

Universal Basic Income

How America Could Finally Become the True Land of Opportunity

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Introduction

Critics consider it a utopian fantasy, while supporters argue it is the inevitable solution to financial inequality. Universal Basic Income, a highly debated idea, calls for unconditional cash payments to every adult, perhaps with grants for children paid to their parents or guardians. These periodic payments would be the same for everyone, whether they work or not and regardless of any other means, with no conditionality whatsoever.

While a seemingly new and radical idea, UBI was previously supported by Thomas Paine, Dr. Martin Luther King Jr., Richard Nixon, and Milton Friedman. In 1967, Dr. King stated, “I’m now convinced that the simplest approach will prove to be the most effective—the solution to poverty is to abolish it directly by a now widely discussed measure: the guaranteed income,” and Milton Friedman suggested UBI by way of a “negative income tax” ([Parshall](#)). Additionally, UBI passed the House of Representatives twice in 1971 and has been instituted in Alaska since 1982, with every resident receiving \$1,000 to \$2,000 yearly ([Yang](#)).

Regardless, other than Andrew Yang’s 2020 presidential campaign, where he heavily promoted UBI, it seems to have fallen through the cracks of serious considerations for welfare programming in the US. Currently, UBI is not attracting the level of political support that would be required to bring it into the mainstream ([McKay](#) 338). This paper, working to increase awareness around UBI and argue for its implementation, will start with historical context on the state of financial inequality in the US. Next, it’ll present various arguments for UBI, including issues with current targeted transfers, its potential to improve conditions surrounding work, as well as associated health, economic, and social benefits. Lastly, it’ll explore different ways UBI could be funded, displaying its genuine feasibility, far from a utopian fantasy.

History of Poverty & Inequality

The wealth gap between the richest and poorest families in the US has more than doubled from 1988 to 2016 ([Schaeffer](#)). With staggering differences in Americans’ living standards, class divides

are becoming more and more evident, despite continual messaging of America being the land of opportunity. Social media's select handful of those who "got rich quick," whether that be through dropshipping or Amazon FBAs, flaunt their successes as if everyone else should simply try harder. However, reality seems to suggest that for many Americans, even trying your absolute best doesn't bring wealth, let alone a comfortable lifestyle, any closer. Barbara Ehrenreich, American writer and social activist, famously attempted to survive off of minimum wage jobs three separate times in Florida, Maine, and Minnesota, recounting her journey in *Nickel and Dimed: On (Not) Getting By in America*. Each time, even with certain advantages such as a car and the ultimate feeling of security that she could always fall back onto her normal life, she found that her attempts ended in vain, with maintaining proper living conditions being nearly impossible, and not even wanting to imagine what the nightmare of having to support anyone else at the same time would've been like ([Ehrenreich](#)). Given that the US champions the world's highest GDP, we must wonder why Ehrenreich, representative of America's 1 million minimum wage earners, struggled in ways that feel uncharacteristic for an economically prospering first-world country ([Bureau of Labor](#)).

Income inequality in the US has increased significantly since measurements that began around 1915, with the 1920s and 2000s marking significant peaks. The era from the 1950s to the 1980s, known as the Great Compression, was marked by generally lower levels of inequality, with high wages for union workers, lack of foreign manufacturing competition, and more political support for redistributive government policies ([Golden and Margo](#)). However, since the 1980s, the wealth gap widened significantly, with the rich getting richer considerably more quickly than the poor. In 1980, the 90/10 ratio, comparing the income of the top 10% with the bottom 10%, was at 9.1. By 2018, this ratio had increased by 39%, jumping up to 12.6 ([Horowitz](#)). Further, in 1970, the portion of aggregate income owned by middle-class households was 62%, which fell to 43% by 2018. During the same period, the portion owned by upper-income households increased from 29% to 48% ([Horowitz](#)).

Currently, wealth inequality is one of America's leading issues, with poverty rates that are significantly higher than in other developed Western democracies ([Siripurapu](#)). As of 2021, the richest 1% of households possessed 30.9% of American wealth, while the bottom 50% of households held only

2.6% of the country's wealth ([Gould](#)). In fact, the richest 1% of households earned 139 times as much, on average, than the bottom 20% in 2021 ([Harrison](#)). In the US, wealth is so concentrated at the top that even just the top 1% percent earns almost five times more than the next 4% ([Siripurapu](#)).

