Justice, Sustainability and Progressive Taxation and Redistribution:
The Case for a World-Wide Basic Income
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The precarious poverty of the many and concentrated riches and abuse of power by the few are two sides of our current world-wide predicament. The planet-wide achievement of ecological sustainability and human well-being requires radical institutional innovation and major changes in the discourse that conditions our perceptions and policy responses. An increasingly integrated world requires increasingly integrated meta-solutions embodying subsidiarity to restore room for local diversity.

The discourse of complex interdependence should guide thought and action. Anything short of that should be regarded as flat earth science. Our interdependence goes well beyond John Donne’s “no man is an island, entire of itself” extending, in the manner of the Gaia hypothesis, to Earth and all that is therein.

The disregard of complex interdependence is at the heart of many of our seemingly intractable dilemmas. Denial of interdependence goes hand in hand with the lack of perceived urgency for action and for sacrifice by the world’s haves.

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Minor accommodations are sought in the hopes that critics will be pacified. Among these inadequate accommodations may be included the reiteration (but not the attainment) of the 0.7% of gross product goal for Official Development Assistance, a goal which has now been enshrined in the Millennium Development Goals. I contend that this objective is not merely entirely inadequate, but serves quite effectively as a smokescreen to deflect attention away from the extent of global imbalances.

In what follows here I propose to follow the spirit of James E. Meade, whose name appears first on the list of BIEN life members and who won the Nobel Prize in Economics in 1977. In 1952 Meade wrote: “we should strive . . . to arrange for direct international transfers of income from those to whom income means little to those to whom income means much.” Meade expressed his admiration for the insistence by John Maynard Keynes that “we should treat the whole economic problem as a unity and be prepared to present to the public a total solution which really did present a prospect of a radical solution of the problems of unemployment and of raising standards of living.” Meade’s judgment of Keynes also applies to his own work and should serve to inform current inquiry into our planetary condition. Considering the parts and losing sight of the whole is a perilous path for intellectual inquiry. We should, like Keynes and Meade, be looking for a total world-wide approach, which I will argue should emphasize, inter alia, progressive redistribution, including an unconditional Basic Income for all.

Let me illustrate the importance of addressing the “whole problem”, which goes well beyond both ‘economic’ and national solutions, with the case of cross-border migration. The tightening of immigration controls creates a multi-billion dollar market for electronic and biometric control devices and tends to convert law-abiding seekers of legal immigration or asylum into desperate law-breakers who will seek entry on any
terms, often losing their lives in the process. How might one view this? Economists, like political scientists, have become realists tied to national policy. Milton Friedman decries the deprivation of freedom of even a few, insisting that "the believer in freedom has never counted noses." Yet, if we seriously believe in freedom, then the two central questions of current immigration policy: "how many immigrants the country should admit, and what kinds of people they should be" would be the object of the most severe condemnation. If we seriously believe in "real freedom for all" then the two central issues become the establishment of open immigration policies combined with the extension of human rights, essential social services and a citizen's income that would make remaining in one's own country a viable alternative. Extending our commitment -- central to many religious beliefs -- from national to global social justice through the implementation of disparity reducing transfers of income and provision of services should be given highest priority.

The migration ‘debate’ denies the existence of complex interdependence and insists that all but a chosen few must make their own way in the country where they are legally located. Income and social services guarantees might give people the real freedom to stay at home for the time being, but the prospect of a massive flow of environmental refugees encountering physical and/or electronic barriers to movement could create situations that would make even the disorderly August 2005 evacuation of New Orleans associated with hurricane Katrina look like a model of enlightenment. Had Louisiana or New Orleans itself been an independent country, those who fled the devastation would instead have found their exit blocked by armed soldiers.
Inequality: How Much and Does It Matter?

In response to her own rhetorical question “What Should I Do?” Susan George offers the following counsel: “. . . study the rich and powerful, not the poor and powerless.” Efforts to ameliorate the circumstances of the excluded are inevitably condemned to bear little lasting fruit unless their situation is understood to be causally interconnected to policies and practices that contribute to reinforcing inequality and human insecurity.

