

A Case for the Universal Basic Income

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Poverty and Inequality in the United States

Poverty in the United States is outrageous, especially considering the amount of wealth we have. Income distribution is absurdly unequal, leaving many Americans, especially children, impoverished. In 1998, the lowest-income fifth of American households received an average of only \$9,223 while the top fifth averaged \$127,529 in annual income. Furthermore, while the bottom fifth received only 3.6 percent of all cash income reported to the Census Bureau, the top fifth received almost one half, 49.2 percent¹. Currently, the top 2.7 million people have as much income as the bottom 100 million people². Overall, the United States has the most unequal income distribution of any Western industrialized country³. Clearly, this needs to change. Currently, 11.3 percent of our entire population lives in poverty. A country as wealthy as America should not have 11.6 million children, 16.2 percent of the entire population of children, living in poverty⁴.

Many people view this outrageous income gap as fair. People tend to think that those who are amongst the lowest-income fifth are poor because of their own behavior. Many think that the poor are simply lazy and have every opportunity to escape poverty; they simply choose not to. That is not the case. The majority of the poor do not want to be poor. They try to work. They try to escape their terrible living conditions. Unfortunately, until we provide adequate means, the impoverished will be stuck in

¹Page, Benjamin J. and James R. Simmons. *What Government Can Do: Dealing with Poverty and Inequality*. (Chicago: University of Chicago Press, 2000), 27.

²Greenstein, Robert and Isaac Shapiro, "The Widening Income Gulf", issued by the Center on Budget and Policy Priorities, September 1999, <<http://www.cbpp.org/9-4-99tax.htm>> (April 5, 2002).

³Handler, Joel F. and Yeheskel Hasenfeld. *We the Poor People: Work, Poverty, & Welfare*. (New Haven, Ct.: Yale University Press, 1997), 13.

⁴Data retrieved from the US Bureau of the Census website <[U.S. Bureau of the Census](http://www.census.gov)>

poverty no matter how hard they try. In the late 1990's, for example, approximately 15 percent of unskilled workers who actively sought work were unsuccessful⁵.

Furthermore, low-wage earnings are not sufficient to lift people, and especially families, out of poverty. For example, of the 40 million impoverished people in 1993, 8.2 million of them worked at least some time during that year⁶. Currently, over 14 million people in the United States are members of working poor families and 70 percent of poor families with children in the U.S. have at least one person who works⁷. In the mid-90s, 60 percent of all less-skilled single adults worked and remained below the poverty line⁸.

Obviously, working is not enough, even when considering the Earned Income Tax Credit (EITC). EITC supplements earnings through tax reductions or, if a family does not owe any taxes, through a refundable tax credit. For example, in 1996, the EITC rate for a family with two or more children could have been as much as 40 percent of its earnings. Thus, a mother with two or more children, who worked full-time, year round at minimum wage earned \$8,500 and received \$3,370 through EITC, pushing the family to just about the poverty line⁹. The poverty line was \$11,900 for a family of three and \$15,000 for a family of four in the mid-90s¹⁰. Overall, EITC acts as an assistance program for low-wage, year-round workers, lifting many families and single adults out of extreme poverty. Earned income tax credit does have some drawbacks, such as a work disincentive. As earnings increase, benefit dollars decrease until the income cap is reached, where there is no longer any benefit provided. It also does not benefit those who

⁵ Blank, Rebecca. *It Takes a Nation: A New Agenda for Fighting Poverty*. (Princeton University Press: Princeton, N.J., 1997), 60.

⁶ Handler and Hasenfeld, *We the Poor People*, 38.

⁷ Center on Budget and Policy Priorities, "Poverty Despite Work Handbook," 2nd Edition (1999).

⁸ Blank, *It Takes a Nation*, 82.

⁹ Handler and Hasenfeld, *We the Poor People*, 106.

¹⁰ *Ibid.*

do not or cannot work, regardless of the reasons why they are not working¹¹.

Furthermore, in the mid-1990s, 38 percent of all impoverished children lived in families with one or two parents working fifty or more hours a week¹². Working full-time at minimum or slightly above minimum wage in combination with EITC does not provide an adequate income for individuals and especially for families. People cannot continue to blame the poor for their situations.

Poverty and Welfare

Many Americans have a fixed stereotype of the poor population. Most Americans think the majority of poor live in ghettos and are either nonworking, African American females with five or six children or nonworking, African American males who refuse to pay child support and are addicted to drugs and alcohol. The truth about poverty is that while 27.7 percent of the poor is African American and 20.1 percent is Latino, 48.1 percent of the poor population is white¹³. Most welfare mothers have approximately the same number of children as non-welfare mothers and only 6.3 percent of all recipients are under the age of twenty¹⁴. Although only a third of the entire poor population receives welfare assistance, when policymakers and the government look for means to alleviate poverty, they inevitably turn to welfare reform. Our country continues to view the majority of the poor as young, African American welfare queens who exploit the welfare system by having numerous children, receiving benefits from the state, and never working.