While high costs of necessities, inflation, and expensive healthcare all play notable roles, it's impossible to frame the concept of class divides in the US without also thinking about racial divides. In 2019, the median household income for Black households was \$45,438, compared to \$76,057 for non-Hispanic white households ([Creamer](#)). Thinking back to America's founding, a significant portion of the American economy was built on the exploitation of African slaves, the very first of whom arrived in the US in 1638, for free labor before the abolition of slavery in 1865, by way of the 13th Amendment ([Lepore](#) 45). Even after slavery's abolition, Jim Crow Laws and segregation, whether formally or informally enforced, continued to inhibit Black people's ability to accumulate wealth through employment, education, and housing discrimination, which took many forms ([Harris and Bowdler](#)). While Jim Crow, segregation, and voter suppression were abolished on paper by the Civil Rights Act of 1964 and the Voting Rights Act of 1965, problems with parallel results persisted. Segregated housing is one of the most significant barriers preventing people of color from achieving upward income mobility and accumulating wealth.

Tracing back to the early 20th century, practices such as redlining effectively made racial divides a geographical reality, mapping them onto neighborhoods. In the 1920s and 1930s, government-issued mortgages were instituted to support the economy after the Great Depression, thus resulting in maps of different areas where there could be said loans. These maps were color-coded, differentiating between how worthy different neighborhoods were for loans, with red representing neighborhoods that weren't to be included ([Cornell Law](#)). "Redlined" neighborhoods primarily consisted of Black residents, resulting in them being denied government-insured loans ([Cornell Law](#)). While the Fair Housing Act of 1968 outlawed discrimination when renting or selling houses, the damage done by redlining can still be seen today. Namely, it created concentrated areas of poverty where issues relating to economic disadvantage, health disparities, healthcare access, the environment, food access, education, crime, and more became aggravated ([Egede](#)). Today, 3 out of 4 neighborhoods redlined in

the 1930s still have low to moderate income levels, with 2 out of 3 of those neighborhoods being primarily inhabited by people of color ([“History of Redlining”](#)). Not only are the wealth gap and income inequality major problems in America, but they continue to perpetuate the already severe and wildly unjust reality of racial inequality.

Arguments for UBI

UBI vs. Targeted Transfers

Given that the federal government funds more than 100 welfare programs meant to alleviate poverty, one might wonder why additional cash transfers are even necessary. However, reality paints a clear picture. America’s existing welfare programs aren’t enough to support the 36.8 million Americans in poverty ([Horowitz](#)). Beyond this, targeted transfers, distributing benefits only to certain groups of people, often leave out others who are also in need of whatever benefit was distributed. With UBI, there would never be any concern of someone falling through the safety net that the government attempts to provide ([Hanna and Olken](#) 202). Additionally, targeted transfers can often be both difficult and expensive to implement, given additional costs associated with determining who should qualify, distributing benefits to only those people, and following up periodically to judge whether previous determinations still hold true ([Hanna and Olken](#) 213). Generally speaking, UBI would be much easier to manage, not to mention more accurately distributed, than essentially all of America’s existing targeted welfare programming.

Another issue of targeted transfers has to do with the associated social stigma, namely society’s general tendency to shame individuals for needing financial assistance, perhaps through lower respect, demeaning comments, or other internalized behaviors. Not only is this a feeling prevalent in most communities, but it’s often internalized by individuals as well, even those who are receiving the benefits from the government ([OxfordUnion](#)). With this, recipients of specific social benefit programs frequently reported a “lack of self-respect” along with other negative self-characterizations ([Neves](#) 123). In one specific Canadian UBI experiment, called the Mincome experiment, it was found that

participants were less likely to feel embarrassment or avoid spending time in their communities due to Mincome when compared to targeted welfare recipients ([Neves](#) 125-126). Overall, targeted transfers can reduce the opportunities and self-respect of some of society's most vulnerable members, an unintended side effect that wouldn't be paired with UBI.

