Unconditional Basic Income

PPE Capstone

UBI: What Is It?

An *unconditional basic income* is a government grant paid at regular intervals, which:

(1) is not restricted to only those who are willing to work (*work-tested*);

(2) is not restricted to only those who fail to derive a sufficient income from other sources (*means-tested*);

(3) is given irrespective of household situation;

(4) does not vary with the place of residence.

A UBI is both *universal* (the same amount is given to everyone) and *unconditional*.

Arguments Supporting UBI

1. *Van Parijs' "Real Freedom For All" Argument.* According to Van Paris, a society is just only if it satisfies the following three conditions:

   (a) There is a well enforced structure of rights (*security condition*);
   (b) This structure is such that each person owns herself (*self-ownership constraint*);
   (c) This structure is such that each person has the greatest possible opportunity to do whatever she might want to do (*leximin opportunity condition*).

   In order to satisfy condition (c), we must provide the highest unconditional income for all (consistent with security and self-ownership).

2. *Sufficientarian Argument.* There is a certain baseline that, if we can, we shouldn't allow anyone to fall below. If it's possible for us to do so, we should eliminate poverty. UBI is the best way to eliminate poverty. Therefore, we should institute UBI.

3. *"The Robots Are Coming" Argument.* Automation will leave very many people without jobs. Employment opportunities will become scarce. That would be really bad for those people, ultimately really bad for the rest of us, and unfair. UBI is the best way to mitigate this problem.

The proposal goes by many different names: universal basic income (UBI), basic income guarantee (BIG), demogrant, mincome, social wage, etc. Presidential hopeful Andrew Yang calls his version "The Freedom Dividend". The proposal is closely related to libertarian economist Milton Friedman's *negative income tax*.

Who is "everyone" though? Only citizens, or all residents? Only adults, or children too?

Condition (c) means that "the person with least opportunities has opportunities that are no smaller than those enjoyed by the person with the least opportunities under any other feasible arrangement" (467). The condition is analogous to Rawls' *Difference Principle*.

Each of these arguments makes two claims. The first claim is one about how the world *should* be. The second claim is the UBI is the *best* way of making the world that way. Let's focus on this second claim.

Why UBI?

Why support UBI over other social welfare programs?

Social Welfare Programs: SNAP, TANF, CHIP, Section 8, EITC, WIC, SSDI, …

1. Lower administrative costs.
2. Avoids "poverty trap" caused by "welfare cliffs".
3. Less paternalistic.

Some argue that, if UBI replaces rather than supplements current welfare programs, it won't be as expensive, it won't provide perverse incentives, and it won't treat recipients paternalistically.

Some questions to keep in mind.

Q1: Why not means-test it? Isn't it silly to give money to those who clearly don't need it?

Q2: Why not work-test it? Is it unfair to give money to people who aren't willing to even try to work? Plus, if you are guaranteed money for nothing, why would anyone choose to work?

Arguments Against UBI

1. It will have bad consequences.

   (a) Providing a UBI will empower workers at the expense of their (potential) employers. This will make running a business less profitable. Businesses will go elsewhere.

   (b) Providing a UBI will involve raising taxes on high-earners. With less to gain, high-earners will become less productive.

   (c) Providing a UBI will undermine the incentive for people to work. This will be bad for the productivity of the economy but also, because work brings meaning to our lives, it will be bad for those who choose to foregoing working.

2. It is unfair.

   (a) By accepting a share of the social product, you agree to a norm of cooperation. People who take without being willing to try to give something in return are violating that norm. Free-loaders exploit the rest of us. UBI incentives people to free-load.

2(a) is a complaint against the fact that UBI isn't work-tested.

   (b) UBI involves redistributing (via taxation) resources from the rich to the poor. Even if UBI is least objectionable way of doing this (e.g., most cost effective, least paternalistic, etc.), it is always wrong for the government to take from some to give to others.

2(b) is a complaint against all redistributive programs in general.