MAINE POLICY PERSPECTIVES

Universal Basic Income Roundtable

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Since its founding in 1989, the Margaret Chase Smith Policy Center has engaged in applied public policy research and community engagement with the goal of improving the quality of public discourse grounded in civility and a willingness to engage across political, social, and cultural differences. The MCS Policy Center’s dedication to this nonpartisan mission advances relationships among policymakers, community leaders, and the students, faculty, and staff of the University of Maine System.

Maine Policy Review

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Almost daily, we confront media coverage regarding universal basic income (UBI). Stories abound in every major media outlet from CNN, MSNBC, and Fox News to the New York Times, Boston Globe, Washington Post, and the Wall Street Journal. On the presidential debate stage, American entrepreneur and Democratic presidential candidate Andrew Yang has made UBI a primary platform of his campaign, proposing “The Freedom Dividend,” a $1,000 per month stipend for every American adult. In the state of Maine, on June 19, 2019, Governor Janet Mills signed LD 1324 into law. This bill created a committee to study the benefits and feasibility for starting a universal basic income program for the state of Maine. After their research is complete, this 13-member committee will present their findings and draft bills for the Maine Legislature to consider in 2020. Though it may seem like a left-leaning policy at first blush, the concept has gained bipartisan popularity with support from the Adam Smith Institute and the Cato Institute, two major right-leaning think tanks, which are both exploring policy options and publishing papers that argue about UBI’s ability to fix the broken welfare state.

The nonpartisan publication at the Margaret Chase Smith Policy Center, Maine Policy Review, featured a commentary by philosopher Michael Howard titled, “Universal Basic Income: Policy Options at National, State, and Local Levels.” This article created quite a stir in policy circles throughout the state, polarizing opinions and provoking intense debate. Attorney and adjunct faculty member at the University of Southern Maine Dave Canarie wrote a counter to Howard’s piece entitled “Not Ready for Prime Time: A Response to Universal Basic Income: Policy Options at National, State, and Local Levels,” where he highlighted the social and economic costs of a guaranteed income policy for all Americans. Howard wanted his chance to respond. It became clear that this was an important conversation for the state of Maine worthy of debate in a public forum. We invited local, regional, and international experts on UBI to participate in a new feature for the Margaret Chase Smith Policy Center: Maine Policy Perspectives. In total, the perspectives of seven individuals are included in this roundtable regarding UBI.

So what is UBI? Oftentimes, media reports regarding UBI are rather vague. Academic and policy researchers, however, typically use the term universal basic income or simply basic income in reference to a program that provides payments to everyone in a given community—whether local, state, or national. This stipend would have no strings attached and individuals would receive a UBI regardless of their personal economic condition or employment status. In theory, UBI should be able to provide an amount sufficient to pay for an individual’s basic necessities, a figure that is nearly as debated as the idea itself.

Howard’s commentary in MPR highlighted the worldwide interest in UBI policies from the municipal level in the United States to European-wide initiatives debated in the European Union. He listed four main reasons in support of UBI:

- Fear that automation and artificial intelligence will displace workers
- Realization that current social safety-net programs neither provide jobs nor eliminate poverty
- Desire to address rising inequalities
- Aspiration to remunerate individuals for care work, volunteering, and environmentally sustainable lifestyles

Howard also notes two major categories of objections against UBI, which he generally describes as economic and moral. On an economic level, opponents argue that it is impossibly expensive. He contends that through the simplification of the welfare system and increased income taxes, a federal value-added tax, or the taxation of resources held in common UBI is expensive, but feasible. On moral grounds, opponents fear that giving individuals a stipend with no needed behavioral modifications or preliminary means testing would subsidize able-bodied individuals who simply chose not to work. Howard admits that some people would take advantage of the system; however, he argues that most people, if given the chance, would use their UBI to fund personal growth through education, artistic creation, or entrepreneurship; care for their children or aging family members; volunteer their time to provide community services; or seize the ability to live simply in an environmentally sustainable lifestyle. Howard also contends that the idea of decoupling income from work should not be seen as radical in the current capitalist society of the United States. In fact, he points out that through inherited wealth, interest, and dividends, many people already have unconditional income, and society does not view these types of income as promoting laziness.

Howard then explores policy options at the federal, state, and local levels. He highlights that UBI was actually quite popular in the 1960s and 1970s and was supported by both of the major political parties. Martin Luther King and Democratic presidential candidate George McGovern favored minimum guaranteed income while right-wing economist Milton Friedman supported a means-tested unconditional minimum income. In fact, President Richard Nixon was in favor of a modified version of Friedman’s
model, the Family Assistance Plan, which passed the House of Representatives, but was defeated in the Senate. Howard points to the Alaskan Permanent Fund Dividend as a successful policy for states to redistribute monies gained through access to common resources, which has been in effect since 1976. In resource-poor states such as Maine, Howard argues, taxes on carbon, earned income tax credits, and universal child allowances are experiments with UBI-type programs that can stimulate public discourse, provide empirical evidence, and suggest examples for more nuanced welfare reform programs in the national sphere based on UBI.

The individuals participating in this Maine Policy Perspectives roundtable were asked to read “Universal Basic Income: Policy Options at National, State, and Local Levels” as well as Dave Canarie’s rebuttal. They then were asked to briefly draw upon their expertise and experiences to argue for or against UBI. Though it is not necessary, we invite readers of this roundtable to first peruse Michael Howard’s original commentary in MPR that sparked this lively debate. The structure of this Maine Policy Perspectives forum is that three arguments against UBI will be presented first followed by three arguments in support of UBI. Finally, having read all of the pieces by our panel, Michael Howard receives the last word of the forum by responding to the discourse created by his initial commentary in MPR.

The first piece in this forum is a republishing of “Not Ready for Prime Time: A Response to ‘Universal Basic Income: Policy Options at National, State, and Local Levels’” by Dave Canarie. Canarie argues that UBI is staggering expensive, that inherited wealth, interest, and dividend payments are not decoupled from labor but directly tied to labor, that wealth and success is not always linked to luck and privilege, and that abandoning our current social safety net for the experiment of UBI is too great a risk when the consequences of failure are a burden of the nation’s most vulnerable citizens. Canarie’s piece is followed by historian Daniel S. Soucier who argues that UBI is far superior to our current social safety net for the experiment of UBI is too great a risk when the consequences of failure are a burden of the nation’s most vulnerable citizens. Canarie’s piece is followed by historian Daniel S. Soucier who argues that the technological changes wrought by automation and artificial intelligence may be no more disruptive than technological changes that have occurred in the past. Instead technological change often leads to unforeseen economic opportunities and eventual economic growth. He also argues that abandoning our current social safety net, which has been built on decades of worker displacement due to disruptive technologies, is misguided policy. Finally, human rights economist Philip Harvey argues that UBI fails to secure both the right to work and the right to income security as highlighted by the United Nations. In fact, by providing everyone with the same income stipend, UBI, because of its universality, provides no additional compensation to displaced workers, nor does it provide low-wage earners with additional real income. Harvey notes that despite even though UBI is currently fiscally unattainable, the opportunity costs are also prohibitively high. Instead, monies should be focused on job programs that get able-bodied individuals into the workforce and on providing truly unstigmatized livable income to those in society unable to be self-supporting.

Project Manager at the Future of Humanity Institute Georg Arndt and economist Karl Wiederquist argue that the actual cost of UBI policy options are far less than the gross cost, but far more difficult to calculate. They contend that the gross cost of UBI is misleading because a substantial amount of UBI is paid for by individuals based on the income they already earn. For example, if the government taxes an individual $5,000 and then pays that person a dividend of $5,000, the net cost of UBI for that individual is zero dollars. Thus, Arndt and Wiederquist argue that any argument against UBI based on gross costs without discussing exact tax burden and marginal tax rates are misleading and not very useful in the overall debate of the topic. Sociologist Luisa Deprez notes that income is not keeping pace with the cost of basic needs, especially in the state of Maine. Further exacerbating matters is the precariousness of social safety-net programs at the federal level. With income inequality on the rise and current programs proving ineffective at solving the issue of poverty, Deprez calls for careful review of the literature regarding UBI and for a serious debate of its feasibility as a policy option at the state level instead of merely dismissing it as “not ready for prime time.” Finally, political scientist Almaz Zelleke argues that UBI is far superior to our current social safety-net programs. Its universality ensures no one falls through the cracks. Its unconditionality provides income for those who contribute to society outside of the traditional workforce. Its flat benefit does not penalize individuals who improve their status through the combining of households or through part-time, seasonal, and temporary employment. Further, UBI is an ethical statement by society that everyone deserves access to the means necessary to a healthy and productive life. Zelleke closes by contending that the best way to get UBI into the national agenda—as with many initially controversial policy measures—is to implement it in a few forward-thinking states such as Maine.
Universal Basic Income:
Policy Options at National, State, and Local Levels

by Michael W. Howard

On September 11, 2018, Chicago Mayor Rahm Emanuel announced the formation of a task force “to pursue the exploration of Universal Basic Income in the city.” Emanuel was responding to a resolution proposed by Alderman Ameya Pawar and supported by others on the city council (Byrne 2018; Coelho 2018; McFarland 2018). Pawar was inspired by the pilot project being launched in Stockton, California, which will give 100 people $500 per month for 18 months. This project was motivated by worries about automation and the desire to provide more opportunity for people in poor communities (Crane 2018). Pilot projects with various kinds of minimum-income schemes have been completed, announced, or begun in Oakland, California; Barcelona, Spain; Ontario, Canada; Finland; Scotland; India; Kenya; Uganda; Namibia; and the Netherlands (https://basicincome.org/topic/pilot-experiments/; Haarmann and Haarmann 2014; Kotecki 2018; McFarland 2017a, 2017c; Standing et al. 2015). In 2016, Swiss citizens initiated and voted on a referendum to give every Swiss citizen an unconditional basic income adequate for basic needs and a life of dignity (Martin 2016), and a European-wide initiative for basic income was presented to the European Parliament in 2013–2014, but was voted down in 2017 (McFarland 2017b). There is worldwide interest in basic income, and the concept has been considered favorably, if not yet embraced, by some American politicians at the national level (Clinton 2017; Obama 2018).

