

*The 'Political Graduation' of Basic Income Entitlement Schemes:
Sharing Nature, or the economic equivalent of a piece of land for every citizen.^{1*}*

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ABSTRACT After a quarter of a century of political life, the idea of a Basic Income Entitlement remains beset by decisive obstacles to its political adoption and a range of both 'normative' and operational questions concerning its implementation. A 'real-cost' reading of a society's economy –which discerns the substantive differences in the real factors of production (usually represented only as homogeneous monetary quantities, *i.e.* prices)– clarifies the answers to many of these questions. It spells out a 'rent ethic,' *e.g.*, that circumvents the ethical objections that still prevent the adoption of BIEs (and even embraces them as its own basis), while clarifying the indeterminacies that spawn the unresolved debates and 'hard choices' arising in their implementation. As soon as the distinct character of land becomes apparent, financing BIEs with land rent, if only as a first step, spells out a culturally attractive structure for BIEs, that cuts across conventional ideological boundaries and, especially, a particularly efficient structure from an economic viewpoint. Minimal further digging is enough to reveal the unsuspected ramifications of what amounts to allocating the monetary equivalent of a plot of land, a portion of air, and a share of, *e.g.*, at-cost oil to every citizen. The methodological innovation implicit in a substantive reading of goods and services enlarges the scope of economic analysis, enabling it to address redistribution problems that have remained outside its province, as well as long-standing anomalies like unemployment, and new challenges like global warming, in fundamentally new terms. The redistribution of land usufruct, however, raises many questions about other aspects of the macro-economic framework of activity, and even of that key institution, "property." A substantive reading of goods, prices and property also answers these questions. Most of the macro-economic framework, *e.g.*, can be reduced to and described as property allocations and reallocations. A substantive reading of goods and prices, in other words, reveals rent-financed BIEs (RFBIEs) as only one aspect of a more comprehensive rethinking of the policy and indeed institutional framework. This may seem politically unfeasible, if not irrelevant, due to the inertia of social change, whose very role is to perpetuate existing conventions, even after they have long been malfunctioning, as long as a new set of conventions capable of sustaining social order is not available. But in increasingly turbulent times, that make the collapse of unstable systems plausible if not probable, RFBIEs can be expected to become inevitable, whether by way of prevention of, or response to spreading economic and social disarray. They might thus be best regarded less as a sexy policy proposal, than as the first embodiment of a new economic and social logic opening a new world of possibilities, to which we can look forward once the contours of its organizing principles have been sufficiently clarified.

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I. INTRODUCTION: a (more or less) new idea

They are [at last] led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal portions among all its inhabitants. Adam Smith, *The Theory of Moral Sentiments*, § IV.I.10

Proposals for ‘Basic Income’ entitlements (BIEs) have been gaining ground since the 1980s as a practical measure capable of consolidating social security while at the same time ensuring economic flexibility. The idea of an unconditional cash grant allotted to every citizen on, say, a monthly basis, has since been endorsed by senior scholars including four Nobel Memorial laureates in economics² and prominent politicians.³ Despite the widely recognized practical advantages of BIEs, however, and a transnational network of academics and activists dedicated to articulating the concept,⁴ its adoption has been decisively hindered by political resistance as much as by its economic indeterminacy. Ideological reticence to distribute ‘money for nothing’ is not only deeply ingrained, but indeed, as we shall see, ethically sound. Lack of a clear economic rationale, for its part, has not only made it impossible to specify the proper amounts of BIEs, but also the proper way to finance them, which lends itself to endless dispute derived from the conflicting prescripts resulting from divergent value systems and normative framings of the political economy.

Grounding Basic Income Entitlements on land rent –or to be more precise, land *usufruct*– solves both problems. Indeed, a ‘basic income’ financed by land rent amounts to *allocating the cash equivalent of a plot of land, a portion of air, and a share of at-cost oil, e.g., to every citizen* –in effect eliminating the practical cost (and commoditization) of nature that derives from the modern treatment of land as a marketable commodity like any other: it offsets the artificial price paid for its use, which does not stem from a real *cost* (since land is not produced), but from its scarcity. Apportioning land rent specifies the sources and amounts of BIEs (their substantive counterpart in the ‘real’ economy), which not only is firmly grounded on ethical principle, as we shall see, but also maximizes the social impact of central transfers.⁵

Rising housing prices, for instance, result less from higher production costs than from increasing demand derived from population growth, urbanization and migration, as well as allocation of land to ‘productive’ use. As land grows scarcer it becomes dearer. So as owners benefit from an unearned income, nonowners are increasingly excluded from access to it. Rent-financed BIEs simply capture the market value of land rent through taxes and then re-apportion them among citizens. The net result is to offset the artificial cost of land, implicit in its market price, that people must pay for the unproduced good. By redistributing land rent, RFBIEs in effect eliminate the artificial cost of land and the unearned income derived from it. BIEs, in other words, do not have to involve ‘money for nothing,’ they can represent the social apportionment of land: Heaven’s gift to all –whose distribution, if anything, does away with unearned income from speculative gains. Eliminating the artificial cost of land thus spells out ethically-grounded minimal amounts of BIEs: equally divided land rent.

In practice, titleholders of land would pay this land’s rent, and then get back their share as a BIE, identical to that received by all citizens. If I own land equivalent to my share, nothing changes; if I use more, I must rent it from someone else who is forgoing its use. One doesn’t even need to be a titleholder to access costless use of everyone’s share. (The tax is paid by the titleholder. The landlord passes it on to the tenant, but this latter gets it back as a BIE,

² Jan Tinbergen, James Meade, Herbert Simon and James Tobin (François Blais, *Un revenu garanti pour tous*, Montréal: Boréal, 2001, p. 172).

³ Among whom senators Eduardo Suplicy and Hugh Segal, respectively from Brazil’s Workers’ Party and Canada’s Conservative Party – and whose allegiance to opposite sides of the political spectrum is, as we shall see, emblematic.

⁴ See the *Basic Income Earth Network*, for instance, and the scholarly groundwork that has been laid out by Philippe van Parijs.

⁵ Which is significant, from a theoretical point of view, in that it reconciles a *rights* (i.e. property-based) ethics with a *utilitarian* ethics. This is critical for the coordination of social organization because it specifies the optimizing institutional structure of *collectively determined* transfers of property rights. Just as significant, however, is that the apportionment of land usufruct implicit in land-rent-financed BIEs is, in addition, compatible with a *virtue ethics*, and even propitious to it. Indeed, by removing the commodity bias built into centrally-sponsored in-kind services, it *habilitates* (‘empowers’) what can be analytically described as *personally determined* income reallocations, i.e. the multifarious and typically invisible in-kind transfers that we normally refer to as ‘gift,’ which in its multifarious expressions, constitutes the economic substance of community.

just as the titleholder who uses the land himself.) A common misperception, however, sometimes blinds people to their interest in land usufruct redistribution. Those counting on unearned speculative gains from rising housing prices are reticent to eliminating land rent because they miss the point that when they purchased their home, they paid between 25 to 45 percent (if not more) for the land on which it rests. Greed for the gain anticipated sometime in the future blinds them to the ‘tax’ they must pay each month to others in unearned rent. They just need to recall by how much these inflate their mortgage payments artificially to see how they would benefit from an apportionment of land to rent to all –and *from now on, on a continued basis*, not when and if they sell it (gains that, in any case, will be offset by the higher prices of the new land they will need to acquire to live anyway!) Even less apparent is all the rent citizens would collect from corporations and production interests: for redistributing land usufruct means that ultimate land use belongs to citizens, who sacrifice it for a price: rent from those who wish to use it.

In an economic sense, moreover, ‘land’ is not limited to *surface* (‘Ricardian’) land: it also includes ‘resources,’ *i.e.* nature. The principle that eliminates the (artificial) cost of (unproduced) land by redistributing its rent/ use, can thus be generalized to include oil and ‘air.’ This solves a key problem in greenhouse gas (GHG) emissions reductions. It is becoming apparent that preventing runaway global warming may require reducing GHG emissions at a much faster pace than new technologies can be expected to generate affordable renewable energy. This would mean restricting the allowable use and thus supply of fossil fuels, and therefore higher oil prices. Because the resulting increases in fuel prices do not correspond to any real cost, however, they are different from those attributable to the internalization of ‘externalities’ (implicit in such mechanisms like the ‘polluter pays principle’). Higher oil prices resulting from restrictions in supply, in short, are of the same artificial nature as the surface land price increases that derive from population pressures. So they can be similarly offset by redistributing the scarcity rent they generate, which should help to remove a key political obstacle to GHG emission reductions. This is the essence of the so-called ‘*Cap-and-dividend*’ principle (that has been proposed under a variety of terms, including ‘*Sky trust*,’ ‘*Cap-and-recycle*,’ or ‘*Cap-and-share*’). It is no coincidence that proposals for such measures as carbon taxes have been framed in ‘revenue neutral’ forms involving a redistributive component: it is indispensable to avoid artificially penalizing people. A tradable allocation or ‘ration’ of oil rent to citizens is in sharp contrast to the ‘Cap-and-Trade’ systems now poised to embody ‘climate’ policy. These can be expected to be not only less politically popular, but also economically less rational. A Cap-and-Dividend framework would be more popular because Cap-and-Trade schemes put rent in the hands of industries (when they allocate carbon emission allowances for free, as has been the case in Europe), or of governments (when they auction off these allowances, whose cost to industry is then passed on to consumers), and which thus have the effect of putting a price on ‘air.’ Both constitute a further commoditization of land that can only put more pressure on financially strapped citizens.

Two things must be noted here. First, by apportioning a share of at-cost fossil fuel energy to citizens, cap-and-dividend schemes avoid or redress a key dysfunction of market economies: resource maldistribution. But they do not address another key market failure: externalities, which must be paid for by a different levy if prices are to fully reflect costs. These external costs, however, only occur with carbon emissions above those absorbed by the biosphere.⁶ Secondly, oil prices rising as a result of restrictions on the supply of fossil fuels in a carbon-

⁶ The coordinating prescript resulting from application of rent apportionment and the polluter-pays principle thus results in a *two-tiered price structure* for fossil-fuel use (and, more generally for use of resources entailing GHG). *Below* polluting limits, it implies a tax-free or at-cost share of oil: a tradable ‘ration’ of cheap energy for every citizen, constituting a second component of BIEs besides surface rent. During the transition to nondestructive emission levels, however, *above* the thresholds within which GHGs are reabsorbed by the biosphere, carbon taxes will be needed to internalize currently externalized costs of fossil-fuel-energy-reliant production. These not only include *negative* externalities (such as the cost of protecting, compensating for, or restoring the systems dislocated by climate disruptions) according to the ‘polluter-pays-principle.’ They also include *positive* externalities (such as public investment in energy-lean technologies and methods), which imply their financing following what amounts to a ‘consumer-pays-principle,’ since they are not in the nature of a ‘public good’ in the strict sense (for although they are nonrival, they are neither nonexcludable nor nonrejectable, since chargeable to its users). The two-tiered price is resolved in a tax for externalities combined with a uniform lump-sum citizen dividend equivalent to the rent from non-polluting use of oil.

constrained world are only a special case of oil rent. Fossil fuels prices, as well as rent thereof, might soar due to many reasons, such as, most notably, 'peak oil' (i.e. the point beyond which world supply starts to decline while becoming increasingly costly). Like rent from other natural resources, scarcity rent can be apportioned, as in the well-known example of the citizen payments that the Alaska Permanent Fund dividend partially institutes.

