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Universal basic income: Pros and cons of free money for all

A bold idea, but the money has to come from somewhere.



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If you've ever wondered what it'd be like to have some money coming in whether you have a job at the moment or not, you get the idea behind universal basic income (UBI). It's a simple premise that could change lives, but implementing UBI is complex.

UBI is a social welfare program that provides residents of a city, state, or country with a minimum income with no conditions or requirements. Under a universal basic income program, a [Fortune 500 CEO](#), unemployed [computer programmer](#), [college student](#), and stay-at-home parent would all receive cash with no strings attached.

UBI may refer to various programs that provide income but often come with stipulations on current income, employment status, and other prerequisites. The phrase **guaranteed**



Money, no strings attached.

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Key Points

- The concept of UBI has existed for centuries in various forms.
- Programs worldwide show mostly positive results of differing

basic income is often used instead, since truly universal programs are rare.

magnitude.

- Arguments for and against UBI touch on poverty, employment, well-being, and cost.

The evolution of UBI

When Democratic candidate Andrew Yang made UBI the cornerstone of his 2020 U.S. presidential campaign, he brought the topic to the forefront of political, social, and economic debate. His plan came as close to the definition of UBI as you can get: Every adult would receive \$1,000 a month. Technologies like [automation](#) and [artificial intelligence](#) (AI) would put so many people out of work, Yang said, that UBI was necessary to avoid damaging the U.S. economy.

Yang was not the first to champion a basic income. Upon his death in 44 BCE, [Julius Caesar](#) bequeathed money to every free, common Roman citizen (they were known as [plebeians](#)), who numbered about 250,000 at the time. English humanist and statesman [Thomas More](#) advocated for it in his book *Utopia*, published in 1516. In the 1790s, philosopher [Thomas Paine](#) proposed monetary support for the elderly, disabled, and young adults. More than a decade before he won the [Nobel Prize for Economics](#) in 1976, [Milton Friedman](#) backed the idea of basic income, arguing that it was more efficient than [welfare programs](#) and their accompanying [bureaucracy](#).

U.S. Presidents [Lyndon Johnson](#) and [Richard Nixon](#) favored payments to fight the [War on Poverty](#), as did [Martin Luther King, Jr.](#) The [Roman Catholic Church](#) and several of its popes, including [Pope Francis](#), have endorsed the idea, as has [Facebook](#) cofounder [Mark Zuckerberg](#). [Tesla](#) (TSLA) CEO [Elon Musk](#) has described it as inevitable.

The case for UBI

Proponents of UBI believe it would promote several worthwhile social aims:

- **Reduce poverty and income inequality.** With UBI supplementing or replacing lost income, recipients would be able to buy necessities like [food](#), [clothing](#), and [medicine](#), or [pay rent](#).

- **Increase employment.** Recipients who can afford [childcare](#) and commuting expenses are more likely to look for and keep a job. And because UBI aid is not conditional on employment, recipients need not fear losing monetary support if they get a job.
- **Enhance wellness.** Being able to pay for doctor visits or prescription drugs can improve physical health. [Having money and the flexibility to decide how to spend it](#) diminishes stress.
- **Save costs.** In theory, UBI is intended to replace all existing social safety net programs, thereby cutting red tape.
- **Promote educational opportunities.** The money can be used [to pay for college](#) and reduce dropout rates, leading to a more educated workforce.
- **Encourage business start-ups.** [Entrepreneurs](#) would be more willing to take risks knowing they have a stable source of income.
- **Support artists.** Those in the visual, performing, and other arts could experiment and create meaningful work without concern their output won't be commercially viable.

