WHY WE SHOULD GIVE FREE MONEY TO EVERYONE

RUTGER BREGMAN

Battling poverty by giving people money, no strings attached, is the kind of idea you might expect from a nine-year-old: it sounds simplistic, ignoring issues like who would get the cash, how we would motivate them to keep working despite the handout, and how to make sure they don't spend it on booze or weed. It's striking, then, that proposals for a Universal Basic Income, or UBI, are gaining traction among professional economists, sociologists, and politicians. In their view, UBI is not simplistic but elegantly simple, sidestepping rules and bureaucracies to give the poor what they most need — money. This selection describes several successful trials of UBI and argues that "it's an idea whose time has come." Rutger Bregman (b. 1988) is a prizewinning journalist and the author of four books on economics, philosophy, and history. His History of Progress (2013) won the Belgian Liberales prize for best nonfiction book, and in 2017 he was recognized by Forbes as one of Europe's most prominent young intellectuals. The selection below comes from his international best-seller Utopia for Realists: How We Can Build the Ideal World (2017).

LONDON, MAY 2009 — AN EXPERIMENT is under way. Its subjects: thirteen homeless men. They are veterans of the street. Some have been sleeping on the cold pavement of the Square Mile, Europe's financial center, for going on forty years. Between the police expenses, court costs, and social services, these thirteen troublemakers have racked up a bill estimated at £400,000 ($650,000) or more.[200] Per year.

The strain on city services and local charities is too great for things to go on this way. So Broadway, a London-based aid organization, makes a radical decision: From now on, the city's thirteen consummate drifters will be getting VIP treatment. It's adiós to the daily helpings of food stamps, soup kitchens, and shelters. They're getting a drastic and instantaneous bailout.

From now on, these rough sleepers will receive free money.

To be exact, they're getting £3,000 in spending money, and they don't have to do a thing in return.[201] How they spend it is up to them. They can opt to make use of an advisor if they'd like — or not. There are no strings attached, no questions to trip them up.[202]

5 The only thing they're asked is: What do you think you need?

Gardening Classes

"I didn't have enormous expectations," one social worker later recalled.[203] But the drifters' desires proved eminently modest. A telephone, a dictionary, a hearing aid — each had his own ideas about what he needed. In fact, most were downright thrifty. After one year, they had spent an average of just £800.

Take Simon, who had been strung out on heroin for twenty years. The money turned his life around. Simon got clean and started taking gardening classes. “For some reason, for the first time in my life, everything just clicked,” he said later. “I’m starting to look after myself, wash and shave. Now I’m thinking of going back home. I’ve got two kids.”

A year and a half after the experiment began, seven of the thirteen rough sleepers had a roof over their heads. Two more were about to move into their own apartments. All thirteen had taken critical steps toward solvency and personal growth. They were enrolled in classes, learning to cook, going through rehab, visiting their families, and making plans for the future.

“It empowers people,” one of the social workers said about the personalized budget. “It gives choices. I think it can make a difference.” After decades of fruitless pushing, pulling, pampering, penalizing, prosecuting, and protecting, nine notorious vagrants had finally been brought in from the streets. The cost? Some £50,000 a year, including the social workers’ wages. In other words, not only did the project help thirteen people, it also cut costs considerably.[204] Even the Economist had to conclude that the “most efficient way to spend money on the homeless might be to give it to them.”[205]

Hard Data

Poor people can't handle money. This seems to be the prevailing sentiment, almost a truism. After all, if they knew how to manage money, how could they be poor in the first place? We assume that they must spend it on fast food and soda instead of on fresh fruit and books. So to "help," we've rigged up a myriad of ingenious assistance programs, with reams of paperwork, registration systems, and an army of inspectors, all revolving around the biblical principle that "those unwilling to work will not get to eat" (2 Thessalonians 3:10). In recent years, government assistance has become increasingly anchored in employment, with recipients required to apply for jobs, enroll in return-to-work programs, and do mandatory "volunteer" work. Touted as a shift "from welfare to work-fare," the underlying message is clear: Free money makes people lazy.

