

Connecticut Debate Association

January 6, 2018

Stamford High School

Resolved: The US should institute a universal basic income.

Basic income

From Wikipedia, the free encyclopedia

A basic income (also called basic income guarantee, Citizen's Income, unconditional basic income, universal basic income (UBI), or universal demogrant) is a form of social security in which all citizens or residents of a country receive a regular, unconditional sum of money, either from a government or some other public institution, independent of any other income.[2][3][4] An unconditional income transfer that is considered insufficient to meet a person's basic needs (or below the poverty line), is sometimes called a partial basic income, while one at or greater than that level is sometimes called a full basic income.

Capitalism Has a Problem. Is Free Money the Answer?

The New York Times, By PETER S. GOODMAN, NOV. 15, 2017

LONDON — One need not be a card-carrying revolutionary to deduce that global capitalism has a problem.

In much of the world, angry workers denounce a shortage of jobs paying enough to support middle-class life. Economists puzzle over the fix for persistently weak wage growth, just as robots appear poised to replace millions of human workers. At the annual gathering of the global elite in the Swiss resort of Davos, billionaire finance chieftains debate how to make capitalism kinder to the masses to defuse populism.

Enter the universal basic income.

The idea is gaining traction in many countries as a proposal to soften the edges of capitalism. Though the details and philosophies vary from place to place, the general notion is that the government hands out regular checks to everyone, regardless of income or whether people are working. The money ensures food and shelter for all, while removing the stigma of public support.

Some posit basic income as a way to let market forces work their ruthless magic, delivering innovation and economic growth, while laying down a cushion for those who fail. Others present it as a means of liberating people from wretched, poverty-level jobs, allowing workers to organize for better conditions or devote time to artistic exploits. Another school sees it as the required response to an era in which work can no longer be relied upon to finance basic needs.

“We see the increasing precariousness of employment,” said Karl Widerquist, a philosopher at Georgetown University in Qatar, and a prominent advocate for a universal social safety net. “Basic income gives the worker the power to say, ‘Well, if Walmart’s not going to pay me enough, then I’m just not going to work there.’”

The universal basic income is clearly an idea with momentum. Early this year, Finland kicked off a two-year national experiment in basic income. In the United States, a trial was recently completed in Oakland, Calif., and another is about to launch in nearby Stockton, a community hard-hit by the Great Recession and the attendant epidemic in home foreclosures.

The Canadian province of Ontario is enrolling participants for a basic income trial. Several cities in the Netherlands are exploring what happens when they hand out cash grants unconditionally to people already receiving some form of public support. A similar test is underway in Barcelona, Spain.

A nonprofit organization, GiveDirectly, is proceeding with plans to provide universal cash grants in rural Kenya.

As a concept, basic income has been kicked around in various guises for centuries, gaining adherents across a strikingly broad swath of the ideological spectrum, from the English social philosopher Thomas More to the American revolutionary Thomas Paine.

The populist firebrand Louisiana governor Huey Long, the civil rights icon Martin Luther King Jr., and the laissez faire economist Milton Friedman would presumably agree on little, yet all advocated some version of basic income.

In a clear sign of its modern-day currency, the International Monetary Fund — not an institution prone to utopian dreaming — recently explored basic income as a potential salve for economic inequality.

Not everyone loves the idea. Conservatives fret that handing out money free of obligation will turn people into dole-dependent slackers.

In the American context, any talk of a truly universal form of basic income also collides with arithmetic. Give every American \$10,000 a year — a sum still below the poverty line for an individual — and the tab runs to \$3 trillion a year. That is about eight times what the United States now spends on social service programs. Conversation over.

Labor-oriented economists in the United States are especially wary of basic income, given that the American social safety programs have been significantly trimmed in recent decades, with welfare, unemployment benefits and food stamps all subject to a variety of restrictions. If basic income were to replace these components as one giant program — the proposal that would appeal to libertarians — it might beckon as a fat target for additional budget trimming.

“Tens of millions of poor people would likely end up worse off,” declared Robert Greenstein, president of the Center on Budget and Policy Priorities, a Washington-based research institution, in a recent blog post. “Were we starting from scratch — and were our political culture more like Western Europe’s — U.B.I. might be a real possibility. But that’s not the world we live in.”

And some advocates for working people dismiss basic income as a wrongheaded approach to the real problem of not enough quality paychecks.

“People want to work,” said the Nobel laureate economist Joseph E. Stiglitz when I asked him about basic income early this year. “They don’t want handouts.”

Yet some of the basic income experiments now underway are engineered precisely to encourage people to work while limiting their contact with public assistance.

Finland’s trial is giving jobless people the same amount of money they were already receiving in unemployment benefits, while relieving them of bureaucratic obligations. The bet is that people will use time now squandered submitting paperwork to train for better careers, start businesses, or take part-time jobs. Under the system the trial replaces, people living on benefits risk losing support if they secure other income.

