

## 1. Introduction

What Counter-power measures should be put into place if we really want to redress the imbalance of power characterizing the existing paradigm of accumulation inherent to cognitive capitalism?<sup>1</sup> Today, these questions are undeniably relevant, if we recognise that the causes leading to the present economic crisis are to be found in an excessively fragmented labour force and the attached unfair income distribution.<sup>2</sup> Any progressive economic policy presupposes the establishment of counter-power measures aimed at redressing forms of exploitation inherent to the present accumulation regime. The critical perspective here proposed is within the framework of Cognitive Capitalism (CC). The starting point of CC is a radical critique of the apologetic vision of the actual mutation entailed by the new liberal theories of knowledge-based economy. This critical perspective is clearly indicated by the two terms that compose our object of analysis: 1. the term of *capitalism* underlines the permanence of the structural invariants of the capitalist mode of production: in particular, the driving role of profit and the wage relation, or more precisely the different forms of dependent labour upon which the extraction of surplus labour rests; 2. the term *cognitive* emphasizes the changed nature of the capital-labour relation and the forms of property upon which the accumulation of capital depends. (Vercellone 2005: 2)

Does Basic Income (henceforth BI) represent a sufficiently strong economic intervention able to recompose an increasingly fragmented labour force whilst allowing a minimum level of income? We shall try to explain why BI is the most appropriate economic intervention necessary to deal with the unprecedented flexibilization of the labour market characterising contemporary society. With the term BI we intend the proposal of a universal and unconditional economic intervention, without discriminating against anyone, paid on a regular and perpetual base, independent of the actual working activity, aimed at guaranteeing a decent standard of life to all members of a political community.

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<sup>1</sup> Many analysts have noted that, within advanced capitalist societies, income polarization has steadily increased. Such a polarization is a direct consequence of the emergence of a new accumulation paradigm that recently several scholars have defined as cognitive capitalism (Fumagalli 2005, Vercellone 2003, 2005, Moulier Boutang 2007, Fumagalli and Lucarelli 2007, Fumagalli 2007).

<sup>2</sup> What, in fact, is the subprime crisis in Usa if not a speculative crash due to the increase of low income people claiming their right to have a house?

## 2. Basic Income in cognitive capitalism

In what sense BI can be said a counter-power measure? The notions of BI differ significantly according to the particular school of thought—classical liberal, social-democrat, and radical (see Lucarelli and Fumagalli 2008: 72-74). Among these approaches, we believe that the third one is the most relevant for our argument<sup>3</sup>. We consider BI not only as a tool for improving living standards and social well-being but, mainly, as that measure necessary for maintaining high democratic standards in society. This is because BI is the retribution for the productive labour at the basis of the valorization processes that within CC – that is not entirely recognized by the present social-industrial relationships.

Like wages struggles in the Fordist paradigm, the struggle for the introduction of BI represents a fundamental element for the exercise of counter-power into society. In this sense, it becomes important to understand which forms of social conflict could affect the controlling device proper of the existing socio-economic structure. This implies a careful analysis of the tendencies characterizing contemporary capitalism. As many social scientists and economists have noted, one of the most significant novelties attached to a productive system based upon knowledge concerns the relevance of increasing returns of scale. If this is so, then we have to see whether the introduction of BI can contain the conflictual pushes that characterize contemporary society. It is necessary to note that the notion of CC has also been developed as a response to the insufficiency of the interpretations of the current mutation of capitalism in terms of knowledge-based economy.

At present, investment activity reaches its maximum efficiency when it captures the *general intellect*<sup>4</sup>. Under these circumstances, investment depends on positive externalities and on both the level of aggregate income and a fair income distribution. A fair income distribution represents the precondition for the development of a kind of social cooperation able to minimize the risk attached to the fragmentation of the labour force. However, the entrepreneur's propensity to invest is based on high profit expectations and the existence of property rights which allow rent. Hence, there is a trade-off between aggregate demand conditions and individual entrepreneurial decisions. Concerning the level of monetary wages this

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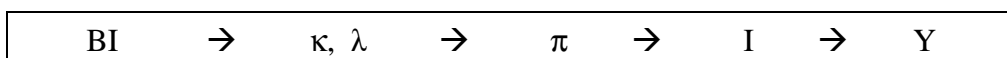
<sup>3</sup> Such an orientation lies at the heart of research programme promoted in Europe by Bien (BI European Network) and in North America by Usbig (United States Basic Income Guarantee). The most influential scholar promoting this approach is Philippe Van Parijs (1992, 1996); see also Standing (2002), Van der Veen and Van Parijs (2006) and Raventos (2007).

<sup>4</sup> *General intellect* is a crucial term in the debate about Post-Fordism (Fumagalli 2007, Vercellone 2005). It appears in Marx's *Fragment on Machines*, section of the *Grundrisse*; see Marx (1973: 706).

trade-off is similar to the Fordist one: on the one side, a wage distribution that penalizes labour implies lower levels of consumption, with a negative effect on the aggregate profit, on the other side, low wages are profitable for the single entrepreneurs.

If within the Fordist paradigm this was the contradiction, in the CC paradigm a further contradictions become apparent: 1. low income levels threatens to reduce the ability to generate knowledge; 2. the excessive *appropriability* of technologies can lead to a lower diffusion of knowledge and learning. In this scenario, the introduction of BI would represent the first step towards a more balanced socio-economic system. Its introduction would in fact entail more positive externalities and a fairer income distribution. This, in turn, would enhance the ability to generate social knowledge, which, in turn, might have indirect positive consequences for both productivity trends and aggregate profit levels.