The practical implications of redistributing land usufruct go even further. Land rent (*fructus*) only encompasses the rights to monetary compensation for a transfer of use rights, as can be demanded in exchange for oil that one has not oneself used; it does not distinguish the monetary income from the 'in-kind' rights to direct use (*usus*), such as the use of one's share of at-cost oil, or of 'air' (i.e., of the biosphere, in the use of oceans and forests as 'sinks' that absorb carbon dioxide). In this respect, the equal distribution of land usufruct clarifies a key aspect of the *global* governance needed to steer a reorientation toward ecologically-sustainable economies. This is because a key form of land usufruct allocation applies to 'air rights': the *per capita apportionment of GHG emission rights within non-polluting limits*. This is referred to as the principle of 'contraction and convergence' (C&C),⁷ that is, 1) the *contraction* of global GHG emissions to the levels that the biosphere can reabsorb to prevent global warming, and 2) *convergence* of all countries toward the same per capita allowances.

This concept may well prove to be decisive if runaway global warming is to be averted. It is becoming obvious that the defense of national interests in current climate negotiations is a new version of the 'tragedy of the commons'⁸ that would turn out to be nothing short of historically devastating. Climate catastrophe will not be averted without concerted action. But this is unimaginable without a just and fair principle of carbon allowances. A principle that transcends national interests therefore has a most practical implication, for it can be expected to be the only allocation structure capable of summoning the consensus for the concerted action that history is calling for. The redistribution of land usufruct, in other words, should be decisive because it is a *supra- or trans-cultural* principle embodying the Golden Rule.

⁷ See, e.g., Paul Baer *et al.*, "Equity and Greenhouse Gas Responsibility," *Science*, Vol 298, p 2287 (Sept. 29, 2000), and the conceptualization by Aubrey Meyer, director of the Global Commons Institute, who was among the first to frame the concept, and has done the most to promote it.

⁸ This refers to a situation in which individuals acting independently to favor their own self-interest ultimately harm this very interest as a result of everybody passing on to others the cost of their benefit. This dynamics was stated clearly by Garrett Hardin ("The Tragedy of the Commons," *Science*, Vol. 162, No. 3859, December 13, 1968), which led many to pinpoint the problem in *the lack of private property rights* that allowed this externalization, following Ronald Coase's insight into 'The Problem of Social Cost' (*Journal of Law and Economics*, Vol. 3, No 1, pp. 1-44, 1960), which inspired such mechanisms as tradable carbon permits. Although these can help institute the compensations dictated by the polluter pays principle, they cannot prevent destructive pollution, and can become a new version of the 'enclosure of the commons' (the privatization of shared land that presided over industrialization in 17th to 18th Century Britain, destroying the subsistence economies of pre-industrial times, and spurring systemic unemployment (See ALR, *Noncommodity Goods As A Response To Unemployment And Energy Dependence : A Lead Beyond Two Key Anomalies In Modern Economics*, forthcoming)). As Hardin later pointed out, private property rights were not the only alternative to the 'open fields': property could also be commonly managed. (Garret Hardin, "The Tragedy of the *Unmanaged Commons*: population and the disguises of Providence," in: Robert V. Andelson, editor, *Commons without tragedy: protecting the environment from overpopulation - a new approach* (London, Maryland : Shephard-Walwyn ; Barnes & Noble, 1991, pp 162-185). A major reason for the inadequacy of today's 'environmental management' actually derives from the unclarity about the meaning of property, which as we shall see, the classical categories of Roman Law clarify.

Sharing Nature: tuning into our new historical circumstance: a 'full' Earth

The global warming crisis is the most visible expression of the irruption of nature into politics –and of the category ‘land’ into economic analysis. It is indeed hardly surprising that modern economics, as much as the fluctuating analyses of political economy, have mostly ignored it: their categories were forged when the Earth was ‘empty’ and land abundant. For two-hundred years, the industrial revolution and the development of planet-wide markets have been enabling the division of labor that has presided over the astounding improvements of modern productivity. In the process, however, the world population has multiplied by seven. Since land is limited, increasing population density renders it scarce, deepening the role and extent of rent, which was circumscribed by David Ricardo, and recognized by the Classical economists, but mostly ignored after the Neoclassical revolution. Now ‘the environment’ has become the great cultural novelty since the Enlightenment ushered in modern civilization. After appearing in the 1970s, emerging throughout the 80s and 90s, it has finally (if timidly) irrupted into public discourse in the 2000s as the threat of cataclysmic climate disruptions appeared in the horizon.

It is thus not surprising that much of the conflict now spreading is direct or indirect conflict over land in its many forms, announcing a generalization of strife and war that is the very definition of a crumbling social order. As we suddenly find ourselves in a ‘full’ Earth, our usual views of political issues and economic organization, and the standard conceptual framework of the theory that shapes it, leaves us at a loss in face of a new situation. The apportionment of land usufruct, as we shall see, is part of a clarification of ‘land rights’ (*i.e.*, of private and public ‘property’ or jurisdiction) that unifies concepts of the ‘new institutional’ and ‘ecological’ economics that have emerged at the periphery of mainstream economics, in an analysis that is at once political (insofar as it identifies institutional conditions of peace) and economic (insofar as it specifies optimal –since distortionless– frameworks of transfers that redress key social and environmental imbalances that frame market equilibria).

A 'rent ethic': the Neo-Lockean foundation of income

The principle of land usufruct apportionment is not only consistent with the Lockean foundation of modern private property, but also embodies the redistributive implications of his famous ‘Proviso.’ The English philosopher John Locke traced the justification of property to its primary source –‘self-property’ (*i.e.* exclusive jurisdiction over one’s body and ‘self’)— and the fruits derived from its labor. Property or jurisdiction over land, by contrast, was conditioned by what US political philosopher Robert Nozick later called the ‘Lockean Proviso’: the availability of land ‘*enough and as good in common...to others.*’⁹ Since land would only start to become scarce after the planet’s population was multiplied by seven, however, it is only at that point that the implications of the Proviso become acutely relevant.

It is thus not surprising that rent-financed BIEs are typically well accepted among (when not defended by) libertarians from Right and Left who are cognizant of resource maldistribution. Land, as Heaven’s gift to all –and in sharp contrast to the fruits of labor–, is the ethically-grounded object of redistribution. Unlike economists, for whom individual freedom is instrumental to the realization of an (often tacitly assumed) common good, libertarians do not justify socially the rights of freedom. But an equal allotment of land usufruct to all citizens not only *eliminates* the ‘money-for-nothing’ or unearned income from speculative gain, *while protecting earned income*: it also ensures a minimal if reliable measure of income security and welfare.

⁹ John Locke’s foundation of property in self-ownership, and thereby on ownership of the fruits of one’s work, spelled out the conditions that extend it to land. ‘*It is very clear,*’ he observed, ‘*that God, as king David says (Psal. cxv. 16), has given the earth to the children of men; given it to mankind in common.*’ And in what we could now recognize as a substantive distinction between labor and land, he notes: ‘*Though the earth, and all inferior creatures, be common to all men, yet every man has a property in his own person: this nobody has any right to but himself. The labour of his body, and the work of his hands, we may say, are properly his.*’ Locke then provided the foundation of private land property by welding labor and land (as Roman Law does, and as routinely occurs in land development). For whatever a man ‘*removes out of the common state that nature has provided*’ in order to ‘*mix it with his labor, joining to it something that is his own,*’ he thereby ‘*makes his property.*’ At the same time, however, he specifies the limits of this logic: for if this property ‘*excludes the common right of other men,*’ it is justified on the grounds that no such ‘*appropriation of any parcel of land, by improving it,*’ is a ‘*prejudice to any other man,*’ because ‘*there is still enough and as good left; and more than the yet unprovided could use.*’ In short, ‘*No man but he can have a right to this land property at least where there is enough, and as good, left in common for others.*’ John Locke, *Second Treatise of Government* (1690), II, Ch. V, § 25. §27. §33.

Land rent and resource apportionment in political philosophy

Various insights in political economy have illuminated, as we shall see, different aspects of land rent redistribution. But the idea has an even richer history in *political* or *moral philosophy* ... in an argument that has been strengthening as the ‘environment’ emerges as a political issue. Many social theories and ideologies have indeed shone much light on the foundations of redistribution. But the diverse and conflicting framings of politics and policy have perpetuated centrifugal rather than centripetal evolutions for lack of a shared standard to evaluate different options.

The concept of apportioning land rent was first expressed by US independence patriot Thomas Paine in his 1796 pamphlet “Agrarian justice.” Significantly, the first thinker to expound the concept and its justification also remains one of its most far-reaching visionaries to this day, as he saw in it not just a beneficial social policy, but no less than the way to eradicate a key constitutive flaw in modern civilization. Paine, indeed, saw in land rent apportionment the means “to preserve the benefits of what is called civilized life,” and at the same time “to remedy the evil which it has produced” –and thus to recover the economic comfort lost with “the natural and primitive state of man; such as it is at this day among the Indians of North America.” For “There is not, in that state, any of those spectacles of human misery which poverty and want present to our eyes in all the towns and streets in Europe.” No less remarkable, perhaps, is his prefiguring of insights later expressed and developed by thinkers as diverse as Henry George, Herman Daly, E. F. Schumacher, even John Rawls!

As can be suspected, the concept was not without forerunners, typically promoting the idea of fair ‘compensation for the infringement of common ownership rights [...] This sort of argument can be traced as far back as Gerrard Winstanley (1649) and the Levellers movement.¹⁰ It has been elaborated by a number of nineteenth-century social reformers: by William Cobbett (1827),¹¹ Samuel Read (1829)¹² and Poulett Scrope (1833)¹³ in England,¹⁴ Charles Fourier (1836)¹⁵ and his disciple Jean-Baptiste Godin (1871: 212-13)¹⁶ in France. According to Fourier, for example, the violation of each person's natural right to hunt, fish, pick fruit and let her/his cattle graze on the commons implies that ‘civilization’ owes subsistence to everyone unable to meet her/his needs.”¹⁷ Other precedents were Paine’s friend, the Marquis de Condorcet,¹⁸ and Joseph Charlier.¹⁹

The concept has since been resurrected most notably, by Ronald Dworkin (1981), who revived a similar idea in an influential paper that addressed the (re)distribution of endowments,

¹⁰ Winstanley, Gerrard (1649) *The True Levellers Standard Advanced*, London

¹¹ Cobbett, William (1827) *The Poor Man’s Friend*, New York: Augustus M. Kelley, 1977.