In short, basic income is being advanced not as a license for Finns to laze in the sauna, but as a means of enhancing the forces of creative destruction so central to capitalism. As the logic goes, once sustenance is eliminated as a worry, weak companies can be shuttered without concern for those thrown out of work, freeing up capital and talent for more productive ventures.

The trials in the Netherlands, conducted at the municipal level, are similarly geared to paring bureaucracy from the unemployment system. Ditto, the Barcelona experiment.

Silicon Valley has embraced basic income as a crucial element in enabling the continued rollout of automation. While engineers pioneer ways to replace human laborers with robots, financiers focus on basic income as a replacement for paychecks.

The experiment in Stockton, Calif. — set to become the first city government to test basic income — is underwritten in part by an advocacy group known as the Economic Security Project, whose backers include the Facebook co-founder Chris Hughes. The trial is set to begin next year, with an undisclosed number of residents to receive \$500 a month.

The trial in Oakland was the work of Y Combinator, a start-up incubator. Its researchers handed out varying grants to a few dozen people as a simple feasibility test for basic income.

The next phase is far more ambitious. The Y Combinator researchers plan to distribute grants to 3,000 people with below-average incomes in two as-yet undisclosed American states. They will hand out \$1,000 a month to 1,000 people, no strings attached, and \$50 a month to the rest, allowing for comparisons in how recipients use the money, and what impact it has on their lives.

One key element of the basic income push is the assumption that poor people are better placed than bureaucrats to determine the most beneficial use of aid money. Rather than saddle recipients with complex rules and a dizzying array of programs, better to just give people money and let them sort out how to use it.

This is a central idea of GiveDirectly’s program in Kenya, where it began a pilot study last year in which it handed out small, unconditional cash grants — about \$22 a month — to residents of a single village. The program is now expanding its sights, with plans to hand out grants to some 16,000 people in 120 villages.

From a research standpoint, these remain early days for basic income, a time for experimentation and assessment before serious amounts of money may be devoted to a new model for public assistance.

Yet from a political standpoint, basic income appears to have found its moment, one delivered by the anxieties of the working poor combined with those of the wealthy, who see in widening inequality the potential for mobs wielding pitchforks.

“The interest is exploding everywhere,” said Guy Standing, a research associate at SOAS University of London. “The debates now are extraordinarily fertile.”

Revival of Universal Basic Income Proposal Ignores Needs of Labor Force

The Wall Street Journal, By Greg Ip, July 13, 2016 1:09 p.m. ET

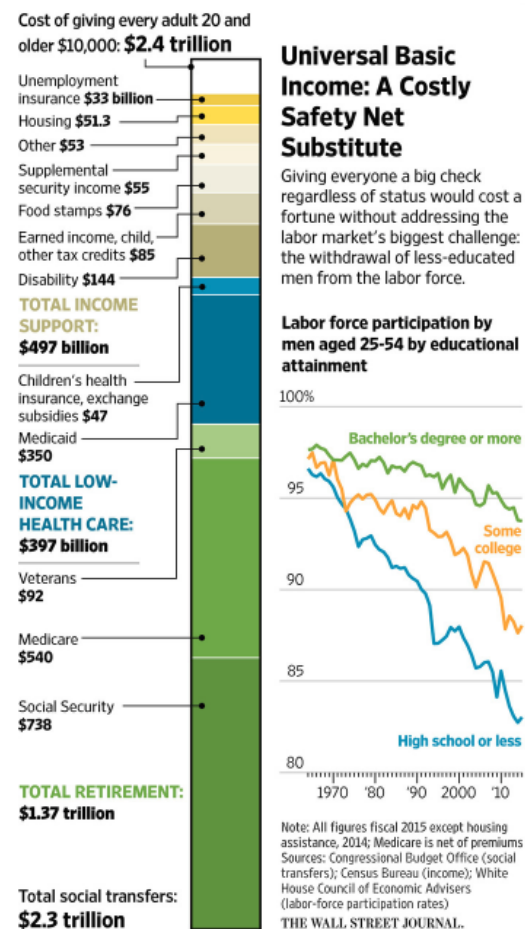
No-strings-attached benefit could worsen the problem of falling participation rate of prime-age men

Imagine you’re president and Congress gives you a huge chunk of money to spend as you wish. Instead of cutting taxes or splashing out more on health care, infrastructure and defense, why not send a check to every adult?

That’s the essence of universal basic income, a centuries-old idea now enjoying a revival across the political spectrum. Liberals see a cure for poverty that will be essential as robots and artificial intelligence vaporize jobs. Conservatives see an elegant, cost-effective replacement for a complex safety net crafted by nanny-state social engineers.

For all its superficial appeal, however, UBI—also called unconditional or guaranteed income—is a solution in search of a problem. It would consume scarce resources while ignoring the single biggest failing of the current safety net: the declining percentage of men in the prime of their life who work. A new benefit with no strings attached would do nothing to fix the problem, and could in fact make it worse.

