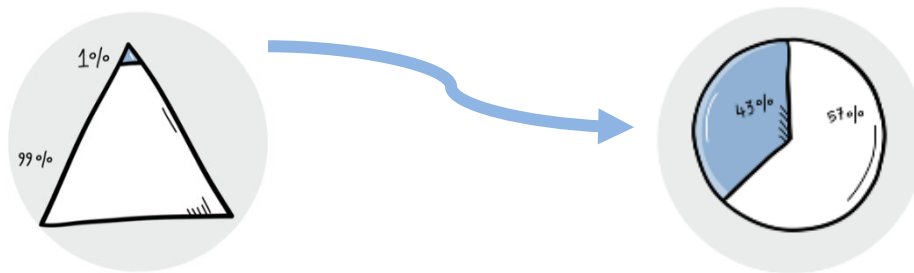


# Redistribution of Global Wealth

## Plea for a capital-financed unconditional basic income

Just two generations ago, the standard of living that millions of people enjoy today would have only been available to the richest and most powerful individuals. Today, goods and services of unimaginable value are produced at every single moment while increasing automation ensures greater and greater output, despite using the same amount of or often less human labor. For the first time in history, a world without poverty appears achievable.

However, the wealth generated by the working people of our world is distributed very unevenly. The number of billionaires has risen sharply in the last few decades, while millions of people still live in absolute poverty. There are currently around 2,000 billionaires in the world, whereas there were fewer than 200 thirty years ago. The richest 1% of the world's population own almost half of the global wealth.<sup>1</sup>



Among the super-rich are many entrepreneurs whose businesses form the basis of their wealth. Some of them founded these companies themselves; some belong to the founding family and inherited this fortune. Others, in turn, owe their wealth to the exploitation of the natural resources of their land, either by belonging to the ruling family there (e.g. Saudi Arabia, Qatar) or by having secured access to former state-owned companies in the course of the collapse of political structures of some countries in Eastern Europe.

No matter where these assets come from, they have one thing in common: they are the sum of the resources of our planet and the work of millions of people who were formerly and are currently employed in these companies. Without these resources and countless talented, hardworking people, no business can thrive and no founder can create wealth. Wage labor alone cannot build wealth in the billions. You only become a billionaire if you let capital (people, machines, algorithms) work for you. Money generates more money while it accumulates; above a certain amount, you can live on the income your wealth generates, regardless of whether or not you work for it yourself. Thus, it is largely unperformed income.

At the same time, billions of people live in absolute or relative poverty. The vast majority of people in this world have no chance of saving enough money through paid work during their lifetime in order to live off that income in the long-term. About 700 million people have \$2 or less to spend per day; even in rich countries, many people cannot afford decent housing, health care, or proper education for their children. They have little prospect of ever breaking out of this situation and are often systematically disadvantaged by governments and societies. Poverty, just like wealth, is passed on from generation to generation, even though the resources and technological achievements of our world are sufficient to enable every citizen to have a decent life.<sup>2</sup>

<sup>1</sup> Credit Suisse “Global Wealth Report 2020” (<https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>)

<sup>2</sup> UN Development Programme “2019 global Multidimensional Poverty Index (MPI)” ([http://hdr.undp.org/sites/default/files/mpi\\_2019\\_publication.pdf](http://hdr.undp.org/sites/default/files/mpi_2019_publication.pdf))

## A Basic income as a solution?

There is an urgent need to make the global distribution of wealth more equitable. A universal basic income (UBI) has been repeatedly mentioned as a possible solution to efficiently fight poverty. The principle idea is captivating: people are paid a fixed amount of money per month, regardless of their personal life and employment situation. This would enable people to cover their basic needs, even in times or geographic areas where decently-paid employment may be scarce.

In recent years, a number of experiments from both governments and civil society have demonstrated the positive effects of basic income<sup>3</sup>, especially on people with previously low or very low income. Most of these basic income projects finance their work through donations, such as GiveDirectly in New York<sup>4</sup> or the Basic Income project in Berlin<sup>5</sup>, from which people receive monthly payments for a certain amount of time. A major disadvantage of these projects, however, is the time limit for those receiving basic income and the permanent dependence on donations. A real basic income must be unlimited in time and have a stable financial basis. Many initiatives, parties, individual politicians, entrepreneurs, and others are therefore calling for states to introduce such a basic income on a broad basis. Naturally, motivations for such demands vary, as does the level of the proposed basic income. Some require full livelihood coverage, while others prefer a kind of basic security as a less bureaucratic form of social benefits.

Simultaneously, many people are opposed to a basic income. They claim that a basic income would be highly unfair and potentially benefit people who do not need it. In addition, it would reduce the incentive to work and thus have a negative impact on society - not to speak of the question of how to finance such a massive measure.

Both proponents and opponents of basic income have good arguments. However, as of today, nobody really knows how basic income would work in the real world, nor the influence it would have on those who receive it and the society they live in. Even if the proposed models differ significantly, they all have two main challenges in common:

**Impact:** Even if some studies suggest positive effects on the recipients of basic income, nobody can predict what effects its introduction would have on society as a whole. For example, would the extra income available to households prompt businesses to raise prices and make certain goods and services more expensive, meaning that the effects of basic income would be "eaten up" again? How does it affect people's perceptions of money when, suddenly, they no longer have to work? Do they become lazy and lack motivation, or will instead new models of life emerge when freed from the compulsion to work?

