Working Paper: Guaranteed Income and Worker Power

Tom Ogorzalek
February 2023

Executive Summary

Today's economy has presented an unexpected opportunity for workers and their advocates in organized labor and public policy. An age of heightened inequality has galvanized demand for bold solutions. Coming out of the upheaval of the Covid-19 pandemic, public support for two potentially revolutionary tools for fighting inequality–labor unions and universal guaranteed income (GI) proposals–are as popular as ever.

Historically, a strong labor movement has typically preceded and powered gains to the social safety net, with widespread social benefits that smooth the rough edges of the market and mitigate inequality. Today, however, private sector workers' unionization rates are historically low and labor lacks the institutional muscle it once had to achieve public policy gains through huge electoral victories. In this context, it is worth asking about whether the causal arrow might also run the other way: **What are the potential effects of guaranteed income policies on strengthening and bolstering worker power?**

This memo draws on scholarly research and public commentary to assess what we know about this question. While many empirical studies of GI have assessed household-level effects of cash transfers and labor market participation, the broader effects of GI on political economy and the distribution of economic power "remains vastly underexplored." Real-world programs and pilot studies of GI programs tend to be very recent, fairly rare, socially partial, and temporally limited in ways that make it difficult to study and uncover their potential effects on employer-worker power relations and the larger political system that structures them.

But there are still insights to be gleaned. Extant research and commentary suggests that **GI programs almost certainly increase individual workers' power,** by providing resources that directly increase their leverage with employers. Indirect evidence suggests that **GI programs may also provide avenues to increase collective bargaining power**, all else equal, though the literature is far more speculative in this area.

Guaranteed Income and Worker Power

Recently, there has been a revival of public interest in guaranteed income (GI) policies. Trial pilots such as the Magnolia Mother's Trust (MMT) in 2018 and the Stockton Economic Empowerment Demonstration (SEED) in 2019 drew national attention and proliferated–more than 100 have now been enacted across the country. While these trials tend to be local, and participants tend to make up a very small percentage of their community, the nearly universal outpouring of cash benefits during the Covid pandemic also heightened interest in GI programs.

As this new policy space develops, there is still much to be learned about the potential effects – both intended and unintended, direct and indirect – of GI pilots and policies – information that may help inform collective thinking on the future of GI programs. The recent proliferation of these pilot studies has taught us a lot about how individual recipients spend GI benefits or reshape their lives. The structure and research questions of those pilots are often designed to allay paternalistic concerns that GI recipients would change their behavior in "negative" ways; generally, we've found that extra income leads to poverty alleviation, not vice. However, we still know little about the potential effects of GI programs on many things that *can't* be studied with limited-term, random controlled trials of individuals–including how a GI could be truly transformative for collective and civic life, and how it might transform the distribution of power between workers on one hand and employers and corporations on the other. In this memo, we examine what might be gleaned from previous research on the putative effects of a GI on worker power.

Reversing the Causal Arrow? The Effect of Guaranteed Income on Worker Power

Most of the existing research examining the relationship between social welfare policies like GI and worker power focuses on the extent to which worker power and labor unions strengthen social welfare policy. Historically, social safety net programs (of which a GI would arguably be an apotheosis) – paradigmatic examples include poverty relief, old-age pensions, unemployment insurance, and targeted support for specific basic needs such as food, medical care, and housing (e.g. Medicaid, SNAP) – are typically created through legislative processes *driven by* representatives and allies of strong labor movements. In the U.S., most significant expansions of social welfare policy occurred during the long (though exceptional) "working class interlude" of American politics, stretching from the New Deal of the 1930s through the Great Society of the 1960s, and occurred at times of *particular* political strength for the labor movement during even that exceptional period. Significantly, all of these reforms and laws came *after* decades of highly contentious organizing and labor conflict, often far outside the bounds of conventional democratic politics.

Because of this pattern of enactment, scholarly and public attention has typically focused on how strong labor movements can *create* significant policy changes, conceptualizing social welfare policies as the hard-won achievement of labor movement goals over decades. Major strains of research in this area focus on examinations of the initial phases of extreme contention; the institutionalization of labor relations and regularization of worker power under conditions of industrial production; the positive feedback loop of labor organization, electoral politics, policy passage, and broader economic and social equality; and what factors constrain or shape these programs' development.

