

Personal reflections on the 14th congress of the Basic Income Earth Network

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by

Philippe Van Parijs

Chairman of BIEN's International Board

What did I learn from this splendidly organized gathering of academic and activists from over thirty countries? As usual, many things. About people and about things. About facts and about dreams. I discovered, for example, that Götz Werner was perhaps even better at reciting Goethe than Eduardo Suplicy at singing Dylan. I also admired how much progress had been made in the sophistication of the study of small-scale basic income experiments. Long gone is the time when all that seemed to be needed was to hand out some cash and enthusiastically report that all recipients were delighted to get it and that at least some made laudable use of it. Serious assessments of the effects of duly specified basic income schemes require control groups of similarly situated communities who do not receive anything, or who receive the same total amount but distributed according to different rules. And even the best assessment of this sort cannot claim to tell us what a real-life basic income scheme would bring about, if only because the funding side tends to be left out, or because of the recipients' awareness that the experiment is limited in time, or because the political packaging of a real-life reform is most likely to affect individual responses. Nonetheless, these experiments are instructive in all sorts of ways and are well worth the hard work they require: conducting laborious interviews and processing recalcitrant statistics, sometimes even in flooded villages, as reported by Guy Standing, with water above the waist and the laptop above the water.

Ecological sustainability and basic income: three links

In these brief remarks, however, I shall concentrate on two points that struck me particularly because of they ran through several of the workshops I attended. The first one is the link between basic income and ecological sustainability, which featured was central in many presentations and the subsequent exchanges. On reflection, however, there is not one but there are three such links, logically independent and profoundly different from each other.

The first link is connected to the theme full employment. In good Keynesian fashion, an unconditional basic income is sometimes defended on the ground that it boosts economic growth and thereby employment. Like any other minimum income scheme, it redistributes from the rich, who save more, to the poor, who spend more, and it thereby helps sustain effective demand and business confidence. More often, however, and in contrast to many other schemes, an unconditional basic income is defended instead on the ground that it provides an alternative to the pursuit of full employment through economic growth: *Freiheit statt Vollbeschäftigung*. The underlying idea is that we must manage to tackle involuntary unemployment in a way that does not rely on a growth of production that constantly outpaces the growth of productivity, indeed — as discussed in a fascinating session of our congress — in a way that is consistent with *de-growth*. This way consists in transforming both some involuntary employment and some involuntary unemployment into voluntary unemployment. Or, to put it differently, some people make themselves sick by working too much and must be enabled to work less, while others get sick because of being excluded from work and must be enabled to access the jobs freed by those working too much. There is one simple way of achieving this: an unconditional basic income. This is a conclusion reached in the early

eighties by some of the earliest basic income advocates in the context of the first signs of awareness of the “limits to growth”. It is also, fundamentally, the view now held by Baptiste Mylongo and the *décroissants*. The recognition of the right to idleness is here meant as the supply-side, anti-Keynesian, earth-friendly solution to the problem of unemployment

The second link passes through the price mechanism. Prices are a handy tool for guiding both consumption and production. They condense in a single figure millions of data about the preferences of consumers and the scarcity of factors of production. But they can go badly wrong because they do not spontaneously incorporate either the damage inflicted on the environment or the right of unborn generations to use their share of the resources of the earth. In order to correct this twofold major defect, some prices must be dramatically increased to reflect so-called negative externalities and to protect the legitimate interests of the unborn. One salient example of this is a carbon tax sufficiently high to keep the total of emissions below the ceiling that should not be exceeded, or equivalently the sale to the highest bidder of carbon emission permits whose total amounts to this ceiling. In either case, the consumers will ultimately pay the price, but something must be done with the huge proceeds. Whether at the world level or at the European level, there is one simple way, both efficient and fair, of distributing them: an unconditional basic income. The logic is fundamentally analogous to the equal distribution of the rent on land advocated in Thomas Paine’s *Agrarian Justice* (1796). Three “eco-bonus” proposals along these lines were proposed at one of our sessions, in greatest detail by Ulrich Schachtschneider.

There is, however, yet another quite distinct link between basic income and ecological sustainability. At its core is the role that will need to be given to trans-national transfers. Those who make this third link may share with the *décroissants* the view that we in the “North” need to reduce our consumption. But they do not conclude that we need to reduce our working time, because there is no good reason to believe that we should reduce our production as well as our consumption. This sounds paradoxical but is easy to understand. No one visiting, for example, the Democratic Republic of the Congo can resist the conclusion that achieving a decent standard of living for all inhabitants of the world through local production within a foreseeable future is simply out of the question. This is so because of a combination of sustained demographic growth, deeply dysfunctioning and under-resourced administrative, judiciary and educational systems, and sheer climatic conditions which, in the absence of unaffordable generalized air conditioning, cannot but keep productivity down in quite a large number of countries. To believe that fair trade or the end of exploitation of the “South” by the “North” would enable these countries to get out of trouble is sheer self-serving wishful thinking. The growth of production in poor countries can and will help, of course, but access to a minimally decent living standard for all within a foreseeable future cannot count on it as its main means. It must also count on a massive dose of one or both of two other means: massive migration to the North and massive transfers to the South.

