

THE WALL STREET JOURNAL.

CASH HANDOUTS FOR EVERYONE

Support for a universal income comes from technophiles like Elon Musk, libertarians like Charles Murray and labor leader Andy Stern. Marc Levinson reviews "Basic Income" by Philippe Van Parijs and Yannick Vanderborght.

By Mark Levinson
March 23, 2017

In autumn 1962, University of Chicago economist George Stigler and his research assistant, Claire Friedland, published an article about electric rates. Their discussion was meant for fellow academics (and was shown, years later, to contain an error). But it planted the seed of an idea: that the real-world effects of regulation could be quite different from those its advocates assumed. A few years on, in a different political climate, studies that built upon the Stigler-Friedland article formed the intellectual underpinning of a bipartisan movement to deregulate large parts of the U.S. economy.

Perhaps we're at the same place today with the idea that every individual should receive a monthly cash transfer from the state. There's been loose talk among policy makers about a guaranteed basic income for several years, and a handful of prominent people – Tesla founder Elon Musk; venture capitalist Marc Andreessen; Clinton administration labor secretary Robert Reich – have begun to advocate it as they contemplate a future in which artificial intelligence destroys tens of millions of middle-class jobs. In political terms, however, the idea that the government should send everyone a monthly stipend is far from ripe.

"Basic Income," by Belgian academics Philippe Van Parijs and Yannick Vanderborght, represents an attempt to lay out a systematic case for what would be a radical departure in public policy. This book, it must be said up front, is not an easy read. Messrs. Van Parijs and Vanderborght are ethicists, and their closely argued text has all the liveliness of a philosophical treatise. But "Basic Income" provides a rigorous analysis of the many arguments for and against a universal basic income, offering a road map for future researchers who wish to examine policy alternatives.

Messrs. Van Parijs and Vanderborght trace the idea that the state should guarantee a basic income to Juan Luis Vives, a 16th-century scholar living in what is now Belgium, who published a controversial Latin text called "On Helping the Poor." At a time when charity was largely dispensed by religious organizations, Vives argued for civil authorities to help the unemployed find work, topping up their incomes if wages were too low to live on. Over the subsequent centuries, such luminaries as John Locke, Maximilien de Robespierre, Immanuel Kant and John Stuart Mill weighed in on whether government had an obligation to the citizenry and, if so, whether it should force people to work in return for assistance. The debate came to America in 1796, when Thomas Paine proposed the government should pay 10 pounds per year to every person age 50 or over, needy or not. It took 139 years for his idea to bear fruit – and even then, millions of farm workers, domestic workers and self-employed people were ignored in the Social Security Act of 1935.

From the 16th century onward, the question of whether handouts make people lazy has been central to discussions of government grants to families and individuals. The idea that accepting public money is a moral failing has very old roots, and most state aid schemes have aimed to benefit only the deserving: people who have worked hard for years and find themselves down on their luck, or those whose age or disability makes it hard to earn a living.

Yet the politics of providing a universal income guarantee have been bewildering. The populist Louisiana Senator Huey Long endorsed a "homestead allowance" for every family in 1934, and the University of Chicago economist Friedrich Hayek, now beloved of libertarians, advocated much the same concept a decade later. As the authors point out, there is only one place in the entire world that provides a universal income guarantee: Alaska, where the Alaska Permanent Fund, established at the behest of Republican Governor Jay Hammond in the 1970s, draws on oil revenues to send an annual dividend check to every legal resident, needy or not.

These days, support for a universal basic income in the United States comes from several directions. Technophiles worry that the spread of job-sharing, autonomous trucks, warehouses staffed by robots and talking computers will eliminate 40-hour-a-week jobs and may bring mass unemployment. Libertarians such as American Enterprise Institute scholar Charles Murray struggle with the reality that the welfare state is unlikely to fade away and see cash handouts to everyone as preferable to an array of programs that intrude into recipients' lives. Mr. Murray finds an improbable bedfellow in Andy Stern, former president of the Service Employees International Union, who likes the idea that "the gains of society will accrue more widely for every American citizen, and not just the few."

Messrs. Van Parijs and Vanderborght make a strong case that any basic income should be universal, because grants aimed at the poor or the jobless "have an intrinsic tendency to turn their beneficiaries into a class of permanent welfare claimants." Distributed with no strings attached, they assert, a basic income would eliminate disincentives to work and provide a more secure financial basis for those who wish to start their own businesses. They suggest one-fourth of the average per-capita income – or \$1,163 per month for each individual in the United States – as an amount that would provide basic economic security without breaking the bank.

To be sure, this implies a breathtaking amount of public expenditure, which is one reason a universal basic income is nowhere on the U.S. political agenda. But the authors' call "to restructure radically the way in which economic security is pursued in our societies and in our world" is encountering growing sympathy from people with widely disparate political orientations but a shared concern about how technology might fundamentally change the nature of work.