Central to the current organization of our world is the necessity to pay one’s own way. This applies to individuals, families, non-profit organizations, businesses and nations. Trying to pay one’s way gives primacy to economic considerations that often play havoc with most other dimensions: among them the social, the political, the environmental. Money not only talks, but commands. The system carries with it severe consequences, whether one is successful in paying one’s way or not. To be ‘successful’ (economically) countries must don what Thomas Friedman calls a golden straight jacket, a positive spin label for the neoliberal agenda. This often entails the dismantling of many of the social supports that were put in place through political processes stretching over one century or more of a jurisdiction’s history. Success is measured by the rate of economic growth, while other indicators are generally regarded either as insignificant distractions or as directly dependent on growth. Were economists true to the idea of the impossibility of making interpersonal comparisons of well-being, aggregate economic growth rates would not have been enshrined as the measure of the success of policy, based as they are on the implicit premise that all share equally in gains.
The Gini Coefficient of Inequality\textsuperscript{8} is one measure that has been devised to capture, however imperfectly, the extent of income concentration and disparity. Even if this measure tends to understate inequality by virtue of the difficulties of knowing accurately the income of the very wealthy, it still can give us a reasonable impression of income (or wealth) disparities in a particular year and an indication of the changes over time. The picture is one of decreasing inequality during the quarter century following the Second World War and of substantially increasing inequality and concentration at the highest income levels since then. The two trends clearly reflect the policy shift from states active in restraining market excesses and in sharing the gains from economic growth to governments committed to deregulation, liberalization and celebration of the supposed superiority of so-called ‘market’ outcomes.

Our commitment at the national level to progressive redistribution of income has weakened markedly. The opportunistic neoliberal propaganda campaign to convince us that taxation is a form of theft that punishes the worthy and rewards the slothful has been very effective in spreading income inequality that has favored extensively those among the very top of the income recipients. Published figures on Gini coefficients of inequality and on share of income of the richest families show substantial changes in recent decades, especially in those countries where market-based policies have been followed: in Russia, the Gini went from 0.395 in 1992 to 0.434 in 2000; in the UK, from 0.270 in 1979 to 0.343 in 1999 and in the USA, from 0.301 in 1979 to 0.368 in 2000.\textsuperscript{9}

A new perspective has been added to our discussion of world income distribution by the research at the World Bank by Branko Milanovic. He describes his work as the first to estimate world income distribution exclusively through the use of household
surveys (for 91 countries), thus ranking the world’s people, rather than the income of the world’s countries as had been the customary basis for comparison. His Gini coefficients of income inequality for 1988 and 1993 adjusted for differences in purchasing power parity are 0.63 and 0.66. In sharp contrast, if the purchasing power adjustment is not made the World Ginis are 0.78 for 1988 and 0.80 for 1993.\textsuperscript{10} Milanovic’s results which indicate that the top 10\% of the world’s income recipients received in 1993 50\% of the world income and that the top 1\% received 9.5\% of world income undoubtedly seriously understate the concentration of world income based as they are on household surveys. Milanovic has recently reported on the effect of a revision in 2002 of the purchasing power parity price adjustments made to the income distribution data: “Implications for the [new] estimates of global poverty and inequality are enormous. . . .[they] show global inequality to be significantly greater than even the most pessimistic authors had thought.”\textsuperscript{11}

Even so, the Gini coefficient does not, however, capture well the extent of the concentration at the very top. One account reported that from 1970 to 2000 “the income share of just 13,400 households in the USA -- the richest hundredth of 1 percent -- rose from 1 percent to 5 percent of all income, and from 100 to 560 times the national average.”\textsuperscript{12}

Wealth is even more concentrated than income. As one recent account reports: . . . we have estimated that for the world as a whole the share of the top 10 per cent was 85 per cent in the year 2000 and the Gini equalled 0.892 using official exchange rates . . .While wealth (and income) concentration is somewhat less when the estimates are done on a PPP basis, we have argued that the large share
of wealth that is owned by people who can readily travel and invest globally means that converting at official exchange rates is preferable for many purposes when one is studying the distribution of wealth, rather than income distribution or poverty.\footnote{13}

These same authors provide wealth estimates for the world’s super rich. They report those whose wealth exceeds $1 million number over 13.5 million; those with wealth over $10 million as 451,809, those over $100 million as 15,010 and those with more than $1 Billion as 499.

With the concentration of income and wealth comes the undermining of many society values, including the undermining of democracy itself. As Louis Brandeis, who served as a US Supreme Court Justice from 1916–39 remarked: “We can have democracy in this country, or we can have great wealth concentrated in the hands of a few, but we can't have both.”

