



Debate Brief · Universal Basic Income

Resolved: The United States federal government should replace its current federal welfare programs with a universal basic income.

“A hand-up, rather than a hand-out, SEED seeks to empower its recipients financially and to prove to supporters and skeptics alike that poverty results from a lack of cash, not character.”

—Website of the Stockton Economic Empowerment Demonstration (SEED) project,
the first city-level guaranteed income project in the U.S.

“It’s an old problem: Should we give poor people an in-kind transfer (say, food) or an amount of money equal to the cost of that transfer? Given the fungibility of money and with subjective autonomy granted to citizens, the recipients of the cash have to be at least as well off as the recipients of the food because the first group can buy the food if that is what is best for them.

But they can also buy something else if that is what is better for them.”

—Michael Munger, “One and a Half Cheers for a Basic Income”
Independent Review, 2015

“What the public has, the public must pay for. From this there is no escape.”

—Calvin Coolidge, Address to the Republican State Convention, Boston, October 4, 1919

“The state is that great fiction by which everyone tries to live at the expense of everyone else.”

—Frederic Bastiat, French Economist, 1848

ABOUT THE COOLIDGE FOUNDATION

The Calvin Coolidge Presidential Foundation is the official foundation dedicated to preserving and promoting the legacy of America's 30th president, Calvin Coolidge, who served in office from August 1923 to March 1929. These values include civility, bipartisanship, and restraint in government, including wise budgeting. The Foundation was formed in 1960 by a group of Coolidge enthusiasts, including John Coolidge, the president's son. It maintains offices at the president's birthplace in Plymouth Notch, Vermont, and in Washington, D.C. The Foundation seeks to increase Americans' understanding of President Coolidge and the values he promoted.

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BACKGROUND

According to the U.S. Census Bureau, about 39.7 million Americans, or about 12.3 percent of the country, live in poverty. Poverty is defined as living below a certain level of household income determined by the government (e.g., \$25,100 per year for a family of four, \$20,780 per year for a family of three, and so on). To stay current, this threshold is revised periodically.

All levels of government—but especially the federal government—spend a great deal of money on social welfare assistance. Various programs provide aid to people based on their household income, with some defining eligibility at 100 percent the federal poverty level, others defining eligibility at 133 percent of the federal poverty, or even 200 percent of the federal poverty level. Almost \$500 billion dollars is estimated to be spent on social welfare programs in one form or another in the coming year, and that figure exceeds one trillion dollars if one includes funding for Medicaid (a program that pays for medical care for the poor). Since the start of the War on Poverty in the 1960s, the U.S. has spent over \$22 trillion on alleviating poverty, yet despite all of this spending, the problem of poverty does not seem to be going away.¹ This leads one to ask, “Are there are more effective ways to spend that money?”

In the 1960s, an idea emerged on the policy scene that proposed to alleviate poverty by establishing a “guaranteed annual income,” or what we call today the idea of a Universal Basic Income (UBI).² In the decades that followed, the U.S. did *not* implement this streamlined plan, and instead opted for a patchwork of numerous programs, agencies, and initiatives aimed at addressing (housing, food, medical care, wage support, and so on). Today, however, some people are asking whether it is time to switch strategies and embrace the UBI.

Under a UBI, the federal government would replace its vast array of social welfare programs aimed at various needs in life (housing, food, transportation, health, etc.) with a single program that provides a universal payment directly to citizens, without conditions, eligibility criteria, or other special limitations. The exact amount each person would receive—whether it would be \$600 per month, \$800 per month, \$1,000 per month, or more—is an implementation detail that would have to be worked out. But even without knowing specific figures and details, we can still contemplate and debate whether a UBI is a good idea.

The case *for* a UBI can be made on many diverse grounds, including social justice, administrative efficiency, and even as a type of social response to the threat to steady, meaningful employment that some people see coming from robotics and automation. The case *against* UBI is likewise rich and diverse, with concerns raised over not just the practical implementation of the policy but of the philosophic and human risks of inculcating mass dependence. As you develop your cases for both sides of this issue, we hope you will consider all of these perspectives and weigh all the available evidence.

¹ “[Poverty in America](#)” The Poverty Circle. Accessed October 19, 2019.

² Frances Fox Piven, R. Cloward, “The Weight of the Poor: A Strategy to End Poverty.” *The Nation*. May 2, 1966.

THE COOLIDGE CONNECTION

As a man who served as Governor in the 1910s and President in the 1920s, Coolidge rose to prominence long before any modern notion of a universal basic income was formally developed or proposed. We cannot know precisely what Coolidge would have thought about the idea of giving all citizens a government payment as a matter of right, but we can contemplate where his views on topics such as charity, work, and public administration might have steered him.

For Coolidge, that assistance which was best was that which respected an individual's ability to make his own choices and pull himself up. Financial hardship in the view of the time was often a temporary condition that could be remedied in part with assistance but also with initiative and hard work. It would be unwise, Coolidge would likely agree, to introduce any program that would lead to long-term dependence. As he told an audience of philanthropists in 1926:

*"Nothing is finer than the open hand and the generous heart that's prompt free and unselfish giving. But modern social science knows, also, that ill directed charity is often directly responsible for encouragement of pauperism and mendicancy. The best service we can do for the needy and the unfortunate is to help them in such manner that their self-respect, their ability to help themselves, shall not be injured but augmented. Nobody is necessarily out merely because he is down. But, being down, nobody gets up again without honest effort of his own. The best help that benevolence and philanthropy can give is that which induces everybody to help himself."*³

Such a sentiment on the one hand might suggest that Coolidge would be quite opposed to a universal basic income—a policy that provides automatic payment without so much as even a work requirement. On the other hand, from the standpoint of sheer administrative efficiency, it is possible that the budgeter and economizer in Coolidge could have liked the idea of the UBI. In the same 1926 speech, he praises the Federation of Jewish Philanthropic Societies of New York City for their operational efficiency, "economical management," and minimal waste:

*"Duplication of services, which always means multiplication of expense and division of results, is avoided. The man or woman who gives through this agency, knows that the most good will be done, at the least expense. All administrative costs of the organization have averaged less than four cents on the dollar."*⁴

Drawing from passages such as the one above, one could argue that Coolidge might at least praise the cleverness of the UBI (if not the actual policy) as an attempt to make more efficient "operations that ordinarily are haphazard and wasteful." How Coolidge would have reacted to a UBI bill is open for debate. You now get to decide which side has the stronger case.

