

Basic Income and the perverted Global Labour Market

- Introduction

In discussions around the concept of a basic income (BI) relevant aspects being raised are 'affordability' and 'laziness'. In a situation of affordability of a BI it would always be insufficient to have any notable effect, and at the same time a full fledged BI is deemed to be too costly and unaffordable. Another argument that is brought up is that a BI would be a reward for laziness. However in most cases the moral element proves to be the biggest obstacle to have a sensible and value-adding debate.

In our approach the BI concept first and foremost is a fundamental conceptual change in an economy. A change in the overall economic system and more specifically a shift in international economic interrelations, to change these into a more sustainable and more balanced framework. In order for it to be successful the interrelation between income and labour should be (partially) terminated. The BI debate should therefore conceptually be set around how an economy should operate with and without the introduction of a BI. The question how it should operate is then not only around the 'production' of prosperity and the way it is divided but also around the influence it has or can have on the interrelation between society and the ecologic system.

In order to get to grips with this matrix it is important to put it in an historical context.

Historical flash back

- The economic and financial crisis

The economic crisis we have today, is mostly perceived as a crisis in the financial system. This is quite similar to the crisis of 1929 when the crash on the New York stock exchange marked the start of the crisis of the thirties that afflicted the western world up to the second worldwar. It even resulted in the capitalistic world being close to the edge of its existence.

The diagnosis at the time was being assessed using the classical economic theory with the cure being: 'wait until the market restores the unbalance which will result in a new economic equilibrium'. As we all have seen this 'medicine' was not quite the best cure and J.M. Keynes pointed out in his "General Theory" why it was insufficient. Keynes' conclusion was that the classic theory 'equilibrium where full employment was logical, because society had a lot of needs left', was an outcome in a whole spectrum of possible outcomes in the market equilibrium concept, with most of them with considerable unemployment rates. Keynes' conclusion however only could be elaborated after he investigated this in all the corners of the financial

system of those days. He published his results in 1931 in the extensive study "Treatise on Money". Looking back, this study was only a prelude to the discovery of the crisis' real cause. In studying and analysing the world of money in the "Treatise" he discovered the world behind these appearances and detected the true unbalances in the real economy that caused the bubbles¹ in the money world².

- Keynes conclusion on markets

Keynes conclusion that markets to match demand with supply of goods and services, would not automatically result in an equilibrium price, because of time-lags and poverty gaps. It even was considered not able to automatically result in an equilibrium price and at the same time assures full employment. Consequently governments were necessary to step in, in order to achieve a perceived 'optimal economic production of prosperity'. In doing so the government was actively steering demand and supply. As Keynes' analyses had been proven correct, especially during and after the world war, in the post war period, governments were given a new important mission: monitoring the macro-economic equilibrium and keeping it balanced.

- The monetary system and the frustrated recommendations

In order for the international monetary system to function properly, Keynes concluded rules were needed to prevent greed and abuse to cause a misbalance in the economic system and resulting in a society of poverty and misery. The Glass-Steagall Act of 1933, that actually assured delinking banking and insurance services, resulted in some regulation and barriers in this area. The "Bancor" or Clearing Union, being the envisaged international authority to periodically re-assess the international currency relations and to balance international trade relations, that was urgently proposed by Keynes in Bretton Woods, never actually functioned. It was not so much the complexity of the Bancor that prevented it from properly functioning, it was the international political balance of power and surely also the power of the international banking system as such that prevented it from functioning properly as it was not willing to give up its lucrative 'playground'³. The post war economic system in the end turned out to be successful and the Keynesian model around government participation was adopted in most countries of the western world. Besides that the cold war and the welfare state concept being

¹ The expression is used, following George Soros: "A bubble can develop, when the feedback is initially positive in the sense that both the trend and its biased interpretation are mutually reinforced."

² "The relation between this book and my "Treatise on Money" that I wrote five years ago, is probably clearer to myself than it will be to others; and what in my own mind is a natural evolution in a line of thought which I have been pursuing for several years may sometimes strike the reader as a confusing change of view." (Preface of the General Theory of employment, interest and money, dec.1935)

³ Lifting barriers also against free moving currencies, was going on and on and offered banks growing possibilities for free operating around the world.

borne resulted in pacification on the political left, weakened the ideological left and the unsolved problems of the thirties were forgotten. Moreover the analysis and conclusions around further shortcomings of the economic system, that resulted in the poverty and misery of the thirties, was being left with some “weird” economists⁴.