Today Brandeis’ observation is as true globally as it was nationally as the following passage from a recent work by David Rothkopf, former Editor & Publisher of CEO Magazine asserts:

\ldots The members of the superclass are the most powerful people on earth and when their interests align there are few contemporary forces comparable to them. \ldots They have shaped the system to dovetail with their interests \ldots [\& quoting 2001 Nobel Prize winning Economist Joseph Stiglitz] ‘You don’t need to have a conspiracy once you have set the rules’.\footnote{14}

With the concentration of income and wealth comes a consumption pattern that is restrained only by the money and credit available to spend. Thorstein Veblen in The
Theory of the Leisure Class (1899) developed in detail the notion of conspicuous consumption and the role of emulation. According to Veblen, members of the leisure class strive to demonstrate that money is truly no object and that the most extravagant items are easily accessible for them. Many of the rest of us then follow at the limit of our means to fit the style pattern they set. Even the lack of time to utilize one’s new toys is no deterrent. Robert H. Frank, who has chronicled the voracious consumption patterns of the rich, suggests that the trendsetters are engaged in a quest for the ultimate quality experience—the thrill of driving a Porsche Carrera GT or luxuriating on the deck of a super-yacht. As he observes: “There are no obvious limits to the escalation of quality standards.”

The insights of Veblen serve as a key element in the argument advanced by Hervé Kempf in his 2007 book Comment les riches détruisent la planète (How the Rich Destroy the Planet). Basically the rich emulate the consumption of the super-rich, the upper middle class emulate the somewhat scaled down consumption patterns of the merely rich and so on down the socio-economic scale, until we find children being assaulted by other youths for their designer running shoes.

Kempf’s argument makes it clear that hyper-consumption by the super rich is a world-wide phenomenon. The exaggerated consumption patterns of many of the superrich in the United States, with their associated disdain for funding the public interest, are imitated around the globe with little time lag. James Fallows describes a luxury weekend recently organized by Jet Asia-Pacific magazine and Zhang Yue at his ‘palace’ in Changsa, China. The objective was to educate the newly super rich as to the array of giant-ticket items on which they could spend their idle cash, among which were Porsche
racing cars, Hummers, yachts and private jets (a business expense, which both cuts potentially embarrassing profits and reduces a company’s taxable income). \textsuperscript{18}

The consumption patterns of the super rich, mimicked around the world by all those who can afford to do so, is likely to have a substantial ecological footprint. Humanity’s ecological footprint, is reported to have exceeded the Earth’s total bio-capacity of 1.8 global hectares per person by 25\% in 2003 with the vast majority of the OECD countries having an ecological footprint of more than double the per capita bio-capacity. \textsuperscript{19} The deficit ecological footprint of the consumption trendsetters sweeps along many who wish to emulate them and escalates adverse environmental impacts. The data in the World Wide Fund For Nature’s Living Planet Report 2006 seem to confirm the presumed association between the economic size of a country and environmental destruction. Testing of the relation between inequality and environmental impact has been slow to emerge, but there is one recent study that has made the link: “We have thus demonstrated a striking correlation between economic inequality and biodiversity loss. . . . our findings cohere previous work showing links between inequality and human health . . .” \textsuperscript{20}

A Radical, Whole Problem, World-Wide Approach

An optimist would say that we live on the cusp right now and that our global society will indeed transform itself expeditiously and sufficiently so that we can avert disaster. Yet there is little real urgency in public debate about the way ahead. Nor is there a general sense that real, immediate sacrifice is essential. We seem to be incapable of anticipating and even when crises arrive our responses are often inappropriate. In the words of George Monbiot:
Just as the oil price now seems to be all that stands between us and runaway climate change, it is also the only factor which offers a glimmer of hope to the world’s marine ecosystems. . . . It would, of course, be better for everyone if . . . unsustainable practices could be shut down gently without the need for a crisis or the loss of jobs, but this seems to be more than human nature can bear.\textsuperscript{21}

Paul Hawken, who has been a pioneer in writing about ‘green commerce’, has connected the dots and has sounded the alarm:

There is no question that the environmental movement is critical to our survival. Our house is literally burning, and it is only logical that the environmentalists expect the social justice movement to get on the environmental bus. But it is the other way around; the only way we are going to put out the fire is to get on the social justice bus and heal our wounds, because in the end, there is only one bus.\textsuperscript{22}

