

Some Trade Unionists' Objections to Basic Income.

BUICK, Adam (2008), '**Basic Income: A Dangerous Reform**', *Socialist Standard*, 104 (1243), March 2008, p.12.

The *Socialist Standard* is the monthly journal of the *Socialist Party of Great Britain*. In this article, former Party's General Secretary Adam Buick attacks the idea of a basic income, as is being defended by the *Green Party of England and Wales*. According to Buick, "if a Basic Income scheme is ever introduced, it's not likely to be more than some limited reform of the tax and benefits system. But even it were to be introduced in full it could turn out to be counter-productive for the working class by leading to an across-the-board decrease in wages." In his article, Buick also refers to Daniel Raventos' recent book on the topic (entitled "Basic Income: The Material Conditions of Freedom", it has been published by Pluto Press, see NewsFlash 48, November 2007).

Buick's article is available at <http://www.worldsocialism.org/spgb/mar08/page12.html>

Basic Income: a dangerous reform

The Green Party's idea of paying everyone a minimum income whether or not they are working might seem attractive, but it won't necessarily leave us better off.

In 1795 the magistrates of Speenhamland in Berkshire started a system under which farm labourers on poverty wages had their income supplemented from the poor-rates. The result was predictable. Farmers were encouraged to keep, and even to extend, paying low wages. The payment from the poor-rates became a wage subsidy to employers. Today, the Green Party wants to revive this under the name

of “Citizen’s Income”, which they describe as “an automatic, unconditional payment sufficient to cover basic needs of every individual, working or not”.

This is more commonly called a “Basic Income”. Daniel Raventós, whose study (and advocacy) of the proposal has just been published by Pluto Press, goes into more detail:

“Basic Income is an income paid by the state to each full member or accredited resident of a society, regardless of whether or not he or she wishes to engage in paid employment, or is rich or poor or, in other words, independently of any other sources of income that person might have, and irrespective of cohabitation arrangements in the domestic sphere” (*Basic Income: The Material Conditions of Freedom*).

He lists various things in its favour: that it would abolish poverty, enable us to better balance our lives between voluntary, domestic and paid work, empower women, and “offer workers a resistance fund to maintain strikes that are presently difficult to sustain because of the salary cuts they involve”.

Maybe it would do some of these things, but two linked questions arise. Where’s the money going to come from, and how likely is it to be introduced in the form its advocates want?

Abolishing means-tested benefits such as income support (in Britain) and paying every citizen a state income equal to the official poverty line (of 60 percent of average after-tax income) wouldn’t be cheap. Raventós, basing himself on income tax returns in his native Catalonia, calculates that it could be done by means of a 50 percent flat-rate tax on all incomes. Others have suggested that it might be financed by a wealth tax or by a tax on pollution, but Raventós wants to show that his scheme could be financed merely by redistributing the money the state already collects and spends on family allowances, pensions and means-tested benefits, without any extra taxes. In other words: that the total amount of money paid by the state either as benefits or tax concessions would remain the same, merely distributed differently amongst workers. As we said of the 1943 Beveridge Report that laid the foundations of the post-war “Welfare State” in Britain: it would be “a reorganisation of poverty”.

Raventós lists various objections to the Basic Income scheme, basically that it would reduce the incentive to work, an argument he is able to refute; but he misses the main objection that, like the Speenhamland system, it would be a wage subsidy to employers. To understand this, we need to look at the economics of wage labour in some detail.

Labour market forces bring it about that the income of workers is more or less what they need to keep their working skills up to scratch and to raise a new generation of workers. At one time, in the early days of capitalism, workers' incomes were made up exclusively of what their employer paid them. Since the introduction of pay-as-you-earn income tax and the "Welfare State" matters have become more complicated. The income of many workers is now made up not only of their take-home pay from their employers but also of various payments from the state, mainly family allowances but also tax credits for the worst paid.

If a basic state income of say, £200 a week (or £10,000 a year), was brought in, this would upset the balance: market forces would tend to bring about a new equilibrium, with those workers who currently get no extra income from the state (those without a dependant family) seeing their take-home pay from employers tend to fall by £10,000. Of course it wouldn't be as simple as this since in many cases the extra state payment would be compensating for the abolition of family allowances, but there would in general be a strong downward pressure on wages and salaries.

That there would be a tendency for something like this to happen has been recognised by less naïve advocates of Basic Income than Raventós. C. M. A. Clark, who wrote a study of the effects of the introduction of a partial Basic Income scheme in Ireland (*The Basic Income Guarantee: Ensuring Progress and Prosperity in the 21st Century*, 2002), admitted this was a possibility. In a previous article in the *American Journal of Economic Issues* in June 1996 he and fellow author Catherine Kavanagh had gone into more detail. They described part of the "conservative case for a Basic Income" as follows:

"By partially separating income from work, the incentive of workers to fight against wage reductions is considerably reduced, thus making labour markets more

flexible. This allows wages, and hence labor costs, to adjust more readily to changing economic conditions” (<http://hss.fullerton.edu/sociology/orleans/basic.htm>).

And “the liberal argument against Basic Income” as being that:

“if a Basic Income policy is seen as a substitute for a full employment policy in the traditional Keynesian sense, then it is a major step backward and would harm all workers. The Basic Income would, in effect, subsidize employers, allowing them to lower wages . . .”.