But in the contemporary U.S., where labor power is less robust and in which support for GI is growing from other sectors, it is worth asking about the potential for the reverse causal effect: **What are the potential effects of major social welfare policy initiatives like GI on strengthening and bolstering worker power?**

Answering such a question requires an extensive examination of the political economy of GI, an area of research that one review author recently warned "remains vastly underexplored." This is surprising given the long history and ideological heterogeneity of GI proposal consideration in the U.S. Guaranteed income was one alternative among the suite of policies considered at many points in the 20th century, by leaders as ideologically disparate as Martin Luther King, Jr. and Richard Nixon. Today's proponents of a GI are no less heterogeneous, including advocates from poor peoples' campaigns, labor leaders, future-gazing leaders of the tech community (both malign and benign varieties), and even (in limited form) traditional business-focused Republicans.

Mid-20th century considerations of a GI came in the context of peak union membership in the U.S. and an unusually worker-friendly set of policy and market circumstances. But today, GI advocates face an entirely different political landscape: one in which private sector unionization is extremely low by comparative and historical standards and in which fundamental market and policy changes have put workers on the defensive. In this context, knowing that a politically strong labor movement has been an important contributing condition for the creation of social safety nets is helpful as a long-term historical insight, but it is insufficient in the short term endeavor to secure policy wins for working people or jumpstart a virtuous cycle of increased electoral power and further policy wins. It is therefore worth asking the inverse question to understand not only how labor power can cause innovations in social policy, but **how innovations in social policy might cause and sustain increases in worker power–which can then provide a crucial basis of political support for those policies**. (1)

(1) Previous insights about how worker power can cause changes in social policy would still be relevant in this discussion, though in this case as part of a positive feedback cycle kick-started by GI itself rather than worker/labor power.

Concepts and Definitions

To organize thinking about this question, it is useful to clarify the core concepts of the research question: worker power and guaranteed income.

Worker Power

Worker power generally refers to the extent to which workers (rather than management or ownership) can secure a larger share of productive gains or have a meaningful impact on firm decision making. Economists tend to focus their models of worker power on factors shaping the tug-of-war between management/owners and workers to divide firm surplus and have identified two primary mechanisms for worker power: *exit* and *voice.*

> **Exit power** is held and exercised when workers leave–or threaten to leave–a firm for another job or to leave the labor market altogether. This dynamic has been on dramatic display in the tight labor market of the pandemic-era years through a phenomenon that journalists have dubbed the "Great Resignation" or "Great Reshuffle." When workers have a high level of exit power, employers are more likely to adopt new policies such as higher wages and improved working conditions.

> **Voice power** operates when workers seek to change management behavior or policies through individual speech or collective bargaining. In general, individual workers do not have much voice power in the United States because firms are not democracies and at-will employment laws mean most workers can be easily dismissed for disagreeing with management. However, a recent surge in worker voice power has been evident in new organizing campaigns and salient labor actions. Growing movements in support of policies to include workers on corporate boards may also signal a rising interest in voice power.

These different dimensions of worker power can reinforce each other–for example, workers with more perceived exit power may be more empowered to use voice. The dimensions of power can also be exercised either *individually* or *collectively*. In practice, though, some potential dimensions of worker power are rare or difficult to conceptualize or study. For instance, it is difficult to conceive of collective exit power because labor organizations tend not to threaten to leave *en masse* for some better option. Similarly, it is difficult to model individual voice because it is likely to be idiosyncratic and far less visible or effective than collective voice. Thus, much of the extant literature on worker power focuses on *individual exit* and *collective voice* (see Rosenfeld and Marinescu (2022) for a review).

Guaranteed Income

Just as it is useful to differentiate between potential dimensions of worker power, it is also useful to identify key characteristics of potential GI programs. Proposals for GI or similar policies typically vary in terms of their universality, their level of generosity, their conditionality, and their temporality, and each of these factors might be relevant to both individual decision making and worker power. (2)

- **Universality** refers to the range of potential recipients for the policy. Proposals for a universal basic income tend to apply to all persons, while other policies (such as the child tax credit, or Social Security Insurance) effectively guarantee incomes but only for certain segments of the population. More universal policies tend to be more resilient to legislative rollback, but they are also more socially expensive and politically controversial to enact in societies in which membership, conceptualizations of "deservingness," and means testing are the norm for many social policies.

