



Harvard & Stanford Invitational Debate Tournament: Supplemental Research Packet

Academic Committee of the NHSDLC *

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1 Letter from the Directors

We're excited to be releasing an advanced supplemental research packet in addition to the main research packet. Intended for more advanced debaters, this packet contains several more background, Pro, and Con articles that are a little more advanced and longer. Don't let this scare you! Several of the articles are very long but worth the read.

This is not a standalone research packet as it does not contain any of the information or articles from the main research packet. Instead, it is intended to supplement the main research packet. It is **highly recommended** that debaters read through the main research packet before beginning this supplemental research packet. The main research packet contains a lot of background information and history necessary for debaters to comprehend a lot of the more advanced issues discussed in the articles in this supplemental packet. Remember: **this is a supplement**. You do not need to read this in order to get a background on the topic. This will help but don't feel like you must read it.

Before we move onto the additional articles, this introduction will bring up a few more advanced issues that debaters might consider when thinking about case construction and arguments.

The universal basic income was once a fringe idea, proposed by libertarians and random policy junkies as the supposed end-all solution for issues of poverty, inequality, automation, and many other social problems plaguing society. Today, it has entered the mainstream policy discussion most notably as the central part of American presidential candidate Andrew Yang's campaign platform. As the result of testing with focus groups, Yang decided to rebrand the universal basic income to what he calls the "Freedom Dividend." However, it is important to note that this proposal is not what this topic is primarily about. Yang's proposal differs from the resolution before us in one major way: Yang's proposed Freedom Dividend would be funded primarily through a [Value-Added Tax](#) or VAT which would leave many existing welfare programs intact whereas the resolution does call for the dismantlement of the entire existing means-tested welfare system.

This difference is a good place to start when we begin to consider three of the biggest questions concerning a universal basic income: how do we pay, who gets paid, and how much do they get paid?

Let's start with the **first** question of how we pay for a universal basic income. On face, it seems quite obvious that the resolution has already provided a funding mechanism: scrapping the existing welfare program. However, it should be clear by doing the math that even eliminating the entire welfare program wouldn't be sufficient to fund most plans of a universal basic income. The rest of the money would have to be found from somewhere. The Pro might be forced to answer the question of

how we would pay for such an expensive program. Some possible solutions worth doing additional research on: the aforementioned Value-Added Tax, a carbon tax, increased progressive taxation, slashing the budget in other areas (such as military spending), or establish other new taxes. The reason this question is important is because each method of paying for a universal basic income has its own downsides. Economists have devoted many pages to arguing about the relative advantages and disadvantages to each potential funding source.

Does the Pro have to specify a funding source? Does the Con have the right to demand of the Pro, either in crossfire or during a speech, a specific method for paying for the universal basic income? Conventional debate norms suggest the answer is no. After all, public forum debate is not about debating the nit-picky details; it's about general social policies. However, the universal basic income is one of the economic policies that does require a good answer to how we would pay for it. Unlike other more progressive social policies such as universal health care or eliminating tax breaks, the question of how the United States would pay is central to the outcomes of such a policy. The difference between an equalizing or regressive universal basic income may be entirely in how its funded. It's almost impossible to separate the debate about the desirability of a universal basic income from the logistical questions. The NHSDLC does not take a stance as to what the burden (or role) of the Pro is in this debate on this question or the following two questions. It's up to the debaters to think through these questions and decide for themselves.

The **second** question may seem silly. After all, a universal basic income is just that: universal. That implies that everyone, regardless of income level, should receive a monthly or yearly guaranteed income. However, it's not obvious that this settles all the questions concerning the recipients. For one thing, it's not uncontroversial that minors under the age of 18 shouldn't receive a universal basic income. In fact, some proponents of a universal basic income think that children should receive a universal income or that they should be counted towards the total that a household receives. From there, the questions continue to pile up: what about criminals, what about illegal immigrants, what about new immigrants? The immigration question itself is quite serious, as some authors have suggested that providing immigrants with a universal basic income would functionally result in a shutdown of immigration.

The **third** and final question is perhaps the most important and is best summed up by detractors of a UBI as "An affordable UBI is inadequate, and an adequate UBI is unaffordable." This is incredibly important. If the Pro argues that there should be a universal basic income of just \$1,000 a year, that would almost certainly be affordable but the impact that would have on poverty or inequality would be negligible. If the Pro argues that there should be a universal basic income of \$50,000 a year, that would eliminate basically all poverty in the United States but would almost certainly literally destroy the economy of the United States.

While the Pro likely doesn't have to have a particularly detailed policy proposal, it is important for the Pro (and the Con) to think through the ramifications of how large the universal basic income is. The higher it is, the better the Pro can claim to ameliorate problems of poverty. The lower it is, the better the Pro can defend against the charge that a universal basic income would be prohibitively expensive. Most proposals for a UBI center around either \$10,000 a year or \$12,000 a year (or \$1,000 a month) as many experts consider that to be a sweet spot for a universal basic income. The exact amount that the Pro proposes should be determined by individual teams and their own personal research.

However, we're not done yet. One of the things that makes this topic so difficult is that each answer to each question affects the answer to another question. For example, if the answer to question 2 is that we should include children, then that will likely affect the total cost of a universal basic income which might affect how much we can pay out to people (question 3) without severely damaging the economy. These questions are individually not easy to answer and the problems only compound when you realize that the answers to all of these questions are linked together.

While this may seem like a problem mostly for the Pro to have to deal with, it's important to recognize that these questions also severely impact the arguments that the Con can make in a round. If the Pro argues that we should provide a universal basic income of \$24,000 a year and the Con argues that a universal basic income wouldn't enough to adequately address poverty, the Pro would most likely easily win that debate. In this case, the Con would be better served by arguing that such a universal basic income would have serious negative economic consequences. Take another example, if the Pro argues that the universal basic income should be funded by implementing a carbon tax, the Con can no longer effectively argue that tax increases on individuals are bad. Here, the Con might be forced to make different arguments.

Before you throw your hands up in despair over the complicated questions inherent within the topic, it is important to recognize that most debates on this topic will not get this complex. For those of you attending either the Stanford or Harvard debate tournaments, most public forum debate rounds in the United States won't be that concerned over the details. For those of you attending the Winter Invitational, these concerns will likely not crop up in many (if any) rounds.

The reason we pose these questions to you is to ensure that you're making consistent arguments and to reward debaters who do additional research by giving them a competitive advantage. A Pro team that spends the hours researching and really thinking through a sustainable proposal for a universal basic income (e.g. thinking about how it would be funded or how much a recipient would receive) will see a competitive advantage in debate rounds by nullifying some arguments that the Con might make. A Con team that spends hours thinking about the distinct downsides

to each particular version of a universal basic income will be able to hold Pro teams' feet to the fire and make specific arguments against their specific proposals.

Of course, all of this comes with a caveat. The vast majority of your judges will not have thought through these issues as deeply as you have. Utilizing advanced vocabulary or terminology specific to a universal basic income or discussing very detailed proposals without giving them context is a good way to confuse your judge. Understanding these proposals is only half the battle. Being able to debate them in a way that your average judge will understand is perhaps the more difficult skill to master.

With these questions out of the way, let's jump into the rest of this research packet. This supplemental research packet contains 15 additional articles that explore different sides of this debate including the economic effects and ethical arguments of a universal basic income as well as potential alternatives to it.

2 General

2.1 How a UBI and Means-Tested Transfers Can Be Equivalent

Erica York (an Economist with the Center for Federal Tax Policy at Tax Foundation), "Illustrating How a UBI and Means-Tested Transfers Can Be Equivalent", 28 October 2019, Tax Foundation, <https://taxfoundation.org/universal-basic-income-ubi-means-tested-transfers/>.

Note from the NHSDLC: The central question posed by the resolution is the difference between means-tested and universal welfare programs. The Pro argues that means-testing is inefficient or otherwise a poor way to allocate resources whereas the Con will typically argue that a universal program, such as a universal basic income, is a superior way to target those in need. This article argues that the difference between a means-tested and universal program might not be as clear or obvious as once thought.

Questions:

1. Explain why there is a difference between Option 1 and Option 2.
2. Explain why there is *not* a difference between Option 1 and Option 2.
3. The article argues that focusing solely on taxes leads to an incomplete understanding of the fiscal system. Why?

Last week at the Peterson Institute for International Economics conference on inequality, economist Greg Mankiw illustrated how a universal basic income plan and a means-tested transfer plan can be economically equivalent. His illustration has important implications when evaluating plans such as Andrew Yang's "Freedom Dividend," a \$1,000 per month basic income proposal, as well as for the broader debate of how to evaluate the U.S. tax burden across the income distribution.

Mankiw posed the following question: Would you prefer:

Option 1) a means-tested transfer of \$1,000 a month to those with zero income, phased out by 20 cents for each dollar of income recipients earn, and financed by a progressive income tax of 20 percent on all income above \$60,000, or

Option 2) a universal basic income benefit of \$1,000 a month to everyone financed by a 20 percent flat tax on all income.

Surprise! The two are economically the same. Structured in this way, under the means-tested transfer plan and the universal basic income plan, everyone faces the same marginal effective tax rate (20 percent) and thus has the exact same incentives,

which are illustrated below.

Mankiw draws three important points from this analysis. First, those who would support a means-tested transfer as outlined in option 1 should likewise support a universal basic income benefit as outlined in option 2, given that the two are economically equivalent. Second, though the plans are economically equivalent, there may be savings associated with the administration of a universal benefit and flat tax as compared to a means-tested transfer benefit and progressive tax. And third, the equivalence highlights how misleading it can be to focus on just taxes or just transfers.

The third point is pertinent to the current debate on the distribution of taxes in the United States. Option 1 features lower, more progressive taxes and more progressive transfers than option 2. But those observations mean little when option 1 and option 2 are analyzed when considering both taxes and transfers, as they result in equivalent incentives and outcomes.

To illustrate the equivalency of the two plans, consider the welfare of four people under each plan, highlighting the net outcome of each person under both plans.

Under the means tested transfer plan, person A makes \$0 in income, receives a \$12,000 transfer from the government over the course of the year, and pays zero in taxes as she does not make more than \$60,000. Person B makes \$30,000 in gross income, and so receives a phased down benefit from the transfer program of \$6,000 but pays no taxes. Person C makes enough gross income to be ineligible for the transfer program, and also pays nothing in tax. Person D is likewise ineligible for the transfer but owes income tax on the amount of her wages that exceeds \$60,000, or \$6,000.

Under the universal basic income plan, person A's situation remains unchanged; she still receives a \$12,000 transfer and pays no income tax due to not having any gross income. Person B now owes taxes on his income. However, because he receives the full \$12,000 UBI, his net income remains the same at \$36,000. Likewise, person C owes taxes on her wages under the UBI plan but nets the same amount of income after taxes and transfers. The same can be said for person D, who, though paying more in taxes, now receives a UBI payment, resulting in the same net income.

Mankiw's illustration of the equivalency of a means-tested transfer program and a universal basic income shows that focusing solely on taxes, without regard to the transfers they fund, leads to an incomplete understanding of the fiscal system.

2.2 Welfare Benefit Types

Matt Bruenig (founder of the People's Policy Project), "Welfare Benefit Types: Flat, Means-Tested, Trapezoid, Etc.", 12-4-2018, People's Policy Project, <https://www.peoplespolicyproject.org/2018/12/04/welfare-benefit-types-flat-means-tested-trapezoid-and-so-on/>

Note from the NHSDLC: Matt Bruenig covers the differences between different types of welfare benefits. While unnecessary to know in most debates, understanding this distinction will help more advanced debaters understand the reasons behind why different types of welfare benefits have their distinct advantages and disadvantages.

Questions:

1. What is the difference between income replacement and income supplement?
2. What are some reasons why the distinction between universal and means-tested isn't clear?
3. Why does the article still think the concept of "universal benefits" is a useful one?

Jeff Stein has a piece in the Washington Post about trapezoid programs. These are programs that phase in and then phase out based on current earnings, which has the effect of concentrating the benefit among middle earners while depriving the poor and the rich. I am quoted in the piece saying leftists and liberals should generally oppose trapezoid programs on the grounds that it is wrong to deprive the poor.

The piece and the discourse following it reminded me that I have been meaning to write a piece detailing the different types of welfare benefits. There are, of course, a lot of ways to group different welfare benefits. What follows is just my current way of thinking about the question based on familiarizing myself with a dozen or so welfare states across the world.

Income Replacement

The first category is income replacement benefits. These are generally cash benefits that are based on prior earnings levels to some degree. The primary purpose of these benefits is to provide income to people who face a drop in earnings for one reason or another.

The benefits that typically fall under this heading are old-age pension, disability pension, survivor's benefit, paid leave, and unemployment compensation. In all of these cases, individuals who fall into a specific status receive a cash benefit that is based in part on their prior earnings.

There are two ways to structure income replacement benefits: (a) solely earnings-related, (b) earnings-related with a minimum benefit. Naturally (b) is the better approach of the two when it comes to reducing poverty, inequality, and income insecurity.

US commentators often claim that our income replacement programs fall into category (a), but this is not exactly true. Old-age and disability pensions through Social Security could be described as solely earnings-related, but in practice, elderly and disabled people with insufficient earnings records become eligible for Supplemental Security Income (SSI). Thus the public old-age and disability system as a whole looks more like (b).

Unemployment benefits are currently solely earnings-related in the US and thus fall into category (a). But it would be possible to add a “jobseekers allowance” for all unemployed people who are not eligible for the ordinary unemployment benefits, transforming unemployment compensation into a (b)-type benefit.

Income Supplement

The second category is income supplement benefits. These are cash and in-kind benefits that are not based on prior earnings, but are instead based on current income (if anything). The primary purpose of these benefits is to supplement someone’s current income.

The benefits that typically fall under this heading are in-kind benefits like health care, child care, social care, education, and housing. Also included are cash benefits like child allowances and wage subsidies.

There are three ways to structure income supplement benefits: (a) flat grants where everyone gets the same benefit, (b) means-tested benefits where benefit levels start high for those with low incomes and then phase out for those with higher incomes, (c) trapezoids where benefit levels phase in based on income and then phase out based on income, thereby concentrating their benefits on those a rung or two above the very poor.

Generally speaking, the left favors (a) because it wants to create a “universal” social democratic welfare state; the center favors (b) because it wants to target spending to the neediest with the lowest budgetary cost; and the right favors (c) because it incentivizes work and excludes the undeserving poor. But these are only generalities. In practice, you never see a system where all the income supplements follow one of the structures. Instead, you get a mix.

An example of a flat grant in our current system is K-12 education, which every child of a certain age is equally eligible for without any user fees. An example of a means-tested benefit is food stamps, which start out high for those with very low incomes and then phase out for those with higher incomes. An example of a

trapezoid is the Child Tax Credit, which phases in and then phases out based on income.

Universal v. Means-Tested

The welfare discourse among internet pundits often takes the shape of arguing about universal benefits versus means-tested benefits. But this is not an entirely clear-cut distinction.

The only universal benefit in the sense that it covers literally everybody is public health insurance in some countries, but even then only if you conceive of the benefit as insurance rather than care (not everyone uses the medical system in a given year even if they are insured). But this is obviously not what people mean by universal. Instead, they mean to say benefits that, at minimum, flow to everyone within a specific population.

But this definition also runs you into some trouble. For instance, in other countries it is common for every parent to receive very large child care subsidies, but also to require parents to pay a means-tested user fee that maxes out at a few hundred dollars a month. This kind of benefit is universal in the sense that it provides benefits to everyone within a specific population but also means-tested in the sense that the benefit partially phases out based on income (just not completely).

Probably the cleanest way to define “universal” then is as benefits that flow to everyone within a specific population but also do not phase in or phase out based on current income. In that sense, there are two types of benefits in the taxonomy above that qualify: income replacements that are earnings-related with a minimum benefit (1b) and income supplements that are done via flat grants (2a).