Beginning of globalisation

- Full employment as a fetish

The Keynesian solution to call in government for achieving the maximum productivity in a world that was damaged so badly, turned out adequate, resulted in full employment, and in doing so resulted in maximisation of production and output. Especially the latter was considered very welcome in a time in which shortages in society was all over. The most apparent problems behind the malfunctioning of the labour market’s supply side i.e. the disutility of free time as well as the poverty gap, preventing the proper functioning of the labour market under the survival level, were forgotten. Full employment was “normal” and became a political aim gradually resulting in becoming an aim in itself, a fetish. In this new framework, established and fostered by the Unions, rules and regulations were enacted to assure labour and to protect workers when getting ill or loosing income.

Technically speaking the post war welfare state was totally based upon the taxation of labour, being considered logical in a period in which work and working force was the apparent scarce production factor. In the economic euphoria at the time, losing environmental quality and other commons were being neglected and offered on the altar of the post war prosperity and continuously growing welfare. As in the seventies alarm bells rang around the growing shortage of raw materials,⁵ this however only caused a rippling in the social-economic field. Economic development was booming and resulted in social and economic criticism being covered up, including markets. Multinationals expanded and international trade grew and implicitly with it the international monetary system. At the same time ‘multinational’ financial products were being invented and introduced. Labour was being imported from all over the world and internationalisation of business was established.

- Labour force is no longer scarce

Around the eighties, the system was getting out of order and halted. A massive shift of straightforward production tasks to developing countries took place with

⁴ for instance : Joan Robinson, James Meade, André Gorz.

⁵ “*The Limits to growth: a global challenge*” (1972)

unemployment rates in western countries on a rise. Supposedly labour was getting to expensive. In the post war built system of prosperity distribution through rising incomes i.e. labour cost and implicitly rising social security costs, several social institutions had taken their positions. Now the Keynesian system was being challenged on the ability to adapt to a new situation according to Keynes lessons. Being able to steer where needed such as lowering labour costs and increasing governmental intervention. Resulting in the system being trapped by its own concept. After all social security could not be lowered and at the same time the countries gbp could not be devalued otherwise than through labour (costs) and therefore through employment.

More was being produced than being consumed with the government already being confronted with substantial shortages; this was the introduction of the "stagflation concept". In Keynes' analysis the combination of inflation and national stagnation was considered impossible; the world according to Keynes however was far more autarkisch and the concept of rising prosperity to such an extent that it would even lead to plenitude was unthinkable.

When analysing Keynes properly it would have become clear that the interrelation between labour and income, seen as identical, was preventing a real solution. After all the increasing automation of production also necessitated some automation of the income distribution and consequently a conceptual delinkage of labour and income. In the thirties this was considered an important theme however given the rapidly post war developing labour unions with their increasing influence this became an concept that was politically unfeasible in that timeframe.

The two roles of pay/salary, namely a production cost and a source of purchasing power were being perceived as completely identical.

So well in the spirit of the economic system that was successfully established after the war, being "based" on full employment, the labour time had to be shortened. After all a production optimum needed in a society could simply be achieved through government spending. So confronted with the decrease of overall working force and adapting it to the needs of society, it was Unions' policy to distribute the necessary work quasi equal amongst its members. As a result the cure was perceived to be, shortening of working time by early retirement and reducing the overall working week and total number of working days. Despite the fact that labour was not considered the bottleneck of production capacity anymore, the necessary new funding of the welfare state wrongly was omitted. Labour and the use of labour was considered to be the single source of taxation and social security. Maintaining the system would in an economic concept result in rewarding the shutting down and replacement of labour in a production process twice, on the one side through savings in actual labour costs and on the other side in paying less taxes. This all resulted in a massive push of 'labour light' production techniques and at the same time leading to a society of plenty in which production and labour could not be 'digested' within the society any more. The system that was

conceptually built around seizing the shortage became the opposite, the material shortcomings have been overcome and labour became an element of plenty rather than of scarcity.

- The end of Keynesianism

Over time more government spending was no longer perceived as “productive” but more as waste; not so much as job creation but more as causing tax burden and increasing national debts. Consequently wearing out the tax-based government spending resulted in immense deficits. As a result the so-called Keynesian ideology was no longer considered opportune and was being questioned instead.

