

The main line of this article is about public welfare and the character and policy of government. The discussion will also include efficiency wage, minimum wage, universal basic income, identity, the argument of building a big or small government.

Efficiency wage

Employers provide wages higher than the equilibrium wage level, often with some welfare conditions, which is called efficiency wage. It will have beneficial consequences, such as making employees cherish their current position (loyalty), working harder than under balanced pay (incentive), and so on.

Minimum wage

The idea of minimum wage has been controversial for a long time in American society. There are three focuses:

1. Does the government have the right to decide wage?
2. Will minimum wage lead to unemployment and do harm to economy?
3. Should the minimum wage be raised and to what level?

Now it seems that it is likely to happen. This will help to improve the income inequality of the United States in recent years.

Universal Basic Income

Many believe in small government will think that universal basic income is the idea of left-wing government. It is not true. Friedman and Hayek, the most influential and "conservative" economists in the 20th century, both believe that some form of income security is the best way for the government to reduce poverty. A better version of UBI is called Negative income tax. It goes like: for low-income people, according to the difference between their actual income and the need to maintain a certain standard of living, the government uses the form of tax to give subsidies ("negative income tax"), so that their personal disposable income = personal actual income + negative income tax. There is a premise here that the applicant needs to have earned income.

Identity

Swiss citizens voted against UBI in a referendum, partly because of identity. Identity here is not race. Instead it is a kind of social construct. For example, the identity of the descendants of black community will lead to some behaviors which will be viewed as self abandonment and irrational behaviors by outsiders (white, Asian etc.). They will choose not to work for white people. When faced with the choice, they often prefer to be "outsiders" in the white mainstream society rather than "insiders". This kind of identity worsened the problems of unemployment, poverty, drug abuse and so on.

The debate between big and small governments

There are two kinds of views on this government issue, namely, night watchman government and nanny government. The first one advocates freedom and the second one is about control. In addition, there are two modes in practice, big government mode and small government mode. The two models have their own advantages. The more appropriate model is to choose the best mixture between the "night watchman government" and "nanny government".

Some of the topics discussed in this paper are specific, such as the minimum wage and universal basic income, while some are abstract, such as identity and the debate between big and small governments, which are all related to people's livelihood and well-being. In fact, "promoting public welfare" is one of the top priorities of the government.

Summary in English by Xianwen Huang