



Rue Hector Blondiau, 22 7070 Mignault (Belgium)



EUROPE

FR. **Brasseur Jean-Paul** 32 (0) 499 35 85 72

DE, FR, EN **Meyer Joseph** 32(0) 475 55 13 94

NL, EN, FR **Nollen Paul** 32 (0)485 59 73 47

www.vivanteurope.org

**“Liberate work by removing its tax burden and finance social security by taxing the consumption of goods, which most often are produced by machine.”
(+ unconditional Basic Income for all)**

ELECTRONIC VIVANT- EUROPE

N° 67 (May 2009)

Manifesto

May 2009

A Basic Income in the Current Situation of Economic Crisis

**The Spanish parliament has just created a sub-commission to try
to analyse the convenience of a Basic Income.**

The economic crisis is having a greater impact than anticipated only a few months ago. Currently, everybody with minimum information share the opinion that we are in front of a crisis with no precedents since the crack of 1929.

Just over a year ago, there were still a lot of people that considered this to be a dreadful economic situation but of short duration. It was, according to their view, another crisis amongst the many taking place since the second half the last century. **Now everything indicates that this is not the case.**

The social consequences of this economic crisis are very serious indeed.

Although it is impossible to know if at this stage of 2009 we are at the beginning or the middle point of the crisis (we are definitively not at the end), some of **the consequences** are already **catastrophic, particularly for those sectors of the population losing their jobs.**

The rise in unemployment is taking place at a pace and with a magnitude unknown for many years. All the predictions fall short in the light of the real data. No prediction mentioned that unemployment would reach **17.3%** during the first quarter of 2009, as we now know. **Some researchers predict up to 30%** of unemployment at the end of 2010. Be it as it may, we do know

that the current number of unemployed **in the Kingdom of Spain already exceeds, officially, the 4 million.**

The future looks even gloomier because **the economic recovery**, when it finally arrives, **will not be able to quickly absorb the 5 million unemployed that will be reached**, or even surpassed, when the culminant moment of employment destruction arrives.

Poverty levels in Spanish economy have remained very similar during the last decades. However, the economic crisis is raising the percentage of people under the poverty line fast. During the last ten years, we have needed substantial rates of economic growth to maintain the proportion of poor people close to **20%**; the current situation will significantly increase that proportion.

The generalised impact of the crisis has also uncovered the clear weaknesses of a deficient, broken and contradictory network of social protection.

In addition, the crisis has forced the government to activate in a rush several urgent measures that make more serious the arbitrariness and biases of our system of social protection.

Given the current situation, we believe that the proposal of a **Basic Income (BI)**, an unconditional monetary allowance for all citizens and people with accredited residence, could bring about many benefits for those sectors of the population most affected by the crisis.

Whilst it is obvious that a Basic Income, in spite of all the important effects that could generate, is not a measure that can put an end to the crisis on its own, we do not doubt that it could mitigate **its harsher consequences** for the weakest sectors of the population. Defending a Basic Income in a situation of economic crisis does not mean that there are not good reasons to defend it also in times of economic success. We simply aim to indicate that if some of the qualities of a Basic Income can have **beneficial effects** in stable economic situations, this is even more the case in a situation of serious economic crisis like the one we are currently facing.

Why?

Having access to a permanent Basic Income, in case of job loss, would allow facing the future in a less worrying way. Whilst this is a characteristic of the Basic Income for any economic situation, in a crisis, when unemployment is far higher and the constant loss of jobs increases at an accelerated pace, this characteristic of a Basic Income **gains relevance.**

Counting on a Basic Income when the volume of unemployment rises and the promises of work rehabilitation are but white lies will guarantee, if only in an austere manner, the most immediate future. Poverty does not only mean being deprived of the material means of existence. Poverty also implies dependence to the arbitrariness or greed of others, a rupture of self-esteem, and social isolation.

A Basic Income equivalent to at least the poverty threshold would be a way to **put an end to this, and to fight against** the effects of poverty in a much directed way.

