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Does Basic Income Make Sense as a Worldwide Project?[1]

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Does basic income make sense as a worldwide project? To my own amazement, I have come to believe that it does, incomparably more than I did when we founded the Basic Income European Network in 1986.

To explain this, I first need to distinguish two senses in which one might think of turning basic income from a national, or at most a European, into a worldwide project. There is the swelling and there is the spreading.

Swelling the project?

Swelling the basic income project into a worldwide one consists in imagining that it can be organised in a truly universal way, administered and funded at a global level.

I have great respect for the moral commitment of those who have been mobilising around that idea, most forcefully perhaps the Dutch artist Pieter Kooistra and his Foundation "UNO basisinkomen voor alle mensen".[2] Yet, for our generations this is pure speculation. Not the less, pure speculation needs not be useless speculation. And in this case it is definitely not too early to start considering Basic Income seriously as a worldwide project. Indeed, as ever stronger worldwide interdependencies make progress in this direction, it's become more feasible and more necessary.

Obviously, a crucial part of that speculation concerns the funding. Let me just state, without argument, a couple of negative and a couple of positive convictions. I do not believe in the viability of a worldwide personal income tax, since the exact definition of taxable income should, from my point of view, rather be left at a far more decentralised level. Nor do I believe in the relevance, for this purpose, of Tobin-type taxes on international transactions. They may be useful for keeping destabilising speculation in check or funding expanded supranational organisations in less precarious a way than is currently the case. But their equilibrium yield would fall far short of making a significant contribution to the funding of a worldwide basic income.

More worth exploring, in my opinion, is the idea of combining the shift to one single global currency, as advocated e.g. by Myron Frankman[3], and the use of the seignorage rights associated with this currency for funding a modest non-inflationary basic income at the level of the annual growth of the world GDP, along the lines developed by Joseph Huber.[4]

Finally, and of least remote relevance, is the idea of a fair worldwide distribution of a sustainable volume of tradable pollution rights – as distinct from a distribution according to existing levels of pollution of the sort currently considered. To reflect Thomas Paine's old notion of an equal repartition of the resources of the planet, this would come down to a uniform global tax on the volume of emissions whose revenues would be distributed according to population size.

Even in the long term, however, this swollen basic income will not come in substitution, but in support of a basic income funded at a far less global level. Moreover, it will come only if a large number of far more local schemes first prove that implementation difficulties can be overcome and that key objections can be refuted, however adverse a country's circumstances may seem.

Spreading the project? The Congo

For the time being, therefore, by far the most important interpretation of the central question in this paper concerns the diffusion of Basic Income as a worldwide project. In other words: does it really make sense to think of spreading the project beyond those relatively affluent countries with fairly developed welfare states, in which Basic Income first took root? In recent years, two sets of contrasting impressions have strongly affected my thinking on this subject.

In the spring of 2001, I discovered the Congo in the course of what was one of the most mind-blowing academic trips of my life. Among the many aspects that struck me about the situation in the Congo, I'll now mention three that are directly relevant to our matter.

When the Congo became independent from Belgium, both countries had about 10 million inhabitants, slightly more for the Congo, slightly less for Belgium. Four decades later, Belgium has laboriously reached 10.5 million, while the Congo approaches an 52 million. A walk through the sandy streets of Kinshasa gives always the impression of strolling through a kindergarten. Yet it cannot help feeding our concerns about how vigorous the demographic transition will need to be and how ill-advised has been any transfer scheme for slowing it down.

Another striking experience was talking with people at the very top of the Congo's state apparatus. There, you realise that no one has (or at any rate had then) much of a clue as to how many people the government is employing, who these people are, how often and how much they are paid. Can you imagine, in this context, conveying an income in reliable fashion, not merely to some thousands of civil servants, but to several millions of citizens?

Last but not least, one has to consider the cultural barriers within the own country's population. What political chances can there be for a serious and ambitious programme in favour of the poor in a country in which nearly all political, administrative and academic life operates in French, a language mastered by a small and shrinking minority of less than 10% of the population? How can the voices of those who would stand to benefit from such a programme be sufficiently heard, while looking forward to making significant, politically sustainable steps?