This definition works fairly well but does not by itself resolve the question of what a “specific population” (i.e. universe) should be. You could imagine, for instance, a benefit that provided a flat payment to investment bankers. That would be universal insofar as investment bankers are a specific population, but we might also say that it isn’t really universal because investment bankers are not a relevant population that make sense as objects of welfare concern. According to this reasoning, excluding everyone who is not an investment banker actually makes your program non-universal in the intended sense of the word.

This latter point might seem a bit hypothetical, but actually seems to be where a lot of the unstated battle lines are when it comes to, for instance, benefits for students. Free college is a flat in-kind income supplement for a specific population (college students), but the implicit criticism is that college students are not a relevant population that makes sense as objects of welfare concern. This argument is in part why I have argued that we should instead identify the population as “young adults seeking to attach to the labor force” and create “universal attachment benefits” that flow to students and non-students alike. Students would get college and non-

students would get training, apprenticeship, vocational education, in-work subsidies, and similar.

Regardless of the definitional fuzziness around the edges, I still nonetheless think the concept of universal benefits is a useful one and worth supporting as a policy matter. Flat grants and earnings-related income replacements with minimum benefit levels are simple to understand and maximize the number of people who are formal beneficiaries of the welfare state. I believe this makes for better living in and of itself and has secondary political effects that increase the size of the redistributive budget, improve the resiliency of welfare programs, and promote widespread positive feelings about the welfare regime. These things are key to the creation of a stable, egalitarian society.

2.3 The Important Questions about UBI Haven't Been Answered Yet

Kelsey Piper (a Staff Writer for Vox's new vertical with a focus on the global poor, animal welfare, and risks affecting a stable future for our world. She previously worked as the head of the writing team at Triplebyte, and ran Stanford Effective Altruism during college), "The important questions about universal basic income haven't been answered yet", 13 February 2019, Vox, <https://www.vox.com/future-perfect/2019/2/13/18220838/universal-basic-income-ubi-nber-study>.

Note from the NHSDLC: This article covers some of the main questions concerning the details of a UBI. It mostly discusses a new NBER paper that provides some skepticism about the value of a UBI. This article should help debaters understand the importance of good policy design when it comes to a UBI.

Questions:

1. This article argues that "UBI is proposed as a solution to many different social ills, and the details of UBI proposals are often underspecified." What is the problem with not specifying these details?
2. The article quotes Hoynes and Rothstein as saying "They mostly rely on different and incompatible visions of the program, and they sometimes make exactly opposite predictions." What are some examples of these contradictory predictions?
3. What are some problems with a UBI that replaces existing welfare programs?

Universal basic income — the idea of giving everybody money — has been gaining momentum in policy circles lately. Finland just wrapped up a trial, and India might adopt a nationwide program. Proponents are hoping that the US, as it grapples with mounting inequality, will figure out how to offer a UBI here.

But a new National Bureau of Economic Research (NBER) working paper by Hilary Hoynes and Jesse Rothstein dumps some cold water on UBI enthusiasm. In their paper, the economists argue that a developed-world UBI is more distant than we realize, and that pilot programs aren't going to change that.

The aim of their paper was to pin down some UBI proposals in enough detail to analyze their effects, and to summarize what we know already (from existing research on the effects of welfare) about the likely income and employment effects of a UBI. "There is a lack of clarity on what makes a UBI, what problem it is meant to solve, whether the social safety net can or is providing these benefits, and what (if anything) can be learned from the pilot programs that we don't already know," the paper argues. "Our paper seeks to fill this gap."

Their takeaway? We're studying the wrong things. We've pinned so many hopes to UBI — some of them contradictory — that it's not clear anymore what concrete empirical results from our pilot programs would help us conclude it's a good idea. At the same time, proponents typically haven't characterized their plans in enough detail that we can figure out how to pay for them and how they'll affect the poor.

That doesn't necessarily mean UBI is a utopian pipe dream. But it does suggest that, right now, UBI is proposed as a solution to many different social ills, and the details of UBI proposals are often underspecified — so it's not clear who'd get money, how much, or how we'd pay for it. If we want to fix our welfare system, that has to change.

Giving people money solves problems — but which ones?

The idea of a universal basic income is simple: give everyone free money, no strings attached.

There are a lot of problems with America's current welfare system. People fall through its cracks; they have difficulty finding out which programs they're eligible for and experience shame and stigma for being on welfare.

There are also a lot of problems on the horizon. Technological unemployment hasn't quite panned out yet — new technology might shift where the jobs are, but it doesn't seem to destroy them — but some people fear that won't be true forever, as we learn to automate more and more. And inequality is rising, leaving people worried that the gains from new technologies will leave most of us behind.

It's that perfect storm of policy worries that has gotten so many people excited about UBI.

“Attention may be running ahead of actual policy development,” Hoynes and Rothstein argue in the opening to their paper. In particular, lots of arguments are being floated about UBI. They mostly rely on different and incompatible visions of the program, and they sometimes make exactly opposite predictions.

For example, take the argument that the current welfare system discourages work and traps people in poverty. This implies that a UBI would be good in part because it wouldn't discourage work; if the program was working as intended, we'd see labor force participation increase.

A related argument, the paper observes, is the argument that UBI could “shift labor supply from unpleasant/precarious jobs to jobs that combine low pay with high amenities, jobs with opportunities for human capital accumulation, or simply jobs more aligned with individual tastes (e.g., in the arts).”

That is, instead of people working poorly paid jobs they hate, they'd feel able to

work jobs that might be similarly poorly paid but which they love — founding a company, opening a restaurant, managing a community theater, making art, running kids' programs. That's a way UBI could avoid affecting the labor supply at all, while making the world a better place.

But other arguments for UBI assume it will decrease the labor supply. The technological unemployment argument, for example, seems to rest on the assumption that UBI will decrease the labor supply — and that this is a good thing. Under this model, UBI is part of how we transition from a society where people need to work to a society where they don't. Complaining that they won't get jobs is beside the point.

As the paper spells out, this makes it tricky to evaluate whether UBI programs are living up to expectations. We haven't decided what problem we want to solve, much less what experimental results we'd see if we'd successfully solved it.

That's a problem, Rothstein told me. Studies like the one Finland recently conducted are “meant to tell us whether a UBI is a good idea, but it's not clear what results would lead to you saying, ‘Yes, it's a good idea’ or, ‘No, it's not a good idea.’”

Are we looking for a UBI to increase labor market participation? Leave it the same? Decrease it? Do we want a UBI in order to fix welfare disincentives to work, or in order to fix the fact that people have to work to survive? “You can't solve a problem and its opposite with the same solution,” Rothstein said.

Does a UBI replace existing programs or supplement them? Both options have problems.

“A truly universal UBI would be enormously expensive,” the paper argues. This is uncontroversial, even among UBI supporters, but it's important to spell out — and to look in depth at our options for paying for it.

“The kinds of UBIs often discussed would cost nearly double current total spending on the ‘big three’ programs (Social Security, Medicare, and Medicaid),” the paper finds. “Moreover, each of these programs would likely be necessary even if a UBI were in place, as each addresses needs that would not be well served by a uniform cash transfer.”

How expensive does a UBI have to be? That depends on how you're defining it, of course. The NBER team argues that to qualify as a UBI, a program needs to be universal — given to everyone, not to targeted subgroups. It needs to be sufficient to raise the recipients out of poverty — for their core model, they consider a UBI of \$12,000 a year.

That's, unsurprisingly, super pricey. “A universal payment of \$12,000 per year to each adult U.S. resident over age 18 would cost roughly \$3 trillion per year,” they

find. “This is about 75 percent of current total federal expenditures, including all on- and off-budget items, in 2017. (If those over 65 were excluded, the cost would fall by about one-fifth.) Thus, implementing this UBI without cuts to other programs would require nearly doubling federal tax revenue.”

Many advocates of UBI have a solution to that: UBI should replace other programs, not just supplement them. The NBER paper argues that this solution doesn’t work as well as we’d hope. “Even eliminating all existing transfer programs — about half of federal expenditures — would make only a dent in the cost,” they observe.

And that’s not the only problem. Eliminating all existing transfer programs in favor of a UBI would leave some big holes. For example, under the UBI they propose, a single parent of three children would be eligible for \$12,000 a year in total assistance. Under the current system, that parent would likely be eligible for a lot more: health care through Medicaid, food stamps, rent and housing assistance, and potentially transfer payments through Temporary Assistance for Needy Families. “Replacing existing anti-poverty programs with a UBI would be highly regressive,” the paper argues. That’s not what anyone’s going for.

Making a UBI generous enough that we could afford to eliminate all other programs would raise the costs further. I asked Rothstein about a program that also provided payments to kids (a UBI in general isn’t yet on the table politically, but a UBI for kids may be). He said their paper hadn’t — and couldn’t — compare every possible program, but that you could improve the redistributive effects with an approach like that one. But again, any expansion of the benefits increases the price tag.

Rothstein and Hoynes argue that while supporters of a UBI are trying to make the transition from “out-there idea” to “serious policy proposal” with pilot programs, the pilot programs aren’t going to be able to answer the most important questions that remain. Those questions are how UBI will fit with existing programs, and how we’ll pay for it. If UBI is to become a real option on the table for Congress anytime soon, those are the details we’ll have to nail down — and getting them right should be our next priority.

The paper is a discouraging read for UBI proponents. But it’s not a reason to abandon the idea that everyone deserves to share in society’s prosperity, whether they work or not. Instead, it’s a reason to remember that a big idea isn’t a policy proposal, and that you have to start putting forth policy proposals — specific enough that they will be criticized — to get real policy change. I came away from the paper wanting a much smaller UBI (per person, not per adult) that we could scale up as the economy grows and the country becomes more prosperous. This paper needn’t be a call to give up on UBI, but a call to figure out how to make it work.

3 Pro Evidence

3.1 The Paradox of Universal Basic Income

Joi Ito (a former Ideas contributor for WIRED. He is also coauthor with Jeff Howe of *Whiplash: How to Survive Our Faster Future*), “The Paradox of Universal Basic Income”, 29 March 2018, Wired, <https://www.wired.com/story/the-paradox-of-universal-basic-income/>.

Note from the NHSDLC: While not exactly a spirited defense of a UBI, this paper still concludes that we must try a UBI. It covers some of the issues with UBI from both a theoretical and practical perspective and focuses on the issue of automation.

Questions:

1. Why is the author not optimistic about a UBI? Why does he think we still have to try?
2. The article cites Chris Hughes’ idea of a UBI. What is that proposal and could it work?
3. What is the automation argument for UBI?

On December 15, 2017, the United Nations Special Rapporteur on extreme poverty and human rights, Philip Alston, issued a damning report on his visit to the United States. He cited data from the Stanford Center on Inequality and Poverty, which reports that “in terms of labor markets, poverty, safety net, wealth inequality, and economic mobility, the US comes in last of the top 10 most well-off countries, and 18th amongst the top 21.” Alston wrote that “the American Dream is rapidly becoming the American Illusion, as the US now has the lowest rate of social mobility of any of the rich countries.” Just a few days before, on December 11, The Boston Globe’s Spotlight team ran a story showing that the median net worth of nonimmigrant African American households in the Boston area is \$8, in contrast to the \$247,500 net worth for white households in the Boston area.

Clearly income disparity is ripping the nation apart, and none of the efforts or programs seeking to address it seems to be working. I myself have been, for the past couple of years, engaged in a broad discussion about the future of work with some thoughtful tech leaders and representatives of the Catholic Church who have similar concerns, and the notion of a universal basic income (UBI) keeps coming up. Like many of my friends who fiddle with ideas about the future of work, I’ve avoided actually having a firm opinion about UBI for years. Now I have decided it’s time to get my head around it.

Touted as an elegant solution to the problem of poverty in America and the impending decimation of jobs by automation, UBI is a hot topic today in the “salons” hosted by tech and hedge-fund billionaires. The idea of UBI in fact is an old idea, older than me even: Either through direct cash payments or some sort of negative income tax, we should support people in need—or even everyone—to increase well-being and lift society overall.

Interestingly, this notion has had broad support from conservatives like Milton Friedman and progressives such as Martin Luther King Jr. On the other hand, UBI also has been criticized by conservatives as well as liberals.

Conservative proponents of UBI argue that it could shrink a huge array of costly social welfare services like health care, food assistance, and unemployment support by providing a simple, inexpensive way to let individuals, rather than the government, decide what to spend the money on. Liberals see it as a way to redistribute wealth and empower groups like stay-at-home parents, whose work doesn’t produce income—making them ineligible for unemployment benefits. In addition, these UBI advocates see it as a way to eliminate poverty.

Nevertheless, just as many conservatives and liberals don’t like the concept. Conservatives against UBI worry that it will decrease incentives to work and cost too much, racking up a bill that those who do work will have to pay. Skeptical liberals worry that employers will use it as an excuse to pay even lower wages. They also fear politicians will offer it as a rationale to gut existing social programs and unwind institutions that help those most in need. The result is that UBI is a partisan issue that, paradoxically, has bipartisan support.

I was on a panel at a recent conference when the moderator asked audience and panel members what they thought of UBI. The overwhelming consensus of the 500 or so people in the room appeared to be “we’re skeptical, but should experiment.” UBI sounds like a good or not-so-good idea to different constituents because we have so little understanding of either how we would do it, or how people would react. None of us really knows what we’re talking about when it comes to UBI, akin to being in a drunken bar argument before there were smartphones and Wikipedia. But there are a few basic principles and pieces of research that can help.

Universal Basic Income, In Theory

Much of the resurgent interest in UBI has come from Silicon Valley. Tech titans and the academics around them are concerned that the robots and artificial intelligence they’ve built will rapidly displace humans in the workforce, or at least push them into dead-end jobs. Some researchers say robots will replace the low-paying jobs people don’t want, while others maintain people will end up getting the worst jobs not worthy of robots. UBI may play a role in which scenario comes to pass.

Last year, Elon Musk told the National Governors Association that job disruption

caused by technology was “the scariest problem to me,” admitting that he had no easy solution. Musk and other entrepreneurs see UBI as way to provide a cushion and a buffer to give humans time to retrain themselves to do what robots can’t do. Some believe that it might even spawn a new wave of entrepreneurs, giving those displaced workers a shot at the American Dream.

They may be getting ahead of themselves. Luke Martinelli, a researcher at the University of Bath Institute for Policy Research, has written that “an affordable UBI is inadequate, and an adequate UBI is unaffordable.” I believe that is roughly true.

One of the biggest problems with UBI is that a base sum that would allow people to refuse work and look for something better (rather than just allowing employers to pay workers less) is around \$1000 per month, which would cost most countries somewhere between 5 percent to 35 percent of their GDP. That looks expensive compared with the cost to any developed country of eradicating poverty, so the only way a nation could support this kind of UBI would be to eliminate all funding for social programs. That would be applauded by libertarians and some conservatives, but not by many others.

Underpinning the Silicon Valley argument for UBI is the belief in exponential growth powered by science and technology, as described by Peter Diamandis in his book *Abundance: The Future is Better Than You Think*. Diamandis contends that technological progress, including gains in health, the power of computing, and the development of machine intelligence, among other things, will lead to a kind of technological transcendence that makes today’s society look like how we view the Dark Ages. He argues that the human mind is unable to intuitively grasp this idea, and so we constantly underestimate long-term effects. If you plot progress out a few decades, Diamandis writes, we end up with unimaginable abundance: “We will soon have the ability to meet and exceed the basic needs of every man, woman, and child on the planet. Abundance for all is within our grasp.” (Technologists often forget is that we actually already have enough food to feed the world; the problem is that it’s just not properly distributed.)

Many tech billionaires think they can have their cake and eat it too, that they are so rich and smart the trickle-down theory can lift the poor out of poverty without anyone or anything suffering. And why shouldn’t they think so? Their companies and their wealth have grown exponentially, and it doesn’t appear as though there is any end in sight, as Marc Andreessen prophetically predicted in his famous essay, “Why Software is Eating the World.” Most of Silicon Valley’s leaders gained their wealth in an exponentially growing market without having to engage in the aggressive tactics that marked the creation of wealth in the past. They feel their businesses inherently “do good,” and that, I believe, allows them to feel more charitable, broadly speaking.

