

## ProCon

# Universal Basic Income (UBI)

Should the United States Implement a Universal Basic Income?

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**What is basic universal income (UBI) for all citizens?** Money, no strings attached.

Universal basic income (UBI) is an unconditional cash payment given at regular intervals by the government to all residents, regardless of their earnings or employment status. [45]

UBI remains largely theoretical and, thus, does not have much of a history.

Pilot UBI or more limited basic income programs that give a basic income to a smaller group of people instead of an entire population have taken place or are ongoing in [Brazil](#), [Canada](#), [China](#), [Finland](#), [Germany](#), [India](#), [Iran](#), [Japan](#), [Kenya](#), [Namibia](#), [Spain](#), and [The Netherlands](#). [46]

In the United States the [Alaska Permanent Fund](#) (AFP), created in 1976, is funded by [oil](#) revenue. AFP provides dividends to permanent residents of the state. The amount varies each year based on the stock market and other factors and has ranged from \$331.29 (1984) to \$2,072 (2015). The payout for 2020, during the [COVID-19](#) pandemic, was \$992.00, the smallest check received since 2013. The most recent payment was \$1,312 for 2023. [46][47][48][49][58]

UBI popped up in American news thanks to the [2020 presidential campaign](#) of [Andrew Yang](#), whose continued promotion of a UBI resulted in the formation of a nonprofit, Humanity Forward. [53]

Some consider the stimulus payments from the federal government during the COVID-19 pandemic to be a sort of “emergency UBI.” Those payments, however, were

not unconditional, but instead were calculated based on individual or family income. [\[59\]](#)

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## Pros and Cons at a Glance

PROS	CONS
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## Pro Arguments [\(Go to Con Arguments\)](#)

### Pro 1: UBI reduces poverty and income inequality and improves physical and mental health.

A UBI set at \$1,000 per adult per month and \$300 per child per month would entirely eradicate poverty in the U.S., according to Scott Santens, founding member of the Economic Security Project. [\[12\]](#)

Case in point: the poverty rate in Brazil fell to its lowest level in 40 years in just six months in 2020 after \$110 (600 reais) per month was distributed to about 25% of the population as a pandemic relief program called Bolsa Família. [\[51\]](#)

Namibia's UBI program trial, the Basic Income Grant, reduced household poverty rates from 76% of residents before the trial started to 37% after one year. Child malnutrition rates also fell from 42% to 17% in six months. [\[7\]](#)

Participants in India's UBI trial said that UBI helped improve their health by enabling them to afford medicine, improve sanitation, gain access to clean water, eat more regularly, and reduce their anxiety levels. [\[14\]](#)

Mincome, a UBI trial in Manitoba, Canada, found that hospitalizations for accidents, injuries, and mental health diagnoses declined during the trial. [\[1\]](#)

Kenya's ongoing UBI trial has reportedly led to increased happiness and life satisfaction and to reduced stress and depression, proving that UBI could improve a range of mental health concerns and stressful situations proven to deteriorate mental health. [\[2\]](#)

"Recent research has linked the stress of poverty with inflammation in the brain...UBI could be set at a level to ensure that everyone's basic needs are met. This would reduce much of the stress faced by the working poor or families on benefits...UBI would also help people, usually women and children, to leave abusive relationships. Domestic abuse occurs more often in poorer households, where victims lack the financial means to escape. Similarly, UBI might prevent the negative childhood experiences believed to lead to mental illness and other problems later in life. These include experiencing violence or abuse, or having parents with mental health, substance abuse and legal problems. Behind these problems are often poverty, inequality and social isolation," says Matthew Smith, professor in health history at the University of Strathclyde. [\[50\]](#)

## **Pro 2: UBI leads to positive job growth and a better educated citizenry.**

The guarantee of UBI protects people from sluggish wage growth, low wages, and the lack of job security caused by the effects of the growing gig economy, as well as increased automation in the workplace. [\[42\]](#)[\[5\]](#)[\[10\]](#)

Researchers from the Roosevelt Institute created three models for American implementation of UBI and found that under all scenarios, UBI would grow the economy by increasing output, employment, prices, and wages. [\[44\]](#)

