

Maurizio Ferrera (MF): The first formulation of your theory on basic income appeared in the book *Real Freedom for All*, published in 1995. The book cover shows a young surfer. You mentioned to me that the clue came from John Rawls. A few years earlier, he had asked you: why should Malibu surfers receive a state benefit? I would start this conversation, thirty years on, by addressing you the same question.

Philippe Van Parijs (PVP): A basic income is a regular cash payment made to every member of some political community on an individual basis, without means test or work test. This last feature means that it is not restricted to those willing to work or unable to work. When reading John Rawls's *Theory of Justice*, I did believe that his principles justified an unconditional income in this sense. His so-called "difference principle" requires that one should maximize not only the income, but also the wealth and powers of those with least of them, while aiming to secure everyone's "social bases of self-respect". This seemed to me to create a very strong presumption in favor of an unconditional basic income.

MF: But Rawls did not agree with you...

PVP: He did not. And I was very surprised — and disappointed — by how he reacted to this suggestion during a breakfast conversation in Paris in 1987. No, Rawls said, those who surf all day off Malibu should not be entitled to a benefit.

MF: So your publisher decided to use the image of a surfer as the cover of your book.

PVP: Right. However, in order to block this implication, Rawls proposed in subsequent writings to consider the leisure indulged by full-time surfers as equivalent to the minimum wage of full-time workers. The surfers' claim to belonging to the worst off is thereby undermined.

MF: Game over, then?

PVP: No. In my Harvard lecture "Why surfers should be fed?" and in my subsequent book *Real Freedom for All*, I argued that from Rawls' own "liberal" standpoint, such an unconditional income is justified. The central idea is that the bulk of our incomes is not something we owe to our own efforts but to the capital and knowledge embodied in the functioning of our society. What a basic income does is not extort part of the fruit of the hard workers' labour to give it to the idle, but rather distribute more fairly a massive rent which none of us did anything to create.

MF: In your theory, the basic income would go to everyone, including the rich. And yet you claim that poor people are those who would benefit the most. Could you clarify this point?

PVP: Unless some exogenous source can be tapped — foreign aid or a natural resource —, a basic income needs to be funded out of some form of taxation. Providing this taxation is positively correlated with income and wealth, the rich will contribute to it more than the poor and hence pay for their own basic incomes in addition to at least part of the incomes of the poor. A basic income, therefore, will not make the rich richer. Instead, to an extent that depends on its level and on that of pre-existing means-tested benefits, it will lift many poor closer to the poverty threshold or above it. Even more importantly, it will increase the security of the poor.

MF: Let's see these traps in detail. Here your argument is that means-tested transfers conditional on the availability for work are very often intrusive and repressive. Empirical research has actually documented these effects. What comes to mind is the title of an engaging book by Ivar Lodemel and Heather Trickey: *An Offer you Can't Refuse: Workfare in International Perspective*. In many countries, the authors argue, the unemployed must accept jobs that are offered to them as if they had a gun pointed at their head (as in *The Godfather*): if they refuse, their subsidy will be taken away. This is also the story of Ken Loach's beautiful movie *Daniel Blake*. But is a basic income really the only solution? After all, Scandinavian countries have succeeded in building a system of "active" welfare, both fair and effective: young people and the unemployed are not offered whatever job, first of all they are helped to improve their human capital. The principle is not *work first*, but rather *learn first*. A little dose of paternalism remains, yes, but in a way that is attentive to people's dignity and needs.

PVP: An important assumption behind the economic case for an unconditional basic income is that the people best placed to judge how good or bad a job is — and for many this includes how useful or harmful it is for others — are the workers themselves. Being obligation-free, a basic income makes it easier for people to turn down or give up unpromising jobs, not least those unlikely to provide them with useful training. Being combinable with low or irregular earnings, it makes it easier for them to accept internships, or jobs that can be expected to enhance their human capital, or even to create jobs that correspond to what they really want to do and think they could do well. A basic income widens the range of accessible activities, both paid and unpaid. It gives people more power to choose between them. It is therefore attractive to those willing to trust the people, less to those who believe that the government knows best.

MF: Let's stay on the issue of work. In the opening of your new book, you are very pessimistic about the effects of new technologies and globalization on jobs. You seem to be resigned to the perspective of the "secular stagnation". And you support the proposal of a basic income as a response to this scenario. Some scholars have different views. Jobs won't disappear. Population ageing and the growth of dual-earning households will increase the demand for "local" social services (personal care, child care, and in general, services for the "facilitation of everyday life") which won't be performed by machines or offshored. Health, education, research, entertainment, tourism: also in these sectors employment has a potential to increase. And the so-called "internet of things" will move forward the frontier of humans-machines relationships, without annihilating (and maybe not even drastically compressing) the role, and, accordingly, job opportunities for humans, precisely. Quoting one of Keynes' prophecies, you say that technological innovation today allows to save on workforce at such a rapid pace that it is impossible to relocate the unemployed elsewhere. Are we sure this is inevitable? There are countries in Europe that are at the frontier of technological development and at the same time maintain high levels of employment, including for young people and women. It is, again, the Nordic countries that have reoriented their welfare in the direction of social investment, without having (yet?) introduced a basic income.

