

Food Research Collaboration

# Could a Universal Basic Income reduce food insecurity and assist with the transition to a sustainable food system?

By Dave Beck, Remco Peters, Francis Poitier, Ben Pearson and Gemma Bridge



### **FRC Policy Insights**

The FRC Policy Insights are short reports highlighting gaps and opportunities for improvement in emerging food policy in the UK. The aim is to put detailed, specialist knowledge into the public domain at a critical time for the food system.

Brexit, Covid, the climate and environmental crises, the disruption to supply chains caused by the war in Ukraine, and the UK's acute cost-of-living crisis all have consequences for food policy.

In response, there have been new laws and policy proposals, covering all aspects of the food system, from land use and agriculture to health, trade, labour, technology and innovation.

While policy is being developed, there are opportunities for improvements and coursecorrections. We hope these Policy Insights will help to inform that process. If you would like to contribute, please contact the <u>Food Research Collaboration</u>.

#### What is the issue?

At present, the UK food system is failing. The system's component parts, including the production, processing and transportation of food, contribute to environmental damage, including water scarcity, habitat destruction and biodiversity loss. Despite such damage, the UK food system is unable to provide the population with access to adequate, safe and nutritious food, resulting in high levels of diet-related illness and putting increasing strain on the NHS<sup>1</sup>. The recent Food Standards Agency's (FSA) Food and You<sup>2</sup> survey showed that in 2022 at least 20% of households in the UK reported experiencing food insecurity due to a lack of regular access to enough safe and nutritious food2. As others have commented, low-income people in highincome countries are now driven to food charity when crisis hits<sup>3-5</sup>. As such, people are being deprived of their basic needs, including food. This also applies to a large proportion of those earning their livelihoods within the UK food system as they are economically vulnerable. Recent statistics show that 22% of workers in the food system currently earn the National Minimum Wage or below, compared to 8% of workers across the whole economy1.

The need for change becomes even more apparent when the food system experiences a shock. The COVID-19 pandemic, for example, highlighted the system's current vulnerabilities<sup>6</sup>. Images in 2020 of panic buying, empty grocery shelves and queues at food banks, while relatively short-lived, offered a glimpse of the potential impact of longer-term and more sustained shock and disruption to food supplies<sup>7</sup>. And the food insecurity levels that have been seen to date are likely to increase in future, as a result of the interplay of climate change, conflict, inflation and rising energy bills.

The current economic situation impacts the most vulnerable the hardest, including people who are currently in receipt of Universal Credit (UC). UC is a social security payment system in the UK that was introduced to replace and combine six other benefits for working-age people on a low household income. UC is supposed to support people with their living costs so that they can meet their basic needs, including access to food.

There have been calls for UC to be reformed on the grounds that it does not meet the needs of the most vulnerable people in society<sup>8</sup>. The Trussell Trust, the UK food bank charity, supports the need to reform the current UK benefits system, arguing that current high levels of poverty and food insecurity are largely driven by programmes such as UC<sup>9</sup>. In support, recent data also indicate that almost half of households (47.7%) on UC have experienced food insecurity over the last six months<sup>10</sup>. What the evidence also shows is the fragility of the current social security system, as one which does not support food security. This was illustrated during the pandemic, when the government had to bring forward emergency measures which temporarily increased UC payments and provide emergency funding to the already-stretched emergency food aid providers<sup>11</sup>.

# Introducing Universal Basic Income

There are other, bolder, ways to deal with the living cost crisis, and ensure a fairer food system. The one this paper proposes would be the introduction of a Universal Basic Income (UBI).

UBI is a policy whereby all residents within a government's jurisdiction receive a set amount of money regularly and unconditionally. Described as a way forward and means of achieving egalitarianism<sup>12</sup>, UBI is in stark contrast with, and a clear reformulation of, the current conditional welfare system. Many advocates, including Malcolm Torry of the Basic Income Earth Network (BIEN), describe UBI in the form of an unconditional, automatic and non-withdrawable payment as a right of citizenship<sup>13</sup>.

UBI has five key properties. First, it is universal, meaning it is paid to every citizen in society. Second, it is unconditional: you do not have to do anything in order to receive it. Third, it is paid to the individual regardless of their marital status or size of their household. (A child's UBI is usually set at a lower rate than an adult's and can only be claimed by their main caregiver/parent.) Fourth, it is permanent (stable). It should be transferred to individuals on a regular basis (typically monthly) and secured by legislation to prevent cuts. Lastly, it should be substantial. The amount should provide for a decent standard of living that meets society's social and cultural standards in the country of concern. It should allow for every citizen to participate in society and live in dignity<sup>14</sup>.

