Using common resources to solve common problems

James Robertson

*There **is** such a thing as a free lunch – and many established institutions are busy eating them. Society would work more efficiently if the rules were changed to allow everyone a fair share.*

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His recent books include *Creating New Money: A Monetary Reform for the Information Age* (New Economics Foundation, 2000) co-written with Professor Joseph Huber, *Beyond The Dependency Culture* (Adamantine/Praeger, 1998), *The Transformation of Economic Life* (Schumacher Briefing No 1, Green Books, 1998) and *A New Economics of Sustainable Development*, a 'Briefing for Policymakers' written for the European Commission in 1997 (Kogan Page, 1999). He lives in Oxfordshire. This paper is based on a lecture he gave in Italy in October 2003 at the 29th Annual Conference of the Pio Manzu International Research Centre at which he was awarded the Centre's gold medal for being a "reasonable revolutionary" and "an outstanding example of a modern thinker at the service of society". The conference was dedicated to the "essential figures of Ernst Schumacher and Ivan Illich".

1. INTRODUCTION

Ivan Illich's insights into the systematically disabling nature of today's institutions and professions and E.F Schumacher's ideas have hardly begun to influence mainstream agendas. The course of world development is still based on what Illich saw as the erosion of "the conditions necessary for a convivial life"[1] and what Schumacher called the "onward stampede".[2] Why is this? Was their thinking lacking in some important respect? Or have we failed to act on it?

Both Illich and Schumacher were criticised for not dealing with political and institutional aspects of change. I remember Illich responding that his task was to explain what was wrong; it was for others to take the necessary action. For him the ideas were pre-eminent. Schumacher's view that "the task of our generation is one of metaphysical reconstruction" underlined that his priority too was to redefine the meaning of central ideas - like work. It is true – and important – that he set up the Intermediate Technology Development Group, and personally supported the Scott Bader "common ownership" company and the Soil Association. He saw these as "lifeboat institutions" – examples of reconstructed ideas in action in the spheres of technology, business and farming. But for him, like Illich, systematic *institutional reconstruction* to support metaphysical reconstruction was not a personal priority.[3]

It doesn't make much sense to criticise Illich and Schumacher for this. Nobody can do everything. Both men knew themselves well enough to know how best to use their time and energies. We need to ask *ourselves*:

- why have *we*, who share their vision of a more people-centred and ecological world, failed to adapt the institutions of society to it? and
- what should we do about that now?

In this paper, taking government and the money system as a case study, I shall try to outline a possible answer to that question.

2. THE INSTITUTIONS OF GOVERNMENT AND MONEY[4]

Established institutions embody dominant ideas, and transmit them as norms of desired behaviour. For example, today's economic institutions embody the idea that work means a job with an employer and that normal people should work that way. But, as pioneer systems thinkers in the 1970s like Stafford Beer pointed out, institutions are dynamic systems programmed for survival.[5] So they act as barriers to change, obstructing the conversion of new ideas from thinkers like Illich and Schumacher into new norms of behaviour for most people. In that respect established institutions in society correspond to what business consultants used to call the "soggy middle layer" – conservative middle managements obstructing communication between forward-looking leaders who recognise the need for change and bright younger people eager to bring it in.

>>> *Money is the scoring system for the game of economic life*

The money system has a particular significance. The way it works rewards some activities and penalises others - at personal, local, national and global levels, in every sector of economy and society. In a monetised world this is the principal way of allocating resources. Money is *the scoring system* for the game of economic life, alongside *the rules* provided by laws and other legal instruments. The nature of any game and how it is played reflects what the scoring system rewards and penalises.

The reconstruction of today's money system is now urgent. More and more people are experiencing it as perverse - in terms of economic efficiency, social justice, environmental sustainability, and physical and spiritual health. They see it as responsible:

- for the systematic transfer of wealth from poor people and countries to rich ones,
- for the money-must-grow imperative that compels people to make money in socially and environmentally damaging ways,
- for the diversion of economic effort and enterprise *towards* making money out of money, and *away from* providing useful goods and services,
- for its systematic bias in favour of the people, organisations and nations who should be managing it on behalf of us all, and
- for eroding the credibility of political democracy after 200 years of progress. 6

All this fuels opposition to globalisation in its present form.