Proposals to guarantee everyone enough money for the necessities in life date can be found in the writings of Sir Thomas More in the 1500s. Thomas Paine proposed such a scheme in 1795. The U.S. federal government sponsored several pilot projects from 1968 to 1982, but early research—not all of which has held up since—suggested they discouraged both marriage and work. Richard Nixon proposed a “family assistance plan” to provide a poor family with a basic federal payment, but it didn’t pass Congress. Now, Finland and the Canadian province of Ontario both have pilot projects in the works; Swiss voters rejected one in a referendum in June.



Proposals over the decades vary widely; some would replace the current safety net, some would supplement it. Some would send a check to everyone, others only to the poor. Some would pay individuals, others, families. The more comprehensive the plan, the higher the price tag. To send every American adult \$10,000 a year would cost \$2.4 trillion, or 13% of gross domestic product. Junking the current safety net wouldn’t come close to paying for this: Scrapping income support for the poor, disabled and unemployed would save just \$500 billion. Get rid of health care for the poor (mostly Medicaid), and the savings rise to only \$900 billion. Getting rid of Medicare and Social Security would balance the costs, but that would leave the average retiree considerably worse off—politically (and ethically) a nonstarter.

There are two ways to reduce the cost, but both weaken the appeal. First, shrink the payment. To ensure everyone, including the rich and middle class, receive a check, many poor families would receive less than they do now, deepening poverty. Second, phase out benefits as income rises. But then the income is no longer universal and the recipient’s effective marginal tax rate goes up, a disincentive to work. That’s precisely one of the flaws in the current safety net UBI is supposed to eliminate.

Thus, a true UBI would require much higher taxes or a much bigger deficit. Is UBI necessary to cope with the coming wave of layoffs due to robots? That misconstrues the threat. Technologically-driven job destruction has been going on for decades, and has fallen disproportionately on the less-skilled.

The challenge is starkly illustrated by a recent report from the White House Council of Economic Advisers. It notes the share of prime-age men (i.e. 25 to 54 years old) either working or looking for work—the participation rate—has fallen from 97% in the 1960s to 88%. For men with just a high school diploma or less, it’s now

83%. With aging already a serious drag on long-term economic growth, the U.S. can’t afford to lose the equivalent of 5 million workers.

Why aren't they working? Jason Furman, chairman of the council, suggests that multiple forces, including globalization, automation, and incarceration (many jobs are closed to ex-convicts) has reduced demand for low-skilled workers. What employers will pay for unskilled labor is below what economists refer to as the "reservation wage": Some workers simply won't work for so little money.

What's the solution? If outside forces are depressing low-skilled wages, that strengthens the case for subsidizing those wages so that they will work for what employers can pay. This can be done by expanding the earned-income tax credit, which tops up poor worker's salaries, and wage insurance, which pays a laid-off worker to accept a lower-paying job. This can't be done through UBI, which is paid regardless of whether the recipient works, and, according to some studies, encourages some recipients to quit.

To advocates, UBI is appealing precisely because it's unconditional. It cleanses government assistance of its behavioral-modification stigma. Yet in a world of limited resources, taxpayers have a right to expect their money go toward the social goals that matter most. UBI fails that test.

A Guaranteed Income for Every American

The Wall Street Journal, By Charles Murray, June 3, 2016 11:59 a.m. ET

Replacing the welfare state with an annual grant is the best way to cope with a radically changing U.S. jobs market—and to revitalize America's civic culture

When people learn that I want to replace the welfare state with a universal basic income, or UBI, the response I almost always get goes something like this: "But people will just use it to live off the rest of us!" "People will waste their lives!" Or, as they would have put it in a bygone age, a guaranteed income will foster idleness and vice. I see it differently. I think that a UBI is our only hope to deal with a coming labor market unlike any in human history and that it represents our best hope to revitalize American civil society.

The great free-market economist Milton Friedman originated the idea of a guaranteed income just after World War II. An experiment using a bastardized version of his "negative income tax" was tried in the 1970s, with disappointing results. But as transfer payments continued to soar while the poverty rate remained stuck at more than 10% of the population, the appeal of a guaranteed income persisted: If you want to end poverty, just give people money. As of 2016, the UBI has become a live policy option. Finland is planning a pilot project for a UBI next year, and Switzerland is voting this weekend on a referendum to install a UBI.

The UBI has brought together odd bedfellows. Its advocates on the left see it as a move toward social justice; its libertarian supporters (like Friedman) see it as the least damaging way for the government to transfer wealth from some citizens to others. Either way, the UBI is an idea whose time has finally come, but it has to be done right.

First, my big caveat: A UBI will do the good things I claim only if it replaces all other transfer payments and the bureaucracies that oversee them. If the guaranteed income is an add-on to the existing system, it will be as destructive as its critics fear.