Universal Basic Income, In Practice

If the technologists are correct and automation is going to substantially increase US GDP, then who better to figure out what to do about the associated problems than the technologists themselves—or so their thinking goes. Tech leaders are underwriting experiments and financing research on UBI to prepare for a future that will allow them and their companies to continue in ascendance while keeping society stable. (Various localities and organizations already have experimented with forms of UBI over the years. In some cases, they have produced evidence that people receiving UBI do in fact continue to work, and that UBI gives people the ability to quit lousy jobs and look for better ones, or complete or go back to school.) Sam Altman, president of Y Combinator, has a project to give people free money and see what happens to them over time, for instance.

Altman’s experiment, prosaically named the Basic Income Project, will involve 3,000 people in two states over five years. Some \$1,000 of them will be given \$1,000 a month, and the rest will get just \$50 a month and serve as a sort of control group. It should reveal some important information about how people will behave when given free money, providing an evidence-based way to think about UBI—we don’t have much of that evidence now. Among the questions hopefully to be answered: Will people use the cushion of free money to look for better work? Will they go back to school for retraining? Will neurological development of children improve? Will crime rates go down?

As with many ideas with diverse support at high levels, the particulars of execution can make or break UBI in practice. Take the recent, much heralded UBI experiment in Finland. A Finnish welfare agency, Kela, and a group of researchers proposed paying between 550 and 700 euros a month to both workers and nonworkers around that country. Finland’s conservative government then began tweaking the proposal, most importantly eliminating the part of the plan that paid people who had jobs, and only providing UBI for those receiving unemployment benefits instead. It had no interest in whether UBI would allow people to look for better jobs or to train themselves for the jobs of the future. The government declared that the “primary goal of the basic income experiment is related to promoting employment.” And so what started as a credible experiment in empowering labor and liberal values became a conservative program to get more people to go back to crappy jobs—and a great warning about the impact that politics can have on efforts to test or deploy UBI. (We must wait until 2019 to see the full extent of the outcome.)

Chris Hughes, a cofounder of Facebook and not-quite-billionaire, is the person I found with a plan for UBI that’s halfway between Silicon Valley’s techno-utopian vision and the vision held by the liberal East Coast types that I mostly hang out with these days.

His new book *Fair Shot: Rethinking Inequality and How We Earn* outlines his views

on UBI, but here's my brief version of what Hughes is thinking: He believes we can do UBI now. He says we can "provide every single American stability through cash" by providing a monthly \$500 supplement to lower-middle income taxpayers through the Earned Income Tax Credit, or EITC. He would expand EITC to include child care, elder care, and education as types of work that would be eligible for EITC. (Currently if the jobs are unpaid jobs, they are not eligible.) Hughes contends that this would cut poverty in America by half. According to his numbers, right now the EITC costs the US \$70 billion a year, and his UBI proposal would tack on an additional \$290 billion. Citing research by Emmanuel Saez and Gabriel Zucman showing that less than 1 percent of Americans control as much wealth as 90 percent of Americans, Hughes' plan to pay for that expansion involves increasing the income tax for the top 1 percent, or people earning more than \$250,000 a year, to 50 percent from 35 percent, and treating capital gains as income—moving long-term capital gains from 20 percent to 50 percent, hitting the wealthiest the hardest.

He's putting his money where his mouth is too, underwriting a project that will give \$500 a month to residents of Stockton, California.

Will UBI save America? Our Congress and president just passed a tax law that reduces taxes on the country's wealthiest, but I still think Hughes' proposal is reasonable in part because EITC is a pretty popular program. My fear is that the current political climate and our ability to discuss things rationally are severely impaired, and that's without factoring in the usual challenges of turning rational ideas into law. In the meantime, it's great that Silicon Valley billionaires have recognized the potential negative impact of their businesses and are looking at and funding experiments to provide better evidence-based understanding of UBI, even if evidence appears to have less and less currency in today's world.

Am I optimistic? No. Should we get cracking on trying everything we can, and is UBI a decent shot on goal? Yes and yes.

3.2 The Pragmatic Case for a Universal Basic Income

Ed Dolan (an economist specializing in Eastern Europe, is the author of the textbook *Introduction to Economics*, now in its fifth edition), "The Pragmatic Case for a Universal Basic Income", 28 July 2014, Milken Institute Review, <https://www.milkenreview.org/articles/pragmatic-case>.

Note from the NHSDLC: A good introduction to the arguments for a UBI and an effective rebuttal to many of the charges against a UBI, this article provides a solid economic argument in favor of a UBI that replaces much of the existing welfare state.

Questions:

1. What is the problem with a "top-up" grant? What is the problem with the Negative Income Tax?
2. Why would a UBI satisfy all the criteria listed at the beginning of the article?
3. Explain what the article means when it says "Replacing today's jumble of means-tested welfare programs with a UBI would sharply decrease effective marginal tax rates for poor and near-poor families, thereby enhancing work incentives."

Are you frustrated by the interminable quest to end poverty in the face of ideological division and widespread cynicism? Why not just cut to the chase, sending everybody in the country a monthly check that covers the rudimentary needs of even the poorest among us?

I know, I know: this sounds like fodder for high school debating societies, or perhaps a bumper sticker left over from the Occupy movement. And it is certainly not on Congress' immediate agenda — or for that matter, President Obama's. But slow recovery from the Great Recession, a stubbornly high poverty rate, stagnant wages and the threat of chronic unemployment fed by technological change and global competition have combined to spark new interest in an old, seemingly radical, idea. Besides, it isn't so radical. At one time or another, progressives, libertarians and conservatives have all supported some variant.

The concept goes by many names: unconditional basic income, basic income guarantee, demo-grant. I prefer "universal basic income," or UBI for short. Whatever you call it, though, the feature that distinguishes a UBI from other sorts of social safety nets is its universality. Unlike other income-support programs, it is not means-tested. Instead, a UBI would provide subsistence-level grants to everyone, regardless of need, earned income, age or job status.

A Scorecard Step back for a moment. The ideal income-support program would:

Leave no one below the agreed-upon poverty level; Focus support on those truly in need; Sustain (or increase) incentives to work; Be inexpensive to administer. Unfortunately, there are trade-offs that make it impossible to achieve all four objectives simultaneously. A comparison of the alternatives suggests why.

The simplest form of income support is a "top-up" grant – that is, a policy that offers sufficient aid to bring families out of poverty, but no more. Just to have a number to work with, let's set that figure at \$20,000 a year for a family of three, a number close to the current official poverty benchmark.

The top-up approach would, of course, satisfy the first requirement. And it would be well targeted, since households already above the poverty line would not be eligible. However, it has one huge drawback: It would leave many households with almost no incentive to work and earn.

For families that are poor to start with, the disincentive is obvious. If a family with no earned income gets \$20,000 in government benefits, and one with \$10,000 in earnings gets only a \$10,000 benefit, why work at a low-wage job?

Less obviously, the disincentive extends to families who could earn enough to lift themselves just above the poverty line. Suppose a household with no income gets \$20,000 in annual benefits. One member has a chance to get a job paying \$25,000 per year. Is it worth it? Probably not. If \$20,000 in benefits will be lost in the process, the net return to work falls to a measly \$5,000. Child care, transportation and clothes for work could eat up most of that.

Moreover, despite the simplicity of its objective, a program that just topped-up income would not be easy to administer. The government would have to constantly nose around in families' finances and adjust benefits accordingly. That would be all the more difficult because the threat of losing benefits would provide a strong incentive to hide earnings.

The Taper Trap One way to have it both ways would be taper payments gradually as income increases, rather than cutting benefits by a dollar for each dollar of earnings. A tapered benefit was one of the central features of the negative income tax that Milton Friedman proposed in the 1960s. His idea: give people with no earned income a federal tax credit, paid in cash, that would be sufficient to live on. After that, families would be subject to a benefit-reduction rate of 50 percent. That is, as income rose, benefits would fall by 50 cents for each extra dollar earned. Once the benefit fell to zero, which would happen at double the poverty line, families would start paying regular income and payroll taxes only on additional earnings.

Friedman's negative income tax was not adopted in its original form, but many current income-support programs include some kind of taper to encourage work. For example, the federal earned income tax credit (EITC) applies a benefit-reduction rate of 34 percent to families near and just above the poverty line. Complicating

matters a bit, the benefit-reduction rate changes with earnings: for families with incomes near the middle of the poverty range, the rate is zero. And the very poorest families with children receive a cash credit of more than one dollar per dollar earned, making their benefit-reduction rate negative!

Note, however, that tapered income support is more expensive than a simple top-up: Except for those who have no earned income at all, poor families are eligible for more than the minimum they need to cross the poverty line. Also, benefits continue for households with earned incomes modestly in excess of the poverty line.

To improve targeting and hold down costs, some safety-net programs impose cutoffs beyond which households are no longer eligible for benefits. Suppose we started with a program that gave \$20,000 to families with no earned income, and reduced benefits by 25 cents for each dollar of earned income. That would provide a reasonable work incentive (an effective tax rate on earnings of 25 percent), but families with incomes all the way up to \$80,000 would receive some benefit.

To reduce costs, the program could cut off benefits altogether when earned income, say, reached double the poverty line – that is, \$40,000. But there’s no free lunch here; far from it.

While this plan would maintain adequate work incentives for households with low earned incomes, it would introduce a new kind of disincentive – a cliff – at the cutoff point. A household with earned income of \$39,999 would receive \$10,000 in benefits, giving it disposable income of \$49,999. However, one more dollar in earnings would make the household ineligible for any benefit. So, in this extreme case, the hapless earner would effectively pay \$10,000 in taxes on the last dollar earned!

Benefit cliffs can create especially strong disincentives for second workers in a household. Imagine a family where one spouse earns \$30,000. In our example, the family’s income, including a \$15,000 income-support benefit, would be \$45,000. If the other spouse now gets a full-time job that brings in an extra \$20,000, household income would rise only to \$50,000 since all benefits would be lost. Child care, transportation, and other work-related expenses would erode the net \$5,000 gain, leaving little to show for the extra work.

Work incentives under existing income-support programs are often even weaker than those in our hypotheticals. One reason is that many incorporate benefit cliffs. Medicaid, the Children’s Health Insurance Program and the health insurance subsidies provided to low earners through Obamacare are all guilty as charged.

Note, too, that benefit-reduction rates of various programs are additive. For example, if a household faces a 20 percent benefit-reduction rate for food stamps and a 30 percent benefit-reduction rate for subsidized rental housing, it loses a total of 50 cents in benefits for every extra dollar earned.

Finally, we have to take account of the incentive effects of taxes. Although people with very low incomes pay no federal income tax, earned income is subject to a 7.65 percent payroll tax for Social Security and Medicare. Moreover, after a household reaches the threshold for federal income taxes, an additional 10 percent marginal rate applies.

For purposes of work incentives, what matters is a household's effective marginal tax rate, which is the sum of its marginal tax rates for income and payroll taxes plus the benefit-reduction rates on any income-support programs it qualifies for. For example, if a household faces a 20 percent benefit-reduction rate on food stamps, a 30 percent benefit-reduction rate on rent subsidies, a 7.65 percent payroll tax rate and a 10 percent income tax rate, its effective marginal tax rate would be $20+30+7.65+10$, which equals 67.65 percent. That means its disposable income would rise by just 32.35 percent of additional earned income.

In practice, effective marginal tax rates are moderate for families with earned incomes below the poverty level. Effective rates are much higher, typically over 50 percent, for families whose earned incomes fall in the range between the poverty level to twice the poverty level. And effective rates on second earners are typically even higher.

The UBI Alternative

By now, some of the attraction of a universal basic income should be apparent. A UBI would be effective in raising household incomes at least to the poverty line as long as the benefit were set at that level or higher. Moreover, a UBI would not affect anyone's work incentives, since there would be benefit reductions as earned income climbed.

Then, too, a UBI would be administratively efficient and unobtrusive. It would require no verification of any personal trait or behavior other than the existence of the beneficiary. If the UBI were integrated with the existing federal income tax system, only households with no income at all would receive the full UBI benefit in cash. Those with low-to-moderate incomes would receive part of the benefit as a credit toward income and payroll taxes, and the rest in cash. Those with high incomes would get a tax credit equal to the UBI benefit, which would reduce the taxes they would otherwise owe.

Unlike other existing support programs, however, a UBI would go to everyone: households that didn't "deserve" help (however you choose to define that) would still get it. Moreover, by definition, universality would make the UBI more expensive than targeted programs.

Thinking About Affordability

Providing grants to everyone that would be sufficient to raise a typical family of

three above the official U.S. poverty threshold would cost about 10 percent of GDP. And that would truly be a budget-buster if it were simply layered on top of today's system of taxes and transfer payments. But this is not what supporters have in mind.

Indeed, a UBI is only conceivable as part of a thorough overhaul of both taxes and government transfers. For the poor, the UBI would replace other safety-net programs. For middle- and upper-income groups, it would replace existing tax deductions, credits and preferences. Consider some back-of-the-envelope calculations of how large a basic grant we could afford without raising marginal tax rates for middle-class and wealthy taxpayers.

To simplify the matter, I'll separate the issue of health insurance from that of income support. This means we will neither expect people to use their UBI benefits to cover health care expenses nor look to cutbacks of existing health care subsidies as a source for financing the UBI. I'll also separate the issue of education support from that of income support. One way to do that would be to pay part of children's UBI benefit in cash to the parents, while putting the rest in trust. The trust could pay educational expenses of minor children, taking due account of parents' preferences. As children grew older, they could receive a gradually increasing allowance to spend at their own discretion. Trustees would release any remaining funds to the beneficiaries when they reached adulthood. That would give young adults a nest egg that they could use, if they chose, to pay for college.

If you're already a skeptic, you've no doubt noticed that, if transformed into top-up grants, the \$1 trillion the government currently spends on safety-net programs would be more than enough to raise everyone above the official poverty line. But, of course, the top-up approach would create wretched disincentives to work and be a nightmare to administer.

Another Pitfall About a quarter of all means-tested spending comes from state and local government budgets. Conceivably, some combination of financial sweeteners and political bipartisanship could persuade all the states to make contributions to the UBI. But many Republican states' scorched-earth approach to Washington's largesse, which rejected heavy federal subsidies to expand Medicaid, suggest that this would be a very hard sell in places that already regard the safety net as socialism. Better, then, to count only on the federal portion of welfare spending as a source of funds.

Note, too, that, even before Obamacare, about a third of federal means-tested welfare spending went to Medicaid (which includes nursing homes for the elderly) and the Children's Health Insurance Program. That leaves only \$500 billion to finance a UBI.

Divide \$500 billion by a population exceeding 315 million – the "universal" in UBI

means universal – and we end up with something like \$1,600 per person annually. So, to fund a UBI that put everybody above the poverty line, we'd need to dig a lot deeper.

Dare We Speak the E-Word? Middle-class entitlements delivered through the tax system, including the mortgage-interest deduction (worth \$174 billion in 2013), the deferral of income taxes on retirement accounts (\$145 billion) and the deduction of charitable contribution (\$49 billion), are another potential source of funding for a UBI. All told, the termination of these tax preferences (even leaving intact the deductibility of employer-paid health care insurance) would add some \$580 billion to the kitty.

Political suicide, you say? Perhaps. But not if voters truly understood where their interests lay. The math suggests that most middle-income households would gain as much from the UBI as they lost from the end of the big tax-based entitlements. It would only change the way the benefits were distributed.

All told, the \$580 billion in additional revenue could add about \$1,800 to the per capita UBI grant, bringing the running total to about \$3,400 per person. To put that in context, consider the case of a couple in the 25 percent tax bracket (taxable income of \$73,800 to \$148,850 filing a joint return in 2014). Such a couple would be better off with the UBI and without the middle-class tax preferences unless they amassed more than \$27,000 in itemized deductions in the eliminated categories.

