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A Basic Income Grant and a Sustainable Future

by

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Sustainability is the emerging 21st century imperative. In the 21st century the industrial demand for more, an unconditional evermore will become a sustainable call for enough, and for economic growth that means ecological improvement, not ecological destruction. Sustainability is the ability of future generations to have opportunities broadly similar to those we enjoy today. It rests upon the well being of the inextricably linked human and natural worlds.

Sustainability is the path from a self-destructive industrial present to a prosperous ecological future. Central for attaining sustainability is for economic growth to mean ecological improvement, not ecological destruction. The movement toward sustainability is an unanticipated, positive externality of an industrial market that has cared, above all, for profit and little for ecological and social consequences.

A Basic Income Grant (BIG) or Negative Income Tax (NIT) in the 21st Century is an important part of an ecological turn. The BIG or NIT is a sign of necessary things to come. It is more than a social welfare or aggregate demand maintenance measure. A 21st century BIG or NIT can become a key social and economic support for a sustainable social order. In a sustainable society, the pursuit of human ends, separated

from the monetary and material, replaces the maximization of consumption and production as the center of our lives.

Sustainability is a choice we will not be able to avoid. Sustainability in the 21st century is being imposed upon humanity by the interactive effects of global climatic change, an industrializing population climbing toward nine billion, deforestation and habitat destruction, and by deepening ecological crisis driven by pollution, depletion and ecological damage.

A sustainable world is not a recipe for stasis. It is a guide to the healthy co-evolution of interdependent social and natural ecologies. The health of living ecosystems is an inextricable part of human well being and prosperity.

Getting the price mechanism right through ecological taxation is key, in my view, for the market system to send signals for sustainability. Otherwise we are rolling the stone uphill. A BIG or NIT represents a necessary concomitant to the price mechanism. We shall not have sustainability without existential security or without justice or without a turn from the heedless acquisitiveness of industrial civilization. A BIG or NIT is a crucial step toward these ends.

Sustainability may be measured by, but decidedly not reduced to, the ability of the living world to perform so-called eco-system or environmental services--providing clean air, water, stable climate, detoxifying industrial toxins, and yielding sufficient food, fuels, building materials et. al.

For non-renewable resources, for example, oil, a sustainability strategy will be to replace oil with renewables, for example, bio-diesel, at a sufficient rate of speed to both

meet current needs and to obviate the negative effects of pollution and ecological damage.

Sustainability is decidedly qualitative as well as quantitative in nature. There is the straw that breaks the camel's back. Living systems, from our local pond to our earth's eco-sphere, are conditioned and maintained within a sustainable range hospitable to our lives by complex and interactive feedback loops that brings sustainable order out of chaos. We degrade ecosystems or exceed their carrying capacity, their ability to withstand insult, at our peril.

Sustainability, at bottom, is a matter not for experts, but for democratic decisions.

The Alternative to Sustainability

The alternative to the aggressive pursuit of sustainability is a world of intensifying resources wars, famine, epidemics, mass migrations of the desperate, failed economies, failed states, drastic climate change, and ultimately collapse.

In New Hampshire, where I live, people used to have betting pools on the day for ice out on Lake Winnepesaukee where winter ice was normally 12 to 18 inches. This year people can bet on ice in. The Lake has not frozen completely over (Daily, 2006).ⁱ Something is happening and you know what it is--even if President Bush dares not speak its name.

While politicians dither, economics leads us to do good and well. Hybrid cars are a hot commodity (Nauman, 2006).ⁱⁱ Austria gets nearly 70% of domestically produced power from renewables (Strauss, 2006).ⁱⁱⁱ Europe, smarting from constrained Russian gas supplies is moving toward bio-fuels (European Commission, 2006).^{iv} Even George Bush finds it political efficacious to talk about oil addiction and alternative fuels in his State of the Union (Holland, 2006).^v

It should be no surprise that in the quarter following Katrina, as gas prices increased 50% at the pump, sales of the Ford Explorer, the leading SUV, fell 50% (Detroit, 2005).^{vi} Ford is on the ropes, closing factories (Washington, 2005).^{vii} Toyota and Honda are ascendant, albeit still far from sustainable in their conduct (Freeman, 2005).^{viii}

How many more Class 5 hurricanes need to batter the Gulf Coast? (Dreifus, 2006)^{ix}

How many more times can we cut back days of fishing effort in the Gulf of Maine? (Cape, 2006) ^x.