¹¹ Blank, *It Takes a Nation*, 112.

¹² Page and Simmons, *What Government Can Do*, 25.

¹³ Ibid, 21.

¹⁴ Handler and Hasenfeld, *We the Poor People*, 44-45.

As Joel F. Handler and Yeheskel Hasenfeld point out in *We the Poor People: Work, Poverty, and Welfare*, we need to confront poverty, not welfare. Our present welfare system is inadequate for several reasons. Currently, America's system of aid for children and families is known as Temporary Assistance for Needy Families (TANF), which was established through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). TANF is based on block grants given to states by the federal government. Aside from mandated time limits and work conditions, states are almost entirely free from federal intervention, having basically complete discretion regarding who receives aid. This being the case, the levels of monthly TANF rates vary drastically from state to state. While in states such as Connecticut and Wisconsin, the monthly TANF grant for a single parent and two children is above \$600, in other states, including South Carolina and Tennessee, the levels are below \$200 a month. In Mississippi the level is an outrageous \$120 a month. Not even a single adult, let alone two children, can live on only \$120 a month¹⁵. In most states, the level of aid provided through TANF is extremely low, making it virtually impossible for welfare recipients to make ends meet.

PRWORA also established time limits and work requirements. Under TANF, recipients must either be working or in training programs within two years of receiving aid, or they will be dismissed from the rolls. In many states, however, the time limits are even sooner than two years. Secondly, there is a five-year lifetime limit of receiving aid. In order to receive aid, therefore, mothers must work. This notion of welfare-to-work, Handler and Hasenfeld convey, is based on three assumptions: 1) Jobs are available in the

¹⁵The Administration for Children and Families, "Selected Provisions of State TANF Plans" June 2000 <<http://www.acf.dhhs.gov/programs/ofa/tanf91a.htm>> (April 3, 2002).

capable. It is considered entirely the fault of the poor that they are poor, never mind the fact that many of the poor grew up in impoverished conditions and perhaps were never given opportunities to work nor prepare themselves for work. Americans do not take into account that poor children often receive inadequate educations, thus preventing them from being able to work their ways out of poverty. Americans tend to look at those who receive assistance as lazy and leeching off the government. Directed at changing the behaviors of the poor, rather than actually improving conditions for the poor, TANF perpetuates these beliefs, further stigmatizing the poor and imposing societal norms on them. Furthermore, as Handler and Hasenfeld correctly explain, “moral condemnation is rightly reserved for those who are not only poor but different- in terms of race, ethnicity, country of origin, or religion- or who violate patriarchal norms”¹⁹. As Handler and Hasenfeld convey, the poverty of the aged, white widow is viewed as entirely different than the poverty of the young African American mother or unemployed African American male, despite the fact that it is poverty nonetheless. TANF perpetuates the image of the welfare queen and the concept of the undeserving poor, thus further demoralizing the poor.

Obviously, our current welfare system is inadequate in numerous ways. What we need instead is a system that neither imposes ways of life nor forces someone to work in the terrible conditions of our current labor economy. We need to provide assistance not only to impoverished mothers and to the elderly with a work history, but to everyone. The American government should assist every one of its residents. We should no longer distinguish between deserving and undeserving poor. Currently, our government does little to assist the homeless or the working poor, nor does it assist those who are “a

¹⁹ Handler and Hasenfeld, *We the Poor People*, 9.

paycheck away from poverty". Those who need assistance should not receive a personal loss of dignity when they receive that assistance. Rather than reforming our current welfare system, increasing Food Stamp benefits or unemployment assurance, I propose that the government provide every one of its residents with an unconditional guaranteed basic income grant.

The Universal Basic Income

Many progressive thinkers propose a guaranteed basic income grant. The leading proponent of a basic income is Philippe Van Parijs²⁰, who has written numerous books and articles, such as *Real Freedom for All* and *Marxism Recycled*, calling for what he terms a Universal Basic Income (UBI). Though other thinkers advocate various forms of a basic income grant, Van Parijs is the most progressive and prominent theorist. The UBI is income paid by the federal government at a uniform level at regular intervals to every resident sixteen years old and older. While various levels are proposed, Van Parijs favors the highest sustainable income level²¹. To receive the UBI, one does not have to be a citizen of the country, but rather have established a sufficient length of legal residence. Since it is universal, everyone, irrespective of his or her current economic position, receives the fixed-level grant. The most important aspect of the UBI is that it is unconditional. Every resident is eligible of the UBI, regardless of whether the person is rich or poor, married or living alone. One's skin color, age (as long as he is older than sixteen), work history, gender, ethnicity, etc. do not matter. Most importantly, the UBI

²⁰ Philippe Van Parijs currently directs the Hoover Chair of Economic and Social Ethics at the Catholic University of Louvain, France.

