Climate change: the key challenge
A framework for an eco-social contract

Ian Gough

Conference report - 17 June
A final version of this paper will be published later.
Ian Gough is a Visiting Professor in CASE and Associate of GRI, London School of Economics, and Emeritus Professor, University of Bath. Contact: i.gough@lse.ac.uk

ETUI publications are published to elicit comment and to encourage debate. The views expressed are those of the author(s) alone and do not necessarily represent the views of the ETUI nor those of the members of its general assembly.

Brussels, 2021
© Publisher: ETUI aisbl, Brussels
All rights reserved

The ETUI is financially supported by the European Union. The European Union is not responsible for any use made of the information contained in this publication.
Contents

Abstract .................................................................................................................................4
Summary .................................................................................................................................5
Introduction ............................................................................................................................5
Scenario 1: Green New Deal + Social Guarantee .................................................................5
  Green New Deal ................................................................................................................6
  The social dimension of GND: a Social Guarantee .........................................................6
  Integrating Universal Basic Services with a Green New Deal .......................................7
Scenario 2: towards an economy of egalitarian sufficiency .............................................8
  Basic concepts for sufficiency .......................................................................................8
  Jobs and the labour market .........................................................................................9
  Other implications for welfare states .......................................................................11
Main report ...........................................................................................................................12
Introduction ........................................................................................................................5
Scenario 1: Green New Deal + Social Guarantee .................................................................13
  Green New Deal ..............................................................................................................14
  The social dimension of GND: a Social Guarantee ....................................................15
  Integrating Universal Basic Services with a Green New Deal ................................18
Scenario 2: towards an economy of egalitarian sufficiency ...........................................20
  Introduction ....................................................................................................................20
  Basic concepts for sufficiency ....................................................................................21
  Jobs and the labour market .......................................................................................25
  Other implications for welfare state ......................................................................27
Appendix .............................................................................................................................29
References ...........................................................................................................................30
Abstract

More nation states are now committing to zero net carbon by 2050 at the latest, which is encouraging, but none have faced up to the transformation of economies, societies and lives that this will entail. This paper considers two scenarios, concentrating only on climate change, and discusses the implications for contemporary incomes, jobs and ‘welfare states’. The first is the Green New Deal framework to decarbonise the economy whilst addressing the distributional and welfare issues this would involve. I argue that expanded public provision of essentials would be a necessary social component of this strategy. The second scenario goes further to counteract runaway private consumption by building an economy of egalitarian sufficiency with ceilings to income, wealth and consumption. This would require a further extension of labour market and welfare state interventions. The paper provides a framework for mapping and developing these two distinct approaches and for identifying a range of policy options for jobs and incomes.
Summary

Introduction

More governments are committing to an ambitious Zero Carbon target by 2050; but:

- Few set out clear interim stages and policy commitments
- So far they have had very little effect; the world is heading for 3+ degrees
- Current NDCs (Nationally Determined Contributions) refer to territorial, not consumption-based, emissions, which are much higher in OECD countries.

This report concentrates on climate change and ignores the other eight planetary boundaries identified by the Stockholm Institute. It does not analyse any climate change impacts, nor climate adaptation policies. The focus is on climate mitigation programmes.

I distinguish three scenarios (Gough: Heat, Greed and Human Need):
1. Green growth - decouple output from emissions
2. Transiting to a sufficiency economy by recomposing consumption in rich countries
3. Degrowth.

This Report is further limited to a central question: how to marry climate goals with social goals:
- To move towards Raworth’s ‘safe and just space for humanity’
- To develop a social-ecological or eco-social framework
- To extend traditional trade union goals of equity and justice to encompass sustainability and environmental safety.

I say little directly about Degrowth here, so the Report is divided into two parts.

Scenario 1: Green New Deal + Social Guarantee

Calls are growing across the EU, including at the ETUC and ETUI, for a new ‘social-ecological contract’, to extend the traditional idea of a social contract. What does this entail? I will discuss in two parts: the ecological and then the social.
Green New Deal

Distinguish:
1. *Green Transition* to a radically decarbonised economy
2. *Just Transition*: ‘no one left behind’

All promote a range of programmes to a) reduce carbon and GHG emissions, and b) enhance carbon and GHG sinks. These include a wide range of policies, from keeping fossil fuels in the ground to promoting forestry, rewilding and alternative land use; from fast tracking renewables to building secure infrastructure; using a wide range of policy tools such as carbon pricing, legislation and banning, fiscal stimuli, regulation, standard setting, education and public messaging.

GND plans exhibit national variations: The EU Green Deal, the Biden American Rescue and American Jobs plans, the UK Green New Deal Act. But common to all is *heavy upfront investment*, with a substantial public investment component.

This move has been over-determined by the Covid pandemic, the ubiquitous economic shutdowns and the extraordinary government responses.

These signal a move away from a central role for carbon pricing (ETS), to a fiscal and industrial strategy, plus regulation and legislation. It requires radical reform to fiscal frameworks: Bonds, borrowing, Green investment banks, Quantitative Easing.

(This opens up interesting questions about the historic conjuncture: Does it spell the end of the neoliberal era? Does the Next Generation EU programme signify a ‘Hamiltonian moment’ for the EU?)

The social dimension of GND: a Social Guarantee

‘The Commission has presented the first part of the deal – the green part. We must now start fighting for the second package of reforms to complete the deal for the people – the social part, making it a Green New Deal’ (Ferrandis and Alonso 2020).

What is required is a new Social Contract – a refurbished Pillar of Social Rights?

I focus here on recent proposals for a **Social Guarantee**: to guarantee to all citizens and residents access to life’s essentials. This implies reforms to the welfare state (Figure 1).
Figure 1 Components of the Social Guarantee

On the Living Income side relevant options include:
1. Decent jobs for all. A Jobs Guarantee?
2. Delivering a Real living wage; strengthening TUs and collective bargaining
3. A state-guaranteed income. There are many issues and complexities in reforming social security systems. Proposals for a ‘true’ Universal Basic Income (UBI) – an adequate regular cash benefit paid unconditionally to all citizens/residents – is fiscally and ideologically incompatible with other components of the Social Guarantee. The alternative must be some kind of Guaranteed Minimum Income (GMI), paid selectively but as-of-right.

On the right-hand Income-in-kind side, there is the provision of Universal Basic Services:
- To protect and extend health, education and other existing public services
- To extend direct in-kind provision to other essentials of life: for example, housing, care, basic transport, digital access.

