

Philippe Van Parijs
BASIC INCOME AND THE LEFT

Conversation with Cosma Orsi, Andrea Fumagalli and Stefano Lucarelli
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1 - Prof. van Parijs, you are a tireless advocate of Basic Income. What drove you to embrace this line of thought in the first place?

Two things. One was the search for a solution to massive unemployment that would not rely on a crazy attempt to make the GNP grow ever faster in order to outpace productivity growth. The other was the hope that, after the great disappointment of the communist project, there could be a radical yet realistic alternative to capitalism as we knew it.

2 - A redistributive proposal such as BI entails a specific ideal of justice and society. What is your position about justice and society?

The short answer is: "Real freedom for all". Justice consists in organizing social institutions in such a way that the people with least real freedom to conduct their lives as they wish are granted as much real freedom as is sustainable.

3 - Your latest book on BI has just been published in Italy by Egea. In this work you define BI as "an income provided by a political community to all its members, on individual basis, with no strings attached". In what respects is your proposal different from the neo-liberal one, which consists in a negative income tax, and from the social-democratic one, which consists in a minimum income to be provided only to those suffering a condition of semi-absolute poverty?

A basic income is individual, universal and unconditional: it is paid irrespective of who one lives with, of how much income one has from other sources, and how whether or not one is willing to work. These three features make it different from the means-tested guaranteed minimum income schemes that are in place in various countries (such as France's RMI). Whether they were introduced and maintained by social-democrats, christian-democrats or liberals, these schemes constitute a considerable progress over income support systems consisting of contributory social insurance schemes and discretionary social assistance.

Relative to such schemes, a negative income tax scheme constitutes a further progress. The existing schemes give poor household the difference between their income and some poverty threshold. They therefore punish any effort a poor household may make to earn some declared income through a corresponding reduction in the benefit they are entitled too. A negative income scheme gets rid of this absurdity by making work pay for all its beneficiaries. And, partly for this reason, it also gets rid of the conditionality: no restriction to those willing to accept employment needs to be imposed.

A negative income tax is therefore a further important step in the direction of a basic income. It tends to have a bad name on the left because of its association with the neo-liberal guru Milton Friedman. But the most elaborate early intellectual

advocate of the negative income tax, back in the 1960s, was not Friedman but Jim Tobin. A negative income tax does not need to be pitched at a very low level, nor viewed as a substitute for the whole of the welfare state, as imagined by Friedman. It can be viewed as the most basic component of the welfare state, to be supplemented by a number of specific conditional schemes at a level correspondingly adjusted. In this role, however, it is inferior, as Tobin himself noted, to a "demogrant", i.e. a universal basic income, which he saw as just a more poor-friendly variant of it: a demogrant scheme consists in giving ex ante as an individual grant paid what a negative income tax scheme gives ex post in the form of a refundable tax credit.

Needless to say, the structure of a scheme does not determine its level, and its level matters a great deal when assessing specific proposals.

4 - Can you explain your idea of BI referring to the notion of citizenship, and the kind of beneficiaries (individual, family, provided on universal basis or only to some categories)?

In most proposals, a basic income is understood as being paid to all permanent legal residents. When it is restricted to residents above a certain age (say, 18), it is complemented by a child benefit scheme that entitles the parents of each child to a transfer, usually lower than the basic income for adults, irrespective of their income or marital situation. When it is restricted to residents below a certain age (say, 65), it is complemented by a basic pension scheme that entitles each elderly person to a transfer, usually higher than the basic income for other adults, irrespective of their career, current income and marital situation.

5 - In your book, you stress the ethical and philosophical reasons (social justice) which legitimize the introduction of BI. The economic reasons are limited to the reduction of negative phenomena such as poverty and unemployment. Don't you think that there might be economic reasons able to underpin BI? For example, conceiving BI as a viable instrument for compensating the work activity which at present subsumes ever more the entire life of millions of individuals. In other words, within a framework of cognitive capitalism, the struggle for BI can be intended as the equivalent of the struggle for a higher salary during the Fordist paradigm?

