

## **Government money because you are a citizen? Hello Universal Basic Income!**

You may have already heard about the concept of Universal Basic Income (UBI). It is a buzz term that has periodically found its way into mainstream news stories for a few years now. I like the idea of receiving an income simply because I am a citizen, so I have decided to blog about the UBI concept in this installment.

The concept of a Basic Income (BI) is a cash payment unconditionally delivered to all on an individual basis; there is no means test or a work requirement. Recipients may spend it on whatever they choose as there are 'no strings attached'. There are a wide variety of BI proposals circulating the marketplace of ideas today, and a few countries are experimenting with it. But first: Why would a government provide a BI to its citizens?

Theorists have postulated numerous reasons to support BI. Fox Piven argued that a BI would benefit all workers by liberating them from the anxiety that results from the 'tyranny of wage slavery'. Andre Gorz argued BI is necessary to increase the amount of leisure time available to individuals. Other theorists contend that BI is a vehicle to improve the welfare of the poor and to adjust to labor-saving technologies (automation). However, it is the last reason- automation- that is getting the most attention because it involves real-world consequences.

We have all read about the ongoing closing of retail stores and malls. This year has been particularly rife with headlines about retail store closings; "Store closings have tripled this year so far" (CNN Money on 6/23) and "22 retailers at risk of bankruptcy: Closing stores" (Time magazine on 7/13). Online shopping (particularly Amazon) is being blamed for this. It is not just our shopping habits which seem to be cutting jobs, but technology's advancement to 'do the jobs that humans do now'.

It is estimated that many jobs that require human labor and intellectual capability are likely to disappear over the next 15 years. In less than five years, Amazon's warehouses will use robots that load self-driving trucks to transport goods to distribution centers while drones make deliveries. Autonomous cars will replace taxi drivers, robots will complete manufacturing tasks, and supermarkets will no longer need human cashiers. Pretty scary, huh?

According to a report from Ball State University, the U.S. has lost 5 million factory jobs since 2000. In contrast, U.S. manufacturing output grew by 2.2 percent (each year) from 2006 to 2013. How could 5 million jobs be lost, yet manufacturing output grow? Automation. 88 percent of the lost jobs were taken by robots.

...so where does this leave the people that worked the jobs which were replaced by technology- whether it is indirect (shopping Online instead of in-person) or direct (technology replacing a human worker)? Where are these displaced workers to go for employment? Many new jobs will be created, yet not for those who have lost them, because they will not have the requisite technical skills (computer programming, for example). This could lead to major economic and social disruption. People need employment to stay occupied (idle time is hands of the devil) and our economic viability depends on people spending money.

Facebook's Mark Zuckerberg, Bill Gates, and Tesla's Elon Musk advocate a UBI to provide for the basic needs and wants of the population. These industry leaders foresee the skills mismatch with the possibility of mass unemployment.

Only the future will reveal whether the government enacts a UBI policy. There is no doubt, however, that we are already living the science-fiction experience of robots replacing human workers. It will be interesting to see if we proactively account for mass unemployment by instituting a UBI policy, or if we will react to mass unemployment by instituting a UBI policy. Being proactive, versus reactive, would result in vastly different social and economic outcomes.