

Money for nothing: The case for universal basic income

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Think about your job. About the jobs of your neighbors. About the jobs of those you walk past as you head down Broadway on the way to work. What do the 8.5 million people who live in New York City do for a living?

You probably walk past lawyers and home care workers. Accountants and teachers. Waiters and, while crossing the street, Uber and taxi drivers. Many of these jobs are going to be transformed by automation.

When we think about automation, we largely think about robot arms in factories replacing manufacturing workers. And that's happened to an astounding degree — 4 million jobs in manufacturing alone were lost in the swing states in the Midwest. Until recently, that was largely the group that was most impacted. Because of this, New York City (and most other urban centers) seemed insulated from the job losses and economic dislocation that came from these advances in technology.

But now, research by the Center for an Urban Future show that's about to change. Thirty-nine percent of the tasks that workers perform in New York City are subject to automation. Think about that: four out of every 10 people who walk past you on the street on a day-to-day basis will soon have their jobs replaced by robots and software. That same study states that, while “only” 7,000 jobs in New York are fully automatable, 456,000 could have 80% of their tasks done by AI. And a full 1.4 million workers could have half of their tasks replaced by automation.

Now you're likely thinking, “How is that possible?! The economy is doing great, unemployment is at record lows!”

Yet that doesn't paint the entire picture. GDP and stock market values have never been an accurate portrayal of how humanity is doing — right now our life expectancy rates on the decline and the share of working-age adults participating in the workforce in NYC is down to 58.3% (more on this later). This will get worse as automation starts accelerating, hitting the poorest New Yorkers the hardest. Over half of the most automatable jobs are for workers who earn under \$40,000 a year, which isn't too far above the city poverty level of a little over \$32,000 a year.

And while you'd imagine that the lowest-paying jobs are most at risk of automation, an interesting split develops when you dig into the numbers. While food prep is one of the top two

automatable jobs (87% of the tasks could be done via automation), bookkeeping and accounting, traditionally viewed as a white-collar job, could also have 86% of tasks automated.

Automation is no longer just a problem for those working in manufacturing. Physical labor was replaced by robots; mental labor is going to be replaced by AI and software.

The future of work

Looking past industries like retail, studies have shown that more than 90% of net job growth over the past decade has been in “alternative work categories,” driven by people working as freelancers and independent contractors.

We’ve all already seen this transforming our City. Uber and Lyft drivers outnumber yellow cabs four-to-one by some counts, and many people reading this probably have accounts with one (or both) of those companies, along with TaskRabbit or other gig sites.

This is where the economy is going, and we’re already seeing the effects. Forty-one percent of people working in the gig economy still maintain a full-time job, generally because they need the money as a supplement.

Unemployment numbers for the city look rosy at first glance (4.3%), but the headlines mask two disturbing trends. First, the labor participation rate for those 16 and older is down to 58.3%. Second, unemployment for those between 20 and 24 is measured at rates four times higher than the general unemployment rates.

Studies consistently show that those who “stumble out of the gate” in getting employment early in their adulthoods earn less for at least a decade after graduating, which is particularly pressing when young people owe student loan debt at levels higher than any past generation.

Ten percent of city residents lack health insurance, in large part because so many gig economy jobs don’t provide any coverage. And 1.7 million New Yorkers live in poverty. That’s nearly 20% of all New Yorkers, which is both higher than the national rate and frustratingly persistent. The number rises to 45% when you include people living just above the poverty line. The percent of children growing up in poverty is approximately 30%, 8% higher than the national level. Half of these poor children are growing up in extreme- or high-poverty areas, where crime is nearly three times as high as low-poverty areas. And these locales are becoming increasingly concentrated — for example, in the Bronx, more than half of the neighborhoods are classified as high- or extreme-poverty areas.

Our state leads the nation in income inequality, and automation is about to make things much worse. We need bold solutions to these problems.

Why universal basic income is the answer

The solution is obvious: simply give people more money.

A universal basic income of \$1,000 per month, free and clear, for every adult, will help solve these problems. Universal basic income is a policy whereby every citizen gets a certain amount of money, no questions asked, from the government. I call it the Freedom Dividend.

This may seem far-fetched. However, this is very much the norm in other countries around the world. And here in the states, a version of basic income has been in effect in Alaska for 36 years.

Nationally, a version passed the House of Representatives in 1971 under President Nixon and almost became law before stalling in the Senate because Democrats wanted a higher income level.

The benefits of a universal basic income overall are huge. New Yorkers could pay their bills, feed and clothe their children, get car repairs, go back to school and generally breathe easier. People who are constantly struggling to pay their bills show a cognitive reduction equivalent to 13 IQ points, so simply giving people money will literally make people smarter.

The Cato Institute found that students were more likely to stay in high school, and Canada saw hospitalization rates go down by 8.5% when they did a trial. Mental and physical health improve, leading to stronger relationships. And, overall, it costs less than our current programs without providing disincentives to work.

Maybe most importantly, it treats Americans like adults, who can decide how best to spend this money to improve their own lives and communities.

New York regularly ranks at the top of lists for which states are the most entrepreneurial. Biz2Credit places New York City over Silicon Valley for small-business development, and these businesses tend to do well overall, with over 80% founded in 2013 making it to 2014.

Imagine how many more businesses New Yorkers would start if they each had \$1,000 more per month in their bank accounts. So many New Yorkers have drive and passion but lack funds to start a business. Nationally, the Roosevelt Institute projected that the Freedom Dividend would grow the economy by \$2.5 trillion and create 4.5 million new jobs because people would have more money to spend.

How to pay for it? Of course that's a huge question.

A universal basic income funded by a value-added tax, which is a tax placed on a product whenever value is added at each stage of the supply chain, from production to the point of sale, would spread the benefits of automation to a much wider group of people.

It's obscene that our city is as rich as it is, and yet we still have children who don't know where their next meal is coming from. And the amount of energy, innovation, and passion that we're currently wasting in this city with so many of our fellow citizens barely surviving, paycheck to paycheck, is a huge cost that we all bear.

A universal basic income of \$1,000 a month with no requirements would allow this city — and this country — to get back to a mindset of abundance. One where we're all investing in each other, and people feel more free to start a new business, leave an abusive job or relationship, or take some time to improve their mental or physical health.

It costs less to run than our current welfare programs, it's easier to implement, and it treats recipients as adults. It's more than affordable with the size of our current economy. If we focus our economy on improving human outcomes instead of just a topline GDP that is increasingly going to fewer and fewer people, we can see what Americans can do when they're free to unleash their true potential.

That's the future that we must make real — before the technology that has transformed the Midwest makes it here to New York.

