

Welfare



# BEYOND GROWTH



## Colophon

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# INTRODUCTION

The intention of welfare states in Europe is to ensure secure and dignified lives for all in a society where every person is cared for and basic needs are guaranteed. In our growth-centric economies, such welfare provisioning is often claimed to rely on growth at all costs and pitted against environmental protection. Post-growth advocates reject this claim and argue that securing a good life for all on a thriving planet is possible if we break the dependency of welfare and income security on growth. A fair distribution of wealth and resources, substantial public investments in essential services, and the centring of community wealth and practices of care are core building blocks of this approach.

# GROWTH-DEPENDENT LIVELIHOOD SECURITY

A common argument of politicians and policymakers is that economic growth is crucial to uphold high levels of welfare and income security, and to provide a dignified life for all. Specifically, they assert that growth is necessary for the welfare state given the vulnerability of people's livelihoods

to reductions in economic output, or Gross Domestic Product (GDP). This growth-centred welfare narrative is one of the main reasons why many still back the idea of 'green growth', even though there is no scientific evidence in support of it.

## Post-Growth Welfare

### Roundtable in the EU Parliament on eco-social welfare

This primer is part of a 'Beyond Growth' series published by Commons Network and Oxfam Novib. It follows a roundtable on post-growth focusing on eco-social

welfare, organized by Commons Network, Oxfam Novib and the Green European Foundation in the European Parliament in December 2023. This event brought together Members of Parliament, civil society representatives and trade union representatives from 10 countries (the Netherlands, Belgium, Spain, the UK, Scotland, Ireland, Croatia, Lithuania, Poland and Austria).

# A POST-GROWTH PERSPECTIVE ON WELFARE AND INCOME

A post-growth perspective offers an alternative to the growth-centred welfare narrative: it maintains that securing a good life for all on a thriving planet is possible if we break the dependency of welfare and livelihood security on growth. Instead of relying on the possibility of decoupling environmental pressures from economic growth, despite scientific evidence that this is not possible, the focus shifts towards **decoupling livelihood security from growth**. Such an approach is often called sustainable welfare, or eco-social welfare.<sup>1</sup> Key building blocks of this approach include the fair distribution of wealth, power and resources; substantive investments in essential services; and the centring of community wealth and practices of care.

Post-growth advocates posit that in Global North countries, including in Europe, the problem is not that we aren't producing enough – rather it is how our labour, resources and financial wealth are distributed, and who owns these productive capacities. The emphasis of the debate thus shifts away from greater production to questions regarding ownership and distribution.

In their pursuit of improvements in welfare, politicians and policymakers often regard growth as a substitute for equality, anticipating that the benefits of growth will 'trickle down' to improve people's lives across society. However, as the economic anthropologist Jason Hickel

has put it: "if growth is a substitute for equality, then by the same logic equality can be a substitute for growth".<sup>2</sup> **National policy areas for achieving this include progressive taxation and public finance, universal basic incomes, universal basic services and job guarantees.**

A post-growth approach also recognizes that there are important non-monetary aspects to people's sense of social security. These include the ability to give and receive (informal) care, a feeling of belonging and community, and a sense of strong relations and trust.<sup>3</sup> These are all aspects of what is sometimes called the 'caring economy': the solidarity-driven domain where community, the 'commons' and economic activities at the local level take centre stage. It includes citizens' initiatives, neighborhood groups and care cooperatives, all of which support the security of a dignified life. Importantly, this area has significant gendered aspects, with women frequently bearing the bulk of the unpaid caring labor, as is the case at the household level. The government can play an active role in promoting this caring economy through its local and municipal policies, in which using a gender-responsive and equitable approach will be pertinent.<sup>4,5</sup> Key policy avenues for doing are set out in an innovative framework called 'Community Wealth Building'.<sup>6</sup> **Through strengthening the cooperative and local economy, caring practices and community wealth can flourish.**

# The Growth Dilemma

## The myth of green growth

More and more climate scientists agree that the dominant belief in 'green growth' is ungrounded, as economic growth cannot be decoupled from greenhouse gas emissions and material use fast enough to avert the climate crisis.<sup>7</sup> The economy cannot grow infinitely on a finite planet. A reduction in total energy and resource use and the adoption of post-growth policy avenues in high-income countries is thus considered the only viable way to tackle the environmental crisis.<sup>8</sup>