²¹ Van Parijs, Philippe. "A Basic Income for All" in *What's Wrong with a Free Lunch?* eds. Joshua Cohen and Joel Rogers (Boston: Beacon Press, 2001), 6.

does not require work. Nor does it force people into job training programs. The UBI can be added to other incomes and other assistance programs. While a UBI would most likely abolish such programs as TANF and Food Stamps, most advocates want to add UBI to some publicly organized social insurance, such as Social Security and disability compensation. As Van Parijs explains, the UBI provides everyone with a “material foundation on which a life can firmly rest”²². Because it is basic, it is something on which everyone can count. The UBI provides a certain amount of security for everyone.

While UBI benefits every member of society, it especially benefits women and the green movement. Women will gain more economic security than they presently have. They will no longer be faced with the administrative discretion that TANF has. Women will not be as economically dependent upon their husbands as they are now. As Anne Alstott²³, professor of law at Yale Law School, explains, the UBI will enhance women’s freedom and economic security by breaking the link between social-welfare benefits and paid work²⁴. Women, especially single mothers, will not be forced to work in a labor economy that generally provides women with wages that are, on average, only 75 percent that of men. Nor will they be forced to live under the tyranny of bosses or their husbands, explains Van Parijs. Women, who are still disproportionately burdened with the responsibility of child rearing, will have the economic security to spend more time with their children or afford better child-care.

One of the primary contentions of the green movement is the amount of pollution and destruction of land that results from the amount of productivity of this industrial society necessary for continuing economic growth. While a prominent justification for

²² Van Parijs, Philippe. *Real Freedom for All*. (Clarendon Press: Oxford, 1995), 35.

²³ Anne Alstott is also co-author (with Bruce Ackerman) of *The Stakeholder Society*.

²⁴ Alstott, Anne, “Good for Women” in *What’s Wrong with a Free Lunch?*, 75.

economic growth is that it fights the problem of unemployment, Van Parijs points out that the UBI tackles the unemployment problem without relying on economic growth. The UBI, in providing a certain amount of security, also provides people with the freedom to pursue work, paid or voluntary, that involves preserving the environment without monetary constraints²⁵.

The Moral Case for a UBI

UBI and Real Freedom

The goal of the UBI is to promote social justice through providing people with real freedom. Real freedom is a notion of freedom that incorporates security, self-ownership, and opportunity. In other words, real freedom requires a well-enforced structure of rights that allows each person to own herself and gives each person the greatest possible opportunity to do whatever that person might want to do²⁶. Real freedom is based on the right of every individual to live by his or her own judgments and to be free from the imposition of others concerning his or her own conduct affecting his or her own life.

Derived from this idea of real freedom, social justice, explains Van Parijs, requires that institutions secure real freedom for all. Moreover, Van Parijs' conception of justice requires society to "distribute in a fair way all the resources at our disposal, whether those be in the form of external objects or of human powers and abilities"²⁷. Justice requires that every member of society have a fair and equal chance in life.

²⁵ Van Parijs, Philippe, "A Basic Income for All" in *What's Wrong with a Free Lunch?* 20,21

²⁶ Van Parijs, *Real Freedom for All*, 25.

²⁷ Philippe Van Parijs, "The Need for Basic Income: An Interview with Philippe Van Parijs," interview by Christopher Bertram, *Imprints: A Journal of Analytical Socialism*, vol. 1 no. 3 (March 1997).

Furthermore, justice entails distributing resources and opportunities in such a way that those who receive the least receive more than they would under any alternative arrangement. The UBI ensures that this notion of justice is met.

Unlike TANF and other government programs, a UBI does not impose values, a way of life, or specific behaviors on individuals. Van Parijs advocates a UBI precisely because it maximizes a person's real freedom, allowing her to live however she may choose. The UBI promotes real freedom by providing the needed material resources. It provides the means for a person to be really free, making use of his/her liberty. The UBI gives people the ability to make life plans without anxiety about food or shelter. Presently, our government forces people to work, thus denying them real freedom. Tony Walters, another leading proponent of the UBI, rightly expresses this notion when he asks, "Can one call a society free in which that choice (to work) is not made freely?"²⁸. People should have the freedom to truly live however they want, and our government should help people to choose their own lifestyles.