There are no ethical arguments on one side and economic arguments on the other. It is for ethical reasons that we are bothered by unemployment and poverty. And we need economic reasoning in order to determine how to fight them intelligently. Hence, if there is anything specific to cognitive capitalism that makes basic income particularly appropriate, it is for reasons that remain ethical while needing some economic analysis to be spelt out. And I do believe that a more knowledge-based form of capitalism strengthens the case for combining low-paid work with benefits, most radically in the form of a universal basic income. The argument is not that cognitive capitalism tends to produce an absolute scarcity of jobs. It is rather that it tends to make the distribution of earning power more skewed — inter-individual productivity differences are far greater as regards identifying the source of a problem in the electronic system of a crane than as regards carrying sacks of cement to the fifth floor of a building — and hence ends up driving the earning

power of a greater proportion of the less well equipped below a minimally decent standard of living for themselves and their families. Consequently, the unemployment trap created by means-tested minimum income schemes ceases to be a marginal phenomenon, and to prevent an ever greater proportion of the population sinking in it, benefits must be extended to people at work, as is done for example by the Earned Income Tax Credit scheme (EITC) massively developed in the US under Clinton, and subsequently imitated by the UK under Blair (Working Families Tax Credit) and by France under Jospin (Prime pour l'Emploi). A universal basic income can also be viewed as a subsidy to low paid workers, but one that swells the bargaining power of the (potential) worker rather than the employer: it is up to the worker to decide what job is worth accepting on a part time basis or at a low hourly wage, in particular on the basis of how much useful training and prospects for improvement the job involves.

6 - Since it appeared, the proposal of introducing BI has provoked in the left both an unconditioned approval and scepticism. In Italy, it is the subject matter of a vigorous debate within the different Marxist schools. On the one side, there are those who refer to Marx's classical thought (*The Capital*) and who oppose such an hypothesis. On the other, there are those who refer to Marx's critical thought (The Historical-Philosophical Manuscripts of 1844 and the *Grundrisse*) who support it. As the author, in the early 1990s, of a seminal book *Marxism Recycled* how do you interpret the relationship between Marx and the BI?

In an article published twenty years ago with Robert van der Veen, I presented the introduction of an unconditional basic income and the gradual increase of its level as a "capitalist road to communism": it consists in mobilizing the dynamism of capitalism emphasized by Marx in order both to gradually increase the proportion of the social product distributed according to needs rather than according to contributions, and to gradually decrease the proportion of people's time devoted to alienated activities. I still believe this is an illuminating way of looking at basic income for people who find Marx's ideal of the "realm of freedom" attractive. But in Italy and elsewhere, the Left has far better uses for its time and brains than to speculate about what Marx would have thought about this when he was in his twenties versus when he was in his forties. The task is to work out a coherent conception of social justice and design ways of moving towards its realization, while improving at every step the fate of some of the worst off in our societies and beyond.

7 - In Italy, as elsewhere, we can observe some experiments concerning the introduction of the BI at Regional level. However, these experiments infringe some of its requirements (at least in your version) such as individuality, residence, unconditionality. In your opinion these are necessary passages towards the achievement of BI or simply they represent an attempt to manipulate this proposal rendering it simply a charitable proposal?

I am not a purist, and moves in the right direction can take many forms. In principle, the higher the geographical scale, the higher the (sustainable) level, the

more universal, the more individual and the more unconditional the better. But there are sometimes very sharp trade offs between these various dimensions. And which dimensions should receive priority is highly sensitive to what institutions are already in place, and to what political opportunities offer themselves. Given Italy's demographic situation, for example, moving towards a generous universal child benefit system, for example, would seem to make plenty of sense.

8 - Some critics of BI hold that it can make bearable the situation of precariousness in the short run and is likely to lead to the liquidation of the goal of a guaranteed job for all. Moreover, they claim that a local BI only for the precarious workers leads to a wider fragmentation of working class. Do you think that such a reasoning hold some truth?

A universal basic income, in contrast to means-tested minimum income schemes, is not essentially a way of making life less uncomfortable without a job, but a way of helping everyone into a meaningful job. Being universal, it also sharply contrasts with specific subsidies to low-status jobs. However, it must be seen as going hand in hand with the sort of flexibility which cognitive capitalism requires. In everyone's interest, we need a more flexible back and forth between work, education and care for one's children. The firmer security provided by a universal and unconditional basic income is not all of what is needed, but a crucial component of what is needed to make such flexibility both sustainable and fair.

9 - During the Fordist period, the idea of Welfare was built upon the opportunity to work. This is to say that the right to work and the right to income were basically equivalent. Today, full immersion in the cognitive paradigm leads to the progressive dismantling of the Welfare State. How you see BI in relationship to the crisis of Welfare? Should it be regarded as a crutch or does it allude to a renewed form of Welfare?

