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Universal Basic Income Update

Stefan Bauschard

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# Background

### UBI Definitions

#### UBI is a certain amount of money given to everyone regardless of income

MailOnline, June 19, 2018, WHAT IS UNIVERSAL BASIC INCOME AND HOW WOULD IT WORK?

#### Universal Basic Income (UBI) proposals are on the rise, with many backing the system as a possible solution for unemployment caused by the rise of machines equipped with artificial intelligence taking over the workforce. The system would see governments paying every citizen of a country a base salary to cover costs including food and rent The guaranteed sum would be paid by the state to everyone, regardless of wealth or work status. Basic income is an unconditional cash transfer that covers basic needs

Right Vision Media, May 31, 2018, This is How We Make Basic Income a Reality, http://blogs.lse.ac.uk/politicsandpolicy/how-to-make-a-universal-basic-income-a-reality/

UK: Global Policy Journal has issued the following press release: What I'm referring to is, of course, **basic income**. **This is an unconditional cash transfer that is enough to your cover basic needs. It is guaranteed to everyone, whether young or old, rich or poor, overworked or out of work**. From Scotland to India, and from Silicon Valley to Kenya, policymakers all over the world have become interested in basic income as an answer to poverty, unemployment and the bureaucratic behemoth of the modern welfare state. The idea is also attracting growing popular support.

### No Single UBI

#### There is no single UBI program

Annie Nova, May, 1 2018, <https://www.cnbc.com/2018/05/01/nearly-half-of-americans-believe-a-universal-basic-income-could-be-the-answer-to-automation-.html> Universal basic income: U.S. support grows as Finland ends its trial

But as this Real News Network interview (and a post yesterday) stressed, when advocates discuss a universal basic income, they often have very different programs in mind, and understanding how they would work is critical in evaluating their potential impact.

### UBI Can Replace Welfare

#### UBI proposals can include welfare replacements and welfare additions

MailOnlin, June 19, 2018, WHAT IS UNIVERSAL BASIC INCOME AND HOW WOULD IT WORK?

**Universal** **Basic** **Income** (**UB**I) proposals are on the rise, with many backing the system as a possible solution for unemployment caused by the rise of machines equipped with artificial intelligence taking over the workforce. They system would see governments paying every citizen of a country a base salary to cover costs including food and rent The guaranteed sum would be paid by the state to everyone, regardless of wealth or work status. **Depending on the details of the UBI proposal, the funds could be added to existing benefits or put in place of them**.

#### UBI means the welfare bureaucracy can be replaced

Simon Constable, Contributor, Forbes, June 27, 2018, Free Government Money For All? Some People See A Need For It, https://www.forbes.com/sites/simonconstable/2018/06/27/free-government-money-for-all-some-people-see-a-need-for-it/

And that is perhaps the one area that there might be some agreement on for UBI, albeit tangentially. **U.S. welfare and safety net programs are supported by a vast and costly bureaucracy that, at least in part, is there to make sure that the people described as "deserving poor" get help and that "the undeserving" do not. By doling out a single payment to all (or almost all) of the population, the "benefits policing" role of the bureaucracy could be eliminated and with it some cost.**

### UBI is Not a Guaranteed Job

#### UBI is not a guaranteed jobs program

Daily Messenger, June 3, 2018, That's the reality of those who are on the borrowing side of

On yet another subject, and speaking about employment and wages, in the past in this column we have discussed artificial intelligence and what the impact might be on jobs and wages in the future. The concern is that it may result in a significant number of lost jobs, at least in the short run. This concern keeps bringing me and others back to the statements of Elon Musk, the CEO of Tesla, early in 2017, in which he supported a "**universal basic income**" system as a possible solution to the likely widespread unemployment that will result from automation. The idea is that all citizens would receive a standard amount of money each month to cover basic expenses, like food, rent and clothes. This **is different than the recent "living wage" proposals** by Sen. Bernie Sanders and others, **which would include a federal jobs proposal that would guarantee a job with at least a $15-per-hour wage and health benefits to every adult American "who wants or needs one**." The bottom line is that I continue to tell students -- and everyone -- that you need to do everything you can to stay on the right side of automation, whether it is a job that cannot be replaced by automation, or a job that supports automation.

### UBI is not a Minimum Income Guarantee

#### A basic income guarantee is not a UBI

Right Vision Media, May 31, 2018, This is How We Make Basic Income a Reality, https://www.weforum.org/agenda/2018/05/how-we-make-basic-income-reality-Rutger-Bregman/

**There is an alternative. Instead of a universal basic income, we could have a basic income guarantee. Or, as economists prefer to call it, a negative income tax. Again, this sounds technical, but it's really just basic maths. In the current system, everybody who works pays taxes. A negative income tax flips that around. If you work, but your wages still leave you below the poverty level, you don't have to pay taxes. Instead, the taxman pays you. Think of it as building a massive floor underneath the economy. Anyone who falls below the poverty line, employed or not, is lifted back to security, no conditions attached. Protection against poverty would be a right, not a privilege. Meanwhile, working would always pay off, because above the poverty line, basic income would be stepped down incrementally, instead of cut off. Imagine what a massive leap this would be. For example, in Great Britain, more than 14 million people, including four million children, would be freed from the prison of poverty. To be clear: 60% of those people work in paid jobs. This is an idea that could rally voters across the board, with something to please both the left and the right:** For the left, a world without poverty. For the right, no more nanny state. For the left, livelihood security for all. For the right, an economy that always rewards hard graft. Here's the kicker: in terms of costs, there is absolutely no difference between a basic income guarantee and a **universal** **basic** **income.** The net expense of both amounts to exactly the same. When it comes to making the sell however, I think the latter has a big advantage. It is no coincidence that just such a scheme was once almost enacted in the US. In the 1970s, President Nixon got his basic income bill through the House of Representatives twice before it ultimately became stranded in the Senate. It was voted down by the Democrats, not because they hated the idea, but because they felt the basic income guarantee wasn't high enough! At this point, there will be readers who will object, arguing that handing out cash is an invitation to mass laziness. In reality, nothing could be further from the truth. Large-scale experiments have already been done in Canada and the US. The data show that people hardly work less. Rather, healthcare costs plummet and children's school performance soars. At what price? The million dollar question, of course, is how much will it cost? Now, this is where it gets really interesting.

# Pro

### Just Society/Framework

#### UBI provides the foundation for a just society – after a minimum income is provided it is fair to let the market set value

**Yadav** Kartikay July 3, 2018, Mondaq Business Briefing, India: Universal Basic Income: Re-Imagining Social Security, http://www.mondaq.com/india/x/714554/Knowledge+Management/Universal+Basic+Income+ReImagining+Social+Security

Part I In order to absorb such thundering shocks during crisis period, a minimum core approached embraced in international human rights law as well as in some domestic jurisdictions provides **A just society is a society that if you knew everything about it, you'd be willing to enter it in a random place.** -John Rawls It has been beautifully suggested after deep deliberation that, "People don't just have needs, rather they have ideas about their needs", ideas which evolved over considerable period of time with cultural embodiment. The conception of social rights spreading through 20th century has brought around sea change in jurisprudence of rights associated **with humans in general. The proclamation of UDHR under the aegis of UN General Assembly in 1948 has given the world a new segment of human rights, euphemistically called social rights. They provide for various rights like those covering social security, rest and leisure, work, education, decent standard of living and cultural participation.** Amongst a plethora of such rights, the coverage in this article will largely be restricted to socio­economic rights. Democratically nurtured constitutions across the globe unmistakably, are impregnated with provisions bearing fulfillment and protection of socio-economic rights. To put in perspective, Indian constitution provides for such rights in the preamble itself, even before venturing into chapters of the opus. It has been argued by Cecile Fabre that, such rights protect the vital interests individuals have in autonomy and well-being. Further, **it has been emphasized that respect for socio-economic rights shall be placed at equal pedestal to that of civil and political rights in order to aspire for equality and decent polity.** Interestingly, socio-economic rights give rise to both negative as well as positive obligations. Henry Shue has also argued for recognizing and appreciating both positive and negative obligations emanating out of socio-economic rights. Under negative obligation, state is bound to protect the property, other assets of an individual form improper invasion. On the other hand, positive obligations come into play, when an individual is completely unable to fend for their own needs. The need for positive obligations towards the state become more pronounced during crisis. . **In the landmark case of Grootboom v. Govt. of Republic of South Africa, it was duly recognized that the crisis need not restrict itself to physical needs of an individual, rather emotional and psychological dimension may be also be considered.** Moreover, the impact of impaired protection of socio-economic rights on developing countries could be more shattering, since in such **countries at a given point of time considerable population lives in state of impending crisis. In light of emerging uncertainties, a relatively new idea in realm of social security is being tested across various jurisdictions globally. This potential reimaging of social security is given a mantle of universality, thus colloquially called Universal Basic Income.** CONCEPTUAL UNDERPINNING The specific terminology of **Universal** **Basic** **Income** is typically employed when such universalization is based on citizenship. Though, the idea of basic income has enamored humanists for too long, a more recent usage could be associated with American revolutionary Thomas Paine. However, the idea underlying Paine's imagination was that of Guaranteed Minimum Income, particularly covering those whose land was taken by the government. Further, Philippe Van Parijs in his seminal work with Bruce Ackerman, perhaps the best-known academic advocate of basic income, puts basic income as "an income paid by a political community to all its members on an individual basis, without means test or work requirement." Thus, receiving basic income does not require satisfying a means or income test, it is also not conditioned on any work requirement. In fact, basic income is insulated from any intention or willingness to work nor, the fulfilment of any sort of broad notion of social contribution, such as employment, job search, education, training, , or home care for children or elderly. Universality + Unconditionality + Agency = **Universal** **Basic** **Income** Universal: that the disbursal of such income will be aimed at achieving universalization in income parity at minimum threshold. Unconditional: no strings attached payment being made to all citizens. Agency: it is based on the principle that people are masters of their own fate. As it got written in The Economist, "The most efficient way to spend money on the homeless might be to give it to them". **Political philosopher John Rawls wrote, "Once a suitable minimum is provided by transfers, it may be perfectly fair that the rest of total income be settled by the price system."** Similarly, highly revered legal economists Louis Kaplow and Steven Shavell have made a deliberative argument that the tax system, rather than the legal system, should be the sole method for redistributing income. PHILOSOPHICAL GOALS Economic Survey 2016-17 has described the concept of UBI as a radical and compelling paradigm shift, encompassing both social justice and economic productivity. It could create similar wonders to 21st century, what the civil and political rights did in the 20th century. **Basic income might enable individuals to choose much more freely what's appropriate for their situation.** The concept of UBI could make disruptive impact on the following themes: Social Justice Primarily, **UBI is a ground breaking test of a just and non-exploitive society**. It ascertains the key agenda mentioned right at the beginning of constitution of ensuring justice to citizenry at large. Universal Basic Income augurs well with most basic norms of society, by guaranteeing equal respect to all citizens. Also, it is proposed to be anti-paternalistic granting choice of income utilization. Economic Equality **UBI could play crucial role in rectifying the persistent imbalance of social spending** across districts in India. It has been analysed that the share of social spending of most poor districts is not coterminous to their percentage of poverty. Poverty Alleviation **It has been contended that if implemented wisely, UBI could evolve as the most effective and fastest way in reducing poverty. It could be seen as the civilized way to combat poverty.**

### Equality

#### Technology is producing massive inequality, need UBI to solve the impacts

Global English (Middle East and North Africa Financial Network), June 27, 2018 , Western scholars fixate on social justice as key to compete in tech, http://www.atimes.com/article/western-scholars-fixate-on-social-justice-as-key-to-compete-in-tech/

**A new study from Washington DC-based think tank the Atlantic Council, released this week , decried what it found was widespread complacency in the US regarding technological innovation**. China, the study found, still lagged behind the US in a variety of areas, but thanks to government support for the tech industry and long-term strategic planning, it was catching up fast. While the authors first and foremost highlighted a need for the renewed sense of urgency comparable to that seen after the Soviet Union's launch of its Sputnik satellite, it quickly veered into the world of social justice, an area not generally associated with America's technological successes of the 20th century.

The study's recommendations focused on inclusivity, arguing **that governments need to acknowledge that 'even high-functioning tech ecosystems are exclusionary.' 'To correct this form of inequality and improve national economic performance, governments should encourage participation in tech innovation by women and girls, ethnic and religious minorities, and lower-income groups,**' the study said, without directly indicated how the idealistic goals would help countries compete in technological innovation. **The authors also spent a good deal of time advising on how to prepare for the disruptive impact that technological impact represents.** Their answer: **universal basic income** or guaranteed employment. 'One trendy idea is a guaranteed annual income. The concept is that because the new economy provides inconsistent employment opportunities--unlike the high industrial economy, which at its peak offered well-paying, lifetime employment--**people need to be given an income floor.** 'Yet another approach is a job guarantee, wherein the government is an employer of last resort. A tried-and-true prescription during tough times.' Meanwhile, instead of focusing on ideological ends China is fostering an environment more conducive to innovation, according to some technology entrepreneurs. Sam Altman, a tech entrepreneur and investor who is the president of Y Combinator and co-chairman of OpenAI wrote last year about his surprise to find that China was more open than Silicon Valley. 'Earlier this year, I noticed something in China that really surprised me. I realized I felt more comfortable discussing controversial ideas in Beijing than in San Francisco. I didn't feel completely comfortable--this was China, after all--just more comfortable than at home... 'Restricting speech leads to restricting ideas and therefore restricted innovation--the most successful societies have generally been the most open ones. Usually, mainstream ideas are right and heterodox ideas are wrong, but the true and unpopular ideas are what drive the world forward. Also, smart people tend to have an allergic reaction to the restriction of ideas, and I'm now seeing many of the smartest people I know move elsewhere." Altman received a tongue lashing from some readers of his blog when he suggested that any criticism of social justice orthodoxies should also be tolerated, regardless of whether it was correct or not. One might wonder whether questioning the Atlantic Council's focus on diversity and social safety nets are allowed in Silicon Valley. The daily Must-reads from across Asia - directly to your inbox Asia Unhedged innovation tech war China US-China rivalry Silicon Valley

Note – Referenced study -- http://www.atlanticcouncil.org/publications/reports/the-global-innovation-sweepstakes-a-quest-to-win-the-future

#### 82% of the global wealth increase went to the top 1%, the bottom 50% got nothing

Catherine Gifford, 7-2-18, CNBC, <https://www.cnbc.com/2018/07/02/virgin-groups-richard-branson-on-universal-basic-income.html> Billionaire Richard Branson: America should give out free cash to fix income inequality

In a report published in January, the global charity Oxfam found that 82 percent of the growth in global wealth in the previous year went to the top 1 percent of individuals ranked by riches. Meanwhile, the bottom 50 percent had no increase in their wealth, the report says

#### A UBI is needed to redistribute income produced through capital gains. Alaska proves it works

Matt Brueing, June/July 2017, The Case for a Universal Basic Income, http://inthesetimes.com/features/universal-basic-income-federal-jobs-guarantee-capitalism.html

In America today, ***around two-thirds of the national income is paid out to workers in the form of labor compensation: wages, salaries, tips and benefits. The remaining one-third is paid out to capitalists in the form of passive income: dividends, interest, rents and capital gains. The capitalists do not work for their share of the national income. They simply own things and, by virtue of that ownership, passively extract income.*** **This arrangement would not be so disequalizing if the ownership of passive income-generating capital was evenly distributed, but it is not. Federal Reserve data show that millionaires own 80 percent of the country’s capital while the bottom 38 percent of Americans own none. This means that a small group of people receives the overwhelming majority of the nation’s passive income, which is one of the reasons *inequality is so high.*** For the last hundred years or so, market socialists like Rudolf Hilfderding, **Oskar Lange, Rudolf Meidner and John Roemer have argued that we should solve this problem by collectivizing the ownership of wealth into common pools. The Norwegian government made the idea work over the past few decades through nationalizing oil resources, creating dozens of state-owned enterprises, and just ordinary taxing and saving.** ,,,, In **Norway, the money goes into public spending, mostly on robust social welfare programs. Another answer is to fund a universal basic income, or UBI (also called a “universal basic dividend” or “social dividend”) for everyone in society. Such a program exists in Alaska and helps to ensure everyone benefits from the state’s wealth, not just the super-rich. In part because of this, Alaska is the most equal state in America.** Unlike a JG, **this kind of UBI has been tried successfully. Since 1982, Alaska has used investment returns from the Alaska Permanent Fund to pay out a universal basic dividend to everyone who lives in the state. In some years, the dividend has been as high as $2,072 for a single person or $8,288 for a family of four. If Norway paid a dividend from its much larger fund, it would have been $23,970 per person last year or $95,880 for a family of four. Both the Alaskan and Norwegian programs are wildly popular, work as advertised and could easily be copied by our national government.**

#### UBI is needed to prevent the impacts of inequality caused by growing automation

Cnbc – Usa, CNBC, July 6, 2018, https://www.cnbc.com/2018/07/06/bridgewaters-dalio-posts-on-ai-wealth-gap-capitalism-on-facebook.html

**Billionaire hedge fund founder** Ray **Dalio says artificial intelligence and automation are improving productivity but also causing such a dramatic wealth gap that “a national emergency should be declared."** The co-chief investment officer and co-chairman of Bridgewater Associates shared his thoughts in a Facebook post on Thursday. Dalio says he was responding to a question about whether machine intelligence would put enough people out of work that the government will have to pay people to live with a cash handout, a concept known as universal basic income. “My view is that **algorithmic/automated decision making is a two edged sword that is improving total productivity but is also eliminating jobs, leading to big wealth and opportunity gaps and populism, and creating a national emergency.** "Largely as a result of it, c**apitalism is not working for the majority of Americans and is in jeopardy**," he writes. "Yet no one is seriously examining what to do about it.” Indeed, **income inequality is real. The global charity Oxfam found that 82 percent of the growth in global wealth in the previous year went to the top 1 percent of individuals ranked by riches**, according to a report published in January. Meanwhile, the bottom 50 percent had no increase in their wealth, the report says. **Billionaire serial entrepreneur Richard Branson told the New York Times in June that a universal basic income is an appropriate response to income inequality.** “**A basic income should be introduced in Europe and in America,” Branson told David Gelles of the Times. “It’s a disgrace to see people sleeping on the streets with this material wealth all around them."** In particular, Branson said the **acceleration of machine intelligence is driving the need of cash payments**. “I think with artificial intelligence coming along, there needs to be a basic income,” said Branson. **“I think AI will result in there being less hours in the day that people are going to need to work,” Branson said. “You know, three-day workweeks and four-day weekends. Then we’re going to need companies trying to entertain people during those four days, and help people make sure that they’re paid a decent amount of money for much shorter work time.”** Other billionaires like Mark Zuckerberg and Elon Musk have also promoted UBI. And Facebook co-founder Chris Hughes suggested pulling back tax cuts on corporations and the top 1 percent to give $500 tax credit to every American who is currently making less than $50,000 a year.

