

Announcing the Basic Income Manifesto

Overview of Basic Income Policies

1. Purposes and Necessities

Basic Economic Rights

Giving economic returns from social wealth the people

Transformative Growth

Transition to a sustainable ecological economy to prevent climate disasters / Transform a carbon civilization into an ecological civilization / Transform the rent-seeking economy into an innovation-seeking economy / Increase incentives for corporate innovation by preventing corporate rent-seeking behavior / Promote the transition to a learning economy by preventing individual rent-seeking behavior

Fair Growth

Daedong World (Meaning - A world where all people live together in harmony) ... Reform the rent-seeking economy to curb rent exploitation

Eoggangbuyag (Meaning - Suppress the strong and help the weak) ... Narrow the income gap between the socially weak and the socially powerful, such as non-regular workers, small business owners, and farmers.

Strengthen women's basic economic rights and contribute to gender equality / Reduce extreme inequality of wealth and income / Revitalize the local economy with local currency / Regional Balanced Development / Expansion of domestic demand

2. Step-By-Step Realization

Basic Income in the Introduction Stage

Basic income at the introductory stage, which is financed by savings from the government's general accounting budget, and by reducing income tax deductions and reductions, is considered in the following forms.

A way to start by paying a minimum amount in local currency to people (for example, 250,000 won every half year)

A way of combining some or all of the "basic income" policies that start by certain age, sector, and region, such as basic income for youth, basic income for the disabled, basic income for farmers, and basic income for rural areas, based on the results of public opinion gathering

Basic Income Linked to Corrective Taxes

National Land Holding Tax – Land Dividend (Land Basic Income) / Carbon Tax – Carbon Dividend (Carbon Basic Income) / In order to transition to a transformative fair economy, the establishment of corrective taxes is essential, so these policies should be implemented as soon as possible / Tax revenue from corrective taxes is paid to all people.

Basic Income in the Expansion Stage

After deliberation and debate by provinces and cities (passing the Basic Income Public Debate Act), through a national consensus (holding a referendum if necessary), a new earmarked tax for basic income other than corrective taxes such as Citizen's Income Tax will be established to expand the amount and number of beneficiaries of basic income.

3. Funding Methods for Basic Income

Basic Income in the introduction stage is financed through expenditure restructuring, the use of natural increases in the government's general accounting budget, and reduction of income tax deductions and reductions.

Based on the evaluation of economic projects of a similar nature, reductions are made from the least effective ones (refer to: Kim, Nak-Hoe, Yang-Ho Byun, Seok-Jun Lee, Jong-Ryong Lim, and Sang-Mok Choi's expenditure restructuring plan in *Economic Policy Agenda 2022* (Book 21, 2021)

A total of 25 trillion won is prepared by using a portion of the natural increase in the government's general accounting budget, which generally increases naturally over time.

In the category of Reduction of Income Tax Deductions and Reductions, 25 to 50 trillion won is secured by reducing of Personal Allowance and Earned Income Deduction.

Funding for Basic Income for Farmers is provided through the restructuring of agricultural budget expenditures and partial utilization of the expanded agricultural budget.

In the case of basic income based on corrective taxes, corrective taxes constitute the source of basic income.

Basic Income in the Expansion Stage

Earmarked tax other than corrective taxes such as Citizen's Income Tax

The government secures a 'common equity' with a certain portion of the government R&D investment subsidy and accumulates it. When the dividend from 'common equity' reaches a certain amount, basic income begins to be paid. (The expected amount of common equity accumulation and the expected dividend amount will be announced at a later date.)

4. Relationship with Social Welfare System

Expand and strengthen social insurance and social services. Basic income is complementary to the Employment Insurance in All Workplaces.

In the case of public assistance, the amount of basic income is topped up until the sum of public assistance and basic income is at least the minimum cost of living.

When increasing the basic income in stages, relationship between basic income and public assistance (downward adjustment of public assistance benefits due to an increase in basic income) is designed so that the total benefit amount of public assistance recipients does not decrease but increases.

National Land Holding Tax – Land Dividend (Land Basic Income)

1. Purposes

Corrective tax to reduce real estate inequality

Converting a rent-seeking economy to an innovation-seeking economy

Suppression of real estate speculation

Downward stabilization of real estate prices

To prevent rent extortion from non-homeowners

Reducing the wealth gap between people who own a single affordable home and people who own multiple houses

2. Overview

A universal and progressive National Land Holding Tax is levied to fund 30 trillion won for basic income payments (described in detail in the Real Estate Reform Manifesto)

Carbon Tax – Carbon Dividend (Carbon Basic Income)

1. Purposes

Corrective Tax to Achieve Carbon Neutrality and Prevent Climate Disasters

Transition to a sustainable ecological economy

To strengthen the carbon competitiveness of companies preparing for a carbon frontier tax and to alleviate economic shocks

To provide incentives for private investment for carbon neutrality

To provide incentives for private consumption to curb carbon emissions

By paying carbon dividends, the real income of the middle and low-income classes is increased despite the inflation caused by the introduction of the carbon tax.

