

Sufficient Income for Substantive Freedom

Oh Jun-Ho

the Presidential Candidate of The Basic Income Party

Introduction of Oh Jun-Ho

Oh Jun-ho has been elected as a presidential candidate for the Basic Income Party, to stand on the pledge of a monthly basic income of 650,000 KRW.

Candidate Oh Jun-ho is an author and his book, "Basic income changes the world" published five years ago is a bestselling basic income book in Korea.

He has given hundreds of basic income lectures that easily explain basic income to the people.

With this experience, he worked as a chief advisor to the National Assembly Member, Yong Hye-in(Basic Income Party), and is a basic income expert who crafted legislation on basic income.

He also works as a member of BIKN steering committee.

New, Young and Radical

- Officially registered in Jan. 2020 with about 20,000 party members
- Entered the National Assembly with one MP in May. 2020
- More than 70% of party members are in twenties and thirties
- The standing representative & MP are both in thirties and female
- As suggested by the party name, we're single issue party, but also opposing all kinds of discrimination and seeking for somewhat radical equality

1. BI as Commons Dividends

- Our theoretical position on BI: UBI is commons dividends
- Even not taking up budget share at all in our model, many resources for UBI are explored and discussed

* Data, frequency, even money itself, etc are newly considered as commons whose value should be shared among commoners

* Profit dividends promised based on the public investment & common ownership on digital and green businesses

* Social discussion proposed on the possibility of BI obtainable from the transition to Sovereign Money system

2. Sufficiency

- Insufficient BI in contexts of Korean society may not improve bargaining power of working people
- To get through the typical criticism on BI in Korea, “huge budget only for pin money”
- Criterion of sufficiency = more than livelihood benefits

* threshold for livelihood benefits in Korea = 30% of median income

3. Connecting two correctional taxes with BI

- Setting up two urgent missions :
 - 1) to response to climate crisis, 2) to challenge the inequality
- Carbon tax and land tax as correctional ones to be newly introduced for the missions and their revenue to be distributed as BI
- The revenue from two correctional taxes amounts to 34% of total budget for our BI in 2023, gradually decreasing to 26% in 2026

4. Opposing back-steps from current welfare status

- Declared at 2016 BIEN Seoul Conference
- Due to poorer welfare status here in Korea, this principle is more important to form as broad consensus on BI as possible

Financial Plan for our UBI

Unit: 1 Trillion KRW

		2023	2026
Correctional objective tax	Carbon tax	42.0	53.6
	Land tax	37.5	44.2
Objective tax	Citizen tax	66.0	146.6
	Data tax	-	-
Abolishment of non-tax & reductions	On Income tax	72.4	92.3
	On Other taxes	12.9	14.1
Profits from Public Investments on Digital & Green Sectors		-	-
Tax imposed on BI		20.1	42.1
Savings from present welfare cash-transfers		33.2	44.4
Sum-Up		284.1	437.3
Dividends per month (10 thousands KRW)		40	65

1. Some Taxes

- **Citizen tax**

- Based on knowledge commons

- Imposed on almost all kinds of household incomes as objective tax with starting 5% in 2023, finally to 10% 2026

- **Data tax**

- Based on digital(data) commons

- Revenue not calculated, so not included in our UBI budgets

- **Abolishment of non-tax & reductions**

- A phenomenal character of Korean tax systems is huge non-tax & reductions, and these are regressive in nature

- The abolishment of main reductions are desirable even without BI, and much more required together with BI

2. Tax reform is essential

- Korean total tax revenue(including social contributions) as percentage of GDP is 27.3% in 2020, quite low compared to European countries such as France(45.4%), Sweden(42.9%), Germany(38.8%)
- In our plan for UBI, the total tax revenue reaches to about 38% to GDP in 2026