Over the past few years, UBI has gained interest in both public and political debate as a solution to poverty and its social and psychological consequences<sup>15</sup>. More recently, UBI has also been debated as part of a fairer and more equitable food system. For example, the UK Food Ethics Council judged UBI to be a powerful idea with the potential to deliver significant net benefits for both society and the food system<sup>16</sup>.

#### **Current state of evidence**

While a fully universal and unconditional basic income has never been implemented at scale, there have been several smaller-scale trials sharing key features of a UBI in high-income settings, including Canada, the United States, Finland, South Korea and Spain<sup>17</sup>. We can also draw on knowledge from the effects of unconditional cash transfer programmes in both high- and low-income countries that are likely to produce results closest to a UBI. For instance, a *Lancet*  review of evidence of the impact of cash transfers that share characteristics of a basic income in high-income settings gave an indication of positive health effects of such payments, with strong positive effects on health outcomes, including birthweight and mental health<sup>18</sup>.

Importantly, a UBI has the potential to allow individuals, particularly those with low income, to afford nutritious food. A basic income trial, initiated in 2017 in Ontario. Canada, found that the additional basic income allowed participants to afford higherquality food and increased their intake of fruits and vegetables. Participants in the pilot, comparing it to other social support systems, found that the additional income meant they could afford a greater variety of food, maintain their physical health and have peace of mind<sup>19</sup>. Generally beneficial effects of unconditional cash transfers on food security and dietary diversity were also found among households in low- and middle-income countries<sup>20</sup>. While there are contextual differences between countries that differ in income classifications, and the cash is not always paid on an individual level, these findings indicate that people invest in more nutritious diets when they receive cash to which no conditionality is attached<sup>20</sup>.

However, where empirical evidence exists on the effects of UBI-type trials on individual/household health and food outcomes, the potential effects of a UBI on community environments, including community food environments, and the wider food system are still unknown<sup>21</sup>.

# Potential big wins from a UBI

There are potentially multiple big wins from a UBI when setting this against other programmes, due to its universality, stability, unconditionality, and it being paid on an individual basis.

Compared to UC, **UBI helps to overcome the risk of increasing a 'precarity trap'** when waiting for financial support. There is an average waiting time of five weeks for the first UC payment, though some households have waited 11 weeks<sup>22</sup>. Previous research observed that such long waits mean that UC contributes to deteriorating mental health issues among recipients, largely as a result of stress<sup>23</sup>. Feelings of stress are also an important factor in unhealthy food choices and nutrition-related diseases such as obesity<sup>24</sup>.

Unlike UC payments, which fluctuate month to month due to a monthly assessment period process, **UBI payments are consistent**, supporting people to budget<sup>7</sup>. People on the lowest incomes may not have savings to fall back on when UC payments drop below expected amounts (as suggested by a 2016 research study by the Money Advice Service finding that 16 million UK residents had less than £100 in savings)<sup>25</sup>. In the context of rising costs of living, a UBI, continuously adjusted to current living standards, could be particularly valuable in contrast to other welfare policies, such as UC.

Another benefit of UBI over UC is that **payments are made to individuals** rather than to households. Providing payments to households can result in financial coercion and domestic abuse<sup>13</sup>. Moreover, UC is means-tested and conditional on certain behaviours, and this is associated with complexity, uncertainty, bureaucracy and stigma, resulting in greater hardship for people living on low incomes<sup>26</sup>. UBI, in contrast, is **unconditional and is not means tested**, so that stigma and bureaucracy are reduced, if not prevented completely.

UBI also has the **potential to address wider food system issues**, including increasing the availability of nutritious food by supporting sustainable farming and agriculture. In Canada, the National Farmers Union (C-NFU) endorsed UBI as a tool to mend gaps in current farm support systems and enable farmers to have a consistent income<sup>27</sup>. The C-NFU stated that a **consistent** income could create an opportunity to increase the sector's resilience to climate change and boost the viability of small-scale farmers by enabling them to have the resources to respond to natural disasters guickly. This is important both to the survival of their farms and the resilience of local food economies<sup>27</sup>. In the UK, early exploratory work has been undertaken through the organisation UBI4Farmers. In support, researchers have argued that to enable food systems to become more resilient to climate shocks, a UBI to farmers and small and medium enterprises (SMEs) could enable a faster and more robust response<sup>28</sup>.