Clark and Kavanagh conclude, rather over-optimistically:

“Whether a Basic Income policy would weaken or strengthen workers’ power in the labor market is a more difficult question to answer. It would depend on the context in which the Basic Income policy was instituted and the support workers already received from the state. The existence of a minimum wage, strong unions, and enforced pro-labor legislation might be essential to preventing the Basic Income from becoming a wage subsidization policy”.

Clark and Kavanagh are being over-optimistic because no union can be that strong and because no state could sustain “pro-labor legislation” for any length of time that adversely affected profits.

Unions do have some power, but it is limited to working with favourable labour market forces to get higher wages and better working conditions. When, however, labour market conditions are against them the most they can do is to slow down the worsening of wages and working conditions. If all workers got a basic income from the state of £5000, let alone £10,000, a year, this would change labour market conditions in favour of employers. In pay negotiations they would point to the state payment as evidence that they did not need to pay so much in wages or salaries to maintain their employees’ accustomed standard of living. The workers and their unions would realise this and the negotiations would be about what the reduction in wages and salaries should be. If the reduction was less than the Basic Income then

the unions would be able to cry victory, but a reduction there would be. It is just inconceivable that a state payment to everybody in work would not adversely affect wages and salaries.

As to “pro-labor legislation”, this presumably means that the state should take the side of workers against employers. Many Labour and similar governments have come into office promising to benefit wage and salary earners, and all of them have left office without doing this; most in fact have done the opposite and have ended up restraining wages and cutting state benefits. Why? It is not because they were sell-outs or were not determined or resolute enough. It was because they were attempting the impossible: to make capitalism work in the interest of the wage and salary working class.

Capitalism runs on profits, derived from the unpaid labour of workers, and can only run as a profit-making and profit-accumulating system in the interest of those who live off profits, i.e., the capitalist class who own the means of production and employ others to operate them. Any government has to accept this and that, if it's not to provoke an artificial economic crisis, it has to give priority to profit-making over “pro-labor” legislation. This is why Labour and similar governments have always failed.

In fact, insofar as Basic Income is seen as a “pro-labor” measure as it is by Raventós, then that is a reason why it is never likely to be introduced, at least not in the form that people like him want. As we saw, Raventós puts forward as an argument for Basic Income that it would “offer workers a resistance fund to maintain strikes that are presently difficult to sustain because of the salary cuts they involve”. But can anyone realistically imagine that any government would bring in a measure that would make striking easier for workers? Already, today, there are provisions to cut state benefits paid to strikers. No state is going to shoot itself in the foot by undermining in this way the profitability and ~~so the~~ competitiveness of enterprises operating from within its borders.

So, if a Basic Income scheme is ever introduced, it's not likely to be more than some limited reform of the tax and benefits system. But even it were to be introduced in full it could turn out to be counter-productive for the working class by leading to an across-the-board decrease in wages.

ADAM BUICK

RESPONSE TO ADAM BUICK**by Daniel Raventos**

Thank you for the comments. I'll like to respond only to what I think are the main issues raised by Adam Buick's remarks on my book. This does not necessarily mean that I am in agreement with him over other things that I do not take up here.

1) The Speenhamland system is about as similar to Basic Income (BI) as an egg is to a chestnut. We are more than two hundred years on from that agrarian economy. Moreover, Speenhamland was a conditional system and BI is, by definition, unconditional. Criticisms of a conditional system can hardly be applied to a system that is unconditional *per excellence*.

2) The objection at the core of the whole article, that BI "would be a wage subsidy to employers" is rather odd. If the law prohibits employers from paying less than a Minimum Wage, as happens in many countries, the argument sinks all by itself without any extra help. Some trade unions are more than aware of this and, for example, the ESK (Basque Union Group) have been BI supporters for some time now.

3) The author's views that a BI would be a "wage subsidy to employers" without taking into account the economic forces of the time and without bothering to look into what effects a BI might have on the working class are not only more-than-dubiously based in historical terms but he also seems to be arguing as if the only decision-maker is the management. But aren't management wishes conditioned in any way by resistance from the workers? According to this line of argument, one might almost deduce that the workers shouldn't engage in too many distracting struggles to improve their conditions because the minute a bad economic situation comes along the management will take away what they've won previously. This is an odd way of understanding things.

4) Has Buick pondered how a BI might affect the sector of the working class that is subject to the more precarious form of contract (about 40% of the workers in my country, Catalonia)? I've seen in the talks I've given over the years that, when the public consists in particular of very young workers, BI is understood as a measure that would help them to avoid accepting the very bad and insecure working conditions they're obliged to accept at present. A BI would give them the chance to say "no" to job

situations that they have to agree to now. Has Buick wondered how a BI might affect a lot of women who depend economically on their husbands? Has he really thought about the possibilities for workers' protests that a BI could offer as a resistance fund? In general, the right immediately grasps the whole potential of BI and is therefore totally against it (as the debate in the Spanish Parliament revealed on 2 October 2007). The left, at least part of the left, has more problems in understanding of the whole potential a BI could have for a good part of the working class. It's a shame, but that's how things are.