Due to the effect of learning processes and network economies, productivity rises and, since information and communication technologies are characterized by high degrees of *cumulativeness* (Winter 1984; Dosi 1987; Fumagalli 1995), there is a positive correlation between productivity and investments:



where  $\kappa$  = network economies,  $\lambda$  = dynamics learning economies,  $\pi$  = productivity, I = investment (Fumagalli-Lucarelli, 2008).

Hence, the introduction of BI would reduce the instability pervading CC. The possible scenarios depend on the correlations between the dynamics of productivity, BI and output. The dynamics of output depend upon the impact of investment on productivity growth.

### 3. Basic Income and Counterpower

The transition from Fordist capitalism to CC has been characterized by the shift from a stable, although conflictual, structure of accumulation to an unstable one. This instability is mainly due to the absence of a relationship between supply conditions (affecting productivity trends) and demand conditions (affecting a fair income distribution), which in the Fordist regime was able to guarantee a dynamic equilibrium. Theoretically, the introduction of a BI can be seen as the first step towards a more stable system, in which the increase of both productivity trend and demand level would be guaranteed. BI is compatible with a *non-capitalist* model of accumulation

based on the exploitation of dynamic scale economies<sup>5</sup>. If introduced, we would assist to two positive effects on demand and output. Through enhancing network and learning processes, it would increase both productivity and demand - *via* consumption. As it depends upon how much BI positively affects productivity and the way in which BI is financed, this twofold result cannot always be guaranteed. The finance of BI requires a taxation system that does not tend to penalize investment activity in immaterial production (net economy) but focuses on rent. At the same time, BI can dramatically affect the system of social control characterizing contemporary capitalism. The critics of our proposal consider BI as a redistributive policy unable to significantly affect workers' bargaining power. Our analysis, by contrast, has shown that BI, by increasing their bargaining power, would provide them with a better quality of life.

Starting from these points, let us present some subversive features of the BI:

- a. As we intend it, that is individual, universal, and unconditional, BI is a form of monetary counter-power, since it reduces the income blackmail. In a capitalist economy, money is a discriminatory tool among social classes as it exerts its power according to the degree of its accessibility. During the Fordist era, this discriminatory power was exerted by the credit market: only the owners of the means of production were free to have access to credit so as to increase their accumulative activities. Under CC, the control of both financial and credit markets, which regulate the process of financing, together with intellectual property rights, are among the key factors of the new form of the capitalistic hierarchy, both at national and international level. The possibility to dispose of an amount of money with no strings attached (that is, independent of labour activity) would represent a first step toward the dismantling of the hierarchical apparatus based on the social power of money.
- b. BI is a form of socio-cultural counter-power. On the one side, it increases the right to choose and the opportunity to experiment alternative styles of life. On the other, it favours the re-appropriation of the use of knowledge. In this sense, the struggle for BI simultaneously embodies a social (political) and a cultural struggle. At cultural level, the processes of knowledge formation and self-consciousness are rather different from the processes of formation of technical competences and professional training. Although these processes are dependent on the existing economic hierarchies (as Marx wrote, "dominant culture is the culture of the dominant classes"), their relative weight differs according

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<sup>5</sup> According to the present capitalist process, the introduction of BI would affect both the private property structure (Intellectual Property Rights), and the imbalanced capital-labor relationship based on the necessity to work in order to survive.

to the existing economic paradigm. Independently from the working performance (manual, material, intellectual or immaterial), the necessity of professional training, that ideally should be permanent, is an essential condition to enter the job market or to have new work opportunities. Sadly, professional training is enslaved to the necessities of the production, which implies an elevated cultural subordination (Alquati 1994). *Putting brains to work* is a practice instrumental to the mechanisms of production and, although this process necessitates specific *competence* does not favour *self-consciousness* and *cultural autonomy*. By decreasing the degree of dependency from pressing needs and by favouring the liberation from work, BI becomes a tool of *socio-cultural* counter-power.

- c. BI is a form of class re-composition. Given the present transformations occurring in the labour market, mainly due to the process of individualization of labour relations, individual rather than collective contracts are likely to become even more widespread. The process leading towards the dismantling of the working class represents the challenge that presently needs to be addressed. In contemporary cognitive society, three main labour segments are emerging:
- Wage-earners. They endure precarious labour and life conditions, which paradoxically lead to a sort of “autonomous dependent work” within the manufacturing sectors and low-skilled material services (as transport, cleaning, catering....);
  - Formally independent but actually hetero-directed workers in higher skilled service sectors within which cognitive labour is prevalent compared to the manual one;
  - Last, but not least, migrant workers, for whom the precariousness concerns not only work but their civil status. From this point of view, BI can be a potential tool of class re-composition.

BI may represent a threat to the structure of capitalistic dominance.

From a theoretical point of view, we have shown that, by simultaneously increasing productivity and demand, the introduction of BI can constitute the basis for a new Welfare system able to address the needs of those disfavoured by the present accumulation paradigm. Obviously, as it would trigger a process of social re-composition, the introduction of such a structural policy requires the reversal of the neo-liberal economic policy. The claim of wage-earners, hetero-directed high skilled and migrant workers for a BI, calls for a collective mobilization. Such a process of re-composition would simultaneously overturn the social hierarchy and the apparatus of social dominance, based upon to the subalternity of labour.

The foregoing analysis has shown that, together with juridical citizenship, BI would contribute significantly to the full economic and social status of

citizens, allowing them to fully enjoy their civil and social rights. Indeed for this reason, it is possible to claim that BI is a measure of counter-power against the forms of exploitation entailed by the actually existing accumulation paradigm.

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