

“Fighting eight giants: basic income in times of a pandemic”

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Introduction

The devastating effects of the pandemic constitute a crisis that was easy to expect and that has all the potential to turn into a true pandemic depression. The depth of the crisis reflects the fragility of the economic system that has been forged in four decades of globalization, better described as *rentier capitalism*. This has made the global system particularly fragile in the face of shocks and is bound to significantly worsen the economic consequences of the pandemic.

The social fragility before the onset of Covid-19 reflected the fact that the road to a *Good Society* was blocked by what we could define as the *Eight Giants*. The pandemic crisis has created a situation in which the policy for the introduction of the universal basic income no longer reflects only an ethical and human solidarity principle, but is now a precise economic imperative.

1 – Historical perspective on the evolution of the recent economy

Society as a whole is in a key transformational moment which reminds us of the economist *Karl Polanyi* 's thesis on *the great transformation*, which is more relevant than ever in today's situation. Polanyi argued that in the nineteenth and early twentieth centuries international capitalism was dominated by finance and, more specifically, by finance capital; this situation had initiated a process of growing inequalities and insecurities which would have entailed, as a consequence, a genuine threat of the annihilation of civilization, which would have affected in particular the clear distinction and demarcation between economy and society. According to Karl Polanyi, an authentic "great transformation" of society would have been possible only by pursuing the objective of re-incorporating the economy into the broader process of social progress and of organizing a *capitalism of the welfare state*, capable of moderating the extent of situations of insecurity and inequality. This model of capitalism, which was partly realized in the following decades, was mainly based on the development of the industrial capitalism, on a very male oriented labour market and a very male – dominated welfare state system, rather than female workers; whether it was based on *Beveridge* principles, or on *Bismarck* principles or even on the Swedish model principles.

This model of capitalism substantially broke down in the 1970s and initiated a global transformation, the construction of a global market economy

At the beginning of this new phase, the neoliberals who also culturally and politically dominated that period issued a real "free market" agenda, defining a specific program that aimed to dismantle social institutions and alter the balance of power in favor capital and finance. The initiatives of the most important institutional representatives that emerged in that period - *Margaret Thatcher*, *Ronald Reagan* - were closely linked to the implementation of the orientations and commitments of this agenda.

My argument is that from that time on, the entire evolutionary process of the global economic system has been based on a huge lie; that is, on the attempt to create a free market economy. The result demonstrates this because in fact, in the current situation, we have the most unfair market economy system, the least free of those ever experienced in the world before and which can be defined as *rentier capitalism*. *John Maynard Keynes*, the most famous economist of the twentieth century, predicted that rent capitalism would cease to exist before the turn of the century, which it did not. An explanation is that Keynes neglected to realize in his reasoning the power of capital and the elites on the processes of evolution of society.

In fact, in recent decades, society has witnessed a progressive increase in income, wealth and power in the hands of property owners, be it physical, financial or intellectual property; while, on the

contrary, less and less income is going to citizens who rely on labour and work in the organization of their lives. In the same era, since the 1980s, we have witnessed a progressive crumbling and dissolving of the old welfare state, with the failing of the main forms of protection for citizens; or with the linking the assistance services more and more to apply methods aimed at social behaviour control (i.e., social assistance accompanied by means testing, behavioural testing, punitive sanctions in welfare schemes, workfare)

This situation is a global phenomenon and describes how the nature of the state has substantially changed: that is, how the contemporary state is increasingly oriented and involved in protecting the interests of plutocracy and the elites and the salaried – middle income, upper income groups -, rather than concerned with the correction of the negative effects of the widespread increase in precariat and insecurity that involve increasingly large social groups.

2 – A weak economic system

Rentier capitalism has created a very fragile global economic system, lacking in robustness and resilience in the face of the repetition of financial crises. In this context, the Covid-19 pandemic - the sixth pandemic of the last hundred years, even if it was not as lethal as the Spanish flu epidemic was for example in the last century - is destined to have a huge and widespread long-term impact on the global economy.

In the current situation, the main factor of social insecurity that is registered all over the world concerns uncertainty; an element of widespread apprehension on which it would be urgent to intervene effectively to prevent it from causing new and different pandemics, social diseases, financial crises, recessive economic phenomena: what could be called *black swans*, due to their negative character, often unpredictable.

