

FILLING IN THE CRACKS

VISIONS OF SOCIAL PROTECTION THAT WORKS

Through their history, European welfare state models have linked social protection to employment, or the search for it. New and emerging forms and patterns of work and demographic changes across Europe call for social protection systems to be reformed and upgraded. But to what extent and what are the alternatives? The *Green European Journal* provides a sample round-up of proposals and perspectives on social protection and the future of work.

VILLE YLIKAHRI

THE FINNISH GREENS' BASIC INCOME MODEL

In Finland, our current social security model is based on the idea of permanent and full employment. Yet the reality is different from this ideal, which leaves our system with challenges that it is unable to resolve: the social security of temporary workers, project workers, and entrepreneurs is weak, while unemployed people are discouraged from taking on short-term work. To overcome this problem, the Finnish Greens have been promoting the idea of an unconditional basic income (UBI) since the 1980s, and they presented their first comprehensive, calculation-based basic income model in 2007.

Currently, we propose a basic monthly income of 560 euros to be distributed to all adult citizens and residents (except pensioners, whose basic income is covered by the current guaranteed pension, which is still above the level of the unconditional basic income). The main purpose of the UBI model is not to change the income distribution of the country, but to improve the social security system in a way that is simpler and safer for people. Moreover, we believe that in a rich country like Finland, everyone should get a share of

the wealth of the nation, regardless of their social status. Not to mention that we believe in each and every individual's capability to make good choices for themselves. Thus, providing them with a small monthly income, without any set conditions, is a reasonable measure in our view.

The current UBI level of 560 euros is of course not enough to make ends meet in Finland; it has to be supplemented by housing and social allowances for people with no income (as is now the case with unemployment benefits), but our argument is that it is reasonable to make the basic level of social security unconditional and universal.

Upon publishing the model, we insisted on a pilot study of the basic income, which the current, right-wing government of Finland has now implemented. In their pilot, a small number of unemployed people receive a basic income of 560 euros. This is equivalent to the unemployment insurance they would receive; however, they will continue to receive the basic income even if they find work or start receiving other forms of income. This will help us determine how people's behaviour and incentives would be altered by this new form of income, and whether there is an increased willingness on the side of the unemployed population to return to the labour market if they don't lose their benefit payments once they start working.

The government's pilot study is in many respects incomplete (for example, the taxation was not changed thereby making the programme seem much more expensive than it actually is), but it is nevertheless proof that UBI is more than a utopian idea, and that it can indeed be put into practice. Also, the latest UBI model of the Finnish Greens was built on the microsimulations calculated by the Finnish Parliament's information service and has exposed many problem areas that still need to be addressed – for example, that it is difficult to combine the UBI with housing benefits in a flexible way, and that the basic income model does not completely remove all economic disincentives. These problems will be addressed once we start improving our model on the basis of the results of the ongoing pilot study.

In order to make up for the extra costs associated with a UBI scheme, and to provide additional government revenue sources besides income and capital income taxes, the real estate tax will be increased and environmentally harmful tax subsidies will be cut. Moreover, taxes on consumption and energy use could be increased, as the basic income itself will already have made consumption and energy, at least up to a reasonable point, more affordable than they are now. Once these measures are taken, basic income will not cost any more than the current social security system. In addition, the national economy would benefit from the

fact that increasing the rate of employment always makes economic sense, and we would see a boost in entrepreneurship among the unemployed population. The basic income also facilitates the integration of social security and employment, thus reducing social exclusion, and it makes it easier for parents of young children to reduce their working hours and potentially achieve an improved quality of life.

We have not made calculations and plans regarding future changes of the labour market as currently there are still enough jobs in Finland. There is even demand for additional workers – the problem is that, at the moment, the needs of employers are not matched by the skills or location of the unemployed. Past experience has also shown us that fears in Finland about job losses associated with robotisation were unfounded in the last few decades. While many jobs in agriculture and factories have disappeared, new jobs have been created in the service sector. Thus, I believe Finland will retain jobs in the future, but nevertheless UBI will provide people with basic security in an ever-changing labour market.

