"We are demanding an emergency program to provide employment for everyone in need of a job, or if a work program is impractical, a guaranteed annual income at levels that sustain life and decent circumstances."

-Dr. Martin Luther King, Jr.
Employment or Income Guarantees: Which Would Do the Better Job?

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Not long ago, when the nation was less wealthy, our expectations were greater. Paradoxically, as national income has increased, expectations have diminished. Neither Democratic presidential candidate proposed the income or job guarantees (JGs) that are compared in this article and that four decades ago were on the political agenda. According to Hillary Clinton, Bernie Sanders’ proposals for more modest guarantees of health care and higher education were “unrealistic”—okay for Denmark but not for the United States, despite its somewhat higher per capita income. Perhaps the concern about economic insecurity that was unleashed during the campaign may lead us once again to consider these guarantees against the age-old evils of poverty and unemployment.

In 2013, an article titled “Guaranteed Income’s Moment in the Sun” (Remapping Debate, a website run by the Columbia Journalism Review) called attention to the fact that in 1970, President Richard Nixon’s income guarantee for families with dependent children (Family Assistance Plan) passed the House of Representatives by a wide margin. Moreover, in 1972, Nixon’s opponent for the presidency, Senator George McGovern (D-SD), proposed an income guarantee for “every man, woman, and child.” The moment in the sun was soon eclipsed: Nixon’s Family Assistance Plan was defeated in the Senate by a combination of conservative and liberal opposition, while McGovern, who later in the campaign switched to full employment or a JG, lost the election and was not able to make good on either promise. However, a modest income guarantee for the elderly (Supplemental Security Income [SSI]) was enacted in 1974, and the following year, an earned income tax credit (EITC) for families with children was adopted.

A JG also enjoyed earlier moments in the sun. In the mid-1940s, at the head of FDR’s landmark “Economic Bill of Rights” was the right to a living-wage job for all. Roosevelt called it “the most fundamental” of the economic rights and “the one on which the fulfillment of the others [security in old age, good education, and health care] in large degree depends.” In 1945, with World War II demobilization portending a return to high unemployment, the Senate passed a bill granting “all Americans able to work and seeking work . . . the right to useful, remunerative, regular, and full-time employment.” A year later, with less fear of unemployment, a more conservative House of Representatives turned down the Senate’s full-employment bill. The compromise Employment Act of 1946 rejected full employment in favor of “maximum employment” consistent with other national priorities.

In the 1970s, a JG was again on the horizon. When Representative Augustus Hawkins (D-CA) first introduced such legislation, official unemployment was not high nationwide, but studies done by the Bureau of Labor Statistics in the late 1960s had found high levels of joblessness in urban ghettos even when official unemployment rates were very low. Once again, although the original proposal was

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for a genuine JG, a combination of forces, including not only the usual suspects but also the AFL-CIO, President Jimmy Carter, and some prominent economists, watered it down. The Humphrey–Hawkins Full Employment and Balanced Growth Act of 1978 belied its name, setting an interim target of 4 percent unemployment that was simply ignored. By 1980, unemployment was 7.1 percent and, unrestrained by Humphrey–Hawkins, was in the 9 percent range several years later.

Job and Income Guarantees: New Places in the Sun?

Job and income guarantees as solutions to poverty, economic inequality, unemployment and underemployment have not been totally eclipsed. In 1994, a group of social scientists, social workers, and other economic justice advocates founded the National Jobs for All Coalition (NJFAC), concurrently publishing a book, Jobs for All: A Plan for Revitalizing America. Contributing significantly to conceptualizations of a JG are economists at the University of Missouri Center for Full Employment and Price Stability, the Jerome Levy Economics Institute at Bard College, and proceedings of the Columbia University Seminar on Full Employment, Social Welfare, and Equity. The NJFAC website is, among other things, a source of writings pertaining to full employment and related issues.

In the mid-1990s, Belgian philosopher and political economist Philippe Van Parijs proposed and began promoting a universal basic income (UBI) or basic income guarantee (BIG) that is widely discussed in academic circles and part of European political discourse. Switzerland, for example, held a referendum in June 2016 on a proposal approved by its National Council for a $2,800 a month ($27,600 a year) guarantee for adult citizens, with a smaller amount for children. The proposal was soundly defeated by voters but perhaps partly due to its high monetary level. Other countries and jurisdictions in Europe are seriously considering UBIs, including the United Kingdom. Adherents of the UBI point to the example of Alaska—which gives each resident a small, annual income dividend derived from oil revenues ($2,100 in 2015)—as a possible model of how such a plan might work.

