



## **Montana Viewpoint: Money for nothing – it’s not an economic argument**

Jim Elliot

February 18, 2019

There is no other nation whose citizens are better equipped to make moral judgments about total strangers than Americans. After all, a good part of the first Europeans here were the Puritans whose religion was based on what one skeptic said was “The haunting fear that someone, somewhere, may be happy.”

So, when it comes to our government helping the poor, we are the experts on who should not be helped. We might categorize them as “those unwilling to work”, or deadbeats, or losers, or whatever, and money from us they shall not get.

But now comes the liberal Democrats’ “Green Revolution” which stated in an FAQ (frequently asked questions) posted online that they stood for “economic security for those unable or unwilling to work.” Realizing almost immediately that that was a bad choice of words the FAQ was taken down from the site where it was posted, but the political damage had been done, and maybe even a lesson learned.

What it seems that they were hinting at is called a Universal Basic Income. The FAQ does/did not use the term Universal Basic Income (from now on UBI), but it sure implies it, so what is UBI, anyway? It’s a concept that has been around for centuries, and it essentially involves giving impoverished people money without strings attached to do with as they will. It is welfare money with no means test and no spending restrictions. It would, I suppose, replace current welfare programs. The idea is that individuals and families whose income is below the official level of poverty in America could be given a UBI to bring their income up to the poverty level. The idea of a UBI is not new in this world of ours. It’s not even a new idea in America because—you may want to be seated for this—President Richard Nixon was serious about the idea in 1968. So serious that he instituted pilot programs in different geographical areas in which a total of 8500 people received monthly checks amounting to \$1600 a year (about \$11,000 today) which was the poverty level at that time.

The pilot programs found that after receiving the money people did not automatically break out the beer and lounge chairs but did things to improve their lives. Working mothers quit jobs and

went to college, the High School graduation rate among New Jersey recipient families increased by 30 percent and for the most part, people kept working at jobs.

The pilot programs were considered a success and the idea had the support of one of the most conservative economists of that (or any) time, Milton Friedman, an advisor to the president. As early as 1962 Friedman felt that a universal basic income would be far more cost effective than the then highly bureaucratic Welfare system. Interestingly, two of the people Nixon picked to run the experiment were the future Secretary of Defense in the George H. W. Bush administration, Donald Rumsfeld and Bush's Vice President Dick Cheney.

As with any new program there would be a planned, grand, national roll-out. But on the very day of that roll-out an advisor showed Nixon a paper on a similar but "failed" experiment that had taken place in England 150 years earlier. Nixon abruptly changed his mind on UBI, and that was all she wrote.

Today, the concept of a UBI is supported by the conservative Cato Institute as well as liberals. Some governments, such as Finland, have experimented with a UBI with mixed results. The agricultural city of Stockton, California is planning on starting one soon. Although it is not considered a UBI, in Alaska, almost every citizen receives an annual check from the Alaska Permanent Fund (\$1100 in 2017). The payments have not affected the unemployment rate. So, economically, it seems to work out. But of course, the idea of people getting a universal benefit is a moral argument, not an economic one. And we know that in America morals trump money (or maybe it's the other way around).

Jim Elliott served sixteen years in the Montana Legislature as a state representative and state senator and four years as chairman of the Montana Democratic Party. He lives on his ranch in Trout Creek. Montana Viewpoint appears in weekly at the [missoulacurrent.com](http://missoulacurrent.com) and in print papers across Montana.