

A basic income really could end poverty forever

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Vox / Javier Zarracina

I first heard the term “basic income” in the [socialist magazine Dissent](#) in 2005. I was a 15-year-old leftist with a taste for weird, radical plans to restructure society: say, having the government [buy up majority stakes in every company](#) and then distribute them equally to every American; converting all companies into [worker cooperatives](#); trying a planned economy where the [planning is done by decentralized worker and consumer councils](#) rather than a government bureaucracy. Basic income, wherein the government gives everyone enough cash to live on with no strings attached, struck me as an idea in that mold: another never-going-to-happen but fun-to-think-about alternative to the unfettered financial capitalism of the second Bush term.

Boy was that wrong. As of 2017, basic income — often referred to as unconditional basic income or UBI — is a big enough deal that President Obama’s chief economist felt obligated to [release a case against it](#), Facebook CEO Mark Zuckerberg praised it in a [widely viewed Harvard commencement speech](#), the ruling party’s nominee in the French presidential election made it his [main campaign proposal](#), and the [Indian government could enact it](#) within the next year. There’s also a bevy of experiments evaluating basic income and related ideas by groups like [GiveDirectly in Kenya](#), the investment firm [Y Combinator](#), and governments in Ontario, [Finland](#), and elsewhere.

In a little over a decade, basic income has gone from an idea about as fringe as #FullCommunism to something that could be benefiting 1.2 billion people imminently.

It’s an astonishing rise. But the very speed with which basic income took off has led the debate over it to become confused in a deep way. And it’s particularly confused among its proponents, a group in which I include myself.

Basic income advocates like to talk in effusive terms about the idea’s cross-partisan appeal, how it unites radical Marxists like André Gorz and libertarians like Milton Friedman and American heroes like Thomas Paine and Martin Luther King Jr. They speak of its radical potential to remake society, and position it as an inevitable and necessary response to an incoming torrent of technological change.

In a way, basic income has become a kind of anti-politics, a proposal that can rise above the fray of tired left-right disputes and need not be subjected to the same rigorous scrutiny we expect of any other public policy suggestion.

You can't assume away politics, though. And when you take a look under the hood of major plans from basic income advocates, the politics begin to look daunting. The coalition between left and right evaporates, the idea's economic inevitability looks fanciful, and the promise that the plan could end poverty forever looks more dependent on technical details than you might think.

In part that's due to disagreement about what basic income is for. I think it's a useful tool for eliminating or dramatically reducing poverty in both poor and rich countries. But a lot of basic income advocates embrace it for other reasons, like responding to automation's threat to jobs, or dismantling the welfare state. These purposes are often confused and contradictory, and lead to plans that differ widely and won't get the same kind of bipartisan buy-in that the general concept does.

Basic income is going through an adolescence. I still think it's a vitally important, worthwhile idea — but it needs to grow up a lot to survive the transition from the faculty lounge to actual policy.

Automation won't force us to adopt UBI

One of UBI's most vocal advocates is former Service Employees International Union president Andy Stern, who championed basic income in his 2016 book *Raising the Floor*. His argument is the same one Zuckerberg and other tech industry figures have made: Basic income is a necessary response to technological unemployment. The arrival of driverless trucks and taxis and [3D-printed houses](#) and [robotic mall cops](#), he predicts, will cause a wave of joblessness that will lead to mass immiseration and social breakdown — unless a universal basic income lets people out of work still earn enough to get by.

Stern is hardly the only one making this case; it's largely the reason basic income has taken off as an idea in Silicon Valley, as the tech industry's most successful entrepreneurs look upon their works and despair for the legions of workers they'll inevitably disemploy. It's the basis of the most optimistic and sweeping left-wing cases for basic income too, as in books like Peter Frase's *Four Futures* or Nick Srnicek and Alex Williams's *Inventing the Future*, which features a striking cover reading, in block letters: "DEMAND FULL AUTOMATION. DEMAND UNIVERSAL BASIC INCOME. DEMAND THE FUTURE."

Srnicek and Williams embrace basic income both as a concrete demand upon which a radical left can organize after the Occupy movement failed to coalesce around a specific program, and as a mechanism to move to a future where labor is completely automated, no one needs to work, and a basic income program distributes the dividends of the robots' efforts equally to all citizens. Call it [fully automated luxury communism](#) — or maybe even fully automated luxury gay space communism. It sounds wonderful, and I enthusiastically await its arrival.