Supporters of basic income include Silicon Valley tycoons and others who worry that artificial intelligence and automation will displace more jobs than they will create, necessitating new forms of income security for those who are displaced. The concept is also supported by many people who recognize that current welfare policies are not effective at eliminating poverty or moving people into work. Other supporters see basic income as a way to address rising inequality, while some supporters see it as a way to partially decouple income from paid employment, as a way to recognize and encourage care work, volunteering, or more sustainable living (Van Parijs and Vanderborght 2017).

DEFINITION OF A BASIC INCOME

What is a basic income? Is it a desirable and feasible policy? And could such a policy be implemented on a state or local level?

Although press coverage is rather vague, most researchers use the term basic income to refer to an income that is given to all, periodically rather than in a lump sum, individually rather than to households, and not conditional on need, willingness to work, or other behavioral requirements. Some add that a basic income is sufficient for basic needs, but exactly what this level is, is subject to much debate. We can distinguish roughly between a full basic income that would satisfy some such requirement, and a partial basic income that would fall short of that level. A basic income is distinct from other forms of guaranteed minimum income including a negative income tax (unconditional, but means tested), a participation income (conditional on making some form of meaningful contribution to society, but not necessarily paid employment), universal child allowances (going unconditionally to all children, regardless of means), and capital grants (universal, but given in a lump sum, for example, at age 18).

ARGUMENTS IN FAVOR

I have already hinted at the arguments for basic income. If automation displaces more jobs than it creates—a proposition that is debated even among supporters of basic income—then decoupling income from labor may be necessary to avoid growing poverty. An Oxford University study predicted that nearly half of all jobs in America will likely be eliminated by automation in the next few decades (Frey and Osborne 2013). Think of drivers displaced by self-driving vehicles, food-service workers displaced by robot waiters, and retail sales clerks displaced by automatic checkout machines. This conclusion has been challenged by critics noting that, although tasks within jobs may be eliminated, the jobs may remain and be redefined (Arntz, Gregory, and Zierahn 2016; Chui, Manyika, and Miremadi 2016). Still, if 60 percent of a job can be taken over by a computer, then there...
may be a need for only 40 percent of the workers in that occupation. Actual job loss might be closer to 9 percent, according to Arntz, Gregory, and Zierahn (2016).

Related to, but distinct from, the automation argument is the argument from precarity—an insecure or unpredictable existence, which may affect a person’s psychological well-being—(Standing 2014). Although the American economy has been creating jobs steadily, many of these jobs are part-time, temporary, and poorly paid. Thus a second argument for basic income is that it is needed to ensure that workers have adequate income and do not need to work two full-time jobs, or several part-time jobs, to make ends meet. A basic income, which at first glance appears to be anti-work by giving people income not conditional on willingness to work, is in fact more work friendly than the current system, which creates a poverty trap: people do not seek employment for fear of losing their means-tested and conditional benefits. Because people keep their basic income when they find employment, this disincentive to a job is completely eliminated.

A third argument for basic income challenges what we mean by work. Much of the necessary work in our society is not counted as part of GDP (gross domestic product), and is done without remuneration, and often in conditions of economic dependency. This fact is especially true for household care of children and the elderly, which is done disproportionately by women. A basic income would give recognition to this work, afford women some measure of economic independence, and at an adequate level, lift them and their children out of poverty. Moreover, it would do so without the bureaucratic difficulties that would arise from trying to administer wages for housework. In addition, a basic income would facilitate other kinds of meaningful, but unremunerated, contributions to society, such as volunteering for nonprofit organizations.

**ARGUMENTS AGAINST**

Among objections to basic income, the two most prominent are financial and moral. The gross cost of a basic income appears quite large. If every legal US resident were given an annual basic income of, say, $12,000 per adult, and $6,000 per child, the gross cost would be $3.415 trillion (Widerquist 2017). But the gross cost is not very meaningful. Everyone would receive a basic income, but the more affluent would be net contributors: they would pay more in taxes than they would receive in basic income. The poor would be net beneficiaries. And some people would break even.

The more interesting question is the net cost for the net contributors. The answer varies depending on how a basic income is integrated with the tax system. But with a 50 percent tax surcharge on earned income, the net cost would be less than one-sixth of the gross cost, $539 billion. And that is without considering the potential elimination of other programs, such as food stamps or Temporary Assistance for Needy Families (TANF) benefits, which might be redundant with a basic income. Furthermore, this net cost also does not take into account the savings that would likely result from improved health and lower crime rates. Although $539 billion is still expensive, it is feasible. Especially if we consider that it would completely eliminate poverty for 43 million people, including 14.5 million children. More modest proposals of about half this level, such as that of Facebook cofounder Chris Hughes (2018), who favors a means-tested negative income tax with a work requirement—but broadening the definition of work to include care work and other socially useful activities—could be funded with moderate tax increases on those making more than $250,000 per year.

There are other ways of funding a basic income besides income tax. Andrew Yang (2018), who is running for the Democratic presidential nomination in 2020, favors a basic income of $1,000 per month, funded by a value-added tax (cf. Walker 2016). Peter Barnes (2014) favors taxing common resources, such as natural resources, electromagnetic spectrum, the use of the atmosphere as a carbon sink, and the right to create money, which could support a basic income of around $5,000 per year, rather than being given away to private companies. Barnes’s model is Alaska’s Permanent Fund Dividend, around $1,400 per year paid to every Alaskan, including children, from the annual interest earned by Alaska’s sovereign wealth fund, which has been capitalized with royalties paid by oil companies drilling on the North Slope since the 1970s. The dividend has contributed to Alaska’s relatively low rates of poverty and inequality (Widerquist and Howard 2012a, 2012b). Hillary Clinton (2017) considered proposing something similar, “Alaska for America,” during her presidential campaign. There are pros and cons to these different funding schemes, but the main point is that a basic income is affordable.

The bigger hurdle may well be the moral objection, that it is wrong to give people "something for nothing." Wouldn’t this be taxing hard-working...
people to give income to able-bodied
free-riders? Isn’t it better to stick with
our current system of benefits, condi-
tional on a willingness to work? Doesn’t
the social contract include a principle of
reciprocity—that those who receive
from society should, if they are able, give
back by contributing to society?

Responses to this objection are of
two sorts. The first concedes the prin-
ciple of reciprocity, but argues, pragmat-
ically, that conditionality is not worth
the cost. Most people, if given a modest
basic income, will use it to enable them-
sehers to participate in society. Most will
seek employment in order to have more
than a poverty-level income. Some will
elect to stay at home with children or
aging parents. There is evidence to
support these claims from numerous
experiments with minimum income. A
few may choose to live very simply—in
itself an environmental boon—while
focusing their time on volunteering,
further education, or artistic creativity. If
fears about automation materialize, a
basic income will facilitate work-time
reduction and work sharing (whether or
not these are legislated), so that people
can enjoy greater leisure, rather than
suffer greater insecurity, as the produc-
tivity of labor rises. If there are a few
loafers who decide to do nothing or to
take drugs—and let’s face it, the current
system does not prevent this—the
resulting harm is outweighed by the
social benefits of unconditional income
for all.

The second response challenges the
principle of reciprocity by noting that
much of the income in modern capitalist
societies is already decoupled from labor.
Many people inherit wealth and can live
tively on interest and dividends,
without doing a day’s work in their lives.
(That many of these people do work is a
further answer to those who think
unconditional income will promote lazi-
ness.) Whether you are fortunate enough
to inherit wealth, or have family connec-
tions or other advantages of affluence, is
a matter of luck—something that Chris
Hughes (2018) lucidly illustrates from
his own experience.

All that basic income does is
distribute this luck—the unearned
income—more equally, so that everyone
starts out on a more level playing field.
Reciprocity is not rejected; it just comes
into play on the foundation of a more
fundamental principle of guaranteeing
everyone a fair share of assets. Above the
basic income, earned income is distrib-
uted in proportion to work (Van Parijs
and Vanderborght 2017).

POSSIBLE NATIONAL,
STATE, AND LOCAL
BASIC-INCOME POLICIES

It is not too difficult to imagine a
basic income being adopted at a
national level. After all, in the 1960s
and early 1970s, there was support across
the political spectrum for a guaran-
teed minimum income. Martin Luther
King (1967) endorsed the idea. George
McGovern ran as the Democratic can-
didate for president favoring a demogrant
(Mound 2016), a kind of guaranteed
minimum income. Libertarian econo-
ist Milton Friedman (1962) favored
a negative income tax, a means-tested,
but otherwise unconditional minimum
income. Richard Nixon’s Family
Assistance Plan was a modified version
of Friedman’s proposal, and it passed
the House, but failed to pass in the
Senate (Steenisland 2017). Poverty is
still with us, inequality is rising, and
we face new threats from technological
change. Among political parties, the
Green Parties around the world are the
strongest supporters of basic income
(Van Parijs and Vanderborght 2017).