While flying back from the Congo, I sat thinking about these three sets of considerations – shortly after having to escape from a last attempt by some locals, at the airport in Kinshasa, to get a small first instalment of their prospective worldwide Basic Income. Had I been asked then whether Basic Income made sense as a worldwide project, I'm pretty sure I would have said no.

Spreading the project? South Africa

Yet, not long after I got back, I found out, bit by bit, both about what was already in place and what was being vocally demanded in a country, geographically as well as socio-economically, not quite distinct from the Congo: the Republic of South Africa.

What is in place? First and foremost, as regards our subject, a non-contributory, monthly pension of 600 Rand (or EUR 60), paid, at the time, to all women aged 60 or over, and to all men aged 65 or over. These must have been subject to a means test that practically amounts to excluding all households entitled to a pension from the formal sector, and only them. Developed during the final years of the apartheid regime, this scheme is far more redistributive than all other aspects of the South-African tax-and-transfer system taken all together. It is also without a doubt the largest redistributive transfer scheme in the whole of the African continent. About 80% of the age-qualified Black population of South Africa reports receipt of it, compared to about 10% of the age-qualified White population. In total, 75% of the recipients are women.[5]

What is most remarkable about this scheme is that it works: that it has somehow managed to tackle the huge implementation problems involved in reaching nearly two million beneficiaries, many of them illiterate and living in remote rural areas. Remarkable too is that the redistribution effected through it reaches far beyond its immediate beneficiaries. The granny's pension is the main source of formal income for a large number of extended households, with wide-ranging effects across generations, most strikingly on the grand-daughters' health.[6] Moreover, making title-holders out of the elderly obviously has the advantage of handling the demographic problem far better than any other simple type of poverty alleviation scheme. And it avoids any direct work disincentive for the population of working age – which is not to say that it does not come without intrinsic defect, as expressed for example in the alleged tendency for the administrative existence of grannies to significantly outstrip their physiological life.

On the background of both the success and the limitation of this remarkable scheme, South Africa has recently witnessed the surprising development of a powerful movement calling without the slightest ambiguity for a fully unconditional universal basic income at a monthly rate of 100 Rand (about EUR 10). A basic income coalition has been formed around this demand, with the support of the Churches and, most strikingly, the Trade Union Confederation, COSATU.

One key question is of course: Will the administrative cost of delivering so widely such a small amount not end up swallowing an absurdly large share of the resources? Advocates are quick to respond that any serious means test would lend itself to far more waste and abuse. Another key question is who is going to pay. If it becomes clear that the bulk of the net funding will need to come out of the salaries of formal sector workers, how can one expect strong Trade Union support to persist? Will it help to point out that fewer remittances will need to be sent to the villages once all the workers' relatives receive a basic income grant? Will it help to turn to indirect taxation, as forcefully advocated for example at this congress by Pieter Le Roux[7], on the ground that a VAT strategy would spread the tax net far more widely beyond the incomes of formal sector workers?

My own prediction is that this campaign will fail, in terms of its stated immediate objectives at any rate. But such a failure must not breed despondency. Qua advocates of basic income as a worldwide project, we must be cold-blooded enthusiasts, prepared to cope with countless disappointments and always ready to draw lessons for the next move.

Whatever the fate of South Africa's deeply impressive and, in my opinion, totally unexpected basic income campaign, it is clear that in this domain, as well as in several others, this is a country whose development we must follow closely. Given their demographic situation, it is to South Africa rather than to Brazil, and in particular to its pension scheme, that African countries should first turn in order to draw lessons for what can and should be done.

Spreading the project? Santos

This certainly does not mean that nothing is to be learned from Latin America. Indeed, it is a Latin American contrast I want to use as a second way of putting into perspective the ambition of spreading the basic income project.

