



# A Basic Income for All

*If you really care about freedom, give people an unconditional income.*

**Philippe Van Parijs**

Entering the new millennium, I submit for discussion a proposal for the improvement of the human condition: namely, that everyone should be paid a *universal basic income* (UBI), at a level *sufficient for subsistence*.

In a world in which a child under five dies of malnutrition every two seconds, and close to a third of the planet's population lives in a state of "extreme poverty" that often proves fatal, the global enactment of such a basic income proposal may seem wildly utopian. Readers may suspect it to be impossible even in the wealthiest of OECD nations.

Yet, in those nations, productivity, wealth, and national incomes have advanced sufficiently far to support an adequate UBI. And if enacted, a basic income would serve as a powerful instrument of social justice: it would promote real freedom for all by providing the material resources that people need to pursue their aims. At the same time, it would help to solve the policy dilemmas of poverty and unemployment, and serve ideals associated with both the feminist and green movements. So I will argue.



I am convinced, along with many others in Europe, that—far from being utopian—a UBI makes common sense in the current context of the European Union.<sup>1</sup> As Brazilian senator Eduardo Suplicy has argued, it is also relevant to less-developed countries—not only because it helps keep alive the remote promise of a high level of social solidarity without the perversity of high unemployment, but also because it can inspire and guide more modest immediate reforms.<sup>2</sup> And if a UBI makes sense in Europe and in less developed countries, why should it not make equally good (or perhaps better) sense in North America?<sup>3</sup> After all, the United States is the only country in the world in which a UBI is already in place: in 1999, the Alaska Permanent Fund paid each person of whatever age who had

been living in Alaska for at least one year an annual UBI of \$1,680. This payment admittedly falls far short of subsistence, but it has nonetheless become far from negligible two decades after its inception. Moreover, there was a public debate about UBI in the United States long before it started in Europe. In 1967, Nobel economist James Tobin published the first technical article on the subject, and a few years later, he convinced George McGovern to promote a UBI, then called "demogrant," in his 1972 presidential campaign.<sup>4</sup>

To be sure, after this short public life the UBI has sunk into near-oblivion in North America. For good reasons? I believe not. There are many relevant differences between the United States and the European Union in terms of labor markets, educational systems, and ethnic make-up. But none of them makes the UBI intrinsically less appropriate for the United States than for the European Union. More important are the significant differences in the balance of political forces. In the United States, far more than in Europe, the political viability of a proposal is deeply affected by how much it caters to the tastes of wealthy campaign donors. This is bound to be a serious additional handicap for any proposal that aims to expand options for, and empower, the least wealthy. But let's not turn necessity into virtue, and sacrifice justice in the name of increased political feasibility. When fighting to reduce the impact of economic inequalities on the political agenda, it is essential, in the United States as elsewhere, to propose, explore, and advocate ideas that are ethically compelling and make economic sense, even when their political feasibility remains uncertain. Sobered, cautioned, and strengthened by Europe's debate of the last two decades, here is my modest contribution to this task.

#### **UBI Defined**

By *universal basic income* I mean an income paid by a government, at a uniform level and at regular intervals, to each adult member of society. The grant is paid, and its level is fixed, irrespective of whether the person is rich or poor, lives alone or with others, is willing to work or not. In most versions—certainly in mine—it is granted not only to citizens, but to all permanent residents.

The UBI is called "basic" because it is something on which a person can safely count, a material foundation on which a life can firmly rest. Any other income—whether in cash or in kind, from work or savings, from the market or the state—can lawfully be added to it. On the other hand, nothing in the definition of UBI, as it is here understood, connects it to some notion of "basic needs." A UBI, as defined, can fall short of or exceed what is regarded as necessary to a decent existence.

I favor the highest sustainable such income, and believe that all the richer countries can now afford to pay a basic income above subsistence. But advocates of a UBI do not need to press for a basic income at this level right away. In fact, the easiest and safest way forward, though details may differ considerably from one country to another, is likely to consist of enacting a UBI first at a level below

subsistence, and then increasing it over time.