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But John Maynard Keynes predicted the arrival of fully automated luxury gay space communism, or something rather like it, as early as 1930, in a remarkably prescient essay called "[Economic Possibilities for Our](#)

[Grandchildren.](#)" Keynes predicted that "the standard of life in progressive countries one hundred years hence will be between four and eight times as high as it is today" (bang-on: not even 100 years later, real GDP per capita in the US has grown sixfold, his midpoint estimate), and that, as a consequence, we'd all be working 15-hour weeks, three hours a day, as we enjoyed all this newly created wealth (not even close).

Keynes was writing as new inventions promised to wholly reinvent life in rich countries in ways perhaps more profound than those promised by self-driving cars or other emblems of 21st-century techno-futurism. The decades after his essay saw washing and drying machines put manual laundry workers out of jobs. Dishwashers and vacuum cleaners automated significant portions of domestic labor, and commercial air travel devastated the market for trans-Atlantic passenger ships. And yet leisure did not increase in the dramatic fashion he predicted.

Why not? There are a [variety of theories](#), many written up by Nobel-winning economists and other luminaries in a great little volume called [Revisiting Keynes](#). Part of the problem is policy: Rich countries could do more to encourage leisure, and a generous basic income grant could be part of that (though it'd have to be big, given [how little cash programs seem to drive people out of work](#)).

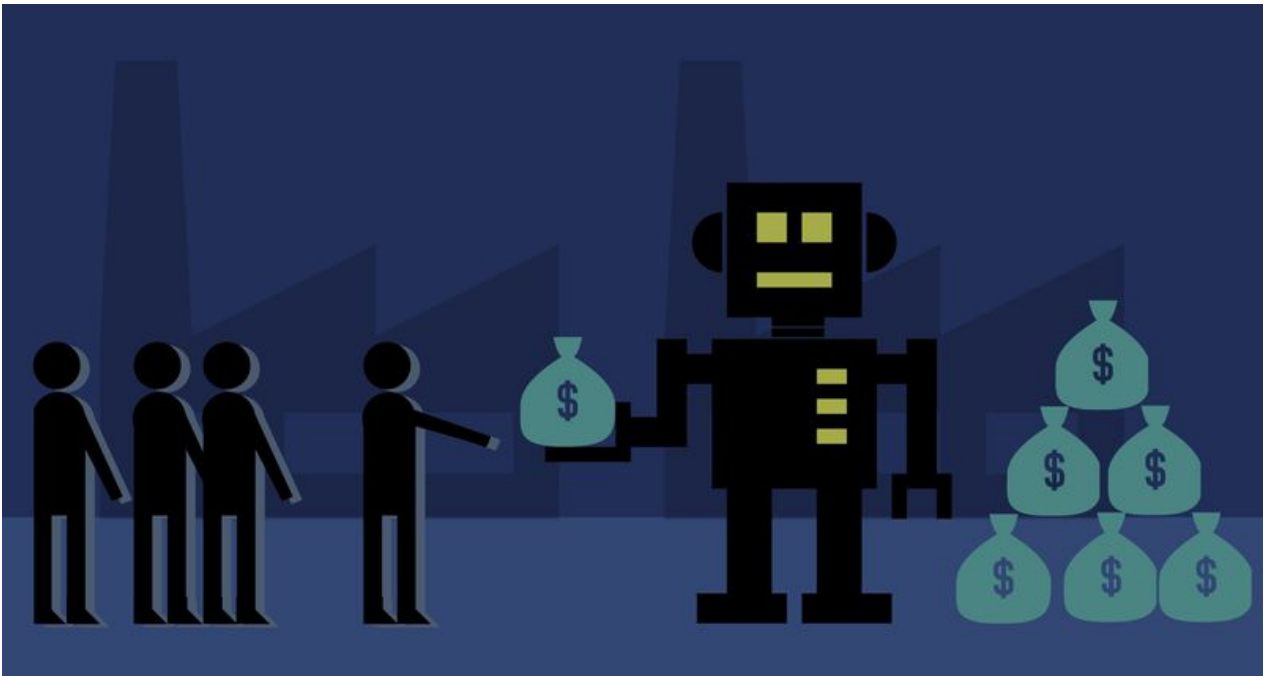
But there are other reasons for the persistence of work. Many people actually like their jobs. Automation has made humans more productive, which has in turn raised wages and kept people in the workforce. Human desires have kept evolving. It'd be relatively cheap to give everyone in the world a smartphone if that smartphone were a used Handspring Treo from 2002. But people don't want Treos. They want iPhones. We want constantly improving consumer technology and are willing to work more to pay for it.

