

The Concept of Universal Basic Income

A

In recent years, the concept of Universal Basic Income (UBI) has moved from the fringes of economic theory into mainstream political discussion. UBI refers to an economic model in which all citizens of a country receive a regular, unconditional sum of money from the government, regardless of employment status, income level, or wealth. The goal is to provide a financial safety net that ensures a minimum standard of living for everyone. Advocates argue that such a system could alleviate poverty, reduce income inequality, and simplify welfare bureaucracy. Critics, however, warn of high costs, potential disincentives to work, and the challenge of replacing existing targeted assistance programs.

B

While the idea may seem modern, the roots of UBI can be traced back centuries. Enlightenment thinkers such as Thomas Paine in the 18th century proposed versions of basic economic guarantees, and even earlier, some societies experimented with forms of communal resource distribution. In the 20th century, UBI gained occasional support across ideological lines, with economists from both liberal and conservative camps advocating for variations of the idea. In the 1960s and 70s, experiments in the United States and Canada tested "negative income tax" models, where low-income individuals received supplemental payments. These trials revealed modest reductions in working hours, but also indicated positive outcomes in health, education, and financial stability.

C

Modern enthusiasm for UBI has been fueled in part by the changing

nature of work. The rise of automation and artificial intelligence has prompted concern about widespread job displacement, particularly in routine-based occupations such as manufacturing, transportation, and even some professional services. Proponents argue that UBI offers a proactive response to technological unemployment by decoupling income from labor. Instead of relying on employment as the sole source of financial security, a UBI could provide individuals with the freedom to pursue education, caregiving, entrepreneurship, or creative endeavors without the fear of destitution.

D

Pilot programs and real-world trials of UBI have been conducted in various parts of the world, offering data on its practical effects. In Finland, a two-year trial between 2017 and 2019 gave 2,000 unemployed individuals a monthly stipend with no requirements attached. Results showed slightly higher employment among recipients compared to a control group, along with improved well-being and reduced stress levels. In Kenya, a nonprofit-funded UBI experiment distributed regular payments to thousands of villagers, leading to increased business activity, investment in education, and better health outcomes. These studies suggest that unconditional cash transfers can yield positive results, although outcomes vary based on cultural and economic context.

E

The question of funding UBI remains one of the most contested aspects of the proposal. Economists have suggested several methods, ranging from higher income taxes and consumption taxes to the redistribution of existing welfare budgets. Some models propose reducing administrative costs by consolidating various social programs into a single universal

payment. Others envision sovereign wealth funds, such as those supported by revenues from natural resources, as potential sources of funding—mirroring the Alaska Permanent Fund, which provides annual dividends to all residents of the U.S. state. Still, the scale of financial commitment required for nationwide implementation remains daunting for most governments.

F

Critics of UBI raise concerns beyond mere cost. One argument is that providing income without conditions may erode work incentives, leading to lower productivity and a reduced labor force. Others fear that UBI might be used to justify the dismantling of more targeted welfare services, which are often essential for people with specific needs such as disabilities, housing insecurity, or child care. There are also debates about fairness: should billionaires receive the same payment as those living below the poverty line? Supporters counter that a truly universal system eliminates stigma and bureaucracy, while tax systems can be used to "claw back" payments from higher earners.

G

Despite the controversies, UBI continues to gain traction, especially during periods of economic instability. The COVID-19 pandemic saw many governments experiment with cash transfers, prompting broader public support for guaranteed income policies. While few countries have adopted UBI at a national level, ongoing trials, debates, and technological shifts suggest that the idea will remain part of the policy conversation. Whether or not UBI becomes a fixture of future welfare states, its discussion has already reshaped how societies think about work, dignity, and the role of the state in ensuring economic security.

Questions

Questions 1–5: Do the following statements agree with the views of the writer?

Write YES if the statement agrees with the views of the writer.

Write NO if the statement contradicts the views of the writer.

Write NOT GIVEN if it is impossible to say what the writer thinks about this.

1. UBI would completely eliminate the need for all existing government welfare programs.
 2. Some historical thinkers supported ideas similar to UBI.
 3. Pilot programs have shown that UBI always results in increased employment.
 4. Critics argue that UBI could make people less motivated to work.
 5. UBI payments would differ based on a person's income level.
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Questions 6–11: Complete the summary using NO MORE THAN THREE WORDS from the passage.

Many supporters of UBI see it as a necessary response to changing trends in the workforce, particularly due to the rise of (6) _____ and its effect on routine jobs. In some countries, trials of UBI have shown that it can improve health, reduce (7) _____, and promote education and business. However, one of the most controversial issues is how to (8) _____ the program. Some propose tax reform, while others suggest replacing (9) _____ with a universal system. Critics are also

concerned that UBI might reduce (10) _____ and lead to the loss of (11) _____ that serve people with special needs.

Questions 12–13: Choose the correct letter, A, B, C or D.

12. According to the article, why did the Alaska Permanent Fund serve as a model for UBI supporters?
- A. It guarantees employment for all citizens
 - B. It reduces taxes for natural resource companies
 - C. It offers an example of distributing wealth from state resources
 - D. It is funded through income taxes on billionaires
13. What does the writer suggest is the most lasting impact of the UBI debate?
- A. That most countries are moving quickly to adopt it
 - B. That it has changed the way people view economic security
 - C. That it has ended the need for welfare systems
 - D. That it provides a clear solution to job displacement

Answer Key

1. NO
2. YES
3. NO
4. YES
5. NO
6. automation
7. stress levels
8. fund
9. social programs
10. productivity
11. targeted services
12. C
13. B