- **Generosity** refers to the level of income guaranteed by the policy. The "basic income" moniker attached to many GI proposals suggests that a key marker of generosity is that the program provide income to meet the basic needs of an individual or household. Many proposals suggest a monthly GI of $1,000 per person, which would sum to more than 150% of the federal poverty level for a family of four. While still falling short of middle-class quality of life in most parts of the U.S., this level would provide above-subsistence-level income (nearly 40% of American households have annual incomes below $50,000). Lower levels of generosity provide fewer transformative options for market participation or exit.

- **Conditionality** refers to the behavioral conditions (beyond initial membership in the eligible class of recipients) that must be met by potential recipients in order to receive the policy benefit. In the contemporary U.S., many social policies entail meeting certain conditions. For instance, the Earned Income Tax Credit and Child Tax Credit (under normal conditions) have minimum work requirements before benefits accrue. Others, such as social security disability or old age payments,

(2) Halsdell (2020) and De Wispelaere and Stirton (2004) suggest other dimensions, including individuality, uniformity, frequency, modality/cash basis, and adequacy. In the dimensions described here, uniformity is a sub-dimension of universality and/or conditionality. Individuality and modality are important elements of program design that are defined away in a guaranteed income conversation that focuses on cash transfers to individuals. Frequency is included in temporality, along with permanence.

require nothing from their recipients beyond meeting initial class eligibility requirements. A crucial distinction between a GI and a jobs guarantee (a proposal often considered a near-relative of a GI) is the conditionality of the income on work under a jobs guarantee.

- **Temporality** refers to the term over which individuals receive the GI. This encompasses both *frequency* and *permanence*, both of which appear to matter for shaping how workers make plans. Real-world income support programs range from the temporally ephemeral (e.g. isolated pandemic relief checks sent by the Treasury), to monthly programs with a sunset provision (e.g. expanded CTC and unemployment insurance during Covid), to permanent “entitlement” (e.g. Social Security).

An ideal-type GI proposal would score high on all of these dimensions, allowing individuals and households to use it as a meaningful factor in labor market behavior and long-term decision making. As described in the next section, an ideal-type GI in an affluent society would allow many workers to effectively decommodify their labor. If such a policy existed, workers could devote themselves to caring labor, potentially marketable (but financially uncertain) passion projects, or work for wages to supplement their basic consumption needs. Such a decommodification would go a long way towards rebalancing the power differential between worker and employer.

For various reasons, no nation has implemented a decommodifying GI. In the U.S., each current social program with hallmarks of a GI is lacking in at least one key dimension. For instance, the Alaska Permanent Fund is universal (for all Alaskans), nominally permanent, and conditional only on residence in the state. But at approximately $1,600 annually per person, it is not generous enough to make ends meet for most households. The pandemic-era Child Tax Credit expansion likewise removed some conditionality from the program, but it was not universal and even the unconditionality was not permanent. Conversely, Social Security old-age pensions are unconditional (for those who initially qualify, usually through work earlier in life), permanent (for the life of the recipient), and generous, but because they are targeted at reducing poverty among senior citizens in retirement, they are not universal (and not particularly useful for learning about worker power). Still, even without an ideal-type GI, we can learn about a putative GI’s effects from current research on existing social welfare programs and labor relations.

GI Would Likely Enhance Individual Exit Power

The past three years has seen a diffuse but significant rebalancing of workplace power relations in the U.S. Tight labor markets provided more power for employees to bargain over wages, and the Covid-19 shock focused attention on working conditions; these two factors contributed to what analysts have called the Great Reshuffle. Academic and public commentators alike have recognized that market conditions have generated a moment of increased worker power, manifest principally in higher wages and visible worker collective action. This shift has been accompanied by a change in message and tone from the national executive branch and National Labor Relations Board, which have taken a more pro-worker disposition since the beginning of the Biden administration (though the board's actual decisions have been less than transformative until very recently).

