

Core Support for the New Economy

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Summary

This paper proposes an income guarantee that would be defined as compensation for household activities such as childcare, food preparation, care of elderly or ill persons in the home, maintenance of the home and of household vehicles and appliances, and household-based transportation. I will call it Core Support, or CS.

The Core Support proposal is put forth as a way to achieve a number of important goals, including reduction of poverty and inequality, increased fairness and better old-age security, and improved possibilities for good child care and education. It could replace much of the burdensome and expensive apparatus of welfare and some other government programs. Rather than providing a handout, it would expressly reward and enable some of the unpaid work on which every society depends, validating these activities as legitimate labor. As described in this proposal, it could have a significant impact in healthy redefinition of gender norms.

In addition, the proposed program would reduce the requirement for all members of society to take paid work, thus rebalancing power between employers and employees. By reducing the pressure to create jobs, regardless of their quality or their impact, it would make it easier to cease production of socially or environmentally harmful goods and services. However, it would create a not inconsiderable amount of new work in managing the program. Depending on whether there is too much, or too little, demand for labor in the macroeconomy, this could be desirable, or not.

This idea builds on literature on Basic Income Guarantees (BIG), as well as on some work in feminist economics. The latter tends to be skeptical of BIG proposals. It is hoped that the CS proposal, by addressing intra-household allocations – a topic normally absent from BIG proposals – can respond to this skepticism by showing how a basic income system can be designed so as to promote deep cultural changes in gender norms and widen respect for those who do the essential core work of a society.

If it is assumed that the CS funds depend on taxable income, then it would be necessary for the economy in which it is implemented to have a preexisting flow of money from the sale of privately produced goods and services; thus it would appear that this approach would not be feasible in poor countries. Hence, given a focus on the U.S. context, some attention will be paid to the question of how “wealthy” this country will be in coming decades.

It is possible to imagine macroeconomic conditions in which people are “poor” because they lack money to buy needed goods and services that are in fact being produced in the economy. In this case the central bank could create money to be distributed in amounts that would enable local trade, benefiting both producers and households, and possibly leading to higher levels of output.

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Bibliography

Outline

Section 1 of this paper discusses the idea of Core Support within the context of the idea of Basic Income Support (BIG) and consideration of feminist responses to BIGs. Box 1 outlines the five elements of which Core Support is composed. Section 2 provides the first three examples of how CS could apply to various households.

Section 3 lays out the values and practical considerations that guide **a central feature of this paper: proposals for who, in each household, should be the recipients of the income designated as Core Support.** These considerations are applied in Section 4 to a proposal for how to allocate the CS funds. Additional examples are set out, to show in more detail the potential impact of CS on the incomes of two hypothetical households. Section 5 compares the impact of CS with some proposals in the literature on basic income guarantees, while also surveying other writers’ ideas on how such a program could be financed.

Section 6 discusses how such programs might affect motivation to work, and other employment issues. Section 7 considers a variety of possible future scenarios for macroeconomic development: resource constrained or technologically optimistic? Plenty of low-paying jobs, or

not enough work so that everyone can have full-time employment? Highly unequal, or reasonable sharing of work and income?

Section 8 raises three considerations that might make CS undesirable, even if economically feasible:

- the complexity of the program, with attendant bureaucratic requirements
- the disagreements that could occur as households are required to face the question: “Who is actually doing the work of the household?”
- psychological impacts in relation to the meaning of paid work in a person’s life

In contrast, the many advantages that could accrue from such a system are listed in section 9. Section 10 puts forth tentative conclusions.

Appendix A lists some of the more plausible suggestions that have been made for how to finance comparable systems.

Appendix B describes how a hypothetical CS Administration might communicate to households the information and the calculations that are used to determine, for each household, what CS income it will receive, and which household members will be the actual recipients. It imagines an especially complex example to show how these calculations would be made.

Appendix C gives a flavor of the related literature which I have found especially useful or thought-provoking, including selected quotations from some papers on Basic Income Guarantees, and on the feminist response to BIGs.

1. Introduction and overview: the CS proposal as a type of “basic guaranteed income” (BIG), and in relation to feminist discussions of BIG

In 1930 John Maynard Keynes anticipated that, due to the rapidity of technological change, which was making labor ever more productive, “in our own lifetimes ... we may be able to perform all the operations of agriculture, mining, and manufacture with a quarter of the human effort to which we have been accustomed.” By the time of his generation’s grandchildren he predicted that “the economic problem” – the struggle for subsistence – would be solved. (Keynes 1930)²

In one respect we could say that this prediction has been fulfilled: there is already enough global productive capacity so that a comfortable subsistence could be provided for all humans. That this is not the actual result – that a quarter of the human population still lives in situations of abject poverty – is not because we are technologically incapable. Rather, it is because the prevailing economic systems provide some people, but not all, with the means to be highly productive, in the sense of producing much that is valued in the world’s markets; while others can barely produce enough for their own needs, or they work at jobs whose output is rewarded with very low pay.

² A good article that takes off from “Economic Possibilities for our Grandchildren” to discuss why North Americans have not progressed towards the leisure “utopia” imagined by Keynes is Elizabeth Kolbert, May 26, 2014, “No Time: How did we get so busy?” (*The New Yorker*). Keynes’ essay and its implications are also discussed at length in Skidalsky and Skidalsky.

However, by the time the 100-year anniversary of Keynes' paper has arrived 15 years from now, the possibilities for ourselves and our children could look quite different. For reasons that I have discussed in a companion paper, [“Prices and Work in the New Economy”](#) (Goodwin 2014), and that I will summarize briefly in Section 7 below, it is possible to imagine that, by 2030, labor productivity might have begun to decline, instead of continually increasing. Alternatively, Keynes' rosy predictions might come true, raising the new set of problems that he also predicted, of needing to find different sources of life satisfaction when relatively little work is required for simple survival. In yet another scenario, if productivity continues to rise, inequality could rise steeply with it, so that humanity as a whole is not benefited.

The companion paper, “Prices and Work in the New Economy,” considers in depth these possible scenarios for the future of work, especially focusing on what can be defined as jobs – i.e., work in the formal sector of the economy that is paid for in wages or salaries. In this paper I will propose a parallel system of income, not attached to jobs. This – *Core Support* – may be defined as a monetary reward for the significant amount of work (often considered equal to one-third or more of the work done in a society) that is not at present paid for.

The reader may be familiar with a somewhat similar set of proposals that are often referred to as a “basic income guarantee.” This is a system in which citizens or residents of a country regularly and unconditionally receive a specified sum of money from the government. The most ambitious basic income proposals are designed to eradicate poverty. They would supply enough money to cover the cost of purchasing the things that are essential for a decent life: food, housing with basic furnishings, clothes, essential communications, etc.

There are many papers, journals, websites, and so on dedicated to the idea of how to implement a basic income guarantee³. There have been fewer practical, detailed proposals designed to address another concern, which is different from the focus on poverty, though it often intersects with poverty concerns. This has to do with the fact that so much of the work that is critical for human well-being and essential to support the rest of the economy is performed outside of markets. This “Core”⁴ work of childcare, household management, etc., receives no direct monetary compensation when it is performed by family members, while only the well-to-do can afford to put this work into the market context, hiring nannies, cooks, or housecleaners. While some basic income proposals recognize the greater need for support in households with young children (Pateman 2004, Baker 2008, Robeyns 2014), the point is too rarely made that such income is a reward for socially necessary – indeed essential – work, rather than a handout.

How the Core Support proposal is presented is important, for two reasons. One is that it emphasizes the value of the now unpaid work that is done in households, which is essential for human thriving and surviving. The other – and this is the radical aspect of the proposal – is that

³ See annotated references in Appendix C.

⁴ The term “core” is one that I proposed in about 1998, when working with Edgar Cahn on conceptual tools for Time Banking systems. (see Edgar S. Cahn and Christine Gray, “The Time Bank Solution”, FT, April 16, 2015 (pre-publication)) It has since come into wide use, including in the textbooks I have authored (Goodwin et al, 2014 a, b and c), where the “core sphere” is defined as the place where people generally raise children, prepare meals, maintain homes, organize leisure time, and care for mildly (or sometimes chronically) ill individuals.

such payments will be made with careful attention to *which* members of a household will actually receive these funds.

This latter point – the question of **which individual receives the cash or check** – has been ignored to an astonishing degree by most economists, the exceptions being those who identify themselves as feminists, and some development economists⁵. The default position has been to assume the existence of a single “head of household” – officially assumed, until recently, to be male – and to assume that this individual will apply any funds received from government or charitable sources, along with income from jobs, to expenditures that will optimize the welfare of all members of the household.

It can be categorically stated that there is no feasible method for identifying with certainty which member of each household – if any – can be counted on to achieve such optimization. My goal in this proposal is not to achieve perfection, but to do better than the default position. This will require spelling out a rather detailed approach to finding the most appropriate person(s) to receive and manage the different elements of the Core Support funds.

If development economics provides support for the idea that government or other “aid”-type funds are most effective when channeled directly to women, feminist economists have been divided on whether a basic income guarantee can support their goals. In the introduction to an issue of *Basic Income Studies* dedicated to the feminism and basic income debate (Robeyns, 2008) notes

Some feminists have argued that basic income will finally deliver the long-awaited recognition of unpaid work and caregiving, work that is primarily performed by women. Other feminists have worried that a basic income would function as hush money, discouraging women from striving for more far-reaching gender equality.

In the same journal issue (Baker, 2008)⁶ describes two reasons why feminist economists have resisted basic income schemes:

...any attempt to give more recognition, value and support to care work would risk reinforcing the gendered division of labour, since it would make women’s position within that division more tolerable. Any such attempt would remove one significant reason women have for objecting to the gendered division of labour as such and for

⁵ Studies of aid given to promote development in poorer countries have generated literature that provides some answers to the question: “Who, in the household, is most able, and most likely, to disperse these funds fairly and responsibly, in order to ensure that all members of the household have their basic needs met?” There is considerable evidence that the well-being of all members of a household is more likely to be promoted when a woman is responsible for spending the funds; see, e.g., (Doss 2013): “One of the central messages from research on gender is that many key development outcomes seem to depend on women’s ability to negotiate favorable intrahousehold allocations of resources.”

Among recent empirical studies of gender-based policies, (Khogali/Takhar 2001) point to successes, (Gitter/Barham 2008) point to unclear outcomes, (Molyneux/Thomson 2011) highlight a variety of factors, and (Luccisano 2006) notes the role that conditional receipt of benefits and administrators of those benefits play, and like (Robeyns 2014), is concerned with reifying gender roles. (Braido et al 2012) document outright failures. For a review of some of the complexities of accounting for these issues, see (Bennett 2013). All of these articles include citations to the classic sources which have linked support to females with improved outcomes for all family members.

⁶ See Appendix C for more discussion of these issues.

engaging in other forms of work that are symbolically valued and materially remunerated more highly.

Precisely because basic income is universal, it does not seem to play any role in recognising, valuing and supporting care work (Krebs, 2000; Robeyns, 2001a). You get it whether you are involved in care work or not.

Baker continues with the following response to these arguments:

Precisely because basic income is not conditional on identifying worthwhile occupations, it can serve not as a payment for care work but as a universal support for care work, providing everyone with a more effective opportunity to engage in it, whether by partial or complete withdrawal from the labour market. At the same time, it can be thought of as operating on the presumption that nearly everyone is engaged in a range of worthwhile activities that it is legitimate for society to support. So it is not true that basic income does nothing to recognise the value of care work. On the contrary, basic income can be presented as recognising care work as one of a range of (partially) noncommodifiable activities that people can engage in and for which people deserve to be materially supported (McKay, 2001). Whether basic income is understood in this way depends on how it is framed in public discourse, which itself depends on the broader ideological climate.