But the idea is also favored by social
movements, such as the Movement for
Black Lives (https://policy.m4bl.org
/reparations/). The social conditions are
certainly favorable for a national debate
about basic income.

Are basic-income policy proposals
relevant at the state or local level? Alaska’s
Permanent Fund Dividend illustrates
how states can create dividends from
sovereign wealth funds, or more directly
from taxation of the use of common
assets. But what about resource-poor
states like Maine? Gary Flomenhaft
(2012) calculated that even Vermont,
also a resource-poor state, has enough
resources that, if all the rents were taxed,
and the revenue distributed as dividends,
every citizen could receive between
$1,900 and over $10,000 annually. Of
course, clawing back these resources
after having turned them over to private
companies would face major political
challenges.

A more modest, partial basic income
could be created at the state level in
several ways. A state-level carbon tax,
desirable as a way to reduce fossil-fuel
emissions, could yield a significant
universal dividend, and the dividend
would rectify an otherwise regressive and
unpopular consumption tax. A carbon
tax with progressive tax reductions has
been implemented successfully in British
Columbia (Durning and Bauman 2014).

The earned income tax credit, which
exists at the state as well as the federal
level, could be made refundable. That is,
those without earned income would
receive a credit, increasing their income
when it falls below a minimum. It is
unlikely that refundable tax credits or
carbon taxes at the state level could be
large enough to adequately address
either the environmental requirements
or the income needs, but policies at the
state level can pave the way for more adequate policies at the federal level, when the political environment there becomes more favorable.

Other policies that could be introduced at the state level are a universal child allowance or a refundable child tax credit. Universal child allowances are minimum incomes that go to all children regardless of means or behavioral conditions.

Lastly, at the municipal or state level, pilot projects such as those discussed earlier can generate public discussion of minimum-income policies and empirical evidence to inform policy making. Any Maine city, particularly with grant support, could launch similar experiments.

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COMMENTARY


Michael W. Howard is a professor of philosophy at the University of Maine. His research interests are in theories of justice, including global justice, economic justice, and climate justice. He has coedited two books on Alaska’s Permanent Fund Dividend. He is the national coordinator for the US Basic Income Guarantee Network and coeditor of the journal *Basic Income Studies*. 
Not Ready for Prime Time: A Response to “Universal Basic Income: Policy Options at National, State, and Local Levels”

by Dave Canarie

In a recent Maine Policy Review commentary, “Universal Basic Income: Policy Options at National, State and Local Levels,” Professor Michael W. Howard presents the case for a universal basic income (UBI) and suggests it could be tested in Maine. He writes that there was “support across the political spectrum for a guaranteed minimum income” in the 1960s and 1970s (Howard 2018: 40) and suggests three arguments in favor of UBI: to address future job loss associated with artificial intelligence, to fight precarity, and to support unremunerated work such as caring for children or the elderly.

Universal basic income is an idea that sounds great in theory but struggles mightily when considered in detail. According to an article in the New York Times, former Treasury Secretary Larry Summers described UBI as “one of those ideas that the longer you look at it, the less enthusiastic you become” (“A Universal Basic Income Is a Poor Tool to Fight Poverty,” Eduardo Porter, May 31, 2016). That may explain why universal income proposals were not adopted in the 1960s, even though it was during the height of the War on Poverty.

UBI is staggeringly expensive. The study cited in Howard’s commentary (Widerquist 2017) lists a total cost for a nationwide UBI program of $3.415 trillion. This price tag approaches the cost of all current federal spending, which the Congressional Budget Office estimates to be $4.4 trillion for 2019, and it is virtually equal to the $3.4 trillion collected by the Internal Revenue Service for all income taxes in 2017. UBI would require massive an unprecedented expenditure: its cost is almost as large as the entire current federal budget and equal to all current income tax receipts.1

The commentary asserts, “the gross cost is not very meaningful” (Howard 2018: 39), but of course it is. Professor Howard claims that the actual cost of the program is one-sixth of the gross cost, or $539 billion, because everyone would receive $12,000 per year ($6,000 for children), while people with earned income would pay “a 50 percent tax surcharge on their income” (Howard 2018: 39). No matter how one funds it—whether from general revenues, a tax increase, or a combination of the two—the program still costs $3.415 trillion. Additionally, the commentary does not explain the 50 percent tax surcharge on all earned income. Is it a flat 50 percent tax rate for all taxpayers? Is 50 percent added to existing tax rates? Is the 50 percent tax mean tested? Although the commentary does briefly examine other ways to fund UBI and other basic income levels, the costs of UBI are staggering and will increase every year as the population grows. Moreover, the growth in UBI cost will become exponential when the inevitable calls for cost-of-living adjustments in the annual UBI payout are adopted.

In pre-empting an argument that UBI gives people “something for nothing,” Howard asserts, “much of the income in modern capitalist societies is already decoupled from labor” (Howard 2018: 40). I don’t think that is true for most people in Maine, however. Even people who are not actively working, for example, Social Security and private pension recipients, receive income that is directly related to their labor because they paid FICA tax and made 401k contributions during their working years.

I also disagree with the claim that the “advantages of affluence [are often] a matter of luck” (Howard 2018: 40). Sometimes they are, but try talking about luck to a Lewiston physician who took difficult courses in high school and college, studied brutally long hours in medical school, incurred a lot of debt, and is coming off a 24-hour shift. Try asking a Bangor CPA about her luck when she is busy all year and works long hours during tax season. Try explaining affluence luck to a small business owner in Kittery who made all-in personal commitments of time, energy, money, and passion to launch and nurture his business. Most Maine people accumulate wealth through hard work, long hours, and by saving and investing their hard-earned money.

The commentary claims that a universal income “would completely eliminate poverty for 43 million people, including 14.5 million children,” and as a result we could consider “the potential elimination of other programs, such as food stamps or Temporary Assistance for Needy Families (TANF) benefits, which might be redundant with basic income” (Howard 2018: 39). One of my critiques of Professor Howard’s well-researched commentary is that it does not consider the implications of these statements.

If UBI is presented as a way to completely eliminate poverty, there is no doubt that our existing social welfare
COMMENTARY

A RESPONSE TO UNIVERSAL BASIC INCOME

The biggest challenge facing UBI is not mentioned in the article, however: namely, that spending for this unprece-
dently expensive program would likely preempt funding for other proposed programs that enjoy perhaps even more public support than UBI. UBI would preempt funding for a national health insurance program, for example, which is a very expensive program. Some estimates suggest that Bernie Sanders’s Medicare for All plan would cost $33 trillion by 2031 (proponents of the plan say it would save $2 trillion). Spending for UBI could conflict with attempts to address the $1.5 trillion in college debt that burden graduates for decades after they leave school or with proposals for free college tuition, which could cost $70 billion each year, or with job-producing infrastructure repairs ($2 trillion), budget deficit reduction, or social security reform.²

The issue of competing priorities is the greatest challenge faced by proponents of UBI because it means they need to justify: (1) a historic government cost expenditure and (2) the reason UBI should be preferred over other worthy and well-supported programs competing for government funding.

In my opinion, proposals to implement UBI nationwide face nearly insurmountable political, financial, and social hurdles. Moreover, the logistics of implementing UBI—whether the transition in which UBI replaces existing safety net programs or the mechanics of UBI financing—are overwhelmingly complex and have not been adequately explained in the commentary. Although preparing for potential future job losses, reducing precarity, and rewarding unpaid labor are all important issues that we need to address, other policy options, such as a negative income tax, could be as effective as UBI at addressing them. That said, well-developed and transparent localized experiments may be worth pursuing to gather data points on UBI and to inform the ongoing discussion. National UBI, however, is not ready for prime time.

ENDNOTES


REFERENCES


Dave Canarie is an attorney and adjunct faculty member at the University of Southern Maine.
Technological Change and Universal Basic Income:
A Historical Review

by Daniel Soucier

Imagine being born in 1900. With great genes, avoidance of major diseases as well as industrial accidents, and a little bit of luck, you lived to see the year 2000. What technological changes did you experience over the course of your lifetime? You would have witnessed overwhelming developments in transportation, construction, manufacturing, and communication. Further, after the First World War, you would have watched as chemical, electrical, petroleum, and steel technologies revolutionizing workplaces and marketplaces. How did the workforce change? What careers were no longer viable? What jobs no longer existed? How many hundreds of millions of people were displaced due to technological change and increased automation?

As an instructor of history and Maine studies, I often hear students exclaim that the world is more “modern” than ever before, that the technological changes occurring since the dawning of the twenty-first century supersede all that have come throughout the history of humankind. That despite vast cultural, social, political, economic, and environmental revolutions, the changes most significant to human history are the ones that have occurred during their lifetimes. However, eminent historians of technology Howard Segal and Alan Marcus argue that “the century after the 1830s [that] marked America’s technological heyday.” The technological changes that occurred from 1830 to 1930 created vast social and cultural change in America. That change still permeates the United States today as “Americans...continue to live with and employ variants of technologies first developed more than a hundred years ago” (Marcus and Segal 1999: vii).

This perceived unprecedented rapidity of change occurring in one’s own lifetime is akin to the principal of shifting-baseline syndrome that occurred in fisheries management: instead of thinking about levels of oceanic biota before human exploitation as natural, individuals think about how fish stocks have changed during their lifetimes. Thus, each generation of fishermen and fishery scientists redefined what is normal, natural, or sustainable. In the past, policymakers relied on the anecdotes of those working the seas and the reports of biologists compiled from misinterpreted data resulting in disastrous consequences. Oftentimes, the supporters of universal basic income fall victim to shifting-baseline syndrome as well. As Michael Howard points out “supporters of basic income...worry that artificial intelligence and automation will displace more jobs than they will create necessitating new forms of income security for those who are displaced” (Howard 2018: 38). Indeed, the argument is that the changes wrought by artificial intelligence will be so great that Maine, the United States, and the world need to revolutionize their social safety-net systems.

