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## DISCUSSION & REVIEW QUESTIONS:

- Towards the beginning of the video, Dr. Brooks states that, “Both Progressives and Conservatives believe that the government has a moral obligation to help those who, through bad luck or unfortunate circumstances, can’t help themselves.” What do you think Dr. Brooks means by ‘moral obligation?’ Do you believe that Americans have a moral obligation to help the less fortunate? Why or why not?
- Later, Dr. Brooks points out that, “Where the two sides [Progressives and Conservatives] disagree is on the role the government plays, not in protecting the poor from poverty, but in lifting them out of it.” Why so you think that this distinction so important? What role do you think the government should play in lifting the less fortunate out of poverty? Explain.
- Dr. Brooks then shares with us that, “The [poverty] rate has fluctuated a few points up and down over the decades. The net result is just one percentage point of progress. And this is after the government has spent over 20 trillion dollars on poverty relief programs.” What factors do you think drive the poverty rate to fluctuate? Why do you think that after spending so much money, the poverty rate hasn’t gone down much?
- Next, Dr. Brooks explains that, “Many progressives offer a straightforward solution: more funding for poverty programs. They believe that we need to transfer more wealth – through government taxation – from people who have money to people who don’t. Conservatives have a different answer: more opportunity. Conservatives define success by how few people need help from the government, not by how many people we can enroll in government programs.” In what ways do you think the progressive approach is flawed? Why do you think that progressives define success by how many people become dependent rather than on how many people become independent?
- Towards the end of the video, Dr. Brooks contends that, “...earning your way out of poverty is much more empowering and enduring than being supported by a variety of government programs which do little more than maintain people in their poverty... [and thus] the government and private charities should require people to work in exchange for social assistance. When we do this, we help people in two ways. First, through welfare, we are helping them meet their immediate material needs. And second, through work, we are helping them earn their own success—the key to a fulfilling and dignified life.” Do you agree with Dr. Brooks’ conclusions? Why or why not? What do you think some other benefits of requiring the poor to work for assistance could be?

## EXTEND THE LEARNING:

### CASE STUDY: GNI

INSTRUCTIONS: Read the article “Ending Welfare as We Know It,” then answer the questions that follow.

- What is the GNI? What would some of the benefits of a GNI be? What are the major drawbacks of a GNI?
- Would you wish to see some sort of GNI enacted? Why or why not?
- Does this article support the points made in the video by Dr. Brooks? Explain.



# QUIZ

## THERE IS ONLY ONE WAY OUT OF POVERTY

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1. Since President Lyndon Johnson's War on Poverty programs came fully online in 1966, the poverty rate in America has \_\_\_\_\_.
  - a. not moved
  - b. hardly budged
  - c. skyrocketed
  - d. plummeted
  
2. Our goal must be to make poverty \_\_\_\_\_.
  - a. acceptable
  - b. desirable
  - c. less miserable
  - d. more escapable
  
3. What is the income inequality argument?
  - a. Women and men do not get paid the same for the same work.
  - b. People accepting welfare should pay the government back once they rise above the poverty level.
  - c. Wealth should be transferred – through government taxation – from people who have money to people who don't.
  - d. Simply giving people money doesn't help them escape poverty.
  
4. Both progressives and conservatives believe that the government has a moral obligation to help those who, through bad luck or unfortunate circumstances, can't help themselves.
  - a. True
  - b. False
  
5. Getting things without working for them \_\_\_\_\_.
  - a. empowers people to escape poverty
  - b. doesn't have an effect on a person's life
  - c. is a smart way to live
  - d. is a very hard habit to break



# QUIZ - ANSWER KEY

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## **Ending Welfare as We Know It**

### **Americans need to watch closely some promising experiments in Europe and Canada.**

By Michael Tanner — April 27, 2016

Suppose there was a way to abolish most of the edifice of the modern welfare state, virtually eliminating the bureaucracy that supports it, and still lift people out of poverty. Shouldn't we jump at it? Maybe. Maybe not.

On June 5, Swiss voters will go to the polls to decide whether to eliminate many of the nation's social-welfare programs and replace them with a guaranteed national income for all citizens. Not long after the Swiss vote, Finland will embark on a similar though partial experiment, replacing welfare benefits with a guaranteed income for both national and regional sample populations. In the Netherlands, at least four cities, Utrecht, Tilberg, Groningen, and Wageningen, are in the process of designing their own experiments. And in Canada, the latest provincial budget in Ontario promised to work with researchers this year to come up with a design for a pilot program. Great Britain is also actively debating the concept.

Most conservatives and libertarians in the United States would dismiss the idea of a guaranteed national income (GNI) out of hand. Typical European socialism, would be the reaction. The fevered brainchild of Bernie Sanders.