In this regard, the tragic circularity of history should lead us to conduct, for example, analyses on the consequences of World War II in order to understand how society has evolved since then, how the major weaknesses of the system were addressed and what those are still today more persistent and unresolved. *William Beveridge's* report (1942) already stated that it was precisely from that tragic period that fundamental changes in the structure of society should have been promoted, that such transformations were essential to create the conditions for true progress and that to achieve it, it was necessary to defeat five "giants": disease, ignorance, idleness, squalor and misery.

3 – Basic income and the "eight modern giants"

Those five "giants" figuratively represented the main social weaknesses of that historical moment: poverty, lack of education, inadequate housing, lack of work or employment, inadequate health care.

It is a fact that the organization of welfare states, promoted in a widespread way especially after World War II, has managed to reduce the impact and negative consequences caused by those "giants". But in the current situation, things have changed profoundly and the "giants" have resumed spreading their nefarious action.

Furthermore, it should be noted that *rentier capitalism* has not only strengthened them, but has also contributed to generating "eight modern giants" which are: *inequality, insecurity, unprecedented debt, stress, social precariousness, automation, threat of extinction, populism*. The fact is that we will not get a good society in the 21st century unless we seriously weaken all eight of these modern giants.

It is in this context that the value of the proposal to adopt measures aimed at spreading basic income is affirmed, as a valid solution to counter the work of these "giants" and restore effective conditions of social, economic and ethical equality. A basic income understood as even a modest sum but aimed at building minimum security conditions, paid equally to everyone, men and women, without constraints or special tests or checks, without telling them what to do or not to do. Such an instrument, which in the past was justified by substantially ethical principles of human solidarity, in

the current situation of radical transformations induced by the pandemic crisis is justified rather by the principles of widespread economic progress, social advancement, justice and freedom.

1st Giant: INEQUALITY. It can be represented as both wealth inequality and income inequality. The reference to these two situations has taken on great importance because the ratio between wealth and income has increased dramatically in favour of the former. This is demonstrated by the fact that, for example, the financial wealth possessed by small groups of private operators has reached the point of even corresponding to 100% of the total national income of various states. Thus, in Great Britain where the financial assets represent over 1000% of national income, in Sweden and Switzerland where the share is equal to 900%, in France where it is equal to 670%. To this it should be added that if we were able to calculate all the wealth accumulated in tax havens, we would have to correct and raise much more than the Gini index, that is the most important internationally shared measure of inequalities, is currently done.

In this analysis, financial wealth must not be considered as a specific element in its own right because it also has direct implications on the physical well-being of people, the spread of pathologies, properties. For example: it is a fact that inequality in the distribution of wealth creates the conditions for which the majority of citizens have a weak capacity to organize adequate defences in the face of the spread of diseases because they cannot refer to a sufficiently resilient public-private system.

In these conditions, the wealth linked above all to the annuity positions should be recycled to financially support a basic income and to structure a new income distribution system, which puts all people in the best condition to do their jobs well, pursue the personal development and living in safety.

2nd Giant: INSECURITY. When it becomes chronic, insecurity lowers people's mental bandwidth, their intelligence quotient-IQ, their capacity to be rational. In this specific process, states are like mediators between people and the external environment: they can allow them to live in chronic insecurity or not. If states fail in their task of reducing people's insecurity, they are unfair in asking them to act responsibly and rationally because insecurity is a corrosive factor.

Companies should be able to provide people with ex ante protection. The ex-post safeguard created after World War II was mainly based on the welfare state systems but ultimately failed to correct the inequities of the market and, therefore, of the system as a whole.

3rd Giant: THE DEBT OF STATES AND FAMILIES. It is currently an unprecedented debt and is the result of the conditions in which financial capital has been able to operate in recent decades. These conditions highlight the fact that the financial system is able to grow as people get into debt. In other words: financial capital wants us all to be in debt because this is the best condition for making profits. This is not an accidental situation, but organized as a system; but it is also a situation in which it is not considered that debt corrodes the ability to be healthy and rational.

Normally, when severe economic and financial crises occur or, as currently, an unforeseen pandemic crisis, millions of people end up living on the edge of unsustainable debt. In 2020, for example, at the start of the pandemic, household debt in many states was nearly 200% of national public income. Corporate debt also increased greatly because they deliberately borrowed money, including to take advantage of tax relief, and then distributed the profits to their shareholders. It is in this way that many companies have presented income increases compared to the past.

4th Giant: STRESS. In the current situation, millions of people live in permanent stress, as evidenced by numerous surveys. A stress that, among other things, produces tumours, ulcers, various types of diseases and, on another front, negative and counterproductive social behaviours. *Rentier capitalism* rewards the plutocracy and the lack of a specific public policy aimed at reducing the widespread stress among the people that is damaging the stability of the social system.

