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About Time: Basic Income Security as a Right

Guy Standing*

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*The views expressed in this paper are those of the author(s),
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* International Labour Office, Geneva.

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1. Introduction

Fortuitously, this Congress takes place one year after the momentous and dreadful events of September 11, 2001 that has unleashed a period of retribution and “war”. For a year, the voice of peace has been reduced to a whisper. However, people around the world have begun to say with increasing effectiveness that unless policies and institutions can be made to reduce injustice, insecurity and inequality, we will live an existence in which more and more resources will be devoted to weapons, police and prisons, extended to protect the relatively privileged from the effects of rising anger among the poor and insecure. We surely do not wish to see a fortress world for the privileged, in which everybody is insecure. Finding more effective ways of providing universal basic security should be at the very top of the international agenda.

This note is by way of an introduction to BIEN’s Ninth Congress. Because it is the first BIEN Congress actually in the new century, it is doubly desirable to look forward, and to ask the grand questions that most of us ask as students or in our youth but too rarely do so as we rush through our lives thereafter. What sort of society would we want to leave for our children or for your children, behind a veil of ignorance (in the sense of not knowing where they would be in the distribution of income and wealth)? What is it that should be equalized in the Good Society of the 21st century? Too rarely do we take the time to ask these familiar, grand questions. It seems singularly appropriate at this time to pose them afresh.

It is also desirable to look forward through the eyes of the place in which this Congress is held. We are fortunate in that respect. Besides the influence of Calvin, the subject of Edouard Dommen’s paper, we have Jean-Jacques Rousseau, whom we should acknowledge as having had a powerful influence on our perspective. The following box suggests a few pointers.

Geneva, Rousseau and Basic Income

Jean-Jacques Rousseau was born and raised in Geneva in the early 18th century, and the city shaped his ideas of republicanism. He lived in the artisanal district of St.Gervais, was the son of an artisan watchmaker and became an artisanal music copier late in his life. The artisan is the *decent worker*, the person with a sense of occupational security, a niche in which to refine and apply skills, gaining status and respect as he or she does so – a model citizen.

Although I have never seen him described as such, Rousseau was in a sense an artisan's philosopher, a thinker who wanted to see a society of artisans, living in small city-states, much as the ancient Greeks had perceived the Good Society, in which *the general will* could prevail. Anyone who has read his introduction to his 'essay' on the origins of inequality, in which he extols the virtues of the men and women of Geneva, will have a sense of what he saw as the Good Society.

Rousseau is most famous for his influence over the French Revolution, and for refining the principles of the *general will* and the *social contract*, drawing on the ancient Greeks. As G.D.H.Cole fully recognised - and Cole is important for our tradition of thinking - Rousseau presented the social contract as an assertion of *democratic rights*. What is most relevant for the following paper is that he gave equal emphasis to liberty and equality:

*"If we ask in what precisely consists the greatest good of all, which should be the end of every system of legislation, we shall find it reduce itself to two main objects, liberty and equality – liberty, because all particular dependence means so much force taken from the body of the State, and equality, because liberty cannot exist without it."*¹

He went on to define equality as moderated inequality, such that in his Good Society:

"in respect of riches, no citizen shall ever be wealthy enough to buy another, and none poor enough to be forced to sell himself"

In a footnote to this statement, Rousseau made a telling aside:

"If the object is to give the State consistency, bring the two extremes as near to each other as possible; allow neither rich men nor beggars. These two estates, which are naturally inseparable, are equally fatal to the common good; from the one comes the friends of tyranny, and from the other tyrants. It is always between them that public liberty is put up to auction; the one buys, and the other sells."

Although he himself did not formulate any scheme for a basic income or a citizenship income, it is not too fanciful to suggest that Rousseau's view on the inseparability of equality and liberty played a strong role in inducing others to do so. We know he influenced Tom Paine, who advocated a form of basic income and who had his own vision of a society of artisan-citizens.² And in the idea of a

¹ J. J. Rousseau, The Social Contract Discourses (London, Everyman, 1913 edition), Book II, Ch.XI, p.42.

² Rousseau also had a powerful influence on the radical Romantic poets, Byron and Shelley, who met and lived in Geneva for a while several decades after his death, memorably getting to know each other while on a boat trip round the lake. Both were strongly egalitarian and republican.

general will based on individual liberty, one can claim that a social contract requires all citizens to have basic security in which to make rational decisions. Thus he argued,

*“the fundamental compact substitutes, for such physical inequality as nature may have set up between men, an equality that is moral and legitimate, and that men, who may be unequal in strength or intelligence, become every one equal by convention and legal right.”*³

For Rousseau, liberty meant both independence and security. As with the famous distinction made by Isaiah Berlin, he understood that real freedom must be based on negative and positive liberty - an absence of oppressive controls and an existence of decent opportunities, the essence of security.

Possibly the most intriguing aspect of Rousseau’s thinking for our concerns is what Stuart White has described as the idea of a *republican property right*, a right to private property as a claim-right of citizenship.⁴ This links his notion of equality with his two-sided notion of liberty. A claim-right can be said to be what each individual can hold against the community, and in this respect is a decent minimum of property (income and wealth) that, in the circumstances of time and place, is necessary to maintain economic independence. Indeed, for Rousseau the right to property is limited by the need for a universal right to subsistence - in effect, property must serve liberty. It is this sense of claim-right that motivated Paine and the many others who have advocated capital grants and basic income.

There is another aspect of Rousseau that is indirectly relevant. Undoubtedly, Rousseau would have been an *anti-globalizer*. His ideal was the city-state, a community small enough for meaningful democracy. While it must be acknowledged that, in principle, Rousseau was against *representation* democracy, he was pragmatic enough to admit that if *“if there are partial societies [within the State], it is best to have as many as possible and to prevent them from being unequal”*⁵ In this, I think he had a powerful influence on Cole and those with him, who lost out to the ‘State socialism’ of the 20th century, but whose ideas seem so relevant to a vision of decent work and security in the 21st century. In modern parlance, Rousseau favoured *deliberative democracy*, and for this everybody, every ‘citizen’, must have adequate assets.

In sum, Rousseau could be seen to belong to a line of thinking in which equality and liberty were the twin pillars of a Good Society. While two and a half centuries later, we may have our differences from him; we can still draw considerable inspiration from his legacy.

2. A vision: basic income security and “Decent Work”

At the beginning of the 21st century can we form a vision of the Good Society of the future? Let us start with two fundamental questions, to keep at the

³ Ibid, Book I, ch.IX, p.19.

⁴ S.White, *“Rediscovering republican political economy”*, *Imprints*, Vol.4, No.3, 2000, pp.213-235.

⁵ Rousseau, op.cit, Book II, p.23.

back of our minds. Bearing in mind that all theories of distributive justice espouse the equality of something, the first grand question is:

What is it that should be equalized in the Good Society of the 21st century?

We may start with an underlying premise, which is that readers are *egalitarian* in some sense of that word, believing that a Good and Just Society must rest on some principle of social justice in which something should be equalized, whether it be income, wealth, status or opportunity to work, save, invest, and live a decent life. In this respect, we may claim that society should rest on a simple principle, that everybody should have *basic security* – to be equally free, equally protected against morbidity, and have equally good opportunity to develop our competencies and capabilities. Across a broad political spectrum, this fundamental principle is surely accepted. It defines our civilization and our civility, the basis of our inter-generational, intra-generational and cross-national discourse.

So, the essence of the answer is that for real (substantive) freedom, everybody in society must have equal *basic security*. This must be *unconditional* and *individualized*, the former being critical for liberty and for combating paternalism, the latter being critical for gender-related (and many other) issues. The word ‘real’ is used to signify that there must be a combination of ‘negative liberty’ – the negation of deprivation and unchosen controls – and ‘positive liberty’ – the opportunity to make informed and worthwhile choices. Real freedom might be described as the opportunity and capacity to function rationally and purposefully and to develop one’s capacities or capabilities.

The second, complementary grand question is:

Assuming a *veil of ignorance* (not knowing where they would be in the distribution of outcomes), what sort of society would we want to leave for our children?

My own gist of the answer is that they should be living in a society celebrating a diversity of lifestyles, constrained only by the need to avoid doing harm to others, and living in circumstances in which a growing majority of people work on their enthusiasms, to pursue their own sense of *occupation* – combining their competencies, or “functionings”, varying their work status, and possessing the means to be responsible to their family, neighbours and wider community. They are ‘in control’ and able to pursue their “calling”, their portfolio of activities. They live in an environment of *co-operative individualism*, in which individual freedom of action and reflection is backed by collective agency. This notion of development may be called *occupational security* – the security in which to develop capabilities and a working life in which one can combine forms of activity, including the stillness of contemplation. This is very close to what the ILO is espousing through its **decent work** concept. This is also a vision of the Good Society based on real freedom and on equal basic security, or what might be called **complex egalitarianism**.

A typical member of BIEN would contend that a CI (Citizenship Income) is essential for the Good Society of the 21st century, and that it could promote both individual liberty and personal and communal security, without which one cannot envisage a flourishing of all the talents.⁶ Let us pause here to reflect on the key words, which will figure strongly in the BIEN Congress.

The concept of basic income security obviously encapsulates three concepts – basic, income and security. Each of these words begs for a definition, as do each

⁶ Some of the themes in this note are elaborated in a recent book. G.Standing, *Beyond the New Paternalism: Basic Security as Equality* (London, Verso, 2002).

of the couplets (basic income, basic security, income security), and even the notion of *universalism* that often accompanies each of them.⁷

A key point about “basic” is that it must be meaningful, in that it would have to be more than a charitable gesture. It means that it would have to be sufficient on which to survive. A key point about “income” is that the payment must be in a form that allows the individual to decide for him or herself how to allocate the resources. It is non-paternalistic in this respect, unlike a food subsidy, for example. A key point about “security” is that whatever is provided must be assured. There should be no “moving of the goalposts”, which has been a striking feature of most welfare states over the past 50 years or so.

Adequate socio-economic security is the bedrock of real freedom. However, one must allow that, both as individuals and as society, one could have too much security or too little security. Without basic security, you cannot be expected to be able to make rational decisions. However, freedom does require democratically chosen restraints or constraints, to check recklessness and selfish opportunism. These restraints must presumably pass some *veil of ignorance* test – that they apply equally to all groups and individuals, and that we accept them regardless of what position we occupy in the system of distribution.

Let us assume that we accept that universal basic economic security is a fundamental principle of a Good Society. If so, two Policy Decision Principles seem to follow.

The first, following Rawls but making security the locus of strategy, may be called the Security Difference Principle:

⁷ For a fascinating discussion of the evolution of universalism in Scandinavian welfare states, see Nanna Kildal and Stein Kuhnle, “*The principle of universalism: Tracing a key idea in the Scandinavian welfare model*”, paper for BIEN Congress, Geneva, September 2002.

A policy, or institutional change, is just only if it reduces (or does not worsen) the insecurity of the least secure groups in society.

In other words, real freedom cannot be advanced if, say, supply-side policies, or “structural adjustment” strategies or “shock therapy”, deliberately worsen the insecurity of those at or near the bottom of society. And this would hold regardless of claims made on behalf of political democracy, i.e., if a majority could be induced to vote for policies that would make the worst-off worse off.

This decision rule, or principle of constitutionality, provides justification for a floor, to protect and enhance freedom in moving towards universal basic security. After all, if one accepts that real freedom is the opportunity to pursue a life of dignified and dignifying work, then one must recognize that this is about *distributional* outcomes – the woman outworker, the labourer and the peasant should have the same (or equivalent) basic security as the lawyer, the economist or the shareholder.