The case against UBI

Critics argue the pitfalls of UBI make such programs unfeasible. Objections include:

- **It's too expensive.** Although the cost of most UBI proposals is partially offset by eliminating existing [social welfare programs](#), even supporters of UBI acknowledge the price tag would be hefty. In 2016, presidential candidate [Hillary Clinton](#) contemplated including UBI in her platform but concluded it was too costly and would jeopardize other important government programs.
- **There's no sensible way to pay for it.** Andrew Yang supported a [tax on goods and services](#); others say an additional tax on the wealthy

could foot the bill, but neither proposal is popular. Detractors say adding to the [national deficit](#) is not sustainable.

- **People would work less.** Getting money for nothing removes the incentive to work. On a personal level, it could lead to social isolation and reduced self-worth.
- **It would increase poverty.** Giving money to everyone regardless of need deprives the poor of support from targeted programs like [food stamps](#) and [Medicaid](#).

UBI around the world

There are dozens of examples of guaranteed income programs, in the U.S. and worldwide, that vary drastically in size and scope. The arrival of [COVID-19](#) prompted many locales to start new programs (some of which have expired). In response, at least four states—[Arkansas](#), [Idaho](#), [Iowa](#), and [South Dakota](#)—enacted legislation prohibiting them.

[Iran](#) has the world's only nationwide program, begun in 2010, but other sizable programs exist. Thousands of households are participating in a long-term program in [Kenya](#). The Brazilian town of Maricá has increased the number of participants in its Citizens' Basic Income program while raising their monthly income.

[Europe](#) has experimented with universal basic income on a small scale, but as of 2024, few programs existed.

The U.S. is home to numerous pilot UBI programs, mostly involving local governments. The initiatives are often [public-private partnerships](#), meaning they're not exclusively government funded, and typically target low-income residents. Participants are often selected randomly or through a lottery but must meet eligibility requirements such as income or specific demographics. For instance, a yearlong program begun in 2022 in [Durham, North Carolina](#), accepted only former prisoners.

In addition to these pilot programs, economists note other examples in the U.S. that could be considered UBI:

What about Social Security?

- The [Alaska Permanent Fund](#), established in 1976, pays money annually to every adult and child in the state, based primarily on [royalties from oil production](#).
- Stimulus checks, issued during the [COVID-19 pandemic](#), provided U.S. households with more than \$800 million. But the program wasn't universal, and the amount was tied to household income.
- The expanded [child tax credit](#), enacted in 2021, is credited with raising many children out of poverty, although the program expired the next year.

[Social Security](#) might seem like a form of universal basic income, but the monthly benefit amount is [based on the years you worked and your lifetime earnings](#) (unless you qualify for [disability benefits](#)). Universal basic income programs don't require recipients to be employed or have a work history.

UBI program results

Most UBI programs have reported positive outcomes but in varying degrees based on their objectives, amount of income distributed, and program duration. But they don't necessarily move the needle much in terms of employment or entrepreneurship.

In Alaska, dividends from the state's Permanent Fund have been shown to reduce [childhood obesity](#). Each dollar a child receives yields more than a dollar in return through reduced health care costs. The program has also encouraged Alaskans to have more children, since each additional child means more money. The dividend was shown to have "no significant effect on employment," although it did increase [part-time work](#).

Kenya's implementation of UBI resulted in "substantial economic expansions" in the rural communities where the funds were to be given long term. Researchers saw no evidence that the supply of labor—those willing to work—fell, although the program spurred many workers to switch from wage-paying jobs to self-employment, resulting in higher incomes.

The bottom line

The goal of universal basic income is to provide a guaranteed, unconditional income to everyone where a program is implemented, whether at the city, county, state, or national level. It aims to reduce poverty and improve financial stability. Backers say UBI does that and more, including reducing income inequality, encouraging employment, and boosting entrepreneurship.

Critics say it's expensive and diminishes workers' motivation to find jobs. Support for UBI has increased following the [COVID-19 pandemic](#) and with the expansion of AI and automation, as these technologies threaten jobs and livelihoods. Established and pilot programs worldwide have been encouraging, but high costs and uncertain outcomes have resulted in few large-scale deployments.

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