Except that, according to the evidence, it doesn't.

Meet Bernard Omondi. For years he earned $2 a day working in a stone quarry in an impoverished part of western Kenya. Then, one morning, he received a rather peculiar text message. "When I saw the message, I jumped up," Bernard later recalled. A sum of $500 had just been deposited in his bank account. For Bernard, this was almost a year's wages.

Several months later a journalist from the New York Times visited Bernard's village. It was as though the entire population had won the lottery: The village was flush with cash. Yet no one was drinking their money away. Instead, homes had been repaired and small businesses started. Bernard invested his money in a brand-new Bajaj Boxer motorcycle from India and was making $6–$9 a day ferrying people around as a taxi driver. His income had more than tripled.

"This puts the choice in the hands of the poor," says Michael Faye, founder of GiveDirectly, the organization behind Bernard's windfall. "And the truth is, I don't think I have a very good sense of what the poor need."[206] Faye doesn't give people fish, or even teach them to fish. He gives them cash, in the conviction that the real experts on what poor people need are the poor people themselves. . . .

A Southerly Revolution

Studies from all over the world offer proof positive: Free money works.

Already, research has correlated unconditional cash disbursements with reductions in crime, child mortality, malnutrition, teenage pregnancy, and truancy, and with improved school performance, economic growth, and gender equality.[207] "The big reason poor people are poor is because they don't have enough money," notes economist Charles Kenny, "and it shouldn't come as a huge surprise that giving them money is a great way to reduce that problem."[208]

In their book Just Give Money to the Poor (2010), scholars at the University of Manchester furnish countless examples of cases where cash handouts with few or no strings attached have worked. In Namibia, figures for malnutrition took a nosedive (from 42% to 10%), as did those for truancy (from 40% to virtually nothing) and crime (by 42%). In Malawi, school attendance among girls and women surged 40%, regardless of whether the cash came with or without conditions. Time and again, the ones to profit most are children. They suffer less hunger and disease, grow taller, perform better at school, and are less likely to be forced into child labor.[209]

From Brazil to India, from Mexico to South Africa, cash-transfer programs have become all the rage across the Global South. When the United Nations formulated its Millennium Development Goals in 2000, these programs weren't even on the radar. Yet by 2010, they were already reaching more than 110 million families in forty-five countries.

Back at the University of Manchester, the researchers summed up these programs' benefits: (1) households put the money to good use, (2) poverty declines, (3) there can be diverse long-term benefits for income, health, and tax revenues, and (4) the programs cost less than the alternatives. . . .[210]

20 The great thing about money is that people can use it to buy things they need instead of things that self-appointed experts think they need. And, as it happens, there is one category of product which poor people do not spend their free money on, and that's alcohol and tobacco. In fact, a major study by the World Bank demonstrated that in 82% of all researched

cases in Africa, Latin America, and Asia, alcohol and tobacco consumption actually declined.[211]

But it gets even stranger. In Liberia, an experiment was conducted to see what would happen if you give $200 to the shiftiest of the poor. Alcoholics, addicts, and petty criminals were rounded up from the slums. Three years later, what had they spent the money on? Food, clothing, medicine, and small businesses. "If these men didn't throw away free money," one of the researchers wondered, "who would?"[212]. . .

Utopia

Free money: It's a notion already proposed by some of history's leading thinkers. Thomas More dreamed about it in his book Utopia in 1516. Countless economists and philosophers — Nobel Prize winners among them — would follow.[213] Its proponents have spanned the spectrum from left to right, all the way to the founders of neoliberal thought, Friedrich Hayek and Milton Friedman.[214] And Article 25 of the Universal Declaration of Human Rights (1948) promises that, one day, it will come.

A universal basic income.

And not merely for a few years, or in developing countries alone, or only for the poor, but just what it says on the box: free money for everyone. Not as a favor, but as a right. Call it the "capitalist road to communism."[215] A monthly allowance, enough to live on, without having to lift a finger. The only condition, as such, is that you "have a pulse."[216] No inspectors looking over your shoulder to see if you've spent it wisely, nobody questioning if it's really deserved. No more special benefit and assistance programs; at most an additional allowance for seniors, the unemployed, and those unable to work.

