

How should UBI be framed, financed
and delivered to make it a
convincing tool for a just transition
to a green society?

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Preamble

- Work in progress
- Ambitious topic – many issues to cover



Objectives

- Explore convincing ways how to link the provision and financing of Basic Income (BI)
- Propose green and just BI financing institutions

Outline

- Background and misleading Advocacy
- Framing
- Financing and Delivery
- Conclusions

Background

Three gaps of mainstream economics

❖ Our Commons are **not** considered

➤ **Free-rider phenomenon of our Commons**

❖ Concept of a life-supporting Biosphere does **not** exist

➤ **Climate and Biodiversity crises**

❖ Private Capital Owners have **no** moral liability

➤ **Compensation of slave-owners for loss of slaves**

Misleading BI advocacy

- Presentation of BI as 'free' money
- BI and its Financing are two sides of one policy
- Comparison of BI financing with financing of health and education services through income tax
- Important difference between money redistribution for BI and spending of money on infrastructure, goods and workforce

Framing

Basic Income in Society

- Cost
- Affordability
- Feasibility

Basic Income as 'Free Money'



Different Cost Perspectives

- State
- Society
- Sector e.g. Health, Education
- Service e.g. Healthcare, Criminal Justice
- Individual

Perspective determines which costs and benefits are included in analysis.

Source: Kim DD et al., Perspective and Costing in Cost-Effectiveness Analysis 1974–2018, *PharmacoEconomics* (2020) 38:1135–1145, <https://doi.org/10.1007/s40273-020-00942-2>

Affordability

- General statement that BI is not affordable
- Often no criterion for affordability presented
- Suggestion: Percentage of Gross Domestic Product (GDP) as a measurement of all produced good and services in society
- Justify why a certain percentage is or is not affordable

Feasibility

- **Political Will**

Most politicians are followers rather than leaders

- **Public Demand**

Critical mass of people understand the purpose, reasons, cost and affordability of BI and demand the introduction of BI as new institution

Financing and Delivery

Embedded Economy Model

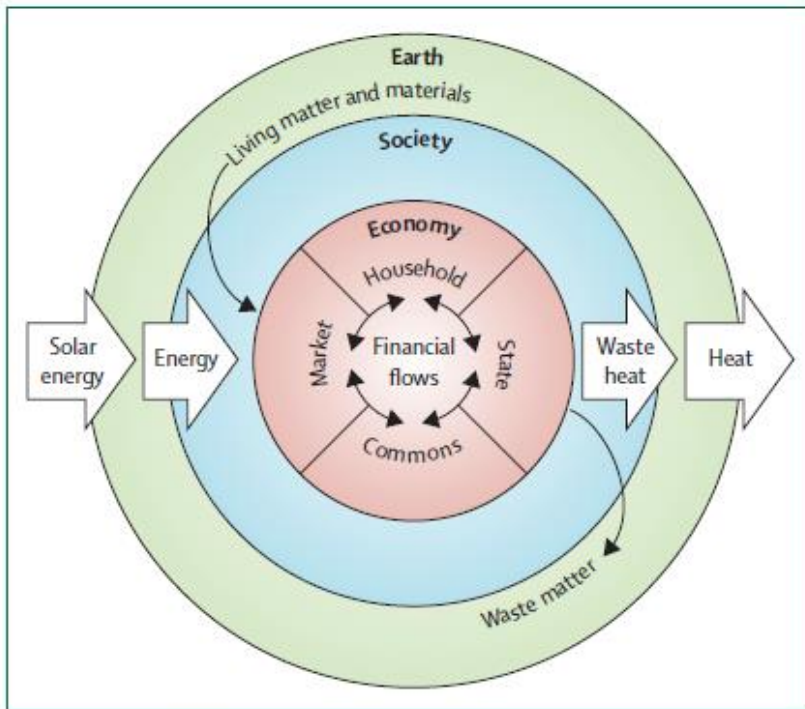


Figure 1: The embedded economy model
Reproduced from diagram by Marcia Mihotich in Raworth.¹⁴

Basic Income for our Future

- Green Economy
- Just Transition
- Behavioural Fees, Capital and Dividend Sharing
- Theoretical Background
- Delivery

Green Economy

- Change from **Linear Degenerative** to **Circular Regenerative** economy
- Instead of **ignoring** **include** various **Commons** as **essential parts** of our economy
- Treat **Extractivism** of **non-renewable resources** and **Excess Harvest** of **renewable resources** as **Harm** to our **Commons**

Just Transition to a Green Economy

- Restrict and sanction degenerative economic behaviour such as soil erosion
- Reduce and charge for waste and pollution of our Commons (Air, Water, Soil) e.g. the release of human-made chemical substances into our environment
- Minimise and Compensate Humanity for Extractivism and renewable resource Harvest by Corporations
- Encourage personal light ecological footprint with Basic Income

Just Transition - History

- **Compensate** Societies for **Harm** caused by **slavery, colonialism, past extractivism** and **pollution** (e.g. CO2)
- **Share** with Societies **Dividends** and **Wealth creation** because of **past** and **present private exploitation** of land, capital and use of legal Commons and public infrastructure

Behavioural Fees, Dividends and Asset Sharing

- Creation of several **Commons Wealth Funds** to pay for **BI** as dividend and to be financed through:
- **Behavioural fees** (similar to Environmental, Pigovian, Excise taxes) on so-called '**free use**' of our Commons by firms (legal entities) and individuals
- **Capital Assets** as **reparation** for **Slavery, Colonialism**, past and present **Extractivism** and **Pollution**
- **Company Dividends** as **compensation** for **private-for-profit exploitation** of our **Commons**
- **Local adaptation** of just approach
- Current examples of behavioural fees: parking, congestion and emission fees

Theory of Collective Actions

Elinor Ostrom (1933-2012)

- Common Pool Resource Institutions
- Self-organisation and self-governance
- Appropriation and provision of resources
- Focus on local organisations but also multiple layers of nested organisations for larger common pool resources

Source: *Ostrom, Elinor (1990). Governing the Commons: The Evolution of Institutions for Collective Action. Cambridge: Cambridge University Press*

Sources and Protection of BI

Source

- Fees
- Capital Dividends
- Capital assets
- Benefit replacement (e.g. Child benefit)
- Money creation (e.g. Sovereign Money, Complementary Local Currency)

Protection

- Reliance on lasting political will
- Hypothecation of taxes
- Autonomous BI institutions (similar to Social Security in some countries)

BI Delivery

Various levels and organisations

- Supra-state institutions, e.g. UN
- States
- Sub-state institutions, e.g. Municipalities
- Diverse Commons Wealth Funds

Assessment

- Democratic Accountability
- Transparency
- Governance
- Resilience
- Potential Political Misuse

Conclusions

Basic Income should be

- framed as a dividend and compensation for the free use of our Commons and
- presented as a necessary ingredient for our just and rapid transition to a Grandchildren-friendly Society with an embedded Green Economy.

References and selected Bibliography

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