

CAPSTONE RESEARCH

ADVOCATING SOCIAL POLICY REFORM:
UNIVERSAL BASIC LOAN AND US WELFARE SCHEMES

Submitted by

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Abstract

This study reviews the history of US poverty and social policies and analyzes alternative solutions and reforms to current income support systems. It examines welfare schemes that aims to reduce wealth and income inequality and poverty, specifically the use of a Universal Basic Loan (UBL). By conducting both a stakeholder and historical analysis, this paper determines that a UBL structure could be crafted to combine successful elements and eliminate failures of current US social policies. Realizing a Universal Basic Loan (UBL) is therefore the primary policy reform recommendation of this paper.

Methodology

This research reviews the effectiveness and efficiency of past and current US social policies aimed at reducing wealth and income inequality and poverty. As such, the work depends heavily on secondary resources; however, to achieve greater understanding of context, I performed qualitative research using stakeholder interviews – meeting with professors, bureaucrats, and politicians. As one of the major objectives involves assessment of new alternatives on the current welfare system, I rely heavily on insights, research, and reports from various think-tanks, organizations, and politicians.

“In a country well governed, poverty is something to be ashamed of. In a country badly governed, wealth is something to be ashamed of” - Confucius

Introduction

US welfare policies, which tend to be conditional, restrictive, and selective, are rendered inadequate and inefficient due to adverse selection, information asymmetry, moral hazard, pooling equilibrium, and legacy debt. For example, Social Security benefits are conditioned to only those who experience a loss of earnings and earned through the insurance contributions paid while working. Low wages and extended hours restrict individuals to find better employment opportunities, continue education, or start a new business. These schemes plunge individuals into economic hardship, reward passive behavior, and create a cycle of financial hardship. In 2016, according to The Organization for Economic Co-operation and Development (OECD) report, Finland has the second lowest poverty rate in the world while the United States has the highest of OECD countries (OECD 2016). Poverty rate is defined by OECD as the “ratio of the number of people whose income falls below the poverty line ... taken as half the median household income of the total population” (OECD 2016). The American Dream ideology is failing society as fewer and fewer lower- and middle-income households achieve it. While Finland has one of the most generous welfare systems in the world with benefits from subsidized childcare to generous unemployment benefits and pension, the US’ huge disparity in income and wealth, low social security benefits, and lack of certain social policies add to the country's poverty dilemma. Reforms are necessary to prevent economic devastation and mitigate economic hardship. Given the inefficiency and inequity of existing social welfare programs, as well as the continuous dilemma of wealth inequality in the United States, a universal and unconditional

welfare system should be enacted to significantly reduce wealth and income disparity and poverty.

Proposed Universal Basic Loan (UBL) Scheme

Brief Summary

Every baby born in the US, henceforth, would be eligible for a lump sum loan of up to \$50,000 at the age of 18, depending on their cumulative annual household income for the past 18 years. The lower their annual household income, the higher the loan that they will receive. Starting at 10% of the amount of the initial loan with 0% interest rate, repayment will commence once the recipient is over 25 years old. After further investigation and deliberation of the Appropriation Committee, if the recipient has no funds to repay the loan, the loan repayment committee will delay the repayment yearly until the recipient is above the poverty threshold. The loan amount needed for the initial distribution, 18 years after the policy is in full effect, will come from decreasing corporate welfare and increasing corporate taxes.

Loan Usage and Request

The amount can be spent strictly on the following: education (public institutions), basic necessities such as housing, food, and rent, medical expenses (public hospitals), and starting a new business, all subjected upon the approval of the Appropriation Committee. The amount requested by the recipient will be reviewed by the appropriate subcommittee which will have the authority to transfer the funds institution-to-institution via the approved request of the recipient.

Loan Repayment

If the recipient, after further investigation and deliberation of Appropriation Committee, has no funds to repay the loan, the committee will delay the repayment year after year until he or she is able to do so. There will be no interest paid for the loan and will be inflation-adjusted. The recipient is only required to pay the loan once he or she is determined to be above the poverty threshold.

Loan Cancellation

The recipient will no longer be obliged to pay back the loan if he or she experiences the following: death, serious disability or health-related concerns which impedes full-time employment. Additionally, if the recipient is not able to pay the loan, because he or she is determined to be living below the poverty threshold year after year, at the age of 65 the loan will be cancelled and the recipient is no longer obliged to pay. The recipient has the option cancel the loan distribution anytime he or she wishes and start paying the loan, granting the recipient is above the poverty threshold.

Stipulations

Unless the recipient is living way below the poverty threshold, has a serious disability that hinders him or her from working or has a life-threatening medical conditions, no amount over 50% should be spent in medical or living expenses. Also, to prevent financial misuse by either the recipient or their legal guardians, the loan amount will remain in an established government institution which oversees the entire UBL system. No recipient shall be jailed for failure to repay the loan.

Institutional Structure

The overseeing institution will be composed of the following departments: Appropriation, Administration, Audit, and Advising. The Appropriation Department is tasked to review applications, calculate the appropriate fund to be loaned, and authenticate claims. This office will supervise the education, medical, living, and business review subcommittees. The Administration Department, led by an appointed Administrator, is tasked to plan, organize, staff, and direct the institution. The Audit Department's primary duty is to oversee the UBL governance processes, evaluate its operational procedures, and control its functions; while the Advisory Department's main responsibility is to provide free education, medical, living, and business consultations on how to appropriately use the loans.

Benefits and Feasibility

By giving loans, instead of grants, UBL creates a more economically and politically feasible alternative. UBL attempts to even the playing field for the poor and marginalized as recipients are given the opportunity to study, start a new business, live adequately, and be healthy. These universal and unconditional loans can be used for education, business opportunities, living expenses, and/or medical expenses. Since the initial funding of the program will be coming from decreased corporate tax subsidies, wealth will be redistributed from higher- to lower-income households. Funding from the program would never come from raising taxes but from large corporations' profits. It is also more politically feasible than other proposed schemes, such as Universal Basic Income (UBI) or Stakeholder Grants (SG), because it will not be labeled a federal "handout". The public's perception of such proposals are negatively skewed; thus, less likely to get passed than UBL. It also prevents financial misuse since the transfer of

loan amount will be from institution to institution, instead of directly “handing” it to individuals. The UBL Appropriation Department will be the primary office who manages and administers the loans, audited by intra-UBL and intergovernmental agencies. Although the appropriate amount is adjusted yearly due to inflation, there is no interest accrued during the duration of the loan. The amount borrowed will be paid incrementally once recipients turn 25 years old, giving sufficient time for repayment. The proposed UBL policy functions as a zero-interest federal loan which only requires recipients pay if he or she is above the poverty threshold, by doing so makes the scheme self-sufficient, cheaper to administer, and more efficient to implement.