MAINE: A HISTORY OF DISPLACED PROFESSIONS.

The rise of artificial intelligence and increased automation creates incredible workforce challenges. However, to think that this change is unique is ahistorical. In fact, since the revolution from an agrarian-based economy to an industrial-based economy, the recurrent fear has been that technological change will produce mass unemployment followed by social upheaval. Maine is an excellent case study for how disruptive technologies displace workers, but, in some cases, can create unforeseen economic opportunities.

By the mid-eighteenth century, Maine’s lumbering, shipbuilding, and fishing industries were among the top in the nation. The agricultural sector of the economy was the largest in New England. Ice-cutting employed tens of thousands of workers and created more wealth in its peak years than the annual gold production in California. Maine also supplied the most granite in the country for curbing and paving and was second only to Massachusetts in granite supplied for the nation’s booming urban regions in the aftermath of the Civil War. However, these multimillion-dollar industries were on the verge of collapse during the early twentieth century as the nation shifted from an economy based on wood, water, and muscle to one fueled by iron, coal, and rail.

Railroads opened up the state of Maine and the rest of New England for the importation of agricultural products, manufactured goods, and natural resources from the western United States. This forced many of Maine farmers out of business or caused them to specialize in a single product such as potatoes, dairy, or hay. As overland shipping became more efficient and the predominant construction materials for ships evolved from wood to iron or steel,
Maine’s shipbuilding industry also was forced to specialize or risk becoming extinct. Steel and rail also caused great decline in Maine’s granite industry. Buildings became constructed from steel and concrete and roads from macadam. Further, granite quarried from western states flooded the eastern market on rail cars reducing demand for Maine’s coastal granite. Finally, with the rise of electrification and the ability to produce ice and cool foodstuffs artificially, Maine’s ice industry collapsed. Thus, the rise of rail and steel transformed Maine’s economic landscape.

However, the spread of interior railways and travel aboard steamships had unexpected consequences for the region. In the aftermath of the Civil War, industrial elites and middle-class professionals gained increased leisure time, and they looked to an extended pleasure periphery to escape the hassles of urban life. Hotels, cottages, restaurants, and other service industry establishments dotted the coast of Maine as well as inland lakes and resort communities. Mount Desert Island, Rangeley Lakes, and Moosehead Lake became destinations for hunting, fishing, camping, and cottaging. Early in the twentieth century, Maine began billing itself as the nation’s vacationland. Summer hotels, country inns, strip malls, factory outlets, summer camps, campgrounds, ski resorts, and expanded tourism communities were fueled by the variegated recreational opportunities available to visitors of the state. By the 1990s, visitors were spending over $2 billion, and tourism became one of Maine’s most important economic and cultural sectors. Today, tourism is Maine’s most vibrant industry generating $3.42 billion in revenue annually. In fact, visitors contribute one in five dollars to Maine’s economy, support one in six Maine jobs, and generate 20 percent of Maine’s gross state product. The same disruptive technologies that bankrupted much of Maine’s extractive resource industries directly laid the foundation for its new service economy.

**CONCLUSION**

I certainly agree with Howard that “poverty is still with us [and] inequality is rising.” Indeed, I am no stranger to displaced workers in the face of a globalized economy, increased automation, and a changing workforce dynamic. I often joke with friends and colleagues that I earned my PhD in history because I am a fourth-generation papermaker who crafts papers intellectually instead of materially because my familial vocation no longer exists. Nearly the entirety of my immediate and extended family has experienced job displacement and the benefits of our social welfare safety net. Despite a massive economic shift from an industrial-based economy to a service-based economy during the twentieth century, Maine’s unemployment rate as of August 2019 was 2.9 percent. Thus, I also agree with Howard that “we face new threats from technological change;” however, overhauling social programs that have been crafted through decades of experience with workforce displacement—where failure is the burden of those in society with the least amount of political, social, and economic resources—based upon the fact that technology is changing would be misguided policy (Howard 2018: 40). It is clear that the transition will be painful; however, through innovation and persistence, Mainers will make it through this next economic and technological revolution.

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A Basic Income Guarantee Cannot Secure Either the Right to Work or Income Security Recognized in the Universal Declaration of Human Rights—

But There Is a Strategy That Can at Far Lower Cost

By Philip Harvey

As a human rights economist and lawyer, my work is dedicated to the development of public policy proposals capable of securing the economic and social rights recognized in international human rights agreements (UN OHCHR n.d.). From that perspective, the problem I have with universal basic income (UBI) guarantee proposals is that their advocates overstate their ability to secure the right to work and the right to income security recognized in the Universal Declaration of Human Rights (UDHR) (UN General Assembly 1948) while failing to acknowledge the opportunity cost of either the full or partial versions of the UBI guarantee they promote.

INABILITY OF UBI GUARANTEE TO SECURE THE RIGHT TO WORK OR THE RIGHT TO INCOME SECURITY

The arguments Michael Howard (2018) proposes in favor of a UBI guarantee focus on the inability of market economies to secure various aspects of the right to work recognized in Article 23 of the UDHR. He cites three such failings—the threat of robotization to the economy’s ability to provide paid employment for all job wanters, the inadequate pay and precarity of a substantial portion of existing jobs, and the lack of compensation provided volunteer family care and community service workers. He suggests that a UBI guarantee would solve these problems. I have long argued that it would not (Harvey 2005, 2006, 2008, 2013a, 2014).

What UBI advocates fail to note is that the uniformity, universality, and unconditionality of a UBI guarantee prevents it from providing any compensation to persons who suffer involuntary unemployment, inadequate wages, or a lack of compensation for socially useful unpaid work. Consider two workers. Call them Mary and James. Both work at the same job, receive the same after-tax wages and the same untaxed UBI grant. If Mary is laid off, she will continue to receive the same UBI grant that James does.

The only difference between them is that Mary will have lost 100 percent of her after-tax wage income without her UBI grant providing a penny of compensation for that loss—since she received the same UBI benefit in addition to her wage while she was employed, as John still does because he still has his job. Nor will Mary receive a penny of compensation from her UBI grant for any community service or family care work she performs—since her UBI grant would be the same whether or not she engages in any such work. Finally, the same would be true of low-wage workers, since they too would receive the same UBI grant regardless of how adequately or inadequately they were paid. This does not mean Mary’s UBI guarantee would be worthless. It would permit her to survive without a decent job, and that would undoubtedly be of value to her, but it wouldn’t secure her right to a decent job if she wanted one to supplement her UBI income or to be fairly compensated for the socially useful work she performed.

Would her UBI guarantee secure her right to an adequate income guaranteed by Article 25 of the UDHR? That would depend on the level at which the UBI guarantee was set, whether it compensated for the possibly higher than average cost of living where she lived, whether it allowed for additional payments based on any exceptional needs she might have (due to a disability, for example), and whether it was adequate to secure the right (also recognized in Article 25) to “security in the event of unemployment, sickness, disability, widowhood, old age, or other lack of livelihood in circumstances beyond [her] control.”

I think it’s clear that a UBI guarantee would fail to satisfy all these conditions. On the other hand, there’s no reason why a single program should be expected to do so. The problem with a UBI guarantee is that the opportunity cost of providing such a guarantee—whether at a full or partial level—is so high that it would preclude the provision of other social welfare benefits needed to fully realize not just the right to work and an adequate income, but all of the economic and social rights recognized in the UDHR.
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THE OPPORTUNITY COST OF PROVIDING A UBI GUARANTEE

Opportunity cost is an economic concept that measures the value of the choices we make by comparing them to the alternative choices we forgo. No policy proposal should be rejected on the grounds that it only partially fulfills a human rights mandate, but it should be rejected if other policies would do a better job of fulfilling those mandates at lower cost. In general, the greater the cost of a policy proposal, the greater its opportunity cost, and this is certainly true of UBI guarantee proposals.

In the United States, a UBI guarantee matching the official poverty threshold for one person households would cost about $3.7 trillion in 2019 while generating no more than about $400 billion in savings from reductions in existing means-tested social welfare benefits. The net cost of such a program, (about $3.3 trillion) would require an increase in federal spending from its current $4.4 trillion level to $7.7 trillion.

A UBI guarantee based on the 60 percent of median income threshold used by the European Union to count persons “at risk of poverty or social exclusion” (Eurostat 2019) would cost about twice as much while generating about 1 trillion in savings from the elimination of virtually all means-tested social welfare benefits, including most Medicaid and SCHIP benefits. With a net cost of about $6.4 trillion, this more generous (and arguably more adequate) UBI guarantee would require an increase in federal spending from its current $4.4 trillion level to $10.8 trillion.

These figures are daunting, but the point I want to make is not that a full UBI guarantee is currently unattainable. I think it’s fair to say that UBI advocates who have studied the issue in depth concede that it is (Van Parijs and Vanderborght 2017: 133–169). The point I want to make is that the opportunity cost of providing a UBI guarantee argues against the adoption of either a full or partial guarantee.