Second, the system has to be designed with certain key features. In my version, every American citizen age 21 and older would get a \$13,000 annual grant deposited electronically into a bank account in monthly installments. Three thousand dollars must be used for health insurance (a complicated provision I won't try to explain here), leaving every adult with \$10,000 in disposable annual income for the rest of their lives.

People can make up to \$30,000 in earned income without losing a penny of the grant. After \$30,000, a graduated surtax reimburses part of the grant, which would drop to \$6,500 (but no lower) when an individual reaches \$60,000 of earned income. Why should people making good incomes retain any part of the UBI? Because they will be losing Social Security and Medicare, and they need to be compensated.

The UBI is to be financed by getting rid of Social Security, Medicare, Medicaid, food stamps, Supplemental Security Income, housing subsidies, welfare for single women and every other kind of welfare and social-services program, as well as agricultural subsidies and corporate welfare. As of 2014, the annual cost of a UBI would have been about \$200 billion cheaper than the current system. By 2020, it would be nearly a trillion dollars cheaper.

Finally, an acknowledgment: Yes, some people will idle away their lives under my UBI plan. But that is already a problem. As of 2015, the Current Population Survey tells us that 18% of unmarried males and 23% of unmarried women ages 25 through 54—people of prime working age—weren't even in the labor force. Just about all of them were already living off other people's money. The question isn't whether a UBI will discourage work, but whether it will make the existing problem significantly worse.

Some people who would otherwise work will surely drop out of the labor force under the UBI, but others who are now on welfare or disability will enter the labor force.

Some people who would otherwise work will surely drop out of the labor force under the UBI, but others who are now on welfare or disability will enter the labor force. PHOTO: GETTY IMAGES

I don't think it would. Under the current system, taking a job makes you ineligible for many welfare benefits or makes them subject to extremely high marginal tax rates. Under my version of the UBI, taking a job is pure profit with no downside until you reach \$30,000—at which point you're bringing home way too much (\$40,000 net) to be deterred from work by the imposition of a surtax.

Some people who would otherwise work will surely drop out of the labor force under the UBI, but others who are now on welfare or disability will enter the labor force. It is prudent to assume that net voluntary dropout from the labor force will increase, but there is no reason to think that it will be large enough to make the UBI unworkable.

Involuntary dropout from the labor force is another matter, which brings me to a key point: We are approaching a labor market in which entire trades and professions will be mere shadows of what they once were. I'm familiar with the retort: People have been worried about technology destroying jobs since the Luddites, and they have always been wrong. But the case for "this time is different" has a lot going for it.

When cars and trucks started to displace horse-drawn vehicles, it didn't take much imagination to see that jobs for drivers would replace jobs lost for teamsters, and that car mechanics would be in demand even as jobs for stable boys vanished. It takes a better imagination than mine to come up with new blue-collar occupations that will replace more than a fraction of the jobs (now numbering 4 million) that taxi drivers and truck drivers will lose when driverless vehicles take over. Advances in 3-D printing and "contour craft" technology will put at risk the jobs of many of the 14 million people now employed in production and construction.

The list goes on, and it also includes millions of white-collar jobs formerly thought to be safe. For decades, progress in artificial intelligence lagged behind the hype. In the past few years, AI has come of age. Last spring, for example, a computer program defeated a grandmaster in the classic Asian board game of Go a decade sooner than had been expected. It wasn't done by software written to play Go but by software that taught itself to play—a landmark advance. Future generations of college graduates should take note.

Exactly how bad is the job situation going to be? An Organization for Economic Cooperation and Development study concluded that 9% of American jobs are at risk. Two Oxford scholars estimate that as many as 47% of American jobs are at risk. Even the optimistic scenario portends a serious problem. Whatever the case, it will need to be possible, within a few decades, for a life well lived in the U.S. not to involve a job as traditionally defined. A UBI will be an essential part of the transition to that unprecedented world.

The good news is that a well-designed UBI can do much more than help us to cope with disaster. It also could provide an invaluable benefit: injecting new resources and new energy into an American civic culture that has historically been one of our greatest assets but that has deteriorated alarmingly in recent decades.

A key feature of American exceptionalism has been the propensity of Americans to create voluntary organizations for dealing with local problems. Tocqueville was just one of the early European observers who marveled at this phenomenon in the 19th and early 20th centuries. By the time the New Deal began, American associations for providing mutual assistance and aiding the poor involved broad networks, engaging people from the top to the bottom of society, spontaneously formed by ordinary citizens.

These groups provided sophisticated and effective social services and social insurance of every sort, not just in rural towns or small cities but also in the largest and most impersonal of megalopolises. To get a sense of how extensive these networks were, consider this: When one small Midwestern state, Iowa, mounted a food-conservation program during World War I, it engaged the participation of 2,873 church congregations and 9,630 chapters of 31 different secular fraternal associations.