Finally, a **UBI could considerably enhance the bargaining power of workers** across the food system, including agricultural workers, commodity buyers, food processors and retailers<sup>29</sup>. If their incomes are affected when transitioning to more sustainable ways of food production and distribution, then their loss of income needs to be compensated<sup>30</sup>.

#### A UBI is not a panacea

Whilst there appear to be many potential benefits of UBI, it is not likely to solve all the issues of the current food system in the UK. However, if implemented alongside other policies that support system-wide change and promote shifts to more sustainable diets and practices, a UBI could reduce diet-related inequalities by ensuring everyone is able to afford the food they need. This would require two conditions to be met. First, the UBI should be set at a level that enabled individuals to meet the cost of a healthy and sustainable diet; and second, the UBI would need to consider any additional costs that may be incurred by individuals with special dietary or medical conditions.

Alongside other food policies, a UBI could help reduce food insecurity and improve public health. These other food policies could include: (a) implementing additional initiatives on healthy eating that make it easier and more affordable to purchase nutritious foods including fruit and vegetables; (b) highlighting the importance of healthy eating through information and education campaigns; (c) supporting people to develop cooking skills and healthy food preparation styles; and (d) increasing access to nutritious food by supporting stores in local neighbourhoods which sell fruit and vegetables. Then, individuals and families would not only have the agency and the financial resources to make healthier choices, but their community and home food environments would also support them to make those healthier choices too.

# Costs

The main challenge to implementing UBI in the UK relates to its affordability. It has been critiqued as being too expensive to implement fully. Recent research has modelled that to provide  $f_{7,706}$  a year to all adults and  $f_{3,853}$  to all children in the UK would amount to an estimated net cost of  $f_{67}$  billion a year<sup>15</sup>.

However, there are ways to modify the implementation of UBI to address political and public concerns around affordability. A targeted or modified approach that prioritises the most vulnerable and food-insecure could be an incremental step toward full implementation. Modified schemes can raise the income levels of the most in need to afford higher quality foods. There is some research to show that a modified scheme that either begins with a targeted demographic group or is phased in over time, with initially modest payments that increased over time, could be a viable option<sup>31</sup>.

#### **Policy suggestions**

Based on the existing body of literature and the challenges that we face in light of climate change, we make the following suggestions in relation to UBI:

First, a basic income needs to satisfy the characteristics of a UBI including individuality, universality, stability, unconditionality and not being means tested.

Second, the level of UBI should provide people with agency to choose an affordable, nutritious diet, and consider the increasing cost of living. The design of the scheme should incorporate research on lived experiences with affordable diets, and the cost of nutritious diets in the UK context. To adhere to these principles the set level can be based on the Minimum Income Standard (MIS) developed by the Centre for Research in Social Policy at Loughborough University and published by the Joseph Rowntree Foundation (JRF). The MIS provides a benchmark of income adequacy that is rooted in what members of the public think is needed to have a minimum socially acceptable standard of living in the UK. In 2021, the MIS comprised £20,400 for a single adult annually. This included a food basket based on lived experiences of the public and evaluated by experts to ensure that it was also nutritionally adequate<sup>32</sup>.

Third, additional research is required on how a UBI interacts with other food policies such as initiatives on healthy eating, information and education campaigns, developing cooking skills and increasing access to nutritious foods (e.g., school meals).

Fourth, a UBI should function alongside, not at the cost of, some other existing social security policies to minimise the risks of negative financial impacts to vulnerable and low-income groups.

#### Conclusions

Transformative change is urgently needed towards a food system for the UK that is sustainable and fair. If a UBI is to be designed and implemented, it needs a multi-sectoral, multi-disciplinary approach that includes citizens in discussions. It must also be monitored to ensure its effect on the wider food system, among other systems, is captured and assessed. For instance, a stable cash payment that is paid out to all members of a community may have a wider impact on the food environment due to people's changing spending options and lifestyles which could entail different types of food retail and food products.

Implementing a UBI, alongside policies to promote transformation towards sustainable diets and food practices, in a restructured social security system which is simple rather than complicated, and supportive rather than punitive, could be a positive step toward addressing both food insecurity and the cost-of-living crisis.

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The Food Research Collaboration is an initiative of the Centre for Food Policy. It facilitates joint working between academics, civil society organisations and others to improve the sustainability of the UK food system, and to make academic knowledge available wherever it may be useful.

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