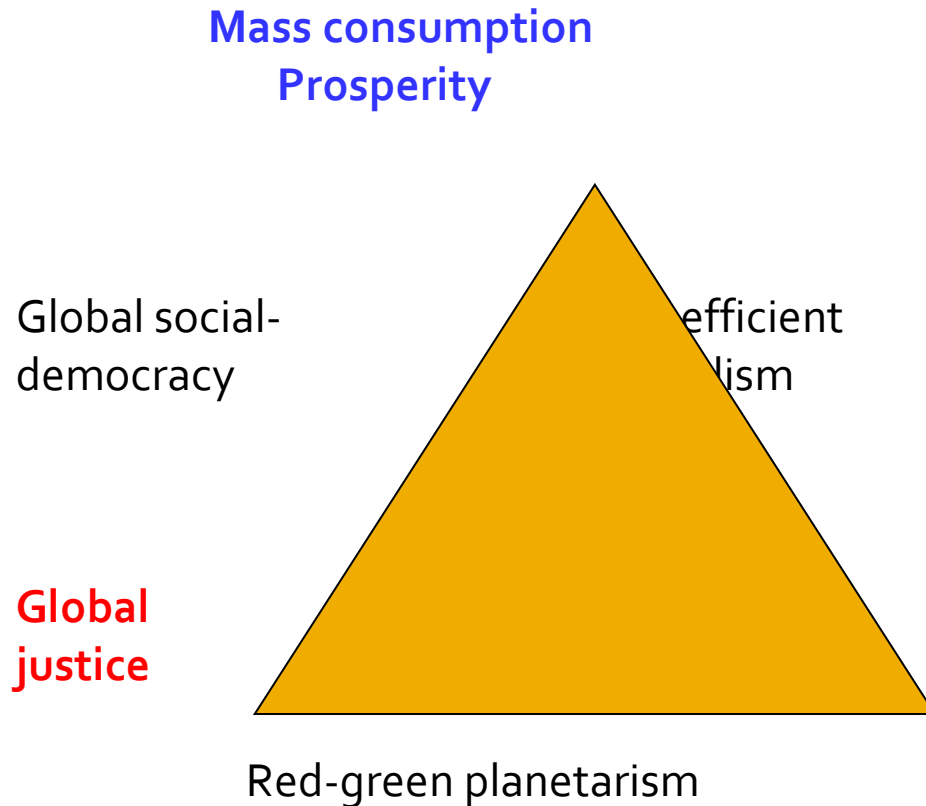


Jan Otto Andersson
Åbo Akademi, Finland
BIEN world congress,
Tampere, August 2018

The global ethical trilemma and basic income

Pick two – ignore the third



Three growth views

GLOBAL SOCIALDEMOCRACY

- Development economics
- **Inclusive growth**
- HDI + GDP
- World Bank, ILO, UNDP, UNCTAD

ECO-EFFICIENT CAPITALISM

- Environmental economics
- **Green growth**
- GDP + EF/CO₂
- OECD, UNEP, World Bank
"Inclusive green growth"

RED-GREEN PLANETARISM

- Ecological/feminist economics
- **Degrowth**
- EF/CO₂ + HDI/GPI/ISEW
- WWF, Worldwatch Institute, Global Footprint Network, EJOLT Environmental Justice Organizations, Liabilities and Trade. EU project

Exemplar protagonists

GLOBAL SOCIALDEMOCRACY

- **Amartya Sen**
Development as Freedom
The Idea of Justice
- **Joseph Stiglitz**
Globalization and Its
Discontents
Fair Trade for All
- **Thomas Piketty**
Capital in the 21st Century
- **Darum Acemoglu**
Why Nations Fail

ECO-EFFICIENT CAPITALISM

- **Gareth Hardin**
Tragedy of the Commons
- **David Pearce**
Blueprint for a Green
Economy
- **Nicholas Stern**
Stern Review on the
Economics of Climate
Change
- **Cameron Hepburn
& Alex Bowen**
Prosperity with growth

RED-GREEN PLANETARISM

- **Herman Daly**
Beyond Growth
- **Julie A. Nelson**
Beyond Economic Man
- **Tim Jackson**
Prosperity without Growth
- **Will Steffen**
Anthropocene
- **Kate Raworth**
Doughnut Economy

