

Chapter 7

The era of chronic uncertainty: a transformational opportunity

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We are living in a transformational moment, a crisis, in which the world could lurch into a dark night of authoritarianism, philistinism and neo-fascism or could make a decisive turn into a new age of Enlightenment.

We are also living in an age of chronic uncertainty, in which crises pile into one another, plunging millions of people in almost every country deeper into social and economic insecurity, impoverishment, stress and ill-health. There was the financial crash of 2008, followed by more than a decade of austerity, a series of six pandemics culminating in Covid-19, with more to follow, and now the ‘cost-of-living’ crisis as inflation surges, exposing more people to unsustainable pressures.

Nassim Taleb (2007) coined the term ‘black swans’ to designate shocks that were rare, unpredictable and had devastating consequences. Now, they are not rare at all. But they are uncertain in terms of when, where and why they occur and who will be adversely affected. As such, you and I cannot be confident that we will not be among the victims.

There is something else, too. It looks as if a larger and larger proportion of the population will be affected by the shocks. It was predicted, for example, that 45 million people in Britain – two-thirds of the population – would suffer from fuel-related hardship during the winter of 2022–23, bringing more deaths and ill-health. Natural disasters, such as extreme weather events, hit numerous whole communities, and being in a job these days is far from a guarantee of escaping poverty or economic insecurity.

Three deductions should flow from this bleak scenario. First, feasible economic growth will not overcome the threats. Second, the old social policies are not valid for tackling the new crises. Third, we need to build societal robustness (immunity to shocks) and societal resilience (ability to cope with and recover from shocks), based on a new income distribution system and a new social protection system. ‘Targeting’ assistance on a minority would be futile and inequitable, if only because a majority are actually vulnerable.

And yet there is an awful hesitancy on the left. At times, it has appeared as if leaders of ‘left’ parties are sleepwalking into self-defeating timidity, bringing to mind Gramsci’s chilling aphorism written from prison in 1930:

The crisis consists precisely in the fact that the old is dying and the new cannot be born; in this interregnum a great variety of morbid symptoms appear.

Appeasement is in the air. So-called leftish political parties criticise the plutocracy, and yet accept their largesse in the form of donations and media support. Their leaders take every opportunity to tell 'business' that it will be safe in their hands. The political plane is occupied by social democratic 'think tanks', seeking and exuding respectability, seeking 'relevance' and eagerly expressing 'moderation', granting them continuing access to benevolent 'donors'.

There is a prevailing fear of the grand narrative or vision of the future, and a willingness to play the game with rules set by the rulers, the financiers and the plutocracy. That must end.

1. From neo-liberalism to rentier capitalism

After the collapse of the essentially social democratic social consensus in the 1970s, which marked the end of welfare state capitalism, the world entered an era of neo-liberal economic revolution, derived from the Chicago School of law and economics and the ideology of the Mont Pelerin Society, pushed into reality by Thatcher, Reagan and their followers.

This legitimised a vocabulary of 'free market economy' and 'deregulation'. But what it really did was set up the 'disembedded' phase of the Global Transformation, analogous to the nineteenth century period of laissez-faire described in Karl Polanyi's *Great Transformation* (1944). However, whereas what Polanyi had described was the construction of national market economies this was about the painful construction of a global market economy.

In both cases, the initial disembedded phase marked the ascendancy of financial capital and the deceptive use of the notion of 'deregulation' as a smokescreen for a new system of state regulation, one firmly in favour of capital and of tighter regulation of those dependent on labour for their livelihoods.

Neo-liberalism had run its course by the 1990s, and it is misleading and counter-productive to couch analysis today as if we were living in a neo-liberal era. On the contrary, the regulations, institutions and structures of policies constructed since the 1990s have created the most unfree market economy ever envisaged. It is economically illiterate to call what we have today a 'free market'. It is best described as rentier capitalism (Standing 2016 [2021]; Christophers 2020).

The essence of this current form of capitalism is best captured by the term Polanyi used, namely that the economy is *disembedded* from society. It does not serve the needs of society. It represents the triumph of private property rights over the 'free market' and citizenship rights. A free market might be bad, but this is worse. In the process, more and more of the income generated flows to the possessors of private property – physical, financial and what is converted from the intellectual commons into 'intellectual property'.