Onward. We could also jettison the personal exemption, which reduced taxable income by \$3,900 per person in 2013. Stripping it from middle income tax returns would (very conservatively) yield \$585 billion in revenues, or enough to add another \$1,800-plus to the UBI grant. Now the running total is about \$5,200 per capita – still not quite enough to bring a family of three with no earned income above the poverty line.

Where Might Social Security Fit in? Social Security retirement benefits are higher for individuals who pay in more. But the system is nonetheless redistributive because benefits received by lower-income retirees are relatively large in proportion to lifetime contributions. It would thus be natural to rethink the redistributive function of Social Security in conjunction with the introduction of a UBI.

One approach would start with a phase-in period, during which people who were already retired could opt either for the UBI or for their Social Security benefits, but not both. In the long run, as new people entered the system, the whole schedule of Social Security taxes and benefits could be adjusted accordingly.

About 35 million people currently receive Social Security retirement benefits, with 90 percent of them receiving more than \$7,200 per year. That suggests fewer than 10 percent of retirees would opt for the UBI during the transition phase. If so, we would only need to spread the resources available for financing the UBI among just

286 million people, not the entire population of 316 million. Making the appropriate adjustments would bring the amount available for UBI grants to more than \$5,800 per person.

Who Gains, Who Loses? Count the virtues:

Except for small families with little or no earned income, the UBI would be enough to bring households above the poverty line (in 2014, from \$19,790 for three to \$40,090 for eight). Health care programs for low-income families would not change under our version of the UBI. Replacing today's jumble of means-tested welfare programs with a UBI would sharply decrease effective marginal tax rates for poor and near-poor families, thereby enhancing work incentives. Most middle-class households would receive more from the UBI than they would lose in tax benefits. No Social Security retirees would suffer a net loss. Those currently receiving the smallest Social Security benefits would gain by opting for the UBI. Financing the UBI would not require raising anyone's marginal tax rates. However, middle- and upper-income households that currently take large itemized deductions could face an increase in the percentage of income they pay in taxes.

The Politics of a UBI

Although many conservatives and progressives support a UBI, others fear that a UBI would produce a nation of layabouts. Once people no longer faced homelessness or starvation, why would they work? But these concerns are surely exaggerated. In the language of economics, a UBI would generate two conflicting incentives. On the one hand, the "substitution effect" would lead people – especially those in low-income households – to work more because the effective marginal tax rate would fall: substituting one hour of work for one hour of leisure would bring in more money than before. The "income effect," by contrast, would incline people to work less when their total incomes increase – as it would for the poor and near-poor.

Which effect would dominate? One way to test the strength of the income effect is to look at how people react to windfalls like inheritances and lottery winnings. These do not change the amount a person takes home from an added hour of work, so they have an income effect but no substitution effect. Studies of windfalls suggest that income effects do exist, but they are weak.

If a UBI were added on top of existing income-support programs, it would have only an income effect. In that case, it would probably reduce work effort, although not by much. However, a realistic UBI that replaced current safety-net benefits would create a strong substitution effect because poor and near-poor families would be able to keep a much larger share of their marginal earnings.

At the same time, the income effect of such a program would be small (or nil). That's because peoples' incomes would not increase by the full amount of the UBI, but only by the difference between the UBI and the value of the food stamps, housing

vouchers or whatever that they get now.

On balance, then, a UBI that replaced means-tested welfare programs would be likely to have a large positive effect on work effort for those now living at or near the poverty line. Far from producing a nation of goof-offs, it would draw into the labor market many people who don't currently consider the net returns to work sufficient to justify the effort.

Libertarians and the UBI

So far, we have focused mainly on conservative and progressive support for a UBI, but some libertarians also favor the concept. That might seem surprising; after all, it is almost an axiom of libertarianism that for Peter freely to give money to Paul is charity, but for John to point a gun at Peter and force him to give to Paul represents theft of Peter's property. Libertarians who support a UBI must thus begin by rebutting the presumption against forced giving.

The first libertarian defense of a UBI is purely pragmatic: while some ideal society might get along without any coercive redistribution of income, a UBI would at least be better than what we have now. As Matthew Feeney, the assistant editor of the libertarian webzine *Reason* 24/7, put it, "Rather than make the principled argument against the redistribution of wealth, libertarians would do better if they were to argue for a welfare system that promotes personal responsibility, reduces the humiliations associated with the current system and reduces administrative waste in government."

Libertarians can also defend a UBI as a counterweight to the injustices of private property. In principle, of course, libertarians are ardent defenders of private property. But some acknowledge serious flaws in the way the system now works. One such flaw is that a lot of wealth is acquired through government subsidies or by putting up legal barriers to competition – behavior that economists lump together under a term they coined for it: rent-seeking. That behavior is so pervasive that it is impossible to untangle the particular victims and beneficiaries of each law. But a moderate tax on all forms of income and property, returned to everyone as a UBI, would almost certainly lean against the rent-seeking wind.

Less-doctrinaire libertarians, many of whom prefer to call themselves classical liberals, suggest a third reason for supporting a UBI. Given the choice, they argue, freedom-lovers would prefer to live in a system where the minimal state, in addition to protecting people and their property from criminals and foreign enemies, provided everyone with a minimum income to fall back on in case of misfortune. We can find support for a UBI in one form or another in the writings of Adam Smith and John Stuart Mill, and of more recent libertarian thinkers, including Friedrich Hayek and Milton Friedman.

The Improbable Dream? Hardly anyone sees a UBI as a perfect safety net. It

offends conservatives by offering something for nothing. And it raises serious questions for progressives who worry there is more to poverty than a lack of income – that a UBI would not do enough to transform the culture of poverty that weighs down the underclass. But it has pragmatic advocates (including me) who believe that a UBI offers a better compromise than do other income-support programs among the mutually incompatible criteria of effectiveness in reducing poverty, maintenance of work incentives, administrative efficiency and accurate targeting.

A big worry, of course, is that a UBI would end up as budget-buster or require a raid on private wealth to finance it. However, as shown, it need be nothing of the sort – provided it were part of a bargain in which other antipoverty efforts (save medical care) were abandoned, and middle-income earners traded in a hodgepodge of tax breaks for the universal basic income grant.

The most encouraging sign is that the liveliest debates over a UBI today are taking place within, rather than between, the main ideological camps. At a time when macroeconomic forces and the politics of big money are leading to ever-greater inequality, perhaps America is still capable of finding common ground for a pragmatic antipoverty effort.

3.3 Let the Robots Take our Jobs

Aaron Berger (a research scientist specializing in pattern recognition, domestic and foreign current events, and technology trends under the lens of existential risk), "Let the robots take our jobs and pay for a universal basic income", 21 July 2017, Quartz, <https://qz.com/1034358/ubi-and-automation-could-be-the-symbiotic-solution-for-displaced-workers/>

Note from the NHSDLC: This article sums up the automation argument in favor of UBI. It differs from some other proposals by suggesting that the primary method of funding a UBI would be by utilizing the profits of automation.

Questions:

1. What are the benefits of automation?
2. How could the profits of automation pay for a UBI?
3. What threat does automation pose to the economy?

As developments in artificial intelligence and robotics advance, there is going to be a severe and swift disruption of many working classes. Large swaths of laborers are going to lose their jobs, leading to unprecedented levels of unemployment.

To account for this problem, having access to basic needs should become a right, not a privilege for the non-automated classes. It should be the responsibility of the corporations that have taken away working-class jobs to grant families this right—and the best solution would be in the form of a universal basic income.

UBI, an economic proposition in which a sum of money is regularly paid to a population, could be a vital bulwark against the unintended consequences of automation in the workforce. Companies will profit significantly from workforce automation, so the private sector will be able to afford shouldering this burden, while at the same time still making greater profits.

Automation will save companies money and boost profits

AI and robotics technologies have been accelerating at an impressive clip and show no sign of slowing down. "A number of economic and technical barriers to wider adoption are beginning to fall," says the Boston Consulting Group's latest report. "As a result, a dramatic takeoff in advanced robotics is imminent." These advances allow businesses to perform more complex functions at greater efficiency and ease, and such automated workforces have huge benefits for companies. After all, a full-time human has needs: 30 minutes for lunch each day, vacation and sick time, toilet breaks, and health benefits, to name a few. Meanwhile, an automated worker would only require an initial installation and the occasional repair or upgrade. This will have complicating effects on the health of America's employment statistics.

The prices for robotics hardware and software have decreased by around 40% over the last decade as the cost of systems engineering has gone down. The BCG report stated that a human welder today is paid around \$25 an hour (including benefits) versus the equivalent operating cost of around \$8 for a robot. “In 15 years, that gap will widen even more dramatically,” the report states. “The operating cost per hour for a robot doing similar welding tasks could plunge to as little as \$2 when performance improvements are factored in.”

This trend will only continue to accelerate. McDonald’s, an early pioneer of automation, is already replacing human workers with automated kiosks. They expect a 5% to 9% return on investment in just the first year; in 2019 they expect this return to balloon to double digits. And this is only one sector: PricewaterhouseCoopers estimates that 38% of US jobs will be in danger of being replaced by automation by 2030.

Profits from automation could pay a UBI

Companies that automate their workforces should be taxed on these new massive profits, and some of the resulting capital given back to workers by the government in the form of UBI.

While the idea of a UBI is popular—Mark Zuckerberg, Elon Musk, and Bill Gates have all championed it—how exactly would a universal basic income be engineered? A small, yet successful, experiment has conducted in the UK, and Ontario, Canada is also about to experiment with it this year. But how would a private-sector-funded version work? The profits generated from automation could be used to pay a basic wage to those displaced by robots. To use the welder example from before, a company could slash the cost of their production by at least a third in a short period of time, and would continue to see greater profits as efficiencies increase and the price for parts drops. If that company eventually arrives at the \$2 an hour mark that BCG predicts, the company’s bottom line would have been improved by 1250%.

Given all of the savings and massive profits companies are going to reap from these new technologies, they should be responsible for using part of this monetary kick-back to help the workers they’ve displaced. Legislators might consider a sliding-scale automation tax, where a company qualifying itself as using an automated workforce would be taxed depending on how many human workers they have performing tasks compared to how many tasks are performed by automated workers that a human could rightly do. This money could then be put into a UBI fund that is then distributed by the government to citizens affected by automation—or to the entire population.

At the exponential rate of robotization, there isn’t a lot of time for legislators to figure out the intricacies of a solution—but they don’t seem to be in too much of a

rush. Steven Mnuchin, the US's treasury secretary, is already completely ignoring this issue, for example. To understand how crucial it is that legislators get cracking, consider the timeline for the current mess that is healthcare in America: If it takes this long to debate solutions on something as dire as health insurance, what hope do we have for the solution to an automated economy? Governments need to act now to stymie potentially disastrous socio-economic effects in the coming decades.

The answer lies in two of the most popular contemporary hot-spot topics in the modern media landscape: UBI and automation. They could play into each other in a mutually beneficial fashion. Portions of the profits reaped by robots should be diverted to support this new system as humans inevitably phase out of the workforce.

3.4 The 2 Most Popular Critiques of Basic Income are Both Wrong

Dylan Matthews (journalist at Vox), "The 2 most popular critiques of basic income are both wrong", 20 July 2017, Vox, <https://www.vox.com/policy-and-politics/2017/7/20/15821560/basic-income-critiques-cost-work-negative-income-tax>

Note from the NHSDLC: This lengthy piece covers the work disincentives and cost arguments typically levied against a UBI. It suggests that the best evidence shows that a UBI does not have strong negative effects.

Questions:

1. What evidence is there that a UBI doesn't reduce work? If it does reduce work, why might that be a good thing?
2. The article argues that it wouldn't be expensive to implement a UBI. Explain how they get there.
3. How might the Con respond to some of these arguments?

At first blush, basic income — a proposal where every American gets a regular stipend from the government, just for being alive — sounds like a radical, even absurd, idea.

It says that people should be guaranteed enough money to live on whether they spend most of their time working, or in school, or taking care of loved ones, or taking drugs and surfing. It says that the government should tax people who work to pay for a check that goes to some people who don't do anything conventionally viewed as productive.

That raises a lot of obvious questions. Wouldn't this totally ruin the economy? If everyone got money whether or not they worked, wouldn't tons of people drop out of the labor market?

And if tons of people are dropping out of the workforce, and everyone's still getting checks from the government, no strings attached, wouldn't the cost become prohibitive? How could any country afford such an expansive benefit, especially when enacting it discourages people from earning money, eroding the tax base it relies on?

These are natural objections to a basic income, and they seem like common sense. But the best evidence we have suggests they're unfounded. You can support a basic income or oppose one, but mass joblessness amid a crumbling economy shouldn't be on your list of concerns.

The two main criticisms of a basic income Making the case for universal basic income (UBI) has always required advocates to address two criticisms of the idea:

Giving people cash will cause them to work less, hurt the economy, and deprive them of the meaning that work provides in life.

Providing an income floor set at a reasonable level for everyone is unaffordable.

Call these the work critique and the cost critique. These are attractive arguments to liberals and conservatives alike. Conservatives have worried about the work disincentive effects of welfare programs for decades, of course, but some liberals, like Center for American Progress leader Neera Tanden, have attacked UBI on similar grounds, arguing that by discouraging work it separates ordinary people from a powerful source of meaning in life. Of course, that's only true if UBI does, in fact, cause people to stop working en masse:

Same goes for the cost argument. Conservatives are, obviously, loath to take on expensive new social programs of any kind. But the universality of basic income proposals worries liberals who want more targeted increases in spending to help the poor. A policy that gives Bill Gates money he doesn't need is a policy that has less to give the truly needy.

"If we instead choose to use our resources on people who don't need them, we won't be able to build on the progress we've made," Jared Bernstein, a senior fellow at the Center on Budget and Policy Priorities and former chief economist to Vice President Biden, cautioned when arguing against UBI at an Intelligence Squared debate in April.

But already, I think it's clear that both the work critique and the cost critique, as cases against the idea of any sort of guaranteed cash grant, fail. They might be helpful critiques when designing the exact form a minimum income should take in the United States, but they leave the underlying concept unscathed.

Do basic incomes reduce work?

Let's take the work critique first. University of Chicago economist Ioana Marinescu recently conducted a wide-ranging review of the literature on unconditional cash programs for the Roosevelt Institute, focusing on programs in the US and Canada. She examined experiments in the 1970s and '80s that evaluated "negative income taxes" (NITs, essentially basic incomes that phase out as you earn more), Alaska's Permanent Fund (which taxes oil extraction and returns the money directly to every man, woman, and child through an annual check), and a dividend the Eastern Band of Cherokees issued to members of the tribe from casino revenues.

All of these cases find reductions in work that are, at most, modest. In the Cherokee case (where members got about \$4,000 to \$6,000 a year) there was no effect on work;

in the Alaska case, where checks are generally \$800 to \$2,000 per person (so up to \$8,000 for a family of four), there's a small increase in the share of people working part time, but no overall effect on the share of the population working. Indeed, the part-time work boost could come from people entering the workforce anew. "Our fear that people will quit their jobs en masse if provided with cash for free is false and misguided," Marinescu concludes.

The negative income tax experiments are more complicated. Most of the studies found no statistically significant reduction in work; only one, the Seattle/Denver experiment, found a reduction, and it saw the employment rate fall by 4 percentage points. But there's a catch. The studies generally measured the policy's effect on beneficiaries' self-reported income, not their income as measured objectively by, say, the IRS or Social Security Administration. "Because NIT recipients underreported earnings in order to get a larger benefit payment, the impacts of NIT on employment are likely exaggerated," Marinescu writes.

Moreover, at least some of the labor force participation decline that the NITs caused was socially desirable. Stanford economist Eric Hanushek, evaluating the non-labor force effects of the NIT experiments, found that "for youth the reduction in labor supply brought about by the negative income tax is almost perfectly offset by increased school attendance." Other than that, the bulk of the decline seems attributable to longer spells of unemployment, as people used money from the negative income tax to fund longer searches for jobs. That's a good thing: Research from Stanford's Raj Chetty has found that longer job searches improve matching between candidates and jobs, increasing economic efficiency.

