

THE UNIVERSAL BASIC INCOME:
A PROPOSAL TO RESHAPE THE AMERICAN WELFARE STATE

By
BRENNAMARIE KEENE

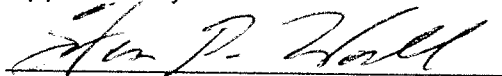
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Approved by:

A handwritten signature in black ink, appearing to read "Steven P. Wall", is written over a horizontal line.

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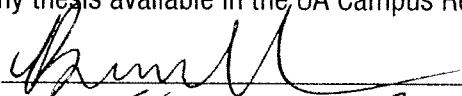
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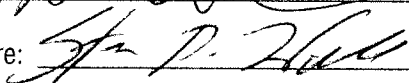
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THE UNIVERSAL BASIC INCOME: A PROPOSAL TO RESHAPE THE AMERICAN WELFARE STATE

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ABSTRACT

The Universal Basic Income (UBI) is a proposal that can be dated back as far as the American Revolution, though the concept is foreign and new to most Americans. A UBI is a payment made to all members of a society without any conditions such as work requirements. Philosophers have designed many different forms of the UBI, but in this paper I will be examining three of the leading proposals. Philippe Van Parijs argues for the highest sustainable level for all permanent, adult members of society. Charles Murray proposes his “Plan” to replace all current transfer programs, such as Social Security and Medicare with an annual payment of \$10,000. Finally, Bruce Ackerman and Anne Alstott propose the Stakeholder’s Society in which all citizens will receive \$80,000 upon reaching the age of twenty-one. After examining what a UBI entails and then describing these three proposals, I argue that Murray’s Plan is more politically feasible in the American welfare state. The paper concludes with an analysis of the current costs of variations of the Plan to show that a UBI is a real solution to the problems facing the American welfare state.

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INTRODUCTION

The Universal Basic Income (UBI) has been sneaking into political philosophy discussions for much longer than most Americans realize. The first mention of it came from American Revolutionary Thomas Paine in his work *Agrarian Justice* (1796). He proposed a “national fund” that would provide a sum of “ten pounds per annum” to those who were fifty years or older.¹ Though this was proposed more as a Social Security type fund to protect the aging, as time has progressed proposals for this national fund have expanded.

Milton Friedman defended the Negative Income Tax (NIT) in the United States, and from the late 1960s through the 1970s economists ran social experiments to determine if such a plan could work. The NIT establishes a minimum income so that if a family earns less than the minimum, rather than paying taxes to the government, the government pays the difference between the minimum and the income. Unfortunately, the experiments proved to be a failure because the incentives reduced the amount of labor people produced.

By the 1990s Philippe Van Parijs emerged as the champion for the Basic Income as it is known today. One of his more famous articles “Why Surfers Should Be Fed: The Liberal Case for an Unconditional Basic Income” defends giving a minimum income to all members of society on the grounds of justice, even the surfer bums living in Malibu or off the Hawaiian coast. While Van Parijs is the leader of current discussion on Basic Income, we will also look at two other proposals in this paper: Charles Murray’s “Plan” as well as Bruce Ackerman and Anne Alstott’s Stakeholder Society.

In this paper, discussion will begin with an introduction to the basic concept and definition of the UBI, exploring what is meant by *universal* and *basic*. The first chapter will

¹ Domènech and Raventós, “Property and Republican Freedom,” 4.

break down the very basic structure of the proposal, focusing on the details that apply to all UBI plans as a category. The second chapter will explore the proposals of the aforementioned authors, carefully explaining the differences between the plans of Van Parijs, Murray, and Ackerman and Alstott. In chapter three I will defend the UBI by arguing that it provides the best chance for all citizens to have a baseline of opportunity, it provides the most independence for citizens, and that our welfare programs must be updated and repaired. I will end the chapter by arguing that Murray's Plan accomplishes these three goals the best of the three schemes discussed. Chapter four will address the common critiques of a UBI, specifically Murray's Plan. These objections will be the issues of work incentive, the effects of eliminating all current welfare programs, and that if we are aiming for increased independence this is not the best way to do so. The fifth and final chapter concerns the issue of expense as it relates to the UBI. The first half proposes a transitional UBI of \$5,000 and the ways in which we can actually implement such a plan. The second half of the chapter will examine the current costs of spending on personal transfers in the United States and compare those costs to the costs of Murray's \$10,000 UBI. The UBI is a radical, but not quite new, idea. It has the power to reshape the way Americans think about income support and sharing in the surplus of national wealth.

CHAPTER 1: PREPARING THE PROPOSAL

The first pressing question is, of course, what is a Universal Basic Income? A UBI is a universal, basic payment to citizens that is also unconditional. A UBI is paid regardless of whether an individual is inclined to work or prefers a life of surfing without regard to giving back to the nation. The UBI is provided to single or married individuals, the rich and the poor, the wise and the foolish. It is a consistent payment to individuals without conditions for which it will be spent on. It is paid at specific levels and times to the designated population by the government, either in combination with other welfare programs or without.

The UBI can range in size from below a basic subsistence level to much higher. The regularity of payments have been suggested anywhere from a weekly, monthly or yearly basis, or one form argues for a single lump sum payment of substantial worth early in the recipient's life. The exact specifications of these details will be determined by the aims and goals of the society in which the scheme is being proposed. The goals of an UBI can range from a basis on social justice to a more pragmatic approach, but the important thing is that the framework of the Basic Income is an unconditional payment to all members of the society in question. This payment is proposed as a way to best achieve the goals that the society has determined for these members.

In this chapter, however, I will not be discussing the variations of proposals for the UBI, but rather will be discussing in depth the three characteristics that are consistent within the core concept of a UBI: universality, the definition of basic, and unconditionality. These concepts separate the UBI from the modern welfare state, but are linked to the justification of our notion of welfare. Furthermore, universality and unconditionality are controversial to the American notion of fairness. A UBI may be nothing more than utopian dream of an ideal welfare state, but by working through what it is at the basic level and exploring its justifications, perhaps the

controversial aspects can be made familiar and a real policy change can realistically be proposed in our modern welfare state.

To begin, universality is the idea that this form of social welfare shall be paid to all individuals regardless of their wealth or living arrangements. This means that billionaires as well as paupers will receive some form of payment. At first blush this makes many people wary of a plan such as this, and their first thought jumps to the expense of such a widespread program. However, these are some of the details that will be worked out later on, for now, bear with me and imagine the US in 1929.

Wealth was growing and abundant. Everyday life was being introduced with exciting modern technology, and the threat of war was long behind us. The markets were booming and ordinary, Regular Joes were becoming rich overnight in the stock market, but then, just as quickly, everyone seemed to lose everything. The Great Depression resulted from many bad decisions and was prolonged by a lack of social protection. Fortunately World War II brought an influx of jobs and production to pull the nation out of the depths of financial despair, however, in life today, even in the face of our modern technology and advanced computer modeling systems, hard times can fall on anyone. Social welfare programs are designed to be the answer to this problem, but one is only eligible if he or she can provide the evidence that he or she is in enough need. If, however, social welfare were a universal program, citizens could use the funds in a preventive manner rather than reparative. As the old saying goes an ounce of prevention is worth a pound of cure.

Universality is an important concept to the idea of social welfare. We often think that our talents and lot in life are our own; a matter of private property. No one can take these things away from us, it must thus mean that we are entitled to them and should profit from these

abilities. I am not intending to propose some Rawlsian manifesto about only using these talents if it raises others' wellbeing, however, it is important to understand how these differences in talents and capabilities leads to an infection that no one in the world has been able to cure to date: inequality. Studies are finding that once the infection grabs hold of the population it begins to affect education, crime, and even health.

For example, two babies are born on the same day. One is born to wealthy, married parents living in the comfortable and safe suburbs of Chicago. She will go to a private pre-school, followed by private elementary and high school education. When she turns eighteen, she will make her decision on which Ivy League university she will attend and will spend the majority of her life living in comfort and security, not needing to worry about from where her next meal will come. Instead, she will have time to focus on medical research or literary analysis, whatever her chosen field might be; she will have the time and resources to devote to it.

The other baby, however, is born to a fifteen year old high school dropout on the South Side of Chicago. She will never know who her father is, and will have several half-siblings. They will spend little time with their mother growing up because she will be working to try and scrape up enough money to feed her children. The little girl will not spend her preschool years in a proper daycare or preschool, but rather just being looked after by whoever is available. This will be followed by an education in poorly funded, overcrowded public schools. When she comes home and needs help on homework or needs to spend time reading, her high school-dropout mother will not have the time, or in high school, the knowledge to help her daughter. If the girl is fortunate enough to graduate high school, college is most certainly out of the question due to a lack of funding. If she doesn't repeat the same path as her mother, and even if she does, she will most likely spend her life living paycheck to paycheck and trying to make ends meet. She will

not have the opportunity to make discoveries in a chosen field or the security of living a comfortable life. Now, which of these babies born on the same day to two vastly different lives deserved the life she was born into? The answer is neither.

Social welfare should be designed to combat inequality, and inequality is a demon much too large and engrained in our society to be able to do much once it has taken hold. Equality needs to be introduced as prevention, rather than the end goal. The idea of equality as all people possess the same things, however, is largely thought to be undesirable. Rather, we should think of equality as being a fair chance for opportunity. As in our example, the second girl could profoundly increase her chances for success if there were a way that she, too, could attend a private school that would guarantee more individual time with the teacher and preparation for college. Universality is about providing everyone with the chance to have equal opportunity, regardless of their station in life, family history, or goals. None of us deserve the families we are born into or the natural talents for which we have a predisposition, and certainly Lady Luck is a cruel mistress whom we cannot predict. Any social welfare program should be designed to offer every citizen a real chance for success and substantial protection from bad luck, not after the fact when there is ample evidence and higher costs, but as a preventive measure. Universality is important in this regard because it does not require certain characteristics in order to be provided to recipients.

Thus, in a UBI proposal, universality would ensure that all eligible people would receive the grant regardless if they are rich or poor. Of course the rich would need it far less than the poor, but specific program design could implement a payback rate. The grant would also be paid to all recipients as individuals. The American tax code and benefits greatly relies on whether an individual is married or dependent on others. Universality in this case would ensure that all

recipients receive a payment regardless if they are dependent on another or financially independent. One important distinction I would like to make is that most UBI proposals are specifically designed to begin when an individual becomes an adult. At the point when a child becomes an adult they are faced with making decisions on their own behalf and are faced with the opportunity of shaping their adult lives. One aspect of the UBI is the plan's ability to increase freedom of choice for recipients, and until a child becomes an adult, there is little reason to try to increase this freedom until the critical point. Thus, for the purposes of this paper, I will only consider the likelihood of UBIs paid universally to individuals of twenty-one years of age and older. Other qualifications such as citizenship versus permanent residency and the issue of where an individual resides will be discussed in depth later. For now, the core characteristic of universality applies to all adult members of society.

The second core characteristic is that the UBI will be basic. Philippe Van Parijs defines basic as "something on which a person can safely count, a material foundation on which a life can firmly rest."² I will look at each of these qualifications in turn, after briefly defining each. The difference between these two qualifications is slight, but necessary to understand. The first is about providing the opportunity for individuals to plan. Too often in our current welfare system, the governmental assistance is only enough to get by, not enough to plan for, and more importantly, change one's life situation. People often put off furthering education because they worry about being able to balance work, school, and family, even though earning that degree could mean the difference between a job one loves versus one that the individual cannot stand. Fear of financial instability plays far too great a role in decision-making about people's futures, and a citizen's payment that allows for planning for the future, saving for retirement, or returning to school is the first qualification of a basic payment.

² Van Parijs, Cohen, and Rogers, *What's Wrong*, 5-6.

The second qualification is about a safety net. The modern welfare state was designed to protect unspeakable injustice and bad circumstances from causing too much damage to any human being. Since the Industrial Revolution global wealth has grown exponentially. There is more than enough to go around, and it is time we started acting like it as nations. Though throughout the world there are welfare programs designed to help the less well-off, they generally fail to help in small emergencies for the middle class citizens who just need a little boost. Everyone wants to have the promise of a safety net, and that is one of the main functions of modern governments. This safety net, however, needs to be enough that it can provide security, even in the face of uncertainty.

First, a UBI should be enough that it would be a reliable source of income that individuals could count on to plan for the future if it is to be safely counted upon. The reliability of knowing that each member of society will receive a known amount of money allows for people to plan their lives. Knowing that there is a reliable source of income, no matter what the size of the payments are, allows people to also consider returning to school for education or retraining in their fields, as well as providing a source of funding for a number of individuals who have never before had the opportunity to attend college. This allows for people to obtain better opportunities and personal growth. Another aspect of the planning function is that retirement planning can begin as soon as an individual begins receiving the payment. Furthermore, some occupations are also seasonal, such as construction. When weather becomes worse construction jobs tend to be more scarce, and so the basic income can allow individuals or families to plan for those times with more certainty because there will be some amount of money coming in to help pay the bills.

