

# **A Declaration of Independences**

**By Stephen C. Clark**

**Presented to:**

**Fifth Congress  
of  
United States Basic Income Guarantee Network  
Resources and Rights**

**In association with the Annual Meeting of:  
Eastern Economic Association  
February 24-26, 2006  
Philadelphia, Pennsylvania  
Loews Philadelphia Hotel**

## **A Declaration of Independences.**

Once upon a time in jolly old England, an “independence” was a steady source of income that one could count on through thick and thin. It was called an “independence” because that was what it gave one. While all were capable of saying yes to the array of opportunities that life offered, an “independence” immediately tripled the possible responses. A person with an independence had the power to utter the word “no” as well as its money enticing cousin, “maybe.” The independence bestowed bargaining power upon its recipient, enabling the “maybe” response until offers emerged that they liked. People with an ‘independence’ were free to set “life” some terms instead of vice versa. Their independence was their place to stand and their lever, they were free to move their world. There is no better definition of what we seek than this age old one from the shores of Albion.

We are gathered here in Philadelphia, almost 230 years after another congress of radical thinkers met, to map a plan to make these universal independences a reality. Our goal is simple, a Basic Income for Everyone. Our path is far from clear, but I think it is now incumbent on us to unite around a proposal that can be translated into law. For it to become law it must have broad public appeal. For people to make the evaluation on this novel and reality-altering tool, our program must be clear enough and specific enough for everyone to calculate how the program would affect them. That is my goal here, to put forth a plan with enough specificity and simplicity that people can calculate the net effect of the basic income and the taxes that fund it, while generating enough heart and soul to light a political fire.

Philadelphia, the city of brotherly love, was founded as the capital of the colony of Pennsylvania (Penn’s Forest). Pennsylvania was established as a refuge for the Quakers. The Quakers needed a safe place because after the English Civil War of the 1640’s they had adopted pacifism as a way of life, forswearing self-defense. The Quakers, and the other separatists, the Baptists and Seekers, had fought alongside Cromwell and his Puritans in their war with the English Monarchy. After the restoration of Charles II in the 1660’s, the Quakers sought to isolate themselves from the sectarian strife by withdrawing from the military struggle for freedom of conscience. The Quakers would refrain from answering physical assault, depending on God to work on the conscience of their attacker. Penn brought to fruition the Quakers’ dream of a safe haven from persecution and many other sects followed them here. Philadelphia became the lamp of liberty

unto the world, for all were free to worship and speak freely here. The outcast and the heretic were welcome.

What better place to hold our Congress than Philadelphia. What better place to further the struggle for freedom and justice in the world. What better place to transform a heresy into a real political movement.

### **A Common Path: Why USBIG**

I truly believe that the organization United States Basic Income Guarantee (USBIG) is the nascent stage of the next major political movement in the United States and the world. Its diversity is more than demographic; it's philosophical. In its moral structure it is large part "left", mutual aid, justice, fairness, equality, and liberty, but in its practical application it is also quite "right", efficiency, no bureaucracy, fairness, free markets, rewarding personal initiative, and based on liberty. Notice liberty and fairness fit into both left and right. While I'm sure both sides of the existing political spectrum feel their views address all these factors, USBIG places them into in a real world context. Most political believers feel they are correct in their assessments, but I ask everyone everywhere to take a good look at USBIG when they are thinking about their present and future lives, and the present and future lives of their children and their neighbors. Any group that can freely welcome the ideas of Milton Friedman's and Tom Paine is worth a look.

On a personal level, I've focused on USBIG because we are advocates of the only solution that addresses the problems with money; a continuing, equal cash grant to all participants in the economy. This solution is unique in several ways. It acts as economic compression; it pushes the existing economic distribution into a smaller space. Without disrupting the economic pecking order, it makes the distribution pattern contract. It replaces the zero position, now occupied by the majority of the world, by allowing an equal subsidy to all. It functions in the economy as both an "equal protection clause" and a guaranteed right to an economic vote at regular elections (purchases). This takes the notion of the "level playing field" from mythological construct to tangible reality. Regardless of the tax imposed, the basic income guarantee also has the characteristic that it leaves the average tax-payer unaffected. He or she pays exactly what they receive. But benefit is hardly limited to those who are "below average." The distribution of an equal amount of money to all people allows for the cultural heritage and the increment of

association to be approximated and paid. Every person in a market structure is made more productive by every other person's productivity. Our ability to specialize and trade with other specialists creates vast wealth that is not the rightful property of any one person. Our entire scientific and technological worlds rest upon an inherited foundation of the achievements of long dead generations. One does not have to deny the rights of the individual economic operator to acknowledge that society has a stake as well. Nor should one assume that a paternalistic bureaucracy is the only legitimate expression of this interest.