In the opportunity of time and also amplified by poverty in global economic conceptual thinking, the Keynesian economic theory was no longer seen as adequate. The old classical theory had been brushed up and re-introduced in a new ‘coat’ as “neo-liberal” theory, being embraced by politicians as Thatcher and Reagan and theoretically supported by Milton Friedman and his followers. Milton Friedman however was not merely a charlatan, the keystone however of his theory was the misuse and abuse of government spending by politics. Government proved not being capable to spend money as it was neglecting the market and the market forces. According to Friedman the market had to be revived. However quite a number of preconditions for the Friedman⁶ theory were not being fulfilled, with his key point ‘regulating and adapting’ of the financial world to the needs of the real economy, mainly by regulating the quantity of money being abandoned by politics. This regulation failed in real life almost from the start as interest was trending up considerably to unprecedented levels. During the Reagan reign, the US money was developing in a policy of “easy money”. This might have been a reaction to the initial failure of the regulation of money volumes/quantity⁷. This all led to “neo-liberalism” being introduced without any control- or steering mechanisms in place and even stimulated by the easy money policy and the ongoing demolition of financial system regulating. Friedman’s ‘steering wheel’ i.e. the regulation around the quantity of money, was being ‘highjacked’ and yet the money market was seen as just another market that should function autonomously, although the money itself now could be created by the banks itself, not any more ‘frustrated’ by that Friedman rules. This money market ideology being considered as just another market⁸ was supported by the large global conglomerates and their entourage, as financial boundaries and limits to their reach were just felt as obstacles to further expansion. This led to society as a whole being left unprotected against the use and abuse of money on a global scale.

⁶ Also another proposed measure of Friedman was not implemented i.e. a system of negative income tax. The goal of this tax merely was to automate social security and so bring it on the market also.

⁷ Questioned on his concern about the enormous budget deficit Reagan answered: “the budget deficit is big enough to look after itself”

⁸ Money market doesn’t react as “normal markets”; because of its reflexivity it causes bubbles (G.Soros)

Next step of globalisation

- Monetary system explosion.

The 'easy money' politics amplified the development of the international monetary system itself and stimulated globalisation of the multinational enterprises and with it international business and trade.

As Bancor was not established and as a result no real international monetary authority existed (the World bank and the IMF had only technical tasks and no juristic power), the international banking system was not confronted with any boundaries. It was the ideal environment for bubbles developing in the international financial system with international trade balances and interrelations being frustrated. This led to a system that developed, as in Keynes' times, multiple bubbles on a global scale and in the financial system itself both on an unprecedented scale.

We did see the Asian crisis, the South American crisis, the Swedish crisis, they all resulted from different bubbles having developed in the monetary system. All these crises proved to be signs of large imbalances in the world economic system. In further developing the global banking system and increasing its complexity with an implicit significant increase in global money volumes, through a system that is able to create it, the system proved capable of covering up all bubbles, mostly by allowing credit facilities on an unprecedented scale.

In these bubbles a lot of the 'crooked' economic growth was developing, with the medicine only being taken in the monetary field letting the real underlying causes, invisible however at the first glance, untouched.

- Rearranging world production

At the same time, the global firms toppled the organisation of their production towards the poorer societies⁹. Establishing working facilities for the western consumer goods happened and with it a lot of production plants in the western world were being dismantled. The downward trend of labour costs in the developed countries, primarily as a result of the early retirement and other relevant shortening of working hours, from the eighties led to a more and more unequal income distribution, as a result of lower wages. However the intended result on unemployment rates didn't occur but the increasing total output had the effect of a kind of social compensation.

Starting from the eighties, international and global economy developed itself tumultuous with a lot of it being mere bubbling, left unnoticed as such by statistics. Economists and politicians perceived this development as a confirmation of their

⁹ a.o. Joop de Vries : "Wiens Europa wint" (Europe of whom wins) Amsterdam 2006 pg. 48 etc.

new view and proving the neo-liberalist “theory”. Big business took over the direction of the economic development on a global scale and politics only facilitated this movement. The economic forces that were set free by the dynamics of the globalisation itself were so huge that they covered up all theory and all question marks that were placed by the theorists. On top of that the Soviet system fell apart in 1989, resulting in another impulse for international business developments.

