

The federal government is debating whether to adopt a basic income, in which citizens are paid a yearly, livable income funded by taxpayers. Proponents argue it is the only way to safeguard a large segment of the labor force from the inevitability of artificial intelligence. Opponents argue it will discourage workers from attaining in-demand skills.

The unemployment rate is currently 3.9% (compared to 10% in October 2009). However, with student loan debt now at \$1.5 trillion; SLABS (student loan asset backed securities, similar to credit default swaps in the 2008 crisis) heavily traded in financial markets; student loan interest payments rising faster than real income; and a reduction in loan relief by the federal government, there is fear of widespread default and an ensuing recession.

The government has asked you to review the policy. Use what you know about the labor market (including short-run and long-run unemployment), the historical relationship between technology and labor, and fiscal policy to provide a detailed recommendation to Congress (i.e. Yes/No). If your answer is "No", explain what other tools are available to the government. Be sure to discuss the inherent tradeoff to fiscal policy (i.e. inflation vs unemployment).

Note that there is no one right answer to this question. You are free to argue any case. Your discussion will be evaluated on your use of the economic concepts we have developed thus far.

Other guidelines:

- 1. Your discussion must be at least 500 words.*
- 2. Your discussion must have perfect spelling, grammar and syntax.*
- 3. Write for a general audience - if you use a technical term you must define it.*
- 4. You must cite sources using the Chicago citation format.*
- 5. Your submission must be single spaced and written in 10pt Times New Roman Font.*
- 6. You must submit a PDF. It is preferable that you typeset your document in LaTeX using the class template, but it is fine if you write in Microsoft Word, Pages or Google Docs, so long as you submit a PDF. (Note that you can use LaTeX for free and without downloading any software on Overleaf.*
- 7. Write in a policy paper format.*