The first policy decision rule should be complemented by one dealing with the threat of various forms of paternalism and state control, which also threaten freedom. This may be called the *Paternalism Test Principle*:

A policy, or institutional change, is just only if it does not impose controls on some groups that are not imposed on the most free groups in society, or if it reduces controls limiting the autonomy to pursue occupation of those facing the most controls.

Thus, unless husbands are subject to the same controls as wives, unless the poor the same as the rich, and the unemployed the same as the employed, then policy, institutional or relational controls should be opposed as invalid. And they would remain invalid even if a political majority could be engineered to vote for them. Reducing the freedom of a minority (or a majority in the case of women in

many societies) cannot be accepted, even if the change enhanced the freedom of others.

The *Paternalism Test Principle* will be crucial in the first decade of the 21st century, because of the dangers of ostensibly benign state paternalism. In the bristling machismo among politicians and their ‘think tanks’ in recent years, universalistic social protection without behavioural conditions has been condemned by loaded words such as “nanny state” and “dependency”. The irony is that state paternalism, in the form of workfare, welfare-to-work (sic) and other *directive* schemes, more deserves the epithet of nanny state – although such euphemisms should be treated with some disdain.

If the *Paternalism Test* and *Security Difference Principles* were respected, we should favour policies and institutions that move people’s work away from external controls, and *towards* greater autonomy, security and equality. This is not just about laws and regulations. It is also about work structuring – shaping work to suit people, not merely shaping people for jobs, or to make them more “employable” (sic), or even to give them more ‘human capital’ or ‘human capability’.⁸ Freedom cannot be equated with capabilities or entitlements, unless one defines these terms so broadly that they lack specificity.

We should wish to provide basic security for all, since that is essential to facilitate the individual *freedom to develop*. It is a freedom to develop ourselves through a creative, multi-sided existence, in which our work and our contemplative sides are balanced and balancing.

⁸ The terms “employable” and “employability” have been hugely influential in European policymaking circles. The emphasis is always on altering the characteristics of people, including their attitudes and behaviour, so as to make them more pliable, adaptable, disciplined and so on. Rarely does see anything like as much attention being given to making jobs more workable, or whatever the equivalent term might be.

A difficulty is that the way social security and social protection systems have been evolving around the world is not compatible with anything close to this vision. Before considering this proposition, let us highlight – very schematically – the most relevant stylized facts on the emerging economic system and patterns of distribution associated with it.

3. The context

We live in a “globalizing” world, in which social and economic insecurities seem pervasive, in which there is no prospect of “Full Employment” in the Keynesian sense of the word (and arguably no good justification for making that the primary social policy objective). There are extensive, and probably growing, inequalities of income, wealth and the opportunity of making either. Corporations and governments are mostly eager to create more flexible labour markets and labour relations, and unions are too weak in most places to do much about it.

Above all, we live in a world in which traditional family and community networks of social protection are breaking down, and where extended families are becoming more rare, where household membership becomes more transient, where “bowling alone” is becoming a more prevalent way of living. It is also a world in which enterprises of employment are increasingly disinclined to provide a wide array of social benefits for ordinary workers, and in which the State is shrinking in the sense of being able and willing to provide a growing array of decent “cradle to grave” benefits and entitlements.

One may criticise these trends or one may welcome them. The key point is that we must take them into account in thinking of feasible and desirable options for moving towards basic income security. Good policy is not based on unrealistic assumptions.

The context is one of widespread and growing economic and social inequality and insecurity. We are in the midst of a great transformation, in which

the economy has been disembedded from society, such that there are no adequate systems of regulation, redistribution or social protection to moderate the inequalities and insecurities being thrown up. Globalization and the spread of flexible, informal labour markets are associated with capital and labour fragmentation, in which *controls* over workers and citizens are becoming more complex and indirect, and in which income flows are also becoming more complex. A small minority are receiving income mainly from capital, with a small part coming from performance of highly paid labour. At the top is an elite, blessed by absurdly high incomes and windfall gains that are a spreading dark stain on global capitalism. The stain is spreading, not just because more executives are joining that way of remuneration but because these incomes convert into huge wealth that is passed from generation to generation, producing the concentration of financial wealth that is a starting point for our deliberations.

Alongside the wealthy elite, a shrinking *core* group of workers are receiving income from a variable mix of wages, state benefits, enterprise benefits and capital (shares). Below both groups in terms of income, a heterogeneous group has mushroomed, which for present purposes may be called *outsiders* (flexi workers, unemployed, and a lumpenized detached group of homeless or socially ill people scraping by). The outsiders put the fear of insecurity up the stomachs of the insiders, who in turn retreat into implicit or explicit “concession bargaining” with their firms.

One can complicate this basic labour market model, and for many purposes should do so. But for our purposes it is sufficient to depict the fragmentation in this way. The inequalities have become destabilizing, yet are unchecked. For example, in Latin America, and in other parts of the world, there have been well-documented lurches to greater income inequality in recent decades. Most of that occurred in periods of dictatorship or of military juntas. But the increased inequality has been maintained in subsequent periods of so-called

democratization. There is compelling evidence that the top 1 per cent and top 10 per cent of income earners have gained strongly relatively to the bottom 90 per cent of the population. This skewed trend is not picked up in the standard measures of income distribution (gini coefficients).⁹ In Europe and North America, there is evidence of comparable developments. No Good Society can emerge unless that gross inequality is addressed, and that can only come from a redistribution of income and assets. Meanwhile, even in the most industrialised countries, poverty remains high, even in countries performing very well economically.¹⁰ The bottom groups have lost in terms of secure wages, occupational welfare and state benefits.

It is the latter that most concerns the BIEN Congress. The following merely highlights a few key trends:

- § Proportionately fewer workers are in labour statuses that enable them to have access to fringe benefits and ‘occupational welfare’ in firms or employing organizations.

- § More workers are in jobs paying individualised and unstable or unpredictable earnings. Even within the countries of the European Union, nearly one in every ten employed workers has an income that puts her or him in poverty, a point brought out well in a paper for this Congress.¹¹ Remarkably, half of the poor in the EU live in households in which at least one person works in a job full-time. Moreover,

⁹ G.Palma, “*Income polarization in Latin America*”, ILO Socio-Economic Security Programme Paper, (Geneva, ILO, 2002).

¹⁰ Even in Ireland, one of the fastest growing of all industrialized economies, the percentage of people living with incomes below the poverty line has increased substantially. Sean Healy and Brigid Reynolds, “*From poverty relief to universal entitlement*”, paper for BIEN Congress, Geneva, September 2002.

¹¹ Wolfgang Strengman-Kuhn, “*Working Poor in Europe: A Partial Basic Income for Workers?*”, paper for BIEN Congress, Geneva, September 2002.

statistics from industrialised countries show that in recent years high employment is not associated with poverty reduction.¹²

- § A majority of the unemployed in industrialised countries do not have access to unemployment benefits.¹³ Conditions for entitlement have been tightened, fewer workers manage to qualify for them, the level of benefits has fallen, the duration of entitlement has been shortened, and there has been a steady drift from *insurance* to *assistance* (means-tested) benefits. “Unemployment traps” have been very strong, particularly for women.¹⁴ One can predict that by 2010 there will scarcely be any traditional unemployment benefit system in the world.

- § There has been a strong shift from *defined-benefit pensions* to *defined-contribution* schemes, which are intrinsically more insecure, in terms of level of pension and assured receipt of it; there has also been a shift from universal basic state pensions to means-tested schemes.

- § Many countries have raised the minimum age of retirement pensions, thereby intensifying the income insecurity of elderly workers. The age of entitlement has been raised particularly for women, in one in four countries, compared to men, where the age has risen in one of every

¹² Bea Cantillon, Ive Marx and Karel Van den Bosch, “*Welfare state protection, labour markets and poverty: Lessons from cross-country comparisons*”, paper for BIEN Congress, Geneva, September 2002.

¹³ Even in a country such as Finland, where traditionally a very high proportion did receive them, reforms in the 1990s have reduced the share to a minority, as brought out in a paper for this Congress. S.Aho and I.Virjo, “*More selectivity in unemployment compensation in Finland: Has it led to activation or increased poverty?*”, paper for BIEN Congress, Geneva, September 2002.

¹⁴ Anna D’Addio, Isabelle De Greef and Michael Rosholm, “*Assessing unemployment traps in Belgium using panel data sample selection models*”, paper for BIEN Congress, Geneva, September 2002.

five countries.¹⁵ During the 1990s, one country in every four that had state pension schemes raised the number of years of contribution required to obtain entitlement to a pension.

- § More and more families and a growing proportion of the population of Europe and other parts of the world are dependant on *mean-tested benefits* – or “*social assistance*” – in order to avoid poverty.¹⁶ As numerous surveys have shown, these suffer from low and erratic take-up, for behavioural and informational reasons, as well as because of bureaucratic inefficiency and arbitrary application of rules. Not only are such benefits being cut in value, but also conditions for entitlement are being made more stringent.
- § Indexation of benefits has been weakened, intensifying the income insecurity of those dependent on them; in some countries, the intervals have been lengthened between adjustment to inflation, in some countries the value of benefits has been linked to prices rather than to per capita income, so allowing their real value to decline relative to the income of other groups in society.
- § Often, the actual value of benefits has been cut. Often, the period of entitlement has been reduced.
- § Only just over one in three countries have provided income protection for all eight standard spheres of social security – sickness, maternity, old age, invalidity, survivors, family allowances, work injury,

¹⁵ Over the past decade, the average age has risen by about one year for women and half a year for men.

¹⁶ In the United Kingdom - admittedly near the extreme in this respect - it is projected that in 2003 25 million people (43 per cent of the entire population) will be on means-tested benefits. This will include about half of all pensioners.

unemployment. Unemployment benefits only exist, in partial form, in one out of every two countries.

- § On average, only about 12 per cent of GDP is spent on providing income security through social security schemes - just over 21 per cent in industrialised countries, and merely 2.2 per cent in developing countries. There is no evidence that an increasing share of GDP is correlated with lower economic growth, and indeed up to about 33 per cent there is a positive correlation - social protection is growth enhancing, yet has been constrained.
- § Above all, behavioural conditions have been applied and tightened, thereby forcing people to conform to a standard behavioural model, often in a way that many people cannot do. Workfare-type schemes have spread, in which limited entitlement to income transfers has been made dependent on the performance of labour.

In short, as many papers for this Congress demonstrate, we live in an era of selectivity, conditionality and paternalistic controls that are a threat to real freedom, creating societies in which, inside the labour market, on the edges of the labour market and beyond it into old age, income insecurity is rife and shows no prospect of being reversed. Society and the economy need not be like that. There is an alternative.

4. About time

Before coming to that, permit me an extended digression.

All the great Utopias painted throughout modern history have had characteristics of gentleness, conviviality, fraternity and social solidarity.¹⁷ Any progressive strategy should be compatible with those features. With that thought in mind, what is the biggest challenge that we face in the affluent parts of the world?

Let us be blunt. In the industrialised world, we live in an *apolitical era*, in which there is pervasive class fragmentation and a generalised lack of identity. The I-word dominates the We-word. The young are cynical - and rational - about the politics on offer. In 2000, for the first time, more of those under the age of 30 who voted in the US Presidential election voted for the Republican candidate than for the Democrat - about 40 per cent for the former, 20 per cent for the latter, and 40 per cent for “independent”. In France, in the first round of the French Presidential election held in April 2002, a majority of that age group stayed in bed, leaving the extreme rightist candidate Le Pen, an odious character, to beat all candidates of the left. In the following weeks, chauvinistic individuals and groups in the UK and the Netherlands, among other places, attracted levels of electoral support that sent shivers of concern through the body politic.