Did these networks successfully deal with all the human needs of their day? No. But that isn't the right question. In that era, the U.S. had just a fraction of today's national wealth. The correct question is: What if the same level of activity went into civil society's efforts to deal with today's needs—and financed with today's wealth?

The advent of the New Deal and then of President Lyndon Johnson's Great Society displaced many of the most ambitious voluntary efforts to deal with the needs of the poor. It was a predictable response. Why continue to contribute to a private program to feed the hungry when the government is spending billions of dollars on food stamps and nutrition programs? Why continue the mutual insurance program of your fraternal organization once Social Security is installed? Voluntary organizations continued to thrive, but most of them turned to needs less subject to crowding out by the federal government.

This was a bad trade, in my view. Government agencies are the worst of all mechanisms for dealing with human needs. They are necessarily bound by rules applied uniformly to people who have the same problems on paper but who will respond differently to different forms of help. Whether religious or secular, nongovernmental organization are

inherently better able to tailor their services to local conditions and individual cases.

Under my UBI plan, the entire bureaucratic apparatus of government social workers would disappear, but Americans would still possess their historic sympathy and social concern. And the wealth in private hands would be greater than ever before. It is no pipe dream to imagine the restoration, on an unprecedented scale, of a great American tradition of voluntary efforts to meet human needs. It is how Americans, left to themselves, have always responded. Figuratively, and perhaps literally, it is in our DNA.

Regardless of what voluntary agencies do (or fail to do), nobody will starve in the streets. Everybody will know that, even if they can't find any job at all, they can live a decent existence if they are cooperative enough to pool their grants with one or two other people. The social isolates who don't cooperate will also be getting their own monthly deposit of \$833.

Some people will still behave irresponsibly and be in need before that deposit arrives, but the UBI will radically change the social framework within which they seek help: Everybody will know that everybody else has an income stream. It will be possible to say to the irresponsible what can't be said now: "We won't let you starve before you get your next deposit, but it's time for you to get your act together. Don't try to tell us you're helpless, because we know you aren't."

The known presence of an income stream would transform a wide range of social and personal interactions. The unemployed guy living with his girlfriend will be told that he has to start paying part of the rent or move out, changing the dynamics of their relationship for the better. The guy who does have a low-income job can think about marriage differently if his new family's income will be at least \$35,000 a year instead of just his own earned \$15,000.

Or consider the unemployed young man who fathers a child. Today, society is unable to make him shoulder responsibility. Under a UBI, a judge could order part of his monthly grant to be extracted for child support before he ever sees it. The lesson wouldn't be lost on his male friends.

Or consider teenage girls from poor neighborhoods who have friends turning 21. They watch—and learn—as some of their older friends use their new monthly income to rent their own apartments, buy nice clothes or pay for tuition, while others have to use the money to pay for diapers and baby food, still living with their mothers because they need help with day care.

These are just a few possible scenarios, but multiply the effects of such interactions by the millions of times they would occur throughout the nation every day. The availability of a guaranteed income wouldn't relieve individuals of responsibility for the consequences of their actions. It would instead, paradoxically, impose responsibilities that didn't exist before, which would be a good thing.

Emphasizing the ways in which a UBI would encourage people to make better life choices still doesn't do justice to its wider likely benefits. A powerful critique of the current system is that the most disadvantaged people in America have no reason to think that they can be anything else. They are poorly educated, without job skills, and live in neighborhoods where prospects are bleak. Their quest for dignity and self-respect often takes the form of trying to beat the system.

The more fortunate members of society may see such people as obstinately refusing to take advantage of the opportunities that exist. But when seen from the perspective of the man who has never held a job or the woman who wants a stable family life, those opportunities look fraudulent.

My version of a UBI would do nothing to stage-manage their lives. In place of little bundles of benefits to be used as a bureaucracy specifies, they would get \$10,000 a year to use as they wish. It wouldn't be charity—every citizen who has turned 21 gets the same thing, deposited monthly into that most respectable of possessions, a bank account.

A UBI would present the most disadvantaged among us with an open road to the middle class if they put their minds to it. It would say to people who have never had reason to believe it before: "Your future is in your hands." And that would be the truth.

Mr. Murray is the W.H. Brady Scholar at the American Enterprise Institute. His book advocating a universal basic income, "In Our Hands: A Plan to Replace the Welfare State," was first published by AEI in 2006. A revised edition will be out later this month.

Why a Universal Basic Income Would Be a Calamity

The Wall Street Journal, By Dan Nidess, Aug. 10, 2017 6:19 p.m. ET

How long before the elites decide the unemployed underclass shouldn't have the right to vote?