### Automation/Poverty

#### Massive global unemployment and poverty

Dr Ivor Blumenthal | CEO | ArkKonsult, June 2018, **:** Is South Africa headed down a road of jobless growth where a capital-intensive economy is incompatible with a labour-intensive need?

According to an International Labour Organisation (ILO) report reviewed in Forbes Magazine, 11 August 2017, **there are about 71 million unemployed 15 to 24-year-olds around the globe, many of them facing long-term unemployment. This is close to a historic peak of 13%.** It is a problem which primarily hits low-income countries especially hard. Even where there is work, much of it is low-paying. **The ILO estimates that about 156 million (or 38%) employed youth in emerging and developing countries were living in extreme or moderate poverty in 2016 - equivalent to less than $3.10 per day.**

#### UBI is supported by the left and the right and needed to deal with the unemployment impacts of automation|

Elizabeth Mason, Stanford Social Innovation Review, Summer 2018, Money for Nothing, p. 68

**Chris Hughes is a very wealthy man**. But **the cofounder of Faceboo**k didn't start out that way. His parents are firstgeneration college graduates from smalltown North Carolina, one generation removed from the hardscrabble working class of the Great Depression. As he tells it in his new memoir-cum-manifesto, Fair Shot: Rethinking Inequality and How We Earn, Hughes studied hard and won a scholarship to Phillips Academy Andover, a prestigious New England boarding school, followed by admittance to Harvard. There, he met Mark Zuckerberg and Dustin Moskovitz; the three started a little online college experiment that later became a multi-billiondollar company. At this point, you might expect a writer, having salted a little humblebrag into the story about his modest origins, to continue extolling the virtues that brought him to the pinnacle of success. Not Hughes. For a man who became fabulously rich in his 20s and is now still in his early 30s, Hughes is remarkably detached from, and objective about, the circumstances that brought him fame and fortune. His candidly stated belief is that he was, if anything, more lucky than good. Hughes' acute awareness of his good fortune despite humble origins has led him to contemplate how best to insulate ordinary Americans from the vagaries of economic ups and downs. **After a series of less-thansatisfactory experiences with development projects in Africa, Hughes concluded that the most effective way to fight poverty is simply to hand people money, so that they can spend it as they see fit. The idea of universal basic income has a rich pedigree.** As Hughes reminds us, **luminaries of both the left (**Juliet Rhys-Williams, a British liberal of the 1940s) and right (Milton Friedman, Nobel laureate economist of the conservative Chicago school) **have a**t various points **supported the notion**. **The Earned Income Tax Credit, one of the few remaining bipartisan items of tax policy, arose from the ashes of a guaranteed income program contemplated in the time of President Richard Nixon.** Long out of fashion, **the concept of basic income has seen a resurgence amid fears of widespread joblessness in the wake of everi ncreasing automation. Futurist Martin Ford suggested a basic income in his dystopian Rise of the Robots**; Switzerland mooted a guaranteed basic income of about $2,500 per month in a 2016 referendum. **Hughes is also concerned about the effects of globalization, automation, and artificial intelligence**.

#### UBI is needed to solve the problems of automation – 70 million will lose their jobs

Wayne Madsen, July 2, 2018, Arizona daily Star, Yes: Idea is prudent response to increased automation automation others for decades with idea of universal basic income

**The time for instituting a universal basic income has drawn closer than most people think. The rapid pace of workplace automation** -- encompassing everything from robots flipping burgers at fast food joints to performing routine hygiene at the dental clinics -- **means that skilled and unskilled laborers will soon be out of work. However, out of work should not mean out of money.** Replacing the standard minimum wage and even a comfortable living wage is the **universal** **basic** **income** or "UBI." UBI is a guaranteed fixed weekly or monthly payment to workers who have no future of employment as the result of being replaced by robotics. The UBI idea has turned into reality in several pilot programs undertaken in Stockton and Oakland, California; Manitoba and Ontario in Canada; and Finland, Scotland, the Netherlands, France, Italy and Brazil. A UBI has been advanced for decades by economists and political leaders ranging from Milton Friedman and Facebook founder Mark Zuckerberg to British philosopher Bertrand Russell and Dr. Martin Luther King. King championed the notion of a guaranteed income for all. It is noteworthy that King would have espoused a basic income. He wrote in his 1967 book, "Where Do We Go from Here: Chaos or Community?" that "the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income." Fans of the 1960s sci-fi television series "Star Trek" were introduced to a future where the Federation of Planets ended poverty through the use of "credits." It is known that King was not only an early "Trekker," but someone who grasped the future of increased workplace automation and a workforce that would be idled as the result of being supplanted by such technology. The future dreamed of by King and "Star Trek" creator Gene Roddenberry is already upon us. Increasingly, **there are more human laborers than jobs for them to fill.** To not enact a UBI in the face of advanced robotics is to ensure a restive population that will make the late 18th and early 19th century rebellion by anti-industrialization textile workers in England -- the "Luddites" -- seem like a minor labor disturbance by comparison. Policymakers can invest now in establishing a nascent UBI or they will surely pay later for their lack of action. The consulting company **McKinsey estimate**s that a third of the American workforce will be replaced by robots by 2030. That equals some 70 million workers idled by automation. **No politician would want to face a hostile voting population of 70 million people striving to survive in a world of rapid technology-induced unemployment. Legislators have a simple choice -- begin instituting a UBI today or face an angry population in 12 years or less.** A UBI should not even be a political issue. Workplace automation cuts across political demographic lines. Conservative rural areas in the United States are going to experience a 97 percent automation of farm jobs. The situation is no better in other manual jobs, with construction workers looking at 88 percent and truck drivers facing 79 percent automation of their jobs. Workers in conservative Fresno, California, will lose 54 percent of their mainly agricultural sector jobs to robots, while liberal San Francisco will see robots replacing over 42 percent of the labor force in numerous white-collar professions. **Critics of the UBI argue that workers will become unproductive to receive a free handout. The argument is specious. UBIs will ensure that basic human needs will be met, which will allow people to engage in other pursuits, including scientific research, art and writing in a modern renaissance era amid rapid global automation.**

### Welfare Stigma

#### UBI eliminates the welfare stigma

Peter Goodman, The Daily News of Los Angeles, June 3, 2018 , Stockton becoming basic-income test lab, p. A18

Will single mothers use their cash to pay for child care so they can attend college? Will people confronting choices between buying school supplies or paying their electric bills gain a measure of security? Will families add healthier food to their diets? Basic income is a term that gets thrown around loosely, but the gist is that the government distributes cash universally. As the logic runs**, if everyone gets money - rich and poor, the employed and the jobless - it removes the stigma of traditional welfare schemes while ensuring sustenance for all.** That a city in California has made itself a venue for the idea seems no accident. The state has long tried fresh approaches to governance. Ahead of the state's political primary, much of the conversation has centered on concerns about economic inequality.

#### A guaranteed income would reduce the humiliations of the current welfare system while promoting individual responsibility

Feeney 13 (Matthew Feeney – Before coming back to the U.S. Matthew worked in London for the Institute of Economic Affairs and at the Headquarters of the Liberal Democrats. He moved to Washington, D.C. to take part in the Institute for Humane Studies' journalism program at The American Conservative and was assistant editor of Reason.com – “Scrap the Welfare State and Give People Free Money” – Reason.com – November 26, 2013 – http://reason.com/archives/2013/11/26/scrap-the-welfare-state-give-people-free)

In 2008, Charles Murray wrote that a guaranteed income for all American adults over the age of 21 who are not in prison of $10,000 a year that would replace all current welfare programs as well as agricultural subsidies and corporate welfare would be cheaper than maintaining the current welfare system in the coming decades. It is important to point out that under Murray’s proposal, which is outlined fully in his book In Our Hands: A Plan to Replace the Welfare State, after someone’s total annual income reached $25,000 a 20 percent surtax tax would be imposed on “incremental earned income,” capped at $5,000 once someone earns $50,000 a year. Murray’s plans also requires that $3,000 of the $10,000 grant be spent on health insurance. Of course giving every non-incarcerated American over the age of 21 $10,000 (or the current poverty line of $11,490) a year with Murray’s surtax plan in place of all corporate welfare and the entirety of the welfare state (including Social Security, Medicaid, and Medicare) would not be cheap, but it would be more efficient, because it is a simple cash transfer, and would be easier to fund were other libertarian budget proposals considered, such as cuts to defense spending. Those who are not fans of Murray’s guaranteed income may be more open to Milton Friedman’s negative income tax, which would not guarantee a set income for every adult, but would provide payments to Americans based on how much below a certain threshold they earned. Like Murray’s guaranteed income, Friedman’s negative income tax would be financed through wealth redistribution. Some libertarians may not be fans of a guaranteed or basic income because such a system would, they argue, disincentivize work. Murray believes that his surtax scheme would incentivize work after someone began earning over $25,000. Friedman wrote that the negative income tax “reduces the incentives of those helped to help themselves, but it does not eliminate that incentive entirely, as a system of supplementing incomes up to some fixed minimum would. An extra dollar earned always means more money available for expenditure.”

### Gender

#### UBI provides a means through which abused women can create financial leverage and establish the possibility of leaving their spouses

**Yadav** Kartikay July 3, 2018, Mondaq Business Briefing, India: Universal Basic Income: Re-Imagining Social Security, http://www.mondaq.com/india/x/714554/Knowledge+Management/Universal+Basic+Income+ReImagining+Social+Security

**One of the most defining reform to be expected through UBI is that in area of gender parity. A women's monthly, unattached income through a basic income entitlement gives her more bargaining power in the household . This would also allow mothers to raise their kids independently in a much more uninhibited environment**. **As was mentioned by Karl Marx in one of his letters that the social progress can be measured by the social position of the fairer sex. Thus, the progress of any nation is intrinsically linked to holistic development of all its subjects.**

### Freedom

#### A UBI would liberate people in a post-capitalist world

George Eaton, June 27, 2018, The New Statesman, If Capitalism Ended, what would replace it? https://www.newstatesman.com/politics/economy/2018/06/if-capitalism-ended-what-would-replace-it

**The Marxist theorist Fredric Jameson observed in 1994 that "it is easier to imagine the end of the world than to imagine the end of capitalism**". By this, he meant that environmental apocalypse appeared more likely than the triumph of a systematic economic alternative. This unremittingly sober view, also adopted by the *New Left Review*'s Perry Anderson and the late cultural theorist Mark Fisher, became known as "capitalist realism". **In recent years, a succession of authors have championed an alternative vision.** Paul Mason's *PostCapitalism* (2015) and Nick Srnicek and Alex Williams's *Inventing the Future* (2015) both argue **that technological advancements will render most work unnecessary and could liberate humans - sustained by a state-funded universal basic income - to pursue true freedom.**

### Teen Pregnancy

#### Guarantted income decreases teenage pregnancies

Murray 8 (Charles Murray – Charles Murray is a political scientist, author, and libertarian. He first came to national attention in 1984 with the publication of Losing Ground, which has been credited as the intellectual foundation for the Welfare Reform Act of 1996. His 1994 New York Times bestseller, The Bell Curve (Free Press, 1994), coauthored with the late Richard J. Herrnstein, sparked heated controversy for its analysis of the role of IQ in shaping America’s class structure. Murray’s other books include What It Means to Be a Libertarian (1997), Human Accomplishment (2003), In Our Hands (2006), and Real Education (2008), and Coming Apart (2012). His most recent book, “By the People: Rebuilding Liberty Without Permission” (Crown Forum, 2015) urges Americans to stem governmental overreach and use America’s unique civil society to put government back in its place. – “Guaranteed Income as a Replacement for the Welfare State” – The Foundation for Law, Justice and Society – October 30, 2008 – http://www.fljs.org/files/publications/Murray.pdf)

The GI obviously increases the economic penalty of having a baby for a single woman under twenty-one, who no longer has access to any of the existing welfare programmes for single mothers. The GI also increases the economic penalty on the parents of a teenaged mother who is still living at home, thereby also increasing their incentives to pressure the daughter to avoid pregnancy or to have an abortion. Under the GI, having a baby no longer triggers a benefits stream to defray their costs. The GI radically increases the economic penalties for fathers who are unemployed or working off the books. Under the current system, a child support law is meaningless because they have no visible income. Under the GI, every man aged twenty-one or older has a known income stream deposited to a known bank account every month that can be tapped by a court order. For teenaged fathers who are not yet old enough to be eligible for the grant, their obligation would accumulate until they turn twentyone, whereupon the child support law would force them to start paying it back.

#### Teenage pregnancies contribute to overpopulation

FN 8 (Fox News – The Fox News Insider is the official Blog of Fox News Channel. Established in June 2010, Fox News Insider delivers breaking news and show highlights just moments after they air on FNC.  – “Expert: Teen Pregnancies Contribute to Overpopulation” – Fox News – March 14, 2008 – http://www.foxnews.com/story/2008/03/14/expert-teen-pregnancies-contribute-to-overpopulation.html)

Unwanted teen pregnancies and bouts of binge drinking are contributing to the world’s unsustainable population growth, a World Health Organization academic said. John Gillebaud, a leading academic on birth control, reproductive health and population issues, told a conference in Canberra, Australia, that unprotected sex leading to unwanted pregnancies is the greatest threat to mankind. "Every single week a new city of 1.7 million could be created, and the current global population growth is unsustainable," he said, speaking via satellite from London. "Each year, there are around 80 million unwanted pregnancies and 30 million of these are aborted," he said. "The inconvenient truth is, the world is already overpopulated and soon we may experience shortages of food and water."

### Health Care

#### Universal basic income can ameliorate the health effects of inequality

Dr Marc Aitken, The National (Scotland),July 7, 2018 Saturday, Dr Marc Aitken: Could our health service be better with a universal basic income?, http://www.thenational.scot/news/16339313.dr-marc-aitken-could-our-health-service-be-better-with-a-universal-basic-income/

. **One of the greatest challenges we face in Scotland is a disproportionate difference in health outcomes between our "haves" and "have-nots". This is reflected in the staggering differences in life-expectancy across the country. Where I live in East Dunbartonshire, men enjoy the longest average life expectance in the country at 80.5 year; five miles down the road in Glasgow City Centre that figure is 73.4 years. The seven years of difference doesn't even account for the fact those in poorer areas often have less disease-free healthy-life-years - they may live to 71, but they might have been sick or infirm since their early 60s!** One of the hurdles in meeting the need to change this situation has been the limitations of powers that the Scottish Government has had access to. Fixing the Inverse Care Law - where wealthy groups often gain access to services they don't necessarily need, whilst poorer populations lack access to them - is a major stumbling block of progressive public health policy. Could **universal** **basic** **income** give us the answer to this? **Universal basic income is a simple, but challenging, principle. At its core, the idea is to provide unconditional income to citizens, above the poverty threshold, to enable people to meet their basic needs; food, shelter clothing etc. This would replace much of the need for a complex means-tested social security system. From a health perspective, it could provide an equal platform that might mitigate some of the big social factors which contribute to ill health; stress, poor nutrition, unsafe living conditions, etc.** Now that Scotland has devolution of some social security powers the time to debate this issue couldn't be better. Having already made the decision to diverge from the rest of the UK in our income tax policy, many Scots seem more open to the prospect of stigma-free social security at the expense of higher taxation. There are several ongoing working models looking into the cost of a basic income system, but it is likely to be high. However, big upfront costs shouldn't be an absolute barrier to considering UBI - citizens who are healthier and with better life opportunities live longer, work longer and would pay back into the system. It would also remove the barrier where benefit claimants are apprehensive about going back to work for fear of having their incomes affected. Additional "healthy life years" gained would also potentially bring savings to our healthcare system. The prospect of having a generation growing up without poverty is an exciting and aspirational goal for those of us who believe in primary prevention of ill-health.

### Answers to Con Economy Arguments

#### Turn -- Inequality is a global problem, reducing it will improve the economy

Michael A. MacDowell is the managing director of the Calvin K. Kazanjian Economics Foundation and president emeritus of Misericordia University, The News-Press (Fort Myers, Florida), July 7, 2018, Data helps us understand income inequality, https://www.news-press.com/story/opinion/contributors/2018/07/06/how-data-can-help-us-understand-income-inequality-macdowell/751369002/

Despite these facts, the potential for gross income inequality should continue to be taken seriously because excessive differences among a population's income can lead to major problems. One need only look at developing countries in Africa and Latin America and more developed ones such as Russia to see that the impact of very unequal income on the well being of citizens is corrosive. In countries like ours where per capita income is more equally distributed citizens are incentivized to purchases goods and services produced by that country. This, in turn, allows businesses to grow and creates jobs. It also means that many have the resources to attend college and/or use their imagination and knowhow to create and grow new business. These businesses employ more people thereby creating economic growth and increasing the wealth and wellbeing of increasingly larger portions of the population.

