

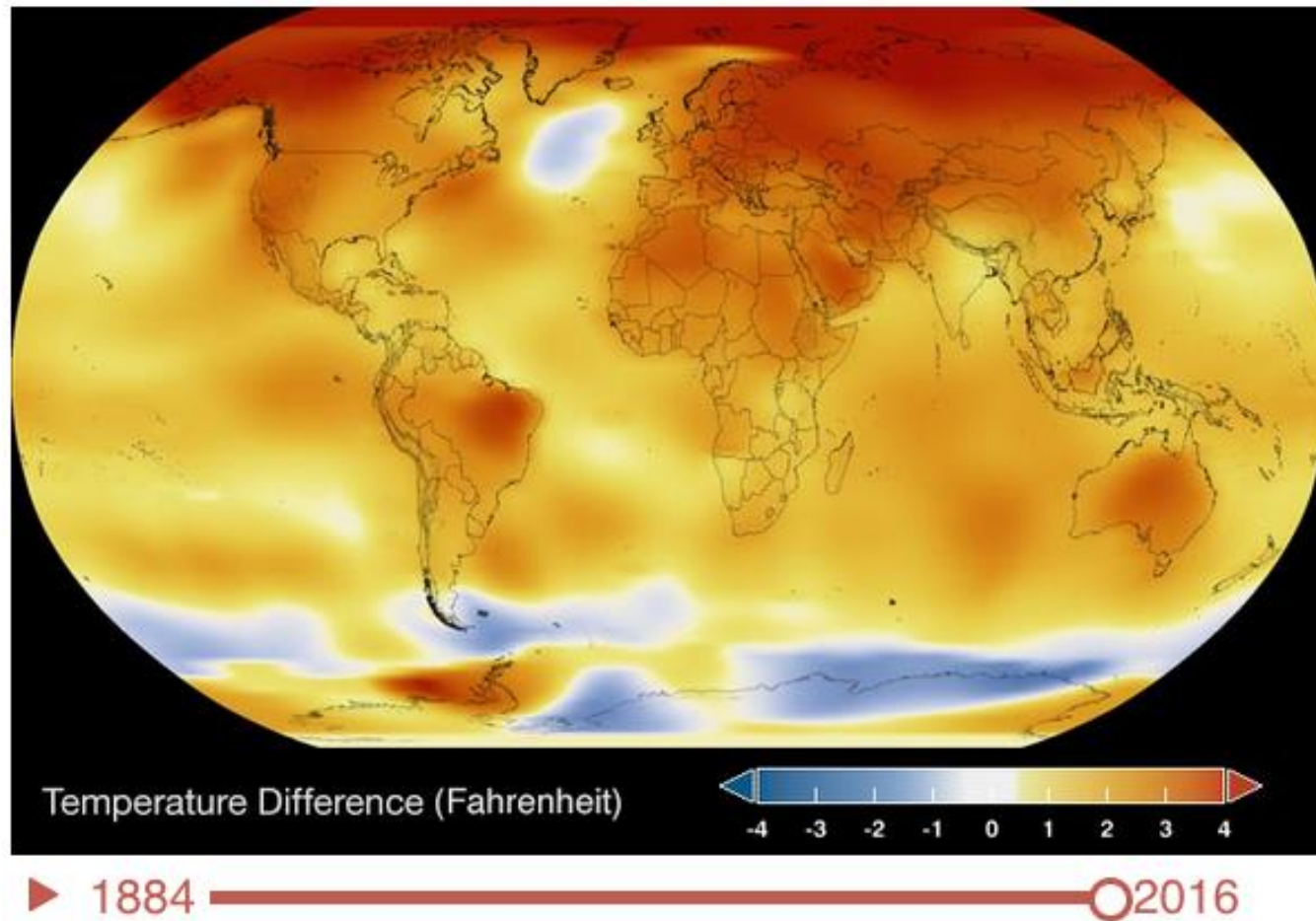
Rethinking social policy: Towards an economy of Sufficiency

