



The Mutual Interdependence of a Citizens Income and Ecological Sustainability

Clive Lord*

**DRAFT, SEPTEMBER 2002. NOT TO BE QUOTED
WITHOUT PERMISSION OF THE AUTHOR(S).**

*The views expressed in this paper are those of the author(s),
and do not necessarily represent the views of BIEN or BIEN-Suisse.*

* West Yorkshire, England.

Contents

Abstract v

1. Why basic income is essential to Green politics..... 1

2. Why basic income needs the “eco” connection 6

3. Conclusion 9

Bibliographical references..... 10

Abstract

My paper is based on my book, “A Citizens Income: Foundation for a Sustainable World”, to be published shortly. Consideration of sustainability is a luxury for anyone who does not feel financially secure, or who is caught in the poverty trap created by anti-poverty measures not based on universality. On the other hand, a Citizens Income will benefit considerably a minority who are not quite poor enough to qualify for means tested support, at the relatively marginal expense of a much larger number of voters. In a neo-liberal (in Britain, “Thatcherite”) climate, that is politically impossible.

1. Why basic income is essential to Green politics

I am not an academic. I can hold my own in discussion with academics for most of the time, but my chief claim to have something to offer at a BIEN Conference rests on my having been almost a founder member of the Green Party in the United Kingdom. I joined in March 1973, two months after the original launch when it was still nothing more than a concept.

Everyone attending this conference will be familiar with the basic, or citizens income, but I must spend a little time explaining the other concept which I believe should be linked to it, namely the rationale underlying Green politics. Although I would like to make converts to my point of view, all I hope to achieve at the 9th BIEN Congress is an understanding of the possible mutual relevance of the two ideas. It is necessary to clarify the reasons why some of us thought that Green Parties were needed, because there are many members who have joined subsequently with more specific immediate and often local aims, for example specific instances of pollution, once such parties had come into existence. An important motivation for the formation of Die Grünen in Germany in the early 1980s was opposition to atomic power. Social justice is often given as a primary reason, but all too often without making any connection with the more fundamental *raison d'être* of ecological sustainability. The United Kingdom Green Party was formed expressly in response to *Limits to Growth*, the study published by Dennis and Donella Meadows at the Massachusetts Institute of Technology, which drew attention to the fact that the biosphere - the space within which life is possible - is a thin shell around a little ball.

From the outset, Greens have questioned the assumption that unqualified economic growth will continue to be either necessary or desirable indefinitely. The benefits of technology and economic growth are obvious, and there are even examples of potential growth which will help to protect the environment. Nevertheless most sources of growth add to the burden borne by the ecosphere. How will we recognize the point at which the biosphere can no longer cope with any further disturbance? My personal belief is that we have already reached that

point, but I am willing to accept for the sake of argument, for the purpose of this discussion, that I am mistaken. I am not aware of any serious planning to deal with that situation when it does arise.

The problems are not straightforward. Technological change and economic growth have a powerful momentum, which is now global in scope. There are formidable vested interests with an incentive to discount warning signs for as long as they think possible, and the danger is seriously aggravated by the tragedy of the commons, as set out by Garrett Hardin in his classic essay. The “tragedy” ensures that in any industry engaged in cutthroat competition, any competitor who tries to reduce their impact on the environment before all others acknowledge the problem ensures not the protection of the environment, but their own failure in the rat race. Hardin’s proposed solution was “mutual coercion mutually agreed upon”. I do not wish to digress too far into this aspect, but suffice it to say that from a Green perspective, too little too late describes both experience to date and the likely prognosis.

However, suppose that my pessimism is again unfounded, and mutually enforceable coercion does become effective, so that economic activity can be limited in the name of sustainability. There is still a formidable obstacle to attaining that goal. A sustainable economy will involve restricting apparently soft options we have been in the habit of taking for granted. A fundamental aim of Green politics is that instead of trying to achieve as much economic growth as possible, the ideal should be a “steady state” economy, neither expanding nor contracting, except where resource productivity justifies more. Resource productivity is a new expression beginning to gain ground in business circles which recognizes that resources should be used with maximum efficiency in the same way as has always been taken for granted in the case of labour, time or capital. But there is as yet no recognition that resource productivity may be essential rather than merely desirable.