Before arguing that point, though, I want to comment on the claim advanced by many UBI advocates that the cost of a UBI guarantee shown above (its budgeted cost less savings attributable to reductions in social welfare benefits replaced by the guarantee) is not the relevant measure of its cost for purposes of policy assessment. They argue that the more relevant measure is the net redistributional effect of a UBI guarantee—the amount of income that would actually be transferred from wealthier to less wealthy members of society after the netting out of UBI grants against additional tax liabilities linked to the program. They refer to this redistributional effect as a UBI guarantee’s “net cost.” José Noguera (2018) has discussed the conceptual problems with this argument. Because of space limitations, I will merely add that the argument is about how people should think and feel about the cost of a UBI guarantee rather than what a government would have to pay out of its treasury to fund such a benefit. That cost is accurately reflected in the above figures and is not in dispute.

AN ALTERNATIVE STRATEGY

Assessing the opportunity cost of a policy proposal requires the identification of possible alternatives to it. The alternative I have long advocated (Harvey 1989) is specifically targeted at securing the right to work and income security recognized in the UDHR by means of a two-legged strategy originally proposed by New Deal social welfare planners (CES 1935). As originally conceived, the first leg of the strategy called for the federal government to provide “employment assurance” to all able-bodied adults backed up by a promise of “public employment for those…whom industry cannot employ at a given time.” The second leg of their strategy called for the federal government, in cooperation with the states, to provide truly adequate, nonstigmatizing income transfers to those members of society who were either unable or not expected to be self-supporting.

The first leg of this strategy was successfully tested, though not fully implemented, in programs like the Civilian Conservation Corps (CCC) and Works Progress Administration (WPA) (Harvey 2013b). Work on the second leg of the strategy was commenced in the 1930s and has advanced considerably since then in the development non-means-tested programs like Social Security (OASDI) and means-tested programs like Supplemental Security Income (SSI).

Add to this two-legged strategy a similar commitment to secure everyone’s right to education and healthcare, and you have a four-legged policy capable of securing all of the most costly economic and social entitlements recognized in the UDHR. Call them the HEWI rights—health care, education, work and income security.

It is important to note, however, that the ability of this four-legged policy to achieve its human rights goals depends on the realization of all four HEWI rights. They are interdependent, and a failure to secure any of them would undermine the entire strategy. Today, inadequate funding and structural inequities stand in our way of securing everyone’s right to health care, education, and income security, but human rights advocates at least have a credible strategy for securing those three rights. What’s missing is a credible strategy for securing the right to work (Harvey 2007). That’s the gap an updated version of the New Deal’s employment assurance strategy could fill, and legislation embodying that strategy has been introduced in Congress (H.R. 1000).

At an average cost of $320 billion per year, H.R. 1000 would cost only 5 percent to 10 percent as much as a UBI
guarantee—before taking into account the additional tax revenues and savings in other social welfare programs a job guarantee would generate. Add a few hundred billion dollars to the budgets of a select set of income-transfer programs, and we could also guarantee a truly adequate minimum income for everyone who is either unable or not expected to be self-supporting. In short, for 10 percent to 20 percent of what a UBI guarantee would cost (depending on the level of the guarantee) it would be possible to achieve what a UBI guarantee cannot—the substantial realization of the right to work and income security recognized in the UDHR.

Moreover, since the benefits provided by a partial UBI guarantee would be proportionate to its cost, a partial guarantee costing the same as the employment assurance and income security strategy described above would provide a UBI grant of only about $2,500 a year—a little more than $200 a month. Stated differently, the opportunity cost of providing a UBI guarantee of $200 a month at a cost of about $600 billion a year would be to forego the chance of guaranteeing a decent job for everyone who wants one and an adequate income for everyone who either cannot or is not expected to be self-supporting. That opportunity cost is far too high, in my view, to justify a partial UBI guarantee, and the same assessment applies to a full UBI guarantee. That’s why I oppose UBI guarantee proposals of the sort advocated by the Basic Income Guarantee Network (BIEN n.d.) and Michael Howard. A UBI guarantee that was integrated into the UDHR strategy described above by providing a means-tested UBI benefit to persons who could be self-supporting but elected not to seek paid employment would be another proposition (Harvey 2005: 43–45).

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Deceptively Simple: 

The Uselessness of Gross Cost in the Cost-Benefit Analysis of Universal Basic Income

by Georg Arndt and Karl Widerquist

The gross cost of universal basic income (UBI) is a deceptively simple concept: the size of the UBI times the size of the population. The net cost of UBI is more difficult to calculate: it is the amount of money the UBI transfers from one group of people (net contributors) to another group of people (net beneficiaries) plus any associated transaction costs.

The difference between these two concepts came up in a pair of recent Maine Policy Review commentaries by Dave Canarie and Michael Howard. Canarie responds to Howard’s argument that gross cost is not very meaningful by simply asserting “but of course it is,” with little or no argument to back it up (Canarie 2019: 76).

This article demonstrates that, despite Canarie’s assertion, gross cost is a misleading concept that does not reflect the actual cost to society of a UBI scheme, mainly because gross costs do not account for the substantial amounts of UBI that people pay to themselves. It neither benefits nor costs you anything if the government both adds and subtracts a dollar to and from your bank account—even if the addition is called “UBI” and the subtraction is called a “tax.” The difference between what you pay and what you receive determines whether and by how much you benefit from or pay for a UBI. This difference is the net cost. It is the true cost of UBI because it reflects how much one group of people has to sacrifice and how much another group benefits.

The gross cost can easily be three-to-six times larger than the net cost of UBI, and therefore, it can be an extremely misleading representation of the cost of UBI (Widerquist 2017).

To illustrate the difference, consider the following stylised society with two individuals—one of them (Net Beneficiary) is unemployed while the other (Net Contributor) receives an annual market income of $40,000. Suppose there is a simple means-tested benefit system under which Beneficiary receives $10,000 while Contributor does not receive anything. This program has a gross (and net) cost of $10,000. To cover this cost, the state taxes Contributor (e.g., through an income tax of 25 percent). In the resulting distribution, Beneficiary has a disposable income of $10,000 while Contributor retains a disposable income of $30,000. This example is illustrated in Figure 1.

The same distribution of disposable income can be achieved with a UBI of $10,000 payable to everyone. Such a scheme would have a gross cost of $20,000 or double the means-tested system because both Beneficiary and Contributor receive the UBI of $10,000 on paper. To finance this scheme, the government could impose, for example, an income tax of 50 percent on Contributor, taxing away $20,000 of their market income. In total, however, this UBI scheme leads to the same income distribution as the means-tested system above: Beneficiary ends up with $10,000 and Contributor retains $30,000. There is no difference between the financial costs and benefits to the two parties even though the gross cost is twice as high. In contrast, the net cost of the UBI scheme remains $10,000—the same as the cost of the means-tested program—reflecting the similarity of the costs and benefits of the two programs. This similarity in outcomes is illustrated in Figure 2.
In addition to the amount payable, the difference between gross and net cost is also affected by the tax rate on net beneficiaries. Very few UBI net beneficiaries have zero private income and pay zero taxes. When they do pay taxes, they pay some of the cost of their own UBI. To illustrate this, consider the same example as above: but nowBeneficiary receives an additional market income of $6,000. Depending on the income tax rate for Beneficiary (which effectively serves as a withdrawal rate for the UBI), the net cost of the scheme will vary while the gross cost will remain at $20,000. In the example above, setting the income tax rate for Beneficiary at 33 percent would imply a net cost of $8,660 to be borne by Contributor.2

The income tax rate for net beneficiaries not only impacts the net cost of the scheme, it also sets the break-even point at which individuals move from being net beneficiaries to being net contributors. Extending the example from the previous paragraph, an income tax rate of 33 percent for net beneficiaries sets the break-even point at a market income of $30,000.1

Considering net beneficiaries’ tax rate also illustrates one of the main advantages of the net cost perspective over the gross cost perspective: it allows us to investigate distributional effects within the UBI scheme. If we increase the tax rate on net beneficiaries, people reach the break-even point sooner; there will be fewer net beneficiaries; the cost of UBI decreases; and more net contributors would be available to share that cost. Therefore, the financial burden on each of the net contributors would also decrease. Similarly, if we decrease the tax rate, the net benefit and net cost increase; there are more net beneficiaries; and fewer net contributors to pay the cost.

The gross cost of UBI is independent of the tax rate on net beneficiaries, and therefore it cannot capture any of these changes or contribute to a discussion of them. Therefore, it is unable to capture the distributional effects of the UBI scheme. Cost figures for distributional programs are meaningless if they cannot show what the financial burden is or who remains to bear that burden after beneficiaries are accounted for.

To the extent that Canarie elaborates on his statement that gross cost is “of course” meaningful, he writes that the government does have to raise the taxes to pay for the whole UBI. This statement is true only in the narrowest sense. While nominally the cost of a UBI scheme corresponds to its gross cost, this cost figure reflects neither the scheme’s cost to society nor its effect on the disposable income of net contributors. The government increases taxes, but gives the money back, making that portion of the tax increase costless. Fouksman and Saxe (2019) offer a mathematical proof that the marginal tax rates needed to support UBI are identical to those necessary to support an otherwise equivalent means-tested negative income tax scheme. Because gross cost reveals nothing about the total tax burden or the marginal tax rates necessary to support a UBI scheme, it adds nothing meaningful to any conversation about UBI.

Unless one wants to exaggerate the cost of UBI to make it seem unattainable, the primary allure of the gross cost lies in its simplicity. The net cost of UBI is far more difficult to calculate (doing so involves specifying tax rates and looking at their effects on people at all levels of income and wealth). But this additional complexity is necessary, because as this article has demonstrated, any meaningful cost-benefit analysis of UBI has to consider the true financial cost of the UBI (who is financially harmed by the transition and by how much) or the true financial benefit of UBI (who financially gains from the transition to UBI). Only the net cost can tell us something meaningful for this comparison.