Integrating Universal Basic Services with a Green New Deal

UBS is compatible with GND: it provides its ‘social counterpart’, for four reasons.
1. Equality. Free or low cost provision of necessities is inherently highly redistributive.
2. Sustainability: public service health emissions in EU are already way below private led health emissions in the US. There is substantial scope for widely available public transport, publicly mandated retrofitting of dwellings, etc to mitigate carbon emissions.
3. Solidarity and social cohesion. The geographical spread of basic services and the foundational economy (discussed below) improves geographical equality and ensures that no community is left behind. Service provision encourages subsidiarity and local ownership.
4. Jobs: UBS would augment GND ‘green jobs’ in basic industries and sectors with a wide range of social and care jobs, creating in practice a meaningful Jobs Guarantee.

Central governments would play an essential role, including direct provision: funding, standard setting, regulation, planning.

The estimated costs of UBS relatively low (compared with UBI): c 5% GDP in the UK? There would be a substantial overlap with GND infrastructure investment.

This meshes with campaigns to shift taxation towards new taxes on wealth, land, data, inheritance, unhealthy consumption, financial transactions and pollution.

**Scenario 2: towards an economy of egalitarian sufficiency**

Scenario 1 would mark a significant advance, but it would not achieve the drastic emission reductions required for Net Zero. And it would not confront national and global concerns of inequality, injustice, waste and unbalanced economies.

Consider the accelerating ownership of SUVs with its environmental and social costs and global spillovers. The overall responsibility for climate change remains at present with the rich world, suggesting a ‘contract and converge’ approach. But this alone would harm lower income households and communities within the rich world.

To handle these contradictions we must transition to an economy of egalitarian sufficiency.

**Basic concepts for sufficiency**

This is a less market compatible scenario than GND+UBS and entails a rethinking of value and the economy. Two essential components here are:

1. An alternative theory of value based on needs and necessities, rather than consumer preferences. Needs are essentially satiable and there comes a point when there is a sufficient level of their satisfaction. This also enables us to conceive of the needs of future generations and to value them when determining priorities.

2. A sectoral theory of the economy, with priority attached to the ‘foundational’ economy. The foundational economy refers to the infrastructure of everyday life – the utilities, infrastructure, public services, distribution systems, retail banking etc found in all small towns and usually taken for granted. These activities generate more than 40 per cent of all jobs – jobs that are almost entirely locally and regionally anchored.
With these two frameworks we can conceive of an economy of Floors and Ceilings (Figure 2).

Figure 2  **Floors and Ceilings in three domains**

<table>
<thead>
<tr>
<th>Income and wealth</th>
<th>Consumption</th>
<th>Labour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riches</td>
<td>Luxuries</td>
<td>Unproductive</td>
</tr>
<tr>
<td><strong>Ceiling (above which Surplus)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prosperity</td>
<td>Comforts</td>
<td>Conventional</td>
</tr>
<tr>
<td><strong>Floor requires</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decent Minimum</td>
<td>Necessities</td>
<td>Essential</td>
</tr>
</tbody>
</table>

**Floors** refer to the essential labour performed to produce necessities and to generate minimum decent incomes. This is the focus of scenario 1. But to ensure decent standards in a climate constrained world requires maxima as well as minima.

**Ceilings** refer to limits:
- To income and wealth that exceeds any conceivable requirements for human flourishing
- To consumption of high-carbon luxuries that cannot be generalised to a wider population
- To labour and employment that hinders provisioning and destroys social value.

How can such a framework be integrated with TU policy and action?

Two contemporary developments among others offer some hope, one the outcome of the Covid pandemic and lockdown, the other the result of the upcoming climate emergency:
- Government lists of ‘essential workers’ have been published during the Covid pandemic and lockdowns, recognising that some forms of paid employment have a higher social value than others. The low pay of many essential workers has also been starkly revealed.
- Citizen Climate Assemblies in, for instance, France and the UK have agreed quite radical constraints on consumption to ensure a just transition to Net Zero. The recognition of costs associated with some forms of consumption is being consensually revealed via such experiments in ‘dialogic democracy’.

**Jobs and the labour market**

To restrain waste, throw-away consumption and luxury production will cost jobs. But shrinking some sectors will be accompanied by expanding others. One extended map of the zonal economy is reproduced in Figure 3.
This can form the basis for a new progressive and discriminatory employment policy along the following lines (based on my own perspective which differs somewhat from those of Krisch et al.):

1. Rentier/predatory economy: regulate and shrink
2. Competitive traded market sector: support but redirect
3. Non-essential market provision: foster and convert
4. The Foundational economy: invest and expand
5. Universal Basic Services: invest and expand
6. Recognise the core economy: support and redistribute unpaid labour.

Zones 4 and 5 have been discussed above. I say nothing here about zone 3, but comment further on zones 1, 2 and 6.

**Competitive traded market economy.** Progressive industrial policy ideas on high-tech competitive sectors would continue, but would recognise the small rate of job creation compared with those in the foundational economy pursuing a GND-UBS path. To transit to an egalitarian sufficiency economy would require integrating approaches to the international and foundational sectors.

**The unpaid 'core economy'.** The core economy of unpaid labour, predominantly care work, would need to be addressed more directly and integrated with thinking on UBS and the foundational economy. There is a wide overlap in tasks between these sectors and both can figure in the move towards low-carbon care and creative work.

**The unproductive zone.** This includes a range of inessential and unproductive labour that would need to be curbed to prevent wasteful emissions and to free resources for essential and conventional production. There exists a burgeoning critical research on which to draw here.
This sketch indicates what a more comprehensive labour market policy might look like, if the goal is an economy of egalitarian sufficiency. Such restructuring can be combined with a general reduction in hours of paid work, widely recognised as an effective eco-social policy.

Other implications for welfare states

Our second scenario, to address inequality, re-compose consumption and transit to a need-based economy, also entails a welfare state with much broader competencies and powers, though one building on the radical reforms of scenario one. Figure 4 pulls these ideas together and illustrates potential eco-social policies for Scenarios 1 and 2. It considers only fiscal tax and spending policies.

Figure 4  Expanded eco-welfare state interventions for a sufficiency economy

<table>
<thead>
<tr>
<th>Household account</th>
<th>Scenario 1 proposals</th>
<th>Scenario 2 proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Jobs-oriented GND and UBS stimulus, Job Guarantee?</td>
<td>Expand UBS and foundational economy, Recognise and where relevant integrate policies on the unpaid economy, Reduce hours of work, Shrink financial, rentier, luxury, wasteful and unproductive employment</td>
</tr>
<tr>
<td>Market incomes</td>
<td>Real living wage</td>
<td>Fair pay ratios in corporations and other institutions, Implement ceilings on income, Redistribute wealth</td>
</tr>
<tr>
<td>Disposable incomes</td>
<td>Guaranteed minimum income, Progressive tax options</td>
<td>Guaranteed minimum income, Progressive tax options</td>
</tr>
<tr>
<td>+ In-kind benefits</td>
<td>UBS: expanded social consumption</td>
<td>Further expand public services, Shrink luxury and high carbon consumption</td>
</tr>
</tbody>
</table>

Private + social consumption = Final real standard of living (in monetary and imputed terms)

The ideas in Scenario 2 hopefully integrate and add to many existing ideas in trade union and other discussions around the socio-ecological contract in progressive policy circles.
Main report

Introduction

In June 2019 the UK became the first major economy to commit to a legally binding target of zero net greenhouse gas (GHG) emissions by 2050. On the 21st of April 2021, the European Parliament and the European Council agreed an irreversible and legally binding target of reaching climate neutrality by 2050. Other nations such as Japan and Korea have followed suit, President Biden has rapidly but as yet informally committed the USA, and China has set a target for ‘climate neutrality’ by 2060. A recent audit of countries, states and regions, and cities finds net zero targets in place covering 61% of GHGs, two thirds of global GDP and 56% of the world’s population (Oxford Net Zero 2021).