Similarly, a recent study of Dauphin, Canada's negative income tax experiment by sociologists David Calnitsky and Jonathan Latner found that the policy enabled a significant number of people to stop working, at least temporarily. But upon examining the written accounts of people in the town, Calnitsky and Latner found that most of those people cited good reasons for their decisions: "participants that left the labor force typically cite limited employment opportunities, engagements in care work, disability, old age and illness related leaves, or educational investment."

What most negative income tax studies don't find is any evidence that people were dropping out of the workforce permanently, the kind of outcome that basic income opponents really worry about, and which would justify fears about people losing the meaning that comes from work. It certainly appears that when people get guaranteed cash, they work anyway. They're not suffering from chronic anomie; they're just more economically secure.

That makes sense. Just dropping out of the workforce entirely to veg out and do nothing — to become, in the words of basic income advocate Philippe van Parijs, a "Malibu surfer" — isn't really appealing to most people. People like the sense of purpose that work gives them, the status it gives them in their community and

with friends and romantic partners; they like being social during the day rather than staying at home and watching TV (probably the only leisure most people could afford if a basic income were their only source of money). Indeed, Calnitsky and Latner find that in Canada's experiment, "no qualitative account provides any evidence, even if stretched, which could be construed as documentation of the 'Malibu surfer.'"

International evidence is also encouraging. Iran, believe it or not, has a program very much like a basic income. While winding down the country's extensive oil subsidies for citizens, President Mahmoud Ahmadinejad implemented a flat cash dividend, paid out to every man, woman, and child in the country. Social conservatives like Ahmadinejad tend to also be big welfare state and redistribution supporters; that helps explain their support from poorer parts of the country.

The current reformist president, Hassan Rouhani, has opposed the basic income out of concern that it discourages work, and the policy has been dialed back slightly. "Parliament passed a law requiring the government to drop the well-to-do from the roster," Djavad Salehi-Isfahani, a professor of economics at Virginia Tech and a fellow at the Brookings Institution, told me. "3-4 million of the 80 million [total population] have been dropped." All the same, he says, "I think it is (or was) very much a UBI program."

Salehi-Isfahani and a colleague, Mohammad Mostafavi-Dehzoeei, have studied the Iranian basic income's effect on work. "Our overall conclusion," they write, "is that the program did not affect labor supply in any appreciable way." That's especially astounding given the size of the benefit: In 2011, when it was introduced, it provided about 29 percent of the median household income on average. In the US, that would mean paying out \$16,390 to the average family.

The benefit has since eroded with inflation, and Iran is economically different from the US in countless ways, but the fact that a basic income that massive caused so little disruption to work is striking.

In total, the evidence suggests that a nationwide basic income or negative income tax in the United States would have either zero or a modest effect on work. And there are reasons why we might want to root for a modest effect, rather than zero effect. If a basic income did discourage work, it would also encourage education and longer, better job searches, and it would raise wages. Berkeley economist Jesse Rothstein has estimated that a negative income tax could provide \$1.39 in benefits to recipients for every \$1 the government spends, because by mildly discouraging work it would force employers to bid up wages.

The cost critique doesn't fly either

The cost critique is even simpler than the work critique. I'll let Robert Greenstein — the president and founder of the Center on Budget and Policy Priorities, perhaps DC's leading and longest-standing advocate for the interests of poor people, and

one of the people in Washington I admire most — make the case:

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.

There's no doubt that a basic income would be a significant new expenditure. But I think this kind of simple back-of-the-envelope math is misleading. The truth of the matter is that the US could easily afford a basic income program that wipes out poverty entirely.

Negative income tax cost estimates Wiederspan, Rhodes, Shaefer, 2015 In an absolute must-read paper for anyone interested in the basic income debate, the University of Michigan's Jessica Wiederspan, Elizabeth Rhodes, and Luke Shaefer estimate the cost of the US adopting a negative income tax large enough to wipe out poverty. To be conservative and get a high-end cost estimate, they assume that such a program would discourage work substantially.

Despite that, they find that a household-based negative income tax, set at the US poverty line and with a 50 percent phaseout rate, would cost \$219 billion a year. That's almost the same as the combined cost of the earned income tax credit (which supports the working poor), Supplemental Security Income (itself basically a negative income tax but only for the elderly and disabled), food stamps, cash welfare, school meal programs, and housing subsidies. You could swap those programs out, put a guaranteed income in their place, and wipe out poverty entirely.

Is this the best possible way to do a guaranteed income? Not necessarily. There's much to debate in any particular program design. But the Wiederspan, Rhodes, and Shaefer paper shows something important: Funding a guaranteed income to eliminate poverty is doable for a country as rich as the United States.

This is not to say that designing a good guaranteed income program is easy. It's not — and that's particularly true given that the motivations behind basic income programs are so diverse. When some advocates like the idea because it can reduce poverty, while others want it as a way to adapt to technological change or to dismantle the rest of the social safety net, creating a policy that satisfies everyone is very difficult, if not impossible. There are promising approaches that advocates could embrace, like carbon dividends or child allowances, but designing and enacting them requires care, attention to detail, and a willingness to compromise. It's a tough project.

But the underlying idea — of giving out unconditional cash, whether or not people work — is sound. It's feasible and doesn't need to be prohibitively expensive. Basic income just won't lead to the budgetary or economic disaster that many of its opponents claim it would.

3.5 Hayek, Republican Freedom, and the Universal Basic Income

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), "Hayek, Republican Freedom, and the Universal Basic Income", 6 November 2019, Niskanen Center, <https://www.niskanencenter.org/hayek-republican-freedom-and-the-universal-basic-income/>.

Note from the NHSDLC: Yet another article by renowned libertarian Matt Zwolinski, here he argues that even defenders of the free market should be in favor of a universal basic income.

Questions:

1. Why might the free market not be enough in some situations?
2. Hayek personally did not support a UBI. Why? And why might someone still support a UBI on using Hayek's principles?
3. What does the article mean when it says "It is probably best to think of the UBI not as a single policy but as a family of policies"?

The idea of a Universal Basic Income (UBI) is getting a lot of attention these days, thanks largely to the fact that Democratic presidential candidate Andrew Yang has made it the centerpiece of his campaign. Yang calls his version of the UBI the "Freedom Dividend," a proposal under which every American over the age of eighteen would receive \$1,000 a month from the Federal government, no strings attached.

The name "Freedom Dividend" is, of course, a nice bit of political rhetoric for an electorate largely inclined to view any large-scale scheme of income redistribution as a form of socialism. But beneath the rhetoric lies a legitimate, substantive point. Yang is right: There's a good case to be made for a UBI based on the importance of individual freedom. Indeed, the foundations of that case have already been laid by none other than the renowned champion of economic and personal liberty, Friedrich Hayek.

Hayek's devotion to the ideals of free markets and limited government is well-known. His most famous book, *The Road to Serfdom*, argued that economic and political liberties are tightly connected, and that liberal democracies cannot safely curtail the former without also endangering the latter. His later works, especially *The Constitution of Liberty*, set forth a positive vision of a free society centered on the idea that individuals should be left largely free to act on the basis of their own

values and beliefs, rather than those of government regulators or planners, in both the personal and economic dimensions of their lives.

While everybody knows that Hayek saw himself as a champion of individual freedom, few understand the precise nature of the freedom that Hayek sought to defend. Unlike many libertarians, who understand freedom primarily in terms of non-interference or respect for property rights, Hayek subscribed to a republican theory in which freedom consists of being able to live one's life "according to [one's] own decisions and plans, in contrast to . . . one who was irrevocably subject to the will of another."

Understanding Hayek as a "commercial republican" helps to make sense of many different aspects of his political theory. It explains why, unlike many libertarians, Hayek was never seriously tempted by the idea of "anarcho-capitalism." Hayek did not believe that government was necessarily inimical to freedom. Indeed, he believed that government, or at least governance, in the sense of a set of institutions that subject human conduct to general and impartial rules, is a necessary precondition for freedom. For example, traffic laws limit the actions we can perform, but they do so in a way that makes us more free rather than less. They do so by allowing us to form reliable expectations about the behavior of others, which enables us to carry out our own plans more effectively than we could without them. However, a tyrant who can order us to perform or refrain from specific behaviors at a whim deprives us of the ability to effectively set and pursue our plans with any confidence — even if the tyrant happens not to interfere at any given time. The fact that it is always in her power to intervene in any way she likes strips us of control over our lives, and thus renders us unfree.

Considerations such as these explain why Hayek continually emphasized the distinction between general rules on the one hand and commands on the other (or between law and legislation) in his writings. To be subject to the commands of a tyrant is to be dependent on the arbitrary will of another person. The actions of those subject to commands are based not on the beliefs and values of the actor, but on the beliefs and values of the tyrant. In contrast, general and impersonal rules do not subject individuals to the will of anyone else. They are, in Hayek's words, like "laws of nature" — stable facts of social existence around which individuals can learn to navigate and plan their lives. They do not place some citizens in a position of subordination, nor do they elevate others to a position of dominance.

Free Markets and Limited Government

Hayek's republican political theory provides one of the main theoretical foundations for his strong support of free markets. Although many contemporary republican theorists have been either overtly hostile or at best lukewarm toward the market economy, Hayek saw correctly that market competition can serve as one of the most effective guarantors of republican freedom.

The essence of market competition is the existence of alternatives, and the right to say “no” to offers that fail to serve one’s interests at least as well as one of those alternatives. In a competitive labor market, an employer who tries to force an employee to do something she doesn’t want to do is constrained by that employee’s ability to quit and find a job elsewhere. A used car dealer who would like to take advantage of a buyer by charging an unfairly high price is similarly constrained by the presence of a competing dealer next door. In general, the more competitive a market is, the more prices and other terms of agreements will be regulated by the impersonal forces of supply and demand, and the less any particular market agent will be able to impose her particular will on her partner in exchange. All market actors are constrained by the general, impersonal rules of the market. But those same rules generally work to prevent any market actors from achieving a position of dominance over others.

Similarly, it is largely because Hayek views competition as such an effective check on coercion that he views government power with suspicion. After all, government is the only institution within society to claim and generally possess an effective monopoly on the use of force. And this monopoly on force is often used to establish and maintain other monopolies: on roads, on the delivery of regular mail, on the creation and enforcement of criminal law, and so on. Because individuals who value these services have nowhere else to go, they are often left with no practical alternative to compliance with the government’s demands.

Moreover, as legal rules become more numerous and complex, as ordinary individuals become unable to know in advance what actions are permitted and which are prohibited, as law enforcement becomes practically unable to enforce all the rules that they could, in theory, enforce, the extent of individual discretion within government increases, and so too does the possibility of arbitrary coercion. In that case, individuals are no longer required to comply with “the law,” but with the edicts of a bureaucrat behind a desk, or an officer behind a badge. When the agents of the state are granted a practically unchecked power to apply the law (or not) in whatever way he sees fit, individuals are no longer fully free.

When Free Markets Aren’t Enough

But while Hayek’s republicanism provides strong support for the ideals of free markets and limited government, it also provides a criterion for determining when those institutions are not enough. Market competition generally protects the consumer against predation by unscrupulous sellers, but this protection can be undermined by collusion and natural monopolies. Similarly, competition in the labor market might protect workers from exploitation when those workers have an adequate range of alternatives available to them, but fall short when those alternatives are limited either by features of the local economy (a lack of jobs) or by characteristics of the employee (e.g. limited skills or lack of mobility).

In order to protect individual freedom in these circumstances, Hayek believed that some governmental action was both necessary and appropriate. Indeed, Hayek took great pains even in his most partisan work, *The Road to Serfdom*, to distance himself from a dogmatic opposition to government action, writing that “nothing has done so much harm to the liberal cause as the wooden insistence of some liberals on certain rough rules of thumb, above all the principle of *laissez faire*.” Hayek believed that government had a legitimate (though delicate) role to fill in preventing and/or regulating monopolies. He believed that government had important work to do in the areas of sanitation, health services, and public works. And, most strikingly of all, he believed that it was not only permissible but necessary for government to redistribute income in order to provide a social safety net that would ensure “a certain minimum income for everyone, or a certain floor below which nobody need fall even when he is unable to provide for himself.”

A Guaranteed Minimum Income For All?

Hayek himself did not have much to say about why he thought such a policy might be justified. But Hayek’s commitment to republican freedom provides a starting point from which an argument can easily be constructed. Poverty, while not itself coercive, renders people vulnerable to coercion by others. A wife who is dependent on her husband’s paycheck may have to put up with abusive behavior simply in order to keep a roof over her head. And as Hayek himself noted, an employee in a slack labor market must do what his boss tells him or else risk destitution. In these cases and many more, people are unable to escape serious and pervasive interference by others because they lack the financial resources to stand on their own. Providing people with money gives them options, and thus the ability to live their lives in accordance with their own will, rather than in subjugation to the will of another.

Moreover, there are strong Hayekian reasons for providing assistance in the form of cash, rather than in-kind benefits. One of the most powerful and consistent themes in all of Hayek’s work is the idea that government planners often lack “knowledge of the particular circumstances of time and place” that would be necessary to carry out their plans effectively. For Hayek, that limitation was an important part of the case for decentralized (i.e., free market) economic planning. But these same considerations provide a powerful argument for redistribution taking the form of cash grants, as opposed to in-kind transfers. Cash gives individuals the freedom to decide for themselves what they need, whether that is paying rent, buying groceries, or saving for future consumption. A system of in-kind transfers, in contrast, puts those decisions in the hands of government, where they are at least as likely to be determined by powerful special interests as they are by genuine and accurate considerations of recipients’ basic needs.

Hayek’s support of a minimum income is compatible with his famous rejection of “social justice.” There is a difference, Hayek argued, between a society that “accepts

the duty of preventing destitution and of providing a minimum level of welfare” and one which seeks to “determine the ‘just’ position of everybody and allocates to each what it thinks he deserves.” The latter task requires a level of knowledge on the part of government that Hayek believed was impossible to obtain, and a level of discriminatory power that he believed was incompatible with a free society. The former, in contrast, could be administered by precisely the sort of general, impartial rules that Hayek believed were essential to a genuinely liberal order.

Stopping Short of a UBI

Still, despite all this, it would be misleading to claim that Hayek supported a Universal Basic Income. One of the defining features of a UBI is the idea of unconditionality, meaning that eligibility is not limited to those who are working, or who are willing to work. And this is an idea that Hayek explicitly and repeatedly rejected.

I do not question any individual’s right voluntarily to withdraw from civilisation. But what “entitlements” do such persons have? Are we to subsidise their hermitages? There cannot be any entitlement to be exempted from the rules on which civilisation rests. We may be able to assist the weak and disabled, the very young and old, but only if the sane and adult submit to the impersonal discipline which gives us means to do so.

Still, just because Hayek rejected a UBI does not mean that Hayekians must do so. Indeed, as I argue in more detail elsewhere, Hayek’s own fundamental principles provide one of the best arguments for rejecting the kind of “work requirement” that Hayek himself endorses. In particular, Hayek’s own insights into the radically dispersed nature of “knowledge of the particular circumstances of time and place” pose a serious obstacle to conditional schemes such as those he favored.

The problem is this: Hayek’s support of a work requirement appears to be based on a kind of reciprocity principle according to which those who seek to benefit from the productive activities of society have a moral obligation to make some reciprocal contribution to society. But it would clearly be a mistake to assume that paid labor is the only way to make such a contribution. Artists, parents, and caregivers, for instance, all make (or are capable of making) an important contribution to society, even if none of them are engaged in the sort of “work” that would qualify them for benefits under something like the Earned Income Tax Credit.

Furthermore, even if the reciprocity principle is true, presumably some accommodation will have to be made for those who are genuinely incapable of making a reciprocal contribution. Those who are physically or mentally unable to work, for instance, presumably should not be excluded from receiving benefits even if one thinks that those who are able but unwilling to work should not be eligible.

