

What are the arguments in favor of the Basic Income? Let's talk about Italy

Giovanni Perazzoli

What are the arguments in favor of the Basic Income? I wish to argue here in favor, but not from the point of view of redistribution, fair society, or the defence of human dignity. These are central questions, without a doubt. But I'd like to show how the Basic Income is crucial from the point of view of economic and political efficiency as well. In defence of this position, I'll use the example - the negative example - of my own country, Italy, where there is not only, of course, no Basic Income, but there is not even the social security of the traditional European welfare state. Here we are discussing how to go beyond the European welfare state's unemployment benefits by adding a Basic Income. In Italy this is simply incomprehensible.

In fact, in Europe, only Italy and Greece have no guaranteed minimum income. It should be noted that the economic crisis in Europe underscores how various kinds of welfare differ. And this difference is one of the reasons for the crisis and, unquestionably, it reflects a difference in welfare policy. The welfare state is not the origin of the crisis, but is instead a significantly part of it.

In the case of Italy, the unwillingness to consider the European guaranteed minimum income is the other side of economic decline and the growth of political corruption. Not having a guaranteed minimum income is damaging to society as a whole.

In Italy there are subsidies for everything, except individuals. Newspapers and political parties are subsidized, but not individuals. Lurking behind this state of affairs we can glimpse a paternalistic and authoritarian society. The negative example of Italy is an a fortiori support for the proposal of a Basic Income.

There is, of course, also a series of positive arguments in favor of the Basic Income: increasing people's freedom from work, improving the quality of

work, creating a greater willingness to take risks and to choose between a variety of jobs.

Personally I see the root of the Basic Income in the idea that freedom produces values. The European welfare state was not originally conceived as a form of charity, or the way to maintain the existing social order. I think there was, at its inception, a liberal vision, which helped keep Northern European countries from falling into the troubles besetting the countries of the South. In the history of liberalism, freedom from paternalistic constraints has produced economic and cultural values. Civilization flourishes in a free society. But the notion of work as a condition of existence is still a strong restraining force. This does not mean that we have to eliminate jobs: what it does mean is that work could be separated from our need to survive, and by doing so, we could improve the economic and moral value of work itself.

It would - and here I come to my main theme - do away with a series of policy distortions.

I'll try not to repeat the "positive" arguments in favor of the Basic Income: I do not, for example, attempt to show what goals of social justice and redistribution it implies. I shall, however, try to show what happens when a society has no form at all of income protection: I'd like to indicate the kind of distortion this deficiency produces, and why it is so necessary, for the self-protection of society, to have this sort of protection.

When not even social security and unemployment benefits are available, fear begins to play a major role, and fear leads to the corruption of democracy. The absence of freedom from work increases political patronage. It creates a corrupt political class.

Without the obligation to work, therefore, we increase the overall efficiency of the social system, which becomes not only fairer, but also more effective. The Basic Income is not a charitable project: it is, instead, a way to safeguard the entire society.

In Italy the welfare state has meant only "full employment". The idea is that the state has to act to

"create jobs". Inevitably, such a policy - inspired by paternalistic and authoritarian parties like the Christian Democrats and the Communist Party - has created a vast system of patronage (clientelism) which has stifled the economy, destroyed the meritocracy, and made a major contribution to the creation of a corrupt and inept political class .

The political parties have taken over economic life at every level. "Il cane sciolto" (something like a lone wolf) is someone without good connections with politicians, the Church or pressure groups, and not backed by a powerful family. If you're not well-connected, or the client of a very important person, you are lost. Everyone needs a patron, just as in antiquity: a politician who dispenses favors that offer opportunities, on which are based your fortune or misfortune. Merit counts for nothing. What counts is loyalty.

Although Europe recommended that Italy introduce a guaranteed minimum income, Italy has always refrained from introducing it. In the text of Recommendation 92/441 EEC one can read:

"The European Parliament, in its resolution on the fight against poverty in the European Community (5), has called for the introduction in all Member States of a guaranteed minimum income, as an added factor in society's poorest citizens. "

However, in 2005, when I wrote my first article for MicroMega, even the best-known investigative journalists and left-wing intellectuals were unaware that there were forms of guaranteed income in Europe and that they were an important part of welfare. This issue has always been underemphasized. And all for the sake of an ideology of work.

To give some idea of the situation we need but consider one fact. In Italy news of the existence of a guaranteed minimum income arrived in tandem with news of the Basic Income. Unemployment benefits and the theory of the Basic Income are constantly confused. And this despite the fact that they are in some ways alternatives (I believe that the Basic Income is the radicalization of the principle on which

the European social security system is based). The Italian association for the Basic Income is the very one that fights for the introduction of a guaranteed minimum income. That is the paradox. The very fact that in Europe there can exist a form of guaranteed income without a time restriction provokes incredulity in Italy.

