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Eco-Euro Dividend – a Step to Basic Income in Europe

Most conceptions for financing an Unconditional Basic Income are based on the idea to take money from the ongoing public budgets and the public social system. This would mean a big jump: The present social welfare system with its historically generated balances of giving and taking would be changed suddenly into a completely new one. It is understandable that politicians and citizens hesitate to switch this system even if they perhaps agree to the fundamental idea of an unconditional basic income as a core of an emancipatory and less bureaucratic modern welfare state. This is true for every European country. But the problem is even bigger if we want to change this social welfare system in the European Union as a whole. The welfare system schemes of the member states are different and even small harmonization steps are difficult to reach because of the various national wishes, fears and political situations.

Another way to finance a Basic Income is to use eco taxes. The revenue of ecological fees on undesired consumption of resources or waste production (e.g. CO₂, raw materials, land sealing, infiltration of nitrites) will be shared back equally to everyone. In other words: Every citizen, from baby to the elderly, from rich to poor, will be paid an “eco-bonus”, respectively an “ecological basic income”.

The eco-bonus is answering some serious problems of conventional environmental policies, e.g. the dilemma of eco tax: If it's too small, there will be no steering impact. If it's too big, it becomes unsocial. Giving an eco-bonus will have the opposite effect. The per-person distribution of the revenue reverses the previous disadvantage of a disproportionately high burden for those of lower income into an advantage for them. The higher the eco tax rate, the bigger the reallocation to the poorer. The reason: The consumption normally rises with the income. Poor people are consuming less environmental goods, and therefore paying under proportional eco taxes but gaining the average per capita revenue. Thus environmental and social policies could be combined.

Some environmental and climate policies are still established as a field of the European Union. If e.g. all the 4 Billion tons of European CO₂-emissions would be auctioned within the European Emission Trade System (EU-ETS) we could yield 100 Billion Euros or 200 €/year for every European citizen (van Parijs 2013). This is only one example. There are more plans of the European Commission to harmonize taxes on fossil fuels or electricity. And there are of course some more fields of possible and needed ecological steering with eco taxes, which would make sense from an ecological point of view (see above). But it is important to combine this with progress in social justice.

Social cohesion in Europe is not only to be thought as financial transfers from states with higher GDP to those with lower ones. It means even an environmental policy which is not burdening the poorer part of the society. In fact an eco bonus system would mean that the richer European inhabitants with higher consumption of

environmental goods such as emissions would give a financial transfer to poorer citizens of Europe

Such an Eco-Euro-Dividend (or Eco-Euro-Bonus) could not only bring together environmental organizations and movement for Basic Income, but is especially well-suited in general for a step-by-step implementation of a Basic Income. We cannot hope for a transition from our hitherto welfare states in Europe to a total change with a Basic Income from one day to the next. The whole economic structure, prices, labour market, demand, and production will suddenly have to reconstitute themselves under completely new conditions. The fear of politicians and people of a great crash would not to be overcome.

Normally new paradigms can only be established with prototypes and small pilot schemes. An eco-bonus is highly suited for such an incremental implementation of Basic Income. It can be introduced slowly, parallel to the previous social security scheme in order to first introduce the principle itself: Every European citizen receives unconditionally a share from the common inheritance of society, the richness of resources, knowledge, and production. The constitution of this right would be a step to more social cohesion in Europe.