³ Coolidge, Calvin. "[Remarks to the Federation of Jewish Philanthropic Societies of New York City](#)." Oct. 26, 1924.

⁴ Ibid.

KEY TERMS

Note: In this resolution we use the term “universal basic income” (UBI), but you should be aware that this general idea has been known by several different names over the years, including the “basic income guarantee” (BIG), “guaranteed national income” (GNI), “citizen’s basic income” (CBI), and “basic living stipend” (BLS). These are all essentially synonymous. To avoid confusion, we use UBI in this brief and we recommend that everyone use UBI in their speeches.

Tax – A compulsory payment that is demanded by the government, typically levied on individuals’ incomes, business profits, or added to the cost of goods, services, and transactions.

Negative Income Tax – A Negative Income Tax (NIT) is a social policy in which individuals *receive payments from* the IRS rather than *pay taxes to* the IRS, based on how far their incomes fell below a certain threshold. An NIT has some similarities to UBI, but it allows for more variation in the payments based on income. Economist Milton Friedman was an early NIT proponent in the 1960s. It has not been enacted, but is still commonly discussed.

Transfer payment – A transfer payment is a payment to a person without any good being exchanged or service being performed. It is pure redistribution, as occurs in social welfare programs such as social security, student grants, or unemployment compensation. A subsidy is not a transfer payment because economic activity is involved.

Administrative Costs – Expenses incurred from running a program, agency, or organization, aside from the core business function of the entity. In a government program such as a welfare office, administrative costs *do not* include the money that is given out to poor people, but *do* include the salaries of the office personnel who have to be hired to run the agency on a daily basis (i.e., write and mail the checks, enroll people, and keep track of the accounting).

Means-test – A test of whether someone is eligible for government assistance, based upon whether that person possesses the means to do without that help (usually done by income).

Social Safety Net – The collection of various services, programs, and institutions run by the government to help individuals who are facing various forms of financial difficulty, social hardship, or disability. The term encompasses welfare, unemployment benefits, educational assistance, subsidized housing, legal aid, pensions, workers compensation, assistance with utilities, homeless shelters, public transport, and other programs forms of assistance.

Fungible – The characteristic of easily being able to replace or be replaced by something else. In economics, money and commodities such as gold and oil are said to be fungibility, since one dollar can be replaced by another dollar, one ounce of gold has the same value as another ounce of gold, and one barrel of oil has the same value as another barrel of oil.

Wage Support – A targeted financial incentive to make working a particular job more attractive.

AFFIRMATIVE ARGUMENTS

1. A universal basic income program is a cheaper and more efficient way to offer social welfare assistance.

The federal government operates 122 different social welfare programs, spending roughly \$725 billion each year to alleviate poverty.⁵ However, despite the enormous amount of continued spending, poverty rates have hovered between 12 percent and 15 percent for over forty years with little improvement. Although government programs have done some good along the way in terms of alleviating suffering, few people would claim that these programs have completely solved the poverty problem.

In Fiscal Year 2020, total US government spending on welfare at all levels (federal, state, and local) is estimated to be approximately \$1,097 billion. Of that, about \$649 billion goes to Medicaid. The rest goes to other forms of social welfare.

Source: [USGovernmentSpending.com](https://www.usgovernmentpending.com)

The main idea behind a universal basic income is to simplify the way the federal government tackles the problem of providing social welfare by running one program that provides a universal payment (whether monthly, quarterly, or annually), rather than running dozens of programs, each with its own infrastructure, administrators, processes, and paperwork. Capitalizing on economy of scale among other advantages, this one single program can be run more efficiently than the medley of programs, which have varying levels of efficiency and which in some cases duplicate efforts.

A big part of the savings from a UBI comes from lowering administrative costs. Although it is not true, as some partisans claim, that “most” of spending goes towards administrative costs—studies suggest less than 10 percent goes to such costs for major programs—it *is* nevertheless true that every administrative dollar that can be saved can in theory be redirected to the mission of the program.⁶ Since the programs that would be consolidated under a UBI are so large, every percentage point of administrative savings represents billions of dollars that could go straight to the intended recipients, rather than “to fund very expensive meetings where very smart people sit and worry about what to do about poverty.”⁷

Program consolidation would also be easier and more efficient for recipients to navigate. Under the status quo, recipients waste time and resources visiting program offices, waiting line, and cashing multiple checks.⁸ Under a UBI, all of this reclaimed time and effort would be pure gain.

