



## **Universal basic income won't work at city-level: expert**

Brittany De Lea

July 18, 2018

Chicago is the latest city to consider testing universal basic income (UBI) – as a proposal for a pilot program gains support amongst city lawmakers – but the potential experiment is unlikely to produce any meaningful results, according to one expert.

“It’s virtually impossible to do it in a single city ... at least in any meaningful way,” Michael Tanner, a senior fellow at the Cato Institute, told FOX Business. “It’s beyond the fiscal capability of [Chicago].”

Universal basic income is a modern welfare scheme through which citizens are granted a consistent, livable income from the government, without condition.

One of the main problems, Tanner notes, is where a municipality is going to get the money to hand out the vouchers – which are expected to be valued at \$500 per month for 1,000 families in Chicago.

Higher-income individuals and businesses can choose to leave a city if they don’t want their taxes raised to contribute to the program. A program would also likely draw in willing participants at the same time that it weeds out would-be contributors, Tanner noted.

“You can’t redistribute something that doesn’t exist,” he said. “They will end up ... throwing a few bucks at people and pretending they’ve done something.

But Chicago isn’t the first U.S. city to express interest in the economic policy. Stockton, California, which declared bankruptcy in 2012, recently began testing universal basic income, giving \$500 each month to several dozen families in a year-long program. The project is largely being funded with private money.

Other California cities, including San Francisco, have expressed interest in similar programs.

“UBI is an interesting idea that has some support on both the left and right,” Tanner said. “[These cities are trying to] jumpstart that debate in some cases by proposing these small experiments, but the reality is they’re nothing more than a conversation starter.”

Tanner does think the theoretical case for UBI on a larger scale – as a replacement for the welfare system – is “very strong,” but notes that he has yet to see a proposal that would work on a practical level.

Finland announced in April that it would end its universal basic income test program, which was adopted in 2017. The country intended to give 2,000 randomly selected, unemployed citizens about \$670 each month for two years.