In this context of disembedded populism, it may not seem an auspicious time to propose any Good Society. Yet surely that would be a faulty reading of the challenge. The fear should be that the voices of the Third Way tendency that prevailed in the 1990s will continue to pander to the *weakness-of-will* tendencies (fostering individualism), not trying to create the collective agencies and spaces in which a fraternal We can evolve. If this continues, the Young (and the not-so-Young) will continue to be disengaged. Unless those in the public sphere who worry about the insecurities and inequalities offer a *politics of paradise*, the long-term prospects of a Good Society will remain bleak. It is not good enough for Third Wayists to say that the young should vote for them because if they do not

¹⁷ Think of Thomas More’s *Utopia*, or the idyllic crafts community on the Thames painted by William Morris in *News from Nowhere*, or the favourites from other cultures and traditions.

do so a Le Pen or his equivalent will obtain 'power'.¹⁸ It is better for the politicians to be taught sooner rather than later that pragmatic adjustment to the dominant economic orthodoxy can never be part of the onward march.

One hypothesis to explain the declining turnout in national and sub-national elections in most affluent countries is that people are encouraged to be individualistic by market norms, whereas voting derives from a sense of social community and valued social relationships. The significance of the political disengagement is that a Good Society must surely be built on the energies and the anger of youth, who have always provided the backbone of progressive movements, and not on the *adaptations* that youth are obliged to make in order to adjust to current realities. It must surely appeal not to their *weakness of will*, but to their enthusiasms.

What asset does Youth lack most? And what are the reasons for this? Coincidentally, what makes Youth angry?

Beyond those teenage years of *angst*, the asset youth lack most is *time*, both currently and, more importantly, in prospect as they move from 'school' to 'work'. In modern affluent societies, there is constant pressure to use every moment, with work demands competing with the need to make contact with peers, through the internet, through emails, through mobile phones or whatever. Men and women in their 20s and 30s – and often in their 40s and 50s – have to face *multi-tasking*, and take their work home, and their home to work. The reasons for this frenzied loss of time are that the pressure to consume and to compete is

¹⁸ The lack of a progressive vision may have contributed to the precipitous drop in membership of political parties of the left. In 1988, the French *parti socialiste* had 200,000 members; in 2002, it had only 80,000. In the UK, membership of the Labour Party declined between 1997 and 2001 by almost

intensified in electronically connected individualistic capitalism. To pause is to risk becoming obsolescent, passed by in the latest splurge of gadgeting, or displaced by those with the capacity to perform a revised set of tasks.

It is a lifestyle that is psychologically threatening, leaving both the successful and the failures teetering on the edge of a sort of hysteria. The notion of *bowling alone* is operating alongside the notion of *burn out*. Even the 'right to silence' is jeopardised.¹⁹

While this intense pressure on time causes resentment - often turned inwards, resulting in a sense of inadequacy and stress - Youth and others are also infuriated by a sense of injustice, but in some respects this is unlike the sense of injustice that predominated in past ages.

In a global society, it takes the shape of revulsion against the gap between the affluence in the rich countries and the grinding poverty in low-income developing countries, and between the absurdly wealthy elites of the world and those detached from the mainstream of society living a lumpenized existence of precariousness. It also takes the form of anger about ecological decline, a worry that the quality of the environment is deteriorating as corporate greed and technological prowess threatens the sustainability of our planet. The poor in general, the hassled workers rushing to work on bus and underground, the slum dwellers, the inner-city dwellers, and numerous other groups all live in crowded spaces, while they see the affluent living in space where they are in control of their environment. Youth see the rain forests shrinking, the range of species shrinking, and the coral reefs shrinking. But they also crowd into cramped city

100,000, while activism by its members declined even more dramatically - most do not do any work for the Party. The Guardian, June 18, 2002, p.11.

¹⁹ Is "freedom" the freedom to be bombarded by adverts and incessant noise - simulated nature included - in shops, in the streets, in work, and in other hitherto social spaces? People seem to be responding to the public noise by retreating into an illusion of private space, listening to "walkmen", sending text messages endlessly to "friends", and so on. This retreat from society is called *hikikomori* in Japan, a terrified withdrawal from the clamour and confusion of the outside world. L.Inoki, "Why Tokyo turns a deaf ear to nature", The Financial Times, September 1, 2001, p.XXII.

spaces, on overloaded buses or trains, in small costly apartments, permanently in a rush. Time and space are crowded, and they neither own nor control their own time or space. This contributes to a pervasive sense of existential insecurity.

A progressive politics and vision must tap the most critical source of deprivation and anger of its potential supporters, and thus be about a redistribution of those assets perceived as the most scarce and most valued, and most unequally distributed. In a feudal society progressives tapped the anger of the landless; in an industrial society they tapped the anger of those lacking the physical means of production. In the 21st century, the key assets lacking for youth and the median “middle-class” worker are *time* and *security*.²⁰ Progressives should be tapping the anger of those most likely to lack time and security.

The underlying malaise is not accidental. Modern capitalism has an interest in *time compression* among those who consume its products and among those who work to its rhythms. It is almost a truism that more and more people are living under a pressurised mix of inducements and incentives to “spend time” – purchase, possess, and display, that is the law of the modern prophets.²¹

In such circumstances, a subversive politics should be about wresting control over time for the ‘dispossessed’, and it should recognise that such control is the essence of real security. As in every radical moment in history, the progressive vision should be about redistributing the key scarce asset from those who possess too much of it to those with too little or none at all. No progressive agenda ever mobilised the masses unless it offered a strategy to redistribute the key scarce asset.

²⁰ These are also lacking for the poor almost everywhere, although some mistakenly portray the poor as having ample time. In reality, because they lack “time-saving” devices and because they have access only to low-productivity activities, they have to spend more time to achieve any given income, and have to spend more time on sheer survival activities.

²¹ Over 30 years ago, Steffan Linder wrote a book called The Harried Leisure Class depicting the increased goods-intensity of non-working time. The problem is more general now.

This is where we reach a dilemma for those wishing to create a Good Society: The demographics are in conflict with the potential politics. While youth are concerned by a lack of time and are angered by a sense of ecological injustice – a sense of deprived space – the age group that is growing as a proportion of the total population is the elderly. In part because of the nature of social policy derived from industrial society, this age group does not lack time. The welfare state, even in its residual Anglo-Saxon form, was built on the presumed norm of the labouring man, the “breadwinner”, who received income transfers to compensate for “temporary interruptions of earning power”. Old age was expected to be a short interruption between labour and death. Although never justified, it was the closest to a norm in the middle decades of the 20th century. It certainly no longer applies in the early years of the 21st century.

There is no intrinsic reason for the over 50-year olds to have a disproportionate share of society’s “free time”. Yet once having been granted it through PAYG pension systems during the second half of the 20th century, they are scarcely likely to give it away – and in this they will be supported by those coming their way.

The demographic dilemma is compounded by the awkward fact that there is a obvious reason for the elderly having little opportunistic interest in the main source of anger motivating youth under globalized capitalism. Youth fear ecological decay, global warming, closing spaces and all the spectres that come with them. Where will “we” go in 30 years time, when the waves have come up round that island of peace and tranquillity, when those frenetic years are behind us? The elderly will understand this existential insecurity, and some will be motivated by altruism to the point of protesting alongside their grandchildren. But they do not have a direct interest in those distant times, for the very simple reason that they do not expect to be around.

So, here we have the dilemma. The angry generations, the potential energisers for any Utopian vision, lack time, lack security and feel the ecological pain. The growing generations – the “wrinklies”, “grey power” – have ample free time and have only an altruistic concern for the primary source of anger among their younger citizens, a lack of ‘quality time’. This is scarcely a recipe for a strong model of social solidarity. A formula for a new social solidarity has to be found – or we can kiss good-bye to any hope of a progressive vision, and come to accept a landscape of Warholian politics, of populist individuals or parties flitting before electorates for their proverbial 15 minutes of fame and electoral fortune, catching the passing mood with a flurry of buzzwords, playing on the fears of the crowd, swayed by the turbulence of global capitalism. The crass politics of globalization and pervasive insecurity are populism and personalization. The politics of paradise must defeat that.

Recapturing control over time is a fundamental part of that politics. While preparing this note, I heard that, apparently, in the 1968 US Presidential election the average “soundbite” of the Presidential candidates lasted 45 seconds, suggesting some substantive reasoning process, whereas in the 2000 Presidential election the average “soundbite” had been shortened to 8 seconds. A reasonable interpretation of this and other symptoms of time pressure is that the populace is suffering from a National Attention Deficit Disorder syndrome – reproducing at societal level a pervasive modern illness among children and young adults that is now a recognisable learning disorder.

Induced to flit idly between a flurry of time-filling activities, it is scarcely surprising that youth seem to lack an appreciation of history.²² Dare one say that lacking a sense of past time is a guide to a lack of a sense of future time? Do not expect a vision of a Good Society from those who lack a sense of where they have come from and where they are going.

²² While preparing this note, a report was published showing that most high-school graduates in the USA did not have even a basic grasp of their country’s history, let alone know much about the rest of the world’s history.

The challenge is clear. The contours of the solution are no less clear – decommercialization of the spirit and decompression of time. Every imagined Utopia has met those challenges. An agenda for the 21st Century Good Society should at least face them.

5. A future somewhere: Towards a new “Social Contract”

The claim is that in this era of ‘globalization’ the economic system has been disembedded from society, to the detriment of security and stability. Embeddedness requires appropriate systems of regulation, of protection and of redistribution. Social thinkers everywhere are struggling to redefine all three in the new global (dis-) order.

Let us start with *regulation*. How can effective and equitable *regulation* be achieved? The starting point should be that regulations should become progressively less paternalistic, and the use of *fiscal regulation* of individual behaviour should be reduced and be subject to the two policy decision rules stated earlier. Regulation of individual behaviour by manipulation of taxes and income transfers is anathema. In fiscal policy, the principle of *behavioural neutrality* should be developed. In other words, fiscal policy should not be designed to be a vehicle of social engineering. And where it does impinge on individual behaviour, as far as possible it should adhere to those decision rules.

Old-style statutory regulations are limited. Although useful in setting standards and guidelines, they veer between bureaucratic rigidities and lax gestures, depending on the administrative effort put into them. The priority should be to reinvigorate *Voice Regulation*, which means rethinking issues of tripartism, neo-corporatism and the new euphemisms of *governance* and *social capital* (sic). Any agenda that sees the extension of rights or freedoms without collective Representation Security could mean only that the vulnerable would remain

vulnerable. But in thinking about Voice, we must avoid the danger of being tied atavistically to the 20th century labourist agenda.

The Good Society needs as many types of representative association as there are *interests* to represent. Rousseau's concern about partial societies remains true, but so too does G.D.H. Cole's insistence that we need a multitude of interest representations. This means, *inter alia*, a need for independent organizations to bargain on behalf of *flexiworkers*, so-called "informal workers", voluntary workers, care workers, the unemployed and so on. And there is a need for legitimate *occupational associations*, that is, bodies that can defend and enhance standards and practices but which must avoid the danger of being monopolistic rent-seeking devices, as has been the case of many professional bodies. We can see positive signs, as well as some of the negative, in the spread of social clubs based on ethnic background, gender, type of work, and so on. To complement group-based and occupational associations, there is also a need to strengthen *community associations*.

What then of *redistribution* in the emerging global context? Even the World Bank is recognizing the need for asset redistribution.²³ Suffice it to assert that we need new mechanisms rather than give up the search for redistribution on the dubious grounds that "there is no alternative" to living in a more inegalitarian world because of globalization. The returns to capital and technological innovation have risen relative to those on labour, and the functional distribution of income may have become more skewed in favour of capital. Use of progressive direct tax has become problematical because of pressures of "competitiveness". So, re-embedding the economy requires policies and institutions to raise the aggregative capital market participation rate (CMPR) towards the labour force

²³ The World Bank, World Development Report (Washington, DC, The World Bank, 2002).

participation rate (LFPR), so that all of us have a broad portfolio of forms and sources of income. This means reviving ideas of *stakeholder capitalism* within firms and within local communities, as well as social investment fund and community profit sharing schemes. Social reformers will eventually grab them and make them instruments for complex egalitarianism.