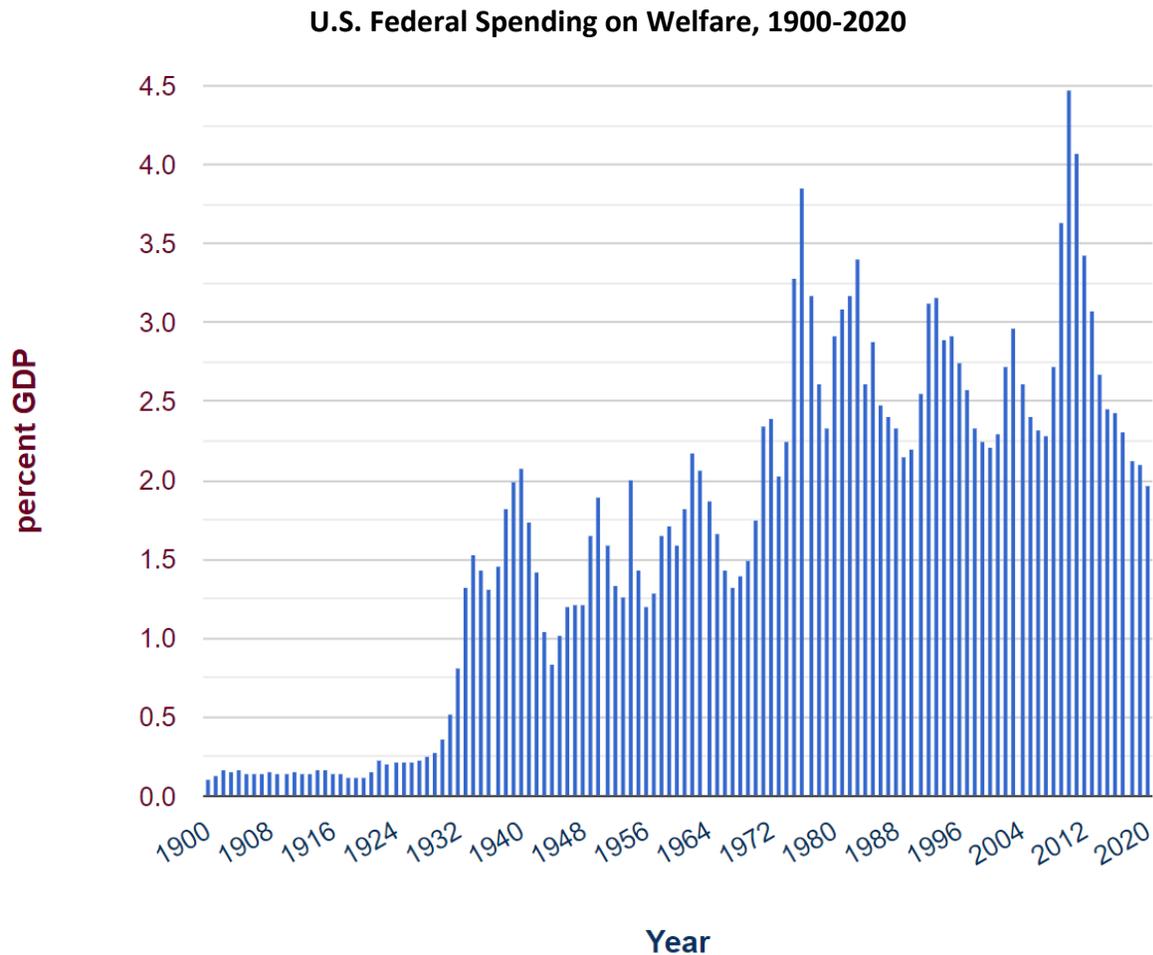
⁵ ThePolicyCircle.org, “[Poverty: History and Key Facts](#)” Accessed October 23, 2019.

⁶ Greenstein, Robert. “[Romney’s Charge That Most Federal Low-Income Spending Goes for Overhead and Bureaucrats Is False](#)” Center on Budget and Policy Priorities. January 23, 2012

⁷ Munger, Michael. “[One and a Half Cheers for a Basic Income](#)” *Independent Review*. 2015.

⁸ Tanner, Michael. “[The Pros and Cons of a Guaranteed National Income](#).” Cato Institute. May 12, 2015.

The following graph shows federal spending on welfare programs over time. Spending as a percentage of GDP was historically very low up until the 1930s, at which point the government drastically increased its spending as a response to the Great Depression. In general, spending has trended upward in the decades since, with roughly decadal peaks followed by decreases.



Source: "[A Century of Welfare Spending.](#)" USGovernmentSpending.com. Accessed October 21, 2019.

2. A universal basic income preserves the incentive to work and eliminates the poverty trap.

A common pitfall of conventional social welfare programs is that they have eligibility requirements that can create perverse incentives and unintended consequences. For instance, for individuals receiving welfare benefits that are based on income, there is a disincentive to enter re-enter the labor force or to increase the number of hours one works, since earning more can lead to a loss in benefits. At certain income thresholds, working more can mean that people must pay higher taxes.

Under a UBI, people do not avoid work in order to avoid losing their benefits because everyone receives the benefit, regardless of how much or how little they work. People who work more do not risk losing their program eligibility status.

A universal basic income program causes less *distortion* than a collection of different means-tested social welfare programs. In economics, a distortion is said to occur whenever the government intervenes in a person's decision making process and causes that person to act differently. Usually we wish to eliminate distortions because most distortions are bad—they represent scenarios in which a person chooses a less than optimal action in response to some incentive.

Take, for example, a poverty program that intends to help people get the food they need. Imagine that in order to ensure that the program helps those who need it most, the program decides that it will only give out food to people who are unemployed. A potential *distortion* that could occur under this program design is that a poor person who is trying to lift himself up out of poverty and who manages to get an offer of employment might decide to reject that job opportunity due to the food assistance program's policy. After all, if he accepts the job, he will no longer be eligible for the food assistance. He might surmise that he is better off without the job—perhaps because even though it represents a chance to earn more in the future, the starting pay is very low. This type of situation is sometimes called a “poverty trap.”

A safety net with a UBI as its central feature does not run the risk of creating this type of distortion or trap because under a UBI, income is given to everyone, without elaborate eligibility requirements and program rules. Economists would argue that all else equal, we should prefer policies that minimize distortion. Since it is a straightforward cash-based program, the UBI avoids distortions better than perhaps any other alternative.

“The median or typical worker with earnings below half of the poverty line has a marginal tax rate of 14 percent, according to CBO's recent analysis of marginal tax rates, meaning that he or she loses 14 cents in higher taxes and/or lower benefits for each additional dollar earned. Workers with earnings between 50 and 100 percent of the poverty line typically face marginal tax rates of 24 percent.”