In 2004 Penny, Simon and I tried to address Buick's objection thus:

It is clear from pages 23-25 that the LHMU sees working tax credits as having the effect of entrenching low pay because employers won't have to pay a liveable wage if the government subsidises, through the tax or social security systems, the pay from the employer. This objection to such arrangements has been around since at least the early 1800s. British historian and social researcher Karl Polanyi (1945 pp.82-87) described in considerable detail the first standardised employment subsidy that was known as the Speenhamland system 1795-1834.

Polanyi (1945 pp.82-87 & 124-130) points out that in England by the end of the 18th century the money system and market for land had been established but the *labour market* had not been. Prior to Speenhamland the Elizabethan poor law relief system did not assist people whose employer did not pay proper wages. Earlier forms of poor law administration only assisted those without work "through no fault of their own". In 1795 the justices of Berkshire, meeting in the town of Speenhamland, set a level of assistance that was to be paid by the parish to labourers. The amount of assistance was to be the difference between what was regarded as the rate of assistance for labourers and what their individual employers were able to pay. The justices' intention was designed to promote employment and simultaneously ensure "the right to live". Some objected that this let employers shirk their responsibilities to their workers and others claimed it allowed workers to shirk their responsibilities to employers because they only paid part of their wage.

The value of the rate of assistance was not indexed, and with the passage of years, the rate of assistance dropped below subsistence levels. Organised workers had a further problem with this system, namely that the rate of assistance regarded by the justices as the minimum necessary to sustain labourers and their families gradually eroded the wages of others who worked in the district. The rate of maximum assistance became the rate of pay for most workers and was referred to as "the rate". The Speenhamland system spread throughout much of the countryside of England until it was abolished by the 1834 Poor Law that also removed the "right to live".

There would seem little doubt that Speenhamland, in its later years, failed to provide workers with sufficient assistance and was widely blamed for depressing the rate of pay even of those workers who were paid their total amount due by their employers. Polanyi (1945 p.86 & p.126) asserts that the establishment of the rate of assistance as the going rate of pay and the misery it caused to the bulk of the population would not necessarily have occurred *but for the existence of other laws*, such as Anti-Combination Laws, designed to control trade unions and other labour organisations. Polanyi (1945 p.86) states:

If labourers had been free to combine for the furtherance of their interests....
Speenhamland might have had the effect of raising wages instead of depressing them.

The importance of Speenhamland to the current debate is that the way in which we interpret our history is

largely determined by past experiences and our present belief and value systems. We need to be mindful of John Kenneth Galbraith's oft quoted saying that "It is easier to teach people new ideas than to get them to let go of old ones." Another thing, which affects our perception of events or options, is that our position in any organisation affects what we see. If you compare a company with a tree full of monkeys, "we find that those on the top of the tree when they look down all they see are smiling faces where as those on the lower branches when they look up all they see are @#%*%^*#@".

What we can see from the Speenhamland system is that it shares one feature with guaranteed minimum income, negative income tax, tax credits, non-universal social security, participation-income and welfare assistance programs. In every one of them, as income from paid work rises, income from the agency providing assistance decreases. This is one major advantage that a Basic Income has over all the other forms of assistance discussed. It is true the amount of money with which a person receives "in the hand" after payment of income tax (net income) might be less than the total income from the two income sources. But with a Basic Income neither the employment income nor the amount of Basic Income is directly affected by the other source of income. The reduction in income is the income tax rate on earned income. This removes poverty traps and work disincentives simultaneously.

Full article can be found at

Why Australian Workers and Unions Should Support Basic Income.

John Tomlinson, with assistance from Penny Harrington and Simon Schooneveldt November 2004.

<http://www.basicincome.qut.edu.au/archive/browseauthor.jsp>

See also Professor Guy Standing's Cape Town Basic Income Earth Network Paper Nov 2006

Income Security:

Why Unions should campaign for a basic income

by Guy Standing*

"There is a tide in the affairs of men,

Which, taken at the flood, leads on to fortune"1

Anxiety, insecurity and uncertainty – these are the feelings expressed by a vast number of workers and many others all over the world. There is a growing consensus on the reasons – globalisation, consumer capitalism, inequalities of various types, employment insecurity, flexible wages, erosion and restructuring of the welfare state, social violence and a lack of networks of social support.²

Amidst all this, trade unions have found it difficult to maintain their appeal.

Many of us lament the outcome, and feel sure that society needs strong organisations to protect and advance the rights of all its members, and that without them insecurities will multiply. Yet unions need to rethink how to appeal to people as they go through their working lives. As they do so, I believe unions should champion a basic income as part of a strategy for economic security and redistribution. Unions have always been at their most effective when they have appealed to a vision of the future, rather than to hanging on to achievements of the past. They should set out to be in the vanguard for such a strategy, which should focus on the distributional issues of the time. I ask readers to be as open as possible to new ideas and to fresh thinking about old ideas that they might have rejected at another time.

We are undergoing a Great Transformation, in the way the economic system functions and in the relationship between economic forces and society. In the past, as superbly shown by Karl Polanyi, each transformation has created a period of instability, as old systems of regulation, social protection and redistribution broke

down. In stable periods, those help moderate the insecurities and inequalities, at least enough to make most people tolerate their lot, by “embedding the economy in society”. Put briefly, when unions were last in a position of strength, between 1945 and about 1975, tripartism and the welfare state performed these three functions reasonably well. Since then, inequalities and insecurities have multiplied. Whether the old system was good or bad, there is no going back. The challenge now is to identify the new systems of regulation, social protection and redistribution that will moderate the insecurities while not undermining the economic dynamism that is driving the global economy.

