

Review Article

BASIC INCOME, LABOUR, AND THE IDEA OF POST-CAPITALISM

Stephen Davies*

Rutger Bregman, *Utopia for Realists: And How We Can Get There*. Bloomsbury (2017), 336 pp. ISBN: 978-1408890264 (hb, £16.99); 978-1408890257 (eBook, £9.99).

Introduction

Rutger Bregman's book is both interesting and irritating. It is interesting not so much because of its particular content but because it is a classic example of an emerging trend in what we may call radical political economy. As such it gives us an insight into what may turn out to be a development of both intellectual and political importance. The truly remarkable collection of blurbs and encomia at the start of the book gives some indication of the extent of this intellectual phenomenon in terms of the number of prominent intellectual figures who support it.

The book is also deeply irritating. It presents commonplaces as though they are shocking new discoveries while simultaneously presenting misleading or clearly incorrect ideas and studies as simple truth. More importantly, it is deeply confused about some of the key proposals and ideas that it advocates and shows no awareness of the likely difficulties or problems that they may present, even on their own terms. This, though, is useful as it reveals the problems and difficulties of the emergent intellectual movement to which it belongs.

Bregman's book is usually described as a proposal for a Universal Basic Income (UBI) and that is indeed the core element of the work. However, it ties this in with a number of other arguments. Reading this book helps us to understand what many of its advocates hope to realise from a basic income and why for some this is seen not simply as a technical 'fix' for the problems of contemporary welfare states but as a transformative measure that will bring about a new social order. Unfortunately, the book's main flaw is that it is confused about exactly what a UBI is, and persistently conflates it with other things such as unconditional cash transfers and income supplements.

Utopianism

The book starts with an engaging and rapid survey of the contrast between the economic state of the world today and the conditions faced by most of our ancestors throughout history. As it says right at the start, 'In the past, everything was worse. For roughly 99% of the world's history, 99% of humanity was poor, hungry, dirty, stupid, sick and ugly' (p. 1). Bregman then provides a series of statistics that show how this has changed in the last 200 years, with the proportion of the planet's population living

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in absolute poverty declining from 84 per cent in 1820 to less than 10 per cent today. In Bregman's own country, the Netherlands, a homeless person on public assistance today has more to spend than the average Dutch citizen in 1950 and four times more than someone from the Dutch 'Golden Age' of the seventeenth century. To quote him again:

The past two centuries have seen explosive growth in both population and prosperity worldwide. Per capita income is now ten times what it was in 1850. The average Italian is fifteen times as wealthy as in 1880. And the global economy? It is now 250 times what it was before the Industrial Revolution ... (p. 3)

Given all this, what could possibly be wrong and why would anyone feel gloomy rather than optimistic and cheerful? But for Bregman there is much to be gloomy about and the very success of the Age of Plenty (as he calls the present, explicitly comparing it to the mythical Land of Cockaigne) is deeply problematic. The main problem is that in our economic success we have lost the capacity to envision anything radically different from or better than the status quo. We are living in a world that no longer has a utopian vision to inspire it, one that does not dream of a radical break from what is. Given the transformation of the conditions faced by most of humanity that he describes, we may wonder what exactly the problem is. Moreover, the experience of efforts to realise utopian visions in the twentieth century should surely make us thankful rather than regretful that they no longer have widespread support.

Bregman is aware of these objections and makes a reasonable distinction between utopian blueprints such as Tommaso Campanella's *The City of the Sun* (1602), which are indeed, he concedes, totalitarian and terrifying, and the idea of utopia as a kind of generalised aspiration for a better world of a type that enables us to evaluate both the present and different kinds of change (this idea comes explicitly from Oscar Wilde). However, he also backtracks significantly by identifying this kind of utopianism – the idea that there can be a better kind of society that is in some way fundamentally different from the status quo – with the claim that various kinds of radical policy options are available that could address serious social issues successfully and that are not being adopted simply because of intellectual and political inertia. These two claims are not the same unless we assume that the proposed policy changes will radically transform the existing social order. This is simply not true, as Bregman's own arguments go on to show, but this is a typical feature of the emerging genre to which Bregman's work belongs.

The central idea that will bring about a revival of utopian thinking and help to realise that vision for Bregman is that of a Universal Basic Income. This idea has received much attention of late and is now quite widely understood and discussed. Bregman has been a leading advocate of the idea for several years. However, it is not clear from this book just how he understands the idea of a UBI, and he conflates it with other related but importantly distinct notions and arguments. Moreover, it is not clear what persistent social problems it is meant to address or whether it is about problem solving at all: he denies at various points that this is what he is about, rejecting the whole language of problems and solutions. Yet much of the book is framed in precisely these terms.

Universal Basic Income and its antecedents

What then is the UBI and why has it attracted so much attention of late? Essentially it is a single payment given by the state to all qualified persons within its jurisdiction as a matter of right (so it is

not contributory in any sense). The payment is meant to be at least enough for subsistence, although some of its advocates want a level sufficient to support what a consensual view in the society in question regards as an acceptable though not luxurious standard of living. The UBI is supposed to replace all existing income transfers, such as unemployment and sickness benefits, old age pensions, child benefits, disability benefits, and special aid such as food stamps. Typically there is what we may call a core UBI, given to all individuals, with supplements for age, disability, and dependent children but none for short-term or contingent events such as temporary illness. (There are practical problems with replacing housing benefit in the UK case because of the marked variation in housing costs between different parts of the country; but this is a marginal difficulty rather than a fundamental one.) Usually it is stipulated that all income over and above the basic UBI is taxed, with most worked out proposals estimating that a marginal tax rate of no less than 40 per cent would be required for the sums to add up (Parker 1989).

