

Guaranteed Income Won't Fix Unemployment

In a recent article for public discourse, Dylan Pahman, a research fellow at Acton, examines the ineffectiveness of trade protectionism and universal income guarantees. Pahman argues that regulating wages and restraining free trade will do more harm than good to the success of business. Pahman begins his critique by responding to Trump's stance on protectionism. During his inaugural address, Trump said:

One by one, the factories shuttered and left our shores, with not even a thought about the millions upon millions of American workers left behind. The wealth of our middle class has been ripped from their homes and then redistributed all across the world ...

We must protect our borders from the ravages of other countries making our products, stealing our companies and destroying our jobs. Protection will lead to great prosperity and strength.

While there are certainly grains of truth in these words, Pahman points out that the loss in manufacturing jobs has largely do with automation rather than outsourcing. He says:

But as many others have pointed out, manufacturing jobs have declined in the United States largely due to automation, not international trade. This trend will not be halted through protectionism. For Trump to claim that he will bring those jobs back would be as ludicrous as if President Calvin Coolidge had promised blacksmiths that he would protect their jobs from foreign trade.

Additionally, Pahman sees basic income guarantees as problematic. He discusses both the economic and spiritual issues at play:

When income is procured through the threat system of taxation and redistribution, no wealth is created ... The unproductive consumers are merely a conduit for funneling what was taken back to those who produced it in the first place. It is like trying to increase your bank account by writing yourself a check. And unless the receivers are required to spend 100 percent of the BIG [Basic Income Guarantee], the result will not even be zero-sum. It will be negative-sum.

According to Christian tradition, lack of work—especially manual labor—engenders acedia: a spiritual listlessness that pushes us to seek unhealthy distractions. Absent the virtues of labor, the vices of idleness multiply and erode our moral culture.

Thus, even if a BIG could successfully overcome the cannibalistic circularity outlined above and counteract income losses, we would still stand to lose in other ways by subsidizing such large-scale unemployment. People need work in order to find meaning in their lives. Work helps to socialize us and promotes more virtuous living. A BIG might be an improvement over our current safety net, but we should be cautious about expanding it beyond that function, both economically and spiritually.

Pahman concludes by stating his support for free trade:

If exchange between economically productive actors is what creates wealth, international trade should be given high priority. If a nation lacks a sufficient supply of productive market actors to sustain itself, the easiest solution would be to expand one's neighborhood to seek out such actors all over the world. Indeed, given the inherent economic problem outlined above, a BIG of such a massive scale would probably require international trade. Unfortunately, this means that in the short run our president, as well as trade opponents on the left such

as Vermont Senator Bernie Sanders, will only end up making us less prepared for the change to come.

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