A sustainable market economy is not an oxymoron. Information, the trade in electrons, whether as computer programs, entertainment, data, genetic code, design and production details is the high profit center for the 21st century.

Our future must be shaped by an economy based on a zero waste, zero toxins, global recycling and reuse, renewable energy, and sustainable organic inputs, ultimately for information based nanotech production.

As an energy consultant, I'm working, for example, on wind hedges, financial agreements between energy users and wind developers that offer developers a steady

source of income and users stable long-term energy prices. It's \$60 and \$70 a barrel oil and dollar a therm natural gas that will make the turbines spin and can democratize sustainable energy project finance (RMA, 2005).^{xi}

Our challenge is less technological than social. We need, above all, market rules that make what is polluting more expensive and let the price system do its job. We should phase out all income taxes and phase in ecological consumption taxes on all goods and services (Morrison 2003,2006).^{xii} What's polluting will cost more and be forced from the market. Sustainability, at bottom, means doing good and doing well.

A BIG or NIT in the transformation to sustainability can provide necessary existential security that will help condition economic and social behavior for sustainable ends-- away from the pursuit of an acquisitive *more* to a sustainable *enough*.

Google and the Internet have quickly become mainstays of our lives. Exxon Mobil can soon become a fading memory from the age of pollution.

The Power of Small Changes

Small changes can have enormous effect.

What is startling about the behavior of complex systems, whether global ecosystems or global economy or the connection between the two, is that small changes or the cumulative effects of small changes, can have enormous impacts for better or for worse (Gribbin, 2004).

The bad news is that the consequences of the myriad daily acts of pollution, depletion, and ecological damage have moved our industrial civilization toward ecological crisis and catastrophic global climate change. The good news is that the

impact of myriad daily production and consumption decisions altered by democratically wrought, new market rules making what is polluting, depleting, and ecologically damaging more expensive will dramatically change behavior and have salutary and potentially saving global ecological effects.

Human social behavior is clearly a crucial component in the feedback loops that are moving global climate dynamics toward catastrophe. Increased anthropogenic emissions of greenhouse gases--carbon dioxide, methane, CFCs and halogens-- unless dramatically reduced will eventually catastrophically alter global climate. And if human social behavior is cause, we have the chance, and, of course, the responsibility, to change our behavior to alter the feedback loops from potentiating to inhibiting catastrophic climate change. It is fashionable to say that it is too late or that the task is beyond us to transform the conduct of the industrial leviathan. We often find ourselves in the position of a person who has lost faith in the divine, but believes, nonetheless, in the existence of evil.

But, in fact, if the study of chaotic dynamics teach us anything is that small changes can have dramatic effects.^{xiii} And what seem, in comparison, small changes, the establishment of new ecological market rules, with supporting features such as a Basic Income Grant (BIG) or a Negative Income Tax (NIT), can have enormous effects upon both human behavior and the planet's ecosphere.

The Four Aspects of an Ecological Turn

The adoption of an ecological consumption tax system to replace income taxes and make the price system work for ecological ends is crucial, the *sine qua non* of an ecological turn. But it is not the only social policy necessary for its success.

We cannot build a sustainable world amidst poverty and desperation. There can be no thriving isolated ecological islands in a world of misery. We cannot build a sustainable world without peace, and we cannot have peace without justice.

These seem daunting tasks. Yet, like the pursuit of ecological market rules, they can be successfully pursued through the application of democratic means and straightforward policies that energize positive feedback forces. These policies represent an extension of already existing trends. What is needed is further political action and organizing. More than anything, we suffer from a crisis of the imagination. But the interactive elements that can be drawn together to support and drive the ecological turn are nearly at hand.

Three further basic policies, in addition to ecological taxation, are needed to help support and reinforce an ecological transformation and the building of a sustainable world: (Morrison 2003, 2006)

- A Basic Income Grant (BIG) or Negative Income Tax (NIT).

A BIG or NIT will not only compensate for the regressive nature of consumption taxes, but help end poverty and transform our expectations from a ceaseless industrial demand for *more*, to the sustainable satisfaction of *enough*.

- A National Trust for Investment in Community, Sustainability and Jobs. Capitalized by ongoing annual federal contributions (e.g. \$50-100 billion a year), a democratically controlled National Trust banking system will prime the economic pump for sustainability investment.

