

The Daily Record

Is This A Crazy Idea?

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June 6, 2017

Looking for the next big political idea? How about this: Let's scrap our entire social welfare system, including all of our anti-poverty programs, unemployment insurance, Medicare and even Social Security. In its place, just send every American a nostrings- attached check for enough money to ensure that no one falls below the poverty line.

Controversial? Absolutely. Politically explosive? Almost certainly. Crazy? Maybe not. In fact, a growing and diverse group of people have been debating just such an approach to revamping the safety net. The latest is Facebook founder and CEO Mark Zuckerberg, who told graduating Harvard students that we should blow up the existing New Deal-based social contract and replace it with a universal basic income (UBI).

To be sure, there is a fair degree of self-interest in the tech community's call for a universal basic income. There has been growing concern in some arenas that advances in automation and artificial intelligence could lead to widespread job loss, especially for low-skilled workers. The fear is that politicians may respond by limiting technology or imposing other burdens on the industry.

But there may be other reasons to consider replacing the existing welfare state with a universal basic income. The most obvious one is that current welfare programs have so clearly failed to help people escape poverty. The federal government currently funds more than 100 separate anti-poverty programs, at an annual cost of nearly \$700 billion.

State and local governments spend another \$300 billion per year on anti-poverty programs. Yet, despite this roughly \$1 trillion investment, poverty rates have not significantly improved since the 1970s.

A universal basic income would have several advantages over the current welfare system. It would obviously be simpler. And perhaps most importantly, a UBI would provide far better incentives when it comes to work, marriage and savings. Because current welfare benefits are phased out as income increases, they discourage work. In contrast, a universal basic income would not penalize someone who left welfare for work.

However, as with other government programs, there would be constant pressure to expand benefits. Once we've established the idea that people are "entitled" to an income, it becomes much harder to say "no" in the future. How long would it be before we heard that no one can live on whatever benefit the UBI provides at the moment?

Still, advocates of free markets and welfare reform should not dismiss the idea out of hand. The current welfare state is a clear failure. A universal basic income may or may not provide a better alternative, but it's almost certain we will hear a great deal about in the next few years.

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