

# Basic Income for Sustainable Development

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# Introduction (starting points)

- Yoram Krozer: economy, 20 years NGO's & industry, 20 years academia
- Basic income pursued as a tool for sustainable development but rarely considered in discussions as yet.
- Reform social assistance for individual income guarantee (with elements of universal basic income), focus on Netherlands
- Basic income must be adequate, predictable, and inclusive; based on broad support and legal arrangements (ILO)
- Electorate wants it but parties object because of cost & lethargy (right) and 'moonlight work' & public service (left)
- Basic income needs strong social and political support to be robust

# Why basic income for sustainability (general) ?

- Sustainability refers to maintaining availability of the common goods
- Markets fail when prices are not set:
  - Prices are unethical for the 'moral goods' (e.g. love, friendship, care)
  - Nobody wants to pay for 'external effects' (e.g. infection, pollution, hazards)
- Policies fail when decisions are biased:
  - Entitlements for harmful interests (e.g. financial support to polluters)
  - Preoccupation with internal processes (e.g. bureaucracy, ignorance)
- Communities can provide an alternative, if they vest arrangements
  - For example, many activities in 1980s based on the unemployed assistance but the basic income is not vested

# What are illustrative applications (Netherlands) ?

- Market and policy failures persist when depend on individual skills in labour-intensive services, whilst basic income provides benefits:
- Circular economy (repairs): durable products and upgradation of skills in crafts with € 1.2 billion/year (+ better designs & guaranties)
- Smart city (low-commuting): local knowledge networks in distributed offices with € 3.5-5.8 billion/year (+ safer & more nature)
- Sustainable innovations (inventing): integration of ethical values in innovations with € 2.2 billion/year (+ cleaner production & CSR)
- Quality incentives (arts): better and cheaper art services for mass consumption with € 1.9 billion/year (+ better product & skills)

# What are costs and benefits (Netherlands) ?

- Direct benefits of those application are € 8.8 billion/year, excluding positive productivity and welfare effects.
- Assumed basic income for low-incomes of € 1000/month x 12 months
- Present total costs are € 12 billion/year; paid by 7 million people with average € 35,000 wage, paying 20% taxes
- Additional costs of that basic income are € 6.7 billion/year, if 5% of waged labour shifts to basic income (e.g. heavy jobs, near retirement)
- Net benefit is € 2.1 billion, but net loss if 8% of the labour makes this shift
- Social cost-benefit are fragile balances; need interventions (a fund?)

# What can gain broad support (general) ?

- Focus on adaptations of the unemployed assistance; excluded market-based retirement & lay-off payment, and policy-based children & elder assistance
- Present unemployed are strangled by many obligations: e.g. no income, help or capital, report all household changes, accept all jobs or work
- Short-term: relax enforcement ( 'social entrepreneurship' as justification)
- Robust basic income possible as income guarantee, when
  - All benefit: business and labour, formerly rich and capital owners
  - Reciprocity: contribution of individual capabilities to the common good
- Frictions wages-basic income to be resolved with tax reform (higher net wages and shift tax from labour into natural capital - energy and space)

# Conclusions (general)

- Basic income for common goods complements market and policy
- Basic income can be applied beneficially for sustainable development
- Basic income requires balancing of the social benefits and costs
- Basic income needs universal benefits and reciprocity of interests



Thank you for the attention and success

Questions and comments

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