Basic income: It's an idea whose time has come. . . .

From Experiment to Law

. . . Few people today are aware that the U.S. was just a hair's breadth from realizing a social safety net at least as extensive as those in most Western European countries. When President Lyndon B. Johnson declared his "War on Poverty" in 1964, Democrats and Republicans alike rallied behind fundamental welfare reforms.

First, however, some trial runs were needed. Tens of millions of dollars were budgeted to provide a basic income for more than 8,500 Americans in New Jersey, Pennsylvania, Iowa, North Carolina, Indiana, Seattle, and Denver in what were also the first-ever large-scale social experiments to distinguish experimental and control groups. The researchers wanted answers to three questions: (1) Would people work significantly less if they receive a guaranteed income? (2) Would the program be too expensive? (3) Would it prove politically unfeasible?

The answers were no, no, and yes.

Declines in working hours were limited across the board.

“The ‘laziness’ contention is just not supported by our findings,” the chief data analyst of the Denver experiment said. “There is not anywhere near the mass defection the prophets of doom predicted.” The reduction in paid work averaged 9% per family, and in every state it was mostly the twentysomethings and women with young children who worked less.[217]

30 Later research showed that even 9% was probably exaggerated. In the original study, this was calculated on the basis of self-reported income, but when the data was compared with official government records, it turned out that a significant portion of earnings had gone unreported. After correcting for this discrepancy, the researchers discovered that the number of hours worked had scarcely decreased at all.[218]

“[The] declines in hours of paid work were undoubtedly compensated in part by other useful activities, such as search for better jobs or work in the home,” noted the Seattle experiment’s concluding report. For example, one mother who had dropped out of high school worked less in order to earn a degree in psychology and get a job as a researcher. Another woman took acting classes; her husband began composing music. “We’re now self-sufficient, income-earning artists,” she told the researchers.[219] Among youth included in the experiment, almost all the hours not spent on paid work went into more education. Among the New Jersey subjects, the rate of high-school graduations rose 30%.[220]

And thus, in the revolutionary year of 1968, when young demonstrators the world over were taking to the streets, five famous economists — John Kenneth Galbraith, Harold Watts, James Tobin, Paul Samuelson, and Robert Lampman — wrote an open letter to Congress. “The country will not have met its responsibility until everyone in the nation is assured an income no less than the officially recognized definition of poverty,” they said in an article published on the front page of the New York Times. According to the economists, the costs would be “substantial, but well within the nation’s economic and fiscal capacity.”[221]

The letter was signed by 1,200 fellow economists.

And their appeal did not fall on deaf ears. The following August, President Nixon presented a bill providing for a modest basic income, calling it “the most significant piece of social legislation in our nation’s history.” According to Nixon, the baby boomers would do two things deemed impossible by earlier generations. Besides putting a man on the moon (which had happened the month before), their generation would also, finally, eradicate poverty.

35 A White House poll found 90% of all newspapers enthusiastically receptive to the plan.[222] The Chicago Sun-Times called it “A Giant Leap Forward,” the Los Angeles Times “A bold new blueprint.”[223] The National Council of Churches was in favor, and so were the labor unions and even the corporate

sector.[224] At the White House, a telegram arrived declaring, "Two upper middle class Republicans who will pay for the program say bravo."[225] Pundits were even going around quoting Victor Hugo — "Nothing is stronger than an idea whose time has come."

It seemed that the time for a basic income had well and truly arrived.

"WELFARE PLAN PASSES HOUSE . . . A BATTLE WON IN CRUSADE FOR REFORM," headlined the New York Times on April 16, 1970. With 243 votes for and 155 against, President Nixon's Family Assistance Plan (FAP) was approved by an overwhelming majority. Most pundits expected the plan to pass the Senate, too, with a membership even more progressive than that of the House of Representatives. But in the Senate Finance Committee, doubts reared up. "This bill represents the most extensive, expensive, and expansive welfare legislation ever handled," one Republican senator said.[226] Most vehemently opposed, however, were the Democrats. They felt the FAP didn't go far enough, and pushed for an even higher basic income.[227] After months of being batted back and forth between the Senate and the White House, the bill was finally canned.