And despite the predictions of leftist optimists like Srnicek and Williams, and the gloomy warnings of more mainstream commentators like Stern, there's little reason to think these dynamics have changed in the early 21st century. We have gone through large automation shocks before; are self-driving trucks really a bigger step than, well, *trucks* were? And if trucks and washing machines and all the other labor-saving inventions of the 20th century didn't put anyone permanently out of work, but instead shifted the *kind* of work that was being done, why would we think matters would be any different in the 21st century? Why could the laundry workers of the 1940s find new jobs but the truck drivers of the 2020s can't?

Indeed, as my colleague Matthew Yglesias is fond of pointing out, [technological productivity growth is actually well below historical averages](#). These are days of miracle and wonder, but our grandparents seem to have lived through even more miraculous times and did not see work disappear in the process.

It's certainly true that automation could cause, and *has* caused, temporary dislocation and unemployment for certain specific workers. Recent research by MIT's Daron Acemoglu and Yale's Pascual Restrepo estimated that [industrial robots caused a sizable decline in employment and wages](#) for laborers in routine jobs from 1990 to 2007. But these findings hardly indicate that robotics will lead to mass joblessness in the future. Instead, they should encourage us to think of ways to help workers adjust to this kind of dislocation.

Stern feels strongly that a basic income is the best way to ease that kind of dislocation. But this is a problem that basic income is uniquely ill-suited to solve.



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Imagine you're a truck driver, a Teamsters member. You're 45, you've been doing it for a few decades now, and you've gotten your salary up to \$70,000 a year. You're the sole earner in your family; your spouse is a stay-at-home parent for your two kids.

Now imagine that you're laid off. Your company is firing its drivers and instead buying [self-driving trucks from Otto](#). There aren't any openings for truck drivers anymore, as the whole industry is switching over. You're screwed.

Then the federal government swoops in and says, "GOOD NEWS: You and your spouse are each going to get \$12,000 basic incomes. So instead of \$70,000 a year, you'll get a whopping \$24,000. That's good, right?"

No. That's not good. That might provide a decent benefit to fund your subsequent job search. But it doesn't let you stay out of the workforce and pay your bills. You need something more. You need training for jobs in fields that are hiring, and a full employment policy to ensure that companies are desperate enough for workers that they're willing to pay for you to get that training.

In a way, basic income as an automation solution is both too much and not enough. It's too much of a solution for the problem of long-run mass technological unemployment, primarily because that's a fake problem that hasn't happened yet and likely never will. But it's not enough of a solution for the temporary dislocation that automation will, in fact, cause. It's not an adequate substitute for the jobs that truck drivers and construction workers and others will lose in the years to come.

Whether or not basic income is a good idea depends entirely on how you pay for it

If Stern is the most notable left-of-center basic income advocate in America, then Charles Murray is his most notable counterpart on the right. The conservative public intellectual, who laid out a basic income proposal in his 2006 book [In Our Hands](#), has an odd CV for a basic income supporter. Before dipping into [race science in The Bell Curve](#), Murray made his public reputation with a [book-length attack](#) on welfare called *Losing Ground*. He [sold the book to publishers](#) with a proposal stating, "a huge number of well-meaning whites fear that they are closet racists, and this book tells them they are not."

Why would someone with those politics embrace a plan to eliminate poverty through welfare spending?

The short answer is that Murray's plan would do no such thing. Rather than eliminate poverty, it's designed to eliminate the welfare state. Murray specifies that he would have a universal basic income replace all transfer

spending. And when he says “all,” he means all. As laid out in the new 2016 edition of *In Our Hands*, Murray's plan would eliminate:

- Social Security, both old age and disability
- Unemployment insurance
- Medicare, Medicaid, Obamacare subsidies, the Children's Health Insurance Program, and Indian health care
- All federal assistance to students, including veterans' programs, Title I, and Pell Grants
- 9/11 victim compensation (seriously, this is explicitly listed, despite raising a pittance)
- Food stamps, Section 8 housing vouchers, the earned income tax credit, Supplemental Security Income, and Temporary Assistance to Needy Families

The last category is a reasonable set of programs to replace with a basic income; they all provide cash or a food/housing voucher that's pretty close to cash, and there's a good argument to be made that a basic income or negative income tax could do what they do better.