In providing everyone with cash income, rather than in-kind goods and services, such as Food Stamps and child-care, people have complete freedom regarding the use of their income grant. While many will indeed use it to receive training or education or to provide their children with adequate child-care, others may not. Some who oppose the implementation of the UBI do so for this reason. They fear, and perhaps rightly so, that not everyone will use the cash to enhance their conditions and escape poverty or provide themselves with better life chances. As Benjamin I. Page and James R. Simmons,

²⁸Walter, Tony. "How to Thrive While on Sabbatical: A Review of Evidence," from *PAPERS* presented at the Basic Income European Network Eighth International Congress (October 6-7, 2000) <http://www.etes.ucl.ac.be/BIEN/BerlinCongress/Berlin2000_papers/walter.doc>

authors of *What Government Can Do: Dealing with Poverty and Inequality*, convey, “free choice in the use of cash will not inevitably maximize the well-being of all poor people. A drug addict or alcoholic, for example, cannot be counted on to spend his or her money on detoxification rather than a fix or a drink...”²⁹. While this may be true, it is important to remember that the goal of society should be to enhance *everyone’s* real freedom, providing *everyone* the opportunity to live however she chooses to live. Though drugs or alcohol do not necessarily improve one’s human condition, government should not impose certain ways of life on anybody, and people should have the freedom to make whatever life choices they want, including alcoholism or addiction. While it may be true that this behavior indeed harms others besides these individuals, it is behavior with which it is worth putting up. The overall benefits of maximizing everyone’s freedom outweigh these negative and harmful behaviors.

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UBI and Reciprocity

The most common moral objection to the UBI is that it violates the norm of reciprocity, the notion that people who receive benefits should make some contribution as a condition for receiving that assistance. Reciprocity, explain Gutmann and Thompson, calls on citizens to seek fair terms of cooperation among equals. They believe that those who are able to work but choose not to should be denied assistance. They consider paid employment a prerequisite for assistance. Obviously, these academics support a notion of welfare-to-work, provided that sufficient jobs are indeed available. Gutmann and Thompson also think that underlying the principle of reciprocity is the notion that each human being has dignity and worth. Thus, every citizen has the right to “basic

²⁹ Page and Simmons, *What Government Can Do*, 282.

opportunity goods”, those goods needed to live a decent life, such as healthcare, income, work, and education³⁰. However, based on Gutmann and Thompson’s model, does requiring work as a condition of assistance consequently deny those who do not work their value and dignity? Understanding a person’s dignity as dependent upon her employment in the paid labor market, Gutmann and Thompson believe that those who choose not to work compromise their own dignity. Someone’s dignity should not be contingent on her paid employment situations. Moral philosopher Zygmunt Bauman accurately conveys this when writing, "Humans are creative beings, and it is demeaning to suppose that a price tag is what sets apart work from non-work, exertion from loafing; it mutilates human nature to suggest that without that price tag humans would prefer to remain idle and let their skills and imagination rot and rust."³¹. Thus, denying aid to those who do not work undermines their dignity and worth as human beings.

Others do not place so much emphasis on paid employment, but still oppose an unconditional basic income because of the principle of reciprocity. Philosopher and political scientist Brian Barry³² and others support what is called a “participation income”. According to this concept, one must participate socially in order to receive assistance. Barry borrows his understanding of participation from eminent British economist Tony Atkinson, who defines participation as “paid employment; self-employment; full-time education or training; intensive care work and approved forms of voluntary work”³³. Basically, citizens must partake in some form of socially useful labor

³⁰ Gutmann and Thompson, *Democracy and Disagreement*, 273.

³¹ Bauman, Zygmunt. *Work, Consumerism and the New Poor*. (Buckingham & Philadelphia: Open University Press, 1998), 97.

³² Brian Barry is Arnold A. Saltzman Professor in Philosophy and Political Science at Columbia University. He is author of *Culture and Equality* and *Theories of Justice*.

³³ Barry, Brian, “UBI and the Work Ethic” in *What’s Wrong with a Free Lunch?* 66.

as a condition for receiving aid. However, as Robert E. Goodin³⁴, philosopher and political theorist, points out, who decides what is socially useful and what is not? Though a supporter of the participation income, Goodin realizes that administering a participation income could be “as oppressive as the most tyrannical labor exchange”³⁵. Though most would not consider surfing all day in Malibu as socially useful, what if a frustrated teacher finds peace of mind in watching the Malibu surfers and then is able to better educate her students? Then these “idle” surfers are indeed socially useful. While they may spend their entire days surfing because of the financial security provided through the UBI, they enable a teacher to fully educate and empower her students due to the inner-peace she finds while watching them ride the waves. Obviously, no one can easily determine what is socially useful and who really contributes to society.

There are many reasons why we should support the UBI despite the principle of reciprocity and instead of a participation income. First of all, Van Parijs and others, explain that everything known about people suggests that they seek to make contributions and will continue to even if receiving a basic income grant. How many people would actually choose to be completely idle, contributing neither economically nor socially? People are motivated to contribute to society even when free from the constraints of needing to work in order to survive. Many wealthy Americans continue to work, increasing their incomes, though they could easily afford to spend their days playing golf and drinking cocktails. Thousands of people, from various socioeconomic backgrounds, spend much of their free time mentoring children or volunteering in soup kitchens. People do indeed seek to contribute.

³⁴ Robert E. Goodin is a Professor of social and political theory and philosophy at the Research School of Social Sciences at the Australian National University in Canberra.