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1 William Shakespeare, Julius Caesar, IV, iii, 1.11-12.

2 For a comprehensive assessment, see ILO, Economic Security for a Better World (Geneva, International Labour Organisation, 2004).

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A clue to the answer is that during every great transformation, workers and progressives generally have struggled over one or two key types of asset. For example, in feudal times the main struggle was over land, whereas in the era of industrial capitalism, it was mainly over the means of production, embodied in factories and mines.

What are the key assets today? They are surely financial capital, the environment (quality space in which to live healthily) and time (quality time in which to develop through work and leisure, in control over one’s development). The rationale for that choice is provided elsewhere.³ For our present purposes, suffice it to suggest that if one accepts that these are the key assets of the era over which we wish to have more control, then we should assess policies and institutions by whether or not they offer us the prospect of obtaining it.

The Global Context

In reflecting on feasible and desirable reform of social policy, it is essential to consider two big questions that set the context.

To be stable and prosperous, every society needs a system of regulation, a system of social protection and a system of redistribution, to embed the economic forces in society and to moderate the insecurities and inequalities faced by most ordinary people. The first question is: What are the appropriate systems for a globalising open economy world?

Here is not the place to try to provide a detailed answer. But it is important to realise what is not the answer and to see what options are feasible. First, in an open economy the most effective means of *regulation* against bad labour and social policies and practices is strong bargaining power for workers and others at every level of decision-making, which means *collective* bodies, not just individualistic quasilegalistic mechanisms, although these are needed as well. It is obvious to most

observers that such collective bodies cannot rely on the old models; unions need to broaden their appeal to citizenship rights and be champions of egalitarianism. Second, for *social protection*, old-style social insurance schemes are limited, costly and possibly dysfunctional in societies characterised by labour market flexibility, economic informalisation and fluidity of labour force participation. Meanstested social assistance and behaviour-conditional schemes such as ‘workfare’ are even less viable if one wishes to promote universal social protection.⁴ The shortcomings of those schemes should lead to a willingness to think about more universalistic schemes, even though there are other grounds for doing so as well. As for the most appropriate system of *redistribution*, in a globalising economy progressive direct taxation can do little, and even progressive governments have abandoned it as a means of extensive redistribution. Indeed, fiscal policy has become

3 G.Standing, *Beyond the New Paternalism: Basic Security as Equality* (London, Verso, 2002); G.Standing (ed.), *Promoting Income Security as a Right* (London, Anthem, 2004).

4 For reasons, see Standing, 2002, op.cit., particularly chapters 6 and 8.

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more *regressive*, worsening inequality. Tax on capital has fallen, tax on labour has risen, while subsidies for capital have risen and subsidies for labour have fallen. This leads to the second big question. Every great transformation hinges on resolving the social conflict over the distribution of the key assets in that particular era. In an era of crumbling feudalism, the struggle was over land; under industrial capitalism, the struggle was over the means of production, leading to a focus on nationalisation of the “commanding heights” of the economy. What are the key assets in the era of globalisation? What are the assets over which young progressives of the world – to whom collective organisations must appeal if they are to thrive – will wish to struggle to obtain? Put bluntly, they are surely financial capital and quality time and space, which together could promise economic security.

The modern world is characterised by the frenzied pursuit of profits and possessions. Income and wealth is increasingly concentrated in finance capital. If inequality is to be reduced, all citizens must share in that, which means renewed interest in *economic democracy*. Economic rights and democracy will surely be at the centre of progressive thinking in the years ahead. Among the advantages of collective and widespread individual ownership of financial capital would be that social control, including control of ecologically irresponsible behaviour by corporations, would be exercised over blatant rapaciousness so memorably demonstrated by Enron and others in recent years.

Here is not the place to develop that line of thinking, which is done elsewhere. It is the other key asset that is relevant here, namely quality time. There is a uniquely modern crisis, which is the commodification of human existence. Globalisation is not just the financialisation of capitalism, but is based on the spread of insatiable consumption manipulated by constant advertising. In this, the instrumentality of labour is triumphing over the ethics of work, which conjures up ‘craftsmanship’, creativity and reproductive properties. The *jobholder society* so feared by Hannah Arendt is gaining ground.⁵ Jobs are mainly instrumental. For more and more people, there is something close to that old Soviet joke, “They pretend to pay us, we pretend to work”. The emerging variant might be, “They pretend my job is important, I

pretend to believe them.”

To consume is the goal. Alongside the well-known aphorism, “I shop, therefore I am”, one should add, “I labour, so that I may shop.” There is an underlying frenzy, to make more money, to labour longer and more intensively, to take work home and home to one’s job. The intensification of labour is threatening our capacity to reproduce physical and mental health. It is not just the Japanese who are suffering from *karoshi* (death from overwork). There is also a modern disease of *presenteeism*, staying in a job ‘at work’ even when it would be advisable for health to take time off. Meanwhile, the losers are left “licking at the windows” and “bowling alone” in the malls, where teenagers and the elderly “hang out”. Ironically, alongside labour intensification is a deepening passivity, epitomised by the watching of “reality” TV and a sequence of entertainments.