The other categories, however, cannot be replaced with a basic income. Social Security and unemployment insurance are, well, insurance programs: They're supposed to replace wages forgone due to retirement, disability, or unemployment. As such, they often provide benefits far exceeding Murray's proposed \$13,000-per-adult benefit. Social Security's average annual benefit to retired workers is [\\$16,400](#) a year; Murray's plan would offer them a benefits cut of more than 20 percent.

Medicaid and Medicare often pay for long-term care services for elderly, disabled, and mentally ill patients that cost tens of thousands of dollars annually, and are not covered by conventional health insurance. Murray would require everyone to spend \$3,000 of their grant on health care, but that would pay for far skimpier insurance at best, with considerable cost sharing. \$13,000 a year in UBI doesn't mean much if you lose insurance that was paying \$60,000 a year on chemotherapy.

Murray's basic income plan would leave millions of poor and sick people, especially seniors, worse off. It's doubtful such a plan would even cut poverty. So why do it? In his opening statement to the [Intelligence Squared debate on basic income](#), Murray made his motivation very clear: He wants to make it easier for Americans to socially pressure their neighbors, to push them out of being “complete screw-ups”:

Let's think of the guy who is your complete screw-up. He drinks too much, he can't hold on to a job, and he runs out of money 10 days before the end of the month. Well, under the UBI, he can no longer plead helplessness. His friends and his relatives can say to him, as they cannot say now, "Okay, we aren't going to let you starve, but you've got to get your act together, and don't tell us there's nothing you can do, because we know you've got a thousand bucks hitting your bank account next month. You've got to start dealing with your problems." That's good. That kind of interaction, multiplied millions of times around the country, is having friends and relatives deal with human needs in ways that bureaucracies inherently are unable to deal with them.

Throughout his life, Murray has auditioned a series of theories to explain poverty and deprivation in America, theories he sees as working in concert with each other. *Losing Ground* explained the problem primarily in terms of poor government program design; *The Bell Curve* explained it primarily in terms of the poor's innate cognitive deficiencies; *Coming Apart*, his latest book, identifies the decline of virtuous character and values in white communities as a central problem.

What these explanations have in common is that they preach fatalism about the ability of government to address poverty. If *Losing Ground* is right, then the government is just not good at designing programs that cut rather than increase poverty; if *The Bell Curve* is right, then inequality and poverty are rendered more or less inevitable by the IQ distribution, which government action largely can't alter; if *Coming Apart* is right, then cultural values

need to change, and surely there are better ways to do that than writing checks.

Murray's writing on basic income is in this same tradition. At the outset of *In Our Hands*, he admits that if he had his druthers, there'd be no redistribution at all. "Imagine for a moment that the \$2 trillion that the US government spends on transfer payments were left instead in the hands of the people who started with it," Murray writes. "If I could wave a magic wand, that would be my solution."

Murray wants to live in a world where people have his general attitude toward poverty, that it's a problem of individual character and ability rather than social structure. And he sees basic income as a tool to get him to that world. In an America with basic income, he thinks, more people would join him in shaming the "complete screw-up" in their hometown.

It's certainly a unique vision of the good society, but it's not one that people drawn to basic income as a tool to address poverty and inequality should countenance. It's nice to act as though basic income is an idea that transcends ideological lines. But it's really more like a Rorschach test, a canvas onto which people of various bents can project their hopes and dreams.

There just isn't a single specific policy that is supported by both Charles Murray and anti-poverty basic income advocates alike. And people who care about basic income's poverty effects should oppose the Murray vision just as vehemently as they oppose cuts to welfare state programs in any other context.

This isn't just a problem with Murray's specific plan. It's a problem with just about any libertarian or conservative effort to fashion a universal basic income. Michael Tanner of the Cato Institute has [similarly suggested](#) that "the federal government could consolidate its current amalgam of programs, and both federal and state governments could provide more benefits in the form of cash payments rather than in-kind benefits" like health care.

"We should be careful of the illusion of bipartisan agreement on the issue, even among its advocates," Tanner notes. "Free market advocates see the UBI as a replacement for the existing welfare state. Many on the left call for a UBI as an additional benefit on top of existing programs, funded through new taxes on carbon, natural resources, businesses, or 'the rich.' Bridging those differences will likely be much harder than advocates on both sides may believe."

I would go further than Tanner: I think those differences are basically unbridgeable. There might be limited agreement between principled libertarians and anti-poverty advocates on making, say, food stamps into a cash program so that families using it have more flexibility. But if real-world political experience is any indication, elected Republicans will oppose any effort to make food stamps more flexible and instead push for [work requirements](#) and [restrictions on what kind of food](#) they can purchase.

