

Constraints against and prospects towards the implementation of the Basic Income in Greece within the crisis

The two main versions of basic income

The demand for securing all members of society against life's adversities and the negative effects caused from social structures has been an ongoing concern of all social formations. From a historical point of view, this need was expressed in various forms in different times throughout history, ranging from food distribution to the poor in the times of the great empires (i.e. Egyptian Empire) and the charities of the monasteries in Middle Ages, to a universal basic income for all, the major social demand in late capitalism.

In contemporary industrial and post-industrial capitalism, this demand is expressed in two distinct political proposals: The first one focuses on *unconditional* universal basic income for all members of society irrespective of their financial status (Van Parijs, 1992) and the second one focuses on *conditional* basic income exclusively for those in unfavourable situation - if not in the most unfavourable situation - with respect to acceptable levels of living.

The proposal as to the *unconditional universal basic income* focuses on the **society's obligation** to ensure decent living conditions for all individuals, providing them with a fair starting point to make use of their talents. This proposal is founded upon everyone's right to the shared inheritance of land and the demand to support the prerequisites for free life, irrespective of ownership titles and assets that some may have inherited from their ancestors.

The request for an *unconditional basic income* has, to this day, preoccupied academic and political thinking at large. In the golden era of the welfare state it was expressed in the form of social wage and in Johnson's vision of the "Great Society" as the ambition to extinguish poverty. It also guided the efforts of research groups that strove to define the goods an individual must be able to enjoy, in order to live a dignified life. Johnathan Brandsaw and his partners are an indicative example of such groups (Brandsaw et al, 2008). The activities of the Basic Income European Network, which was established in 1986 and, later, in 2004 became the Basic Income Earth Network, focus extensively around this topic as well.

However, apart from periodic, small-scale, experimental implementations (ie. Manitoba, Namibia, Helsinki etc.), one cannot trace practical implementations of unconditional basic income, other than in the form of dividends. Two distinct examples are the child trust fund legislated by Tony Blair in 1995 in the UK (the fund was abolished in 2009 by conservative Prime Minister Cameron) and the social dividend in Alaska, according to which, from 1982 and to this day a percentage of oil revenues (1,000-2,000 per person per year) is equally allocated to the state's 700,000 residents, on the condition that they reside in the area for at least one year (Sheahen, 2012).

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The sole exception might be the case of Iran, where a basic income of approximately 35 euros/month is allocated to all residents. However, this mostly works as a consent and legitimisation mechanism for the theocratic regime, rather than as a mechanism ensuring individual freedom.

The second version, i.e. that of ensuring *conditional* basic income, has been the preferred policy of most welfare states in modern capitalism and has undertaken various forms and compositions. It can be traced back to the laws for the poor in the early forms of capitalism, when the main prerequisites for access to benefits (see workhouses and alms-houses) were incapacity to work or inability to ensure sufficient income through work in order to survive (see Speenhamland system). Since then and to this day, policies ensuring a minimum social safety net revolve around the definition of incapacity to survive through personal work and the acceptable level of poverty and social deprivation. On the contrary, the sole proposal focusing on securing actual freedom for modern human beings is that of an unconditional basic income. The *conditional basic income* policy was and will always be selective and connected to the notion of a social safety net, as this was defined, mainly, by Friedrich Hayek (1944) - as a minimum safety for those who do not participate in the market - and became more specific in Milton Friedman's 1962 proposal for a negative income tax. On the contrary, the proposal for an *unconditional* basic income places emphasis on the fact that this income is universal, provides sufficient satisfaction of basic needs, is paid regularly to individuals irrespective of their family status and the absence of criteria relating to income, property ownership, or the ability to work. Last but not least, unconditional basic income is not age-restricted. (Van Parijs & Vanderbroke 2017, Standing 2017).