While I admire the Marginalist and Monetarist schools in economics, to whose dominance the whole world must now bow, they fall into great error when they say that economic benefit of production and exchange are fairly distributed under free trade. It says that labor will get compensation equal to their marginal product through open markets. This essentially says that monetary exchange is by its very nature meritocratic. This is pure and utter bull shit. There is no other polite way to say it. One's position on the economic ladder is a far greater determinant than one's marginal product in how well one is compensated.

I call the extreme form of this the "Esau effect." In the Bible, Jacob, who will later become Israel, and father of the twelve tribes, is jealous of the Birth Right that is the inheritance of his older brother Esau. He is cooking a big pot of soup when his brother Esau comes in starving from a long and unsuccessful hunting trip. Jacob offers him a bowl of porridge, but only in exchange for the sought after birthright. Esau sells, in a move I see as Biblical commentary on the free market.

When your brother is destitute, you can get anything from him. You can force him into humiliating and dangerous activities; you can buy his precious possessions, even up to his birthright. Any body that thinks the free market functions fairly for all might want to invest in some beachfront property in Nevada I'd like to show them. For the free market to function, for the exchanges we undertake with our fellow humans to be truly voluntary we must not be in threat of our very survival if the negotiations take a little while. I'm not necessarily talking strike fund here, this is at a far more fundamental level, and actually weakens the ostracizing power of organized labor as it makes it possible for a person to quit an intolerable or poorly paying job. It really makes every one an independent operator and establishes the fundamental relationships that bring us our food clothing and shelter on the sound basis of voluntary association.

In thinking about what USBIG is, I'm reminded of Abraham Lincoln and the formation of new political parties. The republicans formed after three generations of frustration and argument over the slavery issue. Lincoln's election didn't provoke a crisis; it simply brought a prolonged one to an end. I think we're at the end of one of those long crises now, and the two major parties are self-destructing due to their own internal contradictions. The only way to reconcile the party of Reconstruction and the party of Jim Crow is through corruption. It's all they have in common. On the other hand, you cannot provide food clothing and shelter through a bureaucracy, nor can you simultaneously support the corporate culture and the common person. If you try, you end up essentially mute. So one of the parties has to go, but it's not clear to me which. Each has a rich legacy to draw from and to rally round. Each could incorporate the basic income as a plank, but only if we find a way to apply significant pressure; electoral pressure on them.

## **My Current Proposal**

### **A Unifying Suggestion**

A Basic Income, shared equally among all citizens, funded as follows:

5% National Sales Tax  
1% National Property Tax  
15% National Income Tax  
No Exemptions, No Deductions

Local, State, and National Governments share equally, 1/3 each on a per capita basis

5% National Sales Tax  
1% National Property Tax  
15% National Income Tax  
No Exemptions, No Deductions

This would make the tax burden equal everywhere

10% National Sales Tax  
2% National Property Tax  
30% National Income Tax  
No Exemptions, No Deductions

This plan would provide universal economic security and unavoidable taxes.

The Basic Income cuts the legs out from under the twin monsters of the modern era: the rigged market known as capitalism, with privileged insiders reaping the benefits of trade, and the welfare state, with interest groups vying for special favors. Both beasts flush with bureaucrats, tax lawyers, deceptive accountants, and swindlers of all types taking their share off the top. We must eliminate tax avoidance and interest group politics. The flattest of tax system and a universal basic income are the tools to deliver the desired result. A blind tax system plus a blind subsidy system equals blind justice. The general interest will have a voice.

