

## **Should the Universal Church support a universal basic income?**

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### **Introduction**

In a letter published on Easter Sunday 2020 and issued to “Brothers and Sisters of Popular Movements and Organizations”, Pope Francis suggested that we consider the provision of a universal basic income. Addressing the problems of people without regular incomes he said:

“Street vendors, recyclers, carniés, small farmers, construction workers, dressmakers, the different kinds of caregivers: you who are informal, working on your own or in the grassroots economy, you have no steady income to get you through this hard time... This may be the time to consider a universal basic wage which would acknowledge and dignify the noble, essential tasks you carry out. It would ensure and concretely achieve the ideal, at once so human and so Christian, of no worker without rights.”

This statement received a huge amount of attention. This was not surprising given that the question of a universal basic income is widely discussed in the secular world. It is perhaps the first time any Catholic leader has indicated support for such a policy. Indeed, if this idea were to be part of the formal body of Catholic social teaching, it would be a significant innovation.

A universal basic income is an income given to all citizens by government, funded from taxation. It is universal in that it is given to all individuals even if they are members of well-off households. It is also unconditional. Its payment is not linked, for example, to a requirement to be available for work or contingent upon some misfortune such as illness or disability. It may or may not be given to children or to the parents of children in respect of their children.

Questions addressed in Catholic social thought and teaching that relate to public policy can sometimes be issues of principle. For example, withholding a worker's wages is a form of stealing which offends the common good, human dignity and distributive justice. Catholic social teaching argues that the state should have mechanisms that prevent such actions and provide redress. Other issues can be practical matters on which reasonable people exercising prudence may come to different conclusions. And views on such issues may be contingent on time and place. For example, whether the state should provide an income to the unemployed directly rather than supporting the family, civil society institutions and mutual aid organisations in that function is a question to which there is no definitive answer that applies in all times and places. Nevertheless, prudent decisions about such things still take into account the principles of Catholic social teaching. The question of the universal basic income therefore needs to be considered in principle and in practice. Firstly, however, from where does the idea come?

### **Origins of the universal basic income**

One of the reasons why the idea of a universal basic income has gained so much traction in recent years is that it tends to be supported both by the left and by some economic liberals.

It is often suggested that the idea first appeared in St. Thomas More's *Utopia*. However, it is more likely that More had in mind the provision of a guaranteed minimum income. This is not the same as a universal basic income. Most welfare systems in developed countries do provide a guaranteed minimum income to ensure that nobody goes without the necessities and they do this by topping up earnings. However, a universal basic income involves the provision of the first layer of income by the state. That income is given by the state to the individual no matter how well off is the individual or their household. It is a payment received by all and not a top-up.

A proper universal basic income was proposed by both Robespierre and Montesquieu in eighteenth century France. However, the first advocate is often regarded as being Thomas Paine. Paine's proposal was limited to the provision of an income to the old and to children, with a lump sum being paid when an individual reached adulthood. Thomas Spence later proposed a more universal scheme.<sup>1</sup> Both Paine and Spence were strong opponents of institutionalised religion with the latter describing religion as a "delusion". As far as Paine and Spence were concerned, the basic income was merited because of the inherent value of the product of land in which all should share<sup>2</sup>.

Perhaps the earliest articulation of the idea of a universal basic income which used arguments that reflect modern debates came from Bertrand Russell in his book *Roads to Freedom*<sup>3</sup>. Russell's view was that a universal basic income combined the desirable attributes of both anarchism and socialism. Anarchism, he suggested, had the advantage of providing for liberty whilst socialism required people to work - either by force or by withdrawing income from people who did not work. By giving people a universal basic income just sufficient for necessities, he argued that you could combine the best of both worlds. Most people would want to work because they would not be satisfied with necessities, but people would be free not to do so. This is not exactly the same justification as that used by 21<sup>st</sup> century proponents of the concept, but connections can be drawn. It is generally argued that a universal basic income gives people maximum freedom in relation to decisions about whether to work and how much to work whilst ensuring that everybody benefits from working.

From the 1960s, the idea gained support on broader grounds, many of which were related to the aims that governments pursue more generally through the welfare state. In 1968, a number of economists organised a petition to the US Congress in favour of

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<sup>1</sup> See: King, J. E., and John Marangos. "TWO ARGUMENTS FOR BASIC INCOME: THOMAS PAINE (1737-1809) AND THOMAS SPENCE (1750-1814)." *History of Economic Ideas*, vol. 14, no. 1, 2006, pp. 55–71. JSTOR, [www.jstor.org/stable/23723271](http://www.jstor.org/stable/23723271). Accessed 9 May 2020 for a very good discussion of Paine and Spence.