So, in order to correctly apply Hayek’s principle, governments would have to know

both (a) what sorts of activity count as a legitimate reciprocal contribution and which do not, and (b) which particular individuals are genuinely incapable (as opposed to just unwilling) to make such a contribution. But how could we expect governments to accurately arrive at this information? What standard should they apply to distinguish between legitimate and illegitimate contributions to social welfare? What sort of intrusive powers will they require to distinguish between a genuine inability to find work and mere shiftlessness? The Hayekian case for an unconditional benefit is that it economizes on government's scarce knowledge, and that it errs on the side of protecting individuals who truly are in danger of subjugation due to their economic vulnerability, even if that means erring on the side of supporting some individuals who do not truly need it.

Principle and Policy

Hayek's republicanism provides an attractive way for reconciling a commitment to free markets and limited government with support for a social safety net. Moreover, Hayek's particular emphasis on the significance of dispersed knowledge push in favor of that safety net taking the form of a UBI.

This principled case for a UBI leaves many concerns of a more practical nature unanswered. Wouldn't the UBI cost too much? Wouldn't it discourage work? Wouldn't it turn the United States into a welfare magnet or, on the flip side, lead voters to push for even tighter restrictions on immigration?

But these concerns are not really objections to a UBI as such. Rather, they are objections to particular ways in which a UBI might – or might not – be set up. It is probably best to think of the UBI not as a single policy but as a family of policies, all of which involve cash transfers, but which vary according to the size of those transfers, whether or not they are means-tested, what sort of citizenship and residency requirement are attached to them, and so on.

My own inclination is to favor a UBI in the form of a Negative Income Tax (as Niskanen's Samuel Hammond has argued, UBI is really just a NIT with a leaky bucket), and to address concerns about excessive costs and unemployment effects by altering the size and phase-out rate of the transfer. But as Miranda Fleischer and Daniel Hemel have pointed out, there are a variety of different ways of structuring the "Architecture of a Basic Income," each with its own costs and benefits.

The important point is that pragmatic concerns about the UBI can largely if not entirely be addressed at the level of policy design. If the Hayekian argument I have presented here is correct, and there really is a good case to be made for a UBI on grounds of a republican conception of individual freedom, then we should not let such concerns stand in the way of making progress toward a basic income for all.

3.6 An Idea Whose Time Has Come

Grayson Quay (a freelance writer and M.A. at Georgetown University), "Universal Basic Income: An Idea Whose Time Has Come", 18 December 2019, The American Conservative,

<https://www.theamericanconservative.com/articles/universal-basic-income-an-idea-whose-time-has-come/>.

Note from the NHSDLC: A more conservative argument for UBI, the author provides three reasons why he supports a UBI and argues that upcoming technological changes might make the UBI more necessary now than ever before.

Questions:

1. What is the impact of the first argument?
2. Why would a UBI help those in rural areas?
3. How would a UBI deal with new technology?

Last week, news outlets announced that the sixth Democratic primary debate would not be an exclusively Caucasian affair after all. Andrew Yang has made the cut.

When Yang takes the stage on December 19, alongside Joe Biden, Pete Buttigieg, Elizabeth Warren, Bernie Sanders, Amy Klobuchar, and Tom Steyer (the latter two of whom are apparently still running), it will be a testament to the success of his oddball campaign.

At first, his plan to give every American \$1,000 a month seems only slightly less absurd than Vermin Supreme's free pony proposal. And beyond that one policy, most people don't know much about the Asian-American entrepreneur and first-time candidate.

He's a proud "nerd" who holds the title of "The Internet's Favorite Candidate" and is often included in an anti-establishment trinity that includes Bernie Sanders and Tulsi Gabbard. Yet despite his ability to outperform and outlast candidates like Cory Booker and Kamala Harris, he has no realistic path to victory. His poll numbers are permanently stuck in single digits. Yang himself is a total outsider. Donald Trump has proven that a particularly energetic gate-crasher can steal the show, but Yang is a wonk, not a demagogue. On the debate stage, his speaking style seems shaky (when he gets to speak at all, that is), and nothing about his presence or mannerisms screams "presidential."

Winning was never really on the table for Yang, but the mere fact that a candidate who built his campaign on a proposal that sounds like pure fantasy has lasted this long is impressive. I wonder if that was his goal all along.

Universal Basic Income (UBI) probably won't happen in the next administration, but it's no longer enough to get you laughed off the stage. Yang's website quotes Victor Hugo referring to UBI as an "idea whose time has come." This is absurdly overoptimistic, of course. But Yang's campaign, despite his inevitable withdrawal, may be the necessary push that brings UBI within the Overton window.

That objective, along with his general lack of partisan ire, explains his willingness to appear on Fox News and The Ben Shapiro Show. He hopes that UBI will eventually become an area of bipartisan agreement.

He is the ideal person to make this case. His record as an entrepreneur enables him to recast what would otherwise seem like the socialist program par excellence as a way of preserving capitalism. And his wonkishness, though it might not score him points on strong leader polls, makes him ideally suited to explain a complicated policy proposal to voters who think he's talking nonsense.

By this point, you've probably figured out where I stand: I don't hate the idea of UBI. There are three reasons for this.

First, it avoids nanny-state paternalism. Yes, it's "free money" from the government, but it's free money that everyone gets. And even better, UBI is designed to replace every other entitlement program. Libertarians might gag at such extensive redistribution of wealth, but even they should clap their hands at the thought of no more bureaucrats deciding who gets what and how much and how they're allowed to spend it. Also, no more exhausting debates over work requirements and drug testing for welfare. You want to spend your entire thousand-dollar Freedom Dividend on [video games]? Go ahead! Most people won't, and even if they do, I'd rather see that than watch the government micromanage their lives while they shun work to avoid sacrificing their benefits.

Second, it shows real concern for people in rural areas and small towns who have watched their jobs vanish and their neighbors die of suicide and opioid overdoses. "Things are disintegrating in communities around our country, and our government does not care. . . . Trump's victory was a giant cry for . . . help," Yang said in one interview. While other candidates like Pete Buttigieg continue to trot out the old "basket of deplorables" talking point, Yang truly gets it. His Freedom Dividend policy proves that he does. In her video on the topic, conservative commentator Lauren Chen questioned whether it made sense to give everyone the same amount of money no matter where they live. After all, \$1,000 goes a lot further in rural Mississippi than it does in New York City. This isn't an oversight on Yang's part though. It's a deliberate choice to incentivize people to live where their Freedom Dividend has the most purchasing power. This proposal could help breathe new life into dying towns that have lost many of their best and brightest to swollen megacities. It's no surprise that Ben Shapiro says Yang has much in common with Tucker Carlson.

Third, it might be the only way to deal with coming economic changes. In *The Jetsons*, which premiered in 1962, George Jetson worked as a “digital index operator,” a job that consists entirely of pushing a single button to start and stop the manufacturing process of an otherwise entirely automated factory. “You gotta have it up here,” George says, pointing to his forehead as he tries to convince himself that his job is meaningful, “to know how to start these things and stop ’em.” What was a punch line in 1962 is reality today. Truckers, Uber drivers, customer service representatives, manufacturing workers, and even radiologists could all lose their jobs to automation over the next few decades. By one estimate, 50 percent of the work that people are currently paid to do could be taken over by automated systems using just the technology we already have. What happens when those jobs disappear or cease to pay a living wage? I imagine a dystopian future in which the underemployed masses foment revolution while Jeff Bezos rules over a robot empire of factories, drones, and delivery trucks without employing a single human being.

Perhaps it seems like I’m being paranoid. After all, the same objection could be applied to any major economic revolution. What will people do if they can’t all work on farms? They’ll work in factories. Theoretically, new jobs, ones we never foresaw, will replace the jobs we’ve lost. I’m still not sure this eliminates the need for UBI or something like it, though. Every major shift in the economic status quo has produced an accompanying shift in government economic policy. The AI revolution will be massively disruptive, and if we want to avoid having a huge, disgruntled underclass with no opportunities and nothing to lose, we’ll need to prepare for that disruption. Robots work for free, but people still need to feed their families. Robots don’t buy things, but “[m]arkets need consumers to sell things to.” “[Y]ou cannot collect income tax from robots or software,” but the government still needs revenue, and the same companies that are driving automation are dodging taxes by reinvesting profits into the very automation that’s putting its workers out of their jobs.

Am I still suspicious of how Yang would pay for this massively expensive program? Of course. A quick estimate (\$12,000 times about 200,000,000 American adults) comes to \$2.4 trillion a year. That’s over half the 2019 federal budget. Still, I’m no longer convinced that “give everyone \$1,000 a month” is as stupid an idea as it sounds. It may still be too early for such a policy, but the future is coming fast and bringing unprecedented challenges. And thanks to one unlikely candidate, the solution might now be on our radar.

4 Con Evidence

4.1 Why Universal Basic Income is a Bad Idea

Daron Acemoglu (Professor of Economics at MIT, is co-author of *Why Nations Fail: The Origins of Power, Prosperity and Poverty* and *The Narrow Corridor: States, Societies, and the Fate of Liberty*), "Why Universal Basic Income is a bad idea", 19 June 2019, MarketWatch, <https://www.marketwatch.com/story/why-universal-basic-income-is-a-bad-idea-2019-06-19>.

Note from the NHSDLC: This detailed article covers many of the strongest reasons why a UBI would be a poor policy.

Questions:

1. Why would sacrificing all other social programs be a bad idea? What makes UBI poorly designed?
2. Why wouldn't UBI necessarily be more politically attractive compared to non-universal programs?
3. How do proponents of UBI misread coming economic trends?

Owing to the inadequacy of the social safety net in the United States and other developed countries, proposals for a universal basic income (UBI) are gaining in popularity. The gap between the rich and everyone else has expanded significantly in recent years, and many fear that automation and globalization will widen it further.

To be sure, if the only choice were between mass impoverishment and a UBI, a UBI would be preferable.

Such a program would allow people to spend their money on whatever they value most. It would create a broad sense of ownership and a new constituency to shake up the system of big-money politics. Studies of conditional cash-transfer programs in developing economies have found that such policies can empower women and other marginalized groups.

But UBI is a flawed idea, not least because it would be prohibitively expensive unless accompanied by deep cuts to the rest of the safety net. In the U.S. (population: 327 million), a UBI of just \$1,000 per month would cost around \$4 trillion per year, which is close to the entire federal budget in 2018.

Without major cost savings, federal tax revenue would have to be doubled, which would impose massive distortionary costs on the economy. And, no, a permanent UBI could not be financed with government debt or newly printed currency.

Sacrificing all other social programs for the sake of a UBI is a terrible idea.

Such programs exist to address specific problems, such as the vulnerability of the elderly, children, and disabled people. Imagine living in a society where children still go hungry, and where those with severe health conditions are deprived of adequate care, because all the tax revenue has gone to sending monthly checks to every citizen, millionaires and billionaires included.

Though UBI makes for a good slogan, it is a poorly designed policy.

Basic economic theory implies that taxes on income are distortionary inasmuch as they discourage work and investment. Moreover, governments should avoid transfers to the same people from whom they collect revenue, but that is precisely what a UBI would do. In the U.S., for example, around three-quarters of households pay at least some federal income or payroll taxes, and an even greater share pays state taxes.

Besides, a more sensible policy is already on offer: a negative income tax, or what is sometimes called “guaranteed basic income.”

Rather than giving everyone \$1,000 per month, a guaranteed-income program would offer transfers only to individuals whose monthly income is below \$1,000, thereby coming in at a mere fraction of a UBI’s cost.

UBI advocates would argue that non-universal transfer programs are less attractive because voters will not embrace them as enthusiastically.

But this criticism is unfounded. Guaranteed basic income is just as universal as national health insurance, which does not dispense monthly payments to everyone, but rather benefits anyone who has incurred medical costs.

The same is true of programs that unconditionally guarantee support for basic needs, such as food for the hungry and unemployment insurance for the jobless. Such policies are widely popular in the countries that have them.

Finally, much of the enthusiasm for UBI is based on a misreading of employment trends in advanced economies. Contrary to popular belief, there is no evidence that work as we know it will disappear anytime soon.

Automation and globalization are indeed restructuring work, eliminating certain types of jobs and increasing inequality. But rather than build a system where a large fraction of the population receives handouts, we should be adopting measures to encourage the creation of “middle-class” jobs with good pay, while strengthening our ailing social safety net. UBI does none of this.

In the U.S., the top policy goals should be universal health care, more generous unemployment benefits, better-designed retraining programs, and an expanded earned income tax credit (EITC). The EITC already functions like a guaranteed basic

income for low-wage workers, costs far less than a UBI, and directly encourages work.

On the business side, reducing the indirect costs and payroll taxes that employers pay for hiring workers would spur job creation, also at a pittance of the cost of a UBI. With higher minimum wages to prevent employers from free riding on workers' tax credits, an expanded EITC and reduced payroll taxes would go a long way toward creating worthwhile jobs at all levels of the income distribution.

Equally important, these solutions leverage democratic politics. The same cannot be said for a UBI, which is parachuted from above as a way of placating the discontented masses.

It neither empowers nor even consults the people it aims to help. (Do workers who have lost their middle-class jobs want government transfers or an opportunity to get another job?) As such, UBI proposals have all the hallmarks of the “bread and circuses” used by the Roman and Byzantine Empires — handouts to defuse discontent and mollify the masses, rather than providing them with economic opportunities and political agency.

By contrast, the modern social welfare state that has served developed countries so well was not handed down by tycoons and politicians. It aimed to provide both social insurance and opportunities to people.

And it was the result of democratic politics. Ordinary people made demands, complained, protested, and got involved in policy making, and the political system responded.

The founding document of the British welfare state, the World War II-era Beveridge Report, was as much a response to political demands as to economic hardship. It sought to protect the disadvantaged and create opportunities, while encouraging civic engagement.

Many current social problems are rooted in our neglect of the democratic process. The solution isn't to dribble out enough crumbs to keep people at home, distracted, and otherwise pacified.

Rather, we need to rejuvenate democratic politics, boost civic involvement, and seek collective solutions. Only with a mobilized, politically active society can we build the institutions we need for shared prosperity in the future, while protecting the most disadvantaged among us.

4.2 A UBI Might Hurt Poor People More Than Help

Dwyer Gunn (a Pacific Standard contributing writer. Her writing has appeared in the New York Times, Slate, Psychology Today, and elsewhere. She was previously the editor of the Freakonomics blog), "A Universal Basic Income Might Hurt Poor People More Than Help", 14 February 2019, Pacific Standard, <https://psmag.com/economics/a-universal-basic-income-might-hurt-poor-people-more-than-help>

Note from the NHSDLC: This article covers several studies concerning UBI and argues it will hurt the poor.

Questions:

1. Why wouldn't cutting other programs be enough to pay for a UBI?
2. Why would the elderly lose out the most?
3. How would a UBI result in the redistribution of resources away from low-income families with children?

In recent years, the concept of a universal basic income (UBI)—governments providing every single citizen with a cash transfer sufficient to ensure a minimum standard of living—has gained a diverse following in countries around the world. The concept is particularly popular among those concerned about the effects of technology and automation on employment. In fact, Y Combinator, a Silicon Valley start-up incubator, is currently funding a randomized, controlled trial of a UBI in two states.

"One reason we think it may work is that technological improvements should generate an abundance of resources," wrote Y Combinator president Sam Altman in a blog post announcing the experiment. "Although basic income seems fiscally challenging today, in a world where technology replaces existing jobs and basic income becomes necessary, technological improvements should generate an abundance of resources and the cost of living should fall dramatically."

In a new working paper, economists Hilary W. Hoynes and Jesse Rothstein, both of whom have extensively studied the social safety net in America, take a look at the costs, distributional effects, and possible labor-market effects of UBI programs in advanced economies with existing social safety nets. They find, in line with many of the most prominent criticisms of the UBI, that such programs, if they were truly universal, would indeed be very expensive and, in comparison to the existing social safety net, would likely redirect spending to better-off families, potentially leaving low-income families worse off than they currently are.