Inclusive growth

- Poverty reduction requires inclusive growth that **allows people to contribute to and benefit** from economic growth.
- Rapid pace of growth is necessary for substantial poverty reduction, but it should be broad-based across sectors and **inclusive of the large part of the country's labor force**.
- Focus on **productive employment rather than on direct income redistribution**.
- Governments could use income distribution schemes to **attenuate negative impacts on the poor** of policies intended to jump start growth, but **transfer schemes cannot be an answer in the long run**.
- In poor countries such schemes **impose significant burdens on already stretched budgets**, and it is theoretically impossible to reduce poverty through redistribution in countries where average income falls below US\$ 700 per capita.
- The inclusive growth definition is in line with **the absolute definition of pro-poor growth**, but not the relative definition.

BI and global social democracy

- Social policy as investment in human and social capital
- Basic education and health care
- Tax wealth or income and give the money to the poor as
 1. means-tested benefits
 2. negative income tax support for low-wage workers (EITC)
 3. Participation income (Atkinson)

Green growth

- **Enhancing productivity** by creating incentives for greater efficiency in the use of natural resources, reducing waste and energy consumption, unlocking opportunities for innovation and value creation, and allocating resources to the highest value use.
- **Boosting investor confidence** through greater predictability in how governments deal with major environmental issues.
- **Opening up new markets** by stimulating demand for green goods, services and technologies.
- **Contributing to fiscal consolidation** by mobilising revenues through green taxes and through the elimination of environmentally harmful subsidies. These measures can also help to generate or free up resources for anti-poverty programmes in such areas as water supply and sanitation, or other pro-poor investments.
- **Reducing risks of negative shocks to growth** due to resource bottlenecks, as well as damaging and potentially irreversible environmental impacts.
- **Innovation, supported by a strong intellectual property rights system**, is fundamental to creating the industries and jobs of the future.

Towards Green Growth (OECD 2011)