It's hard, when that's a reality, to see there being a viable basic income plan with real political buy-in from both the left and the right.

A well-designed UBI puts children first

Even liberal plans, however, have to be well-designed — and the leading proposal on the left, from Andy Stern, just isn't.

Stern's plan would give \$12,000 a year to every adult between the ages of 18 and 64, plus a top-up to ensure that every senior 65 and up gets at least \$12,000 a year from Social Security (this would amount to an expansion of the existing Supplemental Security Income program, though Stern doesn't phrase it that way).

There are roughly [200 million people](#) ages 18 to 64 in the United States, so excluding the more generous benefits for seniors, the annual cost of Stern's program would come to \$2.4 trillion. That's a large change, but hardly unthinkable; it's roughly 13 percent of GDP, and if it were totally funded by new taxes, it would increase the American government's size as a share of the economy to that of [Sweden or Italy](#). But Stern also specifies that he wants to partly fund the UBI by "ending many of the current 126 welfare programs," cutting Social Security ("making adjustments in long-term retirement policy for future generations"), and "creating a new and more cost-

effective non-employer-based healthcare system,” along with tax hikes.

Stern’s progressive version of an American basic income stands a somewhat better chance of reducing hardship than Murray’s, given that it leaves certain essential government programs standing. The overall effect is hard to know without exact pay-fors, but it’s certainly plausible that it would reduce poverty.

What it won’t do, as the [University of Chicago’s Daniel Hemel](#) has noted, is *eliminate* poverty. This is the great promise of basic income from a progressive standpoint: the elimination of poverty in an industrialized country. But a \$12,000-per-adult grant doesn’t get there, especially in a world where single parenthood is reasonably common.

In 2014, Hemel notes, the poverty threshold for a single parent with two kids who rents her home was \$24,216. “A single parent would have to work at least 32 hours a week at the federal minimum wage of \$7.25 to clear the poverty line with Stern’s UBI,” Hemel writes. “That’s not so easy if the parent is the sole caregiver — especially if Stern is paying for his UBI by cashing out federal funding for child care.” And it’s not even clear that the \$12,000 benefit that parent would receive would outstrip the value of the food stamps, earned income tax credit, school lunches and breakfasts, and child tax credit that it would likely be replacing.

These are not flaws inherent to a UBI. They are, however, flaws inherent to a UBI that puts benefits to adults ahead of benefits to children. The most cost-effective way to reduce US poverty with a basic income plan will likely involve *larger* benefits for children than adults. In the mid-’90s, Columbia poverty researcher Irwin Garfinkel and his colleagues Chien-Chung Huang at Rutgers and Wendy Naidich (also Columbia) estimated [the cost and anti-poverty impact of a variety of basic income models](#).

The plan they considered that came out looking the best was what they dubbed the “Children Plus Plan.” The proposal, modeled for the year 1994, would have given seniors \$13,271 or their Social Security payment, whichever’s higher; adults \$5,226 each; and children \$6,636 each (I’ve adjusted each amount for subsequent inflation).

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The plan was financed by wiping out just about every non-health care, non-Social Security program you can think of: food stamps, the personal exemption, the mortgage interest deduction, the health care tax exclusion, unemployment insurance, Pell Grants, the works. Benefits would also be taxable.

The researchers estimated that once you took all those pay-fors into account, the plan would cut the poverty rate for all persons by about 40 percent. If you assume that because there are no longer phaseout rates to programs discouraging work, every able-bodied poor person gets a minimum wage job, working half time, the rate falls by 84 percent. That’s about as well as a substantially more expensive plan offering larger benefits to adults fared.

The reason for this is relatively simple. Poverty in the US is concentrated among children; the child poverty rate is markedly higher than the overall population’s poverty rate. So it stands to reason that a cost-effective way to reduce poverty would be to direct transfers to families with children. That’s exactly the opposite of what Stern’s plan does.

It’s clear why Murray decided not to include any benefits for children in his proposal. In *Losing Ground* and elsewhere, he has insisted, against [substantial evidence](#) to the contrary, that welfare payments cause poor mothers to have more kids. So it makes sense that he would not want to add a direct monetary incentive for having children.

Stern’s refusal to add a benefit for children is more baffling. He explains in the book that he was worried about “all the issues that come up when you try to get your mind around giving \$4,000 to a ten-year-old.” Well, what issues? Most European countries, as well as Canada and Japan, [offer child allowances to parents](#). The cash just goes to the family as a whole. It’s not particularly complicated.

