

National Sales Tax: Making a Basic Income Guarantee Palatable to the Powerful.
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People who have the power to make changes in our economic system are people who have succeeded under it and thus are biased against change. The idea of paying a guaranteed basic income to everyone conjures up a knee-jerk cry of communism in most financially successful people, who generally are particularly loathe to consider any plan that might distribute their wealth away from themselves to anyone else. Their rationale, of course, is that they worked for and deserve their wealth, while people who aren't wealthy don't deserve to be wealthy. If we cannot get powerful people to think about basic changes in our financial system, there is very little hope for change occurring by peaceful means.

However, one aspect of our present system is distasteful to the powerful: graduated income tax. The successful generally resent working hard only to be required to pay a higher proportion of their income for taxes. Many successful people would prefer a flat income tax. Even better would be a national sales tax, which not only does not penalize work, but also drastically reduces paperwork and has a more voluntary nature than income tax.

A flat income tax or a substantial national sales tax would, by themselves, present a disproportionate burden to the poor, whose income is spent mainly on necessities and who are less able to shoulder taxes than the wealthy. One solution is to reimburse taxes of the poor to a level compatible with basic existence. There are two drawbacks to providing the basic income only to the poor, however. One is that denying the basic income to the wealthy penalizes work. Another is that a paperwork scenario as ugly as our present income tax/welfare system would result from trying to determine who is poor enough to merit the basic income.

Therefore, we propose that the basic income be paid to everyone, regardless of income: \$200 every time you pass Go, no matter how much you make on Park Avenue! We believe that this coupling maximizes both security and free enterprise, and that advocacy of basic guaranteed income will be more effective if broached through advocacy of such tax reform.

To attempt to gain some insight into people's reactions to these ideas, we surveyed members of a freshman-level cell biology course at the University of Buffalo. Students were offered the incentive of a bonus point if they responded to the survey. No discussion of the ideas took place outside of the survey itself.

The 384 students in the class were alphabetically assigned to one of four groups of 96. Students in each group were e-mailed through university e-mail the following instructions along with one of four questions as follows.

“To earn one bonus point (regardless of the answers you give), do the following before Tuesday, Jan. 24.

1. Highlight the question below and click “reply” to this e-mail so you will be sending me a copy of the question you were asked. Then type your response following each of the three questions.
2. Type your name last name, first name. _____
3. Have you taken evolutionary biology? TYPE “yes” or “no” _____ and your grade: _____
4. Have you taken first-semester college chemistry? TYPE “yes” or “no” _____ and your grade: _____
5. *(At this point one of the following four questions was inserted into the survey.)*
 - a. Do you approve of the idea of the government paying every person in this country a guaranteed basic income sufficient to provide for a decent standard of living?
 - b. Do you approve of the idea of abolishing the graduated income tax and replacing it with a national income tax?
 - c. Do you approve of the idea of the government paying every person in this country a guaranteed basic income sufficient to provide for a decent standard of living, and funding this program through a national sales tax that replaces graduated income tax?
 - d. Do you approve of the idea of abolishing the graduated income tax and replacing it with a national sales tax, and ensuring that this does not place an undue burden on the poor by the government paying every person in this country a guaranteed basic income sufficient to provide for a decent standard of living?

TYPE a number from 1 (indicating maximal approval) to 5 (indicating maximal disapproval)_____. Briefly type in your reasoning here:

6. Send.”

Results were then tallied to try to test the hypothesis that receptivity to the basic income idea is improved by prefacing its presentation with an introduction to the idea of a national sales tax, as in question (d). There were many problems (discussed below) with the study which precluded a clear acceptance or rejection of our hypothesis. Nevertheless, the results were interesting to consider, especially with respect to the reasoning written in by the students.

First of all, it was clear from the responses that very few students really understood what was being asked. For question (a), (c), and (d), the vast majority simply equated basic income with communism and asserted that if everyone were paid the same amount there will be no incentive to do well. Only a few understood the idea that everyone would get the same amount to start with and that they then could earn as much as they wanted and were able in a purely capitalistic way. In fact, the system as we see it offers MORE incentive to work than the system that is presently in force in the United States, in which welfare recipients lose their money if they start working, and in which hard work and financial success are penalized by higher income brackets.

Although a distaste for communism appeared to be the strongest reaction noted, there were some students who indicated compassion for the down-and-out and favored a basic income. These students indicated that a basic income would create a more humane and/or peaceful world. Although this issue was not rigorously examined, an attitude sympathetic to a basic income may have been more prevalent in students whose last names suggested that they were international students, these being quite common in UB science programs.

Much more common than scores of 1 or 5, however, for responses to questions regarding basic income were scores of 3. Students often wrote in that they didn't know much about this and didn't feel they could make an informed decision.

Question (b) had an error in it. We meant to measure the students' assessment of the desirability of replacing graduated income tax with a national SALES tax, not a national income tax. Only a couple of students read carefully enough to notice that error; that handful or less of students discussed whether the federal or state governments should levy taxes. The more common response to this question was an assertion or indication that the student didn't know what graduated income tax is and/or understood nothing about taxes. In contrast, a few exceptional students assumed that we MEANT replacing graduated income tax with a national sales tax. The latter seemed to be students well-versed in economic theory. Many of these pointed out that a sales tax without a graduated income tax would be unfair to the poor, as is perfectly true, this question having deleted any mention of basic income. At the other extreme were students who favored abolishing the graduated sales tax because it is difficult to administer fairly or a waste of time or unfair to the successful. One student even proposed, although nothing about basic income had been mentioned in his question, that the national sales tax would work well if accompanied by a minimal stipend for the sake of citizens unable to work. I think we have a potential supporter for our cause!

Questions (c) and (d) seemed to yield fairly similar results. As for all the other questions, responses were mainly 3's. Most comments again indicated that the student didn't know or care much about economics and wasn't inclined to think that making big changes in our system was worth the trouble and risk. There were a few students who stated that the idea seemed perfect, and if it could work, they would support it. Many felt that it would be too costly, however, or was too idealistic to work.

We did not see the big improvement that we had hoped for in receptivity based on prefacing our ideas with the abolition of graduated income tax. However, we believe there are several explanations for that such that our original hypothesis is not disproven. First of all, quite unlike normal discussions, these students were coerced into reading through to the end of the question so they could get their bonus point. Normally, we have no way to bribe people to listen to us! Secondly, the two components of the question were addressed in such close proximity to another that it probably mattered little whether basic income was mentioned in the phrase before national sales tax or whether national sales tax was mentioned first. In fact, making the latter part of the sentence the more attractive part may have left a better impression of the question in the student's mind.

One striking feature of this survey is that the respondents are not a typical slice of Americana. These are people who are planning to be health care professionals or scientists. They believe in the American Dream and are anticipating that they will be winners in the present system, making them understandably afraid to change it.

At the same time, the respondents were for the most part very young, most of them being 18 or a few years older. Their overwhelming opinion seemed to be that they had no opinion.

These students are destined to be some of the more successful and influential citizens of tomorrow. They indicated a tendency to believe that whatever system is in power now is probably the best one. However, they also indicated that they have thought little about economics and are not yet set in their opinions. In fact, choice 3 (neither agree nor disagree) was the most common response to all the questions: (a), (b), (c), and (d). We are interested in carrying out on a subsequent class a survey in which the concept of basic income is posed more clearly. In the present study, we had been hoping to avoid biasing responses by minimizing discussion of the concepts, but it appears we went too far!