¹² Read, Samuel (1829) *An Inquiry into the Natural Grounds of Rights to Vendible Property or Wealth*, Edinburgh.

¹³ Scrope, George Poulett (1833) *Principles of Political Economy*, London: Longman.

¹⁴ In the work of these three authors, the argument often takes a contractarian turn. Had there been no provision for the support of the poor, no one would have agreed to a social contract that permits the private appropriation of land. As this social contract is the foundation of legitimacy, the poor are entitled, in the absence of poor relief, to take what they need from the rich (see Horne, 1988: 125-9 for a useful survey). Contractarian arguments of this kind are still present today. Charles Reich (1990), for example, argues that ‘no rational person would make a social contract giving up the means to life’, and hence that, in the context of a managed economy such as ours, ‘the Due Process clause must mean that no person can be denied the means of economic survival’.

¹⁵ Fourier, Charles (1836:) *La Fausse Industrie, morcelée, répugnante, mensongère, et l’antidote, l’industrie naturelle, combinée, attrayante, véridique, donnant quadruple produit et perfection extrême en toutes qualités*, Paris: Anthropos, 1967, pp 490-92.

¹⁶ Godin, Jean-Baptiste (1871) *Solutions sociales*, Quimperlé (France): La Digitale, 1979.

¹⁷ Philippe van Parijs, *Arguing for Basic Income* (London: Verso, 1994), pp 9-10.

¹⁸ Jean-Antoine-Nicolas Caritat, Marquis de Condorcet, who sketched the idea in his *Esquisse d’un tableau historique des progrès de l’esprit humain* ((1793) Paris : Flammarion, 1988), quoted by Philippe Van Parijs, in: *Arguing for Basic Income* (London: Verso 1992), p 9.

¹⁹ Joseph Charlier, *Solution du problème social ou constitution humanitaire. Basée sur la loi naturelle, et précédée de l’exposé de motifs* (Bruxelles: “Chez tous les libraires du Royaume,” 1848) and : *La Question sociale résolue, précédée du testament philosophique d’un penseur* (Bruxelles: Weissenbruch, 1894). quoted by Philippe Van Parijs, in: “Basic Income: A simple and powerful idea for the twenty-first century” (in: Bruce Ackerman, Anne Alstott, Philippe Van Parijs, *Redesigning Distribution : Basic Income And Stakeholder Grants As Alternative Cornerstones For A More Egalitarian Capitalism* (London ; New York : Verso, 2006.).

including (external natural) resources and (internal) assets (such as ability).²⁰ Hillel Steiner has also promoted the notion systematically, associating it with the idea of ‘Left libertarianism,’²¹ which is nonetheless compatible with the ‘rightist’ historical entitlement theories of justice formulated by Robert Nozick.²² This complements the Lockean notion of individualist self-property with the (p)redistribution of initial endowments that is not only consistent with economics as framed by Neoclassical theory, but makes it possible to enlarge its scope.²² Several activists and academics have similarly gravitated around the concept.²³ The idea is finally emerging in the increasingly clear articulations of an ecological political economy by activists like Jeffery Smith,²⁴ Peter Barnes (in his *Capitalism 3.0 – A Guide to Reclaiming The Commons*) and Alanna Hartzok (in her *The Earth Belongs to Everyone*).²⁵

As mentioned, since the *Basic Income Earth* (formerly *European*) *Network* was constituted in 1985, it has sometimes grounded BIEs on resource rent. The association’s 1996 conference in Vienna (“*From Thomas Paine to James Meade*”), that opened with Thomas Paine’s concept as the hinge of BIEs, made the connection explicit. But for BIEN members the basis of BIEs in land rent is only incidental, not constitutive –much like the central focus of Georgists is the capture of land rent, while its redistribution as a ‘citizen dividend’ is an option among others.

Two (and more) solitudes – beyond ideology

It is ironic, to say the least, that both BIENists and Georgists have disregarded the centrality of the very modality of their respective insight that dispels the instinctive popular objection, and thus the main political obstacle, to its adoption! The ‘money-for-nothing’ objection not only disappears once land is recognized as a common resource, and its unearned income (rent) as due to all, *i.e.* shared by all: it is even an ethical justification of rent-financed BIEs, which eliminate unearned speculative gains. The so-called ‘Citizen Dividend,’ for its part, avoids a perverse implication of the ‘Single Tax,’ that captured common rent but put in the hands of the state, in effect dispossessing citizens of rent and reducing them to tenants of a bureaucracy.

The ambiguity about the source of Basic Income entitlements has kept the idea open to a wide variety of ideological framings. This has allowed the time for proper formulations of the concept to emerge, and has had the hardly negligible political advantage of attracting a vast gamut of activists. The wide appeal possible with an undefined version of the concept, however, has opened the door to versions of Basic Income that, *e.g.*, would cover subsistence to allow people to live without working. This has predictably fueled strong public resistance to a concept perceived as a convenient but ethically ill-founded and probably unsustainable

²⁰ Ronald Dworkin, “What is Equality? Part 2: Equality of Resources.” *Philosophy and Public Affairs* 10 (4): 284-345. (1981). See a critiques of Dworkin in: Hal Varian, “Dworkin on Equality of Resources,” *Economics and Philosophy*, 1, April 1985, pp 110-125, and Philippe van Parijs, *Real Freedom for All* (Oxford: Oxford University Press, 1995), esp. pp 58-72.

²¹ Steiner has unearthed the notion’s appearance in Herbert Spencer’s *Social Statics* (London: Chapman, 1851), in: Hillel Steiner, ‘Land, Liberty and the Early Herbert Spencer.’ *History of Political Thought* 3 (1982), pp 515-34; defended it as a natural right preexisting institutional arrangements (Hillel Steiner, ‘The Natural Right to the Means of Production.’ in: *Philosophical Quarterly* 27(1977), pp 41-9); and pointed to its role in what amounts to what economists would call ‘initial conditions’ (Hillel Steiner, ‘Capitalism, Justice and Equal Starts,’ in E.F. Paul, F. Miller. J. Paul and J. Ahrens (eds), *Equal Opportunity* (Oxford: Blackwell, 1987), pp 49-72). Peter Vallentyne and Hillel Steiner (eds.), *Left-Libertarianism and Its Critics* (Basingstoke: Palgrave, 2000), and (eds.), *The Origins of Left-Libertarianism* (Basingstoke: Palgrave, 2000)

²² And actually *derivable from its premises*.*

²³ Including Paul Metz (who along with others has promoted the concept among the still vigorous US Georgist movement (that has long been promoting the ‘single tax’ based on land rent, conceived by 19th Century US economist Henry George) Raymond Crotty, Marc Davidson and Karl Widerquist. See: Paul Metz, *A Citizen’s Dividend from Natural & Environmental Resources*, conference at the 25th North American Conference of the Council of Georgist Organizations, August 3-7, 2005, Philadelphia, Pennsylvania, Raymond Crotty (*Ireland in Crisis. A study in capitalist colonial development* (Dingle (Ireland): Brandon, 1987)); Marc Davidson (“Liberale grondrechten en milieu. Het recht op milieugebruiksruimte als grondslag van een basisinkomen”, in *Milieu* 5 (1995), 246–249) (both quoted by Philippe Van Parijs, in: “Basic Income: A simple and powerful idea for the twenty-first century” (in: Bruce Ackerman, Anne Alstott, Philippe Van Parijs, *Redesigning Distribution : Basic Income And Stakeholder Grants As Alternative Cornerstones For A More Egalitarian Capitalism* (London ; New York : Verso, 2006.). Karl Widerquist provides a good analysis of the ethics underlying the interplay of leisure, work and land in: “Does She Exploit or Doesn’t She?” in *The Ethics and Economics of the Basic Income Guarantee*, Lewis, Pressman, and Widerquist (eds.), Aldershot: Ashgate, 2005.

²⁴ who has promoted RFBIEs since the 1990s, and forged the concept of ‘Geonomy,’ that captures the corresponding reframing of economic thinking.

²⁵ Respectively, (San Francisco: Berrett-Koehler Publishers, 2006) and (Sun City (AZ): Institute for Economic Democracy, 2009)

“money for nothing” program. Since the objection is grounded on a very defensible ethical basis, it is not likely to dissipate. Hence the relevance of grounding BIEs on land-rent if the concept is to move beyond its limited activist appeal and enter the mainstream.

A close reading of Phillippe van Parijs’ *Competing Justifications of Basic Income* –the first chapter in the seminal book he edited, *Arguing for Basic Income*²⁶–reveals the apportionment of land usufruct (in the general sense of resource) as the strongest justification for a BIE. The importance of justification becomes apparent in the specific versions it sustains and promotes. Grounding BIEs on land rent is the *minimal* ethical basis for the concept –in contrast to *maximum* versions, financed from undefined sources, that could include rent from public assets, as well as income from other people’s work (wages or profits) ...that makes them eminently open to dispute, if not indeed to strong objection. RFBIEs do not preclude the redistribution of other forms of rent, some of which also avoid, if not prevent, the ‘free lunch’ implication. But they are the *minimal* version needed for the concept to acquire wide acceptance and political feasibility, and are therefore also the *strongest*.

It is not surprising, however, that when I asked why land rent –the obvious response to the ‘money-for-nothing’ objection to BIEs – had been mostly ignored by those promoting their adoption, Philippe Van Parijs responded that ‘*there is no [ethical] difference between land and the [socially inherited capital] of a society.*’ The Neoclassical reading of ‘income’ that has come to preside over economic analysis does not register its different substantive sources as rent (essentially from *land*, but also from other appropriations), wages and profits (from *work*) and interest or dividend (from *capital*), but simply confounds them as a homogenous or indistinct exchange value equivalent. However comparable their monetary equivalent may make them, there is nonetheless a key difference that is obvious to Georgists and to any person: land has never been produced. Its public or common character is immediately apparent, as much as its practical implication: the distribution of an equal share of its rent to every citizen. Its legitimacy is directly recognizable and circumscribable, in contrast to a society’s inherited created endowments, *i.e.*, capital, whose proper distribution requires first settling clear distinctions between its private and public sources.²⁷

Georgists, of course, have no trouble recognizing the substantive difference. Taxing rent and redistributing it among citizens is the transfer of an important component of property rights. Awareness of the nondistorting and thus efficient nature of the land tax, as well as of its ethical grounding, that puts a public resource to public purpose, has been kept alive in the heritage of Henry George,²⁸ that by now has been endorsed by economic theory (although not as the panacea he believed the ‘Single Tax’ to be). Indeed, capturing land rent is an optimal form of levy because it does not introduce disincentives to work (much like the ‘ecotaxes’ that have been proposing shifts in the tax basis from work income to resource use). Theory has long recognized this. But the Georgist insight 1) did not distinguish the ‘common’ from the ‘collective’ use of land, *i.e.* between its shared and individually appropriable use, and its use by a bureaucracy in charge of properly collective systems (like infrastructure), 2) did not recognize the dependency on wage income imposed by the need to pay a land tax.