In the following year, Nixon presented a slightly tweaked proposal to Congress. Once again, the bill was accepted by the House, now as part of a larger package of reforms. This time, 288 voted in favor, 132 against. In his 1971 State of the Union address, Nixon considered his plan to “place a floor under the income of every family with children in America” the most important item of legislation on his agenda.[228]

But once again, the bill foundered in the Senate.

40 Not until 1978 was the plan for a basic income shelved once and for all, however, following a fatal discovery upon publication of the final results of the Seattle experiment. One finding in particular grabbed everybody’s attention: The number of divorces had jumped more than 50%. Interest in this statistic quickly overshadowed all the other outcomes, such as better school performance and improvements in health. A basic income, evidently, gave women too much independence.

Ten years later, a reanalysis of the data revealed that a statistical error had been made; in reality, there had been no change in the divorce rate at all.[229]

Futile, Dangerous, and Perverse

“It Can Be Done! Conquering Poverty in America by 1976,” Nobel Prize winner James Tobin confidently wrote in 1967. At that time, almost 80% of Americans supported a guaranteed basic income.[230] Years later, Ronald Reagan would famously sneer, “In the sixties we waged a war on poverty, and poverty won.”

The great milestones of civilization always have the whiff of utopia about them at first. According to renowned sociologist

Albert Hirschman, Utopias are initially attacked on three grounds: futility (it's not possible), danger (the risks are too great), and perversity (it will degenerate into dystopia). But Hirschman also wrote that almost as soon as a Utopia becomes a reality, it often comes to be seen as utterly commonplace.

Not so very long ago, democracy still seemed a glorious Utopia. Many a great mind, from the philosopher Plato (427–347 B.C.) to the statesman Edmund Burke (1729–97), warned that democracy was futile (the masses were too foolish to handle it), dangerous (majority rule would be akin to playing with fire), and perverse (the "general interest" would soon be corrupted by the interests of some crafty general or other). Compare this with the arguments against basic income. It's supposedly futile because we can't pay for it, dangerous because people would quit working, and perverse because ultimately a minority would end up having to toil harder to support the majority.

45 But . . . hold on a minute.

Futile? For the first time in history, we are actually rich enough to finance a sizable basic income. We can get rid of the whole bureaucratic rigmarole designed to force assistance recipients into low-productivity jobs at any cost, and we can help finance the new simplified system by chucking the maze of tax credits and deductions, too. Any further necessary funds can be raised by taxing assets, waste, raw materials, and consumption.

Let's look at the numbers. Eradicating poverty in the U.S. would cost only $175 billion, less than 1% of GDP.[231] That's roughly a quarter of U.S. military spending. Winning the war on poverty would be a bargain compared to the wars in Afghanistan and Iraq, which a Harvard study estimated have cost us a staggering $4–$6 trillion.[232] As a matter of fact, all the world's developed countries had it within their means to wipe out poverty years ago.[233]

And yet, a system that helps solely the poor only drives a deeper wedge between them and the rest of society. "A policy for the poor is a poor policy," observed Richard Titmuss, the great theoretician of the British welfare state. It's an ingrained reflex among those on the left to make every plan, every credit, and every benefit income dependent. The problem is, that tendency is counter-productive.

In a now famous article published in the late 1990s, two Swedish sociologists showed that the countries with the most universal government programs have been the most successful at reducing poverty.[234] Basically, people are more open to solidarity if it benefits them personally. The more we, our family, and our friends stand to gain through the welfare state, the more we're willing to contribute.[235] Logically, therefore, a universal, unconditional basic income would also enjoy the broadest base of support. After all, everyone stands to benefit.[236]

50 **Dangerous?** Certainly, some people may opt to work less, but then that's precisely the point. A handful of artists and writers ("all those whom society despises while they are alive and honors when they are dead" — Bertrand Russell) might actually stop doing paid work altogether. There is overwhelming evidence to suggest that the vast majority of people actually want to work, whether they need to or not.[237] In fact, not having a job makes us deeply unhappy.[238]

One of the perks of a basic income is that it would free the poor from the welfare trap and spur them to seek a paid job with true opportunities for growth and advancement. Since basic income is unconditional, and will not be taken away or reduced in the event of gainful employment, their circumstances can only improve.

