



Resolved: Governments should provide a universal basic income.

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Introduction

Owing to accelerated technological developments, automation has caused various economic problems, such as poverty and rising prices in recent years. Not only this, the phenomenon has consistently warned humanity that machines can replace human labor, causing an immense unemployment rate. These challenges the entire world has been grappling with have reignited the debate regarding the proposal of a potential solution, Universal Basic Income (UBI). Presently, several nations are conducting trials to gauge its effectiveness. However, due to the distinctive aspect of UBI that recipients are not subjected to means-testing, as seen in traditional welfare programs, the UBI trials provoked various problems, such as the cycle of poverty. In light of these observed outcomes from UBI trials, we predict inefficient costs, deficiency of infrastructure, and government dependency as challenges UBI should confront. This side thereby opposes the implementation of the policy and seeks the continuity of welfare.

Defining Terms and Burdens

In the pursuit of a more profound comprehension of the resolution, we would like to clarify several key definitions. UBI, short for “Universal Basic Income”, is “a set amount of money provided to every adult citizen. According to the Basic Income Earth Network (Basic Income Earth Network [BIEN]), UBI should possess the following features: periodic, given in cash, individual, universal, and unconditional. In terms of the amount of UBI, we define that UBI does not always come with the same set amount of money; rather, it may differ due to personal status. Accordingly, throughout this essay, we will be considering both types of UBI: Negative Income Tax (NIT) and the general form of UBI that comes with the same amount of cash universally. In this term, the word “universal,” according to Merriam-Webster, refers to “including or covering all or a whole collectively or distributively without limit or exception.” Following these definitions, UBI in theory should never omit an adult citizen from receiving the income under any circumstances, regardless of personal health, wealth, or physical situation. Hence, since the policy extends its reach to every single citizen without any means-testing, it distinguishes itself from traditional welfare programs, which are typically characterized by rigid eligibility criteria, as defined by Virginia Commonwealth University as “efforts to help protect the health and security of those most in need” (“Understanding Social Welfare Policy”). Meanwhile, welfare differs from UBI since it is targeted towards people—poor, old, retired, sick, or physically injured—who cannot work to earn a sufficient amount of money.

Cost Efficiency and Welfare System

Universal Basic Income (UBI) is highly expensive; thus, it would lead to the end of the existing welfare system. As a policy considered prospective by many politicians, it is also infamous for its high cost. One proposed a UBI system that pays \$10,000 per year to every US adult citizen. The government would have to pay \$3 trillion every year, which is approximately 75% of the US annual federal budget (The Aspen Institute 168). These statistics show that it is difficult for these two programs to coexist. Meanwhile, only \$1.19 trillion was spent on 80 different welfare programs by the government in 2022 (House Budget Committee). Besides, the



cost of a few welfare programs in the US, like EITC, CTC, TANF, SNAP, disability insurance (SSDI), and unemployment insurance (UI), only covers about one-fifth of the total cost of UBI (The Aspen Institute 168). Therefore, an inexpensive but also constrictive welfare system will promise the success of relieving poverty; nonetheless, it is highly unlikely that the co-prosperity of UBI and the welfare system can be guaranteed.

Furthermore, giving money unconditionally and universally is ineffective when it comes to supporting the poor. In order to alleviate poverty, the poor must be targeted, as they are far greater in number than the wealthy. However, UBI, drawn by not working out economically, requires the financial support of the government and impedes the opportunity for the poor to surmount their pressed financial situation. Even if UBI is implemented, its cost being a handicap, people will gain less access to the welfare system like Medicare or federal income support programs in the US. This is detrimental to many households and individuals who seek medical care and treatment in the long term that cannot be covered only with UBI, constantly leaving the poor in a shortage of financial aid. Thus, UBI is not an acceptable way of dealing with poverty; the money given to the rich should instead be spent on improving the current welfare system.

In terms of economics, UBI raises tax rates, which augments poverty. While it is true that the tax paid by the rich can be redistributed to the poor, it is certain that in order for UBI to work properly, the regressivity of income tax has to be greatly increased (Colander 4). If marginal tax rates are increased for the wealthy, it would incur negative incentives, which will restrict their economic activities, resulting in less income tax that can be used for paying UBI. Reciprocally, a lower marginal tax rate on the rich encourages them to bring in needed revenue for UBI; however, the rest of the money must be collected from the poor (Colander 4). Realistically, taking more money away from the poor will only worsen poverty and fail to improve the lives of the poor. This means that the poor are able to benefit more from the welfare system compared to UBI.

Thus, Universal Basic Income is clearly inefficient. Its soaring cost is already a huge obstacle to maintaining UBI, let alone the welfare system. Moreover, the cost will also increase the burden on the shoulders of the poor with a rise in tax. This proves that UBI is not suitable, and to cover problems like poverty and automation, an improved welfare system can be implemented.

