



Harvard & Stanford Invitational Debate Tournament: Research Packet

Academic Committee of the NHS DLC *

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1 Letter from the Directors

1.1 Introduction

This research packet is a tool for preparing students to debate the topic, **Resolved: The United States should replace means-tested welfare programs with a universal basic income.** The first section is this letter to introduce the packet and provide guidance for reading this packet. The second section will contain a topic analysis. The third section will contain background information about the topic. The final two sections will contain evidence that supports either the Pro or Con side.

The topic analysis in the second section is brand new this year! This topic analysis is written by **Sunny Mewati** and **Lawrence Zhou**. The topic analysis will explain the background of this topic and provide some thoughts about the various arguments teams can make on this topic. We believe that this is an excellent tool to help you understand this topic from the perspective of a debater. Think of this as your own personal debate coach who is providing their own personal thoughts about the topic.

It is up to each debater to read the articles and incorporate their arguments and evidence into their cases accordingly, considering bias, context, and how these articles present their evidence. Additionally, an article under “Pro” may still have sections or statements that support or sound more like the Con side. These categories are not meant to be “only Pro” evidence; they are only designed to help debaters find some basic starting evidence and ideas for each side of the topic. Some of the resources here have been shortened with an ellipsis [...]. However, most of the articles have been posted in their full original length since reading the whole article allows greater understanding of the context and primary idea.

Each article is introduced with a note from the NHSDLC which provides a brief summary of the article and some context of the article (e.g. the value of the article, ways debaters might use this article, etc.). New this season, the introduction of each article will also contain questions about the article that debaters can use to check their comprehension of the article. We recommend that debaters read these questions before reading the article and then try to answer the questions after they’ve finished reading the article. For convenience, we’ve also included all the questions for each article at the end of this research packet.

There is an additional advanced supplement packet for more advanced students. The supplement is not required to understand the topic. It contains additional information and some more advanced articles that are more difficult to read and comprehend, particularly as it relates to studies and economics. It is highly recommended that debaters read through this research packet first before reading the advanced supplement as the advanced supplement does not contain the introduc-

tory material in this research packet. After reading through our provided research packets, it is also highly recommended to find articles, evidence, and ideas from your own research, as the most successful debaters tend to find unique evidence and arguments that are truly their own.

1.2 Making the Most of the Research Packet

New this season, we'd like to provide some advice on utilizing our research packet and sample cases. This advice is helpful for coaches, parents, and debaters alike. The length of this packet can seem intimidating, so here is some advice for using the research packet.

1. We recommend reading the topic analysis after reading this letter and before reading the other sections. This is because the topic analysis will provide an overarching framework for understanding the topic. It is usually more effective to get a broad understanding of the topic as a whole and then fill in the specific missing knowledge later.
2. We recommend strategies of active reading. Simply reading and re-reading the material isn't an effective way to understand and learn as students will likely forget the material. Here's some suggestions for active reading, taken from the Open University:
 - Underline or highlight key words and phrases as you read. When you return to it later on, you can easily see which points you identified as important. Be selective - too much highlighting won't help.
 - Make annotations in the margin to summarise points, raise questions, challenge what you've read, jot down examples and so on. This takes more thought than highlighting, so you'll probably remember the content better. (Use sticky notes if you don't want to mark the text.)
 - Read critically by asking questions of the text. Who wrote it? When? Who is the intended audience? Does it link with other material you've studied in the module? Why do you think it was written? Is it an excerpt from a longer piece of text?
 - Test yourself by reading for half an hour, putting the text away and jotting down the key points from memory. Go back to the text to fill in gaps.
 - Look for 'signposts' that help you understand the text - phrases like 'most importantly', 'in contrast', 'on the other hand'.
 - Explain what you've read to someone else.

- Record yourself reading the module material or your notes, and listen to the recording while you're travelling or doing household chores.¹
 - Another way to think about active reading is through the SQ3R method. It is good for revision as well as reading something for the first time. 'SQ3R' stands for the five steps involved. SKIM through the text quickly to get an overall impression. QUESTION. If you are reading it for a particular purpose (for example, to answer an assignment), ask yourself how it helps. Also ask questions of the text: Who? What? Where? When? How? READ. Read the text in a focused, and fairly speedy way. REMEMBER. Test your memory - but don't worry if you can't remember much. REVIEW. Read the text in more detail, taking notes. Use your own words.
3. For teachers or coaches, we recommend creating lesson plans that incorporate active reading into the assignments. For example, you could assign students to read an article and submit a short paper that contains annotations, notes, questions, and a summary of the article that they just read. You could also assign students to give mini-presentations on an article they were assigned to read where they have to summarize the article as well as identify arguments (claims, warrants, and impacts) in the article. You can also use the questions we've introduced at the beginning of each article as an assignment.

¹Critical reading techniques: Active reading", 2 March 2018, The Open University, <https://help.open.ac.uk/active-reading>.

2 Topic Analysis

Note from the NHSDLC: This topic analysis is written by Sunny Mewati and Lawrence Zhou. The point of a topic analysis is to give a broad introduction to the topic and the main arguments from the perspective of a debate coach. This is like having your own personal debate coach write down their thoughts about the topic and arguments and give them to you. This is not meant to be taken as absolute truth, but, instead, as another useful tool to help you prepare for the topic.

2.1 The Idea of Universal Basic Income

A Universal Basic Income (UBI), defined conventionally is a guaranteed cash transfer that the United States will provide to all its citizens. A UBI would be unconditional and have no means test for eligibility. It would be given to every individual, regardless of their own or their family income. This is what separates UBI from current welfare programs. The idea of eradicating poverty by simply giving people money dates back to at least the sixteenth century. Between the early sixteenth and early twentieth centuries, a host of luminary thinkers—including Thomas More, Thomas Paine, John Stuart Mill, and Bertrand Russell—all endorsed the idea of a UBI in one form or another.

At the outset, the idea of a UBI seems un-American. In a country that celebrates hard work as the path to success, the idea of getting money for not doing anything - even if it is just enough to save your family from poverty - is heresy. And yet, one of the first proponents of a basic income was Thomas Paine, political theorist and one of the founding fathers of the United States. Paine offered a philosophical rationale for a guaranteed income in *Agrarian Justice* (1795)

It is a position not to be controverted that the earth, in its natural, uncultivated state was, and ever would have continued to be, the common property of the human race. Once cultivated however, it is the value of the improvement, only and not the earth itself, that is individual property [...] There shall be paid to every person, when arrived at the age of twenty-one years, the sum of fifteen pounds sterling, as a compensation in part for the loss of his or her inheritance, by the introduction of the system of landed property. ²

Paine's idea was never adopted but it has inspired other people, most notably philosopher Bertrand Russell and activist Martin Luther King Jr. King proposed a basic income as a scathing critique of the current welfare system. He argued,

The contemporary tendency in our society is to base our distribution

²Paine, T. (2000). *Agrarian justice*. Alex Catalogue

on scarcity, which has vanished, and to compress our abundance into the overfed mouths of the middle and upper classes until they gag with superfluity. If democracy is to have breadth of meaning, [...] it is necessary to adjust this inequity. It is not only moral, but it is also intelligent. We are wasting and degrading human life by clinging to archaic thinking [...] The curse of poverty has no justification in our age [...] It is socially as cruel and blind as the practice of cannibalism at the dawn of civilization, when men ate each other because they had not yet learned to take food from the soil or to consume the abundant animal life around them.³

Paine, King, and other proponents of a basic income have argued that we live in a period of abundance, not scarcity that gives us the ability to provide a basic income.

2.2 Why is Everyone Talking About the UBI Now

There are a couple of reasons for this resurgent interest in UBI in the United States, especially in Silicon Valley.

First, the threat of job losses in manufacturing and service industries due to automation. There is credible research to believe that increasing automation will leave millions of Americans without a job and source of income. *Second*, increasing income and wealth inequality in the United States. Some economists and entrepreneurs view a basic income as a way to alleviate some of the problems caused by widening wealth inequality.

In his 2015 book, *The Rise of the Robots*, Martin Ford makes a compelling argument that some basic income program is essential in the context of impending job loss, to ensure that people maintain a basic standard of living and that consumers have money to spend because a market economy requires a cycle of earning and spending to sustain itself.⁴ Others however are skeptical of Silicon Valley's renewed advocacy of a UBI, chief among them, Carmen Pettaccio at The New Inquiry. He writes,

The aim [of UBI] is pacification, not liberation. It promises to placate the working class without actually changing the fundamental relations between bosses and workers, the rich and the poor. A universal basic income is, in the most cynical sense, a subtle kind of doomsday prep for the tech billionaire, a means to diffuse the revolutionary potential of the working class by supplying them with the absolute bare minimum, just enough to keep them almost happy and fat in the app.⁵

³King Jr, M. L. (2010). *Where do we go from here: Chaos or community?* (Vol. 2). Beacon Press.

⁴Ford, M. (2015). *The rise of the robots: Technology and the threat of mass unemployment*. Oneworld publications.

⁵Carmen Petaccio, xx-xx-xxxx, "Universal Basic Bullshit," *New Inquiry*,

2.3 Details

Before taking a deep dive into the topic, students should note a few important points.

First, many different plans for a UBI have been proposed in the United States. Let's discuss three prominent ones.

- In their book *The Stakeholder Society*, Bruce Ackerman and Anne Alstott propose a lump sum grant of \$80,000 to every American citizen when they turn eighteen. This would make adult Americans, a stakeholder in their country's wealth and future. It is then up to them to use the money to finance college, save it or invest it. Ackerman and Alstott proposed to fund this by a 2% annual property tax on the estates held by 40 percent of Americans.⁶
- In his book *In Our Hands: A Plan to end the Welfare State*, political scientist Charles Murray proposes a basic income by eliminating all forms of means tested welfare programs to provide an annual cash grant of \$10,000 to every American from the age of twenty-one until that person's annual income exceeds \$30,000.⁷
- Silicon Valley investor and entrepreneur Andrew Yang proposes a \$1000 monthly payment to every American above the age of eighteen. He would fund it by consolidating some welfare programs and implementing a Value-Added Tax (VAT) of 10 percent. Yang proposed to allow current welfare and social program beneficiaries to be given a choice between their current benefits or \$1,000 cash unconditionally.

Students should note that beyond the basic definition, there is no shared understanding of what a UBI in the United States would look like among both academics and politicians.

Second, students should note that the topic is specific to the United States. Currently, literature on the UBI differs between developed countries and developing countries, as both these groups of nations face different developmental challenges that warrant different policy responses. For advanced economies, UBI literature mainly focussed on UBI as a hedge against rising concerns about stagnant trade flows, growing economic inequality, slow productivity gains, and especially automation-driven job losses. UBI literature in developing countries on the other hand frames UBI as a leakage free welfare program that's a better alternative to means tested welfare schemes that developing countries cannot implement because of lack of state capacity. Students should have a cursory understanding of both streams of literature but they should be careful in taking arguments from developing countries and

<https://thenewinquiry.com/universal-basic-bullshit/>

⁶Ackerman, B., Alstott, A. (1999). *The stakeholder society*. Yale University Press.

⁷Murray, C. (2016). *In our hands: A plan to replace the welfare state*. Rowman Littlefield.

extending them to the United States.

Third, taken together, a vast and growing body of high-quality empirical research lends credence to the hypothesis that cash transfers help the poor. Governments have typically delivered these payments in one of two ways: unconditional cash transfers that recipients can spend any way they like, and conditional cash transfers offered to citizens who meet predefined conditions like undergoing regular medical checkups or sending their children to school. The former approach appears to work best when households' core problem is a lack of funds, while the latter helps households make socially optimal decisions, like delivering a baby in a formal health-care environment or investing in a child's education, when they may do otherwise without such incentives. Cash transfers, with or without strings attached, appear set to make substantial inroads in welfare states around the world. However, cash transfer programs around the world are means tested, with well-off people excluded using predefined and verifiable exclusion criteria. A proposed UBI will not be means tested. Students should be careful when extending or projecting the research from the success of cash transfer programs to argue for the merits and/or demerits of a basic income program.

2.4 Axes of Disagreement

This topic might seem on face merely an economics question: is a universal basic income an effective proposal for accomplishment some economic goal relative to other proposals? Certainly, the economics debate is perhaps the most pertinent question on this topic, but there is another related topic of disagreement concerning the ethics of a universal basic income. Most of the arguments will likely relate to economics, e.g. to what extent a UBI alleviates poverty, reduces inequality, or increases inflation. However, some arguments will explicitly appeal to philosophical positions, e.g. whether the ultimate goal should be reducing inequality or protecting rights.

