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## Perspectives

# Reducing health inequities: is universal basic income the way forward?

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The idea of a universal basic income (UBI) has recently resurfaced and risen to prominence in global policy discussions, with strong arguments from both proponents and opponents. UBI is defined as unconditional income granted to each citizen, irrespective of work criteria or a means test.<sup>1</sup> The idea is far from new, yet it remains a controversial topic of debate in political and economic circles. The history of basic income includes past experiments in Europe, the Manitoba project in Canada in the 1970s and similar income experiments in the USA. In addition, recent basic income pilots have debuted in Kenya, Namibia and India; while in the UK, the provision of UBI has been promoted by the Green Party since 2015. This raises the question of whether UBI schemes can contribute to reducing health inequities, defined by the WHO as systematic differences in health, between and within countries, that are avoidable by reasonable action.<sup>2</sup>

Income is widely considered to be the most important social determinant of health (SDH), as it interacts with, and influences a number of other SDH pathways.<sup>3</sup> Given the widespread acknowledgement of the importance of reducing health inequities, and how a surge in income inequalities that both preceded and followed the 2008 global financial crisis has undermined SDHs globally,<sup>4</sup> we argue that UBI has the potential to counteract this trend and significantly and sustainably reduce health inequities. The paper will first focus on what is known about UBI's impact on a range of specific health pathways, including: birth outcomes, educational attainment, housing and mental health. Given the existence of various UBI models, it will then discuss some of the advantages and drawbacks of different approaches to UBI from a health equity perspective. We finally address some of the main criticisms that have been raised about UBI in relation to work disincentives, gendered impacts and economic costs.

## UBI and early child health development

Basic income support has a significantly positive effect on birth outcomes, exemplified by the experience of the US state of Alaska. Alaska has provided its citizens with income transfers, called the Alaska Permanent Fund, since the late 1970s and continues to be the sole provider of such transfers in the USA. Research on the health impacts of these transfers reported increased birth weight of 38.8 g for participants, and a 14% decreased likelihood of low birth weight, with results more significant for less-educated mothers. Other research findings are consistent with this data, including an income experiment in Indiana.<sup>5</sup> In this case, income supplements enabled access to better neonatal nutrition and healthcare. It is well known that early child development is a significant factor influencing cognitive, behavioral and physical domains in children which, in turn, impact health results later in life.<sup>3</sup>

## UBI and education attainment

Education has a prominent role in shaping long-term economic, physical and mental health outcomes, and interacts with income over the life-course.<sup>6</sup> A large number of studies indicate that provision of a basic income is associated with improved literacy scores, reduced dropout rates and improved grades. Higher levels of educational attainment have, in turn, been associated with better health outcomes, for example by improving labor market outcomes, and contributing to social support systems and a healthier lifestyle.<sup>6</sup> Income maintenance experiments in the USA demonstrated only positive results. The North Carolina income support experiment found that children whose

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families were enrolled in the experiment experiencing test scores that were 22 points higher, on average, than children in the control group.<sup>7</sup> In New Jersey-Pennsylvania, children were 20–90% more likely to graduate from high school.<sup>7</sup> During the Manitoba income [Mincome] experiment, a notable outcome was that adolescent males delayed entering the workforce to continue attendance in school.<sup>8</sup>

More recent income pilots in Namibia and India show similarly positive results. In India, the school enrollment rate was 12% higher in participating villages, with most of the money spent toward shoes, uniforms and school supplies.<sup>9</sup> In Namibia, 90% of school payment fees were paid in full, ‘an unprecedented achievement’<sup>10</sup> for the school. An income transfer allocated to parents can lead to better school attendance and improved grades, while economic support can allow individuals to continue their education through to tertiary levels, improving their employability, income security and overall health.