Basic income in a nation of immigrants

If basic income proponents grapple too much with concerns over automation and the existing welfare state, they — we — do not grapple nearly enough with a far bigger problem for the plan: immigration.

Milton Friedman [famously declared](#) that the welfare state and open immigration cannot coexist; otherwise, the former would serve as a powerful attraction, encouraging low-wage foreigners to move in and putting the system on dicey financial footing. That's a big oversimplification, for a number of reasons. But any country thinking of embarking on a big welfare state expansion like a universal basic income should think about how it would affect the financial viability of increased low-skilled immigrant flows, and how the program's introduction would affect voters' taste for more immigrants.

For instance, in a 2006 paper the researchers Ann-Helén Bay and Axel West Pedersen [polled Norwegian voters on the idea of a basic income](#); most expressed broadly positive opinions. But they also find that support and opposition to the idea are immensely sensitive to whether immigrants are benefiting. A third of supporters switched to opposition when the proposal was modified to have non-Norwegians receive the benefit. This fits into a broader literature showing that [increasing racial and ethnic diversity](#) can prompt [backlash by native white voters](#), who resent the newcomers and [vote for right-wing parties](#) in response. The right-wing governments they elect then enact welfare cutbacks, both to punish the immigrants whom their voters fear and because right-wing parties love welfare cuts in general.

Perhaps this is a straightforward problem to solve. The late Cato Institute chairman William Niskanen once called for the US to [“build a wall around the welfare state, not around the country.”](#) In other words, the US can both offer a welfare state to its citizens and allow large-scale immigration, but so long as immigrants are barred from welfare benefits, the two need not be in tension with each other.

Maybe. But the US currently does this for many programs — for instance, in most cases you have to [wait five years after getting a green card](#) to be eligible for Medicaid — and it hasn't exactly calmed anti-immigration forces. Nor has it quieted concerns about immigrants as potential drains on public resources.

More to the point, it's hard to imagine a political coalition that would support a “lots of immigrants, no benefits for any of them” approach. Much of the political organizing behind comprehensive immigration reform efforts comes from Latino civil rights groups and other organizations directly representing the interests of immigrants. Why would they support restricting or eliminating most immigrants' eligibility for social programs?

I hoped to get some clarity on this tension by reading [Utopia for Realists](#) by the Dutch basic income advocate Rutger Bregman. It's a wonderful, well-written book, easily the crispest and least dry explanation of the research and history behind basic income as an idea I've seen in print. The sixth chapter, on the [bizarre history of Richard Nixon's 1970 plan for a negative income tax](#), is worth the price of admission alone.

But Bregman isn't content to merely defend basic income. He combines it with a number of other utopian proposals, like a 15-hour workweek, and, most intriguingly, open borders.

Bregman's case for massively expanded immigration is sharp, and smart; it's the same one [I've made many times here at Vox](#). Workers in developed countries make much more than workers in developing countries doing identical labor. If the average Yemeni or Nigerian moved to the US and did the same work, [they'd make about 15 times more](#). Meanwhile there's [little or no evidence](#) suggesting that native-born workers suffer as a result of immigration; at most a small subset of workers see wages fall, and even that's doubtful. Indeed, it appears that [increasing the number of immigrants let into rich countries](#) would be an even [more effective way](#) to raise incomes of people in the world's poorest countries than [removing trade barriers](#) with poor countries or even substantially increasing foreign aid (though those are good policies too).

Good, good, good. But the tricky part is balancing the moral imperative to allow large-scale immigration from poor countries into rich ones like the US or the Netherlands, with the desire to improve domestic redistribution through programs like basic income. If you put a gun to my head and said we could either have the US accept 10 million immigrants from extremely poor countries like Haiti or Congo or else have the US adopt a guaranteed income, I'd choose the former; it's not even a contest. But I'd love to think we can do both, and I'd love to read a coherent plan for how we could.

On this, Bregman has rather little to say. He is extremely eloquent on the evils of harsh national borders — “Hundreds of millions of people are thronging outside this gated community, just like paupers once pounded on the gates of walled cities” — and at one point bemoans the fact that applying for asylum is “even more riddled with red tape, more maddening and more hopeless than applying for public assistance.”