Against this background, the growth-centred welfare narrative portrays a trade-off between the 'red' and the 'green', whereby giving up on growth for the 'sake of the planet' would sacrifice people's livelihood security. While this narrative has

always been prevalent amongst European political parties across the political spectrum, it has recently become more explicit, with growth becoming the rallying cry of several political campaigns.<sup>9,10</sup>

The growth-centred welfare logic sees economic growth as essential as it provides tax revenues for governments to make the necessary public investments in social outcomes. While this can be addressed by increasing public deficits, governments then rely on future economic growth to service their debts. In other words, growth is seen as necessary to keep public spending and public deficits in check, and for governments to 'balance their budgets' in the context of investing in and maintaining welfare states and societal wellbeing. Proponents of this narrative argue that high employment rates are important to avoid rising public expenditures on social security and

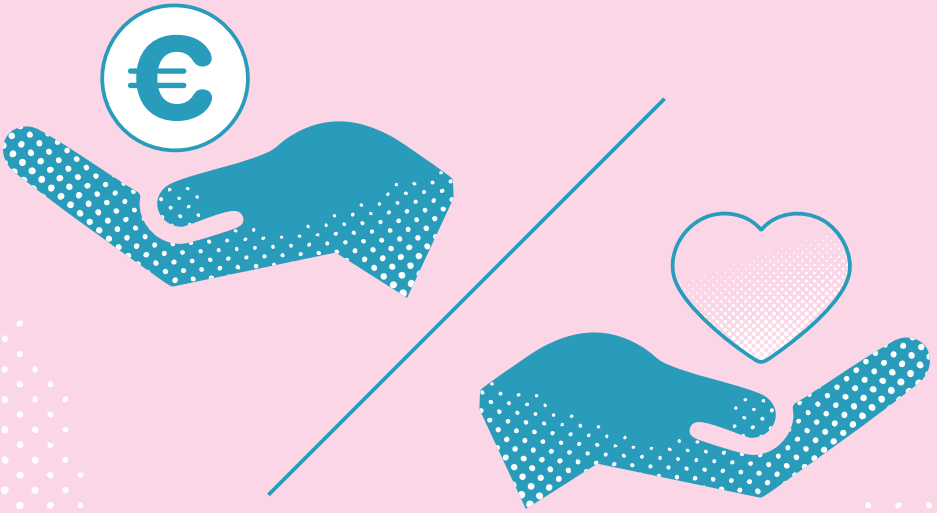


protection; and as labour productivity rises, economic growth is required to keep employment levels stable and to overcome the so-called 'productivity trap'.<sup>11</sup> According to this logic, welfare states also require continuous growth to deal with ageing populations and the associated rising costs of pensions and elder care.<sup>12</sup>

Crucially, this narrative is indeed aligned with how welfare states and income security are organized in European economies. In other words, *livelihood security is structured in a growth-dependent way*. Recessions in growth-dependent economies do therefore lead to unemployment, high levels of public and private debt, economic hardship for small entrepreneurs, and heightened socio-economic inequalities and insecurities in general. However, reductions in GDP only lead to heightened socio-economic insecurities and

inequalities under specific conditions, and these conditions can be avoided. Meanwhile, in many European countries, growth-centered welfare systems have demonstrably failed to provide dignified employment and ensure social well-being, disproportionately affecting women and marginalized communities.<sup>13,14</sup> In many parts of Europe, economic inequality is indeed increasing although wealth and income distribution varies from place to place, intersecting with factors such as gender, race, class, and migration status.<sup>15</sup>

It is clear that the relationship between growth and welfare is more complex than commonly framed, and deeply dependent on the design and structure of our welfare systems and economies at large. Rather than being a given, growth-dependent livelihood security is a political choice and an institutional construct.



