

The Observer Universal basic income

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Money for nothing: is universal basic income about to transform society?

The concept of a guaranteed income is gaining traction as a solution to the impact of AI and way to encourage more rewarding and socially valuable work



📷 Elinor O'Donovan: 'A guaranteed income covers my living expenses, my rent and day-to-day stuff.'
Photograph: Denis Vahey/The Observer



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When Elinor O'Donovan found out she had been randomly selected to participate in a basic income pilot scheme, she couldn't believe her luck. In return for a guaranteed salary of just over €1,400 (£1,200) a month from the Irish government, all the 27-year-old artist had to do was fill out a bi-annual questionnaire about her wellbeing and how she spends her time. "It was like winning the lottery. I was in such disbelief," she says.

The income, which she will receive until September 2025, has enabled her to give up temping and focus instead on her art. "It covers my living expenses, my rent, food and day-to-day stuff."

The concept of a guaranteed basic income might seem novel or neoteric, but it dates back to 1795, when the American founding father [Thomas Paine](#) suggested a "national fund" should pay every adult "rich or poor" a "ground rent" of £10 a year until the age of 50. Earth is "the common property of the human race", he argued, so everyone has been collectively dispossessed by "the introduction of the system of landed property" and was entitled to compensation.

Today, as artificial intelligence (AI) learns from the collective intellectual and creative output of humans and uses this to dispossess workers of their livelihoods, the idea of universal basic income (UBI) as a possible solution is gaining traction. "We are seeing the most disruptive force in history," Tesla founder and X (formerly Twitter) owner Elon Musk said last year, before speculating: "There will come a point where no job is needed - you can have a job if you want one for personal satisfaction - but AI will do everything."



Illustration: Nathalie Lees/The Observer

The counter argument is that although AI could replace a range of jobs, it will also create new roles (including oversight of AI decision making - known as “human in the loop”). Yet for many workers, the advance of AI continues to be alarming. In March, after analysing 22,000 tasks in the UK economy, covering every type of job, a model created by the Institute for Public Policy Research predicted that 59% of tasks currently done by humans - particularly women and young people - could be affected by AI in the next three to five years. In the worst-case scenario, this would trigger a “jobs apocalypse” where eight million people lose their jobs in the UK alone.

UBI would provide a vital safety net. “Under capitalism, you need money to survive. It’s that simple,” says [Dr Neil Howard](#), an international development social protection researcher at the University of Bath. He and his team have helped to develop basic income pilots around the world and, like Thomas Paine, he believes that a redistribution of the privatised resources of all human beings is inherently just. Howard likens the large language models of AI that rely on the aggregated collection of human knowledge to the enclosure of the commons, which began in the 1600s and privatised most of England’s common land. “The common wealth of the world and of humanity, should, by rights, belong to all of us,” says Howard. “It has been appropriated by the few - and that leads the many to either have to struggle to survive or simply not effectively do so. So there’s justice underpinning the claim of UBI.”

Contrary to expectations, he says, “It wouldn’t necessarily lead to people doing less work - it would enable them to do better work or to invest their time in more socially useful activities.”

This argument is backed up by a 2020 study conducted by researchers at Utrecht University in the Netherlands. It found that unemployed individuals who were previously in receipt of benefits increased their participation in the labour market after they were given a basic income for three years. Rather than opting for insecure work - taking any job they could get - to fulfil the conditions imposed upon them by the benefits system, they were more likely to find and accept a long-term, well-paid job. They also took on more work.

“Humans need to do work that feels valuable, psychologically,” says Cleo Goodman, a UBI expert at the thinktank Autonomy. “It’s baked into us. It is complete nonsense to suggest that there’s a faction of society that just wants to sit around on the sofa all day, drinking beer and watching TV. We want to

spend a fair amount of our time doing something that makes us proud.” She believes that everyone has the potential to find their “niche” - work they’re good at, that gives their lives meaning and purpose.

For example, she believes that if UBI was available, people would do more creative and charitable work. “The kind of work that it’s now very difficult to make an income from is the kind of work that I think people would move to in droves. And I think that would be positive for society.”

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Cleo Goodman, Autonomy

This is particularly true of care work and parenting, says Goodman. “People shouldn’t be punished for making those choices. Socially and economically, that work is valuable. But at the moment, economically, it’s not valued.”

Salaries for work that is essential, but unattractive, would need to rise if a UBI scheme was introduced. “We’d have to recognise the people that are doing the work in the sewers and cleaning the streets, they’re doing incredibly important jobs that we should be grateful for,” says Goodman. “So they should be compensated in a fair way. I think more people would be happy to get their hands dirty if they were being paid fairly.”

While no basic income scheme is now available in England, Autonomy is looking to change that. Goodman is fundraising to run a micropilot that would give 15 people in two areas - central Jarrow in South Tyneside and East Finchley in north London - £1,600 a month for two years, to observe the impact on their lives.

The only basic income pilot currently running in the UK is a Welsh government scheme for 600 young care leavers. Each is receiving £1,600 a month (£1,280 after tax), for 18 months, so that researchers can evaluate the scheme’s benefits. An interim report suggests recipients feel “a greater sense of choice and control over the future”.

In the US, where there are currently more than 100 UBI pilots being explored or delivered, researchers have seen similar results. One two-year pilot, In Her Hands, involving Black women in the state of Georgia, resulted in more women of colour returning to education.

Cheeoni Hampton, 47, a disabled grandmother who left school young to have children, was one of them. “When I found the flyer under my door, I was sceptical,” she says from her home in Atlanta where, at one point in her life, she experienced homelessness. “Then I researched it a bit, and thought: ‘Maybe I can get a real career, instead of hopping from job to job.’”