Perverse? On the contrary, it is the welfare system that has devolved into a perverse behemoth of control and humiliation. Officials keep tabs on public assistance recipients via Facebook to check whether they're spending their money wisely — and woe betide anyone who dares to do unapproved volunteer work. An army of social services workers is needed to guide people through the jungle of eligibility, application, approval, and recapture procedures. And then the corps of inspectors has to be mobilized to sift through the paperwork.

The welfare state, which should foster people's sense of security and pride, has degenerated into a system of suspicion and shame. It is a grotesque pact between right and left. “The political right is afraid people will stop working,” laments Professor Forget in Canada, “and the left doesn’t trust them to make their own choices.”[239] A basic income system would be a better compromise. In terms of redistribution, it would meet the left’s demands for fairness; where the regime of interference and humiliation are concerned, it would give the right a more limited government than ever.

Talk Different, Think Different

It’s been said before.

55 We’re saddled with a welfare state from a bygone era when the breadwinners were still mostly men and people spent their whole lives working at the same company. The pension system and employment protection rules are still keyed to those fortunate enough to have a steady job, public assistance is rooted in the misconception that we can rely on the economy to generate enough jobs, and welfare benefits are often not a trampoline, but a trap.

Never before has the time been so ripe for the introduction of a universal, unconditional basic income. Look around. Greater flexibility in the workplace demands that we also create greater security. Globalization is eroding the wages of the middle class. The growing rift between those with and those without a college degree makes it essential to give the have-nots a leg-up. And the development of ever-smarter robots could cost even the haves their jobs.

In recent decades the middle class has retained its spending power by borrowing itself into ever-deeper debt. But this model isn't viable, as we now know. The old adage of "those unwilling to work will not get to eat" is now abused as a license for inequality.

Don't get me wrong, capitalism is a fantastic engine for prosperity. "It has accomplished wonders far surpassing Egyptian pyramids, Roman aqueducts, and Gothic cathedrals," as Karl Marx and Friedrich Engels wrote in their Communist Manifesto. Yet it's precisely because we're richer than ever that it is now within our means to take the next step in the history of progress: to give each and every person the security of a basic income. It's what capitalism ought to have been striving for all along. See it as a dividend on progress, made possible by the blood, sweat, and tears of past generations. In the end, only a fraction of our prosperity is due to our own exertions. We, the inhabitants of the Land of Plenty, are rich thanks to the institutions, the knowledge, and the social capital amassed for us by our forebears. This wealth belongs to us all. And a basic income allows all of us to share it.

Of course, this is not to say we should implement this dream without forethought. That could be disastrous. Utopias always start out small, with experiments that ever so slowly change the world. It happened just a few years ago on the streets of

London, when thirteen street sleepers got £3,000, no questions asked. As one of the aid workers said, “It’s quite hard to just change overnight the way you’ve always approached this problem. These pilots give us the opportunity to talk differently, think differently, describe the problem differently. . . .”

60 And that’s how all progress begins.

ENGAGING THE TEXT

1. What were the most significant results of the experiment in London that Bregman describes at the beginning of this reading? What assumptions about homelessness and poverty did the project challenge, and why do you think it worked as well as it did?

2. Bregman describes U.S. efforts in the 1960s and 1970s to eradicate poverty by establishing a Universal Basic Income (UBI). What can we learn from his history lesson, and what do you consider the most daunting challenges today in moving toward UBI?

3. Bregman reports on UBI experiments in Namibia, Malawi, Liberia, and several other countries. Do you consider the data from these studies relevant to the United States? Why or why not? If you see complications in extrapolating from foreign experiments, do they result more from economic differences or from cultural ideas such as America’s “Protestant work ethic”?