### Answers to: Should Guarantee Jobs

#### A guaranteed jobs program crushes the private market and means people end up building the wall

Ryan Bourne occupies the R Evan Scharf Chair for the Public Understanding of Economics at the Cato Institutte, The Daily Telegraph (London), Daily Telegraph, July 6, 2018 Corbyn would be wise to avoid the US Left's plans for a jobs guarantee, https://www.cato.org/publications/commentary/corbyn-would-be-wise-avoid-us-lefts-plans-jobs-guarantee

Major Left wing economic policy movements invariably germinate in the US before spreading around the world. Occupy began with student protests at the University of California in the wake of the financial crisis. The modern living wage campaign took off following the efforts to raise pay for city service contractors in Baltimore, Maryland. So we should take notice of the latest brainwave going mainstream stateside: a generous government job guarantee. Having dallied with supporting higher minimum wages or a **universal basic income,** **the socialistic firebrands of the US Democratic Party are coalescing around this huge labour market intervention. Under their scheme, every US adult who wants a job would be guaranteed voluntary employment** at $15 (£11.30) per hour plus benefits for the hours they prefer. Jobs would be taxpayer-funded but administered locally, with workers placed in environmental, community or care roles. The idea is to eliminate involuntary unemployment. The US suffers from high rates of 25 to 54 year-old men being inactive in the labour market, and advocates envisage clear social and economic benefits from engaging them productively. They predict too that such a guarantee will act as a floor on labour standards throughout the economy, helping achieve other social policy objectives without risking unemployment. Yet what dooms the policy are the three "Cs" - cost, crowd-out and corruption. **Such a measure would clearly be expensive. Even allowing that some would opt for part-time work, the combination of wages, benefits and material and administration costs would average $36,200 per worker per year,** according to the Levy Economics Institute. Employing the 15m or so currently unemployed, underemployed or inactive US adults who say they would like work would therefore cost 2.7pc of GDP alone. But there would be millions of people currently employed who would find the government offer irresistibly generous relative to their current job, potentially taking the direct cost to over $1 trillion a year, or way over 5pc of GDP. **This crowd-out effect could be huge. US census data shows around 24m people currently work full-time for an income of less than $30,000 a year. Plenty of businesses would have to adapt their models to account for this new effective wage floor.**. **What will all these workers do then? Restoring natural habitats, putting on community musical productions and improving public trails may raise the gaiety of the nation, but it is hardly likely to deliver significant economic returns. Even in the care sectors, any benefit from a greater supply of workers is undermined by the higher wage floor likely jacking up prices for consumers. So though significant numbers of extra people working would raise measured GDP on the one hand, overall productivity would almost certainly fall. The higher effective wage floor would reduce private sector employment and investment in low-productivity regions, compounded by the higher taxes necessary to fund the scheme. It would be churlish, of course, to suggest that involuntary unemployment and inactivity does not in itself have economic and social costs. But it would be naive to believe that there would be no adverse social consequences of such a massive intrusion in the jobs market. In fact, one could foresee extensive corruption, in both the fraud and debasement definitions of the word**. A mammoth new bureaucracy will be tempted to direct resources based on political considerations, rather than sound economics. For Democrats this might mean overinvestment in environmental projects. **For Republicans, workers might be used for building a border wall**. NGOs and local public bodies themselves will be falling over themselves to grab government funds for projects they would have undertaken any way. But an under-considered effect is how it would affect the perception of work. If jobs are guaranteed and performance not judged on a commercial basis, then conscientiousness on the job is likely to www.fall.No doubt some people would much prefer to be doing something, anything, rather than nothing. And arguably this programme would combine the conservative taste for workfare with the Left wing cause of higher minimum wages and work standards. But part of the fulfilment one gets from productive activity is the very fact that it is a demanded service or production. Any government absorbing so many workers would doubtless have to employ many of them in meaningless make-work schemes. Would that really make the workers feel valued? **In short, a jobs guarantee, though well-intentioned, would be a hugely risky overhaul of the labour market to solve a real, yet modest, problem. Not only would it be costly for taxpayers, but it would profoundly change the very concept of what work is about in ways we probably can't even envisage**. 'In short, a jobs guarantee would be a hugely risky overhaul of the labour market'

### Answers to: Need More Pilot Programs First/Finland Experiment Proves it Doesn’t Work

#### Alaska proves it works, Finland wasn’t actually UBI, May 29, 2018, Quartz, We're giving up on universal basic income before the evidence is in, https://qz.com/1289626/has-universal-basic-income-lost-its-charm-before-we-could-figure-out-if-it-works/

Matt Bruenig, contributor at progressive think tank Demos

"**Alaska's Permanent Fund Dividend program has been providing modest basic incomes to their residents for over 30 years, with much success,"** writes Bruenig in an email. "**So in some ways I** find the whole pilot craze a little odd. A whole US state has already proven it can work really well." Bruenig says he was disappointed Finland didn't decide to expand its scheme. He also notes that he doesn't think their original pilot was truly universal basic income, as it didn't include those unemployed at the start of the program**.** "What they did was take people who were already employed and receiving benefits and told them that they would continue to receive those benefits even if they became unemployed," he writes. "So I would say it wasn't ambitious enough in the sense that it wasn't even really a basic income. It can provide some interesting information about how much fear of losing unemployment benefits keeps people from taking jobs, but not much about what a full-blown UBI implementation might do. Bruenig believes any country could conceivably implement UBI. It's just a matter of political will. "A pilot might provide some evidence about UBIs that could persuade policymakers perhaps, but policy is more about politics than it is about evidence," he adds.

#### Finland’s program wasn’t actually implemented

Matthew Zwolinski, associate professor of philosophy at the University of San Diego, , Quartz, We're giving up on universal basic income before the evidence is in, https://qz.com/1289626/has-universal-basic-income-lost-its-charm-before-we-could-figure-out-if-it-works/

**"[Finland's] experiment started with a proposal that was incredibly exciting from a social scientific perspective," writes Zwolinksi in an email. "The plan was to look at a variety of different basic income schemes, some very generous, some less so, tested on both a regional and a national level. *Had it been implemented*, this would have given us important information on how all those variables and details that matter so much for good public policy play out in the real world."** "But **Kela [the Finnish governmental social-security agency behind the experiment]'s great idea never made it past the starting gate,"** adds Zwolinksi. "Finland's conservative government wasn't interested in the basic income as a radical social reform.

#### It’s impossible to fully test it, we need to start it and build it up

Karl Wilderquist, associate professor at Georgetown University School of Foreign Service in Qatar, and co-chair of the Basic Income Earth network, , **Quartz,** **We're giving up on universal basic income before the evidence is in,** https://qz.com/1289626/has-universal-basic-income-lost-its-charm-before-we-could-figure-out-if-it-works/

"**UBI can't be fully tested**," writes Wilderquist. "**Many of its effects play out on a national basis and/or over many years. These effects will not be revealed in any experiment-even with thousands or tens of thousands of participants.**" Anyway, he says, pilots will not translate into policy on the basis of results alone: "Where it will happen depends again on political will, and that is something very hard to predict. **That said, he notes, there's "very, very little downside to trying it out, especially if you start small and gradually increase the level of UBI.**

#### It would reduce poverty, we don’t need to test it

Jason Murphy, assistant professor of philosophy at Elms College in Massachusetts, who manages the US Basic Income Guarantee Network Facebook page, , **Quartz,** **We're giving up on universal basic income before the evidence is in,** https://qz.com/1289626/has-universal-basic-income-lost-its-charm-before-we-could-figure-out-if-it-works/

"I do not understand why we need the level of scrutiny that some people seem to be demanding," writes Murphy. He explains:

When we debate other policies, we get excited if there is good reason to think that it would raise income for low-to-moderate [income] people. At least that is when we ought to be excited. **Nothing would raise income for the poor and the middle-class like a progressively-funded basic income. It is weird to me that the abolition of poverty is something that we need to prove would be good. The idea that we need these trials to see if it works is mistaken and a bit of a distraction. Basic income is mostly a matter of taking economic security and freedom seriously. This is an ethical debate more than anything else.**

### Answers to: UBI Promotes Laziness

#### The poor are not lazy and a UBI motivated work

Michael Warren, May 26, 2018, London Free Press, Is universal basic $ income the future?, https://waitbutwhy.com/table/universal-basic-income

The other objection is that giving people free cash will reduce the incentive to work even though there is extensive evidence that the poor are not lazy and unmotivated. Economist Joseph Hanlon puts it this way: "Poverty is fundamentally about a lack of cash. It's not about stupidity. You can't pull yourself up by your bootstraps if you have no boots." Studies show UBI increases labour activity among the unemployed. It can also provide low-income people with the financial security to quit lowpaying, unfulfilling jobs and seek retraining, a better job or launch a small business. Whatever party wins the June 7 provincial election should continue this three-city UBI trial to completion. The findings are essential to determine whether UBI is a cost-effective way of helping the millions of Ontarians who will be impacted by a technological revolution that's coming at warp speed. R. Michael Warren is a former corporate director, Ontario deputy minister,

#### If people’s basic needs are met, they will work

Annie Nova, May, 1 2018, <https://www.cnbc.com/2018/05/01/nearly-half-of-americans-believe-a-universal-basic-income-could-be-the-answer-to-automation-.html> Universal basic income: U.S. support grows as Finland ends its trial

"The claim is often made that if you give people a basic income, they'll become lazy and stop doing work," Standing said. "It's an insult to the human condition."Basic incomes tend to increase people's work rather than reduce it." That's because research has shown that a basic income can improve people's mental and physical health, Standing said, as well as encourage them to pursue employment for reasons more meaningful than just a need to put food on the table.

#### UBI makes low wage employment possible

Yves Smith, May 1, 2018, Universal Basic Income and Minimum Wages: Progressive or Regressive? https://www.nakedcapitalism.com/2018/05/universal-basic-income-minimum-wages-progressive-regressive.html

So, traditional unemployment insurance– the concern is that it discourages people from going back to work, because their benefit level will decrease. So, for that purpose, the purpose of this study, it makes sense that they only studied the effect on unemployed workers. That being said, there is another criticism of the design of the Finnish study, which is that the stipend level was about 500 a month, which is not enough to live. It doesn’t actually free someone from the necessity of working. So, a criticism of the design of this study is that it actually– universal basic income of this type could actually be used as a way to subsidize, or promote, low wage or part time employment. So, that’s another criticism of the way this particular study was designed.

#### Studies prove guaranteed income doesn’t decrease incentive to work

Mallett 2/4/15 (WHITNEY MALLETT – Whitney is a writer and video producer, especially interested in how technology intersects with art, privacy, and criminal justice. – Whitney is a writer and video producer, especially interested in how technology intersects with art, privacy, and criminal justice. – “The Town Where Everyone Got Free Money” – Motherboard – February 2, 2015 – http://motherboard.vice.com/read/the-mincome-experiment-dauphin)

Critics of basic income guarantees have insisted that giving the poor money would disincentivize them to work, and point to studies that show [​a drop in peoples' willingness to work under pilot programs](http://www.bostonfed.org/economic/conf/conf30/conf30b.pdf). But in Dauphin—thought to be the largest such experiment conducted in North America—the experimenters found that the primary breadwinner in the families who received stipends were in fact not less motivated to work than before. Though there was some reduction in work effort from mothers of young children and teenagers still in high school—mothers wanted to stay at home longer with their newborns and teenagers weren’t under as much pressure to support their families—the reduction was not anywhere close to disastrous, as skeptics had predicted.

#### Claims that the poor are lazy are grounded in neoliberalism and ignores the economic and political structures that lead to poverty

Daily Times (PK), May 18, 2018 Demonising the poor in the 'Age of Anger', https://dailytimes.com.pk/241457/demonising-the-poor-in-the-age-of-anger/

. **This emphasis on excluding the poor, in fact, has become a common refrain as neoliberalism and enlightenment rationality have come to dominate economic and political discourse**. In conversations centred on poverty and on the welfare state, for example, policymakers and intellectuals consider the poor to be indolent, lacking any motivation to work, and prone to feeding off the state's largesse. **This line of argument has in fact been responsible to a large degree for shooting down universal basic income programs and in rolling back welfare in places like America.** Similarly, political discourse is also shrouded in disdain for the 'uneducated masses', who are blamed for phenomena such as Brexit and the rise of Donald Trump. Pakistan's own political discourse is sadly plagued by similar lines of thinking. Many intellectuals, for instance, blame Pakistan's struggles with democracy on low literacy levels and on faceless, impoverished souls whom they accuse of voting in 'ignorance'. **This narrative diverts scrutiny away from the political and economic structures that led to poverty and to damaging democracy, and ends up demonising the poor themselves**. Thus, we witness how analysts blame endemic racism and xenophobia for America's focus on protectionism under Trump, all the while ignoring how rampant capitalism and neoliberalism led to displacing the local worker and to a hatred of the foreign worker in the first place. It thus becomes absolutely essential to understand how the forces of capitalism, modernity and even the enlightenment have led to altering local structures, and how underpinning this transformation is a strong apathy for the poor and the destitute classes. For it remains a fact that modernity, an obsession with rationality and unfettered neoliberalism have left billions behind in their quest to reshape societies along western lines. While discussing and pondering over political and economic issues, therefore, it is crucial that we question the historical forces that brought the world to where it is today, and always eschew placing the blame solely on those less privileged than us. Published by HT Digital Content Services with permission from Daily Times. For any query with respect to this article or any other content requirement, please contact Editor at content.services@htlive.com

### Taxation Bad Answers

#### It’s non-unique – AI will wipe out the tax base. We need to direct taxation at the AI companies to sustain it and sustain UBI

The Sunday Independent (South Africa), June 24, 2018 Will AI affect our standard of living?, https://www.iol.co.za/sundayindependent/dispatch/will-ai-affect-our-standard-of-living-15658187

**The fourth industrial revolution, which is powered by artificial intelligence (AI) will reduce the world of work and thus potentially reduce the amount of collectible tax.** AI is a computer technique that allows us to bring certain aspects of human intelligence into machines. According to the World Economic Forum, **70% of the jobs that exist today will not exist in 30 years**. Any task that typically does not involve more than one minute of thinking to complete, will be automated. This era of the fourth industrial revolution will be a post-work era because the need for humans in the workforce will be curtailed. It will change the face of labour. AI robots will populate factories and cannot belong to a trade union. Our participation in this revolution will not be optional. Either we participate or as a country we are economically obliterated to the "dustbin of history". The social consequence of the fourth industrial revolution will be extensive. **Those with financial capital will simply buy these AI robots and produce goods and services to maximise profit. So the concept of the poor getting poorer and the rich getting richer will be exacerbated. The Gini coefficient, which is a measure of inequality in society, will increase and this will threaten the existence of the notion of the nation state.** Now if people are going to be put out of their jobs, who will buy these goods that these robots will produce? Where will these customers get the money to buy these goods? **Leading capitalists have proposed a solution**. Bill Gates the founder of Microsoft, proposes the taxation of AI robots. South African-born technology billionaire Elon Musk proposes introducing the universal basic income. Perhaps the first port of call is to understand the impact of these revolutionary changes on taxation. Tax collection is the best way in which government generates its revenue. Prior to the final audit, in South Africa the tax collected in the year 2016/2017 was R1216 trillion. **This tax is used to run the state, to pay civil servants, to run our public schools and hospitals to maintain our roads as well as to pay social grants. These are public goods as they are our investment into stability and prosperity. If our tax collection is lower than our expenditure then we run a budget deficit. A persisting deficit in a country ultimately renders the government bankrupt.** The big question that needs to be answered is what will intelligent automation do to tax collection? Suppose the auto-manufacturing plant in the City of Tshwane has 100 people who each contribute R5000 per month to Sars as tax. If this plant decides to automate the jobs that these 100 employees are doing then the tax revenue for Sars will drop by R500000. The only way this tax revenue will not drop is if Sars increases corporate tax for this company by R500000. Corporate tax is the tax that is charged to companies. The concept of increasing corporate tax because of automation is effectively taxing AI robots. Can we realistically automate an entire economy? To answer this question we should study the work of Nobel laureate Arthur Lewis from StLucia in the Caribbean islands who became the first person of African descent to win the Nobel Prize in Economics. He proposed the Two Sector Economy theory. He said by moving labour from the agricultural sector to the industrial sector and using the resulting profits to expand industrial production, a country can be moved from a developing to a developed economy. He proposed that this can be done until it is no longer economical to move labour from agricultural to industrial sector and this point is called the Lewis turning point. After the Lewis turning point has been reached the cost of labour in that economy starts rising. In our book Artificial Intelligence and Economic Theory: Skynet in the Market, we apply Lewis's theory to automation and define the limits of automation. We divide the economy into two parts and these are the AI machine and the human economy. Labour will move from the human economy to the AI machine economy until it no longer makes economic sense to migrate labour from humans to AI machines. This might be because the tasks involved are too complicated or too human to be automated. For example, if one needs to see a doctor perhaps this patient-doctor relationship is too human for people to prefer machine doctors over human doctors. So the limit of automation is a point at which it is more expensive to automate a job than to use humans mainly due to the difficulty of deploying technology. Going back to tax collection, in 1974, American economist Arthur Laffer proposed a theory showing the relationship between the effective tax rate and the tax revenue collected by government. These ideas popularised by Arthur Laffer were not new and were described as early as the 14th century by Arab scholar Ibn Khaldun. **What does our government do to ensure that we collect enough taxes?** First, we should have dynamic and world-class economic scientists who are sufficiently skilled in modelling economic, social and political phenomena. **Second, we need to train people who understand automation and artificial intelligence. Third, we should use AI robots to detect and prevent tax evasion.** Fourth, we should develop a framework to tax companies that are domiciled overseas but make their money in South Africa. In conclusion, the fourth industrial revolution should not lead to a drop in the standard of living. Aristotle foretold this when he said: "The end of labour is to the gain of leisure..." **To ensure that this is realised we should ensure that we manage the delicate balance amongst labour, automation and taxation.** n Marwala is the vice-chancellor and principal of the University of Johannesburg and the author of the book Economic Modelling Using Computational Intelligence. He writes in his personal capacity.