It is not fortuitous, however, that Henry George’s proposal didn’t fly politically. Reticence was both predictable and in a way even well founded: for if the state is the owner of land rent, citizens are reduced to being its tenants: land is fully commoditized. The often overlooked problem is that the land tax was, more specifically, a ‘*single*’ tax that replaced ‘income’ taxes

²⁶ Phillippe van Parijs, *Arguing for Basic Income* (London: Verso 1992).

²⁷ The analyses drawn from political and moral philosophy or political economy are important as they cast light on key aspects of the normative framework of economics that can help ground a ‘post-catalactics’ enlargement of the discipline (see esp. Phillippe van Parijs, *Real Freedom for All* (Oxford: Oxford University Press, 1995)). If a substantive reading of goods and prices is to help settle the ideological divergences implicit in political economy, it will have to be grounded on more reliable bases than the ‘social choices’ –based on contingent and tenuously derivable ‘social preferences’– to which catalactics relegates redistributive action. The variety of possible substantive bases for transfers is less a reason to confound them in an indistinct monetary value, than to discern the corresponding treatment they call for –which helps clarify the architecture of the relevant policy framework.

²⁸ Henry George, *Progress and Poverty*, 1879

(*i.e.* work taxes: on wages and profits). But it penalizes all persons who are not working, who will not receive the matching offsets to their work taxes, since they are paying none.²⁹

Bill Batt summarized the prevailing perception well : ‘*The BI concept is treated by Georgists as secondary to the collection of rent and replacing the other taxes with so many downside effects. The argument is that rent is collectively created and therefore ought to be collectively spent, at least insofar as government needs require it. The remainder could be a citizens’ dividend [that is supported only by a minority of Georgists], but only after basic government services are provided.*’³⁰ In a ‘hyper-crowded world,’ however, most land rent derives not from infrastructure but from scarcity: the lot in front of the lake, whose price rises in direct proportion to the number of people around. There is no disagreement in principle as to the other sources of rent, such as infrastructure. But 1) the emphasis is due where the weight of rent derives, and especially, 2) there is a fundamental distinction to be made between collective production of *collective* goods (*e.g.* ‘infrastructure’) and collective production of *individual* goods (*e.g.* daycare), which proper security/distribution systems like BIEs sustain without imposing any particular form.³¹ Thus, the allocation of scarcity-derived land rent to citizens is not secondary but *foundational* if it must be politically realistic: it is precisely the popular (if inarticulated) fear of individual subservience to unfounded collective power that has fueled much of the tacit resistance to land taxes (much like the objection to ‘money for nothing’ has hindered adoption of BIEs).³²

Basing BIEs on land rent, moreover, is not just a matter of political ‘strategy’ or expediency. Given its ethical acceptability if not compellingness, it can indeed be expected to spell a point of consensus among BI supporters as much as the general public. But more than an astute first step in an eventually fuller implementation of the concept, the apportionment of land usufruct derives from a ‘substantive’ reading of economic and social relations that sketches what looks like a basis for a new political as well as theoretical consensus. Because it derives from a representation of economic flows that include transfers (both collective or coercive and individual or free (*i.e.* gift)), it illuminates distributional and macro-economic relations that have so far eluded economic theory and the economic and social thought it frames.

At both the political and theoretical levels, a substantive reading of socio-economic relations delineates a new ‘meta-ideological’ ‘pre-analytic view’ (*i.e.* a shared ideology that incorporates and reconciles the partial insights of more sectarian ideologies), and thereby the terms of a new organizing consensus.³³ The disconnect between the Right and Left ideologies that dominate modern politics, for example, or between maverick movements like Georgists and BIENists, or for that matter between ecological economists and a soul-searching economics orthodoxy in search of a new paradigm, result from conceptual insufficiencies akin to the

²⁹ Not to mention that from the viewpoint of most voters, concerned first and foremost by their immediate incomes, paying a tax to the state or to a landlord doesn’t make that big a difference, nor whether their taxes are levied from their wage income or from their land property: the efficiency that economists can recognize in the latter requires a more sophisticated analysis that lies beyond their grasp. This is in sharp contrast with the immediate recognition of the benefit of a birthright entitlement to the equivalent of a piece of land.

³⁰ Personal communication.

³¹ Furthermore, there are strong (if less apparent) reasons for allocating collectively created rent (*e.g.* of the lot in front of the park) collectively. Pathological mega-urbanization, *e.g.*, results from the ‘urban bias’ of policy during the industrial era, *i.e.* from the collective transfer of resources from rural to urban settings. This could be prevented by financing infrastructure with land rent. But the ‘neutral’ fiscal framework needed to preside over a harmonious polity will need to redress the inherited imbalance. So there is a strong case for reserving rent-financed infrastructure for new, as opposed to inherited infrastructure. The opposite, of course, may be relevant in other cases. A large part of the land rent in say, the Netherlands, is entirely created. It does not belong to the residents but to all the Dutch. So *internally* the aggregate may be distributed collectively, but not *externally* –if, *e.g.*, a pan-European redistribution of land rent were to be envisaged.

³² It is the ‘statist’ assumption and reflex, that presume that people must receive in-kind services, that makes the relevance of apportioning land usufruct to citizens hard to recognize. But many social services are essentially *publicly-subsidized private goods* (as opposed to proper *collective* or public goods). They are like commercial ‘gift certificates,’ which tie one’s consumption to the specific service offered by a given company, regardless of a person’s need or priority. This reduces people to the status of consumers of a publicly dispensed service, which institutes the dependency that prevents them from providing this service for themselves. Unearned economic rent is eliminated by allotting it to citizens rather than to a bureaucracy.

³³ I have used the term ‘meta-ideology’ to refer to the (more comprehensive) ‘pre-analytic’ vision that makes consensus possible, and which is therefore foundational of a social or conceptual order, and which is usually tacit precisely because it involves no dissent. It is meta-ideology that presides over the resolution of (partial) ideological conflict. If I am a socialist and you a libertarian, for example, we have no trouble settling our differences in the political field if we are both democrats.

limitations of the proverbial blind men who imagined the elephant as a water-spout, a fan, a pillar, or a throne, depending on whether they touched its trunk, ear, leg or back.³⁴ The equal apportionment of land usufruct, as we have seen, reconciles key concerns of the modern Right and Left political ideologies³⁵ –typically centered in individual freedom and fair redistribution or social security–, in one minimal but clear measure of income transfers that simultaneously consolidate both. Similarly, the Georgist and BIENist insights on taxation and assignment of resources combine in an optimizing principle of social redistribution.

A reading of social relations that discerns key *substantive differences* in goods, prices and property similarly shines light on other aspects of the institutional structure in a way that reconciles partial insights or ideological concerns while ruling out their untenable extensions (e.g. BIEs derived from other people’s work income, or land usufruct confiscated by the state). A substantive reading enlarges the scope of economics with categories that enable it to describe key social and environmental dysfunctions (traceable to critical market failures like maldistribution and externalities), which its framing as a *catallactics* (or theory of (market) exchange or choice) is inequipped to address, for lack of a complete description of the ‘proper’ structure and distribution of property in an economy.³⁶ This means that many issues that economics has demarcated outside of its scope, relegating them to the interminable conflicts that derive from various framings of the ‘political economy,’ can be settled by a substantive reading of goods, prices and property. Most of the macroeconomic framework, for example, can be described in terms of income (*i.e.* property) allocations and reallocations. As this clarifies a mutually-coherent articulation of the varying insights from different ideological perspectives, it elucidates their proper place and fit in a consensual view of the whole, and a coherent policy architecture capable of orienting political action and thought.

Optimal reallocation of endowments - theoretical implications of ‘welfare-maximizing’ forms of redistribution

The apportionment of land usufruct illustrates a principle that allows economics to address a key ‘market failure,’ whose description has been demarcated out of the scope and method of economics, but which routinely requires adoption of ad-hoc measures: maldistribution of resources and dispossession. This has important implications for the theoretical framework that presides tacitly over economic analysis, as it appears most timely when economic science finds itself rocked by fundamental internal disputes and by external criticism. Indeed, the inability of most economists to foresee the 2008 financial crisis, to redress the ensuing economic disarray, and the role of the profession’s prevailing consensus in precipitating it, has revealed basic errors in the discipline’s models, and exposed a major crisis in economics itself, now recognized among the profession’s very elite, who are openly calling for ‘a new paradigm’.³⁷

Most noteworthy, perhaps, as well as most instructive, is the way in which rent-financed BIEs align land price with its real cost, for this highlights a *distributional implication of the price mechanism*. Land, indeed, is not produced, which means that it has no real cost. But it has a very real value that varies with its desirability (such as the lakeshore or the particularly fertile lot), and is reflected in its price. So its price does not match its real cost, which is zero.

Redistributing (*i.e.* restituting) the rent paid by tenants, however, is equivalent to eliminating it –in effect aligning prices along real costs. Indeed, if one agent owns all land, everyone must

³⁴ An amusing but instructive example of conceptual partiality fueling theoretical quarrels is the seventy-year struggle between ‘spermists’ and ‘ovists’ that raged at the onset of modern embryology, between those who traced the origin of organisms to spermatozooids and those who identified it in ova. Focus on one aspect of reality obfuscates view of the larger whole when ideology generalizes it to the point of identifying it to the totality, or excludes (or, in the best of cases, subordinates) other aspects.

³⁵ See e.g., the papers on “Moving to Basic Income”: from a “A Right-Wing Political Perspective,” by Hugh D. Segal (a Conservative Canadian senator), and from “A left-wing political perspective,” by Katja Kipping (Vice-president of the Left Party and member of the German parliament), presented at the 10th Basic Income Earth Network Congress (June, 2008, Dublin).

³⁶ See ALR, *Beyond Catallactics*, forthc.