The idea of the UBI is at least 150 years old. Its two earliest known formulations were inspired by Charles Fourier, the prolific French utopian socialist. In 1848, while Karl Marx was finishing off the Communist Manifesto around the corner, the Brussels-based Fourierist author Joseph Charlier published *Solution of the Social Problem*, in which he argued for a "territorial dividend" owed to each citizen by virtue of our equal ownership of the nation's territory. The following year, John Stuart Mill published a new edition of his *Principles of Political Economy*, which contains a sympathetic presentation of Fourierism ("the most skillfully combined, and with the greatest foresight of objections, of all the forms of Socialism") rephrased so as to yield an unambiguous UBI proposal: "In the distribution, a certain minimum is first assigned for the subsistence of every member of the community, whether capable or not of labour. The remainder of the produce is shared in certain proportions, to be determined beforehand, among the three elements, Labour, Capital, and Talent."<sup>5</sup>

Under various labels—"state bonus," "national dividend," "social dividend," "citizen's wage," "citizen's income," "universal grant," "basic income," etc.—the idea of a UBI was repeatedly taken up in intellectual circles throughout the twentieth century. It was seriously discussed by left-wing academics such as G. D. H. Cole and James Meade in England between the World Wars and, via Abba Lerner, it seems to have inspired Milton Friedman's proposal for a "negative income tax."<sup>6</sup> But only since the late-1970s has the idea gained real political currency in a number of European countries, starting with the Netherlands and Denmark. A number of political parties, usually green or "left-liberal" (in the European sense), have now made it part of their official party program.

### **UBI and Existing Programs**

To appreciate the significance of this interest and support, it is important to understand how a UBI differs from existing benefit schemes. It obviously differs from traditional social-insurance based income-maintenance institutions (such as Social Security), whose benefits are restricted to wage workers who have contributed enough out of their past earnings to become eligible. But it also differs from Western European or North American conditional minimum-income schemes (such as welfare).

Many, indeed most West European countries introduced some form of guaranteed minimum-income scheme at some point after World War II.<sup>7</sup> But these schemes remain conditional: to receive an income grant a beneficiary must meet more or less stringent variants of the following three requirements: if she is able to work, she must be willing to accept a suitable job, or to undergo suitable training, if offered; she must pass a means test, in the sense that she is only entitled to the benefit if there are grounds to believe that she has no access to a sufficient income from other sources; and her household situation must meet certain criteria—it matters, for example, whether she lives on her own, with a person who has a job, with a jobless

person, etc. By contrast, a UBI does not require satisfaction of any of these conditions.

Advocates of a UBI may, but generally do not, propose it as a full substitute for existing conditional transfers. Most supporters want to keep—possibly in simplified forms and necessarily at reduced levels—publicly organized social insurance and disability compensation schemes that would supplement the unconditional income while remaining subjected to the usual conditions. Indeed, if a government implemented an unconditional income that was too small to cover basic needs—which, as I previously noted, would almost certainly be the case at first—UBI advocates would not want to eliminate the existing conditional minimum-income schemes, but only to readjust their levels.

In the context of Europe's most developed welfare states, for example, one might imagine the immediate introduction of universal child benefits and a strictly individual, noncontributory basic pension as full substitutes for existing means-tested benefit schemes for the young and the elderly. Indeed, some of these countries already have such age-restricted UBIs for the young and the elderly. Contributory retirement insurance schemes, whether obligatory or optional, would top up the basic pension.

As for the working-age population, advocates of a universal minimum income could, in the short term, settle for a "partial" (less-than-subsistence) but strictly individual UBI, initially pitched at, say, half the current guaranteed minimum income for a single person. In US terms, that would be about \$250 per month, or \$3,000 a year. For households whose net earnings are insufficient to reach the socially defined subsistence level, this unconditional and individual floor would be supplemented by means-tested benefits, differentiated according to household size and subjected, as they are now, to some work requirements.