But he doesn't specify how we're to build a world in which the privileges of citizenship are even greater due to a basic income, and in which people granted those privileges are still willing to let millions of immigrants enter. “In the European context, we should be wary of the deployment of basic income to solidify Fortress Europe as the refugee crisis intensifies,” [Alyssa Battistoni](#) warns in a smart consideration of Bregman's book for *Dissent*. The same is equally true in an American context.

As moral imperatives go, the potential of expanded immigration to reduce extreme, \$2-a-day poverty worldwide strictly swamps the domestic antipoverty benefits of a basic income. I would love nothing more than to be able to do both, and it's fortuitous that in the US, the political coalition that supports expanded social programs *also* supports expanded immigration. But the anti-immigrant backlash in developed countries, driven by demographic change, is going to strain that left-of-center consensus. And advocates of immigration and redistribution, like Bregman and me, need to do some harder thinking about what a political economy capable of supporting both those goals would look like.

The future of basic income in rich countries

I don't mean to be unduly negative. Basic income's advocates do need to let up on the automation fantasies, and think about how to reconcile a universal cash benefit with free migration.

But there are viable pathways for the policy, and if advocates of universal access to cash are smart and thoughtful, there's potential for a lot of progress to be made.

In rich countries, there are three particularly viable pathways:

1. Negative income taxes
2. Child benefits
3. Carbon dividends

Negative income taxes, by gradually taxing back benefits, enable quite generous basic income payments at a reasonable cost. University of Michigan researchers [Jessica Wiederspan](#), [Elizabeth Rhodes](#), and [Luke Shaefer](#), in one of the most important papers written about basic income in recent memory, ran the numbers and concluded that for the combined cost of the earned income tax credit, Supplemental Security Income, food stamps, cash welfare, school meal programs, and housing subsidies, you could fund a negative income tax at poverty-line levels.

You could swap out those programs, put a guaranteed income in their place, and wipe out poverty entirely.

Is this the best possible way to do a guaranteed income? Not necessarily. There's much for wonks to debate in any particular program design. But the Wiederspan, Rhodes, and Shaefer paper shows something important: Funding a guaranteed income to eliminate poverty is doable for a country as rich as the United States.

Alternatively, we could move toward a negative income tax incrementally. Instead of thinking of “UBI” as one overarching goal, we could consider “UBI-izing” specific programs. Food stamps is basically a negative income tax that you can only spend on food; we could make it literally a negative income tax by allowing benefits to be spent on anything, and eliminating onerous asset requirements. We could boost Supplemental Security Income, a true negative income tax but only for the disabled and elderly, so its benefits lift all seniors and disabled people above the poverty line.

The situation is even easier in European countries. Many already have “[guaranteed minimum income](#)” schemes that function much like a negative income tax, layering more benefits on top of unemployment payments and other cash for extremely poor residents. These schemes generally involve some work requirements; European

countries should consider abolishing those to allow for broader access. Benoît Hamon, the failed Socialist nominee for president of France who made basic income the cornerstone of his campaign, eventually released a plan that was little more than an [expansion of revenu de solidarité active](#), the existing French minimum income program. Hamon made it more generous, expanded it to 18- to 24-year-olds, and called it a basic income.

The US should also start UBI-izing the child tax credit and earned income tax credit benefits for parents, by creating a universal child allowance. That's a policy, enacted by most developed countries, that gives cash universally to all parents, on a per-child basis. It's essentially the child component of a basic income, and [we know for a fact that it substantially cuts poverty](#). There are a few different ways the US could adopt this plan, which [I run through here](#). These are inexpensive enough that you might not even have to phase them out for anyone, which could help build political support for the program.

Another likely way that cash payments could come to rich countries is through a carbon “cap and dividend,” or “fee and dividend,” system. Under those plans, carbon is taxed or permits for carbon emissions are auctioned off, and then the government refunds some or all of the revenue raised in the form of a per capita dividend check. The check is meant to compensate for increased fuel costs due to a carbon price, but in many cases it will end up more than making up for energy price increases and turn into a de facto cash benefit that helps many low-income households.

The [Put a Price on It DC](#) campaign is touting a plan that would impose a fee on all companies buying and selling fossil fuels in DC (starting at \$20 a ton of carbon in 2019 and ratcheting up to \$150 per ton in 2032), and direct most of the money to dividend checks, with the biggest checks going to low-income people. By 2032, the dividends would reach \$2,750 for every low-income family, and more than \$1,600 for the average family. Three-quarters of residents would get more back in dividend checks than they paid in increased energy costs. California is also [considering making a dividend plan the centerpiece](#) of its carbon pricing efforts.