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Proponents of both job and income guarantees recognize that economic growth has not meant an end to poverty or unemployment and that, in any case, unlimited growth in a fossil-fuel-dominated economy is environmentally unsustainable. The website Basic Income Earth Network (BIEN), for example, holds that “it is the inability to tackle unemployment with conventional means” that has led to interest in the guaranteed income. Fear of job-destroying technological advances is another factor, as is the deterioration of working conditions for those who are employed. A proposal in the British Parliament calls for research on the UBI in view of “the growing crisis of low pay and precarity in the labour market.” Whereas UBI proponents have largely given up on full employment, advocates of a JG would also support income guarantees for people unable to work, retired, or providing family care.

The Concept of UBI

The terms universal and basic are both important to current conceptualizations of an income guarantee. “Universal” means that everyone gets the benefit, not just certain demographic groups such as families with children or the elderly. Receipt of UBI would be unconditional, not contingent on income, employment, or marital status—in contrast, for example, to Nixon’s guarantee, which was income-tested and limited to families with dependent children.
The word “basic” means that the grant “is something on which a person can safely count, a material foundation on which a life can firmly rest.” Van Parijs considers the UBI a path to real freedom or liberty because it provides the resources people need for doing what they want to do and on which the ability to exercise freedom depends. These resources would afford the freedom to reduce one’s hours of work to provide family care, increase education and training in preparation for more skilled work, engage in unpaid community service, or pursue cultural or recreational interests.

Parijs acknowledges that “even a large UBI cannot be expected to secure a comfortable standard of living on its own,” but it “makes it easier to take a break between two jobs, reduce working time, make room for more training, take up self-employment, or join a cooperative.” In his writings, he refers to both “work fetishism” and “obsession with keeping everyone busy.” “No one can reasonably want an overworked, hyperactive society.” Parijs prefers a subsistence-level guarantee but, recognizing its cost might doom the concept politically, is willing to begin with a lower-level grant that could, through incremental increases, become an anti-poverty guarantee. Even a small grant would decrease poverty, but would it contribute to the UBI “freedom” goal?

A Twenty-First-Century JG

According to JG advocates, unemployment is a much larger problem than the public realizes, which is one reason why it is hard to mobilize support for a JG. The NJFAC website features “the whole story”— not only official unemployment but “hidden unemployment”— people who want a job but are not actively looking or who want full-time work but are obliged to work part-time—which together amounted to 19.7 million individuals suffering from a lack of work rather than the 7.4 million official unemployment figure (May 2016). Even at the top of the business cycle, when many economists claim that the economy is at “full employment,” there are two-to-three job “wanters” for every vacant job. Joblessness among African Americans is consistently more than twice the rate of white Americans. A recent report calls attention to the “crisis” of joblessness, not only among black, out-of-school young people in Chicago but also in other large U.S. cities. In the Baltimore neighborhood of Freddie Gray (the twenty-five-year-old black man who, in April 2015, died of injuries he sustained in the back of a police van), more than half of the people between the ages of sixteen and sixty-four were out of work. Full employment would benefit African Americans disproportionately. As economists William Darity Jr. and Darrick Hamilton argue, a JG would be a “race-neutral” program because it would go a long way toward eliminating racial inequality while providing job security and removing the threat of unemployment for all Americans.

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The heart of current JG proposals is government job creation based on an updated model of the famous work programs of the New Deal that rescued millions of jobless workers and immeasurably enriched the nation’s physical, social, environmental, and cultural resources. Given gaping holes in our infrastructure; the large unmet needs for child and elder care, teachers, health and other service workers, and the necessity of converting our economy to sustainability, JG proponents consider it not just premature but irresponsible to close the door on providing employment for the additional workers needed to fill these gaps.

JG advocates are not deterred by such feared job killers as climate change mitigation that could reduce employment in such industries as coal, oil, natural gas, and technology. They point to research by Robert Pollin, co-director of the Political Economy Research Institute at the University of Massachusetts, and his colleagues that concludes that annual public and private investments amounting to 1.2 percent of GDP for the next twenty years could achieve climate change mitigation goals without job loss.
functioning JG program would guarantee that no individual worker would suffer joblessness as a result of these much-needed changes. In any case, the jobs proposed by full-employment advocates contribute to sustainability or more efficient use of resources, or, in the case of human services, consume relatively less fossil fuels.

