

Justice and Income for All? The Limits of Political Reality for a Truly Universal Basic Income

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Introduction:

The world we are living in seems to be dominated by economic pressure, the quest for money, and the need to consume. For almost a third of the world's population, though, all that counts is survival, as 1,1 billion people have to survive on less than one USD per day¹, and an estimated number of 2,7 billion try to survive on less than two USD a day.² While there are many other major problems the world faces today, poverty might well be the most urgent to fight. One of the proposed strategies is a universal basic income (UBI), which would secure the basic survival of each and every individual. The aim of this paper is to examine the question in which form a universal basic income could be implemented on a global scale, and to analyze which factors have to be taken in consideration in order to make the proclaimed model politically viable, without losing the proposals radical intentions.

It goes without saying that a global UBI of 2USD/per person/per day will not solve the existing problems in the so-called advanced, capitalist societies of the West, while a global UBI of 500USD/per person/per day is simply utopian and not affordable. So what can be done, in order to abolish extreme poverty, and to dissolve existing social inequalities? If a UBI is really a key-step towards challenging established socio-political hierarchies, and giving people a significant amount of real freedom - and I think that is exactly the case -, how can we make sure that a progressive form of a UBI moves up the political agenda, and achieves its aspired goals?

While in many countries around the globe basic income discussions have become more and more central to the political debate about the future of the welfare state, social security, unemployment, child education, and poverty, more global approaches towards a UBI are still less often discussed.³ It is, however, this global basic income I want to focus on in this paper. As my presentation is pretty much a work-in-progress, the paper will probably include more questions than answers, but I hope, that maybe the following discussion can provide some invaluable inspiration and show the path to follow.

¹ Human Development Report 2003.

² World Bank 2003.

³ The interest in global UBIs is rising, though. For a German language discussion of a global UBI see: Fuellsack, manfred (ed.) (2006): Globale Soziale Sicherheit. Grundeinkommen - weltweit? (Berlin: Avinus).

The Fight Against Poverty

The starting point for my argument is the concern with freedom. For me, freedom, and not equality or justice, is the key-notion to concentrate on, as – in this point I follow an argument put forth by Amartya Sen – ‘the removal of substantial unfreedoms ... is constitutive of development.’⁴ Phrased differently, freedom enables human development. Development in this case, though, shall not be misunderstood as a teleological striving after “civilization”, but development shall include all kinds of human activities, which more or less successfully achieve a freely chosen goal. Freedom stands center stage as only a free human being can exercise her powers adequately. It is worth pointing out, though, that I do not proclaim absolute freedom for every individual, which in itself is a contradiction as the freedom of person A might be the unfreedom of person B. Real freedom for all is a matter of reciprocity which must be based on the recognition of the right of the other. While I cannot go too deep into the philosophical imponderableness of defining freedom in all its aspects and facets – as that would be a conference paper of its own – I hope that this short sketch of freedom clarified my starting point.

The priority given to freedom leads directly to the fight against poverty, as the almost impossible struggle for survival on less than one USD a day places millions of people in such devastating circumstances of socio-economic unfreedom that all aspects of their development are significantly disrupted. The immense economic pressure these people experience, the constant fear not to have enough to survive, besides the fact that many of the poor are weak and malnourished, factually affects all other forms of freedom these people might possibly possess. But even in circumstances of concrete unfreedom, inequality and injustice, the minimum goal of good politics should be to guarantee the basic survival of every human being. Alas, global politics today falls short of this goal, even though numerous statements have been issued, in which the rich countries either promised to spend a certain percentage of their GNP on development assistance (as in June 2000), or they proclaimed a universal human right ‘to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.’⁵ The commonly accepted political ethics, propagated by the West, preaches respect for the human rights, and makes it almost a moral obligation to support the “just principles” this ethics is based on. The West is even willing to fight wars in the name of freedom and democracy, democracy here to be understood as the self-mastery of the people. But as it seems nobody is willing to pay for real

⁴ Sen, Amartya (1999): *Development as Freedom*. (Oxford: Oxford University Press) p. xii.