The researchers start by calculating the cost of a UBI in the United States. They es-

estimate that providing a \$12,000 payment—approximately equivalent to the poverty line for a single adult—to every U.S. adult over the age of 18 would cost about \$3 trillion per year. This is, to put it simply, an enormous sum.

”This is about 75 percent of current total federal expenditures, including all on- and off-budget items,” the researchers conclude. ”Thus, implementing this UBI without cuts to other programs would require nearly doubling federal tax revenue.”

Hoynes and Rothstein note that even cutting all existing transfer programs—like food stamps, welfare, and the Earned Income Tax Credit—which account for half of federal expenditures, would make only a dent in the cost of a UBI.

If a UBI in the U.S. were to replace other safety net programs, as some have proposed, such a program would also result in a big distributional shift. This chart, from the paper, illustrates the current distribution of federal safety net spending, by family type:

Current U.S. safety net spending is also heavily targeted to lower-income families, as the chart below, also from the paper, makes clear:

Replacing all current U.S. safety net programs, including those aimed at senior citizens, with a truly universal basic income would result in ”a massive distribution up the earnings distribution, along with a redistribution from the elderly and disabled towards those who are neither, primarily but not exclusively those without children.”

The elderly, in particular, would lose out—the average U.S. senior currently receives \$17,400 in Social Security and about \$12,900 in in-kind Medicaid and Medicare benefits. Preserving Social Security, Medicare, and Medicaid would, of course, enable the elderly to maintain their standards of living, but eliminating the rest of the social safety net programs—the EITC, Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program, etc.—would cover only about 20 percent of the cost of a UBI. (While the exact calculations are specific to the U.S., the authors note that their conclusions are generalizable to other advanced economies.)

The labor market effects of a UBI are a bit more complicated to assess. The researchers conclude that providing every citizen an income would likely lower labor supply in the short run but may, as advocates argue, encourage some recipients to seek out additional training or education. The researchers also point out that it might improve educational and labor market outcomes for the children of recipients.

This latter effect is a particularly important one as a substantial body of research confirms that increasing family resources during early childhood improves outcomes for children. Researchers have found that U.S. children whose mothers participated

in a cash-transfer program during the early part of the 20th century lived longer, obtained more schooling, and had higher earnings in adulthood than children whose mothers were rejected from the program.

Hoynes (with co-authors Diane Whitmore Schanzenbach and Douglas Almond) has demonstrated that childhood access to nutritional assistance (i.e., food stamps) leads to better health in adulthood and improved economic outcomes for women. Likewise, researchers, including Hoynes, have found that the EITC improves both infant health and children's educational outcomes. Similarly, economists who studied an unconditional-cash-transfer program, funded by casino profits, among a Native American tribe have found that children whose families received the payments exhibited better educational and behavioral health outcomes and lower incidences of arrests, and that the effects were largest for the poorest families.

Indeed, one of the most compelling arguments against a UBI to emerge from this paper may be that, at the most likely funding levels, it would redistribute resources away from low-income families with children. As the first chart above illustrates, families with children already seem to be a low priority in the U.S., despite strong evidence that investing in early childhood is sound policy.

4.3 There Is a Much Better Welfare Fix Than UBI

Cian Hussey (a research intern at the Centre for Policy Studies), "There is a much better welfare fix than Universal Basic Income", 3 August 2018, CapX, <https://capx.co/there-is-a-much-better-welfare-fix-than-universal-basic-income/>

Note from the NHSDLC: While in the context of Britain, this article still makes arguments relevant to the United States as it argues that NIT is preferable.

Questions:

1. What is the biggest reason why NIT would be better than UBI?
2. Explain how NIT would work.
3. Why would the UBI be a bigger administrative burden compared to NIT?

Universal Basic Income is all the rage at the moment. So much so that John McDonnell recently revealed that Labour intend to include a pilot UBI scheme in their next manifesto. Nobody doubts the current welfare system is riddled with flaws and inefficiencies, but offering an unconditional income to every British citizen is not the panacea some would have you believe.

The idea of a UBI has been floating around for some years now; the premise is simple enough – everyone gets a set amount of cash every year regardless of their income or assets. While the policy started off as a fringe movement in academic circles, it is now being given serious consideration by governments around the world and has been trialled in a number of places. The evidence so far is inconclusive. Granted, the Finnish government recently decided to end its UBI experiment after two years, but in truth their scheme was not universal (it only involved a small sample of claimants), nor was the amount involved enough to live on, meaning it didn't really qualify as basic income either.

If we look at a hypothetical case for a UBI in Britain, it is important to keep in mind that many of the problems in the current welfare system stem from the tax system. Part of the historic problem with the British welfare system, which the Government is trying to address through Universal Credit, has been the cliff-edge effect. Many people on benefits have had little incentive to go into work, because their effective marginal tax rate for doing so was an eye-watering 82%. In that context, choosing not to find a job seemed more like common sense than fecklessness on the part of welfare recipients.

One of the great problems with rolling out Universal Credit has been grappling with the complexity of combining a thicket of different benefits into one system. This is where the sheer simplicity of Universal Basic Income seems pretty appealing. The

issue with a universal handout if it becomes a political reality, it could easily turn into a competition for votes based on who is offering a bigger carrot.

For a far more sensible, but still simple approach, we should turn to that great free market economist, Milton Friedman. Friedman advocated a system of Negative Income Tax, which would both incentivise work and help those most in need.

The system would work as follows. If the threshold is set at £12,000, there is a positive tax for every pound over that amount, and a negative tax for every pound under that amount. If an individual's income is below this threshold, they will receive 50% of the difference as a cash payment.

For example, an individual earning £6,000 in a year will receive £3,000 as a cash benefit, bringing their total income up to £9,000. If this person increases their income to £7,000, they will receive £2,500 from the negative tax, bringing their total income to £9,500. If an individual has no income, they will receive £6,000. Under NIT, an individual is always going to be better off in work. While there is still a basic safety net for the unemployed, those who do work are always going to be in a better position than if they had chosen not to.

While both the UBI and NIT aim to simplify the welfare state by removing or streamlining other benefits (with some exceptions for things like disability support) and reducing the administration cost, the essential difference between the two is the point at which benefits are 'clawed back' from those who are not in need. Under the UBI system, everyone receives the benefit and then the current tax system will deal with those who aren't really in need. This is dealing with the issue after the fact and provides a needless administrative burden – along with requiring vast amounts of cash to make the transfers possible. Under a NIT system, only those who are in need of the benefit will receive it through a system of negative taxation.

As Friedman succinctly put it in 1968, getting off gradually doesn't pay. This is the problem faced by many on benefits today and highlights a significant benefit of a NIT system: welfare recipients can move into employment without being punished for doing so. If the best way for people to move out of poverty is through work, then the welfare system should reflect and encourage this.

4.4 Boost the Public Realm Instead

Anna Coote (principal fellow at the New Economics Foundation and co-author of *Universal Basic Income: A Union Perspective* (Public Services International) with Edanur Yazici), "Universal basic income doesn't work. Let's boost the public realm instead", 6 May 2019, *Guardian*, <https://www.theguardian.com/commentisfree/2019/may/06/universal-basic-income-public-realm-poverty-inequality>

Note from the NHSDLC: Anna Coote argues that studies have shown that UBI won't work and argues that other solutions – namely those aimed at increased public services – would be preferable.

Questions:

1. What are the problems this article lists with studies that supposedly show that UBI works?
2. What is the problem with money as cash payments?
3. Why would it be better to spend that money on reforming social protection systems?

A study published this week sheds doubt on ambitious claims made for universal basic income (UBI), the scheme that would give everyone regular, unconditional cash payments that are enough to live on. Its advocates claim it would help to reduce poverty, narrow inequalities and tackle the effects of automation on jobs and income. Research conducted for Public Services International, a global trade union federation, reviewed for the first time 16 practical projects that have tested different ways of distributing regular cash payments to individuals across a range of poor, middle-income and rich countries, as well as copious literature on the topic.

It could find no evidence to suggest that such a scheme could be sustained for all individuals in any country in the short, medium or longer term – or that this approach could achieve lasting improvements in wellbeing or equality. The research confirms the importance of generous, non-stigmatising income support, but everything turns on how much money is paid, under what conditions and with what consequences for the welfare system as a whole.

From Kenya and southern India to Alaska and Finland, cash payment schemes have been claimed to show that UBI "works". In fact, what's been tested in practice is almost infinitely varied, with cash paid at different levels and intervals, usually well below the poverty line and mainly to individuals selected because they are severely disadvantaged, with funds provided by charities, corporations and development agencies more often than by governments.

Experiments in India and Kenya have been funded, respectively, by UNICEF and Give Directly, a US charity supported by Google. They give money to people on very low incomes in selected villages for fixed periods of time. Giving small amounts of cash to people who have next to nothing is bound to make a difference – and indeed, these schemes have helped to improve recipients’ health and livelihoods. But nothing is revealed about their longer-term viability, or how they could be scaled up to serve whole populations. And there is a democratic deficit: people who get their basic income from charities or aid agencies have no control over how payments are made, to whom, at what level or over what period of time.

The Alaska Permanent Fund, built from the state’s oil revenues, pays all adults and children a dividend each year – in 2018, it was \$1,600 (£1,230). The scheme is popular and enduring; it has been found to produce some positive impacts on rural indigenous groups, but it makes no claim to sufficiency and has done nothing to reduce child poverty or to prevent widening income inequalities.

Finland undertook a two-year trial, from January 2017 to December 2018, of modest monthly payments of 560 (£477) to 2,000 unemployed people – but the government has refused to fund further expansion. It told us little about UBI except that, when push comes to shove, elected politicians may balk at paying for a universal scheme.

The cost of a sufficient UBI scheme would be extremely high according to the International Labour Office, which estimates average costs equivalent to 20-30% of GDP in most countries. Costs can be reduced – and have been in most trials – by paying smaller amounts to fewer individuals. But there is no evidence to suggest that a partial or conditional UBI scheme could do anything to mitigate, let alone reverse, current trends towards worsening poverty, inequality and labour insecurity. Costs may be offset by raising taxes or shifting expenditure from other kinds of public expenditure, but either way there are huge and risky trade-offs.

Money spent on cash payments cannot be invested elsewhere. The more generous the payments, the wider the range of recipients, the longer the scheme continues, the less money will be left to build the structures and systems that are needed to realise UBI’s progressive goals.

As this week’s report observes, “If cash payments are allowed to take precedence, there’s a serious risk of crowding out efforts to build collaborative, sustainable services and infrastructure – and setting a pattern for future development that promotes commodification rather than emancipation.” This may help to explain why UBI has attracted support from Silicon Valley tycoons, who are more interested in defending consumer capitalism than in tackling poverty and inequality.

The report concludes that the money needed to pay for an adequate UBI scheme “would be better spent on reforming social protection systems, and building more

and better-quality public services”. Redistributing the personal tax allowance and developing the idea of universal basic services (UBS) could offer a more promising alternative. This calls for more and better quality public services that are free to those who need them, regardless of ability to pay. Healthcare and education are obvious examples, and it is argued that a similar approach should be applied to areas such as transport, housing, social care and information – everyday essentials that should be available to all. Collective provision offers more cost-effective, socially just, redistributive and sustainable ways of meeting people’s needs than leaving individuals to buy what they can afford in the marketplace.

4.5 What Happens If You Replace Every Social Program

Dylan Matthews (senior correspondent at Vox), "What happens if you replace every social program with a universal basic income", 30 May 2017, Vox, <https://www.vox.com/policy-and-politics/2017/5/30/15712160/basic-income-oecd-aei-replace-welfare-state>.

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. This article suggests that a UBI that replaced welfare for negatively impact one social group in particular. What is this group and why would they be affected the worst?
2. The article states "a UBI financed through existing benefits would do little to cut poverty." What evidence does the article give for this statement?
3. What is a Negative Income Tax and why might it be better than a UBI?

Basic income — the idea of just giving everyone in a given country a regular, guaranteed cash payment, no strings attached — is still pretty far from being adopted in the US. But it's been gaining steam as an idea for a while now, most recently garnering praise from Facebook CEO Mark Zuckerberg in his widely viewed Harvard commencement speech last week. But no one quite agrees on what the term "basic income" means.

And in particular, no one agrees on how such a plan would be funded. Conservative and libertarian proponents tend to want to pay for it by eliminating the entire welfare state, including health programs like Medicare and Medicaid and social insurance programs such as Social Security. More cautious center-left or moderate libertarian proponents — who are loath to cut those aspects of the safety net, endanger people's retirements, and let uninsured sick people die in the streets — tend to only propose funding through eliminating means-tested programs like food stamps and the earned income tax credit, as well as tax benefits such as the health care exclusion and mortgage interest deduction. The most ambitious lefty proponents want to finance the program entirely through new tax revenue.

As two big new reports on the impact of basic income show, "how would we fund it" is a massively important question.

The first, by the OECD (an international organization of developed countries), models a basic income that would "replace most cash benefits for working age households." That includes unemployment benefits, cash welfare, early retirement pen-

sions, child and family allowances, and personal exemptions and standard deductions in income and payroll taxes. They assume no additional tax increases and no changes to programs for retired people, and that "the provision of public services, such as health, education, care, or other in-kind supports . . . continue[s] unchanged."

The report then calculates how the introduction of a budget-neutral basic income, available to every person below retirement age, would affect rich, middle-class, and poor people in four illustrative countries: Finland, Italy, France, and the UK.

The charts in question are slightly confusing, but the important line is the one with blue circles, showing the percentage change in income for each slice of the income distribution. What you see, consistently, is that the poorest people in each country would gain the most as a result of the change. In the UK, existing spending on the cash programs that would be replaced by a UBI is quite low, resulting in small basic income payments; that means poor but not extremely poor people would lose out a bit. But in Finland, Italy, and France, the greater benefits for the poor would be subsidized by benefits and tax breaks lost by higher-income people.

The biggest losers in each country tend to be the near-elderly; early retirement benefits offered to those below 65 tend to be a great deal more generous than a basic income, so the policy would effectively redistribute that money to people across the age spectrum.

And despite high average increases in income for poor people, a UBI financed through existing benefits would do little to cut poverty, the report finds. So would one set at countries' pre-established welfare benefit level, and funded where necessary by increased taxes (or decreased taxes in Italy, where welfare benefits are below the budget-neutral UBI level). The average effect on income obscures some specific losers from the policy who would fall back below the poverty line in greater numbers than beneficiaries from the policy would climb above it.

In the UK, raising taxes to pay for a more generous basic income makes it reduce poverty mildly. In every other country, though, a truly universal basic income makes poverty worse, not better.

"Many of those who are brought out of poverty by unemployment insurance and early retirement benefits would fall into poverty again if they received a BI," the report concludes, since a basic income is less well targeted.

The OECD report is illuminating about the trade-offs posed by replacing existing programs with a UBI — but it concerns countries with larger existing benefit systems than the US has. America has arguably the least generous unemployment insurance and cash welfare programs in the developed world, and offers minimal early retirement support. So funding a large-scale, truly universal basic income out of existing spending would necessarily require using funding not just from working-age cash programs like welfare or unemployment insurance, but in-kind subsidies

such as Medicaid and programs for retirees like Social Security and Medicare.

Four researchers at the American Enterprise Institute — Matthew Jensen, William Ensor, Anderson Frailey, and Amy Xu — used three open source models of American tax and benefit policy to calculate the effects of a UBI funded by repealing “most welfare and transfer programs, including Social Security and Medicare,” and “most base-narrowing features of the individual income tax system.” They throw everything into the pot: Medicare, Social Security, veterans benefits, the standard deduction, every itemized deduction (including mortgage interest). Basically the only major program not repealed is the employer-paid health care exclusion, and that’s just because there wasn’t data available to model the change.

Getting rid of all those programs would finance a UBI of \$13,788 for adults and \$6,894 for children. So a family of four would get a whopping \$41,364. Then again, if they received health insurance through Medicaid or Obamacare subsidies, they’d lose that.