The exogenous shocks that may have contributed to this power shift included not only the Covid-19 pandemic itself but the series of policies enacted to provide relief from it. These included the Paycheck Protection Program for small business payrolls, an expanded Child Tax Credit, expanded unemployment insurance, and emergency universal cash assistance to individuals. Though they varied in the key dimensions for GI described above, each of these programs provided cash transfers to Americans that may have helped them enact their "reshuffling" plans, providing a cushion against the market and against a period of decreased income and high uncertainty. Though it is difficult to say how much these programs–which were inherently temporary–fundamentally altered worker power, early evidence suggests that they provided at least some workers with alternative labor market options, though the temporary nature of the programs limited their effect on workers' plans.

This dynamic, however temporary, is not surprising from a theoretical standpoint. Factors that shape relative power between firms and workers to determine wages are a major area of economic research. These studies use the observable implications of a theoretical battle over surplus between worker and employer. If we assume that a worker produces surplus value to the firm, the fundamental power struggle between worker and employer is over the difference between the actual productivity of the worker and the wages they receive. That difference is

(3) Initially deemed the Great Resignation, this phenomenon was renamed when it became apparent that workers were not exiting the workforce, just quitting their current positions in favor of something better. Both quits and new hiring have been consistently high throughout this period, and today both the overall labor force and number of employed persons have rebounded to their pre-pandemic levels.

distributed by the owner of capital as profit. Economists infer that worker power is stronger when/where that difference is small. Many factors may influence this value: the transparency of the labor market, the set of realistic alternatives for either the employer or the worker (e.g., a pool of alternative workers, technological alternatives to wage laborers, nearby firms a worker could move to, etc), and the regulatory environment, to name a few.

A primary way GI would increase individual worker power is by increasing the *reservation wage* – that is, the wage an employer needs to pay to hire or retain (i.e. "reserve") a worker in the labor market, relative to anything else the worker might want to do. When a worker has attractive alternatives to their current job, their reservation wage is high. In the simplest instance, an employee may move to a firm that pays higher wages for the same work. The principle also applies more broadly, to any preferred alternative to the status quo. For instance, an individual with a high level of wealth or savings is less reliant on wage labor, so may completely remove themselves from the workforce unless the offered compensation is high. Unemployment insurance allows a temporary, less generous version of this, often allowing workers time to find a better fit for their skills and career goals rather than accept the first job offered.

An increased reservation wage increases worker power by increasing the *credibility of exit*. **By increasing the reservation wage and credibly making "exit" more plausible for all workers–both inside and outside the firm–a GI would enhance individual worker power.** The enactment of a GI that is unconditional, universal, permanent, and generous enough to replace a market wage would empower each employee to walk away from a job without going hungry–though it would also be available to workers, who could supplement that GI with additional wages. These types of programs allow individuals to conceive of a significant GI as either a wage supplement or a form of wealth (distributed like an annuity). In the gold standard study of generous, society-wide GI – the "Mincome" pilot study in Manitoba, Canada, during the 1970s – Calnitsky (2020) finds that a (local, non-permanent) GI increased the reservation wage, allowing some workers to leave the labor market altogether, and increasing wages for the rest. More recently, recent research by Virginia Parks on refinery workers in California suggests that pandemic-era severance packages and unemployment benefits provided workers with greater power to identify and pursue better matches in their subsequent jobs. The end of pandemic work restrictions also illustrated the power of GI to enhance exit. As reported by the New York Times, a significant number of workers over 65 retired earlier than expected, rather than return to work after the Covid-19 pandemic's emergency phase. While the share of younger people looking for work has now exceeded pre-pandemic levels, nearly a million fewer older workers than expected returned, instead opting for the range of GI options and welfare benefits available to senior citizens–including Social Security, pensions, and Medicare. The result has been an overall decline in labor force participation, contributing to the continued tight labor market (and keeping wages "stubbornly elevated" in the view of Federal Reserve analysts). The lesson drawn by Steward and Banks from workers' pandemic Great Reshuffling is that such fall-back options encourage the creation of and movement toward *better* jobs, not away from work as a whole. As Calnitsky (2017) puts it, in a sentiment shared by other advocates, a guaranteed income provides "freedom *from* work, and therefore, of power *at* work."

On the other hand, the claim that a GI would meaningfully enhance exit power depends in part on the dimensions of a GI proposal described above. Pandemic relief was inherently temporary, and did not approach a full-time minimum wage. The scattered GI pilots across the country are both temporary and far below the level of generosity proposed by most advocates. Few employers would see these as credible alternatives to even the dreariest McJob.