Another aspect of the safety qualification is that the UBI must be of a substantial amount. Again, I am avoiding specifics, but we must assume that the UBI is sizable enough that it will make an impact in a person's life plans. This requirement does not mean that it should be so much that it guarantees an individual to be from labor for the remainder of his or her, but an impact large enough that someone can effectively have a greater opportunity to pursue one's goals than without the payment. This idea of impact is necessary in order to justify any reason for giving out a payment. As I have previously discussed, the UBI is to help provide equal opportunity to all members of a society. While it satisfies one definition of fairness to give everyone equal payments, if the payments do not impact the lives of the well-off, not only is the entire scheme ineffective, it would only serve to widen the inequality gap. If, on the other hand, the payment were too large then it would be inefficient and much too expensive. This balance line is determined by "basic": enough to make only an impact large enough to provide all individuals with real opportunity, but not too much to alter work ethic or contributions to society.

The second qualification for "basic" income is that it allows individuals to have a foundation upon which to build their lives. The basic income can act as a safety net for those times that are completely unexpected. If Bob gets laid off, he will still be receiving the payments that he received in times of employment. While the basic income may or may not be enough to survive on, it can help him to make ends meet until he is back on his feet with another job. The same scenario applies if a sudden illness overcomes Bob, or if he gets hurt at work. The events in life are usually unpredictable, but the basic income provides a safety net by providing a substantial payment to members of society. The basic income could be used as a rainy day fund if an individual is able to earn an income to provide for him or herself. The basic income also provides protection for leaves of absence if a family member gets sick or maternity/paternity

leaves. Furthermore, it opens up these opportunities for individuals who do not work full time jobs and who do not already receive these benefits. These two qualifications for basic income can provide security and confidence in members of society even in uncertainty. This security and confidence will allow people to continue living their lives and being productive members of society even in difficult times, as well as creating a society where all members can have a decent opportunity for success and comfort.

The third core aspect of the UBI is that there are no requirements for eligibility based upon employment or any other such conditions. This unconditionality is perhaps the most controversial aspect of the proposal. If Alice is a stay-at-home mother with three young children for which to care, she receives a basic income payment. If Bob is a successful businessman out on Wall Street, who was just promoted, he too receives a payment. And finally, if Chuck is a young man with no goals or professional aspirations, who has a passion for surfing, he receives the payment just as Alice and Bob do. Many people see this as a problem because it seems to be in direct opposition to the American notion of fairness. Unconditionality, however, acts as protection for citizens in the society so that their membership is honored and upheld regardless of their personal decisions. Unconditionality is also important because it ensures citizens of their freedom, two examples of which I will explain in depth. Unconditionality protects citizens no matter what their circumstances may be.

First of all, American ideals are strongly based on hard work and desert. It seems to be a recurring theme throughout discussions of welfare programs that nothing should be given out to anyone without in turn the payment being paid back in some form or another. For example, unemployment funds can only be collected on condition that the recipient is actively seeking employment. However, the requirement is only as strong as that; actually finding a job is not

necessary. The USDA's Women, Infants and Children (WIC) program is another example of a program with requirements. Only certain foods, foods rich in specific vitamins and nutrients are eligible for the WIC Program. These types of requirements are necessary to satisfy the ideal that Americans are hard working and earn what they get. This type of thought process makes Americans feel justified when providing for the least well-off, however, these conditions do not always help the least well-off, even though in theory the programs are merely a safety-net to get people back on their feet.

The ideal that Americans cling to is the idea that he or she deserves the fruits of his or her labor. However, as has been discussed above, the fruits of each person's labor are a result of natural traits that no one truly deserves. The traits of hard-work and determination are dominant in some people, but not in others. While it is true that we should deserve some of the results of our own hard-work, many Americans are far too quick to judge or condemn those who receive welfare payments for their lack of desert. If, however, we could develop welfare programs to change the American attitude towards welfare programs where rather than deserving our natural talents, we rather deserve a fair starting point in life; we would all value our citizenship in a deeper way. It would no longer be the productive versus the unproductive, the lucky versus the unlucky, but citizens who had equal opportunity and made different life decisions. The content of a good life should not be based on outcomes, such as a large house, or fancy car, to signify success, but rather we should turn our attention to the starting gate. This is where the notion of unconditionality comes into play.

Currently, bureaucracies throughout the U.S. government are responsible for determining eligibility for the programs that are offered, however, as Charles Murray points out,

“Bureaucracies must by their nature be morally indifferent.”³ His discussion covers the problem that current American welfare justifications must overcome: our current system cannot discern between those who are in need because of poor decisions, and those who are in need because they happened to be unlucky in the lottery of birth. Bureaucracies are not designed to handle the nuances between those two circumstances, and I do not believe that we would even want our current systems to try. And yet, the American ideal of hard-work and desert desire that people receive welfare only if they are of the latter and not the former. A further problem here is the stigmatizing effect of being subjected to these classifications. Either cause of need can be stigmatizing to the recipients and make them feel less human, even though welfare programs are designed to be beneficial. If, however, all members of society received a UBI payment, then no one could demand that some receive a payment while others do not on a basis of fairness, as well as completely avoiding subjected some to the stigmas associated with poverty.

In this manner, all citizens, no matter what their circumstances may be, are protected as citizens. Their claim to welfare protection would be no more than a claim to citizenship and would not require them to prove that they are in need. A UBI payment paid to all members of society would allow individuals to make their own decisions about what is best for themselves as competent and capable people. They would not have hoops to jump through in order to prove their need, and neither would they be caught in the poverty trap where finding employment makes them worse off than receiving unemployment payments. Since all citizens would receive a payment, no citizen would be more deserving than any other, but rather all citizens would be equal before law. This is what current welfare programs fail to do since there are conditions, just as parents put conditions on allowance payments, government welfare acts as a parent before helping those in need. All people need help sometime, as it is part of the human condition.

³ Murray, *In Our Hands*, 118.

In addition to protecting citizenship, an unconditional UBI payment also offers recipients considerably more freedom, such as the freedom to choose one's own path as well as the freedom to change it. First, since every individual is different, with specific aims and desires, no bureaucracy can determine what is truly best for everyone. An unconditional payment allows individuals to make their own decisions about what is best for themselves. It is true that not every person will make smart decisions, but as human beings capable of thought and reflection, we should be able to determine what is best for our own good, even if some people did not win the lottery of birth. Another benefit of unconditionality is that not all productive work is necessarily paid. If a mother wants to stay home with her children, or a father for that matter as well, there will most likely be a significant cut in family income. The stay at home mother or father is still providing a valuable service to society by looking after children and ensuring their well-being, however, because there is no income in this line of work they are not compensated. If the U.S. provided a UBI, the stay at home figure could indeed receive compensation for his or her work. Furthermore, a UBI would allow people to choose volunteer positions for work without the cost of losing out on an income.

Unconditionality would also provide the freedom to change one's life if that would make one better off. Too often, as Philippe Van Parijs notes, women especially are stuck in bad relationships for fear of financial insecurity.⁴ Other times people stay in jobs that they hate because there is no protection during the time of quitting one job in order to prepare for another. Pursuing the education to retrain is another case that many Americans could never consider. These are all instances where leaving one situation for another is not protected under our current welfare system. Unconditionality would allow anyone in any of these situations to opportunity to switch and still receive financial protection while pursuing what they each think is best for

⁴ Van Parijs, Cohen, and Rogers, *What's Wrong*, 17.

themselves. The freedom to choose one's life end or the freedom to change one's current situation should be an opportunity for every American, not a duty of a bureaucracy which treats all people as mere numbers.

To conclude, these three core characteristics of a universal basic income are an integral part of changing the face of the modern welfare state. These are the traits that make the UBI unique and help each individual live freely and securely. Universality protects all adults by providing each with a substantial amount without conditions of employment or other such requirements. By contrasting what the UBI can offer with our current notions of fairness and desert, the UBI has the potential to satisfy even the strictest proponents of those ideals.

CHAPTER 2: DIFFERENCES IN DESIGN

In this chapter, we will be comparing and contrasting three popular UBI proposals. The first will be Philippe Van Parijs and his call for the highest sustainable UBI that a government can afford in the long term. The second will be Charles Murray's "Plan," in which he proposes to eliminate all current transfer programs and instead pay all citizens \$10,000. The third proposal will be Bruce Ackerman and Anne Alstott's Stakeholder Society in which young adults receive a lump sum grant of \$80,000. Though all three programs contain the same core aspects that were discussed in chapter 1, the details of the programs vary greatly and provide us with many visions of how to reshape the welfare state.

Philippe Van Parijs defines his UBI program as:

An income paid by a government, at a uniform level and at regular intervals, to each adult member of society. The grant is paid, and its level is fixed, irrespective of whether the person is rich or poor, lives alone or with others, is willing to work or not...it is granted not only to citizens, but to all permanent residents.⁵

This definition determines several specific aspects that shape the program to fit the goals with which Van Parijs is concerned. He begins his article "A Basic Income for All" with a brief discussion of poverty and malnutrition in order to set the stage for the insufficiency of other social welfare programs. One important detail not in the above definition is that Van Parijs' UBI is paid in addition to any other form of income an individual may receive. Neither does he favor the UBI as a replacement for other existing welfare programs. Van Parijs argues on behalf of the UBI first and foremost on the basis of justice and what he calls *Real Freedom*. In my discussion

⁵ Van Parijs, Cohen, and Rogers, *What's Wrong*, 5.

of Van Parijs, I will define real freedom and its connection with the UBI, then discuss the specifics of his plan based upon the above definition, and finally conclude with some of his justifications for the UBI.

Van Parijs argues for the basic income on the grounds of real freedom. This argument is one for justice: that all citizens should have the opportunity to have real freedom to pursue any ends which they so desire. Real freedom ensures that citizens are guaranteed not only their liberty as an ideal, but also in practice. This argument is grounded in libertarian thought, and the distinction between liberty as an ideal versus liberty in practice is central to Van Parijs' defense of the UBI. Real freedom combines two ideas: "formal" freedoms, such as property rights, life, liberty and happiness, etc. but also the "real value of those rights."⁶ Essentially what this means is that in order to maximize real freedom, we must maximize the opportunity for those with the least opportunity to pursue the things that they *might* want to do. If this can be done, then we are leveling the playing field and providing equality of opportunity at the highest possible level.

Van Parijs believes that this real freedom can be achieved by providing citizens with the highest sustainable UBI payments possible. His basic definition ignores determining any specific level of payments, even stating that as he has defined it, the UBI can fall below or pay more than what is necessary for sustaining a basic lifestyle, but his plan for achieving real freedom calls for a payment as large as a government is able to sustain in the long run. This, he believes of many of the wealthiest OECD nations are capable of doing. Van Parijs argues that with this real freedom citizens will have a real claim to justice by allowing those with the least opportunities the chance to have real freedom. This real freedom, freedom from forced labor at undesirable jobs or bad relationships, gives people options and opportunities to leave bad situations. A just

⁶Ibid., 14.

society should provide this opportunity to its citizens, and Van Parijs argues that a UBI is just the way to do so.

The first part of the definition covers the specifics of regular payments and the equal level of payments. Concerning the former, regular payments are necessary as compared to a lump-sum or stake payment, which will be discussed later, because the regular payments better maintain a baseline income, or a baseline of opportunity. Van Parijs writes that there should be concern about individuals' ability to make the most of their opportunity when they have large sums of money at their disposal.⁷ If individuals make bad decisions, conditionality will have to be built back into the system, ultimately defeating real freedom. Similarly, he argues that all members of society should be paid a uniform payment regardless of where they live; be it the expensive cities or the cheaper rural areas. His argument here rests on the idea that we value the real value of freedom and that the payment to all should be based on providing the freedom to pursue the ends that each individual may want to do, raising the opportunity of those with the least of it. Varying the payments based on cost of living limits those living in the country who might decide to move to the city. Furthermore, the UBI should be paid to permanent residents as well as citizens in Van Parijs' proposal.

Van Parijs justifies his arguments on four bases: justice, jobs and growth, the feminist, and green concerns. The justice concern has already been discussed as an integral part of the definition. He offers the UBI as a solution to both the "European-style combination of limited poverty and high unemployment" and an "American-style combination of low unemployment and widespread poverty,"⁸ ultimately allowing both economy types to produce more jobs and growth. The UBI does this by supplementing wages and income so that workers may be

⁷ Van Parijs, Cohen, and Rogers, *What's Wrong*, 13.

⁸ Van Parijs, Cohen, and Rogers, *What's Wrong*, 5.

employed for fewer hours, but it also allows them to maintain a livable wage. Since the income is not decreased by fewer working hours, neither of the economy styles will suffer the consequences of lower living standards or an elimination of jobs. Inevitably, the jobs most affected by manipulations in the market are those located on the lower end of the pay scale. Similarly, the workers on that end are also most affected by this plan, but the consequences are designed to be beneficial to this group.

Van Parijs also shapes his argument in support of what he calls “Feminist and Green Concerns.” The feminist concern is essentially that women face the double duties of both working and child-rearing. Women more often than not bear the majority of care-giving duties, and Van Parijs points out that this responsibility limits women’s choices in the job market and is an extra strain and time commitment that men do not have.⁹ Furthermore, the UBI would allow women more stability and freedom from men and “bureaucracy” in Van Parijs’ argument by allowing women to leave bad marriages or relationships.