### Answers to: Root Cause is Capitalism

#### There is no alternative to capitalism – it won’t just collapse

David Brooks, May 22, 2018, <https://www.nst.com.my/opinion/columnists/2018/05/371786/future-american-left> Future of the American Left

It ’S easy to argue that the American left is on the cusp of a great victory. The economic anxieties of the working class have gone unaddressed. The Resistance is passionate and politically engaged. Faith in capitalism is plummeting. Only 42 per cent of millennials embrace capitalism, according to a Harvard University poll, while 51 per cent reject it. The Republicans seem to be turning themselves into an aging minority party. Moderate Democrats are no longer a force. There are only two vibrant political tendencies in America right now: Trumpian populism and Bernie Sanders/Elizabeth Warren-style progressivism. As Trumpism loses, progressivism will win. **What can we say about the coming progressive regime?** First, it will be a decisive break from the moderate liberalism of Bill Clinton and even Barack Obama. Second, despite some silly recent talk, **it will not be Marxist. A few of the distinctive features of Marxism are: 1. The belief that the problems of the modern economy are inherent to the capitalist system. 2. Capitalism will eventually collapse. 3. There is an alternative system. My sense is these ideas have been rejected by most on the left. It’s become clear, to those on the fair-minded left, that global capitalism has produced the greatest reduction in poverty in human histor**y. The problems with capitalism are more discrete — mostly with the plight of the working class in rich countries. Moreover, **there is no alternative. Economist Dean Baker has argued that it’s silly for people on the left to see the market as the enemy: “This makes as much sense as seeing the wheel as the enemy. The market is a tool, it is incredibly malleable.” It can be structured to redistribute wealth upward, or it can be structured to redistribute wealth downward. The goal for most on the left is not replacing capitalism, but reforming it to make it work better for a**ll. That would involve two big tasks. The first would be to rewrite rules to redistribute wealth. In an anthology called “Reflections on the Future of the Left,” Baker imagines ways this might be done: impose a tax on financial transactions to weaken Wall Street’s power; change monetary policies to give full employment priority; shorten the workweek to tighten labour markets; and change corporate law to make it easier to cut executive pay. The second task would be to ensure economic security for all. This would involve raising the federal minimum wage to $15 (RM60) per hour, providing universal basic income and having the federal government provide a paying job to all who want one. I would disagree with this agenda on pragmatic policy grounds, but at least it would be humane. It’s a positive, universalist agenda that aims at social solidarity and national cohesion — we’re all in this together. It would be, as Sheri Berman writes in the left-wing magazine Dissent, enchanted with a radical idealism. Nonetheless, **I don’t think this is the leftism we will wind up with. Tribalism is in the air,** on the left as well as on the right. It is based on a scarcity mentality, the idea that life is a zero-sum war between us and them. It emphasises division and conflict, not solidarity and cohesion. It draws out the authoritarian tendencies in any movement. On the right, tribalism brings us the ethnic authoritarianism of Donald Trump. On the left, **it seems likely to bring us the economic authoritarianism of a North American version of Hugo Chávez. You can see authoritarianism entering the left through two avenues. The first is nationalism**. Not long ago, most of the American left tended to think transnationally — partly because problems like climate change are global, partly because it’s hard to regulate a global economy nation by nation, partly because progressives used to be psychologically averse to nationalism. But national sovereignty is not withering away. Left-wing hostility towards European Union-type multilateral organisations is at record highs. Now a lot of progressive economic thinking is nakedly nationalistic. Bernie Sanders in 2015 derided a more open immigration policy as a “Koch brothers proposal”. It’s the old xenophobia — us or them. On trade, the left-wing populists sound like Trump. **The** **second stream fuelling economic authoritarianism is identity politics. It used to be that big political divides were defined by economic interests; now, the cultural dog wags the economic tail. Identity politics defines the core political divides. When many progressives talk about economics these days, they take the habits of mind they developed when talking about identity groups and apply them to economic groups. It’s the same Manichaeism: oppressor versus oppressed, privileged versus underprivileged, hegemon versus victim. Conflict is inevitable. The apocalypse is near. Preserve the purity of the group. Shut down the other side. It’s sectarian politics to the nth degree.** In Venezuela we saw how a politician used demagogic sectarian rhetoric to establish an authoritarian regime and then destroy a people.

### Answers to: Alaska Proves the UBI Experiment Fails

#### The Alaska experiment proves the payments motivate work and that it interjects money into the economy

Sintia Radu, May 3, 2108, USNEWS.Com, Will Universal Income Ever Work?, https://www.usnews.com/news/best-countries/articles/2018-05-03/will-universal-income-ever-work

**The Alaska Permanent Fund** is one of the closest examples of functional **universal** **basic** **income** in place today. It ensures every resident of that state gets a fixed income from state oil revenues, and reached a record payout of more than $2,000 per person in 2015 (in 2017, every Alaskan received $1,100 ). **Payments began in 1982 and the effects so far have been positive, economists say, and contrary to fears that Alaskans would quit work altogether, some have only opted for working fewer hours, and it may actually have sparked job growth in certain sectors. "Giving all this cash means people are spending the cash , and so we've seen evidence that local businesses and restaurants and the like were hiring more people in response to this cash injection,"** says Ioana Marinescu, assistant professor of economics at the University of Pennsylvania School of Social Policy & Practice. "That actually made the employment effect less negative." Similar experiments are being considered in Stockton, California, where city officials have a program in its design phase that will give 100 selected residents an extra $500 a month. The Y Combinator, one of the most prestigious tech accelerators in the U.S., is also looking into such a project in Oakland, California. Outside of the U.S., the Canadian province of Ontario is testing out a pilot experiment with up to 4,000 low-income participants. In Kenya, the GiveDirectly charity began giving people $22 a month as part of a 12-year-long experiment. Similar measures are being carried out in Uganda and in Livorno, Italy, where a selected group among the poor receive around $500 a month. In Switzerland, such an initiative was rejected in 2016, while it's been talked about but not implemented in places such as Spain, Scotland, and India, an OECD report shows. "We don't think there is a clear prerequisite for (countries to test) the **universal** **basic** **income** model," Marinescu says. "There have been such programs in developing countries and they show similar general effects to what we've seen in developed countries."

### Answers to: Finland Proves the Experiment Fails

#### Finland has not abandoned the experiment - -they just need more money

Kristina Antonia Schafe, EurActiv.com, May 2, 2018 , **Ex**pert: Basic income experiment did not fail, https://www.euractiv.com/section/economy-jobs/news/expert-basic-income-experiment-did-not-fail/

**The Finnish basic income experiment is currently causing a stir, some even declare it has failed**. That is not entirely correct but there are important decisions to make in Finland. EURACTIV Germany's media partner "WirtschaftsWoche" reports. If Olli Kangas understood German, he would have rubbed his eyes in amazement last week. Kangas is a professor and director at Kela, the research institute of Finnish social security, which is currently conducting a much-noticed experiment on unconditional basic income. This experiment will be phased out by the end of the year, with no prospect of succeeding. Many news sites rated this as a failure of the experiment; some even wrote that it would end prematurely. "These articles are not true," Kangas said when asked by WirtschaftsWoche. "This is fake news." The experiment is running exactly as it was planned almost two years ago: from the beginning of 2017 until the end of 2018 with 2,000 randomly selected persons who receive an unconditional basic income of 560 euros per month during this time. The **Finnish government has not actively opposed the continuation of the experiment but is leaving it running as planned. Which does not mean, however, that Kangas would not like to continue the experiment, under different conditions - with more money, more participants, and more time.**

### Answers to: People Will Waste Money

#### When a basic income was provided in India, people did not waste money

**Yadav** Kartikay July 3, 2018, Mondaq Business Briefing, India: Universal Basic Income: Re-Imagining Social Security, http://www.mondaq.com/india/x/714554/Knowledge+Management/Universal+Basic+Income+ReImagining+Social+Security

AN INDIAN CASE STUDY There has been one pilot project carried out by an NGO in Madhya Pradesh in 2010. It reached to conclusion in 2013. The pilot project was not backed by any government (Central or State). The results of the project are astonishingly positive and deserves due analysis. **Research was conducted in 8 villages, where 6000 people were given fixed monthly sum. Nearly 25% households changed their main source of energy for cooking and lighting.Of the total households, 16% repaired their toilets.Of these 95.6% had bank accounts. In a year 73% reported decline in their debt.There was no increased spending in temptation goods.** Perhaps, it is quite wisely said by one of the most prolific writers, "A nation is not made wealthy by the childish accumulation of shiny metals, but it is enriched by the economic prosperity of its people". There has been a contemporary announcement, in which state of Jammu & Kashmir has shown intent to implement **Universal** **basic** **Income,** thus becoming first Indian state to do so. CONCLUSION As has been well written by Vox journalist Dylan Matthews, "Basic income is having a moment." The idea of social entitlement based on Universalization has caught imagination of world leaders unanimously. As a matter of fact, UBI was hot topic during WEF in Davos during 2016. The title was 'World without Work'. However, it will be highly solicited from the state to appreciate the fact that the human life depends not only on income but also on social opportunities, particularly education and health care. **One of the most defining reform to be expected through UBI is that in area of gender parity. A women's monthly, unattached income through a basic income entitlement gives her more bargaining power in the household . This would also allow mothers to raise their kids independently in a much more uninhibited environment**. **As was mentioned by Karl Marx in one of his letters that the social progress can be measured by the social position of the fairer sex. Thus, the progress of any nation is intrinsically linked to holistic development of all its subjects.**

### Answers to: Welfare Better/Expand Welfare

#### The current welfare system has failed to life people out of poverty

Tanner 14 (Michael D. Tanner – Cato Institute senior fellow, Michael Tanner heads research into a variety of domestic policies with a particular emphasis on poverty and social welfare policy, health care reform, and Social Security. – “The Basic Income Guarantee: Simplicity, but at What Cost?” – CATO Unbound – August 26, 2014 – http://www.cato-unbound.org/2014/08/26/basic-income-guarantee-simplicity-what-cost)

And obviously we should be concerned that the existing welfare system has utterly failed at its primary mission: lifting people out of poverty and enabling them and their children to become independent and self-supporting members of society. Last year alone, the federal government spent nearly $700 billion to fund anti-poverty programs. State and local governments kicked in an additional $300 billion, bringing the total to roughly $1 trillion. Since the Start of the War on Poverty in 1965, we have spent nearly $19 trillion. Recent studies suggest that welfare programs did help to reduce the worst deprivations of material poverty, especially in their early years. But they have long since reached a point of diminishing returns. We may have reduced the discomfort of poverty, but we have failed to truly lift people out of poverty. Therefore I am sympathetic to the argument that some form of guaranteed basic income would be an improvement over what we have today. For example, while I am skeptical of some of the predicted administrative savings, there would be clear advantages to a simplified system. Second, it would treat poor people like adults, expected to save and budget, rather than doling out small allowances for those specific goods and services that the government believes they should have. Third, as Zwolinski notes, it helps break up the entrenched constituencies that support the welfare state.

# Con

### Libertarianism/Government Dependency/Answers to: Entrepreneurship

#### UBI will create dependence on the government and crush the entrepreneurial spirit. And there will be political pressure for greater entitlement and UBI spending once the UBI is launched

Clyde Wayne Crews, CATO, 6-19-18, Forbes.com, Universal Basic Income: What’s the Plural of Apocolypse, https://www.forbes.com/sites/waynecrews/2018/06/19/universal-basic-income-whats-the-plural-of-apocalypse/

Is homo sapiens, in the final analysis, a being incapable of living unless supported by a universal basic income (UBI)? **One of the mounting threats to liberty around the globe is that the marvels of technology are vulnerable to being exploited to normalize paternalism and dependency on government.** Technology was supposed to enable a cornucopia providing abundance (and leisure in the good sense) to all. Many do see a future in which such abundance is transcendent. Yet many in positions of leadership -- most notably tech leadership itself -- are extremely pessimistic about the automated future. CHICAGO, IL - JUNE 14: Chicago Mayor Rahm Emanuel and engineer and tech entrepreneur Elon Musk of The Boring Company talk about constructing a high speed transit tunnel at Block 37 during a news conference on June 14, 2018 in Chicago, Illinois. Musk said he could create a 16-passenger vehicle to operate on a high-speed rail system that could get travelers to and from downtown Chicago and O'hare International Airport under twenty minutes, at speeds of over 100 miles per hour. (Photo by Joshua Lott/Getty Images) Tesla, SpaceX, and Boring Co. leader Elon Musk again this week called for a Universal Basic Income. In response to a Twitter query about whether he supported the UBI (universal basic income), Musk responded, "Universal income will be necessary over time if AI [artificial intelligence] takes over most human jobs" ("he's a socialist," CNBC notes, seemingly approvingly; which Musk affirms). Optimistic takes on automation include the Consumer Technology Association's (CTA) policy track at the recent CES (Consumer Electronics Show) which featured, among other treatments, a session on "Turning AI into New Ways of Doing Business." But it is undeniable that many tech titans observing the rise of automation, robotics and artificial intelligence have escalated calls for UBI. They hope, one gathers, to ease alleged social turmoil they see resulting from alarming predictions like McKinsey's that “currently demonstrated technologies could automate 45 percent of the activities people are paid to perform.” Recommended by Forbes The UBI (sometimes called guaranteed basic income or guaranteed minimum income) is one of the twin-peak responses to an assortment of “future of work” issues, such as contracting, outsourcing and the gig-economy. The other extremist policy proposal is a guaranteed government job. While not being looked at in such terms**, the UBI is** actually **one of the the most monumental confrontations society will face over the age-old question of the primacy of the individual vs. the state, and over the prospects for individual liberty in the world of tomorrow.** Accelerated creative destruction is real, no doubt. And it doesn't just happen to the powerful, but to individual enterprises and mom and pop operations. Many are understandably ambivalent about technology-driven contract or remote work, just as many others would prefer full-time work but are relegated to part-time by regulation that makes employers reluctant to hire. Indeed, scholars studying entrepreneurship will increasingly need to isolate trends influenced by the changing networked/automated economy on the one hand, and regulation that aggravates sub-optimal startups and employment on the other. Sometimes the two can be conflated. Adapting policy to changes in labor markets: Social changes driven by technology and innovation in the sharing economy are accelerating and promise to have profound effects on entrepreneurship. However, those effects can be negative if regulators overreact. Korok Ray cites an ambitious projection of 40 percent of freelancing workers in 2020, compared to over 20 percent in 2014. Some are thrilled with such changes; but there is clearly discontent, evidenced in debates over the treatment of workers as employees or as contractors. Similarly, part time workers seeking full time work with benefits may not yet share enthusiasm for either the “gig” economy (matching local buyers and sellers) or even the older outsourcing economy. However the location-independent nature of a rising proportion of tomorrow’s working arrangements is real and is not going to reverse. Naturally, too, legitimate concern exists over the potential erosion of workplace benefits. But those benefits need not have been tied to employers by law in the first place, and could be provided in other ways. One example is the opportunity for benefits exchanges to arise (itself a form of entrepreneurship) that could disentangle benefits from the jobs they to which they have been so tightly bound for so long . Likewise, Iain Murray, in “Punching the Clock on a Smartphone App?” calls for rethinking laws that “tie social goals to the employment contract.” He proposes that “rather than creating a government-mandated portable benefits vehicle, legislators should reform laws that create penalties on associations and businesses that attempt to provide such services” and “let workers and employers decide on their own terms about salaries, benefits, hours, vacation policies.” The point is, such sensible steps, and probably many more, should come long before major social transformations (upheavals, rather) like a UBI. Progressives across the globe often condemn corporations. But, paradoxically, the progressives’ own regulatory infatuations can compel entrepreneurs, as Murray also notes, to adopt the corporate structure, thereby “reinforcing the old management–worker divide” (Murray 2015) when it would not otherwise be necessary given technology’s potential easing of two-way contractual relationships. The less unwise interference in future workplace arrangements by policymakers, the more work entrepreneurs will be able to create. Conversely, excess regulation is an incentive to automate--and artificially increase the appeal of the UBI. Preventing looming social-engineering threats to entrepreneurship and liberty: These and other intermediate steps to liberalize the labor and employment marketplace need to be taken before automation, robotics and worker displacement by technology become really real. The automated future is extraordinarily disconcerting for many to say the least. Labor force flexibility is the thing that matters most for healthy adaptation to automation, according to Dierdre McCloskey in "The Myth of Technological Unemployment." But the problem for classical liberals or libertarians, if you will, is that even if the transition to automation is eminently achievable without societal upheaval and without central government expansion, that path may not be allowed by politicians seeking to exploit the chaotic environment created by changes in technology. And such opportunistic policymakers will be emboldened by alarmist tech entrepreneurs like Musk. They will pursue what provides them most power, the most votes, and that most greatly expands the pool of "interchangeables" vital to their political success (as one can read about in The Dictator's Handbook: Why Bad Behavior is Almost Always Good Politics by Bruce Bueno de Mesquita and Alastair Smith). In the U.S., a UBI will make it such that red or blue matters less and less the Electoral College. Indeed, **the UBI might be justly regarded as the entitlement to end all entitlements, and the future foundations of entrepreneurship may be on a collision course with it.** Along with Elon Musk, tech CEOs such as Sam Altman of Y Combinator and Mark Zuckerberg of Facebook have called for a UBI. The high-profile legitimization of such a program by these luminaries is music to the ears of paternalistic progressives seeking to entrench entitlements more deeply into the global middle class. American socialist Bernie Sanders is “absolutely sympathetic,” unsurprising as he also endorses single-payer health care, a wealth tax and whatever expands the state. But the UBI’s justifications are contradictory, which only works to the favor of proponents. Some, like Musk, think the UBI necessary to placate the restless unemployed, displaced by robots and with nothing to do. On the other hand, others claim to believe a UBI would free up the mind and “unlock a huge amount of entrepreneurialism,” like Slack CEO Stewart Butterfield. Similarly Mark Zuckerberg talks of experimenting with UBI to cushion risk in an unfair world, and proclaims “organizations think profoundly differently when they're profitable than when they're in debt.” The counter to the the view that social policy peaks via an allowance while living in the societal basement is the alternative take that need rather than comfort drives and underlies human action and entrepreneurship. My Dad always said that if somebody doesn't have a hungry streak, nothing else matters. An example of a hungry streak was Sergey Brin’s use of credit card debt (rather than the free cash of a UBI) in Google’s early days. At this point I hesitate to inquire into Brin's view of the **UBI. But the presence of the UBI, whispering into the ear of all, could easily undermine entrepreneurship** much like the pursuit of disability payments in the U.S.. Alas, nations from Finland to Zambia to the U.S. are experimenting with UBI, despite 20th century welfare statism’s lesson that overall entitlement reform that reduces government rarely happens. Given history, eligibility and costs are sure to expand, and the UBI will be irreversible once widely unleashed. **It is reasonable to expect that a not-insignificant proportion of voters collecting the UBI, while enjoying freedom from the necessity to work or while plugged into virtual reality goggles, will vote for politicians promising more such income. Negative effects on entrepreneurship are a predictable consequence, but rest assured policymakers will not bother calculating that. Mobility of workers is one of the greatest advantages of the modern world, but international political pressures toward open borders while welfare statism rather than personal responsibility abounds also bear upon the wisdom of guaranteed minimum income schemes and claims that they would save on traditional welfare costs. That an entire population under a UBI rather than just Romney's "47 percent," so to speak, would be voting for a living in addition to (or instead of?) working for one poses grave problems for the very concept of non-coercive representative democracy and the sustainability of limited government. That should give pause, and motives of political proponents should be examined closely since we know this ahead of time. Any bipartisan normalization of dependency on so grand a scale as the UBI is a recipe for grave mischief**. What's even more sad is the degree to which tech giants themselves have renounced the traditional optimism of the technology sector. (Note: Some of this discussion first appeared in my chapter in the Fraser Institute's new book Demographics and Entrepreneurship; readers may see the volume's landing-page here.)