⁵ Universal Declaration of Human Rights, Article 25 (1).

freedom, or at least not willing to pay as much as necessary, and to back up the sublime words with sufficient deeds.

There exist a collection of essays, which explicitly deals with the ethical foundations for the case of a universal basic income, so I do not want to restate the entire affair here.⁶ Even from the rather short, and abbreviated explanations above it should become obvious, though, that the need for a basic income in order to fight mass poverty cannot only be based on freedom (which is the approach I chose), but also on inalienable human rights, or a moral responsibility for the other. No matter which justification one wants to rely on, if we agree that poverty impedes real freedom, we will look for an adequate tool to abolish poverty and give people more freedom. The best tool, to fight mass poverty in the developing world, to guarantee the satisfaction of all human beings' most fundamental needs, and, thus, to ensure people a certain amount of basic freedom, is a globally installed universal basic income, which is being paid to each individual, without any further conditions, or pre-transfer targeting operations. (or this is at least what I and others before me have claimed)

The Financial Side

I want to propose a truly universal basic income of 60USD per month (UBI 60), which equals roughly 2USD a day, for each and every individual on the planet, including children. This UBI is very similar to the basic food income, proposed by Rolf Künneemann, which also aims at combining two key-aspects, namely, to guarantee the basic survival of all, and at the same time, to have a UBI volume, which can be quite easily financed through international cooperation.⁷ A globally implemented UBI of 60USD per month will be chiefly targeted at the poorest of the poor in low and some middle income countries, but it will obviously not be able to help the poor in many other medium income countries, and all those living in poverty in high income countries. I will come back to the problem of poverty in high income countries in a minute. First let me point out some of the advantages of a UBI 60; as mentioned above, the UBI 60 offers direct support for everybody on a totally unconditional basis without any pre-transfer targeting operations. This has the big advantage, that the complicated, expensive and disgracing practice of entitlement testing can be jettisoned. Moreover, the life long payment structure guarantees that each family should have enough money at hand to feed its children, in order to decrease child mortality caused by malnourishment. Also the costs of the proposed UBI 60 are relatively affordable, considering the huge

⁶ See Van Parijs, Philippe (ed.) (1992): *Arguing for Basic Income. Ethical Foundations for a Radical Reform.* (London: Verso).

developmental effect such a programme would have, as the yearly volume would be 4.7 Trillion USD (720USD x 6.5 billion humans). This is not to say that such an amount of money would be peanuts, but in the light of sources available it should be no problem to finance a UBI 60 with the help of the international community.

There have been a great number of proposals how UBIs can be financed, ranging from the introduction of a Tobin-tax, to tradeable pollution rights. So which is the way to pay for the UBI 60? Or asked differently, which model of financing such a radical proposal is politically viable, as that has to be one of our main criteria if the goal is to implement a UBI as soon as possible? The criterion of political viability poses many obstacles to the task of financing a UBI 60, as a Tobin-tax, just like a radical taxing of the richest people on the planet, as proposed by Myron Frankman, do not seem to get the consent of those, who are in power and have to decide. More feasible seems to be an international agreement that each country contributes 1% of its annual GDP to a fund, out of which the UBI is financed. As this amount of money is not enough, though, the rest of the money needed could be gained via introducing a global tax on kerosene. The biggest problem for a kerosene tax, and that is also true for a Tobin-tax, tradeable pollution rights, and the GDP fund, is that for such a step an international agreement would have to be reached, a humungous task if one considers the sad history of global climate conferences and the Kyoto Protocol. However, without a firm belief in the possibility of convincing policy-makers every attempt to install a UBI is doomed. Thus, let me try to explain why I think that the combination of an international fund and a global tax on kerosene is the most promising option for financing a UBI 60.

