

Glocal income group - A way to build local resilience

Alternative Mobility Policy Brief

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1 Executive summary

To enhance our capacity to face present and future crises, local societal resilience must be strengthened, this is, the capacity of a person or a group to develop well in the presence of destabilizing events. The responses and tools used to tackle it have not been sufficiently effective and comprehensive. For this reason, we have developed an all-encompassing proposal consisting in the implementation of universal basic income (UBI) distributed in the form of a local currency, complemented by the promotion of voluntary work. Each of the three pillars have already been more or less successfully implemented before, but never combined with each other. The policy recommendations presented in this policy brief are based on this combination, and their innovative individual features will multiply each other's positive impacts

Policy Recommendations
1. To distribute a UBI to every inhabitant living in the municipality
2. To make a share of the payments, more than 50% of them in the form of a local currency
3. To conduct a campaign in order to promote volunteer work in local associations and NGOs.
4. To implement an appropriate fiscal policy that enables the financing of the UBI

Summary of key points

The covid-19 crisis has severely impacted all aspects of human life ranging from individual health repercussions (high mortality rates), sanitary management collapse and economic recessions worldwide. Now, the global challenge is to make communities more resilient in order to fight against crises. With this policy brief we present a solution to the lack of resilience of local communities, which is the gap we identified in the current situation. Closing this gap would help fight global challenges such as the Covid Crisis.

What we have studied so far is how universal basic income distributed in the form of a local currency, complemented by the promotion of voluntary work, can become an efficient tool to fill this gap. After delving into this trinity, we will provide local and regional policymakers with a detailed explanation of the proposal to fill this gap. Moreover, this policy brief also aims at facilitating the scientific knowledge condensed in our report so bold policies to solve this problem can be implemented in the future. Interestingly, this is quite a novel approach and, aside from specific examples that partly combine some of these components, much literature has not yet been developed.

Structure of the policy brief

First, we will explore and justify the relevance of the central issue and its global context: the lack of resilience. By doing this, we identify the gap filled with our policy and assess its impact. Second, we provide information on the exploration of scientific literature about the three pillars of our proposal: Universal basic income, local currencies and voluntary work. This is one of the most important parts of this document, which aims to base the recommendations for a course of action on facts and scientific evidence rather than on theories or beliefs. Third, we include a detailed guide to ground our proposal and the context and actors that should participate in it.

Hence, we pride ourselves for contributing to the scientific literature with a new and innovative path and bringing theory to practice through the present policy brief.

Explanation of application to policy contexts

Our proposal requires support from different fields and actors. Hence, the present work is directed to different stakeholders holding key positions in their respective fields ranging from city council officials to academicians and third sector organizations.

Policy recommendations

We recommend implementing simultaneously the following measures to achieve the desired impact. Its success lies in the combined implementation of all of the elements. Similarly, complementary measures, mainly fiscal ones, are needed to successfully conduct the proposed set of measures.

Universal Basic Income: It is an income paid by a political community - in this case the city council - to all its members on an individual basis, without means test or work requirement, so that it can cover at least the basic expenses.

Our policy recommendations consist of the following parts:

- To distribute a UBI to every inhabitant living in the municipality.
- To make a share of the payments, more than 50% of them (the exact amount to be determined by experts) in the form of a local currency (see the payments made to leman users in Geneva).
- To conduct a campaign in order to promote volunteer work in local associations and NGOs.
- To implement an appropriate fiscal policy that enables the financing of the UBI.

2 Global context

Most economists and people in general assume it and several academicians have supported it empirically: We are experiencing one of the worst if not the worst economic crisis since the Great Depression (Baldwin, R. & B. Weder di Mauro, 2020). Consequences extend from the local to the global level. However, we will put focus on the micro level and situate our project there. Local businesses, SMEs and households are the subjects whose situation reflects more accurately the (lack of) strength of local resilience. Local firms, as opposed to global ones, had greater difficulty to deal with economic shocks, apart from suffering from liquidity problems (Hyun et al., 2020; Eggers, 2020; Bartik et al., 2020). Regarding households' ability to adapt their behaviour to face the crisis it is important to take into account data about debt as a measure to monitor micro-level economic resilience (OECD, 2017; Fana, 2020)

The fact that 10% of the Swiss households were indebted before the pandemic - a number which will probably be higher after the crisis- shows that resilience is at stake (The Local, 2020). Focusing on the working conditions it is also relevant to assess the resilience of a society. In fact, people who work under more precarious conditions in sectors like retail or tourism, coincide with the people that tend to have less resources to confront exceptional crises (Barrot et al., 2020). Thus, households, where its members work in these sectors, enjoy less resilience capacity. Acknowledging the gap of the lack of resilience and focusing on its local dimension, our proposal aims to tackle it with a comprehensive perspective.

3 Scientific insights

The scientific research brings academic evidence and examines the effect of our idea on local societies. The scientific research is structured in three areas: economic, social and environmental impact of our policy. These areas are centered on the general characteristic of solidarity which constitutes, according to our interpretations, the main aspect of resilience. In

this manner we measured the contribution of our policy on creating more resilient local societies.

In this section we will provide a scientific insight regarding our policy, which underlines the utility of our policy to contribute to create resilient communities.

