

## The Taxcast, edition 100, April 2020: Healthy economies

Naomi: “Hello and welcome to the Taxcast from the Tax Justice Network. I’m Naomi Fowler. Wherever you’re listening from it’s likely you’re in lockdown like me and hoping for the best in this coronavirus pandemic. It’s got profound consequences for us all. I can’t cover all angles in this podcast but one thing’s for sure. From the ashes of this disaster we must build a better economic and socially just system that works for all of us. And tax justice is key, always has been. When it comes to our basic needs – to be safe and fulfilled, we must make central to all recovery some of the ideals that we’ve lost, or that were never there as they should have been. So, coming up later.”

Anna Coote: “it’s about reclaiming the collective ideal and the idea that if we all get together and pool our resources and share risks, we will do a lot better. And it’s about putting people in control of how services are designed, to help each other, to look after each other.”

Naomi: I talk to Anna Coote of the New Economics Foundation about Universal Basic Services. Here’s a quick round-up of the Taxcast news headlines for this month:

We’ve seen that economically powerful governments with strong currencies *can* finance whatever they want to at the drop of a hat through borrowing money and creating money. But they’re still choosing not to implement wealth taxes, force multinational corporations to pay a minimum of 25% on profits, have land value taxes, or force accounting transparency to stop tax haven monkey business in its tracks. It’s always been a political choice to follow only one basic policy – maximise profits for a small group of private interests.

But there is some movement on tax justice from nations who are painfully aware now that the world needs to shut the door on corporate tax cheating. Countries like Denmark and Poland are saying companies registered in tax havens won’t be eligible to apply for a bailout. It *sounds* good but they’re using the EU’s tax haven blacklist when assessing corporate bailout eligibility, which is a joke. There *is* a non-politicised, objectively verifiable list they could use – and that’s the TJN’s Corporate Tax Haven Index. The Argentinian government is saying that companies over a certain size based in low, or no tax jurisdictions or non-cooperative jurisdictions can’t get help from the state.

Remember as well as corporate tax revenue losses because of tax cheating, there’s an estimated \$8-35 trillion sitting offshore that must now be tapped into. The UN’s appealing to wealthier nations for just a \$2 billion fund to tackle coronavirus in the world’s poorest countries. It hasn’t raised that yet.

While the situation’s bad enough for richer nations, when it comes to borrowing or creating money, other countries aren’t in the same boat. Many *don’t* have strong currencies and they’re heavily indebted to the IMF, to G20 countries and to private lenders. G20 governments have committed to *suspend* \$12 billion of debt payments for 77 countries in the global south until the end of the year. What’ll happen after that? We don’t know. Poor nations owe an additional \$12.4 billion to institutions like

the IMF and World Bank, and \$10.1 billion to private lenders like banks and hedge funds, just this year. Many of these debts were already unsustainable. Surely, the party's over for all of those lenders. Here's finance journalist and presenter of our French monthly podcast *Impots et Justice Sociale* Idriss Linge, in Cameroon:

Idriss: "There's a big trick with this debt service, suspension initiative by the G20 countries and I think the G20 are not really fair about that because when you look at the whole debt of those 77 countries, you know, the African debt and the 77 poorest country debt is only \$750 billion, which means that it's 1% of 2018 GDP of the G20 countries. So they can just cancel all the debt, I mean, it's nothing! So you know, it is the bottom initiative that they have made to support the COVID consequences in those countries. I think they should forgive all the debt and not talk about it anymore."

Idriss Linge in Cameroon. Nations *that can* are now implementing all sorts of economic interventionist policies, investing vast amounts into what they hope will rescue their economies. They're bailing out companies often with no conditions which is incredibly stupid, we'll discuss that more in a few moments. One of the most controversial economic stimulus injections is in the US with at least a \$2 trillion-worth package, some of which is to be used for bailing out an enormous number of companies – some is going to smaller businesses but congress woman Alexandria Ocasio-Cortez doesn't think much of it: "

[Clip]

That was congress woman Alexandria Ocasio-Cortez. Helicopter money for the very wealthy is never a problem, but helicopter money for ordinary people is almost never an option: certain business owners in the US are going to be allowed to deduct significant amounts from their taxes. Nearly 82% of the benefits from this tax law change will go to people making \$1m or more annually in 2020. And *just like that*, some of the nation's wealthiest will be able to avoid an estimated \$82bn of tax liability in 2020.

