A Basic Income Guarantee Cannot Secure Either the Right to Work or Income Security Recognized in the Universal Declaration of Human Rights—

But There Is a Strategy That Can at Far Lower Cost

By Philip Harvey

As a human rights economist and lawyer, my work is dedicated to the development of public policy proposals capable of securing the economic and social rights recognized in international human rights agreements (UN OHCHR n.d.). From that perspective, the problem I have with universal basic income (UBI) guarantee proposals is that their advocates overstate their ability to secure the right to work and the right to income security recognized in the Universal Declaration of Human Rights (UDHR) (UN General Assembly 1948) while failing to acknowledge the opportunity cost of either the full or partial versions of the UBI guarantee they promote.

INABILITY OF UBI GUARANTEE TO SECURE THE RIGHT TO WORK OR THE RIGHT TO INCOME SECURITY

The arguments Michael Howard (2018) proposes in favor of a UBI guarantee focus on the inability of market economies to secure various aspects of the right to work recognized in Article 23 of the UDHR. He cites three such failings—the threat of robotization to the economy's ability to provide paid employment for all job wanters, the inadequate pay and precarity of a substantial portion of existing jobs, and the lack of compensation provided volunteer family care and community service workers. He suggests that a UBI guarantee would solve these problems. I have long argued that it would not (Harvey 2005, 2006, 2008, 2013a, 2014).

What UBI advocates fail to note is that the uniformity, universality, and unconditionality of a UBI guarantee prevents it from providing *any* compensation to persons who suffer involuntary unemployment, inadequate wages, or a lack of compensation for socially useful unpaid work. Consider two workers. Call them Mary and James. Both work at the same job, receive the same after-tax wages and the same untaxed UBI grant. If Mary is laid off, she will continue to receive the same UBI grant that James does. The only difference between them is that Mary will have lost 100 percent of her after-tax wage income without her UBI grant providing a penny of compensation for that loss—since she received the same UBI benefit in addition to her wage while she was employed, as John still does because he still has his job. Nor will Mary receive a penny of compensation from her UBI grant for any community service or family care work she performs—since her UBI grant would be the same whether or not she engages in any such work. Finally, the same would be true of low-wage workers, since they too would receive the same UBI grant regardless of how adequately or inadequately they were paid. This does not mean Mary's UBI guarantee would be worthless. It would permit her to survive without a decent job, and that would undoubtedly be of value to her, but it wouldn't secure her right to a decent job if she wanted one to supplement her UBI income or to be fairly compensated for the socially useful work she performed.

Would her UBI guarantee secure her right to an adequate income guaranteed by Article 25 of the UDHR? That would depend on the level at which the UBI guarantee was set, whether it compensated for the possibly higher than average cost of living where she lived, whether it allowed for additional payments based on any exceptional needs she might have (due to a disability, for example), and whether it was adequate to secure the right (also recognized in Article 25) to "security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond [her] control."

I think it's clear that a UBI guarantee would fail to satisfy all these conditions. On the other hand, there's no reason why a single program should be expected to do so. The problem with a UBI guarantee is that the opportunity cost of providing such a guarantee—whether at a full or partial level—is so high that it would preclude the provision of other social welfare benefits needed to fully realize not just the right to work and an adequate income, but all of the economic and social rights recognized in the UDHR.

THE OPPORTUNITY COST OF PROVIDING A UBI GUARANTEE

Opportunity cost is an economic concept that measures the value of the choices we make by comparing them to the alternative choices we forgo. No policy proposal should be rejected on the grounds that it only partially fulfills a human rights mandate, but it should be rejected if other policies would do a better job of fulfilling those mandates at lower cost. In general, the greater the cost of a policy proposal, the greater its opportunity cost, and this is certainly true of UBI guarantee proposals.

In the United States, a UBI guarantee matching the official poverty threshold for one person households would cost about \$3.7 trillion in 2019 while generating no more than about \$400 billion in savings from reductions in existing means-tested social welfare benefits. The net cost of such a program, (about \$3.3 trillion) would require an increase in federal spending from its current \$4.4 trillion level to \$7.7 trillion.

A UBI guarantee based on the 60 percent of median income threshold used by the European Union to count persons "at risk of poverty or social exclusion" (Eurostat 2019) would cost about twice as much while generating about 1 trillion in savings from the elimination of virtually all means-tested social welfare benefits, including most Medicaid and SCHIP benefits. With a net cost of about \$6.4 trillion, this more generous (and arguably more adequate) UBI guarantee would require an increase in federal spending from its current \$4.4 trillion level to \$10.8 trillion.

