The Ecological Basic Income

A UBIE Policy Proposal for Eradicating Poverty Beyond Growth

Submission to the UN Special Rapporteur on extreme poverty and human rights' "Roadmap for Eradicating Poverty Beyond Growth" by Unconditional Basic Income Europe (UBIE)

Policy Areas Addressed: *Social Protection and Services; Climate, Environment and Resources; Economic Systems Transformation*

Executive Summary

The Ecological Basic Income represents a transformative policy approach that addresses both poverty eradication and environmental sustainability – two critical challenges that traditional growth-centered policies have failed to resolve. This proposal outlines a concrete mechanism to finance a universal basic income through ecological taxation, creating a virtuous cycle that simultaneously reduces resource consumption, provides economic security independent of growth, and enables a just socio-ecological transition.

1. Introduction: Beyond the Growth Paradigm

As the Special Rapporteur has highlighted in his July 2024 report, traditional poverty reduction strategies centered on GDP growth have exacerbated inequality and environmental degradation while failing to deliver on their promises. By 2030, an estimated 575 million people will still live in extreme poverty despite decades of growth-focused development.

The Ecological Basic Income (EBI)[1] offers a concrete policy response to the central question posed by the Special Rapporteur: "What concrete policy actions can be implemented to fight poverty, reduce inequalities, and enhance human well-being within planetary boundaries, without relying on economic growth as a condition sine qua non?"

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[1] First published in: Schachtschneider, Ulrich: Ecological Basic Income: An Entry is Possible. A Contribution to the BIEN Congress Munich 2012 http://www.bien2012.de/sites/default/files/paper_212_en.pdf

Rather than relying on economic growth to eventually trickle down to those in poverty, the EBI creates a direct mechanism for providing economic security while simultaneously incentivizing ecological sustainability. It represents a transformative policy that bridges multiple priority areas identified in the Roadmap framework: social protection, environmental sustainability, and economic systems transformation.

2. Policy Concept: What is an Ecological Basic Income?

An Ecological Basic Income is an unconditional basic income financed primarily through taxes on environmentally harmful activities and resource consumption. It combines two powerful policy instruments:

1. **Unconditional Basic Income (UBI)**: A regular cash payment provided to all individuals without means testing or work requirements, sufficient to meet basic needs and enable participation in society.
2. **Ecological Taxation**: Progressive taxes on resource consumption, carbon emissions, and other environmentally harmful activities.

The EBI works by redistributing revenues from ecological taxes equally to all citizens as a universal basic income, creating a system that is both environmentally sustainable and socially just.

3. Addressing Concerns and Implementation Challenges

3.1 Social Justice Concerns

A common concern is that ecological taxes might disproportionately burden low-income households who spend a higher percentage of their income on energy and basic goods. The EBI addresses this directly:

- **Progressive Redistribution**: Research consistently shows that higher-income individuals consume more resources on average, meaning they will pay more in eco-taxes while receiving the same basic income.[2] This creates a net benefit for lower-income households.
- **Universal Coverage**: By providing benefits universally rather than through targeted programs, the EBI ensures no one falls through administrative cracks and eliminates stigma and administrative inefficiencies.

3.2 Economic Transition Challenges

- **Stable Financing**: As ecological behaviors change in response to taxation, tax rates can be adjusted to maintain stable funding for the basic income while continuing to incentivize environmental improvements.
- **Predictable Policy Path**: Clear advance communication of eco-tax increase schedules gives households and businesses time to adapt and invest in alternatives.
- **Complementary Policies**: The EBI should be implemented alongside investments in green infrastructure, public services, and targeted support for industries in transition.

3.3 Political Feasibility

- **Public Acceptance**: Returning 100% of revenues directly to people creates visible benefits that can generate public support, as demonstrated by successful examples in Switzerland[3], Canada, and elsewhere.
- **Incremental Implementation**: Beginning with modest tax levels and dividends allows for adjustment and demonstration of benefits before scaling up.

