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WHO REALLY STANDS TO WIN FROM UNIVERSAL BASIC INCOME?

It has enthusiasts on both the left and the right. Maybe that's the giveaway.



By Nathan Heller





Thus far, U.B.I. lives entirely in people's heads—untried at any major scale.

Illustration by Anna Parini

In 1795, a group of magistrates gathered in the English village of Speenhamland to try to solve a social crisis brought on by the rising price of grain. The challenge was an increase in poverty, even among the employed. The social system at the time, which came to be known as Elizabethan Poor Law, divided indigent adults into three groups: those who could work, those who could not, and those—the “idle poor”—who seemed not to want to. The able and disabled received work or aid through local parishes. The idle poor were forced into labor or rounded up and beaten for being bums. As grain prices increased, the parishes became overwhelmed with supplicants. Terrorizing idle people turned into a vast, unmanageable task.

The magistrates at Speenhamland devised a way of offering families measured help. Household incomes were topped up to cover the cost of living. A man got enough to buy three gallon loaves a week (about eight and a half pounds of bread), plus a loaf and a half for every other member of his household. This meant that a couple with three children could bring home the equivalent of more than twenty-five pounds a week—a lot of bread. The plan let men receive a living wage by working for small payments or by not working at all.

Economics is at heart a narrative art, a frame across which data points are woven into stories about how the world should work. As the Speenhamland system took hold and spread across England, it turned into a parable of caution. The population nearly doubled. Thomas Malthus posited that the poverty subsidies allowed couples to rear families before their actual earnings allowed it. His contemporary David Ricardo complained that the Speenhamland model was a prosperity drain, inviting “imprudence, by offering it a portion of the wages of prudence and industry.” Karl Marx attacked the system years later, in “Das Kapital,” suggesting that it had kept labor wages low, while Karl Polanyi, the economic historian, cast Speenhamland as the original sin of industrial capitalism, making lower classes irrelevant to the labor market just as new production mechanisms were being built. When the Speenhamland system ended, in 1834, people were plunged into a labor machine in which they had no role or say. The commission that repealed the system replaced it with Dickensian workhouses—a corrective, at the opposite extreme, for a program that everyone agreed had failed.

In 1969, Richard Nixon was preparing a radical new poverty-alleviation program when an adviser sent him a memo of material about the Speenhamland experiment. The story freaked Nixon out in a way that only Nixon could be freaked out, and although his specific anxiety was allayed, related concerns lingered. According to Daniel P. Moynihan, another Nixon adviser, who, in 1973, published a book about the effort, Speenhamland was the beginning of a push that led the President’s program, the Family Assistance Plan, toward a work requirement—an element that he had not included until then.

Nixon had originally intended that every poor family of four in America with zero income would receive sixteen hundred dollars a year (the equivalent of about eleven thousand dollars today), plus food stamps; the

supplement would fade out as earnings increased. He sought to be the President to lift the lower classes. The plan died in the Senate, under both Republican and Democratic opposition, and the only thing to survive was Nixon's late-breaking, Speenhamland-inspired fear of being seen to indulge the idle poor. By the end of his Administration, a previously obscure concept called moral hazard—the idea that people behave more profligately when they're shielded from consequences—had become a guiding doctrine of the right. A work requirement stuck around, first in the earned-income tax credit, and then in Bill Clinton's welfare reforms. The core of Nixon's plan—what Moynihan, in “The Politics of a Guaranteed Income,” called “a quantum leap in social policy”—was buried among his more flamboyant flops.

Recently, a resurrection has occurred. Guaranteed income, reconceived as basic income, is gaining support across the spectrum, from libertarians to labor leaders. Some see the system as a clean, crisp way of replacing gnarled government bureaucracy. Others view it as a stay against harsh economic pressures now on the horizon. The questions that surround it are the same ones that Nixon faced half a century ago. Will the public stand for such a bold measure—and, if so, could it ever work?

“**G**ive People Money: How a Universal Basic Income Would End Poverty, Revolutionize Work, and Remake the World” (Crown), by the economic journalist Annie Lowrey, is the latest book to argue that a program in this family is a sane solution to the era's socioeconomic woes. Lowrey is a policy person. She is interested in working from the concept down. “The way things are is really the way we choose for them to be,” she writes. Her conscientiously reported book assesses the widespread effects that money and a bit of hope could buy.

