

Basic Income: A Necessary Policy for a Just Transition

Basic Income Ireland | December 31, 2019 | info@basicincome.ie

The following is a response by Basic Income Ireland to question 24 in the Public Consultation,¹ namely, “What are the most important issues for the Government to consider in developing a long term strategy to 2050 in order to ensure a just transition?” In what follows, we make a case that a universal, unconditional basic income should be an essential element in protecting the most vulnerable in our society against the costs of decarbonisation.

Vulnerable people and groups include:

- Low-income individuals, households and communities
- People likely to lose jobs as high-carbon industries are closed
- People with mental health difficulties, who may be doubly vulnerable in the face of the changes required
- Innovators in community-economy enterprises and projects, including but not limited to projects focused on food, energy, forestry and habitat restoration, health and wellbeing.

Background and context

It is necessary for citizens to have trust in government in the transition² and for any measures introduced to demonstrate that the government is aiming to achieve stability and fairness, while facilitating freedom and choice for members of society, within safe scientific limits.

A recent *Irish Times* survey found that while the majority (57%) of the Irish people acknowledge climate change as the “most serious issue facing the world”, a near-majority (48%) were not prepared to pay the higher fossil fuel prices brought about by a carbon tax. Meanwhile, government officials struggle to implement a more aggressive climate action agenda due to the fact that any agenda asking for an unwilling public to change its behaviour will be seen as a political risk. In particular, opposition to carbon tax was highest among low-income citizens, who also experience the kinds of insecurity and stress that make behavioural change more challenging.³ It is therefore important for low-income individuals, households and communities to be protected.

Action on climate change will lead to structural changes in the economy, including the

¹ Department of Communications, Climate Action & Environment (2019) “Public Consultation on Ireland’s Long-term Strategy on Greenhouse Gas Emissions Reduction.” [URL](#).

² Povitikina, Marina and Bo Rothstein (2019) “Climate policy, ‘just transition’ and the quality of government.” [URL](#).

³ “[A]greement is highest among the AB Socio-economic grouping at 58 per cent. Disagreement is highest among the DE socio-economic grouping at 60 per cent.” (Corcoran, Aisling (2019) “Climate-change poll: Results reveal majority grasp gravity of crisis.” [URL](#).)

loss of employment for people in high-carbon industries. A just transition entails that these workers should be guaranteed reliable financial support from the government.

Action on climate change risks having a disproportionate impact on people experiencing mental health difficulties. A just transition would protect them financially against these additional stresses.

In addition, many members of society are passionate about making the necessary changes and are involved in projects and enterprises aimed at food security, community energy, habitat restoration, waste elimination, improved mental health and wellbeing, among other goals. Many such projects are currently precarious because the market does not reward them at present, and those involved in them are either doing the work without pay, or trying to make an income but struggling. Yet these and other enterprises will be central in a future economy that is much more localised, with shorter supply chains and less reliance on transportation. A just transition must include government support for these innovations, and their protection from the immediate economic impact of climate action policies.

Proposal

We believe that a Temporary Universal Carbon Income (TUCI) and a permanent universal basic income are key instruments (though not the whole answer) in achieving fairness in the transition and in supporting innovators. They are two essential infrastructural measures for stability and wellbeing and for building trust in the government.

1. A Temporary Universal Carbon Income is funded from carbon taxes and payable to all individual legal residents, in the manner of a universal basic income; a TUCI helps with the immediate higher costs imposed by taxation on carbon-heavy goods.
2. A permanent universal, unconditional basic income is funded from general taxation, to support the development of appropriate skills, competencies, innovation and cooperation among all members of society as we work towards the longer-term transformations required.

These are among the measures that can support the required lifestyle changes; they can also support resilience, freedom of choice, collaboration and cooperation among all members of society, including vulnerable groups.

Temporary Universal Carbon Income (TUCI)

As a first step towards implementing a universal, unconditional basic income, the state should implement a Temporary Universal Carbon Income (TUCI), funded primarily through carbon taxes and allocated to all individual citizens and legal residents, in the manner of a universal, unconditional basic income.