### Health Care Trade-Off

#### Spending on UBI means no money will be available for health care

Megan McArdle, May 13, 2018, The Denver Post, What's really obstructing left-wing dreams, https://www.washingtonpost.com/blogs/post-partisan/wp/2018/05/07/whats-really-obstructing-left-wing-dreams/

Almost always, when I point out the difficulties of enacting some social program much desired by the left, I am met with some version of the following rejoinder: **"Other countries have managed to do this. We passed Medicare and Medicaid and Social Security and most recently, Obamacare. It is obviously possible to do these sorts of things, even in America. The obstructionism of people like you is the only reason we can't have nice things."** The obstruction of people like me is, obviously, one of the reasons that we can't have "nice things." (Though, just as obviously, we obstruct because we think the not nice aspects would outweigh whatever benefits might ensue.) But the obstruction doesn't only come from the right. The American left has developed a fantasy that a large expansion of the welfare state can be financed by taxing only the rich a term that is ever more frequently defined to exclude urban professionals earning well into the six figures. In fact, European welfare states pay for themselves by taxing ordinary people very heavily. If the U.S. income tax were designed along Scandinavian lines, its top tax bracket would kick in at around $45,000 a year. We'd also have a heavy value added tax a highly efficient, but also regressive, kind of sales tax. It cannot be otherwise. The top quintile of households (those making more than about $115,000 a year) do take home an astonishingly large share of U.S. national income. But if you took every dollar they earned and left them to starve, it would not quite pay for a Danish style welfare state. Obviously, starving your tax base is not ideal fiscal policy. Yet just as obviously, long before you had shaken every last dollar from their pockets, they would have fled the country, hidden their money or decided to work less in order to become net recipients rather than net donors. But the left's base doesn't want to hear about taxing itself. So left wing policy analysts are forced to fund every proposal with the same few pieces of high income tax capacity eliminating the cap on Social Security taxes and raising the top marginal income tax rates on high earners. Together, some of these proposals come close to confiscating every dollar that these people earn above the level of the next lowest quintile. But perhaps you, budding socialist, see that as a feature rather than a political disaster. The question remains: **After you've taken this money to pay for Medicare for All,** what do you do for an encore? You cannot spend this money on Medicare for All and free college and expanding Social Security **and a universal basic income or a job guarantee.**

### Tax Increase Bad Contention

#### UBI would cost $3 trillion, much more than current welfare spending

Tanner 14 (Michael D. Tanner – Cato Institute senior fellow, Michael Tanner heads research into a variety of domestic policies with a particular emphasis on poverty and social welfare policy, health care reform, and Social Security. – “The Basic Income Guarantee: Simplicity, but at What Cost?” – CATO Unbound – August 26, 2014 – http://www.cato-unbound.org/2014/08/26/basic-income-guarantee-simplicity-what-cost)

Zwolinski does not propose any specific income, but cites Charles Murray’s suggestion of $10,000 per person spread over a U.S. citizen population of roughly 296 million, the cost of such a program would be $2.96 trillion, or almost 3 times our current welfare expenditure. And there is considerable question as to whether $10,000 would be a sufficient grant.

#### Even providing only $500/month for each household that makes $50,000 or less would still mean a large tax increase

Elizabeth Mason, Stanford Social Innovation Review, Summer 2018, Money for Nothing, p. 68

**Hughes instead suggests that we pay $500 per month to every adult living in a household earning less than $50,000. That would mean higher taxes on America's wealthiest families**. Hughes is hardly the first to observe that marginal rates for top earners are at levels that the one-percenters of the i940s-i970s would have been embarrassed to propose for themselves. One of the great appeals of the classic basic income argument, however, is that it is supposed to be universal. Whether a more limited, means-tested plan like Hughes' could win the support of liberals and conservatives alike is doubtful. Let's recognize Hughes' plan for what it is: a blueprint for large-scale redistribution of American wealth. Readers hoping to find in-depth academic analysis of the causes of inequality or an exhaustive recitation of studies of basic income will be disappointed. This is not that kind of book. Then again, those readers are presumably not Hughes' target audience.

#### Trump’s tax cuts have boosted the economy, we can’t go backwards

The Investor’s Business Daily, April 10, 2018, https://www.investors.com/politics/editorials/trump-tax-cuts-revenues-deficits-paying-for-themselves/

Among the many details in the report, the one reporters focused on was the CBO's forecast that the federal deficit would top $1 trillion in 2020, two years earlier than the CBO had previously said. And, naturally, most news accounts blamed the tax cuts. "U.S. budget deficit to balloon on Republican tax cuts" is how Reuters put it in a headline. But there's more to the story that the media overlooked. First, **the CBO revised its economic forecast sharply upward this year and next.** Last June, **the CBO said GDP growth for 2018 would be just 2%. Now it figures growth will be 3.3% — a significant upward revision. It also boosted its forecast for 2019 from a meager 1.5% to a respectable 2.4%. "Underlying economic conditions have improved in some unexpected way**s since June," the CBO says. Unexpected to the CBO, perhaps, **but not to those of us who understood that Trump's tax cut**s and deregulatory efforts **would boosts growth.** IBD Newsletters Get exclusive IBD analysis and action news daily. SIGN UP NOW! **In any case, the CBO now expects GDP to be $6.1 trillion bigger by 2027 than it did before the tax cuts.** The CBO report also makes clear that this faster-growing economy will offset most of the costs of the Trump tax cuts. In a table buried in the appendix of the CBO report, it shows that, before accounting for economic growth, the tax cuts Trump signed into law late last year would cut federal revenues by $1.69 trillion from 2018-2027. But it goes on to say that higher rate of GDP growth will produce $1.1 trillion in new revenues. In other words, 65% of the tax cuts are paid for by extra economic growth.

#### Low tax rates are critical to business investment

Kudlow 16 “Trump Must Spend His Political Capital on Tax Cuts Now” Larry Kudlow is a senior contributor at CNBC, and also co-author with Brian Domitrovic of the new book JFK and the Reagan Revolution: A Secret History of American Prosperity, December 24, 2016, <http://www.realclearmarkets.com/articles/2016/12/24/trump_must_spend_his_political_capital_on_tax_cuts_now_102482.html>

That's why pro-growth tax reform is so important. It is reported that Mr. Trump will immediately move to overturn costly Obama regulations, especially on small business. This is good. It will add to growth. But the big decision will be whether to repeal and rewrite Obamacare or enact tax reform as the first order of legislative business. Replacing Obamacare is hugely important, both to improve our health-care system and remove the economic drag of its taxing, spending, and regulating. But business tax reform -- with low marginal corporate rates for large and small companies, easy repatriation, and immediate expensing for new investment -- will have an enormously positive impact on the weakest part of our economy, namely business investment. That's where we'll see 3 or 4 percent growth, higher productivity, more and better paying jobs, and fatter family pocketbooks. If there were a way to combine a two-year budget resolution with reconciliation instructions (51 Senate votes) to reform health care and taxes in one full sweep, that would be ideal. However, if tax reform (be it business or individual) comes second, and the start dates are postponed until 2018, then businesses and consumers will postpone economic activity. That could make 2017 a much weaker economic story than confidence surveys and the recent stock market suggest. There's a great transition going on, but the economy needs immediate attention. Tax reform is the key.

### UBI Means Tax Increase – More Evidence

#### To fund UBI, the government would cut social welfare AND raise taxes

MailOnlin, June 19, 2018, WHAT IS UNIVERSAL BASIC INCOME AND HOW WOULD IT WORK?

Left-wing supporters of the system say that it could lower proverty rates. For the right-leaners, it's a route to a less bureaucratic wellfare system.

The program would likely be funded by an increase in income taxes across all income levels.

**To pay every adult and child in the United States a yearly income of $10,000 (£8,045) per year, the government would likely have to cut most non-health social spending programs and raise the share of GDP collected in tax by ten per cent, according to the Economist.**

#### Funding a UBI means tax increases

Right Vision Media, May 31, 2018, This is How We Make Basic Income a Reality

This would eliminate concerns over affordability, and Mr Gates and Mr Branson would know to keep their day jobs. I know that there are many excellent arguments for a universal form of basic income. Since everyone would get it, it would remove the stigma that dogs recipients of assistance and 'entitlements'. However, in recent months, I have also become convinced that the practical concerns still loom too large**. A universal basic income means not only that millions of people would receive unconditional cash payments, but also that millions of people would have to cough up thousands more in taxes to fund it**. This will make basic income politically a harder sell. Not only that, **it would also inflate marginal tax rates, or the tax you pay over every additional pound you earn**.

#### Replacing welfare is not enough to fund UBI, need to raise taxes

Michael Warren, May 26, 2018, London Free Press, Is universal basic $ income the future?

There are two consistent criticisms of UBI scheme.

First, how is it to be funded? **One estimate puts the cost of a nation-wide version of Ontario's UBI at $76 billion annually. Some savings would come from removing much of the bureaucracy needed to administer the existing, complex social assistance programs. Other savings may come from improved health, employment, crime rates and other outcomes.**

**But that would still leave billions of dollars to be raised from other sources. It's not clear how willing taxpayers would be to pay more income or consumption taxes to help fund UBI.**

#### UBI means massive welfare cuts and tax increases

Liam Halligan, May 20, 2018, Universal Basic Income is a Dangerous Idea, https://www.stuff.co.nz/business/opinion-analysis/103613570/Universal-basic-income-is-a-dangerous-idea

While it sounds good at first, UBI falls to bits under closer examination**. If you replace welfare payments targeted at the needy with a generalised transfer to everyone, millions would receive state money unnecessarily, while sums paid to the most vulnerable would be lower. On top of that, because everyone gets it, even if UBI was set at a modest level the cost would be crippling**. To cover basic living costs, it should be £323 per week (NZ$632), the "real living wage" as defined by the Living Wage Foundation. Paying that to every British adult would cost £850 billion (NZ$1,664b) a year. **Even if you subtract the state pension and existing welfare, which UBI is meant to replace, there would still be a bill of around £560b, a 70 per cent-plus increase in public spending.**

### Taxes and Welfare Cuts links

#### To fund UBI, the government would cut social welfare AND raise taxes

Right Vision Media, May 31, 2018, This is How We Make Basic Income a Reality, http://blogs.lse.ac.uk/politicsandpolicy/how-to-make-a-universal-basic-income-a-reality/

Left-wing supporters of the system say that it could lower poverty rates. For the right-leaners, it's a route to a less bureaucratic wellfare system.

The program would likely be funded by an increase in income taxes across all income levels.

**To pay every adult and child in the United States a yearly income of $10,000 (£8,045) per year, the government would likely have to cut most non-health social spending programs and raise the share of GDP collected in tax by ten per cent, according to the Economist.**

Another suggestion is a negative interest rate, that would take a percentage of every citizen's bank account each month.

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### Inflation Bad Links

#### UBI will trigger massive inflation and deficit spending

Liam Halligan, May 20, 2018, Universal Basic Income is a Dangerous Idea, https://www.stuff.co.nz/business/opinion-analysis/103613570/Universal-basic-income-is-a-dangerous-idea

There are macro-economic drawbacks, too. **Putting an extra £323 a week in the pockets of every** UK **adult would cause inflation to rocket. Inevitably, the tax revenues to pay for it would be lacking, so borrowing would soar and governments on the UBI bandwagon would end up printing mone**y.

#### This hurts purchasing power, meaning the goods get a lot more expensive for the poor

Carter McBride, Small Business Chronicle, no date, https://smallbusiness.chron.com/inflation-effect-purchasing-power-money-696.html

**Price inflation decreases people's ability to pay for goods**. The concept at a basic level says if an employee's wages remain steady, but **the cost of goods increases, then the employee can afford less goods**. As wage inflation occurs, people will be able to buy more products. Reserve Bank of Cleveland, there is little support that wage inflations cause price inflation.

#### If inflation increases the Federal Reserve will likely raise interest rates in an attempt to slow-down the economy by making it more costly for companies to borrow. Rapid and consecutive interest rate increases, however, will undermine the economy

CNN reported yesterday, Friday February 2nd, http://money.cnn.com/2018/02/02/investing/stock-market-today-dow/index.html

**The Dow closed down 666 points**, or 2.5%, its biggest percentage decline since the Brexit turmoil in June 2016 and steepest point decline since the 2008 financial crisis. A **strong jobs report showed wage growth is finally starting to pick up. That's great news for workers, but it reinforced investors' concern about inflation** and the bond market. "It's all about rates. Asset prices and the economy have become addicted to low rates," said Peter Boockvar, chief investment officer at the Bleakley Financial Group. "Sentiment got euphoric. There is more froth that needs to be taken off." The sell-off knocked the Dow well below 26,000. Both the Dow and S&P 500 suffered their biggest weekly drops since early 2016 -- roughly 4% each. Political turmoil is adding to the uncertainty. Market analysts pointed to the clash between the Trump administration and the FBI as another concern. "There looks like a breakdown of the institutions in our country," said Ian Winer, head of equities at Wedbush Securities. "No matter what side you're on, that's not good." While the point decline on the Dow was large, it paled in comparison with the scary days of the financial crisis. Friday's decline was 2.5%. The Dow plummeted nearly 8% on a single day in October 2008. The stock market is much calmer these days, thanks to a strong economy, record corporate profits and the huge business tax cut enacted by President Trump and Republicans in Congress. Even with this week's slump, the S&P 500 is just 3.9% below its all-time high. **But the tranquility that has defined Wall Street's stunning rally since the election has been punctured**. The VIX (VIX), a measure of market volatility, soared 55% this week. January's jobs report didn't settle the market down. The economy added 200,000 jobs in January, and wages grew at the fastest pace in eight years. But **if wages grow too fast, they could eat into Corporate America's record profit margins**. The other concern: **Wage growth could be a sign that inflation**, which has been ***mysteriously low for years, may heat up. That would force the Federal Reserve to raise interest rates faster than investors may be comfortable with.*** bond yields soarin **Some investors are worried rates could climb high enoughh to *slow the economy by raising borrowing cost*s**.

#### Since money is borrowed globally, an increase in rates will undermine the economy world-wide

Fx Empire 17, leading financial portal offering news and analyses to professional traders, both novice and expert alike 10-17-2017, "Potential Implications of a US December Interest Rate Hike on Global Markets," NASDAQ, http://www.nasdaq.com/article/potential-implications-of-a-us-december-interest-rate-hike-on-global-markets-cm860632

Dollar-Dominated Debts Governments and corporate accounts across the globe have huge amounts of dollar-dominated credits. Many borrowers attracted by ultra-low interest rates have taken trillions of dollars in credit that's specifically tied to the USD. An interest rate spike would render most of these debts unsustainable. Some analysts have even gone as far as stating that a surplus in dollar-dominated credit caused by a higher interest rate could potentially lead to a global debt crisis. The credit market has been volatile long enough without the hiked interest rates. Short-term interest rates are key factors in currency valuation. Forex traders are now keeping a close eye on the interest rate scenario in the US as December draws closer. A higher-than-anticipated interest rate increase will be positive or bullish for the USD and will definitely have a significant effect on the currency market.