This idea is the purest case of a wider proposal, which is for a guaranteed minimum income provided by government through an integration of the tax and benefit systems. Other similar but still different versions of such a system are the negative income tax (NIT) proposed by Milton Friedman (1962) and the idea of a guaranteed minimum income provided via 'demogrants' or universal benefits, as advocated by James Buchanan (1997). Yet another is the full-on UBI advocated by Charles Murray. This would abolish all income transfer payments in the United States and replace them with a flat-rate \$10,000 (at 2006 prices) paid to each and every adult American every year, partly funded by taxes on incomes over \$25,000 (Murray 2006).

The main difference between a simple or full-on UBI such as the one advocated by Bregman or Murray and the more qualified versions such as a negative income tax is that, while a UBI is a flat-rate payment which is simply given out to everyone, the NIT incorporates a taper so that the amount of the payment is reduced as earned income rises.

The essential idea of a guaranteed income as an alternative to other forms of welfare such as contributory benefits, means-tested benefits or tax-funded benefits of cash or services is not a new one. Tom Paine was perhaps the first to advocate such a scheme in his *Agrarian Justice*, as far back as 1797. In 1943 Juliet Rhys-Williams put forward a worked-out scheme of this kind as an alternative to the programme of her fellow Liberal, William Beveridge (Rhys-Williams 1943): it was she who came up with the term 'negative income tax'. In the 1960s and early 1970s there was considerable interest in such schemes, mainly as a result of the work of the American economist Robert Theobald. He put forward another elaborate and carefully costed proposal (Theobald 1963, 1966).

After the 1970s interest in the idea seems to have waned, although there were still detailed proposals from people like Hermione Parker. Meanwhile philosophers began to show some interest in the topic thanks to the work of Phillippe Van Parijs (1995). However, the real surge in interest began around 2012, since when several works have appeared that propose a UBI as a central element. These authors tend to come from the self-described left, as in Bregman's case, but not always, as the case of Charles Murray indicates. In recent years we have had works from Robert Jameson (2016), Peter Frase (2016), Nick Srnicek (2016), Guy Standing (2017), Paul Mason (2016), and Phillippe Van Parijs and Yannick Vanderboght (2017).

It is one of the interesting features of the idea of a UBI that it attracts support from very divergent parts of the political and intellectual spectrum. However, that does not mean that it attracts support from *all* parts of that spectrum. For example, traditional conservatives object to it on the grounds that it will undermine personal and familial responsibility, while traditional socialists of various

persuasions either object to what they see as a tendency to undermine the value of work or see it as a way of preserving capitalism.

The idea of a UBI appeals to distinct subgroups on both the left and the right of the traditional spectrum or, to put it another way, to both supporters and critics of capitalist market economies. It appeals to some classical liberals and libertarians, particularly those who are more explicitly liberal or who see themselves as being part of the left. It is also attractive to radical egalitarian liberals of the Rawlsian type and to socialists of a more libertarian stripe. On the other hand, it does not appeal that much to advocates of 'deep ecology' or more traditional kinds of collectivist economy. One very strong correlation is that between support for a UBI and an optimistic or favourable view of technological innovation and the future of modern, technological society. This is not coincidental, as we shall see.

Why UBI?

What are the reasons for having a UBI and how are they articulated in Bregman's book and the others that have recently appeared in print, as well as the older ones? The answer is that there is a mixture of the pragmatic and efficiency-oriented on the one hand and the more radical or utopian on the other. For all advocates of a UBI it is primarily a solution to the increasingly severe problems faced by the existing welfare states of developed societies. In particular it is seen as a way of avoiding the serious problems that otherwise arise from the widespread use of means-tested benefits. As a succession of economists and other observers have pointed out, these forms of income transfer create very powerful and damagingly perverse incentives for their recipients (Parker 1995). There is little or no incentive to find work or move to higher-paid work or to work longer hours for the same rate of pay, since the withdrawal of the income transfer means that the recipients face an effective marginal tax rate of at least 80 per cent (in the UK case) or higher. The consequence is a poverty trap, with low-income households stuck in a position of being dependent on state supplements or transfers, while being unable to improve their position or regain control of their lives. All the evidence shows that this is deeply stressful and demoralising, as Bregman points out.

In addition, most state benefits as currently administered come with various kinds of strings or controls attached, even if they are universal or subject to a qualification that is not income-based (e.g. disability payments). Here the state, through its civil servants, asserts control over many of the decisions made by recipients and imposes what are often highly restrictive or intrusive requirements on them if they are to continue to receive the payment. As Bregman points out, this is often degrading and humiliating for the recipient, and all the evidence suggests that it is counterproductive in the sense that it does not help to realise the explicit aims of the system, such as promoting greater self-reliance. An argument that has resonance for both free market libertarians and egalitarian liberals is that a UBI will reduce the discretionary power of politicians and public functionaries and apply the principle of universality and equality of treatment in the field of welfare and hence a very large part of public spending. This was the main reason for James Buchanan's supporting a version of a UBI. He argued that this, when combined with taxes paid by all (preferably at the same rate), was the best way to ensure that a political process would work for the general benefit of all citizens rather than special interests.

More generally, a UBI will, it is argued, reduce the size of government bureaucracy and regulation because it does not require the enormous amount of detailed administration that existing

welfare systems do. In addition, because it is a single one-off and unconditional payment which serves as a tax allowance for everyone in paid employment, it gets rid of the increasingly serious problem of ‘churning’ where taxes are taken from people on average (or even below-average) earnings and then returned via state handouts. This is simply inefficient and also distorts incentives in labour markets more generally. In addition, the existing system gives great weight to the influence of special interests of all kinds. Some of them have been brought into being by the transfer system, and are very influential, making even piecemeal reform of the existing system very difficult politically. This makes radical sweeping change such as the introduction of a UBI seem paradoxically easier than the alternative of painful small-scale change. For all of these reasons free market libertarians often find the idea of replacing the existing mess of a welfare system with something simpler very attractive.