By introducing a triple flat tax on retail sales, real property values, and all income, eliminating all deductions, we at the very least double the tax base. Including all retail goods, food and other necessities, the sales tax revenue would skyrocket. Doing away with all personal deductions, and combining the income and payroll taxes that would treat all personal income equally would perhaps triple the money gain through this avenue. Though the sales tax would be flat in application, it would be very progressive in effect; the wealthy spend far more on all things, especially food.

By applying property and income tax equally across the country, with no differences between states or localities, tax shopping would cease. People would no longer be able to extort or bribe local or state officials to get a favor. Property and income tax would be unavoidable. The addition of all church and foundation properties would also be a big boost.

It would help to destroy the industry of aggressive accounting that is nothing more than professional prevarication. A simple universal income tax and accompanying corporate profit tax, along with the elimination of personal deductions would vastly increase the tax base and yield far greater revenues. Elimination of deductions for religious and charitable organizations would yield more. The poor and working poor will get an equal share of half of all revenues gathered, a far greater take than they would get by letting the status quo continue. Milton Friedman has often pointed out that most entitlements now go to the middle and upper middle class. I can also state somewhat categorically that most tax breaks of the current era go to the wealthy.

It would take out of contention 50% of the expenditures of all three levels of government, and most of what lobbyists now divert to their clients. By funneling all forms of special subsidies

into the universal human subsidy we can be assured this sum will be substantial enough to establish real economic independence.

This plan is proactive government in the most progressive tradition, the basic income (citizen's dividend) is to the economy as the vote is to politics, it is absolutely essential for the existence of any thing resembling economic freedom. It says that governments are instituted to protect the general welfare, and that at least half of those efforts should be in direct cash grants to the citizenry.

**Here is the coalition that I think USBIG should cultivate to begin the process, the chinks in the armor of America's two major parties?**

**The Democratic Left:** Our biggest impediment in reaching this political cohort is that many are public employees, many of whose jobs would be eliminated by a Basic Income Guarantee. For this group, we need to convince them that they would be much better off in the world with the Basic Income Dividend added to what they could earn in the private sector. I think a case could be made that there would be an immediate worldwide shortage of labor if everyone had a guaranteed basic income to spend on themselves. Opportunities would abound. There would no longer be any cashless ghettos, people would have money to spend on goods and services that these displaced civil servants could provide. Combined with the dividend they would receive, it would not take much income to make them better off than before.

**Main Street: The Small Business Owner:** Capitalism is not the free market I think most small business owners know this at some level. They understand that the game is rigged towards the big players, big corporations. The challenge to reaching the small business owner lies in demonstrating that they would be better off with the extra business opportunities that would arise from everybody having regular money to spend at their establishments and that they would also receive the value of the Basic Income Dividend. For a small business owner, this latter benefit is no small matter. If the business is seasonal, or takes a while to build, they and their families would not starve. It is clear that most businesses fail because the owners cannot

survive the two to five years it usually takes to get started. The Basic Income is the perfect business incubator. The shop holders must be helped to recognize that their natural interests lie with those less well off than themselves, rather than with those better off.

**Flat-Taxers:** I think USBIG should definitely wed itself to the concept of flat taxes, i.e. one rate for all, and expanding the tax base as far as possible. A flat tax with a Basic Income is automatically graduated, continuously (The value of an equal cash payment is personally more valuable to those with less money, and loses personal value as one goes up the wealth ladder). By taxing every dollar of income, from the first to the last, at exactly the same rate, every piece of private real estate at exactly the same rate, and every retail transaction at the same rate, with no exceptions and no deductions, we would vastly expand the tax base. We would also strike a blow against the tax avoidance and tax compliance industries, and give fewer opportunities for special interests to rig the system. This would appeal to large portions of the progressive wing of the Republican Party, and would render aggressive accounting mute.