One constructive response has been the spread of "alternative" and "complementary" monetary and financial innovations.[7] These unofficial initiatives will become more important, as people and businesses look for new ways of using their money. But today I shall concentrate on mainstream money -

- the existing ways in which states handle it on behalf of their peoples,
- the perverse outcomes of those, and
- the changes that are needed.

Some Background Points and Principles

1) The 20th century showed that a centralised socialist economy cannot work efficiently, justly or ecologically. On the other hand, the idea of a free market economy based on objective prices is a fantasy. In developed countries today taxation takes a third of the total value of the economy (GDP) out of some activities, and public spending puts it back into others. The taxes add to the cost of what is taxed and the public spending reduces the cost of what it supports. This affects relative prices all through the economy. So the price structure of any economy is bound to be skewed in favour of some things and against others. The proverbial 'level playing field' is a mirage.

2) So the framework provided by the state institutions that deal with money must be designed to encourage ways of using money that serve, not damage, the interests of citizens now and in the future. Within such a framework:

a) the *market economy*, freely responding to money values, would tend to deliver outcomes which combine economic efficiency with social justice and environmental care;

b) the *government* would be able to let the market economy operate more freely, with less intervention than most economies today; and

c) *citizens*, who wished to do so, would find it easier than now to reduce their need for goods and services bought from the market economy, and also therefore to reduce the amount of money they need to earn by working as employees.

3) The state's new role towards the market and the citizen should thus be to decolonise and empower. Whether to call this a basically capitalist or basically socialist approach is a matter of personal choice. It will aim to integrate economic efficiency with economic justice. So you could call it *both* capitalist and socialist or *neither*, whichever you prefer.

4) Milton Friedman's teaching that "there ain't no such thing as a free lunch" (TANSTAAFL) is false. Starting with the enclosure of the common land, modern economies have given massive free lunches to powerful individuals, organisations - and also nations. I shall say more about this and list some of today's common resources shortly. Their value should be shared as a source of public revenue, in place of the economically, socially and environmentally damaging taxes we have now.

5) This will involve a shift from the idea of *re*distribution to the idea of *pre*distribution.[8] Whereas redistributive taxes aim to correct the *outcomes* of economic activity, predistributive taxes and charges will share the value of essential *inputs* to economic activity. Whereas redistribution is dependency-reinforcing, predistribution will be empowering. It will correct an underlying cause of economic injustice, inequality, exclusion and poverty.

6) In a globalised world economy, we need to evolve institutions of governance embodying those five principles at supranational and subnational levels, as well as national level.

What changes do these background points and principles imply - first nationally, and then internationally?

3. PRACTICAL CONSEQUENCES –

for the Financial and Monetary Functions of the State

The essential financial and monetary functions of the state are:

1) collecting *public revenue*;
2) organising *public spending programmes*; and
3) ensuring that the *money supply* (i.e. the supply of official currency - euros, dollars, pounds, etc) is put into circulation, and works fairly and efficiently.[9,10] How these functions are carried out heavily influences the economic activities and outcomes that characterise a society.

Collecting National Public Revenue

(a) Problems and Perversities of the Present Tax System

Pressures to reduce existing taxes are growing stronger.

- In a *competitive global economy*, the mobility of capital and highly qualified people will continue to press governments to reduce taxes on incomes, profits and capital.
- In *ageing societies*, opposition will grow to taxing fewer people of working age on the fruits of their efforts in order to support growing numbers of what economists call "economically inactive" people.
- *Internet trading* will make it more difficult for governments to collect customs duties, value added tax and other taxes and levies on sales. The internet will also make it easier to shift earnings and profits to low-tax regimes.
- *Tax havens* were estimated to hold $6 trillion worldwide as long ago as 1998, resulting in massive tax losses to national governments, criminal money laundering and economic distortion.[11] The way to deal with this will probably be to shift taxation *away* from things like incomes, profits, capital, and value added that can migrate to tax havens and *on to* things like land which cannot migrate.