Leading voices in the tech industry—from Mark Zuckerberg to Sam Altman—are warning that increased automation risks leaving an unprecedented number of Americans permanently unemployed. In response, many concerned Silicon Valley luminaries have called for a universal basic income, or UBI. Guaranteed income from the government may seem

like the easiest way to address long-term unemployment, but UBI fixes only the narrowest and most quantifiable problem joblessness causes: lack of a reliable income. It completely ignores, and may exacerbate, the larger complications of mass unemployment.

Finland has been testing a basic income for 2,000 of its unemployed citizens since January, and UBI proponents say the Nordic country is providing an example for the U.S. It will be interesting to see the Finnish results, but Americans shouldn't read too much into the outcome of a small-scale, early-stage trial. Look instead to Saudi Arabia, which for decades has attempted the wholesale replacement of work with government subsidies. Perhaps more than half of all Saudis are unemployed and not seeking work. They live off payments funded by the country's oil wealth.

And what has Saudi Arabia's de facto UBI created? A population deeply resistant to work. Efforts by the Saudi government to diversify the economy have been hamstrung by the difficulty of getting Saudis to trade in their free income willingly for paid labor. Regular citizens lack dignity while the royal family lives a life of luxury. The technocratic elite has embraced relatively liberal values at odds with much of the society's conservatism. These divisions have made the country a fertile recruiting ground for extremists.

It's true that Saudi Arabia has a host of other social problems. For one, it is ruled by a hereditary monarchy and a strictly enforced set of religious laws. Yet the widespread economic disempowerment of its population has made it that much harder for the kingdom to address its other issues. Don't expect the U.S. to fare any better if divided into "productive" and "unproductive" classes.

At the heart of a functioning democratic society is a social contract built on the independence and equality of individuals. Casually accepting the mass unemployment of a large part of the country and viewing those people as burdens would undermine this social contract, as millions of Americans become dependent on the government and the taxpaying elite. It would also create a structural division of society that would destroy any pretense of equality.

UBI supporters would counter that their system would free people to pursue self-improvement and to take risks. America's experience over the past couple of decades suggests that the opposite is more likely. Labor Department data show that at the end of June the U.S. had 6.2 million vacant jobs. Millions of skilled manufacturing and cybersecurity jobs will go unfilled in the coming years.

This problem stems from a lack of skilled workers. While better retraining programs are necessary, too many of the unemployed, or underemployed, lack the motivation to learn new skills. Increasingly, young unemployed men are perfectly content to stay at home playing videogames.

UBI would also weaken American democracy. How long before the well-educated, technocratic elites come to believe the unemployed underclass should no longer have the right to vote? Will the "useless class" react with gratitude for the handout and admiration for the increasingly divergent culture and values of the "productive class"? If Donald Trump's election, and the elites' reactions, are any indication, the opposite is likelier.

Rapid technological advancement is already presenting American workers with unprecedented difficulties. Facing this challenge is going to require creative approaches from the government and the private economy. UBI is a noble attempt. Perhaps it could work as only a supplement to earned income. But as currently envisioned, UBI addresses the material needs of citizens while undermining their aspirations.

In the same Harvard commencement speech in which Mr. Zuckerberg called for a basic income, he also spent significant time talking about the need for purpose. But purpose can't be manufactured, nor can it be given out alongside a government subsidy. It comes from having deep-seated responsibility—to yourself, your family and society as a whole.

Silicon Valley's leading innovators should understand this better than anybody. In an era when civic participation in all forms is falling, employment is for many the last great equalizer. It is worth preserving.

Mr. Nidess is a writer in San Francisco.

Zuckerberg's Opiate for the Masses

The Wall Street Journal, By Andy Kessler, June 18, 2017 5:38 p.m. ET

If we get 'universal basic income,' the millennials will never leave our basements.

At Harvard's commencement last month, dropout Mark Zuckerberg told eager graduates to create a new social contract for their generation: "We should have a society that measures progress not just by economic metrics like GDP, but by how many of us have a role we find meaningful." He then said to applause: "We should explore ideas like universal basic income to give everyone a cushion to try new things." Who wouldn't like three grand a month?

Having the government provide citizens with a universal basic income is the most bankrupt idea since socialism, but others in Silicon Valley still have been proselytizing money for nothing. "There will be fewer and fewer jobs that a

robot cannot do better,” Tesla CEO Elon Musk said at the World Government Summit in Dubai earlier this year. “I think some kind of universal basic income is going to be necessary.”

Robert Reich, President Clinton’s labor secretary, summed up the wrongheaded thinking a few months ago: “We will get to a point, all our societies, where technology is displacing so many jobs, not just menial jobs but also professional jobs, that we’re going to have to take seriously the notion of a universal basic income.”

This is a false premise. All through history, automation has created more jobs than it destroyed. Washboards and wringers were replaced by increasingly inexpensive washing machines, while more women entered the workforce. Automated manufacturing and one-click buying has upended retail, yet throughout the U.S. millions of jobs go unfilled. With Amazon’s proposed purchase of Whole Foods, the online giant is primed finally to bring efficiency to the last mile of grocery shopping—but don’t count on all grocery jobs to disappear.

