

A BASIC INCOME

by

JOSEPH S. THOMPSON

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The Author of:

MORE PROGRESS AND LESS POVERTY

TAXATION'S NEW FRONTIER



JOSEPH S. THOMPSON

President of:

INTERNATIONAL UNION FOR LAND VALUE TAXATION
AND FREE TRADE

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HENRY GEORGE SCHOOL OF SOCIAL SCIENCE

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JOS. S. THOMPSON

2411 Broadway

San Francisco, Calif. 94115

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THIS WORLD is seething with ideas of Human Rights and Human Freedom. The need for a "war against poverty" proposed by President Johnson, could well be due to a feeling, not yet clearly defined, that these rights exist. Such rights create a demand for a social order that assures a free, secure and self-supporting people, spurred by initiative and sure of a reward for their efforts.

Charity, Relief and Dole cannot be a part of such a social order. They must be supplanted by a system that will furnish income through the rights of every man and woman. Income secured through men's rights, would create independence, which is the main factor of Freedom.

Ending poverty is a fine thing to discuss, but few are willing to, as Abraham Lincoln said "determine the thing shall be done, and then we can find the way."

A thorough study will show that all present methods will be futile, and will fall short of their goal, as they have in the past. As long as we think in present-day terms, and accept without question, the privileges which permeate today's social structure, poverty will exist. If, however, we were to think in wiser terms, many beliefs would fall and many stubborn facts would gain their rightful place. Two fancied remedies would be discarded.

(1) The Communist principle: "From each according to his ability. To each according to his need." This principle is not practical. If the able were stripped of the rewards of ability and lost the priceless factor of incentive, many of them would join the needy. The rule of a dictator, forcing the able to produce, could not be avoided.

(2) The Socialist principle: "Ownership, by the workers, of the tools of production." This, too, is not practical, it would destroy competition and the profit motive, the hope for extra gain through extra effort. State control would not create those vital forces that would assure the end of poverty. For anything that Socialism or Communism offers, the price, Freedom, is too high.

There remains Capitalism. With the principle: "Private property and Free Enterprise." Capitalism suffers to the fact that it is a mongrel off-spring of Privilege and Service, partly our strength and partly a curse. Capitalism which consists of the gathering of wealth as capital, invested to create more wealth through industry and service, we need. Capitalism stemming from the privilege which places public property in private hands, should end. Its ending would be the first step toward the rightful sharing of our common wealth, which would, in turn, end poverty.

Of private property, there should be full knowledge of how public and private properties differ, and how *rightful* private property differs from public property wrongly held in private hands.

The word *useful* should be added to "Free Enterprise." Free enterprise now includes many practices, within the law, but harmful to useful business and to the public. Useful free enterprise gives creativeness and energy full scope. It builds the priceless social structure that makes a country great, with its people happy and secure.

Compared with any other system, it is plain that Capitalism, rightly applied, and freed from privilege, must be retained and preserved. It is also clear that some hitherto untried system must be found and adopted to make Capitalism work. Some system that cannot be piece-meal, halting, timid, tentative or short of ideal. While an ideal, in human affairs, is never reached, it is plain that one should always be the goal.

In seeking to build such a system, we can begin with the fact that this is OUR COUNTRY, and since we all have a duty toward it, to the extent that we can be drafted to die for it, we are all joint owners of its natural wealth. All of us, from the humblest newborn baby and the latest admitted immigrant, to the holders of our highest offices, in logic, are co-owners of that great Corporation, the UNITED STATES OF AMERICA, our country.

This common property is the "God-given bounties of nature." It consists of the air we all breathe, the land on which we all exist, the presence and movement of water, all minerals, all sub-soil deposits such as coal, oil, and uranium, all self-grown plants of

forest and field, and all wild animals. We partly agree to this common heritage when we make laws to conserve and administer them. This common ownership is not fully recognized or fixed by law at present. We take for granted the artificial law-created privileges under which some of us can charge the rest of us for what justly and logically belongs to all of us. We will have ended poverty when each of us receives his portion of the common wealth.

There is a method of doing this which is surprisingly simple and which, while drastic in many features, would be fraud-resisting, just and fair. This method would begin with the setting up of a Basic Income for everyone in our country. To secure this Basic Income every person in this country would be the owner, at birth (or if an alien, upon being admitted), of one share in that immense property, the UNITED STATES OF AMERICA. The certificate showing that he was the owner of One Share of the UNITED STATES, would be non-transferable, could not be sold or form the part of any contract, could not be garnisheed or subject to any lien and would become annulled and valueless at his death. It would be like the present Social Security card in form, and with modern machine recording, there would be no problem in its handling.

Our great corporation should then collect, IN FULL, the income flowing from the bounties of nature, in the form of land rental, the value of which is created solely by the presence of these Stockholders, and, after paying all the costs of City, County, State and Nation, should pay an equal share to each and every Stockholder, forming a Basic Income for all. If it were not paid to everyone, without regard to his wealth or usefulness, there would still be poverty. But the share payable to anyone harmful to his fellow-men, could be applied to his living in some institution by order of a court.

