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Rethink Money First

Contribution to GTI Forum Universal Basic Income: Has the Time Come?

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Guy Standing's many good [arguments](#) for a universal basic income (UBI) are valid, and yet so are many of the objections his opener has provoked. How can we account for this?

The reason is that both the UBI proposal and the criticisms levelled against it are constrained by the possibilities of conventional money. We must ask ourselves whether a UBI should be paid in a special-purpose currency that does not share the destructive logic of regular money. The economic historian and anthropologist Karl Polanyi called our regular money *all- or general-purpose money*. In contrast to other forms of money used in other societies and historical periods, our all-purpose money assumes that all values are interchangeable. This is an idea, embodied in an artifact ("the almighty dollar") with which our lives are unwittingly entangled, that is at the root of global capitalism and its many evils, social as well as ecological.

Providing all citizens with basic economic security is a profoundly good idea. It would dissolve the proletarian condition that Marx identified as fundamental to capitalism. No longer forced to do boring and undesirable work—simply to pay for rent and groceries—people would be free to pursue whatever sources of meaning and happiness they choose. This would no doubt make many people more satisfied with their lives, more creative, and more existentially secure. Guy Standing may be right in that it would even encourage entrepreneurship. But people should not need to be entrepreneurial to be economically secure. After all, regardless of how provisions are organized, nobody is supposed to starve in a modern welfare state. And it is doubtlessly more edifying to survive on basic income than on unemployment benefits or other forms of welfare.

But a UBI should aim further than "increasing the purchasing power of low-income households, who have a higher propensity to spend." From a global perspective, it does not seem progressive

to simply raise the average purchasing power of consumers in the Global North. The average ecological footprint in the North is already obscenely larger than in the South. While tackling poverty and inequality in Europe and North America is obviously justified, simply handing out more regular money to spend in the North will mean increasing poverty and inequality at the global scale. The additional money spent in the North will encourage low-wage jobs, ecological degradation, and carbon emissions in the Global South. Through globalization, the logic of all-purpose money inexorably translates into rewarding cheap labor and lax environmental legislation in the South, as well as long-distance transports to bring its commodities to markets in the North.

So how can we use UBI to increase economic security for low-income households in the North without aggravating the North's exploitation of the South? How can we make sure that the new purchasing power in the North is not created at the expense of even more low-income households in the South—and of the planetary biosphere? This is where the idea of a complementary, special-purpose currency enters the picture. To make sure that more money for low-income households in the North does not add to the burdens of the South, it would have to be paid in a special currency that cannot be converted into cheap labor and environmental degradation on other continents. In this way, the aim of battling poverty and inequality at the level of nations in the North would converge with the battle against inequality and unsustainability at the global level.

In principle, the reform would be simple. A nation-state could issue a complementary currency that is digitally distributed to each citizen as an unconditional basic income, but that *can only be used to purchase goods and services produced within a specific geographical radius from the point of purchase*. The impact of this new currency would quickly generate a massive new demand for local produce, at the expense of long-distance imports requiring global transports yielding substantial carbon emissions. The demand for local produce would encourage local entrepreneurship and generate greater economic diversity, community integration, food security, and resilience. The reform would put a spanner in the wheel of globalization. It would combine the core idea of UBI—providing all citizens with basic economic security—with the aim of channeling consumption in sustainable and globally just directions.

There are many conceivable questions and objections. I have tried to respond to some of them elsewhere.¹ The details can be worked out and are certainly not more troubling than continuing with business as usual. I want to emphasize that this proposal is not to be confused with a local

currency scheme such as LETS or the Bristol Pound. Rather than issuing a local currency that can be used (in local shops) to buy commodities from anywhere in the world, this proposal suggests a national currency that can only be used to buy locally produced commodities. Defining what is “local” must of course be resolved (in relation to diverse local resource conditions), as well as how such goods and services are to be distinguished and marketed, but there is no dearth of good ideas on how to solve such practical problems. Transport certification (perhaps based on GPS technology) would no doubt be useful.

It is reasonable to ask how a special-purpose currency (SPC) like this could be made attractive to individual consumers, businesses, and authorities. For individuals, the reform would reduce dependence on wage labor and the risks currently associated with unemployment. It would also encourage social cooperation and a vitalization of community. For businesses, it would provide a diverse range of opportunities to cater to local markets. Their income could in part be used to purchase local labor and other inputs, in part to have some of it converted by the authorities to regular currency. The authorities, finally, would welcome the alleviation of financial pressure through reduced costs for social security, transport infrastructure, environmental protection, carbon offsetting, climate change adaptation, and other expenditures incurred by what is now business as usual. In the long run, such savings would more than suffice to finance the reform. To the extent that a proportion of social security payments are made in SPC, the reform would need to be designed so that everyone has adequate access to both currencies.

The bottom line is that a UBI, in order to radically challenge business as usual, would need to be paid in a special-purpose currency. It is the logic of all-purpose money itself, rather than some contingent feature of the “economic system,” that ultimately generates inequality and environmental abuse. This logic remains just as destructive regardless of whether it is redistributed among households through measures such as UBI.

Endnotes

1. Alf Hornborg, “How to Turn an Ocean Liner: A Proposal for Voluntary Degrowth by Redesigning Money for Sustainability, Justice, and Resilience,” *Journal of Political Ecology* 24 (2017): 623–632; Alf Hornborg, *Nature, Society, and Justice in the Anthropocene: Unraveling the Money-Energy-Technology Complex* (Cambridge, UK: Cambridge University Press, 2019).

About the Author



Alf Hornborg is an anthropologist and Professor of Human Ecology at Lund University. His research focuses on theorizing the cultural and political dimensions of human-environmental relations in different societies in space and time. His books include *The Power of the Machine*; *Global Ecology and Unequal Exchange*; and *Nature, Society, and Justice in the Anthropocene*. He has also co-edited several collections at the intersection of anthropology, environmental history, political ecology, and ecological economics, including *Rethinking Environmental History*, *The World System and the Earth System*, and *Ecology and Power*. He holds a PhD in cultural anthropology from the University of Uppsala, and has taught at Uppsala and at the University of Gothenburg.

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