And here's a telling exchange on CNBC between Chamath Palihapitiya of the investment firm Social Capital and presenter Scott Wapner:

"Are you arguing to let for example airlines fail?"

"Yes."

"Why? How does that make sense in the broader economy?"

"This is a lie that has been purported by Wall Street. When a company fails, it does not fire their employees — it goes through a packaged bankruptcy, right? If anything, what happens is the people who have the pensions inside those companies, the employees of these companies, end up owning more of the company. The people that get wiped out are the speculators that own the unsecured tranches of debt or the folks that own the equity. And by the way, those are the rules of the game, that's right. Because these are the people that purport to be the most sophisticated

investors in the world. They deserve to get wiped out — but the employees don't get wiped out, the pensions don't typically get wiped out.”

"Why does anybody deserve, using your word, to get 'wiped out' from a crisis created like this?"

"Just be clear, like, who are we talking about, a hedge fund that serves a bunch of billionaire family offices? Who cares? Let them get wiped out, who cares?! Who cares? On Main Street today, people are getting wiped out, and right now rich CEOs are not, boards that had horrible governance are not, hedge funds are not — people are. Six million people just this week alone saying, 'Holy mackerel, I don't know how I'm going to make my own expenses for the next few weeks, days, months. It's happening today to individual Americans, and what we've done is disproportionately prop up and protect poor-performing CEOs, companies, and boards. You have to wash these people out."

Naomi: “Chamath Palihapitiya. For all the talk about protecting shareholders, in the US over 80% of all stocks are owned by the wealthiest 10% of households.

And what's the EU doing to help those members states who've been hit the hardest by the coronavirus? Well, solidarity and collaboration in many things in these coronavirus times have sometimes been absent I'm sorry to say. As I'm recording today Spain is making probably its last attempt to convince EU partners of the folly of offering countries like Spain, and Italy, hit the hardest with loans. Which would be unpayable. The \$30.1 billion in aid offered so far barely tickles the problem. Spain's now proposing a recovery fund of around €1.5 trillion financed through perpetual EU debt. That would be allocated via grants – not debt – among the countries hit hardest by the crisis. It's not in the interests of the EU to just watch Spain and Italy sink. There are plenty of signs that the generally pro-EU Italians and Spaniards are feeling abandoned by the EU. If this proposal is rejected I suspect we may look back on this as one of the decisive moments when the EU bloc started to collapse. One of the countries blocking more sensible EU coronavirus recovery plans is the Netherlands. The Tax Justice Network calculates the Netherlands has cost EU countries \$10bn in lost corporate tax a year because of its tax havenry. And guess which EU countries lose the most in corporate tax to the Netherlands? Italy and Spain.

The best news for tax justice for a while is that Spain's also proposing the EU harmonises its tax policies across the bloc to end tax havenry by member states. Let's see what happens there.

And finally, an unexpected positive fall-out from the coronavirus crisis: the Australian government has decided to force Facebook & Google to share advertising revenues with news companies. They were going to make it voluntary – as we know, voluntary codes are a waste of time with these guys, now it's obligatory. This is an important precedent, a challenge to the abusive power of tech monopolies, so watch out for legal action.

I'm going to talk to John Christensen of the Tax Justice Network now for his take on this month:"

