

General Strike in the Kingdom of Spain: Political Economy and Basic Income

Spain has the highest unemployment rate in the EU – 23% - and the figure is expected to rise. The generation of under-25s is particularly affected: 51.4% were unwaged in January 2012. This joblessness among young people will have devastating effects on the country in general. To give two examples, first and precisely now, the nation needs a dynamic young workforce to help economic recovery and lead the way out of recession. Second, this is the generation that should be paying into the welfare state and pensions in the future. If they are jobless and unable to do this, the shadow of economic stagnation will be very long and extensive indeed. Then again, the effects on the young people themselves must be considered: they can't work, can't be emancipated, can't form families, and many are suffering what is close to clinical depression. They are also very indignant.

The problem is not confined to Spain, as everybody knows. The economic reality and the policies adopted by most governments of the European Union are tipping millions of people into desperate situations. By October 2010, Michael Hudson was warning that the policies being implemented by governments were (as workers also protested) “using the bank crisis (stemming from bad real estate loans and negative mortgage equity, not high labor costs) as an opportunity to change the laws to enable companies and government bodies to fire workers at will, and to scale back their pensions and public social spending in order to pay the banks more.” (<http://michael-hudson.com/2010/10/who-wins/>). Indeed, the present ruling party of the Kingdom of Spain, the ultra-right Partido Popular, has already got some legal and economic measures underway and plans to keep up an unprecedented attack on the conditions of life and work – achieved in more propitious moments – of the vast majority of the population. Incredible as it may seem, Spain's 5.3 million unemployed (according to the latest Economically Active Population Survey) are being used today as the pretext for these selfsame reforms. Companies are taking the utmost advantage of the harsh situation. These draconian measures are being met with all kinds of resistance among which the general strike called for 29 March deserves special mention. This was unanimously approved by Spain's two biggest unions, CCOO and UGT, as well as by smaller ones, and the date coincides with a general strike called by nationalist unions in the Basque Country and Navarra, one day before the submission of the State Budget for 2012. The press is, of course, trying to downplay public support for the strike but the social networks – forum of the young

population – are telling quite another story. They state very clearly that the general strike is not just about labour reform and cuts in public spending but an assault on the “debtocracy-based policies of the financial oligarchy”. Many are proclaiming that this is a new kind of strike, that “of the 99%”.

Labour “reform” and “austerity” in public spending are the gist of the crisis blueprint for the Spanish government and those of other EU countries. Yet, as Paul Krugman said, “We need more, not less, government spending to get us out of our unemployment trap.” (*The New York Times*, 1 January 2012). Many other economists have come to the same conclusion, some of them long before the 2008 Nobel laureate. The European Union ruling class doesn’t get it. The young (and old) *indignados* know that people outside economics, not mired in conventional wisdom and obfuscating technocratic formulae, often reach correct conclusions before professional economists and they also understand the golden rule: economic recovery must start with the base.

Would it be madness, in these times, to propose that every member of the population should have his or her material existence guaranteed by means of a completely unconditional cash transfer? By a basic income? This proposal has been under discussion in academic circles for more than three decades, and in some parliaments during the last ten years. In brief, this is an income that is ideally above the poverty line, paid by the State to each full member or accredited resident of a society, regardless of whether he or she wishes to engage in paid employment, or is rich or poor, which is to say independently of any other sources of income and irrespective of cohabitation arrangements in the domestic sphere.

The financial viability of basic income has been exhaustively studied in Catalonia and – surprise, surprise – through personal income tax reform and rationalising of monetary allocations it would have been possible in 2004 to assign 5,400 euros per year to all adult residents in Catalonia and 2,700 euros for all minors. Basic income should never be confused with any form of minimum integration income (RMI) or what, with similar names, are effectively dole-outs for the poor. The facile criticism asserting that people with a basic income wouldn’t work has been despatched with by studies that prove just the opposite. One of the main reasons for this, perhaps, is that basic income is compatible with other sources of income, unlike cash allocations for the poor which are generally conditional on the recipient’s not having any other source of income. This leads to an important conclusion: criticism aimed at conditioned (or “focalised”, as they like to say in Latin America) subsidies is sterile when applied to basic income because of its unconditional nature.

Since, in all serious financing proposals, the rich lose and the poor gain, basic income may be understood as a large-scale redistribution of income from the wealthy members of a population to the rest, exactly the opposite from what has been going on over the past thirty years. Equally as important as the above – or even more important – is the fact that basic income isn't just a measure against poverty but it would also offer greater freedom to a good part of the population. For the first time in history, every member of society would have a guaranteed material existence. This measure is holding out not only a redistribution of income but would have ripple effects of such magnitude that it is hardly surprising that it scares some people and flabbergasts others. In Spain, the basic income proposal has moved pendulum fashion in a way that, very schematically, could be dubbed “from social movements to parliament and back again”. Now with a full-blown economic crisis, and even though there are still some left-of-centre MPs who see basic income as a good social measure to keep in mind, it is getting most attention from the social movements again, in particular the 15-M *Indignados* movement and other less conventional political movements. A sign of the times.

