

Some say replace social-welfare system with 'basic income' model

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With the welfare system falling apart, it may be time to look at the possibility of a basic income for every American, a concept that has been championed by well-known economists and political scientists of the past and present including Milton Friedman, Friedrich Hayek and Charles Murray.

Murray said every individual should receive a set annual amount of income, a figure he sets at \$13,000. This sum would replace all government programs such as Medicare, food stamps and Social Security.

With this base income, individuals ideally would supposedly become more incentivized to be independent, as they could do what they wanted with the money, rather than have the government dictate how they spend their benefits.

“If you look at the existing social-welfare security net, it has clearly failed,” Michael Tanner, a senior fellow at the Cato Institute, said. “We spend some \$700 billion at the federal level and another \$300 billion at the state and local level for a trillion dollars, and yet we have almost no impact on poverty. We know what we are doing now isn’t working. The problem is to do this for everyone, it would be hugely expensive -- about \$4 trillion to extend the poverty-level income to everyone in America.”

A benefit of using basic income as the means to provide assistance to everyone is that it would ideally eliminate some of the bureaucracy that individuals face with today’s welfare programs, supporters said. From paperwork to travel to distant offices, the current system is not working efficiently, they said.

While the cost to provide this basic income to everyone would be significant, Tanner suggests distributing it in a targeted way that would impact those who actually need it the most, though it also would risk creating a disincentive to work.

“What you’re going to do is limit it some way,” Tanner said. “That’s going to create a huge work disincentive as you begin to phase out the program. If your goal is to reduce poverty, you want to spend that money on poor people, not middle-class or wealthy people.”

Widespread dissatisfaction with Obamacare would suggest that individuals are ready and willing to take control of their own needs without government assistance, supporters said. Plus, with several health insurance providers having pulled out of the program, people might wonder what kind of care they are receiving. The basic income ideally would allow individuals to choose the right programs in which to participate.

For basic income to work in the U.S., the government would have to admit that the current system isn't working or meeting Americans' needs.

“We'd have to recognize that the current social-welfare system is a failure,” Tanner said. “The question is if you want something that is human and more efficient than what we currently have.”

While the idea of basic income has its appeal, Tanner doesn't believe this is something we will see in the foreseeable future.

“I don't think it's something that will happen in the next few years,” Tanner said. “This would be a major change in the way we approach social welfare.”