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ENDNOTES

1 If the UBI grant differs between adults and children, the gross cost is (still very simply) the number of adults times the UBI for adults plus the number of children times the UBI for children.

2 It is important to point out that, when integrating a UBI scheme into an existing social security system, this additional income tax for net beneficiaries would be levied on top of any other tax burden net beneficiaries are already facing.

3 At a market income of $30,000 and a beneficiary’s tax rate of 33 percent, the beneficiary would contribute exactly their own UBI of $10,000 and would consequently break even on the scheme.

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Restoring the Social Contract:

The Challenge of Meeting Maine Residents Basic Needs

by Luisa Deprez

Millions of Americans and tens of thousands of Mainers are able to meet their most basic needs—food, shelter, health care, heat—only with the help of government programs when their income falls short. This support has been foundational to the American political system since Thomas Jefferson embedded the social contract—Americans rights—into the Declaration of Independence. “Life, Liberty and the pursuit of Happiness” established an implicit agreement among members of society to cooperate for their mutual benefit; social investment was essential to securing the mutual protection and well-being of the citizenry, to ensuring a sound and vibrant democracy.

Today, economic inequality is at a 50-year high. Millions are unable to eke out a living putting themselves, their children, and the nation in a precarious and untenable position. And current federal attacks on safety-net programs reveal swiftly eroding government supports, destined to leave more people even worse off than they are now.

Maine's economy has had a rocky decade. During the 2008–2009 recession, Maine lost over 30,000 payroll jobs mostly in the manufacturing, construction, and retail sectors of the economy, and it was among the last of the states to recover. The recovery that did occur resulted in an increase primarily in service-sector jobs—jobs that rarely offer benefits and usually few opportunities for advancement. Recent analyses from the Department of Labor projects a flat growth rate over the next 10 years. In a state with a 13 percent poverty rate, this is sobering news.

Mainers are hard-working, self-reliant individuals. But even those with full-time jobs struggle to earn enough to put healthy and adequate food on the table, house their families, and keep themselves and their families warm and healthy. Among Mainers, as is the case nationally, 50 percent of residents are just $500 away from an emergency, and over 40 percent cannot handle an unexpected $400 expense in a given year. In addition, a shortage of 20,086 affordable and available rental homes for the 40,839 extremely low-income households in the state leaves too many forced to decide which of their basic needs are more important than the others as they struggle to keep eviction at bay.

Maine's average median household income ($53,024) is now about $10,000 below the national average ($63,179). Income is just not keeping up with the basic needs of too many Maine families.

Relying on social safety-net programs to meet basic fundamental needs is no one's first choice. But if safety-net programs are eliminated or so severely restricted that they are unusable by the people who need them, then what?

The discussion of how to meet the basic needs of the citizenry could not have come at a more timely moment both statewide and nationally. As we near a crisis of unprecedented despair, the questions for Maine right now are, how does the state ensure fundamental support, especially for its most vulnerable citizens? What long-range strategy can reduce poverty and lessen economic and racial inequality to ensure a more stable, secure populace?

POVERTY AND PROSPECTS FOR RECOVERY IN MAINE

Maine is by no means a wealthy state: 12.55 percent of citizens (approximately 163,000) are poor, 14 percent of children in the state are poor. While data recently released by the US Census Bureau report a minuscule decrease in the national poverty rate, the Maine rate actually increased slightly from 2017 to 2018. US Census Bureau data also shows Maine as having the largest percentage drop in median household income in the United States—a 3.3 percent drop since 2017. Living with any degree of certainty or security at poverty level ($25,750 for a family of four or $12,490 for a single person) is nigh impossible.

Further adding to Maine's challenge is the wide variations within the state; here averages often mean little. When the numbers are broken down by age, race, and geography, inequality immediately surfaces. In York County, for instance, the poverty rate for children under five was 7 percent in 2016, below the state-wide average of 19.1 percent and the national rate of 21.3 percent. But in Aroostook County, more than a third—37 percent—of very young children live in a household where the income is below poverty level. Sharp regional disparities in childhood poverty are also evident between congressional districts: 9 percent in the 1st congressional district and 20 percent in the 2nd district. These sharp disparities are also evident among race: the poverty rate among black children (53 percent) is more than three times the rate for non-Hispanic white children (15 percent) and twice as high as that of Hispanic children (25 percent) in Maine. For American Indian children in Maine, the rate stands at 40.6 percent.
The decline in manufacturing also presents considerable challenges as it has increased numbers of prime-age males out of work and lowered family incomes. While recent reports show an increase in the number of single mothers entering the workforce, they are doing so with limited education and limited help from rapidly fraying safety-net programs. They often enter low-wage jobs that offer little, or often no, opportunities for advancement and few, if any, benefits. Estimates are that nationally 41 percent of women are breadwinners; in Maine 48 percent are—the seventh highest rate in the country. And wage gaps are still solidly evident between male and female workers.

Labor force participation, the measure of the number of people either working or actively looking for work, has also begun to slip in parts of Maine. In what economists would consider a full-employment economy, an estimated 20,000 Maine workers are officially unemployed. A more expansive definition used by the Bureau of Labor Statistics estimates that over 35,000 Maine workers are discouraged from seeking work because of repeated refusals to hire, health conditions, prison records, and various other forms of discrimination or are working in part-time employment but seeking full time work. And the lack of affordable child care makes it especially tough for Mainers—particularly in rural parts of the state—to work at all.

While indicators such as rates of employment and GDP growth are readily held up as measures of economic stability and growth, they also obscure the fact that millions of Americans are barely getting by in today’s structurally unequal economy. Maine Center for Economic Policy (MECEP) data shows that seven of the ten state senate districts with the highest percentage of households receiving food assistance, for example, experienced negative economic growth over the past twelve years. The types of economic opportunities that can sustain families and lead individuals on a path to self-sufficiency are simply not available in many of these areas because of economic dislocation, globalization, and the decline of good-paying manufacturing jobs. The households in these areas rely disproportionately on social safety-net programs. And if, as the Trump administration has proposed, those programs are decimated, then what?

HOW DOES MAINE ADDRESS THIS CHALLENGE?

Only a few policy ideas have the potential to disrupt the inequality gap and ensure a greater degree of equity. Among them are a direct cash payment system and other direct cash benefit programs, tax rebates and credits, universal basic income and unconditional cash transfers to state residents, expanded safety net programs, child care and food supplement programs, and the like.

One option now on the table is universal basic income (UBI). First introduced in the 1960s by President Richard Nixon, it is not, contrary to popular belief, a new idea. UBI has gained attention in policy circles, and field demonstrations have been mounted worldwide including in Alaska; Ontario; Finland; Stockton, California; and Jackson, Mississippi. Its promise, as a route for Maine to consider, will depend on how it is presented, how it is designed, and what the public narrative is.

Experts who have studied UBI for decades say that if everyone had a sound, reliable economic floor and did not have to worry about meeting the bare necessities, we would see healthy communities. Communities where people don’t have to work themselves to death, with decreased levels of stress and anxiety and increased levels of health and mental health, higher levels of civic engagement, and better-performing citizens. Overall, we would see a more-prosperous, highly functional, educated, healthy, and diverse society.

In Stockton, California, for example, an expert team is investigating an array of potential outcomes from work efforts to health, civic engagement to financial wellbeing. Implicit in their pilot is the idea that individuals can be trusted to make the best financial decisions for themselves and their families. The idea is to provide an income floor so people can actually raise themselves up, use it as a springboard to lessen the effects of deep-rooted racial and economic inequalities.

As someone who has devoted her work, teaching, scholarship, and service to poverty reduction and resolution for over 50 years now, I embraced Nixon’s portion of a universal basic income when few others did. I have certainly not abandoned it as a sound public policy; it is worthy of the utmost attention. Its weightiness arises when we consider its implementation and assess its cost: Would or should income limits be imposed on participants, and if so, how would they be determined? How should participants be identified? Must citizenship be a requirement for participation? Should safety-net programs now in place be abolished or significantly reduced? Where does the money to fund it come from? How should the wealth gap be considered in determining individual allocations? Should there be an established national minimum amount for each person or does this decision get turned over to the states? As ideological divides become sharper and as history would remind us, the negative ramifications of this latter approach have been devastating.

And lest we forget, there are the irreverent voices of naysayers who attach themselves to mythical, unsubstantiated notions of undeservedness, hard work, and personal responsibility. As they endlessly raise concerns about laziness, irresponsible behavior, and dependency, their opinions permeate and disrupt the political discourse—as they have for decades—despite the plethora of studies, research,
and data that belie their claims. But they, too, are a force to be reckoned with—and educated—as these conversations begin.

Importantly though, we have in front of us a big idea that we must now de-risk. Meeting basic human needs is at stake. Above all else, any effort to secure basic needs for Maine citizens must do no harm; the poorest among us must not be made any worse off than they already are.

To this end, we would be remiss in continuing to reject UBI as a serious policy, singly or coupled with other policies, which might ensure the stability of Maine citizens. We cannot once again fail in upholding the tenets of the social contract. The contention that it is “not yet ready for prime time” fails to consider that income inequality is growing dramatically, and to date, no other set of programs has yet worked particularly well.

Moving people out of poverty toward self-sufficiency and financial stability is a goal we can all agree on. How to best provide the support people need to meet the demands of daily living—that is the question. The newly established Committee to Study the Feasibility of Creating Basic Income Security is Maine’s opportunity to answer that question. It will be a challenging task, but through a rigorous review of the literature on basic needs and UBI, as well as an analysis of current research, data, and best practices, it can provide the state with a pathway by which it can secure the basic needs of Maine residents. Bringing the state closer to ensuring that the basic needs of its residents are met will be a laudable and vital contribution.

