Basic Incomes, not Jobs, for Planetary Survival!

"What is physically possible must be financially possible" was a truism I learnt as a child, from my parents, who were actively campaigning against the absurdity of widespread poverty amidst plenty in the '20s and '30s - the financial absurdity which lead to the second World War.

After that war, the destruction it had caused and the savings the wartime workforce had been encouraged to make, kept the wheels of industry turning despite the financial system for some years, making good the damage; but the increased and fast increasing productivity threatened to saturate markets, so planned obsolescence was born! -

Now we have many even in the Green Party seemingly unable to conceive the **magnitude** of the wastefulness of the resulting "economy" of the present day, and consequently the possibility of providing adequately for all of everyone's real needs in a developed Green society. They are mesmerised by the pronouncements of Establishment economists and Treasury spokespeople, who deny my truism.

There are two linked anomalies in the financial system underlying the problems we face: the right usurped by the private banks to create and claim ownership of our money-supply; and usury in its widest sense, but including, importantly, that charged by these banks for the use of this money by the rest of the community. This forces firms to compete desperately for an always inadequate supply of money in the hands of consumers (there is **never** "too much money chasing too few goods"! - if this were so we wouldn't have the massive, desperate advertising campaigns trying to persuade people to buy products they don't want and can't afford), at the same time as forcing prices up to cover expenses which include advertising costs as well as interest charges. Goods only continue to find buyers by virtue of ever-increasing public debt, of which the Third World share is but the most publicly acknowledged. For instance, according to published government data:

Gross domestic product at market prices	£374bn
Total household income (from wages and salaries, rent, dividends, interest, private pensions, annuities &c., social security benefits)	£282bn
Deficiency of consumer purchasing-power	£92bn

(These figures are for 1986, but are typical of the last decade at least.)

This gap is closed partly by the mortgaging of people's futures by bank-loans and credit-cards, &c., partly by bankruptcies - and importantly by constant expansion of output, which puts into the pockets of workers money to buy current production, as they are paid with borrowed money for the new productive capacity they are creating: so postponing the problem!

Ever-more wealth is syphoned-off from the general population into the hands of a shrinking number of the elite who manipulate the system; a system which forces employers into conflict with employees over wages, and forces environmentally disastrous cost-cutting - as well as forcing a desperate search for ways to "create new jobs" to distribute pittances to the workers and make handsome profits for the shareholders, however useless/harmful the product, provided only that its advertisers can persuade enough people to buy it.

The unthinking acceptance of the idea that we must seek "full employment" even in an age of advanced (and still advancing) automation, as our prime means of distributing incomes severely distorts thinking on related economic issues.

We **can** afford an adequate Basic Income, once our proposed transition period is over - and that need not take many years. We **can** both cut drastically our consumption of raw materials and energy, and at the same time maintain and improve our quality of life. Adequate Basic Incomes are essential for this, to free us **not** to go on producing for the sake of profits and wages, and instead to turn our attention to more worthwhile things.

Full Basic Incomes will have a profound effect on wage rates and differentials, and on what work is done. The number of unpaid "voluntary" jobs will probably increase, as increasingly, people will opt to do things for each other without payment; other work will be done for little financial reward, as its main rewards will be the same as for "voluntary" work: the interest, pleasure and satisfaction of doing it, and social approval. Other jobs now highly paid will attract no-one, as their undesirability will be apparent when the wage offered can be rejected without serious hardship; and average pay levels will probably fall, as the basic needs are met by BI. The extremes of wealth and poverty will be ironed out, as exploitartion becomes more difficult.

The whole of industry and commerce will become transformed, as the competitive pressures are removed and goods are redesigned for durability and ease of maintenance and repair; and the the huge waste of effort and resources on superfluous packaging and persuasive advertising will cease.

To pay for these Basic Incomes, taxation should progressively be shifted from earned incomes to unearned. CGR is an obvious candidate; so too is an immediate increase of tax on investments to match that on earned incomes - at present NI charges on employer and employee, which are additional to income tax, are not matched by any charge on other income. This should however be but a first step. Company payout taxes are proposed, as well as various others. Resource and pollution taxes could provide substantial amounts in the early years of a Green administration, though it is essential that their level be set to ensure conservation of resources and minimisation of pollution, and not to gain high tax-revenue.

