The Potential of Guaranteed Income to Empower Workers and Improve Job Quality

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With rising inflation, stagnant wages, deeply rooted inequalities, and increasingly concentrated profits, the American economy is broken. More than 37 million Americans live in poverty,¹ and although work is supposed to provide a route to a better life, 53 million people are stuck in jobs that pay low wages.² Over the past 50 years, the balance of power between employers and workers has increasingly skewed toward employers. Workers have few opportunities to shape their working conditions and are too often trapped in dangerous, low-paid jobs. The United States faces a job-quality crisis. To reimagine the economy, restore a balance of power between workers and employers, and share prosperity today and for generations to come, we need bold, broad solutions.

One solution gaining momentum is guaranteed income. At times understood narrowly as a replacement for income for jobs lost to automation, guaranteed income has a much longer history, with support at the nation’s founding, during the New Deal, throughout the civil rights movement, and more. This brief explores guaranteed income as a tool for the unique and urgent economic challenges of today; it focuses on guaranteed income’s impacts on work and job quality. How might guaranteed income rebalance power and dismantle the inequalities that plague our current labor market? Can guaranteed income restore, rather than replace, the promise of work in America?
What is guaranteed income?

Guaranteed income programs provide direct, unconditional, unrestricted cash payments to recipients. They allow recipients to direct funds where they need them most, affording dignity and self-determination. Guaranteed income programs are also more economically valuable compared with existing safety-net programs. Participants can direct funds where they need them most, be it food, housing, child care, health care, education, or other expenses. Without the administrative burden of stringent eligibility and spending requirements, programs can be run more efficiently, with funds going directly to benefits instead of overhead.

Guaranteed income is defined by its lack of restrictions and exclusions; it is guided by the assertion that the fewer restrictions there are, the more effective a program can be in offering a truly universal floor of security. In a society shaped by structural inequalities, any restriction will disproportionately exclude those most in need who otherwise face obstacles obtaining assistance, opportunities, and respect. Existing safety-net programs reflect these challenges; the work requirements of social welfare programs are rooted in racism and distrust, and half of people looking for jobs are unable to access unemployment insurance benefits. In a policy landscape where eligibility is most often about exclusion—about who does not qualify and how to prevent broader access—guaranteed income is characterized by universality.

A new time for an old idea

Guaranteed income is not a new idea; rather, it has been proposed and supported for hundreds of years. In 1797 Thomas Paine, whose ideas helped shape American democracy, advocated for a basic income allotted to young adults. At the time of the New Deal and the creation of the modern social safety net, economist James Meade and others called for a “social dividend” paid to all, an idea that informed the design of modern Social Security, which forms the backbone of US social policy. Decades later, civil rights leaders and organizations—including Martin Luther King Jr., James Boggs, Johnnie Tillmon and the National Welfare Rights Organization, and the Black Panther Party—saw a guaranteed income as a means of addressing systemic racism. In the 1970s, feminist thinkers began to see the potential for guaranteed income to facilitate gender equality and value care work traditionally performed by women. Support existed across the political spectrum as well, with economists seeing a negative income tax, a form of guaranteed income, as a means of reducing bureaucracy while stimulating free markets. In 1969, President Richard Nixon proposed a federal minimum income, which was supported by newspapers, labor unions, and churches. Though it was not passed into law, the proposal helped shape the earned income tax credit we have today. In the following decade, a series of federally funded experiments in several cities tested a negative income tax, which would ensure a minimum income for everyone by providing payments to those adults earning below a designated income threshold.
In recent years, renewed interest in guaranteed income has emerged, centering on cities and local pilot programs. In 2018, the Magnolia Mother’s Trust started paying selected Black mothers living in poverty in Jackson, Mississippi a guaranteed income. Beginning in February 2019, the Stockton Economic Empowerment Demonstration (SEED) was the first mayor-led guaranteed income initiative, providing 125 residents of Stockton, California, with $500 per month for 24 months under the leadership of then-Mayor Michael Tubbs. Since these first movers, more than 100 local guaranteed income pilot programs have launched or been planned in the US, including in New Orleans, St. Paul, Richmond, Los Angeles, and New York City. These programs have provided more than $500 million in direct cash to more than 38,000 people. Initially funded philanthropically, recent pilots have begun to include public funding. In 2022, Chicago launched a pilot that will use federal relief funds to provide cash to 5,000 families. These pilots across the country are mirrored around the world, with guaranteed income programs established in 11 countries and discussed in at least 20 more.