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13 Catherine Reilly deLutio, Chief Research Officer and a Principal with Mainer-based 45 North Research.

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Michael Howard’s (2018) brief commentary presents several arguments in favor of a universal basic income and describes the ways it could be implemented at the state level. The objections to basic income argued by Dave Canarie (2019) center on its high cost, its effect on current safety-net programs, and the possibility that its cost will crowd out other proposed and worthy programs, including national health insurance, college-debt forgiveness or free tuition, infrastructure spending, and so on. Canarie reasonably asks why, even if one accepts Howard’s diagnosis of the problem—the possibility of significant job losses through automation, the inability of many jobs to guarantee economic security, or as a way to compensate caregivers for their critical but often unpaid labor—basic income should be preferred to more traditional targeted, means-tested, and conditional income-support programs.

Like Howard, I believe that the core features of a basic income make it a better social welfare policy than the ones we have in place. Because basic income is universal, rather than limited to those who prove their financial need, it means that none of the needy fall through the cracks between different social policy programs. Because it is unconditional, rather than limited to those who are able to work in paid jobs, other contributions to society are recognized and supported. And because basic income is an individual, flat, and additive benefit rather than a benefit scaled to household size and income, it provides the same benefit, rather than smaller incremental benefits, to additional family or household members. This means that individuals are incentivized to take steps that increase economic security, like marrying or combining households, or taking part-time or intermittent work where full-time work is unavailable or impractical.

These important policy advantages do increase the cost of basic income, as Canarie points out, but the cost can be minimized by taxing back the basic income from those whose income or wealth is high enough that they don’t need it. While it may seem pointless to provide a basic income with one hand and tax it away with the other, doing so more effectively targets benefits to those who need them, especially those whose incomes fluctuate enough from month to month that they cycle in and out of eligibility for traditional welfare benefits. Those whose incomes are high enough not to need the basic income can forego the cash and take the benefit as a credit against the taxes they owe.

A universal, but taxable, basic income has another advantage: it makes the ethical commitment of a basic income explicit: that everyone in a wealthy, democratic society should have access to the means necessary for a healthy and productive life, and that those who can afford to contribute more to our collective economic security should do so, just as they contribute more to other forms of collective security through our progressive tax system. Basic income is unapologetically redistributive and should be defended as such: it only makes sense in a society whose economic systems leads to inequality and insecurity, because a society with an egalitarian distribution of income and wealth has no need for a basic income. Our capitalist economic system allows some individuals to privatize, accumulate, and monopolize economic resources to which others are denied access and to pass those resources down to their heirs, entrenching inequality through the generations. It is this kind of economy that gives rise to insecurity and inequality for large proportions of the population, even as it may promote overall growth and national prosperity. Redistributing part of this prosperity as a basic income is a way to fulfill the implicit promise that allowing privatization provides economic benefits for all, not just the few.

Canarie writes persuasively about the contributions middle-class workers make to their own success in Maine, but hard work really explain the difference between the average income of the top 1 percent of Mainer—over $650,000—and the bottom 99%—around $43,00 (Sommellier and Price 2018)? Or the likely divergence in the future success of the almost 17 percent of children living in poverty in Maine compared to those living in households with above average income (US Census Bureau 2017)? If you think that it can, you’re unlikely to be convinced of the need for a basic income. If you think that something other than hard work explains at least some of the variation in our economic success, and that an effective form of redistribution is necessary to help level the playing field for all Americans, you might be open to the idea of a basic income, but remain unconvinced that it is affordable or feasible at the state or local level. Could Maine implement a basic income on its own?

A full basic income at a level targeted to lift individuals or families above the federal poverty threshold is probably beyond the fiscal capacity of a state like Maine. States face limitations in enacting the kinds of redistributive taxation that could fund a generous basic income. Tax competition
with adjoining states imposes limits on how high income taxes can go without driving the most mobile—likely the wealthiest—taxpayers across the border. Taxes on financial wealth, which are being proposed by some Democratic presidential candidates, are even harder to impose at the state level. Taxes on real property—houses and land, which can’t be moved—can be adjusted to raise more revenue from the wealthy and be redistributed within the state as a land dividend. Regardless of the form of the tax, it is critical to build support for the basic income to make it durable across successive administrations, as there is little benefit to a basic income that lasts for a few years and is repealed.

To build support for a basic income, it may help to fund an incremental basic income, starting with the most sympathetic recipients—children and the elderly—with a dedicated tax. A universal child allowance, as Howard suggests, is a good place to begin, although its universality should mean that it goes to most families, not that it can’t be taxed back from the wealthiest families; what is important is that poor and middle-class families don’t have to document their income and assets before receiving it. Next could be supplementing federal benefits like Supplemental Security Income (for the elderly poor) up to a decent level above the poverty threshold. Finally, Maine could supplement TANF federal benefits for the working-aged poor, which now come with so many restrictions that the program fails to reach most of the poor. An unconditional, universal (but taxable for the wealthy) cash benefit of even a modest amount helps to eliminate the poverty trap of a life on meager welfare benefits or a life on low earnings by allowing for both to be combined and can support work by helping to pay for child care, transportation, training, or education. Eventually, these three benefits could be combined into a flat and universal basic income.

Dedicated taxation for its financing coupled with taxing back benefits received by the wealthy mimics the structure of our most successful economic security program, Social Security, which is responsible for drastically reducing elderly poverty. It is likely that the implementation of a basic income will likewise follow Social Security’s path—initially a small benefit, limited to only a portion of the population, with a gradual expansion of its tax base, eligible beneficiaries, and benefit level. For Social Security, state-level implementation, not piloting, was the spur to federal implementation. Pilots, which are necessarily small and short term, can’t demonstrate the community effects of raising everyone’s income, or the shift to long-term planning encouraged by an ongoing income boost. As with Social Security, our best chance to get basic income onto the national legislative agenda may be through its adoption in a few forward-thinking states.

REFERENCES


Almaz Zelleke is an associate professor of practice in political science at NYU Shanghai. Zelleke’s research interests include political theory and public policy and feminist political theory. Her work has appeared in Basic Income Studies, the Journal of Socio-Economics, Review of Social Economy, Policy & Politics, and the Journal of Sociology and Social Welfare. She is currently working on a book on the ethics of unconditional basic income in the United States.
I begin by thanking Maine Policy Review for organizing this forum and for this opportunity to reply to the other contributors. Given the limitations of space, my remarks will be selective, and I cannot do justice to all the contributions.

THE REAL COST OF A UBI

Both Dave Canarie (2019) and Philip Harvey (2019) object to the alleged prohibitively high cost of UBI. Arndt and Widerquist (2019) have adequately explained the distinction between gross cost and net cost. The gross cost is misleading because it does “not account for the substantial amounts of UBI that people pay to themselves. It neither benefits nor costs you anything if the government both adds and subtracts a dollar to and from your bank account—even if the addition is called ‘UBI’ and the subtraction is called a ‘tax.’” What matters is who benefits and who loses after the UBI is subtracted from the increased taxes, and this can only be known when the relevant tax rates are specified so that it is clear who is a net beneficiary and who is a net contributor. This net cost is in the range of one-third to one-sixth of the gross cost (Arndt and Widerquist 2019).

Harvey favors a jobs program instead of a UBI, but he acknowledges that this will not suffice to bring everyone out of poverty. Since both he and Canarie speak favorably of a negative income tax (NIT) as a better way to address poverty than a UBI, let us compare them.

A UBI achieves this simply by giving every adult $12,000 and every child $6,000 annually, typically in monthly payments. A NIT achieves this goal by topping up income to the level of $12,000, typically in a lump sum after the individual files a tax return. An individual earning nothing would receive the full $12,000. The benefit phases out as one earns income, but it is important not to disincentivize labor, so it should not phase out by $1 for every dollar earned. Workers would then have nothing to gain from their first $12,000 in earnings and would in effect be facing the equivalent of 100 percent marginal tax rates.

So let’s suppose that the phase out rate is 50 percent. For each dollar earned, the worker loses 50 cents of his NIT. Thus a worker earning $6,000 in gross income loses $3,000 of the NIT, but has a net total income of $15,000. The NIT ensures that the worker does not fall below the poverty line, and the phase-out ensures that the worker benefits from employment. There is no benefit cliff or poverty trap. The benefit phases out entirely only when the worker earns $24,000 or more in wages (let’s call that the break-even point). People earning above this amount are net contributors to the scheme; how much a given person pays will depend on the tax rates and forms of taxation.

There is nothing special about a benefit phase-out rate of 50 percent. If this rate is considered too high, then a lower rate could be used. A lower rate would raise the break-even point and extend the benefit further into the middle class, but it would also increase the total cost to the net contributors, those paying taxes above the break-even point.

The cost of such a NIT scheme to guarantee that every adult receives no less than $12,000 and every child no less than $6000 annually would be about $539 billion, the same as what I have called the net cost of a UBI (2015 figures). That’s about one-sixth the gross cost of a UBI, because NIT payments do not go to everyone, only to those below the break-even point. As Canarie rightly notes, it would have about the same effect as a UBI on the incomes of the poor, precarious workers, and those engaged in unpaid home care. So why even consider a UBI? First, the difference in cost is largely an illusion (Arndt and Widerquist 2019; Widerquist 2017; Santens 2017). Second, there are distinct advantages to a UBI over a means-tested NIT.