2.5 Pro Arguments

Almost every Pro debater will argue that UBI is a better policy to address the United State's developmental challenges than the current means tested welfare programs. One core Pro position is to argue that the current means tested welfare system 'infantilizes' and 'ghettoizes' the poor. A UBI will add an element of dignity to redistributive programs by not treating people as inherently irresponsible with their welfare grants. The current welfare system also ghettoizes the poor by forcing them to live in one area of a town that offers them free public housing, grocery stores that accept food stamps, and doctors who take Medicaid. A basic income on the other hand treats people equally, and trusts people to make their own decision about what to do with their money. UBI eliminates the need for the government

to waste money on maintaining a massive amount of bureaucratic infrastructure to oversee current welfare programs. Because of its unconditional nature, all that UBI requires is something most if not all governments are excellent at - mailing cheques.

In theory, a UBI will improve the competitiveness of the labor market by essentially putting a floor on wages without the use of market distorting minimum wage legislation. It will increase a worker's bargaining power by giving them the ability "to walk away" from an exploitative job or negotiation without having to worry about the cash crunch that follows quitting a job.

A UBI will allow a smoother transition from today's labor intensive manufacturing to the kind of automation induced job losses that Martin Ford and other futurists have written alarmingly about.

And last, as counterintuitive as it may sound, a UBI may lead to an increase in entrepreneurship in the United States by providing a hedge against failure. The most common incentive for entrepreneurship is access to finance and ease of exit. A guaranteed income that meets the basic needs of the people and provides a safety net will allow them to take more risks and spur entrepreneurship.

2.6 Con Arguments

As we'll discuss in the strategy section that follows, the Con has a wide variety of arguments at their disposal. Certainly, the most obvious and germane objection is the sheer cost required to fund a UBI. It's sometimes argued that an adequate UBI is unaffordable and an affordable UBI is inadequate. A UBI would likely cost trillions and be difficult to pay off. These costs would have a variety of deleterious effects. Similarly, a UBI might also decrease the incentive to work which may increase unemployment and hurt the productivity of the workforce in general. Finally, a UBI might also increase inflation.

The Con can also argue for the value of means-tested welfare. Means-tested welfare might be a more effective way of alleviating poverty and reducing inequality by targeting the worst off. There is a substantial risk that a UBI could be a regressive disaster by removing meaningful welfare benefits from the poorest and redistributing it upward toward the wealthy. Means-tested welfare would also likely be much more affordable.

Finally, the Con can propose a variety of alternative solutions including, but not limited to, a job guarantee, a living wage, reforms to the welfare system, universal basic goods, or other economic fixes to address the problems that the Pro discusses.

2.7 General Strategy Thoughts

Now that we've covered some of the academic literature and arguments relating to universal basic income, it's worth taking a minute to dive into some of the strategy surrounding this topic.

This topic is interesting because it functionally forces the Pro to defend two proposals: the elimination of means-tested welfare and the establishment of a universal basic income. The Con, meanwhile, has the option to disagree with either proposal or both proposals (and, in fact, the most strategic Con teams will likely choose to contest both). What does this mean? Practically speaking, it means that the Con can either:

1. Argue that we should not create a universal basic income,
2. Argue that we should not eliminate means-tested welfare but create a universal income, or
3. Argue that we should not create a universal basic income, but even if we were to create one, it should not eliminate means-tested welfare.

Meanwhile, the Pro must defend not only that a universal basic income is good but also that it should serve as a wholesale replacement for means-tested welfare programs. This places a double-burden on the Pro. The Con functionally has twice as many options for disproving the Pro's proposal.

This likely will heavily debate and research strategy. Most obviously, this means that the Pro must be especially careful with which arguments they choose to defend in their case. If the Pro spends one contention talking about why a universal basic income is good and another contention talking about why means-tested welfare is bad, the Con need only disagree with one of those contentions and can ignore the other contention. This, in effect, nullifies or wastes about half of the Pro's speech time, granting a relatively large time advantage to the Con. Pro arguments for the desirability of a universal basic income should also simultaneously be reasons why means-tested welfare is suboptimal. Any contention that only defends one part of the resolution is shooting itself in the foot because it means that the Con can ignore it and still win, never a good position to be in. In short, **the best Pro arguments for a UBI must also be comparative reasons why means-tested welfare is bad.**

This will also affect the Con's strategy. They can choose to focus their efforts on researching why a UBI *in addition to* means-tested welfare is good or why a UBI in general is bad. Both are viable Con strategies and allow the Con to pick and choose their best arguments. Good Con teams will likely be prepared to debate both.

3 Background

3.1 The Definitive Guide to Universal Basic Income

GiveDirectly, "Universal Basic Income (UBI): The Definitive Guide", no date
<https://www.givedirectly.org/basic-income/>.

Note from the NHSDLC: This background by GiveDirectly provides a comprehensive introduction to the debate surrounding the universal basic income. Debaters should get a sense of what a UBI is, its history, as well as common arguments for and against a universal basic income.

Questions:

1. What is a universal basic income? Why is it distinct from a Negative Income Tax? Are those differences relevant?
2. Explain two arguments for and against universal basic income. Identify the reasons (warrants) in each argument.
3. In your opinion, which example of a universal basic income tax, either in the United States or in another country, provides the best support of a UBI? Why?

What if every month, every person got a check from the government with enough money to live on? Would people stop working? Could we afford it? Would it eliminate poverty? These are some of the central questions about Universal Basic Income, a radical policy proposal with support from individuals across the political spectrum.

In this post, we examine the case for and against UBI, what we know about how it could work, and what remains to be seen. GiveDirectly is also delivering cash transfers to 20,000 people as part of the largest experimental test of UBI ever conducted. Read more about that project [here](#).

Definition of Universal Basic Income:

A universal basic income (UBI) is a guaranteed, no-strings-attached, recurring payment to every member of society, sized to meet basic needs.

It approaches the problem of people not having enough to live on by giving everyone a check equal to the cost of living. In its fullest form, it's:

- Universal, serving all members of society;
- Basic, enough to cover basic needs; and an
- Income, an unconditional, recurring payment guaranteed for recipients' lifetimes.

A brief history of UBI

Basic income has a long history, claiming supporters from across the political spectrum. Over time, everyone from Thomas More, to J.S. Mill and Thomas Paine, to Milton Friedman and Friedrich Hayek, to Dr. Martin Luther King and Facebook founder Mark Zuckerberg have expressed interest in some version of the policy.

In the 1970s, the US and Canada conducted negative income tax pilots in 5 regions, and congress under President Nixon nearly passed a law implementing this basic income variant. However, the pilots were inconclusive, and the political moment passed. While interest in basic income has surged again recently, a true universal basic income has never actually been fully implemented, and countries around the world are still weighing the pros and cons.

Of course, the broader history behind helping people by “just” giving them money is at least as long, and 130 countries today have at least some type of cash transfer program, including many who have adopted a universal pension for the elderly.

GiveDirectly: Why We Got Involved

GiveDirectly is currently running the largest universal basic income experiment in history. The debate over basic income is about a specific type of cash transfer program. GiveDirectly has delivered different types of cash transfers and evaluated their effects for a decade, distributing over \$100M and conducting more than 10 randomized control trials. While, in general, the evidence is strong that giving cash is one of the best ways we can help people, we’re eager to learn how UBI compares to other approaches. This 12-year study will deliver cash to more than 20,000 people living in rural Kenya. Learn more about our program here.

Arguments in Favor of UBI

Eliminating (Monetary) Poverty

I’m now convinced that the simplest approach will prove to be the most effective - the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income - Martin Luther King
| Civil Rights Leader

If you give everyone a payment equal to the poverty line, no one will have to live below the poverty line. This is the simplest argument in favor of a universal basic income.

There is no reason why in a society which has reached the general level of wealth which ours has. . . that the security of a minimum income should not be guaranteed to all without endangering general freedom. -
Fredrich Hayek | Economist

Of course, you'd want to confirm recipients don't work and earn less, offsetting the original payment. You might also worry that misspending or other effects could make people worse off, even if they are less "poor". We discuss some of these concerns later on in the arguments against UBI. Monetary wellbeing, while hugely important, is also only one aspect of what makes a life worthwhile.

Empowering people to choose, destigmatizing government assistance

Many people are drawn to basic income because recipients don't have to meet onerous conditions to receive help, and how funds are spent is entirely up to them. Similarly, some advocates argue universal inclusion would mitigate the stigma of relying on assistance from the government.

Former president Richard Nixon was drawn to a UBI-variant called a negative income tax in large because a universal approach wouldn't support only the unemployed.

Current welfare robs recipients of dignity. Benefit levels are grossly unequal. . . For the first time, the government would recognize that it has no less an obligation to the working poor than to the nonworking poor.
- Richard Nixon | Former US President

Other supporters are excited about the potential for basic income to empower people to take on more creative, entrepreneurial work.

We should explore ideas like universal basic income to make sure that everyone has a cushion to try new ideas. - Mark Zuckerberg | Facebook Founder, CEO

Or, in some cases, to be recognized for the unpaid work they're already doing.

The U.B.I. would also edge us toward a more gender-equal world. The extra cash would make it easier for a dad to become the primary caregiver if he wanted to. A mom with a job could write checks for child care and keep her earnings, too. Stay-at-home parents would have money in the bank, more clout in the family, and the respect that comes from undertaking an enterprise with measurable value. And we'd have established the principle that the work of love is not priceless at all, but worth paying for - Judith Shulevitz | Journalist

Reducing administrative overhead

Now what it seems to me you ought to do is to give people money instead of a whole lot of separate little baffles and get rid of the bureaucracy that is involved in all these programs. . . If we want to say we'll give you money only if you use it to buy toothpaste and not for anything else,

that's our right [as taxpayers] but I think we are very unwise to exercise it. Milton Friedman | Economist

Cushioning technological unemployment

While some advocate for UBI as a way to reduce poverty today, others view it as an answer to the risk that AI and automation eliminate millions of jobs in the future.

We are in the fourth inning of automation. Four million manufacturing jobs have been taken since 2000 and automated trucks are already making deliveries in Colorado. 1 out of 10 American workers works in retail. If we wait any longer, we will be out of time - Andrew Yang | Presidential candidate

The appeal is fairly straightforward: in an increasingly sparse job market, UBI would enable the unemployed to maintain a baseline standard of living between jobs. It could also subsidize incomes for lower-paying, socially beneficial jobs like elderly care and education.

However, not everyone agrees that job automation is an imminent threat.

Universal basic income would require nearly doubling income taxes in this country. I think it's based on the premise that there won't be jobs for people. I think our premise should be that there will be jobs for people. - Jason Furman | Economist

It's a recurring panic. This happens every 25 or 50 years, people get all amped up about 'machines are going to take all the jobs' and it never happens. - Marc Andreessen | Investor

Regardless of how likely it is that automation eliminates most jobs, it's probably more likely that it creates the need for different types of economic transitions, which could perhaps be eased by a basic income.

One can legitimately worry about the transition even if one believes that the Lump of Labor fallacy is in fact a fallacy . . . Even then the adjustments in the labor market are likely far slower than the displacement effects from automation. Employers can fire people quickly. People take a long time to acquire new skills and find new jobs (and these jobs need to be created first). - Albert Wenger | Investor

Arguments against UBI

Breaking the bank

Critics' most common concern about UBI is that the price-tag alone would make it fiscally or politically infeasible to implement. For example, presidential candidate,

Andrew Yang's proposal would give \$1,000 per month to every US citizen over 18, costing a total of \$2.8 trillion a year, relative to total federal government spending of \$4 trillion. Approximately \$300 billion to \$500 billion of that funding could potentially come from existing social safety net programs, but the government would still have to raise significant new revenue, and Yang's actual proposal only saves \$133 billion by repurposing existing services.

Partly, the United States spends much less on social services than other developed world countries, so there's less existing spending to move around. Still, many countries would find a negative income tax approach, with cash support decreasing as recipients' income increase, more palatable. For example, economists Jessica Wiederspan, Elizabeth Rhodes, and Luke Shaefer find that the United States could implement a negative income tax at a gross cost of \$219 billion per year. Although, the net cost would be roughly zero if it replaces the set of existing programs they model.

Other countries may also have unique sources of revenue or existing spending that could be repurposed. Former Chief Economic Advisor to the Government of India Arvind Subramanian, for example, imagined a modest basic income funded by repurposing existing subsidy programs, which could lift millions of people out of poverty.

Redirecting scarce resources from the poor to the wealthy

The conservative version of UBI would be a huge, poverty-inducing step in the wrong direction. Our social welfare programs devote most of their resources to low- and moderate-income people, so to sum up those expenditures and divide by the population would definitionally dilute the resources currently going to those who need them most. - Jared Bernstein | Former economic adviser to Vice President Joe Biden, Senior Fellow at CBPP

How a basic income is funded is critical for the effect it has on poverty and inequality. While most basic income proposals redistribute funds from the wealthy to the poor, taking funds currently spent only on the poor and distributing them universally would leave current recipients of support substantially worse off.

If a UBI of the scale often contemplated were introduced on top of the existing transfer system, it would represent a very large downward redistribution of income. In contrast, a UBI that replaced, rather than supplemented, current programs would be less targeted, providing much less assistance to the lowest income families. - Hilary Hoynes & Jesse Rothstein | Economists

Discouraging work

Critics also worry that a basic income would incentivize people to work less.