So, what then of *social protection*? Surely, – and this is a founding principle of the ILO’s Socio-Economic Security Programme – the overall system of social protection must shift away from its almost exclusive focus on *risk compensation* to one of extending and enhancing individual and collective rights, based not on labour as in the 20th century, but on citizenship in its broadest sense. Protection is not equivalent to a “social safety net”, it should be a means of *liberation*. We should play on the Kennedy aphorism: Ask not what social protection must protect you *against*; ask what social protection can protect you *for*.

It is in that context that basic security requires an unconditional basic income – or what might be called a solidarity or security income. Real freedom requires a system of social protection that allows people of all backgrounds to be able to make decent choices. Ultimately, social protection, regulatory and distributive policies must be integrated in a way that facilitates and extends what might be called *occupational security*.

This is related to the great debate on *the right to work*, a subject dealt with by Philip Harvey in a paper for the Congress, and by many within BIEN.²⁴ There have been numerous attempts to define this right and a right to income security. There have been contributions from philosophers, theologians, psychologists, economists, sociologists and sundry others. There are interesting contributions from these different perspectives at the BIEN Congress. Thus, a Christian perspective is well illustrated by Torsten Meireis’ paper for the Congress, which –

²⁴ Philip Harvey, “*Human rights and economic policy discourse: Taking economic and social rights seriously*”, paper for BIEN Congress, Geneva, September 2002. For a critical perspective, Standing, 2002, op.cit.

drawing on a modern reading of Luther – concludes with a ringing statement with which many could agree:

“Since Christian active life is to be characterised by serving one’s neighbour in a spirit of love, a social order of distribution that condones only integration into gainful employment organised by the market (unless a person is independently wealthy or renounces all welfare) – denouncing other ways of life or stigmatizing those who are unable to forage for themselves – is not acceptable, not least because it effectively reduces the freedom to follow one’s calling to a small elite.”²⁵

A related perspective, derived from Calvin, is presented by Edouard Dommen in the Congress.²⁶ Many religious thinkers and practitioners have been drawn to the desirability of a right to income security without linking it to any duty to perform labour. Thus, the Archbishop of Cape Town told us in a meeting on basic income in South Africa in January 2002, *“An unconditional basic income is essential for tackling poverty and inequality in South Africa.”*

Others have referred to the right to dignity and the enhancement of individual freedom and autonomy, or self-respect. The United Nations’ *Universal Declaration of Human Rights*, Article 40, commits all countries that are members of the United Nations to the principle:

“Everyone has the right to a standard of living adequate for the health and well-being of himself [sic] and his family, including food, clothing, housing and medical care and the necessary social services...”

²⁵ T.Meireis, *“Calling: A Christian Argument for a Basic Income”*, paper for BIEN Congress, Geneva, 2002, para.V.4.

²⁶ E.Dommen, *“Si tout est donné, pourquoi travailler? La gratuité de la grace, l’allocation universelle et l’éthique de travail”*, paper for BIEN Congress, Geneva, 2002.

This is a right without specified obligations. How far reality is from that vision to which governments around the world have been ostensibly committed ever since it came into effect over 54 years ago. And others have linked it to the right to food, as is done by Rolf Kunnemann in his powerful statement to the Congress.²⁷

Some have noted, often with regret, that in the sphere of human rights, economic rights have lagged others – a point made by Mary Robinson, the outgoing UN High Commissioner for Human Rights. Thus, the UK's Human Rights Act of 1998 (implemented as from 2000) provides for a right to life (including basic health care) and the right to schooling, but does not provide a universal right to adequate subsistence, shelter or social care. In this connection, some observers have distinguished between universally enforceable rights and those that are not enforceable – or what one observer has called “*manifesto rights*”. The right to basic income security would no doubt belong to this category, to the extent that the distinction is meaningful and desirable.

The crucial point is that a right to income security should not be linked to a right to work. The fundamental criticism of 20th century welfare states is that for the most part entitlements to income transfers were linked to the performance of labour or the willingness to do so, or to the payment of contributions from labour income. This systematically undervalues other forms of work that are not labour.

A Good Society in which decent work or occupational security is promoted, based on the image of an *artisanal society* that underlay Rousseau's concerns for liberty and equality, should not elevate labour above other forms of work. Moreover, in the 21st century it is very clear that making income security dependent on wage labour leads to widespread and growing denial of access to

²⁷ R.Kunnemann, “*Basic income: A States' obligation under the human right to food*”, paper for BIEN Congress, Geneva, 2002.

income transfers, which is precisely what has been happening in all types of economy.

6. The options: alternatives to BI

Let us assume that we all accept that moving towards basic income security for all is desirable. A wide range of alternative routes have been proposed, and many have been tried in various parts of the world. It is worth recalling the main alternatives, if only to contrast them with the favoured option proposed by most members of BIEN. I do not intend to discuss them, merely to list them and indicate the main concerns that have been raised in each case.²⁸

Income security can be enhanced for those involved in economic activity, for those doing some other form of work, and for those not doing some form of work. Most attention over the past century has been given to policies to “make work pay”.

A statutory minimum wage: This is a classic tool to give income security for those at or near the bottom of labour markets.

Main drawbacks: While a minimum wage can provide a floor for those in wage labour, it obviously does not cover those outside it, and with the growing informalization of economic activities, it is harder to apply than in the case of an economy based on regular full-time wage employment. It is hard to apply effectively or equitably in flexible labour markets, and is administratively costly.

²⁸ For development of the criticisms, see Standing, 2002, op.cit.

Social insurance: This refers to compensatory income transfers for so-called *contingency risks*, in which workers pay contributions or have them paid for them, typically by employers, in return for which they receive a benefit should the risk materialise. As many observers have noted, in many cases the notion of social insurance is a fiction, albeit a convenient one that has helped legitimise it as a system.

Main drawbacks: It does not reach many workers, leads to opportunistic evasion, to moral hazards and immoral hazards. It raises no-wage labour costs, tending to reduce employment. It leads policymakers to “move the goalposts”, contravening the principle of insurance. It focuses on labour rather than on work.

Social assistance: These are benefits or income transfers provided to families or individuals based on *means-tests*, often with behavioural conditions attached to them. Although long regarded as anathema for equitable and effective social protection, they have grown enormously over the past two decades.

Main drawbacks: These stigmatise and have a low take up, tending to exclude those most in need. Usually they become embroiled in additional ‘behavioural tests’, which threaten liberty through constraining individual freedom of choice.

Workfare: This refers to a genre of schemes in which a person has to perform a job or take some specified training or other ‘employability’-enhancing activity in order to gain or retain an entitlement to a benefit. This route to so-called ‘social integration’ became the vogue in the 1990s, epitomised by the 1996 welfare reform in the USA, in the UK’s “New Deal” and in comparable schemes in other countries.

Main drawbacks: This is the new paternalism, and is a threat to liberty and equality in the 21st century. Its avowed rationale – the so-called reciprocity

principle – is arbitrary, inequitable and leads towards authoritarian controls over the poor and relatively vulnerable.²⁹ It can also create a new form of ‘dependency’

Employment or wage subsidies: These refer to payments or tax credits paid to employers (usually) for employing workers, and are intended to enable firms to create more jobs, and workers to receive higher wages than might be justified by the productivity of the jobs or of the workers.

Main drawbacks: These entail large ‘deadweight’ and ‘substitution’ effects, and tend to distribute income regressively, giving to ‘capital’ not to workers.

Public Works: These are the classic schemes by which the poor are paid to do something, usually labour-intensive activity, and have been particularly widespread in developing countries.

Main drawbacks: These have deadweight and substitution effects, are stigmatizing, often do not reach the most vulnerable groups, and tend to have low productivity.

In-work benefits: These have been increasingly popular, blurring into the subsidies mentioned above and the tax credits below. Essentially, the term refers to income transfers intended to encourage workers to stay in intrinsically low-paying jobs.

Main drawbacks: They may reduce pressure on firms to raise productivity and encourage them to pay lower wages.

²⁹ Among relevant contributions to the Congress, see Almaz Zelleke, “*Radical pluralism: A liberal defence of unconditionality*”, paper for BIEN Congress, Geneva, September 2002. For a critique of workfare reforms, see Joel Handler, “*Social citizenship and workfare in the United States and Western Europe: From status to contract*”, paper for BIEN Congress, Geneva, September 2002.

Tax credits: This term refers to the fastest-growing measure designed to provide income security, epitomised by what has become the largest income transfer scheme in the world – the US Earned Income Tax Credit – which has been adopted in one form or another in various other countries. For many in BIEN, it is seen as a precursor to a genuine basic income scheme.

Main drawbacks: They have a limited coverage at the lower end of the income range, and are family-based. However, they are potentially a precursor to a basic income.

7. Basic income: A definition and antecedents

A basic income is an income unconditionally granted to everybody on an individual basis. It is *unconditional* in the sense that it does not require any prior behaviour by or on behalf of the individual receiving it and does not require any current behaviour, or future behaviour as a commitment made on receipt of the income. It also does not require any proof of ‘contribution’, unlike the idealised (but not realised) model of social insurance.

A basic income, as conceived by its advocates, would be paid on an equal basis to each individual, regardless of gender, age, work status, marital status, household status or any other perceived distinguishing feature of individuals. Usually, advocates propose that a lower amount should be paid to children, up to the age of 14 or 16, and propose that supplements be provided for those with special, socially defined needs, such as physical or mental impairments.

Most advocates of an unconditional basic income argue strongly that it should be paid on an individual basis, and not on a family or household basis.

However, there have been exceptions, including the proposal for a family-based citizen's income proposed by Sam Brittan and Steven Webb.³⁰

One aspect of the definition of a BI is the intended level. Most advocates support a BI as an unconditional right to an independent income sufficient to meet basic living costs, such that it would *prevent* poverty rather than be merely *relief from poverty*. Of course, this leaves it open on how to define poverty, what constitutes basic living costs, and so on. One way out of this impasse may be to make the level overtly a political issue, as envisaged by some proponents.

Historically, those who have advocated a basic income of some sort include some wonderful people, including Thomas More, in his *Utopia*, written in 1516, Tom Paine, in his *Agrarian Justice* of 1795 and less explicitly in *The Rights of Man*, William Morris, in his *News From Nowhere*, Bertrand Russell, in his *Roads to Freedom*, and more recently James Meade, most notably in his *Agathotopia*.³¹ I hesitate to mention those, in and outside BIEN, who have extended the themes, for fear of embarrassing them and for fear of leaving out individuals who have made significant contributions to this way of thinking.³²

Among those who have become convinced of the virtues of the approach are the Nobel-prize winning economists of surprisingly diverse political convictions, Milton Friedman³³, Herbert Simon, Robert Solow, Jan Tinbergen and James

³⁰ S.Brittan and S.Webb, *Beyond the Welfare State* (Aberdeen, Aberdeen University Press, 1990).

³¹ A prominent member of BIEN, Walter van Trier, has chronicled the debates in the early part of the 20th century. W.van Trier, *Every Man a King!* (Antwerp, 1996). Walter has extended his interest to the conversion of Andre Gorz in the last decade of the century, as indicated in his paper for the Congress.

³² Nevertheless, I think it appropriate to note in this place that the former Director General of the ILO, Michel Hansenne, has long been a supporter of moving social protection policy in this direction.