Is UBL Cheaper?

The proposed scheme is more economical than most current US social policies. If, for example, we implemented the policy in 1998 and 4 million babies (which was the figure in 2016) were born that same year then 18 years later, and if the proposed UBL amount is between 0-\$50,000 depending on their annual household incomes for the past 18 years, then we would not need more than \$200 billion to give out to them at their age of maturity (this calculation is on the premise that we give the maximum \$50,000 to each baby born in 1998 who reached the age of 18 years old in 2016). This figure is a tiny spectacle in comparison to the \$2.3 trillion dollars the federal government spent on social security, major health programs, and safety net programs in 2016. The amount needed for the UBL payout can be easily attained by using the safety net discretionary funds or cutting some programs that can overlap with the proposed policy such as Federal Student Aid. Since the proposed policy is self-sustaining because the loan will be payable once the recipient turns 25 years old, the additional funds incurred by the initial payment of UBL can be returned to the funds it was originally gotten from. There are also no conditions,

aside from being being a citizen of the country, for the UBL scheme. The loan amount received is inversely correlated to one's household income for the past 18 years which makes the proposed policy effective in targeting the poor, the marginalized, and the underserved. In conclusion, UBL is cheaper than almost all previous, current, and proposed social policies; hence, it would be worth considering how much potential it has if drafted.

Why UBL?

UBL seeks to simplify and ease the access to welfare benefits through loosening up of eligibility criteria, decrease the use of means-testing, and shift towards passive-citizenship welfare. It also promotes individual's self-responsibility and self-autonomy by giving recipients the freedom and liberty to choose how to grow socioeconomically. Although UBL will inevitably fail to collect loan payments from all recipients, the citizens will have an equitable and equal chance to improve their socioeconomic status – an objective that current former welfare schemes have not efficiently achieved. This social policy would have positive effects upon economic growth, labor market flexibility, and socioeconomic and political participation, as well as transfers income from recipients' greatest earning-capacity to their weakness. UBL would be more effective than the existing social security system at guaranteeing an equal opportunity for every baby born, and, theoretically, would significantly reduce poverty and unemployment traps, enhance individual autonomy once they turn 18 years, and be cheaper since it will be eliminating social welfare programs that are proven to be ineffective in combating wealth inequality and poverty.

Literature Review

US History of Poverty

According to Mink and Connor, in early American history, poverty was exacerbated by the processes of immigration, conquest, and enforced labor that accompanied the European settlement of North America and the founding of the United States, as well as through the rise of government-subsidized social welfare (Mink and O'Connor 1). *Poverty in the United States* (Mink and O'Connor) discusses economic transformations, social movements, competing ideas and ideologies, political debates, and policy decisions regarding poverty and social schemes. Every colony had a system of social welfare back then as poor relief was established as a local matter (Mink and O'Connor 4). Local officials arranged for the direct supply of necessities such as rent money, firewood, food, blankets, and even a small stipend (Mink and O'Connor 5). Despite this, public relief was intended to be temporary and provide only the absolute essentials. Public authorities judged the circumstances of the needy person, distinguishing between the "worthy" and "unworthy" or the "deserving" and "undeserving" poor (Mink and O'Connor 6). To receive assistance meant to accept willingly the designation of one as a "dependent", a status reserved for those outside the economic mainstream which are the very young, the very old, women, slaves, the chronically ill, and the disabled (Mink and O'Connor 20). Public policy aggressively attacked "dependency" in the "nonworking" poor (Mink and O'Connor 45). The overseers of relief sought that to make provisions brief and cheap so that the recipients would be forced to contribute to their support through their own labor. Children were also caught in the cycle of poverty as they had limited choices to help support them (Mink and O'Connor 5). The child's master was bound to provide the child with all the necessities of life and, in return, the child was bound to live, obey, and labor for the master (Mink and O'Connor 6). During these

times, the poor had inferior housing, food, and clothing, and were vulnerable to illness, disease, conflict, and violence as public resources for the poor were localized and limited.

Progressive Era

The colonial foundations of social welfare were little changed until the Progressive Era as new ideas, institutions, and knowledge for expansions in social protection were introduced (Mink and O'Connor 19). It was during this time that the people questioned the role and obligations of the government and the relationship between capitalism and democracy (Mink and O'Connor 19). There were also attempts by the Congress to provide maximum hours allowed, minimum wages, and industrial insurance for injured workers. Many Americans view poverty as a by-product of social and economic processes, the Progressive Era departed from older traditions and more-privatized prescriptions for poverty (Mink and O'Connor 20). Political interests varied from socialism and unionism to rebalancing labor relations. The ideas and experiments in the Progressive Era paved the way for the social welfare policies enacted during the New Deal which initiated structural approaches to poverty (Mink and O'Connor 25).

New Deal

During the New Deal period, the administration under President Franklin D. Roosevelt loaded funds, reorganized troubled institutions, and strengthened financial institutions (Mink and O'Connor 27). His administration established FDIC and SEC, protecting holders of their savings accounts and removing the country from the gold standard. In 1933, the Federal Emergency Relief Administration (FERA) was also established which had distributed roughly \$1 billion a year, about 2 percent of the national income 3 years since its inception (Mink and O'Connor 29).

His administration was also central in putting together the 1935 Wagner and the 1938 Fair Labor Standards Acts. Together these laws enhanced worker freedoms, increased their purchasing power, and alleviated industrial unrest by establishing for wage earners the right to collective bargaining through representatives of their own choosing, federalizing wage and hour laws in a race- and gender-neutral manner (Mink and O'Connor 31). Even though the progressive era reforms were typically at the state level and continuously under constitutional attack, the FDR administration succeeded in changing the national environment. One of the accomplishments in this era is that it shifted the conversation from social policies as welfare dependency to social policies as a human right. Despite the numerous social welfare policies and institutions created during the New Deal, a combination of factors, such as limited job opportunities, low wages, and discrimination in the labor market, were perceived as the main causes of poverty (Mink and O'Connor 38).

