Basic Income: The Wonderful World That Might Have Been

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Advocates of Basic Income have trotted out a lot of arguments for its benefits, but I never expected John Stossel ("Universal Basic Income Shows Why Giving People 'Free Money' Doesn't Work," *Reason*, October 9) to produce such a convincing one.

> When I was young, If I hadn't needed to work to support myself, I wouldn't have pushed so hard to overcome my fears, my stuttering, and my reluctance to speak publicly. I wouldn't have become successful. I might have stayed in bed most of the day.

There you have it folks. UBI might have prevented John Stossel. Instead of decades of spewing unrelieved right-wing hackery, he might have just stayed in bed. The wonderful world that might have been.

Seriously — I guess — he trots out what are intended as arguments against UBI.

> In my new video, UBI activist Conrad Shaw agrees, "You would effectively get rid of extreme poverty immediately."
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> He says a UBI will help people "start businesses, fix their homes, or invest in sustainable gardens."
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> Well, "sustainable gardens" might be nice, but someone still has to make stuff. And that requires work — often difficult work.

In response to Stossel's claim that with a UBI he'd have just stayed in bed, Shaw replies: "I don't believe you. Nobody actually wants that….People find their passions not simply because they need to make money."

In refutation of the claims for UBI, Stossel cites a study funded by Silicon Valley techbro Sam Altman (reported back in July by *Reason*) which gave low-income people $1000 a month for three years. It delivered, according to Stossel, none of

> the great things that were promised. After three years of getting $1,000/month, UBI recipients were actually a little deeper in debt than before.
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> Why? Because they worked less. Their partners did, too.
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> Some recipients talked about starting businesses, but few actually tried it. Most who said they did start a business waited until the third year of the study — when their free money was about to end.
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> I'm not surprised. Give people free money, you take away an incentive to work. Incentives matter.
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> Shaw argues, "We conflate the idea of work with jobs."
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> It's true, people do meaningful work outside jobs. But being paid to do a job does say you're worth that amount to somebody.
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> "How much money are you worth to the kid you're raising?" Shaw replies. "The parent who's sick that you're taking care of?"
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> A lot. "But it doesn't address that other people have to work to pay for it."

Reason's earlier negative reporting on the study, by Eric Boehm, was fairly straightforward about what was so objectionable about the outcome: people chose more leisure.

> "You can think of total household income, excluding the transfers, as falling by more than 20 cents for every $1 received," wrote Eva Vivalt, a University of Toronto economist who co-authored the study, in a post on X. "This is a pretty substantial effect."
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> But if those people are working less, the important question to ask is how they spent the extra time — time that was, effectively, purchased by the transfer payments.
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> Participants in the study generally did not use the extra time to seek new or better jobs — even though younger participants were slightly more likely to pursue additional education. There was no clear indication that the participants in the study were more likely to take the risk of starting a new business…. Instead, the largest increases were in categories that the researchers termed social and solo leisure activities.
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> Some advocates for UBI might argue that the study shows participants were better off, despite the decline in working hours and earnings. Indeed, maybe that's the whole point?
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> "While decreased labor market participation is generally characterized negatively, policymakers should take into account the fact that recipients have demonstrated — by their own choices — that time away from work is something they prize highly," the researchers note in the paper's conclusion.

Foundation for Economic Education also jumped on the results of the study.

Right-libertarians have been agreed for a long time that anything that reduces people's incentive to work or increases the bargaining power is bad — very bad. Fifty years ago, Murray Rothbard argued — contra Milton Friedman's claim that a guaranteed minimum income via the negative income tax would be more efficient than the existing welfare state — that "the only

thing that makes our present welfare system even tolerable is precisely its inefficiency, precisely the fact that in order to get on the dole one has to push one's way through an unpleasant and chaotic tangle of welfare bureaucracy."

One indication of right-libertarian hostility toward anything that disincentivizes work or strengthen's the bargaining power of labor is that *Reason*, FEE, and Stossel were all over the study quoted above — but positive news about UBI gets crickets. It's sort of the same way they tout the hell out of the occasional report that minimum wage increases hurt employment, while ignoring any evidence in the other direction.