At once the question arises as to whether there would be a surplus, a question which can best be divided into four major parts;

1. What is the precise source of income created solely by the presence of the people?
2. Would this suffice to meet the expenses of the State and still furnish enough to end poverty?

3. Could government spending be cut to keep enough for worthwhile Basic Income?
4. How would it affect the cost of living?

These questions, and many minor ones, will be studied in coming pages. But, for the moment, it can be assumed that sharing in all the bounties of nature, by everyone, is agreed on and accepted as a right. Under this right, as each child is born or as each alien qualifies, he receives One Share in the UNITED STATES OF AMERICA. This share assures that throughout his life he is to receive the dividends it earns. The income to commence at birth and accrue to his credit or be partly applied to his schooling, under proper rules. The accrued balance would be paid to the Stockholder upon his coming of age. This insurance of support during a schooling period would free him to work toward an increase over his Basic Income.

The government would withhold the child's portion until his coming of age, to prevent its being taken by evil parents or wasted by shiftless ones, and to prevent the bearing of children for gain.

Second to the bounties of nature, as an aid to Basic Income, is the advance of automation. It brings goods and comfort to millions of people who would be denied them by the costs which automation has so greatly reduced. Automation has created more jobs than it has destroyed. But it may reach the stage where the level of brains, skill, training and education required to fill the jobs that will not be supplanted, will rise above the normal average of the people. This could leave many, once engaged in office or machine detail, finding employment in some form of service. It is likely that there will be a widening gap between units of production and the units of labor required to produce them.

Another form of automation is the advance in farm methods, giving greater crops with fewer workers.

Automation may make the problem of earned income more complex but it will lower the cost of living to the degree that a lower Basic Income will suffice.

A widely held opinion is that "full employment" will abolish poverty. This is a Will-o'-the-wisp, never to be achieved except by

the fluffing up of dole-like and needless jobs. Such employment would speedily find its waste reflected in the cost of living.

None-the-less, the jobless and the unemployable would all be Stockholders in the UNITED STATES, however much it might be desired to exclude them, each entitled to his dividend. It must be kept in mind that competence or usefulness is no measure of income today. That many useless people are drenched in unearned income, and that poverty would still be with us if anyone was denied his share of Basic Income, no matter how useless he might be.

What is seriously thought today, would have been looked upon as wildly radical, a very few years ago. This is shown in the excerpt from a letter in the May, 1964, issue of LAND & LIBERTY (London), from Mr. H. O. Purcell:

"In the SUNDAY EXPRESS, May Fourth, 1964, Dudley Freeman, writing from New York, reported that a group of thirty-two economists and scientists, have put a plan before President Johnson, for the paying to people of a full week's 'wages' (a suggested minimum of One Hundred dollars a week for a married man with one child) for *not* working. This has become necessary, it is suggested, because of the advance of automation — — Dudley Freeman asks 'What happens when man is unnecessary?' There are two possibilities: division of the land among the community, or paternalistic slavery."

It is almost obvious that Basic Income would be small, but it is safe to assume, for reasons that will be given, that it would furnish a bed-rock, though meagre, support for those without ambition or desires. The more active and ambitious, not content with a Basic Income, could work, save and invest, as at present. They could enter professions, go into business, meet a demand for services that will never be fully met, and use all the openings offered by Useful Free Enterprise.

While there is a stigma and lowered self-respect or esteem in the receipt of a dole or of charity, or even Old Age Relief, there is no trace of a sense of shame in the receipt of a dividend. And that is what a Basic Income would be.

Providing an income for everyone, with the poor no longer a problem, sounds most desirable, but would seem to involve a heavy burden of taxes. It is true that the setting up of a Basic Income under the present taxing system, is simply out of the question. To tax the earned income of a diligent and capable man, and give any part of it to anyone else, is an intolerable injustice. But to pay our national income to its rightful owners would differ from taxation. It is rather startling to realize that the public collection of land rental would not be taxation. The payer of land rent would get its exclusive use for his money.

This source of revenue, the *full rental value of the land*, would include all royalties on coal, oil, timber stands and all minerals, including water. As one result, there would be no profit in land speculation.

The only valid core, center, reason and justification of Basic Income would be the collection of that revenue, the source of which is *solely* the presence of the people. Basic Income would be utterly unjust without drastic change in our tax structure. If we retained the Income, Sales, Personal Property, Tariff, Gift, Inheritance, Capital Gains and Nuisance taxes there would be constant and heated conflict between the taxpayers and those receiving Basic Income. Giving away funds arbitrarily seized, could bring most violent and angry protest. The taxes listed here are all arbitrary seizures, void of logic, science or plain common sense. There could, however, be no objection to the sharing of a common property.

The drastic changes caused by putting Basic Income in practice, would raise many questions and statements, a few of which can be foreseen.

"This would mean nationalization of the land."