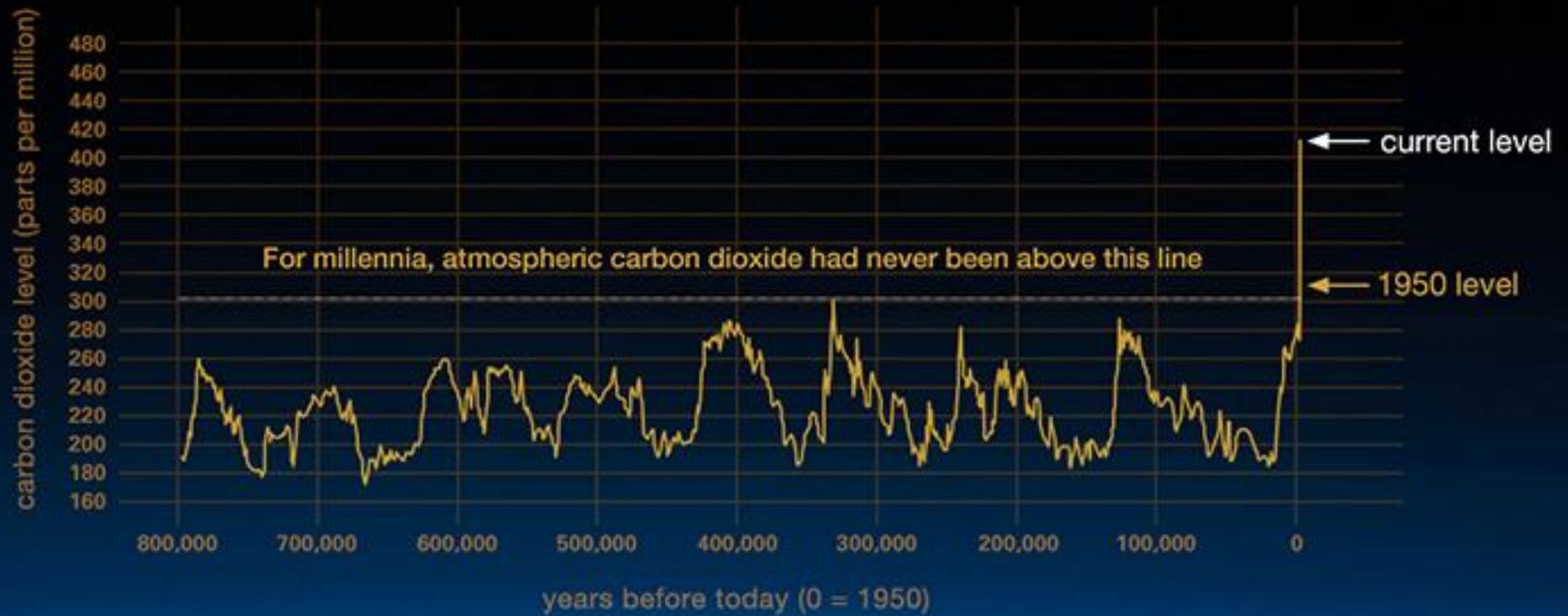
Political Economy Forum
5 May 2022, HWR Berlin

www.iangough.com

Prof Ian Gough, LSE

Ecological threats: Climate breakdown:





Rethinking social policy: ecological limits

- Critical importance of ecological limits
 - Recognise distinction between biophysical tipping points and ethico-social definition of 'safe spaces'
 - Mainly concerned with climate change
- Glasgow agreement on Net Zero goal, but
 - IPCC new Report: To limit global warming to 1.5°C: CO₂ emissions will have to peak 'at the latest before 2025' and then fall by 48% below 2019 levels in Interim carbon budgets are crucial
 - Planet still on course for 2.4°C when current national contributions summed
 - These based on territorial, not consumption, emissions
 - Etc etc

Plus egregious inequality

- In climate impacts..
- In national climate responsibility:
 - *Cumulative national consumption-based* contributions to global heating so far (Hickel):
 - US 40%,
 - EU 29%,
 - global South 8%
- In intra-national inequality.
 - The class dimension of consumption and ecological responsibility within the developed world must be tackled simultaneously or a grave injustice will be perpetrated in the name of 'saving the planet' (*Heat, Greed and Human Need*).



IAN GOUGH

EE
Elgar

Heat, Greed and Human Need

CLIMATE CHANGE, CAPITALISM
AND SUSTAINABLE WELLBEING

Responses:

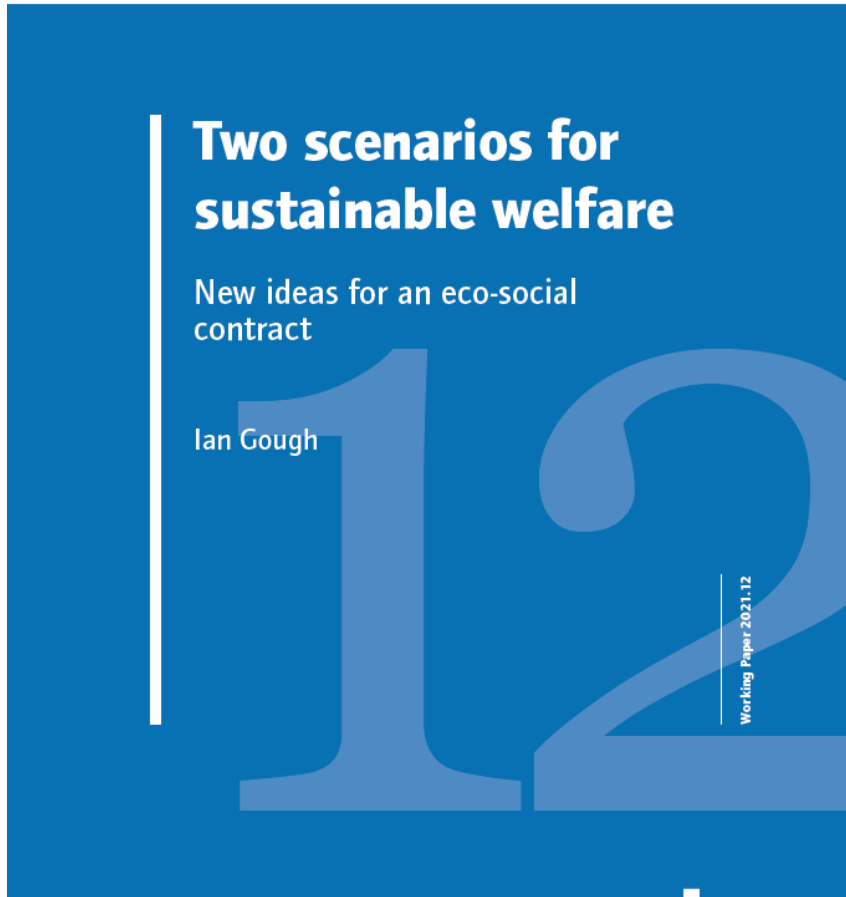
Three transitions for rich countries:

1. Green growth:
Decouple emissions
2. Recompose
consumption
3. Degrowth

Focus here on 1 and 2.