From the point of view of conventional economics and politics, what Greens have to offer, whether we or our listeners like it or not, is likely for long periods to resemble a permanent recession by historical standards, with all the restricted

choices inherent in that state of affairs. I believe that the politics of the future will consist of tension and conflict between “deep Greens”, who will be suspicious of development proposals on principle, and those who pin their hopes on resource productivity. For the present, and for the purposes of this discussion, the goal of Green politics must be to get resource productivity accepted as a necessary precondition for any further economic growth, although the notion of productivity in the control of pollution ought perhaps to be added.

It became painfully clear at my first meeting with the actual founder members of the UK Green Party that they had not thought through the implications of the economic changes we believed were necessary in the light of the “*Limits to Growth*” scenario. In 1973 there was still a climate of complete trust in the long-term reliability of economic growth, despite historical evidence casting doubt on this proposition. How would we Greens (though we did not yet use that word) deal with the insecurity and social unrest, which our reduced options would entail? It was obvious to me that a means tested or insurance based social security system could only work on the basis of economic growth, and that it would break down as net payers became net claimants under our more modest economic regime.

It was in response to this problem that I unwittingly re-invented the wheel. I proposed what I called a “National Income”, but which everyone here would recognise as a full, unconditional basic income. I was unaware that exactly the same idea already had a following with at least two different rationales, neither connected to ecological considerations. Lady Rhys Williams, a prominent Liberal on the “Beveridge” Commission, which produced the report in 1944, which formed the basis for the post-war Labour government social security system, had suggested a Basic Income as a better way of achieving their aims, but that was rejected by the Trade Unionists who dominated the Commission. Even earlier, C. H. Douglas had proposed a “National Dividend” as a fair way of sharing the fruits of industrial production.

Shortly after I joined the embryonic Green Party, I picked up a book in a second-hand bookshop, which clarified my thinking considerably. It was “*Poverty*

and Progress”, by Richard G. Wilkinson. His thesis was that the prime force driving economic development was not positive, but rather “the escape route of societies caught in the ecological pincers of population growth and scarce resources”.

Wilkinson sets out certain core features commonly found in societies in or near ecological equilibrium:

Some societies limit their populations consciously to prevent food shortages. Others however limit them in relation to a scarcity of other goods associated with prestige and status, which have nothing to do with subsistence. Competition for essential resources is replaced by competition for socially valued goods. If social order and stability are to be maintained, people should not have to deny each other the basic necessities of life.

In many societies there is a sharp distinction between the way food and other goods are exchanged. If a society uses a form of money, it can often only be exchanged for socially valued “wealth objects”. Frequently food cannot be bought or sold within the village or tribe: sometimes it is distributed equally between people and sometimes it is subject to some sort of gift exchange.

Among the Siane of New Guinea, there are three distinct groups of goods: the notion underlying the basis of distribution of food is that of equal shares, a balanced reciprocity; luxury goods are exchanged according to self-interest in a nearly free market situation, and the exchange of ceremonial goods is a political affair accompanied by “strict accounting”.

An important by-product of such systems concerns the homogeneity of societies. The more equitable the system for the distribution of food and other necessities, the greater the identity of interest within the society when faced with ecological problems.

I realized that I had stumbled upon a philosophical justification for the basic income. It is an example of the strategy adopted by the Siane, but in a form appropriate to a western, money based economy. As I said, I am not an academic, but what I would welcome is an examination of the following two propositions:

-
- § sharing basic needs unconditionally is an absolute sine qua non for any society, which aims for ecological sustainability;
 - § the strategy adopted by the Siane - share basic needs unconditionally; but combine that with maximum scope for individual self-advancement - is the optimum for such a society. It will retain a climate favourable to inventiveness, which is consistent with ecological sustainability.

It was only later that I became aware that the basic income had already been invented, several times, with a variety of justifications. As a footnote to the foregoing, shortly after I had made this connection between the Citizens, or basic income and eco-politics, something happened to demonstrate its versatility. In 1974 Keith (later Sir Keith) Joseph, a member of the Conservative Government under Edward Heath, proposed a Tax Credit Scheme which was effectively a Basic Income with one important difference. The cost was not to be matched by an equivalent amount in taxation. The purpose was to fuel maximum economic growth - precisely the opposite of the purpose I have in mind for the Citizens Income! The Conservatives lost the election shortly after the publication of that Green Paper, and the later Thatcher government did not return to it.