The fans of programs that accept even encourage joblessness, like universal basic income, forget that human satisfaction doesn't come primarily from material comfort, but from purpose, a feeling of accomplishment and the social support that often occurs in a work environment. - Larry Summers | Economist

Evidence from cash transfer programs in the developing world finds “no systematic evidence that cash transfer programs discourage work.” A 2018 meta-analysis by Ioana Marinescu of negative income tax experiments in the US and Canada found similar results, “Overall, the programs analyzed suggest either no effect on labor market supply or a slight reduction in work and earnings.” And a 2019 study in Finland found the same result.

Still, some speculate that the results would be different for a lifelong basic income.

Over time, the stigma against leaving the workforce would surely erode: large segments of society could drift into an alienated idleness. Tensions between those who continue to work and pay taxes and those opting out weaken the current system; under a basic income, they could rip the welfare state apart. - The Economist

For that, we're looking forward to the longer term results from our 12 year study in Kenya.

Sparking inflation

If everyone suddenly had an extra \$10K a year, and everyone knew that everyone had an extra \$10K a year, prices would go up and inflation would rise, thus negating the perceived gains of such a program. - Greg Archetto | Political staffer

A common concern about UBI is that increasing everyone's incomes will result in inflation. Existing evidence would suggest that rampant inflation is unlikely because the supply of most things people spend on is not fixed. The State of Alaska has given its citizens an annual dividend between 800 and 2,000 since 1990, and its inflation has lagged the average US inflation. Two other studies from Mexico and Somalia found no overall price effects in places receiving cash transfers. In very remote economies or local areas with supply inefficiencies, this could potentially be more of a problem, especially in the short-run. A 2019 review summarizes the existing research on the other effects of the dividend.

What countries have explored universal basic income?

Most countries in the world have experimented with some type of cash transfer program. The effects of these are well studied. See, for example, the Overseas Development Institute's review of 165 studies evaluating the effects of 56 different programs. Many countries have also implemented universal, unconditional cash programs in the form of universal pensions (e.g., Social Security) or child grants.

Still, a full universal basic income, giving all members of society enough money to live on for life, has never been implemented or evaluated at scale. Many places have debated UBI and a number of trials provide indicators of how a UBI could work. We review some of these below.

In the USA

President Nixon's Negative Income Tax

In 1969, as part of a broader proposal for welfare reform called the Family Assistance Plan, President Nixon proposed a Negative Income Tax (NIT) that was structurally very similar to UBI. The bill was motivated by Nixon's belief that providing welfare only to the unemployed reduces the incentive to find work. President Nixon said in a national address, "Thus, for the first time, the government would recognize that it has no less an obligation to the working poor than to the nonworking poor." However, the entire proposal was ultimately voted down by the House of Representatives, primarily stemming from Democrats' concerns that the benefits were not large enough.

Permanent Fund Dividend of Alaska

Every year since 1982, the state of Alaska has paid an annual dividend from a fund worth \$55 billion to all permanent residents. The fund has been funded by oil revenues. Historically, the yearly payment has fluctuated between \$800 and \$2,000 since 1990, based on the performance of the investment fund and year to year legislation. In a 2018 review, economists Jones Marinescu found that, "that the dividend had no effect on employment, and increased part-time work by 1.8 percentage points (17 percent)."

Eastern Band of Cherokee Indians Casino Dividend

In 1996, the Harrah's casino constructed in land held by the Eastern Band of Cherokee Indians began providing a share of its profits to every tribal member. Dividends typically between \$2,000 and \$3,000 twice per year are paid to over 16,000 recipients. Researchers evaluating the program found no reduction to the labor supply and meaningful improvements in education outcomes, crime rates, physical health, and mental health.

Hawaii Considering UBI

In 2017, Hawaii's state legislature passed HCR 89, a measure to begin evaluating a potential UBI program for its citizens. The measure passed unanimously, creating a bipartisan task force involving the Chamber of Commerce, economic researchers from the University of Hawaii, and the state's director of human services.

Andrew Yang's Freedom Dividend

Democratic presidential candidate Andrew Yang has championed the Freedom Dividend, a \$1,000 monthly payment to all adults in the US, funded by a new 10% Value-Added Tax, current welfare spending, higher pollution taxes, a financial transaction tax, treating capital gains as ordinary income, and higher taxes for top earners.

Stockton, CA

In February 2019, the city of Stockton, CA launched a UBI pilot for its citizens. Roughly 100 residents will receive \$500 per month for 18 months. The program was proposed and championed by Mayor Michael Tubbs and largely supported by the Economic Security Project.

Y Combinator

In 2017, YCombinator released a proposal to pilot UBI through payments to 3,000 people across 2 states for at least 3 years. That project is expected to launch in late 2019.

Chicago

In February 2019 in Chicago, a task force appointed by Mayor Rahm Emmanuel recommended an experiment that would give 1,000 residents \$1,000 a month for 18 months.

Around the world

Canada

UBI has been a policy consideration in Canada for decades, with multiple parties currently championing it as an effective poverty alleviation tool. Ontario, Canada launched a negative income tax pilot in April 2017 that disbursed up to \$12,600 per year to 4,000 households. However, Premier Doug Ford announced in 2018 that they would discontinue the program and focus on traditional programs. In the 1970s, the "Mincome" program in Manitoba tested a negative income tax for residents for 5 years. An evaluation of that program found improvements in high school completion rates, reduced hospitalizations, and mental health.

Finland

In 2018, Finland launched a project delivering 560 euros a month to roughly 2,000 people who were previously receiving unemployment assistance. Preliminary results show that the basic income had numerous positive physical and mental health effects. Recipients worked the same amount as beneficiaries of traditional unemployment insurance, leading some to criticize the program for not increasing work effort. UBI advocate Scott Santens points out a key limitation of the experiment's design: "the treatment group continued receiving 83.3% of the conditional [e.g., unemployment] benefits as the control group," undermining whether the treatment group was truly released from incentives policymakers suspected might hinder returning to work.

Switzerland

In a 2016 referendum, 77% of Swiss citizens voted against implementing a Universal Basic Income program. In 2018, a filmmaker tried to crowdsource funds to implement a UBI experiment in the town of Rheinau, but he was ultimately unsuccessful at securing sufficient funds.

India

In the early 2000's, UNICEF and SEWA (Self-Employed Women's Organization) ran multiple pilots of basic income in Madhya Pradesh and Delhi. Arvind Subramanian, former Chief Economic Advisor, explored the case for a basic income in the government's 2017 Economic Survey. In March 2019, India's Congress Party-leader Rahul Gandhi promised his party would implement a UBI program if elected (he wasn't). The Indian state of Sikkim has pledged to implement a UBI program for its residents by 2022.

France

In 2015, the French region of Aquitaine voted to begin researching how to implement a basic income. The motion passed unanimously, but there has been little public progress since.

Speenhamland System (England and Wales)

In the 1790s in England and Wales, the Speenhamland system (also called the Berkshire Bread Act) was created. It provided cash support to rural poor families based on the number of children in each family and the price of bread, marking one of the earliest instances of large-scale social protection policy.

Namibia

In 2008, two pilots of UBI were run in Namibian villages Otjievero and Omitara. The program distributed roughly \$13 each month to beneficiaries for several years. It was funded by private contributions from German and Namibian citizens through Basic Income Grant Coalition.

Scotland

Universal Basic Income is increasingly becoming a serious policy consideration in Scotland. It's a major agenda item for both the Scottish National Party and Scottish Green Party, and a parliamentary task force was formed in 2018 to examine potential pilots in four local municipalities: Glasgow, Edinburgh, Fife, and North Ayrshire.

Germany

In Germany UBI has been a major topic of debate since the 1980s. In 2013, a Parliamentary commission found that UBI was “unrealizable,” although the Basic Income Alliance, a party focused on advocacy formed in 2016 and remains present today. Mein Grundeinkommen (“My Basic Income”), a crowd-funded NGO focused on promoting UBI, raffles off 1,000 monthly incomes to hundreds of German citizens

Kenya

GiveDirectly is conducting the world's largest, most long-term experiment to date on the impact of a Universal Basic Income. Launched in 2017 the study will last 12-years and involve nearly 300 villages in rural Kenya. Learn more about the program [here](#).

FAQ about UBI

How would universal basic income work?

UBI would guarantee every citizen within a governed population a regular payment from the government with enough money to live on. Most UBI plans would be funded by tax revenues and would either supplement or replace existing welfare programs.

Does universal basic income work? Is it a good idea?

We don't know yet! There's strong evidence behind cash transfers in general, but no country has implemented a UBI at scale. However, our experience on the effects of cash transfers broadly and from UBI pilots around the world suggest it's worth testing.

How much would a universal basic income cost?

- In Kenya: In our UBI project in rural Kenya, recipients are receiving roughly \$0.75 (nominal) per adult per day, delivered monthly for 12 years. For a village of 200 adults, it would cost about \$5,000 a month to provide a UBI. You can learn more about our UBI trial in Kenya [here](#).
- In the USA: The CBPP estimates that it would cost more than \$3 trillion dollars a year to provide a \$10,000 per year UBI program. There are multiple proposals of how the funding would be raised for a program of this size. A Negative Income Tax program modeled by economists Wiederspan, Rhodes, and Shaefer would eliminate poverty completely, providing basic income only to citizens below the poverty line with a 50% phase-out rate. The proposed plan cost only \$219B per year, which is less than the combined funding from existing welfare programs.
- In Switzerland: In 2016 Switzerland voted down a referendum that would have created a monthly UBI of 2,500 Swiss Francs (equal to about \$2,555). News reports at the time of the vote put the total cost at 25 billion Francs a year.

[...]

Who pays for universal basic income?

In most proposals, the citizens would pay for UBI via government tax revenue. However, many trials of UBI have also been funded by not-for-profit organizations, such as GiveDirectly's UBI project in Kenya, and some proposals involve distributing the revenues from a shared resource (like Alaska's Permanent fund).

What is the difference between UBI and a negative income tax?

Both a UBI and a negative income tax (NIT) establish a minimum income floor. Under a NIT people who earn less than a "zero-tax threshold" get a cash transfer instead of paying an income tax. This benefit decreases as people earn more. Because an NIT targets the poorest people in society, it's not universal, but it would provide payments sufficient to meet basic needs.

A UBI funded by a progressive tax rate and a negative income tax can have identical income distribution effects after taxes and government payments, but a NIT would require a smaller gross budget to fund.

Otherwise, whether a NIT and UBI have similar effects depends on:

- How well the government can measure income levels and respond to income changes smoothly.

- How quickly NIT benefit levels decrease as recipients earn more, and how that affects their incentives to earn more.
- Whether structuring a program to be universal instead of focused on the poor changes how it is perceived.
- Is universal basic income possible?

To date, no country has implemented UBI at a national-level. Many countries have implemented other types of cash transfer programs. For many countries, it's possible to propose revenue models to fund a UBI. Whether those models are politically feasible and the actual effects of implementing a UBI remain to be seen.

Is universal basic income socialism?

No. Socialism is a political and economic theory where the means of production are owned by the community. A UBI provides an unconditional guaranteed income to every citizen, but does not change the ownership structure of businesses.

3.2 Why Everyone is Talking About Free Cash Handouts

Catherine Clifford (the senior entrepreneurship writer at CNBC. She was formerly a senior writer at Entrepreneur.com, the small business reporter at CNNMoney and an assistant in the New York bureau for CNN.), “Why everyone is talking about free cash handouts—an explainer on universal basic income”, 27 June 2019, CNBC, <https://www.cnbc.com/2019/06/27/free-cash-handouts-what-is-universal-basic>.

Note from the NHSDLC: The debate over UBI is growing and it’s easy to see why. This article explains some of the background of what a universal basic income is in the context of the modern American political environment.

Questions:

1. Why is the conversation about UBI more popular now than ever before? Are these valid concerns?
2. What data suggests that UBI will work? What data suggests it won’t?
3. What are three Pro arguments made in the article? Three Con arguments?

The idea of free cash for all may seem too good to be true, but a growing number of high-profile people — from Democratic presidential hopeful Andrew Yang to tech billionaire Elon Musk — say universal basic income, or UBI, may become a reality. And the rest of America is becoming more interested, too: Google searches for the term “universal basic income” have multiplied as much as 50 times between 2015 and 2019.

So what is UBI? Here’s a primer.

What is UBI?

Universal basic income refers to regular cash payments made to a given population (such as adult U.S. citizens, for example) with minimal or no requirements for receiving the money, in order to increase people’s income, according to the International Monetary Fund.

Beyond that, however, there is often disagreement about what constitutes UBI.

”[T]here is no established common understanding” of UBI, according to economists Maura Francese and Delphine Prady. And therefore, “very different income-support programs are often labeled ‘universal basic income,’ even when they have little in common or do not aim at the same goal.”

However, common variances on the basic tenet include whether cash handouts replace or supplement existing social welfare programs, whether payments are distributed to a household or individual, who foots the bill and how often the payments

are distributed.