Look *only* at climate change

Two scenarios for sustainable welfare



From social policy to eco-social policy:

1. Green New Deal + Social Guarantee
2. Towards an Economy of Egalitarian Sufficiency

Scenario 1: Green New Deal + Social Guarantee:

1. The ecological pillar

Distinguish:

- *Green Transition*
 - Vast array of initiatives to achieve a radically decarbonised economy
- *Just transition:*
 - Recognises some social implications: ‘no one left behind’ clause; sensitivity to context: regions and social groups
- *Green New Deal:* a more integrated eco-social programme?
 - Some recognition of synergies and co-benefits
 - Yet EU Green Deal focus on education/training + targeted protection
 - > Critique of Sabato and Fronteddu: where are social rights? Where is the Social Platform? The welfare state?

Green New Deal: integrated eco-social regulation and upfront investment

- Common features:
 - Clear break with earlier reliance on carbon pricing
 - Heavy upfront investment
 - \$1.9 trillion American Rescue Plan and the \$2 trillion American Jobs Plan
 - EU Green Deal €1 trillion over ten years + ECB €2.6 trillion Asset Purchase Programme.
 - Recognition of social and employment co-benefits
- The end of neo-liberalism?

The Social Guarantee: universal access to life's essentials

Anna Coote

Principal Fellow, New Economics Foundation

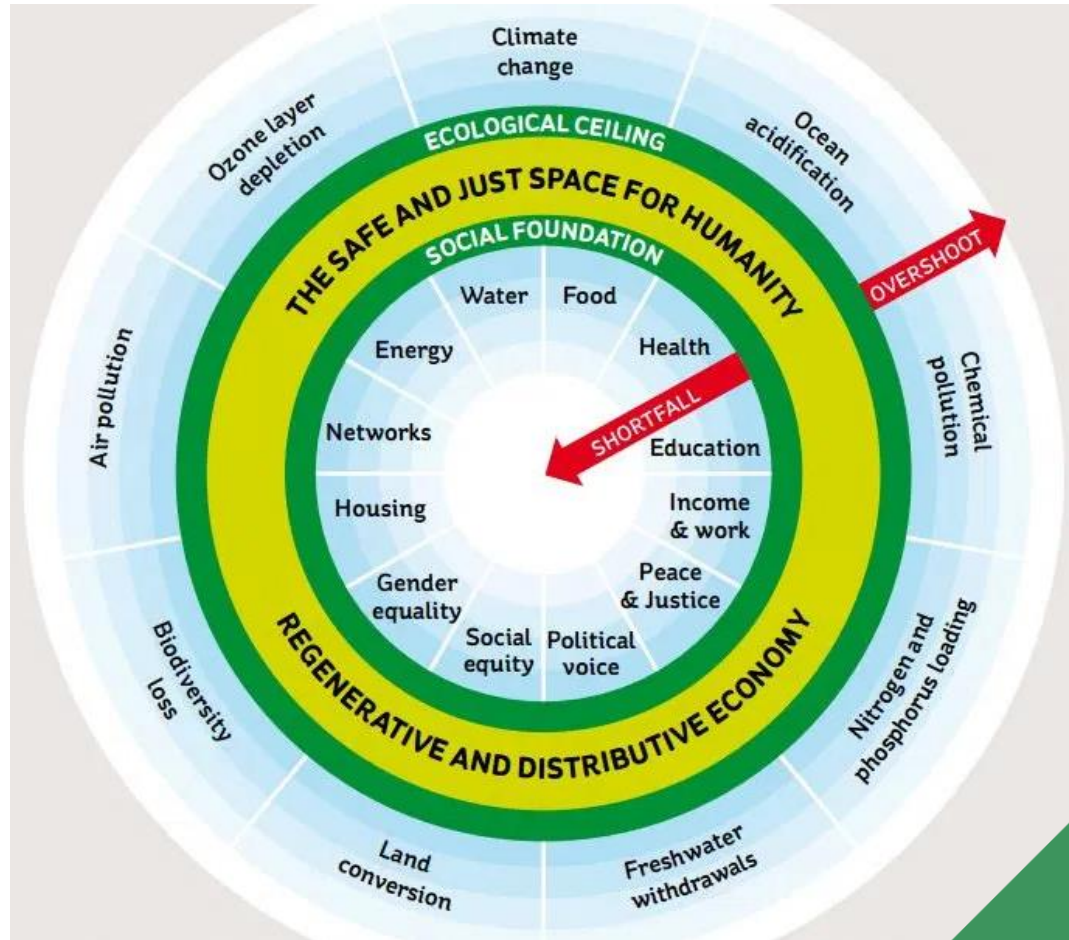
Director, The Social Guarantee

May 2022



Meeting human needs within planetary boundaries

- Everyone's entitled to life's essentials today *and* in future
- We need a delivery system that is *universal* and *sufficient*.
- To tackle inequality in a climate emergency.