### UBI and mental health

Persons with insecure income and lesser educational status can experience elevated risk of morbidity and stress. Both indirectly (through the educational pathway) and directly, another association with income benefits can be improved mental health. Although research data on this association are limited, there have been some encouraging results. In an unconditional cash transfer experiment in Malawi, schoolgirls were ~38% less likely to suffer psychological distress than the control group.<sup>11</sup> A 1996 longitudinal study conducted on a tribal reservation in the USA examined the psychiatric outcomes following the opening of a casino, which led to a rise of income in the reservation. The study results showed that drug dealing in adolescents declined, high school graduation rates increased and the youngest of the family were less likely to experience any psychiatric disorder.<sup>12</sup> Research studies in Kenya present a multitude of mental health benefits from income supplements: youth experienced 24% less depressive symptoms, psychological well-being increased and the benefits played a buffering effect for the mental health of orphaned children. Young men reported feeling healthier and being more hopeful. In short, income security appears to be a key factor in protecting mental health.

### UBI and housing security

Affordable, accessible and quality housing is another crucial SDH.<sup>3</sup> Differences between low-income and high-income residential areas are concrete and distinct. Living in economically deprived communities is associated with poorer health

status, higher crime and school dropout rates, and juvenile misbehavior.<sup>13</sup> A study on the Gary initiative, a negative tax UBI pilot in the USA, found that most individuals receiving income transfers moved to a different neighborhood with better housing and health-enhancing attributes, directing a portion of the income supplement toward improved housing consumption.<sup>14</sup> Another study in Boston, ‘Moving to Opportunity’ examined the short-term impact of housing vouchers on residential changes for high-poverty families. Families which were offered housing vouchers to move to affluent neighborhoods exhibited improved physical health, mental health, family safety and reduced child misbehaviors.<sup>15</sup> Significantly, the long-term impacts for the study showed improved college attendance and income for children whose families moved.<sup>16</sup>

### UBI and healthcare

Healthcare utilization, whether publicly or privately financed, is a significant cost to the economy. With the provision of income supplements, hospitalization and doctor visits can diminish. Results from the Manitoba Mincome experiment indicate a 8.5% decline in healthcare utilization and decreased doctor visits for psychiatric reasons.<sup>8</sup> In India, the occurrences of common illnesses diminished amongst participants in its income pilot, particularly when accompanied by an incentive to attend regular preventative health check-ups, potentially minimizing more serious (and publicly or privately costly) health problems from developing.<sup>9</sup> This is a rather important result considering the disproportionate use of healthcare services from low-income groups compared to higher-income groups, and with regards to high-cost hospital expenditures. Finally, although there is presently no empirical evidence surrounding this point, it is probable that a basic income could also guarantee more equitable access to drugs in countries where no public or private drug insurance plans are available. Considering the seemingly inexorable rise in the cost of drugs, access to appropriate medication is increasingly compromised, especially for vulnerable households. A universal income could mitigate the negative effects of such rising drug costs and improve universal access.

### Structuring UBI for health equity

The two most widely discussed varieties of UBI are the negative income tax (NIT) and the universal demogrant (UD) model. The NIT provides supplemental income to low-income families, and is clawed back as income rises, while the UD model is a non-taxable benefit to all citizens regardless of income level.<sup>17,18</sup> Irrespective of whether UBI is dispensed through a NIT or a UD, the level of minimum income

guaranteed should be defined in reference to the monetary resources necessary to lead a healthy and fulfilling life, and it should be targeted toward individuals, including children, with the clear goal of reducing poverty and inequalities by increasing income of the most marginalized groups in society. UBI transfers should be structured in a way that promotes social solidarity by demonstrating that everyone is valued, regardless of their personal assets or ability to work, to provide a sense of social security and wellbeing. Finally, it is also crucial that UBI remains accompanied by other policies designed to support redistribution of income and wealth, so as to avoid that UBI leads to a complete dismantling of other aspects of the welfare state, which could have unexpected negative health equity consequences. Finally, UBI should not become a subsidy scheme for low (poverty-level) wages, which implies that minimum wage and labor standards need to be upheld carefully after UBI is introduced.

### Critiques of UBI

The health case for UBI appears to be straight-forward but a number of criticisms have been raised regarding its costs and negative externalities. From a health equity perspective, the most critical concern is that UBI could lead to a dismantling of other aspects of the welfare state infrastructure, such as universally accessible publicly provided or subsidized services (e.g. healthcare, education, transportation).<sup>19</sup> This possibility, sometimes envisioned by Conservative supporters of UBI, would reduce welfare provision to an exchange between private providers and consumers, as first proposed by Milton Friedman.<sup>20</sup> This outcome would be consistent with still dominant neoliberal economics and its emphasis on individual and not collective responsibility; but it would also allow private providers to raise prices commensurate with the (slightly) increased ability of individuals to pay. Transforming public welfare into income transfers alone undermines the ‘leveling up’ ability of UBI to raise the incomes of low-income households proportionately more than that of wealthier households (which also happens to be one of the targets for Goal 10 of the Sustainable Development Goals).