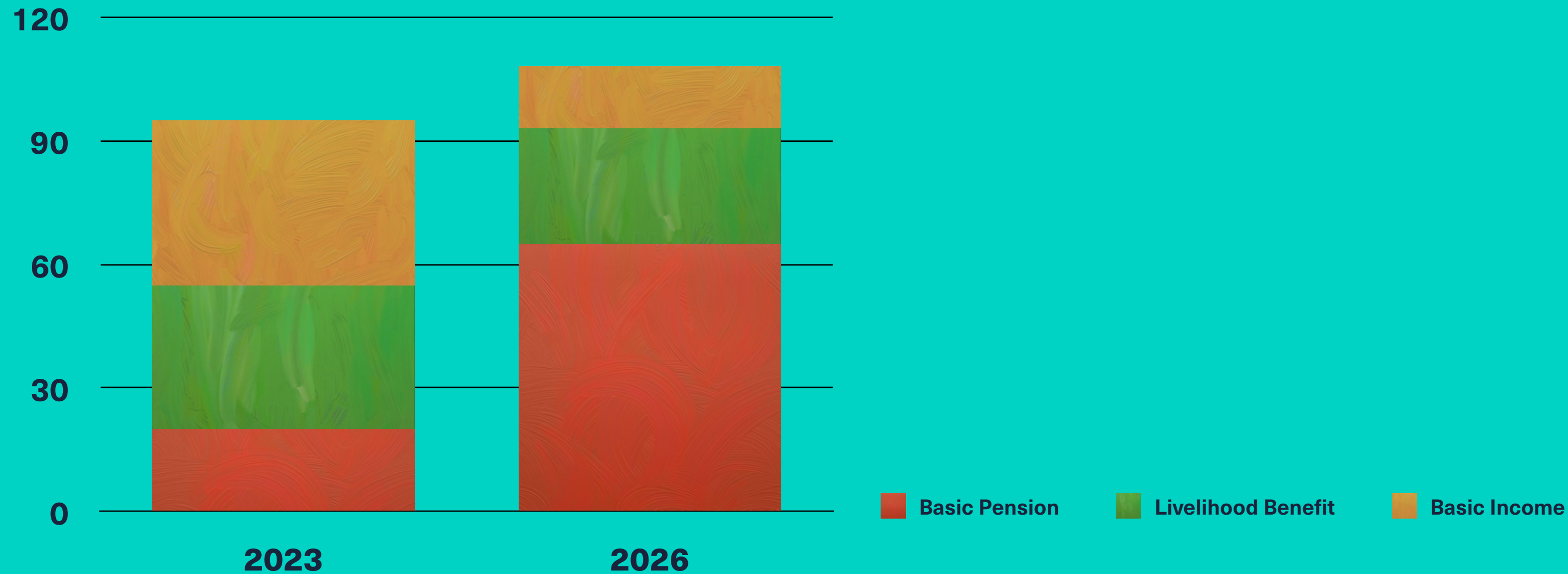
3. Tax imposed on BI

- Even somewhat controversial, we decided this does not matter
- Imposing tax on BI will definitely improve the redistribution effects of BI

4. Setting up common ownership on businesses in Digital & Green Sectors

- The government announced Digital New Deal and Green New Deal in 2020.
- Considering ‘great decoupling’ economic surroundings, public investments should be made based on common ownership, so that their profit could be shared among all people
- Our promise is to establish big public funds amounting total to 1,000 trillion KRW(USD 910 billion) for Digital and Green New Deal. People could receive profit dividends based on common ownership

5. Savings from welfare cash-transfers



- As per the design principle ‘opposing back-steps from present welfare’, some public cash-transfers are carefully reduced
- The Livelihood Benefit and Basic Pension are reduced on sliding basis, but considering serious elderly poverty rate in Korea, not completely disappear even in 2026 when BI exceeds livelihood benefit
- Child Benefit and a few wage subsidies including EITC are abolished entirely when UBI starts

Lee Jae-Myung Vs. Oh Jun-Ho

		Democratic Party of Korea Lee Jae-Myung		The Basic Income Party Oh Jun-Ho
Emphasis to appeal for BI		BI as good economic policy like supporting effective demands, recovering growth rate, etc		BI as all people's right to commons
Amounts & Introduction Schedule (Yearly Basis)	2023	For all	By age group (additional)	For all
		250,000 KRW	?	4.8 million KRW
	2026	1 million	Age 0 ~ 18 : 1.2 million Age 19 ~ 29 : 1 million Age 65 ~ : 3.6 million	7.8 million
Financial Plan		Land tax : 30 trillion KRW Carbon tax : 10~20 trillion Spending restructuring : 25 trillion Income tax reform, etc : 12 trillion		Refer to the table "Financial Plan for our UBI"
BI plan based on Common Ownership		X		O

Too low to fight strong opposition expected

- 1 mil KRW for all per year in 2026 is about 1/8 of livelihood benefit for one-person household,
- Out of age group BIs, only 19~29 BI is newly introduced, remaining two are just the ones of which beneficiary scope is extended
- <Low amount = Low burden = Easy start> is true?

Too weak to expect Mr. Lee's BI Manifesto

- BI Manifesto in his announcements and speeches not founded at all recently
- No BI favorable group existed inside the ruling party

Comments on Mrs. SJ Sim's income guarantee

* Mrs. SJ Sim is the presidential candidate of Justice Party

Mrs. Sim's Citizen Minimum Income Guarantee

Unit: 10 Thousand KRW, Monthly

Household Labor Income	1 member		3 members	
	Transfer	Minimum Income	Transfer	Minimum Income
0	100	100	210	210
40	80	120	190	230
100	50	150	160	260
160	20	180	130	290
200	0	200	110	310
300	0	300	60	360
400	0	400	10	410
420	0	420	0	420

Design of CMIG

- A kind of Negative Income Tax, but still surviving most of cash welfare transfers like livelihood benefits, EITC, basic pension, etc
- Guaranteeing half of median income, meaning getting rid of relative poverty entirely. -Instead of current 30% for livelihood benefits, 50% of earned income deduction given under CMIG

2 main critical comments

- **Working incentives work well?**

50% income deduction rate may be maximum under NIT,
but 50% implicit tax rate is far behind from neutral to work incentives

- **Sustainable tax-politics?**

- CMIG and other cash welfare transfers are all targeting at whose income is below medium
- CMIG will divide sharply the nation into two groups, the beneficiaries and the tax-burdeners

Hopefully...

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1. Korea could be the first BI country according to the result of this presidential election
2. But anti BI networks are still big and strong, so that road to BI may be blocked or BI amounts may be too small even with starts
3. I joined as the candidate this election to show clear roadmap to sufficient UBI.
I will run a sound policy competition with Mr. Lee, and accordingly this would contribute making robust national consensus on UBI
4. I've criticized Mr. Lee's back-steps from BI, and it's the mission of my party and myself for this historical election.
Please hopefully expecting my criticism could turn into support finally

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