Main Culprits of Poverty

Despite middle-class affluence and a burgeoning consumer culture, insufficient work opportunities, overproduction, and low wages played major roles in explaining the very high incidence of desperate poverty (Mink and O'Connor 16). Competition could no longer be trusted as a sure guide to policy with free market perceived to be an illusion (Mink and O'Connor 17). To make things worse, workers were constantly victims of unemployment and underemployment. The capitalism's cyclical structure contributed to chronic unemployment, low wages, and barriers to working-class organization as the most prevalent and persistent causes of poverty (Mink and O'Connor 11).

Urban and Rural Poverty

Poverty in the urban communities, in contrast with rural societies, were exacerbated by the social dislocation among the ghetto underclass, the self-perpetuating structure and experience of inequality in the community, problems of discrimination, and the social class subordination. According to Wilson, social dislocations in urban cities among the ghetto underclass is mainly due to contemporary racism (11). He argues that an occupational hierarchy rooted in history and institutionalized in the labor market and that the historical and contemporary forces that have also shaped the experience and behavior of impoverished urban minorities (Wilson 11 and 33). Further, urban minorities have been particularly vulnerable to structural economic changes. Despite a high rate of poverty in ghetto neighborhoods throughout the early 20th century, joblessness, teenage pregnancy, welfare dependency, and serious crimes were lower than in later years and did not reach catastrophic proportions until the mid-70s (Wilson 3). It is due to the growth of the high- and extreme-poverty areas that epitomizes the social transformation of the inner city – a transformation that represents a change in the class structure in many inner-city neighborhoods – thereby increasing the proportion of truly disadvantaged individuals and families in urban areas (Wilson 55). Being poor, especially in urban areas, became increasingly racialized as separate systems of charity and public relief for people of color were instituted (Mink and O'Connor 7).

Racial Prejudice

As the American economy expanded and became increasingly industrialized, wealth and income became progressively stratified, poverty became more entrenched, and people of color were further exposed to poverty (Mink and O'Connor 6, 7, and 21). Racial prejudice applied

different cultural assumptions to African American, Asian American, and other minorities (Mink and O'Connor 23). Indians were directed onto reservations, expected to take farming with inadequate supplies of land, machinery, tools, and education while European immigrants, with peasant backgrounds, were relentlessly deskilled (Mink and O'Connor 15). Blacks were denied the best jobs in the industrial economy which resulted in them primarily working service jobs (Mink and O'Connor 41). African American sharecroppers and tenant farmers were tied to the land by the overwhelming debt (Mink and O'Connor 15). Unions were decentralized and weakened as wage cuts were increased while marginalized communities faced segregation and lower wages. Industrialists blamed individual failings and stigmatized the poor which were mostly children, women, disabled, and people of color (Mink and O'Connor 12-13). Poverty rates have varied geographically as well as by race, ethnicity, gender, age, and occupation (Mink and O'Connor 38). Poverty and dependency were repeatedly created by law and politics which only benefitted white males (Mink and O'Connor 15). The white male industrialist worker and his dependents gained a modicum of security while people of color and other marginalized communities found themselves inadequately covered by law and often subjected to discrimination (Mink and O'Connor 25).

Income and Wealth Inequality

The United States has one of the most unequal income distributions among developed countries and this is at least partly due to the low level of government benefits provided to lower-income American families, pre- and post-distribution. *The Wealth Gap* (Henneberg) argues that “extreme” inequality in the US stems primarily from the greed and corruption in the banking industries and influence of corporate America on the government (13). Henneberg explains how

several laws and legislations resulted in disproportionate gains by the top 1 percent resulted new income, the loss of real median income by the working class, the rise in the child poverty rate, and transfer of wealth from the lower- and middle-class to the upper-class (Henneberg 14). There are two major shifts of income inequality during the mid-20th century: first, high wage earners tend to marry each other putting them at the highest levels of income; and second, the rise of single parent households decreases the bottom level's income (Henneberg 45). The income of wealthier households has been steadily growing faster than the income of poorer households. Lower-income have incomes less than 2/3 of the median income while upper-income have incomes more than double the median.

One family owns more wealth than the bottom 130 million American citizens and the decreasing middle-income households (Henneberg 14). Wealth refers to the assets held by a person or household at a single point in time while income refers the money received by a person or household over a period of time. The wealth of middle- and lower- income families has stagnated or decreased while the wealth of upper-income households was seven times the wealth of middle-income households. From 2000 to 2014, middle-income households decreased from 55% to 51%, upper-income increased from 17% to 20%, and lower-income increased from 28% to 29% (Henneberg 21). The richest 400 Americans have as much wealth as the poorest 155 million Americans (Stern and Kravitz 34) while the richest one percent in the United States now own more wealth than the bottom 90 percent (Stern and Kravitz 42). According to Santens, the richest 85 people in the world owns the same wealth as the bottom-half of the world's population (120). In 2010, 93 percent of the new wealth created in the United States went to the top one percent of earners (Stern and Kravitz 45). Much of the nation's wealth is now concentrated to a

tiny group of individuals while the gap between the very rich and everyone else is wider than at any time since the 1920s (Henneberg 107).

Economic Mobility

Stern and Kravitz contend that if you are born poor in America, you have a much greater chance of staying poor than if you were born into the same class in countries such as Canada or Denmark (42). On another note, Sterling and Waite believe that the gap between the rich and the poor are fruits of US economic progress (x). Similarly, Polanyi states that poverty, and income inequality, and social relations are all embedded in the economic system (Polanyi 57). He believes that human beings behave in a certain way to achieve maximum profit and that no policies should influence the action of these markets (Polanyi 69). Changes in family structure, the rise of single-parent households, and the growth of career high-earner couples near the top of the income distribution account for roughly half of the rise in income inequality across households in recent decades (Henneberg 52). As public priorities changed and the energy of antipoverty initiatives dissipated, income inequality and poverty amplified (Mink and O'Connor 34).

Social Policies

Social insurances and policies, such as social security, unemployment insurance, disability insurance, and workers compensation, are perceived to generate an unemployment trap, wherein taking paid employment may force loss of benefits reducing beneficiaries overall income. A second complaint is that these social welfare programs create a poverty trap, a mechanism which makes it difficult for individuals to escape poverty. US social policies do not

reach everyone since such benefits are typically lower than for insurance benefits and the process is typically complex and expensive to administer. Social programs, such as the government home loan policy, "infantilize" and "ghettoize" the poor, reducing the independence of recipients or forcing them to live all in one area. According to OECD reports, social security, unemployment insurance, and other cash benefits in the US contribute much less to income than other programs in other countries (Henneberg 39-40). Social welfare programs stigmatizes the poor, punishes them, and promote them into the culture of poverty (Stern and Kravitz 186-187).