Per-capita allocation of carbon fee revenues would be the most rigorous and efficient way to smooth the energy transition for households and businesses.⁴ Per capita distribution is preferable to allocation on a household basis because household-based allocation would significantly penalise larger households in favour of smaller ones, and might even encourage a further atomisation of living arrangements in Ireland, which is not optimal in terms of energy use (and probably not, either, in terms of social relations). It would also exclude the homeless.

If the TUCI payment is made through the social welfare system, it will be important for it not to affect any other payments a person may be receiving, as this would undermine the ability of TUCI to protect vulnerable members of Irish society against higher prices for essential goods.

Since the overall policy aim is a low-carbon economy with correspondingly low receipts from carbon taxes, it is important to see TUCI as a temporary step and to simultaneously plan to introduce a universal, unconditional basic income.

Other uses for carbon tax revenues are frequently proposed, such as infrastructure development, retrofitting buildings and incentivising businesses to move towards low-carbon and ecologically sound production methods. These changes are vital, but they come under the heading of general economic development and their funding should not depend on a carbon tax, which will end when emissions are eliminated. It is important not to lock in any kind of long-term dependency on revenue from carbon tax.

When carbon tax was introduced in Ireland in 2009, the revenue was used for the general budget, due to Ireland's fiscal crisis at the time. We propose that, in the future, all revenues from carbon tax should be hypothecated and most of the revenue used to fund TUCI, with a portion reserved to further assist the most vulnerable.

By guaranteeing a temporary dividend from carbon tax to every Irish resident as part of the government's climate agenda, we can expect a more positive public perception of climate action, enabling the government to implement much-needed policies requiring rapid behavioural change.⁵ For the 15% of the population experiencing enforced deprivation in 2018,⁶ the prospect of paying more for heating, transport and other essential goods is simply unacceptable and unjust, and risks the kind of public reaction that led to the abandonment of water charges. A TUCI, followed by a permanent basic income, designed to protect them against these costs, would help to ensure that the transition to a carbon-neutral economy was both just and politically feasible. The universal, unconditional character of TUCI reflects the fact that the earth's atmosphere

⁴ Augustenborg, Cara (ed.) (2019) "Review: Developing a just carbon tax for Ireland." pp. 19ff. [URL](#).

⁵ Such behavioural change is in fact baked into the EPA's latest GHG emissions projections which assume the degrowth of certain carbon-intensive consumer goods and services. See Environmental Protection Agency (2019) "Ireland's Greenhouse Gas Emissions Projections 2018-2040." [URL](#).

⁶ Data from SILC. [URL](#).

is a resource that belongs to all of us, and that all of us should therefore share equally from state policies designed to protect this precious resource.

Permanent universal, unconditional basic income

We propose a universal, unconditional basic income policy as a further necessary step for the continued support for all members of society in the transition to the changed ways of life that climate action requires.

Basic income is a deeply European idea whose roots can be traced back as far as Thomas More's *Utopia* in the sixteenth century.⁷ At its core is the proposal that the state should make a regular payment to every individual resident regardless of circumstances, without any means test or work requirement.⁸ It would be sufficient to live a frugal but decent lifestyle without supplementary income from paid work. For people who are not employed, the basic income payment would replace most social welfare payments. For people who are employed, the basic income payment would replace most tax credits. The payment would also extend to those who currently receive no income from the state.

Its universal and unconditional character reflects the fact that the transition to a carbon-neutral society and economy will have ongoing unavoidable costs for everyone and that changes will need to be far-reaching, beyond the issue of carbon taxes.

A basic income realises social care and solidarity in the transition, by guaranteeing everyone's basic financial security. It improves everyone's quality of life, curbs extreme inequality, supports good physical and mental health, encourages participation in society and economy, and provides a platform for innovation and enterprise.