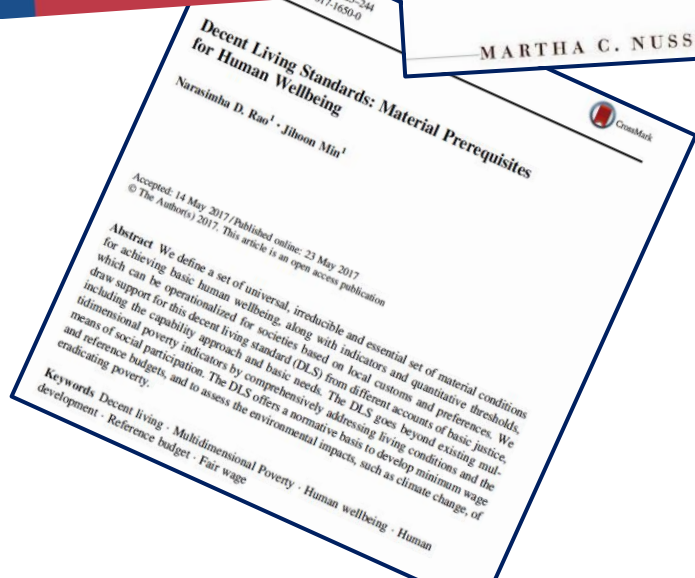
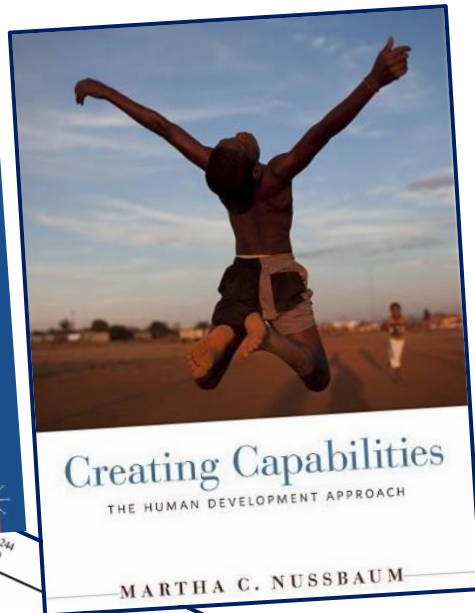
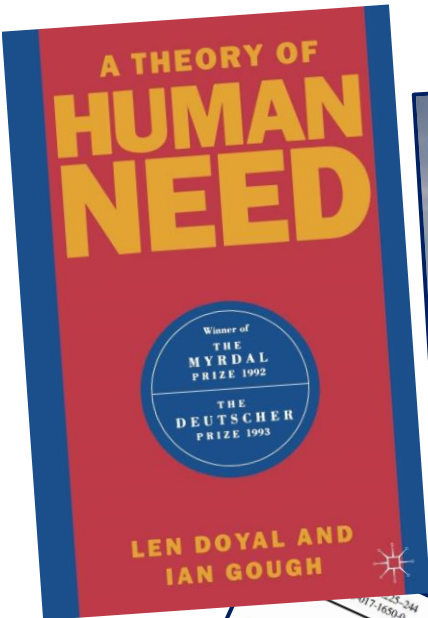
What are life's essentials?

What every individual needs to participate in society.

Basic needs: health and critical autonomy. These are universal across time and space.

