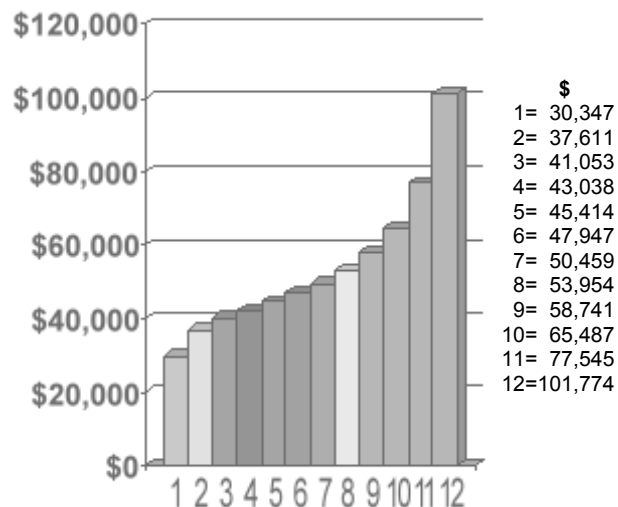


Real income level \$18,387 added from partner's income

Since humans are principally social beings that live gregariously and everyone will receive a universal income, the last graph gives an idea of the real after tax income of an average household by adding a universal income of another adult. Compare this with Graph 1 showing income levels under the present system. This graph shows an increase in the after tax income for around 85% of the population.

Graph 4



\$18,387 added from Partner's Income

"I am in strong general agreement ... for a ..."patrimony", a portion of the product of a society that should be shared by all those who inhabit that society...it is hard to conclude that social capital can produce less than about 90 percent in wealthy countries...On moral grounds, then, we could argue for a flat income tax of 90% to return that wealth to its real owners...In the United States even a flat tax of 70 percent would support all governmental programs...and allow payment...of a patrimony of \$8,000 [US] per annum per inhabitant..."
Herbert A. Simon, Nobel Laureate in Economics
Boston Review, 2001

Benefits of a universal income

A universal income would

- End poverty
- Raise the standard of living
- End unemployment
- Allow people to live in healthy sustainable relationships with each other and their natural environment
- Allow work flexibility and good working conditions
- Reduce violence
- Re-establish a functional democracy
- Revitalise the economy. Businesses prosper when everyone has income to buy goods and services. Profits and income increase for everyone.

Other Nobel laureates in economics such as James Tobin, Jan Tinbergen, and James Meade have shown the economic viability of universal income systems.

Published
by

Universal Income Trust

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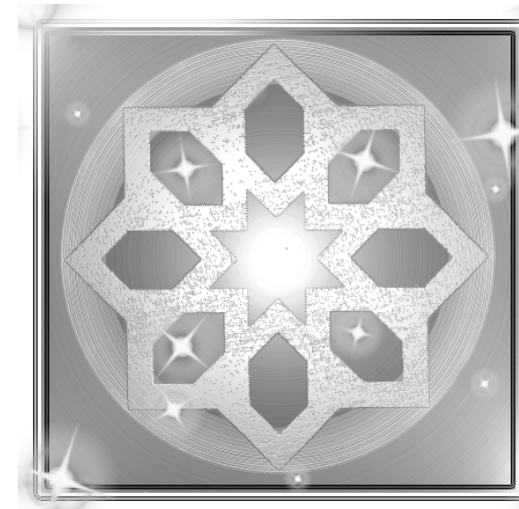
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Universal Income

3
More on funding

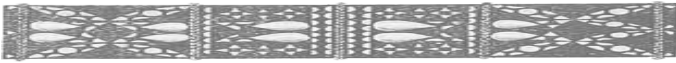


**A sample model
illustrating principles
underlying one
possible method for
funding a universal
income and achieving
economic
compliance with
human rights laws**

More on funding

Universal Income Systems are those economic systems that comply with the International Bill of Human Rights