The absence of the welfare system would hinder the adjustment to automation. Further advancements in technology will demand a crucial need for society to figure out ways to adapt to the new workforce transformation. Automation can be considered an unprecedented reform; however, the British Industrial Revolution suggested new potential welfare system functions that could tackle this issue. Adjusting from an agrarian to a manufacturing economy understandably entailed job displacement; however, citizens adapted to new working positions and maintained work. Thus, in order to ultimately deal with the replacement of occupations, there is a need to provide people with opportunities to be retrained and reskilled.

In fact, companies and workers fully recognize that adaptation to a new industrial economy requires new working skill sets and have already begun preparation. According to the PwC, Hopes and Fears 2021 report, 60% of 32,517 respondents expressed worry and fear revolving around the many jobs at risk due to automation (qtd. in Masterson). Statistics shared by the World Economic Forum show that 77% of people were willing to be retrained and 40% of workers had already developed their digital skills, which corresponds to awareness ("What More Than 32,000 People Think About the Future of Work"). Hence, the notion of retraining has been

positively accepted among the majority of workers, suggesting that retraining can possibly be the most desirable way for society.

Respectively, the benefits of the welfare system transcend those of UBI in the era of automation. While the welfare system will be able to prepare workers for future demands, Universal Basic Income will not be able to address sudden unemployment issues. UBI, by just providing a regular amount of cash, cannot fulfill what the unemployed need the most: retraining to adapt to the newly introduced technology. In consequence, the unavailability of the welfare system will not help cover the unemployment issue, which UBI cannot. Thus, UBI cannot be implemented as it will discard the benefits the welfare system would bring to the future society.

Deficiency of Infrastructure

The UBI has to encounter challenges like the lack of sufficient infrastructure for effective distribution. This inadequacy is a significant hindering factor in the implementation of UBI. According to the World Bank report, approximately 1.7 billion adults globally lack access to traditional banking services, including savings accounts and payment systems (Demirgüç-Kunt et al.). When considering UBI as a potential solution to poverty and economic inequality in low-income and developing countries, the shortage of accessible banking infrastructure poses a crucial problem. If the allocation were to be made only through conventional bank accounts, a sizable portion of the population would be left out, and the programs' efficacy would be compromised.

Alternative distribution strategies have been proposed to deal with this issue, such as prepaid cards and vouchers. The Global Findex Database shows that mobile money accounts are more common in low-income nations (Demirgüç-Kunt et al., Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution), opening up a potential channel for the direct distribution of funds to the unbanked (Demirgüç-Kunt et al., The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19.). These substitutes are pivotal for reducing the infrastructure-related problems brought on by UBI.

However, these methods hardly offer a solution to the current scenario given the reality of it being costly. It should additionally be noted that they cannot fully supplant the absence of a bank, drawing obstacles like the lack of digital access, financial literacy, interoperability, and administrative challenges. Hence, the UBI distribution infrastructure warrants serious consideration, as these variables are major issues yet impenetrable. Concerns about the instability of the infrastructure should be proactively addressed. Failing to acknowledge other approaches for distributing funds can leave out unbanked and underserved populations, which contradicts the entire aim of the UBI; it is highly impractical.

Moreover, the UBI also lacks sufficient criteria for the application. According to Isabel Ortiz, one of the noteworthy issues about the criteria for UBI is that UBI cannot define whether UBI shall be provided to refugees and migrants in 2018 (Ortiz, 11). Unlike traditional social welfare programs that often delineate citizenship or residency requirements, UBI's inherent universality raises questions about its application to individuals who may not possess a formalized legal status within a particular nation. The lack of explicit guidelines regarding refugees, immigrants, and those who have not birth registered within the UBI framework underscores the need for careful consideration and global discourse to address the complexities surrounding the inclusion of these vulnerable populations. Since there is no regulation between the inclusive ethos of UBI and the practical challenges posed by diverse immigration scenarios,

introducing UBI should not be processed until policymakers ensure that the implementation of UBI is equitable and just for all members of society, regardless of their origin or migratory status.

However, the revision of UBI regulations may cause another problem. Specifically, in India, according to Falguni, UBI can boost the rate of immigrants who desire citizenship to receive the UBI. The aspects of the UBI—universality, unconditionality, and agency could encourage immigration in the long run. If people are able to earn a basic income just by being a citizen of the nation, there is no doubt there will be a mounting massive effort by immigrants to get their citizenship. Furthermore, since all of the citizens have the authority to receive basic income, it logically leads to the conclusion that the examination guidelines applied to citizens are exploited. However, if the government does not offer UBI for immigrants because of this issue, the social gap between citizens and immigrants can be generated and intensified. Therefore, introducing UBI in this dilemma can cause confusion and inequality in society and would be abused by people who desire “free money.”