³³ Milton Friedman proposed a 'negative income tax' in his 1962 book, *Capitalism and Freedom*. In a recent exchange with Eduardo Suplicy, he has said that he sees BI and a NIT as similar.

Tobin (besides, of course, James Meade, who was an advocate from his young days). Milton Friedman said recently,

“A Basic Income is not an alternative to a Negative Income Tax. It is simply another way to introduce a Negative Income Tax.”

The negative income tax (NIT) is not quite the same as a basic income, because it still starts from the basis of someone earning an income, has been conceived as based on the family as the taxable unit, and is paid on an *ex post* basis whereas a citizenship income would be paid on an *ex ante* basis, as a right, paid to individuals. However, a NIT or the earned-income tax credit is a powerful move in the direction of an integration of tax and benefits that is an essential feature of a basic income.

8. Popular attitudes

“The Finns are much more thrilled by a basic income than are the Swedes.”³⁴

One of the challenges of those advocating basic income security as a right is to obtain popular support for the principle. It runs up against the much-touted *reciprocity principle* – the claim that someone should receive an income transfer only if they do some labour in return. This subject has been subjected to detailed critique by many social scientists, and is addressed well by several papers presented at the BIEN Congress.

How to build a coalition in favour of basic income security is something that is addressed in countries as diverse as South Africa, Brazil and Finland. What is intriguing about the survey results reported by Andersson and Kangas is that a

majority of adults under the age of 30 were in favour of a basic income – 59 per cent in Sweden, 78 per cent in Finland. Not surprisingly, the affluent were least likely to favour it.

In a series of psychological experiments in deliberative democracy, a solid majority of people from a wide range of social backgrounds expressed support for the ‘floor principle’, and it was apparent that the process of social deliberation led to an increased tendency to support it relative to alternative principles of distributive justice.

An interesting paper for the Congress has examined moral intuitions of people in their attitude towards a guaranteed social minimum, concluding tentatively that while the authors could not reconstruct the justice principles underlying people’s reasoning, a large majority regarded a minimum income as socially just.³⁵ Another paper deals with the psychological issues more directly.³⁶

Finally, in the People’s Security Surveys carried out in various countries by the ILO’s Socio-Economic Security Programme, a majority of the thousands of respondents have expressed support for providing everybody in society with a guaranteed minimum income (Table 1).³⁷ Finding the way to translate such incipient support for practical action is the subject of much of the Congress.

Table 1. Opinions on Income Limits (weighted %), multiple responses

	South Africa	Bangladesh**	Tanzania	Gujarat, India	Hungary	Ukraine employees
Upper limit on income						

³⁴ Jan Otto Andersson and Olli Kangas, “Popular Support for Basic Income in Sweden and Finland”, paper for BIEN Congress, Geneva, September 2002, p.14.

³⁵ Stefan Liebig and Steffen Mau, “A legitimate guaranteed minimum income?”, paper for BIEN Congress, Geneva, September 2002.

³⁶ Rosamund Stock, “The psychological rationale for basic income”, paper for BIEN Congress, Geneva, September 2002.

³⁷ The statistics will be explained and elaborated in the final draft of this paper.

Yes	39.7	21.7	20.8	52.9	47.8	33.7
No	42.7	78.3	52.0	41.3	52.2	66.3
Don't know	17.6	0.4	27.2	5.8	--	--
Lower limit on income						
Yes	56.3	55.2	45.6	98.0	84.7	71.0
No	28.1	44.5	31.2	1.6	15.3	29.0
Don't know	15.6	0.3	23.2	0.4	--	--
No limit but help poor						
Yes	64.1	80.8	69.4	n.a.	71.5	59.9
No	21.4	19.2	14.2		28.5	40.1
Don't know	14.5	0.0	16.4		--	--
Similar incomes						
Yes	26.7	4.0	18.5	n.a.	3.5	7.7
No	60.7	95.6	50.2		96.5	92.3
Don't know	12.6	0.4	31.3		--	--
N (range for column)	2 099	1 011	1 521	1 236	955-993	6 111

Note: Bangladesh results are not weighted. N.A., not asked in Gujarat survey.

Table 2. Opinions on income limits (weighted %), single response

Income limits	Argentina	Brazil	Chile
(1) Both Upper and Lower	26.5	24.9	26.1
(2) Upper limit only	8.2	11.6	9.4
(3) Lower limit only	24.9	10.1	24
(4) No limits	17.5	10.9	21.8
(5) Equal incomes	22.9	42.5	18.7
Sample size	2 792	3 904	1 106

9. Moving towards basic income security

Advocates of basic income accept that a major difficulty arises from how to introduce it. There are matters of cost, administrative challenges, political legitimization, and the difficulties of phasing out other schemes.

There are some brave souls who advocate a big bang solution – introduction of a full basic income on the dawn of the morning after an Election Victory. Most advocates put their Utopian dreams aside, and advocate some phased introduction.³⁸

The favoured options can be briefly summarised. Some believe that a *partial basic income* should be the first step, i.e., a low amount paid to each individual as a right. Among those who have openly advocated this is Mimi Parker, long a stalwart of the UK's Basic Income group (under its several names).³⁹ The essential point of the PBI is that it would not be a full substitute for other minimum income and transfer schemes but would be a modest amount paid to all, providing a slowly increasing proportion of state benefits. Some advocates of a PBI believe that this should be the final objective, while others believe that a *full basic income* should be introduced at the highest sustainable level. Among the advocates of this position is Philippe van Parijs.⁴⁰ Many BIEN members take this position, although the network is eclectic.

Another option, again seen as a pragmatic step towards the ideal of a full basic income is a *participation income*. This is associated with Tony Atkinson, inter alia.⁴¹ What is involved in this proposal is a basic income proposed on condition that the individual agrees to do some work activity, possibly for 'the

³⁸ For an interesting discussion of French attitudes, see Jean-Pierre Mon, "*Pour une conditionnalité transitoire*", paper for BIEN Congress, Geneva, September 2002.

³⁹ H.Parker, *Instead of the Dole* (1989). In case anybody should think basic income is a 'leftist' proposal, it is worth adding that Mimi was a staunch member of the British Conservative Party, as was her benefactor, Sir Brandon Rhys Williams, who in turn drew his inspiration from his mother, who had advocated it many years earlier.

⁴⁰ P.van Parijs, *Real Freedom for All: What (if anything) Can Justify Capitalism?* (Oxford, Clarendon Press, 1995).

⁴¹ For example, A.B.Atkinson, "*The case for a Participation Income*", *The Political Quarterly*, Vol.67, No.1, January-March 1996, pp.67-70; idem, *Public Economics in Action: The Basic Income/Flat Tax Proposal* (Oxford, Oxford University Press, 1995).

community'. This has sometimes blurred into variants of workfare, as with the initial position of Andre Gorz.⁴²

A variant of the participation income has been the RMI (*revenu minimum d'insertion*), first introduced by Francois Mitterand in France. Variants of this have been considered or introduced in various parts of Europe, including the Canton of Geneva, where the RMR (*revenu minimum de reinsertion*) has been debated for some years, as discussed in Andras November's paper for the Congress.⁴³

Another approach is simply to cut back on the conventional conditions and forms of selectivity, weakening them until their abolition could become a matter of formality. It would not be surprising if a majority of BIEN members favoured this route.

Another approach is to phase in a basic income by providing it for certain social groups, and then extending it to others until the whole of society is covered. There is something of this approach in the *renda minima* and *bolsa escola* schemes in Brazil and several other parts of Latin America. In this case, women with young children are provided with a basic income, providing they send their children to school regularly; a nominal means test may help in legitimizing the policy, but the hope of many of its advocates is that once legitimised, it could be

⁴² A.Gorz, "L'allocation universelle: version de droite and version de gauche", *Revue Nouvelle*, No.81, 1985, pp.419-28. For his later view, A.Gorz, *Misere du present, richesse du possible* (Paris, Galille, 1997).

⁴³ A.November, "Le revenu minimum social a Genève: douze ans de débats politiques", paper for BIEN Congress, Geneva. See also Eric Etienne, "Vers un Revenu minimum...a Genève: expériences et perspectives" (Memoire de diplome, Institut de hautes etudes en administration pulique (IDHEAP), Lausanne, 1998). For a review of the debates that have taken place in the Canton of Fribourg, see the paper for the Congress prepared by Bertrand Oberson. B.Oberson, "Les mesures d'insertion sociale dans le canton de Fribourg".

extended to other groups in society. This is the position of Senator Eduardo Suplicy, of Sao Paulo.⁴⁴ It seems that many of those contributing to the debates in Brazil also hold this position, including Cristovam Buarque, former Governor of the Federal District, Brazilia.⁴⁵

A variant of this approach is what has been envisaged in South Africa, where the *social pension* has been regarded as easily the most successful anti-poverty device in the country. This has been paid mainly to rural blacks, most of whom have been elderly women; nominally means-tested, it has in fact been given with minimal conditionality. The proposal, which will be considered in a session of the Geneva Congress, is that the social pension should be extended to all groups in society.⁴⁶

A related approach is to provide ‘senior citizens’ with a basic income, and gradually reduce the age at which the grant is provided. This is roughly what Maria Cruz-Saco proposes for Peru.⁴⁷

Citizens or Residents?

One issue that comes up in discussions of basic income, and of the idea of *universality* in particular, is whether every individual in a given country should be provided with a basic income. With porous national borders, argue the critics, it would be a recipe for mass immigration if a generous basic income were provided to everybody, regardless of citizenship. If there is a consensus on this, it is probably that the BI should be provided to all citizens and all who are

⁴⁴ See, for instance, E.Suplicy, *Renda de Cidadania. A Saida e pela Porta* (Sao Paulo, Cortez Editora e Editora Fundacao Perseu Abramo, 2002). [Citizen’s Income: The Exit is Through the Door]

⁴⁵ On the developments in Brazil, see the papers for the Congress by Lena Lavinhas, Marcelo Silva, Leonardo Basso and Fernando de Pinho, and Eduardo Suplicy.

⁴⁶ See the papers by Pieter le Roux, Michael Samson (et al), Heidi Matisonn and Jeremy Seekings, Haroon Borat, and Guy Standing. See also the report of the Commission on the Comprehensive Reform of Social Security (Cape Town, 2002). Pieter le Roux and Ravi Naidoo, who will also be participating in the session of the Congress devoted to the South African debate, were members of that Commission.

⁴⁷ Maria Cruz-Saco, “A basic income policy for Peru: Can it work?”, paper for BIEN Congress, Geneva, 2002.

legally resident in the country, with some advocating that the legal residence should have been for a minimum threshold period of, say, two or five years. The debate and proposals relating to migrants are rich, although many in BIEN are convinced that the issues do not represent unsurmountable barriers to basic income security.⁴⁸

Another approach is simply to extend tax credits, by attaching a value of non-income earning activities. This sort of extension is taking place in some countries, an example being the caregiver credit in the USA and the introduction of such measures as care insurance in Germany.⁴⁹ Once care becomes recognised as work to be protected and remunerated, the way is open.

10. Paying for a basic income

The challenge of finding the optimum way of paying for a basic income has exercised the minds of many BIEN members, and many ingenious methods have been proposed. Possibly the most popular have been wealth taxes and ecological taxes, although in both cases they have been seen as supplements to the taxation used to raise income for the conventional array of social transfers, many of which would be phased in all or part into the basic income.⁵⁰ Thus, the UK's Basic Income Research Group's position has been that a BI

“would phase out as many reliefs and allowances against personal income tax, and as many existing state-financed cash benefits as practicable; and would

⁴⁸ On this subject, see the contributions to this Congress by Ron Dore and Roswitha Pioch.