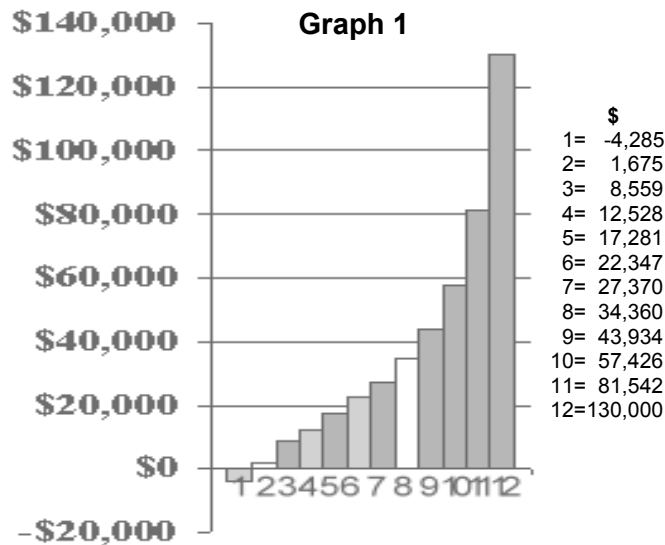
Universal Income



UI funding sample

This model, using census statistics for Aotearoa NZ, illustrates the principles underlying one method for deriving a UI: via income tax. It is not a full economic proposal with all of its financial nuances and adjustments. It simply demonstrates the potential distributive function of income tax or other taxes that are based on *percentages* of income, such as wealth or financial transaction taxes. Such a tax can be used to generate personal income and achieve economic compliance with human rights laws. Present dogma suggests that income tax is "bad", "unfair", "obsolete" or "a burden to the tax paying public". It is only so when it is not distributed fairly in accordance with these laws.

NZ after tax income for 1996 without a UI derived from 1996 Census



Average after tax income for 12 people in the 12 categories of the 1996 census

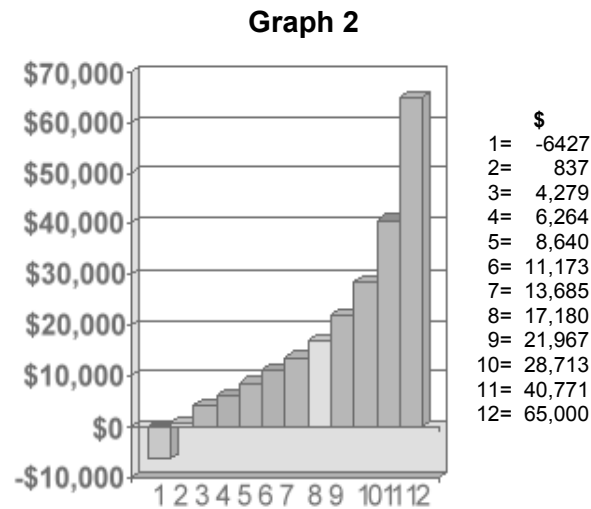
The first graph shows the average *after tax* income for 12 people representing each of the 12 categories of the

1996 census. It is inclusive of any benefits that people have received, after having paid for all of society's resources.

The yields of an extra 50% income tax

The next step in the process is to set a tax rate above the level required to fund the existing societal structures and sufficient to obtain the target "minimum wage" UI requirement.

For this sample 50% was used for ease of visualisation. It obtains approximately \$220,651 collectively from the 12 people. This, when divided, will also provide everyone an income in excess of a minimum wage.



Remaining income after an extra 50% tax

Note: In a sense, no one is "footing the bill" for anyone else in this model for everyone is paying an equal percentage of their existing income to fund the UI. Also, all systems have anomalies to be adjusted; UI anomalies must be adjusted in accordance with legal economic rights standards.

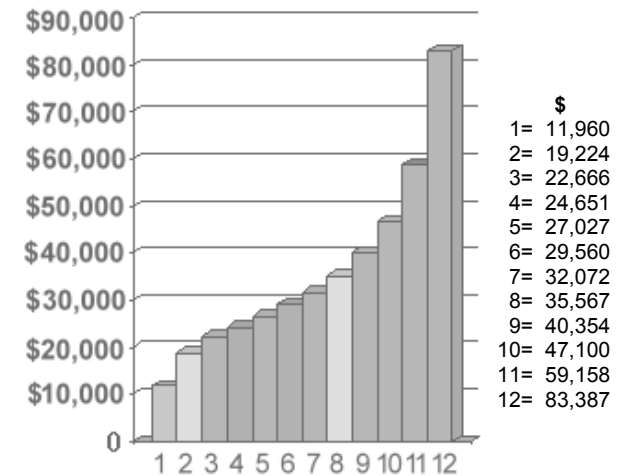
Special thanks to Steve Kendall and Andrew McLaren of Statistics NZ for providing these statistics on average incomes.

Adding a UI of \$18,387

The tax money is then divided equally ($\$220,651 \div 12$). \$18,387 is derived and placed on top of each person's income (from Graph 2) as the UI.

The result raises 75% of the population's personal income. Compare Graph 3 after tax incomes with a UI to the tax system in Graph 1 without a UI. The tax rate can appear high with some UI systems. *However, note that people will be getting money back in the form of a UI and this would actually lower taxes in real terms.*

Graph 3



Adding a UI of \$18,387

The Human Development Report 1998 & 1999 issued by the UN Development Program reveals that "...225 people, the world's richest billionaires, have a combined wealth equal to the poorest 47% of humankind.... The world's 200 richest people more than doubled their net worth in the four years to 1998, to more than \$1 Trillion." A similar situation is occurring in NZ. In "Crime and Deviance" by Greg Newbold, he cites that in 1971, the top 3% of the population owned just over 20% of the wealth. In 1989, the top 3% held 37% of the wealth.

In many tribes of the early South Pacific cultures, wealth and power was measured by how much one gives, rather than by how much one has, receives, or earns.