Currently some 30-40% of government and local authority spending goes on paying interest, largely directly or indirectly to the creators of the money-supply: the banks. Our proposals on Community Credit will end this burden, so releasing that amount to spend on Basic Incomes, given the same level of taxes and government spending overall.

Margrit Kennedy, in her paper "Toward an Ecological Economy: Money, Land and Tax Reforms", lists examples of the hidden costs of interest charges: sewage costs 47%; rent in public housing 77%; water supply 38% (for Aachen, 1983). We **must** give serious attention to the question of usury, in its widest sense (including **all** "making money out of money") - examine its role in the development of the present mess - as also the question of money-creation and issue (vide Deryck Artingstall's paper) - and develop alternatives, if we are to develop a workable, sustainable, equitable economy.

Much discussion has taken place on the topic of inflation, and my concern has increased steadily that the term itself needs careful, critical scrutiny. Years ago the CPAG was pointing out that inflation hits the poor much worse than the better-off, because of the "basket of goods" chosen to measure it by, and the different rates of increase for those items of more importance to the poor. When Green production gets going, we will have dearer but far longer-lasting goods; if their longevity is not entered into the calculation, then we will be experiencing a falsely high "rate of inflation".

Another factor which must be allowed for is the "inflationary" effect of Government spending, the costs of which are not recovered by charging for the services directly, but by taxation, the costs of which then filter through into the prices of consumer goods and services. Resources taxes and pollution taxes will directly have this effect. Such "inflation" is **not** the result of "too much money", and attempts to counter it by "reducing the money supply" would be/are very damaging.

William Krehm, publisher of COMER Comment (newsletter of the Committee on Monetary and Economic Reform) suggests adopting the term "structural price rises" for such effects to distinguish them from "market inflation". Whatever term is chosen, unless the distinction is made, cogent thinking about "inflation" is impossible. Worst of all, perhaps, is the attempt to control inflation by raising interest rates; this itself causes inflation, or "structural price rises", most obviously in the cost of mortgages, but also as a hidden factor in all prices. Borrowers (i.e. most of the population) are squeezed, to the benefit of the rich lending-institutions and individuals.

This being said, abolition of usury should reduce the pressures toward inflation to negligible proportions.

Real GNP Creeps Up • Money GNP Crawls Up
Wages and Profits Struggle Up • Taxes Surge Up • Interest Explodes Up

The Bank of Canada's Phony War on Inflation

Inflation happens when money income (GNP) rises faster than real income (real GNP). As Figure 1 shows, from 1950 to 1987 real GNP in Canada rose from an index of 1 to 4.7. But money GNP rose from an index of 1 to 29 as the price level increased from 100 to 607 – so that it took about $6.07 in 1987 to buy what $1.00 would in 1950. Who caused the inflation? Every group that was able to raise its money income faster than real output could increase. People blame inflation on the "working man" because we paid out/received $31.90 in pay in 1987 for every $1.00 in 1950, when we were producing only $4.70 for every $1.00 then. Or people blame "big business" because Corporation profits before taxes were $21.80 in 1987 for every $1.00 in 1950. Nobody who knows the figures would blame Canadian farmers for inflation: they got only $4.30 in 1987 for every $1.00 in 1950 and are the only non-inflationary group in Canada!

But what of the Government and the Bankers -- the very groups who claim to hate inflation and who are going to make it stop if they have to kill somebody to do it? Read Figure 1 and weep. For every dollar the governments of Canada (Federal + Provincial + Local) collected in 1950 they collected $47.00 in 1987. Thus tax receipts increased ten times as much as real income did! And for every dollar in interest & miscellaneous investment income in 1950 Canadians paid/received $110.40 in 1987!! Indeed, the Canadian statistics understate the explosive growth of interest incomes since they lump together interest with slower growing dividends. Comparisons with U.S. figures suggest that Canadians are now paying $200 in interest for every $1.00 in 1950!

