

Universal Basic Income versus Jobs Guarantee—Which Serves Workers Better?

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Commentary [Social Insurance](#)

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The need in the United States for big new economic ideas has become obvious: despite a record low unemployment rate, the nation’s economy is failing to provide good paying jobs to those who want and are willing to work for them. As has been thoroughly documented, wages across demographic lines have stagnated, except for those at the top, and one need not look far to find those who have been left out of the economy’s growth. For those living in formerly industrious areas, from the steel mill towns of eastern Pennsylvania to rural Mississippi, and the climate refugees from Alaskan villages to scorched California, the economy’s status quo is not enough. [Homelessness](#) and [extreme poverty](#) are rising. [As of December 2017, there were 17 million people that couldn’t find the decent, stable work they were looking for.](#) Americans are working [more jobs](#) and are [less able](#) to pay their bills.

This isn’t the first time major transformations to the economy were deemed necessary, and that dire national economic conditions didn’t rule them out. For example, Franklin Delano Roosevelt, despite the Great Depression, launched a massive federal stimulus, providing thousands with jobs, and, with their help, building our national roadways and bridges, expanding the electric grid, and bringing our national parks to life. And even then, the idea that government can and should play a leading role in social and economic life was not new: founding father [Thomas Paine](#) wrote extensively about the role of government in ensuring a basic level of human dignity through welfare, similar to the idea of a basic income. And a bipartisan sprinkling of presidents have also called for major overhauls over the years: [Richard Nixon](#) was perhaps the first president to encourage a national basic income for every family with children in America, and spent tens of thousands of dollars on studies to prove the concept.

Now a new wave of attention to these proposals is gathering momentum, and on a national scale. Wage stagnation and mounting job insecurity issues have received response from a diverse set of economic influencers, who in turn emphasize different types of risks and solutions. On the one hand, technologists and economists have warned that artificial intelligence and automation could eliminate millions of jobs, and Elon Musk, entrepreneur Andrew Yang, and former Service Employees International Union president Andrew Stern have asserted that a universal basic income (UBI) would be the best way to respond. On the other hand, there’s a growing appetite within current labor market dynamics for some form of jobs guarantee, as proposed, for instance, by [Cory Booker](#) and [Bernie Sanders](#) who have both introduced legislation to create a jobs guarantee.

On December 19, TCF will be hosting a debate between a leader on each of these issues—Darrick Hamilton, in support of a jobs guarantee, and Ioana Marinescu, in support of UBI—to see which of the two would be the best way forward. To prepare for that conversation, we offer below a primer on jobs guarantees and UBI: what are they, and what would each policy do if enacted?

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Universal Basic Income

A universal basic income (UBI), also known as basic income or unconditional basic income, is the idea that government should regularly provide money to all citizens without any conditions, work-based or otherwise. It could come either as a flat sum of money as, for instance, a direct cash transfer to every citizen, or as a negative income tax to lift only the workers that earn less than a certain amount. The cycle of these benefits could vary, but most proposals suggest a monthly, or, in the case of a negative income tax, yearly arrangement.

There has been support for this type of program from the left and the right, in the United States and across the world. On the left, it is seen as a way to supplement poverty wages, reduce job lock, and to shift power in the labor market back toward workers. It's also notable that a UBI could be the first meaningful path toward compensating unpaid home labor, disproportionately done by women. On the right, proponents offer UBI as an alternative to the welfare state: proposals from the American Enterprise Institute, for example, suggest redistributing all government benefits evenly, which would dilute resources for those that receive means-tested support, in addition to the support from technology mentioned above.

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And support has not just been rhetorical. Pilot studies for basic income have occurred in a number of countries and U.S. states, including but not limited to a recent program in Finland, three cities in Canada, and in Stockton, California. Most recently, a pilot has been announced in Jackson, Mississippi which is slated to provide black mothers \$1,000 per month for one year. The Chicago City Council has recently approved by supermajority to create a research board that will study the potential design and outcome of a basic income study for their city. Results from previous and ongoing studies are still being considered, but design elements, namely how much money people get and how many people are covered, are up for debate.

So while the upside is apparently clear—instant alleviation, or at least significant amelioration, of the conditions of poverty—it's not a jobs creation program, and some say it's hardly a wage program if it allows employers to shirk their responsibility to pay decent wages. Critics of the program also fear that UBI is dependent upon yearly budgetary decisions, and that it could end up leading to less generous benefits packages than those provided by current welfare programs, and thereby end up increasing poverty. In part this

concern is based on the idea that much of a universal basic income would go the middle class, rather than being targeted to low-wage workers and the poor. Furthermore, on a macro level, some economists warn that a UBI would raise prices without increasing production, which could lead to inflation.

