

Chapter 19

Ending Poverty

The Shift from a Competitive Economy to an Economy without Poverty (from the Glory of Winning to the Glory of Equity)

Martin Luther King Jr. spoke eloquently for ending poverty now for both black and white citizens. In the fifth chapter of his last book, *Where Do We Go from Here: Chaos or Community?*, King points out that the US has made partial and fragmented efforts to minimize poverty, but these efforts have been in large measure ineffective because they have focused on moderating some of the consequences of poverty rather than simply ending poverty itself. Public housing projects do get some people off the sidewalks, but the various issues of impoverished people are carried with them into these projects. Welfare programs do save some people from complete destitution, but they are invasive, expensive, corruptible, and do not address the core problems. King suggests that these stopgap programs would be less needed (might even be phased out) if we simply provided all poverty stricken people with an assured income. If people have their own money to spend, King suggests, they will figure out how to add their own energy toward the practical means of securing the basic things they need. This will stimulate the economy rather than be a burden upon it. King recommends that we make the poor into consumers. The economy as a whole will thereby be shaped by such consumers rather than having to lean toward the whims of its wealthy consumers.

But how could an assured income be placed in the hands of all citizens? Creating more jobs is not enough. Jobs move. Jobs end. A vital changing economy will always leave many workers in the lurch. So King proposes to give everyone an assured level of income and let their jobs and other income add to that assured minimum. How might such an income be provided? The income tax system is already set up to do that. Every citizen would submit an income tax form, paying taxes on their earned income. And every citizen would receive an assured rebate large enough to end poverty for those at the lower end of the equity spectrum. For those who pay more taxes than the rebate, the rebate would serve as a tax reduction. For those who pay less taxes than the rebate, the rebate would provide an assured income.

And who would pay for these rebates? The whole taxpaying society would be giving alms for the poor. King suggests that these alms would be cheaper than building more prisons and other measures made necessary by the conditions of poverty. But even if the assured income did not save money, it would bring more dignity to more people. It would encourage the morale of the whole society and, in the end, provide a better life for everyone.

The beauty of King's proposal is that it requires only a simple change in current law, yet it would accomplish a far-reaching transformation. So what prevents us from doing it? What prevents us is the mindset that people must "earn" all their money. It is our somewhat unconsidered belief that human society should be a competitive monopoly game in which there are big winners and big losers. Players in a monopoly game become wealthy partly through wise decisions but mostly through luck. Many of us recognize that in most cases this is also true in our real economy. But do we recognize as clearly that people become wealthy by relying on the extensive infrastructure paid for by the whole society and maintained by the work of millions of people, not all of whom are fairly rewarded for their contribution. We might say that every millionaire has been subsidized by the tax payers. If we saw it that way, it might not seem so radical to subsidize the poor in their reentry toward being consumers and contributing members rather than an ongoing and demoralizing drain.

Also, one does not become a billionaire (or even a millionaire) through earned income. Investing one's wealth requires some labor and a bit of risk, but the millions that can be acquired in this manner are properly called "unearned income." It is quite reasonable to argue that part of this unearned income belongs to those who did indeed earn it by their hard labor. But it is currently the case that most of this "unearned income" is provided to our wealthiest citizens. A smaller part of this "unearned income" is provided to welfare recipients. The unearned income of a society could be distributed to everyone in a more equitable fashion.

So let us take part of this unearned income and make it alms for the poor. Let us end poverty. Let us increase equity by giving up our foolish ideas that society has to be a monopoly game, a game of cut-throat competition, a game of a few big winners and lots of complete losers. Indeed, most current industrial civilizations are far more brutal than a monopoly game, for the big winners also set the rules of the game in order to retain their winnings and to increase them without limit. The big losers meanwhile have to band together and fight for their survival and minimal prosperity through labor unions, law courts, and governmental programs. Often these big losers do not have enough economic resources to even learn how to do this. And to make this violence complete, the big losers are considered to be immoral or unworthy persons for being losers in a game that was rigged by the winners and won on the backs of the very persons to whom such disrespect is directed.