Excessive Government Dependency

Lastly, UBI maximizes government intervention, which leads to a surge of government power. When the government abuses this influence over citizens drawn by UBI, government dependency in the country might expand. Government dependency refers to an adverse social phenomenon concerning a nation's citizens becoming overly reliant on government support. For example, individuals will rely on the government for financial assistance. The growing demand from new generations makes government support an expected norm, coupled with an exempted tax system, which can lead to unsustainable government growth. Thus, a largely government-dependent society, while being effective for instant relief of financial burdens to low-income populations, does not stand for a sustainable society and may trigger a generational cycle of government funding. Consequently, the presence of Universal Basic Income leads to three critical problems.

The first problem of UBI is that it requires the government to document each citizen's personal information by collecting it from people whether they want to or not. There are two major points in the process of collecting information for UBI. First, the extraction of information occurs when providing UBI to households. The effective implementation of a UBI program necessitates governmental access to individuals' financial information, including their bank account details. Furthermore, within the spectrum of UBI models, certain systems allocate UBI benefits based on household income. In these instances, the government needs to be aware of each individual's socioeconomic status, including factors such as their standard of living, occupation, income, and expenditure. Secondly, it can occur during the government's formulation of regulations for UBI distribution. The establishment of specific constraints is imperative to prevent individuals from misusing UBI on demerit goods, for example. To institute these limits and effectively identify non-compliance, the government must possess insights into how UBI is spent. However, this is highly problematic since if the government collects a large amount of personal information, it may enable them to misuse the record solely for their own benefit in cases of elections, for example. By way of explanation, the power of the government soars, instigating an escalated government dependency (“Understanding Social Welfare Policy”).

Moreover, UBI is manipulative, and society may collapse due to government dependency. During the fourth industrial revolution, researchers predict that AI will outperform humans in many activities, with a 50% chance of AI outperforming humans in all tasks in 45 years and of

automating all human jobs in 120 years (Grace et al. 729). If this mass unemployment takes place by providing UBI, it will become the only financial source, increasing government dependency. People cannot live without work, and the government also should not neglect the jobless. However, as long as they live and become dependent on UBI, the government could selectively choose not to solve this problem. In this case, the government can avoid investing in the unemployed. Gradually, society will break down as the supply of labor will decrease and jobs requiring high skills in the future may not be supplied. This ultimately brings on the downfall of society, which drives a country to dystopia.

The final possible problem is the constant repetition of vicious cycles of government dependency, which re-enhances the potentiality of government power. This cycle, often referred to as the “snowball effect,” is a phenomenon that occurs when generations of individuals become increasingly reliant on government support. One study, the Dutch Disability Insurance (DI) program, where children's participation indicated that when parents were exposed to financial support, generational dependency would increase (Gielen). Characteristic of the welfare system's means-tested system, the DI offers additional support from the government to a specific demographic of the disabled, based on their eligibility criteria. However, UBI operates under a different principle and provides money to all, irrespective of their individual circumstances or financial capabilities. Particularly, UBI which is provided with any existing standards, has a high possibility of bringing worse side effects compared to the welfare system. The welfare system, meanwhile, allows individuals to satisfy their deficiency in society and family through the selective and tested progress of the UBI. The selectivity will enable the government to provide assistance to social factors such as job training and forms of relief that are targeted specifically. Meanwhile, UBI, which promises a “payment in cash” to everyone, regardless of social and financial situation, has a great threat of leading to higher dependency that is not derived from the specific needs of individuals but simply to receive unconditional income.

Thus, for the purpose of releasing the anxiety of survival to earn money for living, potential transmission of such welfare dependency would be accelerated (Gielen). This causal intergenerational link does exist for many forms of assistance provided, and this cause can be directed to government dependency, eroding an individual's principle of personal responsibility, and encouraging an entitlement mentality among the population that can reduce the value of hard work and morality in society. To come to the point, more people would be reliant on UBI.

Conclusion

The concept of Universal Basic Income gained prominence today in concern for the growing epidemic of social issues. The proposal intends to address challenges posed by modern automation and technological advancement, including issues like poverty and price rises. However, UBI ultimately falls short in its effectiveness in accomplishing these distinct objectives. This inadequacy primarily stems from the policy's fundamental unconditionality, as compared to means-testing of financial needs common in traditional financial welfare. In fact, attempting to replace the reliable welfare system with the UBI is unfeasible when considering the potential consequences of such a transition. Notably, the cost inefficiency of UBI could jeopardize the existing welfare programs by straining their necessary funds to provide for low-income individuals. Furthermore, the insufficient infrastructure to effectively distribute UBI across an entire nation raises questions about its practicality. Finally, the risk of government reliance generated by UBI could perpetuate a cycle of overreliance on government reliance and



generational poverty. In essence, continued improvement of the existing welfare program will be considered more effective to address poverty and tackle societal hurdles such as the automation challenges we face today. As the world progresses into an era of challenges, embracing a balanced approach that combines the strength of traditional welfare principles will bring about a more equitable and prosperous future for all.

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