On the other side, egalitarians like the way that a UBI increases the power of workers relative to employers, because it gives people at the low-skilled margin an alternative to low-paid work in harsh conditions. More significantly, it provides an alternative to work that is not so badly paid but which is repetitive and soul-destroying. Another way of putting this point is to say that a UBI would create an enhanced incentive for employers to invest in machinery and automation as an alternative to low-paid labour. For some critics this is actually a drawback but many see it in positive terms, arguing that a life on UBI would be better by a number of measures than the likely alternative for some people.

The common ground for both kinds of supporters of a UBI is the argument that it will increase individual autonomy and hence effective liberty. This has an obvious resonance for both classical liberals and liberal egalitarians, and reflects the shared view that true individual self-governance and independence is desirable. The disagreement between egalitarians and free market liberals, of course, is over how far autonomy of this kind is impaired by inequality or more pertinently by lack of access to resources on the part of the less well off. Many classical liberals would concede the force of the egalitarian thesis that a lack of resources seriously impairs meaningful autonomy. But they would respond by saying that the risks of greater government power through resolving this by state income transfers of the traditional kind are too great, given the likely outcome of paternalistic interference in personal choices or actual vindictiveness, and given that these systems create a conflict of interests between taxpayers and recipients in many cases. The idea of a UBI reconciles these two positions because it achieves the goal of providing a surety of independence for the poorest while doing so in a way that minimises active government. For this reason UBI has support from some so-called ‘bleeding heart’ libertarians as well as from egalitarians who value personal independence (as opposed to other goods such as collective participation, for example).

Unconditional cash transfers

One of the simplest arguments in favour of a UBI is the straightforward one that it is likely to be more effective than existing welfare systems in relieving or even preventing poverty and in enabling people to take steps that will result in their escaping poverty and improving their condition. Bregman has two chapters in his book that deal with this. Chapter 2, entitled ‘Why We Should Give Free Money to Everyone’, looks at the whole question of what happens when people are given ‘free money’, that is, a gift of cash with no strings attached. In particular Bregman looks at the effect of such unconditional gifts on poor recipients. There have been a number of experiments to determine the effects of Unconditional Cash Transfers (UCTs) on such outcomes for recipients as impact on health, prospects for employment, or significant improvement in important areas of life such as access to shelter or

dealing with problems such as substance abuse. The best known, which Bregman discusses in detail, is the work in East Africa of the charity GiveDirectly, founded in 2012 by four American graduate students. Bregman also looks at the experiment conducted in 1989 in making an unconditional gift of £3,000 to each of 13 recipients in the East End of London, all of whom had personal problems of one kind or another. Bregman presents these experiments as showing that UCTs have been an unqualified success, with significant improvements in the lives of the recipients.

Many may find this intuitively surprising. Following the work of organisations such as the Charity Organisation Society (COS) at the end of the nineteenth century, a common perception has been that indiscriminate charity (as the COS called it) is positively damaging. The argument is that if, for example, you give money to a beggar with a drink problem with no strings attached then the beggar will simply spend it on more drink and the problem will get worse. The solution, the COS argued, was to combine financial aid with hands-on intervention by a dedicated helper, the system of casework that developed into modern social work. The evidence presented by Bregman suggests that this is not true and that simply giving people free gifts will lead them to take action that changes their condition and helps them to improve their lives significantly. This is much simpler and less costly in terms of uses of resources than the alternative.

The main argument in favour of Unconditional Cash Transfers, which is also used to explain their success, is that they increase the autonomy and hence the personal responsibility and self-directedness of the recipients. This happens in two ways. The cash simply increases the independence of recipients by giving them something they lack, which is money (and hence access to resources). More importantly, giving cash with no conditions attached means that recipients are allowed to choose how to use it and are so made responsible for that and the outcomes of their decisions. The underlying assumption is the point made by many thinkers such as J. S. Mill or Friedrich Hayek, that people will always know better than others what it is that they really need and what is best for them (Mill) and that the knowledge needed to make use of resources most effectively is dispersed among the individuals concerned and is very hard or even impossible to aggregate (Hayek).

There is no doubt that there has been significant success with UCT programmes. Much of the evidence presented by Bregman is indeed very striking and should encourage us simply to trust people more and have greater confidence in their judgment and their knowledge. However, we should also be cautious before accepting this as a simple and uncomplicated way forward. For one thing, because all of this is relatively recent, we do not have a long enough time record to be sure that the improvements that have taken place are enduring. There are also technical methodological problems to do with things such as the size of the samples and the difficulty in establishing an effective control group. However, the main difficulty is in distinguishing between one-off UCTs and continuing ones. Another variable that needs much more study is just what size of unconditional transfer is significant enough to induce behavioural change.

It may well prove to be the case that while one-off or perhaps infrequently repeated UCTs do indeed have significant beneficial results, a continuing regular cash subvention with no conditions may simply create dependency on the giver while the beneficial results in terms of changed behaviour will wear off. The reason would be that a one-off payment is regarded as a windfall or gift which brings a sudden benefit and is felt to be liberating and offering new options, whereas a continuing or regular payment will be discounted and will probably be simply assumed and taken for granted. This would, of course, be even more the case if the payment is a matter of right, as would be the case with a UBI.

It may be that Bregman is right and the autonomy-enhancing effects of an unconditional UBI would persist and outweigh other tendencies; but we simply do not have enough information to be sure about

this. It is also unclear what the effect of the size of a payment is, if any. It might be that a relatively small UCT will not have enough of an effect to produce the results that a larger one would. This would imply that in the case of the alcoholic beggar it is better for one donor to give him a thousand pounds than for a series of donors to give him 20 pence each. Applied to a UBI, this might lead to support for the kind of model that Murray advocates with annual large payments rather than a continuing stream of income at a lower level, but again we do not have enough evidence to be sure about this.