BRU LAÍN ESCANDELL

BARCELONA'S BASIC INCOME PILOT

The economic crisis has hit Barcelona hard, and its aftershocks can still be felt. In the past few years, thousands of people have

been evicted from their homes. Since 2014, the number of homeless people has increased by more than 60 per cent. House prices went up by 9.2 per cent in 2017, meaning that Barcelona's poorest inhabitants will face even more difficulties in the years to come. Unemployment in the city has skyrocketed, making it even harder for the most vulnerable parts of society to escape poverty. All this explains why the city council is stepping in to mitigate these growing problems.

The B-MINCOME programme in the city of Barcelona is a pilot of an innovative strategy for municipal social policies that aims to improve social protection and make workers who are out of the labour market employable again. It is wider and more complex than a conventional basic income programme since it combines cash-transfer benefits on a household basis with four different types of active policies.

The experiment we run is taking place in Besòs, an area in the north of the city. The participants are drawn from a pool of social benefit recipients. A sample of 2000 households was randomly selected. Half ended up in the control group, while the other 1000 were assigned to one of the pilot groups. These 1000 pilot households receive a monthly cash allowance of between 100 and 1670 euros depending on their composition, overall income, and housing expenses.

Among the 1000 households to receive monthly allowances, the payment is being trialled with varying conditions. 550 of the households have been enrolled in one of the city's four social programmes: professional training or education courses, a social and cooperative economy programme, a refurbishment programme to expand the offer of spare rooms to let, and a community-building programme. For some of these households, payment of the monthly allowance is conditional on participation in the social programme they have been randomly assigned. Other families, however, are allowed to drop out of the social programme without losing their cash allowance. The remaining 450 households of the pilot group do not participate in these social programmes and just receive the cash allowance, resembling an unconditional basic income. Again, this group is divided into two parts: one that receives the cash allowance regardless of any other extra income, and a 'limited' group in which any other income reduces the cash allowance. The aim of segmenting the pilot group is to test whether 'poverty traps' really affect people's capacity to improve their own situation and escape from poverty.

With this experiment, our goal is to test whether the conditions associated with most social policies do in fact reduce poverty and inequality or, on the contrary, whether unconditional schemes would be more effective. In addition, we expect to determine

which of the four social programmes (in its conditional or unconditional form) suits our specific goals better. The EU's Urban Innovative Actions initiative has provided the programme with a grant of 5 million euros, while an additional 12 million euros came from the city council. We believe that once the project has been tested and we have drawn conclusions from our findings, we will be able to finance the continuation of the project by ourselves. The Barcelona en Comú party has already expressed interest in implementing a city-wide programme if the results of the experiment prove favourable in terms of social protection and employability.

Although the pilot's main goal is not to find solutions to future labour market challenges, such as automation, the increasing role of platforms, or the ageing workforce, there are some ways it might do so. The refurbishing programme for flats included in the project will see the city council provide homeowners with funds to renovate a room to rent out, which can both provide extra income and help tackle the housing shortage. While there are many people who own a relatively large home and whose income has decreased despite them working long hours, they are often unwilling to rent out spare rooms out of fear that they might be taken advantage of by bad tenants. To overcome this fear, the city council is helping match owners with tenants and provides insurance.



The social and cooperative economy programme also holds potential, not just to create jobs in existing sectors but also to encourage social entrepreneurship and strengthen the community-based economy. During the crisis years, jobs in cooperative platforms were among the most resistant to shocks, and cooperatives were much less likely to lay off workers than private businesses. They can provide a much safer and more reliable labour market than that which we experience today.