This is promising, but converting these targets into outcomes is a much more difficult process. The Paris Agreement of 2015 requires all signatory states to publish Nationally Determined Contributions (NDCs) to decarbonise their economies, to be reviewed downwards every five years (starting in Glasgow in 2021). The current pledges when added together are quite inadequate to achieve a target of 2°C global heating, let alone 1.5°C. By the end of the century we are currently heading for at least 3°C, an unmanageable disruption to global climate. A growing number of countries have enshrined these policies in new legal and institutional frameworks, pioneered by the UK Climate Change Act 2008. The UK’s Climate Change Committee (2020) has just set a tough Sixth Carbon Budget for 2033-37 and the EU has set a more stringent interim target of 55% reduction by 2030.

Announcing the net zero target the UK government boasted that ‘the UK has already reduced emissions since 1990 by 42% while growing the economy by 72%’. But of course this refers to territorial emissions, not those embodied in the goods we consume. Like most countries in the global North the UK has exported production and GHG emissions to the global South. After falling during the financial crash 2007-09 UK consumption emissions have flattened out at a level over half as high again as our territorial emissions with no rapid reduction in sight. For these and many other reasons net zero targets must be examined critically.

The climate crisis raises with stark urgency the question how to combine radical analysis questioning the very nature of capitalism with a need to formulate realist transitional policies. I will follow here the structure set out in Heat, Greed and Human Need (Gough 2017b), which distinguishes three scenarios in the
transition. First, a green transition to decarbonise the economy – to ‘decouple’ economic output from greenhouse gas (GHG) emissions but making it as effective and equitable as possible. Second, recognising that this is climatically and morally inadequate, to restructure incomes and consumption in rich countries in pursuit of a more radical goal of egalitarian sufficiency. Third, recognising that ultimately this too will be insufficient, to embrace a de-growth transformation. I say little directly about Degrowth here, so the Report is divided into two parts.

Since early 2020 the climate crisis has been overlaid with a global health crisis. This in turn has led to a shutdown of major parts of the global market economy, which in turn has fostered unprecedented government economic interventions, including the Next Generation EU programme and the Biden $1.9 trillion American Rescue Plan and the $2 trillion American Jobs Plan. Whether or not this marks the end of the neoliberal era, the ground has certainly shifted. All this has of course been recognized by the ETUI, ETUC and many other agencies in many zoom calls, so I will try to avoid repeating their important messages already.

This report concentrates on climate change and ignores the other eight planetary boundaries identified by the Stockholm Institute, including the biodiversity crisis, water withdrawals, air and chemical pollution etc. It does not analyse any climate change impacts, nor climate adaptation policies. The focus is on climate mitigation programmes.

Within this remit it focuses on a central question: how to marry climate goals with social goals:

- To move towards Raworth’s (2017) ‘safe and just space for humanity’
- To develop a social-ecological or eco-social framework
- To extend traditional trade union goals of equity and justice to encompass sustainability and environmental safety.

### Scenario 1: Green New Deal + Social Guarantee

Calls are growing across the EU, including at the ETUC and ETUI, for a new ‘social-ecological contract’, to extend the traditional idea of a social contract. What does this entail? I will discuss in two parts: the ecological and then the social.

A rough distinction can usefully be drawn between:

4. **Green Transition** to a decarbonised economy
5. **Just Transition**: safeguarding hard-hit sectors, communities and workers
6. **Green New Deal**: a more integrated eco-social programme.

Green Transition programmes promote a range of programmes to a) reduce carbon and GHG emissions, and b) enhance carbon and GHG sinks. These include a wide range of policies using a wide range of policy tools such as carbon pricing, legislation and banning, fiscal stimuli, regulation, standard setting, education and public messaging. In most cases this is compatible with a ‘green growth’ strategy.
Ideas of *Just Transition* address seriously the social impact of such restructuring on hard-hit sectors, workers and communities that would lose out, such as mining and fossil fuels (Galgozci, ed 2019; Mercier 2020). In Europe this is known as the ‘no one left behind’ clause, to be addressed by the Just Transition Mechanism.

**Green New Deal**

Green New Deal (GND) plans and programmes come in many shapes and sizes but they all entail a *more integrated* programme of environmental and social actions: ‘eco-social policies’ explicitly intended to enhance both welfare and sustainability. They all recognize and foster synergies between safer climate and better welfare. These include the direct benefits of climate control, such as reducing the harmful impacts of drought, flood and heat; and the co-benefits such as the health benefits of reduced air pollution and energy poverty. While recognising the job losses that stem from switching from a fossil fuel based to a renewable based economy, they all emphasise the opportunities for green jobs and for secure, long-term, socially valued employment. Most conclude that net employment will increase during the transition (Tooze 2021a).

Around this core, there are naturally national and regional variations. For example the Biden plan extends rights to health care and provides a form of family allowance, policies already taken for granted in much of the OECD world. The EU Green Deal is perhaps the most developed practical programme, providing both a vision and a roadmap. The vision includes a net zero Europe by 2050, tackling biodiversity loss, a significant investment in the circular economy, ambitious plans for new green jobs, specific plans for housing, transport, agriculture and land, funds for vulnerable regions and much more. The Green Deal commits the EU to a ‘climate friendly’ investment plan of €1 trillion over ten years. In addition the European Central Bank will provide for another €2.6 trillion over the next decade via an Asset Purchase Programme. To put this in perspective, it is about the same as the funds provided by the ECB to bail out banks after the 2007-09 financial crash.