The above paragraphs summarize the shift in imagination we need in order to end poverty.

The Objective Facts

I will begin my factual analysis by noting the extent of the inequity in US society. Here is a quote from the Multinational Monitor, May 2003, "The Wealth Divide" (an interview with Edward Wolff), by Robert Weissman.

Wealth inequality increased dramatically in the US in the late 1990s. The top 5% is now capturing an increasingly greater portion of the pie while the bottom 95% is clearly losing ground, resulting in the rapidly vanishing middle class. This trend is the product of legislative policies carefully crafted and lobbied for by corporations and the ultra-wealthy over the past 25 years. America's economic trends have a global footprint, and today, the top 400 income earners in the US make as much in a year as the entire population of the 20 poorest countries in Africa. A series of reports released in 2003 by the UN warn that further increases in the imbalance in wealth throughout the world will have catastrophic effects if left unchecked, such as the collapse of the entire global economy.

Here are some raw statistics on the distribution of wealth in the United States as of 1998, the most recent information available that has been fully analyzed. The top 1% owns 38.1% of the wealth while the bottom 40% owns 0.2%. That means that in economic power each member of the top 1% gets an average of 76,200 "votes" to the one vote of each member of the bottom 40%.

And those in the middle range of the income spectrum need to understand that the top 40% own 95.3% of the wealth leaving 4.7% for the remaining 60%. That means that in economic power each member of the top 40% gets an average of 12.8 "votes" to the one vote of each member of the bottom 60%. Imagine voting in a school classroom of 100 people in which the teacher gives 40 class members 512 votes while the clear majority of 60 class members get only 60 votes. That is a picture of the inequity of economic power in the United States in 1998. And this situation has not gotten better; it is growing more extreme every year.

Ideally, in the political voting booth each person gets one and only one vote, but such voting power is not power enough to restore the decision-making balance in our society. The interests of the wealthy are so lavishly supported through campaign contributions, hired lobbyists, and

outright bribes that the lowly one-person-one-vote-voter is almost completely overwhelmed.

Complete equity in a human society is not needed nor is it achievable. But the extent of inequity matters greatly. The extent of the inequity within the United States is sufficient to almost entirely destroy democracy. Furthermore, it puts in place trends that make the rich richer, the poor poorer, and the natural environment devastated. These consequences are driven by some very greedy people, but mostly through vast unchecked impersonal forces whose fundamental connection with human beings and with natural reality is a commitment to unlimited use.

Currently in the United States, wealth-controlled government is undoing the New Deal and other measures taken to moderate poverty. Union power is being reduced. Job insecurity is increasing. Old-age pension plans are threatened. Healthcare costs are skyrocketing. And US international policies are becoming increasingly violent in protection of US economic interests and increasingly lacking in compassion for the grueling poverty that still characterizes so much of the world.

If we add up all the costs of maintaining the current patterns that produce this inequity, we discover that the cost is far more than the cost of ending poverty by providing everyone with an assured income. Why is it more? Because more prisons are very expensive. More warfare is very expensive and wasteful. Cleaning up slums is very expensive. Emergency welfare for the starving is very expensive. Meeting health pandemics is very expensive. All these things are made more extensive and more expensive by the continuation and increase in the basic flaw of untenable social inequity. In our current accounting, however, we do not count these expenses in the cost column. We even count them as opportunities for economic growth.

The Spirit Challenge

The challenge to poor and rich alike is to end a system that actually benefits neither. Even if the mathematics of money were the only consideration, the rich are favored only in the short run. In the long haul society is made more unsafe, unsatisfying, and unworkable for everyone. But the Spirit challenge here is not a call to war against the wealthy: it is a call to cooperation among the Spirit sensitive rich and the Spirit sensitive poor to realize that we all live in the same boat. Drilling holes in any part of the boat can sink the whole boat. A boat that floats and takes us someplace does not have to have absolute equity among its passengers. But it does have to have the equity of feeding and housing and educating and honoring everyone with decision-making participation concerning the well-being and destination of the whole boat.