Social Security

In 1935, President Franklyn Roosevelt signed into law the Social Security Act which encompasses several social welfare and social insurance programs funded primarily through payroll taxes. The Social Security Act protected workers against unemployment by offering benefits to those who had worked and assistance to those unable to work due to age, disability, or motherhood (Mink and O'Connor 30). Complementing both Altman and Kingston who write that the goals of social security are to rectify income inequality and prevent poverty among older Americans and the orphans (xiii), Fitzpatrick states that Social Security was established with the goals of equity, efficiency, and administrative simplicity and strategic aims of income support, social integration, and reduction of inequalities (Fitzpatrick 23). The Social Security Act was intended to change the conversation from one in which dependent populations received public charity, to one in which insurance payers received their rights under the new contract. The authority and taxing power of government, as well as the self-interest of political leaders and the public to protect promised benefits, guarantee the continuity and financial integrity of the Social Security program (Altman and Kingson 30).

Arguments for Social Security

According to Altman and Kingson, Social Security, which is funded largely from contributions paid by current workers and managed by the federal government, is the most secure insurance program in the world and would leave no individual penniless due to old age, disability, or being an orphan (xiii). They argue that the impacts of stagnant wages, growing health care costs, and the tax systems are the real culprits of wealth inequality and poverty (Altman and Kingson 18 and 30). The program supports directly or indirectly 11% of the nation's children and it's the largest disability program supporting over 12 million of seriously disabled workers and their families (Altman and Kingson 15-16). In 2016, 24 percent of the budget, or \$916 billion, went to the Social Security program which provided monthly retirement benefits averaging \$1,360 to 41 million retired workers (Center on Budget and Policy Priorities 2017). Altman and Kingson contend that it is the most reliable source of retirement income and the primary disability and life insurance protection to the vast majority of Americans and children (21). They clarify that taking social security benefits away would render every other older American in poverty and the poverty rate among African-Americans would triple (xv). This is shared by a similar view by Mink and O'Connor who argue that Social Security is one of the primary reasons why poverty rate dropped especially among the elderly which is the lowest for any age group (44). Altman and Kingson further argue that the system's trust funds is expected to grow until 2020 and that the government can simply exchange Social Security bonds for Treasury bonds to pay the benefits financed from the fund. They believe that the enemies of Social Security, which is motivated by greed, have succeeded in persuading Americans that the Social Security is on the verge of collapse, which is not going bankrupt, and that the public education far outstrip Social security with its dedicated taxes (xvi-xvii). However, demographic

changes, declining birthrates, increased life expectancies, and the aging of baby boomers influenced the policy direction and public's perception of the Social Security program.

Arguments against Social Security

Sterling and Waite argue that the main problem of Social Security involves health care benefits accrued when baby boomers retire, leaving relatively fewer taxpayers and government revenue (106). The number of people age sixty-five and over will double while the number of working-age people will increase by only 25 percent (Sterling and Waite 166). In addition, the generations prior to the baby boomers have received benefits far in excess of their contributions. With the interest incurred by the US debt increasing year by year, the burden for government spending is borne by the next generation as the current one finances the social security payments of the older one (Sterling and Waite 114). Although it can be resolved by changing Social Security provisions such as tax rates, the cap on income to be taxed, or allowable immigration levels, the central issue is that the funds that are promised to the workers won't be there for them when it is time for them to retire. US health care spending has been rising at about twice the rate of increase of the country's GDP (Sterling and Waite 106 and 177).

Sterling and Waite predict that the social security program will have its benefits cut, payroll taxes raised, and age to receive benefits raised while renowned actuaries predict the social security program to be bankrupt by 2032 (Sterling and Waite 103-105). Sterling and Waite write, "When Otto von Bismarck set sixty-five as the magic age for retirement more than a century ago, life expectancy was just forty-five. With the modern medical advances, the Social Security eligibility age would have to be raised to something like ninety-five to provide

comparable retirement protection today" (Sterling and Waite 183). Redistribution of wealth through the Social Security system is done by taxing the low-risk individuals to subsidize the high-risk individuals, leaving it susceptible to risk aversion and information asymmetry. Because of this, mandates are required to insure all people purchase insurance and a standard package of benefits. In a 1998 annual report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, Old Age Supplemental Insurance, Disability Insurance, Social Security, and Hospital Insurance trust funds will be depleted by 2034, 2019, 2032, and 2008 respectively (Sterling and Waite 164). Sterling and Waite contend that the Social Security and Medicare programs, which functions like pyramid schemes, should allow patients to make the choices themselves, instead of delegating the chooses to bureaucrats who answer to the government (Sterling and Waite 178-179). Medicare is generally for people who are older or disabled while Medicaid is for people with limited income and resources. In 2016, Medicare provided health coverage to around 57 million people who are over age 65 or have disabilities (Center on Budget and Policy Priorities 2017). The fact that beneficiaries are shielded from the full costs of our health care decisions by the current third-party payment system has created extremely perverse economic incentives and repercussions (Sterling and Waite 180). According to former Commerce Secretary Peter Peterson, "If the Social Security and Medicare balance sheets were evaluated according to private-sector accounting standards, both would be declared massively insolvent immediately" (Sterling and Waite 175). Today, the biggest Social security checks go to the most affluent households (Sterling and Waite 185). Sterling and Waite call for reforms, such as privatization, of the Social Security, Medicare, and Medicaid which would boost savings rate, raise the return retirement assets, and control medical costs and believe that current social welfare system designed for lifetime employment and job stability no longer exists

(Sterling and Waite 162). The Social Security program has turned into a pay-as-you-go scheme that no longer functions as an insurance scheme. This type of program can be maintained as long as the population is willing to pay what is necessary to keep it going. On a similar note, Gruber argues that a funded private pension plan will be backed by actual assets while the current social security are backed by only government policies (Gruber 361). With over 35% of the working-age population will be over the age of 65 by 2050, reduction in birthrates, fewer workers to contribute to social security, and legacy debt by the unfunded first generation of recipients, not to mention the job displacement and disorientation of technology revolution and automation, reforms for the current Social Security program should be comprehensively considered. Not sure what this long discussion of SSI has to do with your thesis. Make a connection to UBL.