These growing pressures on the existing tax base reinforce the economic, social and environmental arguments for taxing "bads", not "goods".

Existing tax structures all round the world are, in fact, absurdly perverse.

- They fall heavily on employment and rewards for work and enterprise, and lightly on the use of common resources. So they encourage all-round inefficiency of resource use - over-use of natural resources (including energy and the environment's capacity to absorb pollution), and under-employment and under-development of human resources.
- Today's taxes are also unfair and illogical. They penalise value added - the positive contributions people make to society. They fail to penalise value subtracted; they don't

make people and businesses pay for the value of the common resources they use or monopolise, thereby preventing other people from using them.

- The present tax system makes it easy for rich people and businesses to escape, or at least minimise, their tax obligations, because they can afford to use tax havens, family trusts, and a range of other devices set up by expensive bankers, lawyers and accountants.

>>> *The value of a particular site is almost wholly determined by the activities and plans of society around it.*

(b) Sharing the Value of Common Resources

A new approach is clearly needed, based on collecting the value of common resources as public revenue for the benefit of all citizens.

Common resources are resources whose value is due to Nature and to the activities and demands of society as a whole, and not to the efforts or skill of individual people or organisations. Land is an obvious example.[12] The value of a particular land-site, excluding the value of what has been built on it, is almost wholly determined by the activities and plans of society around it. For example, when the route of the London Underground Jubilee line was published, properties along the route jumped in value. Access to them was going to be much improved. So, as a result of a public policy decision, the owners of the properties received a £13bn windfall financial gain. They had done nothing for it; they had paid nothing for it; they had been given a very large free lunch.[13] In 1994, based on 1990 values, I calculated that the absence of a site-value tax on land was costing UK taxpayers £50bn to £90bn a year in lost public revenue.[14]

By contrast, the auction three years ago of twenty-year licences to use the radio spectrum for the third generation of mobile phones raised £22.5bn for the UK government. The governments of Germany, France and Italy also raised very significant sums from that common resource. [15]

Important common resources include:

- land (its site value)
- energy (its unextracted value)
- the environment's capacity to absorb pollution and waste[16]
- the use of limited space (e.g for road traffic, airport landing slots)
- water - for extraction and use, and for waterborne traffic
- the electro-magnetic (including radio) spectrum
- the value created by issuing new money - on which I shall say more.

The annual value of these is very great. Collecting it as public revenue would remove the need for many damaging existing taxes.

(c) Creating New Money[17]

Those who create and put money into circulation profit by the value of the money minus the cost of producing it.[18]

In a democratic age one would expect money, created in offical currencies as part of a national or supranational money supply backed by governments, to be created by professionally independent central monetary authorities (like the European Central Bank) and given to governments or international government agencies to spend into circulation on public purposes.

But that is far from what happens now. In the UK, for example, less than 5% of today's national money supply is created debt-free by the Bank of England and the Royal Mint as banknotes and coins. Over 95% is created by commercial banks out of thin air as profit-making loans to their customers. J.K. Galbraith commented, "The process by which banks create money is so simple that the mind is repelled. Where something so important is involved, a deeper mystery seems only decent." UK commercial banks make over £20 billion a year in interest from this arrangement, while UK taxpayers benefit from less than £3 billion a year in public revenue from the issue of banknotes and coins.[19]

Estimated additional public revenue of about £45bn a year could be collected in the UK,

- if the commercial banks were prohibited from creating new money,
- and if the Bank of England took on responsibility for creating it,

- and if the Bank of England gave the money debt-free to the government to spend into circulation. (Corresponding estimates of potential extra public revenue are: Eurozone €160bn; USA $114bn; Japan ¥17trillion.)

