



Per Capital for all: What if the government paid a basic universal income?

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WASHINGTON – New income data released this week by the Census Bureau showed that poverty in the U.S. continues to fall and median household incomes are rising.

To Annie Lowrey, that only tells part of the story.

“Even given, in a lot of ways, poverty now is a lot better than it was 50 years ago, people still can’t afford basics, right?” she said during a panel discussion on a concept known as universal basic income.

Under Universal Basic Income, the government provides a regular payment to all citizens to provide them with a basic standard of living.

People “still are not housed, still cannot afford education, still are unhealthy. You’re actually starting to see life expectancies starting to fall for low income people, in the richest society that the planet has ever known,” Lowrey said at the panel organized by Future Tense, a partnership of Slate, New America and Arizona State University.

The Wednesday panel came the same day that Chicago Mayor Rahm Emanuel announced a task force to explore strategies for tackling poverty, including the possibility of a UBI pilot program in the city.

A similar concept is already being experimented with in California cities Stockton and Oakland, where models endorsed by public officials are being tested with private and philanthropic funding from Silicon Valley donors.

But not everyone is sold on Universal Basic Income. Even people like Michael Tanner, who calls himself a “sympathetic skeptic” about the proposal, see one big problem: Who’s going to pay for it?

“I think there’s a very strong case to be made that replacing the existing welfare state with a UBI would be thoughtful, effective, efficient and humane,” said Tanner, a senior fellow at the libertarian Cato Institute. “But I have serious questions about whether or not it’s possible to finance.”

Tanner said that his calculations show a national basic income program would cost more annually than the “entire federal budget.”

The proposal is no more affordable on the local level. When the District of Columbia explored a possible local basic income program, it found that it would cost up to \$710 million a year to raise all residents above the federal poverty level. To provide them with “basic needs” income in an expensive city like Washington could take as much as \$9.3 billion per year.

“Providing cash payments that ensure that all households in the District have enough income to meet all their basic needs would have a substantially negative impact on the District’s economy, labor force, and budget,” said a February report from the D.C. Office of the Budget Director.

Proponents say poorer recipients will spend their UBI money immediately, spurring economic growth, but Tanner doesn’t buy this so-called multiplier effect. He points instead to what he calls a “magnet problem” with local Universal Basic Income programs.

“If Maricopa County is going to offer an income to everybody who lives there, how do you stop all the poor people in Pinal County from moving to Maricopa County to get it?” Tanner asked.

Dennis Hoffman, an economics professor at Arizona State University’s W.P. Carey School of Business, does believe in the multiplier effect – but sees a different problem for Arizona.

“Even if there is a good multiplier – and I’ve made this point here in Arizona a lot – our tax rates are so low that it really takes one hell of a lot of economic activity to generate revenues that pay for any type of fiscal policy endeavor,” Hoffman said.

But those reservations don’t dissuade advocates.

Luke Tate, with ASU’s School for the Future of Innovation in Society, moderates a discussion on the theory of Universal Basic Income with, from left, budget analyst Susanna Groves, author Annie Lowrey and consultant Sebastian Johnson. (Photo by Brendan Campbell/Cronkite News)

Sebastian Johnson, a panelist at last week’s event, said there is a strong connection between a Universal Basic Income and the sharing, or “gig,” economy. He said a universal payment could “make ... the gig economy more dynamic, so you have more people who are able to enter and exit. You know, hey, I can’t hack it just driving Uber. If I had UBI and Uber, maybe I could start my own firm, write a book, maybe I could do a whole bunch of other things that are going to generate wealth,” said Johnson, criminal justice manager at the Laura and John Arnold Foundation.

But he said leaders need to do more to understand and communicate the advantages of a universal basic income.

“From a political standpoint, it’s important to couch this in terms of, what are the responsibilities, and what should be the benefits, that everyone is generating from being in Arizona, contributing to the health of the state and the economy?” Johnson said.

Lowrey’s feelings are summed up in the title of her book, “Give People Money: How a Universal Basic Income would End Poverty, Revolutionize Work, and Remake the World.”

Statistical arguments aside, Lowrey, a contributing editor at The Atlantic, emphasized the personal.

“Can you participate in society? Can you have access to the things that we know are going to get your family on a better trajectory?” she asked.