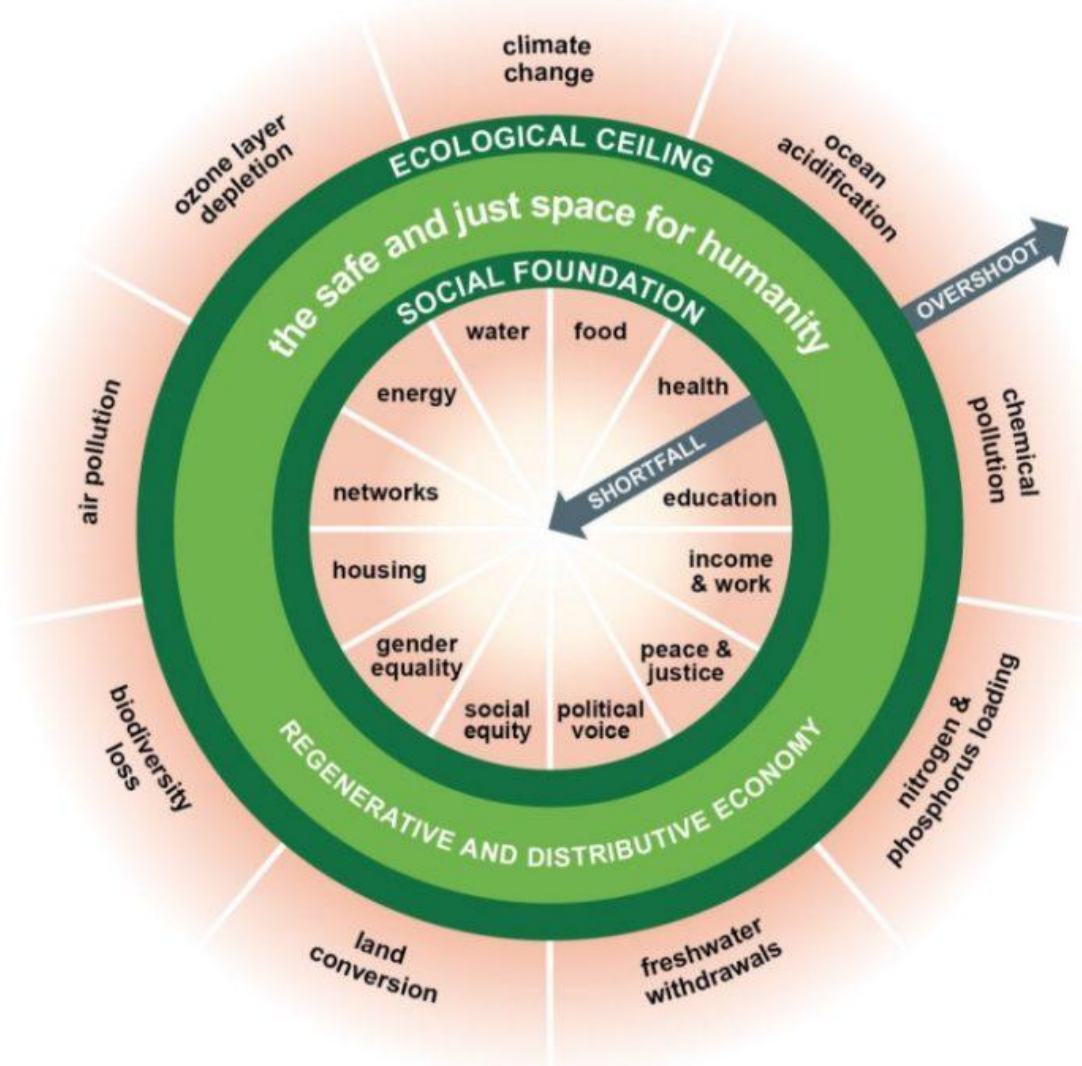
BI and eco-efficient capitalism

Stefan Dercon: **Is Green Growth Good for the Poor?** (World Bank)

The main lesson is that trade-offs are bound to exist; they increase the social costs of green growth and should be explicitly addressed. If they are not addressed, **green growth may not be good for the poor**, and the poor should not be asked to pay the price for sustaining growth while greening the planet.

1. BI to compensate for price increases caused by environmental taxes. “Fee and dividend”, “Making carbon pricing work for citizens” (Stern)
2. NIT in order to promote start-up firms and ecological innovations.