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What about technological job destruction? Research by economist Robert Gordon at Northwestern University, a “technology pessimist,” emphasizes a slowing of productivity growth, both in the decades prior to a brief surge in the late 1990s and since. However, researchers Erik Brynjolfsson and Andrew McAfee, “technology optimists,” agree that many jobs will become obsolete as machines begin to do things once considered possible only in the realm of science fiction, but predict that “other jobs will be created and some existing jobs will become more valuable.”14 In the long-term, when there may be less need for human labor, Brynjolfsson and McAfee consider the basic income as a means of dealing with the problem of lagging demand. Interestingly, they reject it for reasons strikingly similar to those of full-employment architect and progressive British economist Sir William Beveridge: that income support can take care of the problem of want but not of idleness.15 A guaranteed universal income, they write, would only conquer one of Voltaire’s famous three vices: boredom, vice, and need. Observing that work is not only a source of money but of self-worth, community, engagement, structure, dignity, and so on, they opt for a form of the negative income tax that preserves work incentives by filling in the gap between a designated level of need and income.

As “machines continue to race ahead,” Brynjolfsson and McAfee suggest that we think further about a number of interventions, including “Ramp[ing] up hiring by the government via programs like the Depression-era Civilian Conservation Corps to clean up the environment, build infrastructure, and address other public goods.”

Given uncertainty regarding job destruction, JG advocates favor job-saving measures that are desirable in their own right and that would contribute significantly to the quality of life. These include a shorter work week, paid vacations, and paid sick and family leave. The public may also want to reverse those quality-of-life losses that result from the absence of human beings on the other end of the line.

... [T]he Humphrey–Hawkins 21st Century Full Employment and Training Act ... would create approximately six million jobs ... plus another two million private-sector jobs as a result of its “multiplier effect” on total spending.

H.R. 1000, the Humphrey–Hawkins 21st Century Full Employment and Training Act, introduced in 2015 by Representative John Conyers Jr. (D-MI) and which now has forty-two co-sponsors, would create approximately six million jobs with wages and benefits comparable to those received by public-sector workers, plus another two million private-sector jobs as a result of its “multiplier effect” on total spending. Over a decade or two, the Act is designed to eliminate hidden unemployment in the economy. The program would be fully funded with a small tax on purchases and sales of financial assets so would be self-sustaining over time. Finally, the bill includes an inflation “circuit breaker” that would limit program hiring to those workers who most needed work if inflationary pressures ever did become problematic. Unlikely to be enacted any time soon, H.R. 1000 is a fully detailed plan carrying the authority of pending legislation and thus a vehicle for educating the public about the desirability and feasibility of a JG.16

Which Guarantee?

Cost is, of course, a major basis for evaluating a policy proposal. Economist Charles M. A. Clark
at St. John’s University estimated that in 1999, a UBI set at the poverty line would have cost $1.98 trillion. Another economist, Philip Harvey, used Clark’s methodology and estimated that the same program would cost $2.87 trillion in 2011. Harvey compared this figure with the estimated cost of a JG featuring government-created jobs and paying wages averaging about $17 per hour along with increased social welfare benefits for persons who were unable or not expected to be self-supporting. The total cost of the JG strategy (before taking into consideration the additional tax revenue and savings it would generate) would have been about $700 billion a year at a time when official unemployment was usually high and the cost of a JG program commensurately high. As the unemployment rate fell, the budgeted cost of the JG strategy would also fall, unlike the UBI, which would cost the same regardless of the unemployment rate. Moreover, when the payroll and income taxes paid by JG program recipients are factored into the cost equation along with reduced spending on Unemployment Insurance and government-funded health insurance that the program’s employment guarantee would replace, the “net cost” of the JG strategy would have been $485 billion a year rather than $700 billion. Compare this with the $2.87 trillion cost of Clark’s proposed UBI.17

Allan Sheahan of the U.S. Basic Income Guarantee Network estimated that a poverty-level guarantee in 2004 would cost $1.9 trillion, still higher than the JG seven years later.18 The proposal assumed the termination of virtually all current cash and in-kind social welfare benefits (including the school lunch program and veterans’ benefits), and on levying Social Security payroll taxes on total wages—additional money that, under current law, could only be used for general revenue purposes such as a UBI if it were borrowed and eventually paid back. Also part of the estimate is that “take-up” for the UBI would only be by 80 percent of those eligible (based on the proportion of those eligible for the very modest Alaskan guarantee who actually apply for it). That one-fifth of the population who were assumed not to apply might well include not only those who do not need a UBI but also the very poor who may be unaware of it. Progressive measures like Social Security, Medicare, and SSI have aggressively advertised their availability and encouraged “take-up.”