In the summer of 2002, I happened to be in the city of Santos, of Pelé fame, on the Brazilian coast, standing on a platform raised above a huge crowd next to front-running presidential candidate Lula and his party fellow and federal senator Eduardo Suplicy, his challenger for the presidential nomination a few months earlier. When it fell upon Lula to speak, at the frantic end of the joyful meeting, it turned out that the importance of work was one of the two themes he had chosen to address. "What we demand", he explained, pouring with sweat, to a cheering crowd which hardly needed convincing, "is not alms but jobs, not a handout but work." One of the greatest days in his life, Lula movingly told his supporters, was when he came home to his mother to hand over his first salary. When he subsequently lost his job, he smeared some grease on his overalls to make his mother believe he was still working. It is work, not income, that gives people the dignity, the respect they long for, Lula proclaimed. And the crowd loudly approved.

I too agree with him. In a very important sense, there is incomparably more dignity, more respect, to be gained from grease on one's trousers than from a basic income in one's pocket. Recognition, appreciation, esteem by those we care about, and by society as a whole, cannot and must not be given as a right to anyone. It can and must be earned through doing with some degree of effort and competence things that are of some use to others. And for most people, the regular performance of paid work is the most obvious and important means for this purpose. There is no need for basic income supporters to deny this. Indeed, it is a central part of their analysis that a basic income is a key precondition for giving everyone real access, in sustainable fashion, to both a decent standard of living and to the sort of activity that can provide the recognition a job is supposed to give.

Jobs for all and three meals a day for every Brazilian were the two central objectives emphasised in Lula's presidential campaign. But to make them compatible, and sustainable, something like a basic income is needed. Owing to Eduardo Suplicy's persuasive lobbying, the idea of a universal citizen's income has been incorporated into Lula's presidential programme by the party's assembly, along the lines developed in the Senator's recent book, ***Renda de Cidadania: A saida é pela porta***.[8] But listening to Lula on the Santos rostrum suggested that this was hardly more than lip service or a friendly concession to a long-time loyal supporter, that he had not made the link between what he really cared about and the basic income idea.

The following day, as I bid Eduardo farewell at the Sao Paulo airport, where he had kindly driven me through the morning fog, and then queued into the plane and sat down, the intense memories of that extraordinary evening and of the whole of my brief stop in Brazil overcrowded my mind. If a voice as articulate and eloquent, as convinced and convincing, as insistent and inexhaustible as this man's does not do the trick, if he does not manage to persuade his life-long comrade who may soon be running one of the biggest countries in the

world, if this unique chance is missed, then can anyone ever hope to overcome understandable resistance within a party calling itself the workers' party and to move basic income to the political agenda of a less developed country? Had someone asked me, as the plane took off over the sleepy metropolis, whether Basic Income made sense as a worldwide project, I am not sure I would have said yes. I would have been wrong.

Spreading the project? Medellín

Three planes later, I landed in Medellín, Colombia. As part of the celebration of its 25th anniversary, the Escuela Nacional Sindical, a nation-wide training school for trade union officials and activists, had specifically invited me to give, next to more academic talks at the University of Antioquia, a public lecture on Basic Income. The event, I discovered, had been carefully prepared by a substantive dossier in the School's magazine and was punctuated by the publication of a little book, collecting some of my works on global justice.[9]

I was amazed, not least because the initiative came from Trade Union circles. But my hosts soon helped me understand better why such importance was given to the Basic Income project under conditions of civil war (a bomb exploded during a break, 200 m from where I was giving my talks) and breakdown of law and order[10], which would seem to impose quite different priorities.

Behind Colombia's violence, and mixed with many other factors, hides the ideological clash between what often seem to be the only real, coherent options around: the neo-liberal credo, to which all people in power seem to be resigned, and the millenarian socialism to which the guerrilla claims allegiance. In this context, it is regarded as no mean feat to be able to offer a vision of the future, local and global, which can be vindicated systematically as a radically distinct approach on the high ground of ethics and political philosophy, while inspiring specific policies of far more modest scope which can both weather technical economic objections and promise to improve the situation of some of the weakest.

