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Universal Basic Income: The Social Welfare and Economic Balance

The concept of a Universal Basic Income (UBI) has ignited a debate in recent years. It has most recently been in discussions when 2020 Presidential candidate Andrew Yang voiced opinions for a universal income. A UBI has been believed to reduce poverty and income disparities as well as result in a positive effect on the economy but has been seen as too expensive with the potential to remove Americans' incentives to work.

A Universal Basic Income is popularized for its ability to become a tool for reducing poverty and income inequality. According to economists in support of such an act, "a UBI set at \$1,000 per adult per month and \$300 per child [...] would eradicate US poverty entirely" (par. 1). Although this highlighted feature of a UBI seems to eradicate poverty, critics of UBI lighten on how it would give money to everyone, not just the poor. This could have unintended consequences for those facing poverty as employers may see that employees are making money regardless of the hours the employer provides them: "by creating a small cushion for workers on short-term and zero-hours contracts – help to normalise precarity" (par. 7). Hardship programs have historically been targeted programs which fund anti-poverty measures such as food stamps and child assistance programs. According to people against a UBI, taking money from the lower class and redistributing it to everyone would increase poverty and inequality rather than reduce it (par. 3). In contrast, when UBI has been trialed, it has revealed an improvement in physical and mental health. Malnutrition rates tend to fall as parents are able to afford healthy foods in

addition to their bills with the help of the additional money. In a trial of UBI in India—where water sanitization levels are low—the funds helped improve access to clean water among other fixes (par. 4). Although the United States generally has access to clean water and sanitization, a UBI can still improve the general well being. However, funding everyone’s sanitation is different from focusing on the main problems at hand: the impoverished areas. While many find an improvement for everyone to be the goal, those in impoverished areas need the targeted support. While it is argued that a UBI feeds and affects people—with more money—it has also been found to be an ineffective tool for reducing poverty (par. 5). People do not solely lack cash, but skills and oftentimes have addictions or poor health, factors which contribute to and exacerbate poverty (par. 6).

A high area of concern is the cost and effect a UBI would have on the economy. It is found that a universal income increases job growth while reducing school dropout rates at the same time. This is through the fact that a UBI protects people with low wages and a lack of job security. In an increasing economy of gig workers (DoorDash, Uber, Instacart), a minimum amount of earnings allows for these kinds of employees to continue their work without remorse, continuing demand for gig-employees’ services. On the other hand, UBI is found to be too expensive. Based on a study proposing giving a \$1,000 stipend to every adult in the U.S, it would cost \$3.81 trillion (par. 8). In the UK, the Minister of Employment rejected the idea after estimates claimed UBI to be a “clearly unaffordable” solution (par. 11). While difficult to hear, the fact is there, most countries cannot afford to guarantee an acceptable UBI.

For most of U.S. history, many roles such as parents and housewives have been unpaid. UBI would mean that these historically unpaid roles, often taken by women, would earn an income. These roles would have new meaning or allow working parents to live off of fewer

hours in order to provide and spend more time with their child—a growing factor in children’s development (par. 16). The criticism surrounding this issue has come in the fact that paying for adults to not work means it could remove their incentive to work. Most service jobs in the US rely on the fact that their employees live paycheck to paycheck. Removing the incentive to work, by having a guaranteed income, could suffice many and cause a shortage of employees in low-skill jobs. Nonetheless, the idea of stay-at-home parents being paid reinforces the idea of empowerment to women. Women are more likely to not work and stay at home to take care of their child, while their husband, or partner, go and work. While some families can live off of one income, in many parts of the country, this is simply not true—at least not without repercussions. Giving a guaranteed income to the parents and the child could lead to the parent purchasing more and thus contributing to the economy, or even returning to the workplace as they are able to afford childcare services. This however leads to another problem. What if employees do not return to work and live off of UBI. While the idea of UBI is for everyone to have a guaranteed income, it likely results in a labor and skills shortage. Critics, like Michigan professor Charles Wyplosz, argue that a UBI leads people to “abjure to work for a life of idle fun” meaning to survive enough off of UBI (par. 16).

The idea of UBI, heightened by 2020 Democratic presidential candidate Andrew Yang, has concerned many about the effectiveness of UBI. A basic income would empower traditionally unpaid roles such as stay-at-home mothers and housewives, but it also deprives targeted support from the poor. Many argue that the effectiveness of a basic income would result in a labor shortage, removing many low-skilled workers’ incentive to work. The financial cost and effect on both the economy and the country are also areas of concern. While a basic income would likely heighten the amount of spending and improve the quality of life for many in

impoverished areas, it is too expensive to implement. Although the money's intention to reduce poverty is met at a certain point, since the money is going to everyone, it could deprive many Americans living in poverty of the much-needed targeted support.

Works Cited

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