

Date: May 20, 2019
To: David Troutt
From: Akua Dawes
Re: Universal Basic Income Preliminary Research

Universal Basic Income (“UBI”) is the concept that every citizen in a population receive a minimum income on a regular basis (either quarterly, annually, or monthly), regardless of if the citizen has a job or is seeking employment. The idea is not a new one, and takes roots in British politicians’ and philosophers’ notations about how a government should help its people. Thomas Pain championed an unconditional one in a life grant in 1797 that promised every citizen 15 pounds taken from a national trust once the person becomes twenty-one. President Nixon proposed a system that spurred from UBI ideologies called the Family Assistance Plan (FAP), which guaranteed minimum income for poor families. The plan ultimately was rejected by the Senate, and became the basis for a new income tax structure called the Earned Income Tax which followed in the ideological tradition of the FAP by seeking to provide working families with greater after-tax income. In recent years, UBI systems have been brought to the forefront of countries who wish to distribute wealth and ensure every citizen can live comfortably. In its full form, a UBI plan will provide enough wages to every citizen so each person can above the poverty line. However, most UBI plans that are being used by communities today are a partial form of a UBI system. UBI scholars have identified three key features of UBI plans, whether full or partial: 1) it is universal (meaning it is not based on means or merit); 2) it is individually based, not household based; 3) and it is unconditional with no behavioral requirements.

Benefits and Criticisms

Proponents of UBI see this system as a way to decrease poverty and to ensure the middle class does not continue to shrink. By making the receipt of money independent of income, UBI programs can target individuals who are not supported by current welfare systems, all of which condition the receipt of money on employment and income. Many believe that UBI plans are a way to counteract the most harmful aspects of capitalism, such as the ill distribution of wealth. Proponents also find UBI plans necessary for a future functioning society as technology evolves and automated machines begin to take the place of many minimum wage jobs. However, advocates for a UBI plan understand that it is likely not possible to implement a full UBI system that provides complete support and living wage for individuals under the poverty line all at once, particularly in developed countries with an adequate welfare system already in place. Thus, a partial approach is often most appropriate.

For those against UBI, a common criticism is that the system essentially pays citizens not to work, decreasing an individual’s motivation to work, and ultimately causing people to work less. Although this argument is often based on a moral assertion of society’s imperative to incentivize working, there are also more pragmatic reasons for this criticism. Because a UBI program would most likely burden high income workers to contribute to the national fund that is distributed, such a system may have an effect of causing many of them to decrease the amount they work, spend, save, or invest compared to a more modest redistributive regime, resulting in a reduction in social wealth overall. Furthermore, the cost of the program is often a major concern

for those against the widespread implementation of a UBI system. They argue that the fund given to UBI can more aptly be used in other ways that can promote growth, such as increasing benefits available to unemployed citizens, enhancing the availability of Medicaid, Social Security, and other tax policies aimed at subsidizing wages and redistributing wealth. Others argue that, although UBI will decrease poverty, it is not the most effective way to do so.

Current Projects

In her article, UBI scholar Miranda Fleischer outlines the most promising attempts at implementing an UBI plan in a population. The list is put forth below, with corresponding sources for a more in depth look at each plan.

- A randomized controlled trial in two U.S. states launched by the Silicon Valley startup accelerator Y Combinator in January 2017, that will provide around \$ 1,000 per month to 1,000 families for five years;¹
- A program in Ontario, Canada, run by the provincial government, that will provide a UBI of 16,989 Canadian dollars, or roughly \$ 13,470, to a group of around 2,000 recipients, with the benefit phasing out at a fifty percent rate (i.e., each additional \$ 1 of market income reduces the size of an individual's UBI by \$ 0.50);²
- An experiment, launched by Finland's national government in January 2017, that will give 560 euros (approximately \$ 660), no strings attached, to 2,000 unemployed citizens for two years;³
- A trial in the Italian city of Livorno that provided 100 families with an income of 517 euros per month (roughly \$ 537) from June to December 2016, with the program doubling its number of participants in 2017;⁴
- A program in rural Kenya run by the nonprofit GiveDirectly that will involve cash transfers to more than 26,000 people;⁵