**Religious peoples of every faith:** Justice, Fairness, need I say more. The sacred writings abound, and they are a common inheritance. No better quote to lead with than “Give us this day our Daily Bread.” I think the entire “left” misses the sincerity of people who believe in God, and the power of that sincerity attached to a cause. My favorite story from the Christian Bible in support of the BIG is the story of Zacchaeus. Zacchaeus is a tax collector that Jesus encounters on the road. Zacchaeus was up a tree to get a good look at this charismatic preacher, feeling unworthy to actually try to meet him. Jesus stops under the tree and informs Zacchaeus that he wishes to dine with him. This caused the crowd who was following Jesus to gasp. Tax collectors were of a poor reputation, and even Zacchaeus was surprised by Jesus’ proposal, but he readily accepts and takes Jesus to his house. During conversation Zacchaeus tells Jesus that half of all he gets he gives to the poor and that if he finds that he has defrauded anyone he recompenses them four fold. Jesus answers by pronouncing “Salvation” on Zacchaeus and his entire household. This is in sharp contrast to the advice Jesus had just given to a rich young man who had queried Jesus on

what he needed to do to lead a righteous life. Jesus had told him to sell all he had and give it to the poor. What is the source of these two completely different paths that Jesus lays out? Zacchaeus considered himself a lowly human involved in nasty day-to-day business, who was not worthy of being considered righteous, he was just concerned with being right. The rich young man, on the other hand, considered himself a quite justified follower of his religion, who lived in virtue, and followed the holy book. Perhaps the humble people trying to just do what is right by their fellow man are the essence of religion. Half to the common pot, divided equally, with none too righteous to give and none too proud to receive.

**The Radical Left and the Radical Right-**USBIG has the potential to bring together Barry Goldwater Republicans and Martin Luther King Democrats. This is the true manifestation of Lincoln's sobriquet "malice towards none, charity towards all." Bout sums it up.

**Libertarian Left and Libertarian Right-** Do-gooderism is a tough sell to the libertarian right, but doing good to everybody in exactly the same amount, including them, might peel them away from the notion that they were raised by wolves. The Libertarian Left, on the other hand, is USBIG's natural home.

**Real Social Security Reform-** The Social Security System is a lie wrapped in several myths. For almost seventy years the social security system ran a surplus by instituting one of the most regressive taxes ever instituted, the payroll tax. This was an income tax disguised as an insurance program. It taxed income up to a certain point, and then stopped. The income above this was exempt. The disguise as insurance was used to save recipients the stigma of the dole. I paid in, I deserve it, is the common conception. And for the amount they paid in they were right. They paid it. But where did the extra money go. It went into the general fund, and was spent just like every dollar that passed through, and alas the cupboard is perpetually bare, because we run a deficit. We must resolve the idiocy that was crafted into this program, and milked to its max by both sides of the political aisle, because we are part of a demographic bubble that will explode the scam of Social Security. The most viable resolution of the problems and contradictions of Social Security is the Basic Income. As

yet completely absent on the national political scene, making social security part of the solution is inevitable. Humans are most vulnerable when they are very young and very old. Society has a duty to help them through these difficult times, but by separating themselves out into a ghetto, where the interests of the old and young are pitted against the rest of us, they are marginalized. Only by seeking universal, positive, equal social security, will the coalition to support it be large enough. By joining all, we get the basic income as the level playing field in the body economic and the body politic. I can hope that others share my view that this is not the total of our commitment and responsibility to both the young and old, but if I were an older person or a child without family or political connection, I'd want every other person in my society fighting to maintain their own personal subsidy because I know I'll be getting the same thing. That is real social security.

**Family Farmers-** I think there are many family farmers in the mid-west and south who could be persuaded that a universal equal subsidy would be an improvement on the programs they have now. This type of subsidy automatically favors the small farmer, but not by penalizing the big farmer, just by treating everyone equally. By taking the same subsidy as the rest of society, family farmers will help initiate a program that would benefit not only the family farm, but the family grocery, the family blacksmith, the family professors, you name it, families are rewarded. Forty acres and a mule for everybody. A hundred and sixty acres and four mules for a family of four. Four thousand acres and a hundred mules for a family of a hundred. Without respect to race, religion, national origin, sexual orientation, gender, age, or general level of cussedness. People would be free to define their own families.