### Deficit Hurts the Economy

#### More deficit spending triggers a sudden financial crisis

Boccia 13 (Romina – master’s degree in economics from George Mason University and the Deputy Director of the Thomas A. Roe Institute for Economic Policy Studies, “How the United States’ High Debt Will Weaken the Economy and Hurt Americans,” 2/12/13, http://www.heritage.org/budget-and-spending/report/how-the-united-states-high-debt-will-weaken-the-economy-and-hurt)

Growing federal debt also would increase the probability of a sudden fiscal crisis, during which investors would lose confidence in the government’s ability to manage the budget and the government would thereby lose its ability to borrow at affordable rates. Such a crisis would…probably have a very significant negative impact on the country. -Congressional Budget Office, 2012 Long-Term Budget Outlook U.S. federal spending in 2013, combined with depressed receipts from a weak economy, is on track to result in a deficit of $850 billion. Publicly held debt in the United States will exceed 76 percent of gross domestic product (GDP) in 2013, and chronic deficits are projected to push U.S. debt to 87 percent of the economy in 10 years.[1] Debt is projected to grow even more rapidly after 2023. Recent economic research, especially the work of Carmen Reinhart, Vincent Reinhart, and Kenneth Rogoff, confirms that federal debt at such high levels puts the United States at risk for a number of harmful economic consequences, including slower economic growth, a weakened ability to respond to unexpected challenges, and quite possibly a debt-driven financial crisis.[2]

#### Increasing deficit wrecks American primacy

**Brands and Edelman 17** (Hal, Henry A. Kissinger Distinguished Professor of Global Affairs at the Johns Hopkins School of Advanced International Studies and Senior Fellow at the Center for Strategic and Budgetary Assessments, and Eric, current international security professor at Johns Hopkins University and former Under Secretary of Defense for Policy, former U.S. Ambassador to Turkey, former U.S. Ambassador to the Republic of Finland, and former Principal Deputy Assistant to the Vice President for National Security Affairs, Date Published: Winter 2016-17, “The Crisis of American Military Primacy and the Search for Strategic Solvency, Date Accessed: 8/18/17, <https://ssi.armywarcollege.edu/pubs/parameters/issues/Winter_2016-17/6_BrandsandEdelman.pdf>) [ajc]

Defense spending always declines after major wars, of course. **Yet from 2010 onward, this pressure was compounded by the legacy of Bush-era budget deficits,** the impact of **the Great Recession** (2007–9), **and** President **Obama’s decision to transfer resources from national security to domestic priorities**. These forces, in turn, were exacerbated by the terms of the Budget Control Act of 2011 and the sequester mechanism. **Defense absorbed roughly 50 percent of these spending cuts, despite accounting for less than 20 percent of federal spending**. By walling off most personnel costs and severely limiting flexibility in how cuts could be made, moreover, the sequester caused the Department of Defense to make reductions in blunt, nonstrategic fashion.15 **This budgetary buzz saw has taken a toll. Readiness has suffered alarmingly with all services struggling to conduct current counterterrorism operations** while also preparing for the evergrowing danger of great-power war. “The services are very good at counterinsurgency,” the House Armed Services Committee noted in 2016, “but they are not prepared to endure a long fight against higher order threats from near-peer competitors.” **Modernization has also been compromised; the ability to develop and field promising future capabilities has been sharply constrained by budget caps** and uncertainty. **This problem will only get worse**—in the 2020s, a “bow wave” of deferred investments in the nuclear triad and high-end conventional capabilities will come due. Finally, **force structure has been sacrificed. The Army has fared worst—it is slated to decline to 450,000 personnel by 2018**, or 30,000 personnel fewer than prior to 9/11. But all the services are at or near post-World War II lows in end strength, and **the US military is significantly smaller than the 1990s-era “base force,**” which was designed as the “minimum force . . . below which the nation should not go if it was to remain a globally engaged superpower.”19 “Strategy wears a dollar sign,” Bernard Brodie wrote, and Washington is paying for less capability relative to the threats it faces than at any time in decades. Cumulatively, **these developments have resulted in a creeping crisis of US military primacy**. Washington still possesses vastly more military power than any challenger, particularly in global power-projection capabilities. **Yet even this global primacy is declining.** **The United States faces a Russia with significant extraregional power-projection** **capabilities** as well as near-peer capabilities in areas such as strategic nuclear forces and cyberwarfare. **China’s military budget is now more than one-third of the US budget**, and Beijing is developing its own advanced power-projection capabilities. Perhaps more importantly, US global primacy is also increasingly irrelevant, because today’s crucial geopolitical competitions are regional contests, and here the trends have been decidedly adverse.

#### Debt kills the economy

Romina **Boccia 13**, Research Coordinator in the Thomas A. Roe Institute for Economic Policy Studies at The Heritage Foundation, 2-12-2013, "How the United States’ High Debt Will Weaken the Economy and Hurt Americans," Heritage Foundation, http://www.heritage.org/budget-and-spending/report/how-the-united-states-high-debt-will-weaken-the-economy-and-hurt

A Significant and Prolonged Drag on Economic Growth Debt overhang reduces economic growth significantly and for a prolonged period of time in three main ways. 1. Higher Interest Rates. Creditors may lose confidence in the country’s ability to service its debt and demand higher interest rates to offset the additional risk. Or, interest rates may rise simply because the government is attempting to sell more debt than private bondholders are willing to buy at current prices. Either way, higher interest rates raise the cost of the debt, and the government must then either tax its citizens more, which would reduce economic activity; reduce government spending in other areas; or take on even more debt, which could cause a debt spiral. Higher interest rates on government bonds also lead to higher rates for other domestic investments, including mortgages, credit cards, consumer loans, and business loans. Higher interest rates on mortgages, car loans, and other loans would make it more costly for families to borrow money. Families may then have to delay purchasing their first home and other means of building financial security. For many Americans, the dream of starting a business would no longer be in reach. Higher interest rates have a real and pronounced impact on the lives of ordinary citizens and translate into less investment and thus slow growth in the rest of the economy. A weaker economy in turn would provide fewer career opportunities and lower wages and salaries for workers. However, higher interest rates do not always materialize in countries suffering a debt overhang. According to Reinhart, Reinhart, and Rogoff, in 11 of the 26 cases where public debt was above 90 percent of GDP, real interest rates were either lower, or about the same, as during years of lower debt ratios. Soaring debt matters for economic growth even when market actors are willing to absorb it at low interest.[14] Interpreted another way, in more than half of debt overhang cases, interest rates rose. In the case of the U.S., the Federal Reserve’s policy of repeated quantitative easing has contributed to interest rates dropping to historical lows. Interest rates will likely rise at some point over the next several years. The Congressional Budget Office predicts that interest costs on the debt will more than double before the end of the decade, rising from 1.4 percent of GDP in 2013 to 2.9 percent as early as 2020.[15] High levels of U.S. public debt could push interest rates even higher with severe impacts for the American economy. 2. Higher Inflation. The United States has, as do other countries with independent currencies, an additional option to monetize its debts: replacing a substantial portion of outstanding debt with another form of federal liability—currency. The government could, through the Federal Reserve, inflate the money supply. The resulting increase in the rate of price inflation would devalue the principal of the remaining public debt. The resulting inflation would also destabilize the private economy, increase uncertainty, increase real interest rates, and slow economic growth markedly. Inflation is particularly harmful for those Americans on fixed incomes, such as the elderly who rely on Social Security checks, pensions, and their own savings in retirement. By raising the cost of essential goods and services, like food and medical care, inflation can push seniors into poverty. Inflation and longer life expectancies can mean that some seniors run out of their savings sooner than anticipated, then becoming completely dependent on Social Security. Inflation inflicts the most pain on the poor and middle class by reducing the purchasing power of the cash savings of American families. Inflation also means that everyone has to pay more for goods and services, including essentials like food and clothing. Moreover, severe inflation could dethrone the U.S. dollar as the world’s primary reserve currency. Thus far, a major saving grace for the U.S. government has been that, in comparison with other advanced nations with major currencies, such as Europe and China, the U.S. dollar has retained its status as the best currency option for finance and commerce.[16] If Washington policies continue on their current path of ever-higher sovereign debt and a risky Federal Reserve policy, both of which lack a credible crisis coping strategy, confidence in the U.S. economy and monetary policy regime could erode. Such a development would be unprecedented in size and magnitude and the impact on Americans and the economy would be massive and severe. For all these reasons, the Federal Reserve and central banks of all industrialized countries have adopted a policy favoring low and stable inflation, though the means by which they pursue this policy can vary substantially and their success is often spotty. Reversing this policy in favor of a policy of debt monetization and high inflation would be a radical departure in policy and practice. It would be the economic equivalent of a scorched earth policy, and its adoption is thus extremely unlikely. 3. Crowding Out Private Investment. Economic growth, especially increasing per capita income, depends on the proper functioning of prices to signal and markets to respond, but it also depends fundamentally on increasing the amount and quality of productive capital available to the workforce. The amount of capital employed in the economy needs to increase at least to keep pace with the growth in the labor force to maintain current living standards, and must grow even faster—to increase the amount of capital per worker—to raise worker productivity and thus wages and salaries. Government deficit spending and its associated debt subtracts from the amount of private saving available for private investment, leading to slower economic growth. Unlike what staunch believers of government spending for economic stimulus claim, government stimulus spending does the opposite of growing the economy. Less economic growth caused by high government spending and debt results in fewer available jobs, lower wages and salaries, and fewer opportunities for career advancement. Prolonged debt overhang in the United States, even at low interest rates, would be a massive drag on economic growth, leading to significantly reduced prosperity for Americans. In the words of Reinhart, Reinhart, and Rogoff: “This debt-without-drama scenario is reminiscent for us of T. S. Eliot’s (1925) lines in The Hollow Men: ‘This is the way the world ends / Not with a bang but a whimper.’”[17]

### Economic Decline Causes Poverty

#### Economic growth is critical to poverty reduction

Department of International Development, 2016, Growth: Building Jobs and Prosperity in Developing Countries, https://www.oecd.org/derec/unitedkingdom/40700982.pdf

**Economic growth is the most powerful instrument for reducing poverty and improving the quality of lif**e in developing countries. Both cross-country research and country case studies provide overwhelming evidence that **rapid and sustained growth is critical to making faster progress** towards the Millennium Development Goals – and not just the first goal of halving the global proportion of people living on less than $1 a day. Growth can generate virtuous circles of prosperity and opportunity**. Strong growth and employment opportunities improve incentives for parents to invest in their children’s education by sending them to school. This may lead to the emergence of a strong and growing group of entrepreneurs,** which should generate pressure for improved governance. **Strong economic growth therefore advances human development, which, in turn, promotes economic growth**. But under different conditions, similar rates of growth can have very different effects on poverty, the employment prospects of the poor and broader indicators of human development. The extent to which growth reduces poverty depends on the degree to which the poor participate in the growth process and share in its proceeds. Thus, both the pace and pattern of growth matter for reducing poverty. A successful strategy of poverty reduction must have at its core measures to promote rapid and sustained economic growth. The challenge for policy is to combine growthpromoting policies with policies that allow the poor to participate fully in the opportunities unleashed and so contribute to that growth. This includes policies to make labour markets work better, remove gender inequalities and increase financial inclusion

### Answers to: UBI Supports Entrepreneurialism

#### Guaranteed income discourages entrepreneurialism

Clyde Wayne Crews Jr., Contributor, June 19, 2018, Universal Basic Income: What's The Plural Of Apocalypse? Forbes https://www.forbes.com/sites/waynecrews/2018/06/19/universal-basic-income-whats-the-plural-of-apocalypse/

But the UBI's justifications are contradictory, which only works to the favor of proponents. Some,

like **Musk, think the UBI necessary to placate the restless unemployed, displaced by robots and with nothing to do**. On the other hand, others claim to believe a UBI would free up the mind and "unlock a huge amount of entrepreneurialism," like Slack CEO Stewart Butterfield. Similarly Mark Zuckerberg talks of experimenting with UBI to cushion risk in an unfair world, and proclaims "organizations think profoundly differently when they're profitable than when they're in debt." **The counter to the the view that social policy peaks via an allowance while living in the societal basement is the alternative take that need rather than comfort drives and underlies human action and entrepreneurship. My Dad always said that if somebody doesn't have a hungry streak, nothing else matters**. An example of a hungry streak was Sergey Brin's use of credit card debt (rather than the free cash of a UBI) in Google's early days. At this point I hesitate to inquire into Brin's view of the UBI. **But the presence of the UBI, whispering into the ear of all, could easily undermine entrepreneurship much like the pursuit of disability payments in the U.S..** Alas, nations from Finland to Zambia to the U.S. are experimenting with UBI, despite 20th century welfare statism's lesson that overall entitlement reform that reduces government rarely happens. Given history, eligibility and costs are sure to expand, and the UBI will be irreversible once widely unleashed. It is reasonable to expect that a not-insignificant proportion of voters collecting the UBI, while enjoying freedom from the necessity to work or while plugged into virtual reality goggles, will vote for politicians promising more such income. Negative effects on entrepreneurship are a predictable consequence, but rest assured policymakers will not bother calculating that. Mobility of workers is one of the greatest advantages of the modern world, but international political pressures toward open borders while welfare statism rather than personal responsibility abounds also bear upon the wisdom of guaranteed minimum income schemes and claims that they would save on traditional welfare costs.

#### UBI will create dependence on the government and crush the entrepreneurial spirit.

#### Clyde Wayne Crews, CATO, 6-19-18, Forbes.com, Universal Basic Income: What’s the Plural of Apocolypse, https://www.forbes.com/sites/waynecrews/2018/06/19/universal-basic-income-whats-the-plural-of-apocalypse/

Is homo sapiens, in the final analysis, a being incapable of living unless supported by a universal basic income (UBI)? **One of the mounting threats to liberty around the globe is that the marvels of technology are vulnerable to being exploited to normalize paternalism and dependency on government.** Technology was supposed to enable a cornucopia providing abundance (and leisure in the good sense) to all. Many do see a future in which such …. While not being looked at in such terms**, the UBI is** actually **one of the most monumental confrontations society will face over the age-old question of the primacy of the individual vs. the state, and over the prospects for individual liberty in the world of tomorrow.** …... Indeed, **the UBI might be justly regarded as the entitlement to end all entitlements, and the future foundations of entrepreneurship may be on a collision course with it.** …. **It is reasonable to expect that a not-insignificant proportion of voters collecting the UBI, while enjoying freedom from the necessity to work or while plugged into virtual reality goggles, will vote for politicians promising more such income. Negative effects on entrepreneurship are a predictable consequence, but rest assured policymakers will not bother calculating that. Mobility of workers is one of the greatest advantages of the modern world, but international political pressures toward open borders while welfare statism rather than personal responsibility abounds also bear upon the wisdom of guaranteed minimum income schemes and claims that they would save on traditional welfare costs. That an entire population under a UBI rather than just Romney's "47 percent," so to speak, would be voting for a living in addition to (or instead of?) working for one poses grave problems for the very concept of non-coercive representative democracy and the sustainability of limited government. That should give pause, and motives of political proponents should be examined closely since we know this ahead of time. Any bipartisan normalization of dependency on so grand a scale as the UBI is a recipe for grave mischief**. What's even more sad is the degree to which tech giants themselves have renounced the traditional optimism of the technology sector. (Note: Some of this discussion first appeared in my chapter in the Fraser Institute's new book Demographics and Entrepreneurship; readers may see the volume's landing-page here.)

### Answers to: Welfare Bad

#### Welfare has reduced poverty

Janna Kasperkevic, 2014, The Guardian, Welfare Programs Shown to Reduce Poverty in America, https://www.theguardian.com/money/us-money-blog/2014/nov/12/social-welfare-programs-food-stamps-reduce-poverty-america

**Food stamps. Unemployment benefits. Social security. Earned income tax credits. Do these social welfare programs work? Yes, according to a new study from the Pew Charitable Trusts. Safety nets like food stamps prevent millions more people from struggling to put food on the table**, says Jake Grovum, who analyzed the data for the Pew Charitable Trusts. Consider Grovum’s findings: For people of all ages, **the official poverty rate in the US was 14.5%.** That’s equivalent to 45.3 million people. Without food stamps, **the poverty rate would be 17.10% – another 8 million Americans would be living in poverty. Without social security, the poverty rate for Americans 65 and older would be 52.67% instead of the current 14.6%. Without tax credits like the federal earned income tax credit, poverty for children under 18 would be 22.8% instead of the official poverty rate of 19.9%.** These numbers are important. US lawmakers have long struggled to show exactly how and where certain types of government assistance are helping Americans stay out of poverty. Advertisement Nobody, on the right or the left, wants more people to live in poverty. Yet America has a dismal record on poverty for an advanced nation. Already, over 14% of US households have experienced food insecurity. One in seven Americans live in poverty, including one in five US children. Of all the millions of unemployed people in the country, fully one-third have been out of work for 27 weeks or more. Where the opinions divide is how to address the problem. Republicans including Paul Ryan have advocated cutting and consolidating government programs. Congress put that belief into legislation last year, cutting both food stamps and unemployment benefits. The assumption in the slash-and-burn approach is that poor Americans have no one to blame but themselves for their poverty, and they only need more discipline to get out of their circumstances. Welfare skeptics find the accounts of those struggling “another sob story” and wonder why more people can’t just bootstrap themselves. If only the poor could be more organized. As Ryan put it in his poverty plan, Providers must be held accountable, and so should recipients. Each beneficiary will sign a contract with consequences for failing to meet the agreed-upon benchmarks. At the same time, there should also be incentives for people to go to work. Under each life plan, if the individual meets the benchmarks ahead of schedule, then he or she could be rewarded. Meanwhile Democrats and advocates for the poor cite the fact that downward mobility has become a big factor in the current manifestation of American poverty. “For most of the American public, this downturn in the last six, seven years was a wake-up call because people in their families that they knew lost their home, were out of work for a longer period of time and they looked at that and went: ‘Holy cow, maybe we do need government assistance when something like that happens,’” Dave Reaney, executive director of the Bay Area Food Bank in Alabama, told the Guardian. “I think that’s why a majority of Americans today do feel that safety nets are important.” US Money cake Facebook Twitter Pinterest Without food stamps, another 8 million Americans would be living in poverty. Over 14% of US households have experienced food insecurity. Photograph: MARK MAKELA/REUTERS What has complicated the discussion for years is that the official poverty rate, based on the income of American households, does not tell the true story of America’s poor. “A lot of people don’t remember that [the official poverty rate] doesn’t include things like food stamps and other programs that are really important and actually do help a lot of people,” Grovum says. That is why, in 2010, the US government decided to introduce yet another measure of poverty: the supplemental poverty rate, which takes into consideration consumer spending on necessities like food, shelter and utilities as well as any assistance that they might receive. Since the supplemental poverty measure also considers cost of living in different places around the country like housing and medical expenses, it more accurately captures the way people experience poverty. “The one thing that can get missed when you are talking about poverty rates is the way that different factors around the country can play into that,” explains Grovum. “You have states where it’s expensive to live and it’s really different to be poor there than it is in states where it’s less expensive to live.” He adds: In some sense, it’s kind of missing this whole system that we have set up for people who are poor. The other measure helps put that in context and helps people remember that there are these programs that help people and how they help them.” T**ake California. If one were to account for all the expenses accrued and benefits received by the 38 million people living in the Golden State, the real poverty rate would be closer to 23.4% than 16**%, which is the official poverty rate. In New Mexico, on the other hand, the supplemental poverty rate, 16%, is much lower than the official poverty rate, 21.5%. According to Grovum, the poverty rate was lower under the supplemental measure than it was under the official measure in 26 states. Unfortunately, the official poverty thresholds will still be used to award government assistance. The new measure, in the meantime, will be used to measure the health of the US economy and to better understand the effects of government assistance, according to the US census bureau website. The upshot: especially in post-recession America, these so-called “hand-outs” are exactly what keeps millions of Americans from living in deeper poverty.