The historical roots of Basic Income stretch back a long way with strong links to the ancient Greek democratic republican tradition but its possible political role in the twenty-first century is particularly fascinating because of its secular, unconditional and universal formal features. These coincide neatly with those of democratic universal suffrage where the right to vote is independent of gender, ethnic group of origin, level of income, sexual choice or professed religion. The great struggles for universal suffrage and democracy in the nineteenth century and the first three decades of the twentieth century certainly had a good dose of instrumentality because democracy was needed, it was believed, as a step along the way to other goals (socialism, redistributive justice, and so on). Yet the struggle was much more than an instrumental project because the universality and unconditional nature of the right to vote ended up bestowing upon these populations value in and for themselves, however much the very antidemocratic nineteenth-century liberals and conservatives brayed in their distress that the consequences would be dire.

The struggle for a citizens' Basic Income could now play a similar role. There is, of course, an instrumental side to this since the aim is to do away with poverty and to put an end to neoliberal policies or, in less abstract terms, to ensure that the greater part of the world's population no longer has to subsist in conditions of crushing poverty and at the mercy of the caprices of the very few who are rich. Yet, Basic Income would also be non-instrumental as an inalienable right for justice and dignity and as a

value in itself, and the act of demanding it could crystallise in the formation of strong, informed social movements and democratic public opinion, however much the very antidemocratic twenty-first-century neoconservatives bray in their distress that the consequences will be dire.

One of the great moral strengths of supporting Basic Income is that it not only draws attention to evidence of the huge inequalities of the contemporary world but also, and in particular, to the erosion of freedom that goes hand-in-hand with huge disparities of income and wealth. Equality and freedom are not two goals to be chosen independently of one another. Great social inequalities are a real impediment to the freedom of many millions of people, while the other side of this baneful coin is that the lack of freedom of so many people, the increasingly compelling need for working populations to ask permission of the rich every day in order to continue subsisting in conditions dictated by their masters, only aggravates inequality. Poverty is not only privation, material want and income disparity. It also means depending on the arbitrary whims and greed of others, lack of self-esteem, social isolation and labelling of the poor. Anyone whose employment is unsure suffers official erosion of his or her freedom in the form of “first-job contracts”, temporal contracts, absence of contracts, precariousness, job “flexibility” and outright unemployment without any social protection whatsoever, as EU governments are now set on demonstrating. This erosion of freedom redounds once again on the growth of material inequality in the form of decreases in real salaries, insecure or abolished retirement pensions, privatised or pauperised public services and infrastructure, et cetera, while financial and corporative profits remain sky-high. In the most powerful country on earth income inequality is now worrying once-ardent supporters of the *status quo*. The number of U.S. households living on less than \$2 per person per day, in “extreme poverty”, more than doubled between 1996 and 2011, from 636,000 to 1.46 million. The number of children in households described as “extremely poor” also doubled, from 1.4 million to 2.8 million (<http://www.offthechartsblog.org/under-2-dollars-a-day-in-america-part-1/>).

Paradoxically, figures pertaining to poor families hold out an example of good economics, the principle of stimulating the economic base of a society. For example, studies in the US have shown that in families with incomes below \$25,000, children whose family received as little as a \$3,000 annual boost to family income when they were under six years of age earned 17% more as adults, and worked 135 more hours per year after the age of 25, by comparison with otherwise-similar children whose families didn't receive the income boost. This effect was *not* found among families making *over* \$25,000, for whom a \$3,000 boost in income

increased young children's later earnings by only two per cent (<http://www.offthechartsblog.org/poverty-in-early-childhood-has-long-and-harmful-reach/>).

A basic income could be of enormous importance as an integral part of a package of measures designed to guarantee the material existence of all people and their possibilities of living according to their own life plans by means of “universalising property” in this form, which would then universalise the essential condition of truly effective citizenship. The idea of universalising property can't be taken too literally but should simply be understood as providing the essential conditions for material, and hence social existence to everyone. A guaranteed basic income, above the poverty line, for everybody, would offer an autonomous base of existence that would be much firmer and infinitely more widespread than that available to a good part of today's citizens, especially in the more vulnerable and most subjugated sectors (wage workers, the poor in general, the socially excluded, the unemployed, women, et cetera). The eminent jurist Louis D. Brandeis once said, “We may have democracy, or we may have wealth concentrated in the hands of a few, but we cannot have both.” The axiom is well understood by both unions and *indignados*: the status quo is unacceptable and untenable and this will be expressed loud and clear in Spain on 29 March.

DANIEL RAVENTOS is the author of *Basic Income: The Material Conditions of Freedom* (Pluto Press, 2007). He is on the editorial board of the international political review *Sin Permiso*.

JULIE WARK is the author of *Manifiesto de derechos humanos* (The Human Rights Manifesto – Ediciones Barataria, 2011) and is an advisory board member of the international political review *Sin Permiso*.

www.redrentabasica.org, March 2012