This, however, helps us understand the consequences of upholding "work" at all costs.

The Italian left-wing communist tradition has always regarded the guaranteed minimum income with suspicion. The type of democracy that inspired this tradition was more like the Eastern democracies, not the European liberal democracies. In addition, Social Democracy has always been considered with open hostility. Instead of a guaranteed minimum income, one Communist-inspired party has proposed a "minimum guaranteed job".

The first article of the Italian Constitution says that the Italian Republic is founded on work. But what kind of work? The idea of work in Italy is implanted in an authoritarian and paternalistic society, in which work is viewed as is "education", and together they form the most basic form of "emancipation" of the individual. This represents a significant reversal of meaning that "work" underwent in the Communist party: while Marx wanted to liberate man from the slavery of labor, in the Communist Party of Italy the aim was work as an obligation. The left had taken over a typical corporative goal. When this ideology, in itself already old, was blown to pieces by globalization, the Italian left was unable to put anything but an image of the past in its place.

The cultural left, even after the demise of the Communist Party, remained inimical to unemployment benefits. No left-wing intellectual, journalist or politician has ever led the fight for unemployment benefits. Why? Unemployment benefits are expressions of the social-democratic compromise with capitalism.

Extreme cases can be documented. The labor law that Professor Massimo D'Antona was blamed (and assassinated) by the Red Brigades for having proposed was designed to establish a guaranteed

minimum income in Italy. Unemployment benefits are, in this perspective, a donation of capital in exchange for a free hand in increasing profits, tantamount to forswearing one's revolutionary principles in exchange for a small cash compensation. With only slightly different arguments, hostility to forms of income protection remains: guaranteed income is a renunciation of the task that politics should make its own, i.e. "creating jobs".

The state, so this way of thinking goes, should work to create stable and well-paid work. It is striking that the leading sociologists, who support this idea of "the state as job creator" in their books, give the impression of being totally unaware of the existence in Europe of various forms of guaranteed income. In fact, they ignore it: as if it didn't exist. I happened to moderate a panel discussion between the then Secretary of the largest Italian trade union, the CGIL, Guglielmo Epifani, a liberal professor from the Bocconi University who teaches in the U.S., Francesco Giavazzi, and the sociologist Luciano Gallino. The round table was dedicated to the guaranteed minimum income, but nobody wanted to talk about the guaranteed minimum income: they made sure to talk about something else. The guaranteed minimum income, one of the pillars of the "European model", is either ignored or minimized. This was a concrete representation of how that guarantee, in everyday Italian life, is entirely without meaning.

For this reason there is in Italy a total misunderstanding of the restructuring of the welfare state in Europe. The basis for understanding the "Third Way", encouraging work by making it pay more than welfare, is completely lacking. Or rather, in Italy it is incomprehensible that one of the most discussed topics in Europe (which also lays the foundation for the Basic Income) is that unemployment benefits can generate unemployment. This is understandable, because there is no unemployment benefit. Instead there is the family. And illegal work.

The labour law expert Marco Biagi was the author of a law (the Biagi law) that involved the

deregulation of labour, which was, however, to be accompanied by a form of guaranteed minimum income, but nothing of the sort happened. The second part of the law was never implemented. Biagi was also killed by the Red Brigades.

In Italy work insecurity has spread without any form of income protection. The transformation of work came without changes in welfare. Once a contract ended, the young (or not young) were meant to return to their families. As a result, Italy is suffering from a severe demographic crisis. A lot of time is wasted in the search for a permanent job, at any cost.

And this often leads to patron-client relations in politics.

The consequence of the absence of a guaranteed minimum income and the dogma of "full employment" was that work became welfare. This does not, however, mean a welfare state, but *clientelismo* (patronage).

The result of the transformation of work into welfare is serious inefficiency. I remember what it was like in the State library of Naples: the books were out of place or upside down, while employees sat reading the newspaper, not even pretending to work. Despite a host of officials, the library was a disaster.

This is a significant reversal of meaning. The library seems to exist to provide jobs for employees, and not because of any meaning it has in itself. The obligation to work has done away with vocation, merit, interest, sensitivity to one's job. This reversal of meaning means that no matter what you do, what matters is a situation in which you get money. It also means that the "project" that gives rise to a company, especially when it is not financed by private capital, is a pretext for making money. Southern Italy is full of public works: roads, hospitals, manufacturing plants, even an entire harbor, which were funded by public money and then abandoned, sometimes incomplete.

There's not only a problem of inefficiency. 'Work as welfare' leads to passivity and illegal labor, but also crime, and scams big and small.

