

# GENERAL ESSAY 2020

## Helicopter Money and Universal Basic Income

The term "helicopter money" was first coined by Milton Friedman in 1969. Helicopter money is a form unconventional monetary policy under which central banks would distribute money to citizens. It is similar to but is a slightly different idea of basic income.

Helicopter money has a narrow purpose: to stimulate economic activity by boosting people's incomes under specific circumstances, that is, when the economy is under threat of deflation due to recession.

In 2020, the US legislative system debated issuing two times a \$1,000 check to each eligible adult citizen, described by media as 'Helicopter Money', as a response to the US coronavirus pandemic. The idea is to stimulate the economy by placing money in the hands of people who are laid off and poor. Once the economy revives, it is to be tapered off. Thus, it is a part of the stimulus.

Universal basic income, on the other hand, pursues a very wide range of objectives from poverty alleviation to work emancipation, gender balance incentivization, social protection under automation, more aggressive redistribution and so on.

Stimulating people's purchasing power is certainly not the main argument for doing basic income.

Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) is an example of basic income.