This reform would improve the sharing of resources in many ways. To take one example, a debt-free money supply would help to reduce the costs of economic transactions and the levels of public and private debt. These are now at least partly due to the fact that almost all the money we use has been created as interest-bearing debt which has to be repaid.[20]

Some opponents of reform claim that money in current bank accounts isn't really money, it's only credit. But official monetary statistics and monetary policy-makers recognise that it constitutes the main part of the money supply. In fact, recognising it as money exactly reflects what happened in the 19th century when paper banknotes, and not just gold coins, were recognised to be money and commercial banks were no longer allowed to create money by issuing them. The Bank of England's banknotes may still say "I promise to pay... ". But that is just a historical survival. Everyone knows that banknotes now are not just credit notes. They are cash.

Today electronic money in current bank accounts is money immediately available to be spent, just as banknotes are. The continuing creation of this state-backed money for private-sector profit is a glaring anachronism.

National Public Spending

So much for national public revenue. Reconstruction of public spending is also necessary. The following points are important.

First, $1.5 to $2 trillion a year is estimated to be spent worldwide on perverse subsidies which encourage economically, socially and environmentally damaging activities.[21] These include the subsidies from rich-country governments to their food and agricultural sectors. Combined with tariffs against imported food, these devastate those sectors in poorer countries - and expose the hypocrisy of rich-country support for free trade. This led to the recent breakdown of the world trade talks at Cancun. But there are many other examples of perverse subsidies. Systematic national and international measures are needed to identify them and cut them out.

Second, support for a *basic income* (or Citizen's Income) continues to grow, especially in Europe but in other countries too.[22] It would be paid to all citizens as of right, out of public revenue. It would include state pensions and child allowances, it would replace many other existing social benefits, and it would eliminate almost all tax allowances, tax reliefs and tax credits. It would recognise that, in a society of responsible citizens, some of the public revenue arising from the value of common resources should be shared directly among them. Politicians and government officials now pay huge sums in contracts and subsidies to private-sector business and finance to provide public services. Much of that public money could be distributed directly to citizens to spend for themselves in a market economy responsive to their needs – and also to make it easier for them to develop paid or unpaid work of their own, if they wished to reduce their dependence on earnings as employees.[23]

4. THE GLOBAL DIMENSION

The development of international institutions for dealing with world public revenue, public spending, and monetary management should be based similarly on sharing the value of common resources.

In 1995 the Commission on Global Governance recognised the need for global taxation "to service the needs of the global neighbourhood".[24] It proposed making nations pay for use of global commons, including:

- ocean fishing, sea-bed mining, sea lanes, flight lanes, outer space, and the electro-magnetic spectrum; and for
- activities that pollute and damage the global environment, or cause hazards beyond national boundaries, such as emissions of CO_2 and CFCs, oil spills, and dumping wastes at sea.

The Commission also recognised the urgent need for international monetary reform in a globalised world economy. [25]

Since then there has been growing criticism of the present international monetary system based on the 'dollar hegemony' of the United States. Here are two examples from recent reports, one from Asia and one from Ireland.

1) "The dollar is a global monetary instrument that the United States, and only the United States, can produce. .... World trade is now a

game in which the US produces dollars and the rest of the world produces things that dollars can buy.[26]

2) The rest of the world pays a total annual subsidy (or 'tribute'!) to the US of at least $400bn a year for using the dollar as the main global currency. A Pentagon analyst has justified this as payment to the US for keeping world order. Others see it as a means by which the richest country in the world compels poorer ones to pay for its unsustainable consumption of global resources. [27] [28]

A genuine international currency, issued by a world monetary authority, is clearly needed as an alternative to the US dollar (and other 'reserve currencies' like the yen, the euro and the pound). Issuing it would give a source of revenue to the world community, just as national monetary reform would do for national communities. It would also help to prevent national governments manipulating the value of their currencies in order to distort the terms of international trade in their own favour.

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Revenue from global taxes and global money creation would then provide stable sources of finance for global expenditures, including international peace-keeping programmes. Some of the revenue could also be distributed to all nations according to population size, reflecting the right of every person in the world to a global "citizen's income" based on fair shares of the value of global resources.

