

# QUARTZ

## Would a universal basic income fix US economic inequality? One group is spending \$10 million to find out

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Universal basic income (UBI) is either a miracle cure for ailing capitalist economies or a dead end for a doomed, under-employed underclass. Nobody really knows which is true because UBI has never been fully studied. Now, one of the most ambitious efforts so far is about to spend millions to find out.

As populist uprisings sweep the Western world bringing authoritarian leaders to power, people across the political spectrum are taking a hard look at UBI. Partially tested in various places in the 1960s and 1970s—including areas of the US, Canada, and India—UBI gives everyone a guaranteed minimum payment as a way to, in theory, reduce poverty and improve health, education, and other benefits.

The Economic Security Project (ESP)—a loose coalition of technologists, investors, and activists—announced on Dec. 8 it's committing \$10 million over the next two years “to explore how a ‘basic income’ could...ensure economic opportunity for all” in the US. More than 100 people, ranging from the head of top Silicon Valley startup fund Y Combinator to leaders of the Black Lives Matter movement, signed the group's “statement of belief” saying it aims “make our economy work again for all Americans.”

The timing, just a month after Donald Trump's election to the US presidency, is not a coincidence.

The biggest change since the election is the degree of urgency, said Chris Hughes, a co-founder of Facebook and one of the signatories. The group is organized to catalyze interest and investment in UBI research, pilot projects, and policy. “We have more questions than answers,” he said, “but we do know we can unite around the fact that financial security should be a human right and cash is an underutilized tool.”

UBI trials to date, most of which were short-lived and underfunded, showed promise but were never definitive. But recent research suggests direct cash transfers in poor countries deliver wide-

ranging benefits, such as more earning power, better schooling, and lower HIV rates. Fears that spending on alcohol, cigarettes, and other vices would rise have proved baseless (in some cases cash transfers have even led to declines in such purchases). For wealthier nations like the US, however, the impacts of UBI are still unclear.

The groups ESP has chosen to fund could provide some answers:

- The Center for Popular Democracy: Will advocate for policies to strengthen existing safety net programs such as unemployment insurance that lay the foundation for UBI.
- The Roosevelt Institute: Will offer macroeconomic modeling of cash stipends, as well as behavioral research and public-opinion research around UBI.
- The Niskanen Center: Will conduct policy research on the multiple ways recurring cash stipends might be implemented in the US.
- Alaska Group American Center: Will fight cuts to the yearly dividends that all Alaskans receive from the state's Permanent Fund, one of the key existing examples of direct cash payments to citizens.
- The Chesapeake Climate Action Network: Will study the feasibility of carbon pricing and dividends at the municipal level to fund UBI.
- Give Directly: Will support a longitudinal basic income study in Kenya and how lessons learned could be applied to the US.

The ESP's coalition includes 100 organizers, activists, researchers, and technologists, including Harvard law professor Lawrence Lessig, former Service Employees International Union president Andy Stern, former US labor secretary Robert B. Reich, Facebook co-founder Chris Hughes, Y Combinator president Sam Altman, and former Sierra Club president Adam Werbach. Funds were raised from both individuals and foundations.

The group still lacks prominent representation from the Republican party, but it has made strange bedfellows of liberals, libertarians, and conservatives. While defending UBI in a debate held earlier this year, Stern, with his background in labor unions, was surprised to find himself siding with a libertarian, Charles Murray of the CATO Institute.

The unexpected pace of advancements in robotics, artificial intelligence, and automation technologies has raised the prospect of many of today's middle-class jobs falling by the wayside—and touched off deep worries about future social instability. The most recent election brought this into high relief for Silicon Valley's technorati, and for a growing number of labor activists and politicians.

The conversation used to be that automation and artificial intelligence were “going to eliminate the need to work for millions of people,” said Hughes. “Now, it's clear there's an economic

crisis in America.... What's causing it is less relevant than the reality that the economy is broken today, and we have to think about rebalancing and making it work for people in 2016 rather than waiting for some far-off future to arrive.”