

# **Arguing for a Citizens Basic Income in a New Scotland**

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The constitutional change debate provides an opportunity to shape a distinctively Scottish welfare scenario that would meet the challenges associated with demographic change, the dynamics of modern labour markets and the need to secure equality as well as efficiency objectives.

The following questions should act in informing the debate;

1. what makes a good society, and
2. what kind of welfare system would support that good society?

So what do we want our welfare system to do, what values and principles will inform investment in state welfare support and how will that translate in policy terms?

Enter the Citizens Basic Income (CBI) proposal – a minimum income guarantee paid to all citizens on an individual basis, without means test or work requirement. A CBI would replace all existing income maintenance benefits, including all reliefs set against income tax liability and the amount paid would be tax-free.

A CBI would ensure that the financial gains from paid work were always positive and would provide a more secure base for individuals to opt in and out of the labour market, thus promoting greater flexibility with respect to individual life choices. Furthermore, the universal aspect of the proposal protects against discrimination, thus providing the foundations for a more equitable system of state welfare provision.

Adopting a CBI would not simply imply tinkering with existing systems in response to identified inadequacies or inefficiencies. The concept itself involves the acceptance of a whole new way of thinking about social security policy in terms of the functions it *can*, *should* and *does* perform. If understood in these terms, a

CBI is more representative of a **radical idea** than a **welfare reform** proposal.

A CBI provides the basis for creating *space* to rethink our notions of work, income and citizenship rights within modern capitalist economies. The perceived crisis in capitalism and the current economic recession presents as an opportunity to reshape our thinking on ***what makes a good society, how do we value and who do we value in that society.*** Crucially, in doing so we need to develop a better understanding of how the structures and processes associated with our economic systems can better serve the needs of *all citizens* across all of our communities.

The inadequacies of our current welfare system, operating alongside and in conjunction with contemporary labour markets, are obvious when evidence is presented of increasing income inequalities, the persistence of widespread poverty and the associated problem of social exclusion. Furthermore the

social justice case for the promotion of equality has been strengthened by a heightened awareness regarding the negative impact inequality has on overall economic performance. Existing social security policy can therefore be criticized for failing to deliver both as a mechanism that acts in supporting the efficient functioning of a modern capitalist economy and as an effective social policy that promotes 'security' for all citizens. From a gender equality perspective this is particularly the case.

The current position of women in Scotland's economy is a cause for concern at a number of levels and the constitutional futures debate provides a platform for raising and discussing issues relating to gender inequality. With specific reference to social security policy, gender concerns should be central to the debate. Formal social security arrangements have traditionally served men more favourably than women. This is in part due to the direct relationship between insurance-based benefits and the labour market but is also an indirect consequence of

policies that fail to recognize the diverse role of women as wives, mothers, carers and workers.

The Scottish constitutional futures debate provides the space to consider new ideas and proposals that will transform our welfare system into a 'workable new welfare architecture' that will meet the needs of the Scottish economy and the women who live and work in that economy.

A CBI may provide a framework to build a welfare system that effectively recognises the *totality* of women's contribution to the economy and wider society. The question remaining is - in the new Scotland is there a desire and/or political will to do so?

Within a Scottish context a commitment to the promotion of equality has been a defining feature of the post devolution political and policy frameworks, made explicit via high-level strategy and processes.

The current political climate within Scotland provides real opportunity to move beyond the confining parameters of mainstream economic analysis in attempts to understand the role of women in the economy. The door is ajar, creating a space for new thinking that more accurately accounts for a whole range of economic activity that is welfare enhancing yet remains invisible within a policy framework focused on the world of paid work. In the context of social security policy the open door allows for consideration of the CBI proposal and how it presents as an invaluable opportunity for reshaping welfare policy in accordance with a goal of promoting opportunities for *all* of Scotland's people.

This brings us full circle to our initial question – what kind of welfare system would support a good society in a new Scotland??

In contrast to current social security measures, a CBI does not explicitly link income provision with work. In this sense it can be

regarded as an emancipatory measure in that it serves to free individuals from the economic necessity of *toil* and provides the basis to support a range of welfare enhancing activity undertaken outwith the confines of market based exchanges. A CBI is not merely an alternative to existing social security provision but rather a *philosophy* aimed at enhancing individual freedom and promoting social justice. In essence providing the basis for securing '*real freedom for all*'. However, the arguments posed against the proposal mainly focus on costs and the impact on work incentives and disincentives. To date those arguments have won over the very diverse and convincing arguments in support of the proposal. That is, paying people in exchange for what is *perceived* to be doing nothing is highly unlikely given the value modern society attaches to work. The word *perceived* is used deliberately here as what is it we understand by "doing nothing"? This kind of statement indicates a very narrowly confined notion of what we as a society currently *value* as economic activity.

In particular considering, how and who we value in the context of assessing the gendered impact of austerity measures on overall economic performance raises a number of questions. Who was bailed out and why; how was the bailout financed and who will continue to pay the price; why the impact on pay and jobs in the public sector; and how can we justify the level and scope of the current public spending cuts evident across Europe? Policies to encourage private sector investment may lead to positive outcomes in terms of boosting aggregate demand. But this is by no means guaranteed due to the uncertainty and volatility inherent within global financial markets as Keynes so eloquently argued in the 30's. In accounting for gender difference it may be that we can conclude that the best way to boost aggregate demand is to effectively target resources towards meeting the needs of women and their families. However this would require a fundamental shift in thinking. In particular it would require an acceptance of the centrality, and indeed the superiority, of public sector expenditure and the care sector in supporting economic and

human development. Perhaps it is time to make that fundamental shift, and to consider a different set of values as the defining feature of our 'good society'. Maybe a CBI provides us with just the platform for doing so in a new more gender equal Scotland.