Oliver Wendell Homes is quoted as saying "Taxes are what we pay for a civilized society." This is a lesson that is in urgent need of being relearned. Too many pious policy pronouncements are sunk by a NOOMI attitude: "Not Out Of My Income".\textsuperscript{23} Poverty alleviation by all means, except our having to contribute to its achievement; realization of the Kyoto carbon reduction targets by all means, except out of our budget. Not only must the state return to undo many excesses of the misnamed ‘free’ market, but raising taxes cannot be avoided if we are to have any hope of altering our collision course with world-wide disorder and disaster.
The decades immediately following the Second World War were characterized by steeply progressive income taxes and corporate profit tax rates significantly higher than is generally the case presently. Some of the proceeds of those taxes were indeed used to pay for a civilized society. Our circumstances today cry out for an end to tax competition between jurisdictions and for the closing of tax loopholes and tax havens. The importance of legal channels of tax avoidance (and illegal tax evasion) is illustrated by the fact that the US General Accounting Office reported “that two-thirds of companies operating in the United States paid no federal tax on their profits between 1996 and 2000” and that “for the year 2000, 94% of all U.S. firms paid taxes of less than 5% of their profits.”

“Real freedom for all world-wide” and substantive democracy will continue to fall victim to tax rivalries unless we can frame a convincing discourse in support of steps to create a system of world public finance to pay for urgent needs, including elimination of all extreme poverty world-wide, rather than a designated fraction (one-half of the proportion of those living on less than $1 per day) in the global South as envisioned (but not on track to be achieved in Africa) by the Millennium Development Goals for 2015.

A system of World Public Finance (in a context of multi-level democratic world federalism) would seem to be one essential element in finding a way out of our predicament. It could assure the preservation of the global commons, the provision of global public goods (including peace and justice), the vigorous pursuit of ecological sustainability and world-scale income redistribution (with world-wide basic income as a central element) to end destructive national competition and the accompanying ecological and socioeconomic race to the bottom.
Ecological sustainability and human well-being cannot be achieved without major changes in the discourse that conditions our responses and in associated radical institutional innovation embracing subsidiarity and extending it from the local to the global. Subsidiarity implies taking action at an appropriate level: Planet-wide problems are not likely to be well looked after by national governments unwilling to recognize that a supposed short or medium-term national interest may conflict with our very survival as a species.

Eliminating poverty is truly an instance where “the exit is by the door”\(^26\): implementing a planet-wide citizen’s basic income. Financing a world-wide basic income and other global needs is also an instance of “the exit is by the door”: implementing steeply progressive income taxes and corporate tax rates not compromised by escape hatches. There is no need to invent new sources of financing such as was the objective of the U.N. Conference on Financing for Development in Monterrey, Mexico in 2002. There is, however, a need for a new discourse, for a new sense of urgency and commitment and new or greatly reformed and democratized world-level institutions.

Elsewhere I have used Branko Milanovic’s figures on true World income distribution in 1993 as a basis for a very rough calculation of the upper limit of tax burden that might be required to finance a Planet-Wide Citizen’s Income if only personal income taxes were relied upon. Based on an estimated household world income of $30 trillion in 2000, a Planet-Wide Citizen’s Income of $1,000 per year for all the Earth’s inhabitants, which is equivalent to 1/5 of the average purchasing power parity world per capita income for 2000, could be financed by net supplementary taxes on personal income ranging from 35% to 43% on the top 10 percent of the world’s income receivers, whether resident in the global North or the global South.\(^27\) The income
guarantee would come to $2.74 per person per day, which would leave no one on the planet with an income less than $2 per day. Unlike the Millennium Development Goals (MDGs) which promise relief, essentially still through trickle down, to only one-half those living on $1 per day and that only by the year 2015, a Planet-Wide Citizen’s Income would put money in everyone’s hands once the commitment is made and mechanisms are in place to implement it.

As the tasks for World Public Finance would not be limited to funding a world-wide basic income, I offer a guess as to the economic size of its revenues (and expenditures). A back of the envelope calculation using Economist Intelligence Unit data gives a total for the government consumption expenditures of the World’s countries as 18.2% of World GDP in 2004, accounting for US$ 7.1 trillion. The IMF Government Finance Statistics Yearbook reports the revenues of all levels of government of 19 industrial countries as ranging from 31.8% of GDP in the US to a high of 59.3% for Denmark. This suggests that if the public finance of all levels of government from the local to the global level were to achieve that of the US, the result would be an additional amount for public purposes of US$ 5.3 trillion.