**Disaster relief-** What if every victim of Hurricane Katrina had a basic income. They would seamlessly be absorbed into America at large. Those with connections and means would seek appropriate lodgings elsewhere, either temporary or permanent as they please. Those with limited means would seek family, or a place in America where the Basic Income would go a long way. Whether the BI is considered temporary walking around money until the new job kicks in, or necessary food and shelter for your family, the community into which you move will prosper by the

extra money that is spent there. There would be no need for emergency camps, almost every one knows how to rent an apartment, and they could rent where housing is plentiful and cheap. And it's not just the local landlords who would benefit; local shop keepers would as well. People would not smell like three-day old fish to their families or other locals, they'd be contributors and customers. To use a little jargon from regional economics, every person becomes a basic industry, because they will be receiving money from an external source, and their dollars will circulate and pump up the local economy, expanding opportunity for all. Communities throughout the land will seek residents, but they will not be able to use tax inducements to attract them, because we put in those prescient national flat taxes, they will have to attract them with quality of life. Because it will not just be the victims of a hurricane that will have the opportunity to relocate, it will be every person in America, or the world if you will. The migrations will be orderly and rational, because the process is based on mutual benefit, and the fact that they someday wish to share in the property rights they support. The immigrants will go to places that give them a chance of the same life as the locals. The neglected places will flourish because people will be able to go there and trade with those who are already there, they will build huge local economies that rival the greatest civilizations of all time in their generosity and learning, and become local big wheels if they work hard. The Small town will be restored, not just in the prairie and the rural south, but small communities could spring up everywhere, even in the middle of the biggest city. The increment of association is huge, swamping all other economic influences in significance. When all the human operators in the economy are free to trade without fear, the human bounty created will dwarf what we now laughingly call capital.

### **How will establishing a Universal Basic Income affect people?**

**The poor:** They will be the most helped, but not necessarily the biggest winners. A steady stream of cash will completely alter the lives of those who do not have gainful employment. A lifeboat with predictable dimensions and stability will allow them a safe platform from which to actively bargain for a fair share of our product. No caseworker, no required classes, no reduction or loss of income for working. With a guaranteed basic income they would have the flexibility to enter the labor market on their own

terms. Some people cannot work for hire because they have family responsibilities, or illness or any number of other reasons. And there are some who would not work, and they would just free ride. While I think this group of free riders would have high turnover, that is I believe that almost all people would eventually seek meaningful employment, be it for pay or not, over idleness. Almost all people will work to improve their lot, and people in this group will be no different. Their cost is small, in relation to the benefit.

**The working poor:** A great helping hand to a group that gets virtually nothing from the social safety net at this juncture. This is the group who I think will be the biggest winners. The parents in these families have already demonstrated a work ethic, and that ethic will continue, except that now they will have a leg-up instead of a door slammed in their face. While their net gain is significant their contributions will be significant as well, increasing as their incomes increase. This will be the largest group and will actually contribute most of the tax revenues due to their large numbers. They will become the lower middle class. This will demonstrate through their revenue generating ability that the ruling class may not be as necessary as previously thought.

**The Middle Class:** This group will be paying out about exactly what they are receiving on the basic income. A push, basic income and taxes equal out. Whether they are small shop keepers, professionals, management, or sales people they will be sitting on top of a huge labor market with the best jobs and the highest wages, and their customer base will be exploding.

**Upper Middle:** Basic Income covers a portion of their tax bills but the program leaves them less well off than before. The best that could be said for them is that their life insurance requirements will be lower because their families would be beneficiaries of the basic income. All professions would be swamped with customers, and as the acmes of the professional classes, they will be bumped up as well.

**Wealthy:** The Basic Income is Insignificant. Although I think the tax rates reasonable and not confiscatory, they will be resisted here. It might be a reach, but an economy transforming itself from a corporate controlled façade of insider privilege to a market that provides food clothing and shelter to everyone on earth might have a few opportunities to make a buck or two. Investment follows money. Investing will pay to those who find and serve these new markets that will be created.

**The Rich:** Will be mortified, because their lock on the warehouse will be broken and the peoples of the earth can feed, cloth, and shelter each other without their permission. I think many of them will declare jihad. They basically hold all the keys, especially the key of keys, money. Capitalism is nothing more than the creative use of gates, and who or what can pass through those gates. Money, under the current regime, is the main impediment to free and mutually beneficial trade amongst the peoples of the earth. The classic choice of whether to live as servants in paradise or rulers in hell certainly comes to mind when conceptualizing these issues.

**The winners:** All classes except the rich, and I think they would actually be better off in a world where they couldn't starve someone to death for failing to bring their tea on time, or what ever else they wish to use the poor for.