It is my hope that the approach of the Core Support proposal will overcome most of the objections that feminists have had to other basic income schemes – even while it may raise other objections, from feminists or others. To see how this can work, I will conclude this section with an outline, in Box 1, of what activities would be covered in a Core Support program. In the next section I will dive directly into descriptions of how a SC system would apply to a variety of household types.

Box 1: the essential core activities of caring for home and family

- (C) Child care (depending on the number and ages of children).
- (H) Health maintenance, and care of sick persons in the home (adjusted for degree of dependence of any chronically incapacitated household members).
- (F) Food preparation and shopping for food. (This will depend to some extent on the number of people in the dwelling, and their ages. Actually getting the food into young children would be a time calculation that would go under (C).) This calculation does not include the cost of purchasing food.
- (U) Upkeep, maintenance and cleanliness of the physical space, including clothes, equipment and vehicles. (Related to the number of people in the household.)
- (M) Managing household finances This allocation will expand in some relation to the size of the household, but will also assume economies of scale.

Note that the cost estimations for all of these activities only take into account the human labor involved. For example, in category (U) the transportation considerations would involve the time that household members spend on maintaining a needed vehicle. Other issues of household

responsibilities for transportation, while important, are highly complex; I have not attempted to address them in this paper. As with, for example, the purchase of food, these are welfare considerations that may belong in other government programs, but fall outside of support for core work.

Another example, given for further clarification, is category, (M), which includes the following activities:

- make decisions in consultation with other household members regarding major household expenditures, such as appliances, furniture, transportation, and communication and media devices.
 - negotiate rent, mortgage, or other costs relating to occupation of the home; pay these bills in a timely manner.
 - monitor credit card usage; ensure that unsustainable debts are not being incurred.
 - anticipate and pay utility bills, and propose household management activities that will keep these costs from getting too high.
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2. Some examples to start with

The simplest example of how a CS system might apply is that of *Example 1*: a single-person household. For this individual C – child care – and H – health maintenance – will not be relevant; the only core activities for which she will be compensated are food preparation, maintaining the physical space, and managing household finances. As a first approximation for the time this demands for a single person I will (quite arbitrarily) estimate 10 hours a week, or 520 hours per year. At an implicit wage of \$15.00 per hour (another arbitrary choice), that would come to \$7,800 per year.

Example 2 is a household with only one adult and one or more children under the age of 12. Here again it is obvious that the entire CS allocation will go to the single adult. (As will be seen below, children 12 or over may be candidates for receiving some of the Core Support funds.) A CS that is generous enough to allow a single parent (or other care-giving adult) to eschew exhausting, low-paying work in favor of devoting most of his or her time to child care and the rest of the activities on the CS list would have a number of very good consequences.

- It would provide much more stable, less stress-filled environments for over 9 million children under age 18 now living in poverty in single-parent households in the U.S.⁷
- It would hugely reduce poverty (the poverty rate for single parent households in the United States is 27% – nearly twice the average poverty rate for the country⁸)
- It would provide some opportunity for single parents to invest in education and skills – an opportunity that is now out of reach for most of those who are scrambling to combine childcare and wage work.

⁷ This is based on figures from the most-recent report on poverty from the U.S. Census Bureau (DeNavas-Walt/Proctor 2014). See also (Children’s Defense Fund 2013), using 2012 US Census data.

⁸ The 2012 poverty rates for single-parent families are 30.9% with female householders and 16.4% with male householders (DeNavas-Walt/Proctor 2014; From Table 4 p. 16).

- It would put upward pressure on both wages and quality of jobs offered, since this group of workers would not be under the great pressure they now feel, to take whatever job they can get, no matter how undesirable, or at what low wages.

Except for the first point, all of these advantages are relevant to the entire CS program; they are introduced here first because the need for poverty reduction, for investment in skills and education, and for improving the bargaining position of workers, is so outstandingly salient in the case of single parents. It is not only from the point of view of these parents and their children that these needs are critical; they are also critical for the welfare of the whole society, present and future.

Now let us suppose a more complex situation. *Example 3* is a 5-person household containing two able-bodied adults, plus an elderly or sick person, and two children – an infant (under age 3) and a 12-year old. An algorithm will need to be devised to take account of the details about the items that concern the care needed for members of the household who are not fully able to care for themselves. This calculation will be based on the answers to questions such as the following:

- What necessary activities is the disabled member of the household unable to perform for himself? How many hours of care per day does he require? Is he able to contribute (and does he contribute) to some of the other household chores, including childcare?
- What assumptions does society want to make about the hours of adult home supervision required for a 12 year old child? Would this family agree that some portion of the family's Core Support income should go directly to this child, to recognize his contributions to the household's wellbeing?
- Would we assume that all children under age 3 require pretty much constant supervision? There is much variation in how many hours of the day different babies are asleep; to determine such details it would be best for a panel of experts to engage the population at large with an effort to decide what would be, on average, a fair set of assumptions about the time required to care for young children.⁹ (NB: a similar process would be required for defining the care and attention needs for healthy mental and physical development of children in other age-groups, such as 4-5, 6-9, etc.,.)

3. Allocating Core Support: values and practical considerations

The discussion so far has laid out some grounds for determining what the total CS income would be, using several household configurations as generalized examples. In the simplest example there was an obvious answer to who should receive all of the CS funds – namely, the single adult. I will now discuss how to address this in more complex situations, partly guided by practicality, but also depending on values. I will start by spelling out the values that will guide

⁹ About three in ten children (28%) in the U.S. today are being raised by a stay-at-home mother. Overall, according to a Pew Report, mothers at home spend 18 hours a week on child care, compared with 11 hours for working mothers, a seven-hour difference. (Cohn et al 2014) The lower figure for working mothers can be interpreted in a variety of ways: 1) there are alternative sources of care that allow the mother to work, either paid for out of her income, or given by unpaid family or friends; 2) the children of working mothers are receiving sub-optimal amounts of care; or 3) the children of stay-at-home moms are getting more attention than is good for them.

my reasoning on a question which has rarely been raised with respect to poverty alleviation programs in the industrialized world: *suppose we have arrived at an amount that is due to each household – which individual, in each household, would be the actual recipient?*

This determination depends on three further questions. The first one is about fairness:

(1) Who, in the household, does the core work that should be compensated?

The second question is about competence and responsibility:

(2) Who, in the household, is most able, and most likely, to disperse these funds fairly and responsibly, to ensure that all members of the household have their basic needs met?

The third question addresses a slippery but important issue of cultural expectations:

(3) How can these funds be administered so as not to reinforce undesirable stereotypes, but to help motivate change toward greater overall social and individual well-being?

With respect to the third question, I will align the values of this proposal with the following propositions:

- a. In situations where women work at market jobs, it is not fair that the addition of core work should (as is now commonly the case) make their working day substantially longer than the workday of men in the same household.
- b. There is much variety in how childcare and other household tasks are divided among household members, which may include parents, siblings, other relatives, and unrelated individuals. It is undesirable to create programs that reinforce stereotypes, and it is desirable to support individual solutions that allow each household to understand the work involved, and to share it in ways that will result, especially, in good childcare.¹⁰
- c. While childcare and parenting are especially important to the health of a society, other core activities also contribute greatly to individual well-being and health, as well as to the ability of a given household to negotiate the complexities of modern life. It is desirable to encourage households to recognize the importance of all these activities and to be conscious about how responsibilities for them are best allocated – rather than leaving this, by default, to stereotypes.

“Managing household finances” (M) is a case in point for proposition c, as an aspect of essential core activities that is ordinarily given too little attention. Where there is insufficient attention to, or capacity for, handling household finances, families can fall into unmanageable debt, lose their homes, etc. In the typical gendered division of household labor in the United States, as in many other countries, men expect to manage the major household finances. There is no reason to believe that, in general, men do this more effectively than women; and, as will be noted below, studies from a variety of countries have shown that, most often, women carry this out more responsibly and fairly. To be sure, some women lack experience and self-confidence in handling these sums of money, which for many families are their major expenses. Equally, some men lack the sense of responsibility and forward-thinking required in order to have the funds on hand when bills come due. These are the stereotypical complaints; for any given household the complaints might just as realistically be lodged in reverse. Considering the psychology of the

¹⁰ Cf. the proposal in Elgarte 2008, quoted in Appendix C.

changes and discussions that would be provoked if the CS system were implemented, it seems preferable to provide a fresh start for thinking about who, in each case, is best suited to be responsible for these important tasks of financial management.

A central issue for Core Support is that it should not be presented as a handout, but rather as payment – at least partial payment – for essential services. To be sure, it will never be possible to devise a system for rewarding household caring work with money compensation that precisely reflects the value of the work. Indeed, when I first started writing this paper – more than 40 years ago – I gave up because of a concern that no price could be found that would appropriately represent the work being done in homes. What is the right wage for really good childcare? And how would one distinguish between good vs. harsh or uncaring childcare?

The same questions could be asked about the other aspects of core work – and they could also be asked about other work. Neoclassical economic analysis says that wages are *ipso facto* fair if the market is working in such a way that the wage equals the marginal product contributed by the worker.¹¹ There has been a growing chorus of questions about the marginal product of CEOs whose compensation is in the millions of dollars, while other literature (Tavani/Vasudevan 2014, Dew-Becker/Gordon 2005, Levy/Kochan 2012, Goodwin et al 2014a) suggests that worker productivity has increased faster than worker pay over the last two or three decades, with the additional rewards to productivity going to managers or owners, rather than to workers. My conclusion from this – and part of the reason I felt it worthwhile to go back to this study – is twofold.

- First, our current system does *not* supply fair compensation for work, and will never be capable of doing so as long as it depends only on market forces of supply and demand, along with the assumption that perfect labor markets exist in which wages are equal to marginal product. That assumption ignores the element of power in economic relations. And dependence on markets to set compensation makes it impossible to provide compensation for activities – no matter how essential – that are carried on outside of the market.
- Second, given the lack of fairness throughout the system (e.g., the people who provide food, essential for survival, are very low-paid as compared to financial wizards whose contribution to general well-being is often negative; while home-care of the elderly is often paid nothing), **it is worthwhile to move in a direction of greater fairness, even if we know we will never achieve perfect fairness.**

Thus, moving in the direction of greater equity, or fairness, does not depend on the level at which core activities are being compensated. The proposal in this paper for \$15/hour is arbitrary; quite likely pilot programs would be implemented at different (usually lower) levels. The point is that almost any program that began to recognize the value of core work would be an improvement.

Another reason why I dropped this project 40 years ago was the concern that to claim that sums of money can precisely reflect the human value of core work would have at least two bad effects: it would carry even farther the present unfortunate trend of equating human value with money -

¹¹ That means, in brief, that the wage should equal the amount that the employer would lose if it lost one worker in the class of the worker whose salary we are examining.

commodification; and it would perpetuate the mystique of objectivity and infallibility that neoclassical economics has struggled to create. Regarding the second of these issues, I return to this project in a world that is increasingly recognizing that the Emperor of neoclassical economics has no clothes; if this positive trend of looking for the naked truth continues, and if a proposal for Core Support is tried, I don't think I need to worry that this proposal will prop up a failed system of theory. Regarding the first concern, I would hope similarly that any realization of a CS system would occur in a context of cultural value change. The change that is needed – for many reasons of individual and social well-being – is one in which people are less committed to the belief that a person's wealth and income are good proxies for that individual's human worth or importance.