From an anarchist perspective, the idea of using the state bureaucracy to transfer tax revenue to people in the form of a Basic Income sounds eyebrow-raising. As an adherent of Chris Sciabarra's idea of dialectical libertarianism — the idea that policies should be evaluated in terms of their functionality within larger systems — I think a good case can be made that Basic Income is actually, in functional terms, a net decrease in substantive statism. And that's even more true of less ambitious proposals like replacing the welfare bureaucracy with a negative income tax.

Let's consider the nature of the current system within which a UBI or negative income tax would be introduced. First of all, the working class has been rendered artificially dependent on wage labor, and its bargaining power drastically reduced, over centuries of capitalist history, by state policies aimed at separating producers from ownership of means of production and means of subsistence. The wealth of the plutocracy comes from unearned income, resulting from greatly reduced worker bargaining power, from direct state subsidies to big business, and from the extraction of economic rents on scarcities and artificial property rights enforced by the state.

The plutocracy's wealth results from economic power conferred on it by the state. Therefore, anything that limits its ability to abuse this power, or reduces the amount of wealth it can extract, is a net reduction in statism. And now, against this context, let's evaluate all the things Stossel mentions as negative results of UBI. First of all, just to get claims of increased debt out of the way, it makes no sense to blame that — as Stossel does — on the loss of income from reduced work hours. As the source he quotes points out, there was a net increase in income equal to around 80% of the UBI payment. There's also the question of how much debt would normally have increased during that interval in any case. As a matter of fact, household debt burdens have risen astronomically over the past generation because of stagnant wages, combined with drastically increased credit card interest rates; people have increasingly relied on debt as a substitute for purchasing power from wages. So debt is a separate issue of structural injustice which must be addressed on its own.

Despite acknowledging that people do "meaningful work outside jobs," he asserts that "being paid to do a job does say you're worth that amount to somebody." The question is, who is that somebody, and should they be in the position to decide what work should be done? And the answer is — as we saw above — the somebody who decides what your work is worth is in the position to allocate resources and decide what work needs doing because of unearned wealth and economic power conferred by the state.

As for Stossel's claim that "somebody else has to work to pay for" our ability to do less wage labor and engage in meaningful labor in the informal sector instead, it proposes as normal a state of affairs in which people live in nuclear family households and the great bulk of economic transactions take place in the cash nexus. But that level of social atomization is the result of centuries of deliberate state policy. Contrast such a society to one in which most people are born into larger income pooling units like extended family compounds, cohousing projects, or

micro-villages, and a great deal of consumption is supplied via direct production for use in the community's workshops and gardens. At one time, the majority of people were born into such social units, with some basic level of subsistence commonly resulting from their membership in them. Capital, and the capitalist state, considered this an unsatisfactory state of affairs because the income-, cost-, and risk-pooling capabilities of such social units rendered individual members less dependent on wage labor and thus increased the bargaining power of labor. The welfare state is simply a substitute for the organic institutions the capitalist state destroyed.

By the same token, Stossel studiously ignores who is *not* paying for household labor like child and elder care. Capitalist employers have always depended on externalizing the reproduction costs of labor-power onto the informal and household economy. As Immanuel Wallerstein noted, the capitalist state walked a fine line between preserving the nuclear family household as the site of reproduction, while preventing the growth of larger multi-household units that threatened to render individuals too independent of wage labor.

Despite all the complaints from Stossel, Boehm et al, there is in fact too much production and too much work. Even if Basic Income enables people to replace some work with leisure, so what? Half our labor goes to producing worthless crap that's designed to fall apart. The standard work week required to produce our current material standard of living, absent waste production and bullshit jobs, should be 20 hours or less by now. Meanwhile, most of the wealth of the super-rich is unearned economic rent from enclosing the product of social intellect. And it *should* be harder for employers to find people willing to put up with their bullshit. Stossel wants to keep people producing crap, or doing the equivalent of running on a rat's treadmill, in order to keep a Rube Goldberg economy chugging along and protect a class of rentier parasites.

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