5 H. Arendt, *The Human Condition* (Chicago, University of Chicago Press, 1957).

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This is an exaggeration, of course. But there is what might be called *existential stress*, an anxiety, an insecurity. More people feel that they are never satisfied, having insatiable needs, for money, for commodities. We are urged to be “competitive” in almost everything. Education is valued only for the jobs that schooling and human capital may bring. I labour to have more, not to develop myself or my relationships, let alone to preserve and recreate the beauty of nature and society that our forebears have handed down to us. Purchase, possess, display, discard! These are the laws of global consumer capitalism.

It all leads to a *time squeeze*. And when youth look forward to what their parents or peers are doing, they are surely correct if they think this is no great deal. What sociologists might call *existential anomie* arises, since more and more people do not belong to a functioning community, of people who are working as a unified ‘class’, or as an occupational group, as a union, as a guild, as a cooperative or whatever. Since they do not belong to such a collective community in which there is a spirit of *social solidarity*, there is no regulation of opportunism and social irresponsibility, and there is weaker reciprocity between the old and the young, the married and the single, and between religious and ethnic groups.

This too is an exaggeration, is it not? All right, but the dominant trend is towards a combination of insecurity, stress and anomie, a frenzy of labour (money making) in a context of social and political passivity, a modern form of “bread and circuses”, of MacDonalds, malls and watching matches.

How have the mainstream political elites responded to this era of social and economic insecurity and rising inequalities? The main responses have been Third Wayism, on the social democratic side, and Compassionate Conservatism, on the Christian democrat side. The former emerged in the 1990s when new social democrats yearned for power but were traumatised by a succession of electoral defeats. It was a timid response, accepting the market state. They no longer presented a vision of redistribution, but one of accommodation, offering “globalisation with a human face”, reflecting an eagerness to grasp at a “consensus”, “social partnership”, “social dialogue” and similarly vague non-threatening slogans. There was emphasis on “social integration”, in which the lukewarm left did not oppose the individualistic consumerism unleashed by the neo-liberals but tried to appeal to the conscience of the

winner of the competitiveness to allow a moderation of market forces, in the guise of poverty relief.

In effect, the new social democrats adopted the liberal position of John Rawls, the most influential political thinker of the last quarter of the 20th century, in saying that the primary social goal was the reduction in “poverty”, focusing on the groups perceived as the least well-off. They did so through a moralistic model in which to make “socially responsible” behaviour by “claimants” the condition for “entitlement” to public benefits. Some preached “rights” but practised “entitlements”. There was the language of pluralism and diversity, but the politics of conformity and norms.⁶ In the 1990s, social policy became more judgmental, a peculiar development for those on the political left.

⁶ I recall one adviser saying in a ‘retreat’, “If they do not conform to socially responsible behaviour, they should be denied benefits and access to public services.” It is a short step to add “and even citizenship”.

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Third Wayists expected the state to achieve social integration and market clearing (even Full Employment, which can still be heard from time to time), whereas their Compassionate Conservative competitors for the political “median voters” say this should be done by “civil society”, those religious, commercial and other NGOs that are playing an increasingly prominent role in social policy.

This is where we are in the first decade of the 21st century, mired in insecurity and inequality, with no prospect that these are being remedied, in which the mainstream political programmes are offering a moralistic, paternalistic set of policies, with lower taxes, more subsidies for capital, and other inducements to invest. Anybody who feels uncomfortable with the two variants of the mainstream political response to globalisation should surely want to offer an alternative that could achieve basic security for everybody and a sustainable reduction in inequality. It is within that context that a basic income as a citizenship *right* should be considered. The following reviews the main arguments against and for moving in that direction, focusing on how it would help to promote *work* in its most positive, desirable sense. What is a basic income?

Trade unionists, as well as all those who count themselves as *egalitarians* and advocates of *social solidarity*, should support a basic income as a right of a good society in which dignified work could flourish. Traditionally, there has been some reluctance to go in that direction. However, times have changed.

In 1984, a group of young social scientists, all supporters of trade unions, set up an organisation called BIEN, the Basic Income European Network. Since then, it has attracted a wide cross-section of members from all over the world. Membership does not oblige anybody to adhere to a particular view. In practice, most members believe in the desirability of moving towards a society in which everybody has a right to basic income security. Although some members might disagree on details, the following defines roughly what we mean.

Most importantly, we are talking about basic security as an economic and social right. This is essentially a republican or claim right, developed by Rousseau, Thomas Paine and others. A claim right implies that policies and institutions should move

towards a realization of that right. A right – and this is important given the way social policy debates have evolved in recent years – is unconditional in behavioural terms. You do not have a right if you have to do x, y and z in order to have an entitlement. That is not a right. A right is a right.

Second, we are talking about basic security. Basic means it must be meaningful, not a gesture, but not so much that it leads to indolence and loss of motive to function. But above all it must be enough in order to be able to make rational choices. It must be basic and it must be meaningful.

Third, for basic income security, the income must come in a form that is nonpaternalistic. It should not be given to you as a discretionary gesture, in the goodness of somebody's heart; it is not charity. It must be in a form that you can decide how to

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use it. It must be individual and must be equal, with supplements for those with special needs, for disabilities or frailties. It must be in a form to enable people to make rational choices.