Naomi: Okay John, this covid 19, corona virus crisis comes on top of a global economy that was already struggling and hadn't recovered from the global financial crisis in 2008, there are some huge companies now asking for bailouts, including many who've been cheating on their taxes for decades. And not just that, this crisis really puts in focus what's good value for money and what isn't in terms of who the state should and shouldn't rescue, right? I mean, it highlights how much shareholder capitalism is costing us, and the greater benefits we would have for our economies is so clear if we were to use more cooperative models, non-profit models, social enterprises, which put their profits back into the business and their staff help make the long-term decisions that would go beyond the CEO's focus on minimising taxes, maximising their bonuses, raiding pension pots, investing little to nothing in actual production and innovation. And lots of big companies have loaded themselves up with debt as a tax dodging strategy so they've got no contingency funds for emergencies. So yes, they're paying their staff wages that are so low, and these are the people we're now recognising as the backbone of a real economy and they're struggling to pay their rent and buying a food to eat. Carers of elderly people having to go to food banks because all the extra money is going to shareholders. Many of these same companies are asking for bailouts while still paying out huge amounts to these shareholders. There's a huge risk here that this pandemic is going to be a big opportunity for private equity to swallow up collapsing businesses and for monopolies to consolidate their power in the market. As we know, they bankroll politicians and top of their list is abolishing corporate tax and keeping wages nice and low, and we're seeing how these free marketeers all suddenly become socialists in a crisis, right? And often these bailouts are about saving the creditors, as much as anything else. Some governments aren't even being transparent about who they're bailing out and how. Other governments are imposing certain conditions for bailouts. So let's look at those conditions and let's see what we can add to them.

John: Well, you're absolutely right that as far as the corporate community is concerned the coronavirus has exposed an age of consequences. By that I mean that during the current coronavirus crisis change will accelerate and we're going to see the consequences of failures of years and years of poor governance and concentration on shareholder value, decades of bad decisions by the company directors and the big fund managers and other owners. We've seen a frenzy of share buybacks in the last 10 years with huge dividend pay-outs to investors, truly wild executive remuneration packages and as you mention, tax avoidance and tax evasion on a colossal scale and then the, the debt leveraging on an epic scale and the end result of this bad governance of companies can be summed up in three points. The first point is that companies have been paying out to their shareholders an executive student a good time and they just don't have enough capital on the balance sheets to tide them over during the downturns.

The second point is that tax avoidance has deprived countries across the world have upwards of half a trillion dollars every year. And this has forced States to adopt austerity programmes and cut back on expenditures, for example, the kind of

expenses needed to sustain a pandemic response during a crisis. So we've seen this in the past month in Europe and North America and we are going to see this on a truly tragic scale in sub Saharan Africa in the coming months. And it's important that we recognise that corporate tax avoidance and tax competition pushed by the big corporates has deprived States of huge sums of revenue and the consequences will be many, many unnecessary deaths. A third point I'd like to make is that many of the worst offenders when it comes to tax cheating and debt leveraging and share buy backs and so on, and not to mention the constant lobbying for weaker regulation and lower taxes and subsidies are in sectors which are dominated by monopoly businesses who literally gouge their suppliers and in some cases their customers.

And they're also generally weak on transparency and good corporate governance. Since the great financial crisis, company directors really have not lived up to their promises to act more in the public interest. So I'm not saying that now is the moment to allow all these zombie companies to wither and die, but governments must be selective about which companies they choose to support and they should remember that some of the companies going under at the moment were failing long before the covert 19 pandemic started. So, you're right to say that a bailouts must be conditional and from a tax justice perspective we should stick to a principle that says no subvention without taxation. It kind of takes off on the old American war of independence thing about no taxation without representation, we should push for no subvention without taxation. If companies haven't complied in paying taxes, they can't expect States to bail them out during the crisis.

And in practice, this should boil down to three key tests. The first is if a company doesn't provide country by country reporting on its trading activities in all the jurisdictions where it operates - no bailout. Second, if a company has inserted one or more tax haven based subsidiaries into its global structuring, no bailout. And let's be clear about that - we must insist that the list of tax havens is not based on the weak listings of the European Union, but it's actually based on the Tax Justice Network's Corporate Tax Haven Index to set the bar at a reasonable level. We must further insist that any jurisdiction which scored 60 or more on the 2019 Corporate Tax Haven index should be treated as a tax haven. The third and final point I'd make in terms of conditions, any company which has hollowed out its balance sheet through excessive dividends and executive payouts or has burdened the balance sheet through huge levels of debts or have used their reserves to buy back shares rather than invest in new products and productive capacity - then again, no bailout. Just consider this one statistic to show how bad the situation. A quarter of the companies listed on Britain's FTSE 100 index paid up more than 100% of their new income during the decade from 2009 to 2018, that is the decade after the financial crisis. So they paid out more than a hundred percent of their new income in dividends and so on rather than reinvesting into the, into the company and building up reserves. So what's happened is the owners have been gouging the companies for whatever they can take, leaving companies with no reserves to cover this crisis or come to that any of the other crisis that confront us.

