



[Home](#) » [Opinion](#)

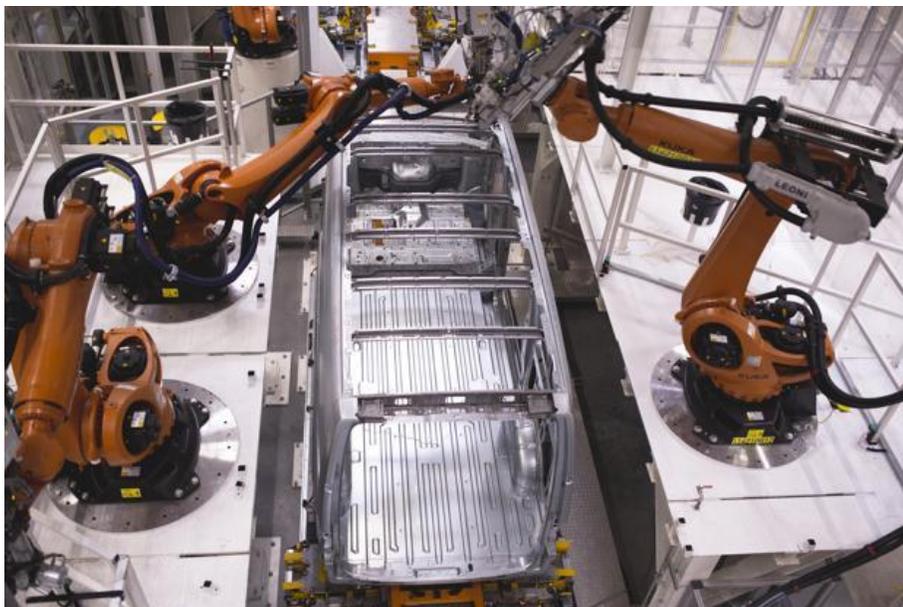
Last Modified: Thu, Nov 03 2016. 03 51 AM IST

## The universal right to capital income

A universal basic income allows for new understandings of liberty and equality that bridge hitherto irreconcilable political blocs

Go [Subscribe to our newsletter.](#)

**Yanis Varoufakis**



Recently, the idea of a unconditional basic income has resurfaced, gathering impressive support. The cause is the rise of machines that threaten to destroy more jobs than technological innovation creates.

The right to laziness has traditionally been only for the propertied rich, whereas the poor have had to struggle for decent wages and working conditions, unemployment and disability insurance, universal healthcare, and other accoutrements of a dignified life. The idea that the poor should be granted an unconditional income sufficient to live on has been anathema not only to the high and mighty, but also to the labour movement, which embraced an ethic revolving around reciprocity, solidarity, and contributing to society.

When unconditional basic-income schemes were proposed decades ago, they inevitably met outraged reactions from employers' associations, trades unions, economists, and politicians. Recently, however, the idea has resurfaced, gathering impressive support from the radical left, the Green movement, and even from the libertarian right. The cause is the rise of machines that, for the first time since the start of industrialization, threaten to destroy more jobs than technological innovation creates—and to pull the rug out from under the feet of white-collar professionals.

But as the idea of a universal basic income has returned, so has resistance from both the right and the left. Rightists point to the impossibility of raising enough revenue to fund such schemes without crushing the private sector, and to a drop in labour supply and productivity, owing to the loss of work incentives. Leftists worry that a universal income would weaken the struggle to improve people's working lives, legitimize the idle rich, erode hard-won collective-bargaining rights, undermine the foundation of the welfare state, encourage passive citizenship, and promote consumerism.

Cheerleaders for such schemes—on both the left and the right—argue that universal basic income would support those who already contribute priceless value to society, mainly women in the caring sector—or, indeed, artists producing great public works for next to no money. The poor would be liberated from vicious welfare-state means testing, and a safety net that can entangle people in permanent poverty would be replaced by a platform on which they could stand before reaching out for something better.

The key to moving forward is a fresh perspective on the connection between the source of a universal basic income's funding, the impact of robots, and our understanding of what it means to be free. That implies combining three propositions: taxes cannot be a legitimate source of financing for such schemes; the rise of machines must be embraced; and a universal basic income is liberty's main prerequisite.