³⁷ See ALR, *The twilight of modern economics, the vacillations of history and some harbingers of renewal*, forthc. The breadth and virulence of the critiques of economics, as much as the intractability and even invisibility of various social and environmental dysfunctions spreading even in ‘properly functioning’ economies, indeed suggest that the discipline faces a deep disconnect with the pressing problems of political economy, that only fundamental renewal should prove capable of bridging.

pay rent: so land is fully commoditized;³⁸ if, conversely, all citizens own their land, the non-produced good bears no cost since nobody pays oneself rent. Universal redistribution of land thus ensures that prices reflect costs. Or, to be more precise (since land usufruct entitlements do not affect ‘property’ in the usual sense of ‘title’): centralized capture and reapportionment of *rent* amounts to eliminating the artificial cost of land by allotting everyone the means to pay for their share of land-as-commodity. ‘True cost pricing’ of land is thus equivalent to redistributing its rent or use rights (‘usufruct’): it implies a universal basic income financed by taxation of land rent, that offsets the scarcity rent that tenants pay for land use. Land, in short, is ‘decommoditized’ insofar as its usufruct is widely distributed.

This surprising implication of the price mechanism derives from a reading of goods that registers the substantive specificity of land as a ‘fictitious commodity’ (a ‘commodity’ because it has varying value reflected in different unit prices, and ‘fictitious’ in that it was never produced: so it has no real cost). But not only does such a reading identify an axiomatic principle of redistribution: it also pinpoints a key normative implication. Because land-rent-financed BIEs combine radically inelastic, hence nondistorting and therefore optimal taxes, with similarly nondistorting and thus optimizing cash payments that give access to a primary good (that by definition bears a high marginal utility) –in effect they define a key element of an optimal (p)redistribution of endowments. Or, in plain English, they ‘maximize the social impact’ of income redistribution by dividing the ‘flow’ produced by the land ‘stock’ equally among citizens.

This is not the place to elaborate on the full theoretical ramifications of the exemplar. Suffice it to point out, first, that RFBIEs ‘endogenize’ what amounts to an exogenous variable in the technique of optimization constrained by a given framework of endowments, technology and preferences, that has largely framed modern economics and defined the neoclassical framework of analysis. Second, they are derived from a ‘substantive’ reading of goods, instead of the standard economic reading of all goods as homogeneous commodities with a market price that reflects all the relevant information. The recognition of land as a fictitious commodity, indeed, follows from a reading of goods and prices that registers and discerns 1) the substantive differences between land, work and capital, 2) their specific noncommodity forms, and 3) the inherently instrumental character of commodities (with an exchange value), in contrast to goods with only an intrinsic ‘use value.’ Recognizing this redistributive implication of the price mechanism, in other words, implies –presumes and entails– a redefinition both of the discipline’s *method* (following a substantive rather than homogeneous reading of goods) and of its *scope* (by accounting for optimizing transfers as well as for noncommodity goods, besides the exchange of commodities).

Key aspects and partial expressions of the principle have been outlined by the discipline’s main architects, including Adam Smith, John Stuart Mill, Ricardo and the classics generally (who traced rent to monopoly), Léon Walras (who supported land nationalization), Paul Samuelson (who endorsed Henry George’s fiscal version), Maurice Allais (who reiterated it), Milton Friedman (whose proposals of negative taxes and education vouchers prefigured redistributive cash grants); or the Nobel Memorial laureates who endorsed the institution of an unconditional ‘basic income.’ Within the framework of constrained optimization, however, these proposals involved redistribution resting on political preferences or ‘social choices,’ that the constitutive method of economics had demarcated out of the province of (‘positive’) science, and could thus be regarded as disputable (‘normative’) value judgments rather than as part of the discipline’s accepted body of doctrine. So their insights could only be ignored, and their underlying rationale, remain in the dark. Milton Friedman even endorsed land

³⁸ cf. J. S. Mill, *Principles of Political Economy* (1848), Book II, Ch. XVI ‘It is at once evident, that rent is the effect of a monopoly; [...] If all the land of the country belonged to one person, he could fix the rent at his pleasure. The whole people would be dependent on his will for the necessaries of life, and he might make what conditions he chose. This is the actual state of things in those Oriental kingdoms in which the land is considered the property of the state. Rent is then confounded with taxation, and the despot may exact the utmost which the unfortunate cultivators have to give. Indeed, the exclusive possessor of the land of a country could not well be other than despot of it. The effect would be much the same if the land belonged to so few people, that they could, and did, act together as one man, and fix the rent by agreement among themselves.

taxes *à la* Henry George while elsewhere promoting ‘negative income taxes’³⁹ ...without seeing the connection of both policies in the apportionment of land rent!

On a more fundamental theoretical plane, a substantive reading of economic flows reveals the *axiological* dimension of the founding *axioms* of economics –or, in plain language, the ethical bases of efficiency. Hume’s ‘guillotine’ –that distinguished ‘values’ from ‘facts’ (‘*what ought to be*’ from ‘*what is*’), *i.e.* the Good from the True– has obfuscated the inherently ‘*normative*’ implication of significant ‘*positive*’ description, that has become invisible to economists by reason of its very centrality. The very definition of efficiency in terms of Pareto optimality, for example, is but the formal expression of the common economic good (an ‘optimum,’ after all, is the ‘best good’). It is insofar as the True clarifies the Good that theory specifies the conditions of social order. Under an ethical light, market prices resulting from private exchange emerge as an embodiment of now-forgotten *commutative* justice, or formal embodiment of the ‘just price,’ that is typically ignored by the way ‘social justice’ is normally understood. The ‘polluter-pays-principle,’ to take a topical example, is a special case of commutative justice: it is not only an obvious ethical precept, but also a condition of efficient resource allocation, as standard neoclassical analysis of externalities reveals. *Distributive* justice, for its part, finds much firmer ground in direct access to inherently public resources than in the satisfaction of (collectively) imputed (individual) needs: whereas our preferences and the fruit of our labor are intrinsically private, nature is a gift from Heaven to all, and thus inherently public –and the object of ‘high-impact’ and non-ideologically contingent forms of redistribution.

II. SOCIAL AND POLITICAL IMPLICATIONS

“If you expect results that you have never had, you must be ready to do things that you have never done.” (2008 advert for a continuing education course, University of Laval)

Conjoined ‘efficiency’ and ‘fairness’ in common property

Problems as diverse as water supply, access to fish stocks, gas subsidies, use of biofuel or REDDs can be effectively arbitrated by treating the resources involved as *common* or *shared property*, *i.e.* individually appropriable or usable, rather than collectively used collective property (a park, *e.g.*, in contrast to a civil servant’s office). A common good is said to be ‘non rival’ as long as there is enough of it, at which point it becomes scarce and demand commands a price that can regulate its use, like in the case of beaches in which fees are charged to discourage overcrowding. But this price is artificial in the sense that it reflects no real cost. Like surface land, resources are fictitious commodities, that become ‘artificial’ when rent is extracted from their use, and ‘decommoditized’ when it is equally apportioned.

A detailed account of this reading’s application to these problems is beyond the scope of this overview. But some of their practical implications are noteworthy. For such dilemmas as arise between the (‘economic’) need to charge for water or gasoline (in order to use resources more efficiently, as higher prices reflecting their scarcity incentivize their saving), and the (‘social’) need to ‘subsidize’ the use of these resources (by selling at-cost in order to redistribute their rent), can be dissipated through the systematic apportionment of land rent, which reconciles both imperatives –market and distributional efficiency.⁴⁰ The relative portions of

³⁹ ‘*There’s a sense in which all taxes are antagonistic to free enterprise – and yet we need taxes. ...So the question is, which are the least bad taxes? In my opinion the least bad tax is the property tax on the unimproved value of land, the Henry George argument of many, many years ago. Land should be taxed as much as possible and improvements as little as possible.*’ quoted by Mark Blaug. *Economica*, New Series, 47, no. 188 [1980] p. 472

⁴⁰ ‘Distributional efficiency’ is an impossibility in standard economic analysis, for lack of a shared standard to compare the relative utilities of goods or income between different persons. But absence of such a standard does not prove its inexistence, only our inability to define it. See ALR, *Beyond Catallactics: Optimizing Redistribution*, forthc.

land devoted to agriculture or biofuels is another case in point. Extensive use of biofuels diverts land use from food to fuel production and has a different impact on GHG gas emissions. Conventional regulation through the price mechanism in effect gives access to land use to those with higher income, diverting resource allocation from primary to secondary needs, whereas apportioning land rent reconciles production and distributional efficiency by ensuring generalized and equal access to ecological footprint while letting market mechanisms determine its optimizing uses. Another application of the principle touches on the rent charged for biospheric or natural 'services' such as forests that absorb CO₂. Forest-endowed countries in effect internationalize use of their territory when their trees absorb CO₂ from polluting countries. By virtue of their 'property,' these countries can either deduct the GHG it absorbs from their total emissions, or rent out their use to polluting countries through 'REDD' schemes.⁴¹ Thus, private interests are already buying up large patches of forest in the expectation of fabulous speculative gains derived from their commoditization. Who receives the unearned income raises the key question of the forest's 'property,' *i.e.* of rights to both its rent and its use. Regarding the forests as common property –*i.e.* as collective property whose use is temporarily appropriable by private individuals or groups– similarly clarifies its public and private dimensions, as well as the place of local participation, which is recognized as critical to the effectiveness of REDD schemes.*

Besides providing a modest if high-utility and solid form of economic security, however (in the form of income from land rent, as opposed to income from wages or profits), the apportionment of land usufruct has important *indirect* social and environmental benefits.

A new explanation of unemployment – noncommodity goods and the commoditization of labor

As we have seen, unearned economic rent is 'eliminated' by taxing it and allotting it to all citizens. As everyone partakes of natural rent and becomes a 'rentier' of the habitat, the disallowance of 'leisure' by a work ethic that demands that all income be earned is rolled back, partially freeing life from artificial dependence on wages. The ethical issue is not whether people should enjoy a 'free lunch' or not. The 'free lunch' –*i.e.* the unearned income of land rent– is a natural fact: the only issue open to discussion is who should enjoy it. And there is no generally acceptable answer to this, other than 'everyone.' Because land usufruct apportionment assures everyone free use of a costless resource, it 'decommoditizes' land. This has many theoretical and practical implications, not only because it opens the way to 'post-commodity-framed' economies, but also to an entirely new array of possibilities that allow us to address problems like unemployment and climate change in entirely new terms. If their full exposition is beyond the scope of this study,⁴² outlining its main lineaments suffices to render its potentialities apparent.

The agents in an economy are not only businessmen or civil servants. This reduces households to the status of providers of wage labor and consumers of third-party production of commodities that are exchanged in the market and subsidized by the state to varying degrees. But this is only true under the (widespread and unwitting) assumption that producer and consumer are different agents. People, however, can grow their own food, for instance, or build their own homes, to a much greater extent, and with much far-reaching advantages, than are usually apparent in a commodity-defined world. In the hands of households (the ultimate beneficiaries of social organization), land not only becomes costless; it also allows them to become economic agents engaged in 'useful unemployment' during this 'leisure.'