Naomi: Right. And it would be nice to see as well some extras put in there, things like inclusion of 50% staff on the boards of these companies, a permanent public stake in ownership perhaps, no firings, a living wage, I'd probably add no bailouts whatsoever for airlines, rather counter productive to the general interest. I mean, actually, if you look at the airlines, in the US airlines now are asking for at least a \$50 billion bailout paid out almost that same amount to shareholders over a five year period. And five of the biggest airlines in the States spent 96% of their free cashflow on buying back their own shares over the last decade. And in the UK, the hundred biggest UK based non-finance companies paid out more than 400 billion pounds in dividends and that's equivalent to about 68% of their net profits over the same period and 61 billion pounds in share buybacks from those same companies. We're going to look at shareholder capitalism in a Taxcast coming soon, but let's look at how bad this economic crisis is going to be. Uh, there's lots of talk about a 'bounceback' in the media and by some politicians, a V-shaped recovery. But that's really deluded thinking, right? I mean, how bad is it really in your view?

John: Far too many commentators I think have failed to grasp that we're not facing one crisis in 2020 but we're facing multiple crises, some of which had been building up for decades. We've got the coronavirus crisis, but we've also got the climate crisis, we've got a crisis of impending famine in many countries of sub Saharan Africa. We've got the crisis of inequality across the entire world. We've got the crisis of massively overvalued assets, shares, house prices rental values, markets have overvalued almost everything apart from the key workers in the health sector and care sectors, paying them very low wages. Then we have the debt crisis, which has been steadily building up for many years and which by the autumn of 2019 and of course that's long before the coronavirus was first identified, debt levels had reached and we're talking here about global debt had reached a staggering ratio of 322% to global domestic product. That's the highest level of global debt ever recorded, by far a world record. So, so it's not one crisis, it's multiple crisis and there's an accompanying crisis of confidence and I think this is pretty widespread across the world, in the ability of political leadership to negotiate their way through the coronavirus pandemic, let alone all the others, climate crisis and inequality and so on. So I think the idea of a sudden recession followed six months later by a quick recovery to pre-recession growth trends is fanciful. That's the so called V recovery, sharp down, sharp, up, back to pre-recession growth plans. I think that's very unlikely. So will we see something similar to the long depression that followed the 2007 banking crisis? This is a little bit more likely than the quick bounce back theory of people who talk about the V shaped crisis. But remember that the recovery after the banking crisis almost entirely benefited only rich and super rich people. And the post recovery investment into new productive activity was worryingly low. And the austerity programmes imposed in most countries made things even worse. So, for example, if you look at household debt, too many people had too much debt and they earned far too little and there's very little chance of this creating the condition for an investment led recovery unless States finally and conclusively ditch neoliberalism and austerity and go all out to build recovery on something like a green new deal expansionary programme. But in my darker moments, I think it's quite likely that we'll see a much longer period of full depression, closer to what happened in the banking

collapses in 1873. Now what happened then was there was a dramatic collapse, full-blown recession and then a long and very weak recovery over several decades and that depression left some countries devastated for years and years. I, as you know, I'm from Jersey in the channel islands. That island was devastated by the 1873 banking crisis and arguably didn't truly return to sustained growth until after world war two, many decades later and the same applied to quite a number of other countries in Europe. This could be a very, very long period of recovery unless we see a concerted effort across all countries and all continents.

Naomi: Ok, so, so it's bad?! Well, how do we come out of this then? I mean, we've seen already how governments in countries, particularly with strong currencies and central banks can create money and use it in ways they always said were absolutely impossible. How can we use that and how can we use this disaster to make sure we transition so we're more healthy economy and planet, right?

