



# Discussing the Living Wage and Other Economic Fancy

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**Unintended Consequences: Questions in Socio-Economic Engineering**  
**Global Economics Panel**  
**Indian River State College**  
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Disclaimer: "The views expressed here are my own and do not necessarily reflect the views of Indian River State College, faculty or staff".



A  
GEORGE PAL  
PRODUCTION

H. G. WELLS'

# THE TIME MACHINE

in futuristic  
METROCOLOR

STARRING ROD TAYLOR · ALAN YOUNG · YVETTE MIMIEUX · SEBASTIAN CABOT · TOM HELMORE









# Basic Income



**Basic Income**

**Universal Basic Income**

**Guaranteed Minimum Income**

**Freedom Dividend**





**Is this a new idea?**

## Sir Thomas More

(7 February 1478 – 6 July 1535)

English lawyer, social philosopher, author, statesman, and noted Renaissance humanist. He was also a Chancellor to Henry VIII, and Lord High Chancellor of England from October 1529 to 16 May 1532. He wrote *Utopia*, published in 1516, about the political system of an imaginary, ideal island nation.



**In the next 12 years, 1 out of 3 American workers are at risk of losing their jobs to new technologies. To avoid an unprecedented crisis, we're going to have to find a new solution. It all begins with the Freedom Dividend, a universal basic income for all American adults, no strings attached – a foundation on which a stable, prosperous, and just society can be build.**

*Andrew Yang, 2020 Democratic Presidential Candidate*

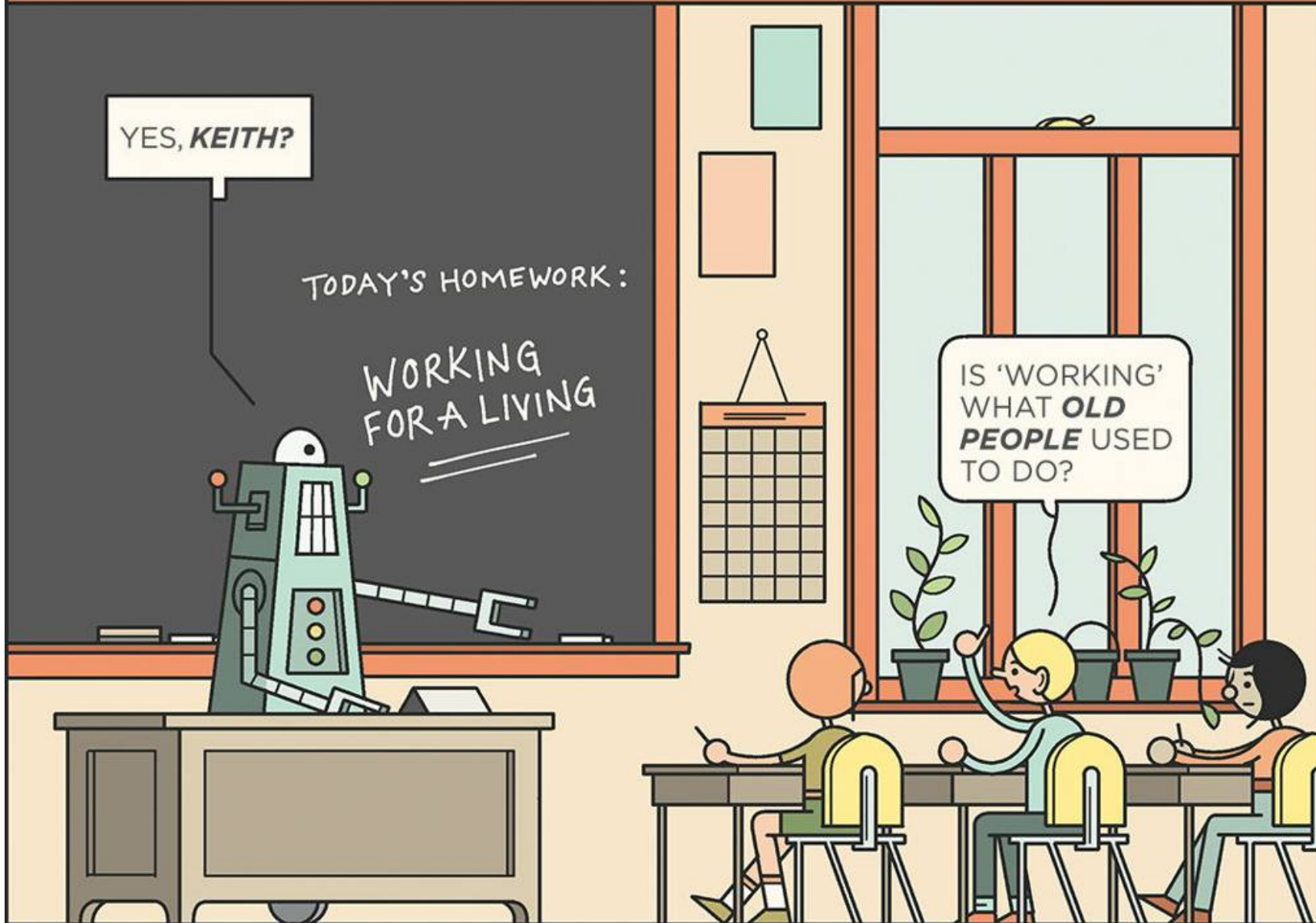
# MEANWHILE, IN HISTORY CLASS...