Technology Revolution

The convergence of information and communication technologies revolutionized the global economic landscape, displaced millions of workers, and increased wealth disparity. For the past few decades, more scientific knowledge has been created than in all of human history prior to that time (Sterling and Waite 34). Microprocessors have changes the way we collect, store, copy, and revise knowledge (Sterling and Waite 36). With increase of ability to manipulate and process data, there is a decrease in our ability to communicate and interact (Sterling and Waite 45). From 1980 to 1997, the worlds wealth increased by over 1,100% from \$5 trillion to nearly \$60 trillion as human knowledge is doubling at most every ten years (Sterling and Waite 34). Employment costs have risen while the price of goods categorized as information technology has significantly declined (Sterling and Waite 24). The widening gap between the rich and the poor is further exacerbated by the technology revolution and globalization. More

and more economists believed that the increasing wide between the rich and the poor has more to do with it (Sterling and Waite 56). Sterling and Waite contend that the technological revolution is “underhyped”, believing that technology is changing the nature of commerce, creation of wealth, and store and communicate knowledge (Sterling and Waite 32). They explain how the technology revolution will displace larger numbers of American workers and how the retirement wave starts in 2010 and would not stop for 20 years (Sterling and Waite xi-xii). Similarly, Stern and Kravitz are afraid when the consequences of the futuristic promises of technology come to fruition (Stern and Kravitz 3). They predict that every company will be looking to drive out labor and that the idea of employment, as the best and most stable source of income, will come into question (Stern and Kravitz 8-9). As Stern and Kravitz ask, “which job categories will be gone forever in the age of robotics and artificial intelligence?” (Stern and Kravitz 2). In order to thrive in the technology revolution, American workers will need new forms of income security, portable health, and pension plans instead of benefits that are terminated when workers are between jobs (Sterling and Waite 56).

Displacing Workers

Automation would impact all levels of income, not just the middle-income and low-wage occupations, and unless more work or new job types are created, it will result in the decrease of income for most American families (Stern 65). Most jobs created in today's economy, commonly in the retail and food service industries, rarely include benefits and have stagnated wages. This current trend can be attributed as a result from the shift in jobs from manufacturing to service (Stern and Kravitz 37). American companies send manufacturing and engineering jobs to other countries where it could be done more cheaply, making the shareholders happy with increased

profitability while reducing jobs for low- and middle-class jobs in the country (Stern and Kravitz 24). Corporations always want to cut costs and increase productivity and profitability, trying to do more with less. Around 45 percent of all activities that workers take in in US economy can be automated using available technologies which represents nearly \$2 trillion in annual wages of American workers (Stern and Kravitz 64). Advancement in technology will result in the loss of millions of middle-class jobs in the foreseeable future, not to mention its effect on older generations (Stern and Kravitz 59).

Baby Boomers

Baby boomers affect and influence the entire US market economy. For example, when they reach a new stage of life, demand for that related products soars and vice versa (Sterling and Waite 2). Sterling and Waite discuss that there are ultimately three reasons why the age wave will eventually drive up the savings rate: first, boomers need to save more because their Social Security and Medicare benefits are going to be less; second, they cannot count on their homes as good investments, and third, the stock market is unpredictable (Sterling and Waite 29-30). Older workers are losing income at a faster pace and save far less than previous generations because America's senior citizens now count on generous government support in their retirement years (Sterling and Waite 28-31). According to the Bureau of Labor Statistics, the number of men in the US workforce is at its lowest since the 1940s (Stern and Kravitz 34). This is a huge dilemma. Both Altman and Kingson relay the importance of battling economic insecurity of seniors and the nation's looming retirement income crisis (Altman and Kingson 20). The more conservative and more conscientious boomers are driving government economic policies, fostering low inflation and interest rates and reasonably buoyant financial markets (Sterling and Waite 17).

Crafting Policies

There are several factors involved in designing redistributive fiscal and social policies. According to Scott Santens, a writer and advocate of Universal Basic Income, it should be done with fiscal instruments that achieve their distributional objectives at a minimum cost to economic efficiency (Henneberg 121). He believes that increasing expenditures on health and education, especially post-secondary education, can increase social mobility and that social spending in developing economies is not well designed and targeted, increasing inequality (Henneberg 120-124). Santens contends that four key considerations in designing redistributing financial policies: first, it should be consistent with macroeconomic policy objectives; second, taxes and expenditures should be evaluated jointly; third, design should account for both redistributive and efficiency objectives; and fourth, administrative capacity consideration (Henneberg 125). On the other hand, Fitzpatrick argues that the objectives of the social welfare system should be the following: first, by relieving poverty it boosts demand which can act as an economic regulator; second, cash transfers can compensate for the disadvantage; third, provides security and protection for all citizens to have the same socio-economic opportunities; fourth, it may create disadvantage by requiring people to conform to repressive social norms and reproducing social divisions; fifth, offer people incentives and disincentive; and sixth develop individuals' potential and integrate them into a solidaristic network of social relations. (Fitzpatrick 23-24). In addition, Fitzpatrick underlines two main forms of redistribution: vertical, redistributions from net losers to net gainers such as assistance benefits; and life-cycle, redistributes wealth from one part or a person's life to another such as pensions (Fitzpatrick 28). Not surprisingly, Mink and O'Connor emphasizes on the value of a multifaceted perspective and interdisciplinary approach (Mink and Connor 1). Congress should consider redistribution income policies and reforming social welfare

schemes which can significantly reduce wealth inequality and poverty. Increasing access of lower-income people to education, such as offering more scholarships and loans in tertiary education or completely eliminating tuition fees for public schools and universities, is a start (Henneberg 127).

Our current redistribution system transfers wealth from the young to the old and not necessarily from the rich to the poor. Taxing the wealthy doesn't necessarily put money in the hands of the poor but will be transferred to politically-favored groups by the government (Henneberg 115). It will most likely invest the money on falling institutions which is an enormous financial waste. What we've been doing is clearly not working, especially if it is a continuous loop or cycle. To change the federal system, there should be a small-government egalitarianism which is focused on upward mobility and benefit the lower- and middle- class (Henneberg 119).