³⁵ Goodin, Robert, “Something for Nothing?” in *What’s Wrong with a Free Lunch?*, 94

Furthermore, most people do not enjoy receiving without contributing. As Goodin conveys, many welfare recipients' "self-esteem is heightened if they are able 'to give back something to society' rather than just being seen, by themselves as much as anyone else, as leeches on the commonwealth"³⁶. No one likes being considered a leech. Indeed, as explained by Zygmunt Bauman "it mutilates human nature to suggest that without that price tag humans would prefer to remain idle and let their skills and imagination rot and rust"³⁷. It is an attack on the dignity of human beings to suggest that they would all simply take government aid without the slightest desire to make some sort of contribution, be it social or economic. Who wants to be viewed as a lazy, worthless person who lives off other peoples' contributions?

Another argument for the UBI that challenges the norm of reciprocity is that the UBI will actually enable people to contribute to society more effectively than our current labor structure allows. Presently, many people are not provided with the opportunity to comply with the principle of reciprocity in the first place. Our labor structure forces thousands of people into degrading and dignity-depriving jobs at unjust wages because it is the only way they can survive. People are not motivated to contribute, socially or economically, to a society that denies them their value. As Wade Rathke, chief organizer for NWRO and ACORN, explains, people want to be paid fairly, treated with respect, and feel like their jobs are important and meaningful³⁸. Nobody wants to work at something in which they do not take pride. As a constant source of income, the UBI will overcome this problem by providing people the power and freedom to refuse these demeaning, ill-paying jobs. Instead, they will have the financial security to find a job in which they can

³⁶ Goodin, Robert, "Something for Nothing?" in *What's Wrong with a Free Lunch?*, 94.

³⁷ Bauman, Zygmunt, *Work, Consumerism and the New Poor*, 97.

³⁸ Rathke, Wade, "Falling in Love Again" in *What's Wrong with a Free Lunch?*, 41.

actually take pride, motivating them to comply with the principle of reciprocity. Thus, the UBI may potentially increase the amount people contribute to society, satisfying the principle of reciprocity.

Providing people with both time and money, the UBI will also work to improve people's capabilities. Along with the power to reject demeaning jobs, the UBI will enable people to seek training or education, enhancing their capabilities. The UBI will enable people to become more qualified, thus allowing them to take more pride in their work. Winner of the Nobel Prize in Economics, Amartya Sen describes poverty as the inability to appear in public and function in society without shame³⁹. Allowing people, especially the poor, to gain qualifications, the UBI provides people with more ability to function in society without shame. Furthermore, with the necessary means for maximizing their real freedom, people will gain more self-respect, thus becoming more motivated to contribute to society. Without the ability to appear in public, people lose their self-worth, and consequently their capabilities. The UBI maximizes their freedom, enhances their capabilities, and empowers people to contribute effectively to society. Thus, the UBI does not undermine the norm of reciprocity.

Finally, and perhaps most importantly, when considering reciprocity and the belief that the UBI gives people something for nothing, it is necessary to consider existing arrangements and the present situation of income distribution in the United States. Our economy does not entirely distribute income according to economic or social merit. As Van Parijs and other advocates of the UBI point out, the UBI is no more undeserved than the undeserved luck that presently influences income distribution.

³⁹ Amartya Sen is the Lament University Professor at Harvard University and Professor of Economics and of Philosophy at Harvard University. Sen has written numerous books and articles, including *Development As Freedom* and *Inequality Reexamined*.

Overall, we are products of our parents. Van Parijs accurately explains this when writing, “our race, gender, citizenship, how educated and wealthy we are, how gifted in math and how fluent in English, how handsome and even how ambitious, are overwhelmingly a function of who our parents happened to be and of other equally arbitrary contingencies”⁴⁰. We have very different life chances because of who our parents are and because of “the jobs and professional possibilities to which we have access in very unequal ways”⁴¹. As Herbert A. Simon⁴², recipient of the Nobel Prize in Economic Sciences, aptly explains, differences in income distribution are ascribed to differences in capital ownership, especially social capital, such as knowledge and participation in social relationships, which we inherit along bloodlines⁴³. Income distribution is not fair and often very arbitrary. Ronald Dore, author of *Stock Market Capitalism, Welfare Capitalism*, further demonstrates this notion of undeserved luck and the inadequacy of the market to fairly distribute income when writing, “the clever, powerful, and influential, the captains of industry or the winners-taking-all, owe their highly enjoyable careers to the lucky deal they got in the genetic and family environment lotteries”⁴⁴.

To illustrate this notion of undeserved luck, I will use myself and my situation in life. As a white, middle-class female, I have been dealt an overly lucky hand of cards in the game of life. For example, when I was thirteen, the financial situation of my family changed drastically, making my mother unable to continue to pay for the private

⁴⁰ Van Parijs, Philippe, “A Basic Income for All” in *What’s Wrong with a Free Lunch?*, 25

⁴¹ Philippe Van Parijs, “The Need for Basic Income: An Interview with Philippe Van Parijs,” interview by Christopher Bertram, *Imprints: A Journal of Analytical Socialism*, vol. 1 no. 3 (March 1997).