#### Expanding welfare and encouraging people to work is way better than UBI

Liam Halligan, May 20, 2018, Universal Basic Income is a Dangerous Idea, https://www.stuff.co.nz/business/opinion-analysis/103613570/Universal-basic-income-is-a-dangerous-idea

Apart from the ridiculous cost, **UBI would damage social cohesion. People work not only for income, but also meaning, self-respect, networks and friendship**. Paying the entire workforce to stay at home if they choose would spark widespread sloth, ill health and rancour. Crime, drug use and other socially destructive outcomes would spiral. A wealthy nation like the UK should obviously have a decent social safety net. Our welfare state, while comprehensive, is often patchy but **welfare, while alleviating poverty, should also encourage participation in society. Helping people to find work, retraining if needs be, not paying them to opt-out. Smart welfare offers a hand-up, not a lifetime of dependence. Another objection is that it is merely an easy way out. AI and robotics clearly present challenges**. There is a need to support more part-time "gig" work, while better preparing school-leavers and graduates to cope in a hi-tech world. **The answer is to meet those challenges, not pay people to stay idle.** UBI advocates from Silicon Valley could help by paying more of their fair share of general taxation.

#### Targeted welfare much more effective than general income supports

Ranjan Ray, May 16, 2018, The Telegraph, Basic Health Before Basic Income,

**In calculations on NSS data from the 68th round that I carried out with Kompal Sinha from Macquarie University, Australia, we found that a UBI that is at least four times the Tendulkar poverty line will be required to bring down the rate of undernourishment to 'acceptable levels'. Indian women suffer from iron deficiency and there is no evidence that cash transfers will be more effective in tackling iron deficiency than State interventions through programmes that promote well-balanced diets including good sources of iron, vitamin B12 and folate. The danger of rushing to the UBI is that the determination of an appropriate level for 'basic income' will be ad hoc and will suffer from the same problems as those faced in the determination of the poverty line. Once a level is arrived at for 'basic income', it will allow the State to opt out of all in kind transfer-based welfare programmes. But given the attractive features of the UBI, such as its administrative simplicity and its relative insulation from leakages and corruption, it will be unwise to abandon the idea altogether. The planners need to conduct trials on the optimal mix of cash and in kind transfers, and move away from an exclusive reliance on one or the other.**

#### Welfare has reduced poverty

Nice 2009, Julie A. Nice, University of San Francisco-School of Law, “Forty Years of Welfare Policy Experimentation: No Acres, No Mule, No Politics, No Rights,” from Northwestern Journal of Law & Social Policy, <http://scholarlycommons.law.northwestern.edu/cgi/viewcontent.cgi?article=1029&context=njlsp>, accessed 7/18/15

Forty years ago,**the tide turned against the War on Poverty, and poor people have never recovered.Many factors contributed to the demise of that historic effort to eliminate poverty.**The urgent need to understand these factors has increased today as the nation appears to be facing an economic crisis of historic proportion. Surely one of the most devastating blows against the War on Poverty occurred forty years ago today when, on the cusp of launching his Poor People’s Campaign, Martin Luther King, Jr. was assassinated.1 In the four decades since King’s death, **poor people have suffered the collapse of their national grassroots movement, the loss of momentum toward achieving constitutional rights, and the elimination of their federal statutory entitlement to welfare benefits.** All the while, poor people have endured a stubbornly persistent poverty rate. During these same forty years, the income and wealth of those at the top of the economic pyramid have grown at an unprecedented rate, creating an alarming level of economic inequality between rich and poor. As for the government, it spent these four decades funding massive policy experimentation designed to discover how best to keep poor people off the welfare rolls. ¶2 By any measure, the government’s war on welfare has been enormously successful. From 1994 to 2007, the number of recipients receiving welfare has declined more than seventy percent.2 It should come as no surprise that welfare does not pay as well as it did forty years ago—apparently that was the point. But the far harsher reality is that work does not pay as well as it did forty years ago. Low-income workers as a group have suffered their own sort of cliff effect. They have been left to fend for themselves in a labor market that simply has failed to provide sufficient jobs or living wages for far too many workers. ¶3 This symposium about Making Work Pay contributes to a growing body of poverty knowledge by reporting important details and offering insightful analysis about extensive ongoing welfare policy experimentation. Drawing on the concise blueprint for eliminating poverty that he spearheaded, Peter Edelman surveys the policy improvements needed to ensure that everyone receives a living income.3 Ron Haskins defends the sticks and carrots of welfare reform and argues that continuing the current course of requiring work and encouraging marriage remains the best strategy.4 Felicia Kornbluh reviews the history of proposals for a guaranteed income and concludes that adding such income support is necessary.5John Bouman’s team charts how various piecemeal work supports interact and proposes that the next policy step is to coordinate a more comprehensive and holistic strategy.6Greg **Duncan and his team emphasize the relative success of the New Hope experiment, which demonstrated that a voluntary “social contract” approach combining guidance from staff with a robust package of work supports (including earnings supplements, subsidized child care and health insurance, and, if necessary, community service jobs) helped to lift more full-time workers out of poverty than the local control group.**7 Liz**Schott**argues that various public benefits remain under-utilized primarily due to the hassles of applying, and she**encourages further study and more comprehensive use of online application technology**.8 Richard Caputo assesses the closest facsimile to a guaranteed income, the Earned Income Tax Credit (EITC), and finds it to be well targeted to reach needy families, but underutilized.9 ¶4 Departing somewhat from the papers that work within the realm of social policy, this introductory essay questions putting nearly all effort into social policy—which has failed to reduce poverty—and calls instead for reinvigorating other tactics and reimagining the unfinished dream of economic justice. Indeed, what Martin Luther King, Jr. envisioned was an actual war on poverty, not merely the abbreviated, under-funded, and ultimately unsuccessful effort of the 1960s, nor the imposter war on welfare that has dominated our social policy effort since. But our social policy has not only failed to has social policy facilitated the political mobilization of poor people or secured their legal rights—two other means for seeking economic justice. ¶5 The question remains how to accomplish putting the economic justice topic on the table at which poor people have no seat. Without leverage provided by legal rights,**a political movement, or a start-up investment (such as once represented by forty acres and a mule),10 social policy alone has left poor people to work for wages that do not provide enough to make ends meet, let alone to get ahead. It is not only time to change the policy topic. It is time to concede that social policy alone has failed to achieve economic justice. It is time to broaden the tactics to include more political mobilizing and more legal leveraging. The historic words of Frederick Douglass continue to ring true: “Power concedes nothing without a demand.”11 In a society where political inclusion and social opportunity are defined in economic terms, surely it is not too much to demand that justice be economic as well.**

#### UBI is so much more expensive than welfare

Tanner 14 (Michael D. Tanner – Cato Institute senior fellow, Michael Tanner heads research into a variety of domestic policies with a particular emphasis on poverty and social welfare policy, health care reform, and Social Security. – “The Basic Income Guarantee: Simplicity, but at What Cost?” – CATO Unbound – August 26, 2014 – http://www.cato-unbound.org/2014/08/26/basic-income-guarantee-simplicity-what-cost)

Zwolinski does not propose any specific income, but cites Charles Murray’s suggestion of $10,000 per person spread over a U.S. citizen population of roughly 296 million, the cost of such a program would be $2.96 trillion, or almost 3 times our current welfare expenditure. And there is considerable question as to whether $10,000 would be a sufficient grant. Last year, the poverty threshold for a single individual under 65, after all, was $12,119. Of course, some suggest using the basic income to replace middle-class social welfare programs such as Social Security and Medicare, as well as those targeted to the poor. The idea of abolishing Social Security and Medicare is far more problematic, both politically and practically, than using UBI to replace more conventional welfare programs. Besides, it still wouldn’t raise enough money to fund a truly universal basic income. Using CBO data for 2013, eliminating welfare state programs including Social Security, Medicare, Medicaid, income security and so forth (but excluding tax expenditures) would yield only $2.13 trillion. If we also included, as some have suggested, so-called tax expenditures, such as the mortgage interest deduction and the exclusion of employer contributions, as well as Social Security, EITC and CTC related tax expenditures, we could add an additional $393 billion for a total of $2.5 trillion. That still wouldn’t be enough. Others would limit grants to adults only. This would clearly be more affordable, dropping the cost to roughly $2.25 trillion. However, limiting participation to adults would leave families with several children well below the poverty level. Consider that the poverty threshold for a family of four was $23,624 in 2013, while grants for the two adults in the family would total $20,000. One possibility would be to adjust the benefit downward for each additional person in a household, recognizing that there are some economies of scale as household size increases. This would reduce costs and the incentive to increase household size (potentially by having more children) while also allowing the initial benefit to be set higher (benefiting smaller households], but would introduce another layer of complexity.

### Answers to: Automation Causes Unemployment

#### Robots taking our jobs is not certain, and if they do, we can then afford a UBI because productivity will be high

Adam Ozimek , Forbes.com, June 16, 2018, There Are So Many Worse Things Than Robots Taking Our Jobs, https://www.forbes.com/sites/modeledbehavior/2018/06/16/fearing-robots/#ccaf6db39ea6

Almost every day I see another article about how we must figure out what to do if robots and AI take a large share of our jobs. While the occasional futurist proclaims this inevitable, others simply say it's a possibility we should be planning for, perhaps with pilot programs or smaller programs now. For exmaple**, the idea that we should have a universal basic income today so we can scale it up when the robots take all of our jobs. I find the focus this particular far out, uncertain, outcome that is in stark contrast to today's economic reality very selectiv**e. Why are we so focused on this and not other possible futures? https://specials-images.forbesimg.com/dam/imageserve/1113194153/960x0.jpg?fit=scale Shutterstock For example, why not focus on the outcome of "what if productivity never increases again?". Many assume robots taking all of our jobs some crazy danger we have to worry about, but in reality productivity growth is very low today and this means less output in the future. **Robots taking all of our jobs would be a huge boon to productivity and GDP, which would much more easily allow us to afford all the pilot programs, UBI, make-work, educational training, and whatever other zany scheme to help redistribute the massive new wealth around. To spend money today, to prepare for a future where on net the resources available to us are much, much greater seems odd to me. How about instead we spend those resources today preparing for a future where we don't have a massive increase in productivity growth?** Why would we spend money in a sense insuring against the incredibly rich world outcome? Or here is a thought: maybe we should be preparing for a world where the U.S. debt to GDP ratio goes up even faster than we thought, perhaps because productivity growth remains very low? And maybe we prepare for a world where our debt levels become a serious constraint to growth, perhaps because investors lose faith in our willingness or ability to pay the debt. Suddenly, the sober analyst wakes from the slumber where he was dreaming of a future where robots take all the jobs to tell us about how low interest rates are today and how much trust there is in the government debt. It makes as much if not more sense to worry about slow growth and exploding debt than it does to worry about rapid productivity growth and disemployment. Why then, do we have this ridiculous amount of focus on UBI, Jobs Guarantee, and other big government schemes? I would say it boils down to a desire among many to have those programs even if the robots don't take our jobs. It's a desire for a major expansion of government that does not wait for the AI driven productivity revolution. **I am not that worried about the national debt. The current signs suggest no reason to worry, and we have room to raise taxes somewhat. I am also not that worried that robots will take our jobs. The current signs (low productivity growth) suggest no reason to worry. And if the "worst" does happen we'll be living in a society far, far richer than we are today**.

#### AI will not cause mass unemployment

Milton Ezrati, Contributor, Forbes.com, June 11, 2018 , AI Is Less Of A Threat Than Some Suggest, https://www.forbes.com/sites/miltonezrati/2018/06/11/ai-is-less-of-a-threat-than-some-suggest/

While robotics and artificial intelligence (AI) promise great advances in productivity, mostly they seem to worry people. **Commentators talk and write endlessly about how these marvelous technologies will steal jo**bs from both workers and the managerial class, creating a large unemployed population. If history has anything to say, however, and it does, **such fears are** not only **exaggerated,** **they are off the mark entirely. Ultimately, AI will create more new jobs than it destroys and likely in occupations heretofore nonexistent.** Popular commentary on this matter maintains an almost universally downbeat tone. A January 2018 Gallup poll concluded: "Economists agree" AI is the "single biggest threat to future job growth." Such thinking, especially within the tech community, goes on to envision the rise of large class of unemployable people. It almost always concludes that the nation must care for these people and protect social cohesion by providing a **universal basic income** (UBI) to all, financing it with a tax on the great wealth created by AI. Depending on who is speaking, the tax would fall either on robots themselves, their users, or their producers (but seldom the person calling for the tax.) Before framing policy around such thinking, all should note that **the nation has seen this movie before. In the 1930s, a group called the Industrial Workers of the World (IWW) published a report blaming the wide spread unemployment of the time on the use of machinery in production**. Its analysis noted how in the prior 20 years the introduction of machinery into factories had cut the labor hours needed to produce an automobile by three quarters and the labor required to produce a ton of steel by more than 85 percent. It further noted how in the prior 75 years, the labor required to produce the wheat crop of the United States had fallen to a mere hundredth of what it had been. The IWW thinkers concluded that those who had benefitted from these surges in productivity should provide incomes to the workers displaced in the process. If the IWW's analysis looks ridiculous against the great growth in employment that followed after World War II, new calls of this kind nonetheless arose right in the midst of that great prosperity. In the early 1960s, a large group of academics, including several economics and scientific Nobel laureates, issued a report that identified the "new kinds of automation" as having "broken" the once-secure "link between jobs and incomes." Concerns along with these lines were in fact widespread. At about the same time as this public-spirited report appeared, President John F. Kennedy warned how automation, among other things, pointed to a future haunted by the "dark menace of industrial dislocation, increasing unemployment, and deepening poverty." He created an Office of Automation and Manpower in the Labor Department to address the "major domestic challenge of the Sixties," which he described as the effort to "maintain full employment at a time when automation, of course, is replacing man." To help, he recommended that Congress fund "readjustment allowances" for "workers displaced by technological change." Later in that decade, **President Lyndon B. Johnson brought together a panel of experts to study this matter. It concluded that the government should create "a guaranteed minimum income for each family."** Apart from the changes imposed on language by political correctness, such concerns and conclusions sound exactly like those uttered today. And no doubt they seemed just as compelling at the time. Yet, the widespread unemployment forecast at these and earlier technological waves always failed to become a lasting part of the country's social landscape. To be sure, each period of innovation destroyed jobs. The railroads put out canal builders and workers. The rise of the automobile not only destroyed the work of buggy makers but also what in the early twentieth century were tens of thousands of jobs and millions of acres dedicated to the breeding and training of the millions of horses then needed in the economy, shipping them and selling them. It also ended work for the thousands, possibly millions more stabling and caring for them. The invention of shipping containers in the 1950s put millions of longshoremen out of work. But in each instance, new jobs emerged. **Despite the concerns omnipresent at each innovation, jobs and wealth creation have typified technological waves, going back no doubt to the invention of the wheel and the breeding of animals for draft and transportation**. The statistics, sadly, do not go back as far as the wheel, but as far back as economic historians can take them they verify this fact. For all the technological advancement over the centuries, economies, except for brief interludes, have reliably provided work for some 95% of the population that wants to work. If technology destroyed jobs, that number would have fallen over time. **Often the productivity itself creates the additional employment**. The application of the spinning jenny and machine loom in eighteenth and early nineteenth century Britain put hand weavers and others out of work. By creating a much more profitable trade in textiles, however, the inventions brought about such an expansion in the industry that it ultimately employed more people than previously and indeed a bigger part of the nation's workforce as well. More recently, the advancement of automatic teller machines (ATM), by making everyday banking so much more efficient, enabled the industry to expand and employ greater numbers of men and women, including the tellers that people feared would wind up on the unemployment line. **Of greater significance in the employment equation is the wealth created by each technological advance**.

#### Automation is not causing unemployment

Noam Smith, July 8, 2018, <https://www.bloomberg.com/view/articles/2018-07-06/robots-are-poised-to-make-life-grim-for-the-working-class> Robots Are Poised to Make Life Grim for the Working Class

This is different from the scenario where robots take people’s jobs outright and leave humanity obsolete. While some economists claim to find signs of automation-induced unemployment, the amount is still very small, if it even exists at all. With the labor market having reached pre-recession levels, worries that jobs will become permanently scarce have quieted.

#### Automation will not cause significant job loss

Catherine Clifford, 7-6-18. <https://www.cnbc.com/2018/07/05/goldman-sachs-funds-automation-anywhere-at-billion-dollar-valuation.html> Silicon Valley company that automates 'mundane' tasks with robots gets nearly $2 billion valuation

But the study found that overall, few jobs are going to be entirely replaced by automation — most jobs will change and there will also be entirely new job categories. According to the report, less than 5 percent of jobs consist entirely of tasks that will be fully automated; in about 60 percent of jobs up to one-third of tasks could be automated; and 8 to 9 percent of 2030 labor demand will be in new types of occupations that have not existed before. The McKinsey Global estimates are based on analysis of 46 countries that include 90 percent of global gross domestic product and a midlevel pace of adoption of automation.

### Answers to: UBI Solves Inequality

#### Turn -- A UBI would increase inequality – it would lock in capitalism , which is the ultimate cause of poverty and oppression

**RAUL CARRILLO** is an attorney fighting for economic justice in New York City. He is a director of the National Jobs for All Coalition and the Modern Money Networ, In These Times, July 2018, <http://inthesetimes.com/article/21202/universal&> THIS MONTH: Should we guarantee everyone a job, or a basic income?; A Rebuttal, https://www.vox.com/2017/5/12/13954182/case-for-and-against-universal-basic-income-united-states

LIKE MATT, WE Oppose the concentration of wealth and ownership. However, his approach of redistributing capital income, rather than reducing it, stands to make a bad situation worse.