Metaphorically, finance has become the tail that wags the dog, the economy. Even before Covid-19 struck, probably leading to further growth, financial assets held by financial institutions had risen to well over 1000 per cent of GDP in the United Kingdom, and were not much smaller in Japan (739 per cent), France (649 per cent), Canada (648 per cent), the United States (509 per cent), Germany (461 per cent) and Italy (396 per cent), among other countries.

Correspondingly, the functional distribution of income has shifted, with the share going to capital rising remorselessly, the share going to labour and work declining, and with a rising proportion of the former taking the form of rent. What makes the situation worse is that more of the income gained by rentiers has been concealed in tax havens. And if that was not enough, finance has been able to capture the state, with ‘revolving doors’ between very senior political positions and executive posts in financial giants, most notably BlackRock and Goldman Sachs.

Another feature of rentier capitalism has been the systematic *plunder of the commons*, through enclosing, privatising, commodifying and financialising all that had been regarded historically as the natural, civil, social, cultural and intellectual commons, turning them all into sources of rentier income, increasingly concentrated in the hands of private equity (Standing 2019). This has even been extended on a grand scale in the rapidly expanding blue economy, the productive activities in the seas of the world (Standing 2022).

The plunder of the commons has eroded the basis of *social income*, the informal system of social protection. Loss of the commons has also made society more fragile and more unequal. We will return to the implications of the plunder in thinking of what the progressive strategy should be for the Global Transformation. But first we need to recall two other correlates of rentier capitalism and the disembedded phase of that transformation.

2. From labour insecurity to chronic uncertainty

In the era of welfare state capitalism in the middle decades of the twentieth century, when the trades unions were at their peak, in a period associated with institutionalised collective bargaining, tripartism, the ILO model of labour-based social security, statutory minimum wages and the like, western European countries were essentially closed economies, with similar labour standards and producing similar goods, and in which the main forms of economic insecurity were labour-related. This was never a wholly accurate characterisation, but it was the norm, to which a majority of the population could relate.

The main forms of insecurity could be covered by reference to ‘contingency risks’ and what William Beveridge famously described as temporary ‘interruption of earning power’, for which forms of social insurance could be devised, based on contributions and compensatory payments to those hit by misfortune, be it by unemployment, accidents, illness or disability. The social security systems that were developed and

extended were predicated on a presumption of near full employment, which meant that the masses were in full-time stable jobs. Again, this was never actually correct, and the system was always profoundly sexist, for example. But it was progressive by the standards of the previous century.

Whatever its merits and demerits, that age has gone. But social democrats (with distinguished exceptions) have clung on to the old agenda and vocabulary, calling for more jobs, for full employment, for labour-based welfare, and in the end becoming atavistic and reactionary, in supporting means-testing, behaviour-testing and conditional social security schemes, often – again, with honourable exceptions – doing more to promote forms of workfare than their ostensible political opponents on the right. This was brought to a peak in the Third Way reaction to neo-liberalism, led by Wim Kok, Bill Clinton, Tony Blair and Gerhard Schroeder in the 1990s.

It was an attempted compromise with finance and rentier capitalism, accepting the core of the neo-liberal model, through ‘labour market flexibility’, conditional residual welfare and central bank independence, while targeting public spending on reducing absolute poverty, particularly child poverty. The trouble was that this model institutionalised inequality and gave the rentiers what they wanted, legitimacy. And it was incredibly naïve. Finance does not do compromise.

Since then, in defensive mode, too many social democratic parties have tended to support their core voters, without showing a real sense of solidarity with the emerging precariat and with those beneath them in a lumpen-precariat, detached from the mainstream labour market. And most in the precariat feel it and have repaid social democratic parties by deserting them in droves. This has been a tragedy for all sides. We need strong collective bodies and strong progressive political movements.

However, there has been a crucial change in the nature of the main pattern of economic insecurity. With the combination of globalisation, rentier capitalism and the ecological crisis epitomised by global warming and the on-rushing threat of the extinction of species and life-support systems, the fundamental source of social and economic insecurity is chronic uncertainty. We feel confronted by ‘unknown unknowns’. This causes mass fear, mass stress, literally an existential crisis, and a tendency of many people to turn to atavistic populists and neo-fascists, the list of whom grows longer by the day.