The green movement is supported by the UBI because it allows citizens the opportunity to relax from the otherwise perpetual push for economic growth. Economic growth is desirable because it decreases unemployment, but it also undeniably leads to pollution. Since the UBI is a solution for unemployment, it will allow society to reduce the rate of economic growth without harming anyone’s livelihood and protecting the environment as an added benefit.¹⁰ This allows citizens to pursue more leisure time; if that is the real freedom they seek.

Van Parijs’ notion of the UBI is one designed in the libertarian tradition, seeking to increase not only individuals’ claim to freedom, but the real value of that freedom. He defends a UBI of the largest sustainable amount that a government can afford over the long term that will

⁹ Ibid., 17.

¹⁰ Van Parijs, Cohen, and Rogers, *What’s Wrong*, 18.

be paid in conjunction with current welfare programs. Van Parijs' plan is to create real opportunity and freedom for even those who have historically been without.

Charles Murray, on the other hand, presents his version of the UBI as a way to replace the modern welfare state entirely. His "Plan" is simply to stop all transfers that the welfare state currently makes, remove any conditionality requirements, and instead pay all citizens \$10,000 at the outset of the program.¹¹ Every eligible citizen will need to get a passport that will register them for the payments, which begin when the recipient reaches the age of 21. The funds will be transferred into a registered bank account on a monthly basis. This account will be only for the recipient, not a joint account with a spouse or anyone else. Each person receives a payment regardless of marital status. Murray's plan will be paid for by a reimbursement schedule that begins when earned income reaches \$25,000. Incremental income earned between \$25,000 and \$50,000 will be taxed at a surtax rate of 20%.¹² Furthermore, Murray assumes that the current taxing system will remain in place in order to generate tax revenues, but any transfer programs, such as Social Security, Medicare and Medicaid should all be cut.

Murray's plan compares the costs of the current system to the projected costs of his proposal. He uses statistics with a base year of 2002, during which each man, woman and child in the US received an average of \$6,900 in transfer benefits, and the costs are continuing to rise (15). Murray predicted that by 2011, if his plan had been implemented in 2002, the two costs would have intersected and by 2020, his proposal would cost the US \$549 billion less than if they had continued the current welfare system (15). Murray's basic argument is simple: give the people back their money and they will spend it in the best way for them. The government has

¹¹ Murray, *In Our Hands*, 10-14.

¹² Ibid.

spent our money inefficiently and ineffectively, and by allowing citizens to make their own choices, they can better provide for themselves.

This proposal has what Murray calls “Immediate Effects” and those are the effects on retirement, health care, poverty, the underclass, and work disincentives. I will discuss each briefly, in turn. First, Social Security is supposed to protect the elderly in their retirement years, but Murray argues that because Social Security is not universal, that is many people who do not qualify for social security payments, receive no benefit. This largely affects women because they spend most of their able-bodied years as stay-at-home mothers or working small, part time jobs. This situation is worsened if she does not qualify for benefits because of divorce. The UBI, as previously discussed, is universal to all members of society, and provides every individual with a guaranteed \$10,000 per year.

Murray shows that individuals can greatly increase their comfort in retirement by investing their money, rather than paying into Social Security. He uses the example of a man who earns \$20,000 a year, \$2,480 of which will be paid in payroll taxes annually. Under the current system, when he reaches retirement he can expect to live on \$10,992 a year. If, however, he were allowed to invest that same \$2,480, compounded at 4% annually, he could expect \$24,350, plus the annual \$10,000, and live on \$34,350 (26). The difference is striking, and the latter returns are based on a calculation of the worst returns that have historically occurred (25-26). Murray’s response to the argument that many, if not most, will not properly plan for their retirement is that the government can continue the mandatory saving and require a specific amount to be invested for retirement. He calls this Plan B, and while he would prefer total freedom to control our own money, Plan B is still better than the current system.

Health care is another topic that requires attention. Our current system is clearly in upheaval as Obamacare is soon to begin, but it still falls far short of being able to adequately provide for the thousands of Americans in need of health insurance and provisions. To address these concerns, Murray offers three reforms that ultimately force citizens to be consumers of health care and ask the question “Is it worth it?” (38). The first reform is “Legally obligate medical insurers to treat the population, of all ages, as a single pool” (44). By following this reform the cost of health care for the all ages can be spread across the population. The young and healthy can subsidize early in their lives the more expensive treatments they will most likely face in their older years. This reform helps to keep the cost of premiums down.

The second reform states, “treat medical insurance provided as an employment benefit as taxable income” (47). By doing this, health care is effectively disconnected from the work place. This is important because it allows the individual to choose the best plan for him or herself. The employer, according to Murray, can offer a health care plan for a set amount or offer cash in an equal sum. If the employee is healthy enough, he or she can take the money and purchase a cheaper plan. No longer would individuals simply accept health care packages, they could be smart consumers, buying more or less coverage as they see fit, rather than the employer.

The third reform requires that medical licensing laws be repealed and tort law be changed so that it is easier to write legally binding waivers and restrictions (48). The largest obstacle to affordable health care that Murray challenges is that individuals do not make the critical decision concerning cost and relevancy. He uses the example of an uninsured patient needing stitches: the injured can go to an emergency room for the needle and thread with an associated bill in the hundreds, or he can go to a clinic and pay \$30-\$40. Since everyone except for the injured pays in our current system he will inevitably choose the several hundred dollar option. If, however, as

individuals we took responsibility for small and routine procedures, rather than insurance, and there were affordable options for these types of procedures we could see health care costs greatly decrease (40-41). By following this reform we can indeed see a decrease in health care costs. Not every procedure requires the highest expertise, and Murray argues that just as we take care of the upkeep costs of our cars, we should do the same with health care. He argues that insurance should exist for the expensive and rare procedures, leaving the patients to be consumers about the small stuff. These three reforms throw the ball back into the individuals' court leaving us to decide "If it is worth it." This inevitably includes End of Life care. The individual, under this plan, would choose how much coverage to get rather than the government. One important facet to note is that Murray calls for mandatory insurance coverage. Every individual would be required to pay \$3,000 for health insurance beginning at the age of 21, when an individual begins to receive the grant.

Murray also proposes that his plan would alleviate poverty as defined by the most liberal definition, that of European social democrats, which is an income that is less than half of the median income. This is far higher than the standard American poverty line which is roughly three times the cost to feed a family (55). The \$10,000 would easily boost a worker earning minimum wage to this level. He shows that under his plan almost everyone would receive a larger cash sum than they currently receive in their in-kind and other cash benefit packages (56). Another advantage is that young, unemployed males in the "underclass" of society will no longer benefit from not working and living off of family or girlfriends. Under the current system, many who are classified as such may not have any incentive to seek work, however, under Murray's plan, those very same young men will receive over \$500 a month and there will be no excuse for not being able to support themselves or help to provide for others (68-69). Furthermore, he may

even be incentivized to go out and find work under this plan if we assume that the monthly UBI payment covers food and rent. Any further income would be discretionary, and he could spend it anyway he chooses. This provides great incentive knowing that his basic needs are met and all other money is “fun” money.

The final immediate effect left to discuss is the issue of work disincentives. Murray argues that four points will come out of his discussion on work disincentives:

- Most of those who remain out of the labor force will be the same people who are out of the labor force under the current system.
- Most of the reductions in work effort will involve fewer hours worked, not fewer people working.
- Most of the people who leave the labor force will be college graduates who take time off between graduation and a permanent job or graduate school.
- The net decrease in work effort will be acceptable (73).

Murray reaches these conclusions based on two “buffer zones”: the high payback point and the age at which the grant begins (73). Concerning the former, when an individual is already earning \$25,000 in annual income, “The fact that someone starts paying a few hundred dollars in surtax when he first gets past \$25,000 in earned income has no meaningful effect on his calculations about whether to keep working” (75). An individual would give up a lot more by quitting work in order to avoid paying a surtax than by continuing to work. The latter ensures that young adults have a gap of time in which they must live without the grant and still be classified as an adult. This point is clarified by looking at two categories of people: high school graduates who go straight to work after school and those who go on to college. The former group will have three

years of employment and commitment to their jobs that by the time they receive the grant chances are they are already settled into employment and quitting that situation in favor of a life of laziness would make them worse off. As for the college students, they now have a way to help offset the cost of college, as well as the fact that if they have chosen to pursue higher education, that decision most likely would have been made without thought to the grant. Murray points out that by the age of 21, most college students are three quarters of the way through school and it makes sense to continue the degree. The grant would also allow more students to study abroad or take unpaid internships (77).

To conclude discussion on Murray's plan, he argues that individuals are best able to make decisions for themselves rather than relying on government bureaucracy to make decisions. He has modeled the possibility for the U.S. government to provide each, adult citizen \$10,000 a year by cutting all other transfer programs, maintaining the tax system, and introducing a payback system beginning once the individual earns over \$25,000 income. This plan allows for either voluntary or mandatory investing for retirement and requires a \$3,000 purchase of health insurance to cover rare and expensive procedures. All of this, Murray argues, can be provided at a sustainable and fair amount that performs better than current American welfare programs.

A third well-known proposal is that of the Stakeholder Society by Bruce Ackerman and Anne Alstott. Rather than a regular payment, in this proposal citizens receive a large substantial payment early in their adult life, in this case \$80,000. At the age of 21, citizens will receive a payment of \$20,000 each year until the age of 24.¹³ These authors point out that public policy provides for children through public education and for the elderly through social security. However, when young adults are ready to begin their lives, either by launching careers or investing in higher education, policy leaves these individuals sadly neglected. This stake allows

¹³ Ackerman and Alstott, *Stakeholder Society*, 51.

for realizing individual autonomy by providing the resources to allow all young adults the chance for real opportunity at the critical moment. It is common for adults to be economically comfortable in their late 40s and beyond, but that comes at a time when people are no longer as willing to make risks. Providing \$80,000 at the age of 21 can prevent young adults from bearing the debt of a necessary education, or to lay the foundation for a career in business earlier rather than later in life. They propose this following the liberal tradition, which claims that it should be up to the citizen to decide how to best spend the country's wealth, and not the government (3).

Since the concept is based on the liberal tradition, the authors emphasize the responsibility of all citizens to be committed to an equal starting point for everyone. This requires wealth to be given back to the pot, and for those whose lives have benefited from the stake to return the favor for future generations through a trusteeship program where the recipients payback the sum plus interest at the end of their lives. This will help secure the financial sustainability of the program and ensure that the next generation of young adults has the same opportunity that the previous generations did. The authors offer several taxes and limits on income and spending to ensure that people do not avoid paying back into the pot. They argue for a 2 per cent annual wealth tax to ensure this (89).

The Stakeholder Society proposes a few more restrictions than the other two UBIs we have discussed. This is an important distinction, because these authors rely on a shift towards holding citizenship as a higher value than we do in our current welfare state. This is the way the authors both increase the individualism that is important to liberalism as well as the motivation to sustain such a program. This plan is proposed in order to help young adults prepare for their future and plan responsibly, thus, one condition of the stake is that all recipients must graduate

from high school in order to receive control of the full stake (38). Ackerman and Alstott place a heavy emphasis on the importance of education in their proposal.

The Stakeholder society also requires a residency period of eleven years for all citizens, naturalized or by birthright (49). They defend this argument through two examples. The first is that of an immigrant who becomes a naturalized citizen. It is easy to imagine a flood of citizenship applications that will allow foreigners to become citizens and then receive an \$80,000 payment immediately thereafter. This seems outrageously unfair. The authors propose that in order to be eligible for a stake, the citizen must have roots and connection with America and not be here just for the “free” money. An eleven year period would allow citizens to establish those roots and be citizens for more than just the money. Ackerman and Alstott also favor limiting who receives a stake so that immigrants will come to the U.S. for other opportunities and not merely because it is a stakeholding society. The other example is that of a birthright citizen who was born on American soil but raised in a foreign country and chooses to remain abroad. This individual is a citizen by default and not by commitment to citizenship. Again, it seems unfair that this individual also receive a stake. To combat this, all citizens, by birthright or naturalization, must meet the eleven year residency requirement.

In this proposal, the stake can be used to deter crime, though this must be done in careful balance so as not to take away from the real freedom offered by the proposal. Ackerman and Alstott write, “Once stakeholding begins, youngsters will suddenly have something to lose other than their freedom. The criminal law of a stakeholding society can threaten them with the loss of some or all of their eighty thousand dollars,”(49). It can also be used successfully to create a sense of responsibility and maturity in youth because just as each individual acquires the responsibility to shape his or her life, he or she is also responsible to a degree for his or her

actions in youth (49-50). This power, however, must not be so much that youngsters are not left with enough funds to shape or plan their lives.

