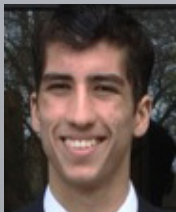


INCOME TOGETHER



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In the past few decades, income and wealth inequality in the United States has grown to staggering heights. According to Inequality.org, in 2018 the top 0.1% of Americans earned 196 times more than the bottom 90%. Similarly, the top 0.1% of Americans in 2016 had an average household wealth of over \$100 million, while the bottom 40% of households averaged over \$8,000 in debt.

The division between the socioeconomic classes is drawn starkly across racial lines, with the median white family having a net worth 25 times that of the median Latino family and 50 times that of the median Black family, according to Inequality.org. The wealth gap comes with a feedback loop; those in poverty cannot afford the education that could lead to a job with a higher salary, transportation to increase job opportunities or other resources that could allow them to increase their income and accrue wealth.

In the quest to alleviate poverty, some have begun to look at the possibility of instituting a universal basic income (UBI). UBI, though diversely defined by many, largely means consistent, unconditional payments made by the government directly to all of its individual citizens. 2020 Democratic presidential hopeful, Andrew Yang, proposed a national UBI in the form of an unconditional \$1,000 payment every month to every adult American citizen, which he called the “Freedom Dividend.” Although Yang did not receive the Democratic nomination, his campaign brought UBI onto the floor of the debate stage and into the public consciousness.

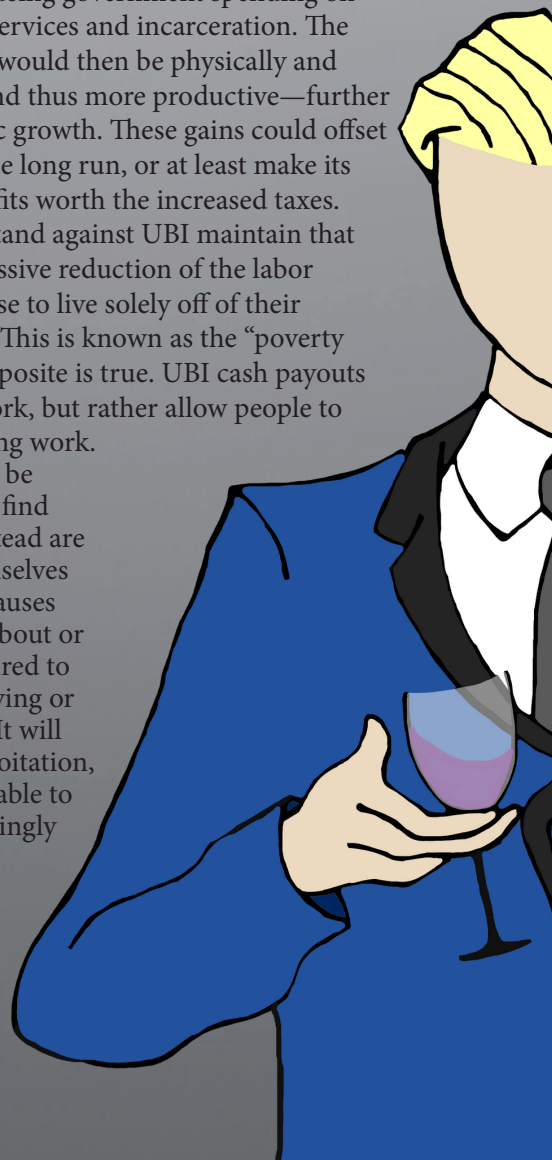
This would prove increasingly relevant as COVID-19 emerged; unemployment soared, and in March 2020 the U.S. government released \$2,000 stimulus checks directly to a large percentage of Americans, in an unprecedented social welfare measure. They released \$600 checks in December 2020, and in March 2021 followed this up with \$1,400 direct deposits. This could set the framework for UBI. These payments meet the unconditional and direct criteria of UBI, but lack the universal facet. To qualify for the latest payment, one must be a single person with an adjusted gross income of no more than \$75,000, the head of a household making no more than \$112,500 or a married couple filing jointly earning no more \$150,000.

Estimates for the cost of instituting UBI vary

widely, but are generally placed somewhere between two and four trillion dollars. Many have proposed that funding would come from cutting existing welfare programs and diverting their funds to UBI. Mandatory spending, the funds allotted to projects established under authorization laws, requires that Congress allocate all funds necessary to keep those projects running. This spending consists of \$2.966 trillion for the 2021 fiscal year, as estimated by the Office of Management and Budget. Mandatory spending programs include Social Security, Medicare, Medicaid and other safety net programs. The most expensive estimates for UBI would require another trillion dollars in funding, even after consolidating all social welfare programs.

Supporters of UBI, Yang included, argue that the influx of cash will stimulate the economy. Because people have money, they will spend money—and some of that money will be paid to the government in taxes. It is argued that more people will be able to afford healthier food and homes, as well as avoid resorting to criminal activities to make a living; reducing government spending on healthcare, housing services and incarceration. The resulting population would then be physically and mentally healthier, and thus more productive—further stimulating economic growth. These gains could offset the costs of UBI in the long run, or at least make its other proposed benefits worth the increased taxes.