With contingency risks, such as unemployment, one can in theory make actuarial calculations of the probability of being hit by an adverse outcome and devise insurance systems to give what is, in effect, a promise of ex post compensation. But with uncertainty, as understood in economics, one cannot predict the probability of adverse events. And to make the existential threat so much worse, one cannot predict the cost or the ability to cope with the outcomes or the ability to recover from the outcomes.

Chronic uncertainty is the dominant reality in the twenty-first century. The left is still largely addressing economic insecurity as if it was mainly a matter of covering contingency risks. So, they propose stronger minimum wage regulations, more union

rights, shorter labour time, job guarantees, so-called ‘universal basic services’ and so on. Most of those things may be laudable. But they are not addressing the fundamental structural features of rentier capitalism.

The other side of the picture of chronic uncertainty is that whenever there is a systemic shock or crisis, governments and central banks have reacted by rushing to prop up the system, believing that unless they provide assistance to big finance and big corporations, a great recession will envelope them, swamped by a deluge of unpaid debt, homelessness and unemployment. Governments and independent central banks, having aided the growth and concentration of finance and rent-seeking capital, are, as the saying goes, weeping crocodile tears in rushing to prop up finance on the grounds that they are ‘too big to fail’.

This happened after 2008 in response to the financial crisis, when the banks that had caused the crisis were re-financialised, and it happened in response to Covid-19, when, besides giving huge subsidised loans to well-capitalised corporations, governments and central banks introduced the most regressive social policy in history in job furlough schemes, which social democratic parties endorsed with enthusiasm. They should have known the measures would increase inequalities and lead to massive fraud. Yet even when the fraud was exposed, politicians across the spectrum demanded they should be continued.

No doubt one could rationalise the reactions in several ways. That should not disguise the fact that this is the end of the road, when governments are merely reacting hastily and regressively to each successive crisis, always leaving vast numbers of people suffering in unsustainable debt and life-threatening stress.

There must be a new transformative strategy rather than acquiescence to the restorative needs of rentier capitalism and ad hoc reactions to increasingly frequent shocks. The reality is that there is a lack of robustness, at both individual and societal level, because more people are vulnerable and more cannot avoid being hit. This is combined with a lack of *resilience*, that is, a lack of capacity to cope with and recover from what are economic shocks, whether they stem from economic failures, natural disasters or pandemics.

A progressive response to that would be to build a system of social protection based on providing *ex ante protection*, not just *ex post* compensation. So far, the mainstream social democratic left has resolutely refused to confront this challenge.

3. The precariat rumbling

Meanwhile, rentier capitalism, globalisation and the ongoing technological revolution have produced a new global class structure. Here we need not repeat a description of how this has taken shape or its exact characteristics (Standing 2011 [2021]). But several of its features are crucial to this chapter’s narrative and proposals.

The first is that higher-income groups have been recipients of rentier income, while the emerging mass class has been exploited by rentier mechanisms. Thus, the plutocracy, elite and salariat have all been gaining from the entrenchment of rentier capitalism, and thus have supported political parties and politicians defending it. The proletariat, the old mass working class, has not been gaining from rents, but has also not been systematically exploited by rentier mechanisms. By contrast, the new mass class, the precariat, has been exploited not just through low, volatile and uncertain wages but also virulently through rent extraction, primarily through diverse forms of debt.

The other most relevant aspect of the precariat is its distinctive relations of production. Those in it know that the jobs available, or likely to become available in the near future, are unlikely to provide income adequacy or security, let alone enable them to pursue their occupational dreams. But the educated part of the precariat also recognise that jobs per se are, or should not be, the focus of their lives. It is the work they do outside their immediate jobs that matters for their self-realisation.

This is the first time in history when the mass working class has an average level of formal education that is greater than the level of job they can reasonably expect to obtain or retain. This leads not just to a sense of status frustration but to an orientation to a new way of working and living. This is potentially transformative and could represent a dialectic synthesis of time-use patterns. In the distant pre-capitalistic past, the predominant pattern of working and living could be described as ‘commoning’ – doing shared activities in and with the commons. To do labour, paid or unpaid, was a badge of shame, alienated activity.