Impact on Employment

It's estimated that in the next 10 to 20 years, 47% of American jobs will be replaced by automated technology and robots ([Boyce](#) 34). With this, unemployment rates will soar dramatically in the short term, leaving many to suffer from financial instability. In a future where working to fund one's basic needs won't be possible for a large percentage of the population, a policy like UBI might be essential in ensuring that basic living standards can still be met.

Beyond assisting people through struggles of unemployment, UBI would bring more flexibility around work, especially regarding career paths and work hours. With the security from a UBI payment, people would have more time to search for and experiment with jobs until they found one that they enjoyed and that suited their lifestyles ([Neves](#) 122). Stemming from this, people wouldn't be forced to immediately settle for unfavorable jobs, meaning that over time, companies would need to improve working conditions if they still wanted to attract employees. Essentially, UBI has the potential to shift the balance of bargaining power, allowing less wealthy individuals to discriminate between desirable and undesirable jobs, perhaps with poor working conditions or lacking health benefits ([McKay](#) 342). Not only would this revolutionize the work life of those individuals, but it would also have other favorable effects that followed, such as improved physical and mental health.

When considering how UBI would influence employment rates, different pilot experiments have shown decreases, increases, or simply no change at all. When employment decreased, people were generally devoting more time to investing in themselves or those around them, with some of the time they previously would've had to spend working. Most notably, people focused more on spending time with their children, caring for the elderly, picking up new hobbies, and pursuing further education or other professional training ([Lister](#) 54). When employment increased, it was primarily for two reasons:

UBI making certain jobs more accessible and encouraging entrepreneurial activities. Specifically, UBI helped people cover expenses necessary for certain jobs, such as transportation fees or money for specific certifications, training, and classes ([Parshall](#)). Additionally, UBI provides a safety net, allowing people to feel more comfortable taking risks with entrepreneurship, and also contributes a financial boost for said entrepreneurial activities ("[Unconditional Cash Study](#)"). While UBI's potential to decrease employment is often viewed as an issue, this wouldn't always be the case, and even when it is, there would be various accompanying advantages more relevant to someone's life.

Health Benefits

Beyond individual financial benefits, studies of UBI have shown that it improves participants' health over time, both physically and mentally. From a mental standpoint, given that security is a basic human need, financial insecurity is psychologically damaging ([Kawachi and Kennedy](#)). Not only is mitigating feelings of insecurity crucial to improved mental health, but other positive benefits from UBI, such as more freedom to pursue individual interests or care for loved ones, would also boost someone's emotional well-being.

Past mental health, a Massachusetts study with 2880 participants explored the impact cash benefits had on people's physical health, as well as healthcare utilization. They found that the 1746 participants randomized to receive cash benefits visited the emergency department less than the control group, with 217.1 visits per 1000 people as opposed to 317.5 visits ([Agarwal](#)). This included fewer emergency department visits that had to do with behavioral health and substance use, 21.6 and 12.8 fewer visits per 1000 people, respectively. They also observed that emergency department visits resulting in hospitalization decreased by 27.3 visits per 1000 people ([Agarwal](#)). In terms of healthcare utilization, outpatient visits to specific subspecialties were higher among those who received the cash benefit, especially for people without cars, increasing from 303.1 to 573.2 visits per 1000 people ([Agarwal](#)). In another UBI experiment, participants reported a 20% decrease in drinking that interfered with responsibilities and a 53% decrease in the number of days they used painkillers that weren't prescribed. The same experiment found increases in dental, specialist, and primary care office visits by

10, 6, and 8 percent ([“Unconditional Cash Study”](#)). Overall, UBI would not only help people pay critical medical bills, but would also encourage people and give them increased means to pursue preventative healthcare.

Economic Benefits

The various ways that UBI could help those less financially fortunate are clear, but UBI would also result in countless societal benefits. First, from an overarching standpoint, there’s the concept of what economists call positive externalities. Essentially, this encompasses the idea that the well-being of each person will have spill-over benefits for those around them, given the naturally social tendencies of humans and how our society constitutes a web of human relations connecting everyone ([Nettle 176](#)). If multiple dominoes fall, others are bound to fall too, or at least be rattled by the commotion of those who have fallen.

