Two scenarios for an Eco-Social Contract

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Towards a new concept of the welfare state
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Climate breakdown: Rising temperatures since 1884

Responses:
Three scenarios for rich countries:
1. Green growth: Decouple emissions
2. Recompose consumption
3. Degrowth
Focus here on 1 and 2. Look only at climate change

Heading for Net Zero

• Growing agreement on this target, but
  – Interim carbon budgets are crucial
  – Planet still on course for 3+°C when NDCs summed
  – These based on territorial, not consumption, emissions
  – Egregious inequality in national contributions to global heating (Hickel): US 40%, EU 29%, global South 8%

Marrying climate and social goals

But must consider also the inner social foundation:

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 progressive goals of equity and justice to encompass sustainability and environmental security.

Two scenarios:
1. Green New Deal + A Social Guarantee
2. Towards Egalitarian Sufficiency

Scenario 1: Green New Deal + Social Guarantee

• Green Transition
  – Vast array of initiatives to achieve a radically decarbonised economy
• Just transition:
  – Recognises some social implications: ‘no one left behind’ clause; sensitivity to context: regions and social groups
• Green New Deal: a more integrated eco-social programme?
  – Some recognition of synergies and co-benefits
  – Yet EU Green Deal focus on education/training + targeted protection
  – > Critique of Sabato and Fronteddu: where are social rights? Where is the Social Platform? The welfare state?
Green New Deal

• Common features:
  – Heavy upfront investment
    • $1.9 trillion American Rescue Plan and the $2 trillion American Jobs Plan
    • EU Green Deal €1 trillion over ten years + ECB €2.6 trillion Asset Purchase Programme.
  – Clear break with earlier reliance on carbon pricing
  – Recognition of probably positive net employment
• National variations

Green New Deal

• All over-determined by Covid and lockdowns
• Upfront investment requires radical fiscal and debt reform. Ongoing debates:
  • Long-term bonds, larger deficits, Green QE?
  • A new conjuncture? End of neo-liberalism? A Hamiltonian moment?
  • At heart a new growth strategy: ‘Climate-smart and inclusive growth’.

The missing link: A Social Guarantee

socialguarantee.org

The Social Guarantee: the role of UBS

• On the 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 (free or low-cost) to other essentials of life: for example, housing, care, basic transport, digital access.
  – More in-kind provision complements money transfers without usual disincentives

Why in-kind public provision compatible with GND

• Equality. Free or low cost provision of necessities is inherently highly redistributive.
• Sustainability: public services produce lower emissions than private
• Solidarity and social cohesion. The geographical spread of basic services
• Jobs: UBS labour-intensive: would augment GND ‘green jobs with social and care jobs’

Framework for analysing the Social Guarantee

<table>
<thead>
<tr>
<th>Household sector</th>
<th>Present welfare state interventions</th>
<th>Progressive policy proposals</th>
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</thead>
<tbody>
<tr>
<td>Employment</td>
<td>Education, training, activation programmes</td>
<td>Jobs-oriented GND and UBS stimulus, Job Guarantee</td>
</tr>
<tr>
<td>Market incomes</td>
<td>Minimum wages, Fair Wages</td>
<td>Guaranteed Minimum Income, Universal basic income, Participation income</td>
</tr>
<tr>
<td>Disposable incomes</td>
<td>Benefits, housing benefits, etc.</td>
<td>Guaranteed Minimum Income, Universal Basic Income, Participation Income</td>
</tr>
<tr>
<td>② Public in-kind benefits</td>
<td>Health, education, subsides, other benefits in kind</td>
<td>Guaranteed Minimum Income, Universal Basic Income, Participation Income</td>
</tr>
<tr>
<td>③ Final ‘real’ income = Private + Social consumption</td>
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Coote and Percy. The Case for Universal Basic Services. 2020
Implementing UBS

- Clearly housing, care, learning and transport, while all essentials, are very different things, so no uniform formula to implement UBS.
- But guaranteed *entitlements* to certain levels of provision
- Plus menu of public interventions:
  - regulation, standard setting and monitoring, taxation, and subsidies.
- UBS can be undertaken at the level of cities and other decentralised authorities
- Costs. Distinguish capital and current
- Unifying principle is to extend collective solutions, as opposed to providing income support and leaving provisioning to market forces.
  - A major alternative to calls for UBI

Scenario 2: Towards an economy of egalitarian sufficiency

- Scenario 1 insufficient, and
- Would not confront national and global concerns of inequality, injustice, waste and unbalanced economies
- Akenji 2019 Report on ‘1.5 degree lifestyles’:
  - Finland’s current GHG pc household consumption footprint would need to fall from 10.4 tCO2e now to 2.5t by 2030, 1.4t by 2040 and 0.7t by 2050.
  - If negative emission technologies, eg BECCS, persist these targets moderated only slightly
- Yet SUV pandemic unrolling fast in the opposite direction

An alternative theory of value based on sufficiency

- The idea of sufficiency has no meaning in orthodox economic theory
- Sufficiency requires a distinct *eudaimonic* conception of well-being.
- One example: A Theory of Human Need:
  - Needs are essentially satiable and there comes a point when there is a *sufficient* level of their satisfaction.
  - Can then conceive of the needs of future generations
- But needs always distinguished from context-dependent *need satisfiers*