Why is everybody talking about UBI now?

There are two main conditions fueling the emergence of UBI as a serious topic over the last few years.

The first is fears that automation will put millions of people out of work, leaving them with little or no income.

“There is a pretty good chance we end up with a universal basic income, or something like that, due to automation,” SpaceX and Tesla boss Elon Musk told CNBC in 2016. “Yeah, I am not sure what else one would do. I think that is what would happen.”

This is Andrew Yang’s thinking too. Yang, a 44-year-old entrepreneur running for the Democratic presidential nomination, has made UBI the foundation of his 2020 campaign platform. His plan, which he calls the “Freedom Dividend,” is for the federal government to give all U.S. citizens ages 18 and over \$1,000 per month.

Fellow Democratic hopeful Sen. Bernie Sanders said in 2015 he is “absolutely sympathetic to that approach,” and former Vice President Joe Biden said in 2018 he would consider a UBI as a last resort. Republicans are more likely to be against UBI.

Americans, however, are split on whether they would support universal basic income as a solution for those whose jobs are replaced by robots: 48% support and 52% do not, according to a February 2018 Gallup survey.

There is also debate as to whether robots will actually take people’s jobs: A 2017 McKinsey & Company report estimates as much as one-third of the U.S. workforce may need to learn new skills and find a new job because of automation by 2030, while a 2017 report from Gartner says artificial intelligence will create more jobs than it eliminates.

The other major situation motivating the current conversation about UBI is America’s extreme and growing wealth inequality. Some see cash payments as a way to help even the playing field.

Facebook founder Mark Zuckerberg, for one, falls into this camp.

“Every generation expands its definition of equality. Now it’s time for our generation to define a new social contract We should explore ideas like universal basic income to make sure everyone has a cushion to try new ideas,” Zuckerberg said in his 2017 Harvard commencement speech. After all, he said, it was because he had a financial safety net from his dentist father that he felt free to try something as risky as turning Facebook into a business.

The wave of interest in UBI is also inspiring a smattering of experiments and pilot studies with UBI in the U.S.

The once-bankrupt town of Stockton, California, initiated an 18-month experiment in February, distributing monthly checks for \$500 to 130 randomly selected Stockton residents to mitigate poverty and inequality. Michael Tubbs, the town's now 28-year-old mayor, decided on the program after reading Dr. Martin Luther King Jr.'s 1967 book, "Where Do We Go From Here: Chaos or Community?" In the book, King writes: "... the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income."

And one of the country's top start-up accelerators' research arm, Y Combinator Research, has run small-scale tests in Oakland, California, to test and improve procedures ahead of a larger-scale program. In that program, 1,000 randomly selected individuals across two as-yet-undisclosed states will receive \$1,000 per month for three years to study the impact of the cash transfer.

Who pays?

That depends on who you talk to.

Hillary Clinton seriously considered running her 2016 campaign for president on a platform built with UBI. But she couldn't figure out a reasonable way to pay for it.

"Unfortunately, we couldn't make the numbers work," Clinton wrote in her campaign memoir, "What Happened." "To provide a meaningful dividend each year to every citizen, you'd have to raise enormous sums of money, and that would either mean a lot of new taxes or cannibalizing other important programs. We decided it was exciting but not realistic..."

Others believe there is a solution.

Facebook co-founder Chris Hughes, a UBI supporter, says a guaranteed basic income should be paid for by the wealthiest 1% of society, according to his book, "Fair Shot: Rethinking Inequality and How We Earn."

And Yang proposes to pay for UBI by implementing a value-added tax, or VAT, of 10% on goods and services a company produces. "Because our economy is so vast, this would generate between \$700 and \$800 billion in revenue," he said on Reddit in 2018. Indeed, Eric Toder of the Washington, D.C.-based Tax Policy Center told CNBC Make It in 2018 that such a VAT in the United States could raise anywhere from \$500 billion to \$1 trillion, depending on how broadly the tax is applied.

One thing is certain, however: It would cost a lot.

"A truly universal UBI would be enormously expensive," say Hilary Hoynes and

Jesse Rothstein, economics and public policy professors at the University of California at Berkeley. “The kinds of UBIs often discussed would cost nearly double current total spending on the ‘big three’ programs (Social Security, Medicare, and Medicaid),” according to their working paper published by the National Bureau of Economic Research in February. They also say these social welfare programs would still be needed even with UBI.

Will it work?

Critics say universal basic income is too expensive, that it gives people incentive to be unproductive, that it’s bad for people’s self-worth and that there are more efficient ways to spend government money to help those who can’t support themselves.

“Just giving \$1,000 to everybody in itself is not the right solution” if helping those who need it most in society is the goal, Thomas Piketty, an economist and professor at the Paris School of Economics, told CNBC Make It at Columbia University in March.

And Ian Goldin, a professor of globalization and development at the University of Oxford, argued in the Financial Times that “individuals gain not only income, but meaning, status, skills, networks and friendships through work. Delinking income and work, while rewarding people for staying at home, is what lies behind social decay.”

Nobel laureate in economics Joseph Stiglitz told CNBC in April, “I think there’s a certain dignity from work. Some of my younger students say, ‘Oh there could be a lot of dignity from meditation and from other ways of spending time.’ But I think for most people there will be a real desire to work,” Stiglitz says.

As far as the data goes, it’s mixed.

Some of the news seems positive. For example, left-leaning think tank Roosevelt Institute says a \$1,000-a-month payment would actually grow the economy by \$2.5 trillion by 2025 if it was paid for by increasing the federal deficit; however, increasing taxes would have no net benefit to the economy.

And some small UBI use cases seem to show that cash handouts help those who receive them in some ways — alleviating emotional stress and helping individuals pay their bills. However, it is not a silver bullet for unemployment.

For instance, preliminary results of a two-year experiment in Finland that gave 2,000 unemployed people 560 euros (\$638) a month show that, for the first year of the study, 2017, those getting cash payments reported improved well-being. However, there was no effect on employment status. Results for employment status in 2018, the second year of the study, are not yet available.

A basic income pilot program in Ontario, Canada, launched in April 2017 with a

plan to distribute varying monthly payments to more than 4,000 people living on incomes less than \$34,000 Canadian (or about \$25,925 U.S.) for up to three years via tax credits. In July, the government of Ontario announced it would shut down the program (due to the cost and a change in government leadership), and in August, it said that payments would run through March. But the advocacy group Basic Income Canada Network got some feedback. Responses from 424 participants indicated the payments gave them increased personal agency, relief from anxiety, increased social connection and the ability to invest in things like education and job-hunting.

Then there are the residents of Alaska, who receive a yearly dividend from the Alaska Permanent Fund, which was launched in 1982 to pass along oil profits to future generations. In 2018, the payment was \$1,600. Alaskans reportedly use the money for everything from heating oil and clothing to medical emergencies, travel and student loan payments. And a 2018 study of Alaskans suggests that “a universal and permanent cash transfer does not significantly decrease aggregate employment.”

4 Pro Evidence

4.1 The Progressive Case for Replacing the Welfare State with Basic Income

Scott Santens (a writer and basic income advocate), "The progressive case for replacing the welfare state with basic income", 10 September 2016, TechCrunch, <https://techcrunch.com/2016/09/09/the-progressive-case-for-replacing-the-/>.

Note from the NHSDLC: A progressive defense for UBI, this article makes several strong charges against the current welfare system and argues that a UBI would be a better solution to those problems.

Questions:

1. This article describes the current welfare state as "nothing but net holes." What does this mean? What are the best examples of this?
2. According to this article, what is the single biggest flaw of targeted assistance? Why is it so problematic?
3. Why is the idea that a UBI would be regressive a myth?

It appears some establishment voices have picked up on a way of opposing the idea of the monthly citizen dividend of about \$1,000 per month, known as universal basic income (UBI), in a way that successfully leaves some progressively minded people afraid.

The fear inspired is that those with the greatest need may be left worse off with UBI compared to the existing status quo of more than 100 government programs that currently comprise the U.S. safety net that UBI has the potential to entirely or mostly replace.

The argument goes that because we currently target money to those in need, by spreading out existing revenue to everyone instead, those currently targeted would necessarily receive less money, and thus would be worse off. Consequently, the end result of basic income could be theoretically regressive in nature by reducing the benefits of the poor and transferring that revenue instead to the middle classes and the rich. Obviously a bad idea, right?

This new argument has been made most notably by the White House's own chief economic adviser, Jason Furman, perhaps after himself reading the words of Robert Greenstein of the Center on Budget and Policy Priorities (CBPP).

The problem is that those who make this particular argument are building somewhat of a straw man, not only because of the blanket assumptions they are making

around a very specific tax-neutral design, but also because they aren't publicly acknowledging just how poorly our present means-tested programs are targeted by virtue of their applied conditions, and just how unequal one dollar can be to one dollar, however counterintuitive that may seem.

Basically, this particular argument would only make sense if we in no way altered our tax system to achieve UBI, and if our programs worked as we assume they work because that's how they should work. The problem is they don't work that way.

Assuming things work as we think they work is exactly one of the biggest obstacles we've always had to improving anything, because to fix something we first need to understand it's broken. If it ain't broke, don't fix it, right? Well, guess what? Our safety net is broken, and it's broken at such a fundamental level, there's no fixing it, because it is by design. A net full of holes must be replaced by a floor free of holes and that floor is unconditional basic income.

Nothing but net holes

In the United States today, on average, just about one in four families living underneath the federal poverty line receives what most call welfare, which is actually known as Temporary Assistance for Needy Families, or TANF. It gets worse. Because states are actually just written checks to give out as they please in the form of "block grants," there are states where far fewer than one in four impoverished families receive cash assistance.

In Oklahoma, seven out of 100 families living in poverty receives TANF. In Wyoming, merely one in 100 of those living in poverty receives TANF. Where does the money go instead? It goes to educate the children of those earning over six figures. It goes to programs trying to convince women to get married. And it goes directly to state government treasuries so they can cut taxes on the rich. The fact is that cash welfare, as it exists today, is not given to the overwhelming majority of those living in poverty who need it.

Single adults without children know this better than anyone. They even have their own moniker: ABAWDs (Able-Bodied Adults Without Dependents). ABAWDs have the lone distinction of being the only demographic in the U.S. to be literally taxed into poverty, all 7.5 million of them. Because they earn income and because they do not have the child necessary to qualify for virtually any assistance — even the earned income tax credit (EITC), which is meant as a boost for low-income workers through the tax code — those earning enough to be above the federal poverty line can end up beneath the poverty line after paying taxes. And those already beneath the poverty line are pushed even deeper, effectively punished for being childless and working.

Combine all of those without dependents with all of those with dependents but without sufficient income to qualify for EITC and living in states averse to cash assistance, and the reality is that tens of millions of adults and children fall straight through the net purportedly designed to catch them. Any net is mostly nothing but holes, and nowhere is that more true than in the United States.

Assumption: Everyone living beneath the poverty line receives cash assistance.

Observation: Most don't.

The same is true of housing assistance. There is a belief that poor people galore are sitting on easy street with affordable living conditions, where housing vouchers are given away like Halloween candy to anyone with a hand out.

The truth is that 24 percent of those who qualify for housing assistance get it, and getting it can mean years of waiting on lists. Here in New Orleans, where I live, the wait list is opened about every seven years or so, and when it is, tens of thousands apply despite fewer than 1,000 people becoming new recipients of vouchers each year.

Additionally, vouchers are not at all “just like cash.” Cash is accepted in payment by all landlords everywhere. Section 8 vouchers, meanwhile, are accepted only by those who choose to accept them, which is few and far between, and certainly not in what are considered to be “high opportunity” neighborhoods. This is true even of “supervouchers” that are specifically designed for that purpose.

Assumption: Everyone living in poverty receives housing assistance.

Observation: Most don't.

Food stamps, too, are not given to everyone living under the poverty line. About one-quarter of those living in poverty get no government food assistance, and of those who do, a third of them still need to visit food banks for added assistance because the amount given is nowhere close to being sufficient to get people through each month.

Estimates point to food stamps lasting on average about three weeks of every month. Worse yet, food stamps can even have harsh time limits (e.g. three months of SNAP every three years), growing restrictions on how they can be used (sorry, no seafood allowed) and work requirements (30 hours per week).

This is food we're talking about. Why should any bureaucrat ever exist between the most basic human need of all — the need to eat — and access to food?

Assumption: Everyone living in poverty receives food assistance.

Observation: Some may temporarily, but the amount is insufficient and full of costly strings.

However, one of the best examples of all the vast differences between the assumption and the observation of how government benefits work is how we target those with disabilities. It has been estimated that 22 percent of adults in the U.S. have some form of disability. At the same time, 4.6 percent of adults age 18-64 in the U.S. are receiving disability income. So again, about one-quarter of those we say we should be targeting actually receive anything, while the bulk get nothing.

It's not just apples and oranges. It's rotten apples and ripe oranges.