The death of repentance that is called for here is the death of the monopoly-game mindset. The monopoly-game model does not reflect what goes on in an optimally functioning region of biological life. All the species of life that make up a stable ecosystem mutually enhance one another as well as compete for space and life. Limits and balances function in a real-world ecosystem. When those limits are violated, when one species is unlimited, or when one group of life forces are significantly out of balance with the whole, the entire system can be permanently damaged. This collapse sets the stage for some new natural system coming into being with some new balance.

The Spirit challenge of our era with regard to inequity is to come up with a new balance and to do so before the imbalances of the current system drive us into a thoroughly inclusive doom. Loving your neighbor as yourself is not some far out ideal, not a policy that is impractical for the real world. Loving your neighbor as yourself is what loving yourself truly entails. Loving yourself truly includes loving your neighbor as part of your larger body of being. And loving God includes being enchanted by the overarching reality that is giving to each of us all the other

human beings, all the other forms of life, and a viable planet within which to live. The human species with all its races, the planet earth with all its species of life is our larger body of being. None of us live in separation from these massive forces. Our individual success depends upon our own efforts, but in the context of depending even more upon the efforts of millions of other humans and living beings. Furthermore, our own individual success can be best defined as “making a balancing contribution to that whole of which we are part.”

So we must repent of our individualistic overemphasis and our cut-throat competitive styles and learn some new styles of cooperative thinking and cooperative living. This is our Spirit challenge. This is one of our next steps in becoming mature human beings. In economic realism it means inventing ways to end poverty, and to equalize the power of all human persons to affect the overall outcomes of the human presence on this planet.

The Needed Consensus

An assured income program ends poverty now rather than moderates it, and it can rather easily become the practical operating consensus that moves humanity from vast inequity to a workable equity. It will, however, require many practical decisions by the consensus-building public to put this direction in motion. Here are some of those choices.

Move now to use the present income tax structure to provide an assured income to all citizens. There may be other means of doing this, but let us assume this alternative and explore its elaborations. Let us assume that the assured income were one half the median income. In other words the assured amount provided to every citizen would be yoked to the median income of the whole society. Thus, if the whole society became more prosperous the amount of the assured income would increase. If the whole society became less prosperous that amount would decrease. This practice would communicate to all citizens that they are part of the whole and benefit and suffer along with the whole.

This sense of participation in the whole is important for a genuine democracy. Citizens who share in the responsibility for the whole are motivated to be responsible for the whole, while citizens who have the most important decisions imposed upon them with little or no participation in making those decisions are typically “unhappy campers” inclined to rebellion, terrorism, and criminal activity.

And who exactly would we deem qualified to participate in an assured income? (1) Each adult 16 years old or older. Persons over 65 might also receive social security payments or other allowances as decided by the society. Persons younger than 16 would be counted as tax exemptions for their parents or legal guardians, but need not receive the assured income return nor be required to submit income tax forms separate from their parents or guardians. Such a rule may be needed to assure that having children is not made a profitable enterprise. Population growth needs to be controlled, not encouraged. Having children, therefore, needs to remain an economic liability not a means of income.

How would the assured income be paid for? In part it would be paid for by enabling the phasing out of other less effective measures for dealing with poverty, including larger prisons and policing requirements. It could also be paid for by closing tax loopholes and needless subsidies to the wealthy constituencies of the society.

Would the income tax system need to be graduated more steeply? Yes, persons earning considerably more than the median income would probably need to pay a larger percentage than they currently do. In fact, we might consider that 100% of the personal income over ten

million dollars a year is publicly earned rather than privately earned. Thus, such money is owed to the public. Society might require income in excess to this very large amount to be allocated in some creative manner such as the following:

1. One fourth to be held by the taxpayer in a privately controlled foundation required to serve social needs selected by this tax payer but not to be used in support of his or her favored political bodies.