Fourth, the basic income should be regarded as the base of a system of social protection, on top of which should be supplements for special needs (such as disability) and a social insurance social security, as well as collectively bargained occupational benefits.

Fifth, the move to a basic income should be seen as evolutionary, a form of continuity, not nearly as radical as some enthusiasts convey and many critics seem to believe. In many countries, many of the elements exist already and others are emerging. A key factor is the integration of the tax and benefit systems, which is fast being achieved. Most of those who believe that a basic income should underpin a redistributive strategy advocate a step-by-step approach, weaving the patchwork of existing schemes into a universal base. Several transition routes have been proposed, and some see it coming "through the back door".⁷

Some advocates believe the amount paid should be low initially, building up to a decent level as it became accepted. Others believe that the basic income should be paid initially to selected social groups deemed particularly vulnerable to poverty and insecurity, gradually extended to others. That is the route that has been taken in Brazil, with its *renda minima* and *bolsa escola* schemes that have evolved into the *bolsa familia* under President Lula. Others, such as Sir Tony Atkinson, have advocated a *participation income* as an intermediary step towards a full basic income, in which some community work would be a condition for entitlement to the basic income, thereby helping to legitimise the concept with the middle class. The key point is that policymakers can take a gradualist approach, befitting the cautionary nature of modern politicians and their advisers.

Finally, the name should not distract from the essentials of the idea. The point is that we are talking about a fundamental economic right. Other names sometimes used include citizenship income grant and social dividend. In South Africa, where the trade union confederation COSATU is actively campaigning for it, the term Basic Income Grant has been adopted.⁸

With those definitional elements in mind, there are also two policy principles that should guide us in thinking about re-distributive and protection policies. The first, drawing on John Rawls, is what might be called "the security difference principle": A

policy or an institutional change is socially just only if it improves the security of the least secure groups in society.

7 A. Atkinson, “How basic income is moving up the policy agenda: News from the future”, in G. Standing (ed.), *Promoting Income Security as a Right: Europe and North America* (London, Anthem Press, 2004), pp.41-52.

8 I have also proposed the term Solidarity Grant to emphasise the post-apartheid context. For a review of costs and benefits, see G. Standing and M. Samson (eds.), *A Basic Income Grant for South Africa* (Cape Town, University of Cape Town Press, 2003).

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The second principle is what I call “the paternalism test principle”. This has been seriously neglected by social policy advisers and politicians in the last ten years in Europe and elsewhere. The paternalism test principle goes like this: A policy or an 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. That, of course, relates to workfare and a number of other policies that have been evolving.

The “Cons”

Before considering the advantages of a basic income, and the reasons for unions to take a leading role in its advocacy, we will deal briefly with the main objections that have been made over the years. Since this has been done in depth elsewhere, this section will be relatively brief, reviewing the objections in summary form.

Claim 1: *A full basic income has not been introduced anywhere, so it cannot be correct.*

Response: (i) This objection has been made to every progressive reform, and as Hirschmann showed, claims of futility (it will not work), jeopardy (it will endanger other goals) and perversity (it will have unintended consequences) have almost always been made, until the reform has been introduced, after which those claims somehow evaporate.⁹ In the months before Mitterand introduced the *Revenu Minimum d’Insertion* all his advisers and commentators said it could not be introduced; a few months later it was accepted by almost everybody.

(ii) Moves towards a basic income have been introduced. Besides the RMI in France and elsewhere, there is the Alaska Permanent Fund, which pays out an annual dividend to every resident of the State, and there are the bolsa familia and similar schemes in several Latin American countries.

Claim 2: *A basic income would cost too much. It would require higher taxes, crowd out public and private spending and would affect foreign confidence in the economy.*

Response: (i) A basic income would replace many existing schemes, implying that to a large extent it would be merely a matter of substitution of expenditure.

(ii) Part of any increase in net public spending would be due to the fact that while all governments have a public commitment to the eradication of income poverty, they actually operate schemes that underspend, in that there is a low take-up of monetary benefits supposedly available. This is the case with almost all meanstested benefits.

(iii) The cost argument usually comes down to a matter of *priorities*.

(iv) The claim that spending on a basic income would raise public spending that would lower international confidence in the national economy is often disingenuous, as in South Africa. Cutting poverty effectively would be a good way of inducing lower crime and more social stability, so inducing greater foreign confidence.

(v) Various costings have been made, in both affluent and developing countries. They have shown that even on restrictive assumptions, a basic income is affordable, and would at most involve a small increase in public spending or/and a modest rise in tax rates on above-average incomes. For instance, in South Africa a modest basic income could be paid by simply reversing the tax cuts to upper-income groups since the ANC came to power. In Turkey, a basic income could be paid from merely an extra 1% of GNP being allocated to social protection expenditure.¹⁰

9 A.Hirschman, *The Rhetoric of Reaction: Perversity, Futility, Jeopardy* (Cambridge, Mass., Harvard University Press, 1991).

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A basic income would almost certainly reverse that tendency, resulting in more tax revenue, thereby lowering the net cost of the change.

(vi) Most existing social security schemes, such as unemployment benefits, produce “poverty traps” and “unemployment traps”, by which legal income-earning work is deterred because the recipient of the means-tested benefit would gain little or nothing by taking a low-paying job. A consequence of the spread of such schemes has been a growth in the extent of the black economy, resulting in lower tax takes. A basic income would almost certainly reverse that tendency, resulting in more tax revenue, thereby lowering the net cost of the change.