Before I leave the topic of why basic income is essential to Green politics, I must briefly comment on its relevance to socialism. As I have already hinted, a large part of the membership of the Green movement consists of socialists who have on the one hand despaired of achieving their aims through the conventional parties originally founded for this purpose, and who on the other hand have realized that limiting economic expansion could be a justification for their aims. This approach risks alienating anyone who does not wish to be identified as socialist (and does indeed alienate many of them). I can never remember whether Philippe Van Parijs's phrase was that a basic income is "a capitalist road to communism" or vice versa, because for me it is equally true either way round. It is a fusion of what have been regarded as polar opposites. I shall return in the next section to the hope that a basic income should attract less hostility than socialism from those trying to come to terms with ecological constraints.

2. Why basic income needs the “eco” connection

Even before I had read Philippe van Parijs's *Real Freedom for All*, and even without the ecological justification, the plain justice of the basic income principle seemed self-evident to me. There are three basic situations:

- § no external support for the individual or family;
- § unconditional support, or;
- § conditional support.

An unfettered “stand-on-your-own-two-feet” policy is feasible, and it does have its adherents. However it tends to be brutal with its victims, and it has no way of distinguishing between bad luck, bad judgement or sheer idleness as the cause of destitution. It can only guarantee a reasonable prospect of prosperity for all if economic growth is continuous and permanent, but history shows that ecological constraints are not the only factors preventing this from happening.

Consequently, despite Margaret Thatcher’s vigorous counter-revolution, there remains a consensus that some social security provision is necessary. It is understandable why various forms of conditional support should be the norm. A piecemeal, indeed grudging approach to the relief of poverty is unlikely to lead directly to the principle of universality. However I assume that a group, which has gathered to consider the basic income, will not need to be reminded in detail of the serious problems this creates. What are to be the criteria for support, or where should the cut-off points be, and how do you respond to the complaints of those who arbitrarily but narrowly fail to qualify for support?

So for me, the universal principle was always self-evidently the only logical answer. But the snag is that having started to go down the conditional route, there is a huge practical problem if you then try to switch to unconditional support. Successive BIEN congresses, and this one is no exception, have contained contributions, which address this problem of how to get back from conditionality to unconditionality, or perhaps discuss whether the difficulties are too great.

Obviously, conditional support can take many different forms, but I wish to illustrate the problems of conditionality by a specific British example.

Take the case of a single person over 25 years. The effective taxation rates so far as that individual is concerned are shown in figure 1 (see overhead projection). The most dramatic feature is the 100 per cent “tax rate” caused by the loss of Job Seekers’ Allowance (JSA) on finding low-paid work, but National Insurance contributions create substantial anomalies higher up the income scale. One possible way to introduce a basic income would be to give everyone a weekly sum equal to JSA. However, transitionally, everyone could be put back where they are now by replacing the disguised taxes caused by means testing by actual taxes. Thus, all single persons would receive £52 (E80) per week, but everybody would be taxed at 100 per cent on the first £52 of their own earnings. The phasing in of a true basic income would then simply involve shifting this grotesque tax burden to where it should be, higher up the income scale.

Corresponding tax scales could be drawn up for each family situation. To be fair, Gordon Brown, the Chancellor of the Exchequer (Finance Minister) since 1997, has made small steps in the right direction for some groups, but due to “tapering”, the effective disguised tax rates at low-income levels remain higher than those on high incomes. For example, working Families Tax Credit is lost at the rate of 55 per cent as income rises, whereas the top rate of actual tax in Britain is 40 per cent. I do not seriously suggest this scheme as the way to introduce a basic income. It is intended simply to illustrate the sheer injustice of what actually happens now. But when anyone asks the old chestnut “How are you going to pay for your Citizens (or basic) Income?”. The answer is clear: “Social security benefits are in effect already being paid for by those in the poverty trap - those who only just fail to qualify for them”.