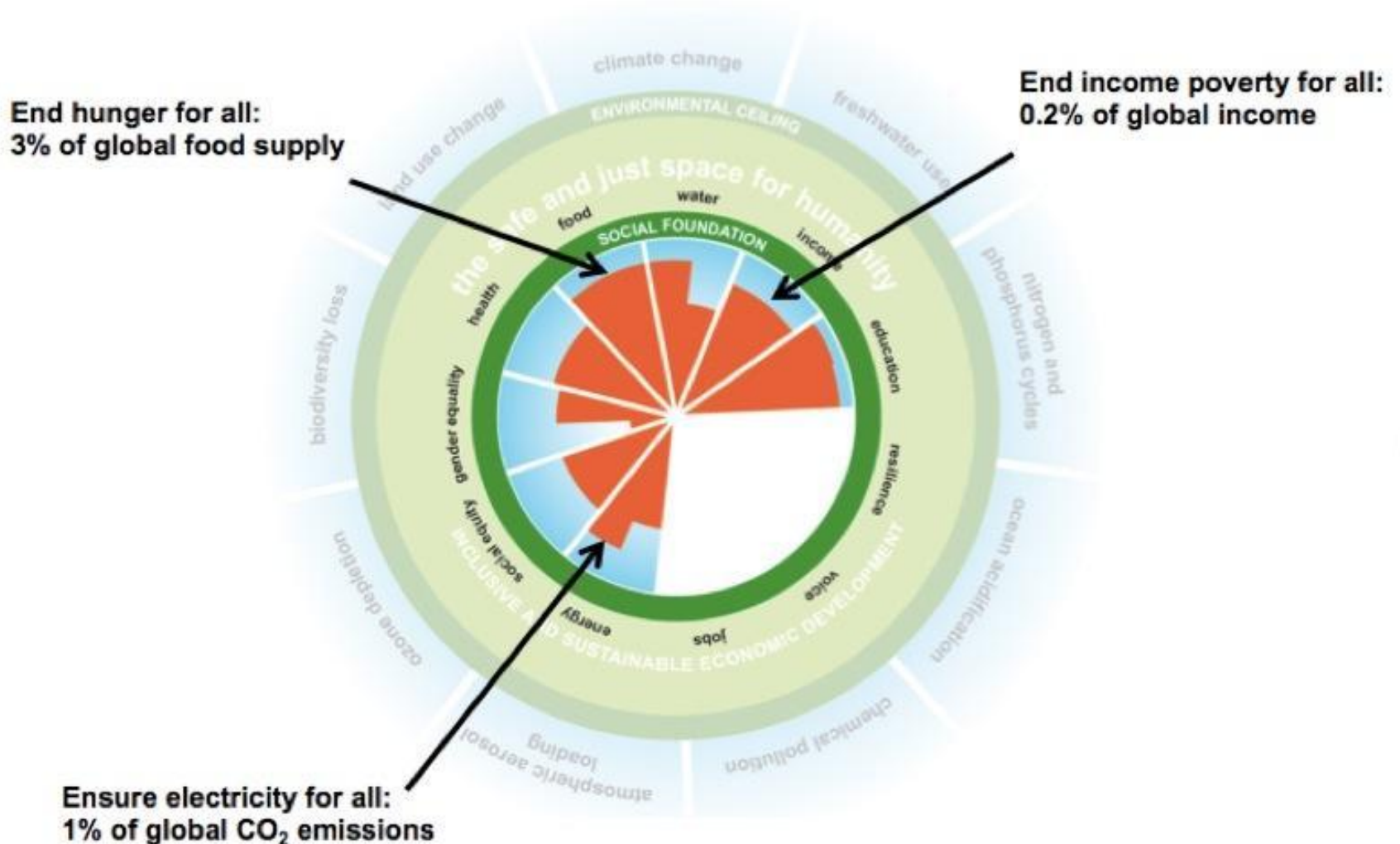
Doughnut economy



We cannot get into the doughnut's safe and just space without tackling the distribution of global resource use in both consumption and production.

Put simply, if we want to get into the doughnut, then we've got to tackle inequality.

Cost to eliminate absolute income poverty



BI and degrowth

Involuntary unemployment is a major challenge. But activation and growth, routinely offered as self-evident remedies, are both unrealistic and undesirable. An unconditional basic income offers **a way of addressing this challenge without relying on an insane rush** for keeping pace with labor saving technical change through the sustained growth of production and consumption.

Philippe Van Parijs and Yannick Vanderborght:

Basic Income. A Radical Proposal for a Free Society and a Sane Economy

BI and degrowth

1. By mitigating economic insecurity, UBI removes a massive barrier to **ecological progress**. Chronic economic insecurity blocks important transformation processes.
2. UBI **promote citizens' participation** in democracy, which creates the groundwork for the transition to a more sustainable economy and society.
3. UBI engender an **economy based on solidarity** rather than competition. A solidarity-based economy (in contrast to a profit-driven competitive economy) is the only way to thwart excessive consumption of natural resources.
4. UBI enables individuals to exercise much **greater control over their own time**, and shortening the period of gainful employment and having more time available for other activities is a transition project on the way to a degrowth society.

Ronald Blaschke: *Sustainable Ecological Transition is Impossible Without Unconditional Social Security for All People*

BI and degrowth

- If set too low, and abolishing existing benefits, a UBI **would not lead to any decommodification of labour.**
- The level should be **high enough to allow people to reduce their dependence on paid work** and social security linked to their previous earnings. It should not be set so high that it can be financed only by raising total income in an already rich country.
- If an economically and ecologically sustainable unconditional grant would be too low to affect people's choices as desired, we should not shun the possibility that it could be **linked to some kind of compulsory service.** This was acknowledged when a BI was first popularized in Scandinavia as a "citizen's wage" (medborgarlön).

Jan Otto Andersson: Degrowth with basic income – the radical combination

BI in three growth visions

Inclusive growth

- No or very low UBI
- Earned Income Tax Credit (EITC), Participation income (PI)
- Wealth and income taxes

Green growth

- UBI compensating device: "fee and dividend"
- Negative Income Tax (NIT) support
- Environmental taxes

Degrowth

- UBI for decommodification
- Low UBI combined with a Citizen's wage (CW) or PI
- Social dividend from common resources