The same reading that registers land as a fictitious commodity, in other words, casts light on 'noncommodity goods,' that have been largely eroded in modernized and industrial societies, but which offer a suggestive new explanation of unemployment. By eliminating scarcity rent, land-rent financed BIEs eliminate the need for a work income to pay it, thereby

⁴¹ 'Reducing Emissions from Deforestation and Forest Degradation in Developing Countries' –a system to purchase GHG emission rights by paying forest owners not to cut down trees

⁴² For more elaboration, see ALR, *Noncommodity goods as a response to unemployment and energy dependence : a lead beyond two key anomalies in modern economics*, forthcoming.

liberating time for a variety of noncommodity goods (goods unmediated by cash payment or barter) –including the unmarketed product of various forms of nonwage labor (owner-built homes, gardening, cuisine, etc), ‘vernacular’ and local forms of organization and social relations (ranging from community relations, care of the weak –the young, sick or old– to leisure and esthetic enjoyment), as well as sustaining various private and public forms of ‘nonproductive’ capital, such as citizen’s housing equity, libraries, orchards, or urban art–, that typically involve particularly resource-efficient methods, options and ways.

The specific nature, role and advantages of ‘autarkic’ forms of production and activity, however, are barely apparent to conventional thought, aligned around modern commodity-centered economies, let alone to modern economists, used to modeling of exchange relations, but hardly in the history of economics (that reveals the construction of its specific theoretical categories), let alone in economic history (that traces the changes in the nature and structure of production). A brief overview of the historical sources of unemployment, however, shines light on its empirical roots: the destruction of often thriving ‘subsistence’ economies that made up the bulk of preindustrial societies. This in turn reveals the key role that rent appropriation (through the land enclosures that ushered in industrial ways) had in the disruption of the ‘vernacular’ or noncommodity-based economies, in which production for exchange was not the only basis for material goods, but an enriching complement of own-produced goods. The immediate cause of systemic unemployment was this dispossession, not insufficient jobs, as were to arise with the commoditization of land, labor and life.* Thus, rent-financed BIEs are not just a powerful if partial answer to economic insecurity. Because they eliminate the artificial cost of land, in effect they reverse the dispossession inaugurated by the enclosures.

The distinct nature and structure of ‘own-account’ production (in which producer and consumer are the same agent), and more generally of noncommodity goods, is invisible in a reading of goods that only registers goods that are represented by prices resulting from exchange. This is understandable because economics took shape as it developed to describe the then-emerging market economies that enabled a wide, indeed global, division of labor, that has presided over the construction of modern civilization itself. As a result, however, the structure of the discipline as a ‘catallactics,’ or theory of exchange (or more generally of choice), lacks the theoretical distinctions and categories needed to fully describe this ‘noneconomic’ or *off-market* sphere, that reaches far beyond the domestic life in which it is usually recognized, as it encompasses many forms of off-market production and consumption, as well as a wide variety of unmarketed natural and social goods, of man-made capital, and a full array of intrinsic, and thus inherently unmarketable, intangible goods.

Like the downturns of the business cycles that exacerbate it, unemployment has been an irritant for economics virtually since its emergence with modern economies. Indeed, the entire subdiscipline of macroeconomics was forged to address it. That so far it has been less than entirely successful is most telling. The phenomenon’s systematicity can be explained by the long-run insufficiency of theory to fully account for its causes, and this in turn by the exhaustion of underlying ‘paradigm’: like all recalcitrant anomalies, a satisfactory explanation requires changing the ‘pre-analytic vision’ that frames theorization.

Recognition of the substantive differences of noncommodity goods changes this view of the whole, which macro-economists identify to the aggregate of commodities. Indeed, it reveals the subdiscipline to be built on a fallacy detectable with elementary set theory: it assumes the *pars pro toto* –or part in lieu of the whole–, taking the aggregate of commodities as the universe of goods (whose value cannot be represented in a scalar variable that includes noncommodity goods by adding methodologically disputable imputations of shadow prices to leisure and the like). Instead, revising the assumption of labor as a commodity (that frames modern macroeconomic analysis) offers a suggestive new explanation of systemic unemployment, which emerges as the consequence of the dependency on wage labor. This seems to ensue from the commoditization of labor, in turn fueled (among other things) by the commoditization of land. The effect of rent distribution on unemployment,

however, appears in a new and thus unfamiliar representation of the economic whole that includes noncommodity goods. But it can be discerned in common experience. Unemployment rises even when total available jobs increase because the number of job seekers also increases. If unemployment results less from insufficient jobs than from dependency on wage income following the erosion of noncommodity goods such as home equity ownership (a noncommodity form of private capital), then the consolidation of economic autonomy that would follow the allotment of the economic equivalent of a piece of land should reverse it. It would reduce unemployment not by creating jobs, however, but by relieving the need for wage or profit income and thus for paid labor in the first place.

The logic can be illuminated by the empirical conditions confronting a citizen: relief from the payment of rent (to a landlord or to a bank holding the mortgage), reduces the need for wages and therefore for jobs—which means that rent-financed BIEs would reduce unemployment by removing artificial dependency on wage labor, rather than by ‘creating jobs.’ A reduction in the number of job seekers (or of sought hours of paid work⁴³) reduces the rate of unemployment at a given level of employment by liberating available jobs for the jobless. This can be significant when removal of labor market rigidities have brought wages down to the point that housing costs absorb between 30 and 50% of wage income, and land itself comprises 25 to 50% of housing prices. In this case, removal of land rent can reduce the need for wages by 10 to 25% for most people, and thereby the need for wage labor. If, furthermore, access to land is decisive for access to homeownership, the consolidation of citizens’ housing equity (whereby the rent of the built *housing stock* is not commoditized but used directly) can further reduce the need for wages and wage labor. If everybody fully owned their homes, to put it simplistically, the amount of wages and profits needed for the same standard of consumption, and thus the amount of hours they need to work, would be cut by some fraction of between one-third-to-one-half in highly industrialized societies, the size of the fraction depending on the existing degree of concentration of housing equity ownership.

Needless to say, this raises a host of questions pertaining to the property of land, direct and especially indirect, and thus including such rights as mortgages, and therefore on the very structure of debt in a society. But these legal, distributional and political contingencies raise practical questions concerning the institutional framing of governance and exchange that are different from those pertaining to the effect of land rent redistribution on unemployment, as well as, more generally, the effect of other forms of economic rent.⁴⁴

Allocation of ecological footprint as part of a carbon-neutral regulatory and fiscal framework of incentives

The second and perhaps most important effect of apportioning land rent, and thus eliminating it, is environmental. This should not be surprising, given the relevance of land usufruct distribution in a ‘full Earth.’ For apportioning land usufruct means apportioning ecological footprint, which is a fundamental component of the carbon-neutral regulatory and fiscal framework that will be needed for a transition to sustainable societies.

Given the hyper dependency of modern economies on fossil fuels, cutting GHG emissions by 80 if not 90 per cent, as will be needed in the most polluting societies—let alone 100 per cent, or even engineering ‘negative emissions,’ as many are urging—, can only be expected to involve major social change over the next generation. Climate security indeed appears to require transformations of a scale far deeper and wider than those presumed by the essentially technological innovations that have so far absorbed most attention.*

⁴³ whose aggregate would tend to contract by the same amount as the wage requirements if the individual supply of labor were homogeneously retractable (e.g. if the number of working hours were perfectly flexible). (see next footnote)

⁴⁴ Phillippe van Parijs (*RFFA*) has cast light on other forms of unearned income that could be legitimately and also efficiently taxed and redistributed besides land rent or such rent as that derived from socially inherited (as opposed to privately created) capital and technology in the widest sense. Jobs, for instance, can be regarded as assets. ‘Owing to the way in which our economies are organized, the most significant category of assets consists in jobs people are endowed with.... As long as jobs are scarce, those who hold them appropriate a rent which can be legitimately taxed away.’ (p 90) Analysis of such factors should help solve a key problem: devising ‘work-preference-neutral’ fiscal parameters that help eliminate residual unemployment through ‘work sharing.’ A tax and benefit structure that combines the equal distribution (i.e. rationing) of available employment rent with people’s freedom to choose the number of working hours, should remove biases against those wishing to work less, so that they open employment opportunities to those wishing to work more.

Whatever new lifestyles or habits such a major shift may entail, the policy framework will be decisive because it frames people's everyday choices. Massive subsidies to oil-dependent ways are not limited to auto-maker bailouts, or 'green'-looking but consumption-incentivizing 'cash-for-clunkers' and similar programs: they range from oil-based agriculture to transportation-reliant trade, and even to such measures as public daycare programs (which foster transport- and thus energy-intensive care of babies). Just rendering agriculture 'sustainable' in a carbon-constrained world would entail major production and lifestyle reconversions, given the heavy dependency of modern agriculture on oil, that in the most industrialized countries now allows 2 or 3 percent of the population to feed the rest. As it becomes apparent that every policy has an energy implication, the entire policy framework is called into question. When one looks at things closely, indeed, it becomes apparent that even urban bylaws (not to speak of urban layouts) can create (or avoid) markets for cars, by fueling (or minimizing) the very *need* for transportation!

One fact, however, is plain: resource-efficient ways (production techniques and methods, as much as lifestyle choices and forms of organization and investment), cannot be micro-economically viable, let alone thrive, if they must compete with resource-intensive ways that are being directly or indirectly subsidized.

A reading of the direct and indirect environmental impact of modern policies, in short, reveals the many ways in which the macroeconomic framework is slanted against sustainable ways in industrial societies. The subsidization of energy- or resource-intensive methods is indeed as pervasive as it is unwitting and invisible. In a context of energy scarcity and threats of climate catastrophe, such subsidies not only turn into ethical and economic scandals. They are also a key obstacle to the freedom that people need to reorganize their lives to live in harmony with nature. Sustainable ways will never emerge if they must compete with the subsidized resource-intensive ways that are at the root of industrial societies' heavy ecological footprint. Action at the macro-economic level will thus be decisive to empower citizen action.

The thrust or strategy that has presided over the policy responses conceived to correct these distortions have focused essentially in 'getting the prices right.' This follows from standard theoretical treatment of externalities. It is noteworthy, however, that such measures as carbon or pollution taxes as have been prefigured or adopted, have typically been assorted with 'revenue neutral' caveats, or included such policies as international income transfers for countries affected (framed as 'aid' rather than indemnities for externalities). Distributional issues are not ancillary to but constitutive of, effective responses, which remain wanting for lack of a sufficiently clear criterion to preside over redistribution. Whence the routine popular opposition to economists' standard prescription of a carbon tax without a redistributive component. Small wonder that political bickering has long paralyzed political responses. When property rights are not defined with sufficient clarity, a problem that essentially involves the (re)attribution of endowments is unsolvable. But mal-distribution is the consequence of mal-redistribution. And it is not a different form of redistribution of aggregate output that will restore a minimal distributional equilibrium, as much as the predistribution of basic common assets and inputs such as land.

