



November 2020

## Strengthen the Welfare State

### Contribution to GTI Forum [Universal Basic Income: Has the Time Come?](#)

Anna Coote

The case for a universal basic income surely rests on what it can achieve for the individuals who receive it. Does it give you enough to buy what you need to lead a sufficient and flourishing life? The answer depends on how many of life's necessities you have to pay for directly and how many are already available because they are provided collectively and funded through taxation. If you have to pay for health care and education, for example, you will need a much larger disposable income. The same is true if the costs of housing, transportation, and care are high. If your access to some of life's necessities is secured through public policy and shared investment, you will be less dependent on cash transactions to lead a life that you value.

It helps to understand "income" as having two components. There is money. And there are in-kind benefits, or what some call a "virtual" or "social" income. Both are essential. And they are interdependent. The less you have of the latter, the more you need of the former.

Most basic income advocates would agree that in-kind benefits help to combat poverty and inequality, and underpin the freedoms they hope will be delivered by UBI. But by focusing their attention almost exclusively on cash income and promoting this as the main route to a desirable transition, they overlook two vital points.

The first is that in-kind benefits—or what some describe as "[universal basic services](#)" (UBS)—cannot be taken for granted. They have been profoundly undermined and are further threatened, both by spending cuts pursued by many governments over the last decade and now by the vast public expenditures associated with efforts to combat COVID-19. So there is a strong case for defending and improving the social dimension of income, which will inevitably influence

the level of cash income that people will experience as sufficient. Looked at this way, campaigning for more and better publicly funded services should be a top priority for supporters of UBI—an essential part of the same package. Up to now, however, this has been left in the margins.

The second, rather obvious point is that money spent on a UBI cannot be spent on in-kind benefits. Even at a modest (and insufficient) level, the price of regular, unconditional cash payments to all would be immense. Estimated gross costs vary between 10 and 30 per cent of GDP. So even if UBI campaigners did start paying more attention to social income, they could not achieve their ambition on the cash side without absorbing a disproportionate share of public resources and greatly diminishing the chance of securing sufficient in-kind benefits.

Is there an irreconcilable difference between advocates of UBS and UBI? The former seek to pool resources and share risks, promoting collective action to ensure that everyone has access to life's necessities, according to need not ability to pay. The latter seek to put a bit more money into everyone's pockets, leaving future prospects to the market. There may seem to be an impossible gap between the two, but, in fact, I don't think there is—at least not where progressive supporters of UBI are concerned. (There is less hope for the neoliberal enthusiasts, for whom UBI is an alternative to collective action and a way of rolling back the state.)

The goal of a sufficient cash income for all—as a right, not a privilege—is integral to the case for UBS. So there is plenty of common ground. What is proposed is a [minimum income guarantee](#), which is currently being developed by the New Economics Foundation. It avoids the intrusions and indignities associated with means-testing. It is a lot more generous than most versions of UBI and a great deal cheaper—estimated at around 5 per cent of GDP. That is because it is paid unconditionally to those who claim it, rather than to everyone whether they need it or not.

There is always a risk that UBI will remain locked in the realm of fantasy, because it can never be both adequate and affordable at the same time. But there is an escape route that involves engaging much more closely with the UBS agenda.

Suppose UBI supporters recognized that cash and in-kind benefits were essentially two sides of the same coin. Suppose UBI became a movement to secure a sufficient level of both social and

cash income for all. And suppose the cash element were understood as a guarantee that no one's income would fall below a sufficient level, rather than as an automatic payment to everyone. This would transform the prospects for realizing the progressive goals of UBI in practice.

---

## About the Author



Anna Coote is Principal Fellow at the New Economics Foundation (NEF). She has published widely on social justice, sustainable development, working time, public health policy, public involvement and democratic dialogue, and gender equality. She previously served as Director of Health Policy at the King's Fund, Deputy Director of the Institute for Public Policy Research, Editor of current affairs television at Diverse Productions, and Deputy Editor of the *New Statesman*. She was Commissioner for Health with the UK Sustainable Development Commission from 2000 to 2009. Her recently authored or co-authored publications include *The Case for a Four Day Week*, *The Case for Universal Basic Services*, *Universal Basic Income: A Union Perspective*, and *Building a New Social Commons*.

---

## About the Publication

Published by the [Great Transition Initiative](#).

Under our Creative Commons BY-NC-ND copyright, you may freely republish our content, without alteration, for non-commercial purposes as long as you include an explicit attribution to the Great Transition Initiative and a link to the GTI homepage.



Cite as Anna Coote, "Strengthen the Welfare State," contribution to GTI Forum "Universal Basic Income: Has the Time Come?," *Great Transition Initiative* (November 2020), <https://greattransition.org/gti-forum/basic-income-coote>.

---

## About the Great Transition Initiative

The [Great Transition Initiative](#) is an international collaboration for charting pathways to a planetary civilization rooted in solidarity, sustainability, and human well-being.

As an initiative for collectively understanding and shaping the global future, GTI welcomes diverse ideas. Thus, the opinions expressed in our publications do not necessarily reflect the views of GTI or the Tellus Institute.