⁴⁹ Theresa Funicello, “*Getting on a path to just distribution: The caregiver credit campaign*”, paper for the BIEN Congress, Geneva, September 2002; Michael Opielka, “*A careworker allowance for Germany*”, paper for BIEN Congress, Geneva, September 2002. See also Mary Daly (ed.), Care Work: The Quest for Security (Geneva, ILO, 2002).

⁵⁰ Inter alia, Eduardo Suplicy proposes eco taxes and wealth taxes to pay for a BI in Brazil.

*replace them with a basic income paid automatically to each and every man, woman and child.”*⁵¹

Many advocates who have tried to “cost” a BI have done so on the basis of an assumption of “tax neutrality”, i.e., that no new or higher tax rates would be involved, and have estimated a feasible level of BI on that assumption. But, of course, there is no need to make that particular stringent assumption, since there is no known optimum tax rate, just as there is no known optimum level of social protection expenditure.

Philippe van Parijs, secretary of BIEN, has proposed that there should also be a tax on ‘jobs’, to help pay for a basic income, on the grounds that jobs in a market economy with involuntary unemployment are a form of scarce ‘asset’.⁵² Other BI advocates have argued against this position.

Another favourite proposal to pay for all or part of a basic income is the Tobin Tax, which is advocated in at least one of the papers for the Congress.⁵³ Disowned by James Tobin himself just before his death as a tool for fighting global poverty, the idea of a levy on foreign exchange dealings retains an appeal among many ‘developmentalists’, and has been seen as a potential source of funds to pay for minimum income protection.

Finally, there is the approach represented by the establishment of a *capital fund* of some sort, which would be responsible for investing and distributing the proceeds as a basic grant, the amount being determined by the size and rate of return of the fund’s investments. This is epitomised by the Alaska Permanent

⁵¹ BIRG Bulletin, No.7, Spring 1988, p.1. The BIRG subsequently became the Citizen’s Income Trust.

⁵² Parijs, op.cit. For an argument against this, see Standing, 2002, op. cit.

⁵³ Marcelo Silva, Leonardo Basso and Fernando de Pinho, “*Tobin Tax, Minimum Income and the Eradication of Famine in Brazil*”, paper for BIEN Congress, Geneva.

Fund, an analysis of which is being presented at the BIEN Congress.⁵⁴ In Brazil, Eduardo Suplicy has also proposed a Citizens' Brazilian Fund, made up of resources from taxes, public service concessions, and property sales, to fund a guaranteed minimum income that would grow as the Fund developed.

These Fund-based proposals have an affinity to the *social dividend* proposals that have long featured in the basic income debates. Among advocates of economic democracy based on a social dividend have been James Meade, most notably in his *Agathatopia*. The *social dividend* has a long pedigree.⁵⁵ The main point here is that many advocates of a basic income have seen it as one part of a redistributive strategy, intended to promote income security, equality and economic dynamism.

11. Capital grants versus citizenship income

“...create in every nation, a national fund, to pay to every person, when arrived at the age of 21 years, the sum of 15 pounds sterling, to enable him or her to begin the world. And also, 10 pounds sterling per annum during life to every person over the age of 50 years, to enable them to live in old age without wretchedness, and go decently out of the world.”

-- Tom Paine, *Agrarian Justice*, 1795.

There has been debate in recent years around the relative merits of capital grants – one-off payments to every individual at some point in their life – and a basic income. In some respects, there is not much difference – Tom Paine clearly

⁵⁴ S.Goldsmith, “*The Alaska Permanent Fund: An Experiment in Wealth Distribution*”, paper for BIEN Congress, Geneva.

saw the need for both. The capital grant idea has been considered in previous BIEN Congresses, notably by Bruce Ackerman in the Berlin Congress of 2000 and by Edwin Morley-Fletcher in his opening address to the Amsterdam Congress in 1998.⁵⁶

The so-called ‘stakeholding grant’ or ‘capital grant’ idea, which should be called a Coming-of-Age Grant (COAG), has been given additional relevance by its adoption by the UK Government, in the form of what has been called a “baby bond”, which may be described as a COAG with a coming-of-age defined as registered-date-of-birth.⁵⁷ In this note, I want to bring out differences between it and the Citizenship Income Guarantee (CIG), but in doing so also highlight why a **social dividend** approach should give a place both to a CIG and to some form of Capital Grant. The variant of the latter that is desirable is closer to what might be called a *Community Capital Grant (COG)*.

Capital grants and basic income have a common heritage and set of objectives, which might be summarised as a desire to enhance real freedom and a desire to promote a more egalitarian form of capitalism. A danger of the debate between advocates of CIG and COAG is that both can be depicted as contrasting panaceas, when neither side believes in that. A basic income advocate would argue that it is a necessary but not sufficient component of a package of policies to create the Good Society, whereas she might contend that a COAG is neither

⁵⁵ Walter van Trier, “*Who framed social dividend?*”(University of Antwerp, mimeo., 2002). Recent advocates have included John Roemer. This writer has argued for this since the early 1980s, notably in a paper for the Kreisky Commission. See also, Standing, 2002, op.cit.

⁵⁶ For what is the main work proposing this, see B.Ackerman and A.Alstott, *The Stakeholder Society* (New Haven, Yale University Press, 1999). See also, Edwin Morley-Fletcher, “*Basic Stock vs. Basic Income*”, opening address, BIEN Congress, Amsterdam, September 10-12, 1998. An antecedent in the USA was Robert Haveman, *Starting Even: An Equal Opportunity Program to Combat the Nation’s New Poverty* (New York, Simon and Schuster, 1988).

⁵⁷ Parenthood for the “baby bond” idea is somewhat contested. It has been adopted in principle by the British Government. Gavin Kelly and Rachel Lissauer, *Ownership for All* (London, Institute for Public Policy Research, 2000); David Nissan and Julien Le Grand, *A Capital Idea: Start-Up Grants for Young People* (London, Fabian Society, 2000).

necessary nor sufficient. A COAG advocate might argue that while neither would be sufficient, a COAG would be helpful in enhancing economic freedom, whereas a CIG would not be politically feasible.

11.1 The arguments over CIG

A CIG would be a basic income grant paid monthly, to each individual regardless of work status, gender, marital status or age, although a smaller amount would probably be paid to those counted as ‘children’. It would be an equal amount paid to every legal resident, subject to some practical rule of time lived in the country. It would replace most other benefits, although supplements would be provided to certain groups with special needs, such as those with disabilities

As such, it would not be as radical as either its critics or some of its proponents like to believe. To some extent, it would amount to a consolidation of the patchwork of existing transfers coupled with a reduction in the number of conditions and administrative layers that exist today.

The standard objections to a basic income are that it would be too expensive, it would reduce labour supply, would offend some notion of ‘social reciprocity’, would weaken governments’ resolve to lower unemployment, and would weaken the use of a minimum wage. These objections are dealt with at length elsewhere. Here we will deal just with the main ones in the process of concentrating on the advantages of moving in the direction of delinking basic income security from any labour obligation.

First, a CIG would be a means of integrating the tax-and-benefit system and consolidating much of the existing patchwork of out-of-work, in-work and out-of-labour-market income transfers and paternalistically provided social and personal services. In doing so, the gross cost would be the cost of shifting to a universal income support scheme, which would be the cost of including those currently not included. The net cost would be less because there should be a saving on

administrative costs of policing the wide range of different conditions and tests for existing benefits, and a saving that would be hard to estimate in that by removing or reducing poverty traps, unemployment traps, and savings traps they would encourage more income-earning activity and more legal work activity. This is because any individual would start paying tax on any income earned above the basic income, and would not face a very high marginal tax rate going from non-employment to employment, or crossing a threshold of income. As for the alleged cost of ‘churning’, paying out to everybody and taxing it back from most people, this objection is disappearing because of the integration of tax and benefits systems made possible by electronic processes.

The cost of existing systems is systematically underestimated. The systems across Europe are riddled with poverty traps, unemployment traps, savings traps and *behaviour traps* that are arbitrary, inefficient and inequitable. This is partly because of the spread of selective, means-tested and behaviour-conditioned schemes. It is also partly because of the growing flexibility of working patterns and lifestyles. The response of bureaucrats and politicians almost everywhere has been to tighten conditions for entitlement and extend paternalistic controls.

Whatever the truth about long-term trends away from ‘permanent’ (sic) regular full-time employment, it is in principle desirable that more people at all ages move in and out of the labour force, take temporary jobs, combine several income-earning activities, and in the process do not conform to the simple three-stage model of life and work made the norm of industrial society, going straight from school or college into thirty or forty years of employment and then sharply shuffling off the stage into retirement. Means-tested benefits are scarcely appropriate for such a society, and nor are those arbitrary behavioural tests that technocratic ‘Third Way’ policymakers and their special advisers love so much.⁵⁸

⁵⁸ Across Europe and other industrialised countries there are thousands of variants. Thus, only if You, as an unemployed youth, look for a job three times a week and have written evidence to show you are prepared to travel to work 20 miles from home are you entitled to a benefit. Only if You, a disabled

A common criticism of basic income is that it would be a “handout”, which would offend a sense of social reciprocity and lead to a fall in labour supply, to idleness, to shirking, and to a lack of discipline in jobs. This is a criticism from across the political spectrum. There are two ways of meeting it, one defensive and one normative. In assessing its validity either way, bear in mind that most advocates of a basic income envisage a modest amount sufficient just to cover basic subsistence needs, equivalent to the minimum income of social assistance schemes applied in many European countries.⁵⁹

The defensive or pragmatic response to the criticism is to suggest that any adverse effect would be small or insignificant.⁶⁰ The criticism presumes a pessimistic interpretation of the human species. We work for many reasons, and numerous surveys indicate that most people want to work and would do so even if they had enough income from other sources on which to subsist. Very few people are satisfied with basic subsistence, and aspire to much more. This is rather well known.

In any case, there are two types of person who could be expected to reduce their labour supply, those with a high opportunity cost of doing income-earning activity (i.e., those wanting to pursue education or training, those wishing to care for relatives, those in poor health, etc.) and those doing low-productivity and/or onerous forms of labour. In both cases, we should want to induce labour-market

elderly person, have less than 2,000 pounds (or Euros) in savings can you be entitled to a grant to pay for care services. Of course, we exaggerate. But we all have our favourites.

⁵⁹ Some advocates, including Philippe van Parijs, have in mind a larger amount. Most envisage a modest amount, just enough to cover the basics in life. It is possible that a lot of confusion in the debate arises from different images of what level of basic income is envisaged.

⁶⁰ This is exposed, brilliantly, in Karl Widerquist’s paper for this Congress, based on a review of no less than 345 ‘scholarly articles’. Karl Widerquist, “*A failure to communicate: The labour market findings of the NIT experiments and their effects on policy and public opinion*”, paper for BIEN Congress, Geneva, September 2002. He essentially concludes that all the empirical research done was inconclusive, which did not stop ideological opponents from drawing exaggerated conclusions. Karl makes an even more telling point in his own conclusions. For a good assessment on labour supply in France, see Didier Balsan, Claude Gamel and Josiane Vero, “*L’incidence de l’allocation universelle sur la propension à travailler*”, paper for BIEN Congress, Geneva, September 2002.

and policy changes that would be welfare-enhancing. In the case of those with more socially or personally valuable non-labour activity, surely cutting back on a labour activity would be desirable. In the case of the person who withdrew from or cut back on the amount of time spent doing a low-productivity, onerous job, there would be a tendency for wages to go up, inducing others to fill the gap, or a tendency for labour-saving technological change to be introduced, or for people to realise that they did not want or need those jobs performed.

