Why Economists Are Coming Out in Favor of Unconditional Basic Income

Economist Guy Standing says the policy can reverse inequality. It also has an invigorating effect on volunteerism, home ownership, and community strength.

Leslee Goodman posted Jun 03, 2016

Unconditional basic income, a policy option that seems radical by American standards, is gaining new traction across Europe, Canada, and even a few places in the United States. Also known as "universal basic income," the policy mandates a guaranteed stipend to every resident of a community, with no strings attached. It is promoted as a way to address rising inequality, protect against economic uncertainty, and replace increasingly austere and inadequate means-tested benefit programs. A basic income is gaining credence among economists and policymakers as a necessity in a global economy that's failing millions of people.

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Switzerland was the first country to vote on unconditional basic income on June 5, 2016. The Swiss initiative, which lost, proposed a constitutional amendment that would give all members of the population a more dignified existence and the ability to partake in public life through a guaranteed basic monthly income. Though the amount of that income was not specified in the initiative, the sum discussed was 2500 Swiss francs for adults and 625 francs for children under 18 (amounts that would be roughly equivalent in U.S. dollars).

I spoke with development economist Dr. Guy Standing, a leading advocate for basic income and co-founder of the Basic Income Earth Network (BIEN), an international non-governmental organization that promotes a guaranteed income. From 1975 to 2006, Standing worked at the International Labour Organization, where he contributed to "Economic Security for a Better World," a global report issued in 2004. He also served as director of the International Labour Organization's Socio-Economic Security Program, a role in which he witnessed the devastating impact of globalization on the world's poor and the shrinking prospects for the world's middle class.

Standing's work led him to describe a new class structure that transcends national boundaries. He calls the largest group "the precariat" because uncertainty is its defining characteristic. Its members include the young, who are saddled with debt and shrinking opportunities; the old, whose pensions can't keep pace with the cost of living; migrants, who travel in search of subsistence jobs; the poor, who struggle to survive on insufficient benefits; those hindered when competing for even dismal jobs, such as the formerly incarcerated and those with disabilities; and many of the rest of us—because in the gig economy, fewer employers offer full-time jobs that pay salaries plus benefits. Standing calls the precariat "the new dangerous class" because civil society cannot survive when most of its citizens are restricted to the economic margins.

In his book *The Precariat Charter: From Denizens to Citizens,* Standing proposes sweeping reforms, organized as 29 articles, something like an updated Magna Carta. One of the most important is unconditional basic income. Standing advocates for the invigorating effect the policy can have—not just on economic survival, but on entrepreneurial activity, volunteerism, home ownership, and participation in the life of the community.

This is a condensed and lightly edited version of the interview.

Leslee Goodman: Why do you think Switzerland, a conservative, wealthy country, is the first to have a national referendum on unconditional basic income?

Guy Standing: The Swiss have a government of direct democracy, which means that if anyone collects 100,000 validated signatures in favor of a proposed initiative within one calendar year, there must be a national referendum in which the whole electorate can vote. The Popular Initiative for Unconditional Basic Income and BIEN-SUISSE, an organization I helped to found in 2002, collected 125,000 validated signatures, so the referendum was scheduled.

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Nobody—not even the organizers—expects the referendum to pass. They very rarely do the first time. However, the initiative *has* succeeded in prompting a national debate about unconditional basic income. Everyone now knows what it is. The organizers think it would be terrific to get 25% in favor. But an online poll last September showed that 49% of the Swiss would consider voting in favor, while 43% were against, and another 8% said it would depend on the amount. Another poll asked the Swiss whether they thought there *would* be a Swiss basic income in the future, and the largest percentage thought yes, and within five years.

Of course, the banks, the government, and the academicians have all been strongly against it—aghast even—calling it "the most harmful initiative ever" and other nonsense.

The text of the constitutional amendment says nothing about the level of the basic income, and I believe it is a mistake for some of its advocates to specify one. The amount being discussed—2500 francs/month—is quite high, and it is useful to have a referendum on whether the Swiss approve the policy in concept. Let the details be decided later, and let the unconditional basic income be implemented gradually, so people can see that society doesn't collapse, as some wilder critics contend it would.

Goodman: Why do you think unconditional basic income is finally gaining attention as a policy option?

