



Is This the Start of Government Guaranteed Income?

Daniel Stutter

May 28, 2021

The Federal government has issued three rounds of COVID “stimulus” checks and boosted unemployment benefits, first by \$600 and now \$300 per month. Is this the piecemeal start of a Universal Basic Income (UBI)?

Under a UBI (also called a basic income guarantee), the government pays all Americans every month, say \$1,000. Many would more than pay this back through taxes.

Although I am a small-government libertarian, a UBI is attractive as a replacement for all current government assistance programs. Michael Tanner of the Cato Institute counts over 120 means-tested programs spending around \$1 trillion, or over \$20,000 for every American below the poverty line. The assistance our current system delivers costs a lot.

The bureaucracies administering these 120+ programs contribute to this cost. Dispensing checks requires less labor than verifying recipients’ eligibility for housing assistance, energy assistance, food stamps, and other programs. Monitoring work requirements, which often amount to merely attending job training programs, is also costly. With a UBI, we could tax all income earned at a uniform rate. This would eliminate welfare cliffs, income levels where say, a \$1,000 increase in earnings reduces benefits by more than \$1,000; welfare cliffs provide massive work disincentives.

A UBI would treat recipients with more respect. Many programs involve paternalistic elements, like restrictions on spending food stamps. Parents or guardians receiving a minor child’s UBI would be responsible for caring for children.

Would enacting a UBI lead to elimination of abolishing all current welfare programs? Some liberals view a UBI as a generous supplement to the current array of programs. I do not like to prognosticate but see promise for a UBI only if it becomes our safety net.

The major drawback of a UBI is its likely impact on work. Numerous observers fear that super-charged unemployment benefits are undermining the work ethic. I view this slightly differently. A market economy requires that people accept the necessity of working for a living; everyone need not work extremely hard. Those choosing to surf most of the time must accept their relative poverty.

People accept working because they learn from childhood that this is how the world works. Children begin by learning that they must go to school every day. College lets young people delay joining the workforce.

Work contributes to a meaningful life in addition to providing access to material necessities and luxuries. Psychologists recognize humans need earned success. Arthur Brooks stresses work as an important source of earned accomplishment; he argues that accomplishment drives happiness more than money.

Additionally, economic progress, the division of labor, and automation create jobs that are rewarding. **John Tamny** writes, “the greatest gift of prosperity, beyond freedom from material want, is work that is engaging, absorbing, fulfilling – work that doesn’t *feel* like work.”

But let’s also be honest. Work often sucks. Work involves following the boss’s orders; you cannot always tell the boss to “Take This Job and Shove It.” (There’s a reason this song was a #1 hit.) Beyond annoyance, many jobs are physically demanding, noisy, stressful, and dangerous. Women have faced sexual harassment on the job.

Economic analysis shows that learning how to hold a job – e.g., not tell off your boss – is an important job skill. Employers can train workers, once they can hold a job, for more complicated and higher-paying positions.

Yet our society emphasizes personal satisfaction, so the necessity of working for a living creates tension. Consumer society prioritizes us getting the things we want. And yet, the need to work relegates the most enjoyable life activities – golf, tennis, hunting, fishing, traveling – to weekends, vacations, and retirement.

A UBI offers the prospect of life without the necessity of work. I suspect that even a modest guaranteed income will prove highly attractive to many. Government checks for all may be a Genie we will not easily get back into its bottle.