

A Way to World Peace?

By Steven Shafarman

Can Iraq, Afghanistan, Yemen, and other countries that have been linked to terrorism ever become peaceful and truly democratic?

A plan that is being debated in South Africa and Mozambique might help.

In South Africa, a government commission has recommended giving a monthly “Basic Income Grant” of 100 Rand, about \$10, to everyone age seven or older. The plan has widespread support, although President Thabo Mbeki has not yet endorsed it. In Mozambique, Prime Minister Pascoal Mucumbi has said that his government wants to do something similar but lacks the financial means.

Roughly 13 million South Africans have no regular income, out of a total population of 42 million. The only welfare program is for single mothers with children under age seven. The Basic Income Grant would ensure that everyone can afford to eat, making it possible for people to be productive at work and in school. Fewer people will be compelled to beg or steal.

The grant is to be independent of other income, without regard for social or economic situation. Including everyone, with no poverty measure or work requirement, means the grants can be distributed with minimal bureaucracy, in contrast with welfare. (And the plan would have wealthier people pay slightly more in taxes to offset the grants.) It also means there will be no social stigma or loss of dignity for recipients.

Socialism or market economy?

Basic income is not socialism. It preserves markets and private property; in fact, it will strengthen markets by providing everyone with some means to participate. It is compatible with limited government; compared with other efforts to help the poor, it will allow government to be smaller and more limited. It will supplement, not replace, existing sources of income; for those who invest the grants in education or business opportunities, it will create new sources of income. In addition, the grants will be a monthly reminder that everyone is a stakeholder, with an interest in making government more efficient and democratic.

Efforts to reduce poverty usually focus on creating jobs. In South Africa, more than 25 percent of the workforce is unemployed. There’s no way to create enough new jobs. Even if the government had unlimited funds and universal support, it’s impossible to create jobs

quickly enough to help unemployed people whose children are hungry now and will still be hungry tomorrow afternoon.

The guaranteed security of a basic income will make it easier for everyone to find or create their own jobs. Some, no doubt, will waste or misuse the money, just as some people today waste or misuse their money. But whatever people do, guaranteed income will enable everyone to focus on the fundamental meaning and motives for work – the opportunity to earn, save, and invest to make a better life for oneself and one’s family – instead of living hand to mouth, paycheck to paycheck, always in fear of unemployment, hunger, and homelessness.

Church Council and Trade Unions

Supporters of the plan include the South African Council of Churches, the Congress of South Africa Trade Unions, and a diverse coalition of organizations working on poverty, AIDS, children’s health, and women’s issues. Opponents say it’s unaffordable. But what’s the alternative? Is there a cheaper way to help poor people?

Is there a better way for the international community to help poor countries? Perhaps the U.S., U.N., World Bank, IMF, and international foundations and charities should help South Africa, Mozambique, and other poor countries implement basic income grants. Even a small basic income “would provide vulnerable families with considerable room to maneuver in their survival strategies,” according to Mozambican Prime Minister Mocumbi, who sees it as the key to providing health care and education.

Reducing poverty is related to expanding democracy, as Amartya Sen showed with the research for which he won the Nobel Memorial Prize in economics. Desperately poor people are more readily manipulated by demagogues; when poverty increases, democracies sometimes fail and dictators arise. Also, dictators and weak democracies commonly react to increasing poverty by exploiting immigrants or other vulnerable minorities, or by building up their militaries and picking fights with other countries. Weak, unstable governments are also more likely to harbor al Qaeda and other terrorists.

Dramatically improvement of life quality

Consider Afghanistan. Over the next few years, billions of dollars of international aid will be spent in the effort to create a stable government that can stop the Taliban and al Qaeda from regaining control. At the same time, however, armed individuals and tribal groups are competing for power and territory. International oil companies are seeking influence to build a pipeline. And some desperately poor Afghans believe they have no choice but to grow opium poppies that can be quickly and easily sold for cash.

Most international aid goes to centralized agencies, not to ordinary – and literally starving – people. What if, instead, aid was distributed from the bottom up in the form of basic

income grants? What if, instead of relying on administrators in Kabul and other major cities, and paying them relatively large salaries, relief agencies distributed small amounts of money directly to poor people throughout the country? What if all adult Afghans are given a minimal income, assisted to do what is best for themselves and their families, and encouraged to participate in rebuilding their communities? In other words, what if international agencies act like wise, loving, respectful parents, rather than authoritarian taskmasters?

Per capita income in Afghanistan is sometimes reported to be \$300 a year, but that average includes Afghans who are westernized and wealthy, and it ignores the devastation of the recent war. In most of the country, giving people an extra \$10 a month would dramatically improve their quality of life. Grants could be withheld from people involved with illegal drugs or other criminal activities. The funds could be guaranteed by the international community for a period of, say, five years — long enough for the national government to develop a revenue base to continue the program and for local governments to assume the administrative responsibilities.