4. Core Policy Elements and Implementation

4.1 Short-term Actions (2-3 years)

[2] Compare e.g.: Ivanova et al. 2017: Mapping the carbon footprint of EU regions, Environ-mental Research Letters 12 [https://iopscience.iop.org/article/10.1088/1748-9326/aa6da9, (13.09.2020], Ivanova, D. / Wood, R. 2020: The unequal distribution of household carbon foot-prints in Europe and its link to sustainability. In: Global sustainability 3, e18, 1-12

[3] In Switzerland, CO2 pricing ("Lenkungsabgabe", lit. steering fee) was combined with a payback mechanism – main part of revenues from this steering fee were paid back through the healthcare insurance to every citizen, reducing their insurance contributions thereby.

National Level:

- Introduce moderate CO_2 taxes (€50-100/tonne) with 100% of revenues distributed equally to all citizens as an initial "climate dividend"
- Create pilot programs in selected municipalities or regions to demonstrate feasibility and build public support
- Establish legal frameworks that protect the social purpose of ecological tax revenues
- Develop public education campaigns on the dual benefits of the approach
- Conduct detailed distributional impact analyses to prove progressive outcomes

Local/Regional Level:

- Implement municipal-level pilot programs that apply the EBI principle to local environmental issues (e.g., congestion charges redistributed as public transport vouchers)
- Create participatory monitoring committees that include representatives from vulnerable populations
- Develop local capacity for implementation through training programs
- Establish community feedback mechanisms to continuously improve design

International Level:

- Coordinate cross-border carbon pricing mechanisms with social compensation
- Develop guidance for national implementation through international organizations
- Create platforms for knowledge sharing and best practices
- Establish international standards for measuring impact

4.2 Medium-term Actions (5 years)

National Level:

- Gradually increase eco-taxes to reflect true environmental costs while communicating clear schedules to allow adaptation
- Expand the tax base beyond carbon to include other resource usage (land, water, minerals, waste)
- Scale successful pilots to national implementation with adaptations based on lessons learned
- Develop robust monitoring systems to assess environmental and social impacts
- Integrate EBI with existing social protection systems to create comprehensive coverage
- Reform subsidies for environmentally damaging industries to align with EBI objectives

Regional Level:

- Establish regional coordination mechanisms to prevent carbon leakage and ecological tax avoidance
- Create frameworks for harmonized implementation in economic unions (e.g., EU)
- Develop regional monitoring mechanisms to track cross-border effects
- Establish regional forums for policy coordination and learning

International Level:

- Develop international standards for ecological taxation with social compensation
- Create mechanisms to support EBI implementation in lower-income countries including financing options
- Establish global knowledge repositories and technical assistance programs
- Integrate EBI principles into international development frameworks and climate finance

4.3 Long-term Actions (10 years)

National Level:

- Establish comprehensive ecological tax systems covering all major environmental impacts
- Implement full Ecological Basic Income systems providing meaningful economic security
- Redesign economic indicators to prioritize well-being and sustainability over GDP
- Develop complementary institutions that support a post-growth transition

Regional Level:

- Implement fully harmonized regional EBI systems where appropriate
- Develop regional ecological fiscal transfers to address territorial inequalities
- Establish regional monitoring systems that track both environmental and social outcomes

International Level:

- Integrate EBI principles into international development frameworks
- Establish global governance mechanisms for ecological taxation with social compensation
- Create global solidarity funds to ensure equitable implementation in all countries
- Develop international standards for ecological-social accounting

5. Case Example: Ecological Eurodividend

To illustrate the practical application of the EBI concept, we outline a potential EU-level implementation based on Philippe Van Parijs' concept of a "Eurodividend",[4] switching the financing model from VAT[5] to ecological taxation.

Starting in 2027, the advanced EU Emissions Trading Scheme (EU ETS2) will cover all sectors including heating and mobility, with ambitious annual reduction targets. Assuming a carbon price of €200/tonne and accounting for a 40% reduction in emissions, this could generate approximately €540 billion in revenue.

If distributed equally to all EU citizens, this would provide an Ecological Eurodividend of around €1,000 per person annually (€84 monthly).This initial climate dividend could be supplemented by additional environmental taxes to gradually build toward a more comprehensive basic income.