The stake will also allow for young adults to go to college more easily. The authors believe it necessary for college bound individuals to draw money from their stakes earlier in order to pursue higher education (51). This will bring more competition into the higher education market and allow students to travel as far as they would like for college, rather than being confined by residency for cheaper tuition. The stake will also provide greater opportunity for those who decide that higher education isn't for them. The authors refer to these citizens as the "forgotten Americans"--those who decide that neither a four-year university nor a two-year community college is appropriate for them. While they are entirely at liberty to make this decision, by foregoing higher education they are also foregoing any share of the nation's wealth. The stake thus allows them to share in the wealth of the nation, according to the authors (56). Other upshots of stake-holding include a newfound sense of patriotism and willingness to give back to the country that provided real opportunity in their lives (186). The Stakeholder society thus attempts to prepare youth for responsible citizenship by providing real opportunity for a future.

In conclusion, though the core of these programs are consistent, because they have different aims and goals, when considering the different programs we must be sure that those aims and goals are consistent with the goals of the welfare state we hope to have in the US. The structure of the program is one of the most important aspects of implementing a UBI. As we shall see in the next chapter, we must design a program that meets the goals that are important to us as Americans, but that also can be successful in American politics.

CHAPTER 3: ARGUING FOR ACCEPTANCE

This next chapter will explore the three strongest reasons that a UBI is attractive to implement in the American welfare state. When considering these reasons, it is important that they reflect not only normatively attractive ideals but also ideals that can be politically feasible in the current political atmosphere. There are many reasons why we could argue that a UBI would be the best solution in an ideal society, however, we do not live in a society such as that, and surely we never will. The first reason I have chosen is that the implementation of a UBI will provide a baseline of opportunity for all adult citizens. This is a topic that I have briefly covered in the first chapter, but I shall explore it in depth here. The second reason to be most attracted to a UBI is that it will enhance the independence and individuality of the members of society. The final reason I will discuss is that our current welfare programs need to be reshaped. As a society we are facing a shrinking purse from which to pay for the welfare programs we currently have, and I will also argue that under our current system, we are failing to adequately provide for the first two reasons I have listed. Thus, with these in mind, if the UBI is best able to provide a better baseline of opportunity while enhancing independence and individuality then the UBI should be implemented in the US. The final part of this chapter will then explore which of the previously described UBI plans best fulfill these three considerations.

The most compelling reason to adopt a UBI is that it will provide a baseline of opportunity for citizens. As previously discussed, we are all subject to the lottery of birth. Some of us are born into successful families, with loving and supportive parents, and a safe home in which to grow up. Others are born to parents with drug or alcohol addictions, parents who are not ready to take on the commitment of parenthood, or born and never know their parents at all. Even still, some of us are born with the ability to communicate well, have the traits of drive and

perseverance. Others are born to work with their hands, some are extroverts and others introverts. The characteristics that form an entire person, whether someone is a believer in nature or nurture, these traits are not developed or granted to us by any act or virtue of our own. They are the result of the lottery of birth. Even being born into the United States is a result of this. Thus, no one is more deserving than another of the fruits of the land or the wealth generated in the nation. As Americans, we should all strive for the American Dream and help our fellow citizens to the extent that we have been gifted. Our current welfare system relies on the transfer programs that we have in place, such as food stamps (now known as SNAP), unemployment benefits, and now even cell phones. However, we must ask whether these programs actually generate a fair chance at opportunity. Again, a fair chance at opportunity is not the stringent requirement of equal opportunity and it surely is not that everyone has the equal chance to live out equal lives with equal homes, income, etc. What I mean is that every American citizen has a decent chance at living out or pursuing realistic dreams or goals by having the ability and resources to plan. Essentially this is the ability to live without fear of homelessness or hunger. Every citizen should be able to cover his or her basic needs and still have enough resources to plan for at least meager future goals such as pursuing a college education, buying a home, or even starting a business.

This baseline of opportunity is important because it is the only way for us as a nation to even attempt to try to provide all citizens with a fair chance at a decent life. Inequality is a problem that will never truly be solved, or if it can we have not yet been able to conceive of such a solution that is fair for everyone. Perhaps this should not even be a goal for us, but at least it should be a goal that all Americans can participate in the wealth of our nation. In a capitalist society we are bound to see inequality, and furthermore, we inherently think that the people who

are successful in business and investments should benefit from the decisions they make. As more wealth is brought into the equation the disparity and inequality inevitably grows. However, though there will always be opponents who want to solve this problem, by focusing on the starting point rather than the ending point, we can have a real shot at providing a fair chance for all Americans to gain wealth and live satisfactory lives.

The starting point issue in America is that not all Americans are worried about meeting their basic needs. When one person is concerned with paying for food or shelter and another is concerned about which restaurant or neighborhood to live in, this causes a rift in society that is extremely difficult to overcome. Out of fairness, we provide enough resources for food or perhaps shelter, but not enough to move beyond that. Thus, the rich get richer and the poor get poorer. If, instead, we ensure that everyone's basic needs are met then hopefully they will be able to seek out education or job training or whatever a person's life goal may be. There is enough wealth within the United States to ensure that this is the case. A decent starting place in life will allow each person to shape their life plan as best suits him or her.

A further problem that grows out of this situation is that the people with wealth get frustrated and angry when the government redistributes wealth to people without jobs or the skills to be productive members of society. This of course stems from the problem that because the poorest members of society face the fear of hunger every day, they are not able to take the time to plan for education or skill training to be competitive in the workforce. A person may have had to drop out of high school in order to find work to bring in more household income, and if he or she lost that job, without a high school degree finding another would be more than difficult. Any number of situations would leave a person in this scenario. Of course there will always be those who work the system and choose to not be a productive member of society, we

must, however, try to plan for those who would be productive. The current welfare system attempts to equalize by providing just these basic necessities, but it traps the least well off in society in the Poverty Trap, which I will discuss later. Rather than being able to develop their skills and potential, the least well off in society are trapped in their current conditions and the wealthy get angry at the ineffectiveness of government transfer programs. If instead we allowed people to develop their potential without the fear of hunger or homelessness, they would be better off, and only a very few people would be working the system.

As a final note, normatively this idea of a baseline of opportunity appeals to our sense of fairness. If we keep in mind that all of the traits, circumstances, and influences that have helped to shape our lives, at least in the formative years, are not due to our own doing, then it seems right that we at least have some financial recompense for those who did not necessarily “win” the lottery of birth, or at least a meager baseline to serve as a great equalizer. Though not everyone will lead the best life possible, at the very least we should try to provide all Americans with the resources for the chance to partake of America’s wealth.

The second compelling reason to adopt a UBI is that it will enhance each American’s independence and individuality. The clearest example of how this will occur is by allowing individuals the resources to stop relying on others out of necessity. There are two examples that come to mind of this type of relationship. The first is that of abusive relationships. Van Parijs references this type of relationship in his *Women’s Concerns*.¹⁴ One reason that individuals, and women especially, think they must stay in abusive relationships is for fear of material support. A stay at home mother who is stuck in an abusive relationship most likely does not have the material support to pick up and leave because she has no income to support herself or her children besides the abuser’s income. People can easily be stuck in unhappy situations for the

¹⁴ Van Parijs, Cohen, and Rogers, *What’s Wrong*, 16.

fear of setting out on one's own. I am not claiming that material support is the sole reason for continuing this type of relationship, but it certainly can be a strong factor. Receiving a UBI sizable enough to support leaving a relationship where one person is entirely or even mostly dependent on another provides the freedom to be independent and leave situations of the individual's own free will.

The second relationship that centers on one person being entirely reliant on another is that of a parent and child. While this relationship does not usually have the same sad connotations, it can. I will discuss both cases. First, at some point most parents must cut the ties. This usually happens at about college age, or once the child has completed college and the child begins his or her adult life. Since we have assumed that UBI payments begin at 21, the child can assume more responsibility of paying for college and leave the parents with more freedom to plan and invest for retirement. This is a win-win for both parties: the child takes on more responsibility for his or her future and the path to get there, while the parent can avoid the huge debt and loans that many parents take on to help their children. If college is not the route for a particular child, then the UBI allows for the child to begin life with a stable income from the UBI and to explore his or her future on his or her own terms, rather than relying upon the parents.

On the other hand, unfortunately many households do not even remotely reflect the stable Cleavers, but are broken and insecure. The children from these homes do not even have the opportunity to rely on their parents for material support in most cases. However, the UBI payment would allow the young 21-year-old to have a starting income on which to rely even if the parents are not reliable. In general, the UBI will greatly ease the process of transition when children begin adult life and move away from relying upon parents. Parents can be assured that

their child will have at least a baseline on which to fall, and children can feel secure as they begin their adult life, altogether freeing them to make decisions independently.

Another issue that falls under independence is that of mobility and the ability to shape one's future. The UBI is a nationwide payment, so that an individual can receive it anywhere in the United States. This allows people to pick up their lives and move for a reason no stronger than because they want to. Moving to a new location can help individuals to start a new life or pursue their dreams. Because the UBI is unconditional it is paid regardless of what the individual chooses to spend his or her payment on, and thus it can be used to help pay for moving costs. This connects with the ability to make plans about the future. Since we have not talked about specific amounts of payments, let us assume that the payments are enough to cover basic needs and a little left over to make future plans. A person can use this future plans money to save and shape his or her future. The payments surely will not be enough to make changes overnight for most people, but it will provide hope and a future to many people who would not be able to imagine that under the current welfare system.

A third topic that falls under the independence category is that of limited government involvement. Because the UBI is unconditional and universal, other than the set up and implementation and some positions to oversee the payments, government involvement in the UBIs would be at an absolute minimum. There would not be any government agency looking over qualifications of applicants or bureaucratic organizations determining how to divvy up the resources to those in need. Furthermore, no government agencies would be determining how individuals spend their UBI. Most often an individual is capable of making the best decision for him or herself. By nature, humans are bound to make bad decisions, but Americans are better off making their own bad decisions than being subjected to the bad decisions of others, especially of

decisions by bureaucracies. Part of being American is having independence and the freedom to make one's own decisions about his or her own life.

The final issue that falls under this category is that of individuality itself. I mentioned before the two categories of people who tend to rely on the welfare system: those who make bad decisions that lead to a life of poverty and those who are in poverty due more directly to the lottery of birth. Though I have previously discussed this, it requires more discussion. Concerning the former group, there are some people who will always make bad decisions, whether it be due to some type of addiction or similar problems. Because they have a problem is no reason to not provide them support and a baseline of opportunity. The latter group contains people who have fallen on hard times and have not been able to get out, however it can be embarrassing and stigmatizing for these individuals to rely on welfare programs. They can wrongly be judged as part of the former group. It can be stigmatizing for all individuals to receive welfare. Furthermore, who is to decide whether an individual falls into one group rather than another? The UBI removes these classifications, and since everyone receives a payment, whether they are in need or not, there are no stigmatizing effects to the payments. All recipients are equal individuals receiving the same payment no matter who they are or how well they fared in the lottery of birth.

The third argument for the UBI is that our current system is not working and we need to remodel our welfare programs so that they reflect a stronger baseline of opportunity and they enhance independence and individuality. In regards to the baseline of opportunity, our current programs cause many citizens to fall into the poverty trap. This trap occurs when it is better for individuals on welfare to stay on welfare than to seek employment that will stop the flow of benefits. This makes taking a low paying job unappealing because even though it would provide

income, welfare benefits are still greater than the offered wage. Because the UBI is provided regardless of employment status, it allows people to take jobs they otherwise would not while still providing a basic support. The poverty trap makes it extremely difficult to redirect one's life or to plan changes for the future because qualifications for welfare programs rely on exhibiting certain levels of need. If the need is no longer there, then the payments are not either. Thus, planning for a college education or buying a decent home is almost entirely out of the question because either of these requires enough disposable income for savings. To have disposable income means that one does not need payment and support for basic needs. In this manner, our current welfare system rather than providing a baseline of opportunity for all citizens actually creates a divide in society between those with social mobility and those trapped in the lowest levels of the socioeconomic scale.

Another aspect of this problem is fairness, both to welfare recipients and to those paying for the welfare. First, if we are truly committed to aiding those in need and giving them a fair shot at opportunity, it is not fair that our welfare programs not only do not provide this, but continue the problem. As society progresses this group of people are missing out on the opportunity to progress with it. Second, it is unfair to those footing the bill to continue paying for programs that are not achieving the goals of American society. Without getting into a discussion of how much the wealthy should contribute to the least well off, if our welfare programs are not achieving the results necessary to include the least well off in the wealth of the nation, it is unfair to continue to take money away from those who have earned it. Clearly the resources to support our fellow Americans must come from somewhere, but those funds should be used efficiently and effectively to achieve a society where everyone has the chance to grow and prosper, not the chance to merely meet their basic needs for living. We should have higher standards for our

redistribution and welfare programs, and if the programs are not working as well as they could, it is unfair to all parties concerned.

The current system is also failing to ensure the very goals that I have listed for the UBI to achieve under independence and individuality. First off, the current programs are without a doubt stigmatizing. Though there have been attempts to change this, such as the SNAP program changing to a debit card-like form of payment rather than actual stamps, recipients must still go through the process of qualification for the program. Our current system relies on bureaucracies throughout the government determining who qualifies and who does not. They weed through the many aspects of people's lives to determine if the recipient is truly in need, and perhaps this is the best way to implement a program such as this, but it seems to me that if this is the case, perhaps this is not the best program. The UBI is paid to all people, no strings attached. It can be used on food, clothing, gambling, or housing. There are no stigmatizing effects because everyone receives it no matter who they are or what their circumstances are.

