

Basic Income, COVID-19, and Economic Security

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In December of 1999, I co-founded an organization, which still exists, called United States Basic Income Guarantee (USBIG). That organization was (is) intended to promote discussion of a policy proposal called universal basic income (UBI) or simply basic income (BI). BI is an amount of money that would be dispersed to members of some political jurisdiction, on a periodic basis, without a means test or work requirement.

When USBIG was founded, other than among a few academics and activists, there was little public discussion of BI. That all started to change around the time Switzerland announced that it would hold a referendum on whether that nation should adopt a BI. Discussion of the idea accelerated when some members of the tech community argued that BI would be necessary to provide people with a source of income as they began to lose more and more jobs to robots and automation. But the person who's recently done the most to draw attention to BI is Andrew Yang, the Democratic Candidate for President.

Yang referred to BI as the *Freedom Dividend*, and his version would have provided every U.S. citizen above the age of 18 \$1000 per month. The main source of financing for the Freedom Dividend would have been a value added tax. Yang's version of BI isn't the only possible one, and many have discussed its feasibility. In fact, many have discussed the feasibility of **any** form of basic income.

The COVID-19 crisis has highlighted the importance of BI. As the nation, and much of the rest of the world, has moved into a period of physical distancing, the U.S. economy appears

to be in free fall, with millions losing their jobs. This caused Congress and the President to rapidly enact a stimulus package which includes cash assistance, over and above the normal types of assistance provided by the U.S. welfare state, to a large proportion of the population. There's an ongoing debate about whether this package left too many people out as well as whether it's large enough. But what I want to note is that a key part of the package is getting cash assistance directly into the hands of people as soon as possible.

There's a better way to do this. Instead of waiting until a crisis hits before deciding whether to provide cash assistance, how much to provide, and whether that assistance should be extended (which I suspect, as this crisis continues to unfold, is where we're headed), why not simply implement a system of unconditional, periodic cash benefits that puts a "floor" under people's incomes, no matter what happens? That is, assuming it is feasible, why not simply implement a BI? That way, if/when a crisis hits, people needn't have to worry about their incomes falling to \$0, as many are today, even with the passage of the stimulus package. That's because the cash benefits from that package are temporary, and there is no guarantee that they will be renewed. If we really want to assure people that they needn't worry about having to fend for themselves with no income at all, BI is the way to go.