It is not clear that the two methods are equivalent. They do have the feature of being unconditional transfers of money; but it is a bold assumption that there is no meaningful distinction between single lump-sum payments and a continuing income stream. Reflection shows that there are clear differences and that these may have considerable consequences. Given that, we should not simply assume that the apparent success of some UCTs means that a UBI would also be without adverse effects and only have positive ones. What this also shows, however, is a lack of clarity about what a UBI actually is in practical terms rather than simply being a means to ‘give people money’.

Effects of poverty

This lack of clarity is even more marked in the two following chapters of *Utopia for Realists*, which contain an element of thoughtful argument marred by use of simplistic or simply incorrect evidence. This leads to serious confusion about exactly what the main point of the book, a Universal Basic Income, actually is, and what it is intended to achieve.

The first chapter of the two, ‘The End of Poverty’, uses the example of Cherokee Indians in the Great Smoky Mountains to make a point about the nature of poverty and its effects. In that case the establishment of a casino on the Cherokee reservation brought a sudden new stream of income to the nation, in the shape of a steady flow of distributed profit from the casino’s operations. This led not only to an increase in income for most of the population but, more significantly, to a sharp decline in a whole range of social pathologies. The conclusion, which is well argued by Bregman, is that the often chaotic and severely dysfunctional lives of the poor are a result of lack of income in the first instance rather than the original cause of it.

The argument is that lack of money has very profound psychological effects. In particular it leads to a ‘scarcity mindset’ which becomes overwhelmingly centred on the present or the immediate future. This intense (and necessary) focus on dealing with immediate short-term problems takes up a huge amount of mental capacity (‘mental bandwidth’ is the term Bregman uses). This in turn means that people in this position do things that are unwise from a longer-term perspective. They act in ways that an outside observer would describe as foolish or self-harming, and they find many kinds of decisions highly stressful, so much so that they may avoid making those decisions altogether. The main study cited by Bregman finds that having a low income has the effect of depressing effective IQ levels by as much as 13 to 14 points, the equivalent of alcoholism or severely disrupted sleep.

This all sets off a vicious circle in which the cognitive effects of lack of income lead to impaired decision-making and a chaotic and dysfunctional lifestyle, which in turn makes it almost impossible to get a regular or sufficiently high income. The point, which is well taken, is that the way to break this cycle is to give the persons concerned money so that they can expand their mental bandwidth and regain control of their lives. It is important, moreover, that the money is given with as few conditions as possible. That is because, as noted earlier, paternalistic aid undermines the crucial quality of self-direction which is precisely what you want to encourage.

Here Bregman misses a point that would add force to his argument: it is not only simple lack of money that leads to the social pathologies so many authors have described. What is equally important – or maybe even more significant – is uncertain or erratic income. Historically social and family pathologies of various kinds are often found in households which on an annual basis have an income which is adequate but erratic because they get it from casualised and irregular work. This can actually be more stressful and difficult to handle (and hence bad for intellectual bandwidth) than simple shortage of income, because of the problem of unpredictability. The great advantage of a UBI here is that it does two things. It gives people who lack money an income that is enough to live on and it makes that income secure and predictable.

However, Bregman goes on to argue that what matters is not absolute shortage of money but relative lack of money. Here he makes use of what criminologists call ‘strain theory’, which is the idea that an income that is perceived and experienced as adequate when one is only aware of people in a broadly similar position comes to be perceived as inadequate once one is aware of others with a much higher income. This is because aspirations and expectations change as what is regarded as normal or necessary comes to be influenced by the tastes and choices of the better-off, and so people who were previously relaxed and contented now become stressed and irritated.

This all means that it is not an absolute lack of money that is the problem but inequality. At this point Bregman makes extensive use of the various correlations made by Richard Wilkinson and Kate Pickett in *The Spirit Level*. These authors look at the relation between inequality and various social ills such as crime and suicide in a range of countries (Wilkinson and Pickett 2010). The first problem with this is simple. The correlations in *The Spirit Level* are largely spurious and produced by cherry-picking examples rather than using a genuine and effect-neutral selection of countries (when this is done the correlations disappear). Wilkinson and Pickett also get several of their results by using countries that are clear outliers for the phenomena in question, notably the USA and Japan. This is not good evidence (Snowdon 2011). In fact there is little or no evidence of any serious correlation between various kinds of social problem and inequality, although there are strong correlations with absolute poverty and with other variables such as corruption or quality of governance.

However, the more serious problem is that making this argument calls the whole case for a UBI into question. If the point of a UBI is to ensure that nobody is in a state of absolute poverty and to do so by a means that is autonomy-enhancing and likely to increase individual agency, that is one thing. However, it is not clear how a UBI by itself will do anything to reduce relative poverty or inequality. In fact, given that a UBI will replace many targeted and means-tested benefits, and given other technological developments (of which more later), it may well go along with an increase in inequality. If the argument is that the main problem with poverty is not an absolute but a relative lack of money then a UBI is not the utopian or radical policy that we need. Trying to present it as being justified on those grounds suggests that either it is a literal panacea or that the author is trying to find as many ways as possible to sell the idea to the conventional left.

Alternatively, this reveals confusion over what a UBI is thought of as being – is it a way of establishing a floor or minimum that is guaranteed to all or is it a redistributive mechanism designed to narrow income differentials? These are actually two quite different kinds of creature and it is not clear that the second one is even feasible or that, if it is, that a UBI is the best way to realise egalitarian goals. Changing the initial distribution of incomes before taxation or transfer would be more effective, although this may not be easy or costless.