*Heavy upfront* investment is key to all GND proposals. It represents a major switch from previously relying on carbon pricing, regulation and behaviour change (Pettifor 2019). The earlier view of many economists that raising the price of carbon will solve all climate problems clearly no longer holds sway, even while the ETS begins to have a marginal impact. There is a clear awareness that carbon pricing is almost always regressive, bearing more harshly on lower income households and localities. This clash between social need, unequal incomes and the market pricing of energy can lead to energy poverty or fuel poverty. It can also encourage anti-climate movements such as the *gilets jaunes* protests in France. Similarly, despite some successful compensation plans such as in British Columbia, the idea that ‘losing’ households or communities can be compensated through cash benefits is mostly discredited. Direct infrastructure and service provision better secures both social and environmental benefits (Gough 2017a,b). Not only in the US has carbon pricing ‘come to be regarded as a neo-liberal placebo’ (Tooze 2021b).
GND inevitably crosses over into issues of welfare and jobs because the Big Three necessities – Food, Housing and Transport – are all carbon intensive. A GND must go far beyond ending fossil fuels and expanding renewables and green electricity. The UK Committee on Climate Change (2020) calls for an extra investment of £50bn each year between now and 2050 (equivalent to 2.5% of present GDP). About half of this will be on buildings and transport. For example, the UK will need to retrofit 20,000 dwellings every week for 30 years. Such public investment would create an estimate 250,000 new jobs in the UK, which in turn would require a major expansion of training, further education and apprenticeships. Altogether the TUC estimates that one million new jobs would be created in the UK (Hines and Murphy 2021). Private investors will play a considerable role in some sectors, but a big uplift in public investment will also be needed. Tooze (2021a) contends that one half of the EU extra net investment will not earn an adequate rate of return, so will require public incentives to induce this – a ‘painful and unfair’ reality.

This move to big government has been over-determined by the Covid pandemic, the ubiquitous economic shutdowns and the extraordinary government uplift in spending and deficits in responses to this crisis. The obvious synergies between post-pandemic recovery and decarbonisation have been spelt out, but the greening of recovery has been patchy. An analysis of spending by leading economies, led by Oxford’s Economic Recovery Project and the UN Environment Programme (UNEP), finds only 18% of announced recovery spending can be considered ‘green’ (Oxford/UNEP 2021).

This uplift in government spending will require a radical reform of fiscal frameworks, including much greater state borrowing, a Green Investment Bank and potentially ‘Green Quantitative Easing’, though the last is the subject of heated debate at present (Pettifor 2019; Hines 2021). Unfortunately there is not the space to address that issue here. Though elements of post-growth thinking enter some GND proposals, it is at heart a new growth strategy: ‘Climate-smart and inclusive growth’.

This opens up interesting questions about the historic conjuncture: Does it spell the end of the neoliberal era? Does the Next Generation EU programme signify a ‘Hamiltonian moment’ for the EU - a parallel to the 1790 compact in the US that enabled debt to be the catalyst for a stronger federal centre and deeper continental union? (Kaletsky 2020).

The social dimension of GND: a Social Guarantee

‘The Commission has presented the first part of the deal – the green part. We must now start fighting for the second package of reforms to complete the deal for the people – the social part, making it a Green New Deal’ (Ferrandis and Alonso 2020).

How, if it happens, will this novel uplift in the role of governments impact on social and employment policy? First, it reinforces the case to rebuild much of existing
welfare systems. The IPPC recognized that European welfare and infrastructure systems provide better adaptation and protection against an unstable climate than many countries. But this vital buffer has been seriously compromised by the relentless erosion of public services, infrastructure and income support mounted over the last four decades in the name of neoliberal economics. For this reason, and to address the climate crisis, European welfare states need rethinking.

The overarching goal should be to match respect for environmental limits with a new social contract (Shafik 2021). At the European level the European Pillar of Social Rights could be revised and repurposed (Ferrandis and Alonso 2020). At a more specific, policy-oriented level, a new UK campaign for a Social Guarantee has been developed: to guarantee to all citizens and residents access to life’s essentials.

The Social Guarantee encompasses both cash income and in-kind income, as the Figure 1 below indicates. On the left hand side is cash income, derived from employment, fair wages and an income guarantee. On the right-hand side is social, in-kind income derived from existing universal services plus proposals for an extension to other conventional basic necessities, including housing, adult and social care, basic transport and digital access (Figure 1).

Figure 1 Components of the Social Guarantee

![Diagram of Social Guarantee components](image)

Note: The list of universal services are examples only.
Source: Coote 2021

The campaign for UBS grew out of a concern with increasingly widespread endorsement of ‘Universal Basic Income’ (UBI) as an alleged solution to problems of poverty, unemployment and deteriorating welfare states, especially after the COVID-19 pandemic. The Social Guarantee offers an approach that shares some of the goals of progressive advocates of UBI, but is embedded in a different ideology and has widely different practical implications. It seeks to reclaim and develop the collective ideal that inspired the creation of welfare states in the post-war era. It embodies transactions that are public, shared and largely decommodified, rather than private, individual and marketised (IGP 2017; Coote 2021).
On the Living Income side, relevant policy options include: Job Guarantees; Fair Wages; and Guaranteed Minimum Income. To discuss these briefly.

**Job Guarantee:** Campaigns for state-guaranteed provision of a job have re-emerged in recent years and notably in the post-Covid era. Governments acted fast to establish Job Retention Schemes of various kinds to counter the massive disruption of general lockdowns. There are now calls for a more permanent Job Guarantee, from for example the UK TUC. In the EU the Youth Guarantee scheme introduced in 2013 is to be ‘reinforced’, offering a choice of employment, vocational training, apprenticeships and further education. It is argued this would directly target precariat, notably young and long-term unemployed.

But critics point to dangerous parallels with earlier workfare programmes trapping people in ‘make-work’ jobs and/or ‘endless retraining’. The regional and local capacity to create, manage and monitor such job schemes is questioned. Public service unions fear they would displace existing public service jobs. ETUC calls for quality, long-term jobs to counter these threats. In the GND framework discussed here the most disturbing feature of a Job Guarantee is that it accepts the present structure of jobs and does nothing to restructure production and employment to face the climate crisis.

**Fair Wages:** This traditional demand of trades unions continues to be threatened by low rates of TU membership, uneven coverage of collective agreements, and in many countries by the absence of worker representatives on management boards. Calls to strengthen the EU Directive on minimum wage and to ensure it is above the ‘threshold for decency’ are among the policy demands.

**Guaranteed Minimum Income:** In recent years, calls for a Universal Basic Income (UBI) have dominated thinking, proposing blanket unconditional payments to all residents of a territory. However, the counter-argument is now growing that a pure UBI set at minimum income standards would absorb such a dramatic share of GDP that it would threaten all existing public services let alone a wider UBS (Martinelli 2017; Coote and Yaziki 2019). For this reason, the cash benefit portion of a guaranteed standard of living would necessarily have to be more targeted whilst still rights-based. The New Economics Foundation has proposed a Minimum Income Guarantee, which avoids the indignities of means-testing by paying money automatically to those who claim it, with over-payments recouped if necessary through taxation the following year (Stirling and Arnold 2020).