<sup>2</sup> This is an argument that is often used to justify so-called land value taxes which could finance the universal basic income according to Paine and Spence. This way of thinking seems to be rejected in *Rerum Novarum* 10: "For the soil which is tilled and cultivated with toil and skill utterly changes its condition; it was wild before, now it is fruitful; was barren, but now brings forth in abundance. That which has thus altered and improved the land becomes so truly part of itself as to be in great measure indistinguishable and inseparable from it."

<sup>3</sup> Russell, B. (1920). *Roads to freedom: socialism, anarchism and syndicalism*. 3rd ed. London: Allen & Unwin.

a basic income. Those supporting it included two Nobel Prize winners, Paul Samuelson and James Tobin, the latter of whom had proposed a specific scheme<sup>4</sup>. The economists believed that it would help make welfare systems less complex and improve work incentives. These ideas, and the related idea of a negative income tax, came close to being adopted in the US but failed as the political landscape shifted as a result of Watergate.

This support from economists with relatively moderate political views in the 1960s considerably broadened the appeal of the universal basic income. Further encouragement was given to the movement for a minimum income, or some variant thereof, by the supposed support of Milton Friedman and F. A. Hayek<sup>5</sup>. Again, both were Nobel Prize winners, but they had a strong following amongst supporters of free markets. Their views, however, are widely misunderstood. Hayek simply supported a state safety net which topped up people's incomes or provided insurance-style benefits<sup>6</sup>. His ideas seem closer to those expressed in *Utopia*. As far as Friedman is concerned, in chapter XII of *Capitalism and Freedom*<sup>7</sup>, he proposed what is known as a negative income tax which provides income top-ups for poor families or to individuals who live apart from families. If you are an individual, this is similar to in practice, though different conceptually, from a universal basic income. But the fact that Friedman did not suggest providing payments to individuals who lived in better-off families is a key important difference.

### **Political momentum and the minimum income**

Despite the nuances in the debate over the minimum income, and the inaccurate attribution of views to some protagonists, this widespread support from serious people over a long period of time perhaps explains the traction of such a radical policy in modern political debate. In Britain, the idea is part of the Green Party's programme and was proposed by former Labour Shadow Chancellor, John McDonnell. There have also been some so-called experiments, such as one in Finland. However, the experiments really shed no light on the subject at all. An article in *New Scientist*<sup>8</sup>, for example, argued that a universal basic income experiment in Finland increased the wellbeing of its recipients. But it was far from universal. The experiment involved just 0.5 per cent of the population receiving the payment and it was therefore a net transfer from the other 99.5 per cent of the population. It is therefore not surprising that such transfers improved the wellbeing of their recipients.

A genuine universal basic income ensures a payment to everybody, regardless of their income or other status. It requires very high levels of taxation. John Kay, one of the country's leading tax economists, concludes: "The provision of a universal basic

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<sup>4</sup> See: <https://basicincome.org/basic-income/history/>

<sup>5</sup> See, for example, a recent article by the economist Roger Bootle, which suggested that Hayek supported a basic income. Bootle's own opinion on the matter is, in my view, is correct but his portrayal of Hayek's position is incorrect: <https://www.telegraph.co.uk/business/2019/11/17/universal-basic-income-specious-concept/>.

<sup>6</sup> There is an excellent discussion of Hayek's views in Ramon Rallo J. (2019/20), Hayek Did Not Embrace a Universal Basic Income, *Independent Review*, 24(3), 347-360.

<sup>7</sup> Friedman M. (1962), *Capitalism and Freedom*, University of Chicago Press, Chicago, US.

<sup>8</sup> See: <https://www.newscientist.com/article/2242937-universal-basic-income-seems-to-improve-employment-and-well-being/>

income at a level which would provide a serious alternative to low-paid employment is impossibly expensive...Either the level of basic income is unacceptably low, or the cost of providing it is unacceptably high. And, whatever the appeal of the underlying philosophy, that is essentially the end of the matter.” This is surely correct.

### **The universal basic income and the social thought of the Universal Church**

The problem that Pope Francis identified of large numbers of workers in precarious employment in receipt of irregular incomes is serious. In some Asian and African countries, the informal economy in which people do not have proper contracts of employment represents the vast majority of employment. However, in the same countries taxable capacity is very low precisely because of this problem. We have to ask how a country with a high level of informal employment can possibly assess people’s income and raise the huge amount of tax revenue necessary to provide a universal basic income.

