

Society will no longer need nuclear energy, which wastes nature's capital, and can shift away from coal and oil, thereby cleaning the environment while saving money and energy and generating more wealth for everyone.

### **Tobin Tax**

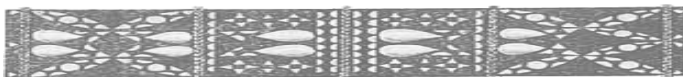
In 1999, the Brazilian National Congress set up a Special Commission to Study Social Inequalities and Proposals for Eradicating Poverty. The Commission unanimously approved the following conclusion: "that the Brazilian government should endeavour, in the relevant multilateral forums, to bring about international mechanisms, such as the James Tobin Tax on International Financial Transactions, so as to guarantee, in all nations, the establishment of a basic income as a citizen's right to all inhabitants of the Earth." The full report was published in Brazil's Congresso Nacional 1999.

A Universal Income can be derived from one or more of the presented models.

*The Human Development Report 1998 & 1999 issued by the UN Development Program reveals that "...225 people, the world's richest billionaires, have a combined wealth equal to the poorest 47% of humankind.... The world's 200 richest people more than doubled their net worth in the four years to 1998, to more than \$1 Trillion." A similar situation is occurring in NZ. In "Crime and Deviance" Greg Newbold cites that in 1971 the top 3% of the population owned just over 20% of the wealth. In 1989, the top 3% held 37% of the wealth.*

**Nobel laureates in economics such as James Tobin, Jan Tinbergen, Herbert A Simon, James Meade and Milton Friedman have shown the economic viability of universal income systems.**

In many tribes of the early South Pacific cultures, wealth and power was measured by how much one gives, rather than by how much one has, receives, or earns.

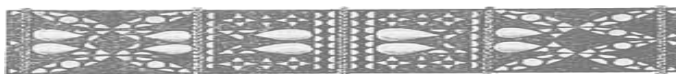


## **Benefits of a universal income**

*A universal income would*

- End poverty
- Raise the standard of living
- End unemployment
- Allow people to live in healthy sustainable relationships with each other and their natural environment
- Allow work flexibility and good working conditions
- Reduce violence
- Re-establish a functional democracy
- Revitalise the economy. Businesses prosper when everyone has income to buy goods and services. Profits and income increase for everyone.

*Nau te rourou, naku te rourou, ka ora te iwi.  
With your food basket, with my food basket, we will have  
enough to sustain us all.—Maori Proverb*



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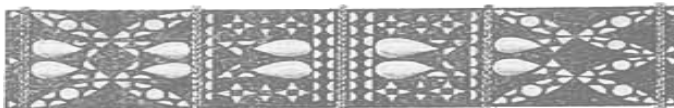
### **Universal Income Trust**

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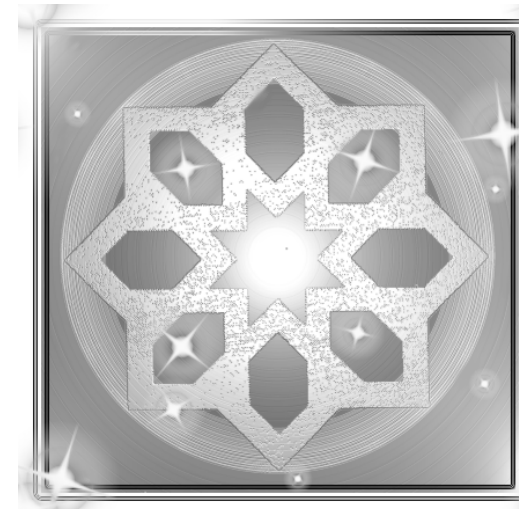
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# **Universal Income**

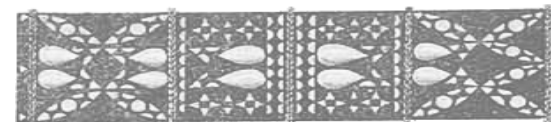
UI Funding **2**



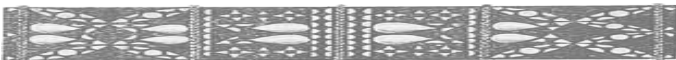
## **Key methods for funding a universal income**

### **Funding**

**Universal Income Systems are those economic systems that comply with the International Bill of Human Rights**



# Universal Income



In Jan 2004 President Lula signed into law Senator Eduardo Suplicy's bill introducing a universal income for every Brazilian. It is "an unconditional basic income, or citizenship income" which will be introduced gradually from 2005 for every Brazilian citizen, or foreign resident for five years or more. It will be of equal value for all, payable in monthly amounts and sufficient to cover "minimal expenses in food, housing, education and health care", "bearing in mind the country's level of development and budgetary possibilities". **BIEN's (Basic Income Earth Network) Newsflash 25 Jan 2004**

Universal Income Systems are those economic systems that are compliant with the International Bill of Human Rights, i.e. the law.