Recall that for the UBI, as for the NIT, there will be net beneficiaries—people who receive more from the UBI than they pay in taxes toward the scheme—and net contributors—people who pay more toward the UBI scheme than they receive from it. So to take Canarie’s example of the person who makes $500,000 and still gets a UBI of $12,000—an outcome that “appears [not] to make sense”—that person will pay more than $12,000 in additional taxes to support the UBI scheme. The “enormous” increase in taxes of $12,000 is illusory because it is canceled out by the UBI. The only real tax increase is what is needed to bring everyone up to the poverty line. And it is about the same as would be needed for a NIT. The worker making $6,000 in gross income keeps all of the $12,000 in basic income, but pays a tax surcharge of 50 percent toward the
UBI out of earned income, with a net income of $15,000. Her situation is financially identical to that of the worker receiving a NIT that phases out at a 50 percent rate. And again, there is nothing special about a 50 percent tax surcharge. It could be lower, raising the break-even point and extending the net benefit further into the middle class (for details, see Widerquist 2017). But then it will cost more for the net contributors. (An important point that Canarie misses is that this tax surcharge is only for the net beneficiaries, not all taxpayers. The tax rates on net contributors will vary depending on tax rates, how progressive these are, whether the tax is on income, or wealth, or consumption). The main takeaway is that the costs to the net contributors for a UBI and for a NIT are about the same.

Now, consider the advantages of a UBI:

1. Everyone gets it, in the form of a monthly check or bank deposit. A UBI will go only to those who file a tax return. This may seem like a small hurdle for people to jump over for free money, but one of the major failures of the modern welfare state is lack of uptake in benefits by those who need them. For example, nearly a quarter of people eligible for food stamps do not apply for them (Delaney 2013). Part of this reluctance is due to stigma, and perhaps a NIT would remove enough of the stigma that attaches to food stamps and other cash benefits to improve the uptake, but a UBI would likely do better.

2. A UBI is there when you need it. When someone loses a job, the UBI still reliably comes in. A NIT would need to be applied for, and in most NIT schemes, one would need to wait until the end of the year when filing taxes to receive it (although a NIT could be designed to be paid in advance, monthly, based on estimated earnings).

3. Universal benefits are more popular than targeted benefits, so much so that universal benefits, which one would expect to be spread more thinly than targeted benefits, often benefit the poor more than targeted benefits, because the latter are resisted by the rest of the population. Thus Medicare, public education, and Social Security are well funded, but TANF benefits do not keep pace with inflation (Burnside and Floyd 2019).

4. It is possible that a UBI would be cheaper to administer. On the one hand, a NIT would not require collecting the additional taxes, and distributing checks or bank deposits to everyone. But on the other hand, means-testing will require more paperwork and monitoring. More research is needed on administrative costs, but the costs of administering either a NIT or a UBI are small compared to the administration of benefits conditional on work and other behavioral requirements.

Granting these points, I would nonetheless welcome a NIT as a good second-best minimum income scheme. While it lacks UBI’s universality, it shares UBI’s unconditionality, and that is the more important feature. If it has a better chance of being understood, integrated with the existing tax system, and passed into law in the US than a UBI, then I’m for it. But we should not set aside UBI on the basis of a misunderstanding of its real cost to taxpayers.

UBI AND OTHER WELFARE BENEFITS

Daniel Soucier (2019) suggests that the current safety net is well fitted to social needs and that technological change can bring opportunities. No one can deny the latter, but cash transfers are not meant to take the place of new forms of work. Rather, they can lighten the burden of what would otherwise be a very rough transition on those least able to carry it. More importantly they ensure that everyone shares in the benefits of technological change, and not just the small percentage of the population that owns most of the capital wealth. Luisa Deprez (2019) puts to rest the idea that the current system of benefits is adequate. Income from work since the great recession, even in conjunction with the Earned Income Tax Credit (EITC), is “not keeping pace with too many families’ basic needs.” Even at full employment, tens of thousands are officially unemployed in Maine, are involuntarily part-time, or are discouraged from seeking employment. And the safety net programs are “eliminated or so severely restricted that they are unusable by the people who need them.” UBI (or NIT) could fill some of the gaps. Almaz Zelleke (2019) shows how the incentives of a UBI scheme encourage more prudent choices in the labor market and the household than nonindividualized and conditional benefits.

Canarie is right to raise the question of the relationship between UBI and other benefits of the welfare state. But to be clear, unlike some conservative proponents of UBI, I do not favor eliminating the rest of the welfare state. Charles Murray (2006) would substitute a UBI not only for cash benefits but for Social Security, Medicare, and Medicaid, and he would require people to use part of their UBI to purchase health insurance in the private market. An advantage of Murray’s proposal is that the cost of the UBI would be covered by the elimination of the other
benefits, thus setting aside worries about how to pay for it. However, Murray’s plan would make poor and working people worse off and should for that reason be rejected (Zelleke 2008). A sensible welfare reform would substitute a UBI for some cash benefits, such as TANF or food stamps, further lowering the actual net cost, but unless pitched at a very high level, UBI would likely require some topping up for other benefits, such as unemployment or disability, to avoid making needy people worse off. This should address Harvey’s concern about the involuntarily unemployed not being compensated sufficiently by a UBI. The relevant question is whether all cash benefits should continue to be conditional and means-tested, or whether some should be converted into an unconditional UBI. Opponents of UBI (or NIT) need to be clear in their defense of the conditionality and justify the consequent stigma, shame, and violations of privacy, poverty traps, and failures of uptake that result.

Canarie speculates that people would be worse off trading TANF benefits and food stamps for a UBI of $1,000 per month for adults and $500 per month for children. However, according to the Center on Budget and Policy Priorities (2018, 2019; Burnside and Floyd 2019), the combined maximum monthly benefits in Maine, for a family of three, of TANF, SNAP (food stamps), and the EITC, is about $1,381. If those programs were replaced by a UBI combined benefit off $2,500 per month, those families would be better off, and the additional cost of UBI could be considerably reduced.

**JOB GUARANTEES AND UBI**

I agree with Harvey that a minimum income guarantee (whether UBI or NIT) and a job guarantee can be complementary. However, the opportunity cost of a UBI is not as great as he claims, once we focus on the net cost, and a job guarantee has its own opportunity cost.

As I have argued elsewhere (Howard 2005), there are good reasons for government-funded jobs, particularly when there are needs that are not supplied by the market because of inadequate monetary demand. These include services for the poor, who lack the money to purchase them, and the provision of public goods such as roads, education, public transportation, and alternative energy. But if public employment goes beyond such expenditures, then the government is competing with private companies, driving them out of business and compounding unemployment, or creating phony jobs that waste public money in order to preserve the illusion that everyone is working. In these latter cases, it is better to give people cash. If the need for public sector jobs is high enough, then a jobs program would increase the number of net contributors to the UBI, and the net cost of a UBI could decrease. But if rising precarity and job losses due to automation outstrip the need for genuine public sector jobs, a program that guarantees, in addition, a good job to everyone who wants one could be very expensive indeed. The administrative and supervisory expenses of such a program would also be significant and would come at the expense of more efficient cash transfers and other uses of public funds.

Harvey is right that a UBI cannot secure the right to work. That is not its goal. But the income floor can facilitate employment and other forms of social participation even if it does not guarantee everyone a job. First, it can enable people to take internships, or low-paying, but otherwise desirable jobs, in which skills can be learned and connections made. Second, it can facilitate care work and volunteering that would not be possible without the income support. The modest UBI proposals under discussion would not enable everyone to withdraw from the labor market. But people sharing housing, or pooling income from various sources, would have options with a UBI that would otherwise not be possible.

**LUCK AND FIRST STEPS**

Canarie calls attention to the wealth people have accumulated through hard work, which I do not wish to deny. But Zelleke (2019) is right to question whether hard work can explain “the difference between the average income of the top 1 percent of Mainers...and the bottom 99 percent....Or the likely divergence in the future success of the almost 17 percent of children living in poverty in Maine compared to those living in households with above average income.” Cherry-picking examples of people who have earned most of their wealth through hard work distracts attention from the systematic inequalities of opportunity that are due to luck, and that are compounded over generations. A UBI, and other policies such as raising the minimum wage, are designed to share the benefits of rising productivity more widely, instead of allowing them to be appropriated for no good social purpose by the wealthiest Americans as a result of our tax and other policies over the past few decades.

While many questions may remain about means-testing, the optimal level of a minimum income and how to finance it, and the relevance, if any, of the gross cost of a UBI, people who disagree on these questions may still converge on some first steps such as Zelleke (2019) suggests: start with the most sympathetic beneficiaries—the elderly and children—and with a small benefit. If possible, create a dedicated tax, like that supporting Social Security. If the policy is successful, the level, the pool of eligible beneficiaries, and the tax base can all be extended. If not, we will have learned something useful to guide future policy making.
REFERENCES


ENDNOTES

1 For more on NIT, see Block and Manza (1997) and Van Parijs and Vanderborght (2017: 32–40). A modest negative income tax has been proposed by Rep. Rashida Tlaib (D-MI). Like Sen. Kamala Harris’s LIFT act, Tlaib’s LIFT-Plus proposes a tax credit, $3,000 for singles, $6,000 for married couples, that phases out between $30,000 and $60,000. But Harris’s proposal remains within the framework of the Earned Income Tax Credit: it increases with earned income, and if you earn nothing, you get nothing. Tlaib’s bill has no phase-in, and so is a genuine NIT: “if you earn $0, you get $3,000 per person. No exceptions.” Lift-Plus goes much further than LIFT toward eliminating poverty, including the non-working poor and children, and setting a higher floor for all (Matthews 2019, 2018).

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