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Following the proliferation of mass automation over the past twenty years, and the projected impact of Artificial Intelligence (AI) over the *next* twenty years, it is reasonable to expect that government transfer programs will assume a larger role moving forward in the lives of workers in the United States. For a government with an evolving economy, where it will soon be much more difficult for its citizens to find employment, meeting their needs may take a radical departure from today's norms; norms which do not yet reflect the shifting relationship between labor and industry, and thus does not yet create the urgency to address it. There are many potential solutions; Universal Basic Income (UBI), a Negative Income Tax, or even the expansion of existing government transfer programs like the Earned Income Tax Credit (EITC). Each of these carry their own benefits and drawbacks. As an indicator of just how drastic a shift we may face, I believe it is reasonable to expect that one of the more controversial options today, Universal Basic Income, may just become the most favored tomorrow. Given the staunch opposition to UBI now, how big must these shifting dynamics be to make UBI the best option in the future?

Universal Basic Income is a periodic cash payment unconditionally delivered to all on an individual basis, without a means-test or work requirement. UBI programs come in many variations, typically differing on how they are funded though most have the same five core characteristics. First, it is income that is paid in regular intervals and are not a one time payment. Second, it is a cash payment that allows recipients to spend it how and when they see fit. Third, it

is paid on an individual basis and not to a household. Fourth, it is universal meaning it is paid to everyone eligible, typically all citizens over 18 years old. Fifth and finally, it is unconditional as it is not means tested and it comes with no requirements to spend, nor obligation for repayment (BIEN).

The concept of a basic income itself is not new and has been proposed across several nations globally means to address poverty and unequal income distribution. In the United States, as early as 1797 founding father Thomas Paine proposed in his book *Agrarian Justice*, a Citizen's Dividend "To preserve the benefits of what is called civilized life, and to remedy at the same time the evil which it has produced"(Marangos). In post-industrial revolution America the concept has been seriously considered as recently as 1970 during the Nixon administration. First introduced by President Richard Nixon in 1969 as the Family Assistance Plan (FAP), it aimed to address needs of the "working poor" with the use of a negative income tax model (giving people a percentage of the difference between their income and an income cutoff, or the level at which they start paying income tax. [Linke]). In 2007, New York City Mayor Michael Bloomberg created a privately funded program called Opportunity NYC to provide conditional cash transfers to low income families for completing easy tasks including making regular Doctor visits or getting children to school regularly(NYC). The pilot ran until 2010 and was the first of its kind in the U.S.(McMahon). It has been considered a success, reducing the share of families living in severe poverty from 30% to 17% over its three years(Riccio). Programs like these often garner a surprising amount of support as "Those on the right applaud the system because it relies on individual initiative and acts as an investment in the future" and "Those on the left say the program helps stabilize troubled families and gives poor children more consistent access to society's benefits"(McMahon).

While these programs were all aimed at addressing the needs of low income individuals and families, none were universal and all had strings attached as by its final vote, even Nixon's FAP had work requirements attached^(Spitzer). Adding the "universal" distinction creates a visceral reaction in many, which makes the adoption of UBI politically unpopular in normal times.

Former presidential candidate Andrew Yang centered his 2020 campaign on UBI as a solution to growing income inequality, and its many down-stream effects. Framing the universal government transfers as a *Freedom Dividend* which would be funded through the consolidation of existing welfare programs, coupled with a Value Added Tax (VAT) of 10% paid by producers of goods or services. Yang argued, "We'd save money on things like incarceration, homelessness services, emergency room healthcare and just the value gains from having a stronger, healthier, mentally healthier population would increase GDP by \$700 billion", Yang explained during a 2019 presidential debate^(Yang). Introducing the concept to a broader audience saw popular support rise. "Between February 2019 and February 2020, the public's view of UBI became increasingly positive as interest in the topic grew, coinciding with Andrew Yang's presidential campaign"^(Lee).

It is around this same time that the Covid-19 pandemic led to a marked increase in positive discussion of universal basic income as well^(Lee). Over the course of three separate studies from April to September 2020, researchers found support for UBI steadily increased with respondents favoring its universality and stress free participation over conditional targeted social transfers. "Preferences for UBI were stronger for pandemic times than for normal times. This was partially explained by a number of perceived advantages, such as simplicity of administration and suitability for a changing world"^(Nettle). At this time, UBI had never more popular.