John: Right, well, my worst nightmare is that the leaders in Europe and North America will try to impose the same medicine they used the last time after the banking crisis, more austerity, deregulation, corporate tax cuts, a general race to the bottom in social and environmental protections, all in this futile attempt to stimulate private sector investment. You'll remember that Einstein said that insanity involves doing the same thing over and over again and expecting different results. Well, I'm not so confident that our political leaders have truly learned the lessons from the recent past and they might well try to impose austerity again. Your question is what do we need to do to recover from this disaster and all the other crisis that have accumulated and worsened in the past 40 years? To begin with I think we need to recognise that global crises need coordinated global responses and that should mean that richer countries support the poorer countries with protective equipment and skilled personnel and help them to build financial resilience around their healthcare systems, for example, by creating a workable framework of rules for tackling tax evasion and corporate tax avoidance. But if ever there was a moment to launch a truly radical departure from the neoliberal world order, this is that moment. We've seen States literally create eye watering sums of new money to fund the healthcare response to covid 19 and to bail out businesses harmed by the global pandemic, but in the medium term, once the risk of repeat pandemic starts to recede, we need a comprehensive shift to a green new deal. We also need to accept that services, health services, social care education need to be provided on a universal basis across the world and not just during periods of crisis. And we need to tackle in the quality through higher wages for working people, more taxes on wealth. We need to bring in a living wage, massively invest in building the skills of younger people to boost productivity.

We need to push back again dramatically against the financialisation that we've seen undermining the economy for the last 20 years. For example, abandon all these privatisations which haven't worked, breakup private sector monopolies, abolish private finance initiatives programmes, and let's recognise that we're in a crisis moment. So apply surtaxes up to 75% surtaxes on the unearned surplus profits being made by the big hedge funds and the private equity firms who are cashing in at the moment at this moment of crisis and no doubt have plans to cash in even

further. Now is the time to hit their model with super taxes on their super profits. I suppose my answer to your question is times of crisis require radical change and the business as usual kind of rhetoric, which we're hearing in far too many cases. You know, the way things were was not good in the first place.

Naomi: "Thanks John. The coronavirus pandemic is showing us very clearly that there's a lot wrong with the way our economies and societies are organised. I'm talking to Anna Coote of the New Economics Foundation. Anna, you've written a book with Andrew Percy – [The case for universal basic services](#). What an incredible moment in history to have done that. The ideas here really make so much more sense now. How do you define Universal Basic Services? Let's start with that:"

Anna: I find it easiest to describe what universal basic services are about by putting the words in the reverse order. So if we start with services and these are collectively generated activities that serve the public interest. And then basic is about services being essential and sufficient rather than just minimal, to enable people to meet their needs. And universal is about everyone being entitled to services that are sufficient to meet their needs regardless of ability to pay. So that's what we mean by collectively generated services for everyone to enable people to have access to life's essentials.

Naomi: Okay. And some listeners, they live in countries already where they have access to health care and education free at the point of delivery. Um, so how does the concept of universal basic services add to the mix for them?

Anna: Well, in countries where there are already health services and free education, you would say, well we'll, we can learn from this experience. There's a lot of good in them. There's some flaws that many of us are well aware of but we can learn from and build on what we already have in terms of universal basic services. But we want to extend the range to meet other needs that aren't met universally at present. And these would include things like care, adult social care, childcare, housing, transport and access to information, or the internet. And those are ones that we've identified but we wouldn't want to say we would end there. Those are just some, uh, where we think it's important to explore how we would deliver universal basic services to meet those needs, these needs that everybody has regardless of where they are in the world but we're also challenging the dominant paradigm of political ideology, which is that people's needs can be met through the market and we're saying, actually, no, it can't. It can sometimes be met partly by market transactions, but it's not something that can be left to the market to make sure that everyone has access to services that will meet their needs. So this is about challenging the way that we have learnt to think about how we get what we require to participate in society and to flourish.

Naomi: In the UK, we don't have a constitution, a written constitution, but many countries do. Um, what do you think about, uh, protecting some of those rights, which, uh, you know, you would want to expand further than some people actually think of when they think about these things, Um, what do you think about protecting these rights constitutionally?