¹ Elizabeth Rhodes, Basic Income Research Proposal, Y Combinator Res. (Sept. 20, 2017), <https://basicincome.ycr.org/blog/2017/8/24/basic-income-research-proposal>; Jane Ross, California City Fights Poverty with Guaranteed Income, Reuters, (June 4, 2018, 5:11 AM), <https://www.reuters.com/article/us-california-income/california-city-fights-poverty-with-guaranteed-income-idUSKCN1J015D>.

² Rachele Younglai, Ontario to Roll out Basic Income in Three Cities, Globe & Mail (Apr. 24, 2017), <https://www.theglobeandmail.com/news/national/what-is-basic-income-and-who-qualifies/article34795127>; Brian Bergstein, Basic Income Could Work - If You Do It Canada-Style, MIT Tech. Rev., (June 20, 2018), <https://www.technologyreview.com/s/611418/basic-income-could-work-if-you-do-it-canada-style/>

³ The Results Of Finland's Basic Income Experiment Are In. Is It Working?, WORLD ECONOMIC FORUM, <https://www.weforum.org/agenda/2019/02/the-results-finlands-universal-basic-income-experiment-are-in-is-it-working/>

⁴ Andrew Kaplan, Italy: Basic Income Pilot Launched in Italian Coastal City, Basic Income Earth Network (Dec. 28, 2016), <http://basicincome.org/news/2016/12/italy-basic-income-pilot-launched-italian-coastal-city>.

⁵ Launch a Basic Income, GIVEDIRECTLY, <https://www.givedirectly.org/basic-income>.

- A pilot in Uganda run by a Belgian charity that provides \$ 18.25 per month to fifty-six adults and \$ 9.13 to eighty-eight children.⁶

In the United States, a UBI plan has not been implemented on a complete population. There have been studies, however, implementing a UBI system for certain individuals within a chosen state. Legal scholars have theorized as to the best way to implement a full UBI system into larger populations such as in the United States. Rather than take the direct step into implementing a full UBI system, it is suggested that small steps to systematically implementing a UBI system should be taken. These steps include conditional minimum income schemes, universalization of basic child benefits and pensions, general refundable tax credits, subsidies for voluntary unemployment. Further, in some instances it may be preferable to introduce basic income to or select groups and slowly extending it to an entire population.

Helpful Sources

Amy L. Wax, SOMETHING FOR NOTHING: LIBERAL JUSTICE AND WELFARE WORK REQUIREMENTS, 52 Emory L.J. 1 (2003).

This article discusses welfare reform in general, pinpointing faults in the American welfare system, and discussing many different approaches (including UBI) that may act as alternatives to the current welfare system.

Basic Income Project Proposal: Overveiw for Comments and Feedbacks, (2017)
<https://static1.squarespace.com/static/599c23b2e6f2e1aeb8d35ec6/t/5c53606b971a1879b1ad176c/1548968052512/YCR-Basic-Income-Proposal-2018.pdf>.

This is an example of a Basic Income Plan which selects a small number of random individuals to implement a UBI program. It goes through the history of the UBI and steps to implement this plan on a small scale.

Brishen Rogers, BASIC INCOME: BASIC INCOME AND THE RESILIENCE OF SOCIAL DEMOCRACY, 40 Comp. Lab. L. & Pol'y J. 199 (2019).

This article considers the morality of implementing a UBI plan compared to classic welfare plans. It then discusses whether it will be necessary given the increase in technology. Ultimately, the author advocates against a UBI plan at the moment the article was written.

Jonathan Barrett, WHY THE AUSTRALASIAN TRADITION OF LABOUR DEFENCE IS A BARRIER TO A UNIVERSAL BASIC INCOME, 19 Journal of Australian Taxation 1 (2017).