### **UBI and Some Alternatives**

While the UBI is different from traditional income maintenance schemes, it also differs from a number of other innovative proposals that have attracted recent attention. Perhaps closest to a UBI are various negative income tax (NIT) proposals.<sup>8</sup>

#### *NIT*

Though the details vary, the basic idea of a negative income tax is to grant each citizen a basic income, but in the form of a refundable tax credit. From the personal tax liability of each household, one subtracts the sum of the basic incomes of its members. If the difference is positive, a tax needs to be paid. If it is negative, a benefit (or negative tax) is paid by the government to the household. In principle, one can achieve exactly the same distribution of post-tax-and-transfer income among households with a UBI or with an NIT. Indeed, the NIT might be cheaper to run, since it avoids the to-and-fro that results from paying a basic income to those with a substantial income and then taxing it back.

Still, a UBI has three major advantages over an NIT. First, any NIT scheme would have the desired effects on poverty only if it was supplemented by a system of advance payments sufficient to keep people from starving before their tax forms are examined at the end of the fiscal year. But from what we know of social welfare programs, ignorance or confusion is bound to prevent some people from getting access to such advance payments. The higher rate of take-up that is bound to be associated with a UBI scheme matters greatly to anyone who wants to fight poverty.

Second, although an NIT could in principle be individualized, it operates most naturally and is usually proposed at the household level. As a result, even if the inter-household distribution of income were exactly the same under an NIT and the corresponding UBI, the intra-household distribution will be far less unequal under the UBI. In particular, under current circumstances, the income that directly accrues to women will be considerably higher under the UBI than the NIT, since the latter tends to ascribe to the household's higher earner at least part of the tax credit of the low- or non-earning partner.

Third, a UBI can be expected to deal far better than an NIT with an important aspect of the "unemployment trap" that is stressed by social workers but generally overlooked by economists. Whether it makes any sense for an unemployed person to look for or accept a job does not only depend on the difference between income at work and out of work. What deters people from getting out to work is often the reasonable fear of uncertainty. While they try a new job, or just after they lose one, the regular flow of benefits is often interrupted. The risk of administrative time lags—especially among people who may have a limited knowledge of their entitlements and the fear of going into debt, or for people who are likely to have no savings to fall back on—may make sticking to benefits the wisest option. Unlike an NIT, a UBI provides a firm basis of income that keeps flowing whether one is in or out of work. And it is therefore far better suited to handle this aspect of the poverty trap.

#### *The Stakeholder Society*

UBI also differs from the lump-sum grant, or "stake," that Thomas Paine and Orestes Brownson—and, more recently, Bruce Ackerman and Anne Alstott—have suggested be universally awarded to citizens at their maturity in a refashioned "stakeholder society."<sup>9</sup> Ackerman and Alstott propose that, upon reaching age 21, every citizen, rich or poor, should be awarded a lump-sum stake of \$80,000. This money can be used in any way its recipient wishes—from investing in the stock market or paying for college fees to blowing it all in a wild night of gambling. The stake is not conditioned on recipients being "deserving," or having shown any interest in contributing to society. Funding would be provided by a 2 percent wealth tax, which could be gradually replaced over time (assuming a fair proportion of recipients ended their lives with enough assets) by a lump-sum estate tax of \$80,000 (in effect requiring the recipient to pay back the stake).

I am not opposed to a wealth or estate tax, nor do I think it is a bad

idea to give everyone a little stake to get going with their adult life. Moreover, giving a large stake at the beginning of adult life might be regarded as formally equivalent—with some freedom added—to giving an equivalent amount as a life-long unconditional income. After all, if the stake is assumed to be paid back at the end of a person's life, as it is in the Ackerman/Alstott proposal, the equivalent annual amount is simply the stake multiplied by the real rate of interest, say an amount in the (very modest) order of \$2,000 annually, or hardly more than Alaska's dividend. If instead people are entitled to consume their stake through life—and who would stop them?—the equivalent annual income would be significantly higher.

Whatever the level, given the choice between an initial endowment and an equivalent life-long UBI, we should go for the latter. Endowments are rife with opportunities for waste, especially among those less well equipped by birth and background to make use of the opportunity the stake supplies. To achieve, on an ongoing basis, the goal of some baseline income maintenance, it would therefore be necessary to keep a means-tested welfare system, and we would be essentially back to our starting point—the need and desirability of a UBI as an alternative to current provisions.