**The losers:** Tax lawyers, tax accountants, government bureaucrats, the foundation industry, churches, the rich, subsidized farmers, but all would be compensated at exactly the same rate as everybody else. And isn't that really more fair.

This plan for a Basic Income Guarantee and a restructuring of taxation acknowledges that our once fair land has turned into a rotting potato field of tax dodging hogs at the government trough, aggressive accountants whose function is to conceal, lobbyists currying favor for their clients, local governments being extorted into tax give always to the wealthiest among us, indeed the only people who still have to pay taxes are the least well to do, because taxes have not been just lowered, they have been made completely avoidable to those who have the means to hire a professional liar, or as they are politely called, accountants.

This proposal is an attempt to establish a simple plan in which every person can place themselves and calculate their costs and benefits with precision. Flat taxes, flat benefit.

## **BIEN and USBIG**

I first came to USBIG through BIEN, Basic Income European Network (now, Basic Income Earth Network). Both organizations originated at the crossroads of academia and activism, seeking a better path out of the economically inspired nightmare that many people feel traps us in the modern world. How can we reconcile unsurpassed wealth living side by side with unsurpassed poverty? From Bob Dylan quoting Brazilian Senator

Eduardo Suplicy, who seeks a just economy for his country, to Teresa Funicello, who advocates for a care-giver credit to aid mothers, and others who must forego paying work to care for a loved one, to Jeffrey Smith of Geonomics, a powerful advocate of the ideas of Henry George and a few of his own, to our unofficial, though completely acknowledged leader, Karl Widerquist, Oxford doctoral candidate and notorious guitarista, who with Eri Noguchi, Michael Lewis, Al Sheahan, Bob Harris, Almaz Zelleke, Steve Shaferman, Fred Block, and Charles Clark, have put on a series of great conferences, with a fruitful commingling of ideas and attitudes. These conferences, the USBIG web site and publications, and the network they form are what now constitute the United States Basic Income Guarantee Network.

Both BIEN and USBIG are evolving coalitions who all share the belief that an equal, universal grant of cash is an improvement to the piece meal method (trying to treat each problem, every hazard and emergency we face as a special situation) and the accompanying bureaucracies that we employ to dole out favors. It applies the real principles of “insurance” and risk avoidance to the economy at large.

### **USBIG History and Overview**

We held our first conference in March of 2002 in New York City. I think this was propitious. A group of people coalesced around a hope for a better world in the face of horrific tragedy. Our mood was serious and focused. I think we all sensed that the issues with which we were grappling were at the core of the root causes of 9/11. Crushing, unending poverty in this time of great wealth and achievement is violence, and the violence will not end until that situation is remedied. While our conference was an expression of solidarity and sympathy with New York, I think it was more; it was a door opening in America, a door to a better future.

Our first conclave was held at the Graduate Center of the City University of New York in Manhattan. It was sponsored by several grants and participant fees. We have since piggy-backed on the Eastern Economic Association’s annual conference, and have thus maintained our self sustaining independence, a truly unique mix of scholarly inquiry, passionate advocacy, and philosophical discourse.

### **My Participation**

USBIG is the best thing that ever happened to me. It allowed me the opportunity to put my ideas in front of people, and

for that matter, a great diversity of people. While a great deal of my thought centers around the reform of money USBIG is not a monetary reform group per se, but come together around the shared notion that a universal basic income, citizen's dividend, is a good idea. I've run my monetary ideas up the USBIG flagpole a couple of times and nobody has particularly saluted, they waved and gave me a spot to plant my own flag but they do not consider the monetary reform notions I am putting forward to be the answer. Funding a Basic Income through a deteriorating currency has won no converts. So to get back in the process and the thick of the discussion I am taking the closest position to my ideal that is based on completely conventional methods. Income, property, and sales are all taxed daily in locations all around the world. Deteriorating money is perhaps a bit of a novel method to propel the giant leap to a Basic Income. The Basic Income itself is still a bit novel, but I think USBIG is well on the road to changing that.

If you've read this far I thank you. I am reachable for comment or discussion at [fortunatus@jaspersbox.com](mailto:fortunatus@jaspersbox.com).