Federal Jobs Guarantee

A federal jobs guarantee is a simple idea with transformational potential: it's the idea that the government would provide a job for anyone that wanted one, because there are people who need jobs, and there is work to be done. Proponents of a federal jobs guarantee say that the federal government, in partnership with local job boards, could bridge the gap between willing labor and necessary work. Most interestingly, proponents argue that a federal jobs guarantee could address the failure of the private labor market to provide decent paying jobs by offering \$15 minimum hourly pay, health care, and other benefits, forcing the private sector to offer more to compete.

One major economic argument for the jobs guarantee comes from economists who think that maintaining full employment should be the primary goal of monetary and fiscal policy. Full employment, or having enough demand in the economy to support all workers that want to work, would raise wages and provide more opportunities, especially for low-wage workers. According to this logic, the fact that wages haven't grown for this subset of workers means that the economy is not at full employment, and that the government should step in. Plus, with low pay and unemployment disproportionately afflicting Black and Latinx Americans, a full employment-oriented jobs program that puts people to work with good pay would help put the economy on more equal footing.

Finally, a tangential proposal that has been picking up significant and necessary attention is a Green New Deal, or a plan to rapidly adapt to and abate climate change, proposals for which include a jobs guarantee component. As Naomi Klein stated in a [recent article](#), the Green New Deal would be “a mandate that connects the dots between energy, transportation, housing and construction, as well as health care, living wages, a jobs guarantee, and the urgent imperative to battle racial and gender injustice.” Like the original New Deal, during which the Civilian Conservation Corps set out to replenish our natural resources at an unprecedented pace, a jobs guarantee could deploy an army of community workers, solar installers, building retrofitters, grid technicians, and more, while providing workers with training throughout their transition into these occupations.

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As Pavlina Tcherneva, the director of the economics program at Bard College, concluded in a [tweet thread](#) on the two interlinked policies, “The two policies #GreenNewDeal and #JobGuarantee are attached at the hip but meet different challenges. The task before us is saving the planet without leaving anyone behind.”

Clarity of vision & purpose [thread] 🗨️ [@Ocasio2018](#) recognizes that the [#GreenNewDeal](#) and federal [#JobGuarantee](#) are two distinct but intimately connected goals. Saving the planet goes hand-in-hand with providing economic opportunities & good jobs for ALL.
<https://t.co/Wp2nbITOUj>

— Pavlina R Tcherneva (@ptcherneva) [December 5, 2018](#)

Overall, 52 percent of Americans support a federal job guarantee, even more so if jobs are green. Perhaps accordingly, many 2020 frontrunners have endorsed a jobs guarantee, including Democratic senators Bernie Sanders and Cory Booker. As Senator Kirsten Gillibrand told *The Nation*, referring to the jobs guarantee idea, “Corporate interests have controlled the agenda in Washington for decades so we can’t tinker at the margins and expect to rebuild the middle class and stamp out inequality. We need to get back to an economy that rewards workers, not just shareholder value and CEO pay.” Thirty-five more congresspeople have endorsed the formation of Green New Deal legislation, which transitively shows their support for a jobs guarantee-style plan.

A major critique of the jobs guarantee program is that it’s too big—that it would cover too many workers, would be administratively difficult, and economically disruptive. Others have argued that we would be better off meeting needs by funneling resources through the existing public sector, and by having more place-specific transitional jobs programs in areas of particularly high unemployment. While said critics don’t downplay the need for change, by proposing mini-job guarantees for specific locations or populations, they fail to acknowledge the specific benefits that come with universality.

To be clear, the purpose of the jobs guarantee, similar to that of the basic income, is to catalyze a major shift in the benefits and incentives structures in the labor market at large, to substantially reduce poverty and inequality, and to address imminent climate disaster. As with any big policy idea, the fate of basic income and jobs guarantee proposals will be determined as much by design as by political will, but there is new appetite for big ideas to address inequality, rather than following past generations’ tinkering with the status quo. The upcoming debate should teach us much about how to design these proposals properly, and may go some way towards shaping political will, as well.

Tags: [jobs](#), [economy](#), [Universal basic income](#), [jobs guarantee](#)