



## **Universal Basic Income might fix our broken welfare system – Give it the serious, scholarly debate it deserves**

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

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

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

This idea is not as crazy as it initially sounds.

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

The taxes necessary to fund such a program would crush any hope for Newark's economic revitalization.

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

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

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

Second, a UBI is far less paternalistic than traditional welfare, which often treats the poor like 10-year-olds receiving an allowance. Rather than provide them with cash – which is what poor people actually need – we dole out a variety of specialized benefits, such as food, housing and

health care. Government decides how the poor should budget and spend their money – not the poor themselves.

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

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

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

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

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

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

Far from revolutionary, this is just more of the same, and is unlikely to tell us much about whether a UBI would or would not work better than what we do now. This will be compounded by the fact that Mayor Baraka's plan will also certainly be simply layered on top of existing benefits.

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

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