To return to the question of who, in a household, receives Core Support funds, the goal of fairness is obvious – but it needs to be paired with the other issues mentioned above: cultural expectations, and a goal of encouraging change in the direction of more fairness, as well as practicality, not only as a generality, but also in relation to individual circumstances. The ideal is that these funds, however the amounts are calculated, should be assigned to whoever is actually doing the work in the five categories described in Box 1. However, some starting assumptions, or default positions, will be necessary, and **it seems undesirable to administer Core Support starting from an assumption that women are doing most of this work**. Instead it would be best, if this can be achieved, to create a system that does not just accept the status quo, whatever that is, but that promotes fairness both in the *distribution* of work and in the *recognition and compensation* for that work. In Appendix B I will provide my own initial proposal for these defaults, with an application of that scheme in Example 10, and with a glimpse of the corresponding bureaucratic forms in Box 4.

The default proposals are what the government will fall back on if the household does not agree on some different apportionment. They represent a very generalized attempt at a first cut at fairness. If the default offered is accepted, it is hoped that this will put pressure on members of the household to define their fair portion of the work – and to do it. If an individual accepts, say, 20% of the CS allocation, but does much less than one-fifth of the work, then the rest of the household will be in a good position to petition for an adjustment.

Perhaps the greatest downside of this whole scheme is that it could encourage the already litigious nature of US culture. This will be addressed, among other outstanding problems, in section 8 below.

4. What CS might cost: hypothetical examples

As will be described in some detail on Appendix B, the price tag for each of the CS elements will be calculated for each household through an algorithm that will take into account the size and age composition of the household. I will not, in this draft, attempt a rigorous calculation of appropriate money allocation for the individual elements, or what they are likely to amount to all together. However I will now propose some parameters, based on estimates made by others, along with some back-of-the-envelope guesses or suggestions of my own.

Since Marilyn Waring's path-breaking book, *If Women Counted* (1988) there have been many efforts to calculate the value of the essential core activities performed in households. Such calculations have often fallen between 1/4th to 1/3rd of GDP, with some considerably higher (up to 50% of GDP) depending on the country studied, the methods used, and the implicit wage assigned to the core work.¹² Often the minimum legal wage is used in these calculations. That is unfortunate, since a good case can be made that these core activities contribute more to human well-being than many other, higher-paid activities. As a starting point for discussion I am proposing a wage of \$15.00 an hour for Core Support.

This number deserves some discussion. Many people would argue that \$15/hour is inadequate, especially (but not only) when compared to the salaries earned by people whose work arguably provides less human benefit (the currently popular example is a high-end bond trader). Others would argue that there is no sum that accurately reflects the value of much of the core work; along with other critical services such as food, shelter and medicine, childcare, for example, is incommensurable with any monetary valuation. I am very much in sympathy with both of these arguments. However, as remarked earlier, the goal of this proposal is to go in the right direction, not to achieve perfection.

We saw above, in Example 1, that \$15/hour results in CS of \$7,800 per year for an individual living alone who is responsible only for the three elements of food, household maintenance, and finances – assuming that these together require 15 hours a week. Now let us extend this to a very different situation (**Example 4**) in which a single able-bodied adult lives with two young children and an elderly, incapacitated relative. Child care can easily add 40 hours a week to the other CS elements. Considering the needs of the sick individual we might, for the sake of this discussion, add another 15 weekly hours. This total is now 65 hours (or about 9 hours a day, 7 days a week)¹³. It is by no means unheard of for a single adult, unaided by others, to have such

¹² For example in 1998 the total household work done in the USA was valued at \$1.9 trillion (Cahn 2006), compared to the US GDP that year of \$9.09 trillion (World Bank 2015), or about 21%. See also (Goodwin et al 2014, 71) for estimates of the core sector. Looking just at elder care, the 2002 figures for the informal care that keeps the elderly out of nursing homes was given a replacement price of \$253 billion (Stephens et al 2008), about 2% of the US GDP that year of \$10.98 trillion (World Bank 2015).

Some of the latest work in the field is captured in (Folbre ed. 2012, especially chapter 5) and (Bjørnholt/McKay eds. 2014). For example, in the latter collection (Aslaksen/Koren 2014)—citing statistics from (Reiakvam/Skoglund 2009) and (Brathaug/Westberg 2012)—concludes that household work was equivalent to 26% of the Norway's GDP in 2010, down from 40% in 1970.

Earlier efforts to account for the value of the whole core sphere of the economy are cited in (Hoskyns/Rai 2007), noting the (INSTRAW 1996) estimates, which concluded that the core sphere constituted 40-50% of GDP in several industrialized nations. (Drescher 1999) and (Latigo/Neijwa 2005) cite figures of 33-55% for Benin, Madagascar, Morocco, and South Africa; however time-use surveys in these areas, even in the few locales in which they are done in the first place, are not “regular and ongoing.” **30.6%, 1991, Canada; or in 1992 43% based on opportunity cost cut this – out of place?** Like others, such as (Luna 2005), they show that women contribute disproportionately towards unpaid work: in the case of Luna's work concerning Mexico, where household work is calculated at 19.5 or 22.7% of the GDP in 2002, women are determined to have completed 82.5% of the work. As in other cases, all of these figures vary based on the method of calculation.

¹³ For simplicity at this point, I have not attempted to calculate the increments in core activities (F), (U) and (M) that might be reasonable to take account of the additional people, beyond the one who was living alone. See Box 1 for definitions of (F), (U) and (M), along with the other activities noted there. The following quotation gives some idea of relevant market costs.

responsibilities. With an annual CS income of \$50,700 ($65 \times 52 \times \15) such an individual would be enabled to hire some outside assistance.¹⁴

In order to be both economically and political realistic about the acceptability of a CS of over \$50,000 we must consider that the median household income in the U.S. was \$52,250 in 2013 (Noss 2014). Keeping in mind that, of the households represented in the surveys which result in official calculations of median household income, only a minority experience the degree of needs and stresses of our hypothetical Example 4, I will leave open the question of whether it would be politically impossible to offer a CS program that, in an example such as this one, might come close to or even exceed the median household income.

5. What CS might cost, and where the funds would come from: examples from the literature

I will now move from specific examples of my own (very preliminary) calculations to some other estimates to be found in the literature. All of the examples I will cite concern only basic income support; I have not found any examples that are very similar to the core support I propose.

I will start by aligning the assumptions of the CS proposal with those writers who would *guarantee* the support they propose, without a means-test. The next question raised in the basic income literature concerns whether or not CS income would be subject to taxation. Against taxing CS income is Example 4, where the single adult needs all the help she can get. Some arguments can be made on the other side, in favor of including CS income with all other household income for the purpose of determining the tax incidence. The strongest argument relates to the question of incentives/disincentives to work. A sharp jump from no tax on CS to some tax on everything that is earned beyond CS could be felt as a disincentive to work for taxable income. A better approach, for appearances and/or for actual psychological effect, could be a very progressive tax system that starts with a low levy – perhaps 3% on all CS income – and then gradually increases from there, to a high of as much as 75% on individual earnings beyond some amount (\$500,000?) above the CS.¹⁵

“Paid child care for a single four-year-old averages \$4,000 to \$6,000 per year, and can rise to \$10,000 or more for the top centers. The average annual cost for a four-year-old in an urban area is more than the average annual cost of public college tuition, in nearly all states. Care for infants is even more expensive, and if a family has more than one child in care the costs multiply accordingly. Care for the chronically ill and elderly raise similar dilemmas, though in the U.S. these areas have tended to receive higher levels of government subsidy.” (Karen Shulman, 2000)

¹⁴ Built into the values behind the CS system is the belief that caring for a child should be valued more highly than is indicated by the wages now commonly received by babysitters and day-care personnel. However the market may be better equipped than the government to differentiate between excellent childcare and that which is much less good. If each family received a CS amount that society deems reasonable in relation to the ages of their children, then parents could choose to keep that income for themselves, or to turn it over to others, who would compete for these jobs on the basis of competence and caring.

¹⁵ I will leave aside many significant details, such as the difference between taxing household income (as suggested in this proposal) vs. taxing individual incomes. I also leave for Appendix A the very large issue of whether we

Widerquist (2001, Sept. and Dec.) comments on many examples of basic income schemes that rely heavily on funds derived from taxation schemes:

(Example 5) ...Charles Clark [in Clark/Healy 1997] estimated that a flat tax of 36 percent on all income would support a basic income of just under \$8,000 for each adult and \$2,000 for each child. Under this plan, the government would pay every individual a basic grant and would withhold 36 percent of income from all other sources. A person with no private income would receive only the \$8,000 basic grant.... Most citizens would be net taxpayers, but the system would be structured so that all individuals could count on a guaranteed minimum grant. (p. 750)

The least ambitious plan among 15 reviewed by Widerquist (2001, Sept. and Dec.) is Leonard Greene's "The National Tax Rebate", which would finance the plan by canceling all federal, state, and local programs aimed at supporting income (except Social Security).

(Example 6) The programs [that Greene] proposes to cut include not only what we think of as "welfare" but also tax deductions for individuals and corporations as well as programs supporting the income of people in specific industries such as agricultural price supports. According to Greene, canceling these programs would free up \$720 billion a year in government revenue or enough to fund a monthly tax rebate of \$400 for each adult and \$200 for each child. (Widerquist, 2001, p. 756)

Widerquist goes on to comment that: "Many guaranteed income supporters may be cautious about Greene's plan because of its low benefit level. Most of the other recent guaranteed income plans are designed so that a person could solely live on the basic grant if necessary, but Greene's tax rebate is more of a supplement." (Ibid.)

(Example 7) At the other end of the spectrum is Robert R. Schutz's *The \$30,000 Solution: A Guaranteed Annual Income for Every American* (1996). Schutz proposes a minimum income of \$30,000 per year for every adult in the United States. Widerquist (Ibid, p. 755) expresses skepticism that the savings Schutz expects to pay for his scheme would actually do so.

Certainly there are significant savings to be found, if the CS plan or a strong basic income guarantee were to be implemented in such a way as to replace some, or even most, of the existing government safety nets, such as TANF (see Appendix C) among others.¹⁶

should base a large part of the government revenue that would be used to fund CS on individual incomes, or should be looking preferentially to other sources.

¹⁶ These government safety nets include: federal rental assistance programs, Earned Income Tax Credit, household dependents deductions, Medical Out-of-Pocket deductions, Affordance Care Act health insurance plans, the Supplemental Nutritional Assistance Program (SNAP), Low Income Home Energy Assistance Program (LIHEAP), the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), Medicaid (including Cash and Counseling Program, which compensates for in-home elder care in participating states), unemployment and disability benefits (e.g., SSI), Social Security, university-level financial aid, and a variety of other local, state and federal programs.

(Example 8) Carrying this to its extreme, the Wikipedia article on Basic Income¹⁷ starts with the current total of federal, state and local government spending (\$6.3 trillion as of March 14, 2014) and the total number of adult U.S. citizens – 242 million¹⁸ – and then imagines replacing *all* government spending with a basic citizen income, coming up with nearly \$25,000 per adult citizen. This seems too unrealistic to be very interesting; it would, for example, eliminate government spending on military, infrastructure, public services (from police and fire departments to public education) and other activities that are not otherwise directly affected by an income guarantee. It also ignores any other benefits, apart from direct elimination of government spending.

It seems likely, though not inevitable, that tax increases over the level now in place in the United States (which is lower than in most other advanced nations), would be a necessary part of a CS scheme. A wide variety of other sources of funding for basic income schemes have been suggested; some are collected in Appendix A.