Only with capitalism did the majority become sucked into labour, into jobs, into positions of subordination. Then social democrats and state socialists struggled to put more people into decent labour, wanting as many people as possible in employment, that is, in positions of subordination to bosses. Anybody not in a job was ‘parasitic’ and, if necessary, should be coerced into a job.

There is still a strong streak of that way of thinking in social democratic and labour movements. What northern European social democrats called ‘the work line’ has always been really ‘the labour line’. Doing unpaid care did not count as work. Not being in a job was a social sin.

The educated precariat does not suffer from that false consciousness. They do not expect ‘happiness’ from jobs; they require jobs as instrumental. The social democrats joined the political right in saying that everybody wants to be in a job and derive their dignity and happiness through being in a job.

The popularity of David Graeber’s book on ‘bullshit jobs’ (2018) and the phenomenon of the Great Resignation following Covid have revealed a deeper truth. A new politics of time beckons. I will leave that for another occasion (Standing 2023). Here we may merely assert that an emerging synthesis will probably involve more and more people wanting a variable mix of work that is not labour, commoning (shared, non-paid economic activities) and leisure in the ancient Greek sense of *scholē*, that is, public

participation, all grounded by ecological imperatives. There will be an escape from the 'jobholder society' so memorably depicted by Hannah Arendt (1958).

In that context, this chapter will conclude with a proposal for two structural reforms that would be necessary to enable a new time pattern to emerge in an ecologically sustainable manner.

4. Eco-fiscal policy

For the past century, social democrats have supported a model of society in which high and progressive taxes on income and consumption have been justified as the means of reducing inequality and poverty while paying for a growing array of state benefits and public services. For many decades, that prescription served them well, assuring regular electoral victories.

Since the 1990s, that has ceased to be the case. The political right may not have won the intellectual or moral argument, but their prescription of low income tax, low corporation tax on profits and low consumption taxes has had increasing popular appeal, draining support for the left from those gaining from tax cuts, even if they still support public services and benefits. The social democratic parties have been so traumatised that they have come to support tax cutting.

It is no use the left lamenting the passing of the era of high and progressive income tax. It must reinvent fiscal policy. To do so, it must recognise once and for all that the income distribution system of the social democratic decades of the twentieth century has broken down irretrievably. Whether there is high or low GDP growth, most of the extra income flows to the owners of property, financial, physical and intellectual, while less and less goes to those who rely on labour. That applies in countries in which unions are strong, as well as where they are crippled. This is an era of rentier capitalism.

Moreover, in the globalised economy dominated by finance, it is easy for high-income recipients to avoid income taxes. They just use tax havens, as has been happening to a growing extent, as the Panama Papers and other evidence shows (Alstadsaeter et al. 2018). Across Europe, offshore wealth is about 10 per cent of GDP nowadays; in the United Kingdom, about 20 per cent. The wealthy hardly pay income tax, whatever the rate. The fact that they pay a large share of the total merely reflects the fact that they obtain a much larger share of the income.

In response to cuts in income, consumption and corporation tax, however, the left has been defensive. In the United Kingdom, this was vividly demonstrated by Labour's reaction to the regressive 'mini-budget' the thankfully short-lived Liz Truss government introduced on 23 September 2022. The budget lowered the basic rate of income tax to just 19 per cent, starting after a tax-free allowance of £12,570. Immediately, Labour said it would not reverse the cut. Due to the shambles of that government, the enormity of this statement escaped public comment.

In instantly accepting the tax cut, the supposedly social democratic opposition accepted a tax rate so low that financing public services would become even more problematical. There was not even evidence that the public wanted such a low rate. On the contrary, a survey (NatCen 2022) found that 52 per cent of the electorate favoured tax increases. Nor was there any evidence that cutting income or corporation taxes increased economic growth; they merely increase inequality (Hope and Limberg 2020).

The questions one felt inclined to ask Labour were: How low a tax rate would you be prepared to tolerate before you squealed stop? And how would you pay for good public services and decent state benefits if you did not tax incomes to pay for them?

The more general question for the left across Europe is how to make taxation popular, progressive and functional. The answer should be based on overcoming the right's populist trick, claiming that taxing income is 'disincentivising' and a reflection of 'envy' by the losers in society snarling against supposedly dynamic entrepreneurs and energetic workers.