**Financial inequality is a symptom, not a cause, of capitalism. It exists because capitalists and managers control production while exploiting workers and the broader public for their own power and profit. This system scars communities and the environment in ways dividends cannot heal, causing death, disease and ecological collapse. Consequently, proposals that rely on ever-greater profits risk entrenching the current economy's worst abuses.** In particular, we oppose linking the performance of stocks, bonds and real estate to poverty reduction, as Matt's social wealth fund proposal would do. Goldman Sachs, Monsanto, Halliburton, Facebook, Amazon and the rest of the Fortune 500 are not merely money-making machines; they are sprawling private governance regimes that warp the lives of billions. What's good for General Motors is rarely good for the country (or planet). Furthermore, the hostility of central bankers to the working class, especially workers of color, should cause leftists to balk at reforms featuring a technocracy of fund managers. The Norwegian and Alaskan experiences also cause us concern rather than comfort. Norway's sovereign wealth fund (SWF), for example, amassed its wealth by investing in fossil fuels. Today it invests in overseas real estate and earns passive income off the backs of workers in the Global South. The Alaska Permanent Fund (APF), still rakes in healthy profits from fossil fuel extraction, while Alaska remains plagued by poverty, unemployment and underinvestment in public services. Meanwhile, the highest dividend paid by the APF-$2,072 per person-is still far too low to provide substantial respite from work, the alleged advantage of a **universal basic income** (UBI) over a job guarantee (JG). **Regardless of the size of the payout, we are concerned that mailing everyone an identical check will *increase inequality*, rather than reduce it. Early social dividend proponents, such as C.H. Douglas, envisioned an "aristocracy of producers and a democracy of consumers." A standalone UBI, financed by a wealth fund or otherwise, does not challenge the capitalist system of production. History demonstrates technocratic elites favor a standalone UBI precisely because it actually subsidizes corporate power, rather than threatens it. Instead of a stock dividend, we should guarantee housing, healthcare, education, family and disability support, reparations, and other public goods through a full employment economy,** undergirded by a JG.

#### If income inequality decreases, social inequality will increase

George Eaton, June 27, 2018, The New Statesman, If Capitalism Ended, what would replace it? https://www.newstatesman.com/politics/economy/2018/06/if-capitalism-ended-what-would-replace-it

The first scenario is one of equality and abundance: communism. Technology has enabled the transition to a post-work and post-carbon future, and traditional class divisions have withered away. **But Frase warns that status hierarchies will persist. He cites Cory Doctorow's 2003 novel *Down and Out in the Magic Kingdom*, in which "debates are resolved not by who has the most money, but by who can acquire the highest social status". China's "social credit system", which ranks citizens according to their behaviour, and the West's tyranny of social media likes and retweets offer glimpses of this future.**

#### We need to change the political structures that cause inequality

David Ruccio, June 9, 2018, Utopia and Technology, https://mronline.org/2018/06/09/utopia-and-technology/

Much the same can be said of obscene inequalities in the distribution of income and wealth, the “diseases of despair” that now afflict a large portion of the U.S. population, or the prospect that new forms of automation will eliminate jobs and make workers redundant. In each case, a technological fix is promised—tax-rate changes for inequality, the expansion of healthcare insurance for increasing levels of addiction, a universal basic income for labor-substituting robots—when the problem itself is political, not technical. And that means the solution has to be political—organizing people to criticize the existing set of institutions, in order to imagine and create new ways of organizing the economy and society. New technologies may even have a role to play in enabling people to see such a “virtual reality.” Tackling problems as deeply ingrained as the ones humanity faces right now will require facing a question that technology alone cannot address: are we willing to band together to criticize and change the existing set of economic and social institutions?

#### Inequality in the US is decreasing

Michael A. MacDowell is the managing director of the Calvin K. Kazanjian Economics Foundation and president emeritus of Misericordia University, The News-Press (Fort Myers, Florida), July 7, 2018, Data helps us understand income inequality, https://www.news-press.com/story/opinion/contributors/2018/07/06/how-data-can-help-us-understand-income-inequality-macdowell/751369002/

Much political discussion today is driven by the perception that income inequality in the United States is greater than other countries and that this disparity is increasing. For most Americans this is a poignant argument because, since its founding, the belief that "all men are created equal" has been a profound underpinning of our value system. Proposals for a universal basic income, federal job guarantees, and single-payer healthcare are prevalent and will continue to grow. They are the natural extension of a movement to narrow the gap among Americans' income. But before such policies gain traction it is important to understand what the actual data on income in America looks like. **The data used to suggest growing income inequality in the U.S. comes from the Current Population Survey (CPS) for the U.S. Census Bureau.** The CPS includes income from salary and wages, pensions, veteran's benefits, government educational assistance, dividends, interest, rents and realities, social security and 17 other sources. **However, a recent study by John Early, a former assistant commissioner of the Bureau of Labor Statistics, points out that the CPS does not include benefits such as Medicaid, CHIP, the monetary value of SNAP or food stamps, free or subsidized rent payments, heating subsidies and other free or reduced-fee social services. When these transfer payments are counted in U.S. income inequality is diminished considerably. America's progressive income tax, which taxes people with larger incomes at a higher rate than low-income residents, removes further income inequality. And our income tax system also helps support poorer families through the Earned Income Tax Credit (EITC) that gives tax credits to low and moderate-income earners. When these adjustments are considered, income inequality in the United States is lower than in many Western democracies**.

#### Automation is not causing wage inequality

Noam Smith, July 8, 2018, <https://www.bloomberg.com/view/articles/2018-07-06/robots-are-poised-to-make-life-grim-for-the-working-class> Robots Are Poised to Make Life Grim for the Working Class

As computerization proceeded in the 1980s, and as inequality rose, some economists worried that skill-biased technological change might already be having a big effect. But they probably jumped the gun. A 2002 paper by labor economists David Card and John DiNardo observed that wage inequality stopped rising in the 1990s, even as computerization accelerated. The authors also noted that the 1980s saw a diminution of the gender wage gap, despite the fact that women were less likely to have computer-intensive jobs.

#### Failure to move away from capitalism means life will not be sustained

University College London, June 7, 2018, <http://www.pressreleasepoint.com/scientists-propose-changing-rules-history-avoid-environmental-collapse> Scientists propose changing the rules of history to avoid environmental collapse

**For the first time in our planet’s 4.5 billion-year history a single species, humans, is increasingly dictating its futu**re, according to a new book by UCL scientists. The new epoch known as **the Anthropocene** – assessed in 2015 by Professors Simon Lewis and Mark Maslin in a report published in Nature - **marks the period when human impacts on our home planet have become global and sustained.** In their new book, The Human Planet, the authors have now gathered new evidence which reveals the basic rules governing human societies from the earliest hunter-gatherers to those of the present day. **They warn that this evidence points to today’s globally interconnected mega-civilisation moving in one of two directions; one of continued rapid global growth and an eventual catastrophic collapse, or the emergence of a new mode of living that replaces the latest type of society, consumer capitalism.** The two scientists show that in all of human history there have been just five successive types of society that spread worldwide. Each of these societies relied on the greater use of energy, and a greater generation and flow of information and knowledge. This resulted in more people, increased productivity, and rising collective human agency, but also led to ever-greater global environmental consequences. “How the human story fits within Earth’s history is obviously complex, but one role of scientists is to pick away at difficult problems to understand them in simpler and more fundamental ways,” said Simon Lewis, Professor of Global Change Science (UCL Geography). By tracing the environmental impacts of different human societies since our march out of Africa we noticed that they had features in common. While new energy sources, like fossil fuels, and new ways of communicating information, like record-keeping, are well-recognised as revolutionary in their impacts, a much larger and more coherent picture emerged.“By tracing the environmental impacts of different human societies since our march out of Africa we noticed that they had features in common. While new energy sources, like fossil fuels, and new ways of communicating information, like record-keeping, are well-recognised as revolutionary in their impacts, a much larger and more coherent picture emerged.” The five societies that emerged and spread are: Hunter-Gatherer, Agricultural, Mercantile Capitalist, Industrial Capitalist and Consumer Capitalist. Each of these started with a major, and usually traumatic, transition: Domestication, European colonisation, the Industrial Revolution and the Great Acceleration that followed the end of the Second World War. The scientists believe that their analysis points towards to two future scenarios. One following the response of all other types of animal that encounter vast new resources: a long period of exponential growth, just as the global economy is growing, followed by a swift collapse; or the emergence of a new sixth type of society that replaces the consumer capitalist mode of living. The academics argue that more energy for all and increased investments in education, the internet and computing are essential components for a transition to sixth type of society. However, even if new energy comes from renewables, and fossil fuels are rapidly phased out to avoid catastrophic climate change, such a leap may not be enough to avoid collapse. To do that requires breaking the current high-production and high-consumption model of human development at the heart of consumer capitalism and a focus on environmental repair. The book ends with two bold ideas that are under increasing discussion to do this: Universal Basic Income, an unconditional payment to every citizen to cover their subsistence needs, to break the production-consumption dynamic; and Half-Earth, where half the Earth’s surface is allocated for the primary benefit of other species, with humans having the run of the rest, to enable environmental restoration. **“What human actions have done in the small amount of time we have been on this planet is astonishing. We have cut down half the trees on Earth, over 3 trillion of them, and have made enough concrete to cover the whole surface of the Earth in a layer 2 millimetres thick. We have created over 170,000 synthetic mineral-like substances compared with about 5,000 ’natural’ occurring minerals, and we make over 300 million tonnes of plastic per year which can be found in every ocean. Most shocking of all is that if we weighed all land mammals in the world, humans would represent 30 percent, livestock 67 percent and just 3 percent wild animals. We really do live on a human dominated planet” says Mark Maslin, Professor of Earth System Science (UCL Geography). Lewis and Maslin conclude that we need to recognise our planet-changing power and redirect it to shifting to a new type of society so that people and the rest of life we share our home planet with can all flourish.**

### Answers to: Solves Racial Inequality

#### A UBI will not solve racial inequality in the long-term

Raj Chetty, Professor of Economics, Harvard University, Nathaniel Hendren, Assistant Professor of Economics, Harvard University, Maggie R. Jones, Senior Economist and Income Research Lead, U.S. Census Bureau , and Sonya R. Porter, Assistant Center Chief, Nake Capitalism Blog, July 1, 2018, https://www.nakedcapitalism.com/2018/07/race-economic-opportunity-united-states.html

For instance, policies focused on improving the economic outcomes of a single generation – such as temporary cash transfers, minimum wage increases, or universal basic income programs – can help narrow racial gaps at a given point in time. However, they are less likely to narrow racial disparities in the long run, unless they also change rates of upward mobility across generations. Policies that reduce residential segregation or enable black and white children to attend the same schools without achieving racial integration within neighbourhoods and schools would also likely leave much of the gap in place.

### Alternative – Better to Guarantee a Job

#### Jobs promote self-worth – better to guarantee those

**United States : MinnPost Op-Ed: Striking a new bargain - Better jobs for more Americans**

**The best anti-poverty program is a job, goes the expression. And who could disagree? But Americans value employment for more than its ability to put food on the table. Most of us view jobs as a fundamental part of our identitynot simply a paycheck but a source of pride and meaning.** President Clinton recognized this. Work is about more than making a living, as vital as that is, he said. Its fundamental to human dignity, to our sense of self-worth. Similarly, President Trump observed, There is dignity in every honest job, nobility in every honest worker. And in Memphis, 50 years ago, Dr. Martin Luther King spoke of the importance of every occupation. No work is insignificant, he told the citys sanitation workers. All labor that uplifts humanity has dignity and importance. The role of employment in alleviating poverty and generating self-worth was the theme of a conference recently convened by the Minneapolis Feds Opportunity and Inclusive Growth Institute. Participants discussed not only troubling employment trends but also their worrisome social consequences. Harvard economist Jason Furman referred to a Grand Bargain long embraced by the United States. We unleashed free marketsaccepting the inequality and insecurity they generatein return for strong growth and healthy job markets. For decades this generated robust employment and rising wages. But the bargain has recently been broken. Despite little regulation and high inequality levels, employment rates of prime-age women and men are now low by world standards. The problem for men is not new, particularly not for African Americans. Unfortunately, female employment rates, previously globally-leading, have now stagnated. Many fear that new technologies and globalization will make these disparities worse. Our scholars shed light on why labor markets have worsened, how we can improve them, and what the future has in store. They agreed that automation and trade with China have cost U.S. manufacturing jobs. But jobs in other sectors have also declined. Why so? And why have African Americans suffered disproportionately? Some argued that underwater loans, disability insurance and wage garnishment to pay child support have reduced work incentives. Others pointed to overt and implicit race discrimination, rising incarceration, inadequate parental leave and child care, and increased occupational licensing. **What can we do? A federal jobs guarantee, advocated by Institute advisor William Darity Jr. might be preferable to universal basic income in part because jobs provide social networks and, indeed, self-worth.**

### Alternative – Support it Later, Not Now

#### We shouldn’t do it now – it is better to let the experiments continue and to study it later

Peter Goodman, The Daily News of Los Angeles, June 3, 2018 , Stockton becoming basic-income test lab, p. A18

STOCKTON >> This town in California's Central Valley has long functioned as a display case for wrenching troubles afflicting American life: The housing bust that turned Stockton into an epicenter of a national foreclosure disaster and plunged the city into bankruptcy. The homeless people clustered in tents along the railroad tracks. Boarded-up storefronts on cracked sidewalks. Gang violence.

Now, **Stockton** hopes to make itself an exhibition ground for elevated fortunes through a simple yet unorthodox experiment. It **is readying plans to deliver $500 a month in donated cash to perhaps 100 local families, no strings attached. The trial could start as soon as the fall and continue for about two years As the first U.S. city to test so-called universal basic income, Stockton will watch what happens next. So will governments and social scientists around the world as they explore how to share the bounty of capitalism more broadly at a time of rising economic inequality**.

#### Finnish American Reporter, June 1, 2018, Basic Income plan still on course

"It seems that there is some misinformation spreading in international media about the Finnish basic income experiment," says Miska Simanainen, a researcher at Kela, the Finnish government agency behind the trial. **"There are currently no plans to continue or expand the experiment after 2018,** but this is not new information," he adds. Instead, **the Finnish government will wait for the results from this initial trial before making any decisions about a wider roll-out of the initiativ**e. **The results from the trial will be available by the end of 2019 or the beginning of 20**20, Simanainen explains. Finland is only experimenting with a very narrow version of basic income that focuses on understanding whether giving monthly payments to people out of work changes their employment prospects. Since January 2017, a random sample of 2,000 unemployed people have been given a monthly [#xfffd]560 with no obligation to seek or accept employment for the duration of the trial.

### Alternative – Income Guarantee

#### Alternative – income guarantee

Right Vision Media, May 31, 2018, This is How We Make Basic Income a Reality

**There is an alternative. Instead of a universal basic income, we could have a basic income guarantee. Or, as economists prefer to call it, a negative income tax. Again, this sounds technical, but it's really just basic maths. In the current system, everybody who works pays taxes. A negative income tax flips that around. If you work, but your wages still leave you below the poverty level, you don't have to pay taxes. Instead, the taxman pays you. Think of it as building a massive floor underneath the economy. Anyone who falls below the poverty line, employed or not, is lifted back to security, no conditions attached. Protection against poverty would be a right, not a privilege. Meanwhile, working would always pay off, because above the poverty line, basic income would be stepped down incrementally, instead of cut off. Imagine what a massive leap this would be. For example, in Great Britain, more than 14 million people, including four million children, would be freed from the prison of poverty. To be clear: 60% of those people work in paid jobs. This is an idea that could rally voters across the board, with something to please both the left and the right:**

#### Guaranteed income proposal

Paul Sanders, Business Lexington (Kentucky), May 24, 2018, Does a Guaranteed Income for All Make Sound Business Sense? http://smileypete.com/business/fair-shot/

Here's the proposal: **Government should provide a guaranteed incom**e ($500 per month) to every adult who lives in a household making less than a set amount ($50,000 per year). **For most Americans, this would total $6,000 a year for a single individual and $12,000 for a married couple. A family of four making $38,000 a year would then be making $50,000 per year.** This guaranteed income, along with a number of variations, is the central theme of "Fair Shot: Rethinking Inequality and How We Earn" by Chris Hughes, one of the wunderkind of Facebook. The idea deserves consideration, Hughes writes. **Implementing guaranteed income would lift 20 million people out of poverty while also providing stability to the middle class.** If the idea of someone like Hughes (with a net worth close to half a billion dollars) giving financial advice to the poor and middle class seems misplaced, Hughes states upfront that his proposal of a guaranteed income also affects working people. Further, it would give people the chance to start small businesses, as well as keep up with the cost of living. "Perhaps most importantly, **the guaranteed income would embrace the dignity and freedom for people to chase their own dreams," Hughes says.** While the unemployment figures in the United States continue to fall to historic lows, such numbers do not address how they mask the effects of such work, according to Hughes. One hundred and fifty million Americans are living from check to check, and it isn't because they aren't trying hard enough. Surveys show that nearly every middle-class person tries to put away money for a nest egg. Few of them are able to do so, due to personal economic situations like hospitalization or childcare. Hughes is a realist about what would be needed to implement such a plan. "It's important to be clear about the scale of this program; it would be big and expensive," he said. First, a tax to pay for the program would be levied on the incomes of the richest Americans, those who make more than $250,000 a year. Anyone who made more than $50,000 would not get the money. Hughes makes clear that he is not proposing a **universal basic income** plan that would provide a set amount to each American every month. This would provide 60 million adults with monthly checks at a cost of $290 billion, making it the fourth-largest social benefit in government, just behind Social Security. The plan also must build in incentives so that people are still motivated to work, Hughes says. "The idea of a guaranteed income that encourages work isn't a fringe idea. Nearly a dozen Nobel Prize-winning economists believe that it's a smart way to grow the economy and reduce inequality," Hughes writes.