

How can the current political economy be reorganised without undue disruption in order to reduce inequality within our society in the UK?

**Gini Coefficient 1961 - 2015/16**



*Inequality in the UK<sup>1</sup> (above)*

Inequality is undeniably on the rise. The Gini coefficient is a measure of statistical dispersion representing the wealth distribution of a society, where 0 represents a society where all have the same income, and 1 represents a society where 1 person has all the wealth. Using it, we see that since the 1960s the UK has seen a general trend upwards, becoming more unequal (above). The most dramatic increase was during the time of Margaret Thatcher, where the value went from 0.24 in 1978 to 0.34 in 1991 and hasn't gone down since. Today, 45% of wealth in the UK is owned by the richest 10% in our society, while only 1% of wealth is owned by the poorest 10%<sup>2</sup>. Clearly, this is a problem. Such levels of inequality are unsustainable practically and impermissible morally. Having the very few on top own so much undermines the economy by deterring innovation<sup>3</sup>. Furthermore, people born into rich families are much better primed for life and already at an advantage, which is anti-meritocratic and most would consider this immoral. It is clear that we need a radical solution to combat this ever-growing problem. However, some sort of full-scale revolution is not an option – the disruption and potential for anti-democratic results are far too great. Instead, it is clear that we need a change that is effective but feasible. Hence, in this essay, I will provide the arguments in favour of introducing a Universal Basic Income (UBI) as a solution to the problem of inequality.

According to basicincome.org, UBI can be defined as “a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.” In terms of this essay, this means that every adult citizen of the UK would unconditionally receive a decided on amount of money every week. The first question that most people ask is, “how much will it cost?” and “how will we pay for this?” Thus, before delving into the arguments for my position and the philosophy within, I'd like to talk about UBI's practicality in solving inequality.

There are several proposed ways to go about paying for UBI. The method we will use for this essay is one proposed in a 2015 Report by the Citizen's Income Trust (referred to at the start of the report as scheme B), which proposes a small basic income of £50 per week for every working age adult, with the eventual goal of a basic income that meets the Minimum Income Standard<sup>4</sup>. Clearly this is perfect for our argument. As shown in the report, this would actually save the country £1.9 billion, by cutting

certain state benefits, albeit with a sharp 3% increase in income tax. Naturally, this would cause a moderate level of wealth redistribution from rich to poor. In fact, the aforementioned Gini coefficient (for disposable income) would drop from 3 to 2.8<sup>4</sup>, a step in the right direction, great enough that the richest in our society give something back and the poorest in our society can rest easy knowing that child poverty has been lowered by a quarter<sup>4</sup>, but not so great that our way of life collapses. Now that it's clear that a basic income is not revolutionary nor impossible, I'll evaluate the arguments for it, address its criticisms, and assess why I think it provides the right reorganisation of our political economy.

Automation is coming. By 2026, 45,300 jobs in electronic assembly will be lost in the US alone<sup>5</sup>. The way many of our benefits work means they are conditional on the recipient searching for work. As our society progresses into an era where much of the workforce is completely redundant, keeping these archaic functions in place will only widen the divide between rich and poor. As workers become less necessary, it is only logical that employers will feel no need to improve working conditions or wages – if people are fighting for whatever jobs are left, they'll take awful conditions over not working at all. The ratio of pay between, say, CEOs and employees, which is already a staggering 126 to 1<sup>6</sup>, will only be exacerbated as automation continues to grow. However, if workers have a basic income, the power dynamic is reversed. Workers have an actual option, they don't have to darwinistically claw at each other for a low-paid job in terrible conditions, but can realistically threaten employers with leaving the job.

A criticism often brought up at this point, is that people will simply stop working. This would naturally cause a collapse in our society and certainly cause undue disruption, as it were. However, in a study of basic income experiments done in the US and Canada, researchers found that even when given large and unconditional amounts of money, the effect on the labour market was negligible<sup>7</sup>. From a philosophical standpoint, it makes complete sense that even when work is optional, people still choose to do it. Work gives us meaning, a feeling of pride and accomplishment. It allows us to feel like we have a place in the world, and as social creatures, the workplace acts as an attractive opportunity for people, where they can meet friends and partners. The few who would stop working would do so to go back into education, or to raise children, or perhaps a few would work on a passion project, all of which give meaning to a person's life. People clearly need meaning to thrive and flourish, and the alternatives to work which achieve this are not permanent; eventually work will become a necessary part of life, not because of a dependency on capital, but rather because of a person's own autonomous desire to flourish and live a meaningful life. Is this not the preferable option? If people are working because they want to, wages will rise as employers recognise the option of their employees to leave if they don't enjoy it. The attitude of the working class will therefore be somewhat similar to the attitude of the upper class, and a cohesive society in which people understand each other could be achieved, lowering inequality for all.

Another question that must be raised is why our current welfare systems aren't working to end inequality, and how UBI would be any different. The nature of our benefits is such that people must be constantly looking for jobs and applying to a certain number every month, so they end up having to take a job regardless of its pay or if it suits them<sup>8</sup>. This is ineffective in helping the poorest in our society improve their condition, discouraging social mobility. With UBI, these people could make better use of their time, finding a job that suits them, or even starting a business or going back to education. Also, because of the endless conditions and factors that come with many of the benefits in the UK, the bureaucracy surrounding our welfare state is enormous. A universal model would be far less costly and complex, and as pointed out in the aforementioned Citizen's Income Trust report, this could save £1 billion<sup>4</sup>.

To conclude, I find it abundantly clear that a change in society's understanding of work is increasingly necessary in the modern world. Inequality is ever more urgent but as technology increases we have the potential to create a world in which everyone can live in luxury, or we can keep on the course we're on right now, with the extraordinarily wealthy only getting wealthier, with 1%

owning half the world's wealth<sup>9</sup> eventually becoming 0.1%, becoming 0.0001% and so on. In the UK we still have time to decide what kind of society we want to be. So let's.

Sources:

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