Proposed Solutions of Authors

Most of the authors reviewed contend that, instead of expanding conditional cash transfer programs, utilizing property taxes, increasing the minimum wage, tightening labor market, and reforming the income tax structure, the government should focus on reforming current schemes efficiently. Although social policies have been constantly reformed, Fitzpatrick believes that it is only generally done to increase waiting periods, tighten rules about looking and accept employment, and lengthen the required period of labor market participation (31). He argues that pensions, unemployment benefits, and caring benefits should all be reformed (Fitzpatrick 30). Fitzpatrick believes that the current social security system should enable people to work longer

in order to qualify for less generous pensions (31). Social insurance undermines work incentives when coverage is not universal, camouflages the source and extent of class inequalities, compulsory nature of social insurance which functions as a tax. Taxes and transfers in the country only accelerated the widening inequalities of market incomes (Fitzpatrick 33). According to the 2017 release of the Social Security Board of Trustees report, they predict that the Social Security program will begin paying out more in benefits than it's generating in income by 2022 which will be completely exhausted by 2034, partly due to the falling worker-to-beneficiary ratio, retiring baby boomers, and increased longevity (Williams 2018). In order to save Social Security's inevitable failure, Gruber suggests the following reforms: first, incentivize work after retirement age; second, raise taxes by 2.5%; third, increase the number of workers paying social security; fourth, increase retirement age when workers can collect benefits; fifth, lower benefits such as not adjusting for inflation (CPI); sixth, reduce benefits for higher income groups; seventh; invest the social security program's trust fund into stocks instead of bonds; and eighth privatize the whole program. There are currently less generous and more stringent social welfare programs in the United States.

A welfare state should fulfill its citizens' basic needs which are not subjected to any condition and applies to everyone, uncompromising market individualism and state collectivism (Fitzpatrick 110). United States Senator Bernie Sanders proposes the following fiscal policies in order to decrease poverty and increase upward mobility: first, no more offshore tax havens; second, imposed a state tax on the top 0.3% of Americans who inherit more than \$3.5 million; third, tax Wall Street speculators; fourth, increase federal minimum wage to \$15 an hour; fifth, more employment opportunities by building infrastructure; sixth, corporate America should

manufacture and produce goods and services in America; seventh, invest \$5.5 billion in youth jobs programs; eight, gender equity pay; ninth, free tuition at public colleges and universities; tenth, lifting the cap on taxable income on social security; eleventh, universal healthcare for all; twelfth, 12 weeks of paid family and medical leave, 2 weeks of vacation, and 7 days of paid sick days; thirteenth, universal childcare and prekindergarten program; fourteenth, make it easier for workers to join unions to bargain for better wages and benefits; and fifteenth, break up huge financial institutions (Henneberg 107-111). Edmonds Phelps, an economist at Columbia University, proposed a graduated schedule of tax subsidies to firms for every low-wage worker that employ (Sterling and Waite 185). He believes that it will be self-financing as the costs would offer by reductions in the cost or welfare, crime, and medical care (Sterling and Waite 185). I find Posner's, Becker's, and Phelps's to have the most appealing and persuasive proposals. Redistribution of wealth and social welfare policies decreases the gap between the rich and the poor and alleviate poverty, as well as induces the costs of entrepreneurship and innovation, with the result being higher overall economic growth for everyone. Given the fact that social welfare schemes should extend coverage to those who have been excluded in the past and ensure coverage on low wages, it should also be pluralistic, non-conditional, and redistributive.

Universal Basic Income

As most US social policies are means-tested guaranteed minimum schemes which generates unemployment and poverty traps, Universal Basic Income (UBI) is paid regularly in cash on the basis of citizenship funded by a political community, a nation-state, beneath, and beyond, not contingent on willingness to work. For Ackerman et al, UBI is a weekly or monthly

stipend high enough to provide citizens with a standard of living above the poverty line that is unconditional, universal, and a basic right (Ackerman et al xi-xii). In simpler terms, it is a guaranteed amount is paid to each individual member of the community, without means testing, and irrespective of income (Ackerman et al 9). There are several variations of UBI, some restricts children and permanent residents while others include everyone in the population regardless of age and citizenship status (Ackerman et al 7). There are also some UBI variations that allow the elderly to supplement their income from public or private contributory pension schemes and employment while others don't (Ackerman et al 7). The rate of take-up of benefits is higher under a universal scheme, there is nothing humiliating giving benefits to all citizens, and the reliable payment is not interrupted when accepting a job under it (Ackerman et al 10). UBI activates individuals while liberating them, giving them stronger material incentives, and promoting social justice. According to Stern and Kravitz, UBI doesn't discourage people from working but enables them to not take jobs that pay too little or the jobs they don't want (198). For them, UBI is a socially mandated task which is rooted in the belief that people being should have at least the basic means to choose the life they want for themselves and their families (Stern and Kravitz 171). It gives the poor and lower-income people freedom to choose their own lives. Stern and Kravitz advocate, aside from creating more middle-class jobs and raising wages, that every American over the age of 18 a BU without any work requirement (Stern and Kravitz 185). They write, "a basic income is simple to administer, treats all people equally, rewards hard work and entrepreneurship and trusts the poor people to make their own decisions about what to do with their money" (Stern and Kravitz 187). Every extra dollar going into the pockets of low-wage workers adds about 1.21 to the national economy; in contrast, every extra dollar going into the pockets of a high-income American only adds about 39 cents to the GDP (Stern and Kravitz

189). The exact same sentiment on *The Wealth Gap* (Henneberg 134). According to Santens, the US is already spending so much money on the costs of not having a basic income, we could actually even save more money than it costs (Henneberg 136). In comparison, Fitzpatrick believes that UBI would have positive effects upon economic growth, labor market flexibility and social participation, and will receive fairly extensive, and often sympathetic, coverage in the press (Fitzpatrick 11); while, Robert Reich describes UBI as tailor-made to help young people build economies (Stern and Kravitz 193). A guaranteed basic income would embody a fundamental right of citizenship, a right to or least a minimum level of income security, and would therefore replace the insurance/assistance model of social security provision which is proven to be more effective than the existing social security system at guaranteeing a minimal income for all, reflecting the equal status of all, reducing poverty and unemployment traps, more simpler to understand, and more cheaper to administer (Fitzpatrick 4).