- The Development of Democratic Continental Unions of Nations.

These Unions will replace the 19th -20th century nation-state as primary global form with sufficient scale to deal successfully with global issues and at the same time be the manifestation of a global peace system to replace the current war system. This is

a logical extension of the global spread of democracy and the economic and political integration of economies and trading regimes.

The BIG or NIT

The BIG or NIT is not merely a positive end in itself. For the ecological turn it is a key part of the political agreement to transform an income tax system to an ecological consumption tax system.

An ecological tax system should be an attraction for the businesses and organizations of the Information Economy. The self-interests of comparatively low polluting businesses can be enlisted to support the abolition of income taxation and help serve as an effective countervailing force to the power of the big polluters.

But what about working people and their unions? Consumption taxes are by their nature regressive, at least in the short run. Most American families spend all or almost all of their income. The current U.S. national savings rate is actually negative. Consumption growth is financed by debt. Only the very well to do in the U.S. are big savers.

A BIG or NIT is key to the political viability of an ecological tax system. A BIG or NIT is the price needed to be paid by high income individuals and businesses that will benefit mightily from the abolition of the income tax. A BIG or NIT will end poverty, lifting the poorest above the poverty line and the working poor to a liveable wage. This is the *quid pro quo* for phasing out income taxation as an ecological tax system is phased in.

At the same time, an ecological tax system, by phasing out regressive social security taxes to be replaced by revenue from ecological taxes, will lighten the tax burden upon most working people. For example, in Germany since 2001 Eco Fuel taxes have been successfully used to reduce not just German carbon dioxide emissions six to seven percent in the transport sector, but provided payments to reduce the rate of total pension contributions 1.7% by funding the German federal subsidy to pension insurance institutions to pay for non-defined benefits. As a result, at 17% (Europe's highest), Germany's social insurance payments are now 1.7% lower than it would have been. (Green budget 2005) ^{xiv}

The BIG or NIT as part of a comprehensive ecological turn should encompass not just familiar necessities like food, shelter, and fuel, but be focused on a guarantee of

existential security which includes the ability to be informed and to participate as an active citizen in a democracy.

The socially provided, non-monetized aspects of a BIG or NIT should include Internet access, use of mass transport, lifetime education and training and health care.

Wealth and well being in an ecological society need be judged not by trinkets, but by time well spent, by pursuits beyond more work for more consumption. The BIG or NIT does not mandate social behavior. It potentiates change and provides space for choice of new lifeways . I suggest that a BIG or NIT be considered a lifetime citizenship right obtained by the young in exchange for fulfilling the responsibility for one to two years of community service (in work applicable to people of all abilities), and granted to those over 25 or 30 in recognition of their social commitments and in exchange for defined amounts of future service.

Performing such service and eligibility for the BIG and NIT and lifetime existential security should not be mandatory, but should become a basic right of passage for almost all young people.

Fundamentally, a BIG or NIT will provide people in the 21st century the basic opportunity to lie modestly, but well.

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End Notes

ⁱ No ice on Winnepausaukee:

Thursday, January 26, 2006 "Waiting for ice on NH lake like watching pot boil ..."
http://www.dailyhampshiregazette.com/storytmp.cfm?id_no=12600792006

ⁱⁱ Hybrid cars

Americans have bought more than 170000 hybrid vehicles this year, and the boom continues as sales ...

2006 hybrid buyers guide. By Matt Nauman. Mercury News.

www.mercurynews.com/mld/mercurynews/

ⁱⁱⁱ Austria biofuels:

Delphne Strauss, "Austria Puts it's energy into plant power" *Financial Times* 1/30/06.
 Page 6.

"In 2003 nearly 70 percent of Austria's domestically produced power came from renewable sources."

^{iv} European Commission plans biomass, biofuels action plan:

http://europa.eu.int/comm/energy/res/biomass_action_plan/index_en.htm.

The European Commission has proposed a biomass and biofuels action plan and hopes members will do more for alternative energy. The Commission in December adopted a detailed action plan to increase the use of energy from forestry, agriculture and waste materials. Andris Piebalgs, Commissioner for Energy, said, "This plan will reduce Europe's dependence on imported energy, cut greenhouse gas emissions, protect jobs in rural areas and extend the EU's technological leadership in these sectors." The plan has more than 20 pieces, most of which will start to be implemented in 2006. The commission also adopted a report on different support schemes of electricity from renewable energy sources and said governments need to step up efforts to cooperate and to remove administrative barriers for green electricity.

