

Two pieces on Basic Income

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154. A basic income

published 12-7-2014

For democracy and capitalism to survive, in addition to a change of perspective on equality and solidarity, discussed in the preceding items in this blog, a corresponding system change of the economy is needed, in the distribution of work, income and wealth. For that I recommend the introduction of a basic income (BI).¹

A BI is a free, fixed subsistence income for everyone above a certain age. I propose something like this: 1000 euros per month in a developed country such as the Netherlands. On additional income there is a tax, at a flat rate of 20 to 30 %, except for very high levels of profit income for which a rate would apply of 50 to 60%. I claim that the step to a BI is inevitable, sooner or later. Here are my arguments.

Work has been shrinking for a long time, as a result of increasing productivity (reduced cost per unit of production), mostly due to technology and innovation. First in agriculture and then in industry. Until recently it was thought that employment would be maintained in services, where productivity growth was supposed to be small.

However, innovation, especially in information and communication technology, such as the internet, have increased productivity and reduced employment in a whole range of services, especially those involved in the processing of information, such as administration and communication, e.g. in banking, insurance, booking, publishing, media, parts of entertainment, surveillance, security, retailing and physical distribution, etc.

This has produced a polarization of work and income, between highly paid professional and managerial jobs and low-paid, unskilled work, such as cleaning, serving (cafes and restaurants), call centres, harvesting, parts of construction, and parts of care. Especially the middle classes have suffered from this, which contributes to widespread discontent.

A next wave is that of robots, replacing labour in harvesting, driving (automated cars, trucks and airplanes), cleaning, forms of care and nursing, which will eliminate much of the work indicated above.

We should be happy about this reduction of dirty, exhausting, dangerous and boring work. We are in fact unhappy because it threatens employment and income. How much work will be left, how much employment, and what source of income? The BI offers a solution.

¹ In several publications, I argued for a BI in the 1980's. It was not politically viable at the time. And I am afraid it still isn't, but I think the time is becoming ripe for it.

Forms of work that will remain are: all forms of culture, entertainment, teaching, forms of care that entail human interaction, social activities (community work, help of elderly and handicapped), day care for children, etc. Ironically, those activities of the future are the ones that are currently curtailed to reduce government spending.

How would a basic income help? One major benefit of it is that it eliminates the 'poverty trap'. Currently, receivers of social benefits (for unemployment, rent, health insurance,...) lose their benefits when they enter employment. It is as if on wage income they pay 100% tax. This keeps them locked into poverty. With a BI they would pay tax on additional income, but only 20-30%.

This gives an incentive to perform the social and cultural services that remain to be done, and do it at a low wage, on top of basic income, which makes those services more affordable. There would no longer need to be a minimum wage.

In addition to that, there would be an incentive for enterprising people to voluntarily leave traditional jobs to become self-employed, since they can fall back on the minimum of the BI when the enterprise fails. Also, the BI would sustain them through the difficult period of developing and introducing innovations, under an uncertainty that discourages suppliers of capital.

I suggest that an impulse of enterprising self-employment is good for the economy, society and culture. Also, it makes room for people who have no aptitude or drive for self-employment, want jobs but can't get them.

From what would a basic income be paid? A number of existing social benefits could be abolished. It would be financed from tax on wage incomes above the BI, and on a high tax on profit income from capital. An immediate objection would be that this would drive investment abroad, thus eliminating that tax base. But wait. The robots to be used are location bound, in harvesting, cleaning, transportation, care, etc. To earn profit from them one would have to pay the local taxes on them. Robots do not earn an income for work but pay for it. They are the slaves of the future.

Finally an ideological argument. Entrepreneurs and firms claim that they are the ones who add value and deserve the reward for it. But what they add value to is the fruit of many generations of genius, sweat, blood and tears. Why should they have an exclusive claim on its fruits? The BI is to be seen as the fruit (called 'social dividend' in the literature) of that common heritage, with equal rights to all.

The advent of robots makes the time ripe for a BI.

226. A basis for independence

published 15-11-2015

An old debate on basic income is being revived, in Europe. In item 154 of this blog I discussed the arguments and uncertainties involved, and I will not repeat them here. The

arguments are both social and economic. Here I want to add a 'deeper', philosophical argument.

In different ways, Nietzsche, Heidegger, Foucault, Derrida, Lacan, and Onfray strove to liberate the individual from the hold of social systems. Unleashing will to power, Nietzsche proposed. Getting away from 'das Man', Heidegger said. 'Creating one's life as a work of art', Foucault proposed. Sculpt yourself, Onfray proposed. Deconstructing the established order, Derrida said. Stepping out into 'jouissance' of reality outside the symbolic order, Lacan urged.

In the preceding item I offered entrepreneurship as an opening for rebellion, in creative destruction, as an element of capitalism. But there are limitations to this. I mentioned that corporate capitalism tries to muscle out genuine entrepreneurship. But also, not all people have the guts and the stomach for it. And is the breathless momentum of creative destruction to be maintained continually? Is there no need for stability next or in addition to change? I will later dedicate a series of items to that question.

A basic income provides a basis for independence and personal agency. It is an unconditional cash benefit for all people above a certain age, regardless of further income or capital. It frees recipients of social benefits from the 'poverty trap': the fact that any additional earned income is taxed for 100% (surrendering the benefit when finding work). The scheme may seem off the wall to many readers, and unrealistically expensive, requiring an unacceptable rise of taxes. That is not necessarily the case, but I will not argue that here (see item 154).

In the present context the point is that a basic income strengthens the power of a worker with respect to his/her employer, since in case of injustice or mistreatment he/she can exit and fall back on the basic income. It improves the worker's bargaining position by offering a basis for independence.

One might argue that this is a double-edged sword, since it also makes it easier for employers to fire employees, easing the qualms about sending someone into unemployment. But there seem to be few such qualms anyway, and presently unemployment benefits already take away any qualms that may be there.

Basic income also facilitates entrepreneurship as an escape, since it provides the funds to tide over the difficult period of setting up an enterprise, without income from work, and difficulties in obtaining funds from banks or investors before one has developed a demonstrably viable prototype of a new product or service.

It enables exit as an artist, or to provide unpaid or low-paid social support that is no longer offered in public health.

Another economic point that I did not mention before is the following. After digitalization of music, books and film, it has become hard for their makers to appropriate the returns from them as income. As more activities become digital, this phenomenon will

spread. To maintain the production of such things the makers need another source of income. Basic income may become inevitable for that reason as well.

To deepen the philosophical argument, I go back here to the tension between ethics and justice discussed in item 224. A basic income yields more scope for a Levinassian ethic of dedication to the humanity, the 'face' of the other, with less pressure for exploitation and rivalry, while it is also an item of justice, in its universal application to all, as an unconditional benefit.

As an element of justice it has also been justified as a 'social dividend', a return on the various forms of capital that have accumulated, as a shared heritage, over many generations, at the cost of much blood and toil. Think of the rule of law, democracy, culture, science, technology, and physical infrastructure of roads, railways, etc. Entrepreneurs pride themselves on their achievements as if those were entirely their own, while in fact they have built their success on leveraging this joint heritage from which others also deserve a return.