- Shaking off all restraints

In the EU the SEA (special economic act) at the time of the UK joining resulted in a lot of extra ‘freedom’ for the big industry to further develop, in the USA the Glass-Steagall Act was being gradually undermined and eventually in 1990 totally abolished; leading to ‘Big Finance’ also being freed up of the last boundaries that were set in the past to force money functioning properly and to also protect society for money world excesses. Last but not least also organisations as WTO constantly promoted free Trade on a global scale. Profit driven international business and industry was able to use the globe as its playing ground, striving to maximise their returns. All these events resulted in an incredible force that proved to be unmanageable, not by human being nor by government. As we know from history these capitalistic forces, have a reinforcing effect on each other without having any specific direction, they can either be very productive and at the same time be very devastating. Control in any way is very difficult to achieve and it needs a lot of political courage to set rules and boundaries in such a world. During this process stretching several decennia (1983-2007), the economic landscape got totally re-arranged. A lot of mass production is being concentrated in China and India mainly governed by western global firms. Unemployment in the western world has increased but also the ordinary people’s debt, and on a more global scale the USA substantial debt position to China. European economy as a whole is financially speaking roughly balanced in particular (and temporally) as a result of the German mechanical industry, although between respective units (countries) a lot of imbalance remains. The monetary and global economic system are both totally out of order without any apparent solution in sight. Politicians and economist diagnose under-consumption however people stopped buying any investing; on top of that governments find themselves in very big deficits leading to a lack of purchasing power to have the ability to assure any equilibrium. So the global economic system is facing big problems and the monetary system is a total mess.

Back to the real economy

- Parallels in 1929 en 2007

As we learned from the 1929 crisis and the analyses following it, the monetary system, which has to serve the real economy, should be set very strict boundaries. Some of these boundaries were set after 1929 p.e. in the form of the Glass Steagall Act but the recommendations of Bretton Woods for insuring the system against 'attacks' and imbalances from abroad have never been implemented and moreover the neoliberal euphoria also totally abandoned the Glass Steagall rules in 1990. However the harm done by the monetary system getting totally out of control, does not concern us today. The diagnosis in the thirties was an underlying imbalance in the real economy i.e. purchasing power was lacking as a result of the income side from wages caused insufficient propensity to consume. Consequently government had to create extra purchasing power to assure a new equilibrium. The global imbalance in the eighties was covered up by the international allowance of credit facilities on a global scale 'jumping around' 'masking' itself in different currencies and assurance products. The governmental task to assure and keep economic balance proved to be impossible on a global scale and was not apparent on a country by country level. As in the thirties the imbalances being left uncorrected, reinforced itself with the monetary system functioning as a fog-screen making it even worse by adding its own bubbles, caused by greed and inventions of "new products".

The very important lesson again is that a free operating monetary system creates bubbles and on a global scale is able to create bubbles of enormous magnitude. These bubbles disclose themselves in suggestions of values that have no existence in the real world (p.e. price increases in de real estate sector). The medicine, inspired and enforced by keeping the monetary system itself alive, is creating even more money to fill the bubbles, preventing damage in places where it is absolutely undesirable, but one can see that these actions lead to more time but at the same time worsen the position. Moreover this cure is restricted merely to the money world and will not solve anything in the end, it only will keep matters going, for the time being.

When we focus on the real economy to find the truth, the deeper cause behind the crisis, we discover that a lot of developments in this area are the result of the global companies pursuing profits. However this indicator, the profit driven action of anonymous capital, is the most apparent and powerful that is possible to pinpoint the direction the economic forces are developing in. This direction is wearing down the western countries with a lot of production potential as a result of the "lower price" elsewhere. This process is not going to stop. The last decennia the environmental overshoot has been growing even in the western countries and surely further amplified by the needs of the western countries. Purchasing power in the western countries has been on an upward trend for more than twenty years primarily by creating money and this now comes to an end. Furthermore it is obvious that the economic imbalances between China and the USA are untenable

as well as the natural and environmental imbalances. However these are all still increasing, stimulated by global economic forces.

It is apparent that this all resulted in the world finding itself in a situation of economic and political deadlock.

