In the paper “UBI as Regular Payment: Egalitarian Safeguard or Dose of Paternalism?” Sun Woo Lee challenges the agnostic grounds of Universal Basic Income. In the first section of the paper, Lee defines UBI and point out an inconsistency with the normative model, that its strict anti-paternalistic intentions are instead held down by traits of paternalism. They argue that this is due to the fact that individuals under UBI don’t have any choice in the intervals of which they get paid, thus reducing their freedom of choice. This is illustrated more clearly in the third section of the paper where Lee offers the alternative of Basic Capital, UBI’s stark opposite. Instead of basic income which is paid periodically and unconditionally in intervals, basic capital is one lump sum amount also unconditionally given. Here Lee demonstrates the paternalism that traps UBI. Examples like paying for tuition on top of medical bills or starting a company that requires a high start-up cost can not be achieved under a UBI plan but can be achieved under the BC plan. The final plan that Lee offers is a BC plan where individuals can request that their capital is given in increments similar to the BI plan only if they agree to be protected from their own impulses rather than paternalistically forced into that option as the BI plan does.

While I largely agree with the work done by Lee, I would like to propose a few questions. First, if the appeal of the BC plan is total autonomy of choice on how one spends their money, then why not extend the intervals of the BI plan? While I understand that Lee has addressed that UBI proponents strongly prefer that the payment be regular, it seems that the BI and BC plan meld together the longer the intervals. If we start by imagining an on average two interval cycle
for someone’s life, a lump sum paid every 35 years starting from adulthood for example, many of the worst case scenarios of drug addiction or gambling problems from the UBI examples would be avoided as the period is too long to continue to feed their addiction. At the same time, individuals would most likely be able to afford a college tuition or start their company. Most importantly, the integral part of UBI, anti-paternalism, I would argue remains intact as the period no longer binds agents. Thus the next logical question would be at what interval does it begin to bind agents choice and become paternalistic? Ten years? Five years? Annually? That question becomes much more difficult to calculate by cost benefit analysis or by any rubric than straight yes or no on paternalistic models.

Another question that I have that is less grounded in the model but more in its real life applications. Behavioral economics has repeatedly indicated that individuals tend to have subconscious biases that tend for them to spend more now than to spend gradually over time. This is due to the fact that money has more “value” now than it does later, as one can spend that money now. Now if a large enough amount of people were on the BC plan and they all tended to spend too much as soon as they received their lump sum, would there not exist severe macro consequences in the economy? If a large enough amount of individuals not only received but also spent their BC at roughly the same time, the economy would immediately overheat and spiral into a recession due to the rising inflation. Now while I understand that this idea is a bit far-fetched and that the author has somewhat addressed the idea of overspending by their plan of incremental BC, it remains a plausible risk in implementation. Cities or towns with small economies that have an influx of BC spenders would go into economic turmoil if the BC spenders spent their funds unanimously too quickly. How would welfare programs (if I understand correctly that both UBI and BC are models for welfare) allocate BC funds in a way
that prevented mass overspending and thus economic disaster? It seems if only a select amount of individuals were allowed BC funds for a certain amount of time it would violate the tenant of universally given without a means test. Even more, if we disregard the issue completely, wouldn’t an economic recession ultimately decrease everyone’s purchasing power and therefore decreasing their pool of choices? Would this not be even more a decrease of freedom than if everyone were to be under a strict UBI plan?

Lastly, given structural inequalities in play, wouldn’t BC further these inequalities more than BI given the complete autonomy? For example, it has been demonstrated that poorer individuals tend to be more risk seeking than those who are more wealthy, making them more susceptible to risky investments and spending all of their money quickly. Wouldn’t giving these individuals BC uneven the overall playing field even further if they spent unwisely and are now trapped in poverty? While I understand that BI would also have this problem, at least it offers more time for behavior revision and isn’t a one chance to completely waste the money one has been given. It seems to me at least that BC could have the possibility of unequally harming individuals while benefiting others due to structural inequalities that create behavioral nudges. Even more, BC could harm these individuals more than if they were under a BI plan. While I understand that these problems can not be fixed in either BC or BI plans without paternalistic traits added, ought we not pick the lesser of two evils then?

Overall, these were less critiques of the work done in the paper, but rather topics to explore further regarding the given material. Areas to especially focus on are ones where we exit the theoretical model and begin to explore real world applications and the flaws that exist in conflict with the model.