**Universal Basic Services.** On the right-hand side are benefits in kind, present and proposed, which forms social income. For the reasons discussed below I argue this is the most effective route to combine decent living and greater equality with environmental sustainability. In many countries, public health services and schooling to higher education are founded on these goals, despite cuts, attacks, and ongoing disputes over principles. UBS proposes to gradually extend these principles to other basic necessities, such as housing, care, transport, digital access and nutrition (Coote and Percy 2020; de Muijnck 2021).
The Appendix table provides an extended framework for considering all these aspects of current welfare states including taxation and proposals for reform.

**Integrating Universal Basic Services with a Green New Deal**

There is a strong case for UBS as a principled framework to support a GND. Public service trade unions consider the time now right for a major push for Universal Quality Public Services (PSI 2021). UBS provides the ‘social’ counterpart to the environmental thrust of GND, on social distributive, environmental, solidarity and employment grounds (Gough 2019b; Coote and Percy 2020).

**Redistribution.** On the one hand, tax-financed social consumption such as health services, social care and education is inherently redistributive: allocation according to need, risk or residency, not market demand, automatically serves redistributive social goals—even when the tax system is neutral rather than progressive. An earlier OECD study found that existing public services are worth the equivalent of a huge 76 percent of the post-tax income of the poorest quintile compared with just 14 percent of the richest. Public services also reduce income inequality by between one-fifth and one-third depending on the inequality measure (Verhijst et al. 2012). Estimates by Reed (2017) find a similar redistributive effect were bus travel to be made free in the UK. Free or low-cost provision of necessities automatically targets lower income households without the disincentive effects that often result from money transfers.

**Sustainability and climate mitigation.** At the same time, research suggests that the integrated public provision of certain services enhances climate resilience and sustainability. For example, the per capita carbon footprint of market-dominated health care in the USA is between two and three times greater than in the UK and European countries (Pichler et al. 2019). This is due both to the greater macro-efficiency and lower expenditure shares of comprehensive national health systems and to lower emissions per pound or euro spent, due to better allocation of resources and procurement practices. Reliance on market-steered health systems generates duplication and waste alongside greater health inequality.

Climate science is now lending weight to these arguments. All climate modelling shows that a safe climate cannot be achieved by relying solely on pricing and present-day supply-side technologies. In the face of this there is a growing call for complementary ‘demand-side’ approaches (Creutzig et al. 2018; Keysser and Lenzen 2021). For example, the Improve-Shift-Avoid (ISA) framework developed to evaluate transport options envisages increasingly radical steps to alter the consumption demand for essential services. It proposes a shift from: Improve (eg switch to electric cars), to Shift (alternative forms of transport, such as walking, cycling and public transit) to Avoid (reducing the overall need for travel via homeworking, online seminars, online shopping, and redesigned towns). Demand-side policies avoid high-risk technologies, such as bioenergy, and can

---

1. Originally framed as Avoid-Shift-Improve (ASI), but ISA makes more sense in my view.
Climate change: the key challenge

Directly contribute to human wellbeing. The framework is now being applied to other intermediate needs, such as food and housing (Brand-Correa et al., 2020).

**Solidarity.** Extending collective service provision can give content to the long-standing EU goal of ‘social cohesion’. It has potential to help reverse contemporary problems of low levels of trust and feelings of disrespect (Saujot, IDDRI at ETUC). The geographical spread of basic services and the foundational economy (discussed below) improves geographical equality and ensures that no community is left behind. Service provision also encourages subsidiarity and local ownership.

**Jobs.** UBS+GND would provide many good, well-paid jobs together with extensive training – more meaningful jobs than a crudely applied Job Guarantee. These jobs would be mainly skilled, long-term and evenly distributed across regions. But they would extend well beyond traditional green jobs, notably in the direction of care. Many jobs in universal services – in caring and teaching for example – depend on human relationships that cannot be usurped by robotics or artificial intelligence. And most have a relatively small ecological footprint. When jobs are in public services and employers are subject to public interest obligations (covering pay and conditions for workers), they are likely to be less precarious than many jobs in the private sector (Public Services International 2021).

Though UBS is an essentially national strategy, it can be undertaken at the level of cities and other decentralised authorities, unlike cash transfer programmes that are largely financed and administered at central level. Local governments can more effectively achieve horizontal coordination across economic, social and environmental agencies: eco-social programmes are now emerging, for example in Leeds and the London borough of Camden in the UK. The UBS framework can combine the vertical and horizontal coordination required for an effective eco-welfare state (Franzoni and Sánchez Ancochea 2016).

Clearly housing, social care, digital access and transport, while all essentials, are very different things, so there can be no uniform formula to implement UBS. But entitlements to certain levels of provision can be guaranteed and these can be backed up by a menu of public interventions, including regulation, standard setting and monitoring, taxation, and subsidies. This does not necessarily entail direct government provision – a plurality of collective and communal providers will be involved with appropriate support from government. Some basic services, such as retail food distribution and retail banking, are provided by the private sector. Here the Foundational Economy Collective proposes a system of social licensing that would make the right to trade dependent on ‘providing a service, plus meeting negotiated criteria of community responsibility on issues such as sourcing, training and payment of living wages’ (FEC 2018, p. 111). This follows current practice in many European countries and could lend force and definition to the otherwise woolly concept of ‘corporate social responsibility’.

Estimates of the extra cost of UBS inevitably vary across countries. Europe provides an excellent laboratory of public and collective services with which to identify bad, good and best practices (Coote and Percy 2020). These can then be costed, but the likely costs for implementation in the UK are around 5% of GDP.
This is a substantial figure, but in part would overlap with the costs associated with GND. How this could be financed will also vary, but certain rules can be stipulated. Current costs should be covered by taxation, but taxes should shift from goods to ‘bads’ and luxuries. New taxes should be investigated on wealth, land, data, inheritance, unhealthy consumption, financial transactions and pollution (de Muijnck 2021). Infrastructure capital costs should be financed by borrowing and bond finance, as discussed above. Finally, some social provisions, such as further education, retraining and care could be regarded as capital rather than current and thus financed by borrowing (WBG 2021).

The unifying principle is to extend collective solutions, as opposed to providing income support and leaving provisioning to market forces. The Social Guarantee and UBS provide an essential complement to GND. Trade unions played an important role in securing a commitment to UBS in the UK Labour Party in 2019 and in integrating it with an ambitious GND. Could it form a centrepiece of a union-led transition to a sustainable wellbeing economy?

**Scenario 2: towards an economy of egalitarian sufficiency**

**Introduction**

Scenario 1 would take us a good way towards a more just and sustainable economy. It would guarantee a security floor - the provision of essentials to residents whilst developing eco-social approaches to reducing emissions and environmental harms. But it would not address intra-national or international inequality – nor the cross-cutting issues of social justice that arise, nor the ways extreme inequality confounds policies to tackle climate mitigation and fair decarbonisation (Gough 2017 2019; Laurent 2020; Chancel 2020).