Facing this predicament, the left should opt for what may be called an eco-fiscal policy, one designed to dismantle rentier capitalism and to satisfy the vital need to confront the ecological crisis seriously. The left should be pragmatic. Although tax rates could and should be higher than at present, the left should accept that high progressive income tax is out of date, and make it clear that income and consumption taxes are mainly for public services and infrastructure, including transport, defence, housing, schools and other social needs. Beyond that, it should restructure fiscal policy so as to make it a means of common justice.

For that, we should start by reviving the idea of the commons, that is, resources and assets that belong to all of us, as commoners. The commons include land, air, water, minerals, the sea, seabed and seashore, as well as commons bequeathed to us by previous generations. Yet all forms of commons have been taken or eroded illegitimately, through enclosure, spoilage, privatisation and financialisation. The left should demand that commoners be compensated for that plunder.

Words and how the narrative is presented matter. This is vital in the sphere of fiscal policy. The term 'levy' should be used rather than 'tax' to indicate three distinctive features: first, that it is not a tax on labour, work or consumption; second, that it is a cost imposed on those taking from our commons, which belong to everybody equally; and third, that the revenue from it will be recycled as common dividends on common wealth.

So, what should be covered by this new eco-fiscal policy? Start with a progressive *land value levy* (LVL), which should start on landholdings of above the typical garden size, to avoid it being dubbed 'a garden tax', and thus made politically difficult. A progressive LVL is further justified by the fact that the value of land has jumped as a share of non-financial assets, partly because of globalisation and speculation by global finance. Across the OECD, land now accounts for over a third of all non-financial wealth, and in the United Kingdom it has risen from 39 per cent in 1995 to 56 per cent today (The Economist 2022).

Then introduce a *wealth levy*, probably instead of inheritance tax, excluding land if there is an LVL. In European countries, wealth is taxed much less than income, wealth inequality has risen relative to income inequality, and most wealth is inherited and thus unearned, by definition. Even a 1 per cent wealth tax would raise huge revenues, and be harder to avoid than income tax.

Next, following Sweden's lead, there should be a high *carbon levy*, a tax on carbon emissions, which are causing climate change and acidifying the oceans. According to the IMF, only a fifth of global emissions are covered by proper pricing. A carbon levy would transform the atmosphere into a regulated commons. And we know that the rich cause most of the pollution, while low-income groups mainly bear the costs, including ill-health.

By itself, a *carbon levy* is potentially regressive, in that paying for emissions would represent a higher share of a low-income person's income. It would become progressive only if all the revenue were recycled to all commoners equally. The way to ensure that is to channel the revenue into what could be called a *commons capital fund*, from which all usual residents would be entitled to equal common dividends. Here is not the place to go into details. The point is that progressives should shift to eco-fiscal policy and build mechanisms to ensure that outcomes are progressive.

Complementing the *carbon levy* should be other eco-levies based on the twin principles of needing to disincentivise ecologically destructive practices and charging those who take from the ecological commons, which is disproportionately the rich, in order to compensate those who lose, who are mainly low-income groups and communities. Among such levies should be a *frequent flyer levy* and a *bunker-fuel levy*. With regard to the latter, luxury cruise ships and other giant vessels use the dirtiest diesel fuel and leave their engines running at all times when in port, producing such polluted air around major ports that the incidence of throat cancer and other major medical illnesses is much higher than in most other places.

Next, eco-fiscal policy should target rental income gained by exploiting the commons. Here we should salute Norway, which has just announced a ground rent on industrial aquaculture (salmon farming) as well as on hydropower (Dronen 2022). Generically, this could be called the *aquaculture levy*. Given that major aquaculture firms only pay about 50 per cent of production costs, the rest being borne by local communities and surrounding ecosystems, Norway's proposed 40 per cent levy could be copied in other European countries where fish farming is booming. As proposed in my book *The Blue Commons* (Standing 2022), the principle could be extended to sea fishing, seabed mining and offshore windfarms.

