UBI: Some Early Experiments

The Universal Basic Income is only a tangential interest of mine. Yet when I've debated it, I've been consistently impressed by how little the eager advocates try to teach me.* Case in point: I learned more from reading three paragraphs in Kevin Lang's *Poverty and Discrimination* than in my typical conversation with a UBI enthusiast:

> *Because the stakes involved in instituting a negative income tax were so high, policy analysts convinced the federal government to conduct experiments in which some people were randomly assigned to be eligible for the negative income tax while others were randomly assigned to remain subject to traditional welfare. In the experimental group, there was also variation in the generosity of the program. Four experiments were conducted in the United States and a fifth in Canada. The largest of these is known as SIME/DIME (the Seattle Income Maintenance Experiment / Denver Income Maintenance Experiment).*

> *Many policy analysts found the results of the experiments disappointing. Although the labor supply response was modest, it added substantially to the cost of the program. Depending on the generosity of the program evaluated in SIME/DIME, the labor supply response could account for over half of the costs. The least generous program would save $4 billion but would make 95 percent of recipients worse off. A program that would guarantee support at the poverty level and tax-back benefits at a rate of only 50 percent would still make one-fourth of recipients worse off and would exceed the cost of the welfare program then current by $30 billion, an enormous increase.*

> *There were also some "unintended consequences," the social science equivalent of medical side effects. In particular, the divorce rate rose among recipients randomly assigned to the negative income tax. The*

combination of the costs of the labor supply effects and the effect on marriage led Senator Daniel Patrick Moynihan, an early supporter of the negative income tax, to withdraw his support.

If I were an enthusiastic UBI advocate, I would know this experimental evidence forwards and backwards. Almost all of the advocates I've encountered, in contrast, have little interest in numbers or past experience. What excites them is the "One Ring to Rule Them All" logic of the idea: "We get rid of everything else, and replace it with an elegant, gift-wrapped UBI." For a policy salesman, this evasive approach makes sense: Slogans sell; numbers and history don't. For a policy analyst, however, this evasive approach is negligence itself. If you scrutinize your policy ideas less cautiously than you read Amazon reviews for your next television, something is very wrong.

*Exception: Ed Dolan