The confusion becomes worse in chapter 4, ‘The Bizarre Tale of President Nixon and His Basic Income Bill’. This looks at welfare thinking and policy in the USA in the 1970s and in particular at

President Richard Nixon's failed attempt to enact the Family Assistance Plan (FAP). This was a guaranteed annual income for households with children (Nixon's plan did not include childless couples or single people) in which the incomes of these households would be topped up. For a family of four with no employment income there would be a grant of \$1,600. A family of four that did have employment income would see its income topped up on a tapered basis until it reached \$3,920. This was essentially a version of the kind of negative income tax proposed by Friedman in 1962 but applied only to families with children. It was intended to replace the long-established but rapidly growing Aid to Families with Dependent Children or AFDC.

A key element of the plan was that most of the benefits would go to working poor households. This reflected a growing concern with the working poor on both sides of the Atlantic at that time. The plan attracted wide support from politicians and intellectuals from several parts of the political spectrum. Ultimately, however, it failed, passing the House of Representatives twice but then being defeated twice in the Senate. By the later 1970s the intellectual and political tide had turned against this kind of idea and after 1980 the chances of such a proposal making it into Congress, much less being passed, had fallen to near zero. Eventually under President Clinton the AFDC was effectively abolished as part of the welfare reform Act of 1996.

Bregman presents this failure to pass the FAP as being the result of a conspiracy led by a number of conservative intellectuals, most notably Martin Anderson. The motives of the objectors are not really discussed other than to reject them as being based on mistaken ideas and ones that are simply, well, wrong. The actual reality was much more interesting. The plan did have support from people on what we might call the free market side, as well as critics from that camp such as Anderson. It also (as Bregman admits) faced severe criticism from the left. The argument here was that the plan was not generous enough (so it was apparently better to have nothing!) and, more seriously, that it did not do enough to reduce inequality and was not a truly radical alternative to the status quo. In fact there was a serious political debate, which cut across the conventional divisions and reflected widely shared concerns about the nature and effects of a guaranteed income. Moreover, a number of the plan's initial prominent supporters (such as Senator Daniel Patrick Moynihan) switched to being opponents. The reason for this was the results of a number of trials held in various parts of the United States.

These trials showed initial significant effects on the behaviour of recipients of the trial schemes. One was a sharp reduction in labour market participation. There were declines of 5–10 per cent for married men, 20–25 per cent for married women, and 10–15 per cent for single mothers. The most dramatic result was a 60 per cent greater chance of marital breakdown than in the control groups. These results led to many, such as Moynihan, changing their minds. It was a concern about the connected questions of single parenthood, lack of employment among poorer households and dependency upon transfers that grew during the 1970s and 1980s and led to the sharp decline in support for the idea of a guaranteed income.

Speenhamland and the Family Assistance Plan

At this point Bregman gives a lengthy description of the historical parallel that was used to great effect by Martin Anderson and others. This was the Speenhamland system. This was a form of poor relief, so called because the first instance of it was set up at a meeting at Speenhamland in the English county of Berkshire in 1795. It was a system in which the wages of working rural poor were topped up to a level determined by the price of bread at a given time. This came to be widely adopted in the rural districts of southern and eastern England in the first third of the nineteenth century. It was not

used universally (the administration of the Poor Law being highly decentralised) and in particular was not employed in the manufacturing districts. It came under severe attack from a wide range of leading intellectuals, including most notably David Ricardo and T. R. Malthus, on the grounds that it encouraged idleness and dependency ('pauperism' in the language of the time) with profoundly demoralising effects on the recipients. It was also claimed that it encouraged an excessively high birth rate because of the link between the level of relief and the number of children. The argument was also made (particularly by Ricardo) that it had the effect of depressing wages and subsidising employers who were able to pay their workers below the market rate in the expectation that their pay would be made up by their taxpaying neighbours.

All this criticism eventually led to the creation of a Royal Commission to examine the Poor Law. This in turn led to the passage of a radical reform of poor relief in the 1834 Poor Law Amendment Act. This in theory prohibited outdoor relief and provided that to obtain relief one had to enter a workhouse, although in practice this was often ignored. More generally it introduced the principle of 'less eligibility', by which the condition of someone in receipt of poor relief had to be worse than that of the poorest-paid labourer.

Many contemporary observers and subsequent historians and other commentators shared the view that the Speenhamland system had been a disaster, although not all of them also approved of its replacement, the New Poor Law. Crucially the criticism came from people clearly not friends of the market economy, such as Marx and later Karl Polanyi, as well as from classical political economists and advocates of markets, as Bregman points out.

The parallels between the Speenhamland system and Nixon's proposed FAP were very striking, which is why Anderson and others (such as Henry Hazlitt) made so much of them, reiterating the original criticisms. The findings of the trials seemed to confirm that the effects would be similar, which is why they caused so many who had already been made aware of the parallel to change their minds.

What Bregman does is to argue that the contemporary accounts of Speenhamland were in fact wrong, that this has been shown by subsequent historiography, and that the misuse of this misleading historical example prevented the adoption in the early 1970s of a version of a UBI. These propositions are respectively partly correct, partly wrong, and simply confused.

To take the first two points, subsequent research by historians has indeed cast doubt on many of the arguments of the Old Poor Law's critics. One thing that has clearly emerged is the extent to which the Royal Commission was not a fact-gathering and deliberative exercise but rather a stitch-up: the information was simply gathered to support already predetermined policy recommendations. The key figure in this was the Royal Commission's secretary, Edwin Chadwick, who went on to play a very similar part in other royal commissions, on policing and sanitation and public health. We should therefore be very careful in using the published report as a source for the workings of the Old Poor Law. It is also clear that the Speenhamland system was not universal and that the effect on the birth rate that Malthus and others predicted and claimed to find simply did not happen.

On the other hand, we cannot and should not conclude that the Speenhamland system was unproblematic. Many of the criticisms do still stand up. In particular, the system did sustain significant underemployment in agrarian rural districts. It clearly did lead to significant dependency upon benefits because of withdrawal of supplementary assistance, and led to a very rapid growth in the number of people receiving assistance and consequently in the level of taxes on the local ratepayers in the areas where it was used. Most seriously, as George Boyer's classic work shows, it led to great benefits for medium- to large-scale tenant farmers (the major employers of agricultural labour and the most politically powerful group) at the expense of other sections of society who effectively

subsidised the farmers' costs (Boyer 1999). So the case made by Anderson and others was incorrect in some respects but not in every way.