Since implementation of the Alaska Permanent Fund, for example, the increased purchasing power of UBI recipients has resulted in 10,000 additional jobs for the state. [6]

UBI would also give employees the financial security to leave a bad job or wait until a good job comes along to (re)join the job market. People won't have to take an awful job just to pay the bills. [54]

Further, UBI enables people to stay in school longer, reducing drop-out rates, and to participate in training to improve skills or learn a trade, improving their chances of getting a good job. Uganda's UBI trial, the Youth Opportunities Program, enabled participants to invest in skills training as well as tools and materials, resulting in an increase of business assets by 57%, work hours by 17%, and earnings by 38%. [8]

The Canadian Mincome trial found that participants of the trial were more likely to complete high school than counterparts not involved in the trial. [1]

The Basic Income Grant trial in Namibia (2007–12) enabled parents to afford school fees, buy school uniforms, and encourage attendance. As a result, school dropout rates fell from almost 40% in Nov. 2007 to 5% in June 2008 to almost 0% in Nov. 2008. [7]

### **Pro 3: UBI reduces gender inequality.**

UBI makes all forms of work, including child care and elder care, “equally deserving” of payment. “Almost definitionally, a properly designed basic income system will reduce gender-based inequality, because on average the payment will represent a higher share of women's income,” says Guy Standing, professor of development studies at the University of London. [25][56]

A UBI also allows working parents to reduce their working hours in order to spend more time with their children or help with household chores. [26][27]

Reviewing the UBI trial in India, SEWA Bharat (an organization related to women's employment) and UNICEF (a children's rights organization) concluded that “women's empowerment was one of the more important outcomes of this

experiment,” noting that women receiving a UBI participated more in household decision making, and benefited from improved access to food, healthcare, and education. [\[14\]](#)

The Basic Income Grant Coalition trial in Namibia found that UBI “reduced the dependency of women on men for their survival” and reduced the pressure to engage in transactional sex. [\[7\]](#)

Mincome, the Canadian UBI trial, found that emergency room visits as a result of domestic violence reduced during the period of the trial, possibly because of the reduction in income-inequality between women and men. [\[28\]](#)

## Con Arguments [\(Go to Pro Arguments\)](#)

### Con 1: UBI increases poverty.

UBI takes money from the poor and gives it to everyone, increasing poverty and depriving the poor of much needed targeted support.

People experiencing poverty face a variety of hardships that are addressed with existing antipoverty measures such as food stamps, medical aid, and child assistance programs. UBI programs often use funds from these targeted programs for distribution to everyone without regard for need. [\[15\]](#)

“If you take the dollars targeted on people in the bottom fifth or two-fifths of the population and convert them to universal payments to people all the way up the income scale, you’re redistributing income upward. That would increase poverty and inequality rather than reduce them,” according to Robert Greenstein, president of the Center on Budget and Policy Priorities. [\[15\]](#)

Luke Martinelli, research associate at the University of Bath, created three models of UBI implementation and concluded that all three would lead to a significant number of individuals and households being worse off. He notes, “these losses are not concentrated among richer groups; on the contrary, they are proportionally larger for the bottom three income [quintiles](#) [\[37\]](#).” [\[37\]](#)

“Rather than reducing the overall headcount of those in poverty, a BI [basic income] would change the composition of the income-poor population” and thus “would not prove to be an effective tool for reducing poverty,” concludes research by the Organisation for Economic Co-operation and Development (OECD) in Finland, France, Italy, and the U.K. [\[39\]](#)

UBI does not cure addiction, poor health, lack of skills, or other factors that contribute to and exacerbate poverty, making UBI less cost-effective than targeted welfare programs. [\[19\]](#)[\[24\]](#)

There is “the danger of UBI entrenching low pay and precarious work. It could effectively subsidise employers who pay low wages and—by creating a small cushion for workers on short-term and zero-hours contracts—help to normalise precarity,” explains Anna Coote of the New Economics Foundation and Edanur Yazici, Ph.D. student. UBI could become another American tipping system in which employers pay low wages and count on customers to fill in the gap with tips. [\[52\]](#)