Significant steps towards a basic income may be further off the road in Colombia than in some other countries, because of the direct and indirect drain on resources caused by the civil war. But precisely because of this context the basic income project receives particular ideological importance as a meaningful alternative horizon, as a way of remaining loyal to the fundamental aims of the socialist tradition while making uninhibited but intelligent use of the market mechanism. In other contexts, the ideological need may be less pressing, but everywhere it gives the basic income project a potential role which goes far beyond the fixing of some shortcomings of conventional welfare states. In Santos or Sao Paulo no less than in Medellín or Cape Town, parties and organisations that conceive themselves as defending the interests of all workers can and will understand that such a project must be made part of the vision that gives their struggles a meaning.

Moving forward. Montevideo's carriage

In a park that surrounds Montevideo's Centenary Stadium, there is a huge bronze statue representing a carriage badly stuck in the mud. The carriage is pulled by four powerful oxen, it is followed by a fifth one, and a gaucho escorts it on his horse. Melt in bronze, you could not help think, there is no way these poor oxen will ever get the carriage unstuck. But real carriages are not confined to bronze. The gaucho may have to jump off his horse and dirty his trousers to get on moving. The ox behind may need to be harnessed, and nearby walkers may need to be given a job, those with a smart brain or with a big mouth, others with a great heart

or with a big ego, those with the breath of marathon runners or with the patience of a Benedictine monk. Getting the carriage to move forward will require some to push and others to pull, some to pinch and shout and even sing, while others fiddle around the wheels or tighten some screws, or pull ropes attached to the carriage, or even explore alternative tracks a long way ahead to help keep clear of treacherous mud or prohibitive slopes.

So it is, in particular, with the carriage of Basic Income as a worldwide project. As a philosopher, I hold the (admittedly self-serving) conviction that this carriage is helped forward more than hampered by the sort of austere thinking incorporated in my ***Real Freedom for All*** (Oxford, 1995) and other like-minded writings, which attempt to build a rigorous ethical case for Basic Income, a sound intellectual foundation that cannot easily be dismissed by academics of any description and cannot easily be shaken even by the smartest of arguers.

But of course, forward movement is helped far more directly, powerfully and visibly in many other ways. It is helped, for example, by those who feed the public debate by putting together a bunch of thoughtful contributions on Basic Income, some more favourable, some more critical, as was done in recent years, for example, by Loek Groot and Robert J. van der Veen[11], by Angelika Krebs[12], Nina Kildal[13], Daniel Raventos[14], Josh Cohen and Joel Rogers[15], by Ruben Lo Vuolo[16], Andrew Reeve and Andrew Williams[17], Keith Dowding, Jurgen De Wispelaere and Stuart White[18], by Erik O. Wright [19]or by Guy Standing.[20] In the context of such bundles, and indeed also in the context of events such as the congresses of the Basic Income European Network (BIEN), it is of crucial importance to listen and keep listening to sympathetic and intelligent but unambiguously critical voices. For the Basic Income movement, there is no surer recipe for degeneration into an irrelevant utopian clique than shutting oneself off from intellectual challenges.

But to get the carriage of basic income to move, and to keep it moving, far more is needed than intellectual debate. It requires the tireless enthusiasm of campaigners, such as those who designed the lovely posters of South Africa's Basic Income Grant campaign, who stuck them up, who organised human chains in the streets of Johannesburg, marched on public buildings and lobbied in hundreds of ways.

It is helped by the countless small pressures, meetings, proposals, decisions that have led, for example, nearly all 5,581 Brazilian municipalities to introduce some form of guaranteed minimum income for families, however limited in level and scope.

It is helped by bold statements by people who manage to fulfil important functions in a responsible way without losing either their vision or their guts. Thus, ILO Director, General Juan Somavia, concluded his welcome address at the opening session of BIEN's Geneva Congress, on September 2002, by proclaiming: "And yes, the moment may be nearing when your ideas will become commonsense."