**Financing models:** The proposed ideas for financing basic income are usually impalpable or based on very optimistic assumptions. The higher the basic income is supposed to be, the more drastic the interventions in current tax and social systems would need to be, as well as the less straightforward the implementation will become in real politics.

These points (especially the second) cannot be definitively answered with experiments and trials, as these are almost always limited in terms of time and the numbers of recipients. It is therefore impossible to simulate the effects of a real and permanent basic income. Confronted with this uncertainty, no government in the world will dare to introduce a basic income in the near future. However, maybe it does not have to happen all at once, but can be realized step-by-step?

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<sup>3</sup> Kangas, Olli; Jauhiainen, Signe; Simanainen, Miska; Ylikännö, Minna (2019) "The basic income experiment 2017–2018 in Finland : Preliminary results" (<https://julkaisut.valtioneuvosto.fi/handle/10024/161361>)

<sup>4</sup> [www.givedirectly.org](http://www.givedirectly.org)

<sup>5</sup> [www.meinbge.de](http://www.meinbge.de)

## The Idea: A Universal Basic Income (UBI) Fund

How could a real basic income be introduced and financed? In the same way that millions of people are already enjoying a job-free income today: from owning real estate or benefitting from capital gains, dividends, and company shares. These people receive this money regardless of whether they need it, the state of their personal life situation, or whether they have paid employment. De facto, there are already recipients of basic income in varying amounts; this number is increasing every year. Individual investment fund companies like BlackRock manage over \$7 trillion in assets, most of which is owned by people predominantly located in a few rich countries. There is an urgent need for these earnings to longer benefit a small minority, but be distributed evenly around the world and regardless of the recipient's origin or background. Our UBI Fund should not only benefit a few, but form the basis for financing a basic income, starting with those who need it most.

In the world's poorest countries, the average GDP per capita is currently around \$1,000 per year or less<sup>6</sup>. A basic income of only \$100 per month, as a first step, would make a huge impact on the lives of many individuals, potentially meaning the difference between being able to send your children to school, affording proper health care, nutrition, and housing, or even starting your own small business. These countries would therefore be the sensible place to start.

Assuming a capital return of 3% per year, an annual income of \$1,200 (or \$100 per month) could be achieved with a sum of \$40,000. The larger the invested sum, the more people could benefit from such a fund. A crowdfunding campaign to raise money for an initial investment and setting up a fund would be the first step in this undertaking. With the help of such a civil society and globally oriented asset fund, three positive effects could be achieved:

1. Gradual introduction of a basic income: Instead of the unlikely introduction of a basic income as a "big bang" from one day to the next, a small but steadily-growing number of people would initially receive a basic income at a low level. This would not be so high that paid work would no longer be necessary, but it would have a significant effect on the people who live in extremely poor countries. It is therefore proposed to make this basic income first available to the people living in the three poorest countries according to UN definitions. This income could be increased gradually as the UBI Fund grows, extending to more and more countries over time with the goal of ultimately becoming open to everyone.
2. Global redistribution: Anyone living in one of the three chosen countries can register on the UBI Fund website. As soon as the fund is large enough to support the payout of basic incomes of \$100 per month, the first recipients will be drawn by lot, regardless of origin, age, gender, religion, or personal circumstances. The more assets the UBI Fund manages, the more people can benefit from basic income. Over time, residents of additional countries will be eligible to sign up for further draws. The UBI Fund will thus directly contribute to the UN Sustainable Development Goals, specifically number 10 (Reducing inequality within and between countries).
3. Sustainable impact on companies: The UBI Fund will invest specifically in companies and projects that commit themselves to or pursue sustainable goals. Companies that manufacture armaments, use fossil fuels, fuel climate change, or systematically violate human and labor rights are excluded. As a shareholder, the UBI Fund can also advocate for sustainable management and fair pay for employees within companies. Moreover, companies that are committed to social and sustainable goals (social enterprises) can be specifically supported with investments or start-up subsidies.

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<sup>6</sup> World Bank "PPP (current international \$)". data.worldbank.org. World Bank. Retrieved 14 December 2020.

## TIME-SCALE FOR DEVELOPMENT



### PHASE 1: Gathering of supporters - increasing global awareness

Such a project can only be successful if as many like-minded people as possible are aware of it. As a first step, we aim to gather 100,000 people from all over the world who are willing to express their support by subscribing to our mailing list.



### PHASE 2: First crowdfunding campaign

A small start-up funding to finance a primary team and an office would be necessary. When this fund is to become a reality, it would need a professional structure since some essential legal, organizational, and technical challenges must be addressed.



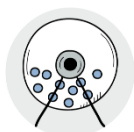
### PHASE 3: The establishment of an organization

In this phase, the UBI Fund will be officially established as a non-profit organization. A full-time team will care for the legal steps to create the basis of the organization, as well as create a professional Internet platform with a fair and simple procedure for the allocation of basic income. From this point onwards, donations to the UBI Fund will be collected with the goal of being able to pay out the first basic income allowances.



### PHASE 4: Initial donation phase

For a period of one year, donations will be collected and invested while following a strict conduct code. This allows UBI Fund to build up a reserve and be more independent of market fluctuations, ensuring the consistent ability to pay out a UBI, even if a major event were to disrupt the world's economy (such as a pandemic).



### PHASE 5: Selection of the first UBI recipients

*After one year, the time has come:* Residents of the three countries with the lowest average income (determined by UN statistics) will be able to sign up on the UBI Fund website. A transparent draw will then determine the initial recipients of the world's first permanent, unconditional basic income of \$100 per month.