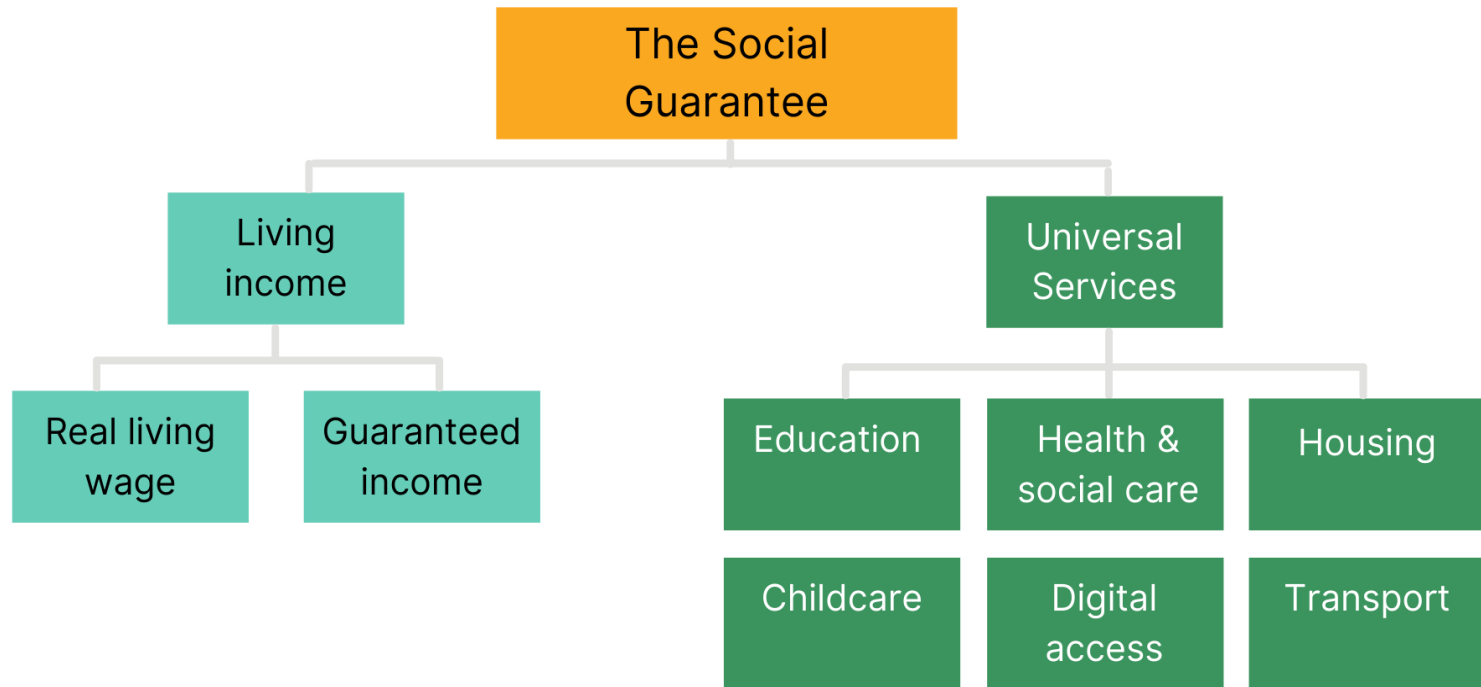
How needs are met varies widely but some '**need satisfiers**' are constant, e.g.: water, nutrition, housing, education, healthcare

SG focus: education, healthcare, housing, childcare, adult social care, transport and access to digital information