RICCARDO MASTINI

JOB WITHOUT GROWTH

There is now overwhelming evidence that national GDP cannot grow without polluting the environment and depleting our natural resources. Since the plundering of the earth's bounty has already reached unsustainable levels, our future economy will inevitably need to be built around the idea of degrowth. Our system of social protections has to adapt to this

reality. The adoption of the economic policy proposal known as the job guarantee would not only ensure universal social protection but would also achieve full employment while our societies move towards an economy no longer centred around growth. With a job guarantee, these objectives would be attainable without sacrificing our access to the goods and services needed to live life in dignity.

The job guarantee requires national governments to act as 'employers of last resort', offering a uniform wage and benefits package to anyone who is willing to work. Having a job remains an essential value in our societies and is widely seen as an important component of human dignity. The job guarantee serves as the ideal, temporary solution; necessary until we experience a profound change in our perception of work. The future of social protection may ultimately lie in a universal basic income or something different but, until human dignity has been decoupled from the idea of employment, introducing a job guarantee would represent a huge step forward.

Under a job guarantee, the government's role as a major provider of employment, with an increased say in which goods and services are produced, could be a source of ecological sustainability. The government could set the ground for a switch from environmentally and socially destructive forms of production based on financial profits and encourage a

move towards a system organised around meeting fundamental social and ecological needs. Workers hired under a job guarantee could do any job that has a social value, and we could potentially broaden our conception of work to include things like caring for the elderly, habitat restoration, and community services. Moreover, with the weight of the profit motive diminished, there would be an opportunity to reduce production to a level in harmony with our needs and allow workers to enjoy the benefits of reduced working hours.

The job guarantee would also act as a wage floor. Every working person would have the option of alternative employment in a job guaranteed by the state. Precarious or poorly compensated jobs, such as those currently on offer in the gig economy, would inevitably become more expensive for companies. They would need to pay higher wages and to provide benefits if they still wanted to rely on a flexible workforce. In this way, the job guarantee is a more powerful tool in terms of social protection than a universal basic income. With a basic income, employers would know that their employees are not going to starve, even if they are paid less. Therefore, the basic income the state provides to ensure people live in dignity could quickly turn into a subsidy for low wages in the private sector. The job guarantee, on the other hand, pushes wages up.

The idea behind how a job guarantee would be financed is rooted in ‘Modern Monetary Theory’, a macroeconomic theory which sees the monopoly supply of currency as the essential role of sovereign government. Through the issuance of fiat money, the government has an unlimited capacity to pay for the goods it wishes to purchase and to fulfil promised future payments. And one of the things that a government may want to pay for are workers who cannot find work in the private sector. However, this requirement also means that such a policy cannot be implemented in the Eurozone. Member States would have to return to their national currencies to set the ground for a just and sustainable economy through a jobs guarantee.

KIM FREDERICQ
EVANGELISTA

BASIC INCOME TO BOOST SOCIAL SECURITY IN BELGIUM

The Belgian welfare system was created after World War Two and has improved over time. Social protection is relatively good and most social benefits ensure people receive an income above the poverty threshold. Yet there are some gaps in the current system and, as it is too dependent on economic growth, the taxation of labour, and high employment, it is not sufficiently prepared for the new challenges facing the labour market. Ultimately our system and politicians are

fixated on growth to the point of addiction. But we will not return to the same levels of economic growth experienced in the 1960s and 1970s (which were also responsible for serious environmental damage). French speaking Belgian Green party Ecolo's proposal for universal basic income (UBI) aims to address those challenges, while at the same time tackling Belgium's persistent poverty and inequality.

The system today is relatively good at protecting insiders, but the same cannot be said for outsiders including young people, migrants, part-time workers, and the less educated. Insiders were typically those people, usually men, who started a job after graduating that would see them through to retirement. They were the product of a system created under and that assumed full employment. Today, when 25 per cent of young people mainly in urban areas cannot find a job and offshoring, robotisation, and new career paths are the new reality, such a system is obsolete.

