

Why are governments so interested in UBI?

1. **What is UBI?** It's a payment to everyone in the society, whether working or non working. UBI differs from Income Maintenance (welfare) and unemployment benefits because UBI is given to you even when you work.

2. **What's the point of giving money to people who are already working?** UBI avoids the "welfare trap" -- if you're on welfare or unemployment benefits, why work if you have to lose the welfare benefits? Welfare disincentivises work. UBI encourages the unemployed to seek low-wage or low-prestige jobs because a) they no longer have to worry about losing benefits when they work and b) the UBI income supplements the low wage, making it more attractive.

Someone receiving \$24k/year in welfare will not want to take a minimum wage job @ \$16k/yr. But for someone getting a UBI of \$24k/yr, an additional minimum wage income is a significant increase of income -- a total income of \$40k/yr. UBI rewards work; welfare discourages work.

3. **Won't that cause the private sector to offer lower-wage jobs?** Probably. UBI is a form of corporate welfare (wage subsidy) that also benefits the unemployed and indigent.

4. **Are there other economic benefits?** Possibly. By depressing wages without depressing incomes, the private sector can keep domestic prices low, preventing inflation despite the increased demand. Low domestically produced prices can also increase exports without the need for devaluing the currency, so UBI helps grow the economy generally. [I forgot to mention the last point in the presentation.]

5. **If it's a form of corporate welfare, is UBI a progressive idea or a neoliberal idea?** It has supporters among the most conservative ideologues and the most progressive. Friedrich Hayek, the foremost 20th century exponent of libertarianism, and Milton Friedman, the architect of neoliberalism, supported it. So do many Occupiers. Its appeal cuts across the spectrum.

6. **How do you pay for it?** There are many ways: the Alaska model (caveat: it can lead to oil dependency and popular support for continued oil drilling), tax the 1%, or just pump the money in and wait for it to circulate back in the form of consumption (there's a circulation worry about consumption of foreign goods that we should address) and hope that the wage-depressing function prevents inflation.

The 1% may even find that paying for UBI through their taxes would be a more efficient use of their excess wealth than investing or saving their wealth, since UBI ensures greater demand and more profit for them, while enriching themselves simply through investing or saving depends on the business cycle.

Bear in mind that the UBI going to those at the bottom will be replacing unemployment and welfare that we already spend, so that cost will be a wash, and the money going to the rest of the society will increase their tax brackets, so some of that will also be a wash even without raising rates in the tax code.

In short, governments are attracted to UBI because they hope that it will entice the unemployed to work, significantly increasing income/demand while yet depressing wages/prices (Walmart model).

Libertarians are attracted to UBI because it allows greater individual freedom. They can point to studies that show that when money is given to people directly without any constraints, people use it more effectively than when subsidies are constrained.