The income she is receiving - \$850 [£673] a month until September - has enabled the former warehouse worker to take an online course and become a security guard, while simultaneously paying off debts. “A weight was lifted off my shoulders,” she says.

Hampton moved out of her subsidised apartment and bought a low-cost home with a mortgage. She is now earning enough to meet all her bills without getting into debt. With a little extra money, she says, you can really do a lot. “It motivated me to go out and do better for myself. It changed my outlook on life.”

In Cambridge, Massachusetts, former mayor Sumbul Siddiqui began a programme providing 2,000 low-income families with a guaranteed tax-free income of \$500 [£395] a month, for 18 months. She is a member of Mayors for a Guaranteed Income, a coalition of 150 mayors in the US who are advocating for a nationwide guaranteed income scheme. Her scheme is costing the city \$22m [£17m] but, she says, it was a “very easy” decision to make: “I think we have to do everything we can to provide financial stability and dignity to those who are the most vulnerable in our community.” She adds, “I think it’s important to say: ‘We recognise you could use help and assistance, and we trust you to figure out how best to use this money.’”

An earlier pilot Siddiqui ran in the city resulted in significant improvements in financial health for 130 families, along with higher rates of employment, more time and space for parenting and improved educational outcomes for children.

In Cork, Elinor O’Donovan - who began receiving Ireland’s basic income for creative workers in 2022 - can now spend time doing a job that makes her

feel fulfilled. “I made my first film last year, which was really huge for me, and I was able to pay other artists to work with me.”

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 'I made my first film last year, which was really huge for me, and I was able to pay other artists to work with me': Elinor O'Donovan. Photograph: Denis Wahey/The Observer

Across the Irish sea, the Scottish government and the mayors of Manchester, Liverpool and London have all publicly expressed enthusiasm for running basic income pilots in their areas. But so far, none have managed to do so.

One of the biggest obstacles they face is that HMRC refuses to exempt participants from income tax, significantly increasing the gross amount that scheme providers must pay to provide each individual with a small but adequate net income. Participants also need to be financially compensated if other benefits are affected as a result of the pilot. That makes pilots in the UK more expensive than in other countries.

“It’s an impasse,” says economist [Prof Mike Danson](#), who has carried out research advocating for a basic income scheme in Scotland. “We know that, privately, some senior civil servants are in favour. But politicians are afraid of making that big step and trusting the population to do the right thing.”

Research on the impact on participants of pilots in places with similar economies to the UK is so overwhelmingly positive that, he suggests, the resistance in government must be “ideological”. “So, until there’s quite a radical change in thinking in Westminster, nothing can change, really, anywhere in the UK.”

But AI may be the impetus for this radical change in thinking, especially if massive job losses do occur. “One view is that basic income has to happen because, to continue, businesses need people to have money. People need an income they can spend on goods and services. So if you’re taking a lot of income out of the economy, with people losing their jobs, then that’s a problem,” says Danson.

It’s not just economists who think a UBI scheme will be necessary in the future. [Prof Geoffrey Hinton](#) – a computer scientist generally regarded as “the godfather of AI” – is among those advocating for it. “I was consulted by people in Downing Street and I advised them that UBI was a good idea,” he told the BBC in May. He fears AI will destroy jobs and increase productivity: “It’s going to increase the gap between rich and poor,” he said.



📷 Ghost in the machine: visitors look at the Tesla's humanoid robot Optimus on display during the 2024 World Artificial Intelligence Conference at the Shanghai Expo Center on 4 July. Photograph: Andy Wong/AP

Darrell West, author of *The Future of Work: AI, Robots and Automation*, says that just as policy innovations were needed in Thomas Paine's time to help people transition from an agrarian to an industrial economy, they are needed today, as we transition to an AI economy. "There's a risk that AI is going to take a lot of jobs," he says. "A basic income could help navigate that situation."

AI's impact will be far-reaching, he predicts, affecting blue- and white-collar jobs. "It's not just going to be entry-level people who are affected. And so we need to think about what this means for the economy, what it means for society as a whole. What are people going to do if robots and AI take a lot of the jobs?"

Nell Watson, a futurist who focuses on AI ethics, has a more pessimistic view. She believes we are witnessing the dawn of an age of "AI companies": corporate environments where very few - if any - humans are employed at all. Instead, at these companies, lots of different AI sub-personalities will work independently on different tasks, occasionally hiring humans for "bits and pieces of work".

These AI companies have the potential to be "enormously more efficient than human businesses", driving almost everyone else out of business, "apart from a small selection of traditional old businesses that somehow stick in there because their traditional methods are appreciated".

Watson speculates that only jobs that require human interaction (like hospital chaplains and care workers) or involve complex physical tasks (like plasterers, plumbers and hairdressers) will need to be done by humans in the future. As a result, she thinks it could be AI companies, not governments, that end up paying people a basic income.

AI companies, meanwhile, will have no salaries to pay. "Because there are no human beings in the loop, the profits and dividends of this company could be given to the needy. This could be a way of generating support income in a way that doesn't need the state welfare. It's fully compatible with capitalism. It's just that the AI is doing it."

Howard is also optimistic that we will one day see a basic income scheme introduced in the UK: "We have lots of evidence - and people make it very clear - that the universality, the unconditionality, the automaticity of payments give people a sense of dignity. It manifests that they matter and that their experiences as human beings matter enough to be given this solid cash floor," he says.

"I think we need to be calling for basic income on the basis of a sense of shared morality, because economic insecurity is grim. It's empirically damaging and it's based on historical injustices that are translated into present inequalities. So there's a very strong case for redistributive basic income right now, irrespective of whether or not the machines are coming."

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