

# Andrew Yang Is Right: Americans Will Need a Guaranteed Income

The Democratic Party features a litany of presidential candidates who are, for various reasons, unelectable. Among them, however, is one candidate who is at least raising a vital issue with the potential to affect every American. He is Andrew Yang. A Gen-Xer who made his wealth in Big Tech, Yang has been on the cutting edge of the massive disruptions that are transforming our country.

Because of his experience in the tech sector and his grasp of the coming disruptions it will create, he champions the concept of Universal Basic Income (UBI). UBI is an unconditional cash payment delivered to *all* citizens individually, without means-testing or even a work requirement.

## **Milton Friedman and the Negative Income Tax**

Yang is fond of informing audiences that UBI is not a new idea. It's not even a liberal policy. In the 1970s, during the Nixon Administration, the late Milton Friedman supported a similar concept known as the Negative Income Tax (NIT).

Friedman's idea was that families making less than a certain amount of taxable income per year would receive supplemental pay from the government rather than paying taxes to the government. The size of your stipend would be determined by how far away from the taxable income threshold you were.

As an attempt to forge compromise between those who wanted to maintain America's existing welfare state and those who believed welfare was bad for the country, NIT was designed to replace many existing unwieldy federal welfare programs. Under this system, people still had to work to make ends meet—it was

just that the NIT would ensure one did not fall into the kind of abject poverty that Americans find unacceptable for their fellow citizens; it offered hope and incentivized work in a way that existing welfare programs did not.

Many critics of the scheme worried that poorer families receiving the negative income tax stipend would work less or quit entirely, thereby substituting work for leisure—or plain indolence. The concern was that if a majority of the working poor stopped working and instead relied fully on the stipend, it would break the NIT.

But proponents of NIT argued this method of welfare was better because it was limited and it *required* Americans to still work full-time. The welfare programs of the time actually discouraged work and encouraged people to remain on the dole. The NIT was designed to prevent this moral hazard.

### **The Age of Disruption and Scarcity Is Here**

Most tech leaders today know that artificial intelligence is upon us and it will consume 40 percent of all jobs over the next 15 years. Unlike previous iterations of socio-economic disruption caused by technological revolutions, the disruptions from advances in AI will be felt by *all* sectors of the economy—from manufacturing to legal and medical professions and everything between. All but the wealthiest people in the United States will suffer varying degrees of economic insecurity.

Add in the stifling income inequality many Americans already experience (and that will likely only worsen over the next 15 years), the onerous student loan debt that the next generation of workers will have to manage, the sharp increase in the cost of living, the unlikelihood that pay will rise in ways commensurate with that higher cost of living, and losing employment opportunities to machines will be the economic ruination for most Americans.

Republicans ignore these trends at their peril. The disruptions are going to happen (in many cases, they are already underway), they cannot be undone, and the government will need to address the human carnage these disruptions will cause.

### **The Problem with Universal Basic Income**

Yang may be the gonzo tech guru who [opposes male circumcision](#), but he is the only presidential candidate willing to address looming questions of how to respond to coming economic disruptions.

The trouble is that a universal basic income is too generous. Where Friedman's negative income tax was limited, UBI is basically a gigantic giveaway of tax dollars to everyone. In every country where UBI has been tried, the experiment has ended in failure.

What's more, the United States could afford such a massive undertaking. UBI *might* work if the United States were to terminate its existing welfare programs. What are the odds of that? Politicians are more likely to enact UBI while maintaining the existing welfare state—and that would bankrupt the United States, regardless of the disruption caused by automation.

The national conversation is driven by those who bring up important issues first. Donald Trump was the master of this in the 2016 election. Yang and his UBI appear to be popular among younger Americans whose economic futures, when compared to those their parents anticipated at their age, are relatively bleak. Because Yang is the only candidate talking about this issue, if left unchallenged, he will drive the debate.

It will be Yang's UBI rather than the more practical NIT that wins over voters. Even if Yang does not win the 2020 election (and he likely won't), his message will continue to gain traction, especially as economic disruption becomes more

acute. And, because a Democrat spread the message first, alternatives to the UBI will be harder to implement.

### **Republicans Can't Sit This Fight Out**

The Age of Reagan is over and, in any event, is not really understood by most who appeal to it. The economy is much different than it was in 1980 or '84. Policies that made sense and drove the Reagan Revolution might not be adequate today.

Just look at the tax cuts implemented in 2017: the fact is, they did little to help most Americans. Under Reagan, a similar tax cuts would have seen benefits that reached down to most people in the form of jobs or increased wages. Today's situation is different. An age of scarcity requires different policies to protect Americans. Some form of guaranteed income will be necessary to ameliorate the social and economic disruptions caused by automation.

The question will be to what degree. Do we embrace a fully socialist model of UBI, or do we embrace a capitalist-friendly program of NIT?

I may not like disruption, but I hate socialism.

The GOP must take on the UBI issue immediately and seize the narrative *before* Yang's message becomes ingrained in the political discourse. Yang's solutions will destroy our economy. But something like the NIT responsibly implemented would protect at-risk Americans while still ensuring overall economic prosperity in the coming days of massive socio-economic disruption.

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