If a universal basic income is to be legitimate, it cannot be financed by taxing Jill to pay Jack. That is why it should be funded not from taxation, but from returns on capital. A common myth, promoted by the rich, is that wealth is produced individually before it is collectivized by the state, through taxation. In fact, wealth was always produced collectively and privatized by those with the power to do it: the propertied class. Farmland and seeds, pre-modern forms of capital, were collectively developed through generations of peasant endeavour that landlords appropriated by stealth. Today, every smartphone comprises components developed by some government grant, or through the commons of pooled ideas, for which no dividends have ever been paid to society.

So how should society be compensated? Taxation is the wrong answer. Corporations pay taxes in exchange for services the state provides them, not for capital injections that must yield dividends. There is thus a strong case that the commons have a right to a share of the capital stock, and associated dividends, reflecting society's investment in corporations' capital.

A simple policy would be to enact legislation requiring that a percentage of capital stock (shares) from every initial public offering (IPO) be channelled into a Commons Capital Depository, with the associated dividends funding a universal basic dividend (UBD). This UBD should, and can be, entirely independent of welfare payments, unemployment insurance, and so forth, thus ameliorating the concern that it would replace the welfare state, which embodies the concept of reciprocity between waged workers and the unemployed.

Fear of machines that can liberate us from drudgery is a symptom of a timid and divided society. The Luddites are among the most misunderstood historical actors. Their vandalism of machinery was a protest not against automation, but against social arrangements that deprived them of life prospects in the face of technological innovation. Our societies must embrace the rise of the machines, but ensure that they contribute to shared prosperity by granting every citizen property rights over them, yielding a UBD.

A universal basic income allows for new understandings of liberty and equality that bridge hitherto irreconcilable political blocs, while stabilizing society and reinvigorating the notion of shared prosperity in the face of otherwise destabilizing technological innovation.

Anyone still not reconciled to the idea of "something for nothing" should ask a few simple questions: Would I not want my children to have a small trust fund that shields them from the fear of destitution and allows them to invest fearlessly in their real talents? Would their peace of mind render them lazy layabouts? If not, what is the moral basis for denying all children the same advantage?

**©2016/PROJECT SYNDICATE**

*Yanis Varoufakis is professor of economics at the University of Athens and a former finance minister of Greece.*

*Comments are welcome at [theirview@livemint.com](mailto:theirview@livemint.com)*

**Yanis Varoufakis**

TOPICS: [UNIVERSAL BASIC INCOME](#)

First Published: Thu, Nov 03 2016. 01 21 AM IST

**READ MORE FROM LIVEMINT**

Google moves to upgrade play store

The Mint Planner, 4 November 2016

Bengaluru to Sakleshpur: The echoing green

**EDITOR'S PICKS**



**Spousal Visa - \$194/mo.**

Price Includes USCIS Filing Fee. We Have Over 20,000 Visa Approvals! Go to [rapidvisa.com](http://rapidvisa.com)



**Sales Tax By Zip Code**

Sales Tax Rate Tables by Zip Code. Free Download, For Every State. Go to [taxrates.com](http://taxrates.com)



GST rates: Centre, states reach broad consensus, another 40% slab to be added



Who owns how much in Tata group firms?



Why women continue in abusive relationships

### Spousal Visa - \$194/mo.

Price Includes USCIS Filing Fee. We Have Over 20,000 Visa Approvals! Go to rapidvisa.com



### Sales Tax By Zip Code

Sales Tax Rate Tables by Zip Code. Free Download, For Every State. Go to taxrates.com



KNOW MORE

## FROM THE WEB

Sponsored by Revcontent



### You Won't Believe What They Do While Golfing In Italy

The Scene

### Find Rheumatoid Arthritis Relief In The Pool!

HealthCentral.com

### 12x More Efficient Than Solar Panels? Scientists Screaming in Disbelief (WATCH)

Electricity Freedom



### Trump's IQ Will Shock You

PollHype

### 1 Odd Diabetes Trick "Kills" Diabetes Industry! (Do This Tonight)

Diabetes Destroyer

### 27 Pictures That Hillary Clinton Wishes Would Go Away

RehabCenterNearMe

### Spousal Visa - \$194/mo.

Price Includes USCIS Filing Fee. We Have Over 20,000 Visa Approvals! Go to [rapidvisa.com](#)



### Sales Tax By Zip Code

Sales Tax Rate Tables by Zip Code. Free Download, For Every State. Go to [taxrates.com](#)