The kerosene tax has the significant advantage that it will be backed up by two different political pressure groups: the anti-poverty movement, and the environmentalists. At the same time the kerosene-tax lobby can stay clear of anti-capitalist rhetoric, which inevitably pops up when arguing about Tobin-taxes. To promote the introduction of a global kerosene tax in order to fight poverty will give governments throughout the West the possibility to present themselves as humanitarian benefactors with an ecological conscience, while at the same time the significantly higher costs for air transport of export goods will affect all economic rivals alike. Admittedly, some European countries are more dependent on air transport in order to export their goods than others, but the differences are within a reasonable range. The big disadvantage of a tobin-tax and the tradeable pollution rights is that they would have to be introduced against two of the most powerful lobbies existing, the warlords of speculative financial capitalism, and the major industries. While both concepts might get sizeable support from various political pressure groups, the introduction of

⁷ Künnemann, Rolf (2004): Basic Food Income in Low Income Countries. Conference Paper. See also another text of his, which is available at: www.usbig.net/papers/119-Kunnemann-Basic-Food-Income.doc

either one concept seems to pose a much bigger break with existing economic policies. A problem for the kerosene tax, though, is the so-called Unitaid programme, which aims at a better medical support for HIV-infected people in poor countries. In France an extra tax on plane tickets was introduced this summer in order to finance France's contribution to the Unitaid programme (250 million USD a year). The question is, whether this is possibly the first step into the direction of a truly international kerosene tax.

Even more difficult than the introduction of the kerosene tax might be to make a stable international agreement, that each country pays 1% of its annual GDP into the basic income fund. In particular the question of who is going to supervise the fund (a question I will come back to a bit later), and what kind of sanctions can be issued if a country refuses to pay its fair share, will not be easily settled. There are many important details of the financing process I unfortunately cannot discuss further at this point, but I think it becomes quite clear, that even a fairly basic universal food income, or UBI 60, which can be justified by various theories, will have to win many battles before it becomes a truly viable option on the political agenda.

Let me turn my attention now to poverty in higher income countries, a problem which obviously cannot be fully solved by a monthly payment of 60 USD.

Income Zones, or a Voluntary 60 + X?

If our goal is to fight poverty on a global level, a UBI 60 is a huge step, but not enough. 720 USD a year is a substantial help for many people on the planet, not just the poorest of the poor in sub-Saharan Africa, or South Asia. To give you two interesting examples: a UBI 60 would be effective and useful in Kazakhstan, which ranks 103rd GNIPC statistics of the world bank for 2005 (with 2930 USD), as well as in Mexico, which ranks a lot higher, namely 71st with 7310 USD. But, as the distribution of income in Mexico is a lot more unequal than in Kazakhstan, the monthly income for the poorest 20% of the population is almost the same.⁸ Thus, the 720 USD of guaranteed income would help the millions of people in Mexico and Kazakhstan, who have to survive on less than 1200 USD a year. However, in none of the countries which rank among the top 60 of the world bank's GNIPC statistics for 2005 a UBI 60 would be able to solve the problem of poverty, not to speak of other problems often targeted by UBI proposals, such as the unemployment trap. So what can be done to fight poverty in these countries?

One possible solution is the introduction of different basic income zones, for example by region, creating thus a North-American UBI, a Western-European UBI, etc., or the second option is to

⁸ See: <http://siteresources.worldbank.org/DATASTATISTICS/Resources/GNIPC.pdf> and <http://devdata.worldbank.org/wdi2005/Section2.htm>

create zones according to a country's GNI. The problem with the regional UBI zones would be that in some areas there are strong economic differences between two countries, like for example, Japan and North Korea, while the GNI-determined UBI zones would probably have the discriminatory touch of first class, second class, and third class countries. There are also some more general problems with UBI zones, which apply for both, regional as well as GNI-determined zones, namely, that financing these UBIs can probably not work via a kerosene tax, or international cooperation, and, that it might be very difficult, if not impossible to establish these zones, as always those countries, which feel disadvantaged would boycott the proposed solution. To have some hope that politicians can reach an agreement on an international level is fine, but one should not overestimate the willingness to reach a consensus.