2. Contents

It starts by imposing a carbon tax at a low rate of 40,000 won per CO₂eq.. It starts by funding about 30 trillion won and paying about 600,000 won Carbon Tax – Carbon Dividend (Carbon Basic Income) per person annually.

It starts with a lower tax rate, comparable to UK or Denmark, to give businesses time to adapt.

The carbon tax rate will be raised in line with the carbon reduction goal and international standards. As a result, the amount of basic income will also increase.

Carbon Tax – Carbon Dividends (Carbon Basic Income) facilitates raising the carbon tax rate.

Until the carbon frontier tax is generalized, the carbon tax is refunded when exporting to a country with a lower carbon tax rate than Korea, and a carbon tariff is imposed on imports from that country.

If carbon credits are purchased according to the carbon emissions trading system, carbon credit is exempted if the purchase price is higher than or equal to carbon tax, and carbon tax equal to the difference between the carbon tax and the purchase price is levied if the purchase price is below the carbon tax.

The existing Transportation-Energe-Enviroment Tax will remain, but the use will be changed to the Energy Transition Fund for SMEs (Small to Medium Enterprises).

3. Rationale

Statements by economists signed as promoters by 28 Nobel Prize winners in Economics ("Economists' Statement on Carbon Dividends", *The Wall Street Journal*, January 17, 2019)

4. Q&As

Shouldn't carbon tax revenue be used for the Green New Deal?

If the real income of the middle class and low-income class decreases due to the introduction of the carbon tax, it will be difficult to maintain the carbon tax and raise the carbon tax rate, which will delay carbon neutrality.

Nobel laureates in economics urged that carbon tax revenue be distributed entirely carbon dividends (basic income).

What are the overseas examples?

Switzerland distributes 65% of carbon tax (levied on fossil fuel for heating) revenue as carbon dividends (basic income), and Switzerland has raised the carbon tax rate up to 8 times, but it is struggling to raise it further. The share of carbon dividends (basic income) should be increased.

In Canada, 90% of carbon tax revenue is distributed to carbon dividends (basic income).

Countries that do not link carbon taxes to carbon dividends (basic income) have failed. Australia abolished its carbon tax, and France failed to raise its carbon tax.

Basic Income for Farmers

1. Purposes

To guarantee the basic social rights of farmers

Stabilization of farm household income and improvement of farmers' quality of life

To maintain and promote the pluralistic functions of agriculture and rural areas, and public values

Revitalization of the rural economy

2. Overview

Agriculture and rural areas have various pluralistic functions and public values, such as the stable supply of national food, the preservation of the land environment, the preservation of traditional culture, and the maintenance of local communities. However, due to the government-led industrialization, liberalization, and urbanization priority policies, agriculture and rural areas are facing difficulties such as a decrease in the population of rural areas and a decrease in the income of farmers

Despite the fact that the government has invested a lot of money in agriculture and rural areas for the advancement of agriculture, rural areas are facing a crisis of "regional extinction" due to the widening inequality and polarization between farms and regions.

In the era of food crisis, regional crisis, and climate crisis, it is necessary to guarantee universal and stable income for farmers in order to continuously maintain agriculture and rural areas as public goods and to save the ecosystem and environment.

Therefore, a certain level of basic income for farmers (a target amount – 300,000 won per month) is paid to all farmers registered with the agricultural business (legal qualifications as a farmer are needed). If the national basic income is introduced, the amount of basic income for farmers can be adjusted.

3. Rationale

"Basic Act for Agriculture, Rural Areas and Food Industry" - Article 3 (Functions of Public Interest in Agriculture and Rural Areas), Article 4 (Responsibilities of the State and Local Governments: Policy Making for Stabilizing the Income of Farmers and Rural Residents, and for Improving their Quality of Life), Article 9 (Efforts to Promote Functions of Public Interest of Agriculture and Rural Areas), Article 46 (Policy Implementation for Functions of Public Interest of Agriculture and Rural Areas)

4. Q&As

Why pay only farmers?

Since agriculture and rural areas are national strategic industries and industries for maintenance of life, they need to be protected and maintained just like national defense.

As the existing central government's agricultural direct payment and local government's farmer's allowance alone are insufficient to guarantee farm household income and preserve the ecological environment, it is necessary to guarantee stable income for farmers at the national level.

The basic income for farmers is expected to play a role of priming the national basic income in the future, and it is expected that it will expand to the basic income for rural residents beyond farmers.

What are the overseas examples?

In Europe, agricultural direct payments act as basic income for farm households. In addition, 50-70% of the European agricultural budget is directly paid to the farm households. However, in Korea, it is only about 17%. Currently, Korea's agricultural direct payment is absolutely insufficient to keep farm families stable.

According to the results of the Basic Income pilot studies in nine villages in Madhya Pradesh between 2011 and 2013, Basic Income villages (experimental villages) showed positive outcomes in 12 aspects including health, hygiene, income, satisfaction, self-reliance, and gender equality.