## **Con 2: UBI is too expensive.**

A \$2,000 a month per head of household UBI would cost an estimated \$2.275 trillion annually, says Marc Joffe, director of policy research at the California Policy Center. Some of this cost could be offset by eliminating federal, state, and local assistance programs; however, by Joffe’s calculation, “these offsets total only \$810 billion... [leaving] a net budgetary cost of over \$1.4 trillion for a universal basic income program.” [\[23\]](#)

A 2018 study found that a \$1,000 a month stipend to every adult in the United States would cost about \$3.81 trillion per year, or about 21% of the 2018 GDP, or about 78% of 2018 tax revenue. [\[57\]](#)

The UBI trial in Finland provided participants with €560 (\$673 USD) a month for two years. Finland’s UBI model is “impossibly expensive, since it would increase the government deficit by about 5 percent,” explains Ikka Kaukoranta, chief economist of the Central Organization of Finnish Trade Unions (SAK). [\[20\]](#)[\[21\]](#)

Former U.K. Minister of State for Employment Damian Hinds rejected the idea of UBI during parliamentary debate, saying that the estimated implementation costs ranging from £8.2–160 billion (\$10.8–211 billion USD) are “clearly unaffordable.” [\[38\]](#)

Economist John Kay, research fellow at the University of Oxford, studied proposed UBI levels in Finland, France, Germany, Switzerland, the United Kingdom and the United States, and concludes that, in all of these countries, UBI at a level that can guarantee an acceptable standard of living is “impossibly expensive...Either the level of basic income is unacceptably low, or the cost of providing it is unacceptably high.” [\[41\]](#)

### **Con 3: UBI removes the incentive to work.**

Earned income motivates people to work, be successful, work cooperatively with colleagues, and gain skills. However, “if we pay people, unconditionally, to do nothing...they will do nothing,” and this leads to a less effective economy, says Charles Wyplosz, professor of international economics at the Graduate Institute in Geneva. [\[33\]](#)

The Swiss government opposed implementation of UBI, stating that it would entice fewer people to work and thus exacerbate the current labor and skills shortages. [\[34\]](#)

A strong economy relies on people being motivated to work hard, and in order to motivate people there needs to be an element of uncertainty for the future. UBI, providing guaranteed security, removes this uncertainty, according to economist Allison Schrager. [\[36\]](#)

UBI would cause people “to abjure work for a life of idle fun...[and would] depress the willingness to produce and pay taxes of those who resent having to support them,” says Elizabeth Anderson, professor of philosophy and women’s studies at the University of Michigan. In fact, guaranteed income trials in the United States in the 1960s and 1970s found that the people who received payments worked fewer hours. [\[9\]](#)[\[17\]](#)



“The daily routines of existing work-free men should make proponents of the UBI think long and hard. Instead of producing new community activists, composers, and philosophers, more paid worklessness in America might only further deplete our nation’s social capital at a time when good citizenship is already in painfully short supply,” according to Nicholas Eberstadt and Evan Abramsky, both at American Enterprise Institute (AEI). [\[55\]](#)

## Discussion Questions

1. Should the United States implement a Universal Basic Income? Why or why not?
2. Should cities or states implement Universal Basic Income? Why or why not?
3. What other economic policies to reduce poverty would you enact? Explain your answers.

## Take Action

1. Investigate the World Bank’s report, [“Exploring Universal Basic Income: A Guide to Navigating Concepts, Evidence, and Practices.”](#) [↗](#)
2. Explore Stanford University’s [Basic Income Lab](#) [↗](#).
3. Examine where a [basic income has been implemented](#) [↗](#) and the results at Vox.
4. Consider how you felt about the issue before reading this article. After reading the pros and cons on this topic, has your thinking changed? If so, how? List two to three ways. If your thoughts have not changed, list two to three ways your better understanding of the “other side of the issue” now helps you better argue your position.
5. Push for the position and policies you support by writing U.S. [senators](#) [↗](#) and [representatives](#) [↗](#).

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