- The international labour market

Looking closer to the origin of the market relations and pricing, creating these economic directions, we come to the labour market. The international labour market as it is perceived but also created by the multinational firms. Although for them this market is an international one, for the labourers it is very local. For example wages in underdeveloped countries, with China as a good example, are directly related to the local costs of living and are paid in the local currency. This interrelation between the costs of living is in fact the only important measure for the workers pay. This difference between the local reality and the international one leads in China to a situation in which wages have not the purchasing power (and not the need) to buy what is being produced and in the USA to a situation in which the salaries are not sufficient for purchasing it. These imbalances continue to grow, losing purchasing power by losing jobs in the USA and increasing benefits in China that have no way out. They all have their origin in the real world where two different labour markets are added together. These imbalances are not properly managed and they will continue to grow in future with unpredictable but negative outcome.

The wage itself can be divided in two parts¹⁰: one part being necessary for the 'survival' of the worker and his family; he is committed to spend this on a daily basis, this amount is the basic income, in another context it is also called 'the poverty gap', and the other part that he is free to spend, let's call it surplus income. This surplus he can spend as he likes i.e. for immediate spending on luxury or for saving up, spending it anyhow later (security). It is only this surplus part that can result in (free) purchasing power on the market, as the rest is required for 'life maintenance'. The surplus part in China is far too low to be able to absorb the welfare goods the Chinese industry produces. When this surplus however can be used freely on the world market in free competence with the rest of the world's surpluses income. When a multinational enterprise could count on a world scale with only these free spendable wages, a lot of new equilibriums would result with society as a whole being free from existence fear.

Comparing society as a whole with an enterprise we have to conclude that it has to keep its workers alive and in shape, to survive itself and to achieve that its working force also can be used and be productive in the future. In the language of an

¹⁰ This division has also be made in Keynes' analysis, speaking of propensity to consume equals one or a lot less, decisive for the effects of government spending.

enterprise: these costs of living are real costs to keep its assets productive, they do not form part of any 'profit'. In order to assure its own continuity a country, as a nation needs to guarantee the permanent nature of these costs; it is its basic income. Within the framework of a society there are a lot of tasks to be done and a lot of events going on, all these define it as an entity and all these tasks including the maintaining costs made, can preserve it as an entity for the future.¹¹ This nation, this society also including its industries and its enterprises, the whole lot has to be maintained, it has to sustain itself, as a condition to produce any surplus i.e. any wealth. So a basic income for all its members is an unavoidable (social) cost in economic sense.

The surplus income, has to match the wealth producing part including investments to create equilibrium in a sustainable way i.e. in the long run.

- Labour costs as income for the individual

Starting with the individual worker on the labour market, he only can be a supplier in this market when his basic income, his "survival income" is secured. So the labour supply, the supply side of the labour market starts at this level, the level of the basic income, defined in local terms. In Keynes' time (the thirties), paying a basic income as an unconditioned "social dividend" was also proposed to fill up consumer spending in a state of unemployment, as this purchasing power would have been very effective in reaching a new full employment equilibrium¹².

However the paternalistic society and the lack or the poor state of public services and perhaps also matters of power in politics, led to the communal way of government spending, ignoring the poverty gap problem, which is vital for the well functioning of the (labour) market system¹³. As a result of the success of public spending and the private spending-possibility (the surplus) being rather low at the time, one can imagine that the option for more freely spending-possibility for the lower class was not considered politically feasible, though economically desirable. In more parts of society, free spendable income for the lower class was not acceptable, labour Unions and others have protested to prevent it; society was not emancipated at all and the moral point of how "they" will use a freely spendable income, prevented it from being practised, so a basic income was not "possible" at the time.

This paternalistic society of the "Poor Laws" has only been changed in a patronizing one when additional spending was necessary in the eighties, also then spending was again communal and not personal. As a consequence of these reasons the entrepreneur, who is on the demand side of the labour market and who will pay for the work, because he expects to make a profit, has to "cross the

¹¹ A nation that is not capable to feed its own people is not worth to be called a nation (Chinese proverb)

¹² Fabian society and G.D.H.Cole (1929)

¹³ mentioned by Joan Robinson in "economic heresies" London 1971 (macmillan)

poverty gap” first, before his demand can be effective, so productivity has to ‘exceed’ this gap and labour force that didn’t exceed was doomed to stay unemployed. The labourer himself is only capable to negotiate freely for his wage when he can count on his basic income first, he will sell it just as the price equals the disutility of the free time he has to offer. So only when the labour-sustaining price i.e. a basic income is paid, a society can be sustainable; it is a necessary and also a logical condition. Only under these conditions the basic income is in balance with the profit expectation of the entrepreneur with the preferences of man c.q. of society.