Moving forward. Brasilia's ceremony

More than by anything else, Basic Income as a worldwide project is helped by acts that go beyond sheer intentions. No doubt the most exhilarating and least expected moment I experienced as a Basic Income supporter was when less than two years after the Santos speech I was invited back to Brazil to take part, on the 8th January 2004, in a hardly credible ceremony. Overlooking the world-famous Praça dos Três Poderes designed by Oscar Niemeyer, the ceremonial room of the President's Palácio do Planalto was gradually filling with journalists, photographers, TV crews, ministers and other political dignitaries. Facing the swelling audience stood four empty chairs. And behind them, a large wall covered by colourful

smiling faces of people of all ages and races, alternating with an inscription in large letters: “RENDA BÁSICA – Cidadania para todos” (“Basic income. Citizenship for all”).

Then an off voice announced the arrival of the President, and the crowd went quiet, as Luiz Inácio Lula da Silva and his wife Marisa sat down. By their side were the Ministro da Casa Civil (Brazil's de facto Prime Minister), José Dirceu, and Federal Senator Eduardo Matarazzo Suplicy, author of the law proposal which the President was there to sign.

Summoned by the off voice, I rose to the pulpit to indicate briefly what I saw as the world-wide significance of the event. Next was Senator Suplicy’s turn. Visibly moved, having retraced his long fight for the introduction of a guaranteed minimum income in Brazil, he eloquently recited a poem, restated the key advantages of a universal citizen's income over means-tested schemes, thanked the various Workers' Party heavyweights who had helped the proposal through the critical stages, and ended, in a way that did not exactly go unnoticed in the Brazilian press, by warmly hugging the President. After the signing ceremony of the law, Lula paid homage to the determination of his old comrade, whom he described as the inexhaustible Don Quixote of minimum income, while warning that there was no magical solution to Brazil's problems and that the new law would only be introduced gradually.

Notwithstanding this presidential caution, this was definitely a “day of glory” for the very popular 62-year old Sao Paulo Senator. A first culmination in his fight had been the unanimous adoption of his minimum income proposal of 1991 by the federal Senate, never endorsed by the Chamber of Deputies. His more ambitious citizen's income proposal of 2001 was, on the contrary, only approved with some amendments by the Senate in December 2002 and by the relevant commissions of the Chamber of Deputies in September and November 2003. The President had until January 2004 to either veto or sanction it. He chose the latter.

Does this mean that the carriage has reached destination in a most significant part of the world? Not at all. As initially formulated, the 2001 Suplicy proposal stipulates that, subject to it being endorsed by a national referendum in 2004, “an unconditional basic income, or citizenship income” will be introduced in 2005 for every Brazilian citizen or foreign resident for five years or more, that it will be of equal value for all, payable in monthly amounts and sufficient to cover “minimal expenses in food, housing, education and health care”, “bearing in mind the country's level of development and budgetary possibilities”. However, two main amendments were made before unanimous approval by the Senate: the idea of a referendum was dropped, on the ground that, anyway, everyone would be in favour, and a new article was added, stipulating that the basic citizenship income “will be realized in steps, at the discretion of the Executive, giving priority to the neediest layers of the population”. It is with these two amendments that Suplicy's proposal was signed by Lula.

From the second amendment it follows, no doubt, that Brazil is bound to remain stuck for quite a while with a means-tested system. But this does not make the law meaningless. Firstly, the existence of the law eases progress towards a stronger integration of existing assistance schemes with one another, and towards a stronger integration of the social assistance system with both the social insurance system and the income tax system, as Brazil's federal government is henceforth legally entitled to take any number of further steps, in a financially responsible way, towards a full universal basic income.