A universal basic income, or U.B.I., is a fixed income that every adult—rich

or poor, working or idle—automatically receives from government. Unlike today's means-tested or earned benefits, payments are usually the same size, and arrive without request. Depending on who designs a given system, they might replace all existing governmental assistance programs or complement them, as a wider safety net. "A UBI is a lesson and an ideal, not just an economic policy," Lowrey writes. The ideal is that a society, as a first priority, should look out for its people's survival; the lesson is that possibly it can do so without unequal redistributive plans.

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People generally have a visceral reaction to the idea of a universal basic income. For many, a government check to boost good times or to guard against starvation in bad ones seems like an obviously humane measure. Others find such payments monstrous, a model of waste and unearned rewards. In principle, a government fixes the basic income at a level to allow subsistence but also to encourage enterprise and effort for the enjoyment of more prosperity. In the U.S., its supporters generally propose a figure

somewhere around a thousand dollars a month: enough to live on—*somewhere* in America, at least—but not nearly enough to live on well.

Recent interest in U.B.I. has been widespread but wary. Last year, Finland launched a pilot version of basic income; this spring, the government decided not to extend the program beyond this year, signalling doubt. Other trials continue. Pilots have run in Canada, the Netherlands, Scotland, and Iran. Since 2017, the startup incubator Y Combinator has funded a multiyear pilot in Oakland, California. The municipal government of Stockton, an ag-industrial city east of San Francisco, is about to test a program that gives low-income residents five hundred dollars a month. Last year, Stanford launched a Basic Income Lab to pursue, as it were, basic research.

One cause of the program's especial popularity in Northern California is also a reason for the urgency of its appeal: it is a futurist reply to the darker side of technological efficiency. Robots, we are told, will drive us from our jobs. The more this happens, the more existing workforce safety nets will be strained. In "Raising the Floor: How a Universal Basic Income Can Renew Our Economy and Rebuild the American Dream" (2016), the labor leader Andy Stern nominates U.B.I. as the right response to technological unemployment. Stern, a lifetime labor guy, is a former president of the two-million-member Service Employees International Union. But he thinks that the rise of robots and the general gig-ification of jobs will "marginalize the role of collective bargaining," so he has made a strategic turn to prepare for a disempowered working class. "You go into an Apple store and you see the future," he quotes an economist saying. "The future of the labor force is all in those smart college-educated people with the T-shirts whose job is to be a retail clerk." (This presumes that people will frequent brick-and-mortar shops in the first place.)

By Lowrey's assessment, the existing system "would falter and fail if confronted with vast inequality and tidal waves of joblessness." But is a U.B.I. fiscally sustainable? It's unclear. Lowrey runs many numbers but declines to pin most of them down. She thinks a U.B.I. in the United States should be a thousand dollars monthly. This means \$3.9 trillion a year, close to the current expenditure of the entire federal government. To pay, Lowrey proposes new taxes on income, carbon, estates, pollution, and the like. But she is also curiously sanguine about costs, on the premise that few major initiatives balance out on the federal books: "The Bush tax cuts were not 'paid for.' The wars in Iraq and Afghanistan were not 'paid for.' " When the country wants to launch a big project, she insists, the double joints and stretchy tendons of a giant, globalized economy come into play.

This open planning won't exactly soothe the cautious. A big reason for chariness with a U.B.I. is that, so far, the program lives in people's heads, untried on a national scale. Then again, by the same mark, the model couldn't be called under-thunk. The academic counterpart to Lowrey's journalistic book is Philippe Van Parijs and Yannick Vanderborght's recent "Basic Income: A Radical Proposal for a Free Society and a Sane Economy" (Harvard), a meticulously comprehensive, frequently persuasive accounting of U.B.I.'s superiority by measures economic, philosophical, and pragmatic. Like Lowrey, they see basic income as a sound social program and a corrective "hope": not a perfect system, but better than anything else.

Traditionally, a challenge for means-tested aid is that it must determine who is most deserving—a vestige of the old Elizabethan system. Often, there's a moralizing edge. Current programs, Lowrey points out, favor the working poor over the jobless. Race or racism plays into the way that certain policies are shaped, and bureaucratic requirements for getting help can be arcane and onerously cumulative. Who will certify the employee status of a guy who's living on the streets? How can you get disability aid if

you can't afford the doctor who will certify you as disabled? With a universal income, just deserts don't seem at issue. Everybody gets a basic chance.

Observers often are squeamish about that proposition. Junkies, alcoholics, scam artists: Do we really want to hand these people monthly checks? In 2010, a team of researchers began giving two-hundred-dollar payments to addicts and criminals in Liberian slums. The researchers found that the money, far from being squandered on vice, went largely to subsistence and legitimate enterprise. Such results, echoed in other studies, suggest that some of the most beneficial applications of a U.B.I. may be in struggling economies abroad.