Unfortunately there is an obvious reason why this blatant injustice persists. The groups caught in the poverty trap are in a minority. My own “back of an envelope” calculations suggest that the effective income of many typical low income families could be increased by up to 36 per cent if a basic income were to be introduced, even at the arguably too low level of E80. But this would be at the

expense of a much larger number of taxpayers higher up the income scale. Proportionate to their higher incomes, and the greater numbers to share the burden, their losses would be relatively small.

Nevertheless no political party hoping to be in power after the next election is going to risk the wrath of that affluent majority. Interestingly, in Britain the Liberal Democrat Party adopted the basic income as party policy in 1990, and even featured it in their 1992 election manifesto, coining the new name of “Citizens Income”, which I regard as a better description of its role. However, not only did they never see the connection between the basic income and the green issues which they also claimed to be advocating, but their strategists realized the tactical drawbacks, and ensured that it was expressly dropped in 1994. There have never been more than isolated proponents of the basic income in either the Labour or Conservative parties, notably Lord Meghnad Desai for the Labour Party. Over the years there have been more Conservative sympathisers. However, as long as a “neo-liberal” competitive ethos remains dominant, it is difficult to envisage the better-off allowing significant moves in the direction of a basic income. But look again at the earlier quotation from *Poverty and Progress*.

Among the Siane of New Guinea the notion underlying the basis of distribution of food is that of equal shares. Luxury goods are exchanged according to self-interest in a nearly free market situation

An important by-product of such systems concerns the homogeneity of societies. The more equitable the system for the distribution of food and other necessities, the greater the identity of interest within the society when faced with ecological problems.

A basic income, as an expression of the principle outlined here, opens up the possibility of a shift from a neo-liberal to an ecological paradigm. Each of us carries a paradigm round in our head, but a paradigm shift can become powerful when it happens in enough heads. In practical terms, the basic income can be “sold” to those who will lose marginally by pointing out what they will get for their money. There will be other compensations once you start looking at life from a green perspective, but there is one specific consequence to which I wish to draw

attention. At present, worrying about the consequences of climate change is a luxury available only to the better off. Anyone struggling in the poverty trap or worse could be forgiven for becoming abusive if asked to consider such an abstruse concept. The basic income will not guarantee recruits to an ecological worldview, but it does create that possibility for large numbers for whom it is otherwise out of the question.

Starting from where we are now, these developments may well seem improbable. However, I have been personally advocating a basic income for almost 30 years. For most of that period I was one of the millions who would have been worse off in purely financial terms had my bluff been called. I have done so because I carry around a Green paradigm in my head. But I am demonstrably not typical of the better off. Not yet, that is. As I say, the basic income, purely as a concept to consider, opens up the possibility of a shift in one's worldview. Until now, it has been widely assumed among those who are concerned with the global environment that a highly egalitarian society will be necessary, and that the only possible alternative to the currently dominant neo-liberal ethic is a socialist one. Not surprisingly, large numbers who are worried about mankind's abuse of the planet find that prospect uncongenial. The basic income provides a more moderate alternative. It combines an essential element from each of the political extremes, which have dominated the last century: it guarantees freedom from poverty, and yet it allows as much entrepreneurial freedom as possible within the ceiling of ecological constraints. We shall not know how popular that might be until the concept of the basic income in tandem with a Green worldview has been put before the public.

3. Conclusion

In conclusion, I believe a basic income is essential to a sustainable society because individual and collective behaviour will otherwise continue to militate against it, and the eco-connection is essential to the acceptance of a Basic Income because otherwise too many people will perceive it as being against their interests.

There is however a sting in the tail. Some Greens take the complacent view that the slow progress of our ideas may not matter. Perhaps they can only come into their own when the consequences of not adopting them come home to roost. That approach terrifies me. Racism terrifies me, but it is a tried and tested ecological default strategy. It is, I believe, how ecological problems will be solved if nothing better has been implemented in good time.

Bibliographical references

HARDIN, Garrett *The Tragedy of the Commons* Science 162 (1968) pp1243-1248

MEADOWS, Donella and Dennis *Limits to Growth* 1972 Earth Island

WILKINSON, Richard G. *Poverty and Progress* 1973 Methuen