In a situation of economic depression in which, as has been stated, the percentages of poverty will significantly increase – to the extent that we can soon reach a proportion of **one poor for every four inhabitants** – the Basic Income would act as a good dam for this wave of poverty.

A Basic Income would also constitute **a powerful incentive** for the search of jobs for all those people that lost them because, **unlike the conditional benefits** that exist today, **it would not disappear** with the receipt of a salary.

The Basic Income would eliminate the so-called “poverty trap”, **allowing workers to search new employment with greater efficiency** and less coercive pressures, which often play an role in the proliferation of jobs badly paid, scarcely qualified and of little productivity. A BI would also open interesting perspectives for the growth of part-time employment chosen voluntarily.

The perception of a Basic Income would **reduce the risk** related to starting certain self-employment activities.

In general trends, there are two types of entrepreneurs: **(i)** those that have a support (given by the family, in most of the cases) that allows them to start a small business project in a reasonable way, and **(ii)** those for whom self-employment is the only labour option. In this second case, the risk goes beyond the possibility of losing the investment: it also includes **losing the means of subsistence**, which makes any decision to invest way more hazardous. But the risk does not end here: in many cases, the lack of an initial minimal capital makes potential entrepreneurs to retract.

A Basic Income would allow these entrepreneurs to capitalise the small business project and, at the same time, be more independent of the business success to survive. In a situation of depression, the BI would not only provide greater incentives for self-employment; it would also provide a **better guarantee to face**, even if only partially, the eventualities of a potential business failure and the possibility to start another business with greater possibilities of success.

In a situation of economic crisis, the attacks to both jobs and salaries abound: the International Monetary Fund, the Spanish Central Bank, the Banco de Bilbao Vizcaya Argentaria (BBVA), and the Spanish Employer's Organisation CEOE, amongst other organisations, have made explicit their agreement with salary moderation and redundancies, with bringing down the working factors and reducing pensions and social protection.

We are witnessing a constant announcement of wage settlements and staff regulation, and we are also seeing innumerable small businesses close down.

The fights for resistance to try to avoid dismissals and to resist the damaging of working conditions abound. **A Basic Income would allow workers to strengthen their resistance** in defending their jobs. The economic crisis can lead to a serious setback of the social conquests hardly obtained. The Basic Income could become an efficient tool in the hands of the workers to resist this setback, and also an imaginative idea **to strengthen and redesign** these social conquests, incorporating the principles of **greater individualisation**, integration with the tax system, progression, redistribution, fight against stigma and universality of protection.

The current crisis has made obvious that, **when it is esteemed necessary**, great quantities of public money are used to try to save a situation generated by those who bet with no restraint on the maximum profitability of financial speculation.

The volume of resources to mobilise and the political and administrative complexities are not, on their own, enough reason to oppose **an important proposal with such crucial consequences like the Basic Income**.

These are some of the thoughts that prompt us to present **to social organisations, political parties, unions, social movements and the citizenship in general this social proposal**, the Basic Income, so that it can be taken seriously as a way to avoid the consequences of the crisis for those social sectors that, in addition to being one of the most affected, are also not responsible for the triggering of the crisis.

The Spanish parliament has just created a sub-commission to try to analyse the convenience of a Basic Income. It is a good moment to explain the possibilities of this social proposal.

The academic literature has discussed with scientific seriousness, and for a long time, this idea. It has presented and considered several alternatives related to the funding of a BI, as well as its political operationalisation.

We believe the time has come to add to the academic and scientific rigour the political will to advance in the road proposed by the Basic Income. The economic precariousness and insecurity are extending widely, to the extent of reaching social sectors that, in a not very remote past, enjoyed a significant degree of socioeconomic security. In this context, the BI, as **a material network universally guaranteed** through a reform of the tax system, appears as a way of strengthening and

improving the material security of the population, which is a necessary **condition to exercise citizenship**.

May 2009

Basic Income Network *Translation: Sandra González*

Spain