4. Referring to the title of an essay by Robert van der Veen and Philippe van Parijs, Bregman briefly frames UBI as a “capitalist

road to communism" (para. 24). Explain whether you think UBI reflects a communist ideology and whether the characterization of UBI as a step toward communism makes its broad adoption in the United States unlikely.

5. Two key results in the trial runs of UBI in the 1960s were that "declines in working hours were limited" and that "it was mainly twentysomethings and women with young children who worked less" (para. 29). If you are now a teen or "twentysomething," write a journal entry or short essay imagining what role a UBI might play in your own life in the first few years after you graduate from college.

6. **Thinking Rhetorically** Throughout this excerpt Bregman balances scholarship with the success stories of particular individuals (for example, the Kenyan man who became a taxi driver, or the woman who earned her psychology degree). Study a few passages that include descriptions of individuals, and discuss what these descriptions add to the logical or emotional impact of Bregman's prose.

7. The American Dream has always rested on the premise that individual success comes from hard work and dedication. Discuss the potential impact of UBI on this foundational myth. Do you think UBI would serve primarily as a safety net, or might it radically alter our notions of what it means to succeed?

EXPLORING CONNECTIONS

8. Consider some of the disadvantaged people described elsewhere in *Rereading America* — Mercedes in "When Should a

Child Be Taken from His Parents?" (p. 51); the Milwaukee students in "City of Broken Dreams" (p. 210); or the food service workers in "Serving in Florida" (p. 368). Discuss the specific ways in which a UBI might have helped these people improve their lives.

9. Read or review Kevin Drum's discussion of UBI in "You Will Lose Your Job to a Robot — and Sooner Than You Think" (p. 322). Which of Drum's scenarios — "the welfare state writ large," "Universal basic income #1," or "Universal basic income #2" — seems closest to Bregman's utopian vision? Of all these approaches, which seems most sensible (or least problematic) to you, and why?

10. Bregman explains that the death blow to UBI legislation in 1978 was the reaction to a statistical error — the inaccurate finding that Seattle's divorce rate rose after a UBI trial (paras. 40–41). How would you expect Stephanie Coontz, author of "What We Really Miss about the 1950s" (p. 26), to interpret this chain of events? What about Allan Johnson, author of "The Gender Knot" (p. 527)?

EXTENDING THE CRITICAL CONTEXT

11. Using a $1 million grant, Stockton, California, has initiated a UBI experiment that will give $500 a month to 100 Stockton families, no strings attached, for up to 18 months. Do some Internet research to learn more about the plan, its supporters, its skeptics, and the involvement of Silicon Valley tech firms in funding the trial.

12. Organize small research teams to begin exploring the scope and cost of services provided to poor people in your area. Look for data in key areas such as food, shelter, clothing, healthcare, unemployment benefits, and emergency services; time permitting, include services provided by nonprofits, local governments, and federal programs like SNAP (Supplemental Nutrition Assistance Program) and TANF (Temporary Assistance for Needy Families). Pool your information and discuss what effects free money for everyone might have in your area.

FURTHER CONNECTIONS

1. How would you expect your county to compare with other counties in your state in terms of wealth? How would you expect your state to compare with other states? Research state and county data from the U.S. Census Bureau website (www.census.gov) and present or write up your findings. To what extent do you think you have had advantages or disadvantages because of where you were born or grew up?
2. Working in groups, discuss recent movies or television series that you associate with the spirit of the American Dream. What aspects of the Dream do you see in these films or TV shows? What do they tell us about the state of the Dream today and about contemporary attitudes toward wealth and success?
3. As an individual or a class project, make a video reflecting your vision of the American Dream.
4. This chapter of *Rereading America* has been criticized by conservatives for undermining the work ethic of American college

students. Rush Limbaugh, for example, claimed that the chapter "presents America as a stacked deck," thus "robbing people of the ability to see the enormous opportunities directly in front of them." Do you agree? Write a journal entry or an essay in which you explain how these readings have influenced your attitudes toward work and success.