Late capitalism's current structural crisis, contrary to the dominant political tendency towards extending austerity and toughening social benefit criteria, brought to surface discussions on basic income as a realistic proposal for decent living conditions for the majority of the population not belonging to well-paid employees and/or owners of property and other capital goods – those inside the walls - but living in deprivation, poverty, precariousness and daily constraints. The question we will deal with in the next section is whether such a proposal is well-founded and has a potential to be adopted in Greece.

Social protection and basic income prospects in Greece

Current bibliography presents Greece as a dual society, where a number of well-protected citizens coexists with a large number of precarious, low-paid citizens deprived of basic goods that ensure decent living conditions. The social protection system mainly operates on the basis of the social security mechanism, which up until 2010 provided generous social provisions to

middle classes (civil servants, public undertakings employees, pensioners) and residual provisions to a small percentage of people in precarious working situation and the unemployed, while prosperous small and medium sections of the private sector satisfied their needs through the market, resorting to informal economy and their strong purchasing power. Social security expenses represent approximately 22% of the GDP and are mainly focused on pensions and health, while the remaining social protection expenses do not exceed 4% of the GDP, including invalidity pensions (OECD 2013, World Bank 2016).

The main institution and mechanism covering the needs of sensitive groups is family, which undertakes the largest part of the care provided to invalid members, financial support to unemployed members and purchase of education and health services. The value of family is deeply rooted in the Greek people's minds and is constantly reinforced by the provision of meagre social benefits. Most social provisions are directly related to the financial condition of those benefited and are provided not on an individual but on a family and/or household basis, the only exception possibly being pensions.

The current financial crisis, whose detrimental implications became evident in Greece after 2009, significantly deteriorated the population's living conditions causing horizontal shrinkage to social benefits, while no substantial efforts were made to decrease social inequalities. The nominal value of salaries and pensions decreased by over 25%, resources used for staffing and financing social services (health, education, social welfare) shrank by more than 20%, while many benefits were either abolished or became hard to access as entitlement conditions became very strict (invalidity pensions, welfare and family benefits). In the meantime, abolishing tax exemptions, lowering the tax-free threshold on income tax, and introducing new, higher indexes on income tax and VAT significantly limited the purchasing power of lower and middle classes.

During the crisis, precariousness expanded, while those living in destitution now reach 40% of the population. In the meantime, unemployment rose to 27% in 2013 and is still 24% in 2017, long-term unemployment is 60%, youth unemployment is 55%, the employment rate for the working age population is less than 60% and the percentage of those receiving unemployment benefits is less than 14% (Dimoulas 2015, OAED 2015).

In these financial conditions, the consecutive Greek governments that dealt with the crisis, including that of SYRIZA, adopted the strategy of creating subsidised employment in the public and private sector and promoted apprenticeship for the youth, believing that in this way they would sustain the levels of the country's human capital while limiting the increase of social exclusion for the unemployed. In addition, the emergency measures introduced in 2015 by the SYRIZA government, mainly involving the provision of limited benefits and goods (meal cards, food packages and soup kitchens, health insurance for all) are of a very limited scope and insufficient to ensure decent living conditions for the extremely poor.



None of the Greek parliament parties have included any suggestions containing basic income attributes in their government programmes. The involvement of the minimum guaranteed income policy in the 2012 Greek economy bail-out agreements ensured a minimum safety net for those living in extreme poverty, but was not widely accepted by the country's local political powers. It was introduced as Solidarity Benefit in 2017 and has been implemented based on stringent-conditionality, income and property criteria. It is addressed to households, not individuals, while it receives limited financing. This is a measure that was finally imposed by the lenders (IMF, EC, ECB) without prior discussions or consultation, despite the efforts by groups of MPs from both conservative and progressive parties to introduce it to Greek society in the decades of 1990 and 2000 in the framework of "Europeanization".

The annual financing of the Solidarity Benefit is limited to 860 million euros representing 0.5% of the GDP. The average income deriving from it is 227.7 per household beneficiary (approximately 260,000 beneficiaries per month) or 83 euros per beneficiary, complemented by food distributions in kind from social groceries. At the same time, according to the Hellenic Statistical Authority, those living in poverty exceed 2.4 million, the unemployed exceed 1.1 million people, of which 772,000 are long-term unemployed within a population of 11 million.