Those who stand against UBI maintain that it would lead to a massive reduction of the labor force, as people choose to live solely off of their government subsidy. This is known as the “poverty trap.” I believe the opposite is true. UBI cash payouts do not discourage work, but rather allow people to seek out more fulfilling work. People will no longer be locked into jobs they find unsatisfying, and instead are able to dedicate themselves to work they enjoy, causes they feel passionate about or the experiences required to qualify for higher paying or more engaging jobs. It will decrease worker exploitation, as employees will be able to quit jobs with exceedingly low wages and poor conditions without sending themselves into poverty and risking starvation.



Current welfare programs create their own poverty trap through means tested programs: solutions that diminish aid as income increases or only provide assistance to those with assets below a certain cap. As reported in *Commonweal Magazine*, revoking assistance once someone reaches a certain income or accrues a certain level of assets discourages them from aggregating wealth. UBI needs to be unconditional, so that people are ensured support regardless of their income bracket.

Many support UBI as the solution to increased automation. Brookings Institute, a centrist think tank, held an event on the analysis of automation in 2019, in which they found that one in every four jobs faces a high risk of displacement due to automation by 2030. From automated assembly lines to self-checkout options at fast food restaurants, entry-level jobs are already being automated, and technological developments geared toward replacing the human labor force show no signs of stopping. Proponents of UBI argue that it is a necessary safety net for those who will lose their jobs due to automation. This argument holds extra credibility in the wake of the stimulus package passage, in part because of the massive unemployment resulting from the adaptations to the pandemic.

But UBI is not only a solution for unprecedented public health crises; it can fix systemic inequality. Paul Tough's "Whatever It Takes: One Man's Plan to Change Harlem and America" breaks down a number of studies that elucidate the importance of parenting on children's performance on standardized tests. One study found that the number and type of words spoken to children everyday by their parents had a significant impact on their development and academic success. Others found that parents that were more sensitive and encouraging—and less intrusive and detached—tended to raise children that would receive higher scores on standardized tests. These parents also typically came from higher socioeconomic classes.

These studies indicate that parenting collaborates with wealth to influence a child's future. UBI would allow parents to spend more time with their children, develop better relationships with them and engage in more meaningful conversations with them, which would improve their academic performance and begin to break the cycle of poverty. Even if one might receive more from current welfare programs than they would from UBI, the work requirements often keep them in jobs with poor work conditions and long hours—leaving them

with little time and less energy to become involved in their kids' lives.

One of the proposed benefits of replacing current welfare programs with UBI is the decrease in bureaucracy and government involvement. Current programs can be intrusive, according to the academic journal *Social Work*. Certain states have implemented drug testing as a requirement for receiving aid. Some programs even infringe on family formation. People receiving disability benefits lose their benefits if they get married. Families receiving Temporary Assistance for Needy Families (TANF) also tend to be single-parent households, especially among female-headed ones—implying that marriage is a factor in their eligibility criteria. Some programs even terminate assistance if families have more children while receiving aid.

This is a gross infringement on personal liberties and bodily autonomy. Because UBI is given to everyone, it would not limit their freedoms or require an examination into the applicant's life; it would not even require an application. It is this maximization of freedom that some see as the ultimate benefit of UBI: the ability to spend the money as one chooses and, as such, to live the lifestyle that one chooses. It is for this reason that many prefer UBI over current welfare programs.

The consolidation of the various programs does cause some wariness. The funds provided by a UBI would be relatively small and, in many cases, those who currently receive aid from government programs would receive less if those were replaced by UBI alone. Medicare and Medicaid, which provide healthcare for those over the age of 65 and in poverty, respectively, made up almost half of the federal mandatory spending budget for the 2021 fiscal year. Even the lowest estimates for the cost of UBI would struggle to make the necessary funds without diverting at least some funds from the two programs.

Replacing Medicare, Medicaid and other welfare programs with UBI would not leave much room for error. Any medical emergency or catastrophe could easily send someone back into poverty despite the UBI. Politicians who might otherwise support UBI also fear that consolidating the multiple programs into one might put the remaining program at a greater risk of being gratuitously reduced by opponents of welfare as a whole—as it is easier to cut funds for one program than for several. The consolidation of welfare programs would put both its constituents and itself at risk without much of a safety net.

Instituting UBI is not without risks. Even the best case scenario may not be perfect. However, the current system is clearly not solving the problem of poverty. The situation has only gotten worse under its purview. Now more than ever, with unemployment at a record high, changes must be made. UBI would provide a safety net for the unemployed and raise the majority of the population out of poverty. It would help close the wealth gap and with it reduce social inequalities. Working class laborers would have more bargaining power, as they would not be dependent on exploitative low-income jobs. Perhaps best of all, people would have more freedom. We are the land of the free, after all.