Consider for example the extraordinary spread of SUVs across the advanced capitalist world and among upper income groups in the global South. Between 2010 and 2018, this growing epidemic was the second-largest contributor to global carbon dioxide emissions in the world, behind only the energy industry (IEA 2021). The surge in ownership of SUVs has more than cancelled out the improved carbon efficiency of the entire car fleet. If the 40 million SUVs in USA were changed for ordinary cars, all 1.6bn people in the world could have electricity without more emissions. This is just one example where the untrammelled pursuit of individual preferences in the context of private production systems and egregious inequality undermines the goal of meeting common human needs.

Consider also the global patterns of GHG emissions and of national responsibilities for climate breakdown. Hickel (2020) calculates all emissions since 1850 but subtracts a universal entitlement to ‘national fair shares’ of energy and emissions, to obtain the resulting national responsibilities for the remaining ‘excessive’ emissions as follows:
USA 40%
EU 29%
Russia and rest of Europe 13%
Total global North 92%
Global South 8%

The major intellectual, ethical and practical pressure for restraint on inequality now stems from such ecological concerns (Gough 2020b). In today’s context of egregious global inequality the arithmetic is insistent. The most recent IPCC estimate of the available global carbon budget (from the end of 2017) that would offer a 66% chance of remaining within the 1.5°C warming target is 420 GtCO2 (billion tonnes of CO2). A simple pro rata allocation of this budget suggests that the UK's share should be about 2.9 GtCO2. In 2018 the UK's consumption-based emissions were around 590 MtCO2, suggesting that the UK’s right to emit any carbon would be exhausted within five years (Jackson 2019). At present the annual consumption emissions of the average person in the UK is 12.1 tonnes – way above a safe 2 tonne or 1.5 tonne limit.

This lends support for a 'contract and converge' approach at the global level. But simply expounding the moral ecological case for sufficiency at the global level does not solve the dilemmas within rich nations. To reach zero net carbon by 2050, let alone earlier, will require prodigious shifts in consumption in the developed world. To move quickly to a target of even two tons of CO2 per head within existing socio-technical structures would deprive citizens of a vast range of goods and services – housing standards, personal transport, a range of clothing, a choice of nutritious diets, and so forth – that current minimum income studies have agreed are necessary for effective participation in modern life (Davis et al. 2015). The class dimension of consumption and ecological responsibility within the developed world must be tackled simultaneously, or a grave injustice would be perpetrated in the name of 'saving the planet' (Gough 2017b).

To handle these contradictions I argue we must transition to an economy of egalitarian sufficiency.

Basic concepts for sufficiency

A common dictionary definition of sufficiency is enough means to meet one’s needs. The idea of sufficiency has no meaning in orthodox economic theory, where market demand is driven by consumer preferences backed with money; the theorised goal is individuals maximising utility, or nowadays ‘happiness’. To make sense of sufficiency requires a distinct eudaimonic conception of wellbeing, one centred around the idea of universal human needs (Büchs and Koch 2017; di Giulio and DeFila 2019). The theory of human need developed by Len Doyal and myself (1991) can provide a cross-cultural and cross-generational concept
of welfare today (Gough 2015, 2017b; Steinberger 2020). It identifies three basic human needs: health, autonomy and participation. But needs are always to be distinguished from need satisfiers which vary with context and time.

Needs and need satisfiers are intrinsically satiable: there are limits beyond which more food, more work or more security are no longer helpful and could even do one harm. There comes a point where sufficiency is reached in the process of meeting needs. Furthermore, we can expect such needs and need satisfiers to exist in the future. We can envisage what sufficiency will mean for our children and future generations. In an era of extreme environmental stress sufficiency is also a more precautionary economic rule than maximisation. In the Anthropocene meeting people’s basic needs should be the first priority of justice; the prior obligations of rich nations to cut emissions and bear the initial burdens of adaptation and mitigation are agreed by almost all ethical principles. Egalitarian sufficiency implies a normative rule: “Human needs, present and future, trump present (and future) consumer preferences” (Gough 2017a, 4).

To unify equality and sustainability, this means identifying a new dimension of consumption: the ‘necessitousness’ of various goods and services: whether they are essential, desirable or ‘luxurious’/wasteful (Gough 2019a, 2020b). This entails a threefold distinction between necessities, conventional goods and luxuries. This returns us to the two boundaries – upper and lower – that encompasses Raworth’s (2017) ‘safe and just space’ for humanity.

A second theoretical innovation, with similar implications, is that of the foundational economy, which challenge the dominant view of the economy as a uniform space within which nameless and substitutable commodities are produced, exchanged and consumed. Instead it identifies distinct economic zones, in which the foundational economy stands out as most essential. Our everyday life in civilized societies depends upon it: electricity, water, sewerage, garbage disposal, food supply and distribution, health services, pharmacies, care, public transport, education, social housing, emergency services and public administration (FEC 2018). The foundational economy is relatively sheltered from international competition. It generates more than 40 per cent of all jobs – jobs that are almost entirely locally and regionally anchored.

With these two frameworks we can conceive of an economy of Floors and Ceilings (Figure 2).

---

3. In chapter 7 of Heat, Greed and Human Need, I envisage only a dichotomy between necessities and luxuries.

4. There is clearly a parallel between the frameworks of human needs and provisioning systems. Both recognise the irreducible heterogeneity and non-substitutability of consumption, the multifaceted nature of human needs and the variety of systems on which we all depend (Gough 2019b).
Floors and Ceilings in three domains

<table>
<thead>
<tr>
<th>Income and wealth</th>
<th>Consumption</th>
<th>Labour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riches</td>
<td>Luxuries</td>
<td>Unproductive</td>
</tr>
<tr>
<td>Ceiling (above which Surplus)</td>
<td>Prosperity</td>
<td>Comforts</td>
</tr>
<tr>
<td>Floor requires</td>
<td>Decent Minimum</td>
<td>Necessities</td>
</tr>
</tbody>
</table>

Floors refer to the essential labour performed to produce necessities and to generate minimum decent incomes. This is the focus of scenario 1. But to ensure decent standards in a climate constrained world requires maxima as well as minima.

Ceilings refer to limits:
- To income and wealth that exceeds any conceivable requirements for human flourishing
- To consumption of high-carbon luxuries that cannot be generalised to a wider population
- To labour and employment that hinders provisioning and destroys social value.

The ‘inbetween’ domain then refers to the remainder of conventional employment, consumption of ‘comfort goods’ and incomes for ‘prosperity’.

The employment goal of an economy of sufficiency would be to prioritise the essential, reconfigure the conventional and shrink the ‘unproductive’. At the same time, an economy of sufficiency would aim to restrain ‘riches’ and direct consumption away from ‘luxuries’. To do this requires a rethinking of the economic theory of value, utilising the two frameworks introduced above.