YES, *KEITH*?

TODAY'S HOMEWORK:

WORKING  
FOR A LIVING

IS 'WORKING'  
WHAT **OLD**  
**PEOPLE** USED  
TO DO?







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# UNIVERSAL BASIC INCOME SIGN UP HERE

WORK HARD  
KEEP HALF

NO WORK  
FREE STUFF



# Pros and Cons of Universal Income



## **PROS...**

- **Workers could afford to wait for better jobs or better wages.**
- **People would have the freedom to return to school or stay home to care for a relative.**
- **The “poverty trap” would be removed from traditional welfare programs.**
- **Citizens could have simple, straightforward financial assistance that minimizes bureaucracy.**
- **The government would spend less to administer the program than with traditional welfare.**
- **Payments would help young couples start families in countries with low birth rates.**
- **The payments could help stabilize the economy during recessionary periods.**

## **CONS...**

- **Inflation could be triggered because of the increase in demand for goods and services.**
- **There won't be an increased standard of living in the long run because of inflated prices.**
- **A reduced program with smaller payments won't make a real difference to poverty-stricken families.**
- **Free income may disincentivize people to get jobs, and make work seem optional.**
- **Free income could perpetuate the falling labor force participation rate.**
- **It would be difficult to get legislation passed because of the stiff opposition to handouts for the unemployed.**

The Google logo is displayed in its characteristic multi-colored font (blue, red, yellow, green, blue).

work makes me

work makes me **anxious**

work makes me **depressed**

work makes me **cry**

work makes me **tired**

work makes me **angry**

work makes me **sad**

work makes me **so tired**

work makes me **suicidal**

work makes me **ill**

work makes me **unhappy**

# HUMAN REASONS TO WORK

**Before  
Basic Income**



**After  
Basic Income**





Jobs Are For Machines

Life Is For People.

**BASIC INCOME**



**Three Simple Policies.** Everything we need to get started on universal basic income.

# The Basic-Income Starter Kit

## 1 Children's allowance



**\$2,500**  
a year  
per child

lifts **5.5 million** kids out of poverty.



**1 in 4** workers gets a raise.

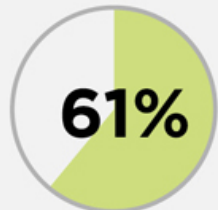
## 2 A \$12-an-hour minimum wage

Who benefits? Average: age 36, earns more than half of family's total income

## 3 12 weeks' paid medical leave and 2 weeks' paid annual leave



**1 in 4** workers has no paid time off at all.



of low-wage earners don't.

***But it works in other countries, right??***

## The Finland Experiment ....

“In a nutshell, giving people a universal income did not help them get into jobs, but they did feel somewhat happier than those in the control group.”

“The general reaction to this is that the experiment has been somewhat disappointing. You would expect people to be more willing to take on a job if they knew that they would still keep their state benefit, but this has not happened. And the difference in happiness, while statistically significant, is not huge.”

***The real question is,***

***What are you trying to accomplish??***

***The bottom line on Universal Basic Income is that .....***

- ***It's Very Expensive***
- ***Incentives Work, Handouts Don't***
- ***The Welfare State Isn't Going Away***



**The U.S.** Congress originally created the **minimum wage** with the intent to provide a **living wage**. But the **minimum wage** is an amount set by law, whereas the **living wage** is determined by costs. The amount needed to provide a **living wage** depends on what is included in the calculation.



For 2019, the Federal minimum wage is \$7.25 per hour. The **living wage** in the **United States** is \$13.27 per hour. The minimum **wage** does not provide a **living wage** for most American families.



# Thank you!

Dr. Mark Wade  
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Republic of Tanzania  
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