6. Effects of Core Support on motivation and employment

People who are suspicious of government programs to reduce poverty often cite the danger that “unearned” income will make people less willing to work.¹⁹ Karl Widerquist and Michael A. Lewis comment on this issue:

The guaranteed income would work very well to prevent poverty *if inadequate demand for labor is the cause of poverty*, whether it causes low wages or high unemployment. The unemployed would be able to live off of the minimum income until they found another job, while low-wage workers would receive a supplement bringing their income above the poverty line, always making them better off than those who are not working. (Widerquist and Lewis 2006/1999; italics added.)

The question raised by this passage is whether or not the present and the foreseeable future macroeconomic situation is likely to be one in which there is inadequate demand for labor, even while maintaining enough productive capacity that all basic human needs, could, theoretically be met. If this were to be the case, then something like CS would (like other basic income guarantees) be a good solution; at the simplest level it would make it possible for those who do not have enough earned income to share in the general wealth.

As will be discussed in Section 7, below, another possible future is one in which resource constraints reduce the productivity of labor faster than technology increases it, making it necessary to keep a large proportion of the population in the workforce in order to produce what the whole population requires for a decent life. Perhaps some such expectation is behind the concern for reduction in work effort that motivates some opponents of guaranteed incomes of

¹⁷ http://en.wikipedia.org/wiki/Basic_Income_Guarantee

¹⁸ <http://www.usgovernmentspending.com/total> ; <http://quickfacts.census.gov/qfd/states/00000.html>

¹⁹ Those opposing such programs are often, oddly, aligned with the position taken to the extreme by Representative Paul Ryan, whose “road map” proposes removing all taxes from all forms of unearned income.

any kind. Assuming the need to keep most able adults in the workforce they ask, “Why would people work if they could get along without doing so?”

Responding to this question, defenders of the basic income idea often cite the city of Dauphin, in rural Manitoba, Canada, which took part in an experimental guaranteed income program (“Mincome”) between 1974 and 1979. The following agrees with other reports of the experiment:

the only two groups who worked less in a significant way were new mothers, and teenagers working to support their families. New mothers spent this time with their infant children, and working teenagers put significant additional time into their schooling. (Wikipedia 2014)

Another study that contradicted the likelihood of a decline in work incentive was a Namibian pilot project implemented in 2008 and 2009 in the Omitara village. “The assessment of the project after its conclusion found that economic activity actually increased, particularly through the launch of small businesses, and reinforcement of the local market by increasing households’ buying power.” (Ibid.) These comments are clearly not the last word: they come from sources that are intrinsically sympathetic to the idea of a basic income guarantee. More experiments are required, to find out how work effort actually is affected.

Regardless of expectations about macroeconomic conditions, a common objection to any generous basic income scheme is that people need the goad of wages in order to work hard enough to feel fulfilled. Without that goad it is feared many people would lose a sense of meaning in their lives.

A fully implemented CS scheme would have enough in common with the kind of welfare states now to be found in Europe’s Nordic countries that it is worth asking how well these are working out. They are succeeding in most of their aims: poverty is almost unheard of, inequality is less than in most other nations of the world, women’s job opportunities come closer, on average, to those of men than in most other countries, children are well cared for and well educated, health care is good and fairly allocated, life expectancy is high, crime and corruption are low – what more could you ask for?

Indeed, according to the 2013 World Happiness Report (Helliwell et al 2013), which surveys 156 countries, and is compiled by Columbia University’s Earth Institute²⁰, Denmark, Norway, Switzerland, the Netherlands and Sweden are the world’s happiest countries. For another rating, the Economist Intelligence Unit in 2005 created a Quality of Life Index in which the top 5 were Ireland (pre-2008 crash), Switzerland, Norway, Luxembourg and Sweden. Denmark was #9, US # 13, Canada #14, and the Netherlands #16.²¹

²⁰ <http://www.earth.columbia.edu/sections/view/9>; viewed on Dec 8, 2014

²¹ This metric depends on the following variables: GDP per capita; life expectancy at birth; political stability and security as assessed by the Economist Intelligence Unit; divorce rate; church attendance and trade union membership (to stand in for “Community life”); latitude, to distinguish between warmer and colder climes; unemployment rate; political freedom (as assessed by Freedom House); and ratio of average male and female earnings (to indicate gender equality).

These metrics are not entirely in agreement with anecdotal reports from Scandinavia of “a sense of a lack of meaning.” Some residents (especially the intelligentsia) complain that things are *too* easy; when “everything is taken care of for you” it’s hard to feel useful – so they say²². The very poor workers described in Barbara Ehrenreich’s *Nickle and Dimed* (2001) would very likely be happy to trade their miseries for the problem of needing to find meaning in life.

In the essay quoted in the introduction to this paper, Keynes addresses the possibility of such a problem occurring. The following excerpts summarize his comments on this problem:

...we have been expressly evolved by nature – with all our impulses and deepest instincts – for the purpose of solving the economic problem. If the economic problem is solved, mankind will be deprived of its traditional purpose.... for the first time since his creation man will be faced with his real, his permanent problem – how to use his freedom from pressing economic cares, how to occupy the leisure, which science and compound interest will have won for him, to live wisely and agreeably and well.... It is a fearful problem for the ordinary person, with no special talents, to occupy himself, especially if he no longer has roots in the soil or in custom or in the beloved conventions of a traditional society.... it will be those peoples, who can keep alive, and cultivate into a fuller perfection, the art of life itself ... who will be able to enjoy the abundance when it comes. (Keynes 1930)

An early reader of this paper, a feminist who has spent a good deal of time in Sweden, described the problem differently. She said that what people need is the feeling that *one needs to work* in order to achieve one’s goals, whether those goals are simply survival, or more complex achievements. The social goal, she said, should be an economy in which all adults, whatever their abilities, can, through their work, earn a reasonable livelihood.²³

This goal is by no means denied by a Core Support system – rather, it would be a public (and intra-household) affirmation that *the work it compensates is real work*, necessary for society as well as for the individuals it touches. Someone like the mother described in Example 4, who was taking care of two small children and an adult with disabilities, would be working for her living, and getting decently paid for it.

7. Macroeconomic conditions for implementing CS

Predictions that technology will dramatically reduce the need for human labor have been made repeatedly at least since Thomas More’s *Utopia* was published in 1516. Economic conditions have kept this in the realm of dreamy utopias until, in the first quarter of the 20th century, Keynes could discern such a situation as a real, though not yet arrived, possibility. In the 1980s the Nobel Prize-winning economist Wassily Leontief also referred to such a possibility, as reported by Robert Kuttner (2005) who cited Leontief as having

²² Further research is needed on the experience of the Nordic countries to assess the validity of these anecdotal reports, as well as to assess the meaning of the metrics cited above.

²³ Communication from Abby Rockefeller, October, 2014

...imagined a world where productivity was so high that machines would produce all physical goods. There would be just one manufacturing job: the human worker who flipped the switch. Leontief wondered, what would everyone else do for a living?

Leontief's answer was that the immense wealth generated by all that productivity would have to be redistributed so that other people would have useful employment providing services to complement all those physical goods. Otherwise, nobody could afford to buy the products. Kuttner goes on to quote U.S. representative Barney Frank as saying that Leontief's solution is, unfortunately, not coming about, because "a disproportionately large share of the increased wealth in this society is now going to the owners of capital." (Kuttner, 2005) Such observations are now being widely repeated by economic commentators such as Thomas Piketty (2014), James K. Galbraith (2013) and Angus Deaton (2013), just to mention a few.

Any Core Support program is obviously in the future, so it behooves us to consider what sort of future we may be talking about. We are in fact facing a set of bifurcating possible paths into the future. Which one humanity actually walks down depends on a number of large forces. Some of these result from human decisions, though the decisions may be made unconsciously, or as group processes: they include **culture** and **politics** and, as a critical result of these two, the nature of **globalization** and the extent of **inequality**.

There is also **demography** – the consequence of forces that are slowing population growth in most of the world, with a possible trajectory of extending to the human race as a whole the population shrinkage that is already occurring in some countries. How this works out is affected by such cultural / political / economic factors as urbanization and women's access to education and jobs; in turn, demography affects the size of the dependent (old and young) population in proportion to the population of working age.

The other major factors, to which I will give a little more attention, are the ones that will most directly determine labor productivity – that is, the average amount of goods or services that one person can produce. These are the factors of **resource constraints** and **technology**. Exactly how these factors will affect human experience in the future will depend importantly on the extent of inequality: how well output (however produced) is shared.

The resource constraints that are beginning to make themselves felt increasingly sharply are constraints that might not have arrived in the same way, if humanity had known 100 years ago what we know now, and had used natural resources such as water, energy sources, minerals, and biota more sparingly and with more concern for the polluting side-effects of economic activities. We cannot change history. With a number of important resources becoming increasingly scarce, or of degraded quality, or more expensive to extract, we now face the need to find ways to cope with a possible reversal of the trajectory of the last 200 years, wherein average labor productivity kept rising as each worker could use more materials, capital goods and inanimate energy.

Technology is the obvious hope for how to manage this. Technological innovation is more or less within human control, but even while we hope for technology to overcome resource constraints, those constraints may set stringent limits on what can be hoped from technology. In the companion paper, "Prices and Work in the New Economy" (Goodwin 2014), I suggest how

the balance between technology and resource constraints could result in some possible future scenarios for the U.S. macroeconomy. These are outlined in Box 2.

Box 2: branching paths into the future

<i>technology vs. resource constraints</i>	<i>job and wage scenarios</i>	<i>outcomes</i>	
technology prevails productivity of labor rises	(A) a few people work a lot; many can't get jobs	1. output is not shared; inequality increases	
	(B) everyone works; work hours decrease wages may be unequal	2. output is shared; sufficiency for all	
resource constraints prevail productivity of labor falls	(C) most adults need to work; average wages fall	3. inequality decreases; everyone gets by, at a low level of consumption	
		4. inequality remains or grows; there are small enclaves of rich among very poor	

Looking at Box 2 we see that, in the future possible paths labeled 1 and 4, inequality creates outcomes that are bad for the masses of the people, regardless of the state of technology or resources. Only path 2 leads to the kind of utopian outcomes predicted by Keynes and Leontief – a utopia that includes possibilities for a “rich” material life style for all.

A Core Support program could be relevant both for scenario A, in which work is not very well shared, so that there is a pressing need to find ways to share out the goods and services that are generated by a relatively small portion of the population (as in outcome 1); and also for scenario B, where work is shared, resulting in outcome 2. In the latter case, there still could be a need for the kind of support this paper will propose, both for situations where wages are unequal, so that some people still find it hard to make ends meet, and also to take care of people who have a hard time taking jobs because of age, or health, or responsibilities for other non-workers (such as children).

On the environmentally pessimistic path the economic system encounters serious constraints from the depletion and/or degradation of the natural resource inputs of energy, water, biota, minerals, and other materials. In this case the relative value of material (including energy) inputs is likely to rise relative to the value of human labor – a trend that would be the opposite of what has obtained quite steadily since the onset of the Industrial Revolution. If technology does not develop fast enough to counteract the reduction in quantity and quality of material inputs, labor income is likely to decline in proportion to the cost of other inputs to production. There will be less money to go around; that will simply be the symptom of the underlying fact that less output is being produced. In such a case there is, again, a splitting of possible future paths. A likely

result of this reversal would be a general reduction in labor income,²⁴ as well as an overall reduction in economic activity, as measured by GDP.