UBI Pilot-Programs

There were numerous UBI pilot-programs that were conducted in the past which proved beneficial in regulating a guaranteed income. From 1795-1834, the Speenhemland Law or the Allowance System enabled minimum income towards the poor regardless of their income which depended on the price of a bread as their subsidy. Polanyi states that parents were free of the care of their children while children were no more dependent upon parents (79). He mentioned that employers could reduce wages at will and laborers were safe from hunger whether they were busy or slack (Polanyi 79). This earlier UBI model was pushed to be abolished by the middle class in 1832 to give way for the new capitalistic system. In 1996, the Eastern Band of Cherokee Indians opened a casino and distribute a proportion of the profits equally among its 8,000

members which resulted in the reduction of poverty by half, decrease in crime, and high-school graduation rates improved (Stern and Kravitz 179). Key findings of this study include lower instances of behavioral and emotional disorders among the children, improved family relationship, and reduction in parental alcohol consumption (Ferdman 2015). During the 1970s, Canada experimented on a guaranteed annual income project which was held in Manitoba. This Canadian "mincome" experiment to question if a BI would act as a disincentive to work and found that BI actually improve health and social outcomes at the community level (Stern and Kravitz 180). The experiment revealed that there were only two groups from the project who were found to be discouraged from working – new mothers and teenaged boys, who, decided to study until grade 12, increasing the proportion of students who graduate high school (Leslie 2017). From 2008 to 2009, a UBI pilot program in Namibia villages was implemented which proved that a basic income grant can alleviate poverty by jolting the poor out of poverty, helping them find work, start their own business, and attend school (Henneberg 133). In 2001, a social welfare program was enacted by the Brazilian government through both direct and conditional cash transfers. Presently, poor families in Brazil receive a grant equivalent to the minimum wage on the premise that they send their children to public schools. In just five years, Inequality has been cut by 17% in just five years and the poverty rate has fallen from 42.7% to 28.8% (Bunting 2010). There were also proposals in the past which are similar to UBI, namely Dennis Milner, who published proposals for the State Bonus Scheme where each individual should receive a small allowance from a central fund which should be sufficient enough to live by, and C.H. Douglas, who proposed Social credit during the 1920s and 1930s where recipients receive a dividend of about a third of average earnings at that time to keep demand and consumer spending

(Fitzpatrick 41-42). UBI is a highly debated and contentious issue, gaining substantial political traction and public support in the US.

Stern and Kravitz's UBI Proposal

Stern and Kravitz propose a UBI of \$1,000 per month for all adults between the ages of 18 and 64 and for all seniors who do not receive at least \$1,000 per month in Social Security payments (201). According to them, their proposal will mostly terminate all other existing social welfare programs, such as Social Security, Medicaid, and Medicare, and thus raise approximately \$1.4 trillion (Stern and Kravitz 205); however, they don't agree on cashing out social security because they believe that the federal government shouldn't shortchange Americans on the ROI from money they've worked so hard (Stern 207). Stern and Kravitz's UBI proposal will cost between \$1.75 trillion and \$2.5 trillion per year in government spending which would entail ending many of the current 126 welfare programs, making adjustments in retirement policy, creating a new and more cost-effective-non-employer-based health care system, redirection of government spending and taxation expenditures, and increasing revenue from new sources (Stern and Kravitz 201-202).

Stern and Kravitz's proposal of \$1,000 per month, for those who do not receive at least \$1,000 in Social Security payments, would not achieve poverty elimination and would rather have a net reduction in income for many workers. According to the Social Security Administration website, in June 2018 the average monthly benefit for all beneficiaries is \$1,297.15. This figure is 29% more than the proposed UBI amount. Unless the intent of their proposal is to make old people work, this would be problematic.

Stakeholder Grants

Stakeholder Grants (SG) provides citizens who are reaching the age of adulthood, such as 21 years old, to receive a substantial one-time lump-sum grant high enough that all young adults would be significant wealth holders. Ackerman et al. propose \$80,000 which would be financed by an annual wealth tax of 2%, decreasing wealth inequality and benefiting the future generations (xi-xii). SG requires stakeholders to have at least a high school diploma and to not have a criminal activity prior in order to have full access to the \$80,000 (Ackerman et al 47). According to Ackerman et al, the workplace justice also offers far less freedom to workers at the bottom of the economic ladder (46). Stakeholder Grants give the opportunity for individuals to make their own decisions, as well as promote individualism and consumerism, but is it more effective and feasible to implement than UBI?

Universal Basic Income vs Stakeholder Grants

Parijs argues that the Ackerman & Alstott idea of Stakeholder Grants is feasible but doesn't change much given the present-day social welfare system (Ackerman et al 199). He believes that SG's rate of return is significantly lower, commodifies humans, and opens up the possibility of the recipient blowing the amount in a short period of time (Ackerman et al 206). On the contrary, Ackerman and Alstott responded by stating that Stakeholder Grants give individuals macro-freedom as recipients can trade the stakeholders grant for education, giving them flexibility to choose academic programs, or put the money in the bank, using the interest as for monthly expenditures somehow equivalent to UBI (Ackerman et al 210). They contend that the overwhelming recipients of stakeholder Grant's don't come from the top 1%, but are instead people who will understand the value of money, proving them the opportunity to take full control

of their lives (Ackerman et al 213). It is through poverty that people develop a unique expertise in financial matters. According to Anuj Shah's research, the poor outperform the rich at key financial decisions (Shah 2015). His research indicates that the poor are more attuned to the cost of everyday experiences and think of money even in situations where many other people do not (Shah 2015). Current social policies distribute benefits throughout different periods in an individual's life: youth, adulthood, and old age. The notion of SG introduces another concern, and a very crucial one at that – the transition from youth to adulthood (Ackerman et al 52). It is also harder for UBI to gain political traction than Stakeholder Grants as the former would require payment sooner than the latter. Hermoine Parker calculated that a full BI, equivalent of a third of average earnings, would require a rate of taxation on all other income of between 68 per cent and 86 per cent (Fitzpatrick 39) – a hike that is simply unjust and unattainable at the current political climate.

Calculating UBI Cost

A full BI, wherein the amount received by the recipient is sufficient enough to live off by, would not work in the US. According to a 2016 report by Center for Policy and Budget Priorities, 59% of the federal budget went to social security, major health programs, and safety net programs (Center on Budget and Policy Priorities 2017). Of the \$3.9 trillion federal budget for the year, \$2.3 trillion is used for these programs. According to the 2016 SSA's Financial Report, 1.47% of the total cost of the OASI, DI, SSI, and other social programs went to operating expenses. The report indicates that overwhelming majority of the expenses are benefit payments. With the 2016 population estimate of 323 million, that will tantamount to \$7,123 a year (\$3.9 trillion federal budget/population of 323 million) or \$593 a month (\$7,123 annual amount/12

months in a year) of guaranteed income to each American citizen which is not sufficient for an individual to cover all his or her basic needs. That is also on the premise that all social security, medical programs, and safety net programs are scrapped, meaning there will be no other benefits will be given by the government. In addition, a flat rate benefit is a crude way of targeting income because one should also take into account variable housing and food costs, inflation rate, and special needs of a particular group. Although a partial or transition BI is possible wherein the amount received would need to be supplemented by another source of income, a full BI is simply not financially feasible in America.

