Introduction to the Symposium on The Basic Income Guarantee

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Recommended Citation
Available at: https://scholarworks.wmich.edu/jssw/vol43/iss3/2
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The Basic Income Guarantee

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The political fortunes and policy merits of universal basic income guarantee, or BIG as it is more popularly known, are having a resurgence in several industrialized countries, including those presented in this symposium. Perhaps as no surprise, the notable absence in any meaningful sense is the United States, though one senses a renewed energy at international forums such as the North American Basic Income Guarantee (NABIG), which comprises Canada and the United States and which recently held their 15th meeting on May 12-15, 2016 at the University of Manitoba, Winnipeg, Manitoba, Canada, and the Basic Income Earth Network (BIEN, formerly the Basic Income European Network), which has been holding biannual congresses since 1986. There has also been some attention in the U.S. paid to BIG by those in the tech industry. This seems to be out of concern for how increasing automation is likely to destroy jobs, forcing a rethinking of a social welfare system grounded on the assumptions that most "able-bodied" people will get most of their income most of the time from selling their labor.

Although the idea of BIG and a variety of related policy proposals have been around since the 1700s, its political traction has waxed and waned over time (Caputo, 2012). Brazil
remains the only country to date to adopt BIG legislation, though unfunded, preferring to pass and implement the Bolsa Família Program which provided cash transfers to low-income parents upon the condition that their children attended school (Suplicy, 2012). The contemporary resurgence in BIG is in part driven by the tech-related service sectors of the economy, which over time are seen as generating fewer jobs available for people to occupy, in general, and fewer well-paying jobs, in particular (e.g., Manjoo, 2016; Wartzman, 2015). In one Oxford University study estimate, for example, about 47% of the total U.S. employment is at risk due to computerization (Frey & Osborne, 2013), a prognosis that has worked its way and brought a BIG solution with it into popular culture (Brain, 2012) and into some feminist (Schulevitz, 2016) and labor union (Stern, 2016) circles. Y Combinator, a finance company for start-ups, announced that it would give 100 families in Oakland between $1,000 to $2,000 a month for a period of six to twelve months unconditionally as a basic income pilot program (Coren, 2016; Quinn, 2016). Capitalizing on the renewed interest in the idea of a basic income guarantee in the U.S., even libertarian Charles Murray (2016) has updated In Our Hands: A Plan to Replace the Welfare State, detailing his plan to provide a universal cash grant of $10,000, which he self-admitted had no possibility of being adopted at the time of its original publication in 2006. The renewed resurgence has also brought with it a fair share of criticism (Greenstein, 2016; Porter, 2016).

Three of the five articles in this symposium discuss how basic income guarantee proposals fare in Australia, Canada, and New Zealand. One focuses on whether a Swedish style welfare state, as some Progressives prefer, or a basic income is more feasible in the U.S., given its socio-political context. The fifth paper provides a feminist perspective.

Mays and Marston examine basic income within the context of Australia’s welfare state arrangements and explore the potential of the scheme to respond to economic insecurity, particularly precarious employment and poverty traps created by a highly-targeted social security system. They position basic income as a challenge to neoliberal economic orthodoxy that has dominated Australian thinking about the role
of the welfare state over the past several decades. Mays and Marston stress the emancipatory effects of basic income, severing wage-based employment as the sine qua non of individual worth and well-being.

Mulvale and Frankel present several arguments for adopting basic income guarantee in Canada, including the cost of poverty and poverty reduction, the benefits of equality, as a response to a relatively jobless future, and ecological sustainability. They provide the historical backdrop of discussions about adopting basic income in Canada, including the Manitoba Basic Guaranteed Annual Income Experiment (known as Mincome), a detailed analysis of which is contributing to contemporary discussions. Mulvale and Frankel see the election of a new Liberal federal government under Prime Minister Justin Trudeau in 2015 as a welcome change from that of the Conservative government of Prime Minister Stephen Harper, who was elected to a minority government in 2006 and 2008, and to a majority government in 2011. They highlight efforts by the Ontario government to join with others to establish a pilot project for basic income.

Rankin shows how New Zealand is ideally situated through its tax structure to adopt an unconditional basic income. He reviews the history of New Zealand as a laboratory for progressive fiscal and social reforms. He calls for a return to universal-equity-based approaches to public welfare in the spirit of the 1938-84 era in New Zealand, redressing the undeniable distributional problems characteristic of later twentieth and early twenty-first century market-based capitalism. For Rankin, given the current tax structure and universal pension and family benefits in New Zealand, establishing a UBI is essentially an accounting exercise (33 percent proportional tax, $175 per week credit). Perceptions and politics are different matters. In New Zealand, Universal Basic Income is widely understood as representing both a minimum and a maximum level of publicly-sourced income payable to citizens. So long as this belief remains, Rankin contends, the chances of a UBI being introduced in New Zealand are close to zero. With New Zealand’s history of universal welfare (pensions, family benefits) and the simplicity of its tax code, Rankin shows how a marriage of productivity growth and public equity concepts...
of universal basic income might address immediate distribu-
tional challenges.

Zelleke examines contemporary threats to the Swedish Model of the welfare state in light of the increased diversity of its population. She draws lessons that might be applied to the case for a basic income in the U.S. and other large and diverse nations or regions. Zelleke shows how the more blatant redistributionism of a basic income—exactly the thing that leads many skeptics to believe it could not possibly succeed in the U.S.—might be the key that leads to a more durable and sus-
tainable foundation for egalitarian welfare states than the Swedish Model. Drawing on the work of Piketty (2014), whose research suggested declining returns to employment and increasing returns to capital, Zelleke suggests that the Swedish Model may have outlived its usefulness as a model for other nations to emulate. She argues that true and enduring economic equality will require the redistribution of capital, as well as income and benefits in kind, either through the socialization of capital through public ownership, or through a system of universal dividends. A universal, unconditional, and individual basic income is not the only way to provide citizens with economic security, but in the American context, with its particular social, political, and economic history, it seems likelier than the successful implementation of a comprehensive, solidaristic, and universalistic welfare state like Sweden’s.

Finally, Cantillon and McLean examine the role a basic income guarantee might play in achieving gender equality. They specifically focus how basic income guarantee would affect intra-household inequalities in material or financial welfare; economic autonomy; psychological well-being; and time allocation, especially leisure time and time spent in household and care work. Cantillon and McLean also present findings from empirical work on intra-household allocation and decision-making which underscore the role of independent income. They found some support for basic income guarantee as a feminist proposal with respect to mitigating intra-household inequality, while cautioning that empirical research was needed to support arguments for basic income guarantee as an instrument for furthering gender equality.

We write these lines just after Swiss voters decided against
adopting a basic income in that society. Although about 23% of Swiss voters supported the initiative, an overwhelming approximately 77% opposed it. For those who support basic income, this may appear to be bad news. Switzerland is arguably one of the more progressive states in the world when it comes to the structure of its social welfare system. If the proposal can't make it there, then arguably it has no chance of making it in the likes of the U.S. and similar countries. But we should be careful about coming too quickly to this conclusion.

It may be that countries with more robust welfare states are also more difficult places to attain a basic income, because there may be more worry in such countries about a basic income disrupting relatively generous status quos. If this line of thinking has any merit, it may be that a less generous welfare state, like the U.S., has a better chance of seeing a successful basic income effort than a more generous one like Switzerland. Only time will tell.

References


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