Land would not be nationalized any more than it is today. There is no fallacy more eagerly held to, than the belief that "ownership" of land is sacred and without limit. Yet, by the simple process of failing to pay taxes, it is easy to learn that the land "reverts" (re-assumption of ownership) to the public. The public would absorb the full rental value, but public officials would not, in any sense, hold or operate the land.

"It means concentration on one segment of the public."

The rental paid by a home-owner is payment to the rest of the public for the right to the exclusive use of a part of the public domain. The rent paid for a business site, being included in the cost of doing business, would be spread among the public just as it is now. Land areas can be likened to theater seats, and nobody complains of theater owners "concentrating" on theatergoers.

"Is it possible to appraise the bare land, separate from improvements?"

Land is already assessed separately from improvements in New York, California and several other states. It is valued in very precise figures by experts, for real estate sales and ground leases.

"Is it Socialistic?"

The Socialists have never solely advocated it or adopted it. They do not seem to have understood it.

"Is it Communistic?"

Quite the contrary. Free Enterprise would not be hampered, and Capital in industry and service, would be encouraged and rewarded.

Turning now to the earlier questions;

1. What is the precise source of income created solely by the presence of the people?

Everything that is God-given, that is, all the bounties and products of nature.

2. Would this suffice to meet the expenses of the government and still furnish enough to end poverty?

Under present conditions, it would not. But conditions would sharply change, and many would end, with Basic Income. Crime, so often the result of weakness on the part of the jobless, would be lessened by ending the *necessity* for employment. Inmates of Old People's Homes, Mental Hospitals and Jails, could be billed for the major part of their Basic Income. Unemployment Insurance would end. (As an illustration of today's outlay, the UNITED STATES NEWS AND WORLD REPORT [July 1964] states

that Forty Billion dollars are annually expended for poverty relief.) Tax collecting costs would be far lower. The need for, and cost of checking tax statements would end. Tax reporting by the taxpayer (of today) would end as the government would no longer be concerned with sales or income. Freedom from taxation and its related costs, could be expected to give added vigor to all business and service concerns.

3. Could government spending be cut, to keep enough income for worth-while Basic Income?

As waste of the public income would lessen the dividends of each stockholder, it could be expected that there would be general, country-wide watchfulness. Special Interest and pressure groups will continue, but it would be more easily seen that they damaged everyone not in their group.

4. How would it affect the cost of living?

Living costs would be widely affected in many ways. There would be no taxes. The wealth from public property, now falling into a few private hands, would pay the public expenses and the dividends. (In Long Beach, California, city-owned oil, alone, pays all city expenses. In Alberta, British Columbia, reserving of all mineral rights by the State, yields income to pay all state expenses and, at times, a dividend to the citizens of Alberta.)

Freed from taxes, competition would force the lowered cost of goods to be passed on to the buyer. Earnings would be left in the hands of the earner. The cost of building homes, apartments and hotels would be lowered, in turn reducing house- and room-rents, the largest item in the average family budget today.

These changes could mean that a small Basic Income, as though in the order of a few hundred dollars a year, would suffice. Each married couple would receive two Basic Incomes, with each junior member, whether through education payments or coming of age, adding one. Though a few hundred dollars, yearly, would be trivial today, the changed conditions would effect a very different ratio.

It must be remembered that our goal should solely be to abolish poverty and dire want, leaving so much to be desired that most of the people would strive to augment their income. This would

involve study to prepare for the many services that will always need personnel. Medicine, the Law, Teaching, Selling, Nursing, Catering and the like. With the independence that would result from Basic Income, the old master-and-servant classes would wither. Many could enter into house-hold work by contract agreement rather than by servile need. Service and servility might no longer be related.

As it has often been shown that government has no place in business, and placing the "tools of production" in the ownership of the "workers" has rarely been successful, we are impelled to regard as very wise, the statement of Sir Daniel Hall:

If the state does not assume its proper function as a landlord, it will more and more assume its improper function as an industrialist.

The government, as a landlord, would be in the position of present-day landlords. The source of its revenue would require little management and would be little affected by competence or its lack. A landlord can be a simple idiot or a senile dotard (as many are) yet his income will be in nowise affected. In our tax laws, there is little evidence that would lift our tax-law makers above that level.

That the public collection of land rent is the only just and logical source of public revenue, cannot be denied. No "economist" has ever succeeded in refuting the fact that Land value is People value. A value created solely by the presence of the people, and the only value so created. Plainly, as all land value is created by the people as a whole, it is only proper that it should all be devoted to their interest.

In this study a fact is presented:

EVERY INHABITANT OF THE UNITED STATES IS AN EQUAL OWNER OF THE UNITED STATES.

And out of this fact emerges a principle:

EVERY INHABITANT OF THE UNITED STATES SHOULD PARTICIPATE FULLY IN THE NATURAL BOUNTY.

If this principle is accepted, our present practice must give way to it. Until we accept and apply this principle, we will never abolish poverty.

(Circa 1965)