The economics, which they apparently stopped teaching at Harvard, are straightforward: Lowering the cost of goods and services through automation allows capital—financial and human—to attack even harder problems. Wake me up when we run out of problems.

These kinds of predictions aren’t new, and they’ve been wrong almost always. In 1930 John Maynard Keynes envisioned that his grandchildren would have a 15-hour workweek. Sam Altman, who runs the startup incubator Y Combinator, dabbles in similarly bold but meaningless statements. “We think everyone should have enough money to meet their basic needs—no matter what, especially if there are enough resources to make it possible,” he wrote last year, while admitting he has no idea “how it should look or how to pay for it.”

Where to begin? First, the cost of a universal basic income would make free college for everyone look like austerity. The cost of anything the government touches tends to increase well faster than inflation—education, health care, housing. Price signals get distorted, but since Uncle Sam is paying, no one seems to care. Anyway, why stop at \$3,000 a month? Why not \$4,000 a month or \$40,000? Everyone deserves a MacArthur genius grant!

If last year’s presidential election proved anything, it’s that people want jobs, not handouts. The education system needs reform, but there are already two billion mobile classrooms built into smartphones world-wide. Paying people not to work means you’ll never get them back into the workforce. Why would you want to work when you can bang on a drum all day?

The U.S. is already turning European—I really think so. Remember the Obama administration’s “Life of Julia,” which glorified the nanny state? Every year more Democrats push single-payer health care because competition is deemed too messy. The safety net now has a safety net. These are all on the riverbank of paying people not to work. Universal basic income would be the final drowning of capitalism.

Many Americans really do need help, and no one should be dying in the streets. But why create an entire class of freeloaders out of people who otherwise wouldn’t have sought handouts?

The bigger question is why all these Silicon Valley bigwigs are intent on giving away other people’s money. Perhaps it’s a misplaced sense of shame for their riches. Worse, some believe they are chosen to carry society on their backs while the teeming masses can be paid to idle along. Well, as long as they download the latest apps and are given enough to pay for wireless internet and an iPhone upgrade every few years. Facebook and videogames are already huge mind sinks. Add Mr. Musk’s Neuralink direct brain interface and no one will ever get off the couch.

Most millennials are hardworking and motivated, but have you noticed that the talk of universal basic income comes just as marijuana legalization is making more gains than ever? It’s already been legalized for recreational use in eight states and for medicinal purposes in 29. Universal basic income, combined with legal weed, could ruin an entire generation. We’ll never get them out of our collective basements. Thanks, Zuck.

Mr. Kessler writes on technology and markets for the Journal.

Giving Every Child a Monthly Check for an Even Start

The New York Times, Eduardo Porter, ECONOMIC SCENE, OCT. 18, 2016

How can it be that the United States spends so much money fighting poverty and still suffers one of the highest child poverty rates among advanced nations?

One in five American children is poor by the count of LIS, a data archive tracking well-being and deprivation around the world. By international standards that set the poverty line at one-half the income of families on the middle rung of the income ladder, the United States tolerated more child poverty in 2012 than 30 of the 35 countries in the Organization for Economic Cooperation and Development, a grouping of advanced industrialized nations.

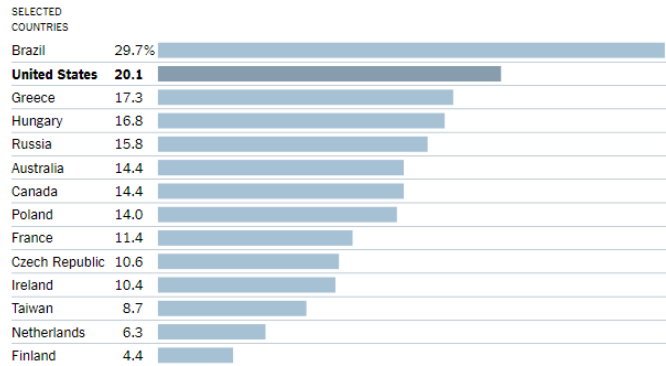
The percentage of children who are poor is more than three times as high in the United States as it is in Norway or the Netherlands. America has a larger proportion of poor children than Russia.

So what’s going on? We may spend a lot of money, but we don’t spend it well. It turns out that the most generous federal programs for families with children barely help the nation’s unluckiest children. Rather, they generally push money to their counterparts higher up the ladder of well-being.

Living in Poverty

The United States tolerates one of the highest rates of child poverty in the industrialized world.

Percentage of children living in poor households (households earning half the median income or less).



Note: Data is from latest year available: 2013 in most cases, except Hungary (2012), and Greece, Australia, Canada, France, Czech Republic, Ireland and Netherlands (2010).

