

## A universal basic income is not the answer for Americans

By Andrea Seastrand

Concerns have been raised about the technological revolution now underway, particularly the potential for jobs to be replaced by automation. We now have robots in warehouses and factories, self-checkout cashier stations in stores and ordering kiosks in fast-food restaurants.

Some tech luminaries are predicting this will lead to massive layoffs, and they want government to provide a universal basic income as compensation.

Silicon Valley billionaires have become the most vocal proponents of a universal basic income. Elon Musk, founder of Space X and Tesla, predicts millions of workers will be replaced by automation in the next 30 years. "I think we'll end up doing universal basic income," he told the World Government Summit in February. Facebook founder Mark Zuckerberg recently [touted](#) Alaska's Permanent Fund Dividend in which residents each receive \$1,000 from the state's oil revenue.

Starting sometime this summer, a small group of people in Oakland will get free money in what may be the nation's first basic income experiment. The money won't be coming from the government, though. Instead, Silicon Valley's Y Combinator, a business incubator for tech startups backed by venture capital, will give 100 people in Oakland between \$1000 and \$2000 a month to see if basic income can lessen the burden of automation.

But the likelihood is that while jobs will be lost to automation, many more will be created. So a universal basic income is not only unnecessary but could be counterproductive.

Concerns about machinery in the workplace go back more than 200 years when English textile workers, known as Luddites, destroyed weaving machinery. But for every buggy whip maker put out of work by the invention of the automobile, many more were hired on the Ford assembly line.

Despite the proliferation of automation and technology in nearly every aspect of modern life, U.S. employment increased by 222,000 jobs in June, including in health care, social assistance, financial activities and mining. The unemployment rate is just 4.4 percent, dropping 0.4 percentage point since January.

The problem, however, is that too many Americans have stopped looking for work. The labor force participation rate, at 62.8 percent, changed little in June and has shown no clear trend over the past year, according to the [Bureau of Labor Statistics](#). That's despite the fact that about 6 million jobs are going

unfilled.

Part of the problem is that many of the unemployed lack the skills to fill those jobs. But contributing to the problem is that the government provides incentives not to work via income-based assistance. Nearly 43 million Americans are receiving food stamps, about 2½ times as many as in 2001. One-third of Californians qualify for Medi-Cal.

No one begrudges extending a temporary helping hand to those in need. But simply delivering handouts on the condition that the recipients remain poor, provides a disincentive for many to go back to school, improve their job skills and look for work.

President Lyndon Johnson launched the War on Poverty in 1964 with the pledge that it would reduce dependency and break the cycle of poverty. But more than 50 years and \$22 trillion taxpayer dollars later, millions are still trapped in poverty and dependency on government assistance.

Which is why guaranteeing a universal basic income is not only unnecessary but could be counter-productive. It would also be very expensive. Providing every American with \$10,000 annually, would require taxes to be raised nearly 10 percentage points as a share of GDP and most non-health social service programs would have to be cannibalized, according to [The Economist magazine](#).

Joseph Curl of the Cato Institute agrees, "but what's never mention is the strings that will come with the "free" cash. The government will control the handouts — and they will, of course, need to come from taxpayer funds, as not every state has the oil reserves found in Alaska. And the cost would be astronomical...this as the U.S. struggles to solve its trillion-dollar health crisis."

There are many innovations coming, transforming our lives for the better. Yes, some may be inconvenienced, especially those unwilling to adapt and learn, but most will benefit. The universal basic income is definitely not the answer for Americans!