THE POVERTY CRISIS AND A CASE FOR
UNIVERSAL BASIC INCOME

BY BRENT ELLMAN

In 1964, President Lyndon B. Johnson announced in his State of the Union address that, "This administration today, here and now, declares unconditional war on poverty in America." How does one fight a war against poverty though? What exactly does poverty even mean? As of 2019 in the United States, an individual who makes under $12,490 annually is considered to be living in poverty. A family of 3 earning under $21,330 also falls under the category of living in poverty.

In Denver, Colorado 15.1% of the population lives below the poverty level, according to a recent census bureau ACS 5-year estimate. That estimate found 101k out of 666k people are living below the poverty line. To put this further into perspective, as of July 2020 according to RentJungle.org, the average price to rent a one-bedroom apartment in Denver is $1468/month. According to RentCafe only 5% of rentals listed in Denver are priced at less than $1000/month. We've been waging America's unconditional war on poverty for 56 years and this is how far we've come?

Social programs have been saviors for many but it's no argument that these programs frequently fall short of their intended purposes. Over 50 years have passed since America's war on poverty was declared. It is reported that our government has spent $22 TRILLION dollars on anti-poverty programs. Despite this, millions still live well below the poverty line. Seems like one hell of a band-aid for a festering problem that is likely to grow in the near future. With automation now on the horizon, this issue seems more relevant than ever.

In reference to Universal Basic Income and automation, Andrew Yang talked about how doctors who have spent over a decade in school may soon find themselves replaced by new technologies, which is a common belief these days. In 2016 Dr. Geoffrey Hilton asserted his belief that "it is quite obvious that we should stop training radiologists." After all, not only can artificial intelligence and machine learning based processors micro analyze

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things like X-rays much more intricately than the human eye, they might also be able to reference every medical study in existence instantaneously via open source systems when determining diagnoses. Daniel Elton, a staff scientist at the National Institute of Health who focuses on AI and machine learning, responded to this remark recently on an interview with Sharif Uddin Ahmed Rana of the World Talent Economy Forum. He pointed out that despite this, we will likely still need people

to interpret the information derived through these methods. Similarly, Dr. Langlotz from Stanford believes that "radiologists who use AI will replace radiologists who don't." Either way, people around the globe are wondering how society might change as robots, artificial intelligence, and machine learning become more and more popular in the workplace.

While there will most likely always be people willing to pay a premium for human error, society does seem to be welcoming the supposed "robot apocalypse" with open arms. With this in mind, we may need to consider how society should handle an uptick in unemployment.

Seemingly due to COVID-19 alone, according to the US Bureau of Labor Statistics the unemployment rate in the United States in February 2020 rose from 3.8% (6.2 million people) up to 13% by May. That's 20.5 million people unemployed, which is still an improvement from April at least, when the United States unemployment rate was at an all-time high of 14.4%. The United States government recognized how damaging this was to society and economic stimulus relief checks were issued. These checks were godsends for many but is there a better option? Data for Progress and The Justice Collaborative Institute did some recent polling and found that a whopping 66% of people agreed that one-time payments are unsatisfactory and that the American public should receive monthly payments of $2,000, lasting until a year after the President declares an end to our federal state of emergency. 77% of Democrats and 52% of Republicans who participated in this polling were able to agree that recurring payments of this nature are a better idea.

In 1968 over 1200 economists signed a document petitioning congress to instate some form of Universal Basic Income to combat poverty. Universal Basic Income is a system where every member of society is given a basic income stipend by the government. That's right, everyone! It may sound strange to be paying billionaires a basic income, but as their tax dollars would be a major funding source for such a system, the income they would be receiving would only be mitigating

what they will already be paying in taxes. As Karl Wilderquist pointed out in his article titled, "The Cost of Basic Income: Back of the Envelope Calculations" most people tend to define the cost of UBI by its gross cost. That being the total amount of money paid by the government to its citizens. This view is majorly inaccurate though. In Wilderquist's 2017 model he estimates the true net cost of a UBI program, one that would bring the US poverty rate to 0%, as being $539 billion.

According to the US Government Publishing Office, in 2018 the federal government spent $445 billion dollars on welfare programs, and this is not including Medicaid. According to the US Census Bureau, average monthly welfare payments are only $404. While the US poverty rate in 2018 was as low as it has ever been, estimated as being 11.8%, 38.6 million people were still living below the poverty line. Universal Basic Income's immediate goal is to bring that number to 0. Some people like to think that UBI could even replace government sponsored healthcare programs. In actuality though, if the primary goal is to eradicate poverty, some sort of universal basic healthcare would likely be essential. After all, what good is UBI in the fight against poverty if unexpected medical expenses can still force families into poverty overnight.

A major concern of many regarding UBI is the fear that it will increase unemployment rates. Historically though, this doesn't usually seem to be the case. Iran is a prime example of this. In 2011 they began a universal basic income program that was observed as resulting in no "appreciable" effect on the size of their workforce. Canada's experimentation with UBI also seemed to support this notion. Through their analyses, David Calnitsky and Jonathan P. Latne found that "no qualitative account provides any evidence, even if stretched, which could be construed as documentation of the 'Malibu Surfer'". This Malibu Surfer concept was originally used by UBI proponent Philippe van Parijs in an article he wrote titled "Why Surfers Should Be Fed: The Liberal Case for an Unconditional Basic Income". This article was a response to the following statement made by John Rawls: "...those who surf all day off Malibu must find a way to support themselves

and would not be entitled to public funds." Calnitsky and Latne's revealed in their report regarding the Manitoba Basic Annual Income Experiment that no uptick in the "Malibu Surfer" was found. This might be due to the fact that people seem to appreciate the sense of purpose that comes with being a contributing member to society. They did discover however that overworked employees often chose to work less in such an economy, driving up the availability for jobs through a "redistribution of available work." Another finding regarding Universal Basic Income was that people tend to experience longer periods of unemployment when on the job hunt. Stanford's Raj Chetty pointed out though that "longer job searches improve matching between candidates and jobs", which seems to only maximize worker efficiency. Poverty is a pressing issue for millions of Americans. With nearly 40 million American living below the poverty line, this issue should not be ignored. Considering how much money we already spend each year unsuccessfully combating this problem, isn't it about time we implement a system that is capable of bringing the poverty rate down to 0%? It may just seem like a pipe dream to many but economists have been in support of this concept for quite some time. Citing a study published by the American Journal of Public Health, in 2011 ScienceDaily noted that 4.5% of US deaths could be defined as being directly attributed to poverty. In the United States that year there were 2,515,458 deaths. According to these figures that's about 113,195 deaths that year in the United States alone were due to poverty. As both blue as well as white collared jobs disappear due to automation, it is likely that this overwhelming issue is only going to grow. Many agree that we are sitting at the brink of an entirely new style of society. Will human civilization figure out how to solve these overwhelming issues or should millions of Americans just be prepared to live out the rest of their lives in poverty?