

Two scenarios for an Eco-Social Contract

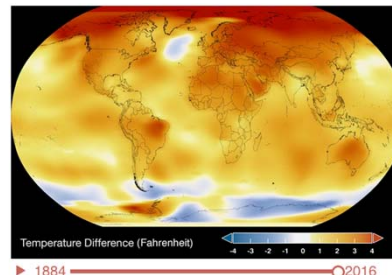
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Towards a new concept of the welfare state
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Climate breakdown: Rising temperatures since 1884



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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

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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%

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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**

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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?

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Green New Deal

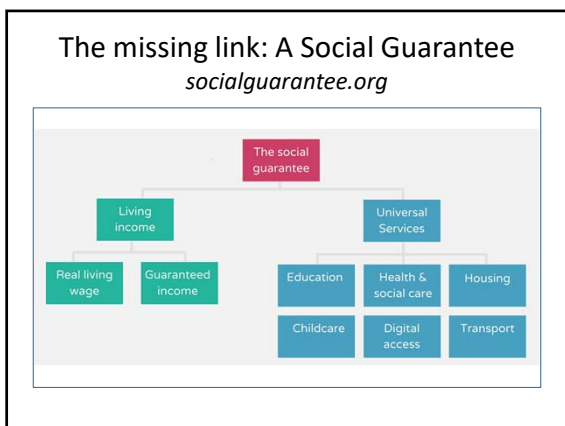
- Common features:
 - Heavy upfront investment
 - \$1.9 trillion American Rescue Plan and the \$2 trillion American Jobs Plan
 - EU Green Deal €1 trillion over ten years + ECB €2.6 trillion Asset Purchase Programme.
 - Clear break with earlier reliance on carbon pricing
 - Recognition of probably positive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

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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’.

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Framework for analysing the Social Guarantee

Household sector	Present welfare state interventions	Progressive policy proposals
Employment	Education, training; Activation programmes	Jobs-oriented GND and UBS stimulus Job Guarantee?
↓		
Market incomes	Minimum wages	Fair Wages
↓		
Disposable incomes	Pensions, other cash benefits, housing benefit etc	GMI: Guaranteed Minimum Income (UBI: Universal Basic Income) (PI: Participation income)
↓	-> Private consumption	
+ Public in-kind benefits	Health, education, subsidies, other benefits in kind	UBS: Expanded social consumption: social care, child care, housing, transport, internet services etc
↓	<i>Final 'real' income -> Private + Social consumption</i>	

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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
 - Coote and Percy. The Case for Universal Basic Services. 2020
 - Gough. Universal basic services: A theoretical and moral framework. *Political Quarterly*. 2019.

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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

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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

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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

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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 wellbeing.
- 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*

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Our theory of human need (Steinberger)

Human needs and well-being | Based on Doyal & Gough 1991, Gough 2015.

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From floors to ceilings

- To achieve fair recomposition means distinguishing the '*necessitousness*' of consumer goods and services
- This entails a threefold distinction between necessities, conventional goods and luxuries. This returns us to the two boundaries – upper and lower – that delimit Raworth's (2017) 'safe and just space' for humanity.
- This generates an upper as well as a lower boundary of consumption: di Giulio and Fuchs: a *sustainable consumption corridor*.
- But can generalise this:

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Floors and Ceilings in three domains

Income and wealth	Consumption	Labour
Riches	Luxuries	Unproductive
Ceiling (above which Surplus)		
Prosperity	Comforts	Conventional
Floor requires:		
Decent Minimum	Necessities	Essential

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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 'providential economy' of the welfare state
- The 'mundane economy' found in all small towns and usually taken for granted.
 - Delivered through networks and branches
 - Relatively sheltered from international competition
 - 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

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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?

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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

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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°)

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Implications for eco-social contract: The labour market

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

economic zones					
Unpaid	Monetized activities, registered in national accounts				
	Everyday Economy			Export-oriented Market Economy	Rentier Economy
sector	Foundational Economy	Essential local provision	Non-essential local provision		
private households	Public Services & Infrastructure				
Examples					
Unpaid care of family members	Health, Energy	Food, Banking	Restaurant, Hairdresser	Automotive supplies	Stock-/Real Estate market
Future-proof Policies					
Revaluation/ payment or shift to foundational economy	Expansion	Expansion	Expansion	Conversion	Shrinking

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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.

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**Implications for eco-social contract:
The welfare state**

Household account	Scenario 1 proposals	Scenario 2 proposals
Employment	Jobs-oriented GND and UBS stimulus Job Guarantee?	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
Market incomes	Real living wage	Fair pay ratios in corporations and other institutions Implement ceilings on income Redistribute wealth
Disposable incomes	Guaranteed minimum income Progressive tax options	Guaranteed minimum income Progressive tax options
+ In-kind benefits	UBS: expanded social consumption	Further expand public services Shrink luxury and high carbon consumption
→ Private + social consumption = Final real standard of living (in monetary and imputed terms)		

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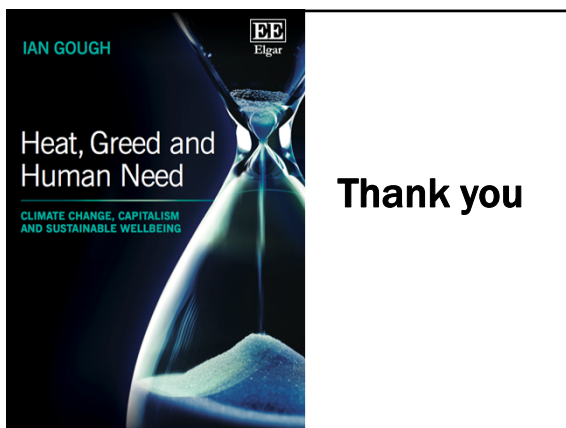
**Conclusions: The Anthropocene and
the eco-social contract**

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...

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