

Basic Income

WHY

From 'Economic Review of the
Status of Beneficiaries in New
Zealand'

Gail E. DUNCAN

Presented 15/6/2019

O Building: Toi Ohomai
Institute of Technology,
Mokoia Drive, Rotorua

INTRODUCTION

Any New Zealander can go quickly from relative security to nothing

There is no guarantee of provision of a means to live for 16-64 year olds

The rules prohibit normal human relationships and opportunities for both beneficiaries and members of a family unit

There are major differences between the obligations required of beneficiaries and rights that other New Zealanders take for granted.

The concept of each New Zealander as an economic unit and their entitlement to a basic income will be explored

COMPARING FREEDOMS

WAGE_SALARY_BUSINESS

- Income owned by recipient
- Freedom to spend as see fit
- Freedom to engage in relationships
- Can sublet or share accommodation
- Can accept gifts from family
- Can take out loans, have savings & investments

BENEFICIARY

- 'from the taxpayer' – income not owned
- Risk of penalties, deductions and refunds
- Relationships have consequences on income, privacy
- Sharing or subletting has consequences on income
- Can't receive food, gifts, assistance with rent or mortgage from family or any other party
- Can't have surplus, savings or investments

The missing people

Persons who do not receive an income from any source

- Nonearners in a relationship where the other party is an earner
- No financial independence
- Not accounted for as contributing to the economy

Mainly women

Includes men made redundant/unemployed whose partner is earning

Students assessed by parents income, not considered as individuals in their own right

The FAMILY UNIT

Family benefit was paid as a universal income to the caregiver

Family support is now a family tax credit (FTC) based on the whole family income, topping up net wages
(Income Tax Act 2007, Part M, Working for Families)

The family is considered in the manner of a FIRM

- an indivisible unit – an economic person

Counterproductive to the rights of the individual units that make up that family

Each individual in the family needs an entitlement in their own right.

WOMEN

Comprise >50% of our society,
not a minority, not a fringe
element

Domestic purposes
beneficiaries are under tight
surveillance regarding any
relationships

Non-earners in a relationship
with an earning partner have
no entitlement – mainly affects
women

Women generally have lower
wages than men thus will feel
the burden of supporting a
family more keenly if they are
the sole income earner

Abrogation of women's rights
→ immobilisation in abusive
relationships

A basic income will address
abrogation of women's rights
by allowing

- Full legal entitlement to economic/financial means
- Choice of relationships
- Choice to bear children, or not

PRODUCTIVITY & POVERTY

Income redistribution reduces POVERTY by reducing inequality

POVERTY is exacerbated by the current benefit system and low wages

POVERTY reaches new levels every year - from deprivation to full scale poverty

- New Zealanders from the young to the old are now living on the streets

INERTIA in productivity is related to the disengagement of these people

- Impacting on New Zealand's GDP which lags behind Australia and other countries.

Bill of Rights Act (BORA)

ARTICLE 1 of BORA asks us to address ANY distinction, restriction or preference!

Reformative economics

NZ has been ahead of the world before, and is leading with wellbeing initiatives now

Economic policy goals cannot be used as a justification to reduce rights

A person is disadvantaged if they are treated less favourably

Disadvantaged persons include:

- Persons not entitled to a benefit
- Persons on a benefit with a burden of repayment imposed on them
- All beneficiaries have restrictions imposed on them that wage and salary earners do not.

Each INDIVIDUAL as an ECONOMIC UNIT

One way to ensure every individual in NZ has the opportunity to

- (1) participate in society and
- (2) have the same freedoms

is to merit each individual as an economic unit in their own right

regardless of relationship or any means they may have of earning an income.

A successful precedent has already been set by the NZ superannuation scheme



Activities of the ECONOMIC UNIT

- The Economic Unit is free to:
 - Spend the basic income they receive as they see fit
 - Earn money by other means (just as Superannuitants can now)
 - Have no penalties for not attending a job interview, not accepting a job or other demands
 - Take out loans
 - Set up a business, engage in the market
 - Have relationships, or not (e.g. raising a child on their own)
 - Participate in society, with the means to afford at least public transport
 - Coexist with others, mingle with family and friends
 - Receive gifts from family and friends

ISO 37120 sustainable development AIMS

Every person being recorded and their needs estimated

Engagement with all sectors of the community

Provisions for the disabled

Developing opportunities around environmental improvements

Ensuring supply of services

Efficiency of industry & society

Human input, governance & organisation

- Leads to opportunities for all members of society in turn

International Monetary fund (IMF)



Universal Basic Income is given cautious consideration

<https://www.forbes.com/sites/francescoppola/2017/10/15/the-imf-gives-a-cautious-welcome-to-universal-basic-income/#7bdc74a62b64>



Financial inclusion of women is vital for economic advancement



Economic participation of all members of society important for

Growth output

Exports

Diversification and facilitation of more equal income distributions

Improved participation in the labour force



Burden of a country's debt must not fall on those with the least.

“ In an economic environment in which job insecurity is increasing (for example, because of job market disruptions associated with technological progress), expanding available insurance mechanisms may become an important policy objective. A UBI could provide a stable source of income to individuals and households and therefore limit the impact of income and employment shocks.

United Nations SDGs

SUSTAINABLE DEVELOPMENT GOAL 1

End poverty in all its forms everywhere



SUSTAINABLE DEVELOPMENT GOAL 5

Achieve gender equality and empower all women and girls

SUSTAINABLE DEVELOPMENT GOAL 8

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



REFRAMING WELFARE = BASIC INCOME

The right to an income, a means to live, needs to be framed in our Bill of Rights

A Basic Income is a means to

- Remove the discrimination between New Zealanders that exists now
- End poverty and recognise every New Zealander as a contributor to the economy
- Permit freedom of relationships and right of ownership of income received
- Participation in political, social, cultural and any other fields of public life
- Meet ISO Sustainable Development, IMF and United Nations SDG expectations

Basic Income will lift New Zealand's productivity and advancement

HOW?

Concept – Money is a means to measure the value of trade, and wealth ... It is like numbers, an abstract measurement, not a real entity, that represents the value of capital, land and effort and opportunities. We can accept money being created by governments for banks (cf the Global Financial Crisis)

Govt -→ Bonds -→ Bank --→ Loans to support investment, business activity, the underpinning infrastructure and public goods to support the community and make profit both for investors and the interests of the community as a whole (either positively or negatively depending on externalities e.g. air pollution in large cities)

Govt → each individual (ongoing lifetime superannuation, stipend, citizens dividend, universal basic income – whatever you want to call it) supports current and future business activity, infrastructure and provides a buffer against the poverty which is corrosive to the interests of the community by disengaging people from participation.

BUDGET 2019 – Universality was considered. The budget barely scratched the surface to change lives. The key is to raise public awareness of the two tier society New Zealand has become, how low benefits are and the need everyone has for adequate income.

Thank you