Another standard criticism of a basic income is that it would offend some *reciprocity principle*. This ‘principle’, so favoured by Third Wayists and compassionate conservatives, is dealt with elsewhere. And for good antidotes to its charms, several papers for the BIEN Congress are recommended medication.⁶¹ The ‘sexist bias’ implicit in the policymakers’ resort to it is also nicely brought out by a quotation from Nancy Fraser, who had planned to participate in the Congress:

*“The free-rider worry, incidentally, is typically defined androcentrically as a worry about shirking paid employment. Little attention is paid, in contrast, to a far more widespread problem, namely, men’s free riding on women’s unpaid domestic labour.”*⁶²

Leaving aside all the intricacies of the reciprocity principle, the normative response to the criticism about the effect on labour supply is based on an interpretation of the emerging mainstream character of 21st century capitalism, and returns us to that digression. We live in an era when globalization and market capitalism are eroding the social welfare and regulatory framework so

⁶¹ Besides papers cited earlier, see Erik Christensen, “*Feminist arguments in favour of welfare and basic income in Denmark*”, paper for BIEN Congress, Geneva, September 2002. Also recommended is Karl Widerquist’s ‘alternative paper’, “*Who exploits who?* (mimeo., 2002).

⁶² Nancy Fraser, “*After the family wage: Gender equity and the welfare state*”, Political Theory, Vol.22, No.4, 1994, p.615.

painstakingly erected during the 20th century – and so assiduously presented to the rest of the world as the model to follow. One should not be atavistic about the erosion, since the era of welfare state capitalism had many flaws and limitations. But nor should we be lulled into thinking that the ill-defined ‘European social model’ has essentially survived and is resilient enough to be sustainable with minor refinements.

While we should neither exaggerate nor belittle the changes taking place, it is reasonably clear that under the aegis of global market forces there is a widespread loss of identity – of class, community and occupation. Belonging to a fixed group is becoming harder. And yet there is a paradox – *individualization with homogenization*, or in plain language a tendency for people to be on their own, seemingly an individual, while all rushing to adopt a similar lifestyle, buying the same goods, watching the same films and TV shows, and so on. We live under incessant pressure to consume, and to labour to earn enough, which is never enough. Accordingly, at least in the middle-years of life more and more people are driven into an intense frenzy of labour-related activity. The story is too well known to need elaboration here. Electronic control systems, represented by personal computers, with the email plus internet imperatives, and by mobile phones, are only one side of this intensification, in which the borders of workplace and home, and of leisure and work, are blurred. We are losing control of time. This is not a ‘middle-class’ phenomenon only, because the poor everywhere have rarely had any control to lose.

Providing a basic income as a citizenship right, in providing a sense of basic security, would help in the necessary process of gaining control over the sense of time – more freedom from domination.⁶³ It would allow for more rational deliberation, more freedom in which to make choices about how to allocate time. Here I want to suggest a link with that digression. We possess time as a collective

⁶³ Daniel Raventos and David Casassas, “*Republicanism and basic income: The articulation of the public sphere from the repoliticization of the private sphere*”, paper for BIEN Congress, Geneva, September 2002.

asset, liberated by the efforts of past generations. Yet the privileged are able to enjoy a disproportionate share of liberated time. A basic income would be a means of sharing it more equally and fairly.

A related way of arguing for a basic income is by reflecting on the social struggles in the past century as capitalism has evolved. Broadly speaking, the progressive struggle in the early days of the 20th century was to secure societal control over the means of production and to decommodify labour. This led to the twin policy of nationalization of production and the welfare state. The latter was, in effect, a way of *decommodifying labour*, alongside corporate benefits and services, in which the wage became a smaller share of total compensation and of personal income, as state benefits and services grew. This strategy tended to produce rigidities and inefficiencies that became unsustainable as the era of open economies emerged, and it was also always paternalistic, giving labour-based security at the price of limited freedom of choice.

Under globalization, there has been a recommodification of labour, with individualised wages, a cut in enterprise and state benefits and services (or a shift to user-paying schemes) and a weakening of protective statutory regulations. The challenge ahead is that while labour is commodified, the worker (labour power) should not be. A basic income could help make that a reality.

In short, it could reduce the commodification of people (commodification implying loss of control over key social assets, namely time and security) while allowing for the continued commodification of labour. In this, it would be compatible with a globalised economic system, while eroding the power of capital over people. It could also be a means of 21st century Keynesianism, since it would provide a means of stabilizing aggregate demand.

11.2 The dilemmas with COAG

Now consider the currently topical idea of capital grants. A COAG would be a one-off grant given to 21-year olds, or spread over several years in certain circumstances, and given to all those who had graduated from secondary school, excluding drop-outs and those who have foolishly criminalized themselves before they reached that age. The UK “baby bond” scheme would not apply such conditions, apparently.⁶⁴

By contrast, a CIG would provide basic economic security, in which to avoid the worst excesses of labour commodification, and it would do so in an essentially non-moralistic way. It would not make a judgment on when a person deserves a blast of security, and would not make any moralistic judgment about who should receive it and who should be excluded. A COAG seems to fail on both these scores. Giving a 21-year-old a huge lump sum offends the idea of *basic* security. It is also arbitrary because the age 21 is not necessarily ideal or optimal, for people mature at widely different ages, and their capabilities develop differently. The development of a capacity to make rational choices will vary across individuals and groups and communities. And excluding those 21-year-olds who have been criminalized or who have dropped out from, or failed to complete, high school seems both moralistic and arbitrary, as well as inegalitarian.⁶⁵ A COAG offers enhanced security, wealth and future income for the more secure (the middle class) relative to the least-secure groups in society. It thereby offends the Security Difference Principle.

A COAG is also not neutral in terms of what type of behaviour it encourages and rewards. It offers to benefit the commercially astute over those who have no commercial acumen. In what way is that fair? A COAG would give to those with

⁶⁴ Note that an advantage of the baby bond over the Ackerman-Alstott proposal is that, presumably, no recipient would have a criminal record, so it would be more universal.

relatively good talents (high-school graduates without criminal records) to take advantage of the opportunity to become Winners in a winners-take-all, losers-lose-all market society.

Both a COAG and a CIG would be given to individuals. A danger is that schemes for *individuals* can be depicted as *individualistic*, i.e. encouraging and facilitating selfish and opportunistic behaviour and attitudes. Surely a Good Society could not come about if policies and institutions were to promote individualistic behaviour in the absence of policies to facilitate *social solidarity* (of some sort). One of the concerns about a block grant such as a COAG is that it would indeed foster the ethos of competitive individualism, while further eroding the already-weak sense of social solidarity in most industrialised societies. It is definitely not neutral in that respect.

As globalization gathered strength in the last quarter of the 20th century, governments all over the world moved to cut back on policies that were mechanisms of social solidarity and to create more individualistic systems, limiting protective regulations, putting controls on unions, and cutting back on redistributive direct taxation. These trends accelerated the growth of more fragmented labour markets and social structures. How would a COAG affect this? It might give more meaning to *equality of opportunity*. But it would be equalizing the opportunity to become more unequal. It would not affect the societal fragmentation or resultant inequalities in a direct way. By contrast, a CIG would strengthen the income security (albeit modestly) of what we have called *outsiders*, and would increase the bargaining position of flexiworkers, simply because increasing basic security usually strengthens backbones. Presuming that increased bargaining capacity would result in their obtaining higher incomes, which would thereby help to reduce intra-class income differentiation.

⁶⁵ It also offends a basic principle of justice, that a person should not be punished twice for the same offence. One senses that the proposal to exclude those who have fallen foul of the justice system is merely a sop to gain middle-class political support for the COAG.

What about the impact of a COAG and a CIG on the so-called “self employed”, a poorly named group that includes a lot of people working on contract or on a piece-work basis? On the face of it, both a COAG and a CIG would boost the supply of self-employed, including the number of petty capitalists (all those small-is-beautiful enterprises), for which a grant would help in dealing with set-up costs whereas a CIG would make risk-taking less daunting. But one cannot be so confident about the impact on demand for the self-employed goods and services, which might be such that average net incomes would fall among the ‘self-employed’, even widening the *income* differential between those involved and those in (core) wage labour. This is an empirical issue.

The COAG seems more problematical in that, by targeting on young labour force entrants, it is in effect a subsidy to the young that gives them an advantage over older workers.⁶⁶ As such, it suffers from the defects of any selective subsidy. It would enable the young to accept a lower wages, and thus help them displace older more experienced workers. This could, on certain assumptions, actually lower overall productivity, and even output, of the self-employed as a group. It might also have negative effects on the skill reproduction propensities of older workers, discouraging them from trying to update or enlarge their skills because they would face a double competitive disadvantage (being older per se, and facing a subsidised competitor group in the labour market).

By contrast, a CIG does not give one group an inbuilt advantage, and if anything would help to reduce segregation. This is an advantage of a universal income scheme.

⁶⁶ Also, of course, it would worsen the relative and absolute position of the youth who have been criminalized or who have dropped out of school. This is an inegalitarian feature of the COAG. Another distorting aspect is that it would alter inter-generational relations, notably inside families. A COAG would give teenagers or 21-year-olds financial freedom from their parents, compromising parental guidance and potentially severing inter-generational ties. One may or may not like that prospect; you should not ignore it.

Finally, in thinking of a COAG on its own terms, one must allow that such a concentrated influx of money targeted on one narrowly-defined age group is almost certain to raise the price of goods and services consumed by that age group – good news for surf-board makers, bad news for 30-year-old new surfers. And interest rates for loans to this age group will tend to rise. The outcome could be that much of the transfer would go to other groups, leaving youth little better off.

11.3 A COAG versus a COG

A more general concern with a COAG is that offers to fill the space where another variant of a capital grant could fulfil both the laudable objectives of its proponents and the dictates of a Good Society, without its behavioural and distributional drawbacks. What are the ideal properties of a Utopian capital grant scheme? Before considering that, consider the semantics.

What attracts us to the underlying idea of a Capital or Stakeholding Grant is that it suggests a capital sharing device, coupled with a participatory component and a redistributive capacity. The principal proponents of the COAG use the term Stakeholding Grant, which has these connotations. However, in fact they are liberals and are primarily concerned with what they believe are the scheme's freedom-enhancing characteristics, rather than its redistributive egalitarian properties (which are not too hot). One does not doubt the laudable motives, but the term is misleading. And in using the term 'stakeholding' they tend to block consideration of genuinely more Utopian capital-sharing or stakeholding ideas.

Now let us consider the big question. If what is attractive about the idea of stakeholding and capital grant is a complex image of sharing, redistribution, participation and freedom-enhancement, then we could say that, in terms of that Good Society, the optimum design of a scheme is that it should (1) encourage, or at least not discourage, investment, (2) encourage investment that is more ecologically and socially responsible, (3) redistribute income to the most insecure and disadvantaged groups in society, (4) promote participation in economic and

social activities, (5) strengthen (or at least not weaken) a sense of *social solidarity*, (6) strengthen real democracy, (7) promote good ‘corporate governance’, and (8) limit economic opportunism.

No scheme could do well on all these counts. And neither CIG nor COAG address most of these issues directly and are not intended to do so. However, unlike a CIG, a COAG might be seen as occupying the space for a more progressive stakeholding grant.

In this respect, there is surely more to be gained by promoting moves towards *economic democracy through collective forms of profit-sharing*. This brings to mind something like the early version of the Swedish *wage-earner funds*, as proposed by Rudolf Meidner, and even the Alaska Permanent Fund.⁶⁷ We may call the ideal a COG (Community Capital Grant). Its exact shape should reflect the emerging character of the productive system and the distributive system emanating from it.