Source: LIS

By The New York Times

The child tax deduction — which allows families to exclude \$4,000 a child from their taxable income — avoids the poor almost entirely. Just over 1 percent of the \$40 billion it costs the federal budget every year flows to the poorest fifth of the population. That works out to an average benefit of \$10 a poor family, according to calculations by the nonpartisan Tax Policy Center.

The \$58 billion child tax credit that reduces a tax bill by \$1,000 a child is more progressive. But families in the bottom fifth get only a tenth of the money, each receiving an average of \$120 a year. To be sure, tax credits make a difference for many poor families, cutting the child poverty rate by almost a third, according to the Census Bureau’s new Supplemental Poverty Measure, which considers the effect of taxes and transfers on poverty. Still, children whose parents don’t work are left to rely mostly on food stamps. The

American safety net has little else to offer. But perhaps this is poor children’s lucky year.

Hillary Clinton, who, according to most polls, will be the next American president, unveiled a set of programs last week to help families with children.

She proposed to double the child tax credit to \$2,000 for each child up to the age of 4 and to restructure the benefit so more of it flows to very-low-income families. Today, the credit is worth only \$300 to a mother of two who earns \$5,000 a year. Under Mrs. Clinton’s proposal, it could be worth \$2,250.

According to the Center for Budget and Policy Priorities, a left-leaning policy research center, Mrs. Clinton’s proposals could lift 1.5 million people out of poverty.

It is not a bad start. But there is an opportunity for even bolder action. Why not get rid of the child tax credit and the child deduction entirely, and instead provide a monthly check of \$250 for every child in the country, to guarantee a minimum level of well-being?

“This is an old idea whose time has come,” said Timothy Smeeding, a professor at the University of Wisconsin, Madison, who directed the Institute for Research on Poverty there from 2008 to 2014. Daniel P. Moynihan, who advised former President Richard Nixon and was a Democratic senator from New York, actively supported this idea. So did Milton Friedman, the guru of conservative economic thinking from the 1960s through the 1980s.

Now the idea is being pitched in a forthcoming article for the Russell Sage Foundation by nine experts on poverty and child well-being including Luke Shaefer from the University of Michigan, Jane Waldfogel from Columbia University and Professor Smeeding.

The proposal rows against the flow of American policy over the last few decades. The benefit would be universal, like Social Security, rather than aimed at low-income families alone. And it would decouple government assistance from work, a sharp departure from the track followed since the welfare reform of the 1990s, when cash assistance was replaced with tax credits.

It offers a better deal than Mrs. Clinton’s for the poorest families. But more important, it also points the way to rethinking the nation’s antipoverty strategy, which allows far too many Americans to fall through the cracks.

And it could be a first step to guarantee a modicum of well-being to America’s most vulnerable citizens, building a floor below which no one is allowed to fall. That is one of the hallmarks of just about every other advanced nation.

“We might be coming into a moment where there could be some common-sense policy changes,” Professor Shaefer said. “There is a policy window that wasn’t open a year or two years ago.”

Austria, Britain, Canada, Denmark, Finland, France, Germany, Ireland, Luxembourg, the Netherlands, Norway and Sweden all already have some sort of child allowance. In Germany, the benefit for a family with two children adds up to \$5,600 a year. In Canada, it is worth \$4,935 per child under 6, and \$4,164 for children ages 6 to 17.

Providing \$250 a month a child — or \$3,000 a year — “puts us in the ballpark of where our peer countries are,” Professor Waldfogel said. Provided monthly, rather than annually in a lump sum at tax time as current tax credits are delivered, it would be easier to manage. According to the researchers, it would cut child poverty by over 40 percent and deep poverty by half.

It is not even that expensive.

Critics will argue that a universal child benefit squanders money on parents who don't need it. Yet many struggling middle-income families could do with the help. For taxpayers in higher brackets, a significant chunk of the benefit would be taxed away, returning it to the Treasury. Best of all, a universal program would avoid the bad incentives of targeted credits, which discourage work because they are phased out as parents' earnings rise.

Eliminating the current tax exemptions would pay for much of it. Professor Shaefer and his colleagues estimate that at \$250 a month a child (they also offer a few other options), their proposal would cost a little over \$190 billion a year. Over half of that could be covered by dropping the child tax credit and the tax deduction, leaving a net price tag of about \$90 billion, or about half of 1 percent of the nation's gross domestic product. That's only about \$30 billion more than Americans spend on pets.

I know, I know. This kind of policy talk sounds crazy in the midst of an election campaign consumed by reports of sexual assault and outlandish accusations of voter fraud. Even after the election, I suspect Hillary Clinton, a cautious politician, would balk at trying to persuade Congress to approve a \$90 billion price tag for such a plan.

And yet the case to help all children start life with equal support from society is powerful. Child poverty is perhaps the United States' most painful failure. The Russell Sage Foundation authors are pointing to a way not just to tinker with the problem, but to start fixing it.