Like many students of the strategy, Lowrey points to Kenya, where she reported on a U.B.I. pilot in a small village. (She won't say which, for fear of making it a target for thieves—a concern worth counting as significant.) The pilot is run by a nonprofit called GiveDirectly, and is heavily funded through Silicon Valley; in that respect, it's a study in effective philanthropy, not a new model of society. But the results are encouraging. Before GiveDirectly sent everyone the equivalent of twenty-two U.S. dollars a month (delivered through a mobile app), Village X had dirt roads, no home electricity, and what Lowrey genteelly calls an “open defecation” model for some families. Now, by her account, the village is a bubbling pot of enterprise, as residents whose days used to be about survival save, budget, and plan. (The payments will continue until 2028.)

A widow tells her, “I'll deal with three things first urgently: the pit latrine that I need to construct, the part of my house that has been damaged by termites, and the livestock pen that needs reinforcement, so the hyena gets nothing from me on his prowls.” A heavy-drinking deadbeat buys a motorbike for a taxi business, sells soap, buys two cows, and opens a barbershop. His work income quadruples. He boasts to Lowrey of his new

life.

Purely as a kind of foreign aid, Lowrey suggests, a basic income is better than donated goods (boxes of shoes, mosquito nets), because cash can go to any use. The Indian government's chief economic adviser tells her that, with a U.B.I. of about a hundred U.S. dollars a year, India, where a third of the world's extreme poor live, could bring its poverty rates from twenty-two per cent to less than one per cent. Those figures are stunning. But India is in the midst of major bureaucratic change. Would there be any chance of a U.B.I. finding a foothold in the entrenched U.S. political climate?

Advocates have noted that the idea, generally formulated, has bipartisan support. Charles Murray, the conservative welfare critic, was an early enthusiast. His book "In Our Hands: A Plan to Replace the Welfare State" (2006) called for a U.B.I. of ten thousand dollars a year, plus catastrophic health insurance, to replace existing social programs, including Social Security. Rather than fester for years under the mismanaging claws of Big Government, he thought, money could flow directly to individual recipients. "The UBI lowers the rate of involuntary poverty to zero for everyone who has any capacity to work or any capacity to get along with other people," Murray declared.

But although politically dissimilar people may support a U.B.I., the reasons for their support differ, and so do the ways they set the numbers. A rising group of thinkers on the left, including David Graeber and Nick Srnicek, tout a generous version of U.B.I. both as a safety net and as a way to free people from lives spent rowing overmanaged corporate galleons. Business centrists and Silicon Valley types appreciate it as a way to manage industry side effects—such as low labor costs and the displacement of workers by apps and A.I.—without impeding growth. In "The War on Normal People: The Truth About America's Disappearing Jobs and Why Universal Basic

Income Is Our Future” (Hachette), Andrew Yang, the Venture for America founder who has already filed for Presidential candidacy in 2020, recommends the model as a way to bypass kludgy governmental systems. He imagines it paired with something he calls “human capitalism.” “For example, a journalist who uncovered a particular source of waste, an artist who beautified a city, or a hacker who strengthened our power grid could be rewarded with Social Credits,” he explains. “Most of the technologists and young people I know would be beyond pumped to work on these problems.”

Many of the super-rich are also super-pumped about the universal basic income. Elon Musk has said it will be “necessary.” Sir Richard Branson speaks of “the sense of self-esteem that universal basic income could provide to people.” What’s the appeal for the plutocracy? For one thing, the system offers a hard budget line: you set the income figure, press start, go home. No new programs, no new rules. It also alleviates moral debt: because there is a floor for everyone, the wealthy can feel less guilt as they gain more wealth. Finally, the U.B.I. fits with a certain idea of meritocracy. If everybody gets a strong boost off the blocks, the winners of the economic race—the ultra-affluent—can believe that they got there by their industry or acumen. Of course the very rich appreciate the U.B.I.; it dovetails with a narrative that casts their wealth as a reward.

A notable exception is Chris Hughes, who, in “Fair Shot: Rethinking Inequality and How We Earn” (St. Martin’s), seeks to shed the idea that special skills brought him success. Hughes, who is helping to fund the Stockton U.B.I. experiment, was part of the dorm-room crew that founded Facebook. By his late twenties, when the company went public, he was worth around five hundred million dollars. Before the I.P.O., he worked for Barack Obama’s first Presidential campaign; afterward, he bought a majority stake in *The New Republic*, mismanaged it so brazenly as to prompt a huge staff exodus, then sold it. He’s forthright about his failures, and he’s diffident

about his putative triumphs. “Fair Shot” tells an interesting success story, because its author has doubts about how he succeeded. It’s “Charlie and the Chocolate Factory” if Charlie said “Why me?” and Wonka shrugged.