The serious problem, though, is in presenting Nixon's FAP as an early example of a partial UBI. It was not. Rather, it was a proposal for a Guaranteed Minimum Income (GMI), which is not the same thing. A guaranteed minimum income is a wider class of transfer, of which a UBI is a particular form: or, to put it another way, a UBI is a particular way of having a guaranteed minimum income. There are other ways of having a GMI, most notably some kind of tapered income supplement such as a negative income tax or wage supplements of some kind or other such as the Speenhamland system or the ideas in Nixon's FAP (or, indeed, many other tax credit ideas and policies or income supplement policies in place around the world). The objections to income supplements, which are actually powerful and have force, are effective arguments only against a UBI if the two categories of GMI and UBI are completely conflated (as Bregman seems to do) or if it can be shown that the objections to a system of income top-up or supplement apply with equal force to a UBI because they relate to some basic shared feature of the two. The answer appears to be that some objections do meet that criterion but many do not, and furthermore that a key factor is the reason for having a UBI and the anticipated role that it will play.

Fundamental problems with UBI

The main objection to income supplements or to GMIs that use a similar kind of mechanism is that they create very severe incentive effects and hence dependency traps because of the perverse incentives they create. The problem here is the taper, which inevitably creates high rates of effective marginal tax. In theory one could devise a taper that minimises disincentive effects but in practice this is extremely difficult to achieve. This does not apply, however, to a UBI because it does not have a taper. The other objections, in contrast, do or may apply to a UBI.

The main objection to the UBI is that it will have a destructive effect on the incentive to perform productive work. Quite simply, if you can live an adequate life on an income that you have as a matter of right, why bother to work? This is seen as dangerous, for two reasons. The first is that if enough people stop working then production will decline to a point where it will become impossible to sustain the UBI, making the whole enterprise self-defeating. The second, more profound, objection is that productive or useful work is essential for a truly meaningful human existence. On this view, if people become drones and cease working they will suffer from the psychological effects of ennui and lack of purpose and ultimately succumb to self-destructive behaviour and despair.

The response to this could be that the UBI is after all set only at a subsistence level and so there is still an incentive to work. However, this response only makes evident a more fundamental difficulty, which is that of how to arrive at the level of the UBI. If it is set at a low level, such as one that is just enough for subsistence, then the recipients are still in poverty (if not destitution), which defeats the object of a UBI, not least because recipients will still suffer from the problems of 'scarcity mindset' described earlier. One alarming possible result could be the emergence of a large and dysfunctional underclass of people who subsist on the UBI but have a chaotic and destructive lifestyle that prevents them escaping from that situation. One possible solution would be to combine a low-level UBI with a job guarantee or a work requirement; but quite apart from the civil libertarian objections, this runs against the reasons for supporting a UBI given by many of its advocates, including Bregman (see also Srnicek 2016, for example).

Alternatively, the UBI could be set at a higher level, typically one sufficient to ensure a minimally decent or acceptable lifestyle according to the expectations of the society in question. If we leave aside the difficult practical problem of establishing what that acceptable standard is (for a well worked out answer to this see the work of the Rowntree Foundation), this makes the problem of disincentives to work much more severe. It also raises the fundamental problem of cost. Ultimately a UBI is an income transfer from one part of society to another via government (it does not matter for these purposes whether you accept the theory of 'functional finance' to the effect that spending comes first and drives taxes rather than taxes funding spending). Given that money is ultimately just a symbolic way of representing real resources and production, then if the size of the transfer is very high this will eat into other uses of resources. This could reach a level where the functioning of the entire system is imperilled (e.g. by not enough resources being devoted to investment or replacement of capital goods); but even if it does not reach that level it is likely to cause severe social conflict as the interests and preferences of large social groups clash.

This in turn raises the main pragmatic objection to the UBI, which is that, even if the idea in theory is fundamentally sound, the reality is that the UBI and its level will inevitably be a political matter since it will take up a large part of total national income – and decisions of that kind are always made via the collective decision-making process of politics. This means that the level and nature of the UBI will become the central political issue. Given that, it is for many a racing certainty that it will be bid up by political competition to a damaging level and that there will also be constant and often successful efforts by special interests to create specific add-ons or separate benefits in addition to the UBI, which will lead to the re-creation of much of the existing welfare state but now in addition to a UBI. This will defeat the main point of a UBI for those who want to replace the costly complications of the existing welfare system.

One solution could be to make such issues a matter of constitutional rather than regular politics; but it is not clear how likely or effective such a safeguard would be. Many social conservatives object to a UBI on the basis that it is ultimately a radically individualistic measure (because in all of the proposed versions it is given to individuals), which consequently weakens collective bonds. In particular, the fear is that it will weaken family connections and responsibilities, between spouses, parents and children and between different generations. This might be addressed by making households rather than individuals the recipients of the UBI; but (maybe revealingly?) this has not been explored. Left-wing critics of the UBI share this objection but widen it to argue that a UBI will undermine social solidarity by supporting atomised individualism rather than ideas of duty and shared obligation. Another common objection from that quarter is to reiterate the degree to which it could undermine the dignity and importance of work, given that at some level it completely severs the connection between work and income.

