



## Basic Income for All: Unaffordable Dream or Real Option for a Civil Society? <sup>1</sup>

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**Abstract:** In the debate on basic income, questions of normative guidance are often confounded with questions of financial feasibility. Even though financial feasibility is important in the overall view, we must not forget that basic income is essentially intended to be an element of a fair society and not a measure of economic policy. To systematically distinguish between the two questions it is expedient to proceed from the idea of a basic income implemented without changes in welfare state expenses. Basic income will probably not be instantly sufficient for subsistence under this restraint. However, this goal can be pragmatically pursued as a dynamic project for generations, if we are convinced of its normative preferences.

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### 1. Introduction

“This is financially not feasible!” – Such is the reflex response to nearly all proposals that aim at a more just (or at least a somewhat less unjust) society and thus imply social redistribution; hence, also to the idea of an

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unconditionally granted basic income. The response is usually based on cost-benefit analysis of an economy, that is, from a (Pareto) efficiency point of view. However, if the issue is social justice, economic arguments against social redistribution are of relative validity only. From the viewpoint of economic ethics it is a common yet grave category mistake to reduce justice to efficiency. Rather, justice and efficiency are two fundamental dimensions of rational economic activity or socio-economic rationality (cp. Ulrich 2008: 105ff.).

Indeed, efficiency – handling scarce resources and goods with economic rationality – is inextricably pegged into the question of justice – handling social conflicts with ethical rationality: for whom is an arrangement efficient and at whose expense is it made? Judged by ethical and political priorities, justice in the basic constitution of a society precedes efficiency of a national economy. So before discussing the financial feasibility and limits of a basic income, we have to clarify the issues of economic and social ethics and politics.

In any case, what is perceived as affordable or unaffordable always depends on value judgments about priorities, hence on normative premises. Superficially, in what is called *realpolitik*, there is a debate on the distribution of monies, but on a deeper level, there is a clash of incompatible worldviews, life designs, and social ideals. In a chaotic mess of questions of fundamental orientation – *how in the future do we want to live together in a good and just way?* – and of questions of pragmatic feasibility – *how can this be implemented and financed?* – all too often new ideas of orientation fall by the wayside. For, as a rule, in real politics decisions are made by those who hold the reins of money (and defend their privileges) rather than by the heads with the best ideas.

## 2. Quality and quantity

To counter the mess, first of all it is useful to disentangle things in thought. It makes sense to distinguish between the *qualitative* question of the meaning an idea such as that of an unconditional basic income has for a future sustainable society, and the *quantitative* question of the gradual implementation, of the specific amount of a basic income. Methodologically, the idea suggests itself first to design and evaluate the new quality of an unconditional basic income on a level that is “cost-neutral” compared to the status quo of a welfare state. That is, we start from the working hypothesis that introducing basic income does not change the proportion between the presently existing and democratically legitimized state expenses for social welfare and the gross domestic product (cp. Jörimann 2010, Kündig 2010). Thus, we can discuss the pros and cons of the idea of a basic income independently of questions of

financial feasibility. If we approve this new idea of social progress, then we can discuss pretty pragmatically the economically feasible quantitative level of the implementation in real politics. So, perhaps, as a result, after cautious first steps into the implementation at a later time, when positive experiences have accumulated, the amount of the basic income can be gradually raised.

It is crucial first to qualitatively change fundamental principles of social organization. My basic claim is: Basic income is not a matter of traditional compensatory social policy but of an emancipatory society into which we have to embed a literally “civilized market economy” (Ulrich 2010). We’d nip the fundamental socio-political import of an unconditionally granted basic income in the bud if we considered it as just another form of welfare state redistribution or even simply as a means to quantitatively increase redistribution.

### **3. From compensatory social policies toward emancipatory politics**

Traditionally, social policies are based on demand or need (on welfare in a broad sense) in the main. Such policies fight the symptoms of an increasingly unequal primary distribution by means of welfare state redistribution in hindsight, without changing at all the causes of the increasing neediness of more and more people. The root of the evil is chronically high unemployment and the wage pressure originating in the global competition between regions and spreading the situation of working poor. Today, unlimited employment contracts and uninterrupted biographies of employment in well paid jobs with full social security, once the rule, have become the privilege of a minority in most OECD countries. This is particularly conspicuous in Germany. We are undergoing a new precarization of the world of employment that bites into former middle-class strata with qualified professional educations, resulting in a more or less creeping or galloping loss of civil status, life style, and self-confidence. Not only they but also an increasing majority of the population more and more feels that the conditions are unjust. Consequently, the existing societal relations suffer a profound loss of legitimacy. Empirical evidence was unambiguous and gloomy even before the financial and economic crisis (cp., on Germany, e.g., Vehrkamp and Kleinsteuber 2007).