Among other levies should be a *digital data levy*. The Big Tech corporations make billions of dollars from our work, as we continuously provide them with information all the time we use electronic devices, which they sell to advertisers. They are taking rental income from the information commons. That should be shared, justifying a levy on their advertising revenue, put into the common fund, as it would only be fair if everybody received an equal share of the revenue.

Beyond eco-levies, the left should play on the right's ideological contradictions. They justify shareholder capitalism by claiming that shareholders (principals) pressurise managements (agents) to pursue long-term growth. That assertion had some residual veracity decades ago when the average time a share was held was seven years, but today it is under six months and falling. So, a *financial transactions levy*, a form of Tobin tax, would incentivise what the right claim to want, and it would be progressive. In other words, it would encourage shareholders to take a longer-term perspective on investments and reduce the tendency of rapid resource depletion and asset stripping.

Similarly, besides being progressively redistributive, a *market concentration levy* would be a form of anti-trust measure. The right say they are opposed to monopolisation as contrary to a 'free market'. But, assiduously pursued by finance, conglomeration in almost all spheres of capitalism has resulted in a sixfold increase in the average mark-up of prices over production costs (De Loecker and Eeckhout 2021). So, to combat conglomeration, a levy should be imposed on profits of corporations that take more than 20 per cent of their market. This would be better than a 'windfall tax', because it would address a structural fault rather than a temporary phenomenon.

There is also the other side of fiscal policy, which receives remarkably little attention in progressive economic thinking, namely government subsidies. These are really a 'negative tax', and are mostly regressive. A progressive fiscal policy would take an axe to thousands of selective subsidies that governments give to special interests. There are 1,190 in the United Kingdom. If the right claim to believe in free markets, giving distortionary subsidies is hypocritical.

One sphere in which subsidies are huge, damaging and regressive is fishing, mainly for fuel to enable industrial fisheries to carry out long-distance fishing. The World Trade Organisation trumpeted an agreement reached in mid-2022, but all it did was ban some subsidies for *illegal* fishing, which is an oxymoron. The WTO even removed reference to 'harmful subsidies' from the agreement's final text. Globally, \$35 billion is spent on such subsidies. They are causing fish populations to collapse. Fishing subsidies should be ended without delay.

Subsidies are always distortionary and usually regressive. Governments' resort to subsidies during the Covid-19 pandemic was an opportunity for the left to be intellectually consistent, by applying a 'progressive stress test', namely that a fiscal policy should be supported only if it does not increase inequality. The job furlough schemes rolled out across Europe failed that test miserably. But social democratic parties vociferously supported them. It was predictable from the outset that they would intensify inequality – giving far more to the salariat than to the precariat – and be subject to massive fraud. Both proved correct. They also propped up numerous 'zombie firms'. Yet the left demanded that they continue.

In sum, for the Global Transformation, progressives should champion an eco-fiscal policy that would leave conventional income and consumption taxes for normal government spending needs, aided by the abolition of all existing regressive subsidies,

while building a set of levies that would be ecologically beneficial while acquiring at least some of the gains made by those interests who have taken or abused the commons. The question remains: Who should receive the revenue?

5. Time for a basic income

We are left with the biggest challenge for the precariat and for many people outside it. It is the need to overcome chronic social and economic insecurity and to reduce the inequalities that accompany rentier capitalism. At this point, progressives everywhere, especially in the unions, should reconsider their position on the desirability of moving to an income distribution system built to provide everybody with a modest basic income as an economic right.

The fundamental justification for moving in that direction is moral. But at this moment of transformational crisis, it is also becoming an economic imperative. Let us consider these points in turn.

5.1 What is basic income?

First of all, what is a basic income? One of the problems in the extended debates on the idea has been that many commentators do not know what it means, or talk at cross purposes by having in mind a different idea from what mainstream advocates have been saying.

A basic income system would provide every legal resident of a country with an equal monthly amount, without conditions, as an economic right. It would be paid *individually*, with equal amounts for every man and every woman, with a smaller amount for each child, paid to the mother or surrogate mother. There would be automatic supplements for the disabled and frail elderly with extra living costs and probable lower earnings. The basic income would be paid on an individual basis, not on a household basis, and would be non-withdrawable. Basic income is ‘universalistic’ because it would be paid as an economic right. That it would be paid individually would not make it ‘individualistic’. On the contrary, it would encourage a sense of community and social solidarity.