You can find further information about basic income on our website:

<http://www.basicincomeireland.com/learn-more.html>

Funding permanent basic income

The overall cost of permanent basic income depends on its amount, but if the level is roughly the same as existing social welfare benefits, then the net cost would be similar to the cost of the current welfare system. The financing of a basic income has already been studied by numerous parties in Ireland, including NESC, a Commission on Taxation, a Commission on Social Welfare, the ESRI and Social Justice Ireland, whose most recent calculations demonstrate that a basic income of €200 per week for adults 18-65, with appropriate top-ups for people with special needs, could be financed from existing social welfare payments and tax credits, along with a single tax rate of 48%, or

⁷ Basic Income Earth Network. "History of basic income." [URL](#).

⁸ For a more rigorous definition as well as a comprehensive overview of past research on basic income, see Gentilini, Ugo, Margaret Ellen Grosh, Iamele P. Rigolini and Ruslan G. Yemtsov (2019) *Exploring Universal Basic Income : A Guide to Navigating Concepts, Evidence, and Practices*. Washington, D.C. : World Bank Group. [URL](#).

two rates of 30% and 60%, on personal incomes.⁹

This means of funding basic income makes use of current tax and social welfare procedures. It would be desirable, however, for the government to research and implement more ecologically sustainable methods of funding into the future.

It is important to emphasise that basic income is completely compatible with the further development of other public services, such as healthcare, education, social care, child care, public transport and housing, and should therefore never be seen as a reason to restrict these programmes.

General comments

If the central role of TUCI and basic income in the context of just transition is to protect the most vulnerable, it's natural to ask why this objective could not be more effectively achieved by means-tested benefits. In response, the basic income literature has set out many arguments in favour of a universal, unconditional basic income by comparison with means-tested benefits.¹⁰ The most relevant of these in the present context is that the universal, unconditional character of basic income reflects the fact that the transition to a carbon-neutral economy will have unavoidable costs for everyone and will require everyone to make far-reaching changes in the long term.

It will also need many citizen-innovators and the development of types of work that we cannot predict from where we currently stand.

Means-tested, targeted programmes have a place alongside universal, unconditional basic income, but are not sufficient to support the whole population in making the changes needed for a safe climate.

Basic income will support new, ecologically and climate-friendly work opportunities and enterprises as carbon-heavy or environmentally damaging occupations are eliminated. It will support education, training and innovation and offer flexibility to workers. It will allow people to cut down on job-hours if they wish, and it is known that shorter job-hours are conducive to a smaller individual carbon footprint.

Many of those currently trying to get innovative projects off the ground in the food, energy, forestry, waste, housing, eco-building and community-economy sectors are currently in very vulnerable situations. Their incomes are precarious as they try to establish the kinds of businesses and social enterprises that will be central in an ecologically and climate-stable world. Or, they are locked into jobs that are not

⁹ Murphy, Eamon and Seán Ward (2019) "Examining the effects of a Basic in Ireland." Presentation to Basic Income Ireland, 5 March 2019. [URL](#).

¹⁰ See, for example, Van Parijs, Philippe and Yannick Vanderborght (2017) *Basic Income: A Radical Proposal for a Free Society and a Sane Economy*. Cambridge, MA: Harvard University Press. pp. 16-21; Standing, Guy (2017) *Basic Income: And How We Can Make It Happen*. London: Pelican. pp. 116-117.

contributing to the changes we need, but unable to leave those jobs or to work part-time in them, for financial reasons. By guaranteeing a payment to everyone that is sufficient to cover basic costs, the state will insure every resident against the risk of having no other income, and it will free them to put their skills and knowledge at the service of the transition, while ensuring that they have enough money for a frugal but decent standard of living.

With both measures proposed -- TUCI and universal, unconditional basic income -- people would have autonomy and diversity of choice; they could be creative about how to reduce their carbon footprint; and they could cooperate with others in this endeavour without the need to do things in a uniform way.

These elements of choice, fairness and basic financial security are important in 'selling' carbon-reduction changes to the general public.

Over time, combined with other essential measures such as investment, legislation, education, training and research, basic income can play a role in bringing about appropriate cultural and lifestyle changes regarding food, energy, housing, transport, jobs, leisure and work of all kinds. It could lead to a gradual appreciation for the improved quality of life that is available in a more localised, participative, zero-carbon society and economy.