Claim 3: *A basic income would increase cost-push inflation.*

Response: (i) Most of the responses to the cost argument would apply here too.

(ii) A basic income would induce a switch in the structure of demand towards domestically produced wage goods, away from imported goods, thus tending to raise the exchange rate, dampening inflation.

Claim 4: *A basic income would undermine the “reciprocity principle”, the claim that only those making a contribution to society deserve society’s support.*

Response: (i) This ‘principle’ is arbitrary, never being applied to the idle rich or to those with inherited wealth, who are never required to put anything back into society.

(ii) There is no reason to suppose that only paid labour is “making a contribution”; other forms of work, such as care and community work, should count, even if one thought such a principle was justifiable.

(iii) It is a paternalistic claim: Who determines what count as duties, and to whom should they be provided to count?

Claim 5: *A basic income would be a disincentive to work, encouraging idleness and “dependency”.*

Response: (i) The vast majority of people want to work and better themselves; it is an insult to think they would be satisfied with a modest basic income.

(ii) A basic income would put pressure on firms to make jobs more attractive, rather than rely on fear and the necessary to accept poor working conditions.

(iii) It would facilitate labour force participation by the lowering the cost of job search. An instance is the experience with the Brazilian *bolsa escola*. Evaluations

show that what amounted to a basic income for women with young children led to an *increase* in their labour force participation, as well as a reduction in child labour and female poverty.

(iv) As noted with respect to the cost claim, by reducing “poverty traps” and “unemployment traps”, a basic income could *increase* legal labour supply from among the unemployed and those on the margins of the labour force.

10 A.Bugra and C.Keyder, “*Arguing for basic income in Turkey: Main challenges*”, paper presented at Tenth BIEN Congress, Barcelona, Sept.19-21, 2004.

9

(v) In the USA, some years ago a *negative income tax* (NIT) was introduced experimentally in pilot communities. Political prejudice soon intervened, before the pilot tests could be evaluated, reflecting the liberating effects of the policy among the poor.¹¹ But the political killing of the experiments did not occur until a large amount of data had been gathered on the effects of the NIT on workers and their families. It was a shame that trade unions were insufficiently interested to mobilise in defence of the experiments, which possibly reflected their fear of the liberating potential of giving workers real economic freedom. Anyhow, the data were subject to an extraordinary number of separate evaluations. The results showed that the cynics were wrong. A review of 345 studies found that there was no significant overall effect on labour supply one way or the other.¹²

(vi) Because the effect on higher-income groups could be at most a small decrease in hours worked for income, the measure could actually induce some work sharing, to the benefit of workers and the labour market.

Claim 6: A basic income would result in lower wages, because employers would feel that they could pay less.

Response: (i) Wages are determined by bargaining power, and if a person is insecure he or she will put up with pathetically low wages. A basic income would at the very least improve a person’s sense of security, and thus strengthen her bargaining position. Moreover, “efficiency wage” considerations will mean that if an employer pays sub-standard wages, workers will adjust their effort and commitment accordingly. There is no reason to assume that a basic income would have any negative effect on wages; it could help to raise them, particularly at the bottom end of the labour market.

Claim 7: A basic income would reduce the pressure on governments to create jobs.

Response: (i) In most countries, there is not much pressure!

(ii) Jobs should be generated by the proper demand for labour and by the ability of ordinary people to demand goods and services that generate income-earning opportunities. Jobs created for their own sake are artificial, demeaning, usually unsustainable and often likely to induce inefficiency and “substitution effects”.

Claim 8: Paying a basic income would involve useless income “churning”, paying out to everybody and then clawing it back from tax payers.

Response: (i) There is always some churning taking place, but this would simplify the process and make it more transparent and equitable. Currently, much of the churning results in “middle-class capture” of the benefits, because they are more able to operate the complex schemes that characterise the social security systems.

11 A similar reaction has set in with respect to the Alaska Permanent Fund. The Republicans have set out to kill it and convert the financial assets into funds for a few favoured corporations, even though the Fund has proved immensely popular with the residents of Alaska and in spite of its success over more than a decade. S. Goldsmith, *“The Alaska Permanent Fund Dividend: An experiment in wealth distribution”*, in Standing, 2004, op.cit., pp.549-62.

12 K.Widerquist, *“A failure to communicate: The labour market findings of the negative income tax experiments and their effects on policy and public opinion”*, in Standing, 2004, op.cit., pp.497-538.

10

(ii) The increasing integration of tax and benefits systems is a global trend, even in many developing countries.

Claim 9: *The level of a basic income would be indeterminate and politically manipulated, being raised just before elections.*

Response: (i) This is a governance issue that could be dealt with by making the level independent of government through the establishment of an independent authority, as with monetary policy these days. Or it could be tied to movements in national income or average earnings, as is the case with many state pension schemes.

In sum, the claims made against moving towards a basic income can be answered, if one wishes to do so. What is important is that prejudiced hostile reaction should be avoided, and that we should think of what sort of ‘decent work’ society we want to foster in the coming years.

The “pros”

There are several advantages of a basic income that trade unionists and progressives should surely wish to promote. They can be summarised, in no implied order of significance.