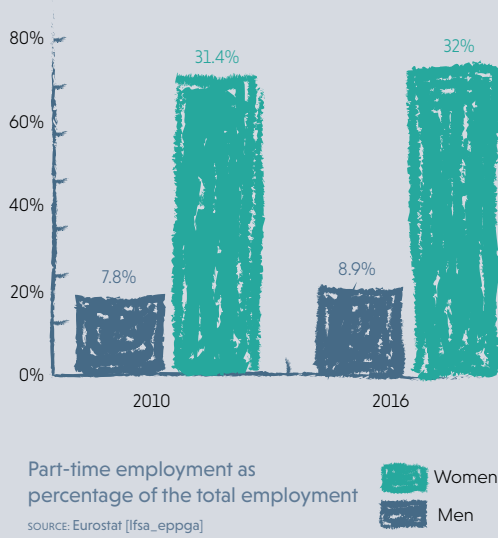
While the existing system fails to protect all citizens, Ecolo's UBI proposal will extend coverage to people having mixed and atypical career paths too. It would partly shield against the fact that, in Belgium, you lose part of your previous pension contributions when you move from employee status to being self-employed. UBI would extend protection to the many young people currently excluded. As is, you

need to have worked to receive unemployment benefit, whereas most young people today begin their careers with several internships which are often not formally recognised as employment. Importantly, the UBI would calculate social rights on an individual basis, which is especially critical from a gender point of view. While social contributions are assessed and paid on an individual basis through salaries, most social benefits (such as unemployment benefits and pensions) are given back to individuals adjusted to their household situation. Therefore today a woman may not receive the full benefits that she has contributed towards, just because she is part of a household with a rich partner. Finally, the current system does not provide positive labour market incentives. Citizens lose their benefits when they return to work, creating an inactivity trap in the case of low wages, and because social security is financed through labour taxation, it is expensive for organisations to hire to people.

Ecolo favours a social security system financed through higher taxes on consumption, cars, pollution, and financial revenues, and less on labour. But this tax shift would not be sufficient to finance a full-fledged individual UBI. To make it affordable, a trade-off is necessary and existing revenues would need to be adjusted. For example, someone with a full-time job and an above average salary would receive the UBI but would also pay more taxes on other sources of income, so the final monetary

result will be small. An unemployed person would receive the UBI, but would also receive a reduced unemployment benefit (reduced by an amount smaller than the UBI, leaving them overall in a better financial situation). For most people, their net incomes would not change much. But for the poorest, for those working part time with low wages, for young people, and for others outside the system, this will make a huge impact to their financial situation.

Ecolo's UBI scheme would create a new pillar of the Belgian social security system, in addition to unemployment benefit, pensions, family allowances, and so on. The amount would at first be a non-taxable 600 euros per month for each person over 18 years old (from birth to 18 years it would be 300 euros) – an insufficient amount to live on without additional support from the Belgian general welfare system. The UBI has been fixed at that amount so as to be sustainable for the state and because it is not meant to replace the existing welfare system entirely. Ecolo sees the UBI as a way to strengthen the so-called 'autonomous sphere', yet it shouldn't encourage people to leave the labour market completely.¹ It should help increase the time spent outside of the market sphere and thus increase the real freedom of every individual. True and concrete freedom requires that you have an income.