As momentum for guaranteed income spread across cities, the COVID-19 pandemic inspired unprecedented cash transfers federally. In 2020, in the early months of the pandemic, the US government dispensed roughly $850 billion in unrestricted cash payments to American families through stimulus checks, expanded unemployment insurance, and an expanded child tax credit (CTC). Paid monthly to families in advance of filing, the CTC was fully refundable, meaning no earned wages were required to receive the full credit amount—making it significantly more universal than past credits had been. Polling shows 45% to 55% of people in the US support a guaranteed income, suggesting it has potential as a widely accepted tool.

**Demonstrated impacts of a guaranteed income**

The proliferation of pilot programs has provided important data on the impacts of guaranteed income. Taken together, pilots have shown consistently that guaranteed income can improve economic stability and promote physical and mental health for recipients.

These programs can be an effective long-term approach to poverty reduction. Recipients tend to spend money on necessities such as shelter, food, and transportation. Short-term pilots, like SEED in Stockton, and long-standing programs, like the Alaska Permanent Fund Dividend, which has provided unrestricted payments to residents of Alaska since 1982, have had positive impacts on recipients’ financial stability. Pandemic cash relief programs including stimulus payments and the expanded CTC were responsible for reducing poverty and boosting disposable income during the second quarter of 2020, despite record unemployment and an unprecedented health crisis. The Urban Institute estimates that, together, these programs kept 12.4 million Americans out of poverty in 2021.

Beyond economic impacts, guaranteed income pilots have potential to promote public health, including through reduced food insecurity and improved nutrition, through decreased anxiety and depression, and through increased fertility and improved birth outcomes.
What’s work got to do with it?

One of the longest standing arguments against any social support policy, including guaranteed income, is the concern that these policies may disincentivize work. If people are given money, some wonder, will they stop working altogether? Putting aside the question of whether everyone should be expected to work, the answer, it turns out, is no.

In the era of Nixon’s minimum income proposal in the 1970s, a series of experiments with cash transfers found a slight decline in work hours among recipients, primarily among second-income earners and those with caretaking responsibilities. Most of that decline, though, was later found to be invalid: Hours of work had gone unreported, and people pursued education and training that then led, over time, to more work hours. More recently, the expanded CTC similarly had no impact on employment, while allowing families to better cover expenses. Fears that cash assistance disincentivizes work or fosters dependence are unfounded. In fact, the opposite is true: Providing a basic level of financial security promotes employment. Data from recent pilots suggest that guaranteed income facilitates work rather than supplanting it. At the start of SEED, 28% of recipients had full-time employment. After one year of payments, 40% did. Over a longer period, Alaska Permanent Fund benefits have had no impact on full-time employment, while increasing part-time employment by 17% and also increasing entrepreneurial endeavors among recipients. In an experimental game scenario, guaranteed income recipients worked less only when they pursued training and education opportunities. Looking beyond individuals, economic modeling predicts overall growth in the economy over an eight-year period following adoption of a widespread guaranteed income policy.

These findings are not unique to the US; a review of unconditional cash transfer programs globally found no negative effect on employment. In fact, recent guaranteed income recipients in Finland were found to work more hours than those individuals receiving traditional unemployment insurance. Drawing on this growing evidence, guaranteed income pilots around the world are starting to be framed as pro-employment policies.