Anna: It's interesting that in some countries they already have put things to this effect into written constitutions. We don't have one in the UK, but there is a Finland and Hungary and other countries have got written down that people should have access to the means of meeting their essential needs or words to that effect. Now there's a huge difference, a sort of gap if you like, between what's written into our constitution, what people actually get. But nevertheless we regarded as a plus if you have a constitution that sets this out as something that is an aspiration or something that should be enforced by courts of law, even if it isn't already. So it's a step in the right direction if you like.

Naomi: You know, universal basic services are often presented as being expanding state provision of services to people, but you talk a lot about, it's more about expanding the ideal of the collective, of collective activities. Services provided through cooperative models. For example, non-profit models, community owned structures, um, all these things which serve to democratize services, but also very much, it seems to me excluding or, or sort of minimising the profit motive from certain services because we've found that they, they don't actually always act in the public interest.

Anna: Yes. And they don't enable people on an equal basis to access what they need. So, um, yes, I think it's about reclaiming the collective ideal and the idea that if we all get together and pool our resources and share risks, we will do a lot better. We'll certainly spend our money wisely, more wisely collectively if we do things together. And there are many ways in which we can do things together, but the state is not necessarily the first main provider, but the state has a very important role in making sure that things happen and that people have equal access to services. We can embrace a range of different models for providing services. It doesn't have to be, um, the state or the market, there are all these other sort of social markets if you like, in the middle of that where you've got things like cooperatives, there are other models as well that you've got social enterprises and various other bottom up, community-based enterprises that can enable people to meet needs that they share. In each area of need we need to take a customised approach. So you would not start working out how to meet people's needs for transport in the same way as you would work out how to meet people's needs for childcare. And similarly, you know, adult social care for example and housing, every area needs a different approach. You would have a different mix of models of provision, different ways of, of funding. But overall in every area you follow the same pattern. And that's about everyone having access according to need, not ability to pay. It's about collectively generated services. It's about subsidiarity if you like, bringing power as low down as possible, as near to people as possible. And it's about putting people in control of how services are designed.

There is an absolutely critical role for the state, which is a democratic state, and that is to ensure equal access, to raise and distribute funds through investing in these services to set and enforce quality standards and to then support and encourage a proliferation of different locally based models for provision and to coordinate services across the piece. So the state is not just a top-down provider, it becomes a facilitator,

an enabler, a broker, the means through which services are available to everybody on equal terms.

Naomi: Right. And we've seen how pooling collective resources is, is a lot more efficient with things like the health service and things like that and you know, we're in these times of the Coronavirus, some unprecedented things are happening at the moment. Never before has it been so very clear that we need a big state or that the state is the ultimate, uh, protector if you like. What do you feel about what the coronavirus crisis has done for broadening people's understanding in that area?

Anna: Well for a start, it's shown us how much we depend on each other and how we do rely on government, the institutions of the public realm, if you like government institutions, state institutions to enable us to look after each other. We do need something that is going to oversee the process in various ways. I don't think that this points to a big state, I think it points to an effective state and well, let's call it an effective government that, that is able to coordinate the activities that we need to undertake to look after each other. We could see, and there is a great deal of evidence about this, that the British healthcare system is much better than the American one. It's a lot cheaper and it's a lot more effective than the American system, which is largely not exclusively, but largely market-based. What we have learned over the last say, 30 years, is that the market doesn't work. It works for some people. It doesn't work for everyone. And the whole business of meeting our essential needs is a, you know, question of market failure. Markets can't do this. So we need to have collective institutions. And I think if we think in terms of collective institutions and the public realm, rather than talking about a big state, that's where we want to be heading for.

Naomi: I want to ask you about costs of universal basic services, and I think the word costs is very, very inappropriate actually because really we should be talking about what's the investment here? And if we take the UK, the UK as an example, I believe that you've estimated the investment would be between 4 and 5% of GDP, so can you tell me a bit about that?