#### **Why a UBI?**

So much for definitions and distinctions. Let us now turn to the central case for a UBI.

#### *Justice*

The main argument for UBI is founded on a view of justice. Social justice, I believe, requires that our institutions be designed to best secure *real freedom* to all.<sup>10</sup> Such a real-libertarian conception of justice combines two ideas. First, the members of society should be formally free, with a well-enforced structure of property rights that includes the ownership of each by herself. What matters to a real libertarian, however, is not only the protection of individual rights, but assurances of the real value of those rights: we need to be concerned not only with liberty, but, in John Rawls's phrase, with the "worth of liberty." At first approximation, the worth or real value of a person's liberty depends on the resources the person has at her command to make use of her liberty. So it is therefore necessary that the distribution of opportunity—understood as access to the means that people need for doing what they might want to do—be designed to offer the greatest possible real opportunity to those with least opportunities, subject to everyone's formal freedom being respected.

This notion of a just, free society needs to be specified and clarified in many respects.<sup>11</sup> But in the eyes of anyone who finds it attractive, there cannot but be a strong presumption in favor of UBI. A cash grant to all, no questions asked, no strings attached, at the highest sustainable level, can hardly fail to advance that ideal. Or if it does not, the burden of argument lies squarely on the side of the challengers.

#### *Jobs and Growth*

A second way to make the case for UBI is more policy-oriented. A



UBI might be seen as a way to solve the apparent dilemma between a European-style combination of limited poverty and high unemployment and an American-style combination of low unemployment and widespread poverty. The argument can be spelled out, very schematically, as follows.

For over two decades, most West European countries have been experiencing massive unemployment. Even at the peak of the jobs cycle, millions of Europeans are vainly seeking work. How can this problem be tackled? For a while, the received wisdom was to deal with massive unemployment by speeding up the rate of growth. But considering the speed with which technological progress was eliminating jobs, it became apparent that a fantastic rate of growth would be necessary even to keep employment stable, let alone to reduce the number of unemployed. For environmental and other reasons, such a rate of growth would not be desirable. An alternative strategy was to consider a substantial reduction in workers' earnings. By reducing the relative cost of labor, technology could be redirected in such a way that fewer jobs were sacrificed. A more modest and therefore sustainable growth rate might then be able to stabilize and gradually reduce present levels of unemployment. But this could only be achieved at the cost of imposing an unacceptable standard of living on a large part of the population, all the more so because a reduction in wages would require a parallel reduction in unemployment benefits and other replacement incomes, so as to preserve work incentives.

If we reject both accelerated growth and reduced earnings, must we also give up on full employment? Yes, if by full employment we mean a situation in which virtually everyone who wants a *full-time* job can obtain one that is both affordable for the employer *without any subsidy* and affordable for the worker *without any additional benefit*. But perhaps not, if we are willing to redefine full employment by either shortening the working week, paying subsidies to employers, or paying subsidies to employees.

A first option, particularly fashionable in France at the moment, consists in a social redefinition of "full time"—that is, a reduction in maximum working time, typically in the form of a reduction in the standard length of the working week. The underlying idea is to ration jobs: because there are not enough jobs for everyone who would like one, let us not allow a subset to appropriate them all.

On closer scrutiny, however, this strategy is less helpful than it might seem. If the aim is to reduce unemployment, the reduction in the work week must be dramatic enough to more than offset the rate of productivity growth. If this dramatic reduction is matched by a proportional fall in earnings, the lowest wages will then fall—unacceptably—below the social minimum. If, instead, total earnings are maintained at the same level, if only for the less well paid, labor costs will rise. The effect on unemployment will then be reduced, if not reversed, as the pressure to eliminate the less skilled jobs through mechanization is stepped up. In other words, a dramatic reduction in working time looks bound to be detrimental to the least qualified

jobs—either because it kills the supply (they pay less than replacement incomes) or because it kills the demand (they cost firms a lot more per hour than they used to).