Universal apportionment of land usufruct is central to a 'level playing field' in resource use because it institutes an equal allocation of 'ecological footprint,' thanks to which resource-efficient ways can become micro-economically competitive, since by definition these can get much more 'mileage' in 'welfare per resource unit' than resource-intensive methods and ways.

A key feature of this predistribution principle, moreover, is that it 'endogenizes' population, as an economist would put it. The size of the population, indeed, is typically an 'exogenous' or given variable in conventional economic models and policy. But apportioning rent among citizens would require specifying rules for intergenerational transmission of land rights that would have an effect on the population level, and could thus help adjust it to carrying capacity.*

Land usufruct apportionment and the *polluter pays principle* summarize the two complementary principles, pertaining respectively to distributive and commutative justice, that redress key social and environmental market failures implicit in maldistribution and externalities. This breaks with our received Left-Right ideologies and their resulting policy prescriptions. For coordinating the vast transformation required will involve *neither* ‘self-regulated’ markets *nor* new varieties of ‘social planning’ inspired by better political philosophies, let alone new versions of their damaging if not nefarious modern combinations. It will require specifying clear and consensual definitions of ‘property’ rights that pre-align the institutional and policy framework along key environmental thresholds and distributional equilibria.

Sustainable societies, in short, call for a *carbon-neutral macro-economic/regulatory framework*. This will be indispensable to coordinate the synergetic interaction of low-resource-use ways with occasional but highly beneficial uses of resource-intensive methods. There can be little doubt, indeed, that the most useful tool in the fight against global warming is the macroeconomic ‘framework of incentives.’ When it comes to reducing destructive GHG emissions, the reach of this instrument goes much farther than that of any ‘clean technology’ because it coordinates the action of millions of agents. Insofar as the subsidies that it defines (deliberately, indirectly or unwittingly) determine which production methods are micro-economically viable or profitable, it can be most useful ...or most detrimental. It can catalyze the emergence of new technologies and production methods, and the continuation, reinforcement and even revival of traditional livelihoods and ways based on low resource use. Or it can perpetuate or institute reliance on the resource-dependent ways that are fueling the destruction of the biosphere as much as of the very low-entropy systems that present the best available adaptations to sustainable ways. The ‘macro’ framework will thus preside over an orderly transition to a carbon-constrained world in the next generation –or, on the contrary, will hinder and distort it.

The double imperative for sustainability: security and freedom

Even before we set to clarify the structure of a carbon-neutral regulatory and fiscal framework, however (let alone carbon-neutral monetary and trade policy frameworks), we know that, by definition, this would render micro-economically unviable what in fact amount to destructive methods and ways. If instituting sound environmental policy is politically so difficult, it is because the livelihood of millions depends on production systems that are energy-reliant and thus environmentally destructive. But modern industrial methods and ways are not merely the result of market forces; to a significant degree, they are sustained –if not indeed *instituted*, as the key role of agricultural subsidies clearly attests–by centrally defined transfers. Insofar as many production systems are only viable within an *energy-* and thus *carbon-reliant* fiscal, monetary, trade and regulatory policy framework, a carbon-neutral framework by definition would entail the destruction of these destructive methods, livelihoods and ways. But that is precisely what any movement towards a sustainable economy entails.

A concomitant problem thus appears: ensuring people’s economic security during the transition to sustainable societies. If the integrity of nature is adopted as a guiding criterion (as opposed to the perpetuation of modern industrial economies), the elimination of subsidies to destructive production methods and ways may well preclude the time for a leisurely conversion into sustainable ways. This is where the relevance of land usufruct entitlements becomes apparent. In the 1980s, MIT economist Lester Thurow framed the problem of industry bailouts in the name of citizen security in the following terms:

‘If protection, regulations and subsidies were to be eliminated, large numbers of individuals would suffer economic losses. If such a policy is ever adopted, we have to develop techniques for paying compensation to the individuals who are going to be hurt ... What needs to be avoided is the institutional safety net approach, where firms are protected from failure in the name of protecting individuals... There is a sharp distinction to be made between protecting the failing individual and protecting the failing firm.’⁴⁵

⁴⁵. Lester Thurow, *The Zero-Sum Society* (New York: Basic Books, 1980), pp. 192, 210-11

He was of course thinking of such measures as unemployment insurance, welfare payments, and worker retraining. In their current forms, however, and in face of the vast reconversion that seems to be necessary, these so-called safety nets can be expected to be far from enough. By contrast, rent-financed BIEs, *i.e.* the apportionment of land usufruct, provide much better economic security than today's 'web of programs, that is *sticky enough to entrap but not strong enough to support*'.⁴⁶ Because they reinforce *both* 'market' and redistribution mechanisms –*i.e.* freedom and security– they consolidate *both* equitable and efficient ('welfare-maximizing') resource (re)allocation. Because it partially frees people from dependence on a paycheck, this simultaneous reinforcement of economic freedom and security is thus a key to the effective *autonomy* that people need to reorganize in sustainable ways.

Estimates of residential and commercial land rent in the US, *e.g.*, put it somewhere between \$2,200 and \$5,500 per year per person (*i.e.* in the same order of magnitude as the tally for the 2009 corporate bailouts).⁴⁷ This excludes rent from other land and natural resources, as well as rent from other sources.

The political implications, in any case, are noteworthy. Insofar as governments need no longer rely on productive institutions to create 'jobs' or 'wealth' (thanks to income transfers that directly consolidate citizens' economic security and 'empower' alternative ways), and insofar as political leaders are electorally accountable to citizens, redistribution (*i.e.* elimination) of scarcity rent can be expected to emerge as a practical if not unavoidable response in the emerging historical predicament of natural resource scarcities.⁴⁸

Before we even consider any moves toward a reconversion into low-carbon economies, we must further remember that environmentally healthy economies will involve a transition into a variety of sustainable ways *whose forms will be so varied that they cannot possibly be predicted*. This means that social support mechanisms will not only have to *consolidate* 'social redistribution' systems, but will have to ensure that they are highly *flexible*. The scale of the technological, organizational and lifestyle reconversion that will be required is indeed such, that strategies that somehow seek to 'plan,' program or in any way 'orchestrate' it, seem doomed to be inefficient, counterproductive or irrelevant. A policy structure that makes it possible for three or five per cent of the population to feed the rest through methods relying on massive energy use, for example, by itself constitutes a massive distortion. Because every policy has an energy implication, and given the mutually reinforcing or contradicting effects of public measures, the complexity of reviewing the patchwork of existing energy-reliant programs to redesign them coherently is forbidding.

This underscores the quantum leap in flexibility required by the passage to a higher 'level of complexity.' In his premonitory analysis of the 'Third Wave' of history that he saw emerging

⁴⁶ Hugh D. Segal, 'Moving to Basic Income,' paper for the 10th Basic Income Earth Network Congress, June, 2008, Dublin.

⁴⁷ According to University of Missouri at Kansas City economist Michael Hudson, annual rent from residential and commercial real estate in the US (*i.e.* excluding industrial, agricultural and other uses of land, let alone rent or surplus income from national fossil fuels or for that matter the electromagnetic spectrum) is almost \$US 700bn. (Michael Hudson, 'Tax the land,' in *Harper's Magazine* November 2008 cover story 'How to Save Capitalism'). It is significant that this calculation derived from a Georgist framing of the challenges raised by the October 2008 financial crisis. In a back-of-the-envelope assessment, social activist Jefferey Smith puts the figure for equivalent rent around \$ 1.7 tn (*Can rents fund an extra income for everyone? 10th Congress, Basic Income European Network, Barcelona*; September 19-20, 2004). Especially significant, however, is the difficulty in assessing the magnitude of land rent: since current statistical categories do not compute this, it must be derived from neighboring data.

⁴⁸ Since a new political idea is by definition ushered in by leadership (in the proper sense of actors promoting new forms of social organization –capable, *e.g.*, of explaining them in the sound bytes needed for modern political tribunes), this kind of change is impossible in times when politicians have become used to remumble old responses that have neither sufficed to address long-standing social dysfunctions, nor are adapted to fundamentally new challenges. Such politicians only follow established convention and public opinion, rather than introduce fundamentally new ways. In such times, fundamental change occurs only after a critical collapse has made it inevitable –but then only *if* a (re)organizing goal, and the new prospective consensus that it embodies, are sufficiently clear. From the analysis I am developing, *e.g.*, it will not be difficult to discern the remedy that would have followed from a 'substantive' diagnosis of the 2008 financial crisis, that ushered in the now latent fiscal and other fragilities of the historically leading industrial economies. As unfolding economic crises impose major economic 'restructuring,' however, as resource scarcities and shocks mount pressures on resource-reliant economic systems and start to disrupt them, and as the nature and structure of land-rent-financed basic income entitlements are clarified, the concept can be expected to turn from a proposal seeking to edge its way from the periphery to mainstream political discourse, to a race to hoist a sexy policy measure before political rivals do.

in our times, Alvin Toffler described a key aspect of the structural decentralization involved in the passage to a new economic paradigm, related to a society's 'decision load':

The concept of 'decision load' is crucial to any understanding of democracy. All societies require a certain quantity and quality of political decisions in order to function. Indeed, each society has its own unique decision structure. The more numerous, varied, frequent, and complex the decisions required to run it, the heavier its political 'decision load.' And the way this load is shared fundamentally influences the level of democracy in society. In pre-industrial societies, where the division of labor was rudimentary and change was slow, the number of political or administrative decisions actually required to keep things running was minimal. The decision load was small. A tiny, semi-educated, unspecialized ruling elite could more or less run things without help from below, carrying the entire decision load by itself. What we now call democracy burst forth only when the decision load suddenly swelled beyond the capacity of the old elite to handle it. The arrival of [industrialization], bringing expanded trade, a greater division of labour, and a leap to a whole new level of complexity in society, caused the same kind of decision implosion in its time that [the emergence of post-industrial society] is causing today. Revolutionary new political institutions had to be designed for that purpose.⁴⁹

This is why a strategy that effectively presides over the transition to low-energy economies over the next generation will have to rely on *price signals* to coordinate the vast reconversion it involves. This does not imply, though, standard 'free-market' policies to which our ideological reflexes have accustomed us. If the price mechanism is to effectively coordinate the allocation of resources in a context of maldistribution and externalities, then a variety of taxes, subsidies and other regulation must be calibrated to ensure that resource prices reflect real costs (by incorporating externalities and 'eliminating' –*i.e.* distributing–land rent).

