Universal basic income and land tax

My opinion on this, is that I agree with the stated intention, but I have serious concerns about the implementation.

I agree that people have a right to a baseline of living that is similar, in principle, to a universal basic income.

I also agree, that land and resources are in principle, a shared resource, and that it is actually not fair for some people to withhold these resources. It is being done by “reasonable” force.

The problem is that increasing dependency and control is not good, and is susceptible to the corruption of power. A land tax is rent. It is all about individual freedoms losing to “power”.

However, it is unacceptable that some people think that they can “buy out” or “swindle” us out of our “natural born” rights. Land owners, and the “wealthy”, can push the limits too far. I think that it is reasonable, that if land owners, through their actions, create an untenable situation in regards to what are shared resources, then it is fair that there is an adjustment made at their, apportioned, financial expense.

I would support the serious consideration of a policy to implement a temporary, universal income/land tax combo, at a small rate, to adjust for wealth imbalances. I would not want universal income, or land rent, to become “the norm”, or an ingrained system.

If “wealth systems” take too much advantage, then they should know that it will come at a cost to them for not maintaining a balance. This issue is directly centralised around land.

I suggest that this is done as a temporary, one year only trial adjustment period, of:

A sum paid out monthly to every person, starting immediately. Paid for by a percentage of land ownership. Land ownership, for the purposes of this tax, will not include debt owed on the land. The land value tax is adjusted for only the amount already paid towards. Up to 2%.

This should only affect land owners in the uppermost spectrum, offset first by the payments, and can be deferred if necessary. Land for commercial food production is excluded.

The problem is not really land ownership rights. The problem is that, with our diminishing ownership of our own money and resources, land owners have a big share of what is left, but the overall pool of what we actually own, without debt to “capital owners”, should not keep getting smaller between us all. Money is fluid, and so debt can be fluid. Some things are not for sale, some things won't be pinned down, but this is about a perpetual debt cycle.

Extra money for people to spend is great, until it disappears out the back door and you are back to where you started, with the same lack of cashflow, plus the cost of the effects of wherever that money came from. Redistributing land asset value will draw money from assets, but it could just free up more money to leave our system, so we need local business.

Printing Money

Printing money, could, in theory, act as a perfect “wealth tax”. No administration required. Better than borrowing. If you print money, you are simply re-proportioning the value of existing money by diluting it with fresh currency. This affects people with stores of money and values of owned debt, because technically, on paper they are worth less than before.

This isn't a great option unless you think a “wealth tax” is fair, reasonable and proportionate. It is also naturally inflationary, except, if inflation is actually being caused by a restriction of money, and fake scarcity. In that case, printing money could lower inflation, because prices are being falsely driven up by fake supply and demand, and a lack of cashflow is the cause.

That won't work however, if the money just gets sucked out, because then we are back to the same bare bones of cashflow, and the money is now worth less in general. A money printing “wealth tax” effects everyone's money. Some of those affected will seek to recoup their loss, this will be inflationary. But, if we can recirculate the money successfully, we can avoid a trap that we may otherwise fall into. Printing money deserves careful consideration.

Why a land tax?

A land tax could, in theory, protect land ownership rights, or damage them. Land tax is like council rates, and we already have those, except that council rates are supposed to be about providing infrastructure and services.

Land owners pool their resources for better collective outcomes, and, a lot like government, it is about delegating for skills and organisation. That is what council rates are supposed to be about, you are supposed to be better off for it. The cost is also passed on to renters, so the council services are really paid into by everyone.

To me, a land tax should be about protecting the natural born rights of people to have a stake in the country and the land. A land tax should be about recognising that everyone has a right to “own” a piece of the land, and that no one can “buy up” those natural rights and keep all the land for themselves.

Or, at worst, a land tax could become a vehicle for pricing people out of land, by turning normal land “ownership” into “renting”. That is really about saying that people don't have a secure right to a fair share of land, and that your natural rights can be undermined by money.

We need to be careful of the difference. A land tax that treats land ownership partially as “rent”, but only when it is “over and above” a normal share, could actually protect our rights to the land. It says that no one can come in and remove those natural born rights from people by purchasing up all of the property, without there being real consequences.

In effect, by paying this “over and above” partial rent or tax, directly to citizens, it is like renting directly from the other shareholders in the land, who might not otherwise get to benefit directly from their own individual stake in the country.

Our “stake” in the country is constantly “mismanaged” by government. But it is our country. Younger generations have been cheated by older generations in this regard, deliberately or otherwise. Even if it works out eventually. Accountability probably always does.

The alternative, is to tax wealth constantly, but a land tax directly targets a problem. And it's a very specific problem, given that inflation is being driven largely by the fake scarcity of land. Scarcity of the right to a comfortable place to live, to have stability, and grow, with self-sufficiency, and independence. We are not being allowed to thrive. By systems that want to control us for their own, questionable benefit, and questionable competency.

The point of a land tax should not be to price people out of their property, or out of property ownership in general, but to recognise that our resources and our rights are being eroded. And, if those with the biggest share of what is left don't do something to help, and recognise what is fair, it could get worse.

I think, immediately putting cash in people's hands is part of the answer. We need money. How are we going to rebuild all these businesses that we absolutely need, that have been deliberately destroyed by systems that want to control us? Businesses need cash flowing in society. How are people supposed to thrive without comfortable resources? It is enraging.