Hughes’s book is divided between policy and memoir. When he was growing up, in suburban North Carolina, he writes, his mom clipped coupons and he went to an after-school program with mostly nonwhite kids. He dreamed of a bigger life, and applied to top high schools. Andover offered financial aid, but not enough. He called up its admissions office and pleaded for more. Once there, Hughes felt poor, and sought validation in schoolwork. This led him to Harvard, where he ended up rooming with three guys he didn’t know too well, including Mark Zuckerberg.

Hughes had no technical knowledge. But he was there when Facebook was being set up, and he could talk and write, so he was put in charge of its early P.R. On graduating, he found himself leading Facebook’s communications and marketing and watching venture capitalists invest “jaw-dropping” sums. It bemused him. “I didn’t feel like some kind of genius, and while Mark was smart and talented, so were many of the other people I went to college with,” he writes.

Hughes searches for points of exception that explain why he, not someone else from another middle-middle-class family, ended up with half a billion dollars and a speaking circuit out of the gate. His scramble to get into Andover, for one thing, seems central. But should the randomness of this early ambition—which, even if it doesn’t have to do with resources, does reflect community information transfer—really determine who’s in with a chance? Hughes thinks these individual zaps of opportunity have a large-scale correlate: the very economic setup that made him and his roommates super-rich. “In a winner-take-all world, a small group of people get outsized returns as a result of early actions they take,” he writes. Massive tech

companies such as Facebook have been possible because of deregulation, financialization, tax cuts, and lowered tariffs rolled out, he thinks, at a cost to ordinary people since the nineteen-seventies.

The solution, Hughes has decided, is a modest basic income: five hundred dollars a month for every adult in a household making less than about fifty thousand dollars. He sees it as a boost to the current system, and argues that the money can be found by closing tax exemptions for the ultra-wealthy —“people like me.”

Six thousand dollars a year is not a lot of money. But Hughes believes that a light padding is enough. He describes receiving his first big payout from Facebook—a hundred thousand dollars—and realizing that if he set aside a five-per-cent return each year he could count on a lifelong annual income of at least five thousand dollars, no matter what. It was a little, but it meant a lot. “The further you get from subsistence, the easier it is to ask fundamental questions like: What do I want, and how do I get it?” he writes. The covetable entity that the Andover kids of his youth possessed wasn’t actually wealth. Their crucial asset was the assurance of choice.

Framing basic income in terms of choice, not money, helps to clarify both its opportunities and its limits. On the immediate level, one might wonder whether Hughes’s proposal of five hundred dollars a month is really enough to boost one’s existential swagger. That number, he says, would lift twenty million people over the poverty line, but any three-hundred-billion-dollar program should. More to the point are Hughes’s qualms about a universal basic income—or even a lower-middle basic income, like his—replacing means-tested aid. (“Trading in benefits earmarked for the poor for a benefit like guaranteed income, which is designed to provide financial stability to the middle class and the poor alike, would be regressive,” he says.) Why spray so much money over people doing fine, he wonders, when

you could direct cash as needed?

One answer is that it makes the program palatable to those who cannot stomach anything resembling government handouts. A wide range of people stand to benefit from a cushion: any worker with an abusive boss is free to take the basic wage and leave. By certain measures, in fact, giving everyone a flat check naturally rebalances opportunities for choice. A thousand bucks handed to a multimillionaire means almost nothing, but it's significant for a middle-income person, and for a poor person it could open up the world.

Skeptics might point out that what was meant to be a floor can easily become a ceiling. This was Marx's complaint about Speenhamland: a society with a basic income has no pressure to pay employees a good wage, because the bottom constraint, subsistence, has fallen away. We see such an effect already in the gig economy, where companies pay paltry wages by claiming that their endeavors are flexible and part-time and that workers surely have subsistence income from elsewhere.