If the migration of hundreds of millions of Africans to Europe is regarded as undesirable for both the communities they leave and the communities they join, only trans-national transfers are left. And to be sustainable at a high level, such transfers arguably need to be both inter-personal (as opposed to inter-governmental) and universal (as opposed to means-tested), i.e. take the form of something like a universal basic income. As was the case with the first link I mentioned above, sustainability here requires a reduction of consumption in the North and the introduction of a basic income. But in the first case, the basic income was there to help increase the leisure enjoyed in the North, and in the second case to channel wealth to the South. Unlike the former, this latter argument, frankly, has nothing to do with what triggered my interest in basic income thirty years ago. But it is closely related to the argument I used in

my contribution to one of the sessions of this congress to explain why the buffering device needed to save the euro needs to take the form of a universal basic income.¹

Universality and unconditionality: the crucial conjunction

The second point I want to mention emerged particularly clearly from the session that hosted a conversation between Götz Werner, CEO of the large drugstore DM, and Wolfgang Strengmann-Kuhn, member of the Bundestag for the Green Party. A central part of the background of any discussion on social policy in Germany is the dramatic reform of the German welfare state by Gerhard Schröder's red-green government known as *Agenda 2010* or *Hartz IV* (2005). By reducing the duration of unemployment benefits, lowering the average level of social assistance and increasing the pressure on benefit recipients to seek and accept jobs, it is fair to say that the reform has improved the competitiveness of the German economy. But in a free trade area, making one country more competitive means making the other countries less competitive, and if this free trade area is also a single currency area, this means, for these other countries, deficits in the balance of trade, persistent unemployment and a pressure to restore their competitiveness by similarly scaling down their welfare states. For this reason, Hartz IV is no small factor in the current crisis of the Eurozone.²

Nonetheless, it is also fair to say that nothing ever happened in Germany that was better than Hartz IV at triggering a lively basic income debate. To understand why, note, first of all, that about half the recipients of the new social assistance scheme officially called *Arbeitslosengeld II* (but colloquially called "Hartz IV") are at work. The reform massively extended the possibility of the *Kombilohn*, of low earnings combined with benefits. As such, this is not something basic income supporters should object to, as it is inherent in a universal basic income that it would generalize this possibility. But there is a major difference. Gerard Schröder himself complained that Hartz IV was "misused" by employers, as they used it to get workers into lousy jobs, with harsh conditions, no on-the-job training and no prospects of improvement. This is precisely why basic income supporters find unconditionality so important: a benefit granted to (potential) workers irrespective of whether they are willing to accept a job enhances their bargaining power and enables them to turn down poorly paid jobs of no intrinsic interest.

Put differently, the universality of the basic income — its not being means-tested — is what enables a person to say yes to a low-paid job. Its unconditionality — its not being work-tested — is what enables a person to say no to a low-paid job. Universality without unconditionality is a recipe for exploitation, because of the potential misuse of the *Kombilohn* by employers. Unconditionality without universality is a recipe for exclusion, because of the trap created by means-tested handouts. Instead, the conjunction of universality and unconditionality — so central to the basic income movement since its inception — is a path to emancipation. How emancipatory it can be will of course depend on its level. As stressed by Wolfgang Strengmann-Kuhn, however, the emancipatory effect starts being produced even with a level of basic income far below what would be deemed sufficient to live on for one's whole life, even in a city, even on one's own. Even a much lower universal and unconditional basic income broadens life options and thereby empowers its beneficiaries: it can make it realistic, for example, to accept an internship or an apprenticeship, or to combine further

1 "No Eurozone without euro-dividend", downloadable from www.uclouvain.be/8609.

2 See my response to Gerard Schröder's defence of Agenda 2010 on the occasion of his visit to Brussels in April 2012 : "L'Agenda 2010: un modèle pour l'Europe?", downloadable from www.uclouvain.be/8611

education with a part-time job, or to take the risk of becoming self-employed or of starting a cooperative, in situations in which today, in the absence of a basic income, one would be forced to accept a lousy full-time job.

A “partial” basic income, i.e. a low but genuinely universal and unconditional basic income, is therefore one obvious way in which one can move forward. But there are many others, more or less suited to local circumstances, more or less achievable in a particular political context, more or less likely to trigger a sequence of further emancipatory steps rather than unleash a damaging backlash. To move forward, we must dare to be “visionaries”, as emphasized by Götz Werner, while not hesitating to be “opportunists”, as demonstrated by Wolfgang Strengmann-Kuhn. Guided by our vision of a just society and a just world, we must be on the lookout for political opportunities to get closer to it, without denying the size of the challenges ahead — not least those arising from globalization — and without too much optimism about immediate success. Some good surprises are then bound to come our way...