But, how should we consider this question from the perspective of Catholic social thought? Is it a good idea in theory even if difficult to put into practice? The principle of human dignity demands that all have an income sufficient to buy essentials. Pope Francis’ suggestion could, in theory, help achieve that aim. But the state should not generally try to ensure that all have a basic income in the most direct manner possible: it should not be the provider of first resort.

In the tradition of Catholic social thinking, we regard individuals as living within families and wider social circles. Distributive justice, by which the goods of this world are divided according to appropriate criteria, occurs first within the family. If there is more than one adult in a family setting (and in some cultures there may be several adults over several generations) one or more adults might partake in paid work whilst others work in the home. Children and older people may be unable to work at all. Whilst the state has a role to play in distributive justice, it is within the family that distribution first takes place. There are, of course, sad exceptions where individuals within households are unjustly treated and where the state must intervene. However, the starting point should be that those earning money within the household share their resources with family members who are not earning.

This is why, in most welfare systems, assistance to the poor is given at the level of the family and only if it is needed. That approach seems to accord with Catholic social teaching on the social nature of the person and also with the principle of subsidiarity whereby the state should not intervene unless there is a pressing need. A universal basic income does interfere in the family by taxing some families who may not be well off in order to provide an income to individuals who may have no market income but who may live in well-off families.

This approach is emphasised in *Rerum Novarum* (14) when it describes the limited circumstances in which the government should help families: “True, if a family finds itself in exceeding distress, utterly deprived of the counsel of friends, and without any prospect of extricating itself, it is right that extreme necessity be met by public aid, since each family is a part of the commonwealth”.

Of course, Catholic social teaching does not remain static. It responds to the signs of the times. In recent decades, it has approved of the welfare state, though with the participation of a wide range of civil society groups and with reservations<sup>9</sup>. Catholic social teaching has never suggested that the state should go beyond providing contingent help to families in need or beyond supporting welfare institutions within civil society that do the same. The concept of an unconditional income to every individual would definitely be a radical innovation in Catholic teaching.

The discussion above has focused on the problem of payments being universal and given to individuals rather than families. Catholic Labour MP Jon Cruddas shares that concern describing the idea as “the ultimate triumph of the individual, completely freed from any social institution.”<sup>10</sup> He also points out that a universal basic income explicitly and unconditionally rewards people who choose not to work. Indeed, this is regarded as an advantage by many modern proponents of the idea. It is difficult to square this with Catholic social teaching on the importance of work.

Of course, this still leaves us with the serious problem with which Pope Francis is concerned. Many people live on the margins of society with no regular income. Countries in which these problems are most prevalent often lack the basic infrastructure of good governance set out in the Catechism 2431. This leads, in turn, to a lack of commutative and social justice. Commutative justice is that form of justice by which individuals can enforce contracts and obtain redress when contracts are broken. We do not realise how important it is until it is missing. The virtue of social justice demands that all individuals and institutions in society work to promote the common good by raising society to a higher level of perfection. The practice of social justice would stop employers exploiting the vulnerability of employees in the absence of effective institutions promoting commutative justice. These are essential ingredients for a society that flourishes economically.

When the basic requirements for good governance are not present in societies, it leads to problems that are too deep to be solved simply by giving everybody a basic income.

Pope Francis was proposing, however tentatively, a simple solution to a complex problem. However, if the practical circumstances do not exist by which it is possible for individuals to avoid precarious employment relationships and uncertain incomes, neither will it be possible for the government to assess and tax people’s incomes efficiently and fairly to raise the huge sums necessary to provide a universal basic income. Indeed, it is doubtful that this is possible, and it is certainly not desirable, in countries with well-functioning tax systems.

What is possible though is for governments to support mutual aid institutions that can provide for those who are going without. In a well-ordered society, it is also possible for governments to provide aid to poor households by topping up market incomes, though even this can be difficult in poorly functioning states. There really is no shortcut to a properly functioning market economy in the context of the state and civil society

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<sup>9</sup> Both John Paul II was and Pope Francis has recently been critical of the welfare state.

<sup>10</sup> See: <http://www.prospectmagazine.co.uk/magazine/a-universal-basic-mistake>

each playing their part in creating a just social and economic order in which the vast majority of families can thrive.