Those initiatives to expand cash payments are attractive both because they have a very good revenue source (a hyper-efficient tax on pollution) and because they don't require the clawback of any other benefits. They'd straightforwardly reduce poverty for low-income families.

Basic income's greatest promise is in the developing world

Finally, it's worth considering that the biggest potential for basic income isn't in the US but in developing countries. Arvind Subramanian, the chief economist for the Indian government, [issued a report in January](#) endorsing the adoption of a universal basic income in that country.

Subramanian's proposal has become a mainstream topic of debate and conversation in India, which currently has a vast system of employment guarantees for rural workers and subsidies for everything from food to petrol. It's extraordinarily inefficient — by [one government estimate](#), 36 percent of spending on food subsidies never makes it to a single household, 36 percent goes to non-poor people, and only 28 percent goes to poor people — and raises the obvious question of whether scrapping it all and using the money to just give out cash would be better. When it comes to the country's employment guarantee law, World Bank researchers have concluded that [a basic income costing the same amount would be strictly superior](#).

India has the infrastructure for a basic income: For years now, it has been building out the [world's largest biometric database](#) as a way to securely issue benefits. Tracking income is more difficult, which would render a negative income tax tough to implement, but a UBI is totally doable. And the payoff could be significant. According to Subramanian's report, spending a mere 2 percent of GDP on a UBI of 200 rupees (**\$11.60**) per person per month could cut the extreme poverty rate from 22 percent to 7 percent. A benefit of 400 rupees (**\$23.20**) per person per month could cut the rate to below 1 percent.

Vox/Javier Zarracina

That would represent the biggest one-off reduction in poverty in human history, liberating hundreds of millions of people from extreme deprivation. Of course, beneficiaries would still have a long way to go before being fully financially secure. The Indian poverty line being used in Subramanian's analysis is very low — 893 rupees per

person per month, or \$51.80 — and many, many people above it would still be poor by American standards. But eradicating \$1.70-a-day poverty would be an immense and worthwhile achievement all the same.

The potential is even greater in countries with great mineral or natural resource wealth.

Iran, believe it or not, has a program very much like a basic income. While winding down the country's extensive oil subsidies for citizens, President Mahmoud Ahmadinejad implemented a flat cash dividend, paid out to every man, woman, and child in the country. Social conservatives like Ahmadinejad tend to also be big welfare state and redistribution supporters; that helps explain their support from poorer parts of the country.

The current reformist president, Hassan Rouhani, has opposed the basic income out of concern that it discourages work, and the policy has been dialed back slightly. "Parliament passed a law requiring the government to drop the well-to-do from the roster," Djavad Salehi-Isfahani, a professor of economics at Virginia Tech and a fellow at the Brookings Institution, told me. "Three million to 4 million of the 80 million [total population] have been dropped." All the same, he says, "I think it is (or was) very much a UBI program, with one big advantage: The taxes to pay for it were on 'sin' goods (energy), not on work."

Salehi-Isfahani and a colleague, Mohammad Mostafavi-Dehzoeei, have studied [the Iranian basic income's effect on work](#). "Our overall conclusion," they write, "is that the program did not affect labor supply in any appreciable way." That's especially astounding given the size of the benefit: In 2011, when it was introduced, it provided about 29 percent of the median household income on average. In the US, that would mean paying out \$16,390 to the average family.

Others can, and should, follow Iran's example (on this issue, if on no others). The biggest country where an oil-to-cash program could have a major impact is Nigeria, which has 182 million people and considerable oil wealth. But smaller [oil states like Angola and Equatorial Guinea](#) are promising places too. In Angola, the poverty gap — the amount of money, perfectly targeted, it would take to lift everyone up to the international poverty line — is only 6 percent of oil revenues. If, say, a quarter or a third of revenues were distributed as a basic income, you could probably wipe out extreme poverty altogether.

I focused on American basic income efforts in this essay since, well, I'm American, and while foreign aid agencies and NGOs have a role to play in encouraging policies that can reduce extreme poverty, it's ultimately up to the citizens of developing countries to decide whether a basic income is what they want.

But we shouldn't let American parochialism blind us to the immense good that basic income, as an idea, can still do in poorer nations. Conditional cash transfers like Brazil's Bolsa Familia or Mexico's Oportunidades already play an important role in poverty alleviation. Basic income is the logical next step.

And let's not fall prey to the myth that, in poor countries or rich ones, a basic income is unaffordable, or would discourage work to an excessive degree. More on that in a follow-up post.