# Reciprocal Human

## Homo economicus vs homo reciprocans

Neoliberalism views people primarily as 'homo economicus' – opportunistic individuals, market players or consumers – rather than 'homo reciprocans', which can be defined as collaborative, engaged citizens with a need for community and belonging. It is within the caring

economy that homo reciprocans, the reciprocal human, truly thrives. Shifting perspectives from the homo economicus to the homo reciprocans brings with it a new societal vision of social security and the economy as a whole. It would mean a commitment to a society where people can engage in giving and receiving care, in living collectively, and in flourishing as part of a community.<sup>16</sup>

# DECOUPLING WELFARE FROM GROWTH – POLICY AVENUES FOR ECO-SOCIAL WELFARE

Crucially, no single policy is sufficient on its own to usher in the fundamentally different system that can secure everyone's livelihoods, independent of GDP growth. However, there are some key transition paths for decoupling welfare from growth, which are set out below. The role of trade unions will also be pivotal in this transformation.

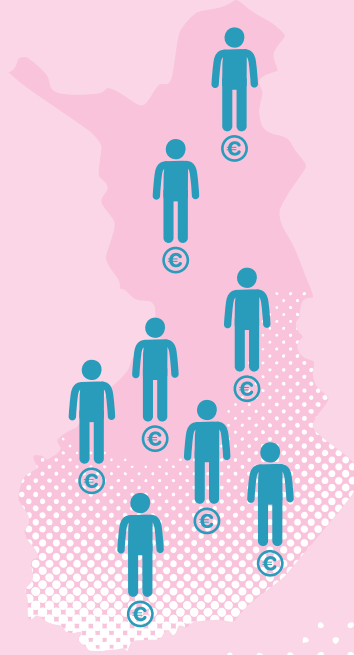
## **Progressive fiscal policies**

Income and wealth must be redistributed in a much fairer way through progressive taxes. For corporations, including multinational enterprises, this requires implementing fair and inclusive national and international rules for effective taxation. Next, wealthy individuals must be taxed on net wealth and capital income (such as dividends, interest, and capital appreciation). Recent international developments at the G20 and United Nations signal a clear push for the improvement of

international tax rules towards the effective taxation of multinational companies and high-net-worth individuals. In the EU, a progressive wealth tax on multi-millionaires and billionaires of between 2 and 5% could raise €286.5bn each year.<sup>17</sup> The revenue generated by such a wealth tax could be used for funding a just environmental transition and for social security and welfare provisioning.

## **Basic incomes**

Universal Basic Incomes (UBI) and Universal Care Incomes (UCI) would guarantee a minimum income for all people regardless of their participation in the labour market, thereby reducing livelihood dependence on wage labour.<sup>18</sup> Both involve unconditional regular income transfers, but UCI specifically aims to compensate individuals for their contributions to caregiving and community wellbeing.



# Wellbeing Dividend

## Experiment with basic income in Finland

A large-scale experiment with a basic income was carried out in Finland in 2017–2018. The amount chosen for income transfers was €560 per month, which corresponded to the monthly net amount of the basic unemployment allowance and the labour market subsidy provided by the Social Insurance Institution of

Finland, Kela. Some 2,000 people aged 25–58 who received an unemployment benefit from Kela in November 2016 were selected through random sampling, without any regional or other emphasis.<sup>19</sup> Results show that the initiative didn't significantly impact employment rates but led to improvements in recipients' wellbeing and economic security, while encouraging participation in voluntary work and entrepreneurial ventures.<sup>20</sup>

### Job security

Work must provide a secure income which covers the cost of living by ensuring living wages for those who are able to engage in paid employment. The green transition can only be just if it tackles job losses and income insecurity arising from the transition. This can be achieved through public job guarantee (PJG) schemes, which provide transition training and employment for all, while also raising standards for employment in the private sector.<sup>21</sup> The implementation of a PJG scheme may be connected to working time reduction (WTR) to free up sufficient wage labour for those seeking a job, and to distribute necessary work in a deliberate and meaningful way.<sup>22</sup> PJB and working time reduction policies are discussed in more detail in the Work Beyond Growth primer in this series.