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The UBI would be good for women because it offers benefits without a time limit or work test and, even if small, could raise women’s incomes substantially.19 Consonant with the emphasis on freedom, the UBI offers choices, including a decision to quit a second job or take one with lower pay but closer to home, but, on the contrary, it could reinforce gender roles, for example, the depreciation of human capital as a result of women’s withdrawing from the labor market.20 A JG would assure both women and men a living-wage job, adequate benefits for those unable to work, paid family leave, and affordable child care. Both guarantees would have to be supplemented with measures that liberate women from traditional gender role expectations.

William Galston of the Brookings Institution holds that the positive aspects of the UBI could be achieved by other policies.21 For example, the opportunity to engage in compensated national and community service could be accomplished through making the AmeriCorps program available to everyone who wishes to serve, and support for family care through the tax code could be broadened. Galston argues that Van Parijs “systematically overlooks the positive dimension of work”—that it gives a sense of purpose and structure to our lives.22 One could, of course, argue that unpaid activities can do that, too. Galston, moreover, believes the UBI’s lack of reciprocity—that it amounts to getting something for nothing—is immoral—a charge dismissed by Van Parijs, who considers it “ethically indistinguishable from the present distribution of wealth, income, and leisure.”23 The rationale for a UBI, it should be noted, rests not on contribution but on the belief that a portion of the product of a society should be shared by all who inhabit that society.
To address the concerns of those who fear that the BIG undermines the value of work, some supporters propose subsidizing wages through an expansion of the EITC that would enable low-paid workers to avoid dangerous, unhealthy, or oppressive jobs.\textsuperscript{24} It should be noted, however, that the EITC also subsidizes sweatshop jobs—whereas the JG program would subsidize only socially desirable jobs.

What about the decline in the quality of work? JG advocates believe that full employment, along with the increase and equalization of real wage rates that full employment would help achieve, constitute a strategy for reversing “precarity.”\textsuperscript{25} The following statement by prominent economists in the 1940s emphasizes these salutary effects of full employment:

Our experience with periods of labor shortage indicates that its first effect is greatly to increase the bargaining power of labor, both individually and collectively. This results in steady improvement of wages and working conditions, which means that employers must seek to make employment attractive, since the workers are no longer motivated by the fear of losing their jobs. A shift of workers from the less pleasant and remunerative occupations occur, so that standards are raised at the lower levels.

The status of labor will improve, since employers can no longer rely upon the discipline of discharge to enforce authority. The tendency will be for labor to have some participation in industrial and economic policy.\textsuperscript{26}

In a number of respects, a JG would seem to be the more desirable approach. Yet the above scenario suggests that the very benefits of a JG would also evoke opposition from employers and other powerful interests, though the greater cost of the UBI strategy and its radical overhaul of the tax system would also be opposed by such forces. Moreover, the means employed by the JG strategy to achieve its goals could make it the more repugnant option to these interests. A UBI requires only that the government write checks, albeit rather large ones, whereas the JG requires a major expansion of “big government.” During the New Deal, federal government administrators were creative, nonbureaucratic, and much more innovative than their private-sector counterparts. Even so, the programs were derided as “leaf raking,” notwithstanding the fact that there was no such job title.

The economic meltdown of 2008 might have been an ideal moment in the sun for the JG strategy of direct job creation, and it would have saved or created many more jobs than the indirect stimulus measures that were in fact used.\textsuperscript{27} Unfortunately, that moment has passed. And the government’s method for counting unemployment—its gross underestimation—is an inhibiting factor, particularly with unemployment back to or below normal.

There are important drawbacks to both approaches. The UBI is expensive, inefficient and, in the United States, counter-culture. By contrast, the JG suffers from public denial of the magnitude of unemployment, its dependence on government expansion, and the enmity of powerful interest groups. Yet the serious problems that both strategies address impel us to continue to discuss, debate, advocate, agitate, modify, and perhaps find alternatives. As Van Parijs writes, “... seismic events do occur, and it is important to prepare intellectually for when a political opportunity suddenly arises.”\textsuperscript{28}

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Notes


7. The address of the BIEN website is http://www.basicincome.org/.


19. See, for example, Anne L. Alstott, “Good for Women,” in Cohen and Rogers, 75-79.


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