^v Steve Holland, "Bush says US must kick the oil habit." Washington (Reuters)

1/ 31/06.

news.yahoo.com/s/nm/20060201/pl_nm/bush_speech_dc - 51k - Feb 1, 2006 -

"President Bush said on Tuesday "America is addicted ..."

^{vi} SUV Sales

"Auto sales hit 7-year low "- Detroit News 11/02/05

www.detnews.com/2005/autosinsider/0511/02/A01-369542.htm - 17k -

"The Ford Explorer was down 59 percent. GM suffered a 30 percent drop in truck ... So far this year, GM's fleet sales account for a quarter of the total. ..."

^{vii} "Ford to Cut 14 Plants and Up to 30,000 Jobs", *Washington Post*, 1/23/06.

www.washingtonpost.com/wp-dyn/content/article/2006/01/23/AR2006012300339.html

"Ford Motor Co. yesterday detailed a sweeping restructuring plan that would shut 14 factories and eliminate as many as 30000 jobs, or nearly a quarter of its ..."

^{viii} Sholnn. Freeman, " GM, Ford to Shift Production to Cars". *Washington Post* .Friday, 12/ 2/ 2005; Page D01
<http://www.washingtonpost.com/wpdyn/content/article/2005/12/01/AR2005120100737.html>

"Sales of all new vehicles in the United States were off 2.8 percent in November from a year ago, with Detroit automakers bearing the brunt of the industry slowdown, according to Autodata Corp. Sales of some SUVs were off more than 50 percent from last year. Meanwhile, U.S. sales by Toyota Motor Corp. and Honda Motor Co. continued to surge...."

The sales spiral of the Ford Explorer demonstrates consumers' shifting tastes. It was once one of the nation's most popular vehicles, but Ford sold fewer than 12,000 last month, a 52 percent drop from November 2004.

At the height of the SUV boom in 2002, Ford routinely sold 25,000 to 40,000 Explorers a month.

Ford is looking to offset the weakness in trucks with more sales of passenger cars, including the Ford Fusion and Lincoln Zephyr.

^{ix} Hurricanes and Global warming

Claudia Dreifus, "A Conversation with Kerry Emanuel: With Findings on Storms, Centrist Recasts Warming Debate " *NY Times*, 1/10/2006
<http://www.nytimes.com/2006/01/10/science/10conv.html?ei=5090&en=d2fde8dc2e248fb4&ex=1294549200&partner=rssuserland&emc=rss&pagewanted=all>

"For decades, Kerry Emanuel, the meteorologist and hurricane specialist from the Massachusetts Institute of Technology, was known as a cautious centrist on questions of global warming and hurricane ferocity.

Professor Emanuel asserted often that no firm link had been established between warming and the intensity and frequency of hurricanes.

But in August, two weeks before Hurricane Katrina struck the Gulf Coast, Professor Emanuel wrote in the journal *Nature* that he had discovered statistical evidence that hurricanes were indeed affected by global warming. He linked the increased intensity of storms to the heating of the oceans.

"His paper has had a fantastic impact on the policy debate," said Stephen Schneider, a climatologist at Stanford. "Emanuel's this conservative, apolitical guy, and he's saying, 'Global warming is real.' "

"Katrina, Rita, Hurricanes, Global Warming: What's going on? " Z-Facts
<http://zFacts.com/p/49.html>

"With Wilma, 2005 ties 1933 for the year with the most (21) named storms (going back to 1851). The difference is that 1933 had no category 4 or 5 storms while 2005 had two category 4's and three category 5's—an all-time record for 5's. What's going on?"

The Increase In Hurricane Strength is World-Wide

Partly it may be bad luck and partly it's a predictable, decades-long Atlantic hurricane cycle. But that does not mean global warming isn't part of it. The recent Science article found a similar increase in Cat. 4 & 5 hurricanes in all six hurricane basins worldwide. That's not from the Atlantic cycle, and it's very unlikely to be just bad luck.

To say how much impact global warming is having, two questions must be answered.

- How much has human activity warmed tropical oceans?
- How much does hurricane destructiveness increase per degree of warming?