Actually, though, free-market thinkers from F. A. Hayek and Robert Nozick to Milton Friedman and Charles Murray have long been open to some form of GNI.

Instead of tinkering around the edges of the welfare state, trimming a billion dollars here, adding a work requirement there, why not simply abolish the entire thing? Get rid of welfare, food stamps, Medicaid, housing assistance, unemployment insurance, and all the rest. Murray would even throw in Medicare and Social Security. Replace it all with a simple cash grant to every American whose income falls below the stipulated level, and then leave the recipients alone to manage their own lives free from government interference.

Such a program would be simpler and far more transparent than the hodgepodge of existing anti-poverty programs. The federal government alone, for instance, currently funds more than 100 separate anti-poverty programs, overseen by nine different cabinet departments and six independent agencies. With different, often contradictory, eligibility levels, work requirements, and other restrictions, our current welfare system is a nightmare of unaccountability that fails to effectively help people transition out of these programs and escape poverty.

A GNI would also treat poor people as adults, expecting them to budget and manage their money like everyone else. Currently, most welfare programs parcel out payments, not to the poor themselves, but to those who provide services to the poor, such as landlords or health-care providers. But shouldn't the poor decide for themselves how much of their income should be allocated to rent or food or education or transportation? Perhaps they may even choose to save more or invest in learning new skills that will help them earn more in the future. You can't expect the poor to behave responsibly if they are never given any responsibility.

Moreover, giving the poor responsibility for managing their own lives will mean more choices and opportunities. That, in turn, will break up geographic concentrations of poverty that can isolate the poor from the rest of society and reinforce the worst aspects of the poverty culture. And, by taking the money away from the special interests that support the welfare industry, it would break up the coalitions that inevitably push for greater spending.

A GNI would also provide far better incentives when it comes to work, marriage, and savings. Because current welfare benefits are phased out as income increases, they in effect create high marginal tax rates that can discourage work or marriage. Studies have shown that a person on welfare who takes a job can lose as much as 95 cents out of every dollar he earns, through taxes and forgone benefits. Poor people, by and large, are not lazy, but they also aren't stupid. If they can't earn more through work than from welfare, many will choose to remain on welfare. In contrast, a guaranteed national income would not penalize someone who left welfare for work.

And a guaranteed national income would also do away with much of the government's excuse for regulating the economy. Minimum-wage laws would instantly become obsolete, to cite just one example. Moreover, a GNI could minimize the economic disruptions that occur from automation and free trade. There would be less opportunity for demagoguery on the American political scene and less resistance to liberalizing the economy.

A no-brainer, right? Well, maybe not.

As with most government programs, what sounds good in theory tends to break down when one looks at practical questions of implementation. There are serious trade-offs among cost, simplicity, and incentive structure. Attempts to solve problems in one area would raise questions in others.

If everyone in the United States were to receive a benefit sufficient to bring him above the poverty threshold, it would cost roughly \$4 trillion, more than our entire current federal budget. Clearly that's not affordable, so some limit would have to be put on who could receive the benefit. And it would likely be distributed through some form of negative income tax, as Friedman advocated.

But that would re-create many of the same incentive problems we see in the current welfare systems. Phasing out the benefit would, as in the current system, impose high effective marginal tax rates, which discourage work. A negative income tax would also import all the complexity, fraud, and abuse of the current U.S. tax code. Say goodbye to simple and transparent.

Moreover, as with other government programs, there would be constant pressure to expand benefits. How long would it be before we heard that no one can live on whatever benefit the GNI provides? Once we've established the principle of guaranteeing people money, we will still be constantly haggling over the amount. Already many on the left call for a GNI, not to replace the welfare state, but as an additional benefit on top of existing programs. Grafting a guaranteed income on top of the current failed system would simply double down on welfare dependency.

Those things which make the GNI look so good on the drawing board fade away when you consider how to put it into practice.

Still, advocates of free markets and welfare reform should not dismiss the idea out of hand. Rather, we should watch the experiments in Europe and Canada with a wary but open mind. In the meantime, there are small steps that can move welfare policy in the right direction. Programs should be consolidated, in-kind benefits should be de-emphasized, and outcome measures should focus more squarely on whether this system actually helps people attain some level of prosperity through hard work.

The current welfare state is a clear failure. A guaranteed national income may or may not provide a better alternative. Either way, it's a debate whose time should be coming.

— *Michael Tanner is a senior fellow at the Cato Institute and the author of Going for Broke: Deficits, Debt, and the Entitlement Crisis. You can follow him on Twitter @mtannercato, or on his blog, TannerOnPolicy.com.*