The absolute worst thing though, and what too few people seem to know, is that when it comes to disability income, you are essentially not even allowed to earn additional income. If you're on SSDI and earn one dollar over \$1,090 in a month, you are dropped from the program and lose 100 percent of your benefit. That is the steepest of "benefit cliffs" and it's the equivalent of taxing those with disabilities at rates far greater than 100 percent as a reward for their labor. It's also the exact opposite of a basic income that is never taken away.

It is this clawback of means-tested benefits with the earning of income that is possibly the single greatest flaw of all targeted assistance, and also the single most ignored detail when people defend the current system over the introduction of a basic income that would replace it. Simply put, \$1,000 per month in welfare is not at all the same thing as \$1,000 per month in basic income. It's not just apples and oranges. It's rotten apples and ripe oranges.

With welfare, because it is targeted and therefore withdrawn as income is earned, people on welfare are effectively punished for working. Their total incomes don't really increase with employment. Welfare functions in many ways as a ceiling.

With basic income, because it is unconditional and therefore never withdrawn as income is earned, people with basic incomes are always rewarded for working. Their total incomes always increase with any amount of employment. Basic income therefore functions as a floor.

Do you see the difference?

So when someone says the details matter when it comes to the idea of basic income and suggests the possibility that it could be regressive, and even increase inequality by taking money being targeted at the poor and giving it to the non-poor, understand that the details of the details matter even more than just the details.

Basic income is not some regressive conspiracy of the Silicon Valley elite to create a neo-serfdom.

The regressive argument operates on the myth that for every four people living under the poverty line, four people get an amount of assistance that lifts them far above the poverty line, and that \$1 of welfare is exactly equivalent to \$1 in basic

income.

The basic income argument operates on the reality that for every four people living under the poverty line, only about one person gets an amount of assistance that does more to trap them in poverty than to lift them out of it, and that *1 of welfare is worth far less than 1 of basic income*.

It's really important to understand this, so let's zoom in a bit on a worst-case scenario. Let's assume we replace all of our programs targeted at the poor with UBI, including even Medicaid (which I don't recommend unless we replace it with universal healthcare instead), and that we provide the UBI to adults only, with nothing for kids (something else I don't recommend).

Using an example of a single parent with two kids within the current system, we could regressively replace around \$45,000 of benefits (if we also eliminate child care, which is yet another detail I don't recommend) with \$12,000 in cash. That is a worst-design scenario and totally regressive right? No. It's actually partially regressive and mostly progressive.

Although true that one in four would be worse off in such an inferior UBI design, it's also true that three of four would be far better off because they would no longer receive little to nothing. As an oversimplified example for the sake of clarity, that means instead of the distribution across four adults being \$45,000/\$0/\$0/\$0, it would be \$12,000/\$12,000/\$12,000/\$12,000. That is more progressive as a whole than it is regressive, and inequality is reduced overall, not increased, because the total at the bottom went from \$45,000 across four people to \$48,000 across four people. And that is for basically the worst possible, most unrealistic of UBI designs.

But again, those numbers cannot be compared dollar for dollar. Welfare dollars disappear with work and basic income dollars are kept with work. That same parent receiving \$45,000 for nothing, if they got a job paying \$30,000 right now would receive \$20,000 in benefits. That would be a gain of \$30,000 combined with a loss of \$25,000. That's a gain of \$5,000 for a \$30,000 job, or in other words, an income tax of 83 percent. Who else is taxed at 83 percent? No one. In fact, the richest are taxed the least because their income, which isn't derived from work, is special. It's simply capital gains, which is taxed at 20 percent.

Even more troubling, welfare dollars themselves are not equivalent to each other. Despite it being against the law to vary welfare dollars along racial lines, that's exactly what we do. How? It's again due to the nature of block grants for states. When Bill Clinton signed his welfare reform into law, he agreed to write checks to the states and let them handle how they dish out welfare. As a result, just five years after welfare was reformed into what it is today, 63 percent of those in the programs with the least-harsh conditions were white and 11 percent were black, while 63 percent of those in the programs with the most-harsh conditions were black and 29

percent were white.

In other words, a dollar in welfare has about three to five times as many strings for someone who is black than someone who is white. These strings absolutely affect end results. Joe Soss, co-author of *Disciplining the Poor: Neoliberal Paternalism and the Persistent Power of Race* describes his findings thusly:

“The stringency of the rules matter tremendously for outcomes. The tougher the rules — and the more frequently people are punished for breaking them — the worse the outcomes are for people after they finish the program. In fact, in the toughest programs, people actually end up in worse shape after they get through them than they were before they got the benefits to begin with. And remember, they were in such a bad situation that they had to turn to a welfare program that’s been so stigmatized that pretty much everyone wants to avoid it. We also found that people who go through the toughest programs learn lessons about government that lead them to retreat from participating in politics. They become less likely to make their voices heard, and less likely to participate in elections and community organizations.”

Does this sound like a just and equitable system? Or does it sound more like a racist meat-grinder?

The bare naked truth of our present welfare system is a racially biased, overly paternalistic, unnecessarily controlling, grossly exclusionary system of punishment and blame that limits opportunity and taxes working beneficiaries more than any other worker in any income tax bracket.

It doesn’t abolish poverty. It helps sustain it. And this is the system establishment voices wish to improve upon in piecemeal fashion, possibly because they’re not the ones being chewed up and spit out by it, or even neglected by it entirely.

However, even if all of the above is clearly understood, there is one absolutely vital thing remaining to understand about basic income that cannot be replicated in any other way, by any other means. Because basic income lacks conditions and is paid regardless of work, it provides recipients the power to refuse to work. This is the real fear of those who worry a basic income will result in people working less, but it is also its greatest strength.

The ability to say no to an employer provides people the bargaining power and the choice to determine how they work, where they work, for how much and for how long. No other policy does that. A minimum wage certainly doesn’t. Wage subsidies certainly don’t. Without basic income, the labor market is coercive, and that means people accept what they can get. With basic income, wages for low-demand jobs must go up and/or hours must go down in order to attract people with incomes independent of work to do them, or those same jobs must be automated to be performed by machines instead, whichever is cheaper.

A basic income is most simply a minimum income floor. It's a new starting point above the poverty level instead of below it. There will still be jobs for people to earn additional income and those jobs can pay more if people hate doing them. Additionally, considering a potential future where there's half as much employment, that also means just as many can be employed if we all work half as much so as to better share the remaining employment. And with the increased bargaining power basic income provides, that can also mean getting paid more for less work.

Basic income is not some regressive conspiracy of the Silicon Valley elite to create a neo-serfdom where the entire population only earns a maximum of \$12,000 per year. That is the exact opposite of how it works. With basic income, \$12,000 becomes the new absolute minimum for everyone and no one is a serf because everyone's basic needs are covered. Poverty is eliminated. Inequality is reduced.

Additionally, everyone is free to earn any additional income, and on their terms. For the first time, everyone will have the individual negotiating power to dictate terms to employers that must be met. People who have this fundamental power are those who can then make further desired changes in the economy, in their businesses, in their governments and in their lives.

So you tell me. Would you prefer conditional welfare nets or would you prefer an unconditional basic income floor? Because one of these options is a relic of history, and the other is a road to the future.

4.2 Universal Basic Income Might Fix Our Broken Welfare System

Michael Tanner (Cato Institute Senior Fellow, heads research into a variety of domestic policies, with an emphasis on poverty and social welfare policy, health care, and Social Security and entitlement reform), "Universal Basic Income Might Fix Our Broken Welfare System", 23 March 2019, Cato Institute, <https://www.cato.org/publications/commentary/universal-basic-income>.

Note from the NHSDLC: This article covers the more conservative case for a UBI. While some of the arguments overlap with the ones made in the previous article, the ideologies of the authors differ greatly.

Questions:

1. Explain the Newark experiment and why it is not a good representation of a true UBI.
2. The article suggests that a UBI would be far simpler and more transparent. Why would that be the case? Why is a UBI less paternalistic and why is that good?
3. Why does our current welfare system get the incentives wrong? How does a UBI fix that?

One of the most controversial ideas in political circles today is a Universal Basic Income (UBI). If Newark, New Jersey Mayor Ras Baraka has his way, his state will be at the center of the debate.

Baraka announced last week that Newark will soon launch a pilot program to study the impact of a UBI on the city's poverty rate. Unfortunately, he provided few details for his plan, making it difficult to evaluate.

The idea of a UBI has drawn increasing interest from both the left and right as either a replacement or supplement for our existing welfare system. It calls for everyone to receive a cash grant from the government without any strings attached. The same check would be available to rich and poor, working or not.

This idea is not as crazy as it initially sounds.

The one thing experts from across the political spectrum agree on is that our current welfare system fails to help people escape poverty, become self-sufficient and flourish as full participants in society.

Federal, state and local governments spend roughly \$1 trillion every year on anti-poverty programs, yet cities like Newark are not thriving. Maybe it's time to consider a different approach.

A UBI has several things to recommend it over traditional welfare.

First, a UBI would be far simpler and more transparent than the current hodgepodge of more than 100 existing federal and state programs. With overlapping and often contradictory eligibility levels, work requirements and other restrictions, our existing welfare system is a nightmare of unaccountability.

Second, a UBI is far less paternalistic than traditional welfare, which often treats the poor like 10-year-olds receiving an allowance. Rather than provide them with cash — which is what poor people actually need — we dole out a variety of specialized benefits, such as food, housing and health care. Government decides how the poor should budget and spend their money — not the poor themselves.

Perhaps most importantly, our current welfare system gets the incentives wrong. For example, it discourages work and marriage. The nation's highest marginal tax rates are not on the wealthy, but on a poor person who leaves welfare for work. The loss of benefits, combined with taxes and the cost of employment, can leave some people worse off financially if they take a job.

A UBI could solve many of those problems. That's why some version of the idea has drawn interest from diverse ideological bedfellows, including American Enterprise Institute scholar Charles Murray, Facebook CEO Mark Zuckerberg and Sen. Cory Booker, D-N.J. Booker is one of the candidates seeking the Democratic presidential nomination in 2020.

But there are many important questions to be answered before a UBI should be thought of as a legitimate policy option. That's why scholars are intently watching experiments that have been taking place around the world. Newark, however, is unlikely to tell us much.

Newark is almost certainly not going to provide the city's residents with a true UBI. The city's population tops 285,000. If every adult were to receive a UBI of \$12,000 per year (as proposed by Democratic presidential hopeful Andrew Yang), and children received half that amount, it would cost nearly \$2.5 billion.

The taxes necessary to fund such a program would crush any hope for Newark's economic revitalization. And as businesses and wealthier residents fled the city in droves, the program's funding would collapse. You can't redistribute wealth that doesn't exist.

More likely, Newark will end up following the lead of other cities like Stockton and Oakland in California that simply offer cash payments of a few hundred dollars to a small number of randomly chosen low-income individuals. That would amount to little more than continuing our current approach to fighting poverty of throwing a little money at the problem.

Far from revolutionary, this is just more of the same, and is unlikely to tell us much

about whether a UBI would or would not work better than what we do now. This will be compounded by the fact that Mayor Baraka's plan will also certainly be simply layered on top of existing benefits.

The mayor isn't talking about redesigning or reforming welfare. He simply wants to increase it.

4.3 The Pragmatic Libertarian Case for a Basic Income Guarantee

Matt Zwolinski (Associate Professor of Philosophy at the University of San Diego. He is a co-director of USD's Institute for Law and Philosophy and is the founder of the Bleeding Heart Libertarians blog), "The Pragmatic Libertarian Case for a Basic Income Guarantee", 4 August 2014, Cato Unbound, <https://www.cato-unbound.org/2014/08/04/matt-zwolinski/pragmatic-libertarian-case>.

Note from the NHSDLC: This article covers the libertarian case for a UBI (called a Basic Income Guarantee or BIG in this article) which is that a UBI would be preferable to the existing welfare system.

Questions:

1. Zwolinski provides several arguments for why a BIG would, practically speaking, be superior to the current welfare state. Which of the reasons do you find the strongest? Which do you find the weakest? Why?
2. The article argues that "utopia is not an option." What does this mean and what is the significant of this?
3. How does the article rebut the work disincentives argument?

From the perspective of anyone concerned with limiting government and encouraging individual responsibility, the contemporary American welfare state is a disaster. According to a report by the Cato Institute's Michael Tanner, welfare programs at the federal level alone cost more than \$668 billion annually, spread across at least 126 different programs. Add another \$284 of welfare spending at the state and local level, and you've got almost *1trilliondollarsofgovernmentspendingonwelfare – over20,000* for every poor person in the United States.

Not only does the U.S. welfare state spend a lot; it spends it badly. Poor Americans receiving assistance face a bewildering variety of phase-outs and benefit cliffs that combine to create extremely high effective marginal tax rates on their labor. As a result, poor families often find that working more (or having a second adult work) simply doesn't pay. And still, despite massive expenditures by the welfare state, some 16% of Americans are left living in poverty.

Wouldn't it be better just to scrap the whole system and write the poor a check?