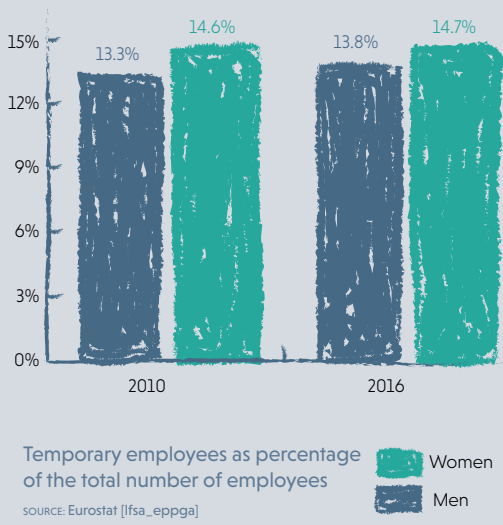


LÁSZLÓ ANDOR

EUROPEAN UNEMPLOYMENT INSURANCE

The last few years have shown that, in times of crisis, growing unemployment and poverty mainly affect the countries at the periphery of the EU. These countries must be compensated somehow for not having the capacity to react to crises via currency devaluations or interest rate adjustments. The easiest and most cost-effective way to do so would be common financial support for cyclical unemployment. In 2010 to 2011, as the Eurozone crisis deepened, a number of calculations indicated that such a mechanism would have helped the Eurozone get out of the crisis much earlier, and at much lower cost. With this in mind, an unemployment insurance scheme would be an important first step in providing security for our people, at least in the short run.

¹ In today's post-industrial society, ecologists and Green parties are looking beyond the Left-Right debate to promote the 'autonomous sphere' against the influence of both the market and the state. The autonomous sphere can be seen as a category of productive activities creating goods and services that are neither sold on the market nor commissioned by a public authority.



The introduction of an unemployment insurance scheme would not require a large sum. The current EU budget (which mainly includes transfers between EU countries) is 1 per cent of the EU's GDP. An additional 1 per cent, to fund a fiscal capacity for unemployment, would be enough to guarantee the stability of the Eurozone. As unemployment is often declining, there would not be constant need for recourse to the fund for most countries. The proposal is, first and foremost, an economic question, and only secondly a social one. As reallocating funds would uphold the purchasing power of countries affected by rising unemployment in times of crisis, such a transfer would act as a stabiliser supporting Europe's overall growth rate. This stabilising effect would see the invested money, or at least a part of it, return in the form of growing demand.

The simplest way of starting such a project would be to build a system that would

effectively insure national unemployment benefit schemes. Individual workers would not need to do anything, but Member States would enter a risk community. A certain amount of harmonisation would be needed so that the transfer does not simply function as a budget support but actually protects countries and workers in difficulty. National models could continue to have their differences, but the common core would provide basic protection and function as an economic and social stabiliser. At a time when many Europeans only see the EU as a set of constraints, it would represent tangible solidarity in hard times for the most vulnerable groups.

Today we face the rather long-term labour market challenge of reconciling new forms of employment with existing social standards. Some countries have been working on this, such as the United Kingdom where the gig economy is very advanced. But the EU also has a role to play, and work has already started in the context of the European Pillar of Social Rights. If social issues receive enough attention during the next election campaign for the European Parliament in 2019, the next Commission will have to make real proposals in this area. Social rights will have to be revisited regardless of what happens with Eurozone reform. Because, as some countries do not include gig workers in their social security systems, they could not be helped by any European risk-sharing scheme.

Decent living should not and cannot rely on employment alone and, since having a job is not guaranteed in a market economy, countries need to develop minimum income schemes. This is why the EU has promoted the introduction of these schemes, for example in Greece and Italy. However, it is important to distinguish between a minimum income and unemployment insurance. For a reasonably long period, a newly unemployed person needs to be compensated for lost income, which can be much higher than the absolute minimum. Second, while the EU can promote minimum income schemes and provide technical assistance, it cannot be expected to fund such schemes, perhaps with the exception of some pilot projects. As a final point, regulation plays an important role in influencing the pace at which the gig economy is introduced, so that society has enough time to adapt. For example, Poland has ruled that the self-employed have to earn at least the minimum wage, minimising the risk that self-employment would exclude them from social security. In general, it must be made clear that changes in the labour market and the welfare system are not driven by technology alone, but rather are under the control of democratic decisions and social dialogue.

