

# Universal Basic Income

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## The Growing Need for a Universal Basic Income

Labor force participation rates, which are the percentage of people in a given country who have any job at all, have been declining since around 2001. So have median incomes. Mean incomes, on the other hand, have increased. This means that while the average person is less likely to work, and likely to earn less money if they do, the total amount of money being earned per person has increased because of gains in income at the top.

This is no conspiracy of the powerful and wealthy keeping the little man down. This is the obvious result of our post industrial technological age. In the past, greater production meant more labor. Today, it likely means better software, more robots, or bigger stores. While this trend started when the first computers were put into commercial use decades ago, it, for a long time, went against the long running, fundamental labor shortage in the United States. Most companies, then, could use more employees because there was an undersupply of educated labor with access to capital in the industrialized world as there had been since the second World War, and the United States was well placed to fill it. But the power of modern technology finally overcame this deficit sometimes around the turn of the century.

This trend will not stop. The travel agents and bank tellers were not the only job to be largely automated out of existence. In the United States today, some six million people are professional drivers such as long haul truck drivers, taxi drivers, industrial truck drivers and bus drivers. (There are around 138 million jobs in the United States today. So drivers account for between four and five percent of all workers.) Most people know that Google and DARPA are independently testing driverless vehicles capable of navigating cities, threatening to replace not only the tedium of driving but a tremendous number of people employed as drivers. But few know that the largest mining company in the world, Rio Tinto, has already replaced 30% of its driving personnel with automated systems. Already. Time is running out for people employed as drivers.

This sort of progress is good for all of us in the sense that it decreases prices and increases incomes. All sorts of products and services would be cheaper if automation overtook the driving professions and many people would have higher incomes. But another six million people would be out of work. But when industry after industry faces this sort of automation in a time when new industries are more likely to be computer programs than anything needing more than a dozen employees to serve the world, we face an everlasting crisis that requires a new way of providing for everyone.

Things will keep getting better, in the sense that profits will soar and prices will fall. And they will keep getting worse in the sense that incomes will fall and permanent, structural unemployment will grow. A Universal Basic Income can bridge this gap. Without it, we face despair and destitution for many. With it, we can all be proud of our rising technological sophistication. With it, we can all share in the warmth and light of our collectively bright future. And the earlier we enact it, the faster we can allow our economy to be remade technologically, and wealthier we will collectively become. Lets use our efforts to improve our world instead of fighting the inevitable and struggling with stopgap measures. The Universal Basic Income, in one form or another, will come eventually. These trends will eventually demand it. The destitute masses will eventually demand it. But long before that, I hope we take advantage of rare opportunity to embrace the tide of history instead of self destructively struggling against it.

## A More Ideal Arrangement: An Immediate Guaranteed End to Poverty

Usually, I prefer to talk about the Universal Basic Income as it exists a single, practical step from where we are today. Merely changing the method by which we pay out what we already pay out for means tested welfare is a practical way to improve the lives of the American people and our economy. But it is not the ideal way to organize a Universal Basic Income.

A more ideal way is to use taxation to make the Universal Basic Income progressive. That is, to use it in such a way as to withdraw more funds from the wealthy than they receive from the Universal Basic Income. Existing taxation does this, indirectly, but it could be done more perfectly.

A very straightforward way is to replace all Payroll and Income Taxes (which between them are over eighty percent of all taxation levied by the Federal Government in the United States) with a 25% flat tax on income regardless of source, then pay that money out to all Americans equally. This would have come to \$10,673.25 in 2012. Any household making less than \$10,673.25 per member including children would receive as much or more from the Universal Basic Income than they paid in taxes for that year. Anyone making more would have paid more in taxes than they received in benefits. And families in poverty, throughout the entirety of the United States, would no longer exist by Federal definition. Poverty would end immediately.

What are the costs of this? To the economy, nothing. Every cent brought in would be paid back out. This would be a net increase in economic productivity, because the service of social welfare would be provided more efficiently and effectively, requiring fewer workers and far less compliance and paperwork costs on the part of needy citizens. This solution would respond to economic conditions, because increases in economic output would increase the average payout while decreases in economic output would decrease the average payout.

But what about the other functions of government? In 2012, the United States Federal Government ran a deficit of over a trillion dollars. After counting corporate, excise, and the other minor taxes that make up the last twenty percent of Federal Taxation, under this plan, the United States government will run a deficit of a little over a trillion dollars. In that regard, nothing would change. All this proposal accomplishes is the instant and everlasting end of poverty at no additional cost but with considerable gains in efficiency.

## The Universal Basic Income's Past and Future in Brief

In 1967, Martin Luther King, Jr. wrote, "I am now convinced that the simplest approach will prove to be the most effective - the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income." He was right. It is obvious that the simplest solution to poverty is a direct, unconditional, universal basic income paid out equally to all citizens. Such a payment prevents any given citizen's income from falling below that point. And it was widely discussed at the time. But this was not the first time that it had been so publicly popular.

In 1797, Thomas Paine, the American revolutionary pamphleteer, recommended a universal basic income of something around three quarters of the average income of the time in the pamphlet *Agrarian Justice*. This amount would have been sufficient to prevent starvation and deprivation, but would not have allowed people to live what we would think of as the good life, and would have been crushingly expensive for his time. But he lived in a much poorer time, a time when every able bodied man could work, and had to work, or else in the streets. Our time is different.

We do not, in our modern world, allow people to die of starvation. Of thirst. Of exposure. But likewise, we do not need the services of every able bodied man and woman. And in the future we will need fewer and fewer, due to the marvelous advances of robotics and digital automation. Luckily, giving every able bodied citizen a sufficient amount to guarantee that they can live without hunger, thirst, exposure, and even the desperation and humiliation of poverty, is not only within our financial and economic capacity, but already within our budgets. Not just without spending more, but while spending considerably less.

The mind rebels at that statement. Revolts against the possibility of such a utopian, paradisaical program as giving everyone enough money to pay for the necessities of life, and pay such an amount out to every citizen, regardless of employment, unemployment, or capacity to fill out forms. How can it be done? By writing checks. The American Federal government already spends nearly two trillion dollars every year on social welfare. (This figure does not include education or health care spending.) Divide that among the citizens and everyone gets around five thousand five hundred dollars a year, without strings. Eleven thousand for each couple. Twenty two thousand for a family with two children.

And how do we then do it for less? If we assign the income from the taxes that currently support all these programs directly to these payouts and vary the payouts according to the taxes brought in, they will stop

growing automatically. They will grow along economic expansion, literally and directly keeping place with inflation or deflation, rising and falling with the economic tide. And that costs less than our existing slight deficit spending on that matter.

Past generations could not afford this luxury, while proclaiming it a moral necessity. It remains a moral necessity, but we cannot afford the luxury of not acting. The damage caused to the growing permanently unemployed and underemployed and by their misery to our society has become too great to ignore.