This approach:

- would encourage environmentally sustainable development worldwide;
- it would generate a much needed source of revenue for the United Nations;
- it would provide substantial financial transfers to developing countries by right and without strings, as payments for the rich countries' disproportionate use of world resources;
- it would help to liberate developing countries from dependence on grants and loans from institutions like the World Bank and the International Monetary Fund which the rich countries now dominate;
- it would help to solve the problem of Third World debt;
- it would recognise the shared status of all people as citizens of the world; and
- by helping to reduce the spreading sense of injustice in a globalised world, it would contribute to global security.

5. IN CONCLUSION

Support for all the reforms I have mentioned has been growing. But up to now it has been fragmented. Different people have promoted each on its own merits, and different interests have opposed each because, by itself, it would disadvantage them. These reform proposals now need to be developed as integrated parts of a bigger project, to reconstruct the role of money in world society.

I hope that this suggests the nature and the scale of the challenge for all our institutions. The ancient Greek poet Archilochus said: "The fox knows many things, but the hedgehog knows one big thing".[29] Our institutionalised society today has too much of the fox. It splits our ways of life and thought into separate specialisms, careers, academic disciplines, professions, and departments of government.[30] Above all, it doesn't know how to reintegrate politics and economics and science with ethics.

That is why, in these critical breakthrough years, the initial drive for worldwide institutional reconstruction is coming from active citizens and citizen groups. But, if we are to change course successfully to what Schumacher called "the one and only direction of development that would give sense and meaning to our life on Earth",[31] a bolder and more constructive response must come from leading people in all the established institutions and professions.

Endnotes

1 *The Right to Useful Unemployment*, page 8.

2 I am grateful to Diana Schumacher for confirming that Schumacher used this phrase, and the variant "forward stampede", in a number of lectures and talks.

3 It has been pointed out - by Peter Etherden in "The Schumacher Enigma", *Fourth World Review*, 1999:93 - that the institutions dealing with money are a conspicuous example of this. Working with John Maynard Keynes and J.K. Galbraith after the second World War, Schumacher was seen as an up-and-coming authority on international finance and currency reform. So why in later life, in *Small Is Beautiful* and other books, did he say so little about how the present money system ties most people to unreconstructed ways of living and working and thinking?

4 For fuller background see:

- James Robertson, *The New Economics of Sustainable Development: A briefing for policy-makers* (written for the European Commission), published 1999 by: Kogan Page, London, Editions Apogee, Paris (as *Changer d'Economie: ou la Nouvelle Economie du Developpement Durable*), and Office for Official Publications of the European Communities, Luxembourg.
- James Robertson,*Transforming Economic Life: A Millennial Challenge*, Schumacher Briefing No1, Green Books, 1998 - www.greenbooks.co.uk (Publication of the Russian edition was organised by Dr Tanya Roskoshnaya, Land and Public Welfare Foundation, St Petersburg, now with UN Habitat in Nairobi; and publication of the Japanese edition was organised by Dr Takashi Iwami, Japan Renaissance Institute .)

5 Stafford Beer, *Designing Freedom*, John Wiley, 1974, p.2.

6 The following two books provide good background.

- David Korten, *When Corporations Rule the World* (second edition), Kumarian Press and Berrett-Koehler publishers, 2001. Part IV is on "A Rogue Financial System".
- Frances Hutchinson, Mary Mellor and Wendy Olsen in *The Politics of Money: Towards Sustainability and Economic Democracy*, Pluto Press, 2002, provide a constructive response.

7 These include:

- "complementary", "parallel" and "community" *currencies* like LETSystems and time banks;
- the development of "*digital*" payment systems in support of those and other currencies, using the internet, mobile phones etc;
- local *community financial enterprises* like community development funds, community banks, credit unions and microcredit banks (eg Grameen Bank); and
- the socially responsible and *ethical use of private money*, such as fair trading, and ethical and green consumption and investment.

8 I owe this thought to Joseph Huber, co-author of "Creating New Money" (see Note 20).

9 In technical terms, functions 1) and 2) comprise the *fiscal* functions of the state, and function 3) is the *monetary* function.

10 The state is also responsible for regulating private financial enterprises. Scandals in recent years (e.g. Enron, Arthur Andersen, WorldCom, Merrill Lynch) have underlined the importance of this task. But it is not a topic that this paper is discussing.

