



IS BASIC INCOME (BI) A FEASIBLE POLICY?

Change of Work and Solutions to Societal Inequality Seminar
Helsinki 15 June 2017



“BI REDUCES THE VALUE OF WORK TO MERE INCOME.”

- quite the contrary
 - BI often seen as an incentive to participate in the labour market in all situations or start a business = strong employment emphasis
 - subsidy that enables redistributing paid jobs
 - re-conceptualising of work has also been an essential element in BI discussion: pay for unpaid work, such as voluntary work, domestic work, peer production, independent culture and knowledge work
- BI acknowledges the value of all work, not just wage work
- if we enter an economy of abundance, shouldn't we finally escape the labourist trap (Standing 2011)?



“IT IS AN INEFFICIENT USE OF PUBLIC RESOURCES.”

- the efficiency argument in favour of a basic income is a myth
 - however, not that essential argument for BI
- according to microsimulations carried out in Finland, a full basic income is an expensive option; a partial basic income not that drastic option
 - however, if technological unemployment and precarious jobs increase (i.e. fewer taxpayers), financing options need to be revised
 - tackling tax evasion and aggressive tax planning, moderately more progressive taxes on capital and revising monetary policies (functional finance)



“IT DOESN’T SOLVE THE INEQUALITY ISSUE – IT JUST SHIFTS IT.”

- BI is not a panacea that solves all the problems, other policies are still needed
- BI may not be more efficient in tackling poverty and inequality than means-tested schemes
 - however, it *can be* if it makes it easier to participate in the labour market (by reducing bureaucracy traps) or to go into self-employment
 - a personal strike pay?



“IT WON’T WORK IN THE EU.”

- according to the lawyers who worked in the BI experiment research group, BI would most probably not change the situation that drastically
- social security would stay coordinated and people would not become eligible for a BI automatically
- unfortunately the UK left the EU, so we won’t have a case study on how combining benefits (*Universal Credit*) might work in the EU



“IT COMES WITH THE ABOLITION OF THE WELFARE STATE.”

- BI cannot be discussed at a general level
- this sort of libertarian ideals are not inherent in the idea of BI
- for instance in Finland in a minor role; BI seen as an update, not dismantling of the welfare state



THE DANGER OF SCARRING EFFECTS

- “If people leave the labour market and live on the basic income for a prolonged period their chances of re-entering that market become very slim.”
 - it would be still necessary to offer also other services for unemployed, such as retraining
 - BI enables life-long learning which becomes crucial in the future labour market
- Kajanoja (2017): BI and Job Guarantee (JG) should be combined
 - JG prevents social exclusion and hysteresis
 - BI guarantees that JG based on voluntariness



CONCLUDING REMARKS

- BI and JG are not conflicting policies
- BI may not be politically feasible in the current context of neoclassical economics and activation policies based on a moral hazard assumption
 - implementing a BI most probably requires a paradigm shift and a more radical vision of a post-wage work society
 - JG faces similar unfeasibility as a Post-Keynesian initiative
- the digital economy requires more flexible social security (i.e. less means- and income-testing)
 - gradually towards less conditional and means-tested schemes