⁴² Herbert A. Simon is a University Professor of Psychology and Computer Science at Carnegie Mellon University. He received the Nobel Prize in Economic Sciences in 1978.

⁴³ Simon, Herbert A. “UBI and the Flat Tax” in *What’s Wrong with a Free Lunch?*, 35.

⁴⁴ Dore, Ronald, “Dignity and Depravation” in *What’s Wrong with a Free Lunch?*, 83.

education I had been receiving. However, because of the connections my mother and I had, a group of parents got together and paid the tuition for my eighth grade year. After that, the private school I attended began providing my family with the financial aid necessary for my sister and me to continue. I received an excellent education entirely because of my social relationships. I also inherited a good amount of natural intelligence that enabled me to succeed academically in high school. Even if prejudices in admissions are ignored, it was the luck of many second persons that enabled me to obtain the necessary credentials for college admission. I do not deserve my college education any more than, for example, some poor African-American males deserve their rejection from every college to which they apply.

With the UBI, less fortunate children would be able to move out of neighborhoods in under-funded school districts and into neighborhoods with better education systems. Secondly, because of the UBI, they could devote more time to studies, enabling them to attain better grades. With the assistance of the UBI, more disadvantaged children would be able to attend college, allowing them to receive the education necessary to find dignified work that pays above minimum wage. How can anyone justify the notion that I deserve my luck in life any more than the disadvantaged deserve bad luck? The UBI is just as undeserved as the undeserved luck that currently affects income distribution.

The Economic Case for a UBI

Funding a UBI

Supporters of the UBI propose a range of income levels, varying from below subsistence level to the highest sustainable income level. In order to provide a maximum

level of real freedom for every US resident, we need to work towards Van Parijs' goal of the highest sustainable UBI, which will also be the most costly. One of the most common objections to the UBI is that it will simply cost too much. A drastic redistribution of income, involving no requirements for work or any other contributions, could potentially be extremely expensive. Overall, it is difficult to assess the actual costs of a UBI. This depends on many factors, such as what the actual level of the UBI will be and what current benefit programs will be abolished with the introduction of the UBI. If we simply add the UBI to all other benefit programs, then obviously it will be incredibly costly. However, many benefit programs, such as TANF and Food Stamps, will be either drastically reduced or abolished. Currently, the federal government spends approximately \$1 trillion per year on transfer payments, which is equivalent to \$5000 for every individual adult resident of the United States⁴⁵. Since the UBI will indeed abolish many of the current transfer payments made by the government, much of this spending can be allotted to the UBI program.

A system of benefits that entails a UBI rather than means-tested programs will also be cheaper to run. With no applications and no enforcement conditions, administrative costs will be much lower than they currently are. Also, with the elimination of categorical tests comes administrative savings⁴⁶. Along these same lines, the UBI will be better economically than means-tested programs in that there will be a higher rate of take-up of benefits. Those who are presently eligible for various means-tested programs will utilize the UBI more efficiently than they do the current benefits available to them. Presently, many people who are eligible for various assistance

⁴⁵ Rothschild, Emma, "Security and Laissez-Faire" in *What's Wrong with a Free Lunch?*, 47

⁴⁶ Atkinson, Tony. *Public Economics in Action: The Basic Income/ Flat Tax Proposal*. (Oxford: Clarendon Press, 1995), 3.

programs are ill-informed and therefore do not take advantage of these programs. Others feel too humiliated, because of the stigma attached to benefit programs like TANF, and consequently choose to deny themselves necessary aid. Under a UBI, everyone will be informed, since everyone will be a recipient. Also, since it is unconditional and universal, there is no stigma attached so everyone will accept it⁴⁷.

There are various options to funding the UBI. While some theorists suggest funding it primarily through taxing land or natural resources, others propose funding it through a specific levy on a very broadly defined income base. Still others, such as economist James Meade, propose funding it out of the return on publicly owned productive assets⁴⁸. One of the primary effects of the UBI is a drastic redistribution of income, so in any case the wealthier will face a higher rate of taxation than those in the lower income levels. Moreover, the wealthy will effectually pay for the UBI grants of others. It is important to keep in mind the fact that much of their wealth is at least somewhat undeserved, contingent on the vast opportunities they were provided through the undeserved luck of where in life they were born. The rich *should* fund others' basic incomes, providing them with the privileges and opportunities primarily only the wealthy have been undeservedly given. The wealthy *should* assist in maximizing everyone's real freedom, thus making the United States a more just and equal country.

Though the UBI will be funded through a system of taxation, taxpayers will not be overly taxed at incredibly high rates. First of all, there are those who currently work, earning relatively average incomes. For the most part, whatever they get in the form of

⁴⁷ Philippe Van Parijs "The Need for Basic Income: An Interview with Philippe Van Parijs," *Imprints*.