As shown in Box 2, outcome 4 describes the depressing situation where severe resource constraints are accompanied by increasing inequality. Here a large portion of productive activity is aimed at satisfying the desires of the very rich, and there is less and less left over for those who can't find jobs at all, or can only find jobs that pay below a living wage. Only a slight nudge is needed for this picture to be, in fact, the future we are now facing.

On the other hand, even if resource constraints outstrip technological progress, there is a more hopeful alternative. That is one in which, first, policies and cultural practices turn away from the current tendency towards growing inequality (hence, outcome 3); and, second, standards of consumption in the rich world are dramatically altered. There are signs that this could be possible: for example,

After many years of dramatically increasing home size in America – from an average of 983 square feet in the 1950s up to 2300 square feet in the 2000s, despite declining household sizes – the trend appears finally to be going in the other direction. The real estate research firm Trulia found [in 2010](#), for example, that the median “ideal home size” for Americans had declined to around 2100 square feet. More than one-third of survey respondents reported that their ideal preference was lower than 2000 square feet. (Benfield 2012)

Trends such as this could cause a reevaluation of the meaning of outcome 3, wherein work-sharing could be used so that everyone who wants or needs it is able to find some paid work. An outcome in which everyone gets by at a low level of consumption, without huge inequalities, may also not be so unappealing if it actually arrives. There are many experiments and observations suggesting that those who make a transition from higher to lower levels of consumption feel considerable pain during, and for a period after, the transition; however, if the transition is a widely shared experience, and does not include a high level of insecurity about satisfaction of basic needs, this pain may be less for the transition generation. As for the next generation, there is considerable evidence that citizens of the United States in the 1950s were at least as happy as those living at the end of the century, and possibly happier (Goodwin 2007a, 22-23)²⁵. Thus there are objective reasons to believe that material consumption at the level of

²⁴ Another outcome is possible, at least for a while: since the share of income going to profits has risen over the last few decades, at the expense of flat or declining wages, a reversal in this trend could, for some period of time, mitigate the change in the price of material inputs.

²⁵ This work is based on empirical data compiled from sources such as the United Nations Human Development Index, Redefining Progress's Genuine Progress Indicator, Bhutanese Gross National Happiness indicator, and the New Economic Foundation's Happy Planet Index. These data and others have been analyzed by a variety of researchers including Diener et al 2000, Frank 1999, and Veenhoven 1993. For more details on these and other sources, see (Goodwin 2007a, 22-23), especially (23, n.2).

Note that the next sentence, proposing material consumption at the level of the United States in the 1950s, while it may seem an extreme and unlikely move, would probably still require other significant changes in patterns of production and consumption to bring such a life style into congruence with ecological limits -- which are no longer what they were in the 1950s, but have become markedly more stringent, with the more than doubling of global population and half a century of rapid reduction and degradation of natural resources.

U.S. 1950 – i.e., approximately half of today’s material consumption – would not necessarily mean a lower level of happiness (after the transition).

It does not seem possible at this moment in history to predict, even 10 years out, what the interplay will be, among technology, natural resource constraints, demography (size and age composition of the population), the globalization of the workforce, and the degree of financial and political inequality, including whether large concentrations of capital continue to grow and to accrete more political power. This discussion simply makes the point that there are some imaginable future macroeconomic conditions under which a CS scheme could play an important and feasible role.

8. The problems of government capacity and complexity in a CS program

Another issue that must be addressed in considering the macroeconomic jobs effect of CS is the impact on government employment. CS is unlike other basic income schemes in that, for all the government jobs that might be eliminated if CS replaced welfare, unemployment and other government benefits, it could conceivably create as many new jobs. These would be in three categories. One category would be census takers: the decennial census would probably need to occur more often than every 10 years – portions at least would need to be updated annually, with records of births, deaths and health status. A second group of jobs created by a CS program would be in the back-office component, to manage and run the computer programs that would annually calculate the CS amounts due to each household.

The third and largest requirement would be for people with the ability to fairly and reasonably adjudicate in households that either 1) do not accept the default proposals for *which* household member(s) will receive the funds, or 2) cannot agree among themselves on an alternative allocation. However, at the same time, this arbitration would provide a framework to address concerns that CS would reify gender roles (Robeyns 2014). These arbitrators would be expected to visit households at a time when all household members could be present. Often this would entail evening visits, although in-person visits, travel time and home intrusion could be limited by using virtual tools. (The possibility of virtual conferencing will, however, raise a whole new set of issues).

Especially in the early years of the program a significant part of the arbitrators’ job would be an educational one – simply to explain the system to the household members. In addition to good communication skills, these positions would require considerable skill in negotiation, including the personal qualities (such as patience and empathy) that can encourage all parties to present their case, and a high degree of ethical responsibility, to avoid corruption. Training in counseling would be an appropriate background; additional “train the trainers” jobs would need to be created, several years in advance of a CS implementation, to prepare a cohort of trainers to prepare the arbitrators for their roles in counseling and negotiations.

The state of macroeconomic demand will determine, in part, whether the employment generation aspect of CS is to be regarded as a plus or a minus for the scheme: are more formal jobs needed (as might be the case in a technologically optimistic scenario), or is the society already facing a

situation of tight labor force demand? How would jobs created through CS compare to the government jobs that they would replace, in terms of job satisfaction as well as pay?

The CS proposal has one obvious disadvantage as compared with other basic income schemes – that is, its relative complexity. Other schemes suggest some flat amount per household, or one amount per child and a different amount per adult. The finest divisions I have yet come across are in a Canadian scheme by Lerner et al, who estimate that:

(Example 9) a flat tax of just over 41 percent could support all government spending plus a basic income large enough to virtually eliminate poverty in Canada. That is, \$7,000 (Canadian) for each person sixty-five and over, \$5,000 for each person twenty-one to sixty-four, \$3,000 for each child, and an additional \$5,000 for each household regardless of size. (Lerner 1997)

In contrast to other proposals, each household's total CS income would depend not only on the number of individuals in the household, but also their age, and state of health (required to ascertain the need for in-home health care). The algorithms calculated according to these data would need to be updated yearly (as, indeed, would also be the case in the Lerner proposal and most others), to account for the changes in ages. The CS proposal would also require annual updating to reflect other changes in household composition, as people leave or enter the household. The Lerner proposal, like many others, attaches the proposed payments to individuals: for example, if an elderly person goes to live with relatives, that person's \$7,000 (as proposed by Lerner) would follow her – and would presumably be deposited in the name of the elderly person, not in the hands of her care-givers. In contrast, to calculate the apportionment of CS within a household it will be necessary to know what household each individual is part of, not just their ages.

There are several disadvantages to complexity in a government scheme. One is simply that, given current widespread distrust of government, greater complexity might encourage greater distrust. Furthermore, for households departing from the default apportionment scheme, arbitrators would be involved. This would need to be handled very delicately, or it would be perceived and actively felt as a pronounced form of government intrusion literally into the home. On the other hand, if a CS scheme encouraged the awarding of greater respect to core work, this could create a generally more humane society, encouraging societal trust generally – which could result in a better relationship between individuals and government.

Another disadvantage of complexity is the possibility that it will enable more cheating. The most obvious place for cheating in a CS scheme would be in reports of health; that is a constant problem in all existing disability-related schemes. An interesting difference here is that it is not only the disabled individual who needs to report on his health, but also other household members – and the compensation for care does not go to the disabled individual. At the same time, a person claiming disability might have a smaller claim on a share of the household's other Core Support funds. It is hard to assess how these different issues might affect the likelihood of cheating in this area under a CS scheme as compared to other welfare schemes.

A serious danger is that a CS program could encourage the already litigious nature of US culture. How could it be designed and managed so as to strike a good balance between, on the one hand,

empowering individuals to stick up for their rights, vs., on the other, employing a huge amount of human resources as households take their differences to arbitration, and vast numbers of arbitrators are required to make the system work?

An argument in favor of the scheme would be that it is high time for human civilizations to face up to the unfairness that has, through much of known history, characterized many if not most households, in which women's work hours are significantly longer than men's, while little respect or status is attached to this work. The counter argument might be: human civilizations are not yet ready to take that on. To this I would respond that there has been progress on many issues of rights and fairness: though racial, ethnic and gender equality have not been fully achieved, nevertheless there has been widespread improvement in these and in many other areas. In some parts of the world people have had more than a century of practicing how to replace stereotypes with a fresh look at the humanity of individuals. Bringing this home to every household that contains a mix of ages and genders would start many conversations – some of them acrimonious – but my personal opinion is that the outcome could be healthy. It would provide a new basis for understanding the real contributions people make.

9. Advantages of a CS system

Poverty reduction – perhaps even the elimination of poverty – is the most obvious advantage.

Financial security: we are currently experiencing a trend in which retirement plans, public and private, suffer from ever greater stress and insecurity. CS could partially replace some of these insecure plans.

Reduction of inequality: CS might require a progressive tax system (but see appendix A for preliminary evaluations of funding sources for CS). In addition to the equalizing effect of progressive taxes, CS is necessarily a program that would reduce income inequality, and probably also wealth inequality. This is desirable in itself, for reasons of ethics and social cohesion. It might create greater macroeconomic stability, creating more stable patterns of demand among a somewhat more economically homogeneous population. And reduced inequality is likely also to be desirable for environmental reasons, as the patterns of consumption would move away from luxury goods toward basic needs.

Environmental sustainability: the production systems of the world today not only produce many “bads” as side-products, they also produce some “goods” and services that are harmful in themselves, either for aspects of human well-being, including health, or that are harmful to the natural world when they are produced, consumed, or disposed of. The need for jobs to supply income, without which people cannot survive, is a strong force against ceasing to produce socially or environmentally harmful goods and services. CS would remove some of the pressure for people to create and take such jobs.

Fairness and validation: Core Support would publically recognize the essential contributions to the well-being of society of parents, homemakers and home caregivers. Instead of framing this resource redistribution as a handout, this labor would be reified: it would be validated as

legitimate labor, and those who do it recognized as workers to be compensated, thus taking steps towards internalizing this externality into the macroeconomy (Goodwin 2007b).

How fair the outcome actually is would depend on two things. One is how accurately the amount and the allocation of CS funds within each household reflects – or predicts, or affects – the actual allocation of household work and care work. It is important to stress, once again, that the achievement of fairness would not depend on the *level* at which core activities were being compensated, but rather on the intra-household distribution of the CS funds. The proposal in this paper for \$15/hour is arbitrary; pilot programs might be tried out at different levels.

Child care: one of the most important outcomes of an adequately funded program of this sort – especially a program that realistically takes account of the time and effort required for healthy child raising – is that parents, or parent substitutes, would no longer need to choose between providing for children’s physical requirements for food, shelter, etc., vs. their need for attention and nurturing.

Culture of consumerism: related to the foregoing, with adults able to give enough time to child care, there would be much less pressure to use the TV and other media as the babysitters. This would reduce the opportunity for advertisers, and media that is responsive to corporate wishes, to turn very young children on to the consumer culture.

Education opportunities: many people are now unable to fulfill their desire to improve their skills and knowledge, in order to qualify for more interesting jobs – or just to make life more interesting. Such individuals would have a base of support that would make it easier to invest their time in education.

Countervailing power: CS would reverse the half-century trend in which corporate power has successfully eroded the countervailing power of organized labor. The competitive position of workers would be greatly enhanced if economic desperation ceased to be a force driving many people to accept very low-wage or unpleasant jobs.