Conclusion

The inefficiency and inequity of social policies, job segregation, discrimination, wage stagnation, and impact of technology and automation further exacerbate poverty and wealth inequality in the nation. There are numerous similarities of the socioeconomic conditions of the poor between early and modern America. The term “working poor” was perceived not as an oxymoron but a troubling reminder of stalled progress in wage growth and equality (Mink and O'Connor 41). There is a clear trajectory upwards for the wealth of upper-income families while a stagnant or downward trajectory for the middle- and lower-income families (Henneberg 24). Our current system has promoted winner-loser inequality by emphasizing policies that favor corporate profits and high-income households at the expense of lower income classes (Henneberg 140). Social security and health care expenses will continue to rise as the boomers age and retire (Sterling and Waite 108). The aging baby boomers fight to prevent their benefits bring cut while the expensive social policies will be borne by their children and grandchildren. Thomas McCleod, City of Tukwila Council Member, advocates for restructuring some of the

social service programs, such as Social Security, especially with the baby boomers retiring pretty soon. The challenge for America's policy makers is to rethink income security, health care, and pension policies that were clearly designed from an era where the workforce enjoyed something akin to lifetime employment (Sterling and Waite 56). Globalization, technological advances, and stagnation of minimum wage are the causes of income inequality (Henneberg 41). According to Stern and Kravitz, technology will displace as many as 47 percent of today's jobs (Stern and Kravitz 196). It will create new jobs and will displace workers by the millions, spreading pain and suffering throughout the country (Stern and Kravitz 8). Russell Bosanko, the Snohomish County Parks Division Manager, cites that without education or skill building training, there will be a huge gap related to technology automation replacing many blue collar jobs. This position is reaffirmed by the City of Tukwila Mayor Allan Ekberg, who concurs that technology does indeed reduce opportunities for all lower and middle income individuals. Large corporations are trying to do more with less by increasing productivity substantially and while cutting down “expenses” – meaning workers. While redistributive transfers, progressive taxes, and certain welfare programs reduces wealth inequality (Henneberg 123), it reflects coercion which becomes embossed in equalities of information and coercion that comes from people facing limited alternatives (Ackerman et al ix). There are a few proposals that are deserving to be examined further such as UBI and SG. Universal Basic Income (UBI) is a state-guaranteed minimum income for all on the basis of citizenship (Fitzpatrick 36) while Stakeholder Grants (SG) is a form of citizen inheritance which complements the traditional system of private inheritance (Ackerman et al 215). However, full UBI and SG seems not politically feasible and wouldn't garner public support as the US is a country that values hard work to the path of riches and income security. On the other hand, the proposed Universal Basic Loan (UBL) structure would

embody a fundamental right of citizenship, a right to at least a minimum level of income security, and would therefore replace the insurance/assistance model of Social Security.

Theoretically, it would have positive effects upon economic growth, labor market flexibility, and socioeconomic and political participation as it tackles ineffective and inequitable tax and welfare systems – not to mention it is cheaper to administer and implement than the other alternatives and reforms mentioned in this paper. With schemes targeting a particular demographic group such as the disabled, unemployed, employed, and elderly, it is the duty of the government to assist the underdeveloped and underserved to provide freedom and security to every individual in the country unconditionally.

Appendix

Interview with City of Tukwila Mayor Allan Ekberg

Mayor Ekberg believes that the current social welfare programs in the US is insufficient in combating poverty and wealth inequality. He believes that there are way too many organizations working separately, competing for the same pool of money. The Tukwila Mayor advocates for a cohesive central level which coordinates all NGOs of what needs to be accomplished. He states, “Citizens should help us come up with solutions as well. We are always open for suggestions”. He also considers UBL as an alternative scheme which could be funded by taxing the 1 percent and/or by decreasing corporate subsidies. Mayor Ekberg concurs that technology does indeed reduce opportunities for all lower and middle income individuals and argues that the State should create socioeconomic programs that foster the need for local, city, and state levels.

Interview with City of Tukwila Council Member Thomas McCleod

In an interview with Councilman McCleod, he expressed his concern about the depleting funds for all social welfare programs and worried about generational welfare – recipients from different generations who live of government subsidies. “Those who are on generational welfare should be left out of our system” (McCleod). He differentiated the causes of rural and urban poverty, believing that rural poverty is mainly due to the lack of employment while urban poverty can be primarily attributed to the high cost of living in the area. Councilman McCleod advocates for cutting services that encourages government subsidies and restructuring social service programs, such as Social Security, especially with baby boomers retiring pretty soon. Council Member McCleod’s calls for reforms on social policies, more benefits for veterans, and

high-level changes to these policies while not tolerating those who abuse, fraud, and corrupt the system.

Interview with Snohomish County Parks Division Manager Russell Bosanko

Russell Bosanko asserts that there were adequate safeguards in the social welfare system combating poverty and wealth inequality in the previous administrations. He argues that, in the current climate, welfare recipients have typically relied on social netting which will have to be picked up by churches, food banks, and other non-government agencies to fill the gaps. He states, “The biggest equalizer when combating wealth inequality is with different grants and loan programs that have bridged the gap for many. Free or reduced tuition fees will be needed as those on the lower end of the wealth spectrum will now be forced to spend more of their meager wages on basic needs that once were supplied by the government safety net systems”. He cites that without education or skill building training, there will be a huge gap related to technology automation. This in turn will replace many blue collar jobs and leave those behind with only minimum wage jobs available for them, even with the increase in minimum wages across some parts of the country. Bosanko advocates to re-establish the poverty safety net systems that were enacted in the past and look at opening up more opportunities to pursue college or trade school trainings.

Interview with Professors

Dr. Tate Twinam, Assistant Professor at the University of Washington Bothell, asserted the tax mechanisms and political feasibility of UBL. He questioned the proposed policy’s impact on the country, specifically the lower class. He suggested to look at the issue on different angles

such as progressive tax rates which are capital-based. Dr. Twinam believes that since UBL is in a form of a loan instead of welfare, it will be politically easier to sell to the public.

Dr. Camille Walsh, Assistant Professor at the University of Washington Bothell, believes in varying degrees of reforms. In regards to UBI, she suggested to examine the risks and benefits where a basic income scheme has been implemented and assess what we can conclude from the population. She argues that underemployment will be an issues in the future with the current boom of Silicon Valley. Dr. Walsh advocates for high progressive tax rates, redistributive wealth system, and free public education up to the tertiary level.

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