One prominent argument against UBI is that basic income might encourage idleness and creates disincentives to work, which could undermine population health in the long run. However, a review of North American UBI experiments from the 1970s found that very few participants in UBI schemes actually withdrew from the labor market after qualifying for UBI, and that overall work efforts did not diminish significantly, with a 13% reduction in working hours on average per family.<sup>8</sup> What is more, individuals who choose to reduce their

work load are likely to be mothers and adolescent males who left school or university for financial reasons, and who can now return to enhance their employment opportunities and contribute to the accumulation of human capital. A second prominent concern regarding basic income is how it might reinforce traditional gender roles in the household. If women are given the option to pursue either paid work or unpaid work, there exists a tendency for women to choose unpaid work.<sup>21</sup> UBI, by providing an income-incentive to this choice, might contribute to reinforcing traditional and gendered household roles. Although this might be true, UBI has also been viewed as a step toward promoting independence and empowerment of women, especially in developing countries where women often remain financially dependent on their husbands, and where an income transfer that they control begins to shift (if not always easily) some of this power imbalance.<sup>21</sup> A third critique relates to the affordability of UBI in times of a constrained fiscal purse. It is quite true that building up a comprehensive NIT scheme in the UK could easily cost between £250 and £500 billion annually, depending on how generous it would be. However, given the large administrative savings that could result from the introduction of UBI, and the abolition of some welfare programs which would be made redundant by UBI (such as the personal allowance, negative tax credits and some benefit savings), the UK’s Green Party costing plan comes to the conclusion that, if structured effectively, a NIT scheme could be revenue neutral.<sup>22</sup> However, there is uncertainty whether such revenue neutrality can be achieved in reality, and whether achieving this would even be desirable since it could limit progress on health equity if it translates into inadequate levels of income support through UBI.

### UBI: A ‘realpolitik’ way forward

We have set aside in this Commentary the ethically contentious issue of why, in an era of immense concentration of wealth in the control of a diminishing few, we should accept the notion of ‘a constrained fiscal purse’.<sup>23</sup> Similarly, we have not engaged with the argument that rather than focus solely on post-market forms of redistribution there is a need to strengthen labor’s collective bargaining powers to re-assert more equitable forms of market ‘pre-distribution’ and to reverse almost 40 years of a rising portion of economic product going to capital over labor.<sup>4</sup> Our focus, instead, has been on a ‘realpolitik’ argument for what is possible with little political challenge to ruling elites.

Thus, while providing a UBI will not resolve all of the social and economic problems associated with our modern era of high income inequalities, there is sufficient existing evidence to suggest that UBI can play an important role in reducing the

increasingly unacceptably high levels of health inequities in the world, if it provides a level of income adequate to sustain or improve healthy living. It has been shown to have short-term and long-term implications for the SDH pathways of birth outcomes, education, psychological health, housing and health-care utilization. These pathways are part of ‘the conditions and the wider set of forces and systems shaping the conditions of daily life’.<sup>24</sup> We acknowledge, however, that a one limitation of our argument is that it is not based on a systematic review of all evidence, and a second limitation that findings on UBI effects within a developing country context might not be directly transferable to a developed country context. These limitations highlight the need for more empirical research in this area to systematically assess the impacts of UBI on health equity in different country contexts.

We are now experiencing an era of growing employment insecurity. According to the International Labour Organization, global unemployment recently reached its highest level ever, standing at 197.1 million in 2015, and is expected to rise further in the upcoming years.<sup>25</sup> In addition, a recent OECD study suggests that the immediate future will see an escalating rise in the use of robotic technology, leaving those with limited skills and education under threat of displacement by intelligent machines.<sup>26</sup> In such a context, UBI assumes greater importance in the mix of public policies and programs to provide a sense of social security and well-being, and to ensure that health inequities are progressively reduced.

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