2. One fourth to be allocated to a National Income Equalization Fund which is used to end poverty through the assured income program.

3. One fourth to be allocated to a Foreign Assistance Fund to be use to address poverty issues worldwide. This fund might be administered by an official office in the Department of State.

4. One fourth to be allocated to the Federal government's general budget.

The income-taxes withheld from earnings of less than 10 million a year might also be allocated in this same four part manner. This would allow every income tax payer to have a private foundation for benevolent giving and the privilege of participating in the National Income Equalization Fund, the Foreign Assistance Fund, as well as the general Federal budget. All taxation could be recontexted as paying social dues rather than be viewed as some burden imposed by an alien bureaucracy.

The details just described might need to be tweaked in various ways to make the numbers match the needs, but the feasibility of such a direction can, I believe, be made obvious. The opposition to such a direction will likely derive from several obsolete ideals that will need to be scrapped. One such ideal is the notion that everyone should have to "earn" their money and should be able to keep more or most of the money they have earned. We have already discussed the illusion that a millionaire earns his or her money. Furthermore, it is not true that people only work and contribute when forced to by monetary necessities. Many people work who do not need to earn income through that work.

It may be true that when everyone has an assured income, there will be some jobs that few want to do for the low pay currently given for them. But such pay scales can adjust; disagreeable work can pay more. Also, giving money to those who are poverty stricken will shift things. It will shift things for the better. It will mean that more money is spent for more of the things that most people need most. The wealthy will also be happier because the pressures against them through the various forms of theft and violence will lessen. Less energy and manpower will have to be spent on policing the extreme practices of the desperate. There will be less worry over slum areas, property values, homeless people, welfare cheating, governmental boondoggles, etc.

The biggest sacrifices will be people's erroneous beliefs – such as, "Rich people are prosperous because they are disciplined and smart," or "Rich people are morally better than poor people because they are prosperous." Another such erroneous belief is: "Our economic life should be a serious game in which there are winners and losers." The Earth is abundant enough for all to be winners, if we redefine winning as contributing to the glory of equity rather than having more and more and more and still more.

The taxation structure might also be redesigned to tax people appropriately for the use of what can be deemed "the commons." Land, water, minerals, electromagnetic wave bands,

power generation, and wilderness are all “commons” that need not be privately owned. These public goods could be rented by the public to the various users and developers. Buildings, equipment, furnishings, and other technological features used to develop these rented commons could remain privately owned. This method of taxation has many advantages, spelled out by economist Henry George many decades ago. One of them is that land speculation would be a thing of the past. As land values increase through urban development or some other cause, the whole public benefits, not merely some private “owner” of that land. The whole public contributes to increasing land values and so can be deemed to rightly benefit from that increase. Also, renting the commons distributes the tax burden to those who are given use of the commons in a manner that is more simple and equitable than taxing incomes. As this system of taxation takes effect the burden on the income tax system can be lessened. The income tax system can become more and more a distribution system for the assured income. Government functions can be paid for by the rent on commonly owned assets. But we need not be idealists insisting on the one system only. A workable combination of income taxes, commons rent, and the profit-making public management of some parts of the commons can be constructed.

One more consideration may be crucial for this entire set of proposals. Does the nation need to be the geographical scope for these various forms of taxation or even for the assured income system? Would it be better managed by states or counties or by some new regional governing body? Such decentralization of governing functions is an important consideration for many reasons, but we need not wait to end poverty until such decentralization is worked through. We can begin now through the income tax structures of our existing national governments. In the United States we can end poverty now through relatively simple changes in the income tax law. Each nation or set of nations in the rest of the world can also do something similar to end poverty. We need not adopt a one-size-fits-all sort of thinking on this topic. We can, if we will, end poverty now and work out the consequences in a practical case-by-case manner over the long haul.