- Basic income on an international level

The “international labour market” as it functions today doesn’t take into account these local differences in costs of living, consequently all labour costs are biased by these costs and thus the international wage-costs relations are not in accordance with the preferences of society. Thus looking to the world economy as a system, the labour market deranges the system as it is not in accordance with its materialistic requirements, brought about by the perversion embedded in the world’s labour market, as it is defined and used by the global enterprises and as it is the result of prosperity differences.

The result is that China becomes the ‘working place’ of the world, that the economic developed countries are loosing their industry and in the longer run also their skills, as their labour costs are considered far “too high”. It also results in the way in which wages are being seen, being in line with the way in which wages are perceived by the multinational firms in their international currency.

A labourer in an underdeveloped country perceives wages elsewhere to be considerably higher than they in fact are (taking in account the costs of living), and he is tempted by the “rich” country, because wages are so “high”. It also results in active and initiative people in poor countries being ‘bought away’ and are effectively ‘lost’ for their country¹⁴. Moreover it causes massive transportation to and from China to the market that has the purchasing power (!?) which in the end will lead to stripped developed countries if it doesn’t come to war before. All these consequences are surely not sustainable at all and thus destructive for the world as such, as well concerning the environment, the migrations and the political field.

Basic income as the keystone of international trade relations

- Basic Income as a solid ground under international currency-relations

When assessing sustainability, one comes to the conclusion that since the industrial revolution, the economy being part of a society’s culture has become

¹⁴ see: Dambisa Moyo : Dead aid

very coercing when not essential, in decisions people make. The market and the market price is the heart of the economic system and the labour costs is an essential part of it. Since international trade relations became more important and the Gold Standard actually came to an end, one is looking for a new objective standard for economic counting, that is able to function on a global scale, and is beyond currency questions etc.

A lot of suggestions have been made in the past to get that general value standard, of which the content has a stable value, in accordance with the gold standard. It is to prevent that some one would bring money in circulation according to motives that are not objective but politically motivated, and so to save the economy for politics, but all proposals failed up to now.

The tendency however to soak off economy from the society as a whole and to define it as a Law of Nature, have to be exposed as false and unjust. The economy is really a part of social order, so standards have to be sourced from and be based on the society itself. So defining the costs of living, in a democratic way, yearly in a given region or district, decentralised as it is, will set the labour costs a decentralised but objective standard and consequently all products and production costs of that society. Through paying these costs to any member of society in the form of a basic income it will lead the supply side of the labour market in the sphere of the surplus income everywhere in the world; so it can develop in a true international labour market, also for all locals. In that sphere the market can have its role, in conformity with Friedmans' theory, not being disturbed or held by any barrier. The wages paid by the entrepreneur will be in accordance with the disutility of free time (supply side) and with the opportunity costs of the production process (demand side). For the worker these wages count as his additional income, as a surplus income, already receiving his Basic Income from society. As far as foreign trade is concerned automatically the local basic income is counted in c.q. out of the price, independent from any currency.

- The money question

Besides that it remains very important to draw up regulations concerning the international currencies as such, to establish a kind of Bancor and to define barriers again to take care and keep the equilibriums and to prevent events as have taken place in the past. The most essential aspect however is to bring balance in the international economic relations, that is in the real economy and the real trade relations, by terminating the perversion of the international labour market as it is the result of international prosperity differences.

The most important function of a monetary system is to serve the real economy and to facilitate it, which means the economy has to be protected against gambling and speculation in the monetary world in any shape or form and be forbidden or be defined away. The circulating of money has to function clearly for anyone as a medium of exchange, so "financial products" should only be basic ones.

- Secondary functions of money

Over the course of the capitalist system the function of money has been broadened over time. Not only the present and the near future has been connected by means of saving and interest but also uncertainties of other kind have been brought within the function of money and denominated in money value. For example a whole system of pension rights in a personal and collective frame developed. As in the beginning it equals a kind of saving plus, it gradually developed, along the lines of capitalistic thinking in terms of profit rights for the future. So laying a claim upon the production capacity of future generations, whatever that means.