From an economic standpoint, much of the money spent on UBI payments would circulate back into the economy, by way of recipients’ various purchases. With this thinking, UBI wouldn’t weaken the economy but would allow more people to participate in it more frequently, thus helping the economy flourish through increased productivity and stability ([OxfordUnion](#)). With an increase in demand for goods and services, more businesses would flourish, especially local small businesses, another factor that would encourage entrepreneurial activity. In fact, a UBI experiment in South Korea’s Gyeonggi Province resulted in 45% sales increases for local businesses and helped revive a traditional food market that struggled to attract customers after the pandemic ([Wall Street Journal](#)). Another overarching economic advantage would be government money saved on assisting people with various aspects of their lives, through public housing, food banks, childcare assistance programs, and rehabilitation services, for example ([Yang](#)). After all, with UBI, people would have greater financial ability to take good care of themselves.

Social Benefits

Circling back to positive externalities that would result from UBI, there are plenty of examples beyond the monetary realm, such as cultural and political enhancements. Given UBI's ability to provide a baseline of financial security and more free time, it would both encourage and provide an opportunity for people to pursue more artistic endeavors, whether as a hobby or full-time. After all, many artistic endeavors are severely underpaid or even completely unpaid, despite being legitimate work and contributing to the vibrancy of our cultural landscape ([Deller 36-38](#)). UBI would help alleviate financial pressures for many existing artists while helping those potentially interested in pursuing art feel more comfortable with deciding to do so ([OxfordUnion](#)). Beyond the obvious benefit for those individuals, elevated creativity and innovation all around could enrich public spaces and make life more captivating for everyone in society over time.

Another cultural benefit is UBI's ability to not only shift how people approach work, but also reframe the way our society views work as a whole. Namely, with modern labor markets, paid work is often viewed as the only "real" form of work ([McKay 342](#)). However, women, especially, often take on many responsibilities in the household, such as cooking, cleaning, and childcare— all of which are unpaid. Despite being unpaid, the efforts of many women to keep a household running smoothly is laborious and tedious work for which they receive no monetary compensation. Firstly, their efforts should be accurately acknowledged within society as a fully legitimate form of work, no less than jobs paired with income, which is something UBI could assist with ([Rosso](#)). Additionally, women shouldn't be financially penalized, in the case of a divorce or becoming widowed, for example, because they chose to pursue domestic labor instead of traditional paid work ([McKay 341](#)). UBI would help mitigate the struggles of those women and ensure that they, along with any children they may have, can maintain a basic standard of living.

Additionally, regarding politics, UBI has been found to increase political participation, namely the likelihood that people will vote. Following the Longitudinal Great Smoky Mountains Study of Youth that started in the 1990s in North Carolina, researcher Randall Akee explored the effects of the cash benefits on political turnout. He found that poorer children's voter turnout increased when they

were adults ([Neves](#) 127). Not only does UBI have the potential to increase civic engagement, but it could also lessen the gap in political participation between low and high income individuals ([Neves](#) 127-128). If this were to occur, our system of democracy would become more representative, thus improving its intended functions of inclusion, accountability, and the protection of rights.

How UBI Could be Funded

Despite the compelling variety of reasons why UBI would better American lives, the question of how to fund periodic payments for 340 million people is a serious one without an easy answer. While one could consider moving money around from a variety of places, there are three notable proposals working to reason out how we could afford such a scheme: increasing taxes, relocating money from current welfare programs, and taxing large corporations.

Increasing taxes, despite inevitable pushback from the wealthy, would be an obvious solution, working to at least somewhat even out the wealth gap between upper and lower class individuals. Given that median family wealth in 2016 was \$848,400 versus \$11,300 for upper and lower income families, respectively, the gap has not only grown wider this century but is far from reasonable ([Horowitz](#)). Beyond redistributing a portion of private assets more equitably, this solution would account for concerns about why wealthy individuals would also receive a UBI when they aren't struggling financially by any means. Essentially, if UBI is funded by taxing individuals with higher incomes, those individuals would be considered net payers, given that their tax payments exceed their UBI, meaning they'd only be receiving money from an accounting standpoint ([Nettle](#) 171-172). However, even for the wealthy, the system of making larger tax payments while receiving a UBI is still better than having a slightly lower tax bill, given the chance that they could suddenly lose their wealth at any moment ([Nettle](#) 171-172).