Arguing again from the proposed viewpoint of political viability it seems reasonable to say that a voluntary UBI of $60 + X$ for all countries is the most promising option. If an international agreement can be reached that a global UBI 60 will be installed, under the condition that it is tax free for all those whose income stays below a certain percentage of the respective country's GNIPC, it makes sense to assume to give every country the option to freely decide to raise the UBI by a certain amount X . This move, though, should (and probably also could only) be voluntary, on a national scale, and financed by each country individually (although of course, if countries can agree on it, regional UBIs are still possible). Obviously the voluntary nature of the UBI $60 + X$ does not guarantee the end of poverty in so-called high income countries, but taking into consideration that the positive effects of the UBI 60 in other parts of the world will strengthen the UBI lobby in the Western world, it might only be a question of time until adequate UBIs will be introduced in the West.

The Effects of a UBI 60

So what exactly can we expect from a UBI 60? What will be its effects, and is it really a politically viable option? A UBI 60 will obviously not be a magic potion which turns the world upside down and brings world peace and prosperity, but a UBI 60 will be a fundamental improvement for billions of people. It will not only secure the basic survival of many children and women (traditionally the most disadvantaged and poverty stricken groups), but it will also give billions of people bigger freedom, and more opportunities. The mere fact to have a guaranteed income which is high enough to pay for food, opens up possibilities to spend the income one gets on top of the UBI on things like health care, shelter, and education. The UBI 60 will not be able to give people by any means a luxurious life, but in many parts of the world the (roughly) 2USD a day make a big difference. It is, thus, not only the basic survival of the poor, which makes a global UBI so

important, but also the freedom it delivers, the opportunities it opens up, and the accumulation of human capital it promotes. People are no longer forced to earn a living under unacceptable working conditions, but they are free to rely on their UBI until they found an adequate work, which gives them social recognition, the feeling of self-respect and achievement, and a steady income. In this respect the UBI 60 will be a lot more than just another tool of developmental politics, but it will, through focusing on the least-advantaged, challenge existing hierarchies, and give people more freedom. The global scope of the UBI 60, i.e. that it is paid to everybody, rich and poor, clears it of all possible connotations that is it a form of help from the rich, civilized West to the poor, underdeveloped South. The UBI 60 would be the expression of a human right to elementary subsistence and survival, and each and every country would contribute according to its ability to the proposed international fund.

Even though it will take a considerable amount of work to implement a global UBI 60, it is not a utopian model. There is a real chance to bring a UBI 60 on the agenda of global politics, and I think, that the proposed model for financing the UBI does have a chance of drawing sizeable support from various parties and interest groups. The introduction of a global UBI would be a milestone for all political activists fighting for global justice and real freedom for all. It is worth to point out, though, that even though many activists come from a distinctly anti-capitalist background (ideologically), and even though many people, like myself, hope for the, so-to-speak, anti-imperialist effects of a global UBI, the political propaganda for a UBI can survive without any kind of anti-capitalist terminology, which most definitely makes it politically a lot more interesting for policy-makers.

Closing Remarks

Before I bring this paper to an end, let me state a few more problems, which every kind of global UBI has to face. One of the main problems is to make sure, that really each and every individual gets the money, without introducing an extensive bureaucratic system. Obviously many existing institutions can be used, but especially in very rural areas in the developing world, or in countries with unstable political situations a reliable way of distributing the UBI must be found. Moreover, if the UBI is paid out of an international fund somebody has to administer this fund, and, in case of refusal, force unwilling governments to pay their share. The question is whether one of the already existing institutions would be able to take such a part.

Moreover, a global UBI has to be supported by other international arrangements, in order to guarantee that people always have enough food they can purchase. While in some areas of the world food is scarce, other regions have massive overproduction. Obviously, in this and similar

areas (e.g. availability of medicine and toiletries) international cooperation does already exist, but it can definitely be further improved.

As a final remark, I want to add, that the proposed UBI 60 is obviously only one of many possibilities. Following Kuennemann and others, I argued that a UBI should first and foremost concentrate on the fight against extreme poverty, and the survival of the poorest of the poor. Many questions and problems I mentioned only briefly, or not at all. My main aim was to present to you a concise argument for a UBI 60, and why it might be favourable over income zones, or other versions of a UBI. However, as mentioned earlier, this paper represents still work-in-progress, so I am looking forward to a fruitful discussion, and helpful criticism.