5th Giant: PRECARIETY. Precariat does not only concern the problems of unstable or occasional work, even if it constitutes a part of it. Precariat is a wider phenomenon that concerns the system of fundamental rights. It is a dramatic social flaw that does not allow people to have, exercise, enjoy

civil, cultural, social, economic and political rights. In a nutshell: if you are part of the precariat, you have no rights.

The original Latin meaning of the word precariousness was that of “obtaining with prayer”. Citizens and precarious workers live in a situation in which they are forced to ask, for example from public administration bureaucrats or employers, for positive discretionary evaluations and favors in order to survive. This undignified way of organizing a society causes anger among those people and does not make them feel part of their community, with all the psychological and political consequences that this entails.

6th Giant: AUTOMATION. Artificial intelligence and robotics in general are increasing inequalities and the spread of precariousness and insecurities. To benefit from the positive effects of new technologies, states should at least control, condition and guide the related processes. A discussion with the creators and owners of the Artificial Intelligence - AI instrumentation becomes necessary to share their income and incomes for the benefit of the whole society.

7th Giant: THREAT OF EXXTINTION. The real risk of extinction of many values and assets caused by the deterioration of the environmental situation could be the decisive factor in encouraging the transition to basic income. Carbon-taxes are only a practical example of a structured approach to tackle global warming, pollution, the disappearance of ecosystems, biological species, ways of life. To function properly, such carbon-taxes should be supported by a capital fund referring to the commons. This instrument could initiate a process of reconversion of the revenues obtained in this way in order to make the related taxes politically, economically and socially acceptable.

Basic income could help change people's habits and promote a better way of life, giving a fair value to human life and the ecosystem in which it takes place. With the payment of a basic income, capable of guaranteeing a minimum income to the recipients, it would be possible to involve people also in jobs that are not excessively paid but socially useful; it is the way to enhance, for example, the ecological assistance and community work, carried out by men and women, which is not recognized at all by economic statistics.

8th Giant: POPULISM.It is a political monster encouraged and promoted by a society in which precariousness and the sense of insecurity are widespread, where people are stressed, frustrated by the conditions of inequality and worried about their survival.

Former US president *Donald Trump* was a concrete example of how populism is cultivated and enhanced by such a society. However, it is a fact that in this case this political approach has not been able to establish itself firmly because people have recognized the implications and consequently avoided re-electing him as president a second time. Similar examples relating to the appearance of similar political monsters can be found in several other countries, within the EU and outside it, with widespread experiences of abuse of power, violation of consolidated fundamental rights, control of social media etc.

A change agenda that defeats populism is badly needed. This assumption implies the ability to know how to start a new era based on progressive ideas for the future.

4 – Conclusions

The basic income does not represent the only solution to all the problems previously illustrated and marked by what we have defined as the fight against the eight Giants but it is an essential component of a new forward-looking agenda that, for the coming years, defines the terms and the conditions for a real and balanced advancement of society.

Forty-three cities in the United States are experimenting with basic income, thirty-two city councils in Britain have voted in favour of local pilot projects, one province in South Korea is applying it concretely, and India and Africa are also moving to initiate similar experiences.

Each basic income experiment has led to improvements in people's health and nutrition; in addition, it has produced more work and promoted the empowerment of women and people with disabilities and a sense of hope thanks to the security of having a guaranteed minimum income.

Financially, the best-case scenario for basic income would be a combination of property and green taxes to support its implementation. The related funds should subsequently be re-used to support green investments and to gradually increase the level of the basic income itself.

To achieve this result, the first step for basic income goes in the direction of dismantling the system of intellectual property rights; a system that in the last two decades has actually allowed the granting of monopoly powers to large companies with the result of creating a situation decidedly contrary to any free market ideal. To this we must add the negative effects spread by the degradation and lowering of general levels of education which, it should be emphasized, as already happened in the early 1930s, has led many people living in precarious and insecure conditions to be subject to manipulation by the promoters of populist political ideas.

However, it is a fact that the growing part of the precariat is made up of young graduates who, despite not having a sense of the future to build, are highly educated and, consequently, aware of the fact that the old policy is no longer justifiable, nor desirable. This need for change should be supported and oriented because it illuminates the possibility of building an ecological, egalitarian and emancipatory society.

Indeed, this historical moment is full of possibilities and/or needs for change: in this regard, adequate initiatives in the education sector and for a reflection on new political orientations could help to identify and build a positive outlet for this complex situation.

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