As a result, some analysts argue that GI's decommodification allure–that it would allow all workers to choose not to sell their labor–is an illusion. Birnbaum and de Wispelaere (2021) argue that the marginal exit power provided by a GI is actually a "trap," and that a GI might increase strategic exit power *differentially* across workers, and thereby weaken worker solidarity. Conversely, Calnitsky holds that the GI would be more likely to blur "lines of demarcation between low-wage workers, unemployed workers, and social assistance recipients," thereby "help[ing] build social solidarities and mitigate collective action problems."

GI's potential effects for increasing worker exit power may be quite different across social groups. The effects of increasing the reservation wage are believed to be particularly large for Black workers (on average) because discrimination limits their labor market mobility, and because they tend to have less household wealth to draw on. These factors mean that a given intervention (ie, dollar amount, over a given time period) is likely to have a greater relative effect on the reservation wage of Black workers (Rosenfeld and Marinescu 2022). This insight suggests that GI policies may have a significant racial equity impact.

GI and Individual Voice Power

As described in the previous section, reservation wage boosts are typically interpreted as increases to individual *exit* power. However, there is little empirical evidence on the causes or effects of individual *voice* power in the workplace, and this is an area for further research. This is due to three main factors.

First, most research on voice power assesses *collective* voice through organizing and collective bargaining (see next section). Second, microeconomic research methods prioritize easily theorized and measured actions. Individual voice is nearly impossible to measure or theorize quantitatively. As Budd (2012) argues, "Exit, not voice, is prioritized in market-mediated transactions, so voice is embraced only to the extent that it can be seen as the freedom to quit and thus facilitate efficient market exchanges. In other words, voice is weakly seen as something exercised by one's feet, not through deeper expressive actions." Third, the basic legal terrain in which workers and bosses communicate is heavily tilted against individual voice. Most firms provide few channels for voice and little protection for individuals who might disagree with management. U.S. at-will employment norms mean workers can be fired easily–for saying the wrong thing, for failing to say the right thing, for criticizing management, or for almost any reason at all. In sum, using individual voice in adversarial workplace conditions is highly risky.

However, **even if there is little direct evidence on voice at the individual level, an increased reservation wage may also enhance the capacity for workers to exercise voice power at work**. Because workers' employment choices include a variety of idiosyncratic factors, to the extent that a worker values features of a workplace that *cannot* be achieved through exit, a worker may prefer to try to use voice as a tool to improve conditions or processes at their current firm before, or as an alternative to, exit. Just as an increased reservation wage may make employers more open to employee input, voice may be less at risk of punishment or termination under these conditions.

There may be other ways that individual voice may be indirectly enhanced through a GI that remain to be understood. For instance, Calnitsky (2019) suggests that some workers may use the GI to supplement wages for work that they enjoy but which would not pay a living wage. As Acemoglu (2001) notes, unemployment insurance increases the quality of job-worker matches; a GI as bridge between positions would theoretically make high-quality matches even more likely. In such circumstances, individuals may be more apt to be closely engaged with their work, allowing for higher-quality input to their jobs through voice. These inputs may not be "power" in the adversarial relationship over profits, but they would nonetheless reflect increased worker capacity.

GI and Collective Voice Power

Research on individual workers' power tends to focus on exit, while scholarship on collective worker power focuses more on voice. This is understandable because of the conventional venues in which worker voice is exercised in the U.S.: unionization and collective bargaining.

But would a GI enhance workers' capacity to organize and bargain collectively? Regulatory frameworks–including state-level rules governing labor union organization and the extent to which workers are formally incorporated in firm- and sectoral-bargaining–shape worker organizing and voice power far more than temporary market forces. Nevertheless, there is a debate over whether a GI would enhance the overall power of organized labor. We can break collective voice into two distinct phases: organizing for recognition and bargaining. In the U.S., both of these phases are typically adversarial: employers resist both the formation of a union and the demands of the union once it is formed. A GI, however, may affect collective worker power at both phases.

First, at the organizing phase, if a GI led to a tighter labor market–either through enhancing individual exit power as described above, or by increasing aggregate demand, as many Keynesians have suggested–**it may lead to increased organizing activity and labor victories**, especially when paired with labor-friendly regulations. This is consistent with the impressionistic evidence since 2020.