Although such a system has a kind of logic in it and actually saving for the future and for any ones pension is felt as natural, it seems at the same time logical to save for ones pension in a frame of the society that it concerns. However these "risks" and a lot of other risks have been lodged in the Stock Exchanges. These markets over time have developed great expertise in risk management of all kind, they expanded alongside the international trade also in a global market where raw materials and food is being negotiated. It is necessary to regulate these markets to prevent price speculation that damages for instance the world food supply. It is also necessary to isolate these speculating markets from the normal market of circulation money. Speculation to get a bigger piece of the pie will always exist but protection and restriction have to be arranged to prevent damage to the real economy. Creating and inventing new financial products that intermix all kinds of risks on a rather artificial way has to be prevented or punished¹⁵. Also in this market, transparency has to be the standard but intermixing with the monetary system is more dangerous and threatening as we have seen and experienced. To have all of this being properly arranged through a market system is at least naïve, markets can play a roll but regulations and inspections are absolutely necessary here¹⁶.

However a very important consequence of the basic income system for society is that it eliminates a lot of important personal risks and puts them with the society as a whole. This will result in a lot of uncertainties that now negatively impact people, will disappear. Consequently a very important part of insurance will become superfluous, as the most important security lies in the society itself. Resulting in the role of banking and assurance being far less important and prominent, because regulation and organising of society will take place bottom up. Perhaps it would even be desirable to invent a different kind of "money" counting for long time saving purposes, savings incorporated at the production side, the power to produce, let it be buying investment goods. In the society-model in

¹⁵ Introduction of a so called Tobin tax on currency exchanges can be helpful.

¹⁶ The former Fed chairman said he is "shocked," at the meltdown of U.S. credit markets. And that he made some mistakes in his beliefs about deregulation. Alan Greenspan was in "shocked disbelief" that markets didn't have functioned.

conformity with the Keynesian thinking, savings and investments have to be as equal as possible, to get economic equilibrium in a certain period, within that society.

In any case the introduction of a basic income will have the tendency to bring back a lot of risks into the heart of the regional society, where solidarity and transparency can result in people itself being in the lead on their own destiny.

- Regulations in a global world; the Bancor

In our days, the world has become global and consequently these equations and equilibriums have to be interpreted in a global manner. So, within all these numerous parts of society, un-equalities of all kind exist. To match these in a regular way seems to be an important task for a system of a Bancor, being Keynes proposal in the past. Within the economic blocs structural imbalances could be solved and rubbed out by a Bloc-Bancor. Between blocs the Bancor has to function in the framework of let's say the UN.

Also the connection between the present and the future cannot be left only to the actual banks. It is important for the people of today, to save some of their money to prepare society for the future, because in the future society's production capacity has to serve the people then living. This task however has to be seen as a task of society as a whole, saving and proportioning of saving can play a role in the way of dividing the BNP, but it cannot always be guaranteed in a personal way, as the social structure of production is too complex to be dividable on a personal scale. Beyond that the producing potential of the very complex social network, is not considered anymore in the first place in the material assets of a society, but more important in the know how and the skills, feed and nourished in the heart of society as such, its social capital. This social capital is undividable and cannot be private property, because it is laying in the heart of society.

- Tangible effects of Basic income on global economic relations

Introduction of a basic income is most important for the rich societies, as the impact on the world labour market is far bigger than it would be introducing it elsewhere. The first rationale of this big effect is that the social costs of society will disappear from labour costs, secondary the wage-tax will disappear and thirdly all wages will get a "subsidy" that equals the basic income itself. So the total impact of reshuffling taxes in this way is really big.

Together with abolishing all these "wage-taxes", indirect taxes on products and raw materials itself, have to be raised on quite a scale to rub it out. Perhaps also taxes have to be raised on production plants as such or maybe other social devises. This change in tax base will be enormous as is obvious but it is also an indication of how far from sustainability the dis-functioning economic system brought us from the equilibrium that once suited the environment c.q. the earth itself.

However productive forces in our society are enormous all the more as motivation itself will be more optimal in a world of basic income.

Implementation of a basic income in general would bring a wave of de-globalisation and it will reverse a lot of unsustainable developments that took place in the last decades/years. It also will cause a lot of global trades to return to a level that is much closer to sustainability and that is not only based on the cost calculation of the industry but on the costs of society as a whole. It will bring more and more diverse developments to the region and it will bring real political and democratic power back to the basic and a lot of transparency in society itself.

"The ideas that are here expressed so laboriously are extremely simple and should be obvious. The difficulty lies, not in the new ideas, but in escaping from the old ones, which ramify, for those brought up as most of us have been, into every corner of our minds" (J.M. Keynes from Preface of "The General Theory of employment interest and money." December, 1935)

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