Another potential source of funding would be to use money currently spent on other welfare programs whose specific benefits would no longer be necessary if everyone was paid a UBI. However, there are all sorts of welfare programs, some of whose benefits couldn't adequately be replaced by UBI. With this, while UBI could either substitute for or supplement current welfare programs, ultimately,

it'd likely be a mix of both, which could account for a part of the money required to institute a system of UBI ([Dartmouth](#)).

Lastly, UBI could be funded by taxing large corporations, and while there are multiple ways to go about this, taxing companies specifically for harming the planet would also serve environmentalist causes. Specifically, from a philosophical standpoint, Earth's offerings, such as the atmosphere, fresh water, and underground minerals, should belong to the commonwealth of all people but are heavily and disproportionately utilized by private companies ([Boyce 30-31](#)). If companies' use of Earth's natural resources were better managed and taxed, their profits from what should be everyone's shared common assets could be used to fund a UBI. With the atmosphere's limited ability to absorb pollutants, for example, if major polluters were charged for using that asset, funding for UBI could be generated while simultaneously protecting the environment ([Boyce 30-31](#)). This method for financing UBI would provide market-based incentives for the sustainable use of natural resources, improving the state of our planet and, therefore, the quality of our lives.

Despite how wildly expensive UBI would be, there are various viable methods for funding it, including potential combinations of multiple methods. For example, if some money were transferred from existing welfare programs and large corporations were taxed more heavily, reliance on increasing individuals' taxes for funding UBI would be much less substantial, perhaps only impacting the top 10 or 20 percent of earners. With feasible solutions to the issue of funding, UBI is legitimately realistic and can be implemented in the US without an excessive level of effort.

Conclusion

With the overwhelming evidence for UBI's potential to succeed in and serve American society, along with attainable methods to institute it, one must wonder why it isn't taken more seriously by politicians. While skepticism, false understandings, as well as various other reasons are bound to play a role, the fact that it's not clearly a left or right wing idea discourages either party from embracing it wholeheartedly ([Nettle 179](#)). At first glance, UBI may appear very left-leaning due to its emphasis on social welfare expansion, economic equality, and prioritizing human rights. However, UBI fits with

right-leaning ideologies as well, given its ability to reduce bureaucracy and reliance on government administration, as well as its emphasis on individual freedom to choose how money is allocated ([Boyce 30](#)). Ideas that fit well with both sides are often championed by neither and frequently have less immediate success than those that one side can clearly latch onto ([Nettle 180](#)). While this is only part of the reason for UBI's lack of popularity, allowing the extreme political polarization of our country to stand in the way of increasing social and societal welfare is irrational and unwarranted.

In terms of other objections people have toward UBI, many cynical questions that are commonly asked can be addressed fairly easily:

1. Why would anyone work if they received money for free? Well, UBI is called "basic" since it only accounts for people's most basic needs. Generally, people want more than just basics in life and will work to fulfill those other desires ([Nettle 177-178](#)).
2. Why should I give my money to people when they do nothing in return? Firstly, from a moral standpoint, whether that be objectivism or care ethics, supporting others when possible, even without personal benefits, is simply a worthy endeavor. Further, with UBI specifically, every person will benefit from it, whether they need the payments or not, given UBI's potential to improve the economy, among other public resources.
3. Wouldn't UBI damage the economy, and isn't it basically socialism? No, since the goal of UBI isn't to replace or restructure our economy or the system of capitalism we live in. It's simply seeking to improve people's lives within that context while also benefiting those systems as a result.

As economist James K. Boyce wrote, "In the game *Monopoly*, \$200 is the amount every player gets for passing 'Go.' Such cash infusions aren't bad for the game: they help all players compete" ([Boyce 31](#)). Ultimately, UBI also works to restructure our societal priorities, favoring equity, autonomy, and security for all over comfort and flexibility being conditional on labor. With that, what would you do with an extra \$1,000 each month?