Can we envisage a maximum or ceiling to consumption? Antonietta di Giulio and Doris Fuchs (2014) have proposed the idea of a sustainable ‘consumption corridor’ between minimum standards, allowing every individual to live a satisfactory life, and maximum standards, ensuring a limit on every individual’s use of natural and social resources in order to guarantee a good life for others in the present and in the future. A recent book (Fuchs et al. 2021) provides existing examples of enacted limits on private consumption, such as the Swiss referendum on limits to speculative housing development and Singapore’s limits to the number of car licences.

But to speak of luxuries, riches, limits is to enter disputatious territory. How can such a debate be pursued, let alone consensus be achieved, in a democratic yet hyper-consumption society? How can such a framework be integrated with TU policy and action? These are big questions, but I note two contemporary developments, one the outcome of the Covid pandemic and lockdown, the other the result of the upcoming climate emergency.
Government lists of essential workers. In March 2019 the UK government produced a list of ‘essential occupations’ with special privileges during pandemic-related restrictions (Gough 2020a). The list extends way beyond health and social care or emergency services, to include farmers, supermarket staff, delivery workers, workers in water, electricity, gas and oil, teachers, telecommunication workers, transport staff, workers in law and justice, religious staff, social security staff and retail banking staff. Other governments produced similar lists, some, such as the Irish, including supply chain workers furnishing inputs to the key workers.

Whether intended or not it signalled a notable shift in thinking in two ways. First, it questioned the dominant neo-classical value theory, where any activity is deemed valuable or productive if it is remunerated, whatever its social value or disvalue. For the first time since the Second World War governments have been forced to distinguish a subset of useful labour, and implicitly need satisfiers. Second, the evidence of low pay levels for many key workers (IFS 2020) demonstrated the dramatic gap between market valuation and social or normative valuation of different forms of labour. This implicit valuation of different jobs in the labour market could mark a step forward in sustainable and egalitarian discourse.

Citizen Climate Assemblies in, for instance, France and the UK have agreed quite radical constraints on consumption to ensure a just transition to Net Zero. These illustrate alternative forms of dialogic democracy that bring together citizens and experts in a space as open, as democratic, and as free of vested interests as possible. The French Convention Citoyenne pour le Climat is noteworthy because the French government committed from the start to put forward its proposals for legal adoption – without changes – via referendum, parliamentary vote, or executive order. This is an unprecedented commitment for a citizen’s assembly and makes it a leading example of introducing dialogic democracy into determining climate action, though we should not be naïve about the obstacles on the way.

The Convention was tasked to decide on policies to achieve a 40% reduction in France’s GHG emissions by 2030 ‘in a spirit of social justice’. It comprised 150 randomly selected but representative citizens advised by a series of experts and it met over nine months. By the end it had achieved consensus on 149 proposals. Some of these signal a road to sufficiency, including the fast and mandatory retrofit of the least energy efficient buildings by 2030, the implementation of a ban on high-emission vehicles by 2025 (the earliest date offered to the Convention), a mandate to display GHG emissions on all goods in shops and advertisements, a prohibition on advertising high GHG products, and limits on the use of heating and air conditioning in housing, public spaces and all other buildings. It should be stressed that every recommendation was backed by a consensus of all convention members and that these were representative of all major social, demographic and economic groups in France, including many initially sceptical of climate change. Citizens’ climate assemblies are now developing within many cities and regions.
For example in the UK at least 11 councils are now using citizens’ assemblies to drive climate action⁵ and Wales has hosted two on social care.⁶

In these two ways both Covid and climate breakdown are pressing decision-making in new directions by questioning values and priorities. This report briefly turns to apply such insights to policies on Jobs and Incomes/Welfare.

Jobs and the labour market

To restrain waste, throw-away consumption and luxury production will cost jobs. But shrinking some sectors will be accompanied by expanding others. Krisch and colleagues in Vienna have developed an extended map of the zonal economy reproduced in Figure 3.

Figure 3  A map of economic zones

<table>
<thead>
<tr>
<th>Economic Zones</th>
<th>Unpaid sector - private households</th>
<th>Monetarized activities, registered in national accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid</td>
<td>Everyday Economy</td>
<td>Export-oriented Market Economy</td>
</tr>
<tr>
<td></td>
<td>Foundational Economy</td>
<td>Non-essential local provision</td>
</tr>
<tr>
<td></td>
<td>Public Services &amp; Infrastructure</td>
<td>Essential local provision</td>
</tr>
</tbody>
</table>

Examples

<table>
<thead>
<tr>
<th>Unpaid care of family members</th>
<th>Health, Energy</th>
<th>Food, Banking</th>
<th>Restaurant, Hairdresser</th>
<th>Automotive supplies</th>
<th>Stock/Real Estate market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expansion</td>
<td>Expansion</td>
<td>Expansion</td>
<td>Conversion</td>
<td>Shrinking</td>
<td></td>
</tr>
</tbody>
</table>

Future-proof Policies

<table>
<thead>
<tr>
<th>Revaluation/ payment or shift to foundational economy</th>
<th>Expansion</th>
<th>Expansion</th>
<th>Expansion</th>
<th>Conversion</th>
<th>Shrinking</th>
</tr>
</thead>
</table>

Source: Krisch et al. 2020

This can form the basis for a new progressive and discriminatory economic policy along the following lines (based on my own perspective which differs somewhat from those of the authors):

7. Rentier/predatory economy: regulate and shrink
8. Competitive traded market sector: support but redirect
9. Non-essential market provision: foster and convert
10. The Foundational economy: invest and expand
11. Universal Basic Services: invest and expand
12. Recognise the core economy: support and redistribute unpaid labour.

Zones 4 and 5 have been discussed above. I say nothing here about zone 3, but comment on zones 1, 2 and 6.

**Competitive traded market economy.** The dominant focus of industrial policy today is on high-tech competitive sectors. For example, Mazzucato’s (2021) idea of mission-focused industrial policy advocates early stage innovation via closer cooperation and strategic planning between private and public actors with more rewards for public financing. Yet the numbers of potential jobs created is a small fraction of those in the foundational economy pursuing a GND-UBS path. And these will grow in a small number of favoured cities and free trade zones, unlike the more even geographical spread of foundational programmes. Classic industrial policy along these lines will of course need to continue in the EU, centred around world-leading sectors such as autos, aerospace and pharmaceuticals, as argued by industrial representatives.