Source: Shapiro, et al. [“It Pays to Work: Work Incentives and the Safety Net.”](#) Center on Budget and Policy Priorities. (2016)

3. The universal basic income offers protection against technology-driven unemployment and potential social unrest.

As the adoption of robotics and automation begin to accelerate in the U.S., we need to acknowledge that work as we know it could soon cease to exist. According to a report from the global consulting company McKinsey, “in about 60 percent of occupations, at least one-third of the constituent activities could be automated, implying substantial workplace transformations and changes for all workers.”⁹ This could displace tens of millions of Americans from their jobs, creating mass unemployment and a social problem unlike any we have seen before in the post-industrial era.

In the long run, occupations can change and adjust to new technological developments. For instance, there are fewer appliance repairmen today than there were 40 years ago, and more software engineers. Those trends changed gradually over the course of a lifetime. However, modern automation has the potential to upend people virtually overnight. People who today have well-paying jobs in paralegal work, accounting, and mortgage origination could find themselves out of a job very suddenly.

A UBI is the fairest and most efficient way to provide broad-based assistance to help those who are displaced by technological advancement. Among other reasons, it helps people at all levels of the wealth spectrum—meaning that if a previously well-paid worker loses his job due to automation, he does not need to draw down his savings until he is poor in order to qualify for assistance, the way most programs work. He can start living off the UBI benefit right away.

4. Having one universal basic income program is more financially transparent than a collection of different welfare programs, and it is less susceptible to fraud and abuse.

Under the current patchwork approach to providing social welfare, it is difficult to track and measure how much each program costs, where the money goes, and whether it is doing any good for the intended beneficiaries. There are many layers of management involved in administering the programs, and a wide range of costs associated with sourcing and providing

“In the next 12 years, 1 out of 3 American workers are at risk of losing their jobs to new technologies—and unlike with previous waves of automation, this time new jobs will not appear quickly enough in large enough numbers to make up for it. To avoid an unprecedented crisis, we’re going to have to find a new solution, unlike anything we’ve done before. It all begins with the Freedom Dividend, a universal basic income for all American adults, no strings attached—a foundation on which a stable, prosperous, and just society can be built.”

Source: [Official campaign website](#) of 2020 Democratic Presidential Candidate Andrew Yang, who advocates for a UBI that he calls the “Freedom Dividend.”

⁹ Manyika, et al. “[Jobs Lost, Jobs Gained: What the future of work will mean for jobs, skills, and wages](#)” McKinsey & Co., November 2017.

goods in-kind (i.e. food, clothing, and other sorts of physical donations, as opposed to money which could be used to buy those things). Moreover, the more complicated these programs are, the greater the risk of waste, fraud, and abuse.

A UBI, by contrast, would provide extreme transparency. Because it is less complex, it would be “easier to monitor for fraud, and not susceptible to the free-riding of many in-kind benefits.”¹⁰ Recipients would not spend time or effort trying to game the system or misrepresent their situation to be worse than it is in order to garner additional benefits. Likewise, elected officials would have less incentive and less ability to pit programs against each other for political reasons, or to manipulate program budgets based on constituencies to “claim credit and buy votes” the way they can with current programs.¹¹

5. Giving people cash and trusting them to make the right choices about how to satisfy their needs treats people with respect.

Many social welfare programs give “in-kind” assistance (e.g., food, clothing, shelter), which run the risk of providing items that are of less-than-ideal use to the recipients. Other programs, such as the Supplemental Nutrition Assistance Program (SNAP), give vouchers that recipients can use to buy items in stores. These programs offer greater flexibility but they still often have limitations and restrictions—for instance, SNAP recipients cannot use their card to purchase alcohol, tobacco, pet food, or vitamins.

This type of program design treats poor people like they are incapable of making the right choices for themselves and their families. As Matthew Feeny writes in the libertarian-leaning *Reason* magazine:

“[O]ne of the tragedies of the current welfare system is that it strips welfare recipients of their dignity while treating many of them like children, and functions on the underlying assumption that somehow being poor means you are incapable of making good decisions.”¹²

By contrast, the UBI gives people money that they can use however they see fit. This promotes personal responsibility and preserves the dignity of the person receiving the assistance. These are important values that we should uphold. Notable economist Deirdre McCloskey concurs:

“Giving money is good because it respects the dignity of the recipients. It treats them like adults, not children. When you treat people like adults, they tend to act like adults.”¹³

¹⁰ Hammond, Samuel. [“Universal Basic Income: Real and Ideal.”](#) Niskanen Center. November 7, 2016.

¹¹ Munger, Michael. [“One and a Half Cheers for a Basic Income”](#) *Independent Review*. 2015.

¹² Feeny, Matthew. [“Scrap the Welfare State and Give People Free Money”](#) *Reason*. November 26, 2013.

¹³ McCloskey, Dierdre. [“Guaranteed income? Yes: Rethink how to help poor, end subsidies and instill dignity.”](#) *Orlando Sentinel*. June 28, 2016.

6. A universal basic income program would be fairer, less biased, and could better combat racial and gender wealth inequities.

Present welfare programs are sometimes criticized as being unfair based on race and/or gender. Because these programs are so intricately designed, there are countless ways in which one city, neighborhood, or family might receive disproportionately more or less of a benefit than another—whether this is the result of intentional bias or not.¹⁴ Even if no unfairness is intended, it is hard to put forth a collection of programs that offer in-kind assistance that is *perfectly* fair to *all* people at *all* times since different people have different needs. (For example, urban poverty presents a different set of challenges than addressing rural poverty.)

