Universal Basic Income and Public Equity

Keith Rankin, 23 February 2016
first and most recent published articles

– The Universal Welfare State; incorporating proposals for a Universal Basic Income (1991)
  
  • my first major article, coining the UBI name, followed an interview on Radio NZ, which followed a symposium on 'Citizens Income' organised in Hamilton by Dr Michael Goldsmith for the visit of UK advocate Bill Jordan
  
  • core concept; a fiscal couplet: "a universal tax credit available to every adult - the universal basic income (UBI) - and a moderately high flat tax rate"

– A Universal Basic Income in New Zealand?
  
  • Evening Report, 23 February 2016
Universal Basic Income

• **Fiscal Couplet** based on 'Horizontal Equity'
  – Treating Equals Equally
  – Flat Tax (FT) – Basic Income (BI)
    • single tax rate levied on all income
    • rights-based unconditional dividend to all tax-resident adults
  – 33/175+ **example:** (pqa = per qualifying adult)
    • 33% income tax (will fund a BI of 33% of GDP pqa; $400pw in 2016)
    • $175 pw unconditional publicly-sourced personal income
  – not all of the FT revenue need go towards the BI
    • some income tax (plus revenue from other sources; eg GST) is required for government purchases, transfers and subsidies

• **Basic Income as Public Equity Dividend (PED)**
  – consideration of 'the public' as an equity partner in all market production
near-UBI in present-day New Zealand

• **Two near-UBIs exist in 2016**
  – UBI for everyone earning $70,000 plus
    • 33/175  *first such couplet in 1893 was 5/1.54; $2,000*
  – plus most other people  ($175 is benefit for under 25s)
    • consider the first $175pw of each person's publicly-sourced income as a Basic Income
  – New Zealand Superannuation as a 65+ UBI
    • $218 per week (at least)  *began in 1940 at £10 pa*
    • application of 33% marginal tax to 'married' rate

• **Persons in both categories get both**
  – for 65-year-olds earning more than $70,000 pa
  – 33/393 is their present couplet *(ignoring ACC levy)*
near-UBI in New Zealand's past

• **Two other near-UBIs have existed**
  – 1974-78 Personal Tax Rebate
  – near-UBI of $125 per year *(in 1974)*
    • to miss out on $125 you had to earn less than $670 p.a. and receive no other form of publicly-sourced income

• **Mother's 'Wage': 1946-91** *(family benefit)*
  – initially £26 per year per child ($1 per week)
  – equivalent to an Age Benefit if she had 3 children

• **Debate in 1935-38 on underlying principles**
  – redistributive versus *universal* versus actuarial
    • hated means-test implicit in redistributive
    • politically savvy; affordable with flat 'social security tax'
"Big Things from Small Beginnings"

• universal approach: full community buy-in
• our remaining universal benefits
  – New Zealand Superannuation
  – free (ie tax-funded, pay-as-we-go) healthcare
  – free (likewise) primary and secondary education
• public equity benefits before 2020
  – top-up rest, so all tax-resident adults get at least $175pw from publicly-sourced income
    • address double-up for high-income older people?
• post 2020: flat tax / public equity dividend
  – raise couplet values (eg 35/200+ with productivity)