Our theory of human need (Steinberger)

- Well-being, Social participation
  - Physical Health
  - Mental Health
  - Autonomy
- Needs:
  - Food & water
  - Housing
  - Healthcare
  - Education
  - Significant relationships
  - Economic security
  - Physical safety
  - Safe environment
  - Childhood safety
  - Safe birth control & childbearing

Floors and Ceilings in three domains

<table>
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<tr>
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<tbody>
<tr>
<td><strong>Income and wealth</strong></td>
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<tr>
<td><strong>Riches</strong></td>
</tr>
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<td><strong>Prosperity</strong></td>
</tr>
<tr>
<td><strong>Floor requires:</strong></td>
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</table>
An alternative economic framework: The ‘foundational economy’

- 'Manchester School' identifies the foundational economy.
- The infrastructure of everyday life – the utilities, infrastructure, public services, distribution systems, retail banking etc
- The ‘mundane economy’ found in all small towns and usually taken for granted.
  - Delivered through networks and branches
  - Provides collective shared services in the public interest
- Account for about 50% of both employment and expenditure in the UK and across Europe.
- Strong parallels here with earlier ideas of UBS

Defining ceilings

- Floors well known in social policy, but ceilings are novel
- **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 come to any consensus on these issues?

Two openings?

1. The Covid pandemic and lockdown

- Governments’ lists of essential workers
  - UK list extends way beyond health and social care or emergency services.
    - Includes farmers, supermarket staff, 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.
- Identifying key workers flouts the indifference rule of neo‐classical value theory
- And key workers paid less on average (IFS): Dramatic gap between market valuation and social or normative valuation

2. Citizens’ climate assemblies: French Convention on Climate 2020

- 150 randomly selected but representative citizens meeting for nine months. Advised by experts.
- Tasked to decide policies to achieve 40% cut in France’s greenhouse gas emissions by 2030.
- The government committed to propose the Convention’s proposals for legal adoption - without changes.
- Convention agreed on 149 proposals, including:
  - fast mandatory retrofit of the least energy efficient buildings by 2030
  - ban on high emission vehicles as early as 2025
  - GHG labels mandatory in retail and consumer places and advertisements
  - limiting the use of heating and air-conditioning in all buildings (maximum average temperature of 19°, no air-conditioning below 25°)

Implications for eco-social contract: The labour market

Krisch, Novy, Plank, Schmidt, Blaas. Die Leistungsträgerinnen des Alltagslebens. 2020

<table>
<thead>
<tr>
<th>Economy core</th>
<th>Monetarized activities, registered in national accounts</th>
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<tbody>
<tr>
<td>Outdoor</td>
<td>Everyday Economy</td>
</tr>
<tr>
<td>Indoor</td>
<td>Foundational Economy</td>
</tr>
<tr>
<td>Public Services &amp; Infrastructure</td>
<td>Essential Local Provision</td>
</tr>
<tr>
<td>Non-essential Market Economy</td>
<td>Renter Economy</td>
</tr>
</tbody>
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<th>Examples</th>
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<tr>
<td>Unpaid care of family members</td>
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<tr>
<td>Health, Energy</td>
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<tr>
<td>Food, Banking</td>
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<tr>
<td>Restaurant, Hairdresser</td>
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<tr>
<td>Automotive supplies</td>
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<tr>
<td>Stock, Meat, Estate market</td>
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<th>Culture proof Policies</th>
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<tr>
<td>Universal Basic Services</td>
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<td>Developmental economy</td>
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Implications: Jobs and the labour market

- Rentier/ predatory economy: regulate and shrink
- Competitive traded market sector: support but redirect
- Non-essential market provision: foster and convert
- The Foundational economy: invest and expand
- Universal Basic Services: invest and expand
- Recognise the core economy: support and redistribute unpaid labour.
Implications for eco-social contract: The welfare state

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<th>Household account</th>
<th>Scenario 1 proposals</th>
<th>Scenario 2 proposals</th>
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<tr>
<td>Market failure</td>
<td>Ultra high wage</td>
<td>Path away from our paradigm and other violations Implement raising on income Redistribute wealth.</td>
</tr>
<tr>
<td>Disposable income</td>
<td>Guaranteed minimum Income Progressive tax options</td>
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</tr>
<tr>
<td>In-kind benefits</td>
<td>UBS expanded social conservation</td>
<td>Further expand public services</td>
</tr>
</tbody>
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Conclusions: The Anthropocene and the eco-social contract

Two desirable scenarios in rich countries:
1. **GND + UBS**
   - Complement GND programmes with novel eco-social programmes to tap synergies between wellbeing and sustainability
2. **Transition towards an economy of egalitarian sufficiency**
   - Distinguish necessities, comfort goods and luxuries
   - Work towards a consumption corridor
   - Identify essential, conventional and destructive/unproductive labour
   - Develop sector specific industrial and labour policies

Both challenging, but first more market-compatible...

Thank you