The current system also does not ensure that individuals can leave bad living situations. Our tax code is based on household income and thus so is our welfare programs. The levels of support change when there is a change in the number of family members, and it is also based on the state where the recipient resides. This system limits the mobility and independence of individuals because of the structure. Again, I cannot imagine a better way to implement the programs we currently have without disrupting the balance of power between state and federal responsibilities, but the UBI is paid regardless of these factors and is thus not held to the same restraints.

Another problem facing the current welfare system is that most of them try to determine what is best for the recipients, rather than allowing individuals to make decisions for themselves.

The clearest example of this is dietary restrictions for recipients of the SNAP program. The USDA releases meal plans and shopping lists that can be purchased cheaply enough and meet the recommended daily values of nutrients, however, fresh fruit and vegetables are often much more expensive than the cheaper, canned versions that often have higher levels of sodium. These shopping lists are often very limiting in what can be purchased to meet the requirements, and most of the products are of the lowest quality. However, if someone is gluten-intolerant or vegetarian, these shopping lists and meal plans are even more restricted. Most gluten-free products are extremely expensive in comparison to wheat-based products. Also, it is impossible for the government to tell citizens what foods to like and which foods not to like. Tastes and preferences are individual qualities specific to each person. It seems basic to be able choose the foods one prefers to eat, within reason of course (a preference for caviar and lobster on government payments is outrageous to defend). In order for citizens to be truly independent, we must prevent government from coming into the personal, daily lives of our citizens, even if they require assistance for paying for food and housing. If everyone receives a UBI payment, the wealthy will no more want the government to dictate how to spend their money than the least well off will.

Keeping these reasons in mind, I believe that the UBI program that best satisfies these requirements is Charles Murray's "Plan," as he calls it. Murray's proposal for an annual payment of \$10,000 not only satisfies the normative reasons supporting a UBI, but he shows how it can be politically feasible in our American conditions. First of all, it provides an effective baseline of opportunity. \$10,000 is a substantial amount to receive on a yearly basis. It can more than cover most basic needs for an individual living frugally and earning a modest if not meager income. When Murray wrote his proposal in 2005, the welfare system was essentially spending \$7,000 on

every man and woman twenty-one and older, and this figure was rising fast as he wrote.¹⁵ This was also before the Great Recession of 2008-09 when figures jumped drastically as unemployment reached all time highs. In his chapter on poverty, Murray compares the values of cash and in-kind benefits that would be eliminated under his plan to the value of the UBI. California, he points out, is the highest-benefit state in the continental union and for a family with the father earning \$10,000, the mother earning no income and one child the package of benefits would value approximately \$7,562 plus an in-kind benefits package (56). Under Murray's Plan, the total benefit package would be \$20,000 cash (both the mother and father receive \$10,000 per year). Murray goes on to argue that even if neither parent earns an income, in almost all states the Plan is still better than the packages that this family could currently receive.

Using this information, we can see that the UBI not only provides enough to cover what we currently consider enough to meet basic needs, but leaves enough left over to save or plan for the future. It provides a better baseline of opportunity because even if an individual finds a better paying job they end up netting more money rather than losing benefits because of the better job. The planning function is important because people can plan for better mobility on the socioeconomic scale, if not for themselves, then certainly they can plan for their children.

The Plan better helps individuals plan for retirement, healthcare and to cope with poverty. These have been discussed already, so I will only briefly discuss them here. The Plan allows for all people to plan for retirement from the age of twenty-one. If we assume the requirement for retirement, even the minimal amount of \$2,480 that Murray discusses in his chapter on retirement, people are better prepared and will live a more comfortable life in retirement than they currently do. Furthermore, the Plan will ensure that every adult has enough money to

¹⁵ Murray, *In Our Hands*, 15.

purchase a healthcare plan in the amount of money that they receive annually, without adding a stress on taxpayers to pay more and more for so many different programs. Now of course this means, based off of Murray's estimations, that about \$5,000 annually will go to these two factors, but it still leave \$5,000 for individuals to decide how to spend; whether it be on food, clothing or housing, it would be \$5,000 for an individual to decide how best to spend or save the funds.

The Plan also increases independence and individuality because Murray is not proposing any additional taxes to pay for this scheme. Rather, he is eliminating the transfer programs as they currently exist and proposing to spend them in a more efficient way. He writes,

Every year, the American government redistributes more than a trillion dollars of that wealth to provide for retirement, health care, and the alleviation of poverty. We still have millions of people without comfortable retirements, without adequate healthcare, and living in poverty. Only a government can spend so much money so ineffectually.¹⁶

The goal of his Plan is to increase the independence of individuals of all situations on the socioeconomic scale and to vastly reduce the scope of government by giving Americans back the wealth that we have worked so hard to create. Furthermore, he shows that this Plan is more politically attractive because it is feasible and achieves the goals of welfare programs better than our current system does.

Murray's plan would achieve these goals better than Van Parijs' plan because it is more politically feasible. This hinges almost entirely on the fact that Van Parijs proposes a UBI at the highest sustainable level in addition to our current transfer programs. Van Parijs' plan would probably be the best proposal for an ideal world where our concern was weighed more heavily

¹⁶Murray, *In Our Hands*, 1.

by normative values such as fairness and justice, but alas we live in this world where oftentimes our vision of justice is obscured by the cost of taxes and the loss of votes. It is true that the wealthiest members of society could certainly pay more for a program such as this, but that would be political suicide for any politician. So while Van Parijs can argue for the highest sustainable level, the wealthiest members of society will only see their costs rising faster and faster and it could hardly be expected that they could get behind a program with little foreseeable limits on program cost.

The Stakeholder's Society is still more politically feasible than Van Parijs' proposal, but it goes against the basic concept of a baseline of opportunity in one important aspect that Van Parijs points out: some people really are not cut out to make the best decisions and to give them a lump sum of \$80,000 at the age of 21 with no restrictions is a huge responsibility. Any UBI plan must have a basis of realism, and to assume that twenty-one year olds really are capable of making the best decisions is assuming a bit too much. Van Parijs argues that we could easily revert back to implementing a means-tested system and then we are back to an \$80,000 more expensive square one.

The Stakeholder's Society is also less politically feasible than Murray's Plan because it does not provide all citizens, regardless of age, with an incentive for the plan. The Stakeholder Society assumes too much of citizens across the range of ages: that the elderly will pay back the entire sum, that the middle-aged workers will pay an additional wealth tax, and that youth will plan their lives accordingly from the age of twenty-one. Hardly anyone knows what they want at such a young age, and though it would provide ample opportunity and probably a stronger baseline of opportunity due to the sheer size of the payment, the smaller and yearly payments of

the Plan ensure the benefits to all citizens at any stage of life, for less taxpayer dollars than the Stakeholder Society.

In conclusion, a UBI should be implemented if it can better achieve the goals of a welfare state, which I have defined as providing all citizens with a baseline of opportunity and ensuring more independence and individuality for all. Our current system, though it may not be entirely failing, is not achieving these goals as much as they could be achieved. I believe that a UBI could better achieve these outcomes, specifically, Charles Murray's Plan could do the best. Any change to the welfare system must be both normatively attractive and politically feasible, and I have argued that the UBI is both.

CHAPTER 4: OVERCOMING THE OBSTACLES

Of course there are many critics of the UBI, and specifically of Murray's Plan, but many of these problems can be worked out in the details. Unfortunately, as the saying goes, the devil is in the details. I will not hesitate to say that what Murray is proposing is radical; eliminating transfer programs as we know them: social security, food stamps, and unemployment benefits, all completely gone. However, I think most American citizens are tired of the current state of affairs and if presented with the opportunity, even a radical opportunity, more than enough interest would be shown. However, if the UBI is to work it does indeed have several challenges to overcome. In this chapter I will be examining the three problems that I believe will require the most effort and present the largest obstacles to success: first, with no work requirements there will be no incentive to work; second, eliminating current welfare programs entirely is bad for the American people; and third, if one of the reasons to adopt the program is to increase independence, this is not the best way to do so. After presenting each argument, I will address the problem as fully as I am capable with the ultimate goal being to show that Murray's version of the UBI can indeed be successful in current American society.

One note that I want to make before beginning is that I am purposefully ignoring the issue of expense for now. The weight of the UBI upon the purse strings of American taxpayers is of course the most pressing issue. We do not rightly have a claim against the current welfare system if the most viable alternative does a worse job of providing welfare efficiently. We need a welfare system that smartly delivers welfare to citizens at a fair cost to those footing the bill. If the UBI is more expensive than the current system, then the other benefits of the program must outweigh the excess cost. This, however, can only be stretched so far. Policy decisions need to be

grounded both in normative and economic values. Though expense is a weighty issue, I will not cover it in this chapter, but will instead spend the entirety of the following chapter discussing the financial aspects of such a program. While the problems I will discuss in this chapter are also of great importance, the issue of expense is the greatest challenge to overcome due to political feasibility. If I were defending a plan based solely on justice and what would make all Americans better off, I would certainly argue for much more than \$10,000 a year, however that would never make it to any desk anywhere in Washington. Under the constraints that American politics places on policy, however, the most important factor tends to be the bottom line which is why the final chapter will be devoted to this issue.

The second immediate response to the UBI is “But no one will work if the government gives out free money!” (The first response is, of course, that the plan will cost far too much.) However, as discussed in the second chapter, Murray provides an ample discussion based on overcoming this problem. First, it is important to identify three example classes of beneficiaries under the plan: young men currently out of the labor force, women who will become stay at home moms, and those who purely have no desire to contribute to society.

The first group represents a section of what Murray has termed the “underclass.”¹⁷ The important distinction of this group from the last-mentioned group is that these males are those that are not working even under the current system; their work disincentive does not stem from the Plan. I have discussed this group previously, so I will avoid a lengthy description, but essentially this group bums off of family and friends, maybe makes some money on the side through mostly illegal sources, and tends to avoid responsibility (69). Murray writes that this group of young men will fall prey to what he calls the “Doolittle Effect” (68). The Doolittle Effect is based off of Alfred P. Doolittle in *My Fair Lady* and *Pygmalion*. Doolittle is the rather

¹⁷ Murray, *In Our Hands*, 66.

scummy, British father of the main character. He has the (mis)fortune of being introduced to a wealthy American businessman as the most original moralist in England, after which he receives a large gift of money. Lo and behold, where once Doolittle was able to beg and bum off of others for his lack of work and responsibility, now he is the object of the very same attention. He cannot get rid of the problem, but neither can he give the money away. Murray predicts that under the Plan, this will be the case for the young men who choose to avoid work even without the UBI (68). No longer will these fellows be able to avoid paying for rent, food, or child support: everyone who once provided for their life of leisure will be well aware of the yearly guaranteed income and can rightly claim payment. And so, under the Plan, these men can continue not working and live on the \$10,000 or they can find work and bring in more money. The UBI should pay for their basic needs such as food and rent, but having an additional job will then provide “fun” money, since there is already a source of income, it seems most likely that these men will continue bringing income into their homes (68).

With this group, it seems natural to think that rather than just giving them money to continue down their paths that the government should instead be getting them jobs or requiring more contribution to society. This, however, is a problem that our current system is not addressing either. Incentivizing a class of people is probably out of the scope of welfare policy. Since one of the benefits of the UBI is that it will provide everyone with a baseline of opportunity, by implementing this plan we can hope that over the long run these groups will seize the opportunity presented to them and pursue education, well-paying jobs, and other productive roles in society.

The second class of individuals, mothers, or fathers for that matter, who choose to leave the workforce to be at home with their families. This ties in very closely with Van Parijs’

Feminist Concern. There are surely mothers who work purely out of necessity to supplement or provide family income. If they were instead able to stay home due to say a \$20,000 increase in yearly salary (both husband and wife would receive the UBI) and the family could support losing the difference between the loss of her salary and the net UBI, then why not? Having a parent who is at home is a huge benefit to children. Having parents around in a child's life is hands down better than both parents working all the time and coming home exhausted with little energy to spend on children. I am not criticizing families with two working parents in the slightest, but in an ideal world we could have it all: a full-time job and the well-balanced family, but the 24-hour time constraint on a day is a challenge to many American families. For parents who choose to work because they enjoy their jobs, want to put their hard-earned degrees to work, or just need a break from home, the UBI will easily allow a decrease in working hours. For those who must work out of necessity, the Plan provides a real opportunity to either work significantly less, or perhaps stay at home altogether. As for those who are already at-homers, the UBI will provide a significant recompense for the hard work that these devoted parents do. Parenting is often called the most difficult, thankless job someone could ever do, but the UBI can provide substantial monetary compensation.

Though I doubt many critics would argue with the value of stay at home parenting, even though they are not contributing to the GDP or other measures of economic growth, stay at home parenting in most cases will help future generations by providing more quality time with parents: creating time for homework, reading with children, and doing more activities that will help children develop better. There is an argument that perhaps this is not necessary, but it seems that children are not entirely as wholesome as they were, compared to the 1940s-1960s when there was almost definitely a parent at home. Society has greatly progressed to allow each individual

to choose whether to pursue career, family or both, but spending more time with close family rather than an increasing amount of daycare and after school programs cannot hurt anyone. It seems that American society as a whole is losing a lot of the responsibility and thoughtfulness that seemed common sense in previous generations. Perhaps giving the option for parents to spend more time at home without financial consequences will bring this back to our youth.