Basic income must be viewed as the core of the emancipatory version of the active welfare state. Under contemporary conditions — which include not only the "cognitive paradigm" but also, for example, increased mobility, increased healthy life expectancy and the transformation of the family —, we urgently need an alternative to the "passive welfare state", whose benefits were overwhelmingly focused on the "economically inactive". But the "active welfare state" does not need to take the repressive form of "activating social policies". It can take the emancipatory form of a welfare state that removes perverse traps, strengthens the basic security of the weakest and increases the range of choices open to those with least choice.

10 - In 1999, Ackerman and Alstott contrasted your proposal of BI with a similar proposal, that of stakeholding. Basically, in their book The Stakeholding Society they argued that the U.S. federal government provides all citizens an \$80,000 grant as they reach adulthood. What are the strengths and the weaknesses of stakeholding as proposed by Ackerman and Alstott?

I have sympathy for Bruce Ackerman's and Anne Alstott's bold rejuvenation of Thomas Paine's idea of a universal basic endowment for all young people reaching

adulthood combined with a universal basic pension for all the elderly. But first of all, it is important to see that their proposal is not quite in the same league. As I argued in detail elsewhere (Ackerman, Alstott & Van Parijs, *Redesigning Distribution. Basic Income and Stakeholder Grants as Cornerstones of a More Egalitarian Capitalism*, London & NY: Verso, 2006, ch.10), with realistic assumptions about interest rates, their one-off \$80,000 grant is equivalent to a basic income in the order of EUR 180 per month between the ages of 21 and 65 if everyone is allowed to consume his or her grant, in the order of EUR 120 per month if one takes seriously Ackerman and Alstott's idea that the grant itself needs to be taxed back at the end of one's life, and hence that only the interest on it can be consumed. Secondly, whatever the exact amount, it should be obvious that giving it in one go at 21 will be de facto far more inequalitarian than using it to providing some basic security throughout life. Young people with the right skills, the right advice and the right connections will tend to turn the sum into an investment, not least in human capital, that will powerfully boost their life prospects. Young people not so favoured will tend to waste it irreversibly. For equivalent amounts, a regular basic income is therefore superior to a one-off basic endowment, not only because it is better at providing basic security but also because it is better at equalizing opportunities.

11 - If people were provided with a UBI set at an appropriate level but were without effective opportunities to participate both in market and non-market activities, they would become too heavily dependent upon it. This prompts the idea that BI alone would not bring about a more just society. Alongside BI, one should therefore implement another structural policy, namely the reduction of working time with no loss in earnings (Gorz, Aznar). What is your position on this issue? And can you explain the link, if it exists, between these two measures?

Basic income can be viewed as a soft technique of working time reduction: reducing one's working time, whether on a daily, weekly, monthly, yearly or life-long basis is made easier, more hassle-free, less expensive, as a substantial proportion of a household's income is made independent of the number of hours one works. In contrast, I have never considered working time reduction as a very promising measure, because of three dilemmas serious versions of it necessarily face.

One is that it seems unfair to tax only waged workers, and not the self-employed, including the fake self-employed which would unavoidably proliferate if waged workers, and only waged workers, were subjected to a low ceiling. And how could one imagine, short of Orwell's 1984, the application of such a ceiling to the unemployed.

A second dilemma stems from the fact that it would be obviously unfair to impose the ceiling only on the low-skilled, for which there is insufficient demand. But at the same time, it would seem very wasteful to impose it to high-skilled workers — say, surgeons or engineers — trained at a high cost to society and willing to work long hours even with a very high rate of taxation.

Finally, there is the dilemma between unchanged hourly wages and unchanged total wages. If the former is chosen, a substantial reduction of maximum working time would obviously drive the poorer workers below a decent minimum family income. If instead the latter is chosen, the increased wage cost for low-skilled work will further exacerbate unemployment in this category. This third dilemma can be alleviated, or

even avoided altogether by coupling working time reduction and universal basic income. And from the 1980s onward, the two measures have repeatedly been proposed in combination. But the first two dilemmas remain.

It is important in my view that the left should not remain trapped in a conventional one-size-fit-all conception of full employment, while simply adjusting downward the full-time standard from 40 to 30 or 25 hours. Our project must be a liberating one, not an incarcerating one. Any plausible liberating left project will need to include many components. Imposed working time reduction is not one of them. But a universal basic income definitely is.