Those who support UBI often do so because it provides dignity and emancipates the poor from existential threat by providing enough of a periodic payment to help cover basic needs like food and shelter^(Bregman). In his 2014 TEDx Talk, Dutch historian and author Rutger Bregman discusses the benefits:

Free money results in lower inequality, lower poverty obviously, but it also results in less infant mortality, lower healthcare costs, lower crime rates, better school completion records, less truancy, higher economic growth, better emancipation rates and all kinds of other positive social outcomes. Time and time again researchers have shown that free money may be the most efficient, the cheapest and the most civilized way to combat poverty. (Bregman)

UBI also has the potential to streamline the existing welfare system while not being enough money to provide the affluent lifestyle that would discourage work. The fact that it is paid individually allows for independence and the pursuit of individual betterment rather than the suppression of one's own potential to adhere to restrictive welfare requirements. Its unconditional nature provides the freedom that comes with financial security and allows for the maximization of human potential by providing everyone a greater start to find success. Its universality however is where many, both for and against, find issue with UBI.

Those who oppose UBI in the U.S. typically do so because its universality renders it less efficient than other, more targeted welfare programs at addressing the needs of the lowest earners^(Kearney). Universality also contributes to its high costs, with estimates ranging anywhere from 1.8 to 2.8 trillion additional dollars added to the U.S. budget annually depending on the proposal^(Donovan). Others believe that it discourages employment and that with less incentive to make money, many will opt out of work leaving lower-wage jobs unfilled^(Kearney).

There also exists a racial component to the argument against. Historically southern working-class whites disapproved of the expansion of welfare programs of any kind on the basis that they offered an advantage to minorities^(Spitzer). In the 1970's, Nixon's Family Assistance Plan was defeated in large part in order to suppress wages of minorities throughout southern states; "The south was widely opposed to the FAP because...the bill threatened the racial low-wage labor system that institutional arrangements Aid to Families with Dependent Children (AFDC) program permitted"^(Spitzer).

It was following the defeat of the Family Assistance Plan and its negative income tax scheme that political sentiment around welfare changed. Reforms lowering benefits and making work requirements increasingly strict were coupled with a more adversarial tone towards welfare and its recipients. By the 1980 election of Ronald Reagan, a clear line had been drawn often using racially coded language to justify the reduction of government transfer programs on a grand scale. "Ronald Reagan learned from Nixon's failed FAP that expanding welfare to the working poor would garner few votes from conservatives. By 1968, welfare had become a politically charged issue, a conduit for public anxieties over race, gender, and broad cultural change"^(Spitzer). During this era, welfare programs had never been less popular.

Many advocates for UBI cite studies set across the globe as proof of concept. A 2021, Tacoma based pilot titled Growing Resilience in Tacoma (GRIT) found that over 13 months, recipients of monthly \$500 payments were less likely to stop working, and in fact, saw their full time employment increase from 57% to 66% six months after payments had ceased^(Cheng). "...Many participants used the funds to pursue better employment opportunities through job training and education"^(Cheng). Additional studies of UBI are ongoing and data is being collected through

unconditional cash studies in countries including India, Brazil & Canada(Stanford), with the largest taking place in Kenya(Give).

The twelve-year Kenya study began in 2018 and involves cash payments to around 200 villages and seeks to determine the most effective way to distribute funds: annually (\$540/yr) for twelve years, monthly (22.50/mo.) for two years, or a single \$500 payment. Preliminary results show an increase in agency, income, savings, entrepreneurship, and a reported decrease in alcohol consumption. In the last twenty years, several pilot programs have concluded, providing additional empirical data to support claims of positive outcomes for recipients.

Despite the benefits associated with these pilot programs and the measurable improvement on the mental and physical wellbeing of their recipients, some see these results as inconclusive since they are shielded from one key barrier, costs. Many experts view the motivation behind UBI programs as admirable and acknowledge that there do exist real problems faced by those in the lowest quartile of earners. They believe that these problems are indeed worthy of legislative remedies; however, they also believe that UBI is the wrong approach for redress. Economists Melissa Kearney & Magne Mogstad discuss this in their 2019 report for the Aspen Institute titled: *UBI as a Policy Response to Current Challenges*. There, they make several arguments against the adoption of a universal government transfer program. While acknowledging societal problems created by wealth inequality, they recommend an alternative approach in the form of a series of more targeted aid programs, avoiding the inefficient distribution of funds to those whose finances would not materially change(Minogue). “Focusing spending on targeted benefits and policies dedicated to human capital development instead of merely on redistribution is likely to produce a much greater social return than a UBI”(Kearney). Again, the universal portion of a UBI

plan draws the most ire as it is thought to take funds from the most needy and distribute them to the least.

I believe that universality will be what eventually turns the tide on public perception of UBI as I see us headed towards a future more similar to Covid era employment numbers when the program was at its most popular; rather than that of the 1990's, a time when our economy was booming and government transfer programs were the least popular. I do not think that the virtues of the program itself are what will make it demanded by the public and eventually our leaders, but rather its utility in a future where conventional ways of providing for ones self and family have been eliminated with tacit government approval.