The Bank of Canada, as the chief engineer of the interest explosion, is the chief cause of the inflation it always pretends to be curing!!

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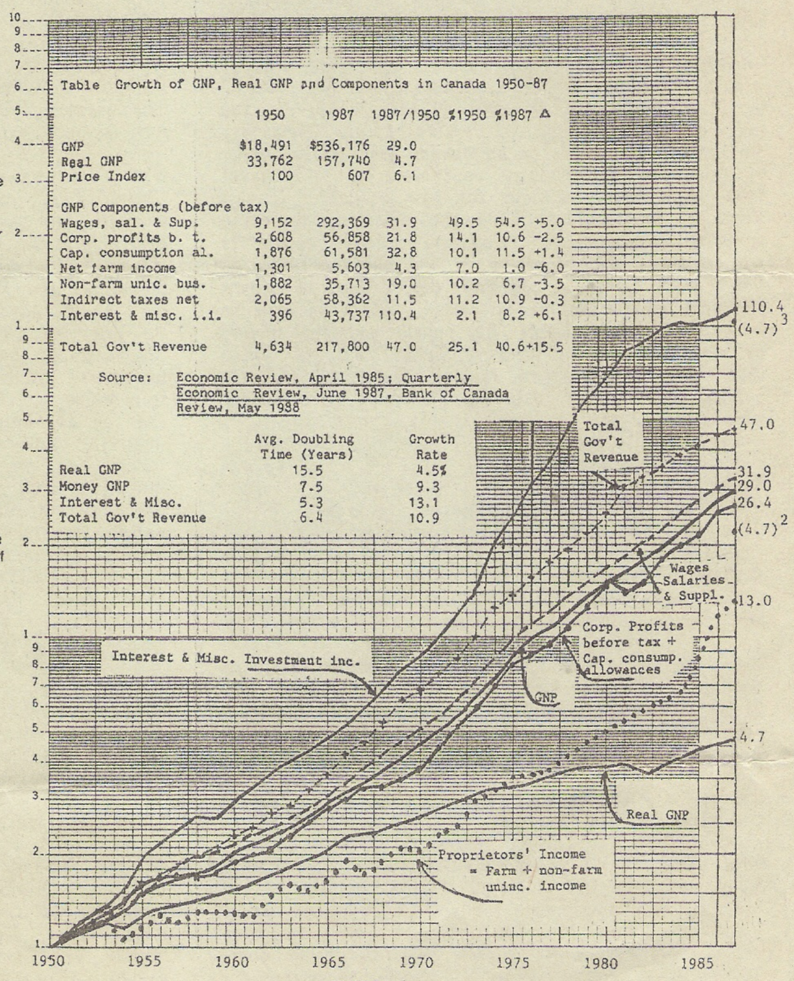

Table Growth of GNP, Real GNP and Components in Canada 1950-87

	1950	1987	1987/1950	%1950	%1987	Δ
GNP	$18,491	$536,176	29.0			
Real GNP	33,762	157,740	4.7			
Price Index	100	607	6.1			
GNP Components (before tax)						
Wages, sal. & Sup.	9,152	292,369	31.9	49.5	54.5	+5.0
Corp. profits b. t.	2,608	56,858	21.8	14.1	10.6	-2.5
Cap. consumption al.	1,876	61,581	32.8	10.1	11.5	+1.4
Net farm income	1,301	5,603	4.3	7.0	1.0	-6.0
Non-farm unic. bus.	1,882	35,713	19.0	10.2	6.7	-3.5
Indirect taxes net	2,065	58,362	11.5	11.2	10.9	-0.3
Interest & misc. i.i.	396	43,737	110.4	2.1	8.2	+6.1
Total Gov't Revenue	4,634	217,800	47.0	25.1	40.6	+15.5

Source: Economic Review, April 1985; Quarterly Economic Review, June 1987, Bank of Canada Review, May 1988

	Avg. Doubling Time (Years)	Growth Rate
Real GNP	15.5	4.5%
Money GNP	7.5	9.3
Interest & Misc.	5.3	13.1
Total Gov't Revenue	6.4	10.9

FIGURE 1

- Brian Leslie

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