

Section A (90-minutes)

- **All** candidates should complete this section.
- This section has one question only.
- The marks achieved in this section account for 50% of your final exam result.

Instructions:

Write a response to the following essay question:

Should the UK introduce a Universal Basic Income (UBI)?

- You should use the information in the extracts below to outline the debate and to explain/justify your answer.
- You should not copy sentences/phrases directly from the texts. Instead, you need to put the information into your own words as far as possible.
- You should aim to write at least 500 words.

Context:

Universal Basic Income (UBI) is a system in which the state provides a regular income for all citizens with no conditions attached. The idea has a long history and has attracted support from across the political spectrum. During the pandemic, over 170 MPs (Members of Parliament) and peers (members entitled to sit in the higher parliament, the House of Lords) urged the British government to introduce a UBI. According to a YouGov poll in 2022, a UBI would be supported by 48% of all British adults.

In June 2023, the British government announced plans to trial a UBI scheme in England. Thirty people will be paid £1,600 per month for two years and the impact will be evaluated. A similar scheme is taking place in Wales where the devolved government is paying £1,600 a month for two years to 500 young people leaving care.

Supporters of UBI believe it will boost wellbeing, simplify the welfare system, and reduce poverty. Opponents believe it is unaffordable, difficult to implement and could undermine the incentive to work.

Extract One: Ben Ramanauskas, Policy Analyst at the Taxpayers' Alliance

Anyone can find themselves unemployed – often through no fault of their own. Given the high cost of living in the UK, many will not manage to put enough money aside to support themselves for lengthy periods if they find themselves unexpectedly out of work. As such, they have to apply for benefits. It often takes a long time for the money to trickle through, leaving individuals and their families in a precarious state. A Universal Basic Income (UBI) would provide a true safety net in such situations.

A UBI could simplify our complex welfare state. Universal credit has helped in this regard, but there are many improvements still to be made. It takes time to apply for benefits, and claimants have to commit to regular meetings at job centres as they fill out endless forms and receive patronising advice from the staff. Such a system is inefficient and infantilising. A UBI, in contrast, would allow people to focus on finding work while potentially reducing the size of the State. Simplifying the functions of the Department for Work and Pensions (DWP) could mean significant savings for taxpayers and release DWP staff to the private sector where they could undertake more meaningful work and help to plug the skills gap.

A UBI could lead to a more highly trained and productive workforce. Due to our current welfare system, many people are stuck in jobs they do not enjoy, and which offer little opportunity for advancement. A UBI would give them the opportunity to retrain and learn new skills, which they would then use to advance their careers and be more productive at work.

It could also allow people to care for sick and elderly friends and relatives. The vast majority of people cannot afford to give up work in order to take care of their relatives, and so are dependent upon a heavily burdened social care system. A UBI would give people the freedom to work fewer hours in order to undertake caring activities, while also reducing the pressure on the social care sector. For similar reasons, a UBI could also increase the number of people undertaking voluntary work.

Finally, a UBI could make the country more entrepreneurial. Having a guaranteed income would encourage more people to risk starting their own business. New enterprises challenge established players, increasing competition and improving standards and lowering prices for consumers. They also create new jobs and have the added benefit of bringing in revenue for HM Treasury.

Adapted from: Institute of Economic Affairs (2018) Should we support a Universal Basic Income? Debate: Should we support a Universal Basic Income? — Institute of Economic Affairs (iea.org.uk)

Extract Two: Will Quince, the former Minister for Welfare Delivery

Universal Basic Income (UBI) is a perennial issue, and in my time within the Department for Work and Pensions, it has reared its head several times, but its supporters still remain unable to answer many of the key questions that undermine its appeal.

Let us not underestimate the scale of what UBI entails. This is a cheque written by the Government to every person in the United Kingdom regardless of their age, wealth or employment status. For me, that raises three important questions, which remain unanswered: how do you afford it, how do you deliver it and, finally and perhaps most fundamentally, what would the actual impact be?

I turn first to the cost. A 2018 report by the Centre for Social Justice found that giving every working-age adult in the United Kingdom £10,000 per year would cost in the region of £400 billion, rising to well over £500 billion if you wanted to extend that to everyone over the age of

16. Making the payment equivalent to the average universal credit claim of around £16,000 per year would cost in the region of £670 billion for all working-age adults. That is five times the spending on the NHS in 2018-19. Those numbers are absolutely eye-watering.

I turn next to impact—and this is the fundamental case against UBI. The welfare system is fundamentally a safety net and should be there for those in need, so making billions of pounds of payments to the wealthy and those who do not require them is wasteful in any environment. Unlike our Universal Credit system, UBI does not target support at those in greater need or take into account additional costs faced by many individuals, such as those with a disability or those with childcare responsibilities. To put this into perspective, UBI would be paid to all Members of this House. I would much rather see that money spent on supporting those who need it. That is before we discuss things like actual outcomes.

The existing evidence base suggests that UBI systems are a disincentive to work. The lauded Finnish trial noted improvements to employment, but they were only marginal, and the impact of external factors could not be ruled out. It may have been for that reason that the Finnish Finance Minister stated in an interview he gave in 2019 after the trial that the case was closed for UBI and that there must be conditionality in the social security system. What is more, a 2017 OECD report found that, for most high-income countries, a UBI would increase poverty and negatively affect the poorest, with middle income households most likely to see gains.

Adapted from: Hobson, F. and Kulakiewicz, A.(2022) *Potential merits of a universal basic income*
House of Commons Library Debate Pack, 13 June 2022 [CDP-2022-0104.pdf \(parliament.uk\)](#)