Afghani basic income of \$ 10 per month

It's commonly estimated that Afghanistan will need at least \$4.5 billion over the next few years. The population is 23 million, roughly 15 million adults. If each adult gets \$10 a month, basic income grants would cost about \$1.8 billion a year. Even if the basic income alternative is more expensive, the first concern should be long-term efficacy. Which approach is more likely to deter terrorism and drug-dealing? To reduce conflicts between tribes and factions? To help Afghanistan become a stable and secure nation, a positive influence on its neighbors and a reliable partner for international trade?

Afghanistan has been at war for most of the past 25 years. Much of the country has no modern infrastructure. Afghan villages and towns need schools, police, banks, postal systems, and courts of law — and these have to be authentic local institutions, reflecting tribal and cultural variations, not something imposed by a central government or some international agency. If every Afghani is given enough income for food and shelter — needs that would be met by the market rather than by government — then people will be able to focus on rebuilding their homes, planting gardens, starting small businesses, and laying the civic foundations for local infrastructure and services.

Imagine being an ordinary Afghani. Think about what it would mean to receive that \$10 a month. At first, the grants might be distributed by U.N. personnel with armed escorts; once a month, you would go to a depot where the funds are dispensed, and there you would see friends and neighbors. It might be a festive market day, and an occasion for civic meetings and politicking. A priority would be to hire or elect local agents and to set up the necessary police, banking, and other services to facilitate the grant distribution. You and your neighbors would have a real incentive to make sure the infrastructure is reliable and the

agents are honest. After decades of war and upheaval, you could anticipate and plan for a secure life for yourself and your family.

Taliban and al Qaeda

Would anyone be harmed by guaranteed income for the people of Afghanistan? Would anyone have a reason to oppose such an arrangement? Yes: the Taliban and al Qaeda, would find it almost impossible to retake control of the country. Likewise, those tribal or ethnic “leaders” who seek power for personal reasons rather than for the good of the people. And drug dealers and weapons smugglers would quickly be out of work. When individual Afghans are guaranteed basic economic security, it will be harder to exploit or manipulate them, and harder to turn Afghanistan into a haven for warlords, smugglers, and terrorists.

A basic income in Afghanistan, Mozambique, or South Africa would also serve as a model for other countries. Helping any of them implement it may be the most effective way to end terrorism and the threat of terrorism in – and from – Yemen, Sudan, the Philippines, and elsewhere. Such an example might even embolden people in Iraq and North Korea to take the risks to overthrow their governments. Whatever happens in Iraq with Saddam Hussein, after he is gone the best way to rebuild the country may be with a basic income; ordinary Iraqis would become relatively wealthy if oil royalties were distributed directly.

An extra dollar a day

Could basic income guarantees even help make peace between Israel and the Palestinians? No single reform can end centuries of ethnic, religious, and territorial conflict, yet this one would create conditions in which, finally, lasting progress is at least possible. Most Palestinians have never known basic economic security, no matter who governed their territory — Britain, Egypt, Jordan, Israel, or the Palestinian Authority. Over just the last few years, per capita Palestinian income has fallen by at least 30 percent. Unemployment is over 40 percent. Almost half of the 2.7 million Palestinians live below the regional poverty line of \$2 per day. As long as many Palestinians are homeless, hungry, and desperate, there will be some who resort to violence against Israel and perhaps the United States.

The Palestinian Authority receives abundant aid, about \$1 billion a year, from wealthy Arab countries, Europe, the U. N., and the World Bank. That \$1 billion could provide an extra dollar a day for every Palestinian, roughly a 50 percent increase in mean income. With that money, Palestinians could rebuild their homes, businesses, and local communities — and, at the same time, rebuild the Palestinian Authority into an effective and accountable government that can stop terrorism and negotiate peace with Israel.

Lasting homeland security

Just think about it. Nothing can be guaranteed, of course, yet current practices are obviously failing disastrously.

Many of us will be watching South Africa and Mozambique closely. But there's no need to wait, and countless reasons not to. At this moment, billions of people around the world are hungry, homeless, desperately poor, without hope. Some will turn to terrorism.

Worldwide military spending is around \$800 billion dollars a year. Imagine what could be done if even a portion of that money was distributed as a basic income to people in poor countries. The U.S. alone spends more than \$350 billion a year on our military. We would be much safer if, instead, we used some of that to help other countries implement and fund basic income grants.

Helping people in poor countries attain basic economic security might be the best way – and the cheapest – for Americans to achieve lasting homeland security. We might even realize the ancient and universal dream of world peace.

Steven Shafarman is the president of the Citizen Policies Institute, which is nonprofit and nonpartisan.

He is author of *“Healing Politics: Citizen Policies and the Pursuit of Happiness”* and *“We the People: Healing Our Democracy and Saving Our World”*.

Citizen Policies Institute
PO Box 21321
Washington, D.C. 20009.
Telephone: 202-265-4433.
Email: info@citizenpolicies.org.
Web site: www.citizenpolicies.org.

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For publishing in other countries, please contact Steven Shafarman by mail:
steve@citizenpolicies.org