The UBI helps to overcome this, however, because it distributes money, not goods. Money is fungible, liquid, and universally accepted. It can help eliminate bias in program design because everyone receives the same fungible good and can use it to go purchase what is most important to *them*. Indeed, civil rights leaders from the 1960s were some of the earliest proponents of a UBI. Martin Luther King, Jr., even endorsed and promoted the idea in his later works. And, not only did King view a basic income as a good policy for Black Americans, he knew that two-thirds of poor Americans at the time were White, so he viewed the UBI as an approach toward social welfare reform that could potentially unite the country.¹⁵

¹⁴ Bhattacharya, Jhumpa. "[Exploring Guaranteed Income Through A Racial and Gender Justice Lens.](#)" Roosevelt Institute. June 2019

¹⁵ Schwartz, Avshalom. "[UBI, Racial Justice, and a Re-Imagined Social Contract for the 21st Century](#)" Stanford McCoy Family Center for Ethics in Society. January 22, 2018.

NEGATIVE ARGUMENTS

1. Almost everywhere that the UBI has been tried, it has been found to be too expensive.

Uprooting the federal government's entire system of social welfare assistance and replacing it with a UBI would be a major policy change—and a very risky one too. In practice, the UBI is a new and largely untested idea. It has never been widely rolled out in a major western democracy, and in the few places in which it has been tested, the results have been at best mixed.

One place where the UBI has been recently tested is the Canadian province of Ontario. Starting in October 2017, about 4,000 single Canadians began getting monthly stipends of about \$1,400 Canadian (about \$1,000 U.S.). Married couples received slightly less per person. Although popular among recipients—why wouldn't it be—the program which had been scheduled to run for three years was ultimately cancelled after just 15 months due to high and unsustainable costs.¹⁶ According to Ontario's minister in charge of social services, the UBI was “clearly not the answer for Ontario families.”¹⁷

“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. ...It's also equal to close to 100 percent of all tax revenue the federal government collects.”

Source: Greenstein, Robert. “[Commentary: Universal Basic Income May Sound Attractive But, If It Occurred, Would Likelier Increase Poverty Than Reduce It](#)” Center on Budget and Policy Priorities. June 13, 2019.

“According to an analysis of Yang's Freedom Dividend by the UBI Center, an open source think tank researching universal basic income policies, there are about 236 million adult citizens in the United States. At \$12,000 a piece, the total gross cost of the dividend would be \$2.8 trillion each year.”

Source: Pomerleau, Kyle. “[Does Andrew Yang's 'Freedom Dividend' Add Up?](#)” Tax Foundation. July 24, 2019.

Another place where it has been tested recently is Finland starting in 2017. Kela, the Finnish Social Insurance Institution is giving cash benefit of €560 per month (about \$620 U.S.) to approximately 2,000 randomly selected unemployed participants between ages 25 and 58.¹⁸ Participants in the program reported feeling happier and less stressed, but contrary to hopes that the added financial security would liberate people to be more productive, join the

¹⁶ Bergstein, Brian. “[Basic income could work—if you do it Canada-style](#)” *MIT Technology Review*. June 20, 2018

¹⁷ Winfree, Paul. “[Canadian Experiment Quickly Shows Failures of Universal Basic Income](#)” Heritage Foundation. August 8, 2018.

¹⁸ Meyer, David. “[Finland's Basic Income Experiment Kind of Works, but Not in Employment Terms](#)” *Fortune*. February 8, 2019

“gig economy,” or exercise entrepreneurial creativity, the UBI did not lead more recipients to finding work, which was one of the goals.¹⁹ The experiment ended two years later in late 2018 and there are no plans to resurrect it.

2. A universal basic income would rob people of the incentive to work.

Although work can be very dignifying and rewarding over and above the monetary payment that one receives in the form of wages or salary, it is nevertheless the case that most people work not because they *wish* to but because they *have* to in order to support themselves. In other words, given a choice between working and not working, with no effect on quality of life either way, most people would choose to work far less or not at all. Given this, we should expect that most people if provided with a guaranteed basic income would drastically cut their work hours or cease to work altogether.

In studies conducted across six U.S. states in the 1960s, 70s, and 80s, researchers found that instituting the policy of a Negative Income Tax (which is very similar to a UBI) significantly reduced annual work hours among recipients: “For each \$1,000 in added benefits, there was an average \$660 reduction in earnings, meaning that \$3,000 in government benefits was required for a net increase of \$1,000 in family income.”²⁰ In response to these experiences, policymakers shifted their focus to more conventional welfare programs with work requirements.

By eliminating work requirements from welfare programs, UBI would incentivize poor individuals to work less rather than more, which only hurts their skills and employability in the future and further increasing their dependence on government. Policy analyst Oren Cass describes the importance of maintaining strong incentives for work:

“[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.”²¹

Robbing people of the incentive to work (if employed) or to find work (if unemployed) is an outcome that is neither economically desirable nor socially desirable and should be avoided.

¹⁹ Nagesh, Ashitha. “[Finland basic income trial left people 'happier but jobless'](#)” *BBC News*. February 2019.

²⁰ Rector, Robert, and Mimi Teixeira. “[Universal Basic Income Harms Recipients and Increases Dependence on Government](#).” Heritage Foundation. February 14, 2018.

²¹ Cass, Oren. “[The Working Hypothesis](#).” *National Review*. October 15, 2018.

3. Providing everyone with a basic income takes away personal dignity and self-esteem, and replaces it with an ethos of dependence.

If people are to receive their sustenance automatically, by right, without any requirement and expectation to contribute to society, what then becomes of personal dignity? If the amount of the UBI is generous enough to live on without doing anything in exchange, the implicit message to people is that their effort and their contribution to the world does not matter.

This is psychologically very dangerous, since for most people a large part of their self-esteem and self-worth comes from the work that they do, the products they create, or the services that they render. Particularly for individuals displaced by new technologies and automation, a UBI can be looked at as a bribe to remain passive, admit their irrelevance to the economy, and accept the social status of a beggar relieved of the inconvenience of having to beg.