The researchers find that this policy would, on average, help people under 65 in all but the highest income categories. The middle class would gain the most: A family making \$50,000 a year would get a \$15,287 boost on average, once you take lost tax and other benefits into account (and when you consider that cash benefits are often more valuable than in-kind ones). People making \$200,000 would be held basically harmless, while millionaires would face more than \$100,000 a year in increased taxes.

By contrast, more or less everyone over the age of 65 would lose out — big time. The poorest seniors would lose more than \$34,000 worth of benefits in exchange for the UBI. Low- and middle-income people would lose \$18,000 to \$28,000 each. The rich would lose out for the same reason poor non-seniors would.

Despite losing insurance programs like Medicaid, you could imagine this trade being very good for poor non-seniors. For \$41,364 a year, a family of four where both parents are in their 20s to 40s could afford a pretty comprehensive health insurance plan, as well as most or all of their rent, food, and transit costs.

But what enables a subsidy that large is a wholesale gutting of America’s programs for retired people. Without Medicare, seniors would face very costly insurance premiums given their age and medical risk, and \$13,788 is considerably less than the \$16,400 average annual Social Security payment to retired workers. Without dependents, most single seniors would get just \$13,788, and couples a mere \$27,576. That’s not nearly enough to replace the benefits they’d lose.

Instead of a pure basic income, it might be time for a negative income tax

Both the OECD and AEI reports suggest that an immediate cashing out of big social programs to fund a UBI would be kind of a mess. It’d create massive disruption

with big winners and losers, and given the scale of change required, it probably isn't the most effective way of alleviating poverty you could imagine. Indeed, many of the models they consider would lead to poverty going up, not down.

But it's important not to interpret these results as implying that any attempt to offer cash without work or other requirements is bound to be ineffective or require gutting necessary programs. It just suggests that there are better avenues for advocates of cash to explore than a large-scale UBI reform.

For example, both these papers assume that the basic income would be paid out to everybody: homeless people with no earnings, plus Bill Gates, plus everyone in between. That might make sense if you fund the program with bigger taxes on high earners, so as to claw back the benefits, but none of the plans modeled rely on that as their primary financing mechanism.

If you're not willing to entertain big tax increases, then you should be thinking about a negative income tax. That's the term used for a universal basic income that tapers off with income. So a negative income tax of \$10,000 for adults and \$5,000 for children, and a 50 percent phaseout rate, for example, would offer a family of four with \$0 in earnings benefits worth \$20,000; if they started earning \$10,000 in wages, the benefits would fall to \$15,000, for a total income of \$25,000; by the time they earned \$40,000 in wages, they'd be getting no basic income payment at all. A negative income tax is just a UBI financed in part by a somewhat regressive tax on the first chunk of earnings people make, and because of that tax, its net price tag is much lower.

In an absolute must-read paper for anyone interested in the basic income debate, the University of Michigan's Jessica Wiederspan, Elizabeth Rhodes, and Luke Shaefer estimated the cost of the US adopting a negative income tax large enough to wipe out poverty. To be conservative and get a high-end cost estimate, they assume that such a program would discourage work substantially.

Despite that, they find that a household-based negative income tax, set at the US poverty line and with a 50 percent phaseout rate, would cost \$219 billion a year. That's almost exactly the same as the combined cost of the earned income tax credit (which supports the working poor), Supplemental Security Income (itself basically a negative income tax but only for the elderly and disabled), food stamps, cash welfare, school meal programs, and housing subsidies. You could swap those programs out, put a guaranteed income in their place, and wipe out poverty entirely.

Is this the best possible way to do a guaranteed income? Not necessarily. Because the plans they consider are household-based, they impose a significant marriage/cohabitation penalty that you'd ideally want to avoid. Fifty percent might be too high as a phaseout; maybe spending a bit more for a 33 or 25 percent rate is worth it. And the exact trade modeled here would hurt some low-income families

above the poverty line, who get more in EITC and other benefits today than they would from a negative income tax. I'd want to see a careful analysis along the lines of the OECD or AEI paper on what share of low-income people would gain or lose in such a trade.

But the Wiederspan, Rhodes, and Shaefer paper shows something important: Funding a basic income through a negative income tax model is doable. It's not something outside the realm of possibility for a country as rich as the United States.

The OECD/AEI results also say nothing about non-UBI attempts to expand access to cash. Take, for instance, a child allowance: a policy in most OECD countries that gives cash universally to all parents, on a per-child basis. That's basically the child component of a basic income, and we know for a fact that it substantially cuts poverty. There are a few different ways the US could adopt this plan, which I run through here, but it's a very good idea and would not require the kind of gutting of safety net programs the OECD and AEI reports consider.

Another likely way that cash payments could come to rich countries is through a carbon "cap and dividend," or "fee and dividend," system. Under those plans, carbon is taxed or permits for carbon emissions are auctioned off, and then the government refunds some or all of the revenue raised in the form of a per capita dividend check. The check is meant to compensate for increased fuel costs due to a carbon price, but in many cases it will end up more than making up for energy price increases and turn into a de facto cash benefit that helps many low-income households.

The Put a Price on It DC campaign is touting a plan that would impose a fee on all companies buying and selling fossil fuels in DC (starting at \$20 a ton of carbon in 2019 and ratcheting up to \$150 per ton in 2032), and direct most of the money to dividend checks, with the biggest checks going to low-income people. By 2032, the dividends would reach \$2,750 for every low-income family, and more than \$1,600 for the average family. Three-quarters of residents would get more back in dividend checks than they paid in increased energy costs. California is also considering making a dividend plan the centerpiece of its carbon pricing efforts.

Those initiatives to expand cash payments are attractive both because they have a very good revenue source (a hyper-efficient tax on pollution) and because they don't require the clawback of any other benefits. They'd straightforwardly reduce poverty for low-income families.

So basic income and cash advocates would do well to pivot away from the kind of big, disruptive plans modeled in the OECD and AEI papers, and toward negative income taxes, child allowances, and carbon dividends, all of which are more politically feasible and likelier to be implemented in a way that doesn't hurt low-income people or seniors.

4.6 UBI is a Hammer and Not Every Problem is a Nail

Gonzalo Schwarz (President and CEO of the Archbridge Institute), "UBI is a Hammer and Not Every Problem is a Nail", 19 February 2019, Archbridge Institute, <https://blog.usejournal.com/ubi-is-a-hammer-and-not-every-problem-is-a-nail-394ca5d87882>.

Note from the NHSDLC: This article rebuts common arguments given in favor of UBI including the automation and freedom arguments.

Questions:

1. Why is the fear of automation overblown?
2. Why have UBI trials been cancelled? Why is that evidence against a UBI?
3. What is the value of work and why does UBI undermine it?

Given recent progress in the development of artificial intelligence, many policy conversations take for granted that such advancements will lead to mass technological unemployment and could even create a permanent underclass. Once these "facts" are established, a radical and sweeping policy solution typically follows, most often an argument for the necessity of a Universal Basic Income (UBI). But despite their growing popularity, such apocalyptic predictions about the role of AI in replacing human labor and the need for a UBI are greatly overblown. Although I've written on this topic previously (one article even garnering a response from Democratic Presidential Candidate Andrew Yang), the doomsayers' case seems to be in need of a robust response.

When thinking about UBI, it's important to understand the reasons why some may suggest it as a necessary solution in the first place and why the case is frequently overstated. Even beyond those issues, the concept of implementing UBI as a public policy solution has significant shortcomings that should be discussed.

Several years ago, there were some alarming reports that estimated that up to 47 percent of jobs in the U.S. were at "high risk" of being automated over the following 20 years. These kinds of studies prompted some initial discussions of technological unemployment and what a public policy response might include. However, a more recent study by the Organisation for Economic Cooperation and Development (OECD) puts that figure at only 10 percent. Additionally, the World Economic Forum predicts that robots will displace 75 million jobs globally by 2022 but create 133 million new ones — a net positive. So, more recent data suggests that the effect of technology on job opportunities will be negligible. This conclusion applies to our current situation and into the future, as echoed by the World Bank.

Despite evidence to the contrary, proponents assert that a UBI needs to be implemented not because of automation's effect on the future of work but it's current

effects. However, the fact remains that in the United States there are currently more job openings, 6.9 million, than unemployed people, 6.5 million. In addition to more recent reports suggesting less alarming estimates on how many jobs will be replaced, a common theme among many studies on the future of automation have suggested that even though some jobs are at risk, it is the tasks within specific jobs that would change the most, not necessarily jobs themselves.

Another argument often given in favor of a UBI is the assertion that it would improve the ability of people to cope with unexpected emergencies, especially since it has been reported that 40% of Americans don't have \$400 to face those emergencies. However the US savings rate is already very low, and there is little reason to think that additional income would be used for such purposes rather than simply boosting consumption. Furthermore, the problem of Americans generally being unable to weather financial shocks is likely more related to higher costs of living. When thinking about the rising cost of living, it is important to know which products and services have become most expensive over the last 20 years and which have become more affordable as economist Mark Perry shows in his "graph of the century".

But it's not just the motivations behind suggesting a UBI that are problematic, the actual characteristics of a UBI and its effects are just as concerning. First, we have to acknowledge that several UBI experiments have been tried and most trials have been cancelled for a variety of reasons. The countries who have tried and failed are heterogeneous and even include countries that have less inequality and even more economic mobility than the United States, such as Finland and Canada. Finland discontinued its program mainly because giving money to jobless people without any requirements wasn't very popular. Even though there was some experimentation with requirements the program was discontinued all together. The Canadian experiment in Ontario which also had some conditionality, which made it not fully universal, was discontinued due to the high price tag. A couple of years ago Switzerland, one of the wealthiest countries in the world, struck down a proposal to implement a UBI experiment with 77% of citizens voting against it.

Another argument often made in favor of a UBI is that it will reduce income inequality. However, if the program is indeed universal, inequality would remain the same, as everyone gets the same amount and the distance between people on the income ladder remains the unchanged. Now, if proponents want to alter the program to be more targeted to those truly in need, that could be a good start, but then it would not be universal. At that point, it would end up being essentially a version of programs that already exist now.

Proponents from both sides of the aisle insist that a UBI would replace and streamline most if not all current welfare programs. However, while such an idea may sound good on paper, the question of whether there is sufficient political will to achieve this is far from clear. Regardless of the answer, which I tend to think is a 'no', pilot

projects like the Y Combinator Basic Income are actively seeking waivers from local agencies to ensure pilot project participants do not lose their benefits, potentially signaling that in the future, UBI could end up supplementing rather than replacing traditional welfare could be the norm rather than the exception. Additionally, reports from the OECD and the American Enterprise Institute have shown that smoothly replacing current welfare programs with a UBI is not so simple. Replacement could lead to many disruptions, generate winners and losers, or even increase poverty.

Finally, one of the main arguments against a UBI is that participants will have more incentives to not look for work and simply live outside of the labor force. It is undeniable that work provides people with structure and a place where they can build relationships. Given that social capital has been in decline for many decades now, as documented separately by Robert Putnam and the Social Capital Project at the Joint Economic committee, the workplace has become an increasingly central place to build social capital.

Beyond providing an opportunity to climb the income ladder, work also provides the meaning needed to keep climbing. As Oren Cass recently described, work is the cornerstone of meaning, family relations, and social capital. Cass's "Working Hypothesis" claims that where:

[A] labor market in which workers can support strong families and communities is the central determinant of long-term prosperity and should be the central focus of public policy. . . . Work is both a nexus of community and a prerequisite for it. Work relationships represent a crucial source of social capital, establishing a base from which people can engage in the broader community. Communities that lack work, by contrast, suffer maladies that degrade social capital and lead to persistent poverty. Crime and addiction increase, their participants in turn becoming ever less employable; investments in housing and communal assets decline; a downward spiral is set in motion.

For a country that was forged and continues to thrive under the mantra of hard work, earned success, business dynamism, and innovation, the concept of a UBI as necessary to solve our problems seems strange. These attitudes have not significantly changed and human flourishing, the pursuit of happiness, and earned success continue to be the backbone of the American Dream. Certainly, welfare programs have a role in providing a helping hand, but they should be a trampoline instead of a mattress. Though there are areas in need of improvement, a Universal Basic Income is not the right tool to get the job done.

5 Questions for Review

How a UBI and Means-Tested Transfers Can Be Equivalent

1. Explain why there is a difference between Option 1 and Option 2.
2. Explain why there is *not* a difference between Option 1 and Option 2.
3. The article argues that focusing solely on taxes leads to an incomplete understanding of the fiscal system. Why?

Welfare Benefit Types

1. What is the difference between income replacement and income supplement?
2. What are some reasons why the distinction between universal and means-tested isn't clear?
3. Why does the article still think the concept of "universal benefits" is a useful one?

The Important Questions about UBI Haven't Been Answered Yet

1. This article argues that "UBI is proposed as a solution to many different social ills, and the details of UBI proposals are often underspecified." What is the problem with not specifying these details?
2. The article quotes Hoynes and Rothstein as saying "They mostly rely on different and incompatible visions of the program, and they sometimes make exactly opposite predictions." What are some examples of these contradictory predictions?
3. What are some problems with a UBI that replaces existing welfare programs?

The Paradox of Universal Basic Income

1. Why is the author not optimistic about a UBI? Why does he think we still have to try?
2. The article cites Chris Hughes' idea of a UBI. What is that proposal and could it work?
3. What is the automation argument for UBI?

The Pragmatic Case for a Universal Basic Income

1. What is the problem with a "top-up" grant? What is the problem with the Negative Income Tax?
2. Why would a UBI satisfy all the criteria listed at the beginning of the article?
3. Explain what the article means when it says "Replacing today's jumble of means-tested welfare programs with a UBI would sharply decrease effective marginal tax rates for poor and near-poor families, thereby enhancing work incentives."

Let the Robots Take our Jobs

1. What are the benefits of automation?
2. How could the profits of automation pay for a UBI?
3. What threat does automation pose to the economy?

The 2 Most Popular Critiques of Basic Income are Both Wrong

1. What evidence is there that a UBI doesn't reduce work? If it does reduce work, why might that be a good thing?
2. The article argues that it wouldn't be expensive to implement a UBI. Explain how they get there.
3. How might the Con respond to some of these arguments?

Hayek, Republican Freedom, and the Universal Basic Income

1. Why might the free market not be enough in some situations?
2. Hayek personally did not support a UBI. Why? And why might someone still support a UBI on using Hayek's principles?
3. What does the article mean when it says "It is probably best to think of the UBI not as a single policy but as a family of policies"?

An Idea Whose Time Has Come

1. What is the impact of the first argument?
2. Why would a UBI help those in rural areas?
3. How would a UBI deal with new technology?

Why Universal Basic Income is a Bad Idea

1. Why would sacrificing all other social programs be a bad idea? What makes UBI poorly designed?
2. Why wouldn't UBI necessarily be more politically attractive compared to non-universal programs?
3. How do proponents of UBI misread coming economic trends?

A UBI Might Hurt Poor People More Than Help

1. Why wouldn't cutting other programs be enough to pay for a UBI?
2. Why would the elderly lose out the most?
3. How would a UBI result in the redistribution of resources away from low-income families with children?

There Is a Much Better Welfare Fix Than UBI

1. What is the biggest reason why NIT would be better than UBI?
2. Explain how NIT would work.
3. Why would the UBI be a bigger administrative burden compared to NIT?

Boost the Public Realm Instead

1. What are the problems this article lists with studies that supposedly show that UBI works?
2. What is the problem with money as cash payments?
3. Why would it be better to spend that money on reforming social protection systems?

What Happens If You Replace Every Social Program

1. This article suggests that a UBI that replaced welfare for negatively impact one social group in particular. What is this group and why would they be affected the worst?
2. The article states "a UBI financed through existing benefits would do little to cut poverty." What evidence does the article give for this statement?
3. What is a Negative Income Tax and why might it be better than a UBI?

UBI is a Hammer and Not Every Problem is a Nail

1. Why is the fear of automation overblown?
2. Why have UBI trials been cancelled? Why is that evidence against a UBI?
3. What is the value of work and why does UBI undermine it?