A major problem with government taxes, is that it removes money from real individuals and spends it badly. Government power is already controlling who and what can succeed, badly. Individual discernment is, and always has been, the strength of the collective. We need to be able to spend money for ourselves. This is the strength of a direct income/tax combo.

We have an asset-rich, cash-poor problem, where a lot of people are locked-in to inflated house values that have drawn heavily from the cashflow of society, leaving everyone cash poor, and is driving up inflation of everything including living costs. Sitting pretty on that extra equity might seem nice, until it is eventually meaningless, and it comes at a cost.

The basic idea is that those with an above average individual share in land will pay more. Here is how I think a <u>temporary trial</u> of “universal basic income” and land tax could work:

Per property/ per annum:

Land value under $1,000,000 is taxed at 1.25% and automatically qualifies for deferral
Land value over $1,000,000 but under $1,500,000 is taxed at 1.35%
Land value over $1,500,000 but under $2,500,000 is taxed at 1.50%
Land value over $2,500,000 is taxed at 1.50% + 2% over and above $2.5m

Those that have owned land for longer will have benefited for longer, and will have seen large value increases to their property value over that time. The tax rates are similar to how a bank's interest rate adds up over time, and the tax will only count towards what's paid for.

The percentage of the land that has been paid towards, is the same “portion”, and percentage of the current land value where land tax will apply. Correlating with inflated equity values.

“Deferral” can mean choosing to collect “universal” or “land income” payments, and pay off the tax at a slower rate, or it can mean that the tax is collected when the property is sold.

A deferral of this tax until sold, will be against the storage of this “society driven” equity. If the land value changes drastically over time, the tax amount will be adjusted to the original tax percentage, when sold, less any amount already paid (% share), e.g. half paid of 1.25%.

The income payments are “opt in” and every NZ citizen, located in NZ, is entitled to apply.

Property owners can apply for an exemption on the unpaid portion of their mortgage. This calculation treats any payment towards a mortgage as being toward the land first. Any as yet unpaid portion toward the land is not subject to the land tax . This means that:

Value of the land - amount already paid towards a mortgage % = amount exempt from tax
**** as a percentage e.g. paid 60% off on a section = 40% exempt from tax***

Property owners can also apply for a tax exemption on the basis of charitable use, or for the benefit of the country, such as conservation land, or for commercial food production.

Home owners should, ideally, also be able to apply for a partial exemption for local food production, and it would be a great opportunity for well organised community initiatives.

The land tax revenue generated will be paid out in equal share to all individuals that have opted in. Late exemptions will be accepted and back dated if required. Beneficiaries should also benefit from this income, especially if a “work for the benefit” system is implemented.

Land Tax Mortgage Exemption Calculation

a. Land value when acquired ____

b. Total paid towards mortgage ____

c. b / a = __________% = fraction of total paid towards the land value, to a %

d. Current land value ____

e. Current land tax rate __________%

f. c x d x e = _____________________ = land tax due per annum after exemption

e.g. 60% of original land value paid off = 60% of current land value, at a tax rate of 1.25%

Pricing

House prices coming down, is not as scary when you experience it as a tradeoff between two similar items, like for like, balancing out. You can still trade a house for a house.

The loss is realised when sold, relative to the environment. Inflated equity can't buy you a lot, because house prices are so fundamental to living costs, that it drives up the prices of everything else to it's level, so that over time, you pay for it in costs.

It's very niche who actually benefits from high, stored equity in the long run, except for short term gains, or people who can afford to make it a business, in practice, to sell.

How we price things within a system is notable. The less “discretionary” an item is, the less it is able to be priced by “supply and demand”, without it being problematic.

Essential items will be inflationary, if people overpay what they are worth in terms of “real cost”. Because there is no freedom of choice involved, it distorts value and creates disorder and dysfunction in our systems. Supply and demand relies on freedom of choice.

You can't “fake” the costs. The system is all related, it has order. Ideally, money is supposed to flow freely and settle into some kind of fair order that is satisfying because it is “true”.

Some things are a mix of essential and discretionary, and profit is made on the discretionary portion, options, or elements. This only works when there is an “essential” baseline option.

The difference is in the discretionary spending. That is where excess profits and high value stores have to flow via, otherwise, we won't get any “discretionary” spending, or value, because prices, and supply and demand, will adjust, chip away, and price for need.

Real profit doesn't exist when we are kept at bare necessities; profit is a tap, supply and demand is a “float”. Think of a drinks cooler with the tap on the bottom. That's our money. “Everything” costs “everything that we have”, as a float, and profits drain out of the bottom.

What keeps the water from rising?

You can't use “supply and demand” for necessities, generally. This is one of the reasons why society needs a baseline, as free and available as possible, to provide a foundation on which to thrive. That is what our planet and natural resources have always represented for us. We wouldn't be better off without it, and yet, somehow, their availability is at constant risk of being eroded. And, some people want to argue against another person's right to live their own life. As if any of it was theirs to take in the first place.

You can't commercialise everything. Freely available resources keep the water from rising, by providing stability to commercial products. The main principle behind publicly available, free resources, without strings attached, is to keep freedom, and accessibility of living, intact for all. It stops us being drained of all of our own value, continually, and then kept at the far reaches of it by others. Controlling and constricting the right to “fundamentals”, will result in being ruled by the inability of people. I support trying to avoid that through our good will.