Anna: Yes. Well, that's right I mean yes, we are talking about an investment. So you're not just pouring money out, you're, you're investing money expecting to get a social and an economic return because if you keep people well and flourishing, they're not going to be using curative services. They're going to be at work and they're going to be paying their taxes and so on. So there is definitely, if you're investing in people's wellbeing, there is a return on that investment to societies as a whole. That's a very important point to make. And also this is a preventative programme, so it's not just about services to put things right when they go wrong, but it's about services that will enable people not to need curative services in the future. So that said, we came up with this figure that was based on some calculations that were made by a team at the University College London. I think it could easily cost more, or it could cost less, the point is it's affordable. It's within the fiscal bracket we can imagine governments spending money on for the common good. So it is affordable and it's efficient. You don't get the, um, the unnecessary transaction costs that are associated with market transactions. You don't get, um, the inefficiencies

that markets have introduced into public services. You have economies of scale, if you're involving people in how services are designed and delivered to themselves locally, then you get better quality services that are likely to do the job better and will ultimately cost less. If you were starting from scratch, then it would cost more obviously. You know, we can do this. And indeed, when you think about the way that government is pouring money into trying to keep the economy afloat now, they can always, governments can always afford to do things if the political will is there. So it's affordable and it's a lot more affordable than individuals making individual market transactions to buy things like healthcare and education and housing and transport much, much more efficient.

Naomi: Yeah, absolutely. And the returns on a daily basis in everybody's experience of living their normal lives are just so enormous. And also, I suppose we're keeping the shareholder returns whole aspect of that is, is out of it completely because they wouldn't be, you know, the money would be reinvested yet again back into those services, so they just get better and better. Let's talk about the free public transport for example, which would be part of a green new deal anyway. I wonder if you can talk a bit about that and how, how that sort of expands this idea about universal basic services and how that would work.

Anna: We regard transport as one of life's essentials, or mobility if you like, that you are able to get from where you are to where you want to go, within reason but it's more than just saying everyone can have let's say a free bus pass because you have to have the buses, the buses have got to be there, the routes have got to be well thought through and well-connected. We're talking not just about giving everyone a free bus pass, but transforming the service so that it does work for everyone as far as possible. And then one could extend that logic to the railways. And sustainability is a very important part of our approach to this subject. So we would look, for the transport services where if you replace private transport with public transport we're likely to get the significant gain in terms of carbon reduction and, you know, benefit to the environment but it is about ensuring that it's there for everyone, making sure that everyone has access to it, that there's a good service and that it is available according to need, not ability to pay.

Naomi: Right. A lot of focus has been on the concept of universal basic income, which means many different things, and I find that whilst most people have heard of universal basic income they haven't heard about universal basic services. So I wonder what your thoughts are on this idea of giving each citizen a regular income, regardless of their own income, and how that works or doesn't work with what we've been talking about?

Anna: Well, what we say is an essential part of the package, if you like, of universal services is a form of the income support system so that everyone can be guaranteed that their income will not fall below an agreed basic level so that everybody is guaranteed a minimum income, if you like. Now that is very different from a universal basic income because a universal basic income according to its, um, mainstream definition is giving money to everyone. And if you give money to everyone, you're giving it to people who don't need it and it has all sorts of political dangers I think.

The price tag that has been put on universal basic income is massively higher than the price tag that's put on universal basic services. And there's a ideological danger about universal basic income if it means giving everyone enough to live on, regardless of whether they have money already or not, is that it says that we can solve our problems through market transactions, give people the money and they're free to spend it as they like in the marketplace. So you lose the opportunity if you're spending all your money on universal basic income which you would be because it's very, very expensive, you lose the opportunity to invest in collectively generated services that are far more efficient, cost effective than simply giving money to spend in the marketplace. People need enough money to be able to buy things for themselves and that's part of meeting basic human need but you don't solve that problem through universal basic income, you solve it by developing a, a minimum income guarantee, which is a far more affordable approach to this much, much more affordable and then by developing services. And the more and better services you have, the less income you need to lead your life well to survive and to flourish...Services are better, a wiser way of spending our shared resources.”

Naomi: “I’ve been talking to Anna Coote of the New Economics Foundation. Her book, co-written with Andrew Percy – [\*The case for universal basic services\*](#) is published by Polity Press. It looks at all sorts of successful universal basic service models from housing co-ops in Copenhagen – housing is another critically important aspect of this, universal childcare in Norway, free buses in Estonia, and adult social care in Germany. You’ve been listening to the Taxcast from the Tax Justice Network. Thanks for joining us. Keep safe. We’ll be back next month.”