Supporters of the U.B.I. frequently counter that the raised floor will lift other things. If workers are no longer compelled to take any available job to put food on the table, supporters say, work must be worth their while. Certainly, this will be true for highly undesirable jobs: the latrine cleaner can expect a pay bump and an engraved pen. But for jobs whose appeal goes beyond the paycheck—in other words, most middle-class jobs—the pressures are less clear. Competitive, prestigious industries often pay entry-to mid-level employees meagrely, because they can; ambitious people are so keen for a spot on the ladder that they accept modest wages. And, since that is an easier concession for the children and intimates of the moneyed classes, influential fields can fill up with fancy people. This is not a problem that the U.B.I. would solve. If anything, paychecks in desirable jobs would be free to shrink to honorarium size, and choice opportunity would again redound to

the rich, for whom the shrinkage would not mean very much.

In that sense, what's at issue with U.B.I. isn't actually the movement of money but the privileging of interests—not who is served but who's *best* served. An illuminating parallel is free college. One criticism of Bernie Sanders's no-tuition plan, in 2016, was that many American families could afford at least part of a tuition. With no fees to pay, that money would be freed to fund enrichments: painting lessons, private tutoring, investments, trips to rescue orphans and pandas, and other things with which well-resourced people set the groundwork for an upward-spiralling bourgeois life. Especially among the small subset of colleges that have competitive admissions—the sector of the education market which, today, serves most reliably as an elevator toward class, influence, and long-term employment access—those who truly have no cash for college would still be starting from behind. Opportunity would be better equalized, at least while other things in America remain very unequal, by meting out financial aid as kids actually need it.

Hughes was one such kid, of course, and then he stepped into a jet stream leading from Harvard Yard to the cover of a business magazine. Now he is part of the one per cent, which means that his son is seventy-seven times as likely to end up in the Ivy League as his counterpart from the bottom fifth in the income distribution. These effects relate to what's often called “structural inequality.” Since, his story suggests, they have little to do with the details of Hughes's childhood finances and a lot to do with the decades-long diversion of profit from workers to shareholders, any program to protect the workforce in the long term must go deeper than just redisbursing cash or benefits. Such a solution would need to privilege public interests, not just public awards. It may even require what many U.B.I. fans hate: a rejiggering of regulation. Simply lifting the minimum-income level leaves the largest, most defining foundations of inequality intact.

The realization that a universal basic income is useful but insufficient for the country's long-term socioeconomic health—that you can't just wind up a machine and let it run—may cause attrition among some supporters who admire the model precisely because it seems to mean that no one will have to deal with stuff like this again. It may also dampen the scheme's sunny political prospects, since a healthy U.B.I. would have to be seated among other reforms, the sum of which would not be cost- or interest-neutral. This doesn't mean that it's not a practical idea. It means only that it's not a magic spell.

Or perhaps the difference could be split. A couple of years ago, the Dutch professional thought leader Rutger Bregman championed universal basic income in his popular book “Utopia for Realists”—a title that reflects the volume's tone. Bregman, who studied history, hoped that we could abolish poverty, border control, and the forty-hour workweek. (He prefers fifteen.) He pointed out that G.D.P. is a questionable metric of prosperity, since it doesn't reflect health, clean air, and other attributes that now define First World success. His interest in a basic income was meant to synthesize the wishful and the practical; like many supporters, he touted it as a matter of both categorical principle and maximized good, and tried to make these virtues square. The effort brought him back to Speenhamland, whose reputation as a failure Bregman called, flatly, “bogus.”

According to Bregman's analysis, accounts of Speenhamland's disastrousness were based on a single report by the commission empowered to replace it. The report was “largely fabricated,” Bregman writes. The era's population growth was attributable not to irresponsible family planning, as Malthus thought, but to an excess of responsibility—children, once they reached working age, were lucrative earners for a household—plus declining rates of infant mortality. (Parallel population explosions happened in Ireland and Scotland, where the Speenhamland system was not in effect.) Wages were

low during Speenhamland, but, the historian Walter I. Trattner has noted, they were nearly as low before Speenhamland, and the extra falloff followed the adoption of the mechanical thresher, which obviated an entire class of jobs.

Speenhamland does offer a lesson, in other words, but it is not the one most widely taught. In “The Failed Welfare Revolution” (2008), the sociologist Brian Steensland suggests that, if Nixon’s Family Assistance Plan had passed, conservative policy might have evolved along a different path. George H. W. Bush, then a congressman, supported the guaranteed-income scheme. So did Donald Rumsfeld. From the late sixties into the seventies, he and Dick Cheney helped run trials on thirteen hundred families to see how much a modest financial top-up discouraged them from working. The falloff was smaller than expected, and the researchers were pleased. We might hope that, with Speenhamland’s false myths finally cleared, the United States will do better going forward. But our aptitude for managing the future is no stronger than our skill at making sense out of the past. ♦

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