

The case for Universal Basic Services

Ian Gough

Beveridge 2.0 Symposium
January 29 2020

'Universal basic services: A theoretical and moral framework'. Political Quarterly, 2019:
<https://onlinelibrary.wiley.com/journal/1467923x>

Universal Basic Services

- Idea originally developed by the Institute for Global Prosperity in 2017.
- A wider range of free public services enabling every citizen to live a larger life by ensuring access to certain levels of security, opportunity and participation.
 - **Universal:** entitlement independent of ability to pay.
 - **Basic:** sufficient rather than minimal, enabling people to flourish and participate in society,
 - **Services:** collectively generated activities that serve the public interest
- Extends NHS and education principles to a wider range:
 - originally Shelter, Nutrition, Transport and Information.

The fungibility problem

- Yet money is fungible so UBI permits people to spend income on whatever they want.
- Public services are not fungible but deliver specific activities or provisions.
- UBS less in tune with market ideology than UBI.
 - appeals to respect consumer sovereignty and market democracy.
- Therefore a rigorous conceptual and moral framework required to justify

Plan of presentation

1. A theory of the common human needs necessary for a flourishing life.
2. A 'foundational economy' as a provisioning system for meeting these needs.
3. The case for social rights or entitlements to UBS:
 - equality, efficiency, solidarity, sustainability
4. Delivering UBS
 - Entitlements, Funding, Regulation
5. Conclusion

1. Shared needs

- Economic theory gives ontological and epistemic preference to the wants individuals have
 - Whether derived from innate preferences or cultural and economic environment.
- To gain a strong purchase on UBS we must turn to two other schools of thought
 - Capability theory
 - Need theory
- Present a joint amalgamation here

Plurality and non-substitutability

- Functionings/needs cannot be summed and summarised in a single unit of account
 - Certain packages of need satisfiers required to avoid harm and pursue wellbeing
 - Compare indifference analysis
- Needs are in theory satiable
 - Principle of sufficiency, v. maximisation of utility

Universal needs v. contextual need satisfiers

- A critical distinction
- But how in a democracy can satisfiers be collectively identified?
 - A ‘dual strategy’ of participation alongside expert input
 - Coupled with decentralised and centralised public authority
 - Sen, Alkire...

2. Provisioning systems

- Critique idea of the economy as a uniform space
 - within which nameless and substitutable commodities are produced, exchanged and consumed.
- Instead the economy as a network of 'systems of provision':
 - The food system, the energy system, the housing system, the education system, the care system, the transport system, etc
- Each provisioning system comprises physical and social elements
 - Infrastructure, technology, land use, supply chains
 - social institutions such as markets and states, social relationships, and social norms and cultures).
- But each displays a different structure and dynamic.

The 'foundational economy'

- 'Manchester School': Karel Williams, Mick Moran etc:
- The 'mundane' economy, taken for granted infrastructure and services
 - Delivered through networks and branches
 - Relatively sheltered from international competition
 - Provide collective shared services in the public interest
- Account for about 50% of both employment and expenditure in the UK and across Europe.

The foundational economy

- **Material FE**
 - **Pipe and cable utilities** (piped water, waste water and sewerage, electricity supply, domestic piped gas and telecommunications - both copper wire and mobile);
 - **Transport infrastructure** comprising railways, roads, filling stations, car retailing and servicing and all public/social vehicles such as trains and buses
 - **Food** production, processing and the distribution network including supermarkets
 - Retail **banking** services and payments systems
- **Providential FE**
 - The **welfare state**: health care, education, social care, police and emergency services and public administration.
- **Housing** a critical sector straddling the two

Parallels

- A parallel between the frameworks of functionings/needs and provisioning systems. Both recognise:
 - the irreducible heterogeneity of consumption, the multi-faceted nature of human needs and the variety of systems on which we all depend.
 - the importance of shared systems and mutual benefits.
 - Also the idea of local economies under more local control.

Table 1: Linking needs and provisioning systems: the potential components of UBS

Universal needs	Contemporary need satisfiers	Provisioning systems
Nutrition	Adequate nutritious diets; food security	Agriculture, food processing and food retailing systems: 'from field to fork'
Shelter	Adequate, secure, affordable housing	Housing: land, building, owning, letting
	Energy	Utilities
	Water and sanitation	Utilities
Social participation: Education/information/ communication	Schooling and adult education	Education and training systems
	Phone, computer and internet connection	Telecommunications
	Access to effective and healthy means of transport	Road, rail etc. infrastructure
Health: prevention, cure, care	Public health	Public transport services
	Medical services	Public health services
	Social care	National health services
Physical security	Emergency services	Social care services
Income security	Employment	Emergency services
	Income maintenance	Decent, secure job
	Money/payment systems	Social security; private insurance
		Retail banking

Potential UBS sectors

- The second column provides a provisional list of contemporary need satisfiers.
- These basic provisioning systems are presently distributed across both the private and public sectors in a shifting pattern.
- This raises the question, what is the justification for, and the appropriate realm of, the public sector?
- Can and should free universal provision be extended through the public realm?

