www.thersa.org/discover/publications-and-articles/rsa-blogs/2015/12/in-support-of-a-universal-basic-income--introducing-the-rsa-basic-income-model>

20 <https://benefitsinthefuture.com/universal-credit-and-patterns-of-earning/>

work, from employer to employer and assignment to assignment without the penalties currently associated with precarious employment, in the process boosting the job creation process and supporting new and small enterprises. This flexibility benefits employers, employees and the self-employed.

6. It will ensure that no one falls into absolute deprivation as a result of job loss or illness.
7. It would be an efficient mechanism for rapidly injecting more cash into the economy when there are shocks in the labour market, as we have seen with Covid19.
8. It would free the DWP from having to police household and income changes and instead, allow coaches to concentrate on supporting people through retraining and the establishment of new enterprises.
9. It would free unpaid carers to work more or less as they need or want to work without worrying about adjusting their claims. The value of unpaid care of adults is £54 billion²¹, of children £123 billion²². This important element of the economy needs to be supported, especially as the need for care rises with an aging population. It is also one of the few kinds of work which cannot be automated away. Carers Allowance is too restrictive to allow carers to earn much money on top from a paid job, but too little to live on while they provide unpaid care.
10. It would support the development of creative industries in the UK, enabling them to continue to grow whilst also promoting equality of opportunity within them.
11. A CBI would be of great benefit to agriculturalists, be they farmers, seasonal workers or people growing food in urban settings, especially those focussing on environmental sustainability.

International Evidence for a CBI

Over the past 50 years there have been various implementations and experiments with forms of CBI around the world, in places such as India, Namibia²³, Kenya²⁴, Uganda²⁵, Finland²⁶ and the USA²⁷, among others.

They are associated with increased levels of physical and mental wellbeing, as well as

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<https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/healthandlifeexpectancies/articles/unpaidcarersprovidesocialcareworth57billion/2017-07-10>

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<https://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/articles/changesinthevalueanddivisionofunpaidcareworkintheuk/2000to2015%23valuation-of-care>

23 http://www.bignam.org/BIG_pilot.html

24 https://www.princeton.edu/~joha/publications/Haushofer_Shapiro_UCT_QJE_2016.pdf

25 <https://academic.oup.com/qje/article-abstract/129/2/697/1866610?redirectedFrom=fulltext>

26 https://stm.fi/en/article/-/asset_publisher/perustulokokeilun-tulokset-tyollisyysvaikutukset-vahaisia-toimeentulo-ja-psykkinen-terveys-koettiin-paremmaksi?

27 https://en.wikipedia.org/wiki/Alaska_Permanent_Fund,

<https://theneweconomyandthefutureofwork.wordpress.com/tag/cherokee-tribe/> and

<https://www.businessinsider.com/stockton-basic-income-trial-results-success-2019-10>

contributing to greater social cohesion, crime reduction and greater levels of participation of women and disabled people in society. None of these pilots and implementations have found a link between CBI and decreasing willingness to work.

The closest ongoing implementation of UBI is the Alaska Permanent Fund, which has been giving a regular yearly payment to every qualifying resident since 1982. The money comes from revenues generated by the investments of oil royalties in the international stock market.

Conclusion

A Citizen's Basic Income would help people manage changes in their lives without having to also manage their eligibility for benefits when they need them. For people with disabilities and/or high housing costs, some elements of means testing or assessment may have to remain in place for the extra money they need, but by eliminating most means testing, and through individual payments, CBI would provide a floor upon which everyone could build. It would free work coaches to focus on helping rather than monitoring people. It would free people to look after those they love when this is needed, thus relieving some of the stress on social care systems. A CBI could be the foundation of a much healthier, creative and integrated society, and support the DWP to help people face the changes in the world of work - to say nothing of the changes in the rest of the society - with confidence.

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