There are numerous economic proposals to fund universal income systems. Here are some examples. The Universal Income Trust does not support any one in particular but educates, supporting them all in general terms.

## Key methods for funding a national Universal Income

### Flat tax model

Herbert A. Simon, while a professor at Carnegie Mellon University, proposed one such model:

*"I am in strong general agreement ... for a ... 'patrimony', a portion of the product of a society that should be shared by all those who inhabit that society...it is hard to conclude that social capital can produce less than about 90 percent in wealthy countries...On moral grounds, then, we could argue for a flat income tax of 90% to return that wealth to its real owners...In the United States even a flat tax of 70 percent would support all governmental programs...and allow payment...of a patrimony of \$8,000 [US] per annum per inhabitant..."*

**Herbert A. Simon, Nobel Laureate in Economics**  
*Boston Review, 2001*

A more moderate proposal that would keep the existing system "as is" but would place a minimum wage income on top of everyone's existing income is that offered by the Unconditional Universal Income (UII) action group utilising NZ economic historian Keith Rankin's model at the request of a po-

litical party. This would use a 48% flat tax with a second tier buffer similar to an Irish model on which the Irish government has recently released a Green Paper.

### Taxing unearned income

US economist Ph.D. Robert Schutz proposed funding a UI by taxing unearned income--inheritance, rent, and interest. The basis for determining an approximate amount of unearned income available for a society is to divide the GNP by the population. According to the 1998 NZ statistics, the GNP equalled \$91,408,000,000 for the adult population of 2,786,223.<sup>1</sup> This when divided out would equal approximately \$32,807 a year per adult, added on to their existing income. People may react negatively to the concept of taxing inheritance; however, under this system, multiplying \$32,807 a year over a thirty year period would mean that every person in Aotearoa NZ would receive close to a million dollar "inheritance". Very few people are receiving inheritances of that amount in NZ today.

### Negative income tax

For Aotearoa NZ this would be a relatively simple model to implement, since the structures are largely in place. It would operate fairly close to the Manitoba Canadian Mincome research model. (See *A Guaranteed Annual Income? from Mincome to the Millennium* by Derek Hum and Wayne Simpson, professors of economics at the University of Manitoba.) The existing unemployment benefit would be raised to a minimum wage standard such that one person's income is enough to provide for a household. It would be abated in a similar way to the unemployment benefit but based on an individual's income independent of a partner's income. In short, no individual adult would ever fall below a minimum-waged level income. If you lose a job or your income falls to a certain level you would unconditionally be subsidised regardless of employment status or a partner's income.

### Credit and money creation models

The recent stakeholder allowance proposed by two American economists, Anne L. Alstott and Bruce Ackerman would pay everyone a large lump sum, invested on behalf of everyone, at the age of eighteen payable back out of one's estate when that person dies.

\*\*\*\*\*

1. See *Statistics NZ*. Note GNP is referred to as GNI in this yearbook.
2. See video "Universal Income for Sustainable Future". Contact Universal Income Trust.

There are the credit models similar to what C.H. Douglas proposed back in the 1930s with the social credit movement. Much of the tax burden of their National Dividend would be shifted to credit. Models such as those proposed by Ph.D. Marie-Louise Duboin of the French basic income movement include money creation schemes.

### Other taxation models

Additional taxation models include financial transactional taxes, resource taxes based on percentages of income or wealth, progressive taxation, land taxes based on improved value of land, and removing the inequities of the present tax and income system.<sup>2</sup>

## Key methods for funding a global Universal Income

### R.Buckminster Fuller's Model

In 1981, renowned inventor, architect, engineer, mathematician and cosmologist with 47 honorary doctorates, Buckminster Fuller, PhD--a major Universal Income advocate at the global level--revealed that if we tied the monetary system to energy and shared the energy resources of society, there would be enough income to make everyone on the planet a billionaire. He also pointed out that about 60% of people in western countries are in non-wealth-producing jobs and that the real cost of oil is about \$1 million per gallon. It therefore costs society more money to send people to work than it would to pay them to stay at home. (*Critical Path, 1981*)

### Globally linking electric power grids

People empowered and liberated nationally with a universal income will have the opportunity to make and save more money, wealth, and energy by working cooperatively internationally for such projects as globally linking the electric power grids of the various nations into one unified system.

With this, it will be possible to link night and day so that the world's deserts can be used to collect solar energy 24 hours a day, 365 days a year. On average, within a 100 mile radius, there is an area with sufficient wind to generate wind energy for power to also add into the grid.