3. The case for UBS

- Much of this needs to be reversed to achieve UBS, but that does not require a return to a 'pure public' model.
- Entitlements to UBS can also be guaranteed using a menu of interventions including regulation, standard setting and monitoring, taxation and subsidies.
- But the unifying proposal is to advocate directly collective solutions, as opposed to providing income support and leaving provisioning to market forces.
- To develop this argument the case for collective provision to meet needs can be made on four main grounds: equity, efficiency, solidarity, and sustainability

Equity: a major argument

- Free provision of necessities automatically targets lower income households, without the disincentive effects that often result from money transfers.
- Free public provision of necessities financed from taxation very redistributive:
 - Even if the total tax system of a country is broadly proportional to income
 - OECD study: existing public services worth the equivalent of 76 per cent of the post-tax income of the lowest decile compared with just 14 per cent of the highest (Foerster et al).
 - Public services reduce income inequality by an average of 20 per cent.

Efficiency

- Productive efficiency of market provision justified market rules from 1980s, but
 - Transaction costs
 - Economies of scale of public networks
 - Financialisation and predation
 - Moral hazards
- Emergence of ‘social return on investment’ (SROI) in 2012 Social Value Act
 - Goal to ‘improve the social, economic and environmental well-being of the relevant area’

Solidarity

- ‘Feelings of sympathy and responsibility between people that promote mutual support’.
 - An inclusive process, not just within well-acquainted groups but also between ‘strangers
 - Cf. EU’s long-standing goal of economic and social ‘cohesion’
 - Fabian Society’s ‘solidarity settlement’ to enshrine ‘equal citizenship’ and fostering ‘a sense of mutual interdependence.
- Argument that public services ‘crowd out’ social capital by inhibiting mutual trust, informal networks and civil commitment
 - But evidence that Nordic-style welfare with more universal services, tend to have higher levels of bonding and bridging social capital

Sustainability

- Superiority here of services to cash disbursements
 - Scope for shift upstream to prevention (though rarely realised)
- Re climate breakdown and ecological threats
 - Strengthening community capacity and resilience
 - Scope for eco-social policies and just decarbonisation
 - Eg. Economies and practices of public v private health care

4. Delivering UBS

- Now situate these arguments in a specific context: the UK
- Fragmented welfare
 - LSE *Social Policy in a Cold Climate*
- + Financialised capitalism
 - Major erosion of the Foundational Economy
- Not propitious: ‘If I were you I wouldn’t start from here’

How model heterogeneity?

- UBS by definition a varied, context-specific strategy
- Diversity of services and infrastructures in the Table
- Pure public goods, pure private goods, capital and current goods, networks, intensive service activities (where the nature of the provider integral to the service provided) etc
- Can any general guidelines be agreed?

Three functions of the state

- Guaranteeing the *entitlements* of citizens/residents to basic services
- Raising taxes and distributing *resources*, distinguishing:
 - Current expenditure
 - Capital infrastructures expenditure
- *Regulating* and setting standards across a number of dimensions

Providing resources

- Give higher priority to direct public expenditure on services
- But recognise these depend on past, present and future capital investment in material and service infrastructure
- Independent Infrastructure Strategy Commission (2017) calls for all citizens to have access to *Universal Basic Infrastructure*.
 - ‘Everywhere in the UK should be served by adequate hard infrastructure and high quality human capital-building public services.’
- Challenge current interpretation of returns to investment
 - UBS requires the idea of broader social returns and longer-term future returns

Regulation and standard setting

- Role of regulation and public standard setting
- But the ‘regulatory state’ can entail ‘regulatory capture’
 - Especially In today’s complex world of intersecting public, quasi-public, for-profit providers, not-for-profit providers, and voluntary groups.
- One solution: extend local ‘social licencing’
 - ‘If firms are providing welfare–critical foundational services, like retail banking or adult care, they should be treated as *in* the public domain regardless of ownership’ (Manchester School)

Example 1: bus services

- *Entitlement*: extend current Freedom Pass to entire population
 - Major equity and wellbeing benefits
- *Investment*: no use if no bus services!
 - So prior investment (as before introduction of Congestion Zone)
- *Regulation* as in TfL. Cost of *extreme deregulation* outside London:
 - Services dominated by a few large operators
 - Fares increased faster than other items of consumer expenditure
 - Companies have sweated assets to fund dividends
 - Passenger journeys have declined in all areas including metropolitan areas (cf London)
 - Fragmentation effects: poor interconnections and lack of inter-ticketing
 - Halving of spending on subsidies for social necessary services
 - Further unintended consequences: 'forced car ownership'
- *Cost*: 0.26% GDP + 0.63% GDP capital investment

Example 2: Adult social care

- *Entitlement*: An entitlement to adequate, good quality, free or affordable social care
 - Titmuss principle of universal access + outreach
 - Balancing these via flexible, individualised services
 - NB. With more emphasis on prevention
 - Models: Germany LTCI. Scotland. etc
- *Funding*: OECD average 1.4% GDP
- *Regulation*: Avoiding a disastrous ‘tipping point’ in England. Avoiding declining standards from deregulated privatisation
 - Role of local social licencing

UBS is cheap (compared with UBI)

Source: A.Coote and A.Percy (2020), *The Case for Universal Basic Services*. Polity Press

UBS Costs (%GDP)

	%GDP
Transport	0.4%
Information & Communications	0.6%
Child care	1.4%
Adult social care	1.1%
Housing	0.5%
	4%

Conclusion

- The theoretical justification
 - Wellbeing is multi-dimensional and its components are non-substitutable
- The normative justification:
 - The potential of UBS to secure human flourishing via greater equality, social efficiency, collective solidarity and long-term sustainability.
- The political justification:
 - UBS incremental , not big-bang
 - UBS can achieve superior results to a system of unconditional cash payments (a UBI scheme) +markets for commodified services.
- Of course this leaves open the question, why not advocate both UBI and UBS?
 - To discuss....