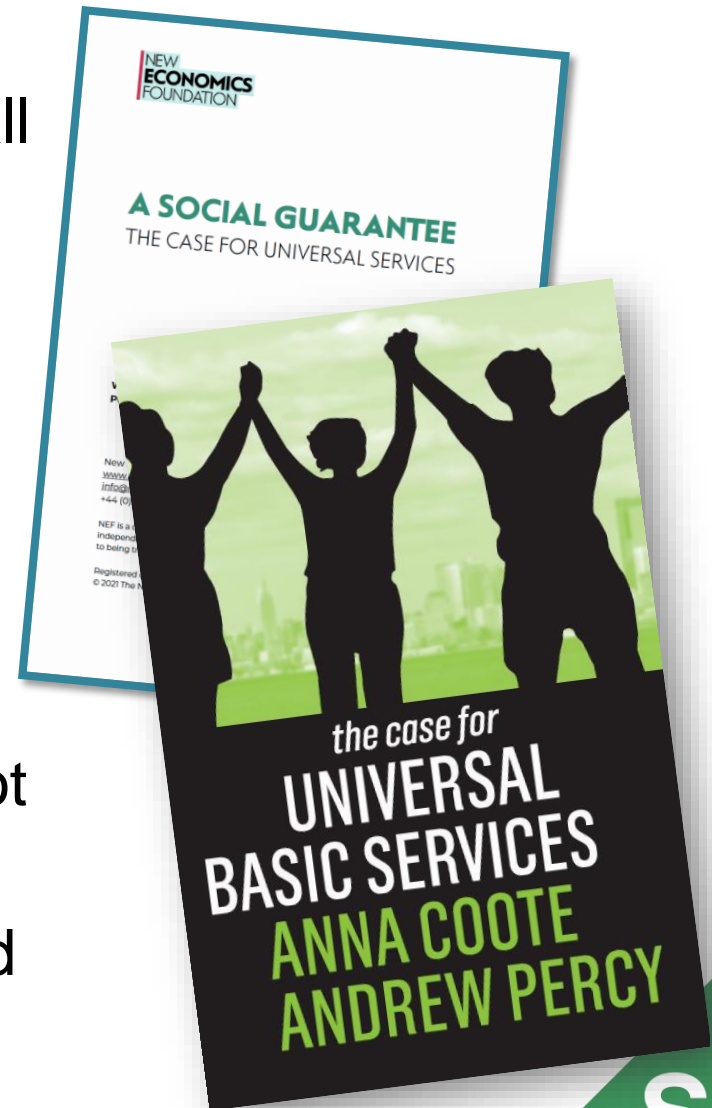
The Social Guarantee

Meeting all our needs through cash and in-kind benefits



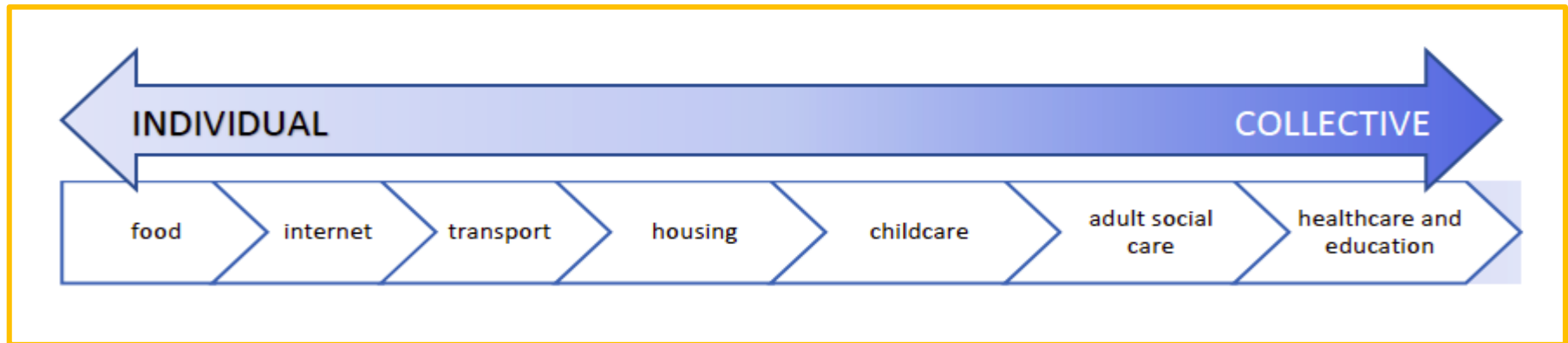
Universal Services

- Pool resources, share risks and work together so we can all meet all our needs.
- Improve existing services such as education and healthcare
- Build new services in key areas of need – childcare, social care, housing, access to transport and internet
- Access for all according to need not ability to pay
- A big vision that can start small and local, building from the bottom up



Securing life's essentials

- Every need is different and requires a customised approach
- Imagine them on a spectrum
- At one end, we usually rely on individual cash payments
- At the other end, we depend on collective action through public institutions (universal services)
- For *universal and sufficient access*, we usually need a combination of individual and collective contributions.



SG framework

applied to each of life's essentials

- ***Investment not expenditure*** – valuing and building the social infrastructure, yielding social, economic and environmental dividends
- ***Universal entitlement*** so that everyone has a right to services that meet their needs
- ***Multiple models of ownership*** – with all providers sharing the same public interest obligations (“Social Licensing”)
- ***People in control***, with decisions grounded in democratic dialogue and services co-produced locally
- ***Built-in sustainability*** – all collective measures designed to meet climate goals and stay within planetary boundaries
- ***Based on experience***. Successes and failures of existing services – plenty to build on.
- ***Introduce gradually*** – radical and pragmatic.

Role of governments

- Provide directly where appropriate
- Ensure equal access
- Set and enforce standards and obligations
- Collect and invest funds
- Support local control and co-ordinate services for best outcomes

SG in practice: childcare

- Learn from Norway
- universal access from 0 to school age
- well trained and suitably paid staff
- consistent setting
- parents involved
- mixed economy of provision
- Subsidies and fee caps keep user costs low



Example: housing

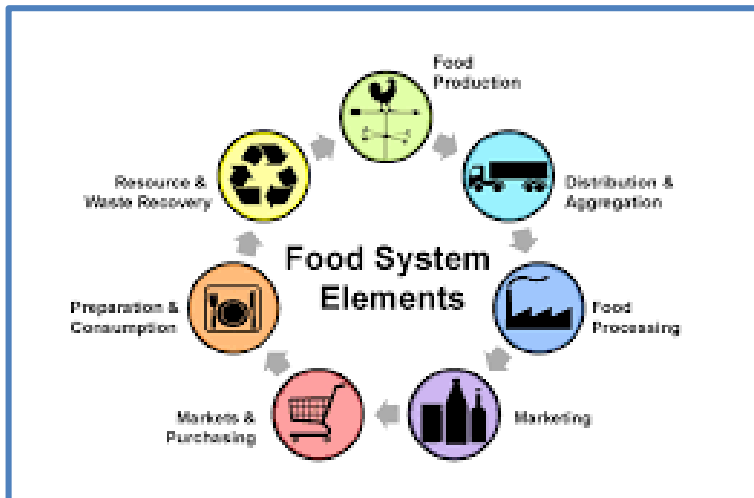
Learn from Vienna, Freiburg, Copenhagen:

- Public building and refurbishment
- Carbon neutral
- residents decide
- mixed neighbourhoods
- connections, amenities to suit residents
- public land ownership
- rents controlled



Example: food

- Individual choice, direct payment
- Universal access to sufficient nutrition depends on collective action, through governments
- Free school meals – e.g Finland
- Schools, hospitals and other public bodies lead the way



- Regulate production, advertising, accessibility
- Promote affordable, sustainable diets for all
- Food is a global issue

Services and money

Both are essential - two sides of the same coin

- ***Universal services are a 'social income'***, collectively funded, sufficient and universal, according to need, not means.
- ***A larger social income (more in-kind benefits)*** means less cash income is required for people to meet their needs and flourish.
- ***Cash payments and services must be mutually reinforcing.*** Trade-offs matter. The more public money spent on cash payments, the more universal services will be starved of funds.
- ***Any additional funds*** urgently needed for climate mitigation and 'green' infrastructure, as well as for universal services.
- ***A minimum income guarantee is compatible with the Social Guarantee:*** collectively funded, sufficient and universal according to need.