⁴⁸ Van Parijs, Philippe, "Basic Income: A Simple and Powerful Idea for the 21st Century" from PAPERS presented at the Basic Income European Network Eighth International Congress (October 6-7, 2000) <http://www.etes.ucl.ac.be/BIEN/BerlinCongress/Berlin2000_papers/VAN_PARIJS.doc>

the UBI will also be taken away through the adjustment of their income tax. Therefore, their situations will be roughly the same as they had been. Secondly, there are those who currently do not work or are in the lowest income groups. Despite what some believe, the UBI will indeed provide sufficient motivation for people to enter into the workforce or attain training or education, enabling them to move into higher skilled jobs (this will be explained in detail below). As the number of people who were unemployed or members of the lowest income groups decreases, the problem of financing their basic income also decreases, as they begin to pay more taxes with their increasing incomes⁴⁹. Overall, in net terms taxpayers will not lose as much as it would seem at first glance.

Whatever system of taxation is used, the primary point is that America can indeed afford a UBI. As Emma Rothschild conveys, “any society, or at least any society in which a subsistence income is substantially less than the average income, can in principle afford a UBI”⁵⁰. In the year 2000, median household income in the United States was \$42,148⁵¹. Clearly, the United States can afford a UBI. Furthermore, as Van Parijs points out, what really matters is not the cost but rather the distributive impact and the incentives structure. The UBI will enhance the real freedom of millions of Americans, thus making the US a more just country. Currently, the extreme income disparities allot a very small percentage of people with an overwhelming amount of wealth. A truly just society should not have so much poverty amidst such affluence; it should not deny millions of their freedom and provide a few with as much freedom as they could possibly imagine.

⁴⁹ Philippe Van Parijs “The Need for Basic Income: An Interview with Philippe Van Parijs,” *Imprints*.

⁵⁰ Rothschild, Emma, “Security and Laissez-Faire” in *What’s Wrong with a Free Lunch?*, 47.

⁵¹ Data taken from the US Bureau of the Census, as of September 25, 2001.

The UBI and the Labor Market

Another common objection to the UBI is that it will undermine the economy that pays for it. With no work requirements, some fear that many, even those currently working, will simply receive their monthly UBI checks without participating in paid employment. If many people do not work, economic productivity will decrease and the economy will not be able to support the UBI. Furthermore, with fewer people working, there will be fewer taxpayers. Ultimately, the economy will not be able to fund a UBI scheme. However, the economic effects of the UBI could be quite the opposite, increasing economic growth rather than having perverse effects on the labor market.

As Van Parijs conveys, the main economic effects would indeed be on the labor market. Increasing real freedom and opportunity, the UBI will actually increase economic growth. Providing a financial background, the UBI will enable people to accept low-paying jobs. Many currently unviable jobs, especially part-time jobs, will become more attractive, rather than less. Presently some people do not work, such as some TANF recipients, because of the minimal income differential between not working and low-paying work. Others do not accept better paying jobs because they will lose their EITC benefits. With the introduction of the UBI, these people will have the financial security to enter into the labor market or change jobs. With the UBI they will not fear the interruption of benefit payments that usually occurs once work begins, since the UBI is basic and unconditional. They will also have the freedom to accept part-time work rather than full-time, minimum wage, or in some cases below minimum wage, work

in terrible conditions⁵². The UBI removes the unemployment trap created by other means-tested programs, thus increasing employment and economic growth

Van Parijs accurately predicts that a UBI will decrease American poverty without increasing unemployment. Eventually providing everyone with an income higher than subsistence level, the UBI will assist in bringing millions of Americans out of the disgusting conditions of poverty. It will work to expand the labor market, making many jobs that are presently unviable attractive. Giving people the freedom and financial security to partake in further education or training, many will be able to enter into higher-level jobs, thus opening up more jobs in the lower-skills sector as well. On the whole, the UBI will have a positive effect on our economy, as well as on the overall impact on our well-being.

The UBI and NIT

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Though advocating the highest sustainable UBI, even Van Parijs realizes that the amount of the UBI grant will have to be introduced at a relatively low level, perhaps at a level even lower than subsistence, and then gradually increased, since the high rate of taxation could potentially be fairly disruptive⁵³. In fact, Van Parijs considers beginning with a Negative Income Tax (NIT) and gradually transforming it into a UBI. The UBI is, in some ways, similar to the NIT, an idea first proposed by Milton Friedman in the early 1960s. Basically, the idea behind the NIT, which has never actually been implemented here, is a taxation system that provides income subsidies to people or families below a minimum amount of income. The NIT differs from EITC in so far as it provides income

⁵² Philippe Van Parijs "The Need for Basic Income: An Interview with Philippe Van Parijs," *Imprints*.