Jobs creation: as discussed in section 8, unlike other, less complex basic income schemes, CS would not reduce the extent of government employment; more likely, it would increase it. Whether this is seen as a good or a bad thing depends on the state of the macroeconomy in relation to the large issues summarized in section 7, above. As noted, it is impossible to predict the path of each of these large forces, or whether their interaction, as they develop, will result in more or fewer jobs, overall, or what the nature of those jobs will be, or whether the wages they will offer for most workers will be higher or lower. However, the countervailing power introduced by CS (as noted immediately above) would introduce a significant force on the side of empowering workers to stand up to the worst impacts of two of the forces: globalization and concentrations of capital.

10. Tentative conclusions

It seems likely that during the remainder of the 21st century humanity will face *one or more* of four problems (among others):

1. Growing inequality, accompanied by emiseration and social unrest
2. Severe resource constraints, resulting in significantly reduced production and consumption possibilities
3. Shortage of jobs resulting from technological unemployment
4. The need for many people to find a new sense of meaning in life, when work for subsistence is no longer needed.

The last of these “problems” (in quotation marks, because it looks a lot less dire than the other three) might occur under circumstances in which technologically supported abundance, or a culturally supported revision of the concept of sufficiency, have greatly reduced the demand for work. It could occur with or without a CS system.

The CS program described in this paper would solve major problems in some types of macroeconomy, but would be difficult or impossible to implement in other types. Looking only at the economic conditions (and leaving politics aside), it would seem especially difficult to fund or operate CS in a very poor country – one in which all the efforts of the existing workforce are just barely sufficient to support the whole population at a low standard of living. Such conditions would present two principle types of obstacle.

The first concern in such a situation has to do with the additional jobs required to make it work. As described in section 8, these jobs would employ people to manage a complete and accurate census; people who can operate the computer programs to calculate annually the CS amounts due to each household; and – the largest group – people with the skills to adjudicate allocations in households that cannot agree among themselves. The question here would be: does this economy in fact contain a large pool of excess labor having the skills to do these jobs?

An even greater concern is that, in an economy in which there is very little money circulating (i.e., low GDP per capita), it would be extremely difficult for a government to withdraw (through taxes), and re-inject, a significant proportion of that money efficiently and rapidly enough so that there would not be either a massive government default or episodes of severe deprivation. Essentially this would be a picture in which a large proportion of available funds are withdrawn from poor people, then recycled to essentially the same people, with little basis on which to make the return larger than what has been taken away. If, indeed, the country has great inequality, and the funds used for a CS program came from the very rich and went to the very poor, that would be another story – but it is a story that many people have tried to write under many different schemes, and it usually fails because it is blocked by the political power of the rich.

There is an alternative to financing the program through taxation: the government could print money which it would then hand out to its citizens via a CS program. The obvious danger here is inflation; any government would need to be very astute, carefully increasing the creation of money only as long as there were actually local goods and services that would be produced and traded in response to increased overall purchasing power. (Other funding alternatives

Thus economies in which a CS program seem more feasible (economically – leaving aside the political feasibility) include the following types:

- the productivity of labor and other inputs is great enough to power a vibrant private sector, which generates enough wealth so that government could command a large portion (possibly $1/3^{\text{rd}}$ or more of total GDP) to be recycled to all households.
- in quite a different macroeconomy, the government sector / private sector proportions would shift substantially from what obtains in the United States today – perhaps more like the proportions found in some Nordic countries. Government sources of income might include ownership of productive resources that some people feel should be common property, such as energy sources, communications and transportation systems, and financial institutions, to name a few.

The second description is a poor fit for the United States as it exists today. If other forces for change arose to move the country in this direction, such forces might benefit from having the idea of CS as a goal to accompany the other changes.

What about the first description? It might fit the United States in the present. However, before venturing upon a CS program, prudence would suggest waiting a decade or so to see how the large issues of technology, resources, demography, etc., are playing out, before drawing up a new description of the U.S. macroeconomy, and proposing such an important change in it. But it is worth starting to think about it now, to provide some of the vision and the motivation that will be required for a transition to a new, more humane and sustainable economy.

Appendix A: possible sources of funding for Basic Income Guarantees

The following are among the sources of funding that have been proposed for what are sometimes called BIGs – Basic Income Guarantees. The commonest assumption is that #1 is likely to be the primary source for any scheme as ambitious as Core Support. #2 simply supports #1. #3 is easiest to imagine in times of recession, but could probably not provide enough money to be realistic in a time when there was any danger of inflation. #s 4 and 5 are ways to create pools of socially-owned money, as alternatives (or supplements) to taxation schemes. #6 describes a quite similar program that could be broadened and made over into Core Support. #s 7 and 8 are included here because they have been suggested specifically in relation to BIGs; in fact I am dubious that they would work well for a Core Support scheme.

1. **Tax increases.** There are good reasons to consider, in addition to income taxes, many other sources of government revenue, such as wealth taxes of various kinds, as well as others (e.g., sales taxes, sumptuary taxes). I would favor a highly progressive tax system, including many of the proposals made by liberal economists to ensure that taxes on labor income are at least no higher than taxes on “unearned” income (e.g., inheritance taxes, capital gains, interest on loans, and dividends from stock ownership; the latter two at present are taxed at a significantly lower rate than wages and salaries), as well as imposing or strengthening a variety of, e.g., luxury taxes, the Tobin tax on financial transactions, and taxes on environmental and other “bads” (such as a carbon tax). However that is beyond the scope of this paper – except to make the point that affordability is plausible when a CS system is combined with such a tax system, along with reduction in or elimination of present-day welfare-related outlays, as well as many inequality-enhancing tax deductions, and including “the less tangible positive effects on spending and tax receipts associated with wealth redistribution towards the poor, and any social savings as a result of less crime, or fewer incarcerable offenses” (Wikipedia 2014)
2. **Closing tax loopholes:** the following is just one example of a tax loophole that could be closed, with an estimated income to the federal government of \$169 billion over the next ten years. As described in a March 15, 2014 message from Public Citizen’s Commercial Alert (<http://www.commercialalert.org/>):
“A new proposal — from Representative David Camp, a Republican who chairs the House committee most responsible for tax policy — would close a loophole that incentivizes runaway corporate advertising. Under the reform bill proposed by Rep. Camp, businesses would no longer be able to take one-time tax deductions for all of the billions and billions they spend on marketing. With U.S. ad spending expected to increase in 2014 to \$160.8 billion — much of which targets children, promotes unhealthy foods and products, or encourages runaway consumption — it’s past time to close loopholes that promote advertising.”
3. The use of **monetary policy:** the following comment in a *New York Times* article describes a common assumption: “Since the financial crisis in 2008, nations grappling with economic weakness have repeatedly turned to one tool to try to fix things: The power of their central

banks to create new money from thin air and push it into the financial system by buying bonds.”²⁶ It is hard to understand why an alternative has seldom even been considered – namely, instead of printing money for direct bank funding, money is printed to give directly to citizens who then spend it in the economy, while banks are funded indirectly through deposits. The obvious objection is that this would be prudent only when the economy is suffering from deficient demand, or deflation. The response is that the method of financing a basic income scheme does not need to be consistent under all economic circumstances. In the exceptional circumstances of severe recession, tax relief would be especially welcome; to the extent that if a basic income guarantee were normally funded by taxes, the financing method could switch over to money creation by the central bank, with the new money going to something like the Core Support system, instead of being pushed directly into the financial system. In *Debt or Democracy: Public Money for Sustainability and Social Justice*, Pluto Books (in press), Mary Mellor says:

If the creation of public currency is not through the commercial sector, money doesn’t need to be made out of money. Unlike the banks, publicly created public currency doesn’t have to be commodified. It can be spent or allocated as a public resource without the need to be returned (with profit). However it is not wise to create unlimited amounts of money (memo to the banking sector before the crash). The public money circuit is therefore completed not by repayment of debt, but payment of taxes or fees. Tax in this case is not a fiscal instrument as in the commercial money circuit (raising taxes from individuals, households and companies for the public sector to spend) but a monetary instrument, to retrieve money from circulation that could otherwise be inflationary. This creates a very different position for the taxpayer. Instead of ‘hardworking families’ paying out their ‘hard-earned money’ in taxes, they can be seen as returning money that has done its work in creating public benefit (paying doctors, building bridges, environmental work, care for the elderly). An example is Guernsey in the Channel Islands where, rather than borrowing, new money is created for major expenditure together with proposals for future equivalent taxation (Rowbotham 2000:188).

The main difference between the commercial and public circuits of money is that publicly created money *may* be issued as debt, but bank created money can *only* be issued as debt.

....A citizen income could only be ‘afforded’ if money creation and circulation was through the public money circuit, and it should certainly be an element in a sufficiency provisioning system.

4. **Collective resource ownership and “Common Wealth Dividends”:** this category includes profits generated by publicly owned enterprises (e.g., state enterprises). In *A Future for Socialism* John Roemer proposes that “Stock prices are quoted not in currency but in coupons, issued to citizens on attaining their majority, not convertible to cash, and reverting to the treasury at death.” (Wikipedia 2014). Proposals have also been made for programs that equitably distribute wealth deriving from commons, such as natural resources. Rents from extractive industries would go directly to citizens rather than either private enterprise or the state. The following commentary could be rewritten to apply to many other natural resources:

²⁶ New York Times, Jan 25, 2015, p. A1; “Stimulus for Eurozone, but It May Be Too Little, or Too Late”, by Neil Irwin

Poor perpetually-broke California, trapped by Proposition 13 and other handcuffs on its taxing power! Yet there's liquid gold underfoot. The state could charge for water, thus recognizing that we the people own the water... The state could put a meter on every ground-water pump, and charge accordingly. Overnight, California's fiscal deficit would become a surplus. Yes, some water-hogging crops like rice and hay and alfalfa might move away, as they should. That would release water for the more valuable, intensive fruit and vegetable crops for which California is famous—and which provide far more employment. (Cleveland/Gaffney 2014)

(Ranalli 2014) cites a variety of ways to capture the public's share of wealth from use of common resources.

These include taxation, auctioning of permits (e.g., pollution permits, which generate revenue while limiting use of ecosystems services to sustainable levels), and competitive bidding for contracts to exploit natural resources (concessions). Concessions have the advantage of being in wide use throughout the developed and developing world, and of their ability (if the bidding process is competitive) to return 100% of resource rents (calculated as income beyond the cost of labor and capital and a fair profit) to the public. Revenue gathered in one of these ways can be managed and distributed to the public directly by government or (as in the case of Alaska's PFD) by means of a trust.

Ranalli further cites a calculation by (Segal 2011), that natural resource rents in developing countries, if distributed as dividends to citizens of those countries, could effectively halve global poverty rates.

Figures from the World Bank (2014[, 2015]) indicate that in 2012, the 146 countries receiving foreign aid had combined natural resource rents of 1.4 trillion USD, an order of magnitude higher than the 126.9 billion USD in official development assistance (ODA) contributed by major donor countries that year (OECD 2013a)... Potential common wealth revenue is even higher, as the World Bank rent figures do not include ecosystem service revenues or certain types of lucrative natural resource rents (e.g., broadcast spectrum licenses). (Ibid)

The potential cited here assumes that ecosystem services etc. can be monetized for in-country use – an issue that takes us back to the question of the amount of money circulating in private hands in a given country, though this proposal is put forth for developing nations.