Second, in the bargaining phase, GI may have some indirect effects on collective worker power. Calnitsky argues that GI "reduces the costs of [strikes] as well as the temptation to…"scab", ostensibly increasing individuals' propensity to cooperate with the union in the face of entreaties and/or threats of reprisal from the employer. Some advocates have also framed a **GI as a nation-wide "strike fund" that could provide material assistance to workers engaged in risky labor action**. As employment has shifted away from the classic industrial Fordist model, the institutional supports for labor action have become less available to a given worker engaged in a labor action (4). In the current, decentralized labor market, some activists have argued for a "national strike fund" through which unions and donors could build solidarity by materially supporting labor actions. GI would be a state-sponsored, guaranteed support for workers; this would allow unions to either reduce their dues or strike funds. Lowering the cost of membership may be particularly beneficial for unions operating in low-wage sectors and open-shop geographies. Strike funds are particularly important in labor disputes characterized by uncertainty. Such circumstances heighten the conflict between workers and employer; the strike looks less like a bargaining session than a war of attrition. In a war of attrition strike – a costly, high-stakes form of labor action common before the New Deal and perhaps more likely in the new wave of restive labor without strong protections – the decisive factor is having resources to outlast the opposition and get them to accede to demands. Often this outlasting requires bluffing, but a significant GI would essentially provide workers with a public, indefinite ability to hold out, theoretically getting management to cave immediately. Workers are conscious of this dynamic. As one railroad worker put it in the run-up to his union's recent negotiations, "my savings will last longer than the rest of the economy if we strike."

(4) Fordist production is a model of industrial production characteristic of early- and mid-20th century U.S. manufacturing (and present to a great extent exported around the world since) characterized by the minute division of labor in large-scale factory settings. This mode of production creates sociological and institutional conditions more conducive to organizing and collective action because workers share daily experiences and NLRA rules apply more directly to members at a single location within a single firm. Today's U.S. economy, by contrast, is characterized by a larger service sector, and manufacturing is more dispersed geographically and functionally in the chain of production. This means workers are less likely to form solidaristic bonds, and union organizing campaigns typically must occur location-by-location.

GI and Collective Exit Power

Finally, collective exit is a dimension of worker power that's hard to identify in the real world. In most industrialized economies, collective power is exercised at the firm or sectoral level through voice. *Exit* from a collective bargaining scenario is basically unthinkable: even when they lose in a strike or negotiation, workers rarely decamp from the firm *en masse*. However, because the GI would be a society-wide shift, there may be apt analogues of collective exit.

The two most dramatic collective "exits" in American history have been exercised by Black agricultural workers in the South. The first example is W.E.B. Du Bois's formulation of rebellion and work stoppage by enslaved Black workers during the Civil War as a general strike. The second was the Great Migration, when millions of African Americans exited the draconian Jim Crow labor regime, choosing the relatively attractive social and economic opportunities in northern industrial cities. In each case, an exogenous shock (e.g. war, labor shortages in the North) paired with technologies of networked communication to prompt major life changes. Moreover, the second exit was prompted in part by a realistic, preferable alternative in moving to industrial cities of the North.

An ideal-type GI might provide a similar support for mass exit. A similar (though obviously less oppressive) dynamic exists today, as the service-based "knowledge economy" matures in the U.S. As internal migration has slowed in the U.S. in recent decades, many Americans appear to be locked in place (5). Under such circumstances, many face the labor market conditions of a company town, which leave workers quite vulnerable to exploitation by limiting alternative sources of income. The exogenous shock of a guaranteed income could help alleviate some of the hurdles to individual and collective migration, helping at least some workers change geographic context and their state-level labor regime, and reversing the secular trend to Sun Belt and exurban contexts where "low-road" employment policies and practices prevail.