A basic income would be a socially just measure, giving substance to the UN Declaration of Human Rights, especially its Article 23. It would give substance to that egalitarian principle mentioned at the outset, giving equal basic economic security. It also corresponds to what we have found to be the most widely supported feeling among people of all levels of social background, that everybody should receive an income adequate to enable them to survive.¹³ A basic income appeals to people’s sense of fairness.

By providing basic security, it would also tend to strengthen a sense of *social solidarity*. The need to strengthen this cannot be over-emphasised at this historical point. Arguably, it has never been more threatened or fragile. Unless the means can be developed to strengthen various forms of social solidarity, all collective bodies, including trade unions, will have the greatest possible difficulty in appealing to potential members.

A series of psychological experiments were conducted in Canada, the USA and Poland, in which people were asked to choose which principle of justice they most favoured. A large majority chose “the floor constraint”, a basic income. And the majority grew when groups deliberated on the options, highlighting the importance of

“deliberative democracy”.¹⁴

¹³ This emerges from our People’s Security Surveys, so far conducted in 15 countries, involving interviews with about 48,000 adults. ILO, 2004, op.cit., chapter 12.

¹⁴ N.Frohlich and J.Oppenheimer, *Choosing Justice: An Experimental Approach to Ethical Theory*

(Berkeley, University of California Press, 1992). See also the results of the International Social Justice

Project, summarised in ILO, 2004, op.cit., chapter 12.

11

A basic income would also enhance *real freedom*. In the true republication tradition, to which most egalitarians (and, therefore, trade unionists) belong, freedom is not possible without independence for individuals. It would strengthen individual rights, which was why Thomas Paine supported it. What should be understood by all those Third Wayists is that real freedom is the only feasible and equitable way of inducing socially responsible behaviour.

A basic income would also be a very suitable policy for responding to one of the major crises of the globalisation era and for redistributing one of those key assets identified in the introduction. It would encourage people to gain greater personal control over how they use time.¹⁵ Anybody who counts himself or herself as on ‘the left’ should be keen to the poor and the vulnerable gaining more control over the key assets of society, and time is one of them.

By the same token, granting a basic income would help to legitimise forms of work other than labour, such as care work and community work. This is particularly important if we wish to see societies emerge in which more and more people can be workers in the richest sense of that term, combining a variety of types of work in a variety of work statuses.

By the same token, it would facilitate the more desirable forms of labour market flexibility. One way it would do so is by enabling those on the margins of the labour force taking low-productivity, and thus low-paying, jobs. It would also, as noted earlier, encourage employers to make jobs more attractive, because workers could bargain with greater confidence over working conditions and pay.

There are two other advantages that would be gained from a basic income. It could actually boost economic growth, by shifting the structure of demand so that spending on local goods and services would be increased and, in low-income areas, by improving health, nutrition and worker morale, by improving productivity. And it would save on administrative costs because it would be a simple system to operate, with less form filling, no discretionary judgments to be made by local bureaucrats, no appeals processes and a greater individualisation of transfers that would reduce the complexity of the tax-benefit system.

These latter considerations may be of minor significance in the overall strategy.

The key points are that it would enhance real freedom, equalise basic security and facilitate a more flexible pattern of work.

Concluding reflections

This could be a wonderful time for the progressives of the world. Some periods are when defeat follows defeat, when the forward march is halted or temporarily turned back. Some eras see a rush forward, when new movements spring

to life, fear changes sides, the rich and the powerful make concessions and a vision of something like utopia enthralls progressives almost everywhere.

15 This is explained elsewhere. G.Standing, “*About time: Basic income security as a right*”, in Standing, 2004, op.cit., pp.1-40.

12

Some eras are like those eerie stillnesses at sea as the tide is about to change.

The strength of the tide going one way has run its course, but the run the other way has yet to gather strength. The cagey fisherman knows this is when the fish begin to bite.

We are at such a moment. Progressives made the running, intellectually and politically, between the late 1940s and early 1970s. The 1970s were a lull, in which reactionary ideas crystallized into a coherent strategy. The period between about 1980 and late in the 20th century was one of progressive retreat, when Thatcherism and Reaganism ushered in a period dominated by “neo-liberalism”, “the Washington consensus” and “supply side economics”. Social democrats eventually responded but did so in a lukewarm, defensive manner, characteristically calling their modest agenda “the Third Way”, which generated the response of “compassionate conservatism”.

The anti-progressive tide has run its course. It may win some elections, and will be pushed further. But the insecurities and inequalities have become both revolting and corrosive, fostering instability and social reactions that threaten economic growth and human development. Intellectually, the progressive voice is becoming stronger, because those who want to speak are no longer afraid of being swept away. The timidity that produced the tinkering and euphemisms of social democrats in the 1990s is inadequate to the challenges of the era.

The lull between the tides is still there. Yet there is a huge opportunity to develop a new progressive vision, if we have the courage to take it and have open minds, even about views that have long been part of the progressive rhetoric. In particular, for the future of unions, we must rethink what it is about *work* that we want to promote and what form of security would best promote that. To do this, we must think radically. This is a historical moment, one that comes only every few decades. There is a risk that opportunities for progressive thinking will be missed. I have no doubt we are about to see a new spurt forward. A basic income should be part of that.

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