Secondly, the long-term perspective firmly asserted in the new law should help face the powerful objections that will no doubt arise soon, as the federally funded means-tested system keeps getting more comprehensive and less stingy, and as individual and collective beneficiaries strategically adjust to its getting established. When over 50% of the active population works entirely in the informal sector, the income test needs to rely essentially on

declarations of income earned by the beneficiaries. As the officials in charge of the existing income-tested Bolsa Família system are well aware, there is no realistic way of seriously checking whether the declarations are correct. This generates a dilemma. Either one needs to be ready for major problems of arbitrariness in or resentment about local decisions of inclusion and exclusion, in particular of a clientelistic kind. Or one needs to devise more observable alternative proxies of income poverty, such as the number of light bulbs, the quality of the material used for the house or how well fed the children look, at the expense of discouraging systematically a diligent use of the modest resources poor households have.

A genuine citizen's income would get rid of theses problems in one swoop, while extending support to low-paid formal sector workers. Of course, progress towards a full-fledged basic income must be gradual – for example through turning the existing means-tested Bolsa Família and the existing income tax exemption for dependent children into a universal child benefit system that would also benefit the working families that are neither poor enough to be entitled to welfare payments (about EUR 50 per capita per month) nor rich enough to pay tax (about EUR 400 per month). Nonetheless, the objective unambiguously stated in the law offers the promise of tackling effectively the criticisms the existing means-tested schemes are bound to trigger without feeling compelled to roll them back.

For these reasons, the signing of Senator Suplicy's law proposal was an important, indeed incredible, moment in the history of Basic Income. We are no longer talking about Joseph Charlier or John Stuart Mill phrasing their interpretation of the Fourierist blueprint in the 1840s, nor even about the lone economists (and future Nobel laureates) Jan Tinbergen and James Meade trying in vain to convince their respective labour parties of the soundness of an unconditional Basic Income in the 1930's. We are now talking about real laws. However, the path, the many paths are still long, often uphill, and the carriage is quite heavy. No time to waste. Let us press on.

Notes

[1] This is a significantly edited and updated version of an address delivered at the closing plenary session of the 9th Congress of the Basic Income European Network (ILO, Geneva, September 2002).

[2] Cf. website: www.uno-inkomen.org.

[3] Cf. Frankman M.: "Beyond the Tobin Tax: Global Democracy and a Global Currency". *The Annals*, no. 581, 2002, pp. 62-73.

[4] Cf. Huber, J.: *Vollgeld. Beschäftigung, Grundsicherung und weniger Staatsquote durch eine modernisierte Geldordnung*. Berlin: Duncker & Humboldt, 1998.

[5] Cf. the informative analysis in: Case, Anne/Deaton, Angus: "Large cash transfers to the elderly in South Africa". *The Economic Journal*. no. 108, 1998, pp. 1330-61.

[6] Cf. Case, Anne: "Health, Income, and Economic Development", Princeton University, Department of Economics, May 2001.

[7] See above note 1.

[8] Suplicy, Eduardo Matarazzo: *Renda de Cidadania: A saida é pela porta*. Sao Paulo: Cortez Editora, 2002.

[9] Van Parijs, P.: *Hacia una concepción de la justicia social global* (ed. by Jorge Giraldo Ramírez). Medellín: Fundación Confiar, 2002.

[10] With an average of 12 murders a day last year, Medellín credibly claims to be the most dangerous city in the world.

[11] *Basic Income on the Agenda*, Amsterdam, 2000.

[12] „Basic Income?". *Analyse & Kritik* (special issue), Düsseldorf, 2000.

[13] *Den nya sociala fragan*. Göteborg, 2001.

[14] *La Renta Básica*. Barcelona, 2001.

[15] *What's Wrong with a Free Lunch?* Boston, 2001.

[16] *La Renta Básica en la agenda política*. Buenos Aires, 2002.

[17] *Real Libertarianism Assessed*. Basingstoke, 2003.

[18] *The Ethics of Stakeholding*. Basingstoke, 2003.

[19] "Redesigning Distribution: Basic Income and Stakeholder Grants as Cornerstones of a More Egalitarian Capitalism", *Politics & Society* (ed. by Erik O. Wright; special issue), March 2004.

[20] *Promoting Income Security as a Right: Europe and North America*. London, 2004.