

Universal Basic Income and Public Equity

Keith Rankin, 23 February 2016
*Presentation (modified) to the
New Zealand Fabians, Auckland*

first and most recent published articles

- The Universal Welfare State; incorporating proposals for a Universal Basic Income (1991)
 - http://keithrankin.co.nz/kr_uws1991.pdf
 - 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
 - <http://eveningreport.nz/2016/02/23/keith-rankin-a-universal-basic-income-in-new-zealand/>

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[FT]/175[BI] couplet **example:** (pqa = per qualifying adult)
 - 33% income tax (33% of GDP divides to over \$400pw pqa in 2016)
 - \$175 pw BI (uses about 40% of accounted-for FT revenue)
 - 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 presently exist (in 2016)**
 - \$175 benefit for everyone earning \$70,000 plus
 - 33/175 (lower fulltime earners get less than \$175 back)
 - plus most other people (\$175 is student allowance etc.)
 - considering the first \$175pw of each person's publicly-sourced income as a Basic Income
 - New Zealand Superannuation as a 65+ UBI
 - \$218+ per week (after tax) [began in 1940 at £10 pa]
 - from application of 33% marginal tax to 'married' rate
- **Some older persons get both**
 - for 65+ year-olds earning more than \$70,000 pa, 33/393 is their present couplet (ignoring AAC levy)

Unconditional Income in the Past

- Two other near-UBIs have existed in NZ
 - 1974-78 Personal Tax Rebate (uncontroversial)
 - near-*public-equity-dividend* 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 ubiquitous in redistributive
 - politically-savvy outcome; universal superannuation 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 dividends before 2020?
 - top-up present equity benefits, so all adult NZers pay 33% tax and get a benefit of at least \$175pw
 - address double-up for high-income older people?
- post 2020: flat tax / public equity dividend
 - **raise couplet values** (eg 35/200+ with productivity)