These figures are daunting, but the point I want to make is not that a full UBI guarantee is currently unattainable. I think it's fair to say that UBI advocates who have studied the issue in depth concede that it is (Van Parijs and Vanderborght 2017: 133–169). The point I want to make is that the opportunity cost of providing a UBI guarantee argues against the adoption of either a full or partial guarantee.

Before arguing that point, though, I want to comment on the claim advanced by many UBI advocates that the cost of a UBI guarantee shown above (its budgeted cost less savings attributable to reductions in social welfare benefits replaced by the guarantee) is not the relevant measure of its cost for purposes of policy assessment. They argue that the more relevant measure is the net redistributional effect of a UBI guarantee—the amount of income that would actually be transferred from wealthier to less wealthy members of society after the netting out of UBI grants against additional tax liabilities linked to the program. They refer to this redistributive effect as a UBI guarantee's "net cost." José Noguera (2018) has discussed the conceptual problems with this argument. Because of space limitations, I will merely add that the argument is about how people should think and feel about the cost of a UBI guarantee rather than what a government would have to pay out of its treasury to fund such a benefit. That cost is accurately reflected in the above figures and is not in dispute.

AN ALTERNATIVE STRATEGY

Assessing the opportunity cost of a policy proposal requires the identification of possible alternatives to it. The alternative I have long advocated (Harvey 1989) is specifically targeted at securing the right to work and income security recognized in the UDHR by means of a two-legged strategy originally proposed by New Deal social welfare planners (CES 1935). As originally conceived, the first leg of the strategy called for the federal government to provide "employment assurance" to all able-bodied adults backed up by a promise of "public employment for those…whom industry cannot employ at a given time." The second leg of their strategy called for the federal government, in cooperation with the states, to provide truly adequate, nonstigmatizing income transfers to those members of society who were either unable or not expected to be self-supporting.

The first leg of this strategy was successfully tested, though not fully implemented, in programs like the Civilian Conservation Corps (CCC) and Works Progress Administration (WPA) (Harvey 2013b). Work on the second leg of the strategy was commenced in the 1930s and has advanced considerably since then in the development non-means-tested programs like Social Security (OASDI) and means-tested programs like Supplemental Security Income (SSI).

Add to this two-legged strategy a similar commitment to secure everyone's right to education and healthcare, and you have a four-legged policy capable of securing all of the most costly economic and social entitlements recognized in the UDHR. Call them the HEWI rights—health care, education, work and income security.

It is important to note, however, that the ability of this four-legged policy to achieve its human rights goals depends on the realization of all four HEWI rights. They are interdependent, and a failure to secure any of them would undermine the entire strategy. Today, inadequate funding and structural inequities stand in our way of securing everyone's right to health care, education, and income security, but human rights advocates at least have a credible strategy for securing those three rights. What's missing is a credible strategy for securing the right to work (Harvey 2007). That's the gap an updated version of the New Deal's employment assurance strategy could fill, and legislation embodying that strategy has been introduced in Congress (H.R. 1000).

At an average cost of \$320 billion per year, H.R. 1000 would cost only 5 percent to 10 percent as much as a UBI guarantee—before taking into account the additional tax revenues and savings in other social welfare programs a job guarantee would generate. Add a few hundred billion dollars to the budgets of a select set of income-transfer programs, and we could also guarantee a truly adequate minimum income for everyone who is either unable or not expected to be self-supporting. In short, for 10 percent to 20 percent of what a UBI guarantee would cost (depending on the level of the guarantee) it would be possible to achieve what a UBI guarantee cannot—the substantial realization of the right to work and income security recognized in the UDHR.

Moreover, since the benefits provided by a partial UBI guarantee would be proportionate to its cost, a partial guarantee costing the same as the employment assurance and income security strategy described above would provide a UBI grant of only about $2,500 a year—a little more than $200 a month. Stated differently, the opportunity cost of providing a UBI guarantee of $200 a month at a cost of about $600 billion a year would be to forego the chance of guaranteeing a decent job for everyone who wants one and an adequate income for everyone who either cannot or is not expected to be self-supporting. That opportunity cost is far too high, in my view, to justify a partial UBI guarantee, and the same assessment applies to a full UBI guarantee. That's why I oppose UBI guarantee proposals of the sort advocated by the Basic Income Guarantee Network (BIEN n.d.) and Michael Howard. A UBI guarantee that was integrated into the UDHR strategy described above by providing a means-tested UBI benefit to persons who could be self-supporting but elected not to seek paid employment would be another proposition (Harvey 2005: 43–45).

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