A COG is close to what seemed to be at the heart of the ‘stakeholder capitalism’ debates that emerged in the late 1980s and early 1990s, when stakeholding was primarily seen as a quasi-Keynesian method of promoting growth and employment. The emphasis was on *profit-related pay*, but many economists also touted collective profit sharing for incentive and capital-sharing reasons. Most crucially, any desirable COG scheme must be at least partly *collective*, must go beyond the firm as a unit, and must allow for workers and their representatives to have a Voice in decisions over the use of the resultant funds. The democratic governance is crucial. The main difficulties with a purely company-oriented approach to stakeholding is that would exclude the ‘flexiworkers’ (casual workers, contract workers, agency workers, etc.) on the edge of companies and it would be a scheme that would widen inequalities

⁶⁷ Both emerged in the mid-1970s, the last time when a redistributive agenda was in the ascendancy.

between workers in high-tech, high-profit, tradable firms relative to those working in or for low-tech, non-profit-oriented and non-tradable firms and organizations, including those working in public social services.

This is why an ideal model of capital sharing or stakeholding should have a broader *community* element, which might take the form of a *social investment fund*, by which a percentage share of profits would go into a fund that would be governed democratically, as a means of social infrastructural and skill development. Such a fund could be broken into one component for re-investment inside the firm and another that would be for the community outside the firm, which would facilitate redistribution to those outside the privileged insiders.⁶⁸

If properly designed, a COG could limit the leakage of capital from the national and local economy, because a key point of the system should be a restructuring of corporate governance, with the social investment funds having voting rights on firm's investment strategies as stakeholders in their own right.⁶⁹ This contrasts with the classic so-called Anglo-American model of shareholder capitalism, because in the latter the *principals* (shareholding elites, including nominal salaried employees) are only interested in their income, which comes mainly from shares.⁷⁰

As such, there are good reasons for thinking that a COG could combat the biggest threat to the emergence of a moderately egalitarian capitalism, by

⁶⁸ Of course, deciding what is 'the community' is a political and administrative matter. Although it had earlier antecedents (Paine et al), the modern thrust to this way of thinking was Rudolf Meidner's original version of 'wage-earner funds' in Sweden in the mid-1970s. This was partly stimulated by the strains in the Swedish *solidaristic wage policy*, and in particular by the way Volvo was bypassing the wage policy by introducing individual profit-sharing pay, thereby increasing wage inequality.

⁶⁹ The *agents* would become part-*principals*, just as many managers and chief executives have become largely *principals* (receiving most of their income from capital).

⁷⁰ The Enron implosion is indicative of the danger of having elite *principals* divorced from the *agents*, which management is expected to be in shareholder capitalism. If corporate executives received most of their income from share options rather than from their salary, they will not have the interest of their workforce very high in their priority list.

providing a capital-sharing scheme with inbuilt mechanisms to limit leakage in capital flight. Whether or not companies report that tax rates on corporate profits and capital are influential in determining their location and marginal investment decisions, the fact is that, over the past 20 years, country after country has reduced or abolished taxes on capital. A sensibly constructed COG could check capital flight and encourage high and socially responsible investment in the local economy. It would also make for a greater degree of participation in corporate and communal decision making and so encourage *economic democracy*. This is what *stakeholding should be all about*.

The proponents of COAG have sold it as a *stakeholder grant*, and have claimed that it would be ‘democratic’. Yet it is neither an extension of democracy nor a reflection of stakeholding in the production process. By contrast, a COG would be an extension of real democracy – economic democracy – and would be real capital sharing.

Almost incidentally, a COG would also have the potential to improve the way people live and work (unlike the commercialised individualistic frenzy that would be opened up by a generous COAG). By giving workers and working communities a greater Voice inside firms and inside the surrounding communities, a COG would tend to give workers a means of altering labour relations and workplace organization, so taking the place of the weakening Voice of old-style trade unionism.

A COAG is a populist measure, in the proper sense of that emotive term. It is likely to appeal most to those who do not have a stake in the system, but it does not touch the basic structure of capitalism. In that sense, it is profoundly un-Utopian. One could imagine TV chat shows and tabloids having endless items on “how Jane splurged her \$80,000”, and another patting Jim on his broadening shoulders for having been an exemplary young adult in investing his money

well.⁷¹ There would be a splurge of sentimentality. If anything it would help legitimise the unequal society by encouraging people to adopt a casino-type set of attitudes.⁷²

By contrast, a basic income is a low-key measure that could reduce the extent of frenzied commercialism, facilitating and encouraging a more gentle pace of life, and facilitating the sort of workstyle that is the essence of all Utopias painted throughout the ages, a mix of labour force work, care work, voluntary community work and constructive leisure.⁷³ It would not discourage work per se, and would actually encourage labour compared with the current means-tested social assistance, through weakening poverty traps and unemployment traps.

12. Towards a new “social contract”

The celebrated social policy thinker of the middle period of the 20th century, T.H.Marshall, pointed out that the 18th century was when *civil rights* became established as the legitimate goal of social reform, the 19th century was when *political rights* became legitimized, and the 20th century was when *social rights* became recognized. One may predict that the 21st century will be the century of *economic rights*.

In that spirit, consider again the question posed at the outset: What is it that should be equalized in the Good Society of the 21st century? All theories of distributive justice believe in the equality of something. Third Wayism believes in

⁷¹ Hissing and loud clapping in the studio would be amplified, with appropriate music.

⁷² I recall visiting ‘middle-class’ families in small-town Pennsylvania who were living from State lottery to State lottery, all their hopes crystallised in the monthly set of numbers. Is this freedom?

⁷³ A CIG would also reduce the widespread tendency, induced by flexible labour markets and the international drift to conditionality and means-tested state benefits, for much labour to drift into the grey or illegal economy, evading taxes and contributions, and thereby contributing to pervasive disenfranchisement. For instance, a CIG would do away with the arbitrary conditionality of unemployment insurance benefits, which have long been a misnomer.

equality of merit. Those who do their duty earn, or merit, social rights, which are based on labour. We see in this the attempted resurrection of the Weberian ‘Puritan ethic’. Libertarians – and *compassionate conservatives* (who prefer a *pot pourri* of Third Wayism and libertarianism) – are less squeamish. They believe in procedural and contractual justice, and the equality of due process. As long as legally sanctioned procedures are followed correctly, unequal outcomes are not just acceptable but socially just. Dealing with the losers is left to charity and philanthropy, and good neighbours (even in the global village that they envisage, with billionaires disbursing their marginal millions to the causes they consider most worthy).

In contrast to the Third Wayists and libertarians, we assert that the answer to the great question is what might be called *complex egalitarianism*. The fundamental economic right is or should be a right to *equal basic security*. This requires a basic income, achieved in some way or another. However, in order to enable the vulnerable and less well-endowed to retain basic security, there must also be equal *Voice representation security*, at the collective and individual levels.

Finally, the policies and institutions of social protection, regulation and redistribution must be based on the legitimation of all forms of work, not just labour. This is essential to give meaning to the *right to work*. We must not let paternalists of any kind – Third Wayists, religious groups, Leninists, populists or whatever – to turn that right into a Duty. If you focus only on labour, or paid work, other forms of work are more debased and their performers probably more oppressed, and one perpetuates an ethos of competitive individualism rather than one of what might be called social individualism based on a recognition – and celebration – of mutual inter-dependencies. So, policies must ensure that equal protection is given to those doing ‘jobs’ and other forms of work – care work, voluntary work, community work, ecological work, civil society work and all our creative enthusiasms. This means delinking income security from the mere performance of, or willingness to perform, *labour*.

The key example is the work of care or caring, which straddles the uneasy division between a gift relationship and a market exchange relationship. If we think of development as freedom, then our emphasis on basic security and Voice as the two pillars of the Good Society means that we should want basic income security for care givers, surrogates of carers, and those needing care. There should also be equally strong Voice for both sides of the relationship. Rethinking care work in the context of ageing and the fragmentation of old-style norms of family and household, leads to an answer to the second question posed at the outset of this paper.

It is a vision of diversity, based on equality. Basic security should be what is equalized, where security is defined in terms of freedom from morbidity, freedom from controls that fail the paternalism test, and equal good opportunity to pursue our individual sense of occupation.

Freedom and complex egalitarianism – the pillars of the Good Society – require basic security (the prerequisite for real freedom), capital sharing (high inequality being freedom-constraining) and basic Voice representation security (equally strong for all representative interests in society). Basic income security, capital sharing and Voice regulation should be the mainstays of the Good Society. Without those three elements, the Society on offer would not be worth visiting.

13. An afterword – legitimizing, lobbying

Globalization is not incompatible with universal social protection, contrary to the claims of those who fear pervasive ‘social dumping’. This is the first point that we must make again and again, and is well made by Bob Deacon in his contribution to this Congress.⁷⁴ However, we must understand that for some time

⁷⁴ Bob Deacon, “*Tracking the global social policy discourse: From safety nets to universalism*”, paper for BIEN Congress, Geneva, September 2002.

to come it will require a firm rebuttal of the jeremiahs. There can be a good alternative to a residual welfare state.

Basic income belongs to an expanding set of proposals for extending liberty in an egalitarian way and for strengthening economic rights. Capital grants of various types will continue to figure in that scenario. So too will the idea of income vouchers and credits, issues dealt with in several papers for the Congress.⁷⁵ In this respect, one ingenious idea has been proposed recently by BIEN supporter, Bruce Ackerman and Ian Ayres – a citizenship voucher for political engagement.⁷⁶ Simon Wigley, with good reason, sees “*the incorporation of a citizen voucher into the basic income would help to bring about democratic citizenship rather than just economic citizenship.*”⁷⁷ No doubt, that will evolve in unexpected directions. The problems of disengagement and manipulative power of business interests are real enough. If some such action is not taken, democracy will become a melodramatic sickness. Rousseau would not be impressed. However, one must remain optimistic that enough people and organizations will coalesce for greater political security – democratic citizenship – just as they will for economic citizenship.

There are grounds for fear. One is the fear of electronic systems of control, coinciding with policymakers’ increasing realization that they can use – and get away with it – tax and benefit policies as *fiscal regulation* to control individual and group behaviour. This is a threat to real freedom and to the development of that Good Society based on occupation – dignified or decent work. The politics of paradise will defeat that.

⁷⁵ For example, Edwin Morley-Fletcher, “*Vouchers and personal welfare accounts: New tools for socio-economic security*”, paper for BIEN Congress, Geneva, September 2002. The ILO’s Socio-Economic Security Programme will be convening a special workshop on electronic transfer options in January 2003.

⁷⁶ Bruce Ackerman and Ian Ayres, *Voting with Dollars: A New Paradigm for Campaign Finance* (New Haven, Yale University Press, 2002).

When BIEN was established in 1986, most relevant observers, to the extent that they took any notice at all, were prone to dismiss the proponents of basic income as ‘mad, bad and dangerous to know’. Scepticism came from the political left as well as from the right. What struck many of us was the *vehemence* of the opposition, often coming from people who stated just as vehemently that they wanted to combat poverty and inequality. The problem was that the idea of basic income security united strange bedfellows – leftish paternalists (labourists) did not like the emphasis on individual liberty, rightish paternalists did not like the emphasis on equality.

Attitudes have softened since then. There is still some way to go, but as Tony Atkinson argues in his paper for the Congress, the idea of basic income has been moving up the political ladder. Yet as Steven Shafarman points out, in recalling Franklin Roosevelt’s exhortation to lobbyists for a policy that he liked, it is necessary for advocates and supporters to turn more to putting pressure on the policymakers and politicians.⁷⁸ This is the future. It starts now.

⁷⁷ Simon Wigley, “*Basic income and the means to self-govern*”, paper for BIEN Congress, Geneva, September 2002.

⁷⁸ Steven Shafarman, “*Mobilizing Support for Basic Income*”, paper for BIEN Congress, Geneva, September 2002.