The third group of individuals is those that have no desire to contribute to society because they would begin to receive the UBI. Murray's response to this problem is that there are two buffer zones built into the Plan to prevent most individuals from skirting work in order to live the Life of Riley. I have also previously mentioned these buffer zones in the second chapter, but shall now explore them in depth. The first is the high payback point of the Plan. Recipients do not begin to pay back their UBI until they are earning over \$25,000. This payback point is an extremely important aspect of work incentives because experiments with different welfare programs have failed entirely because if the incentives are not designed correctly, it is human nature to avoid work if the effort and pay are not calibrated to encourage individuals to work. The most famous experiment in American welfare programs was the Negative Income Tax (NIT) in which you get paid by the government the difference between your salary and the set floor if you earn below that level rather than paying taxes to the government. Ultimately this failed because the citizens working just above, at, or just below the floor were essentially making nothing for working. The government guaranteed them the floor, and so they could work for pennies on the hour, or they could stop working and earn approximately the same amount. Most clearly chose the latter.¹⁸ The cunning of Murray's plan, however, is that once an individual is earning \$25,000 annually, plus the \$10,000 the difference between nearly \$35,000 (there will be deductions for taxes, of course) and living off of less than \$10,000 is vast. Assuming that most

¹⁸ Murray, *In Our Hands*, 74.

people are not entirely miserable at their jobs, it seems crazy to walk away from a sizable income to instead live at a subsistence level (74).

Instead, I think the real question in this situation is "Why should the taxpayers pay people who have steady, decent-paying jobs, especially without any justified need?" The response is that life is unpredictable and as a society we must ensure that our citizens are prepared for the rainy days that will most surely happen to everyone. Removing the qualifications allows all individuals the opportunity to decide when the best time is, and the best manner to prepare for them or to remedy those times. Every citizen should have the opportunity to be safe from hard times. Also, even seemingly steady jobs can crash unexpectedly. Up until the Great Recession of 2008-2009, home construction and sales were booming and construction was paying extremely well, but then growth stopped almost entirely and many steadily employed citizens quickly found themselves without income. The work disincentive problem seems to be more about giving money to people who do not seemingly need the money because most people will not walk away from five or six-figure salaries to less than \$10,000 especially if they have families to support. Humans are mostly rational creatures and more is almost always better than less. The high payback point really does ensure that most people will continue to work as a rational decision.

Murray's second buffer zone is the age at which the UBI begins. In the US a child legally becomes an adult at eighteen. This is the point that most teenagers decide whether to go to college or to work. As Murray points out, for those who decide to work for the three years between high school and age twenty-one they will be able to explore careers and most likely will already be earning that \$25,000 by the time they reach the proper age. At this point they will fall into the first buffer zone and will most likely continue working. At worst, perhaps some of these individuals will quit work in response to receiving the UBI. If this is the case, they may take a

year or two to have some personal time, perhaps to travel or do fun things that young adults do. They should not be condemned for this because the teens that choose to go to college have four years of their own to do this exact thing. Yes, college students are attending classes, but they also have spring breaks and summer breaks of free time to enjoy being young. The young adults who go straight into the workforce do not have this luxury beyond the vacation time their jobs may have. Taking time for self-exploration will only help to develop American citizens and allow them to determine the correct life-path for themselves rather than being subject to circumstances and the limited job availability that a high school diploma provides.

Alternatively, those who decide to go to college will mostly not begin receiving their payment until their junior year of college. It would be far more rational to finish the degree in favor of obtaining a job in an individual's desired field rather than quitting college in favor of lazing around. The prospects of earning a six-figure salary and doing the job one loves are far more appealing than living like a surf-bum on less than \$10,000 a year. Murray also points out that this will allow the opportunities to study abroad and take unpaid internships a reality for lower-income students (77). Everyone could have the opportunity to do these experiences where financial constraints prevented them before. And furthermore, most employers and graduate schools are seeking candidates who have real life experience, not just a college degree. The prospects for an individual who has traveled the world, and participated in programs that provided education outside of the classroom make candidates much more competitive than those who apply straight out of their undergraduate degree. The UBI will allow young college grads to explore their options, volunteer, or see the world in order to bring broader perspectives and experiences into their future employment or studies. These opportunities would be available to all American youth and not just the children of the one percent. All parents want this type of

opportunity for their children, regardless if they go onto college or work, and the UBI provides a real opportunity for youth to make the decision to seize these opportunities without relying on their parents' ability to fund them.

Ultimately, there will of course be those who choose to quit work when they begin to receive the UBI. Typically by human nature we prefer to work less, especially if we get more in return. The benefit of the UBI is that we all receive the same amount no matter how hard or not hard we work. The decision is ours. As I have mentioned before, I think most people would get extremely bored without the opportunity to work, and even restless housewives must find ways to occupy their time. The size of the UBI does not truly provide that much ability to spend recklessly on frivolous things to the detriment of society if an individual decides not to work. The cost of living will eat up most the UBI, again leading to the conclusion that most people will seek out work to supplement the payment.

Perhaps, however, there will be a problem with people not seeking jobs paying more than \$25,000. Even at this level, however, the individual would not be paying back the entire \$10,000, and as Murray points out, paying back a few hundred dollars on nearly \$35,000 is essentially nothing in comparison (75). Human drive and ambition will win out in most cases because though \$10,000 is a large sum money to the poorest in society, for the wealthier classes \$10,000 is not an incentive to change their lifestyle or life plans. For the poorest, the \$10,000 will act as a springboard to pursue a better quality of life rather than a floor that will trap them in the levels of society in which they have always been because it will provide them with the chance to have better opportunities in life.

The second obstacle I believe to be important to tackle is the issue of eliminating current transfer programs. While Van Parijs and Ackerman and Alstott propose their plans in addition to

current welfare and other transfer programs, Murray goes beyond that and suggests his Plan replace those programs entirely. In this section I will review which programs are to be eliminated according to Murray and what their expenses entail, and then I will argue that eliminating these programs will not be much more than a grand adjustment that we will need to make as a country.

The first group of programs to be eliminated is those with eligibility independent of earned income (130). This list includes the categories of retirement and disability insurance benefit payments, Medicare, and unemployment insurance benefit payments for a total (in 2002 dollars) of just over eight hundred billion dollars (130). Murray assumes that the worker compensation will be transferred to employer paid programs rather than government paid.

The second group of programs can be classified as income, in-kind, and services to low-income individuals. This of course is the most controversial group to cut because it is the category that goes to those most in need. This category consists of medical care, cash aid, food benefits, housing benefits, education aid, services, jobs and training, and energy assistance. Sum of the items falling within these subcategories are veterans medical care, maternal and child health services, the Earned Income Tax Credit, foster care, food stamps, Section 8 low-income housing assistance, Pell Grants, and the Federal Work-Study Program just to name a few. The totals for this category are as follows: federal expenditures \$373 billion, state and local expenditures of \$149 billion for a grand total of \$522 billion (133).

The third group of programs to be eliminated is the most contested programs that the US currently offers: transfers to industry, nonprofits, and favored groups. These are the programs that most Americans feel are a poor choice of expense for taxpayer dollars. For instance, the farm subsidies are infamous for paying farmers to *not* farm their land. Murray defines the specification of this group as being joined by a common occupation, ethnicity, or locale (132).

Murray also explains that the transfers in this category require careful analysis in deciding what is considered a public good and what is a payment to small interest groups. This category is also unique in that rather than affecting general categories such as healthcare, Murray has listed them directly under the federal agencies which they will affect: the Department of Agriculture would have to cut programs like the Agricultural Research Service, Federal Crop Insurance Program, and of course Commodity Price Supports (136). The Department of Commerce will need to cut programs such as the Economic Development Administration and the American Fisheries Promotion Act (136). The Department of Defense will need to cut the Army Corps of Engineers and the Advanced Research Projects Agency (136). The Department of Energy, Department of Housing and Urban Development, Department of the Interior, Department of Transportation, and other independent programs such as NASA and the Small Business Administration will all also have to face similar cuts. Altogether the cuts to these programs will produce a grand total of nearly \$63 billion (in 2001 dollars) (136). This total only includes federal programs and not state and local expenditures, so it would of course be much larger if these totals would be included. Murray notes that to calculate these expenditures would require analysis of the budgets of state and local entities across the country.

The elimination of the public funding of these programs would be a massive change to American society and the structure of our economy. I foresee two major consequences: a change in the way the three classes of American society receive benefits and fare economically and of course the effect of eliminating many of these programs and jobs that are currently provided through taxpayer money.

First, earlier in this paper I discussed that in almost all situations receiving \$10,000 cash each year was a larger sum than the package of cash and in-kind benefits that the poor in

American currently receive. The poor would be better off without the eliminated programs primarily because they would have the freedom to decide in what way to spend their own money. Clearly getting cash provides more utility than receiving in-kind benefits because of this reason. Of course, receiving cash allows for more misuse of the funds, but remember, since everyone receives the funds we cannot judge others for the way they spend theirs. Rather than relying on different programs throughout the different stages in life, the poor can plan for retirement early on and Social Security later on will not be a necessity. Of course we cannot guarantee that anyone will do this, but at worst even in retirement years each citizen will still receive \$10,000. Health insurance can also be guaranteed, and not limited by the requirements of Medicare, but with the \$10,000 each person can buy the insurance plan that suits them best.

The direst potential consequence is that if people do not use the UBI to plan and provide for themselves appropriately there would not be any sort of safety net to catch these individuals. This however, is only partially true. While there will not be any publicly funded programs, there is nothing stopping individuals or nonprofit organizations from doing so. Murray provides an entire chapter on the strength of the private community to provide for those in need, writing, “Broad networks, engaging people from the top to bottom of society, spontaneously formed by ordinary citizens, provided sophisticated and effective social insurance and social services of every sort [at the time the New Deal began]. They did so not just in rural towns or small cities, but in the largest and most impersonal of megalopolises. When I express confidence that under the Plan such networks will regenerate, it is based on historical precedent about how Americans left to themselves tackle social needs, not on wishful thinking” (116-117). Thus there is historical evidence that groups such as the Free Masons, community churches, and individual groups will form together and provide the very services we have relied upon the government to provide. This

will be much cheaper to the average American and will provide a stronger sense of community throughout the country, neither of which could be a negative consequence. Furthermore, having the responsibility to provide for oneself is something that should be part of American society. At some point, the ties need to be cut such that individuals can become just that: independent individuals. The old saying still holds amazing value: if you give a man a fish he will have food for the day, but if you teach a man to fish, he will have food for the rest of his life. The best gift we can provide to our fellow citizens is that of freedom and personal independence so that we can all have a fair shot at being productive members of society.

The middle class will benefit the most from the Plan because for many families they will have extra money brought in anyway. Assuming that most middle class individuals are working steady jobs and are competently providing for themselves and their families, the \$10,000 fund will allow them to purchase insurance and plan for retirement on top of what they are already doing, while also leaving some “fun” money to pad their bank accounts. The middle class already has their basic needs met, so the extra money coming in provides real freedom for these individuals to save more for retirement, pursue their dreams and leisure that were once reserved for the upper class. Now it may not be realized immediately, but the Plan will allow for these individuals to plan for such things and gives them the reality of these dreams. Since the middle class largely does not receive any of the eliminated programs, they should not be entirely harmed by the cuts. However, it will require serious planning and savvy when preparing for retirement and rainy days, as well as ensuring proper health insurance. The other foreseeable impact is that if these individuals are associated with some of the federal programs or departments that will be cut for employment. For example, if an individual is a farmer, not receiving the standard crop insurance or price supports will be a significant hit. However, many of these subsidies and

programs are outdated and if the market were allowed to regulate the farming industry the way other industries are, I am confident that competition would carry the industry and with some adjustment, agriculture would still be successful, as would other industries. Human ingenuity always finds a way to create success or to leave unproductive endeavors after sufficient time and effort.

The upper class, of course would make far more than the UBI total payback point. They would essentially receive no benefit at all, but they already earn enough to take care of themselves. I do not think they deserve or are in need of much support. Sure, some of their industries may no longer receive subsidies and tax credits that they have been used to receiving, but I do not think the American public will mind too much. If anything, the wealth should feel safer because there will not be any wealth taxes or other taxes generated mostly aimed at them to pay for the Plan.

The other major consequence of cutting these transfer programs is inevitably the loss of many government positions that will be eliminated. The administration of these programs will no longer be necessary and of course neither will the jobs that fill those roles. Just as the provision of these services will fall on private individuals, I believe the private sector will pick up on many of these programs, say crop insurance or research, for example, and many of the employees from the public sector will be able to continue their positions on the private side. Though the security of a public sector position will no longer be available to as many workers, the opportunity to grow in a competitive industry and earn the competitive salary can certainly be viewed as a positive. Furthermore, the elimination of these programs will most likely be done over a period of time and not immediately, allowing employees to plan accordingly and for the market to pick up the slack of the public sector. The most important thing to keep in mind is that just because

we have done something in a certain manner does not mean that it is the best way to do it. If the UBI with eliminated transfer programs will help individuals and help modernize our approach to welfare than we should give it a fair chance rather than relying on programs that we have done because of a historical event that is only partially relevant to our circumstances today.