It is better to avoid the widely used term ‘universal basic income’ because, for the foreseeable future, basic income would have to be set at national level and, for pragmatic political reasons, recent or undocumented migrants would not be covered, in order to make it electorally feasible and to avoid charges that it would induce more in-migration, in what has been called ‘welfare tourism’. Of course, migrants (documented or not) and refugees should receive financial assistance, but such assistance should be provided by other schemes.

Crucial to a basic income is that it should not be means-tested, that is, determined by some measure of a household’s poverty status. Means-testing is notoriously prone to large exclusion errors, is costly to administer, uses up a lot of time and effort by

claimants, and involves dysfunctional ‘poverty traps’, because anybody who tries to earn more from additional economic activity will lose entitlement to benefits.

There is nothing in the concept of a basic income to suggest there could not be a multi-tier social protection system, with contributory, insurance-based schemes and even means-tested and private schemes playing roles. But the anchor of the system should be the basic income.

There is also nothing in the basic income concept to indicate any optimum level. Some advocates propose a high level equal to average income, others just enough to enable survival *in extremis*. The important point is to start on the road to a basic income system, paying out a rising amount as funds become available and as behavioural effects are monitored. Crucially, whatever the initial amount, it should be enough to make a substantial material difference to the living standard of low-income individuals, families and communities. As funding sources were built up, the level could be adjusted upwards.

5.2 The moral rationale

The fundamental justification for a basic income is ethical, not instrumental. Basic income is a centuries-old idea that has its roots in notions of common justice. As Thomas Paine, an early advocate, put it in his 1795 pamphlet *Agrarian Justice*, ‘It is not charity, but a right, not bounty but justice that I am pleading for.’

The wealth and income of all of us are due far more to the efforts and achievements of the many generations before us than from what we do ourselves. But we do not know whose ancestors contributed more to our wealth. If society allows for private inheritance of private wealth – which is a lot of ‘something-for-nothing’ or ‘handouts’ for a lucky minority – then we should allow for social inheritance in the form of a social dividend or basic income.

A basic income would also be partial compensation for loss of the commons, which belong to all of us equally, but which have been appropriated by privileged elites and corporations to generate private wealth. In this context, the commons are not just land, waterways, forests, parks and natural resources, but also the social amenities and public services we inherit as a society, and the body of ideas and knowledge.

If one is religious, basic income could also be seen as a matter of religious justice, in that God has given people unequal talents, so that it would be a way of compensating those with lesser talents. This seems to be why Pope Francis has come round to supporting it. It is also a matter of ecological justice, in that the rich pollute more, while the poor are more afflicted with the consequences. It would promote ecological justice more than prioritising resource-depleting jobs.

It is also a matter of ‘compassion justice’. By giving everybody an equal economic right, it would roll back the charity state or reliance on pity, which as David Hume showed is

akin to contempt. A basic income would promote ‘public dignity’. Finally, it would be a matter of ‘work justice’ in rewarding work that is not labour, notably unpaid care done mostly by women, as well as voluntary community work, including the increasingly vital ecological work.

Basic income would help to promote gender and racial equity because it would be an equal payment to every individual, regardless of household, income or employment status. It would thus help to equalise power relations within households, relieving financial dependence on a household ‘head’, and avoid the stigma and burden of means-testing and behaviour-testing intrinsic to current welfare systems, which fall most heavily on the most disadvantaged.

The second ethical justification for a basic income is that, unlike other social policies, it would enhance all three forms of freedom. The first is ‘libertarian freedom’, the desire to be free from constraints and free to choose. Modern policymakers impose paternalistic controls on ‘the poor’, telling them what they must or must not do, on pain of worse impoverishment. Basic income comes as a right with no conditions attached, with people free to spend their money as they wish, prioritising what is most important to them.

A basic income would strengthen the ability to say ‘No!’ to abusive or exploitative relationships and strengthen the ability to say ‘Yes!’ to forms of paid and unpaid work that might otherwise be out of reach. At the same time, people would also be able to accept low-wage jobs, if they wished, without losing benefits or could reduce hours in jobs to spend more time caring for their loved ones, neighbours and community. Nobody should need reminding in these pandemic times that there is a care deficit.