It does not follow that the reduction of the standard working week can play no role in a strategy for reducing unemployment without increasing poverty. But to avoid the dilemma thus sketched, it needs to be coupled with explicit or implicit subsidies to low-paid jobs. For example, a reduction of the standard working week did play a role in the so-called "Dutch miracle"—the fact that, in the last decade or so, jobs expanded much faster in the Netherlands than elsewhere in Europe. But this was mainly as a result of the standard working week falling below firms' usual operating time and thereby triggering a restructuring of work organization that involved far more part-time jobs. But these jobs could not have developed without the large implicit subsidies they enjoy, in the Netherlands, by virtue of a universal basic pension, universal child benefits, and a universal health care system.

Any strategy for reducing unemployment without increasing poverty depends, then, on some variety of the *active* welfare state—that is, a welfare state that does not subsidize passivity (the unemployed, the retired, the disabled, etc.) but systematically and permanently (if modestly) subsidizes productive activities. Such subsidies can take many different forms. At one extreme, they can take the form of general subsidies to employers at a level that is gradually reduced as the hourly wage rate increases. Edmund Phelps has advocated a scheme of this sort, restricted to full-time workers, for the United States.<sup>12</sup> In Europe, this approach usually takes the form of proposals to abolish employers' social security contributions on the lower earnings while maintaining the workers' entitlements to the same level of benefits.

At the other extreme we find the UBI, which can also be understood as a subsidy, but one paid to the employee (or potential employee), thereby giving her the option of accepting a job with a lower hourly wage or with shorter hours than she otherwise could. In between, there are a large number of other schemes, such as the US Earned Income Tax Credit and various benefit programs restricted to people actually working or actively looking for full-time work.

A general employment subsidy and a UBI are very similar in terms of the underlying economic analysis and, in part, in what they aim to achieve. For example, both address head-on the dilemma mentioned in connection with reductions in work time: they make it possible for the least skilled to be employed at a lower cost to their employer, without thereby impoverishing workers.

The two approaches are, however, fundamentally different in one respect. With employer subsidies, the pressure to take up employment is kept intact, possibly even increased; with a UBI, that pressure is reduced. This is not because permanent idleness becomes an attractive option: even a large UBI cannot be expected to secure a comfortable standard of living on its own. Instead, a UBI makes it



easier to take a break between two jobs, reduce working time, make room for more training, take up self-employment, or to join a cooperative. And with a UBI, workers will only take a job if they find it suitably attractive, while employer subsidies make unattractive, low-productivity jobs more economically viable. If the motive in combating unemployment is not some sort of work fetishism—an obsession with keeping everyone busy—but rather a concern to give every person the possibility of taking up gainful employment in which she can find recognition and accomplishment, then the UBI is to be preferred.

### *Feminist and Green Concerns*

A third piece of the argument for a UBI takes particular note of its contribution to realizing the promise of the feminist and green movements. The contribution to the first should be obvious. Given the sexist division of labor in the household and the special "caring" functions that women disproportionately bear, their labor market participation, and range of choice in jobs, is far more constrained than those of men. Both in terms of direct impact on the inter-individual distribution of income and the longer-term impact on job options, a UBI is therefore bound to benefit women far more than men. Some of them, no doubt, will use the greater material freedom UBI provides to reduce their paid working time and thereby lighten the "double shift" at certain periods of their lives. But who can sincerely believe that working subject to the dictates of a boss for forty hours a week is a path to liberation? Moreover, it is not only against the tyranny of bosses that a UBI supplies some protection, but also against the tyranny of husbands and bureaucrats. It provides a modest but secure basis on which the more vulnerable can stand, as marriages collapse or administrative discretion is misused.

To discuss the connection between UBI and the green movement, it is useful to view the latter as an alliance of two components. Very schematically, the *environmental* component's central concern is with the *pollution* generated by industrial society. Its central objective is the establishment of a society that can be sustained by its physical environment. The *green-alternative* component's central concern, on the other hand, is with the *alienation* generated by industrial society. Its central objective is to establish a society in which people spend a great deal of their time on "autonomous" activities, ruled by neither the market nor the state. For both components, there is something very attractive in the idea of a UBI.