11 See Tax Justice Network (www.taxjustice.net).

12 Sources of information on Land Value Taxation include:

- Fred Harrison, Centre for Land Policy Studies, 7 Kings Road, Teddington, TW11 0QB, England.
- Peter Gibb, Henry George Foundation, 58 Haymarket Terrace, Edinburgh EH12 5LA, UK, www.HenryGeorgeFoundation.org
- Alanna Hartzok, Earth Rights Institute, Box 328, Scotland, PA, 17254, USA. www.earthrights.net
- Jeffery Smith, Geonomy Society, www.progress.org/geonomy

13 Don Riley,*Taken for a Ride: Trains, Taxpayers and the Treasury*, Centre for Land Policy Studies, 2001(see note 12).

14 James Robertson, *Benefits and Taxes: A Radical Strategy*, New Economics Foundation, 1994.

15 In "Manna from Heaven: Radio Rent Windfalls and the Tax Conversion Fund" in *Geophilos* 03(1), Spring 2003, from Centre for Land Policy Studies (see note 13), Fred Harrison celebrates the thinking of Nobel prize-winning economist William Vickrey as the origin of this auction, and points out that the socialisation of community-created rental values combined with the full privatisation of untaxed earned wages and savings could remove the ceiling artificially imposed on the capitalist economy by deadweight taxes.

16 A great deal of work has been done in recent years on energy and environmental taxation. Much of it points towards shifting the burden of taxes away from useful enterprise and employment on to the use of energy and the capacity of the environment to absorb pollution. For example, the EU carbon/energy tax proposal of the 1990s would have used revenue from taxes on fossil fuels to reduce taxes on employment. Valuable sources of information include:

- Paul Ekins, Head of Environment Group, Policy Studies Institute, 100 Park Village East,London NW1 3SR. www.psi.org.uk
- Green Budget News: European Newsletter on Environmental Fiscal Reform www.foes-ev.de
- Timothy O'Riordan (ed), *Ecotaxation*, Earthscan, 1997.
- Durning A. and Bauman Y, *Tax Shift*, Northwest Environment Watch, Seattle, 1998.
- Hamond, M.J. et al, *Tax Waste, Not Work: How Changing What We Tax Can Lead To A Stronger Economy And A Cleaner Environment*, Redefining Progress, San Francisco, 1997.

17 Useful sources include:

- Michael Rowbotham, *The Grip of Death: A study of modern money, debt slavery and destructive economics*, Jon Carpenter Publishing, Oxfordshire, 1998,
- David Boyle, *The Money Changers: currency reform from Aristotle to e-cash*, Earthscan, 2002, and
- Bernard Lietaer, *The Future of Money*, Random House, 2000.

18 The creators of money can *spend* this profit into circulation, as medieval monarchs and local rulers spent the "seigniorage" from minting and issuing coins. Or they can *give it away*, as the Bank of England and the Royal Mint now give the UK government a proportion of the value of new banknotes and new coin. Or they can *lend it at interest*, as today's commercial banks lend their customers money they have created for that purpose. Or they can *lend it interest-free* to finance public investment, as recent UK parliamentary motions have proposed the Bank of England should do.

19 For this and the following paragraphs see Joseph Huber and James Robertson, *Creating New Money: A monetary reform for the information age*, New Economics Foundation, London, 2000 - www.neweconomics.org. (Prof. Dr. Joseph Huber is at the Institut für Soziologie, Martin-Luther-Universität, D - 06099 Halle, Germany.)

20 A fuller list of the benefits of monetary reform would include the following:

1) Existing taxation and government debt could be reduced, or public spending could be increased.
2) The value of a common resource - the national money supply - would become a source of public revenue rather than private profit. That would remove an economic injustice.