In what follows, I will make the case for a Basic Income Guarantee (BIG) as a replacement for the current welfare state. There are a number of distinct ways of arguing from libertarian premises to a BIG, some of which I have discussed in the

past. In this essay, however, I will focus on what I take to be the strongest and most persuasive libertarian argument. I will argue that a BIG, even if it is not ideal from a libertarian perspective, is significantly better on libertarian grounds than our current welfare state, and has a much higher likelihood of being achieved in a world in which most people reject libertarian views.

I begin in the next section by explaining what I mean by a BIG. I then proceed to set out four reasons why libertarians should support a BIG over the current American welfare state. I close with some reflections on libertarian ideals and political compromise.

Basic Income Guarantee

For purposes of this essay, I will use the phrase “Basic Income Guarantee” quite broadly to refer to a wide range of distinct policy proposals, including Milton Friedman’s Negative Income Tax (NIT), Bruce Ackerman and Anne Alstott’s proposal for a Stakeholder Grant, the Thomas Paine / Henry George inspired idea of a citizen’s dividend, the Alaska Permanent Fund Dividend, and Charles Murray’s 2006 proposal for the government to write a \$10,000 each year to every American citizen over the age of twenty-one.[1] There is, of course, quite a bit of variation among these plans in terms of cost, payouts, implementation, and so on. Despite these differences, however, they all have in common two important features.

First, they involve a cash grant with no strings attached. Unlike other welfare programs which encourage or require recipients to consume certain specific kinds of good – such as medical care, housing, or food – a BIG simply gives people cash, and leaves them free to spend it, or save it, in whatever way they choose.

Second, a BIG is an unconditional grant for which every citizen (or at least every adult citizen) is eligible. It is not means-tested; checks are issued to poor and rich alike (though on some proposals payments to the rich will be partially or fully recaptured through the tax system). Beneficiaries do not have to pass a drug test or demonstrate that they are willing to work. If you’re alive, and a citizen, you get a check. Period.

A Pragmatic Libertarian Argument

No libertarian would wish for a BIG as an addition to the currently existing welfare state. But what about as a replacement for it? Such a revolutionary overhaul of the welfare state would almost certainly require a constitutional amendment, both to insulate debate somewhat from the pleas and protests of special interests, and to make it considerably more difficult to renege on the deal afterwards. Charles Murray has given us a rough idea of what such an amendment might look like:

Henceforth, federal, state, and local governments shall make no law nor establish

any program that provides benefits to some citizens but not to others. All programs currently providing such benefits are to be terminated. The funds formerly allocated to them are to be used instead to provide every citizen with a cash grant beginning at age twenty-one and continuing until death. The annual value of the cash grant at the program's outset is to be \$10,000.

Suppose, to indulge in a bit of speculative fancy, that this deal was actually on the political table. Should libertarians take it? Given that it is not on the table now, should libertarians make some effort to get it there? I believe the answer to both of those questions is "yes." A BIG might not be libertarians' ideal policy – though more on this later – but it is almost certainly a lot better on libertarian grounds than what we have right now. Here are four reasons why.

Less Bureaucracy

Every one of the more than 126 federal welfare programs comes with its own bureaucracy, its own set of arcane rules, regulations, and restrictions, and its own significant (and rising) overhead costs. A BIG, in contrast, requires significantly less in terms of administrative expense. A program in which everyone gets a check for the same amount is simple enough to be administered by a computer program. And even a more complicated proposal, like Murray's or like Friedman's NIT, could largely piggyback off of the already existing bureaucracy of the federal tax system.

Eliminating a large chunk of the federal bureaucracy would obviously be good from the perspective of a libertarian concern to reduce the size and scope of government. But it would also be good from the perspective of welfare beneficiaries. Actually getting signed up for all the various welfare benefits to which one is entitled is tremendously costly in terms of time, effort, and skill at bureaucratic navigation. Many people miss out on benefits for which they qualify simply because they don't know that the program exists, or what they need to do to draw from it. Getting the benefit of a BIG, in contrast, requires just a single signature on the back of a check. If we're going to spend money on helping the poor, shouldn't we make sure that they actually get the help we're paying for?

Cheaper

Second, a BIG could be considerably cheaper than the current welfare state. How much cheaper depends on the details of the particular proposal. Some, like Murray's, which involve a progressive tax on the BIG once a certain threshold of income is reached, appear to be considerably cheaper. Other analyses, like Ed Dolan's, suggest only that a moderate BIG would not cost more than what we currently spend.

Part of the explanation of the relatively low cost of a BIG comes from the reduction of bureaucracy, described above. But another reason is to be found in Director's Law: If you're like most people, when you hear "welfare" you think about transfers

from the rich to the poor. But in reality, most political transfers benefit the middle class at the expense of the poor (and rich). If the BIG is going to replace the welfare state, then transfers to the middle class such as subsidies for higher education, the mortgage interest deduction, and tax benefits for retirement savings ought to be cut right along with (if not before) SNAP, TANF, etc.

Again, how much a BIG would cost relative to the current welfare state depends on the details of the particular BIG proposal. Various proposals need to be evaluated on their own merits, and of course I do not wish to claim that every BIG proposal will be more affordable than our current welfare state. But neither is there any reason to believe that no reasonable proposal could be.

Less Rent-Seeking

Whenever there exists a bureaucracy with the power and discretion to take from some in order to benefit others, there will also exist powerful incentives for individuals to manipulate that bureaucracy in order to better serve their own private interests. Agents of the bureaucracy itself will seek to expand its scope and budget regardless of whether such expansion serves the interests of its clients. And special interest groups will use various political mechanisms to channel the organization's resources into their own pockets.

In theory, the welfare state doles out money and other resources on the basis of such factors as need and desert. But need and desert are both philosophically contested and impossible to measure objectively. And so, in practice, resources are doled out to those who can make the best political case that they need or deserve it. And this is a contest in which the genuine poor are at a serious disadvantage relative to the better educated, wealthier, and more politically engaged middle class.

A BIG, in contrast, allows virtually no room for bureaucratic discretion, and thus minimizes the opportunities for political rent-seeking and opportunism. It is, as the late James Buchanan once noted, a perfectly general policy that treats all citizens the same. It is thus entirely ill-suited for use as a method of political exploitation. We should therefore expect to see much less rent-seeking and opportunism with a BIG than we do with the present welfare state, and therefore a more effective transfer of resources toward the genuinely needy as opposed to the politically well-connected.

Of course, no policy is perfectly immune to rent-seeking or political manipulation, and others have expressed what seem to me to be some entirely reasonable concerns about a BIG in this respect. But nothing that I have seen has yet convinced me that the problems with a BIG would be worse than those we have now, and there still seems to me to be good reason to think those problems would be considerably diminished.

Less Invasive / Paternalistic

One of the main differences between a BIG and the current welfare state is the unconditionality of the former. Under a BIG, everybody gets a check. Under the current welfare state, only people who meet the various stipulated qualifications are eligible for assistance. The precise nature of those qualifications varies from program to program, but can include not earning too much, not earning too little, not being on drugs, not having won the lottery, making an earnest effort to find work, and so on.

Conditions are put on welfare in order to ensure that assistance goes to the deserving poor, and not to the undeserving. But distinguishing between the deserving and undeserving is difficult business, and requires a variety of invasive, demoralizing, and degrading inspections into the intimate details of applicants' lives. "Fill out this form, tell us about that man you live with, pee in this cup, and submit to spot inspections of your home by our social workers, or else."

Maybe the state shouldn't be in the business of giving out welfare at all. Maybe it shouldn't be running schools, or highways either. But, as Jacob Levy notes, since it does do these things, libertarians have good reason to demand that it does so in a way that is as "more rather than less compatible with Hayek's rule of law, with freedom from supervision and surveillance by the bureaucracy, with the ability to get on with living their lives rather than having to waste them proving their innocence."

The conditional welfare state is not only invasive, it is heavily paternalistic. Restrictions on eligibility are imposed in order to encourage welfare recipients to live their lives in a way that the state thinks is good for them: don't have kids out of wedlock, don't do drugs, and get (or stay) married. And benefits are often given in-kind rather than in cash precisely because the state doesn't trust welfare recipients to make what it regards as wise choices about how to spend their money. This, despite the fact that both economic theory and a growing body of empirical evidence suggest that individuals are better off with the freedom of choice that a cash grant brings. In-kind grant programs like SNAP (food stamps) persist in their present form not because they are effective but because they are the product of a classic Bootleggers-and-Baptists coalition: well-meaning members of the public like the idea that welfare recipients have to use their vouchers on food rather than alcohol and cigarettes, and the farm lobby likes that beneficiaries are forced to buy its own products. Poor people, meanwhile, are deprived of the opportunity to save that a cash grant would give them, and they are forced to waste time and effort trading what SNAP allows them to buy for what they really want.

Utopia is Not an Option

In Libertarian Utopia, we might not have any welfare state at all, no matter how limited or efficient. Many libertarians believe that any redistribution of wealth by the state violates individual rights and is therefore morally impermissible. And even those libertarians who do not base their political ideology on a theory of individual rights will worry that welfare states will produce perverse incentives – both on the part of recipients and potential recipients, and in the political processes that sustain and shape government policy.

But we do not live in Libertarian Utopia, nor have any of its prophets yet produced any compelling plan for how to get There from Here. Moreover, most people are not libertarians, and so unless we are willing to impose our views on them by force, we must try to find policy proposals that can command the assent of those who do not share our fundamental moral commitments and empirical beliefs.

From this perspective, the question of social welfare policy becomes less an exercise in ideal theory and more a problem of comparative institutional analysis. The question is not whether a BIG is a perfectly libertarian policy in every way, but whether it is more libertarian than the other realistically available policy alternatives. I believe that the considerations examined above provide us with very strong reason for believing that it is.

But I also believe that a BIG need not be merely a compromise. Even in a Libertarian Utopia, in other words, I think there would be good reasons to provide a social safety net through the mechanism of a BIG. I have written about some of these arguments before, and while constraints of space prevent me from elaborating upon them here, I am happy to do so in the discussion that follows this essay.

For now I will say only that if the idea of a social safety net strikes many readers as obviously incompatible with libertarianism, this is testament to the way in which an excessively narrow understanding of libertarianism has come to dominate our political discourse. For many people, it seems, libertarian thought begins and ends with the ideas of Ayn Rand and Murray Rothbard. And, of course, both Rand and Rothbard were indeed important libertarians, and libertarians from whose ideas I and many others have profited immensely. But while those ideas have played and continue to play an important role in the libertarian intellectual tradition, they do not exhaust that tradition. Once we adjust our eyes to see past the giants of Rand and Rothbard, it is clear that the libertarian intellectual landscape is far more diverse than it first appeared, and far less hostile to the idea of a social safety net.

We can, of course, define libertarianism however we wish, and it is possible to conceive it in a narrow enough way so as to rule out all support for income redistribution by definitional fiat. But any definition of libertarianism that is so narrow as to rule out the likes of John Locke, Thomas Paine, Adam Smith, Milton Friedman,

Friedrich Hayek, Robert Nozick, Loren Lomasky, and Eric Mack, to name just a few, seems both historically distortive and pragmatically unhelpful. The arguments these thinkers have advanced on behalf of a (limited) social safety net might be mistaken. But that is something to be established by a careful examination of the substance of the arguments themselves. Arguments about what counts as a “real” libertarian position, especially arguments poorly informed by the writings of seminal historical and contemporary libertarian thinkers, do little to advance the debate.

A Few Words About Work Disincentives

So far in this essay, I have said virtually nothing to say about the many possible objections to a BIG. As a philosopher, this makes me profoundly uncomfortable. I am comforted somewhat by the knowledge that there will be plenty of time to explore these objections in the discussion that follows – and almost certainly plenty of prompting to do so by my fellow discussants! Nevertheless, before I bring this essay to a close, I want to say just a few words about what I take to be the most common, and also the most overrated, objection to a BIG.

Many people argue that a BIG will create a strong disincentive to work. From a theoretical perspective, this makes sense. If you lower the cost of unemployment relative to employment, you’re going to get more unemployment. The famous Negative Income Tax experiments of the 1970s seem to lend some empirical support to this hypothesis.

I find this argument unimpressive for two reasons. First, it is not at all clear that a BIG really would lead to a significant increase in unemployment. The actual findings of the NIT experiments were much more ambiguous than they have generally been represented to be in the nonacademic press. And insofar as a BIG allows welfare recipients who start working to keep more of their money than they would under a conditional welfare system, we should expect at least some reduction of work disincentives relative to the current system.

But suppose that a BIG actually would, on net, increase unemployment somewhat. The second response is: so what? Is it so obviously a flaw in the system if it leads more parents to take time off work to stay home with their children? Or college graduates to take a year off before beginning to work? Or if, among the population as a whole, the balance between work and leisure is slightly shifted toward the latter? My point is not that there isn’t any story that could be told about why work disincentives might be a problem. My point is simply that, even if they were guaranteed to occur, they wouldn’t obviously be a problem. Explaining why these somewhat increased disincentives are a problem requires something more substantial in the way of economic, sociological, and philosophical analysis than often seems to have been assumed.

