

This 2020 Candidate Puts His Money on Universal Income

Max Diamond

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America needs a new vision of what it means for humans to work. That is the unique message of entrepreneur Andrew Yang, a man who hopes – against all odds – to ride his vision to the White House. Even in a large presidential primary field – and the 2020 roster of legitimate or semi-legitimate contenders is shaping up as the largest in party history – there are Americans who fill out the qualifying forms every four years, only to be completely ignored and then forgotten.

On paper, Andrew Yang is one of those Democratic presidential candidates. But he's more entertaining than most -- "The opposite of Donald Trump is an Asian man who likes math," he quips – and he has interesting things to say about the future. Besides, a political neophyte just so happened to win the last presidential election, so it's possible Yang's ideas will take him beyond a mere 15 minutes of fame.

A 44-year-old graduate of Brown and Columbia Law, an entrepreneur and former CEO of Venture for America, Yang shares with many of his better-known Democratic opponents support for universal Medicare, addressing climate change, and a reduction in incarceration. But he has primarily differentiated himself with a more radical proposal: Universal Basic Income (UBI).

"Every member of a society gets a certain amount of money, no questions asked, to meet his or her basic needs," Yang told RealClearPolitics when asked to define it. His proposal, which he calls the "Freedom Dividend," would give every American \$1,000 a month for life once they turn 18.

In one form or another, basic income has been supported by those across the political spectrum, including Martin Luther King Jr. and libertarian Charles Murray, a scholar at the American Enterprise Institute. Wealthy tech leaders such as Mark Zuckerberg and Stewart Butterfield have also expressed support for some kind of basic income. "It's not left or right, it's forward," said Yang.

He has high expectations for his UBI proposal, to which he ascribes near-miraculous powers. Among other benefits, he predicts that it would create millions of jobs, empower women, reduce domestic violence, improve mental health, and reduce hospital visits. Most significantly, he cites it as the answer to a potentially destabilizing crisis looming on the horizon: the coming automation of an unprecedented number of jobs – a fear that the New York Times dubbed the "robot apocalypse."

"We're in the third inning of the greatest economic and technological transformation in the history of our country," said Yang, who adds that after the deregulation of financial services, and

the decimation of manufacturing workers, the third inning is the “phasing out of brick-and-mortar retail.”

Next, he says, comes automated cars and trucks. What will people do when “the trucks start driving themselves in the next five to 10 years”? After that, Yang predicts, artificial intelligence risks putting call center workers, bookkeepers, accountants, and attorneys, among others, out of work.

Not everyone is impressed by Yang’s forecast. According to the Bureau of Labor Statistics, unemployment is at 4 percent, a large decrease since 2009, and the labor participation rate is at 63.2 percent, the highest it has been since 2014. As for future job losses due to technology, “I think it’s overstated,” said Mike Tanner, a senior fellow at the Cato Institute. The idea that “we’re simply not going to have enough jobs in the future – I don’t believe that.”

While Yang estimates on his website that in the next 12 years one in three American workers is at risk of losing his or her job to new technologies, many economists have significantly less worrisome predictions. Researchers at the Organization for Economic Cooperation and Development estimate the risk of job loss at less than 10 percent in the United States. In many cases, according to MIT economist David H. Autor, new technologies do not simply replace jobs, but instead complement work. Technology can also indirectly create new jobs. “The truck driver goes away,” said Tanner, “but somebody is out there programming the automated cars.”

UBI has advantages over the current welfare system that make it attractive to libertarians and conservatives. The current system involves “huge amounts of complex bureaucracy,” said Tanner. “You could get rid of all that.” Plus, Universal Basic Income is far less paternalistic, he added. Under the current welfare system, people receive support that they can only use for particular kinds of goods. With UBI, recipients would make their own decisions.

But it is unclear whether Yang can muster support from Republicans given that his proposal doesn’t “make any real attempt to get rid of current programs,” said Vijay Menon, a research assistant at the Heritage Foundation. Yang’s version of Universal Basic Income would be layered on top of the current welfare system.

By Yang’s own estimate, his proposal would cost \$1.8 trillion annually. Others at the Center on Budget and Policy Priorities estimate that UBI would cost much more — up to \$30 trillion to \$40 trillion over 10 years. That is more than three-fourths of the entire yearly federal budget.

The Freedom Dividend would be opt-in, according to Yang, and his cost estimate assumes that a large portion of Americans currently receiving government services simply won’t take basic income – for, under Yang’s proposal, anyone who receives UBI has to give up some other supports, such as food stamps. It will not require an increase in incomes taxes, Yang asserts. Rather, it will be paid for through a new value-added tax on goods and services that businesses produce, new revenues, and cost-savings from other social services.

Another concern is that Universal Basic Income could disincentivize work. Unlike simply getting a check from the government, work gives people dignity, said Menon. “Our policies should be promoting work whenever we can,” he said.

Recent data from Finland, which began a two-year experiment with Universal Basic Income in 2017, seems to support this fear. Findings show that UBI does not have a significant beneficial impact on employment.

But Yang, who believes that soon the vast majority of Americans will be simply unable to work in anything like the current economy, envisions a new mode of working life. “We have to create an economy that actually does give people paths to structure purpose and fulfillment that may not look like the job of today where they go to an office from 9 to 5.”