If on the other hand the world attained the level reached by the unweighted average for the 19 industrial countries of 46.1%, then the additional revenues from global to local would be US$ 10.9 trillion, a figure which is 3 orders of magnitude greater than the current amount of Official Development Assistance (ODA) being allocated to developing countries and 2 orders of magnitude greater than the aid that would result if all the OECD DAC (Development Assistance Committee) countries finally attained the antiquated, but still largely unmet, 0.7% of GNP ODA target.
If these taxes took the form of supplementary taxes on the income of those at the top of the world’s income distribution, regardless of where they were domiciled and on closing the countless tax loopholes applying to individual and business activity, one could well imagine a significant change in humanity’s ecological footprint with the shift in the world’s consumption pattern from luxury goods to wage goods and the expansion of education, health facilities, water supply and other basic services that the majority of the world’s population do not have.\textsuperscript{29} A substantial degree of leveling is consistent with both a planetary survival ethic and social justice. It is only by reaching agreement on global sharing and by consumption patterns that are skewed in favor of social reproduction rather than material production that we can hope to reduce the world’s present ecological footprint.

**Conclusion**

Our increasingly troubled times require a substantial rethinking of how we tackle issues and an associated reorganization of the locus and the nature of action. We must think and act at every level and in every way appropriate to each issue at hand, bearing in mind their interdependence. Shaping true world citizens with rights and obligations that span national boundaries is essential. The time has come for us to internalize Edward Said’s counsel: “Universality . . . means looking for and trying to uphold a single standard for human behavior when it comes to such matters as foreign and social policy.”\textsuperscript{30}

If we seriously believe in "real freedom for all" then we must extend the principle world-wide. This incidentally was the message conveyed by US President Franklin Delano Roosevelt in his January 6, 1941 annual address to Congress where he
spoke of “Four Freedoms”. The statement of each of the four freedoms concluded by extending the principle “everywhere in the world”\textsuperscript{31} A key consideration in the advocacy of a basic income is what Roosevelt called “Freedom From Want.” Roosevelt’s words: “freedom from want -- which, translated into universal terms, means economic understandings which will secure to every nation a healthy peacetime life for its inhabitants--everywhere in the world.” Two-thirds of a century later this remains an urgent task for us to embark on if our reach is to match the rhetoric of “Making the global economy work for all.”\textsuperscript{32}

\begin{itemize}
\item[3] For example, see Meade (1940) \textit{The Economic Basis of a Durable Peace}.
\item[6] In Doris Lessing’s 1998 novel \textit{Mara and Dann} an entire continent of people begins a northern migration.
\item[8] The coefficient can range from 0 (perfect equality) to 1 (perfect inequality). Gini commonly range fall between 0.2 – 0.6. Some writers prefer to speak of a range from 0 to 100 and to speak of changes in Gini points: a change from 0.4 to 0.5 would be recast as a change from 40 to 50 (10 Gini points).
\end{itemize}
Milanovic (Feb 11, 2008) “Developing Countries Worse Off Than Once Thought.”


http://www.jetasiapacific.com/art/issue_5/1_en.php


http://www.plosone.org/


The NOOMI phenomenon is well known (i.e., the disconnect between wanting more public services and being unwilling to pay increased taxes), but I claim to be the first to give it an acronym.


“The exit is by the door” is the subtitle of Eduardo Suplicy’s Renda de Cidadania (2002): “A Saída é Pela Porta”. The phrase conveys that a solution is so obvious and so proximate that “if it had teeth, it would bite you.”


The MDGs can be found at http://www.un.org/millenniumgoals/

For example, as India was about to launch its 11th 5-year plan, only 1.7 percent of the villages had telephone connectivity, 217,000 villages lacked safe drinking water and 55% of the villages were off surfaced road track. Hindustan Times editorial, Dec 15, 2006.


The 4th freedom (from fear) ended instead with “anywhere in the world”. In Roosevelt’s words: freedom from fear “which, translated into world terms, means a world-wide reduction of armaments to such a point and in such a thorough fashion that no nation will be in a position to commit an act of physical aggression against any neighbor--anywhere in the world.”

http://www.americanrhetoric.com/speeches/fdrthefourfreedoms.htm

The motto “Making the global economy work for all” appears regularly on the front cover the Annual Report of the International Monetary Fund.