The environmentalists' chief foe is productivism, the obsessive pursuit of economic growth. And one of the most powerful justifications for fast growth, in particular among the working class and its organizations, is the fight against unemployment. The UBI, as argued above, is a coherent strategy for tackling unemployment without relying on faster growth. The availability of such a strategy undermines the broad productivist coalition and thereby improves the prospects for realizing environmentalist objectives in a world in which pollution (even in the widest sense) is not the only thing most people care about.

Green-alternatives should also be attracted to basic income proposals, for a UBI can be viewed as a general subsidy financed by the market and state spheres to the benefit of the autonomous sphere. This is in part because the UBI gives everyone some real freedom—as opposed to a sheer right—to withdraw from paid employment in order to perform autonomous activities, such as grass-roots militancy or unpaid care work. But part of the impact also consists in giving the least well endowed greater power to turn down jobs that they do not find sufficiently fulfilling, and in thereby creating incentives to design and offer less alienated employment.

### **Some Objections**

Suppose everything I have said thus far is persuasive: that the UBI, if it could be instituted, would be a natural and attractive way of ensuring a fair distribution of real freedom, fighting unemployment without increasing poverty, and promoting the central goals of both the feminist and the green movements. What are the objections?

Perhaps the most common is that a UBI would cost too much. Such a statement is of course meaningless if the amount and the scale is left unspecified. At a level of \$150 per month and per person, a UBI is obviously affordable in some places, since this is the monthly equivalent of what every Alaskan receives as an annual dividend. Could one afford a UBI closer to the poverty line? By simply multiplying the poverty threshold for a one-person household by the population of a country, one soon reaches scary amounts—often well in excess of the current level of total government expenditure.

But these calculations are misleading. A wide range of existing benefits can be abolished or reduced once a UBI is in place. And for most people of working age, the basic income and the increased taxes (most likely in the form of an abolition of exemptions and of low tax rates for the lowest income brackets) required to pay for it will largely offset each other. In a country such as the United States, which has developed a reasonably effective revenue collection system, what matters is not the gross cost but its distributive impact—which could easily work out the same for a UBI or an NIT.

Estimates of the net budgetary cost of various UBI and NIT schemes have been made both in Europe and the United States.<sup>13</sup> Obviously, the more comprehensive and generous existing means-tested minimum-income schemes are, the more limited the net cost of a UBI scheme at a given level. But the net cost is also heavily affected by two other factors. Does the scheme aim to achieve an effective rate of taxation (and hence of disincentive to work) at the lower end of the distribution of earnings no higher than the tax rates higher up? And does it give the same amount to each member of a couple as to a single person? If the answer is positive on both counts, a scheme that purports to lift every household out of poverty has a very high net cost, and would therefore generate major shifts in the income distribution, not only from richer to poorer households, but also from single people to couples.<sup>14</sup> This does not mean that it is "unaffordable," but that a gradual approach is required if sudden sharp falls in the disposable incomes of some households are to be

avoided. A basic income or negative income tax at the household level is one possible option. A strictly individual, but "partial" basic income, with means-tested income supplements for single adult households, is another.

A second frequent objection is that a UBI would have perverse labor supply effects. (In fact, some American income maintenance experiments in the 1970s showed such effects.) The first response should be: "So what?" Boosting the labor supply is no aim in itself. No one can reasonably want an overworked, hyperactive society. Give people of all classes the opportunity to reduce their working time or even take a complete break from work in order to look after their children or elderly relatives. You will not only save on prisons and hospitals. You will also improve the human capital of the next generation. A modest UBI is a simple and effective instrument in the service of keeping a socially and economically sound balance between the supply of paid labor and the rest of our lives.