Provides an in-depth look into the Australian and New Zealand welfare policy, based primarily on welfare defense. The Article argues that the current posture of the welfare system works against the implementation of a UBI plan, which the author believes is necessary for citizens to continue to live given the rise of robotics.

⁶ Kate McFarland, Uganda: New Two-Year Basic Income Pilot Project, Basic Income Earth Network (Apr. 20, 2016), <http://basicincome.org/news/2016/04/uganda-new-two-year-basic-income-pilot-project>.

Jose A. Nogurera, BASIC INCOME: THE SECOND-BEST ROAD AHEAD FOR BASIC INCOME, 40 Comp. Lab. L. & Pol'y J. 223 (2019).

Recognizing that complete UBI systems may not be viable immediately in developed countries, this article discuss possible partial UBI plans as well as stepping stones to implementing a full UBI system.

Matthew Dimick, BETTER THAN BASIC INCOME? LIBERTY, EQUALITY, AND THE REGULATION OF WORKING TIME, 50 Ind. L. Rev. 473 (2017).

This Article discusses basic income and compares it to an alternative policy of the regulation of maximum working hours in the labor market. The article argues this alternative approach is as effective at UBI in monetarily supporting citizens.

Miranda Perry Fleischer & Daniel Hemel, ATLAS NODS: THE LIBERTARIAN CASE FOR A BASIC INCOME, 2017 Wis. L. Rev. 1189 (2017).

Discussing a Libertarian view of UBI, describing how UBI ideologies fall within libertarian views, while also outlining the arguments of both proponents and critiques of a UBI plan.

Orly Mazur, Taxing the Robots, 46 Pepp. L. Rev. 277, 326-27 (2019).

Discussing UBI plans as a method of combating the autonotation of many minimum wage jobs. The article talks about the pros and cons of a UBI plan.

Philippe Van Parijs & Yannick Vanderborght, BASIC INCOME: ETHICALLY JUSTIFIABLE, ECONOMICALLY SUSTAINABLE, POLITICALLY ACHIEVABLE? A RESPONSE TO VAN DER VEEN & GROOT, ROGERS, AND NOGUERA, 40 Comp. Lab. L. & Pol'y J. 247 (2019)

This article, written by the leading scholars on UBI plans, is a response to the many articles that have analyzed and criticized their research. This article goes through the many criticisms to the most radical form of the UBI plan, and discusses the faults and possible solutions to those issues.

PHILIPPE VAN PARIJS & YANNICK VANDERBORGHT, BASIC INCOME: A RADICAL PROPOSAL FOR A FREE SOCIETY AND A SANE ECONOMY 12 (2017).

Leading scholarly writing regarding UBI plan and its applicability on a large scale to entire populations. This writing is often criticized for being too radical, but is a pinnacle of the accumulation of UBI research as viable in modern society.

Robert van der Veen and Loek Groot, BASIC INCOME: UNCONDITIONAL BASIC INCOME AND THE REJUVENATION OF THE WELFARE STATE A REVIEW OF BASIC INCOME: A RADICAL PROPOSAL FOR A FREE SOCIETY AND A SANE ECONOMY BY PHILIPPE VAN PARIJS AND YANNICK VANDERBORGHT, 40 Comp. Lab. L. & Pol'y J. 153 (2019).

Critically analyzing the UBI plan put forth by leading scholars on the topic, and outlining methodological flaws in the UBI plans, and possible solutions to these plans. Their main argument is the UBI is not economically sustainable.

William Mitchell & Martin Watts, BASIC INCOME GUARANTEES AND THE RIGHT TO WORK: CENTRE OF FULL EMPLOYMENT AND EQUITY: WORKING PAPER NO. 04-05: A COMPARISON OF

THE MACROECONOMIC CONSEQUENCES OF BASIC INCOME AND JOB GUARANTEE SCHEMES, 2
Rutgers J.L. & Urb. Pol'y 2 (2004).

Comparing UBI and Job Guarantee approaches to distributing wealth and contending that both of these approaches are viable solutions to job security, with the only hindrance being ideological and political difference.