PVP: I do not believe in an irreversible rarefaction of jobs. But I do believe labour-saving technical change, combined with the global mobility of capital, goods, services and people, generates a polarization of earning power. The owners of capital, of intellectual property rights and of skills in high demand are in a position to grab a growing share of value added. At the same time, many workers see their earning power shrink below the level of what is considered necessary for a decent life, or are at risk of finding themselves in that situation. If one is to prevent more and more people ending up stuck in the traditional welfare state's safety nets, one can think of two strategies, each corresponding to one version of the "active" welfare state. The labourist strategy consists in subsidizing jobs, whether explicitly or implicitly; the emancipatory strategy consists in empowering people. Whoever believes that the central role of our economy is not to create employment but to liberate people will lean — as I do — towards the second strategy, with basic income at its core. But the first strategy comes in many variants, not all equally repressive or job-obsessed, nor therefore equally distant from the second one.

MF: Let's move to the *vexata quaestio* of costs. First of all, in your conception, what should be the amount of the basic income? In the ambiguous proposal of Italy's Five Stars Movement for a Citizenship Income, 700 euros a month was the target amount. At first, it was thought

that the so-called Citizenship Income was going to be a universal income, and many Italians still believe this is the case. In reality, the Five Stars Movement proposes a guaranteed minimum income, though generous and expensive (more than twenty billion euros a year). Based on what criteria should we define the basic income amount ?

PVP: The initiators of the June 2016 Swiss referendum on basic income suggested a monthly amount of CHF 2300, about 39 percent of Switzerland's GDP per capita. Their argument was that this level was necessary to lift every household out of poverty, including those consisting a single adult in a city. In the foreseeable future, any sensible proposal for an unconditional — and hence strictly individual — basic income must remain far more modest, say between 12 and 25 percent of a country's GDP per capita. Some conditional social assistance top ups must then be retained to ensure that no poor household loses out.

MF: You acknowledge that universality involves a high level of public spending. How should the basic income be funded?

PVP: The gross cost — the level of the basic income multiplied by the number of beneficiaries — is misleading. With a modest basic income, the bulk of this gross cost is “self-financed” from two sources. Firstly, all lower benefits are scrapped, and all higher benefits are reduced by the amount of the basic income.

MF: Let me understand precisely. Let's say that the basic income is set at 400 euros a month. For someone who has a permanent subsidy equal to this amount, only the name would change. For those who get a lower amount, the subsidy would be replaced by the basic income: thus a net gain. For those who enjoy a higher benefit (let's say: a minimum pension of 800 euros), the transfer would drop to 400, but the basic income would be added and the total gross income would not change (800 euros).

PVP: Exactly. A second source of funding is the following: all incomes are taxed from the first euro at the rate that currently applies to the marginal income of full-time workers on low wages.

MF: All incomes, then? Including those from assets and financial investments, without deductibles? And would this be enough?

PVP: To an extent that varies with the level of the basic income and the structure of the tax-and-transfer system, this self-financing covers the bulk of the gross cost. The remaining net cost matches the gains of people on low benefits and wages, especially part-time workers. It

A basic income for all? A conversation between Maurizio Ferrera and
Philippe Van Parijs
By Maurizio Ferrera and Philippe Van Parijs

will need to be covered by some adjustments in the tax liabilities of the better off, but this is only a fraction of the gross cost.

MF: In your book, you emphasize the importance of conceiving basic income as a monetary transfer, but make it clear that it will not replace all the services provided or funded by the state. Suppose that you could design and build a welfare state from scratch. In addition to the basic income, what would you include?

PVP: Any basic income scheme must incorporate child benefits in the form of a basic income paid to the child's parents at a level that can vary with age but not with the number of children. It must go hand in hand with efficient, compulsory and cheap education and health care systems and it must be supplemented by contributory social insurance systems covering illness, job loss and old age. Beyond all this, there must of course be a place for the government provision of such public goods as physical security, sustainable mobility and enjoyable immobility in public spaces.

MF: European countries today have extended welfare systems, absorbing between 25% and 30% of GDP. How would you imagine the transition to basic income? I guess there should be cuts in existing benefits. How to address the problem of "acquired rights", which in many countries (first of all Italy) are considered inviolable also by Constitutional Courts?

PVP: Sensible basic income proposals do not bank on a *tabula rasa*. Beyond extremely modest levels, some redistribution will be involved, at the expense of high incomes from capital or labour, possibly also at the expense of generous pensions. No doubt, some of those whose material interests are threatened will invoke explicit or implicit promises to justify their political lobbying or economic blackmail. But if the adjustment operates through taxation, I cannot see why this would face insuperable constitutional obstacles.

MF: I do not even dare to think of all the political obstacles that would be encountered in implementing such ambitious institutional and redistributive reforms...

PVP: Yes, but luckily the calculation of gains and losses is not the only factor to consider when introducing reforms. If that were the case, I doubt I would have spent the most of my life in dealing with political philosophy.

MF: As a matter of fact, we political scientists are sometimes too realistic. But we are also convinced that ideas and values do count in shaping change. And that politics is not just the management of what exists, but also "vision" and the elaboration of feasible utopias

A basic income for all? A conversation between Maurizio Ferrera and
Philippe Van Parijs
By Maurizio Ferrera and Philippe Van Parijs

(although this sounds like an oxymoron).

PVP: An unconditional basic income is, in some sense, a utopia. But so were, until not that long ago, the abolition of slavery and universal suffrage. “Man would not have attained the possible unless time and again he had reached out for the impossible.” So wrote Max Weber in his *Politik als Beruf*. And rightly so. Avanti!



An abridged version of this conversation was published in the Corriere della Sera.

Photo Credits CC: [Paulo Valdivieso](#)