5. **Fees from government-created monopolies** (such as the broadcast spectrum and utilities); This is a variation on the theme of #4.
6. **Simple child support programs** that already exist in many countries accomplish much of what has been suggested in this paper. Revising them along the lines that have been suggested here would gain in some aspects of social welfare (such as within-household equity, recognition of the work contributed by young adults), while, however, creating more, or different, complications as compared to existing programs. These existing programs generally work by providing cash allowances to poor families for every child living with them, sometimes requiring that the families meet certain conditions, such as school attendance and doctor's visits (as is generally done in Latin America). In other cases, e.g. Britain, the funds are distributed by numbers of children, regardless of financial circumstances. Jeff Madrick reports that

With support from the allowances and several other Blair programs, the bottom 20 percent of British families received roughly \$5000 a year. Columbia University's Jane Waldfogel, who has closely researched the British program, found that the families spent the money on clothes, food, and books for their children—indeed, more so than did higher income parents, who spent the money on items for themselves such as alcohol. A recently published long-term study from Canadian researchers on the effects of a similar Canadian program also found that most parents have spent the allowance constructively on kids.

On the one hand, the fact that such programs do exist widely (the US is one of the few rich countries that does not have a system for supporting poor children directly) suggests that the CS idea is not so radical that it could not be considered. On the other hand, there is the common, practical approach of “if it ain't broke, don't fix it”; as long as these child support programs are working well, one would need to be very sure that a CS program would work better before making the shift.

7. **Universal stock ownership** (Weitzman 1986; Shangula 2011; Osterkamp 2010)
8. **A giant indexed mutual fund** that pays equal dividends to everyone (like the Alaska Permanent Fund) is proposed in Dwight Murphey's book, *A Shared Market Economy*. He claims that the Fed could capitalize this fund without raising taxes.

Appendix B:

Box 3, below, presents my initial proposal for some default positions regarding the apportionment of Core Support funds within a household, and Example 4 applies this default to a sample case of particulars. In Box 4 of this Appendix I mock up a “Sample communication from the CS Administration.”

The proposed allocations, defined as default positions, are intended to balance as well as possible the not-always-coinciding answers to the three questions that had been posed earlier, in section 4:

- (1) Who, in the household, does the core work that should be compensated?
- (2) Who, in the household, is most able, and most likely, to disperse these funds fairly and responsibly, to ensure that all members of the household have their basic needs met?
- (3) How can these funds be administered so as not to reinforce undesirable stereotypes, but to help motivate change toward greater overall social and individual well-being?

With respect to the default positions that will be listed in Box 3, it is essential to note that *a household consensus will normally override the default positions*. Such a consensus will probably be easier to arrive at, however, if the household can see what default will be put in place, given their circumstances, if they are not able to agree on a different allocation.

Box 3: allocation of Core Support (CS) funds

When the calculation has been made for the total amount of Core Support funds for a particular household, this amount will initially be divided into 10 portions. *The starting assumption is that every household member, from age 12 up to age 84, will normally do some share of the work.* I then propose the following initial division (recognizing that few households will contain members in every age category described below):

one tenth (10%) of the total will be divided among any household members age 12-14
two tenths (20%) of the total will be divided among any household members age 15-18
four tenths (40%) of the total will be divided among any household members age 19-62
two tenths (20%) of the total will be divided among any household members age 63-75
one tenth (10%) of the total will be divided among any household members age 76-84

(Default #1) Adults in the 19-62 age group will receive *at least* 40 percent of the core support amount. Amounts specified for other age groups that are not present in a given household will be added to this. For example, if there is no one in the household between ages 15-18, an additional 20% will be added to the age 19-62 allocation, for a total of 60%.

(Default #2) If there is more than one adult in the 19-62 age range, this portion will be divided evenly among these individuals (regardless of gender).

(Default #3) In the rare case where the members of the household who are younger than 19 and older than 62 are so numerous that their shares would add up to more than 60% of the total, nevertheless the 19-62 age adult(s) will receive at least 40% of the total. The remaining 60% will then be divided in such a fashion that individuals ages 15-18 and 63-75 will each receive 2 shares of this remainder, and those age 12-14 and 79-85 will receive one share.

(Default #3) can be illustrated through **Example 10**: imagine a group home for the elderly in which there are 2 people between ages 63-75 and 3 people between ages 76-84, as well as one or more adults ages 19-62. The default assumption is that the latter will receive 40% of the CS allocation. The remaining 60% of these funds will be divided into 7 shares (two 63-75 year olds receiving 2 shares each, totaling 4 shares for that age group; three 76-84 year olds receiving one share each, totaling 3 shares each for that age group). Thus, at approximately 8.57% ($1/7^{\text{th}}$ of 60%) per share, each of the two people in the 63-75 age group will each receive approximately 17.14% of the household's CS allotment, and each of the 76-84 year old members will receive 8.57% of that total.

For a general understanding of this proposal it is important to emphasize a couple of things. First, note that this system would be unworkable if it assumed every household to be capable of the fractional or decimal calculations proposed above. It would be essential – and now, in the computer age, possible – that each household be presented with a simple form that will look like Box 4, which is a draft of a communication from the CS Administration that would be received by each household.

Note that the text that is in *italics* in Box 4 is here to explain the form: either it would not appear at all on the final form, or else if it is formatted here in ***bold as well as italics*** then it indicates places where the generic description would be replaced by specifics about individuals in the particular household.

Box 4: sample communication from the CS Administration

1) Your household consists of individuals in the following categories:

A computer print-out would list up-to-date census information as follows:

- ***Name, age, disability if any*** _____
- ***Name, age, disability if any*** _____
- ***Name, age, disability if any*** _____
- ***Etc.***

If any of this information is incorrect, or if the composition of your household changes at any time, it is important that you contact the CS Administration immediately, at (*phone and email contact, and address.*)

2) Given this household composition, the total weekly Core Support amount that your household is entitled to receive is \$____ Please see the back of this form for an explanation of how this total is calculated. (*The back of the form will lay out something like Box3, above*)

3) The default assumption for your household is that the Core Support amount will be allocated as follows:

- ***Name: amount*** _____
- ***Name: amount*** _____
- ***Name: amount*** _____
- (*etc.*)

Very important: the total CS amount, and the amounts assigned to different individuals, have been carefully calculated. Unless you believe that Paragraph (1) above contains misinformation, the **total amount** is not subject to change.

However, the allocations described in Paragraph (3) simply represents a guess as to what is fair and practical for an average household like yours. **If all members of your household who are between the ages of 15 and 80 agree on a different allocation,** you may request a visit from an arbitrator, at some time when all of these household members can be present. The arbitrator is likely to accept your household's unanimous preference.

If some members strongly disagree with the default allocations proposed under paragraph 3, but cannot agree among themselves on an alternative, an arbitrator will visit to discuss the proposed alternative, and to understand the reasons for disagreement.

Recognizing that households should not have to wait for arbitration to receive its CS income, the default positions will be put in place until arbitration can be concluded.

Appendix C: selections from other papers especially relevant to CS

All text is directly quoted from the papers referenced here, except for my comments, which are in italics.

Some feminist comments on basic income

John Baker, 2008, “All Things Considered, Should Feminists Embrace Basic Income?” (*Basic Income Studies* 3.3)

[abstract] A central problem for egalitarians is that recognising, valuing and supporting care work risks reinforcing the gendered division of labour, a problem of much wider remit than the issue of basic income. I argue, however, that basic income can be construed as recognising and supporting care work as a form of worthwhile but noncommodifiable activity and that this should be combined with confronting the division of labour culturally and ideologically.

In this comment I focus on issues of affective equality: That is, on inequalities that arise within the affective system. The most central of these are inequalities in the love and care that people experience; in the work that goes into sustaining these relationships; and in the degree to which such work is recognised, valued and materially rewarded relative to other work. Affective relationships also include important inequalities of power.

Care work in a broad sense, including the “love labour” of sustaining personal relationships... is governed by a gendered division of labour where women do most of the care work. At the same time, it is underrecognised, undervalued and given little material support.

But what about the effect of basic income on the gendered division of labour? Returning to the general issue raised above, it does seem to risk reinforcing that division by making care work more attractive, especially in comparison with some of the low-paid and exploitative jobs that many women are currently forced to take up. But in a social context where traditional gender roles are already changing, basic income could be a way of making care work more palatable to men too. The key issue is the broader ideological climate in relation to gender. The belief that it is women’s role to do the care work plays a much more powerful part in maintaining the gendered division of labour, and the many practices and institutions that sustain it, than does the tax and benefit system. A cultural shift that regards it as right and proper for care work to be shared therefore seems to be a far more important way of changing that division than whether basic income makes it more advantageous, at the margin, for women to give up paid work than for men to do so.

[conclusion] I have argued that a feminist strategy on care work must attack the gendered division of labour, but must also recognise and support care work in a way that acknowledges the limits to its commodification. Finally, I have shown how basic income can contribute to this strategy, and have indicated in particular its advantages over two alternative approaches: those that explicitly target caregivers for financial support, and those that target them in a more sinister sense by driving them into paid work.

Julia Elgarte, Dec 2008, “Basic Income and the Gendered Division of Labour” in *Basic Income Studies*, Vol 3, Issue 3

Promoting measures should aim to change traditional gender norms, and may include the following: educating children and adolescents directly in school classes (preferably taught by male teachers) discussing how to combine work and family responsibilities for both girls and

boys, as advocated by Okin (1989); fighting gender stereotypes in textbooks, advertising and television shows directed at children (through prohibition or through economic incentives to portray men and women in situations typical of role sharing); and creating incentives for couples to follow egalitarian gender norms, which would be good in itself and would also help establish role sharing as normal and, ultimately, as normative (Brighouse and Wright, 2008).

Eva Feder Kittay, 1999, *Love's Labor: Essays on Women, Equality, and Dependency* (Thinking Gender Series, Routledge)

Where society is viewed as an association of equal and autonomous persons, the work of caring for dependents, “love’s labors,” figure neither in political theory nor in social policy. While some women have made many gains, equality continues to elude many others, because, in large measure, social institutions fail to take into account the dependency of childhood, illness and disability and, frail old age and fail to adequately support those who care for dependents, “the dependency workers.”

Ailsa McKay, “‘Welfare to Work’ or a Welfare System that Works? Arguing for a Citizens Basic Income in a new Scotland”, Research Paper #5, © The David Hume Institute 2013, 26 Forth Street Edinburgh EH1 3LH

Formal social security arrangements traditionally have served men more favourably than women. This is in part due to the direct relationship between insurance-based benefits and the labour market, but is also an indirect consequence of the policies that fail to recognize the diverse roles of women as wives, mothers, workers and carers. Women’s historically limited access to the labour market and their lower earnings relative to their male counterparts are well documented. Consequently, women are disadvantaged in terms of rights to benefits within a system based on contributions made when in paid employment. Legislation promoting the removal of discriminatory policies has served to enhance women’s formal position as claimants and to establish their rights to benefits. However various social and demographic factors further contribute to gender bias in the operation of contemporary social security systems including the increase in single parent households (predominately female headed); women’s longer life expectancy; the unpaid work undertaken by women in providing welfare within the household. Ignoring such factors when designing welfare systems inevitably results in unequal outcomes.

In reviewing the relevant literature it is clear that there are two routes in arguing for a CBI – the commodification route and the non-commodification route. It would seem that the CBI literature displays a bias in favour of the commodification route. That is, the predominant focus on paid work and labour market impacts indicate the privileging of a socially constructed analytical framework that is, in turn, dominated by mainstream economic analysis about how a capitalist-economy *should* operate. The challenge then becomes one of trying to locate the CBI proposal within a different analytical framework – one that encompasses a broader range of economic activity. That is, how do we move beyond the bias?