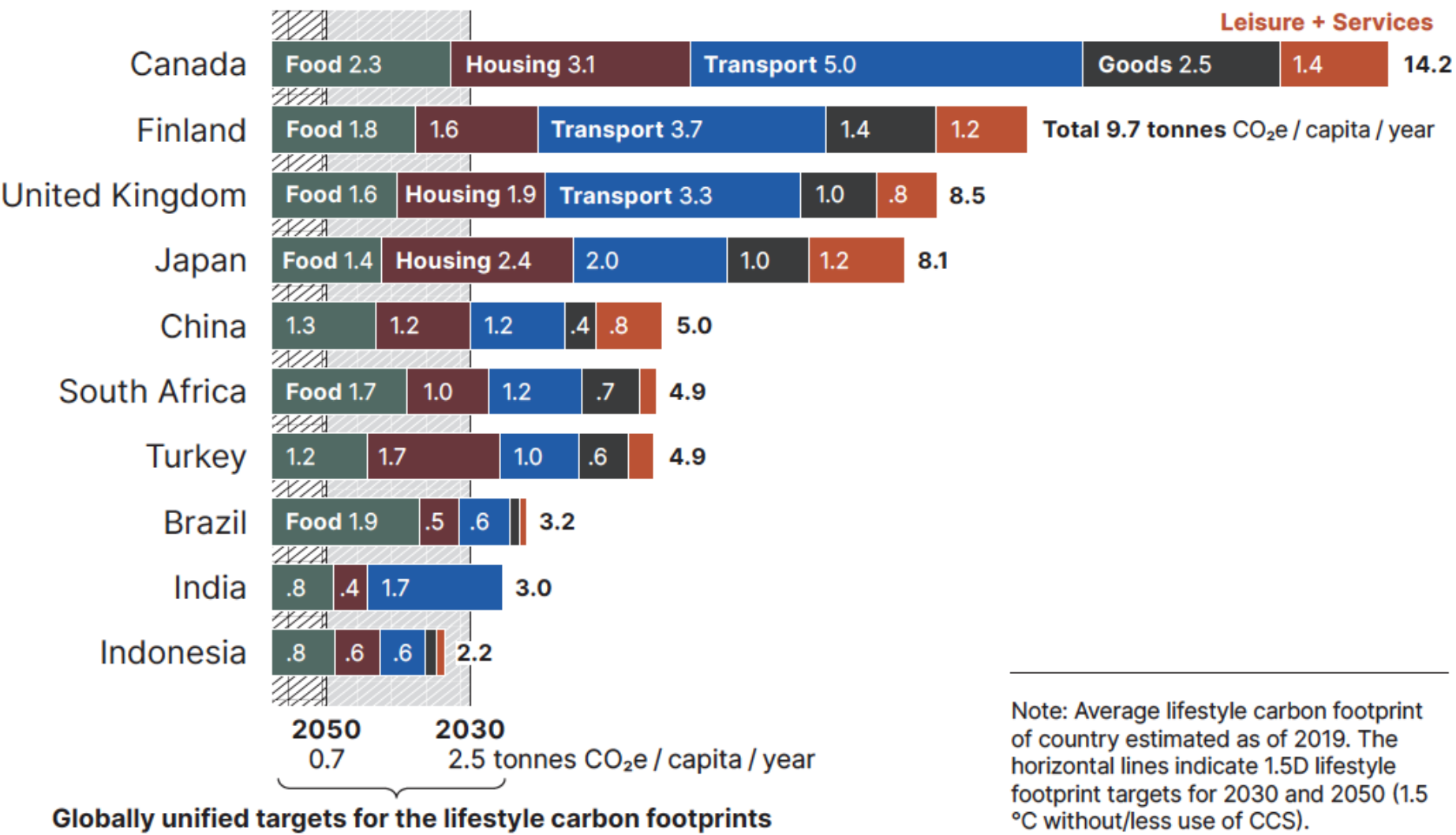
In summary

1. **SG reclaims and reimagines the collective ideal** with principled framework to guide policy and practice to achieve secure foundations for all
2. **Builds in-kind benefits to enhance the ‘social wage’** with substantial gains for employment, equity, efficiency, solidarity and sustainability
3. **Combines universality with sufficiency**, so that provisioning systems stay within planetary boundaries
4. **It’s a ‘Big Idea’ that can start small** – with local and metropolitan authorities gradually building momentum for national policy.

Scenario 2: An economy of egalitarian sufficiency: Floors + ceilings

- Scenario 1 insufficient, and
- Would not confront global concerns of inequality, injustice, waste and unbalanced economies
- Akenji 2019 Report on '1.5 degree lifestyles':

Figure C. Carbon footprint and its breakdown between consumption domain and globally unified targets for the lifestyle carbon footprints.