An even more revolutionary "collective exit" strategy also figures in the more utopian accounts of GI. As described above, the evidence for GI providing a marginal increase to an individual worker's exit power is compelling. But workers can also work with each other to exit together. Depending on the level of generosity, and the level of solidarity among workers, GI may provide an avenue for transformative investment and reorganization of work through cooperative enterprises, employee-owned corporations, or other forms of collective investment

(5) The causes of the "missing migration" to places with more economic opportunity are complex and not reducible to economic forces. They likely include high costs of entry (cost of living, training) in booming metropolitan centers, age/labor market status, and illiquid savings/assets (mainly sunk in home ownership).

and entrepreneurship. It is well known that such activities are risky, and it helps to have a safety net to fall back on in the event of failure. The GI would ostensibly provide that safety net, as well as a source of steady income from which to build savings and draw investment. A study by Chase Bank found that when starting a small business, entrepreneurs typically have about $7,000–in other words, about half of the GI under proposed programs.

Agenda and Collective Ideological Power

The insights above focus on potential shifts in the power dynamics in the narrow relationship between boss and worker. There are other forms of power and other sites in which workers can engage, however, beyond the workplace itself. Crucially, those workplace power relations are powerfully *structured* by democratic politics and public policy. In previous eras, large, mobilized blocs of union members could elect representatives that sat at the center of a dominant national coalition, which in turn wrote laws that both strengthened unions and delivered tangible goods for working-class households. Today, however, unions lack the numbers to dominate electoral politics–they need allies, and they need to persuade the broad public that unions' work creates social benefits that are broadly shared.

Even before enactment or implementation of a GI, merely *advocating* for guaranteed income may have political effects that redound to organized labor's benefit. After the pandemic experiments with an expanded safety net, public support for GI is higher than ever–and support for labor unions is as high as it's been in a half-century. These twinned waves of popularity provide an opportunity to capture broad populist sentiment and remind the public that unions often support policies that benefit average people regardless of whether they hold a union card. The most obvious recent example is the "Fight for 15" (6). Where it has been successful, increased minimum wages become a heightened "floor" from which organized workers now can bargain for still-higher wages, even as their increasingly successful public policy campaign has generated pay increases from the nation's largest and most notoriously anti-union employers, creates widespread welfare gains for Americans, and provides an entry point for people to learn more about labor organizing and get involved themselves. A campaign for a modest GI could operate by a similar logic: visibly advocate for a benefit to be broadly shared across union members and not-yet-union members; use it as a mobilizing device to educate people about the sources of and potentially "outside the box" remedies to the hardships in their lives; and ultimately lean on it as a tool to heighten bargaining power and increase "pre-distributive" compensation for union members (7).

---

(6) (...and a union!)

(7) Predistribution is a concept articulated by Jacob Hacker (2011), identifying mechanisms through which wealth/surplus is transferred from owners to laborers, but through compensation negotiations rather than through post-distribution taxes and transfers. Though GI is often seen as analytically distinct from, or even in tension with pre-distributive approaches to egalitarian policy, a 2022 synthesis by Merril and Silva (and our analysis here) suggest that they may operate in a complementary way.

Table 1: Summary of Mechanisms Through Which GI Might Affect Worker Power

	Exit Power	Voice Power
Individual workers	• Increase reservation wage • Decommodification	• Allow for better match between worker and firm, changed qualitative engagement • Increase reservation wage
Collective/Organized Labor/Unions	• Catalyze general strike • Support alternative firm organizations	• **Create tight labor markets** • Provide external resources to survive **war of attrition conflicts** • Galvanize public support for union political activities (via issue identification) • Displace union/solidarity as source of (some) benefits • Creates conditions for differential exit gains that undermine worker solidarity

"Bold" mechanisms are empirically validated
"Unbolded" mechanisms are theoretically postulated/speculative
"Green" mechanisms potentially enhance worker power
"Red" mechanisms potentially reduce worker power

Conclusion

The rapid upswing in interest in GI has coincided with a rise in support for labor unions. Both are transformative tools for shifting the fundamental terrain of economic power in America. As with any major policy that has not been widely implemented, there are many outstanding questions about the potential effects of a GI. The core insight is that, while many of its putative effects are based on theoretical rather than empirical insights, a GI would be likely to enhance worker power. The clearest likely effect is a credible boost in individuals' ability to walk away from an undesirable job. Parallel activities–through traditional organizing, political work to shape the terrain in which workers contend with their bosses, and more–are likely to both benefit from and complement that change in individuals' circumstances. The speculative and theoretical work summarized here point toward areas for further investigation.