The last problem that I will address is that if one of the goals of implementing the UBI is to create more freedom for individuals, that Murray's plan as it is, does not provide the most freedom. A variation of this argument is found in Ackerman and Alstott's *The Stakeholder's Society* as a general argument against the UBI. Hopefully I have made clear the differences in their plan from both that of Van Parijs' and Murray's, though I believe the Stakeholder Society at the core has the same ideals and goals, which is why I have included them in this discussion. Briefly I will address this general complaint before moving into the heart of the discussion here, which is, that when compared with other welfare programs, Murray's is the most restrictive.

First, in general, when you give an individual eighty thousand dollars in one lump sum they clearly do have an incredibly large amount of freedom and spending power associated with that sum. Eighty thousand dollars can cover the cost of many four-year universities, as well as act as a significant down payment on a home or business investment. This is a huge amount of money even for many of the wealthier individuals in this country. The amount of money would indeed act as a great equalizer allowing most young individuals a real opportunity to shape their lives without any sort of financial restraint. While this does indeed create the freedom that we seek from our welfare program, the path to this freedom is wrought with more taxes and restrictions than we currently have now. First, in order to pay for such a program the authors favor creating a new wealth tax. I am not arguing that the rich could not afford such a tax, but purely by creating more taxes to implement we create more government involvement in

individual's lives. As a second point, recipients of the stake are expected to pay back the eighty thousand dollars, making retirement more complicated in the sense that \$80,000 now has to be set aside. The idea forming the basis of this program, whether it is the wording from Spiderman's Uncle Ben, Jesus, or Franklin D. Roosevelt, to whomever much (power) is given, much is also respected in return, or the greater the responsibility is. The author's think this is the answer to creating a fair opportunity in this country. It may be, however, I believe only as an ideal. In practice, the set up and the ultimate freedom may not be as much as the authors hoped, in comparison to a smaller, regular payment such as a UBI scheme.

If we turn to the specifics of Murray's plan, however, I believe the main freedom issue here is that there is a limited fund that in one version may require mandatory spending. If we pay citizens \$10,000, this is certainly not a huge sum, but it will make a huge difference. By making the health insurance and retirement savings mandatory, the annual sum, unfortunately, is almost halved. There seems to be a conflict of interest between creating more freedom and the two programs eating up half of the sum. Five thousand dollars is an even smaller amount than ten thousand dollars, and for most people it will not do much more than perhaps cover the expense of some food. The impact of five thousand dollars will not do enough to change the circumstances of less well off Americans.

The reason this criticism does not hold much power, is because far more freedom will be created for groups that are currently overlooked, while also providing a continuous safety net for all people throughout their entire adult life. The freedom is created through the removal of purchase restrictions and the ability to have options. Instead of food stamps or housing vouchers, citizens receive actual cash. Stay-at-home parents receive compensation for their hard work creating more middle class freedom. It does not seem that there is an entitlement to the freedom

created by a plan such as the Stakeholder's Society, but it does seem that as Americans we are entitled to a safety net. If we are making a decision for the real world, the here and now of America, we need to make the choice between options that are politically feasible, and it seems that those options are between the growing expense and hassle of what we currently have, or a small, but guaranteed safety net that all Americans can rely upon.

Throughout this chapter I have explored several criticisms of Murray's Plan and discussed why we can overcome these obstacles. Work incentive is a real issue, that with time and the natural determination of Americans will be an issue that will essentially work itself out, and if it does not, there will be such a negligible amount of true slackers that the American economy will continue to push on. Second, the current expense of our welfare and transfer programs needs to be evaluated. Eliminating the vast majority of them will not have the negative effect that most assume it will because rather than having government agencies determining how to spend the money, individual Americans can, and will make decisions based on their individual sums. Furthermore, Murray has provided historical evidence that Americans have formed private groups to take care of Americans in need, and it can be predicted that private individuals will do so once more. Finally, freedom is not something that comes without costs, and though it would be truly wonderful if we could provide all citizens with an unlimited amount of resources, we must keep costs and political feasibility in mind. Murray's plan provides an expansion of freedom compared to what we currently have, that is also a political goal that can, and should, be realized.

CHAPTER 5: CONFRONTING THE COST

This final chapter is about the bottom line. The Universal Basic Income must not only be politically feasible, but it must also be affordable. Remodeling our current welfare system to a more expensive or a cost-inefficient scheme would be a disaster, not just politically, but economically as well. The most obvious problem with the UBI is that the cost seems to be larger than anything our system can handle. Fortunately, this simply is not true. There is enough wealth in the US that this country can indeed afford to pay all US citizens twenty-one and older a yearly sum of \$10,000. This of course would require some very difficult choices and cuts in the way our system is currently run. In this chapter, I will be looking at two cost proposals. The first will be an examination of what we could do as a transition UBI. In this transition, we would hold off on the elimination of all transfer programs, and instead \$10,000 annually the payment would start at \$5,000 annually. Using the Budget Simulator tool from the Committee for a Responsible Federal Budget I will propose two routes to achieving this goal: raising the funds by raising revenues and raising the funds by cutting spending. The second half of this chapter will look at the current costs of transfer programs and how they compare to the cost of giving each citizen \$10,000. This chapter should hopefully show that the costs of a UBI program in the US are more than achievable. Cost is not the obstacle on which we should focus; politics creates a much larger hurdle.

Before I begin discussing how I propose to pay all adult citizens a \$5,000 UBI, I need to explain the Budget Simulator. This tool was developed by the Committee for a Responsible Federal Budget and was created in order to simulate the decisions Congress must face in order to stabilize the debt. The committee is a “nonpartisan, nonprofit organization dedicated to educating the public on the federal budget and fiscal issues and promoting fiscal responsibility in

Washington.”¹⁹ It is an interactive web tool that offers real choices that have been discussed on the House Floor for users to choose from, with data that was updated in March 2012. It offers options both on the cost cutting side, as well as on the revenue side to present a well-rounded option pool that simulates the tough choices Congress has to make. The data from the simulator mostly comes from either the Congressional Budget Office or the Office of Management and Budget. Other data is compiled from the Joint Committee on Taxation, and finally some data from non-governmental sources.²⁰

The simulator shows the way policy options affect the debt in the medium- and the long-term. The goal of the simulation is to get the federal debt at or below 60% of GDP by 2021 and have the debt remain stabilized through 2030. This means that in order to “win” the simulator, the user must find \$1.6 trillion worth of cuts. They calculated the data and the amounts of the different options by referring to the Congressional Budget Office’s “Budget Options” reports, while Social Security options were based on short- and long-term projections from the Office of the Chief Actuary of the Social Security Administration.²¹ While the data and goals of the simulator differ quite largely from the goals of the UBI, it is beneficial because it provides us with an estimate of how each adult citizen can begin receiving a UBI by 2021.

When using this data for my own goals, I assumed that the federal budget would remain in the debt situation that it is currently in. I did not try to balance the budget by any means; I merely assumed that the current situation would remain. The first set of choices is the mandatory spending options. In these options, the user must choose a budget path by making decisions on Iraq and Afghanistan, the 2001/2003/2010 Tax Cuts, and on altering the Sustainable Growth Rate. I tried to leave these areas as stable as I could because they are very much separate from

¹⁹ “Budget Simulator,” accessed April 21, 2013.

²⁰ Ibid.

²¹ Ibid.

the aims of the UBI. With Iraq and Afghanistan I chose to maintain current funding levels which left us with a \$0 increase in spending. The Tax Cuts however were quite expensive, but I chose to allow all the Tax Cuts to expire except for the AMT Patches and Estate Tax at 2009 level. This option cost \$1,130 billion, but I chose it because it was the least expensive option that affected all Americans broadly. I chose to freeze the Sustainable Growth Rate so because freezing it would have the least amount of change to the current system. This comes with a price tag of \$320 billion. These three decisions, however, I did not include in my totals. These are choices that must be made regardless of the debt decisions or how Congress decides to progress. These are inevitable decisions that will not be “If” but “when” and “how much.”

In order to decide which revenues to raise and cuts to make, I attempted to stay true to the ideas behind Murray’s plans. If there was a cut to be made in a transfer program, I chose that rather than a cut in military or education spending. The choices on how to raise revenues was a bit more difficult. I decided, however, to attempt to stick to new taxes or new sources of revenue rather than expanding our current taxes. I also chose a couple options that cleaned up the current tax code, such as “Improve Tax Collection (Reduce Tax Gap)” and “Curtail the Deduction for Charitable Giving.” An important detail to note is that all of these changes mark decreases in the debt. I interpreted these as decreases in current expenditures for the cuts. With revenues, I treated them as absolute values that could be summed and redirected to paying for the UBI. For example, “Improve Tax Collection” cut \$10 billion from the deficit while “Curtail Charitable Giving” cut \$180 billion. I interpreted this to mean that by implementing both options we can add them up and redirect the \$190 billion toward the cost of the UBI.²²

Calculating the cost of the transitional UBI was straightforward: multiply the population of twenty-one year olds by \$5,000. The latest census data was collected in 2009, so in order to

²² Please see Appendix A for a complete list of the available options in the Budget Simulator.

determine the number of current twenty-one year olds I summed the total population starting at 17 years old through 100 years old and over. The total population for this group range is 236,766,000 people.²³ The total expense for the transitional UBI is thus \$1.184 trillion dollars. As the charts below show, by raising revenues and cutting the costs of current programs, I found \$1.23 trillion by following each approach separately. This leaves us with just over a \$46 billion surplus as a safety net for implementation or other associated transitional costs.

\$5,000 Transitional Universal Basic Income	
Total Population*	236,766,000
UBI	X \$5,000
Total Expense (in billions)	\$1,183

Of course a combination plan would be the best approach to creating the necessary funds for the transitional UBI. A plan to use a combination of revenues and cuts would be the best-rounded approach affecting all Americans the least amount. However, for the purposes of this paper, I wanted to show individually how it could be done by each approach. Also keep in mind that the above total does not include any of the pay-back population. I have assumed for the ease of calculation, as well as to show the feasibility of funding such a program, that even those earning a sufficiently high income will not be required to pay any of the UBI back to the government.²⁴ If, however, we were to include that calculation the actual cost of the program would be significantly less. The other note of importance, is that as a transitional UBI, we can move to the full fledged UBI by cutting a few more programs each year. By following this model it is easy to see that the UBI does not need to be implemented all at once, and neither would we have to cut all transfer programs immediately.

²³ U.S. Census Bureau, Table 11, Accessed April 9, 2013.

* Based on the population of 17-100 years old in 2009.

²⁴ See Appendix B to see how the funds were created using both strategies.

Now that we have covered the transitional UBI, I want to move to examining the costs of Murray's full-fledged \$10,000 UBI. If we adjust this payment with inflation, the value of this sum eleven years later would be a \$12,700 annual payment. The year 2002 was used as the base year, the year on which all of Murray's calculations are based, including the budget outlays.²⁵ Murray separates the proposed cuts in transfer programs into three categories: income transfers with eligibility independent of earned income, transfers for low-income individuals, and transfers to industry, nonprofits, and favored groups (131-137). Rather than following this same format, I combined the first two categories into one large category of personal transfers using data from the Office of Management and Budget. I left out the transfers to favored groups because I wanted to stay focused on the individual transfers, since the UBI will only be paid to individuals and not favored groups or nonprofits. I also only included federal spending on transfers and not state or local, due to the scope of this paper. There was a 112% increase in the amount spent on transfers in this eleven year period. Murray predicted that spending on our current welfare programs would surpass spending on the UBI by 2011, and it certainly has (15). Federal spending has been an issue of high contention amongst politicians, and yet no real solutions have come to the surface to keep spending under control. The UBI can do just that: the costs to the federal purse will be relatively stable as each year more people die and more people turn twenty-one and begin to receive the payment. Congress will no longer need to approve program spending because of the stability of the UBI program.

Based on 2013 outlays, the federal government is currently spending \$2.488 trillion on personal transfers, and the number is only predicting to grow higher.²⁶ On the other hand, to pay

²⁵ Murray, *In Our Hands*, 15.

²⁶ Office of Management and Budget, Table 11.3, Accessed April 21, 2013.

all 2.4 million adults \$12,700 the cost to the taxpayer is just over \$3 trillion.²⁷ Of course the UBI would need periodic adjustment from time to time to ensure that it still sufficiently met the needs of Americans, but overwhelmingly the evidence points to the UBI as a long-term solution to federal spending on personal transfers. Though this calculation shows the expense of the UBI to be greater than what we are currently spending on transfer programs, keep in mind that this amount includes *all* citizens. If this UBI were to actually be implemented, those people earning \$25,000 or more in personal income would begin to pay back the UBI and those above \$50,000 would not receive a UBI payment at all. Furthermore, implementing this program would also require us to closely analyze and consider the third category of cuts that Murray proposes: transfers to favored groups. The \$3 trillion merely reflects the absolute largest cost the program could be.