Ingrid Robeyns, 2008, “Introduction: Revisiting the Feminism and Basic Income Debate” (*Basic Income Studies*, Vol 3, Issue 3)

Some feminists have argued that basic income will finally deliver the long-awaited recognition of unpaid work and caregiving, work that is primarily performed by women. Other

feminists have worried that a basic income would function as hush money, discouraging women from striving for more far-reaching gender equality.

Barbara Bergmann (2004) has been the most negative feminist critic of basic income, arguing that feminists should prioritise the state's provisioning of merit goods above a basic income, and that we can't have both... She argues that we need to choose between a Swedish-style welfare state and a basic income, and that all the merit goods that are currently publicly provided for in Sweden – child care, schooling, health care, free or partially subsidised higher education, mental health care, decent housing, public transportation and social work services – as well as targeted cash payments to those in need and in special circumstances, amount to 60% of Swedish GDP. Thus, it is impossible to add a universal basic income to this list. A basic income will not guarantee us any of these merit goods, and it may not be high enough to buy them when provided by the market.

Julieta Elgarte (2008, p. 3) argues that “by decoupling benefit entitlement from paid work, a basic income is effectively able to provide life-long income security to homemakers and part-time or intermittent workers, thus meeting women's distinctive needs regarding income security.”

(Zelleke, 2008, p. 5)... argues that “An unconditional basic income and reducing the dependency of the caregiving partner on the employed partner for income, benefits, and status should encourage both men and women to combine both roles – worker and caregiver – either simultaneously or in turn” (2008, p. 6). Moreover, basic income is most likely to eliminate poverty among the most vulnerable groups in society – single mothers and their children – and this, for any feminist, should be a strong argument in favour of basic income.

So what can we conclude from this wide array of views? I would suggest that an in-depth feminist case for or against basic income requires considerable additional information other than just the claim that an unconditional basic income will be provided as a citizenship right. First, we need to be more specific about the level of basic income, since different levels of basic income may plausibly have different effects on the gendered distributions of income, labour market participation, and the intra-household divisions of caregiving. Second, we also need information on whether or not child care provisions and provisions for others who are dependent on family care would remain intact or would be expanded in the basic income society, and on what other measures will be implemented to create the flexibility that employed carers need. Third, empirical information about the likely effects on the well-being and the material standard of living of various groups (children, women, men, employed and unemployed adults, employed and nonemployed carers, single parents, dual parents, and so forth) needs to be collected. If we argue as several contributors to this debate do that a basic income would need to be complemented with other measures that redistribute care and unpaid work between women and men, we need to know more precisely what these measures are, their effectiveness, and their public and private costs.

Accounting for care work

Catherine Hoskyns and Shirine M Rai, 2007, “Recasting the global political economy: Counting women's unpaid work” (*New Political Economy*, 12(3), 297-317)

This article presents and seeks to make visible what could be an alarming scenario. There is, we believe, a widespread and growing depletion of the capacities and resources for social

reproduction – that is, the glue that keeps households and societies together and active. This glue, as is well recognized, largely depends upon the unpaid work of women at home and in the community. The capacity to do this unpaid work is currently being affected across North and South by the globalization of production, the move of women into paid work, the commercialization of services and the changing functions of the state.... Depletion of household and social reproduction, if counted, could include increasing concerns about ‘food security’ in southern countries, variable access to health as commercialisation kicks in, and the patchy nature of child and adult care.

...the public (state), the private (capital) and the domestic (household) appear as equally important sectors... the particular character of the domestic, whether in the North or South, is that it experiences a steady drain on resources unless support is given by the other sectors.

Despite some differences of emphasis in feminist analyses, social reproduction can be taken to include the following: biological reproduction; unpaid production in the home (both goods and services); social provisioning (by this we mean voluntary work directed at meeting needs in the community); the reproduction of culture and ideology; and the provision of sexual, emotional and affective services (such as are required to maintain family and intimate relationships). These are all elements contributed to the economy and society in general by the household and the community. They are mainly contributed by women, regardless of their position in society and the resources they can muster to manage the pressures and rewards associated with social reproduction

...feminists have also presented a positive case for why unpaid work should be counted as part of the economy. The main points of this case are as follows:

- Households not only produce labour but also produce and distribute goods and services which need to be mapped. The economy is more than just the market.
- The predominance of unpaid work can become a constraint on economic development as well as on poverty reduction. Information on the value of unpaid work thus offers an important analytical tool to policy makers.
- The monetary valuation of unpaid work provides the key to challenging the systemic undervaluation of women’s paid work.
- The economic and social implications of global market-to-non-market shifts (and vice versa) need to be analysed, and this cannot be done without an understanding of both the amount and value of unpaid work.
- Valuation becomes a communication tool by translating unpaid work into a language governments understand: money.

Almaz Zelleke, June 2007, “Targeting Benefit Levels to Individuals or Families?” in *Basic Income Studies*, Vol 2, Issue 1

In 1995, the United Nations Development Program summarized the results of time use studies in 13 industrialized countries and 9 less industrialized, poorer countries. Globally, the report found that only slightly more than half of the total time spent on economically productive activities is included in conventional production measures such as GDP, which only look at marketed activities. The report summarized:

Of men's total work time in industrialized countries, roughly two-thirds is spent in paid...activities and one-third in unpaid...activities. For women, these shares are reversed. In developing countries, more than three-fourths of men's work is in [paid] activities [while developing country women again devote two-thirds of their time to unpaid work]. So, men

receive the lion's share of income and recognition for their economic contribution – while most of women's work remains unpaid, unrecognized and undervalued. (UNDP, *Human Development Report*, New York: Oxford University Press, 1995, p. 98.)

General comments on basic income schemes

Ugo Colombino, Marilena Locatelli, Edlira Narazani, Cathal O'Donoghue: "Alternative Basic Income Mechanisms: An Evaluation Exercise with a Microeconomic Model" in *Basic Income Studies*, Vol 5, Issue 1

Many versions of basic income policies would be superior to the current system, and the most successful are not meanstested (Universal or Participation Basic Income) and adopt progressive tax rules. If constraints other than fiscal neutrality are considered, such as the implied top marginal tax rate or the effect on female labour supply, the picture changes: unconditional policies remain optimal and feasible in Denmark and the United Kingdom; while in Italy and Portugal universal policies appear instead to be too costly in implied top marginal tax rates and adverse effects on female participation – conditional policies such as Work Fare emerge as more desirable there.

There are some negative effects on labour supply, which can be due to higher transfers or to higher top marginal tax rates. A lower labour supply translates itself into a somewhat lower average net available income. Therefore an efficiency–equality trade-off emerges. Typically, however, the loss of efficiency is more than compensated by the reduction in inequality, so that most of the reforms improve upon the current systems when judged according to Sen's Social Welfare function. Note that the losses in efficiency are rather modest, the reason for which is twofold. First, higher top marginal tax rates mostly have an impact on high income households whose labour supply elasticity is low. Second, higher transfers – at the aggregate level – negatively affect labour supply, but such an effect is moderated by two factors: 1. Intrahousehold interactions might imply that the reduction in one partner's supply is partly compensated for by an increase in the other partner's supply; and 2. for some households with a low income level, leisure might be an inferior good, so that an increase in unearned income might induce a higher labour supply.

Karl Widerquist, Sept. (and Dec.), 2001, "Perspectives on the Guaranteed Income, Part IA (and Part II), Review of Six ([and then] Nine) Books on Guaranteed Income" (*Journal of Economic Issues*, Vol. 35, No. 3/4, pp. 749-757, 1019-1030)

The guaranteed income quickly appeared in the US political mainstream in the 1960s and as quickly disappeared in the 1970s. But how to get the idea back into serious consideration is a difficult question. As Fitzpatrick observed, UBI has the potential to have wide appeal as a solution to obvious deficiencies in today's work-based welfare system. It has features that make it appealing across the ideological spectrum and features that make it suspect across the political spectrum. The right can demonize it as radical and the left can demonize it as reactionary. It can appeal to the left as an effort to give more freedom to the least advantaged, but it doesn't directly address the problem of access to jobs. It can appeal to the right as a simplified alternative to the still complex welfare state, but it may be seen as an affront to the work ethic. It can appeal to feminists because it will give individuals greater opportunity to perform unpaid care work, but it doesn't directly address the persistent problem of sexual discrimination in the workplace. The

right is not likely to acquiesce to anything like UBI as long as the political tide is toward dismantling the welfare state, but if and when the tide turns toward rebuilding the social safety net, no one is likely to desire to rebuild it along the lines that were tried and discarded in the last forty years. Therefore, the basic income guarantee could then emerge as a fresh policy worthy of a trial.

Karl Widerquist and Michael A. Lewis, 2006 (1999), "An efficiency argument for the Basic Income Guarantee" in *International Journal of Environment, Workplace and Employment*, 2(1), 21-43.

People at the low end of the job market know that the jobs available to them pay very little and offer little hope of advancement. A minimum wage job requires a single parent with two children to work two jobs just to get by; which could take 70 to 80 hours of work a week just to reach the poverty line, and she can't get there unless she has access to a large amount of free childcare. This person would not be able to save money to start his own business and would not have time outside of work to learn skills to improve her situation. It would take years to advance out of this situation. It is not surprising that people faced with these options do not develop a strong work ethic. If we want people to value work, we must make work valuable to them in the short run, not as a distant promise coming after years of poverty wages.

This paper originally appeared as, "An efficiency argument for the guaranteed income," paper no. 212 in the work paper series of the Levy Economics Institute of Bard College. It was slightly updated in January of 2006.

Comparing CS with Temporary Assistance for Needy Families (TANF) as the principle presently existing source of poverty alleviation in the U.S.

Karl Widerquist and Michael A. Lewis (2005)

Workfare is a policy approach, now being implemented as part of the recent welfare reform legislation. It is a component of the Temporary Assistance for Needy Families program (TANF), formerly AFDC. TANF recipients with very young children are required to work or prepare for work in return for their benefits. Work activities include working in parks, social service agencies and schools. Preparation for work includes enrollment in secondary school, classroom-based job training programs, and other activities, designed to prepare people to make the transition from welfare to the job market. TANF recipients who do not take part in these activities stand the risk of losing a portion of their benefits. They are paid less than minimum wage, and far below the poverty line (Center on Social Welfare Policy and Law 1996a). The Welfare reform law also includes a five year lifetime limit on welfare benefits as an added incentive for recipients to move from welfare to work (Center on Social Welfare Policy and Law 1996b).

Single parents are the main participants in workfare. Its goal is to get single parents into the workforce, assuming that the reason they do not work is because they lack a work ethic or adequate human capital. This is a departure from the strategy of AFDC, which before 1988 did not require single parents of children under six to work outside the home (Lewis 1995). Workfare requires that single parents put their children in someone else's care while they work. This increases the cost of the program. Part of the strategy of workfare seems to be to discourage people from deciding to become single parents, but it does not offer anything very attractive to

people who are single parents nor does it deal very well with the lack of available time of single parents as a cause of poverty.

Neoclassical economic theory predicts that, all else equal, if workfare succeeds in moving more people into the labor market, it will increase the supply of labor, leaving demand unchanged, and drive down wages for all of those in the low-wage labor market. According to Keynesian theory, new entrants will not necessarily be able to find work. Neither outcome is very attractive. Because low-wage workers are already paid poverty wages, even if former TANF recipients can find jobs at prevailing wages, they will still have incomes below the poverty line. Public debate has focused on the extent to which workfare has succeeded in moving recipients from welfare to work, with very little discussion of its impact on poverty. If TANF succeeds in reducing welfare rolls by increasing the poverty of the working poor it could hardly be called a success for the poor—for their employers perhaps, but not for the poor.

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