Most people find work to be socially and psychologically supportive.²² Researchers who study job loss, retirement, and other such events find negative psychological effects from social withdrawal. In other words, unemployment is bad for mental health—particularly for young and middle-aged people. As economist Tyler Cowen notes, “the unemployed are more likely to have mental health problems, are more likely to commit suicide, and are significantly less happy.”²³ Eighteenth century economist and Scottish enlightenment figure Adam Smith illustrates this perhaps most deeply [emphasis added]:

“It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chooses to depend chiefly upon the benevolence of his fellow-citizens.”²⁴

Although the economic efficiency of the UBI is attractive, replacing conventional programs is not preferable. We should not steer people away from pursuing a meaningful, dignified life.

“McGovern’s grotesque proposal to hand out \$1,000 a year to every citizen (then make him pay taxes on it) was a bookkeeper’s nightmare, but it was not so funny ideologically: Its purpose was to place everyone, in principle, on the level of welfare recipients and thus wipe out the difference between an earned income and an unearned one, establishing the government’s ownership of *all* income.”

Source: Rand, Ayn. “McGovern is the first to offer full-fledged statism to the American people.” *Saturday Review*. 1972.

²² Foster, Gigi. “[Universal basic income: the dangerous idea of 2016](#)” *The Conversation*. December 26, 2016.

²³ Cowen, Tyler. “Big Business: A Love Letter to an American Anti-Hero.” (2019).

²⁴ Smith, Adam. “An Inquiry Into the Nature and Causes of the Wealth of Nations.” (1776).

4. Under a UBI, money will go to wealthy people who do not need it.

As a general rule, UBI plans are not means-tested, which means that they do not set income-based eligibility requirements. Under a UBI scheme, everyone would receive payments—even *America's millionaires and billionaires*. Skeptics should rightly ask UBI proponents, *why should we give money to people who do not need it?*

A UBI would transfer public funds to millions of already relatively affluent people, including young professionals without dependents.

We should aspire to have as few people as possible receiving assistance—not as many people as possible.

That is not to say that the federal poverty line necessarily should be the threshold for all social welfare assistance. Many current programs serve families who are well above the poverty line in terms of household income. For example, more than half of all infants in the U.S. receive help from the Supplemental Nutrition Program for Women and Children (WIC).²⁵ Extending some programs to families of slightly greater-than-modest means is not unreasonable. But do Bill Gates, Warren Buffet, and Jeff Bezos—or the many comfortable households led by doctors, lawyers, and businesspeople—really need a \$1,000 UBI check from the government each month? A UBI would transfer taxpayer money to millions of relatively affluent people, including young professionals without dependents and grown adults who are capable of self-support.²⁶

Additionally, not everyone who could benefit from *some* social welfare assistance needs the full amount of assistance. Some people only need help in one part of their life. It is not the case that all Americans can be categorized as either: a) poor and in need of extensive help, or b) not poor and in need of no help. Approximately 91.3 million people (28.2 percent) in the U.S. live in a household that participates in a major means-tested government assistance program each month. Of those households, very few participate in *all* programs because peoples' needs differ by category of need. For instance, there are millions of people who receive assistance from the Supplemental Nutrition Assistance Program (SNAP) who do not need help with housing. There are millions of households who need help with housing, but who do not have children and therefore do not need subsidized school lunches. And so on.

Under a UBI, all welfare assistance would be bundled together regardless of whether a person or household needs help in those areas of life. Because it does not allow varying amounts of assistance based on actual need, the UBI is a blunt policy instrument that is wasteful and is destined to be far more expensive than the country can afford. If we are going to have assistance programs, it is better to have multiple assistance programs so that we can offer programs to people just based on what they need.

²⁵ Shafer, et al. "[Spending on Government Anti-Poverty Efforts: Healthcare Expenditures Vastly Outstrip Income Transfers.](#)" Poverty Solutions at University of Michigan. October 18, 2019

²⁶ Rector, Robert, and Mimi Teixeira. "[Universal Basic Income Harms Recipients and Increases Dependence on Government.](#)" Heritage Foundation. February 14, 2018.

5. Without conditions, people might use the basic income on things that are bad for them.

Since 2012, the federal government has placed limitations on what individuals in the Temporary Assistance to Needy Families (TANF) program can purchase with the cash-like benefit that they receive through the program. Benefits cannot be spent in liquor stores, gaming or gambling establishments, or adult entertainment venues.²⁷ Other programs have similar limitations. Programs intended to provide help with food and groceries typically exclude cigarettes, cosmetics, house supplies, pet food, and vitamins. These are clear, fair limitations that help ensure users of these benefits do not purchase things that are likely to be unhelpful to them.

Under a UBI, these guardrails would cease to exist. UBI recipients could use their money to buy anything—including things that could be wasteful or cause harm. Not only is this potentially detrimental to UBI recipients, it is demoralizing to taxpayers whose payments fund the UBI. It is wrong to require them to subsidize the bad (and to some people, immoral) actions of others.

6. There is no widely accepted definition of what a “basic living” is.

The UBI is supposed to provide people with money to cover basic living costs, so that they can avoid poverty and attain some level of security. There is no objective way, however, to determine what constitutes a basic standard of living and thus how much the UBI should be. Should it be \$500 per month? \$2,000 per month? The cost of living varies dramatically across the country. It is expensive to live in New York City, but inexpensive to live in rural Wyoming. Should a New Yorker get a bigger UBI payment than someone who lives in Wyoming just because of where he chooses to live? There is no fair way to answer these questions.

Furthermore, as we consider different potential amounts for the UBI, the affordability of the plan starts to change radically. If we were to set a UBI very low, say at \$100 per month, then the savings from phasing out the rest of the social welfare programs would likely more than cover the cost of the UBI—but a \$100 per month UBI would be a drastic cut for those who currently receive far more than that. If we were to set a UBI very high, say at \$1,500 per month, we would quickly run out of money and would need to find additional sources of funds.