⁵³ Block, Fred, "Why Pay Bill Gates?" in *What's Wrong with a Free Lunch?*, 86.

grants regardless of work. The NIT grants those with insufficient income a basic income in the form of refundable tax credit, until a certain income level is reached. Then a phase-out period begins and the level of subsidies provided is gradually reduced until one's income is no longer eligible to be subsidized. Unlike the UBI, the NIT is means-tested, dependent upon one's income, and aimed only at bringing people to a minimum income level⁵⁴. As Fred Block, proponent of the NIT, points out, if the size of the UBI grant is conditioned by the level of income and household situations, it becomes an NIT⁵⁵. Thus, it will not be too difficult to transform the NIT into a UBI.

Van Parijs points out that the NIT could have the same distributional effects of post-tax-and-transfer income among households as the UBI. The UBI does, however, have many advantages over the NIT. One advantage is that any NIT system would only alleviate conditions of poverty if it was a system of advance payments, granting people income sufficient enough to provide for their subsistence. Otherwise, they could starve before their tax forms were even examined. The UBI is unconditional and provided at regular intervals, therefore always assisting people with their subsistence. Secondly, though the NIT is, in principle, individualized, it is most often proposed at the household level. This being the case, the intra-household distribution is far less equal than it would be under the UBI, with the NIT attributing to the household's highest earner at least some of the tax credit of the household's low or non-earning partner⁵⁶. In many households, women are the low or non-earning partners, and therefore will not benefit as equally as men from the NIT. Unlike the NIT, the UBI especially benefits women, providing every adult member of households, regardless of gender or current earnings, with exactly the

⁵⁴ Page and Simmons, *What Government Can Do*, 43, 47.

⁵⁵ Block, Fred, "Why Pay Bill Gates?" in *What's Wrong with a Free Lunch?*, 87.

⁵⁶ Van Parijs, Philippe, "A Basic Income for All", in *What's Wrong with a Free Lunch?*, 10-12.

same amount. Thus, women will not be as economically dependent upon men as they currently are or would be under an NIT scheme.

Overall, the NIT is inadequate in effectively providing people with real freedom. Unlike the UBI, the NIT is not aimed at increasing real freedom, but only at alleviating conditions of poverty. As Rebecca Blank points out, a program like NIT limits the choices of its recipients, is more inequitable, and does not provide an adequate safety net⁵⁷. Also, the NIT scheme does not effectively redistribute income, assisting only those with low-income and basically allowing the wealthy to stay extremely wealthy. NIT assists only those in need, denying economic opportunities to everyone who would be a recipient of the UBI. In being contingent on one's income, the NIT may also prevent people from taking on certain jobs. If someone takes on a minimum wage job, she may reach the cut-off level of NIT, and then be trapped in that job, unable to make ends meet but also ineligible for any assistance. With the UBI, however, she would have the basic income added on her insufficient income, providing her with more opportunities and resources and therefore more freedom.

The idea of starting with an NIT scheme, however, could allow for the necessary gradual transformation from the current system of taxation and benefit programs to one of unconditional basic income. It is absolutely necessary, however, to actually adjust from the NIT to the UBI. The NIT does not maximize real freedom, and, more importantly, does not intend to. The United States needs to radically redistribute income in a way that provides everyone with sufficient opportunities and adequate life chances.

⁵⁷ Blank, *It Takes a Nation*, 228.

Conclusion

The current system of distribution in the United States is unjust and degrading. The wealthy have not merited their incomes and the poor are not deserving of their situations. People, especially the poor, do not have the means to maximize their freedom. They do not have the opportunities to make their own life choices. The poor are imposed upon by an unjust society. Society constantly denies the poor their dignity and worth as human beings. Our society views the wealthy as motivated and deserving and the poor as lazy and undignified. Since the wealthy have not merited much of their gross capital and fortunate life styles, they owe it to the poor to provide them with the necessary means to maximize their freedom. In order to make the United States a fair and just country, we must provide the poor with better life chances and provide them with the means to improve their capabilities. The most fair and efficient way to do this is to drastically redistribute income throughout the United States.

While the UBI may not be politically feasible today or tomorrow, we should not let that deter us from continuing to study and propose the theory. As Philippe Van Parijs accurately explains,

let's not...sacrifice justice in the name of political feasibility. When fighting to reduce the impact of economic inequalities on the political agenda, it is essential...to propose, explore, and advocate ideas that are ethically compelling and make economic sense, even when their political feasibility remains uncertain⁵⁸.

We need to critically discuss how we can effectively alleviate poverty and inequality in the United States. The UBI will indeed maximize freedom and eradicate poverty, thus we should not let political feasibility interfere.

⁵⁸ Van Parijs, Philippe, "A Basic Income for All" from *What's Wrong with a Free Lunch?*, 5.

The conditions in America call for us to respond, both morally and economically. We cannot ignore the unjust ways of our economy. Social justice requires that we provide every human being with equal opportunities and fair life chances. It is time we move to a more progressive method of alleviating poverty and maximizing real freedom for everyone. The UBI will indeed empower the weakest, spread independence, and bring justice into the United States.

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