LUCILE SCHMID GREENING BASIC INCOME

A universal basic income is a means to many ends. It could be a path to greater choice and autonomy, reducing poverty, or merely reforming social security. The basic income debate has come back to life – perhaps in part because it is a way to set the cat among the pigeons, to speak plainly about social protection systems that are near exhaustion.

But what exactly are we talking about? Universal basic income can be defined as paying citizens of a given political community an equal monthly personal income with no conditions regarding needs or means, and with nothing due in return.² In the past few years, the question of basic income has gained public attention, and trials are underway in Finland, Barcelona, several French departments, and through the ‘My Basic Income’ crowdfunded initiatives in France and Germany. During the 2017 French presidential campaign, Socialist candidate Benoît Hamon proposed a form of basic income, suggesting upgrading the ‘active solidarity income’ (‘revenu de solidarité active’) and its extension to young people between 18 and 25. Hamon described his idea as a “social security for the 21st century”, emphasising the lack of jobs in our era of robotisation. In a show of support, philosopher Dominique Méda highlighted how, as the only

² Guillaume Allègre & Henri Sterdyniak (Feb. 2017). Faut-il instaurer un revenu universel? *Alternatives Économiques*. bit.ly/2Flnk3O

candidate discussing the worsening terms of employment and calling for the creation of sustainable jobs for the future, Hamon was “tipping the Left’s ideological corpus towards ecology.”

While the ongoing basic income trials breathe new life into the discussion and allow for fresh evaluation of the proposal at smaller scales, the debate continues to revolve around the merits (or lack thereof) of generalising a basic income. Experiments are limited by definition (in Finland, the national experiment is based on 2000 unemployed people), so can we really draw the conclusions to justify rolling out what would be a social ‘big bang’? Points in favour include simplifying bureaucracy and making sure people receive the benefits they are entitled to. Findings will be conditioned by the representativeness of the samples (are the better-off included?) and resultant behavioural changes will vary according to the experiments’ timeframes and scales. There is also the question of how to finance a basic income. Changes to taxation will play out differently in different tax systems (should financing be as universal as the income?) and vary according to the size of a country. Officially, social protection is under pressure due to funding concerns, but there are deeper ideological forces at work. Basic income is sometimes seen as a liberal Trojan horse, lowering social benefits for those who need them most. That it has

supporters on the Right (notably Milton Friedman and Friedrich Hayek), as well as the Left, makes this possibility all the more credible. Designing a basic income, its amount (400 or 800 euros?), and how it is calculated, payed, and financed, is not therefore an academic debate. There are big questions to be answered on the social contract, redistribution, and, indeed, the transformation of the entire social project.

With this in mind, it is worth examining proposals that link basic income to ecological transition, as Sophie Swaton advocates. She argues that if you see the universal income as a panacea to solve unemployment, reinvigorate social life, and stimulate green or citizen initiatives, you risk reaching none of these goals. Swaton instead seeks a step towards ‘another view of society’, one characterised by the transformation of relations between humans beings and the environment. To achieve this transformation, she proposes an income scheme that couples payments and support measures with ecological or social activities. The proposal bridges political ecology with social economy, and calls for the creation of deliberative, democratic structures to oversee this transition. Priority would be given to ecological initiatives in areas such as housing, public information, transport, and shared governance. The ecological basic income proposal has three components. It maintains the link between income

and activity. It is not limited to monetary income, but includes support measures, and membership in a democratic structure (such as an association or cooperative) is required. More than being a proposal just about income, it engages people in collective efforts to protect the planet and move away from growth.

The debate on basic income cannot be limited to social protection; the questions it raises are much broader: societal, individual, and institutional. The debate is so far reaching as to be premature. It runs the risk of brushing aside the question of work and the place it occupies in our lives. Because, for many, work is more than exploitation and the forfeit of happiness. Should we really give up on workers' rights and full employment? The shift should not be made lightly. Basic income will not perform miracles. Two essential questions must be answered first: how to both share work across society and achieve the ecological transition.



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