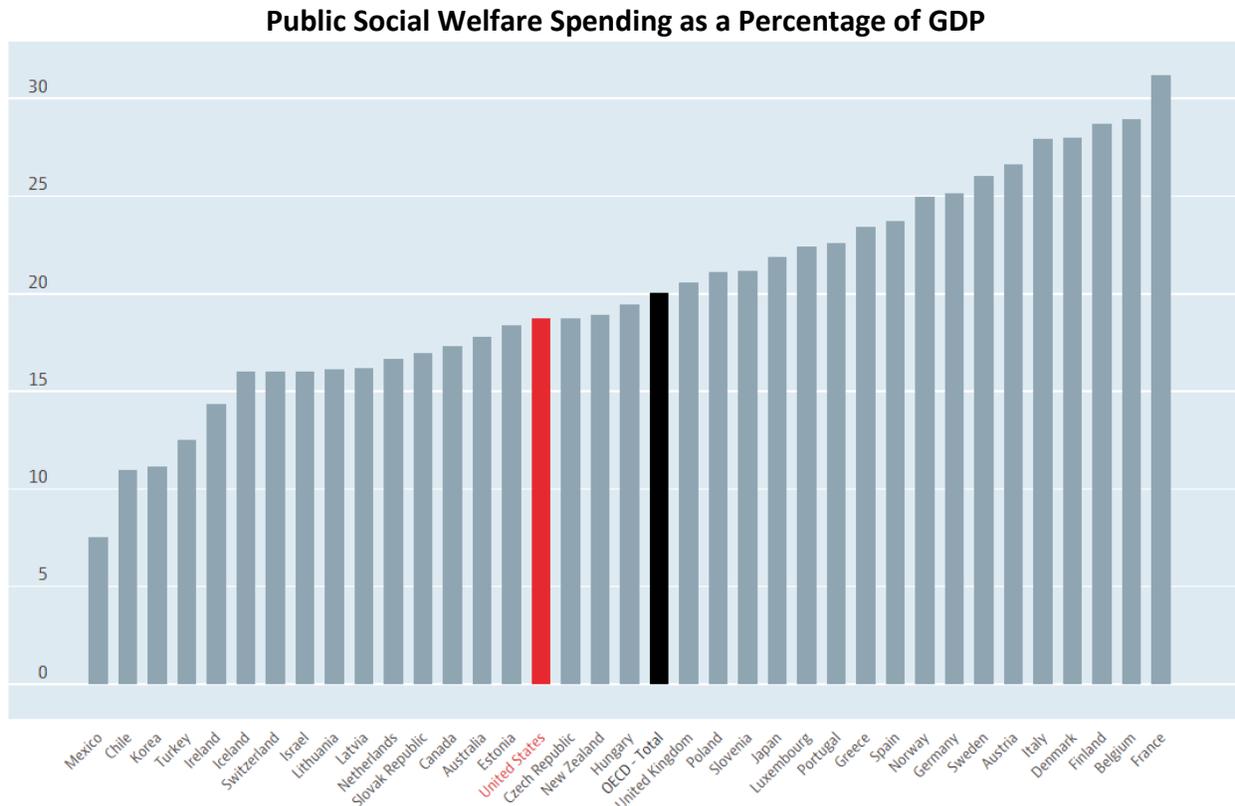
According to economists, to fund a \$1,000 per month UBI while keeping all other spending the same, the federal government would have to raise an additional \$539 billion a year, or almost 3 percent of its GDP.²⁸ To make this work, the tax structure would have to be changed so that only those earning less than \$24,000 per year would actually receive a net gain from the UBI. Anyone earning more than \$24,000 per year would be taxed an amount that actually exceeds the benefit that they would get from the UBI.

²⁷ [“Restrictions on Use of Public Assistance Electronic Benefit Transfer \(EBT\) Cards”](#) National Conference of State Legislatures. May 2015.

²⁸ Widerquist, Karl. [“The Cost of Basic Income: Back-of-the-Envelope Calculations”](#) Basic Income Studies (2017)

APPENDIX A. Spending on Social Welfare as Percentage of GDP, By Country

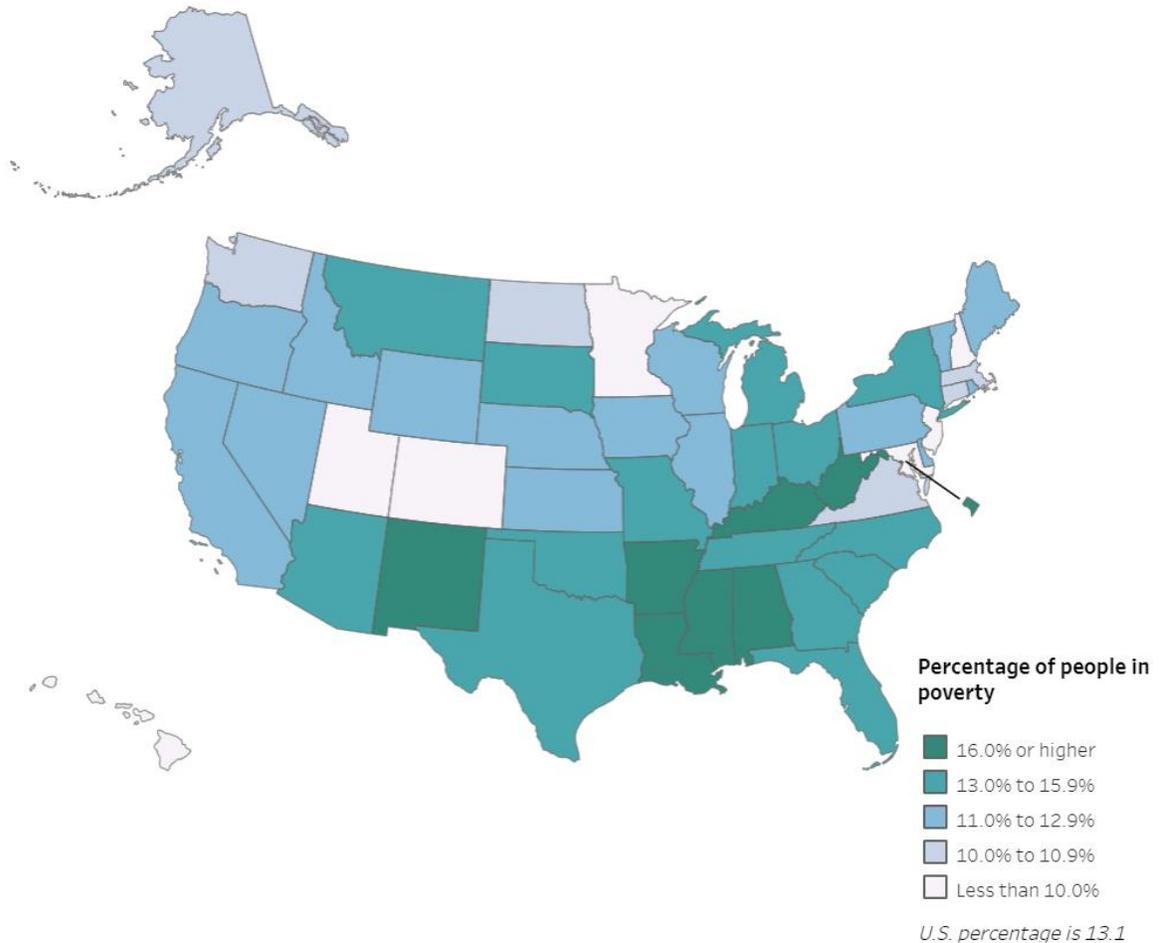
The social expenditures represented below include cash benefits, direct in-kind provision of goods and services, and tax breaks with social purposes. Different countries structure their programs in different ways, and target different populations (e.g., low-income households, the elderly, disabled, unemployed, or other people). Social benefits not provided by government are considered private and are not reflected here.