This spreading socio-economic reality partly is hidden by the present compensatory social policies, but partly even exacerbated – think of *Hartz IV* and other doctrines of *workfare*. Putting the “needy” under the increasing pressure to accept an employment despite lack of workplaces and shunting them in a dubious but fast growing low-pay sector, the welfare state tends to degenerate into a welfare police state. Nevertheless, despite rising “costs” (paid in fact by whom?) the welfare state more and

more desolately lags behind the widening gap between rich and poor. Where will this journey lead to in the end?

In contrast, emancipatory politics tackles the central cause of the mess, the traditional linkage of income distribution to market-controlled employment distribution, a linkage that at least exists for all people who cannot live off yields of capital. In the present late stage of industrial society, the labor market cannot cope with this double task. The present stage is characterized by the tightening of good, stable and decently paid employment offers due to the progressive rationalizing of all jobs that can be mechanized, automated, or computerized as well as to their transfer to more “cost-effective” threshold countries as part of the global competition between regions. Under these conditions, the anachronistically tight linkage of income distribution to the labor market requires denying or even fighting the *social* potential of progress implied in the economic increase of productivity, as the anachronistic ideal of “full employment” is propagated to prevent the disintegration of society along with all its threatening consequences (loss of legitimacy of the market economy, macro-economic crises, social unrest, and in the end the danger of authoritarian suppression of democratic reform efforts). Still, “real politics”, no longer very realistic, unperturbed banks on economic growth and the long-known politico-economic recipes, even though these recipes have caused the social problems in the first place and go on aggravating them. In fact, in this politics of trying more of the same a fox is set to keep the geese because our main problem today is not lacking economic productivity and competitiveness. Rather, the problem is the qualitatively insufficient coping with the social implications of a highly productive economy. So it is not an economic but a sociopolitical problem.

#### 4. Civil society beyond capitalism and laborism

Today, what is at issue, under fast changing socioeconomic conditions, is to restore an institutional framework of the market economy (as a system that in itself is highly productive) conducive to a good life for all members of society, by means of a *more intelligent social organization*. For many people it seems difficult to recognize and acknowledge the maturity of such a leap in quality, mainly because such recognition is opposed by normative convictions. The opposing convictions are comparable to the two sides of a coin. On the front it shows a *capitalist* imprint (motto: “The value added in a cooperation based on the division of labor belongs to the owners of capital, after compensation of all other factors of production”). On the back, the coin shows a *laborist* imprint (motto: “He who does not work, neither shall he eat”).

This linkage of the distribution of the social product to the distribution of gainful work running short and primarily offered or reduced according to capitalist interests is not wrong as far as it corresponds to the principle “performance should pay off”. But by today’s standards, the linkage is too dominant, as two factors have a “tyrannical” impact (Walzer 1983: 17ff.) on the entire human life: (a) the capitalist factor of being born into a wealthy family and inheriting capital assets – or of not being born into such conditions, (b) the laborist factor of having inborn talents at one’s disposal, of having gotten a good education and being successful on the labor market, allowing a good and stable income – or of lacking all this.

Both factors foil the ideal of a truly civil society. A civil society is based on the unconditional mutual recognition of all citizens as being free and equal. This *civic status* must not be undermined by grossly different life conditions. The struggle for existential self-assertion in market competition must not render the civic form of life a privilege of the successful – this is the basis of welfare state merits that civil society claims for itself. The (capitalist) principle of heritage is compatible with the principles of a well-ordered society of free and equal citizens only with restrictions. Strictly speaking, it is a (neo-)feudal principle of assigning privileges anyway that without restrictions makes a mockery of the liberal performance principle and the postulate of equal opportunities.

However, also the performance principle, if made absolute, will lead astray; not only because it does not take account of the under-achieving but also because it contradicts an elementary economic insight: in an economy based on a complex division of labor the *social* product is the result of a social and joint achievement indeed, which principally excludes an entirely individualized assignment of achievements. How absurd the attributions of an exaggerated individualization of the distribution of the social product have become is sufficiently shown by the exorbitant “performance-linked payments” and bonuses of top managers who appear to attribute the gains (yet rarely the loss), produced cooperatively by all the employees of a firm, by and large to themselves as their individual achievement. In contrast, they are capable of perceiving the wages of their cooperators only as costs – which are generally known as a matter of minimization for the sake of maximal profits... Thus, as part of a neoliberal mindset and politics of deregulation, in the last thirty years the share of wages in the social product of nearly all countries has distinctly fallen and the share of net income from business and assets has risen. Impressive numbers attesting to this development of the last three decades using the example of Germany are adduced by Afheldt (2003).