A clarification and foundation of 'property'

Rent-financed Basic Income entitlements –redistribution of land usufruct– are thus a way to apportion ecological footprint. And this is a key part (along with the internalization of externalities) of a *resource-neutral redistribution-and-incentives framework* that is exempt from the policy distortions that now foster resource-dependent ways: it defines social support mechanisms capable of coordinating their synergetic interaction with low-resource-use methods.

This is major policy innovation in itself. But the new reading or method of analysis also delineates a research program that extends beyond the scope of catallactics, by defining categories capable of modeling key ('social' and environmental) market failures by highlighting the transfers implicit in maldistribution and externalities. This is where 'ecological' and the 'new institutional' economics meet: the problem of (land) property. For 'property,' whether private or public, is essentially an *allocation of jurisdiction* that *precedes* policy. And the proper allocation can be clarified by the substantive categories of 1) Roman property law (that discern the *usus*, *fructus* and *abusus* dimensions of private property, as well as its 'public' variants: *res nullius*, *res communis* and *res sacra*); 2) a further distinction between *common* or *shared* land property (for individually appropriated use, like a beach) and *collective* property (*i.e.* devoted to public functions) and of 3) a neoLockean analysis that *a)* distinguishes its public and private sources (and traces the legitimization or foundation of private property to the fruit of work), and *b)* brings to bear the redistributive implication of the 'Lockean Proviso' that applies in a 'full' Earth.

A land rent-financed BIE, in short, is no ordinary policy. Although it can be easily implemented as 'policy,'⁵⁰ any *entitlements* touch on a country's very constitutive structure. It may espouse an efficient form of redistribution, but its implications also reach beyond the 'economic' as we now understand it, into the 'political' ...though less as a matter of 'policy,' than of 'public' and 'private' *rights over land* –a central issue in a society's foundational and thus constitutive structure, if there is one. And as much can be said of the 'global environment.'

⁴⁹ Alvin Toffler, *The Third Wave* (Bantam Books, N.Y., 1981), pp. 434-5. See also the sections on Decisional Speed-up, The Decision Implosion, Semi-direct Democracy, and Decision Division.

⁵⁰ *i.e.* with varying degrees of difficulty, depending on the reorganization required by a country's fiscal and legal property structure.

*Cuando tenga la tierra / Te lo juro semilla / Que la vida será un dulce racimo /
... Y sucederá en el mundo / En el corazón de mi mundo / Desde atrás/ Desde todo el olvido /
Secaré con mis lágrimas / Todo el horror de la lástima / Y ¡cantaré! ¡cantaré!*⁵¹

It is hardly without reason, in other words, that some of the leading academic and political advocates of Basic Income entitlements have compared their adoption to such social landmarks as the abolition of slavery and the right to universal suffrage.⁵² Land reform has been foundational in every successful revolution –only to slide back into reconcentration and redispossession following the dynamics of capitalist economies.⁵³ A land usufruct allocation system that institutes the systematic apportionment of rent can thus be expected to embody a fundamental redefinition of social order.

This stems from a new awareness of what constitutes social change attuned to history. For over two hundred years, the ‘Mandate of Heaven’ has pointed to industrialization, as expressed in the idea of ‘development,’ its organizing myth and political watchword. This has recently been rigged with a variety of qualifiers, such as ‘human’ or ‘sustainable,’ that summarize the social and environmental adjustments needed for the crude measure of ‘gross national product,’ and expressed in alternative measures of welfare. The very variety of indicators that have emerged as a result attests to the splintering of organizing goals and the complexification of coordinating action, increasing the ‘decision load.’

The climate crisis now brings home the impossibility of indefinite GDP growth in a context of limited resources (as ‘peak oil,’ e.g., signals depletion of the cheap energy in the fossil fuels on which industrial society has been built), and of limited and overused ‘sinks’ (like the Earth’s dying capacity to absorb carbon dioxide). But 1) GDP growth requires energy; 2) most cheap energy comes from CO₂-emitting fossil fuels; and 3) even major investment in technology cannot reduce GHG emitted per unit of GDP fast enough to stop fueling global warming (since technological solutions are distant in time, unaffordable, or both). Given the size and speed of the reductions needed to protect the biosphere’s integrity, which presumes cuts in the order of 90 to 100 percent in the most polluting countries in one generation, and significant immediate cuts, most technical responses are essentially *hopes* fueled by modernity’s driving technotopia, that even if materialized will only afford partial solutions at best, completely inadequate to meet the historic challenge. Ergo: beyond unknown but critical thresholds, non-global-warming-inducing GDP growth is impossible, as much the sustainability of indicators of which it is a component. It is not mainly *green energy technologies* but *low-energy economies* that can sustain the good life. As the environmental limits of a full Earth shatter the modern view of history as indefinite industrialization, we are left without a clear view of ‘progress’ or ‘development.’⁵⁴

In such a context, the ‘Mandate of Heaven’ no longer involves movement toward more or different forms of ‘development,’ but a transition to ‘past-industrial’ societies⁵⁵ that dispel the social and environmental distortions of commodity-intensive economies by consolidating noncommodity goods. A post-commodity-framed (or ‘post-growth’) macroeconomics should prove indispensable to ensure climate stability and to coordinate the vast lifestyle, organizational and technical reconversions that preservation would require over the next generation.⁵⁶

⁵¹ From the Latin American popular protest hymn by A. Petrocelli and D. Toro *Cuando tenga la tierra* (When I get the land) / I promise you, seed / that life will be / a sweet cluster / and in the sea of grapes / our wine will flow // The day I get the land / this world will see / the core of my world / from afar / from oblivion / I shall wipe, with my tears / all the horror of compassion / And I shall put the moon in my pocket / and will go take a walk / among the trees and the silence ! / And I shall sing! And sing!)

⁵² Specifically, Philippe van Parijs and Eduardo Suplicy (see: Eduardo Matarazzo Suplicy, *Renta Básica de ciudadanía: La Respuesta dada por el Viento* (Brasilia: Senado Federal, 2009, prefacio a la 3ra edición en español).

⁵³ See article on ‘Land Reform’ in the Encyclopedia Britannica.

⁵⁴ ALR, *The terminal crisis of modern civilization? – A short guide to the quiet rumblings in the foundations of culture*, forthcoming.

⁵⁵ ‘Past’ rather than ‘post’-industrial societies (as one now refers to societies centered on service commodities and information — computing and bioengineering— technology).

⁵⁶ The point has been underscored since the first critiques of industrial society were spurred by the 1973 oil crisis: ‘Recognizing that GDP does not measure well-being does not eliminate the need for a concept to ensure the unjust transfer of power ... The limitation of

Although this may involve convergence toward comparable structures in ‘underdeveloped’ and ‘overdeveloped’ countries, it has very different implications for each. If these reconversions should prove quite costly for industrialized nations, ‘developing’ countries can avoid them by moving directly to sustainable societies. Much like the ‘economic South’ has often leapfrogged into many forms of consumption by adopting their latest underlying technology, it can avoid the trappings of ‘carbon lock-in’ that will be so costly for the North to escape. By eschewing construction of consumer societies, the South can avoid wasteful investment in energy- or resource-dependent systems, whose obsolescence in the carbon-constrained world that biosphere stability would require is already foreseeable. A transition toward past-industrial economies thus goes far beyond the development of ‘clean energy’; it involves more reliance on *low*-energy production systems *and ways*. This centers less on the acquisition of the proper production ‘hardware,’ to use IT terminology, than in a clarification of the *institutional* ‘software’ capable of coordinating sustainable combinations of low- and high-entropy methods, as well as the educational ‘humanware’ –the consciousness– to run them.

Preliminary conclusions

The redistribution of land usufruct –which at first seems like a practical policy measure as technically easy to implement as a universal basic income scheme–, thus provides new leads to key questions concerning both the alleviation of the need for jobs, and conceptual tools to catalyze a transition to a carbon-constrained world. But at the same time it raises many more. What government services do RFBIEs replace, if any? How precisely would they impact on the need and distribution of employment? Will there be a need to redistribute the employment and wage incomes remaining after useless jobs disappear with the elimination of artificial or subsidized consumption and production, and if so, how can this be done? Should the elimination of land rent through its redistribution be generalized to other forms of rent? The substantive reading of goods and prices that registers the distribution of land usufruct as a determinant of social welfare also clarifies such questions. If its responses often raise new questions, these in turn shine light on further issues. By removing distortions that foster the artificial commoditization of land (and thereby of life), for example, RFBIEs complement prescriptions from standard externality theory (*e.g.* carbon taxes or the polluter-, or, rather, user-pays principle), or more generally from new practical developments in ecological economics (*e.g.* shifting the tax base from wages and profits to resource use), as well as from studies suggesting similar shifts to publicly created capital.

These all follow from a substantive reading of goods, prices and property or jurisdiction. The institutional framework of incentives –including fiscal, monetary, regulatory and trade policy– can be similarly analyzed in substantive terms and redefined accordingly, opening the way to an enlargement of neoclassical economics with the findings of ecological and the new institutional economics. Hence emerges a new research agenda, that a substantive reading or method illuminates, as following through on these new set of questions leads to recasting the analysis of the macro-economic framework in fundamentally new terms, that should help clarify the new architecture of the parameters of exchange, and of fundamentally new political and economic institutions, that can preside over an orderly transition to a carbon-constrained world.

However promising its prospects, in short, and despite its immediate applicability, the redistribution of land usufruct through rent-financed basic income entitlements is neither a practical nor a theoretical panacea. The scintillating possibilities it opens are at least matched by the reach of the questions it raises. More than a sexy policy proposal, it thus appears as a first application or policy embodiment of the wholesale reinterpretation of ‘the economy,’ if not indeed of the political order, that history seems to be increasingly urging.

industrial tools’ growth cannot be effected until a corresponding new economic theory has been elaborated and operationalized, to ensure redistribution in a decentralized society.’ Ivan Illich (La Convivialité (Paris: Seuil, 1973), original emphasis. Almost forty years later, the problem remains intact: ‘Herman Daly’s pioneering work defined the ecological conditions of a steady-state economy in terms of a constant stock of physical capital, capable of being maintained by a low rate of material throughput that lies within the regenerative and assimilative capacities of the ecosystem. What we still miss from this is a viable macroeconomic model in which these conditions can be achieved. There is no clear model for achieving economic stability without consumption growth. Nor do any of the existing models account fully for the dependency of the macro-economy on ecological variables such as resources and emissions. In short there is no macro-economics for sustainability and there is an urgent need for one.’ Tim Jackson, “Prosperity without growth? The transition to a sustainable economy,” n/d (2009?), n/l, report of the British government’s Sustainable Development Commission