An economy of sufficiency

- Sufficiency today the ‘safe and just space’ between a social **floor** and an ecological **ceiling** (Raworth)
- The **floor** is the meeting of universal human needs
 - This requires a theoretical – philosophical and normative – justification
- De facto the **ceiling** is current best estimate of planetary boundaries
 - Work of Johan Rockström et al at Potsdam Institute for Climate Impact Research
 - I discuss solely safe *climate* boundary

An alternative theory of value based on sufficiency

- The idea of sufficiency has no meaning in orthodox economic theory
- Sufficiency requires a distinct *eudaimonic* conception of wellbeing.
- One example: A Theory of Human Need:
- Needs are essentially satiable and there comes a point when there is a *sufficient* level of their satisfaction.
 - Can then conceive of the needs of future generations
- But needs always distinguished from context-dependent *need satisfiers*

Fair recomposition of consumption:

From floors to ceilings

- To achieve fair recomposition means distinguishing the '*necessitousness*' of consumer goods and services
- This entails a threefold distinction between necessities, conventional goods and luxuries. This returns us to the two boundaries – upper and lower – that delimit Raworth's (2017) 'safe and just space' for humanity.
- This generates an upper as well as a lower boundary of consumption: di Giulio and Fuchs: a *sustainable consumption corridor*.
- But can generalise this:
- **Sufficiency the space between the floor and the ceiling**

Summary model of sufficiency space:

Between necessity and excess

Income and wealth	Consumption	Labour
Riches	Luxuries	Unproductive
Ceiling (above which Surplus)		
Prosperity	Comforts	Conventional
Floor requires:		
Decent Minimum	Necessities	Essential

How define necessities in a finite yet democratic world?

How distinguish need-satisfiers and luxuries in a democratic society?

- Bring together **citizens and experts**
 - Doyal/Gough 'dual strategy'
- **Citizens' forums** that are **inclusive** and **empowering**
- "Public engagement through reasoned deliberation"
- But knit into formal political processes
- A **problem-solving** process, not a way of aggregating people's **preferences**.

Achieving consensus?

climate assemblies: French Convention

- 150 randomly selected but representative citizens meeting for nine months. Advised by experts.
- Tasked to decide policies to achieve 40% cut in France's greenhouse gas emissions by 2030.
- The government committed to propose the Convention's proposals for legal adoption - without changes.
- Convention agreed on 149 proposals, including:
 - fast mandatory retrofit of the least energy efficient buildings by 2030
 - ban on high emission vehicles as early as 2025
 - GHG labels mandatory in retail and consumer places and advertisements
 - limiting the use of heating and air-conditioning in all buildings (maximum average temperature of 19°, no air-conditioning below 25°)

Contexts: 1. Mixed Covid legacies

- By October 2021 4.8m global deaths registered
 - But HIV/AIDS 36m
- Negative impacts re economy (GDP 2020):
- Climate legacy: sharp decline in emissions, but now resurgent
- Role of state everywhere seen as central in times of crisis
- Big expansion of fiscal commitments and public debt
- Novel forms of social support
- Recognition of 'essential workers'
- Some shift of values towards collective concerns in public opinion
 - Including greater worries about the current state of nature

Contexts: 2. Political economy

- Therborn: 'The pandemic sealed the fate of neoliberalism'
 - \$1.9 trillion American Rescue Plan and the \$2 trillion American Jobs Plan
 - EU Green Deal €1 trillion over ten years + ECB €2.6 trillion Asset Purchase Programme.
 - Global agreement on minimum corporate taxation
- A new conjuncture? End of neo-liberalism? Kaletsky: A Hamiltonian moment?
- Others:
 - the overhang of austerity
 - financialisation alive and well....

Contexts 3: Wall Street Consensus?

- Daniela Gabor: Goal of releasing trillions to finance green development especially in emerging and low income economies – including SDGs
- Make development projects ‘investible’ and to *de-risk* them
- Main mechanisms: Public Private Partnerships
- Emergence of huge global asset managers, eg Blackrock
- Emerging role of state: guaranteeing the profitability of such investments, from water to education
- This future scenario an extreme alternative to that sketched above

General conclusions

- Social programmes will need to focus on and integrate in-kind services alongside money transfers
 - Going well beyond ALMPs and social investment
- ‘Sustainable’ social policy must incorporate environmental sustainability
 - go beyond economic, fiscal and demographic sustainability
- But all this entails dramatic eco-social transformation
 - Engagement with political economy

Scenario 2. Conclusions

- Goal must be fair sustainability or sustainable wellbeing: an economy of *sufficiency*
- Sufficiency the 'safe and just space' between a social floor and an ecological ceiling
- The floor is the meeting of universal human needs
 - This requires a theoretical – philosophical and normative – justification
- De facto the ceiling is current best estimate of safe planetary boundaries
- This generates an idea of maxima or ceilings to income/wealth, energy use and emissions

The myopia of social policy

My conclusion to revised *Oxford Handbook of the Welfare State*:

- It would be difficult to overstate how dramatic this trajectory is. It requires nothing less than a total and rapid reversal of our present direction as a civilisation.
- Co-chair of IPCC working group: ‘The next few years are probably the most important in our history’.
- It is remarkable and shaming that since the first edition of OHWS ten years ago the study of social policy has hardly stirred itself to confront these challenges.