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Case

We affirm the resolution.

*Means-tested welfare has failed the poor. After decades of spending, the poverty rate remains unchanged. While welfare treats the symptoms, universal basic income, or UBI, is the cure for poverty. Here are **three reasons** why.*

Our first contention is bringing in the banks.

Our current welfare system prevents the poor from saving money in two ways.

First, restrictions.

Tanner of Cato explains that welfare restricts what the money can be spent on, such as food stamps or housing vouchers. In most cases, the recipient never even sees the money itself.

Second, means-testing.

Pew Research explains that means-tested welfare puts limits on the amount of savings a family can have. Thus, Brookings finds that many customers don't make bank accounts because they fear that it might make them ineligible for welfare.

For these two reasons, welfare prevents the poor from saving. CNBC finds that 25 percent of American households either don't have a bank account or rely on costlier alternative services.

Thankfully, UBI would encourage Americans to open bank accounts since it would provide the poor with a monthly payment that they could save. Brookings finds that in countries that have implemented UBI, more than 90 percent of the population opened bank accounts.

Getting more Americans to open bank accounts is crucial. Dr. Prasanna Tantri writes that poor families who opened a bank account increased their savings by 25 percent. *In the long-term,* Pew Research finds that children in low-income families that save money have a 70 percent chance of escaping poverty.

Our second contention is bringing in business.

Welfare forces the poor into low-opportunity areas. Tanner of Cato explains that because only certain providers are willing to accept payment through welfare programs, the poor are relegated to areas with concentrated poverty.

Stanford explains that businesses don't go into low-income areas because they assume that they are unprofitable. Thus, Kent State University finds that 18 million Americans live in areas without grocery stores and are forced to eat unhealthy foods linked to obesity.

Fortunately, Anderson of Go Banking finds that providing everyone with a UBI would incentivize grocery stores and other businesses to move into neglected neighborhoods.

Crucially, The University of Michigan finds that the presence of just one grocery store reduces obesity by 24 percent, as people gain access to healthier foods. In fact, Alaska's UBI decreased childhood obesity by 22 percent. Crucially, obesity causes 300,000 deaths every year.

Our third contention is deep poverty.

An entire class of Americans is being ignored. CBPP found that, over 20 years, the number of Americans living in deep poverty, or under half of the poverty line, increased by 41 percent **even after accounting for welfare benefits**, leaving **7.1 million children** in deep poverty.

Welfare leaves these people behind, as Matthews of Vox explains that means-tested programs include work requirements, meaning the recipient has to work in order to receive benefits. However, the Urban Institute finds that poor Americans face obstacles to employment, including "low education, health problems, and limited transportation and internet access."

Thus, the Washington Post finds that among the very poorest Americans, nearly one third receive **zero dollars** from welfare. *This problem will get even worse, as the government has recently put work requirements on popular programs like Medicaid and food stamps.*

Crucially, Brookings furthers that **even six months** of deep poverty can permanently damage a child's development. They find that a child in deep poverty is 10 percent less likely to move up the income ladder than a child in regular poverty.

Fortunately, UBI would fill in the cracks of the welfare state. Author Annie Lowrey explains that a UBI would provide money without restrictions, **ending** deep poverty in America.

Thus, we affirm.

Overview

Start of with an overview.

Even if they can prove that *current* welfare programs are better than a UBI, a UBI is a far more permanent solution.

Day of Jacobin explains that means-tested welfare has low support among the rich and the working class since it only benefits the poor, making it a political punching bag, which is why CBPP reports that spending on means-tested over the next ten years will decrease significantly.

On the other hand, Harvard finds that everyone benefits from a UBI, which makes it a lot more likely to be funded by politicians, which is why a study from Duke finds that universal programs like UBI actually give more benefits to the poor than targeted programs like means-tested welfare.

In other words, the benefits of their case can be slashed by politicians at any moment, but you know that the benefits of our case are permanent.

Frontlines

F2 Funding

C1) Banks

F2 UBI gives less money than welfare

1. They can still save some of the money, it's unlikely that they'll spend every cent of it

F2 Most Americans have accounts

1. CNBC: A lot of people may have accounts, but a lot of the time they don't actively use it because they lack money. In fact, 25% of Americans are either unbanked or underbanked.

F2 People don't trust banks

1. CNBC: only 9% of unbanked people don't actually trust banks.

F2 People don't have access to banks

1. Anderson of GoBanking: a UBI would encourage banks to go to poorer areas to increase access since poor people will now have more money to put in their accounts.

F2 Bank fees are too costly

1. More competition among
2. This is not really a barrier to creating an account, it's only a problem if u overdraw

F2 Mobile Banking

1. You need an account to do this. Wait why is this a response, it's good for the arg

F2 Alternative Financial Services

1. Yun of the University of Pennsylvania: The fees from these alternative services are pretty large, which can accumulate and cost Americans a lot. If unbanked people had an account, they would on average \$108 more every month.

F2 Can get an account under welfare

1. CATO: Welfare forces people to spend a portion of their money on certain things, so people can't save
2. Pew Research: Means-tested welfare restricts how much you save, so people are scared of saving because they may lose benefits.