3) Withdrawing this hidden subsidy to the commercial banks would result in a freer market for money, a more competitive banking industry, and a more efficient economy.
4) A debt-free money supply would help to reduce the costs of economic transactions and the levels of public and private debt. These are now at least partly due to the fact that almost all the money we use has been created as interest-bearing debt which has to be repaid.
5) The economy would become more stable. Banks want to lend more and bank customers want to borrow more at the peaks of the business cycle and less in the troughs. When, as now, the money in circulation depends on how much the banks lend, the results are "pro-cyclical". Booms and busts are automatically amplified.
6) Central banks would be better able to exert "anti-cyclical" monetary control if they themselves created the new money entering the economy. Controlling inflation indirectly, as now, by raising the costs of borrowing from banks, is itself inflationary - as well as damaging to many people and businesses.

21 Norman Myers, *Perverse Subsidies: Tax $s Undercutting Our Economies and Environments Alike*, IISD, Winnipeg, Canada, 1998.

22 Sources of information about basic income include:
- Basic Income European Network (BIEN), Prof. Philippe Van Parijs, Chaire Hoover d'éthique économique et sociale, Université catholique de Louvain, Place Montesquieu 3, B-1348 Louvain-la-Neuve, Belgium. e-mail: bien@basicincome.org
- South African New Economics Foundation (SANE), Aart Roukens de Lange and Margaret Legum, web: www.sane.org.za, e-mail: sane@sane.org.za
- CORI Justice Commission, Fr Sean Healy, Bloomfield Avenue, Dublin 4, Ireland, www.cori.ie/justice
- Citizen's Income Trust, Malcolm Torry, P.O. Box 26586, London SE3 7WY web: www.citizensincome.org, e-mail: info@citizensincome.org

23 A connected point is about spending the revenue from particular sources on specified purposes. The technical term for this is "hypothecation".
- An example was the EU proposal to spend revenue from fossil fuel energy taxes on reducing employment taxes.
- Road traffic congestion charges are expected to be more acceptable if the revenue is spent on improving public transport.
- An energy tax hits poor people relatively harder than rich people. That regressive effect can be reversed by distributing the revenue as "ecobonuses" to everyone in the area covered by the tax. (For examples see *Ecological Tax Reform Even If Germany Has To Go It Alone*, German Institute for Economic Research, Economic Bulletin, Vol.37, Gower, Aldershot, 1994; and E.U. von Weizsacker, *Earth Politics*, Zed Books,1994.) Such ecobonuses could contribute to a Citizen's Income.

24 Commission on Global Governance, *Our Global Neighbourhood*, Oxford University Press, 1995.

25 Another important contribution is Hazel Henderson, *Beyond Globalization: Shaping a Sustainable Global Economy*, Kumarian Press (for the New Economics Foundation), 1999.

26 Henry C K Liu, *US Dollar Hegemony Has Got To Go*, Asia Times Online Co Ltd, 2002.

27 Richard Douthwaite, *Defense and the Dollar*, 2002 and Feasta, *Climate and Currency: Proposals for Global Monetary Reform*, 2002, prepared for the Johannesburg World Summit on Sustainable Development. Details of both from Feasta.

28 Two further quotations in similar vein are:
- "To build up reserves, poor countries have to borrow dollars from the US at interest rates as high as 18% and lend it back to the US in the form of Treasury Bonds at 3% interest." Romilly Greenhill and Ann Pettifor, *The United States as a HIPC (heavily indebted prosperous country) - how the poor are financing the rich*, New Economics Foundation, London, 2002; www.neweconomics.org
- "At the root of this new form of imperialism is the exploitation of governments by a single government, that of the United States via the central banks and multilateral control institutions of intergovernmental capital... [This] has turned the older form of imperialism into a super imperialism". Michael Hudson, *Super Imperialism: The Origin and Fundamentals of World Domination*, Pluto Press, 2003, pp23-24.

29 In a celebrated essay on "The Hedgehog and the Fox" in *Russian Thinkers*, 1978, the political philosopher Isaiah Berlin discussed Tolstoy as an example of the tension between the monist and pluralist visions of the world.

30 The British Prime Minister, Tony Blair, has found it difficult to achieve his proclaimed aim of "joined-up government".

31 E.F. Schumacher, *A guide for the perplexed*, Jonathan Cape, London, 1977, p. 147.