Finally, some people, particularly libertarians, object on a priori grounds that make a UBI wrong in principle, even if feasible. The commonest one is that an income transfer of this kind is a violation of natural rights since it involves a forcible income transfer. On its own terms this objection (which applies to any kind of state-handled or compulsory income transfer) is indisputable. However, it has force only if one accepts the premises of the existence of natural rights, the need to observe them, and the nature and content of those rights. These matters are the subject of some dispute, to put it mildly. A more generally acceptable argument is that a large-scale forced transfer of this kind is objectionable on utilitarian grounds (and indeed Kantian ones as well) because it reduces the autonomy and utility of the person from whom the transfer is made, and if this is large enough total utility will be diminished. This, however, is not strictly an objection to a UBI per se but only to a high-level one since it is at that

level that trade-offs of this kind will become pressing. Yet another fundamental objection is that regardless of consequences it is wrong on deontological grounds to give somebody money on a completely non-reciprocal basis (a view that would, though, make many gifts illegitimate).

It is at this point that we need to return to the reasons that Bregman and other authors have for advocating a UBI as a central feature of the new world they wish to create. All of the discussion so far derives from the starting point that the reason for adopting a UBI is to deal with the problem of poverty in a more effective and liberty-enhancing way than the existing kind of welfare state does. It also rests on the idea that work – or rather paid work (and hence employment) – will continue to be, and ought to be, a central feature of any human society. It is this that leads Bregman to his rather confused conflation of the UBI with other kinds of GMI given that the unifying feature of the two is the reality that not everyone currently gets an adequate income from paid employment (however we define ‘adequate’), or even any income at all. This is the problem that GMI schemes, including the UBI, seek to address.

Bregman’s confusions

However, there is another way of looking at this, and Bregman does so – it is his using these two kinds of argument throughout the book that leads to confusion. The other position would accept that there might be significant work incentive effects but be relaxed about it. This kind of position would advocate a basic income not simply as a solution to a pressing public policy problem but as a key element in a fundamental transformation of the social and economic system. Mason and Srnicek both take this view explicitly, as does Frase. They and other authors like them see it as part of a way of transcending capitalism. However, even if we grant their argument it is not clear that that is what they will get – there may be a mislabelling. Alternatively, it could be that the commonly understood meanings of reified constructs such as capitalism and socialism are simply changing – as they have done before.

The question about a possible threat of destruction of the incentive to work and our descent into a land of lotus eaters is not as simple as it might seem. The idea that not having to work is destructive may make sense to literal and metaphorical Calvinists but is not shared by others. The aristocracy have been supremely relaxed about this for most of history. Ancient Greeks such as Aristotle believed that a truly humane life required leisure, a view reiterated by modern authors such as the Thomist philosopher Joseph Pieper (1999). In his chapter 6, ‘A Fifteen Hour Workweek’, and chapter 7, ‘Why it Doesn’t Pay to be a Banker’, Bregman makes this point. He describes how at one time many economists (notably Keynes, but there were many others) believed that as labour became increasingly productive the work week (or, to put it another way, the total amount of work done) would decline. This would not be a bad thing but a benefit as it would free people from toil and drudgery for higher pursuits. Drawing on the work of David Graeber (2013), Bregman argues that a very large number of the paid jobs in existence today are (in Graeber’s terminology) ‘bullshit jobs’ that do not create any value and are ultimately soul-destroying and morally corrupting. The people doing them would be better off doing nothing. In addition, there are many tedious, backbreaking or difficult jobs that may be value-creating but that would better be done by machines (a mechanical form of slave labour, in fact).

The more profound point is that much discussion wrongly conflates meaningful and fulfilling activity with paid work. Sometimes the two are indeed the same but often they are not. In many cases

the activity that people find truly fulfilling and life-enhancing is not paid work but some kind of hobby or creative activity or genuinely value-creating action that is not part of the exchange economy. The most obvious example of this is domestic life and above all the care of children. From this perspective the declines in labour market participation found in the American experiments in the 1970s (and in other cases) have a benign cast. In particular, mothers might well give up low-paid work once they had a basic income so as to devote more time to the care of their children. Economists as a profession have a schizophrenic attitude to this. On the one hand, for all economists work has a disutility and is a cost of production – this is why people have to be paid (or ‘compensated’, in American business-speak) to do it – so the ideal state of affairs is in fact to have lots of stuff with no need to work. On the other hand, increased levels of labour-force participation are typically hailed as a good thing, with no real consideration of things such as the diminishing marginal returns of such increases and the negative spillover effects they may have.

So from this point of view, if at the margin some people do not work because they can survive well enough on the UBI and the result of this is to incentivise employers to mechanise and automate low-productivity jobs, then this is actually a social benefit – to the extent that it frees up people to do things that are valuable but unremunerated or value-enhancing for them personally. Whether you think people will do this or rather sit on the sofa and watch television depends mainly on the view you take of your fellow human beings and their likely response to a UBI. However, it may be that in any event all of this is irrelevant.

Automation

The reason for this is the topic that Bregman covers in his eighth chapter, ‘The Race Against the Machine’, on the possible effects of automation on the world of work. As he concedes, there have been a series of automation panics in the last 200 years, going back to early machine-breaking riots in the UK. The fear every time has been that jobs are being done away with by machines which will leave people with no means of supporting themselves. However, in the past the result has actually been an increase in the total amount of paid work available, the change being not fewer paid jobs but more new and different jobs. On the other hand, we should always be wary of the problems of inductive reasoning: just because something has always happened a certain way in the past, it does not mean that logically it must continue to happen that way in the future. This time it really could be different.

The main reason for thinking that it could be different is the advent of true artificial intelligence (AI). This is developing at an exponential rate, in the same way that computing power has doubled every two years (‘Moore’s Law’). AI of this kind means that we can now look forward to replacing not just the physical and mechanical functions of human beings but their intellectual ones as well. The result, according to most studies, several of which Bregman cites, will be the disappearance of a huge range of middle-income and white-collar and professional jobs, as well as many unskilled ones, so that anything between 40 per cent and 60 per cent of existing jobs are in acute danger of vanishing and not likely to be replaced. This may or may not happen – we will know in a few years’ time – but if it does the consequences will be dramatic.