An authoritarian society that does not invest in the freedom not to work, does not allow autonomy and does not reward skill. Young people dream of a permanent job, whatever it is, not because they love a specific job, but because they are looking for a secure position. In Italy your job ontologically determines "what you are." You can't change it, because once you've lost your job it is difficult, if not impossible, to find another. Getting a job is the result of social mediation, and involves a sort of contract.

The most dramatic and obvious consequences concern the functioning of democracy.

Work as welfare has, in Italy, given rise to patronage, which itself has led to an endemic infection, with collusion and political trading. The Italian political class made a wide use of public money for election purposes, which did provide jobs, albeit only temporary ones.

Hence we have one of the Italian paradoxes: Italy has the third (or fourth) largest debt in the world. Yet the surprising finding is that - in the EU-15 (I refer to the data for 2001) - it is also the country that spends least on welfare. Some interesting data on unemployment: Eurostat 1.6% of GDP as opposed to 6.3% of the average European country. So, there is not much money for the unemployed, but there is a large public debt.

Work turned into a welfare state creates inefficiency. It has created a political class which has multiplied spending, inefficiency and corruption. Debt grows without creating growth, only inefficiency increases.

Is it by chance that the epicenter of the economic crisis is in Italy and Greece, the only two countries in Europe without a guaranteed income?

I think not.

Freedom from work allows you to select the best political leadership. This example allows us to reverse

what in many ways is a commonplace. It is true that we must recognize the link between welfare and the economic crisis. But this relationship goes in the opposite direction to what conservative liberalism or even the "Third Way" presents.

Is there a crisis of the European social model? No. On the contrary: Northern Europe seems to be winning even in economic terms. The crisis is not due to the "European social model", as is sometimes said. On the contrary: the crisis arises where the European social model is not operative: in Southern Europe. Northern Europe has a welfare state, while southern Europe, more or less, doesn't.

Not only is welfare not responsible for the crisis, but the contrary is true. It is precisely the welfare system that reflects the economic and political strength of northern Europe.

The accusation that the European welfare state is the cause of the crisis (an accusation made, as Krugman shows, especially by the Republican Party in the United States) is based (in part) on considering Europe as a homogeneous whole. The crisis is in the south of Europe, not in the north. But the 'European model' is strong in the north, not in the south.

In fact, the existence of two welfare states is a photograph of the European situation: the North, with a welfare system that has at its center the individual, income protection (although with some problems), and Southern Europe, with its strong tendency towards patronage and the transformation of work into welfare.

The inadequacy of the political class and the distortion of the welfare system are therefore two elements that seem to go hand in hand. It is an only apparently paradoxical situation: while there is strong moral pressure in favor of work, work itself can be debased, merit forgotten, and results and long-term goals count for nothing. The objectives, after all, and the actual results are just whatever puts money in someone's pocket in return for consent.

This situation leads to collusion and increases public debt and inefficiency together with a vicious spiral, in which the political class gets even worse and the national debt grows even larger.

The welfare state in the north is less distorting. And this means that the costs the north pays are nothing compared to the costs caused by the distortion that transforms work into welfare. The inefficiency of labor, combined with the corruption of the political class, join together to increase public debt.

The Italian situation is indicative of what is an apparent paradox, which was actually intuited by great democrats like Thomas Paine: freedom is the foundation of a healthy society. But if freedom is the foundation of a healthy society, we should invest in freedom. It is not just a question of stating a value, but rather of understanding that freedom from work creates an advantage in terms of system efficiency.

Otherwise, it is like making a car without efficient brakes.

From the philosophical point of view, we must radicalize the insight of liberal thought at its inception. Freedom has not only an economic meaning. The societies that are not free are economically strong only in the field of mass production, with a low quality of innovation. Authoritarian production systems may be strong today only thanks to the fact that they import production technologies and have access to the market. But free societies create values (economic, cultural). The freer they are, the more value they create. But freedom must not be reduced to the “economistic” element of free enterprise, as was done by distorting the original liberal vision. The intuition of liberal thinking that stems from freedom of the individual as a value has often been restricted to economic freedom, combined with the notion that economic freedom would eventually lead to political freedom. In fact, the opposite is true. In Italy there was a famous controversy on this subject between the liberal philosopher Benedetto Croce and the liberal economist (who also became President of the Republic) Luigi Einaudi. The original liberal vision was the affirmation of individual freedom. And in this broader sense, one finds not only the economy, but also the idea of individual autonomy.

The European welfare state, de facto, introduces the idea of an anti-authoritarian political society. It produces, or reflects, the force of European society as regards the more efficient selection of the political class. The Basic Income represents a hope for Europe because it takes up and extends this original idea, free from the dross of welfarism.

I would conclude, if I may, by saying that what we need in Europe is a law establishing a European basic income, which is, it seems to me, as important as the fiscal problem.