Universal Basic Services
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How did we get here?

- Sharp rise in earnings inequality beginning in 1970s in most developed countries
- Translating into greater income inequality in 1980s and 1990s especially US, UK..
- Countered with higher benefit spending and public services in 2000s
- But since financial crisis this approach has stalled..
- Recent labour market developments: precarious work, job insecurity, low productivity
Looking forward: impacts technological and demographic change

• High levels of low-waged, low-skilled employment

• Low levels of job security and career development;

• High levels of “churn” for those in low-skilled employment

• Potential vulnerability of medium/high skilled workers in some sectors.

• Continued high levels of earnings inequality

• Difficulties in financing welfare state on current model

• Demographic pressures
Options

- Accommodation: back to the 1980s
- Redistribution: back to the 2000s
- Basic income. Simplifies and improves incentives, and removes work-related conditionality. But
  - expensive,
  - tradeoffs remain,
  - doesn’t address disability or housing costs
  - Politically difficult/unsustainable
• Externalities and spillovers

• Economies of scale and scope

• Imperfect information, moral hazard, myopic decision making

• Common culture, citizenship and values

More broadly: role of the state is to ensure every citizen has the ability to participate fully in society: the “capabilities” approach.
(New) elements of UBS in UK

• Transport: extending “freedom pass” for local public transport

• Information: basic mobile, internet, and license fee

• Food: one-third of meals for the 2.2 million people experiencing “food insecurity”

• Shelter: 1.5 million new social housing units

Both progressive and affordable (2.3% of GDP, £42 billion – could reduce personal allowance to £4K)
Weekly Value per Household - Averaged across decile

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