One of the most significant consequences would be the rupture in the cycle of production and consumption. In this case, while automated production would be turning out ever larger quantities of products at ever less cost because the marginal cost of production collapses (Rifkin 2014), there

would not be enough people with a high enough income to consume enough of the products. In this scenario capitalism would truly face a systemic contradiction and then collapse. From this perspective a UBI would be both a key element in the transition from a capitalist economy to a socialist one and a central institution in the new 'post-capitalist' economy. In that case concerns about the level of the UBI would be irrelevant as it would simply be the way in which purchasing power was distributed. A slightly different view is that there would be a gradual transition to a truly communist economy as more and more goods became effectively free while the basic income gradually declined. This is clearly the vision that truly inspires Bregman, the utopia of his book's title, and he would have done better to stick to this rather than muddy the waters by conflating it with more limited and pragmatic discussions of a guaranteed income in a society where wage labour is still widespread and predominant.

Ideological divergences and convergences

However, this does raise interesting questions about where we actually are in terms of ideological history. As earlier points made clear, in recent years a series of rather excited books, of which Bregman's is a good example, have been produced by people on the self-described left and articulating the upbeat utopianism of the kind just described. This only makes sense in terms of a fundamental optimism about technology and its likely effects and a positive view of the kinds of social change being brought about by scientific and technological development. Frase (2016) has a more thoughtful and nuanced view and distinguishes between good and bad (from his perspective) possible futures. This kind of optimism and excitement is shared by many people on the free market and libertarian side as well, and there is a surprising degree of agreement on what a likely desirable future would look like.

Yet many people on the conventional right do not share this optimism, particularly those adopting a more culturally conservative position. Interestingly, their concerns and arguments are shared by many on the left, particularly the environmental and localist left. So, for example, people such as Paul Kingsnorth (2017) are horrified by the radical utopianism of Frase or Bregman. These kinds of intellectual alliances, between Burkean conservatives and anti-globalist ecologists on the one hand and technological optimists from both the free market and socialist side on the other, were first identified by Virginia Postrell in her *The Future and its Enemies* as far back as 1999, but the phenomenon she identified then has become even more marked since.

Attitudes to a UBI tend to correlate with this deeper division over the likely future impact of technology and the way it is evaluated. Sceptics about major technological change or people who see it in dark colours are also likely to be sceptics about the practicality or effects of a UBI whereas the opposite is true for optimists. There is also a correlation with regard to other issues and this is illustrated in Bregman's book. One of his arguments (made at greater length by Frase) is about the harmful effects of intellectual property and the way it confines the benefits of technological advance to a minority. He devotes an entire chapter ('Beyond the Gates of the Land of Plenty') to the question of open borders in which he straightforwardly advocates a world of completely free movement as by far the most effective way to bring about a dramatic reduction in world poverty, a rise in global output, and an improvement in the conditions of the poorest. Revealingly, these positions have been adopted not only by radical leftists but also by radical libertarians and free marketeers. Indeed, the case for the economically beneficial effects of open borders has been made most forcefully by free market economists such as Bryan Caplan. In contrast is the position of radical green thinkers who urge localism and (implicitly but in several cases explicitly) less movement and migration.

How to locate Bregman's book and the intellectual and political phenomenon of which it is a part? From the 1890s onwards socialism as an intellectual and political project promoted an alternative political economy to the dominant one of modern capitalism. This came in various varieties, from the state planned and owned economies of Soviet-style communism to the radical interventionism of social democracy and the radical non-state alternative advanced by people such as Spanish anarchists, but they were all clear alternatives – 'utopias' in Bregman's sense. There were other alternatives on offer such as the distributivist political economy of the Chester Belloc and other related kinds of Catholic social thought or agrarianism, but these never had the popular or intellectual appeal of socialism. The actual and perceived failure of 'really existing socialism' in the mid- to late twentieth century discredited these socialist alternatives. For several decades some people have felt that there is something deeply unsatisfactory and systemically wrong with the way things are but cannot articulate an alternative. That this leaves room only for tinkering and technocratic management and produces the Land of Plenty without a utopia is what causes Bregman so much angst.

What we are starting to see is an attempt to work out what a non-capitalist or, more accurately, a post-capitalist political economy would look like. The idea for many of these authors is that a UBI would be a part of a move away from the capitalist order. But would it be? For one thing, why do so many supporters of markets like the idea of a UBI? Current technological prognostications envisage a culturally individualistic society with private ownership of productive assets and trade and exchange taking place. The effect of some technologies, such as those of modern communications and 3D printing, is expected when combined with a UBI to be to make everyone the owner of wealth-producing assets rather than primarily employees. This actually sounds more like uber-capitalism than anything post-capitalist.

Or does it? In fact the terms 'capitalism' and 'socialism' are reified analytical categories, and the actual referents for these terms have changed over time. The very word 'capitalism' only came into wide circulation at the end of the nineteenth century and was first used by Thackeray in his comic novel *The Newcomes* in 1855. (Marx used the term only twice, in correspondence, and it was actually popularised by Werner Sombart.) The kind of economy that has come to be denoted by the term was not the one anticipated or advocated by nineteenth century individualists and classical liberals who looked forward to a quite different kind of economy – which did not materialise. Socialism underwent a sharp change in its commonly understood meaning towards the end of the 1870s, when it came to have the meaning it has commonly had ever since, of the replacement of market relations by political ones. Before then, as used by people such as J. S. Mill for example, it meant a laissez-faire market economy which, however, did not have rent as a source of income and, most importantly, did not have wage labour or employment relations as central features. This does sound very like the kind of political economy envisaged by people like Bregman or Paul Mason – it is the effective abolition of wage labour via the UBI that leads them to categorise it as post-capitalist. So this book, irritating as it is at times, is an insight into a current of intellectual and political thinking that is in turn part of a wider process of intellectual and political redefinition.

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