To my mind, there are other, much better objections to a BIG of the sort I have

discussed in this essay. How, for instance, will it handle the issue of children? Would a BIG increase native resistance to increased immigration and thereby hurt the truly needy global poor for the benefit of the (relatively) wealthy American poor? And how could a BIG be politically feasible, given the strong investment various interest groups have in maintaining the current system? I look forward to exploring these questions, and no doubt many more that I have not anticipated, in the discussion that follows.

5 Con Evidence

5.1 Universal Basic Income Would Likelier Increase Poverty

Robert Greenstein (founder and President of the Center on Budget and Policy Priorities. He is considered an expert on the federal budget and a range of domestic policy issues, including anti-poverty programs and various aspects of tax and health care policy. He has written numerous reports, analyses, book chapters, op-ed pieces, and magazine articles on these issues), "Commentary: Universal Basic Income May Sound Attractive But, If It Occurred, Would Likelier Increase Poverty Than Reduce It", 13 June 2019, Center on Budget and Policy Priorities, <https://www.cbpp.org/poverty-and-opportunity/commentary-universal-basic-income-may-sound-attractive-but-if-it-occurred>.

Note from the NHSDLC: This article covers several studies concerning UBI and argues it won't solve many of the problems that the Pro suggests it will and provides arguments for why it would adversely affect some groups.

Questions:

1. How expensive would a UBI be? How would we pay for it? Are those costs worth it?
2. Why would a program that is politically feasible be likely to make poor people worse off?
3. What are some of the benefits of means-tested programs?

At first blush, universal basic income (UBI) seems a very attractive idea, especially to a progressive. Yet it suffers from two serious problems. First, the odds are very high that an effort to secure UBI would prove quixotic. Second, and more disconcerting, any possibility of overcoming the formidable obstacles to UBI will almost certainly require a left-right coalition that has significant conservative support — and conservative support for UBI rests on an approach that would increase poverty, rather than reduce it.

The key issues related to UBI include what it would cost, how it would be paid for, and the risks it poses. Let's take these one at a time.

The Cost

There are over 300 million Americans today. Suppose UBI provided everyone with 10,000 a year. That would cost more than 3 trillion a year — and 30 trillion to 40 trillion over ten years.

This single-year figure equals more than three-fourths of the entire yearly federal

budget — and double the entire budget outside Social Security, Medicare, defense, and interest payments. It's also equal to close to 100 percent of all tax revenue the federal government collects.

Or, consider UBI that gives everyone \$5,000 a year. That would provide income equal to about two-fifths of the poverty line for an individual (which is a projected \$12,700 in 2016) and less than the poverty line for a family of four (\$24,800). But it would cost as much as the entire federal budget outside Social Security, Medicare, defense, and interest payments.

Some UBI proponents respond that policymakers could make the UBI payments taxable. But the savings from doing so would be relatively modest, because the vast bulk of Americans either owe no federal income tax or are in the 10% or 15% tax brackets. For example, if you gave all 328 million Americans a \$10,000 UBI and the cost was \$3.28 trillion a year (about \$33 trillion over ten years) before taxes, then making the UBI payments taxable would reduce that cost only to something like \$2.5 trillion or \$2.75 trillion (or \$25 trillion to \$27.5 trillion over ten years).

Paying For It

Where would the money to finance such a large expenditure come from? That it would come mainly or entirely from new taxes isn't plausible. We'll already need substantial new revenues in the coming decades to help keep Social Security and Medicare solvent and avoid large benefit cuts in them. We'll need further tax increases to help repair a crumbling infrastructure that will otherwise impede economic growth. And if we want to create more opportunity and reduce racial and other barriers and inequities, we'll also need to raise new revenues to invest more in areas like pre-school education, child care, college affordability, and revitalizing segregated inner-city communities.

A UBI that's financed primarily by tax increases would require the American people to accept a level of taxation that vastly exceeds anything in U.S. history. It's hard to imagine that such a UBI would advance very far, especially given the tax increases we'll already need for Social Security, Medicare, infrastructure, and other needs.

The Risk

UBI's daunting financing challenges raise fundamental questions about its political feasibility, both now and in coming decades. Proponents often speak of an emerging left-right coalition to support it. But consider what UBI's supporters on the right advocate. They generally propose UBI as a replacement for the current "welfare state." That is, they would finance UBI by eliminating all or most programs for people with low or modest incomes.

Consider what that would mean. If you take the dollars targeted on people in the bottom fifth or two-fifths of the population and convert them to universal payments to people all the way up the income scale, you're redistributing income upward. That would increase poverty and inequality rather than reduce them.

Yet that's the platform on which the (limited) support for UBI on the right largely rests. It entails abolishing programs from SNAP (food stamps) — which largely eliminated the severe child malnutrition found in parts of the Southern “black belt” and Appalachia in the late 1960s — to the Earned Income Tax Credit (EITC), Section 8 rental vouchers, Medicaid, Head Start, child care assistance, and many others. These programs lift tens of millions of people, including millions of children, out of poverty each year and make tens of millions more less poor.

Some UBI proponents may argue that by ending current programs, we'd reap large administrative savings that we could convert into UBI payments. But that's mistaken. For the major means-tested programs — SNAP, Medicaid, the EITC, housing vouchers, Supplemental Security Income (SSI), and school meals — administrative costs consume only 1 to 9 percent of program resources, as a CBPP analysis explains. Their funding goes overwhelmingly to boost the incomes and purchasing power of low-income families.

Moreover, as the Roosevelt Institute's Mike Konczal has noted, eliminating Medicaid, SNAP, the EITC, housing vouchers, and the like would still leave you far short of what's needed to finance a meaningful UBI. Would we also end Pell Grants that help low-income students afford college? Would we terminate support for children in foster care, for mental health services, and for job training?

Ed Dolan, who favors UBI, has calculated that we could finance it by using the proceeds from eliminating all means-tested programs outside health care — including Pell Grants, job training, Head Start, free school lunches, and the like, as well as refundable tax credits, SNAP, SSI, low-income housing programs, etc. The result, Dolan found, would be an annual UBI of \$1,582 per person, well below the level of support most low-income families (especially working-poor families with children) now receive. The increase in poverty and hardship would be very large.[3]

That's why the risk is high that under any UBI that could conceivably gain traction politically, tens of millions of poor people would likely end up worse off.

To further understand the risks, consider how working-age adults who aren't working would fare. In our political culture, there are formidable political obstacles to providing cash to working-age people who aren't employed, and it's unlikely that UBI could surmount them. The nation's social insurance programs — Social Security, Medicare, and unemployment insurance — all go only to people with significant work records. It's highly unlikely that policymakers would agree to make UBI cash payments of several thousand dollars to people who aren't elderly or disabled and

aren't working. (By contrast, there is political support for providing poor families that have no earnings with non-cash assistance such as SNAP, Medicaid, rental vouchers, Head Start, and the WIC nutrition program.)

Universal vs. Means-Tested Programs

Some UBI supporters stress that it would be universal. One often hears that means-tested programs eventually get crushed politically while universal programs do well. But the evidence doesn't support that belief. While cash aid for poor people who aren't working has fared poorly politically, means-tested programs as a whole have done well. Recent decades have witnessed large expansions of SNAP, Medicaid, the EITC, and other programs.

If anything, means-tested programs have fared somewhat better than universal programs in the last several decades. Since 1980, policymakers in Washington and in a number of states have cut unemployment insurance, contributing to a substantial decline in the share of jobless Americans — now below 30 percent — who receive unemployment benefits. In addition, the 1983 Social Security deal raised the program's retirement age from 65 to 67, ultimately generating a 14 percent benefit cut for all beneficiaries, regardless of the age at which someone begins drawing benefits. Meanwhile, means-tested benefits overall have substantially expanded despite periodic attacks from the right. The most recent expansion occurred in December of 2015 when policymakers made permanent significant expansions of the EITC and the low-income part of the Child Tax Credit that were due to expire after 2017.

In recent decades, conservatives generally have been more willing to accept expansions of means-tested programs than universal ones, largely due to the substantially lower costs they carry (which means they put less pressure on total government spending and taxes).

The record of recent decades thus points to an alternative course — pushing for steady incremental gains through available mechanisms, including means-tested programs, to provide as much of a floor as possible for Americans of lesser means. In 1967, the safety net lifted out of poverty only 5 percent of Americans who would otherwise be poor. Fifty years later, in 2017, it lifted 44 percent of such people out of poverty, with programs like SNAP and the EITC playing crucial roles alongside Social Security. A multi-pronged strategy — making the Child Tax Credit fully refundable so that children benefit from it fully regardless of how low their families' income and earnings are, substantially raising the minimum wage and strengthening the Earned Income Tax Credit, extending affordable child care and rental assistance to millions more families, enlarging SNAP benefits (as a Hamilton Project paper proposes), and strengthening Social Security benefits for low-income workers — would substantially strengthen the income floors. It would do so in ways that are far likelier than UBI to succeed politically and much less fraught with danger to the

very people we most want to help.

Will the politics change radically?

While some UBI proponents argue that continued pressure on the middle class will make UBI politically feasible, I'm skeptical. Economic pressure on the middle class will not alter UBI's daunting financing challenges. In fact, more such pressure will likelier increase middle-class resistance to the massive tax increases required to secure UBI without increasing poverty. And we shouldn't think that we can just get the resources solely or primarily by hitting people at the top. Will we really tax the top 1 percent or top several percent enough to finance most or all of UBI — on top of the higher taxes we'll want the same group to pay to shoulder a substantial share of the burden of restoring Social Security solvency, repairing the infrastructure, and meeting other critical needs? Increased pressure on the middle class is more likely to put UBI farther out of reach, unless it's financed heavily — as UBI supporters on the right favor — by shifting income and resources away from the poor.

To be sure, there is a possible exception: a carbon tax that returns its proceeds to the public via a universal payment. For a carbon tax to have any chance of enactment in the not-too-distant future, however, it almost certainly will have to allocate a substantial part of its proceeds to uses that are necessary to get the votes to enact it in the first place, such as relief for coal-producing states or regions. There's also a powerful case for using some of the proceeds to greatly expand and accelerate research into alternative energy technologies; a carbon tax likely won't be sufficient by itself to arrest global warming.

Thus, the proceeds available from a carbon tax to finance universal payments would likely be significantly constrained. If a carbon tax could pass, we might need to focus the proceeds available for these payments on low- and moderate-income families — so the payments would be adequate to offset the higher energy costs these families would face as a result of the tax — rather than extending the payments all the way up the income scale in universal fashion.

Conclusion

I greatly admire the commitment of UBI supporters who see it as a way to end poverty in America. But for UBI to do that, it would have to: (1) be large enough to raise people to the poverty line without ending Medicaid, child care assistance, assistance in meeting high rental costs, and the like (otherwise, out-of-pocket health, child care, and housing costs would push many people back into poverty); and (2) include among its recipients people who aren't currently working (and lack much of an earnings record), something no U.S. universal program does. It also would have to be financed mainly by raising taxes layered on top of the large tax increases we'll already need — and will probably have to fight tough political battles to achieve — to

avert large benefit cuts in Social Security and Medicare and meet other needs.

The chances that all this will come to pass — whether now or 10 to 20 years from now, a time when the baby-boomers will nearly all be retired and Social Security and Medicare costs will be much higher, placing greater pressure on the rest of the budget and on taxes — are extremely low. Were we starting from scratch — and were our political culture more like Western Europe's — UBI might be a real possibility. But that's not the world we live in.

5.2 Universal Basic Income Harms Recipients

Robert Rector (is Senior Research Fellow in Domestic Policy Studies, of the Institute for Family, Community, and Opportunity, at The Heritage Foundation) and Mimi Teixeira (a Graduate Fellow in Domestic Policy Studies), "Universal Basic Income Harms Recipients and Increases Dependence on Government", 14 February 2018, Heritage Foundation, <https://www.heritage.org/welfare/report/universal-basic-income-harms-recipients-and-increases-dependence-government>.

Note from the NHSDLC: This article highlights many of the problems with UBI from a conservative perspective, mostly focusing on the value of work.

Questions:

1. Why does a UBI increase dependence on the government?
2. The UBI supposedly decreases the incentive to work. Why does this happen and why is that bad?
3. Which of the solutions proposed do you think makes the most sense?

Universal basic income (UBI), also referred to as guaranteed minimum income, is a social welfare policy that provides cash payments to all citizens. A variant provides cash aid to all individuals but phases out aid at some income level. Recent advocates include libertarian scholar Charles Murray, former union leader Andy Stern, and innovators Elon Musk and Mark Zuckerberg. The mayor of Stockton, California, recently announced his intent to launch such a program.