Standing: Without a doubt we're seeing a huge upsurge in public interest. Economists are coming out in favor, pilot programs are being introduced, and cities and towns are implementing it. I think the reasons are, one, we've succeeded in explaining what it is, so people understand it; two, inequality is growing, to the concern of most policy makers; three, we're seeing the rise of right-wing populists like Donald Trump and fascists or neofascists in Europe and elsewhere, which has heightened the urgency to do *something* to address inequality; and four, existing means-tested social security measures aren't adequate to deal with a growing precariat.

Last April, a survey conducted by Dalia Research, out of Berlin, interviewed 10,000 people across 28 countries and 21 languages and found that 64% of Europeans would vote in favor of an unconditional basic income, only 24% would vote against it, and 12% wouldn't vote. As I said, the results show greater support for basic income the more they know about it.

Goodman: In the United States, we tend to think of a concept like unconditional basic income as a radical, socialist notion, but it has advocates as far back as Thomas More in the 16th century and as conservative as Barry Goldwater, Milton Friedman, and Richard Nixon. What do you think are the most compelling reasons to adopt a basic income?

Standing: There are two ways of approaching basic income. From a conservative, or libertarian, viewpoint, economists like Milton Friedman (who recommended a negative income tax, which is not quite the same thing), recognized that for capitalism to work people need enough security to be rational. People cannot be rational if they are afraid about their very survival. From a more progressive point of view, which is my approach, basic income is an aspect of living in a just society. If you accept that people have a right to inheritance, consistency requires that you recognize that all members of a society have a right to inherit our collective wealth. It is a matter of distributive justice.

A great deal of the most important work done in society—particularly by women—is unpaid. But there are other pragmatic reasons for supporting a basic income now. A lot of wealthy individuals from Silicon Valley support it because they see that the technological revolution is creating fewer and fewer jobs and, simultaneously, greater and greater wealth for the plutocracy. They see basic income as the antidote to that. I have my doubts about robots replacing most of us, but I do strongly believe that the Silicon Valley revolution is generating more inequality. We need a new 21st century income distribution system.

Goodman: Greek economist Yanis Varoufakis, who was finance minister in the first Syriza government, argues that unconditional basic income isn't a form of welfare, but a way of allowing for creative work to replace routine tasks, which are being replaced anyway. What do you say?

Standing: I've been arguing for decades that we need to reconceptualize what we call "work," which has come to mean labor for which we are paid. But a great deal of the most important work done in society—particularly by women—is unpaid: all of the caregiving of infants, children, households, and elders. Unconditional basic income is a way of enabling people to survive while they devote themselves to that type of work, as well as volunteer work, artistic and creative work, entrepreneurism, etc.

Goodman: Most Americans might not realize that the state of Alaska implemented a form of unconditional basic income for its residents, called the Permanent Fund Dividend, back in the mid-1970s. What has been the impact of the policy on Alaska?

Standing: Right, and it has been hugely successful. The fund was created by an amendment to the state constitution under Republican Governor Jay Hammond in 1976 to share the wealth flowing out of Prudhoe Bay in the form of oil. It was modified in 1982 to comply with the equal protection clause of the U.S. Constitution and has since paid a uniform annual dividend to everyone who has been an official Alaska resident for at least six months. In 2008, after Governor Sarah Palin pushed for an increased royalty rate, the dividend was $3,269, which is $13,076 for a family of four. When the Permanent Fund Dividend was created, Alaska had greater income inequality than any other state in the United States. In the years since, while every other state has seen a significant widening of income inequality, Alaska's income inequality has declined. Needless to say, Alaskans love the Permanent Fund Dividend and use their dividends to pay off debt, send their children to college, take a vacation, and save for retirement.

Goodman: What do you see as the future of unconditional basic income? What country has made the most progress toward implementing one?

Standing: I think it's very exciting that Finland's prime minister has endorsed the concept and allocated 20 million Euros for a pilot test. It looks as if the program, as proposed, will pay residents a basic monthly income of 800 Euros. Though not a country, the government of Ontario, Canada, plans to roll-out a pilot basic income program sometime this year. About 20 municipalities in the Netherlands are planning pilot programs. The Scottish National Party, the largest political party in Scotland, has endorsed the concept, as have some other political parties in Europe. There are initiatives collecting signatures in Italy and elsewhere. In the United States, besides a planned pilot in Oakland, California, I think the outcome of this year's presidential election could be very telling regarding the likelihood of unconditional basic income being implemented there—at least in the short-term. But, as I make clear in my books, we'll either have a more equitable and just society, or we'll have chaos and open revolt. Which do we want?

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