Source: OECD (2020), "[Social Spending \(indicator\)](#)." doi: 10.1787/7497563b-en
(Accessed on 13 January 2020). Data are 2018 or latest year available.

APPENDIX B. Poverty Distribution Across the United States, By State

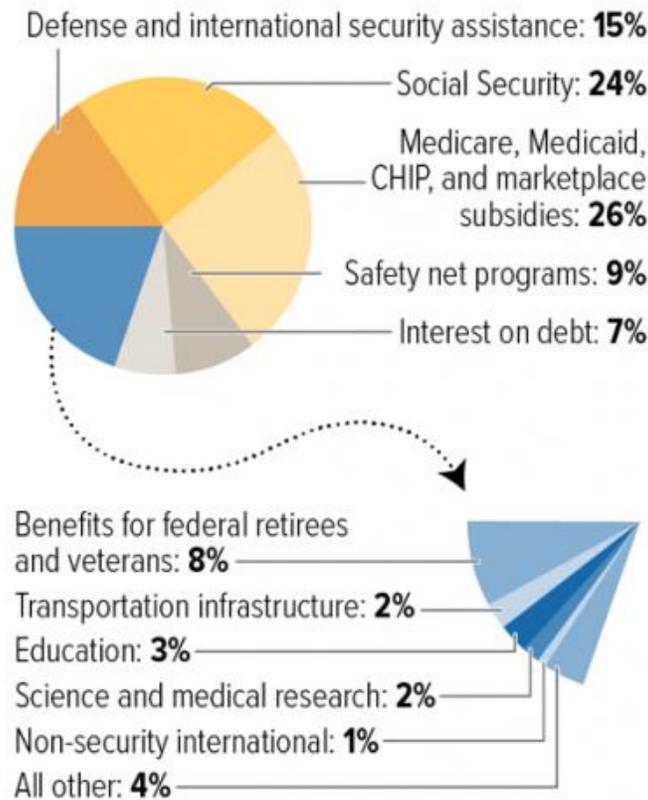
The U.S. Census Bureau maintains an Official Poverty Measure (OPM), which it updates each year based on various estimates and projections. Poverty is not distributed evenly around the country. Some states have much higher poverty rates than others, and differences at the county and city levels can be even more pronounced.



Source: ["2018 Poverty Rate in the United States."](#) U.S. Census Bureau, September 26, 2019

APPENDIX C. Current Federal Spending on Safety Net Programs

Spending on safety net programs constitutes approximately 9 percent of all federal spending in 2017. Social Security, the military, and health programs such as Medicare and Medicaid constitute the other major portions of the federal budget.



Source: 2017 Figures from the Office of Management and Budget, FY 2019.
Illustration by the [Center on Budget and Policy Priorities](#).

APPENDIX D. Assistance Program Household Participation by Age

The U.S. Census Bureau asked participants to report their poverty status for 2018 and whether they or anyone in their household participated in one of a variety of assistance programs. Below are the data, broken down by age. Numbers are in thousands.

		In household that received means-tested assistance		In household that received means-tested cash assistance		In household that received food stamps		Lived in public or authorized housing	
All Races All income levels	Total	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Total	323,847	91,342	28.2	18,658	5.8	34,909	10.8	12,286	3.8
Under 18 years	73,284	32,853	44.8	4,276	5.8	12,480	17.0	3,785	5.2
18 to 24 years	29,085	8,389	28.8	1,602	5.5	3,145	10.8	1,174	4.0
25 to 34 years	45,208	11,693	25.9	2,197	4.9	4,704	10.4	1,627	3.6
35 to 44 years	41,027	12,270	29.9	2,112	5.1	4,051	9.9	1,229	3.0
45 to 54 years	40,700	9,493	23.3	2,366	5.8	3,298	8.1	1,043	2.6
55 to 59 years	21,163	4,351	20.6	1,645	7.8	1,834	8.7	614	2.9
60 to 64 years	20,592	4,004	19.4	1,473	7.2	1,717	8.3	646	3.1
65 years+	52,788	8,287	15.7	2,987	5.7	3,680	7.0	2,167	4.1

Source: U.S. Census Bureau, [Current Population Survey](#), 2019 Annual Social and Economic Supplement.