The chart below depicts the main category headings of the personal transfers and shows how much we are currently spending in each category.²⁸ Even if we could stabilize the spending for each category, there are so many programs here that benefit many different groups. It seems highly likely that more groups would even be added to this list. However, if we transfer cash, rather than these specific programs, we will allow individuals to decide how they can spend the wealth of this nation.

\$10,000 Transitional Universal Basic Income	
Total Population*	236,766,000
UBI	\$12,700
Total Expense (in billions)	\$3,007

²⁷ The Inflation Calculator, accessed April 30, 2013.

²⁸ See Appendix C for the expanded list of personal transfer spending.

Federal Personal Transfers	
Category & Program	Estimated Outlays in 2013 (in millions of dollars)
Total, payments for individuals	2,487,869
Social security and railroad retirement	826,701
Federal employees retirement and insurance	200,793
Unemployment assistance	75,129
Medical care	987,864
Assistance to students	59,731
Housing assistance	49,284
Food and nutrition assistance	111,586
Public assistance and related programs	170,248
All other payments for individuals	6,533
Source: Table 11.3—Outlays for Payments for Individuals	

In this chapter I have attempted to show how the UBI, whether it is merely transitional or if we attempt to implement a full UBI, can indeed be economically feasible. Naysayers cannot hide behind a defense of expense: the UBI can be implanted using the money that is currently collected and spent by the federal government. This does not mean that tough decisions will not have to be made; when it comes to economic choices there are bound to be negative consequences for some. However, if we continue down the path the US is currently on, it will continue to be more expensive and a larger drain on our resources. The UBI, as I have shown, can be a solution to this very problem. Politically, a UBI will continue to be a risky subject, but economically, it is possible and favorable.

CONCLUSION

Hopefully this paper has shown that the UBI provides the US with a real chance to make changes that will ultimately benefit Americans in the way welfare is supposed to support citizens. Life is easily comparable to a lottery of luck: some people are born into wealthy families, some with amazing mathematic minds; some people have the gift of language and can fluently speak six or seven languages while others struggle with their native tongues. In contrast, some people are born into lives of misfortune: to drug-addicted parents, workaholic parents, or just happen to have bad luck. Life is unpredictable even when all of the details have been carefully planned. The American welfare system should be designed as a cushion for these circumstances, but even more, it should be designed to help Americans back on their feet, not keep them trapped in their circumstances.

Though the UBI is primarily theoretical at this point, I have attempted to show that if only the US can overcome the political obstacles, the UBI can certainly provide a real opportunity for change and progress for all Americans.



CRFB.org Stabilize the Debt Simulator: [Your choices in blue.](#)

Choose Your Path

Iraq and Afghanistan

Reduce Troops to 60,000 by 2015 -\$580B

Reduce Troops to 45,000 by 2015 -\$840B

[Maintain Current Funding Levels](#) \$0

2001/2003 Tax Cuts

Renew All the Tax Cuts \$4,530B

Renew the Tax Cuts on Income Below \$250k/200k \$3,430B

Renew Tax Cuts Available at Lower Incomes and Continue AMT and Estate Tax at 2009 Level \$2,660B

[Allow All the Tax Cuts to Expire, Except for AMT Patches and Estate Tax at 2009 Level](#) \$1,130B

Alter the Sustainable Growth Rate

[Freeze the Sustainable Growth Rate](#) \$320B

Grow Sustainable Growth Rate at Medicare Economic Index \$380B

Adopt the Bowles-Simpson Fiscal Commission Recommendations for the Sustainable Growth Rate \$280B

Defense, Diplomacy & Security

Replace the Joint Strike Fighter Program with F-16s and F/A-18s -\$80B

Foreign Aid

Cut Foreign Economic Aid in Half -\$90B

Increase Foreign Economic Aid by 50% \$90B

Veteran Benefits

[Reduce Veteran Income Security Benefits](#) -\$60B

Expand Veteran Income Security Benefits \$40B

Reduce Spending Related to the Nuclear Arsenal -\$80B

Reduce US Navy Fleet to 230 Ships -\$170B

Increase Homeland Security Spending \$60B

Troop Levels

Increase Number of Troops by 46,000 \$80B

Reverse 'Grow the Army' Initiative -\$110B



CRFB.org Stabilize the Debt Simulator: [Your choices in blue.](#)

Domestic Social & Economic Spending

Restart the NASA Moon Mission and Create a Moon Colony	\$160B
Enact New Jobs Bill	\$300B
Highway Funding	
Limit Highway Funding and Increase Fees for Aviation Security	-\$130B
Enact Increased Transportation Funding	\$260B
Block Grant Food Stamps and Reduce to 2008 Levels	-\$180B
Cut Temporary Assistance to Needy Families (TANF) Program	-\$30B
Cut Federal Funding of K-12 Education by 25%	-\$80B
Eliminate the New Markets Tax Credit	-\$50B
Cut School Breakfast Programs	-\$40B
Double Funding on Adoption and Foster Care	\$80B
Increase Education Funding by \$10 Billion Each Year	\$130B

Social Security

Raise the Normal Retirement Age to 68	-\$160B
Slow Initial Benefit Growth	
Gradually Reduce Scheduled Benefits	-\$140B
Progressively Reduce Benefits, Protecting Low and Middle Income Earners	-\$40B
Progressively Reduce Benefits, Protecting Low Income Earners	-\$90B
Use an Alternate Measure of Inflation for COLA	-\$110B
Reduce Spousal Benefits from 50% to 33%	-\$20B
Increase Years Used to Calculate Benefits	-\$50B
Include All New State and Local Workers	-\$100B
Institute a Minimum Benefit	\$200B



CRFB.org Stabilize the Debt Simulator: [Your choices in blue.](#)

Healthcare

Modify Health Care Reform Law	
Establish a Public Option in the Health Exchanges	-\$100B
Repeal Insurance Mandate	-\$330B
Repeal Entire Legislation	\$80B
Repeal Legislation, but Keep Medicare/Medicaid Cuts	-\$700B
Increase Cost Sharing for Medicare	-\$130B
Raise Medicare Premiums to 35% of Costs	-\$190B
Require Manufacturers to Pay a Minimum Drug Rebate for Medicare Low-Income Beneficiaries	-\$110B
Enact Medical Malpractice Reform	-\$50B
Increase Medicare Retirement Age to 67	-\$140B
Replace Traditional Medicare with Premium Support	-\$150B
Modify Federal Medicaid Funding to States	
Reduce the Floor on Federal Matching Rates for Medicaid	-\$160B
Block Grant Medicaid and Grow With Inflation Plus Population Growth	-\$300B

Other Spending

Use the Chained CPI for Other Indexed Programs	-\$70B
Reduce Federal Civilian Employee Pay Increases and Cap Increases in Military Pay	-\$60B
Introduce Minimum Out-of-Pocket Requirements Under TRICARE for Life	-\$50B
Reform Federal Retiree Benefits	-\$70B
Reform Fannie Mae and Freddie Mac	-\$30B
Reduce Farm Subsidies	-\$100B
Expand Spending on Federal Research & Development	\$110B
Reduce Funding for the Arts & Humanities	-\$10B
Increase Mass Transit Funding	\$60B



CRFB.org Stabilize the Debt Simulator: [Your choices in blue.](#)

Revenue

Raise Tax Rates on Capital Gains	-\$60B
Sell Certain Government Assets	-\$80B
Impose a Financial Crisis Responsibility Fee	-\$80B
Repeal LIFO Accounting Methods and Eliminate Oil and Gas Preferences in the Tax Code	-\$150B
Enact Carbon Tax or Cap-and-Trade	-\$410B
Increase Gas Tax by 10 Cents per Gallon	-\$120B
Enact Five Percent VAT with Partial Rebate	-\$490B
Eliminate Taxes on Capital Gains, Dividends and Interest for Families Earning Below \$200,000	\$230B
Impose a 5.6% Surtax on Income Above \$1 Million	-\$540B
Enact the Buffett Rule	-\$160B
Raise Social Security Payroll Tax Cap	
Raise Cap to Cover 90% of Earnings	-\$410B
Institute Two Percent Surtax on Earnings Above Cap	-\$200B
Reduce Corporate Tax Rate to 30%	\$410B
Index Tax Code to Alternate Measure of Inflation	-\$50B
Improve Tax Collection (Reduce Tax Gap)	-\$10B

Tax Expenditures

Tax Fringe Benefits as Regular Income	-\$80B
Gradually Phase Out Mortgage Interest Deduction	-\$240B
Curtail State and Local Tax Deduction	-\$590B
Eliminate Life Insurance Tax Benefits	-\$280B
Curtail the Deduction for Charitable Giving	-\$180B
Make Research & Experimentation Tax Credit Permanent	\$40B
Reinstate \$400/person Making Work Pay Credit	\$530B
Cut the EITC and Child Tax Credit	-\$80B
Expand the EITC and Child Tax Credit	\$110B
Extend American Opportunity Tax Credit	\$50B
Tax Treatment of Employer Sponsored Health Insurance	
Accelerate and Modify Excise Tax on High-Cost Health Plans in 2013	-\$60B
Repeal Excise Tax on High-Cost Plans	\$120B
Replace Employer Health Care Exclusion with a Flat Credit (In Place of Excise Tax)	-\$450B

APPENDIX B

Paying for the UBI by Raising Revenues	
Strategy	Amount raised (in billions)
Raise Tax Rates on Capital Gains	\$60
Impose a Financial Crisis Responsibility Fee	\$80
Enact Carbon Tax or Cap-and-Trade	\$410
Enact Five Percent VAT with Partial Rebate	\$490
Improve Tax Collection (Reduce Tax Gap)	\$10
Curtail the Deduction for Charitable Giving	\$180
Total Revenues	\$1,230

Paying for the UBI with Cuts in Other Programs	
Strategy	Amount cut (in billions)
Reduce Veteran Income Security Benefits	\$60
Block Grant Food Stamps and Reduce to 2008 Levels	\$180
Cut Temporary Assistance to Needy Families (TANF) Program	\$30
Eliminate the New Markets Tax Credit	\$50
Cut School Breakfast Programs	\$40
Slow Initial Benefit Growth Rate by Gradually Reducing Scheduled Benefits	\$140
Include All New State and Local Workers in Social Security	\$100
Increase Cost Sharing for Medicare	\$130
Raise Medicare Premiums to 35% of Cost	\$190
Increase Medicare Retirement Age to 67	\$140
Reform Federal Retiree Benefits	\$70
Reduce Farm Subsidies	\$100
Total Cuts	\$1,230

APPENDIX C

Federal Personal Transfers: Complete List	
Category & Program	Estimated Outlays in 2013 (in millions of dollars)
Total, payments for individuals	2,487,869
<i>Social security and railroad retirement</i>	<i>826,701</i>
Social security:	
Old age and survivors insurance	675,837
Disability insurance	143,298
Railroad retirement (excl. s.s.)	7,566
<i>Federal employees retirement and insurance</i>	<i>200,793</i>
Military retirement	54,561
Civil service retirement	83,047
Veterans service-connected compensation	59,607
Other	3,578
<i>Unemployment assistance</i>	<i>75,129</i>
<i>Medical care</i>	<i>987,864</i>
Medicare:	
Hospital insurance	281,170
Supplementary medical insurance	339,321
State children's health insurance	10,227
Medicaid	282,819
Indian health	4,722
Hospital and medical care for veterans	44,980
Health resources and services	7,323
Substance abuse and mental health services	3,405
Uniformed Services retiree health care fund	9,727
Center for Medicare and Medicaid Innovation	1,090

Reduced cost sharing for individuals enrolling in QHPs
Refundable premium assistance tax credit
Temporary high risk insurance pool program	2,055
Temporary reinsurance program	28
Other	997
<i>Assistance to students</i>	<i>59,731</i>
Veterans education benefits	14,145
Student assistance, Department of Education and other	45,586
<i>Housing assistance</i>	<i>49,284</i>
<i>Food and nutrition assistance</i>	<i>111,586</i>
Food stamp program	82,752
Child nutrition and special milk programs	19,937
Supplemental feeding programs	7,428
Commodity donations and other	1,469
<i>Public assistance and related programs</i>	<i>170,248</i>
Supplemental security income program	51,019
Family support payments to states and TANF	21,179
Low income home energy assistance	3,338
Earned income tax credit	52,615
Legal services	5,747
Payments to states for daycare assistance	4,914
Veterans non-service-connected pensions	7,170
Payments to states for foster care/adoption assistance	23,045
Payment where child credit exceeds tax liability	75
Other public assistance	1,146

<i>All other payments for individuals</i>	6,533
Coal miners and black lung benefits	420
Veterans insurance and burial benefits	1,083
Payments to Japanese American WWII internees
Aging services programs	1,752
Energy employees compensation fund	1,260
September 11th victim compensation	322
Refugee assistance and other	1,696
Source: Table 11.3—Outlays for Payments for Individuals by Category and Major Program: 1940–2017; White House Office of Management and Budget, accessed April 21, 2013.	

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