

Basic income programs that exclude white people could prove to be illegal if public money is used to fund them, an expert has warned.

LAUREN FRUEN

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Libby Schaaf, the mayor of Oakland, California, last week announced a privately funded program that will give low-income families of color \$500 per month with no rules on how they can spend it.

It was then reported that the non-profit Marin Community Foundation in Marin County would also give \$1,000 monthly grants to 125 women of color with children.

The Marin County Board of Supervisors has said it will provide \$400,000 to the program following a vote last Tuesday, The San Francisco Chronicle reports.

But Walter Olson, a legal expert at the libertarian Cato Institute, argues that federal and state law bars race-selected schemes and warned that Marin County's scheme could be 'racially discriminatory' following its decision to award public funding.

Olson told Reason: 'The structure of the program is racially discriminatory. It will probably not make it over the threshold for when government is allowed to discriminate.'

As for the Oakland scheme Olson says that is more complex, adding: 'The issue that comes out is, is there state action?'

The Oakland Resilient Families program has so far raised \$6.75 million from private donors including Blue Meridian Partners, a national philanthropy group.

But is also being heavily promoted by the state.

Oakland's project is significant because it is one of the largest efforts in the U.S. so far, targeting up to 600 families. And it is the first program to limit participation strictly to Black, Indigenous and people of color communities.

The reason: White households in Oakland on average make about three times as much annually than black households, according to the Oakland Equity Index. It's also a nod to the legacy of the Black Panther Party, the political movement that was founded in Oakland in the 1960s.

The announcement in Oakland had already sparked an angry debate online, as hundreds of commentators on Reddit were critical of the move.

One commenter labeled it 'pure racism', asking: 'Is this even legal? Can a city government legally have a program that's only for certain races?'

Olson added: 'The legal controversy is only part of it. I think it's appropriate to have a controversy about what our mayors are getting into when they seem to put a city's endorsement behind these kinds of things.'

Max Ghenis, president of think tank the UBI Center, said: 'I do worry that something like this could be spun as something closer to reparations than [universal basic income].

'The polling is much stronger for semi-universal cash relief than it is for reparations. I think there's a political case and also an external validity case. If ultimately, we want to get to UBI, we need to see how more inclusive programs fare.'

The programs are the latest experiment with a 'guaranteed income,' an idea that giving poor people a set amount of money each month helps ease the stresses of poverty that often lead to poor health while hindering their ability to find full-time work.

The idea isn't new, but it's having a revival across the U.S. after some mayors launched small, temporary programs across the country in a coordinated campaign to convince Congress to adopt a national guaranteed income program.

The first program launched in 2019 in Stockton, California, led by former Mayor Michael Tubbs.

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Tubbs, who founded the group Mayors for a Guaranteed Income, has said about six similar programs in other cities should be up and running by the summer.

'We have designed this demonstration project to add to the body of evidence, and to begin this relentless campaign to adopt a guaranteed income federally,' Oakland Mayor Libby Schaaf said.

To be eligible in Oakland, people must have at least one child under 18 and income at or below 50% of the area median income — about \$59,000 per year for a family of three.

Half the spots are reserved for people who earn below 138% of the federal poverty level, or about \$30,000 per year for a family of three. Participants will be randomly selected from a pool of applicants who meet the eligibility requirements.

'Guaranteed income has been a goal of the Black Panther platform since its founding,' said Jesús Gerena, CEO of Family Independence Initiative, which is partnering with the program in Oakland.

'Direct investment in the community in response to systemic injustices isn't new.'

The idea of a guaranteed income dates to the 18th century.

The U.S. government experimented with it in the 1960s and 1970s when Republicans Donald Rumsfeld, later a defense secretary, and Dick Cheney, the future vice president, oversaw four programs across the country during the Nixon administration.

A history of universal basic income

The concept of a guaranteed income has its origins in the early 16th Century, with the publication of Utopia by Sir Thomas More, which depicted everyone in society receiving a guaranteed income.

Universal basic income (UBI) has been on the fringes of US government policy since the 1960s, when the Nixon Administration oversaw four programs across the country.

Studies concluded the money did not stop people from working, and Nixon, a Republican, recommended expanding the program. But the proposal failed to make it through Congress.

It gained attention again during the 2020 US Presidential election when Democratic candidate Andrew Yang campaigned on giving monthly \$1200 stimulus checks to every single American citizen.

Yang failed to win the nomination - losing to Joe Biden - and is now running to become New York Mayor.

Meanwhile, the UBI baton was taken up by the mayor of Stockton, Michael Stubbs, who succeeded in implementing a plan to give 125 residents of the California city a \$500 monthly check.

The program has been hailed a success, with one analysis showing it was an effective way to pull people out of poverty.

The cash transfer reduced income volatility, and most of it was spent on essentials like food, utilities and gas.

Those studies concluded the money did not stop people from working, causing Nixon to recommend expanding the program. But it never got through Congress.

Decades later, proponents are trying again, only this time it's led by progressive mayors. The program in Stockton, California, ended in February. An independent review found that after one year of getting the money, 40% of recipients had full-time jobs compared with 28% before the program started.

'The fact that mayors are piloting (guaranteed income programs), using political capital to raise capital to allow their constituents to have basic necessities, is a policy failure,' Tubbs said. 'It's an admission that we need to do more.'

It's unclear what a national guaranteed income program would look like. A proposal by former Democratic presidential candidate Andrew Yang could have cost \$2.8 trillion per year.

A form of guaranteed income could take effect for many parents this year as part of the latest federal stimulus package. Congress expanded the child tax credit, with the goal of giving many parents monthly payments of up to \$300 per month. Those payments are temporary.

In California, a proposal by Assemblyman Evan Low to give \$1,000 a month to adults with certain incomes could cost up to \$129 billion annually — more than half the state's total budget — paid for by a new 1% tax on incomes above \$2 million.

Low said that bill is unlikely to pass this year, but he said his goal is to get people comfortable with the idea.

'The initial shock seems to wear off the more people are educated and realize the benefits of having more control over their lives,' Low said.

Critics, including labor unions, worry such expensive programs could force the elimination of other safety net programs, like Social Security and food stamps. But Schaaf said she is unapologetic that 'the social safety net programs must remain.'

'We believe that those safety net programs should not go away, but should be supplemented with unconditional cash that gives families the dignity and flexibility to meet their needs,' she said.