The potential to create better jobs

Although the potential for guaranteed income to support workers finding jobs is increasingly well documented, what do we know about the quality of those jobs? The US is facing a job-quality crisis, with less than half of workers reporting a good job, a third earning low wages, inflation outpacing pay increases, widespread harassment and discrimination, and persistently low unionization with limited enforcement of policies that protect workers’ right to organize. Can guaranteed income play a role in addressing this crisis and ensuring that all jobs are good jobs?
Without policy solutions that strengthen economic security, the constant stress of poverty fosters harmful conditions that prevent people from planning for the future and from obtaining high-quality jobs with high wages and stable working conditions. The constant uncertainty of not knowing if they can pay rent, cover utilities, afford groceries, access transportation, or seek medical care prevents individuals from being able to plan and inhibits commitments both on the job and off. People living in poverty too often face desperate circumstances and are forced to accept unfair and unsustainable working conditions, including low wages, no long-term security, unpredictable schedules, and few protections. Although these jobs can satisfy some immediate needs, they put long-term financial health further out of reach. As a result, people stay trapped in the cycle of poverty, with little leverage to demand better jobs and working conditions from their employers.

Even modest amounts of cash can give people enough financial cushion to cut ties of dependency from low-road employers, allowing them to prioritize working conditions that are most important to them. As an example, recipients of the Magnolia Mother’s Trust cash transfer program report choosing jobs with enough flexibility to allow them to balance their caretaking responsibilities with work; they maintained employment while leading fuller and more dignified lives. Having the agency to walk away from a job for something better is an essential form of worker power and a tenet of a good job—and something that guaranteed income can facilitate.

There is early and anecdotal evidence that pandemic-related payments contributed to better jobs. Following the CTC and stimulus checks, employers reported raising wages and improving benefits to attract and retain their workforce. During this time, we know that the jobs people were leaving were bad ones; the rate of departure in notoriously low-paying industries like leisure, hospitality, and retail was substantially higher than the overall “quit” rate.

Individual workers empowered to walk away from bad jobs can have a real and direct impact on employers. Together, though, through collective action, workers can multiply their power and fundamentally shift their relationship to employers. Recent momentum in guaranteed income policy has coincided with the highest public support for unions since 1965 as well as burgeoning unionization efforts in sectors that have historically struggled to organize, including among service and retail workers. Growing support for both worker organizing and for guaranteed income reflects both the urgency of the moment and the potential to reimagine a more equitable and balanced economy.

Guaranteed income has the potential to nurture stability for workers and households—and a fairer labor market for all. Though more research is needed, guaranteed income could empower workers and contribute to structural change to the economy—not only by allowing individuals to leave bad jobs for better ones but by raising the floor for all jobs to ensure higher minimum standards and a good job for every worker.
A vision for the future

Initial data from recent pilots and pandemic-era programs, along with anecdotal evidence and the logic of worker empowerment, suggest that guaranteed income has the potential to facilitate not only higher rates of employment among recipients but also better jobs across the labor market. As policymakers and advocates continue to experiment, we also need further research on how guaranteed income can contribute to better jobs. What are the employment pathways that recipients follow, and what are the broader impacts on jobs in their communities? Furthermore, all guaranteed income programs are not created equal; there are a range of program design options and considerations, each with the potential to influence job quality and worker empowerment.

Guaranteed income, even after its impact on job quality is more clearly established, is not a solution in isolation. It is a part of a comprehensive approach for advancing better jobs for a stronger economy. Just as important is that employers must be held directly accountable. Though it may be one tool to facilitate job quality improvements, a guaranteed income cannot replace fair wages and safe, respectful working conditions.

A decade ago, universal basic income was talked about as a replacement for wages in response to fears of a fully automated future. In reality, though, the greatest threat to the future of work is not robots reducing the number of jobs but employers offering too many low-quality jobs that trap workers in poverty and inhibit upward mobility. Those same ideas about cash transfers, though, hold more promise than ever. A guaranteed income is not a consolation for displaced workers; rather, it is a tool to renew work and rebalance power between workers and employers. It provides the conditions for workers to have agency, dignity, and choice; to walk away from bad jobs; and to claim their power as essential drivers of the economy.

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Endnotes


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