I also believe that disagreements on individual cash transfer amounts will be outdated by the time it is implemented as UBI will go from being a supplement to existing income, to the sole income for a significant number of Americans. A “Universal High Income” as professed by Billionair Elon Musk in late 2025^(Kleinman). A heavy tax on automation and AI will eventually be welcomed by corporations as their customers will otherwise be unable to afford goods or services outside of the essentials. With that tax burden disbursed between all surviving firms, their costs may actually decline as the adoption of automation and low cost AI will likely eradicate their need for human capital.

Discussions of such a massive government program typically raise many important questions; questions like: Who pays for it? Who should benefit? How much should they benefit? How does this affect human potential? And, could it actually work? But one question is often overlooked - What obligation does a government have towards the wellbeing of its people? In an environment where labor has been automated away by the wide-spread adoption of AI, and wealth has been so concentrated that the “haves” will begin to fear the “have nots”, a once absurd notion of money

for nothing will be seen as a last ditch effort to pacify the masses and prevent class warfare. Billionaires are already building doomsday shelters around the globe(Kleinman), with AI leaders like Mark Zuckerberg(Meta), Sam Altman (Open AI), and Elon Musk (Tesla, X) all taking part in the new trend for Billionaires; as Altman, chief at Open AI, warns that advancements in AI are happening “sooner than most people in the world think” and "We're definitely going to build a bunker before we release AGI," he's widely reported to have said, though it's unclear who he meant by "we"(Kleinman).

The true question we must ask is not “How should we pay for it?”, but will instead be “How can we stop this from getting any worse?” I believe that this will be an existential threat to our way of life and that discussions about its serious implications from our leaders have lagged behind its growth. When we finally feel the true sting of our inaction, particulars will become secondary.

At the peak of the Covid-19 pandemic, the U.S. labor force participation rate declined to 60.2% in April 2020, and in that same period, “the unemployment rate reached 14.8%—the highest rate observed since data collection began in 1948”(Unemployment). Our leaders met the challenge with an expedited and unprecedented response to mitigate the threat to our economy.

In 2025, it was estimated by the United Nations that up to 40% of global jobs will be impacted by AI and will require “proactive labour policies”(U.N.), with another report from The McKinsey Global Institute in November, 2025 estimating that 40% of U.S. jobs could be replaced by AI as well. “The American consultancy’s analysis found that robots and AI agents could automate more than half of US work hours, both manual and cognitive, using technology that is available today”(Prescott).

As Covid-era policy has shown us, we *are* capable of making extraordinary policy decisions when faced with extraordinary threats; despite how often government officials may signal otherwise. The 2020 Paycheck Protection Program alone cost taxpayers \$1 trillion from the Small Business Administration([GOA.gov](https://www.sba.gov)), to supposedly bolster job retention, but was executed so poorly that an estimated \$480 billion was either misallocated or stolen([Dilanian](#)).

Even if the highest estimates are inflated, the total fraud in all Covid relief funds amounts to a mind-boggling sum of taxpayer money that could rival the [\\$579 billion](#) in federal funds included in President Joe Biden's massive 10-year infrastructure spending plan. ([Dilanian](#))

In my personal opinion, the process of eliminating our shared "American Dream" began in the 1980's and has been on track to steadily leave less and less for posterity. Through automation, outsourcing, infinite growth models, corporate consolidation, private equity, regulatory capture, sky-rocketing home prices, exponential tuition increases with declining returns on investment, wage stagnation, inflation, wealth concentration, supply chain dependency and elected officials old enough to not face the consequences of their policy decisions. Americans *were* on track to leave Zoomers (*those born in the late 1990s and early 2000s*) as the first generation worse off than their parents. The implementation of AI will, I estimate, move that dreadful distinction up to my generation, the Millennials (*those born in the 1980s or 1990s*).

What much of the discussion surrounding UBI and other government transfer programs up to this moment has centered on is how we as a nation manage the welfare of our citizens while also preserving sound principles of economic and labor policy. There exists now an element so disruptive that it has triggered a significant economic paradigm shift and conventional wisdom has yet to comprehend its impact. The real-world consequences of artificial intelligence will

mean that each of the prior arguments, for and against basic income programs, will need to be reconsidered as the nature of employment will fundamentally change in the United States and globally.

Viewed now as expensive, cumbersome, and ineffective, UBI will eventually be seen as the most viable public policy tool to combat run-away levels of mass unemployment, underemployment and wealth concentration. All caused by the proliferation of AI and the layoffs, hiring freezes, recessions, income inequality and the social and political strife that will follow. If early Covid-era labor statistics become the norm, our priorities will shift rapidly, as once again extreme times will call for extreme measures.

With that said, if my assumed eventuality does not come to fruition, these assumptions and outcomes may prove unfounded and would thus warrant reassessment with the benefit of updated analysis.

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