It is of the greatest importance that our tax-and-transfer systems not trap the least skilled, or those whose options are limited for some other reason, in a situation of idleness and dependency. But it is precisely awareness of this risk that has been the most powerful factor in arousing public interest for a UBI in those European countries in which a substantial means-tested guaranteed minimum income had been operating for some time. It would be absurd to deny that such schemes depress in undesirable ways workers' willingness to accept low-paid jobs and stick with them, and therefore also employers' interest in designing and offering such jobs. But reducing the level or security of income support, on the pattern of the United States 1996 welfare reform, is not the only possible response. Reducing the various dimensions of the unemployment trap by turning means-tested schemes into universal ones is another. Between these two routes, there cannot be much doubt about what is to be preferred by people committed to combining a sound economy and a fair society—as opposed to boosting labor supply to the maximum.

A third objection is moral rather than simply pragmatic. A UBI, it is often said, gives the undeserving poor something for nothing. According to one version of this objection, a UBI conflicts with the fundamental principle of reciprocity: the idea that people who receive benefits should respond in kind by making contributions. Precisely because it is unconditional, it assigns benefits even to those who make no social contribution—who spend their mornings bickering with their partner, surf off Malibu in the afternoon, and smoke pot all night.

One might respond by simply asking: How many would actually choose this life? How many, compared to the countless people who spend most of their days doing socially useful but unpaid work? Everything we know suggests that nearly all people seek to make some contribution. And many of us believe that it would be positively awful to try to turn all socially useful contributions into waged employment. On this background, even the principle "To each

according to her contribution" justifies a modest UBI as part of its best feasible institutional implementation.

But a more fundamental reply is available. True, a UBI is undeserved good news for the idle surfer. But this good news is ethically indistinguishable from the undeserved luck that massively affects the present distribution of wealth, income, and leisure. Our race, gender, and citizenship, how educated and wealthy we are, how gifted in math and how fluent in English, how handsome and even how ambitious, are overwhelmingly a function of who our parents happened to be and of other equally arbitrary contingencies. Not even the most narcissistic self-made man could think that he fixed the parental dice in advance of entering this world. Such gifts of luck are unavoidable and, if they are fairly distributed, unobjectionable. A minimum condition for a fair distribution is that everyone should be guaranteed a modest share of these undeserved gifts.<sup>15</sup> Nothing could achieve this more securely than a UBI.

Such a moral argument will not be sufficient in reshaping the politically possible. But it may well prove crucial. Without needing to deny the importance of work and the role of personal responsibility, it will save us from being over-impressed by a fashionable political rhetoric that justifies bending the least advantaged more firmly under the yoke. It will make us even more confident about the rightness of a universal basic income than about the rightness of universal suffrage. It will make us even more comfortable about everyone being entitled to an income, even the lazy, than about everyone being entitled to a vote, even the incompetent.

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1 Many academics and activists who share this view have joined the Basic Income European Network (BIEN). Founded in 1986, BIEN holds its eighth congress in Berlin in October 2000. It publishes an electronic newsletter ([bien@etes.ucl.ac.be](mailto:bien@etes.ucl.ac.be)), and maintains a Web site that carries a comprehensive annotated bibliography in all EU languages (<http://www.etes.ucl.ac.be/BIEN/bien.html>). For a recent set of relevant European essays, see Loek Groot and Robert Jan van der Veen, eds., *Basic Income on the Agenda: Policy Objectives and Political Chances* (Amsterdam: Amsterdam University Press, 2000).

2 Federal senator for the huge state of Sao Paulo and member of the opposition Workers Party (PT), Suplicy has advocated an ambitious guaranteed minimum income scheme, a version of which was approved by Brazil's Senate in 1991.

3 Two North American UBI networks were set up earlier this year: the United States Basic Income Guarantee Network, c/o Dr Karl Widerquist, The Jerome Levy Economics Institute of Bard College, Annandale-on-Hudson, NY 12504-5000, USA (<http://www.usbig.net>); and Basic Income/Canada, c/o Prof. Sally Lerner, Department of Environment and Resource Studies, University of Waterloo, Waterloo, Ontario, Canada N2L 3G1 (<http://www.fes.uwaterloo.ca/Research/FW>).