In those circumstances, **the demand for unconditional basic income is both an immediate need and a un-realisable dream.**

What are the feasible perspectives for the adoption of the Basic Income in Greece?

How can the Basic Income be implemented in a society of high inequalities, limited social provisions and shrinking incomes for those "inside the walls", where political parties consider the payment of insufficient benefits based on strict income and property criteria to be a positive measure and tend to further tighten conditionality?

If we accept the proposals of Van Parijs & Vanderorcht (2017) for an unconditional Basic Income representing 25% of the mean income per capita, for Greece this would translate to 337 euros per month. In order to provide this amount to the entire population, 3.68 billion euro per month or 46.16 billion euro per year should be spent. During 2016, the Greek state's revenues from taxes were 13.38 billion euros and the VAT receives were 15 billion euros. Consequently, these two sources of income do not suffice in order to finance a Basic Income on the basis of the aforementioned proposal.

In addition, they cannot cover the financing of a much smaller sum without a prior reformation of the tax system and simultaneous eradication of tax evasion, which according to all estimates rises above 25% of the GDP. It also requires an overall reformation of the pension system, which absorbs each year 15 billion euros from the public budget. Such a thing, however, will cause the foundations of the Greek society, in its current structure, to shake, especially for the lower middle class. It will also question the deeply rooted value of family as an overarching social institution, even though it significantly limits individual freedom for some of its members.

The request for basic income is mainly brought forth by one section of the Green Party, individual SYRIZA members and some intellectuals. To this day it has not been discussed publicly, with the exception of the minimum guaranteed income based on income criteria and other prerequisites. Most parties also adopt the proposal for a minimum guaranteed income in strict terms and SYRIZA has assigned the portfolio of the Ministry of Employment, Mrs Rania Antonopoulos, who has been promoting the Employer of Last Resort proposal by the Levy Economics Institute. Consequently, the political environment is not open-minded and friendly to the immediate adoption of the unconditional basic income, which was not discussed or referred to up until recently.

However, a number of initiatives (Green Institute Event in Athens on 25 October 2017, film screening of "Free lunch society" on 21 November 2017 at the French Institute in Athens, an article by the author in *the daily press* "Efimerida ton Syntakton") have pushed the topic up in the systemic, policy-making agenda.

In my view, in Greece during the crisis, the basic income is feasible and could be promptly implemented only in a partial and incremental manner.

Today, an amount of 337 euros per month is secured for pensioners, employees (with the exception of those employed on an occasional basis) and subsidised unemployed. However, it is not secured for non-subsidised unemployed (mainly young individuals and long-term unemployed) and children.

Taking into account the above financial and political restrictions, my proposal is to proceed to a partial implementation of the basic income to higher education graduates for a time period of three years following their graduation. In order to fully adopt and implement this measure an overall estimate of 640.9 million euros per year would be required and the measure would fully cover approximately 150,000 University graduates (50,000 per year). At the same time, it would limit the brain-drain effect, which is one of the most serious problems of the Greek society both on the systemic and institutional - political agenda.



In addition, a universal benefit of 100 euros per month could be secured for each one of the 2,122,537 children 0-19 years old. Today, child benefits are handed out to public servants (50 euro per month for each child), a large part of the employees in the private sector through collective agreements and a large part of poor households - which receive approximately 650 million euros for their children. With an additional financing, which will not exceed 1 billion euros, an amount of 100 euros can be secured for every child without any income or other criteria.

Additional financing in order to implement both aforementioned measures for partial implementation of the basic income does not exceed 1% of the GDP/year and could, consequently, be adopted immediately. These two benefits can gradually expand to other population categories and may be connected to a form of social dividend that will result from a percentage of the annual savings deriving from the imminent agreement on the diminution of the Greek state's official debt.

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