Briefing key/comments
14 Dec 2015

Prompt

Briefing: For the briefing, your task it to “brief” a busy politician on the pros and cons of an issue (topic: Basic income) in less than 700 words. Everyone will discuss and analyze the micro-economic foundations affecting that topic. I will grade the original briefing (15 points) and all peer critiques for quality (15 points total).

Peer critiques: For each of the two briefings you read, please group your comments under the headings of:

• “What I learned”
• “What I did not understand”
• “How to improve”

I will grade your critiques based on the quality of your work, i.e., how helpful and insightful it is to the author (and me). This means you can ignore poor grammar and spelling (I will see it) and that you do not need to argue too much with poor reasoning. Just offer a simple counter-example or question to point out the weakness in the author’s argument.

Suggested answers

You could say many things in briefings, but it was necessary to supply an adequate minimum number of points without making mistakes in economic reasoning (or incompleteness).

The easiest way to lose points was by making claims that needed caveats and/or support when I could easily give a counterargument. These “overextensions” make it look like you are claiming strengths that you probably would not in a face-to-face conversation.

Here are some comments on what I was looking for, in terms of the impacts of BI:

Inequality: Likely to fall, as BI goes to all citizens (disproportionately helping poor) while being funded by the wealthy (income, property or wealth taxes)

Inflation: BI should rise with cost of living. Unlikely to be an issue for purchases, as people will be able to buy more (on the one hand) while borrowing less from payday lenders (on the other). Money coming from elsewhere (thus reducing purchases elsewhere) means prices will rise and fall. Inflation also depends on supply constraints and trade patterns. Housing prices may fall as people move from cities (jobs) to places with more community.
Wages: Likely to fall in some professions (people with BI can “afford” to take lower paying jobs) while rising in others (to attract people with better options). Wages may also fall if BI people work less (S shifts in).

Immigration: Probably good to limit BI to 18+, residents of 5+ years (etc.) to avoid welfare migrants.

Fairness: Other means-tested programs (education, disability) can be continued, to avoid harming them.

Bureaucracy: Sure to fall; also helps citizens who cannot “access” welfare now.

Inflation:
Minimum wage: Should be cancelled if BI
Utility: Sure to rise for poorest, as they will have more spending, income choices, education options, relationship choices (Canada study!) and free time.

Taxes: Will probably rise if BI is set to hit poverty line. BI can be set lower as a pilot program. LT impacts are more interesting, if BI increases productivity and/or lowers social costs.