### Universal Basic Services

Universal Basic Services (UBS) can be achieved by increasing the role of states and communities in the provisioning and ownership of essential services, including care services (including healthcare, child and elder care), education, but also housing, public transport and energy. Such an approach may include increasing public finance or nationalizing certain sectors. It also involves redirecting industrial subsidies and public procurement for eco-social purposes, as well as setting up social investment schemes. The goal is to reorient provisioning systems away from the pursuit of private profit towards a focus on achieving high-quality, accessible and universal services.<sup>23 24</sup>

# Basic Services

## Experiments with Universal Basic Services in Barcelona

Several European countries have experimented with or implemented elements of Universal Basic Services (UBS), either as national policies or as local or regional pilots. Barcelona is one of the most innovative European cities when it comes to experimenting with UBS – especially at the municipal level. These

efforts are tied closely to the municipalist movement, particularly through the political platform Barcelona en Comú. Key UBS-related initiatives in Barcelona include free Wi-Fi in public spaces; expanding free public transport; and improving access to public housing and community-run care services. In all these areas, the focus is on citizen-centred service provision with participatory governance, emphasizing accessibility, universality and decommodification of essential services.<sup>25</sup>

### Community Wealth Building

In addition to national policy change to transform welfare systems at national level, there is a need for innovative policies that enable greater social security at local and municipal levels. Many of these policies are captured in an approach called ‘Community Wealth Building’ (CWB). This aims to democratize the local economy and strengthen communities by giving cooperatives a greater role, and using large institutions in the city or neighbourhood as ‘anchors’ for major social and economic transformations.

It includes strong state support to citizen collectives or cooperatives, seeing them as equal partners and setting up public-collective partnerships, or PCPs.<sup>26</sup> CWB also involves establishing a ‘cooperative incubator’; this supports the cooperative and broader commons sectors by creating a network and providing advice, mentoring programmes, financial support and a link to the city’s procurement systems.<sup>27</sup>

# Community Wealth

## Community wealth building in Amsterdam Nieuw-West

The city of Amsterdam has initiated a Community Wealth Building (CWB) programme in the neighbourhood of Nieuw-West, where few jobs provide living wages, essential sectors are short-staffed, and investments and resources flow out of the local economy instead of circulating locally.<sup>28</sup> The ‘Samen Nieuw-West’ alliance has developed a CWB plan for socio-

economic development which would benefit residents by building a network of cooperative enterprises and ensuring procurement of their goods and services by local ‘anchor organizations’ such as the municipality, hospitals, schools, housing cooperatives, sports and cultural facilities. The Samen Nieuw-West alliance has connected bigger players in the local economy with smaller enterprises, and their economic activity creates value at the local level. The alliance also supports existing cooperatives and new cooperative entrepreneurship initiatives to further strengthen the community economy.<sup>29</sup>

# STRATEGIC INSIGHTS MOVING FORWARD



If there is one point that stands out from the roundtable and this primer on eco-social welfare, it is the need to counter the dominant growth-centric narrative by (re)politicizing the discourse on welfare provisioning. This means asking questions such as: ‘Should people’s livelihoods be dependent on wage labour, and should the availability and remuneration of work be determined by the logic of volatile markets?’; ‘Should the aim of our economic policy be to increase labour productivity in all sectors, whatever the ecological cost?’; and ‘Should we agree with the gains of the value created by our labour being primarily used to increase shareholders profit and CEO bonuses?’

The national policies discussed in this primer should ideally be combined into policy packages to have a substantial impact on reducing the dependency of welfare on income security. Two policy packages that some experts have proposed are the Social Guarantee, which combines universal basic services, a living wage and a minimum income guarantee;<sup>30</sup> and the Universal Autonomy Allowance, which

combines universal basic services, free access to basic goods, working time reduction, a transitory universal basic income and a maximum income.<sup>31</sup>

In addition to the need to address structural growth dependencies in guaranteeing people’s livelihoods, it is clear that much work still needs to be done to challenge the prevailing growth-centric narrative that associates, if not equates, GDP growth with increased welfare and wellbeing. As argued above, this growth-centric discourse turns fundamental political questions of distribution and economic power into technical, seemingly apolitical dilemmas, serving a neoliberal agenda that favours austerity policies, less social security and worsening public services.

It is high time for progressives in all parts of society to tackle this false narrative head on, countering it with the perspective that economic growth is not a guarantor of adequate livelihoods and, by doing so, advancing a welfare agenda that is firmly rooted in eco-social justice for all.

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