Economic impact of UBI: unconditionally giving citizens the minimum sum to cover their basic needs, this would allow them to get out of precariousness more easily without having the pressure of administrative procedures to receive some aid. Receiving a fixed amount of money each month at a fixed time interval reduces the psychological burden on people in precarious situations, "working poors" but also middle-class citizens. (Van Parijs, 2004)

Environmental impact of LC: local currencies "*can thus be considered as an additional tool for ecological and energy transition*" (ADAME, 2016, p.137).

Social impact of Volunteer work: "*Results show that volunteering enhances eudemonic (e.g., purpose in life) and social well-being (e.g., feeling of belonging to the community)*" (Son & Wilson, 2012, p. 658).

Regarding the literature gap about the **effect of the combination of these pillars** we set up on our own logic and possible impacts of our policy: Giving a UBI partly in local currency allows additional money to be injected specifically into a local community. This makes it possible to further boost the local economy (according to our argumentation of the local currency above) and therefore the resilience of this community. As all citizens receive local currency, which is not the case with a local currency-only mechanism, they will have a strong incentive to spend it.

A concrete example of the beneficial effects of our policy could be: People, thanks to this additional income, would reduce their working time, which would free up jobs (Parijs, 2013).

Scientific research proves that our policy - see Policy Recommendations box - can help to build more resilient societies by enhancing solidarity in the economic, social and ecological areas.

4 Project "Glocal Income Community"

Our project is built on three pillars: a universal basic income (UBI), a local currency (LC) and voluntary community work ((VW)). Although this project was developed and designed for the locality of Geneva and the local currency Léman, it can be replicable and adaptable to all other territorial entities according to their specific characteristics.

These three pillars are developed in the title of the project. The term "Glocal", a combination of the terms "global" and "local", refers to the need to build resilient communities at the local level in order to counter the consequences of global crises such as the Covid-19 pandemic. The term "income" refers to the basic universal income that we want to distribute to all citizens of the locality in question. And finally, "community" refers to solidarity - the central dimension of our project - which is promoted by our three pillars.

Resilience: The definition chosen for our purposes is that of Solanas (2001, p.322). It is the capacity of a person or a group to develop well, to continue to project into the future, in the presence of destabilizing events, difficult living conditions, sometimes severe trauma.

We want to make communities more resilient and more resistant to external shocks. According to our approach, the ability to "develop well" and "project oneself into the future" requires strengthening social ties and solidarity in communities. At all levels of our project (UBI, LC,

VW), it is solidarity that is strengthened, whether from a social, economic or environmental point of view.

What does the GICP consist of?

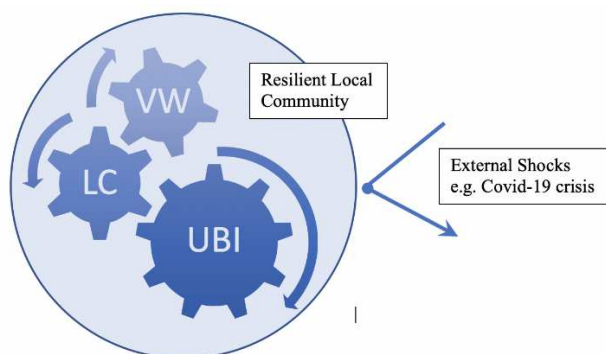
We distribute a basic income to the citizens of the locality of Geneva, part of which would be paid in local currency. We believe that it is necessary to give only part of the basic universal income in local currency because citizens can use this sum also for necessary expenses not payable in local currency such as rent, specific bills, insurance etc.

The basic universal income (glocal income) is then divided into two sums: a sum given in national currency and a sum given in local currency, local income. The amount of local income should cover expenses like local food and recreation. As this local income wants to promote local businesses and the local economy, it could not be hoarded nor be exchangeable (by the recipients of the local income) in national currency. Thus, its value should decrease over time, encouraging citizens to spend it quickly. In order to be able to manage the amount of this local income and prevent it from being exchanged into national currency, it would be paid into a kind of credit card.

Our third pillar “volunteering” can have many beneficial impacts on the community depending on the kind of volunteering that the local government would like to promote. This could be beneficial for the environment ranging from awareness raising to waste collection campaigns. But it could be beneficial from a social point of view. An exhaustive list would be impossible, because the possibilities are numerous, but here we give you a few examples: Helping the elderly or people with a disability with household chores. Another option would be to volunteer in schools and kindergartens as supervisors or assistants for pupils in difficulty.

Stakeholders

For the implementation of the project, the most important stakeholders are the following. The leading institution to carry out this set of measures is a city council, whose population will be the most benefited from them. (which in our case will be Geneva’s one. Then, the local currency association will play an important role since they will be the vehicle through which the proposal is channeled. At the same time, third sector organizations will play a key role in the promotion of the whole proposal as voluntary work is one of its three pillars. Besides, NGOs benefit from a wide public and have a social legitimacy that privileges them with the ability to transmit successfully our proposal. Ideally, city councils would hold all the competence in order to finance our proposal. However, currently, the collaboration of the Federal Tax Administration (under the Federal Department of Finance) and the Federal Social Insurance Office (under the Federal Department of Home Affairs) proves to be necessary. Political parties, not only those supporting the UBI, will also play a key role since they can socialise a certain discourse through their apparatus. Academicians studying universal basic income, local currencies or voluntary work will enable us to improve our proposal.



Thanks to our policy recommendations, resilient local communities can be built, and this can help to defend communities against external shocks.

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