The argument here is that transition should be driven and given direction by the requirements of an expanded foundational economy and eco-welfare state and the goal of sufficiency. For example, research on the political economy of car dependence illustrates the interdependence between the zones and the consequent difficulty of moving away from a car-dominated, high-carbon transport system (Mattioli et al. 2020). Using a systems of provision approach it identifies five key elements of the current systems: i) the automotive industry; ii) the provision of car infrastructure; iii) the political economy of urban sprawl; iv) the provision of public transport; v) cultures of car consumption. It is the linkages between these processes that are crucial to maintaining car dependence and thus create carbon lock-in. To transit to an egalitarian sufficiency economy would require integrating approaches to the international and foundational sectors.

**The unpaid ‘core economy’.** The core economy - of fundamental importance in reproducing capitalism through care work, as long analysed by feminist economics – would need to be addressed more directly and integrated with thinking on UBS. Many common tasks – in caring and teaching for example – have a relatively small ecological footprint, either because they are primarily relational or because they are embedded in organisations committed to sustainable practice. Creative and care work would be expected to expand as part of recomposing consumption and work for a sustainable economy (Jackson 2021). An eco-social transformation can pursue ways of recognising paid and unpaid care work as central components of both the money economy and other systems that sustain wellbeing. This could reduce the social and ecological costs of privatised social reproduction and redistribute it fairly within society (Elson 2017; WBG 2021).

**The unproductive zone.** This includes a range of inessential or unproductive labour (at the top of Figure 3) that would need to be curbed to prevent wasteful emissions and to free resources for essential and conventional production. We are here at the fringes of practical politics, yet there is a remarkable range of

---

7. A study of ‘material footprints’ in Wales found that personal services like health, education and care accounted for only 8% of the total, compared with the Big 3 material need satisfiers - food, housing and transport - that used 60% of the total (SEI 2015).
ideas and research to draw on: ‘socially useless finance’ (Adair Turner); rent-seeking (Mazzucato); ‘guard labour’ and the ‘garrison economy’ (Bowles); unnecessary supervision (Mohun); ‘bullshit jobs’ (Graeber). It would be useful to start confronting and researching the scale of this ‘unproductive’ labour, which threatens social wellbeing and ecological sustainability.

This sketch indicates what a more comprehensive labour market policy might look like, of the goal is an economy of egalitarian sufficiency. Such restructuring can be combined with a general reduction in hours of paid work, widely recognised as an effective eco-social policy.

Other implications for welfare state

Our second scenario, to address inequality, recompose consumption and transit to a need-based economy, also entails a welfare state with much broader competencies and powers, though one building on the radical reforms of scenario one. Figure 4 pulls these ideas together and illustrates potential eco-social policies for Scenarios 1 and 2. It considers only fiscal tax and spending policies, and ignores all other interventions, including regulation, bans, carbon pricing, etc. It presents only a money income measure, though one including the imputed values of state provided services. It does not present a disaggregated non-monetary measure of wellbeing, though this is recognised as an urgent initiative.

Figure 4   Expanded eco-welfare state interventions for a sufficiency economy

<table>
<thead>
<tr>
<th>Household account</th>
<th>Scenario 1 proposals</th>
<th>Scenario 2 proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Jobs-oriented GND and UBS stimulus</td>
<td>Expand UBS and foundational economy</td>
</tr>
<tr>
<td></td>
<td>Job Guarantee?</td>
<td>Recognise and where relevant integrate policies on the unpaid economy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduce hours of work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shrink financial, rentier, luxury, wasteful and unproductive employment</td>
</tr>
<tr>
<td>Market incomes</td>
<td>Real living wage</td>
<td>Fair pay ratios in corporations and other institutions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implement ceilings on income</td>
</tr>
<tr>
<td>Disposable incomes</td>
<td>Guaranteed minimum income Progressive tax options</td>
<td>Guaranteed minimum income Progressive tax options</td>
</tr>
<tr>
<td>+ In-kind benefits</td>
<td>UBS: expanded social consumption</td>
<td>Further expand public services</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shrink luxury and high carbon consumption</td>
</tr>
</tbody>
</table>

Private + social consumption = Final real standard of living (in monetary and imputed terms)

For clarity, this Figure omits the tax flows included in the Appendix table.

8. It also requires a blurring of the boundaries between state, economy and civil society, but there is not the space to discuss this here.
The ideas in Scenario 2 hopefully integrate and add to many existing ideas in trade union and other discussions around the socio-ecological contract in progressive policy circles.
Appendix

The Figure below presents the four key stages between employment and the final real income of households, and indicated money flows (expenditure and taxes) between the state and household sector. The last row comprises both money incomes and in-kind benefits, so is the determinant of the total consumption or standard of living of the household sector as a whole, in monetary and imputed terms.

Appendix table
A framework for the Social Guarantee

<table>
<thead>
<tr>
<th>Household sector</th>
<th>Present welfare state interventions: examples</th>
<th>Progressive policy proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Activation policies</td>
<td>Job Guarantee Job Guarantee</td>
</tr>
<tr>
<td></td>
<td></td>
<td>jobs-oriented stimulus (UBS)</td>
</tr>
<tr>
<td>Wages, salaries, other earnings</td>
<td>Minimum wages</td>
<td>Minimum and Fair Wage policies Strengthening trades unions and collective bargaining</td>
</tr>
<tr>
<td>minus taxes on earnings</td>
<td>Income taxes, social security contributions</td>
<td>Reform of taxation of earned and unearned income (+ New taxes on wealth, land, corporations, pollution)</td>
</tr>
<tr>
<td>Disposable incomes</td>
<td>Income support, pensions, other cash benefits, housing benefit etc</td>
<td>Benefits-as-a-right GMI: Guaranteed Minimum Income UBI: Universal Basic Income PI: Participation income</td>
</tr>
<tr>
<td>minus consumption taxes and duties = Private consumption</td>
<td>VAT Specific duties</td>
<td>New duties, eg frequent flyer levies, etc Smart VAT Social tariffs for utilities</td>
</tr>
<tr>
<td>+ In-kind benefits</td>
<td>NHS, education, subsidies, other benefits in kind</td>
<td>UBS: Universal Basic Services strengthen existing in-kind benefits and extend to social care, child care, housing, transport, internet services etc</td>
</tr>
</tbody>
</table>

→ Final 'real' income = Private + Social consumption

Based on Table 6.1 in Gough (1979). Income from property and saving is ignored. Taxes shown in italics.
References


De Muijnck, S. 2021. Renewing the welfare state: The right mix of ensuring jobs, income and services. Our New Economy.


Galgozci, B. (ed) 2019. Towards a just transition: coal, cars and the world of work. ETUI.


(PSI) Public Services International. 2021. Universal Quality Public Services: A policy briefing for trade unions. PSI.
Shafik, M. 2021. What We Owe Each Other: A New Social Contract.
WBG (Women’s Budget Group) 2021. Towards a feminist green new deal for the UK. https://www.wen.org.uk/2020/05/19/femgreennewdeal/