C2) Business

F2 Alt causes for why businesses don't go in

Not sure

F2 Welfare solves

Political uncertainty, **businesses don't take welfare payments**

C3) Deep Poverty

F2 Indicts of Studies/Special poverty measurements

F2 Only TANF and EITC have work requirements

F2 Welfare has lifted people out of poverty

F2 Don't have access to welfare centers

F2 Work requirements are short-term

F2 Redistributing up

Many Americans are either unbanked or underbanked

Barry, Erin. "25% of US households are either unbanked or underbanked." CNBC. 3/9/19//SSK
<https://www.cnbc.com/2019/03/08/25percent-of-us-households-are-either-unbanked-or-underbanked.html>

After two fires in her homes in the Mississippi Delta, Farrah Appleberry and her four daughters were left destitute and in bankruptcy. But there was hope – literally. Hope Credit Union, focused on economically distressed areas in the South, brings basic banking services to the nation's poorest. **Twenty-five percent of U.S. households are unbanked or underbanked, according to a 2017 survey by the Federal Deposit Insurance Corp. Those are people who either don't have a bank account, or have an account, but still use financial services outside the banking system like payday loans to make ends meet.** Why are the numbers so high? More than half of unbanked households cited not having enough money to keep in an account, 30 percent said they don't trust banks and 9 percent reported banks are in an inconvenient location, according to the survey.

Lack of banking can cost you a lot

Yun, Alyssa. "FINANCIAL EXCLUSION: WHY IT IS MORE EXPENSIVE TO BE POOR." The University of Pennsylvania. 6/2/17//SSK

<https://publicpolicy.wharton.upenn.edu/live/news/1895-financial-exclusion-why-it-is-more-expensive-to-be>

Yet these numbers alone do not even begin to represent the complexity of the problem. The rate of unbanked and underbanked households varies immensely among different states, regions, and neighborhoods. For example, based on overall percentage of unbanked households, many of the top 100 unbanked places (cities, towns, or census designated places with more than 250 households) are small rural towns, of which 36 are in Texas, 17 in Mississippi, and 10 in Arizona [3]. Of large cities with more than 100,000 households, however, Miami was ranked first with 20.1 percent unbanked and 21.4 percent underbanked, followed by Detroit, Cleveland, Dallas, Houston, and Baltimore [3]. Philadelphia was ranked as the 9th most unbanked large city with 14.3 percent unbanked and 23.5 percent underbanked, and New York City, one of the nation's biggest financial hub, has 12 percent, or 360,000 households unbanked [4]. This national pattern of disparity in unbanked rates is apparent even on the local level. In New York City, for example, the unbanked rate in 2013 increases threefold from the least unbanked borough, Staten Island, to the most unbanked borough, the Bronx, and neither borough's unbanked rate aligns closely with the city average of 12%. [4]. The Implications of Lack of Access to Banking Services Before discussing factors contributing to this problem, **it is important to understand the effects of being unbanked to highlight the extent of the problem. There's a great economic burden on unbanked individuals to complete even the most basic financial transactions. Cashing a check, for example, costs an average individual with a full time job up to \$40,000 over the course of his or her lifetime [5]. Retailers, which many visit for check-cashing services, charge non-trivial fees. For example, Walmart charges a \$3 fee for any check up to \$1000 and \$6 for checks greater than \$1000 [6]. Payment for basic transactional services can accumulate huge costs. Since a large portion of unbanked households are low- and medium-income families, this takes away from money reserved for daily consumption. If these costs could be avoided, each individual from the 9 million unbanked households could have an extra \$108 every month for food, gasoline or clothing [5]. These additional savings for unbanked households are enough to cover the government's entire food stamp program and still be ahead by \$15 billion,**

considering that the government had allocated \$74 billion for low-income Americans in 2014. This would allow the government to increase its budget for low-income Americans by over 20% if every unbanked household opens a bank account [7]. Other alternative financial services also charge high fees. For example, auto title loans charge an annual percentage rate (APR) that generally exceeds 300 percent and payday loans charge APRs of 500 percent [8]. Reasons for Being Unbanked from the Consumer Side If it costs so much to not have a bank account, why are so many people still unbanked? There are many interconnected causes, both from the consumer and supplier side, which contribute to the overall problem of financial exclusion. First, the question of whether to open a bank account could sometimes just come down to the volatility and quantity of the person's income. According to the previously cited FDIC Survey, "unbanked rates among households with income that varied somewhat or a lot from month to month were 8.7 and 12.9 percent, respectively, compared to 5.7 percent among households with income that was about the same each month" [2]. This means the more volatile one's income is, the more likely one is unbanked. In addition, 49 percent of unbanked Americans express that they do not have enough money to use an account [9]. Because most banks require a mandatory minimum deposit to open and maintain an account, not having a sufficient or steady flow of income could automatically exclude low-income households who live paycheck to paycheck from using banking services. At first glance, this information may seem contradictory because alternative financial services incur higher costs but are predominantly used by low-income households. However, it is important to recognize that alternative financial services do not require a consistent balance in an account and thus are much more accessible up front. The high costs of alternative financial services manifest either over an extended period of time (due to repeated usage of one-time transactional services such as cashing a check), or at the end of a lending service, for which the interest rate is often two or three times higher than that of a traditional bank. In other words, since the cost of bank accounts is visible before even obtaining an

account, whereas the cost of alternative financial services surface later, alternative financial services may be more appealing to low-income households.

Rhetoric