

How universal basic income's impact on people's finances could transform the UK's health

June 12 2023, by Matthew T. Johnson and Elliott Johnson



Credit: AI-generated image ([disclaimer](#))

In October 1936, [200 men marched](#) from South Tyneside to London to protest against the poverty and unemployment in their town, Jarrow.

Nearly a century later, Jarrow is taking part in a [small pilot scheme](#) to

test how [universal basic income](#) (UBI) could tackle [financial insecurity](#) and [health inequalities](#)—which continue to plague the town. Under the scheme, two groups—15 people in Jarrow and another 15 in East Finchley, London, will receive £1,600 a month for two years.

This micropilot will produce new UK data on the impact of the [basic income](#) in these communities, particularly the stories and experiences of the people that participate. This can be used for further research on the effects of UBI on a larger scale in these communities. This will help show if there is a case for a national basic income, or at least more comprehensive UK trials.

UBI generally involves giving a regular cash payment to all adult citizens. It differs from existing welfare systems that are conditional on people's assessed needs.

In this pilot, participants are paid the same amount as a separate [Welsh government pilot](#) that involves people leaving care. The Jarrow and East Finchley pilot is focused on a broader, locally representative pool of people in each of these communities.

The project has been based on our [research](#) on basic incomes, which suggests that tackling financial insecurity is essential to promoting public health. This is a particularly important issue now because the effects of COVID and the cost of living crisis on Britons who are employed, self-employed or who run [small businesses](#) have left many people at risk of destitution.

Financial insecurity has risen to levels unseen in generations. [Evidence from](#) the Child Poverty Action Group shows millions of Britons face fuel poverty, while the campaign group End Fuel Poverty Coalition [found](#) that 1,047 people died in England from living in cold, damp homes in December 2022.

The Bank of England's commitment to a gradual and sustained increase in interest rates has exacerbated the [rate of repossessions](#) without addressing inflation caused by factors largely beyond consumers' control.

This has created a second pandemic that will only get worse: [mental ill health](#). Our [recent report](#) shows the only way we can bring this current crisis to an end is through bold interventions.

Universal basic income (UBI) is a [radical but, we believe, feasible alternative](#) to the existing, failing welfare system. It could reduce poverty to [unprecedented levels](#), address inequality within and between regions, and massively improve [the nation's health](#).

A radical approach

The [government has committed](#) to realign healthcare so that it's not just about treating the ill, but preventing illness in the first place. One of the best ways to do this is to eradicate poverty and reduce inequality.

The idea of the state redistributing resources by providing an adequate, regular and predictable payment to citizens is radical. It turns the discussion about welfare on its head: from a payment to a select few with no other means of satisfying their needs, to a payment that protects those in, as well as out, of work from the threat of destitution.

One of the key, and often overlooked, consequences of this is its potential contribution to public health. Basic income set at an adequate level could boost public health in three ways.

First, by [reducing poverty](#), it would increase people's ability to satisfy their basic needs by helping them to afford better food and housing.

Second, by reducing financial inequality, it would also give people the

option to leave abusive, damaging environments. This would [reduce stress](#) and stress-related illnesses. The pandemic has highlighted the dangers of people being unable to escape these environments and the potential long-term impacts on health are significant.

And third, by giving people a more predictable and secure future, it would increase their perception of their lifespan. This could lead to [changes in behavior](#) in the process. People with clearer long-term futures may be less likely to engage in hedonistic activities, such as drug and alcohol misuse, and more likely to engage in exercise and health-promoting activity, according to our research.

While there are examples of people "binge spending" following large benefit payments, [some evidence suggests](#) that those that feel they have some kind of future ahead will spend money on activities that enhance their health, such as healthier eating and fitness. On the other hand, people facing destitution are more likely to engage in short-term, hedonistic behavior, since they feel unlikely to have to face the long-term consequences.

Such effects would be most keenly felt in those [parts of the UK](#), such as the north of England, midlands and Wales, that suffer most from the low incomes, inequalities and general hopelessness that contribute to ill health.

This generation's equivalent of the NHS

The NHS made healthcare free at the point of use. Three decades after its implementation, the Labour government sought to understand why health inequality persisted.

The resulting [report highlighted](#) that people's social and economic circumstances shaped their outcomes. To reduce [health](#) inequality, we

need to deal with these circumstances, which have rapidly declined since the 2008 global financial crisis. And UBI can do this in the three ways outlined above.

Future generations may look back at recent discussions about UBIs with the same confusion we feel when thinking of [opposition to the NHS](#) in the 1940s.

The solutions Britain needs are just as far reaching as those implemented in 1945. Basic income is one such solution that could be as popular and transformative as the NHS.

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