Human-Caused Warming Has Been Very Slight

The consensus is that tropical oceans are about 0.5° C (slightly less than 1° F) warmer. This is so little that computer models of hurricanes predict only a very slight increase in hurricane power.

But Hurricane's Are Very Sensitive to Tropical Sea Temperature

That's where the Dr. Kerry Emanuel's Nature article comes in. He did not look for global warming; he just looked at how hurricane power has related to tropical sea temperature for the last 61 years. His data show the computer models are wrong, and a 0.5° C causes a much larger impact.

He was kind enough to give ZFacts his most recent data, and Dr. Stoft of ZFacts carried out a careful statistical estimate which indicates a 0.5° C increase should almost double the total power of hurricanes in a season. Of course the data are far from perfect, but further statistical tests indicate a 95% chance that power would increase by 45% or more."

^x "Fishing day cuts looming for fleet." *Cape Cod On Line*, 1/20/2006.
www.capecodonline.com/cctimes/fishingday20.htm - 40k - Cached - Similar pages

"Other regulations will attempt to end overfishing of Gulf of Maine cod and bring several ... Framework 42 could require a 40-percent cut in fishing days, ..."

^{xi} Wind Hedges

20 Year Hedges Between Energy Users and Renewable Power Developers

<http://www.rmaenergy.net/>

We specialize in negotiating long term financial hedge agreements between energy users and developers. These are win-win financial hedge agreements between users and renewable developers.

- * Renewable developers get an assured stream of income at a fair price that supports low-cost, long-term financing.
- * Energy users get long-term price stability at a fair price that avoids the risk and escalating costs of fossil fuel based energy.
- * The Contract for Differences (CFD) is a financial contract that is not subject to utility regulation. Users can choose to remain as default or standard offer customers with their local utility. The hedge acts to control long-term costs.

Under a CFD, developers and users agree on a strike price and how that may change over time. If the market price for the power generated by the renewable facility exceeds the strike price, the generator pays the user. If the market price received by the generator is below the strike price, the user pays the generator.

Since it is a financial contract, the renewable generation facility and the user do not have to be in the same geographical region. We carefully analyze the different markets to avoid basis risk. As long as the markets move in the same manner, for example, in response to changes in the price of natural gas, the hedge protects both the generator and the user.

The CFD allows energy users and renewable energy developers to avoid risk, control costs, and build a renewable resource energy future.

^{xii} Ecological Consumption taxes

See: Roy Morrison, *Eco Civilization 2140: A 22nd History and Survivor's s Journal* forthcoming in 2006.

and

Roy Morrison, *Tax Pollution, Not Income: A New Prosperity in An Ecological Age*, 2003.
<http://www.essentialbooks.com/id82.htm>

"Tax Pollution, Not Income answers perhaps the fundamental question that American democracy must address in the 21st century.

How can we make a democratic market economy serve the cause of ecological survival and prosperity?

Tax pollution not income. End the income tax and the IRS.

Tax Pollution, Not Income presents a program based on three basic and mutually supporting policies that represents:

- * A 21st century way to tax;
- * A 21st century way to save and invest;
- * A 21st century plan for social justice based balanced by responsibilities.

In sum, this plan means:

- * End all income taxes and institute ecological consumption taxes on pollution, depletion, and ecological damage. We must tax the "bads," not the "goods;"
- * Build a National Trust with annual government savings that invests in sustainability;
- * End poverty and welfare with the rights to a Negative Income tax, balanced by the responsibility for National Service.

All income taxes can be replaced over ten years by two ecological consumption taxes indexed on the basis of pollution, depletion and ecological destruction:

- * A Btu Tax on Energy (BTU-tax)
- * An Ecological Valued Added Tax (EVAT)

By taxing polluting, depletion, and ecologically damaging goods and services more, the market will be made to send price signals for sustainability. We tax poison, not income. The pursuit of lower prices and self-interest will be the path to ecological sustainability.

xii For a discussion of chaotic dynamics see:

John Gribbin, *Deep Simplicity: Bringing Order to Chaos and Complexity*. (N.Y.: Random House,) 2004.

^{xiv} Green Budget Germany Memorandum

Pensions page 3& 11, Carbon dioxide, page 5.

<http://www.eco-tax.info/4fakten/main.html>