4 See James Tobin, Joseph A. Pechman, and Peter M. Mieszkowski, "Is a Negative Income Tax Practical?" *Yale Law Journal* 77 (1967): 1-27. See also a recent conversation with Tobin in BIEN's newsletter ("James Tobin, the Demogrant and the Future of U.S. Social Policy," in *Basic Income* 29 (Spring 1998), available on BIEN's web site).

5 See Joseph Charlier, *Solution du problème social ou constitution humanitaire* (Bruxelles: Chez tous les libraires du Royaume, 1848); John Stuart Mill, *Principles of Political Economy*, 2nd ed. [1849] (New York: Augustus Kelley, 1987).

6 See the exchange between Eduardo Suplicy and Milton Friedman in *Basic Income* 34 (June 2000).

7 The latest countries to introduce a guaranteed minimum income at national level were France (in 1988) and Portugal (in 1997). Out of the European Union's fifteen member states, only Italy and Greece have no such scheme.

8 In the United States, one recent proposal of this type has been made in Fred Block and Jeff Manza, "Could We End Poverty in a Postindustrial Society? The Case for a Progressive Negative Income Tax," *Politics and Society* 25 (December 1997): 473-511.

9 Bruce Ackerman and Anne Alstott, *The Stakeholder Society* (New Haven: Yale University Press, 1999). Their proposal is a sophisticated and updated version of a proposal made by Thomas Paine to the French Directoire. See "Agrarian Justice" [1796], in *The Life and Major Writings of Thomas Paine*, P. F. Foner, ed., (Secaucus, N.J.: Citadel Press, 1974), pp. 605-623. A similar program was proposed, independently, by the New England liberal, and later arch-conservative, Orestes Brownson in the *Boston Quarterly Review* of October 1840. If the American people are committed to the principle of "equal chances," he argued, then they should make sure that each person receives, on maturity, an equal share of the "general inheritance."

10 For a more detailed discussion, see Philippe Van Parijs, *Real Freedom for All* (New York: Oxford University Press, 1995).

11 One can think of alternative normative foundations. For example, under some empirical assumptions a UBI is also arguably part of the package that Rawls's difference principle would justify. See, for example, Walter Schaller, "Rawls, the Difference Principle, and

Economic Inequality," in *Pacific Philosophical Quarterly* 79 (1998) 368-91; Philippe Van Parijs, "Difference Principles," in *The Cambridge Companion to John Rawls*, Samuel Freeman ed., (Cambridge: Cambridge University Press, forthcoming).

Alternatively, one might view a UBI as a partial embodiment of the Marxian principle of distribution according to needs. See Robert J. van der Veen and Philippe Van Parijs, "A Capitalist Road to Communism," *Theory and Society* 15 (1986) 635-55.

12 See Edmund S. Phelps, *Rewarding Work* (Cambridge, Mass.: Harvard University Press, 1997).

13 In the US case, for example, the fiscally equivalent negative-income-tax scheme proposed by Block and Manza, which would raise all base incomes to at least 90 percent of the poverty line (and those of poor families well above that), would, in mid-1990s dollars, cost about \$60 billion annually.

14 To fund this net cost, the personal income tax is obviously not the only possible source. In some European proposals, at least part of the funding comes from ecological, energy, or land taxes; from a tax on value; from non-inflationary money creation; or possibly even from Tobin taxes on international financial transactions (although it is generally recognized that the funding of a basic income in rich countries would not exactly be a priority in the allocation of whatever revenues may be collected from this source). But none of these sources could realistically enable us to dispense with personal income taxation as the basic source of funding. Nor do they avoid generating a net cost in terms of real disposable income for some households, and thereby raising an issue of "affordability."

15 Along the same lines, Herbert A. Simon observes "that any causal analysis explaining why American GDP is about \$25,000 per capita would show that at least 2/3 is due to the happy accident that the income recipient was born in the U.S." He adds, "I am not so naive as to believe that my 70% tax [required to fund a UBI of \$8,000 p.a. with a flat tax] is politically viable in the United States at present, but looking toward the future, it is none too soon to find answers to the arguments of those who think they have a solid moral right to retain all the wealth they earn.'" See Simon's letter to the organizers of BIEN's seventh congress in *Basic Income* 28 (Spring 1998).

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