The premise of universal basic income has a known track record of failure that hurts recipients and increases dependence on government, based on test experiments on the closely related negative income tax policy. In four controlled random assignment across six states between 1968 and 1980, the comparable policy was shown to reduce yearly hours worked among recipients significantly. For each \$1,000 in added benefits, there was an average \$660 reduction in earnings, meaning that \$3,000 in government benefits was required for a net increase of \$1,000 in family income. The results of these studies led policymakers to shift their focus to work-based welfare benefit programs.

Additional Flaws in Comprehensive UBI Policy

Additionally, a comprehensive UBI policy would:

- Transfer funds away from the vulnerable to affluent persons capable of self-support. A comprehensive UBI policy directs money to those who do not need it, including relatively affluent families and young adults without dependents.

- Eliminate Social Security and Medicare payments and transfer funds to able-bodied non-working adults. Virtually all policies advocating a guaranteed minimum income eliminate Social Security and Medicare payments. Such a policy shifts resources from the elderly to non-elderly, able-bodied adults without dependents. This poorly targeted welfare makes the policy an inefficient use of financial resources.
- Increase government spending and the scope of government. Current government policy makes a distinction between the elderly and disabled who cannot work to support themselves and able-bodied non-elderly adults who can and should work to support themselves. Aid to the latter group is conditioned largely on work; assistance is given only when individuals are in need, and able-bodied recipients are expected to work or prepare for work as a condition of receiving aid. In principle, work-capable adults who refuse to work or prepare for work do not receive aid. The UBI eliminates all distinctions between the elderly, disabled, and work-capable adults. Able-bodied adults who refuse to work are entitled to the same benefits as everyone else. By establishing a new universal entitlement and by creating for the first time a moral expectation that able-bodied adults who refuse to support themselves should be entitled to aid from the taxpayer, a UBI would set the stage for a massive expansion of government.
- Reduce work and increase recipient dependence. The overwhelming majority of Americans believe that able-bodied adults should be required to work or prepare for work as a condition of receiving aid. This was the core principle behind welfare reform in the 1990s. As noted, the UBI abandons that principle. By removing work requirements from welfare, UBI would decrease work among the poor and increase dependence on government.
- Increase pressure for greater redistribution to eliminate income inequality. By reducing the complex variables of the current welfare state to a single variable of what level of support the guaranteed income will provide, this proposal would put greater pressure on politicians to increase redistribution.
- Misdirect attention to the administration of the welfare state rather than the effect of programs on work and marriage. Administrative costs are the wrong target for reform because they are not the reason for the high cost of the welfare state. For the most part, administrative costs in welfare are only 10 percent of total costs. Therefore, simplifying administration cannot result in substantial savings. The real problem in welfare is not administrative costs but an incentive structure that reduces work and marriage.

Conclusion

Universal basic income policy is an idea with a record of failure; policymakers seeking to reform the welfare state should focus instead on policies proven to work.

Appropriate priorities for welfare reform are (1) insisting on budgeting transparency about the full costs of the 89 federal means-tested programs providing cash, food, housing, medical assistance, and other social services to poor and low-income Americans; (2) promoting work; and (3) removing penalties in the welfare state that discourage marriage.

UBI policies would undermine work and expand the welfare state.

5.3 The Pragmatic Libertarian Case for a Basic Income Doesn't Add Up

Mike Konczal (a Fellow with the Roosevelt Institute, where he works on financial reform, unemployment, inequality, and a progressive vision of the economy), "The Pragmatic Libertarian Case for a Basic Income Doesn't Add Up", 8 August 2014, Roosevelt Institute, <https://rooseveltinstitute.org/pragmatic-libertarian-case-basic-income-doesnt-add/>.

Note from the NHSDLC: Here, Konczal responds to the earlier article from Zwolinski concerning the pragmatic libertarian case for a UBI. He goes line-by-line and responds to all of the major points that Zwolinski makes.

Questions:

1. Why wouldn't a UBI make a significant dent in the welfare state? Why wouldn't it eliminate many welfare programs or decrease inefficiency?
2. The article states "If Zwolinski wants to go this route, he needs to make the full case against the innovation of social insurance itself." What does this mean?
3. What are the two or three biggest problems with Zwolinski's proposal?

Cato Unbound has a symposium on the "pragmatic libertarian case" for a Basic Income Guarantee (BIG), as argued by Matt Zwolinski. What makes it pragmatic? Because it would be a better alternative to the welfare state we now have. It would be a smaller, easier, cheaper (or at least no more expensive) version of what we already do, but have much better results.

Fair enough. But for the pragmatic case to work, it has to be founded on an accurate understanding of the current welfare state. And here I think Zwolinski is wrong in his description in three major ways.

He describes a welfare state where there are over a hundred programs, each with their own bureaucracy that overwhelms and suffocates the individual. This bureaucracy is so large and wasteful that simply removing it and replacing it with a basic income can save a ton of money. And we can get a BIG by simply shuffling around the already existing welfare state. Each of these assertions are misleading if not outright wrong.

Obviously, in an essay like this, it is normal to exaggerate various aspects of the reality in order to convince skeptics and make readers think in a new light. But these inaccuracies turn out to invalidate his argument. The case for a BIG will need to be built on a steadier footing.

Too Many Programs?

Zwolinski puts significant weight on the idea that there are, following a Cato report, 126 welfare programs spending nearly \$660 billion dollars. That's a lot of programs! Is that accurate?

Well, no. The programs Zwolinski describes can be broken down into three groups. First you have Medicaid, where the feds pay around \$228 billion. Then you have the six big programs that act as "outdoor relief" welfare, providing cash, or cash-like compensation. These are the Earned Income Tax Credit, Temporary Assistance for Needy Families, Supplemental Security Income, Supplemental Nutrition Assistance Program (food stamps), housing vouchers and the Child Tax Credit. Ballpark figure, that's around \$212 billion dollars.

So only 7 programs are what we properly think of as welfare, or cash payments for the poor. Perhaps we should condense those programs, but there aren't as many as we originally thought. What about the remaining 119 programs?

These are largely small grants to local institutions of civil society to provide for the common good. Quick examples involve \$2.5 billion to facilitate adoption assistance, \$500 million to help with homeless shelters, \$250 million to help provide food for food shelters (and whose recent cuts were felt by those trying to fight food insecurity), or \$10 million for low income taxpayer clinics.

These grants go largely to nonprofits who carry out a public purpose. State funding and delegation of public purpose has always characterized this "third sector" of civil institutions in the United States. Our rich civil society has always been built alongside the state. Perhaps these are good programs or perhaps they are bad, but the sheer number of programs have nothing to do with the state degrading the individual through deadening bureaucracy. If you are just going after the number of programs, you are as likely to bulldoze our nonprofit infrastructure that undergirds civil society as you are some sort of imagined totalitarian bureaucracy.

Inefficient, out-of-control bureaucracy?

But even if there aren't that many programs, certainly there are efficiencies to reducing the seven programs that do exist. Zwolinski writes that "[e]liminating a large chunk of the federal bureaucracy would obviously... reduce the size and scope of government" and that "the relatively low cost of a BIG comes from the reduction of bureaucracy."

So are these programs characterized by out of control spending? No. Here they are calculated by Robert Greenstein and CBPP Staff.

The major programs have administrative costs ranging between 1 percent (EITC) and 8.7 percent (housing vouchers), each proportionate to how much observation of

recipients there is. Weighted, the average administrative cost is about 5 percent. To put this in perspective, compare it with private charity. According to estimates by Givewell, their most favored charities spend 11 percent on administrative costs, significantly more than is spent on these programs.

More to the point, there isn't a lot of fat here. If all the administrative costs were reduced to 1 percent, you'd save around \$25 billion dollars. That's not going to add enough cash to create a floor under poverty, much less a BIG, by any means.

Pays for Itself?

So there are relatively few programs and they are run at a decent administrative cost. In order to get a BIG, you'll need some serious cash on the table. So how does Zwolinski argue that "a BIG could be considerably cheaper than the current welfare state, [or at least it] would not cost more than what we currently spend"?

Here we hit a wall with what we mean by the welfare state. Zwolinski quotes two example plans. The first is from Charles Murray. However, in addition to the seven welfare programs mentioned above, he also collapses Social Security, Medicare, unemployment insurance, and social insurance more broadly into his basic income. If I recall correctly, it actually does cost more to get to the basic income he wants when he wrote the book in 2006, but said that it was justified because Medicare spending was projected to skyrocket a decade out, much faster than the basic income.

His other example is a plan by Ed Dolan. Dolan doesn't touch health care spending, and for our purposes doesn't really touch Social Security. How does he get to his basic income? By wiping out tax expenditures without lowering tax rates. He zeros out tax expenditures like the mortgage interest deduction, charitable giving, and the personal exemption, and turns the increased revenue into a basic income.

We have three distinct things here. We have the seven programs above that are traditionally understood as welfare programs of outdoor relief, or cash assistance to the poor. We have social insurance, programs designed to combat the Four Horsemen of "accident, illness, old age, loss of a job" through society-wide insurance. And we have tax expenditures, the system that creates an individualized welfare state through the tax code.

Zwolinski is able to make it seem like we can get a BIG conflict-free by blurring each of these three things together. But social insurance isn't outdoor relief. People getting Social Security don't think that they are on welfare or a public form of charity. Voters definitely don't like the idea of scratching Medicare and replacing it with (a lot less) cash, understanding them as two different things. And social insurance, like all insurance, is able to get a lot of bang for the buck by having everyone contribute but only take out when necessary, for example they are too old to work. Public social insurance, through its massive scale, has an efficiency that

beats out private options. If Zwolinski wants to go this route, he needs to make the full case against the innovation of social insurance itself.

Removing tax expenditures, which tend to go to those at the top of the income distribution, certainly seems like a good way to fund a BIG. However we'll be raising taxes if we go this route. Now, of course, the idea that there is no distribution of income independent of the state is common sense, so the word "redistribution" is just a question-begging exercise. However the top 20 percent of income earners will certainly believe their tax bill is going up and react accordingly.

So?

Zwolinski is trying to make it seem like we can largely accomplish a BIG by shuffling around the things that state does, because the state does them poorly. But the numbers simply won't add up. Or his plan will hit a wall when social insurance is on the chopping block, or when the rich revolt when their taxes go up.

The case for the BIG needs to be made from firmer ground. Perhaps it is because the effects of poverty are like a poison. Or maybe it will provide real freedom for all by ensuring people can pursue their individual goals. Maybe it is because the economy won't produce jobs in the capital-intensive robot age of the future, and a basic income will help ensure legitimacy for this creatively destructive economy. Heck, maybe it just compensates for the private appropriation of common, natural resources.

But what won't make the case is the idea that the government already does this, just badly. When push comes to shove, the numbers won't be there.

6 Questions for Review

The Definitive Guide to Universal Basic Income

1. What is a universal basic income? Why is it distinct from a Negative Income Tax? Are those differences relevant?
2. Explain two arguments for and against universal basic income. Identify the reasons (warrants) in each argument.
3. In your opinion, which example of a universal basic income tax, either in the United States or in another country, provides the best support of a UBI? Why?

Why Everyone is Talking about Free Cash Handouts

1. Why is the conversation about UBI more popular now than ever before? Are these valid concerns?
2. What data suggests that UBI will work? What data suggests it won't?
3. What are three Pro arguments made in the article? Three Con arguments?

The Progressive Case for Replacing the Welfare State with Basic Income

1. This article describes the current welfare state as "nothing but net holes." What does this mean? What are the best examples of this?
2. According to this article, what is the single biggest flaw of targeted assistance? Why is it so problematic?
3. Why is the idea that a UBI would be regressive a myth?

Universal Basic Income Might Fix Our Broken Welfare System

1. Explain the Newark experiment and why it is not a good representation of a true UBI.
2. The article suggests that a UBI would be far simpler and more transparent. Why would that be the case? Why is a UBI less paternalistic and why is that good?
3. Why does our current welfare system get the incentives wrong? How does a UBI fix that?

The Pragmatic Libertarian Case for a Basic Income Guarantee

1. Zwolinski provides several arguments for why a BIG would, practically speaking, be superior to the current welfare state. Which of the reasons do you find the strongest? Which do you find the weakest? Why?
2. The article argues that "utopia is not an option." What does this mean and what is the significant of this?
3. How does the article rebut the work disincentives argument?

Universal Basic Income Would Likelier Increase Poverty

1. How expensive would a UBI be? How would we pay for it? Are those costs worth it?
2. Why would a program that is politically feasible be likely to make poor people worse off?
3. What are some of the benefits of means-tested programs?

Universal Basic Income Harms Recipients

1. Why does a UBI increase dependence on the government?
2. The UBI supposedly decreases the incentive to work. Why does this happen and why is that bad?
3. Which of the solutions proposed do you think makes the most sense?

The Pragmatic Libertarian Case for a Basic Income Doesn't Add Up

1. Why wouldn't a UBI make a significant dent in the welfare state? Why wouldn't it eliminate many welfare programs or decrease inefficiency?
2. The article states "If Zwolinski wants to go this route, he needs to make the full case against the innovation of social insurance itself." What does this mean?
3. What are the two or three biggest problems with Zwolinski's proposal?