A second form is ‘liberal freedom’, the freedom to be moral described by the great nineteenth century idealist philosopher T.H. Green as the ability to decide and do what you think is right. You cannot be moral if you have to do as you are told or ‘steered’ to do. A basic income allows people to decide for themselves how to act.

The third form is ‘republican freedom’, freedom from actual and potential domination by people in positions of unaccountable authority. A woman, for instance, may lack such freedom if she can only do things on approval by a husband or father, even if they usually ‘allow’ her to do what she wishes. Basic income experiments in the USA and elsewhere have found that in some cases women who had their own basic income were able to leave abusive relationships and escape domestic violence, which has risen in many countries during the pandemic lockdowns.

Mahatma Gandhi put the republican point well in saying that freedom means being able to look others in the face and not having to give in to their will. John Locke also understood ‘natural freedom’ as meaning we can act without having to ask for assent and without fearing retribution, unless doing harm to others. A basic income would also pass what I have called *the Paternalism Test Principle*, which should be applied to every social policy. This asserts that a policy is socially just only if it imposes no controls on some groups that are not applied to the most free groups in society.

A third ethical rationale for basic income is that, even if modest, it would enhance basic security. Besides being a human need, basic security is a public good, in the sense that if one person has it others are not deprived of it. Indeed, it is a superior public good, because if everyone has basic security its value to each and every one of us will rise.

More and more people are living precarious, insecure lives in a globalised world characterised by chronic uncertainty – ‘unknown unknowns’ – in which one cannot predict the probability of a shock, or the difficulty of coping and recovering from it. A modest basic income could not protect us from all uncertainty, but it would provide a guaranteed income floor and thereby increase resilience.

Being insecure reduces ‘mental bandwidth’, lowering short-term IQ and reducing the capacity to think rationally and long-term (Mullainathan and Shafir 2013). Insecurity and the stress that goes with it also damages mental and physical health, leading to social illnesses and ‘deaths of despair’ (Case and Deaton 2020). This is a well-documented tragic situation among Indian farmers, but has also hit the precariat in all parts of the world.

By contrast, basic security through a basic income has been shown to improve intra-family relations, reduce domestic abuse and violence, improve child development, and reduce the inter-generational transfer of poverty. At a societal level, basic security strengthens feelings of altruism and tolerance towards ‘strangers’, with the potential to make people more resistant to the siren calls of neo-fascist populism.

The trouble with most other social policies ostensibly designed to reduce poverty and socio-economic vulnerabilities, including subsidies for food and other basics as well as public works and job guarantees, is that implicitly they declare that the state (and those advocating them) knows what you need, and that it will give it to you. A basic income advocate is saying, ‘We do not know what you need, but we will try to provide the means for you to obtain it’.

There is one final feature that has not received the attention it deserves. A basic income would provide feelings of *future security*, surely a valuable psychological sentiment worthy of attributing an economic value, because the basic income is an individual right guaranteed for the future. Of course, that would have to be defended, but a constitutional right would be the most robust way of pursuing it.

Besides the three moral imperatives – common justice, freedom and basic security – there is now a strong economic imperative. In a globalising economy and a deteriorating ecology characterised by chronic uncertainty, there is a need for an automatic economic stabiliser and a need to shift from ex post compensation for contingency risks to a social protection system that offers ex ante security, that is, the assurance that whatever shock hits, everybody will have a sense of resilience. Without resilience, no society can thrive.

6. Concluding remarks

The careful reader will have noticed a missing link in this chapter's thesis, namely, how could we afford a basic income? The main part of the answer is that the eco-levies should be channelled into a new commons capital fund, the revenue used in part to invest in ecologically sustainable production. As argued elsewhere, depending on the source of the revenue, a large part of the revenue could be used to pay out equal common dividends, or in effect a gradually rising basic income.

In sum, the proposal is an eco-fiscal policy, combined with a commons capital fund and common dividends as basic incomes. This would be a necessary strategy to achieve a progressive transformation that would meet three imperatives of a twenty-first Good Society: ecological revival, basic security in an environment of chronic uncertainty, and a progressive reduction in inequalities that would allow for new patterns of work and commoning to take shape. It surely can be done.

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All links were checked on 13.03.2023.