Key implementation features would include:

- **Legal Framework**: Establishing dedicated funds that cannot be diverted to other purposes[6]
- **Administrative Efficiency**: Using existing tax and welfare infrastructure to minimize overhead costs
- **Cross-border Harmonization**: Ensuring consistent implementation across member states
- **Monitoring Mechanisms**: Transparent tracking of both environmental impacts and distributional effects

6. Monitoring and Evaluation Framework

Effective implementation requires focused monitoring on indicators directly relevant to the EBI's dual objectives of poverty reduction and ecological sustainability:

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[4] Van Parijs, P. 2012: No Eurozone without Eurodividend

https://ethics.harvard.edu/files/center-for-ethics/files/2012.no_eurozone_without_eurodividend.pdf

[5] Van Parijs, P. & Vanderborght, Y. 2017. Basic Income: A Radical Proposal for a Free Society and a Sane Economy. Cambridge: Harvard University Press, pp. 230-241

[6] Busch and Kimberley e.g. stated, that the use of ETS II revenues for per capita paying back option is likely not in line with the legal requirement, that a positive environmental impact of the revenue usage has to be proven.

Core Environmental Indicators:

- Carbon footprint reduction per household income quintile
- Resource consumption changes by income group
- Adoption of sustainable consumption practices across income levels
- Emissions reduction in sectors subject to ecological taxation

Core Social Impact Indicators:

- Poverty rate reduction attributable to EBI
- Material deprivation reduction across different population segments
- Economic security improvement (reduced financial anxiety, emergency savings)
- Income inequality metrics before and after EBI implementation
- Time use changes (paid work, care work, community activities)

Implementation Effectiveness Indicators:

- Distribution efficiency (percentage of revenue reaching recipients)
- Coverage rates across different population groups
- Public understanding and support for the EBI mechanism
- Tax avoidance/evasion rates for ecological taxes

Integration Indicators:

- Coherence with existing social protection systems
- Synergies with environmental policies
- Effect on public support for ecological transition measures

This streamlined framework focuses on direct measurable effects of the EBI rather than broader societal changes, allowing for clearer attribution of impacts to the policy.

7. Conclusion: A Social Foundation for Ecological Transition

The Ecological Basic Income represents a concrete policy pathway toward eradicating poverty beyond growth. It offers several crucial benefits that align with the vision for a human rights economy:

1. **Social Security Independent of Growth**: By providing economic security that doesn't depend on continued economic expansion, the EBI creates space for society to move beyond the growth imperative. It ensures that all people can meet their basic needs and participate in society regardless of economic fluctuations or structural changes in the economy.
2. **Reduced Environmental Pressure**: By making pollution and resource consumption more expensive while compensating citizens, the EBI facilitates both technical efficiency improvements and cultural shifts toward sufficiency. This addresses the dual challenge of environmental sustainability and social justice simultaneously.
3. **Increased Equality**: By redistributing resources more equitably, the EBI reduces status consumption and creates a more cohesive society better able to navigate the socio-ecological transition. It directly counteracts the tendency of market economies to concentrate wealth.
4. **Enhanced Freedom and Resilience**: By providing unconditional economic security, the EBI enhances individual and community agency to resist exploitative labor practices and environmentally destructive development patterns. It creates space for alternative livelihoods and economic models to emerge.
5. **Policy Integration**: The EBI bridges traditionally separate policy domains – social protection, environmental regulation, and economic governance – creating synergies rather than trade-offs between these areas.

The EBI represents a transformative approach to poverty eradication that works within planetary boundaries while enhancing human rights and well-being. Its implementation would demonstrate that addressing poverty and environmental challenges can be complementary rather than competing goals. As we approach critical ecological tipping points and face growing social inequalities, policies like the Ecological Basic Income offer a concrete path toward a just and sustainable future that moves beyond the growth paradigm.

About UBIE:

Unconditional Basic Income Europe (UBIE) is an international network connecting activists and initiatives from over 25 countries. We advocate for the implementation of Basic Income in Europe and its recognition as a Universal Human Right. Founded following the European Citizens' Initiative for Unconditional Basic Income in 2013/14, UBIE brings together expertise on basic income implementation and campaigns for innovative social policies across Europe.

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