Considering these developments, what is at stake today is not only to unfold but first of all to uphold a civil society that is still worth the name. From its inception, the decisive starting point of the idea of a society of

free and equal citizens was to strengthen the rights of citizens and thus to make the citizens really free. This seems to me to be the epoch-making sociopolitical perspective in which to clarify and discuss the idea of an unconditional basic income for all citizens: as a possible contribution to an economic and social system that allows as many citizens as possible a really free and autonomous conduct of life and thus protects civic society against a relapse into a pre-modern, neo-feudal society. Such a society would be socially disintegrated, split into unbridgeable life conditions and opportunities, with classes that depend on the families and the social layers they have been born into.

### 5. Unconditional basic income as an economic citizenship right

For the sake of a truly civil quality of the society, today the important thing is to establish, beyond the basic personal rights and the rights to political participation, appropriate economic and social citizenship rights; rights not only for all nationals but also for all *economic citizens*. Economic citizen is everyone who has the right of work and residence in a state, actually has the residence in it, and last but not least discharges his or her tax liability. Thus, economic citizenship rights are defined neither by nationality nor the mere residence in a country but the actual (and legal) participation in the economic production process. A universal basic income is to be understood as such an economic citizenship right; so the set of beneficiaries would be clearly defined by the criteria mentioned (cp. Ulrich 2008: 240ff.).

There are even two socio-economic aspects that suggest, today more than ever, introducing an unconditional basic income as an economic citizenship right. First, as explained, the labor market is no longer capable of offering a decently paid workplace to everyone able or (because they need the wages or for other reasons) willing to be employed; thus, it fails to secure every citizen's fair share in the social product. Second, an ever greater part of the social product is no longer distributed by the labor market (as wages) anyway, but is flowing, as *returns on equity*, for the most part to a small stratum of capital owners. To correct both of these aberrations, in my opinion we have to shift the distribution of the social product to a sustainable *three-tier-model*. According to this model, "civic income" (a base income every economic citizen has a right to) *plus* wages (for gainful work) *plus* capital income (from assets) make up the total income of every citizen. A balanced three-tier-model of the distribution of the social product requires a politics of an adequate participation of as many citizens as possible in all three tiers, that is, a literally "civilized" politics of basic income, labor and capital assets. Of course, the details of this distribution are to be determined by democratic procedure.

It is in the frame of such a three-tier model that a universalized basic income, whether at an amount that secures subsistence entirely or only partially, may in many respects convince as an element of a progressive social politics (though not the only saving one). We can succinctly list its essential interactions, without explicating them thoroughly. (For an overview, see Vanderborght and Van Parijs (2005).) Unconditional basic income

- makes it possible for the majority of the population, the financially weak, to emancipate themselves from the coercion to sell themselves, during a “fully employed” working life, on the labor market at almost any price (in Germany literally for “1-Euro-jobs”);
- relieves the labor market of those employment seekers who seek a full time job only to secure their subsistence, and offers to many people a chance to choose a workload that fits their individual or family conditions and their stage of life;
- makes, with its increase, an ever greater part of the traditional compensatory social benefits superfluous and thus efficiently resolves the poverty problem;
- saves, with its increase, more and more citizens from the fear of being humiliatingly stigmatized as a “welfare case” and grants them the existential security appropriate to a progressed society;
- thus liberates people from the traditional mental fixation on the daily struggle for bread, triggering a profound “cultural impulse” (“Kultur-impuls,” see Werner 2008: 74ff.) in the direction of a post-laborist activity-oriented society;
- has interesting macro-economic effects, as the more equally distributed purchase power and the end of existential fears stabilize the propensity to consume and the (domestic) economy.

## 6. Basic income for all – gross and net

Let’s have a short glance at the quantitative implementation in the following, after having kept it flexible in our reflection until now. What is the part of the social product that can be made available for the tier of the basic income without breaching the welfare state cost neutrality postulated above? To get a strict conception of this neutrality we start from the share of social benefits, defined by international rules as the share of social expenditure minus administration costs. In Switzerland, for instance, this share makes up somewhat less than 25 percent of the gross domestic product (GDP). The Swiss GDP in 2013 amounts to pretty exactly CHF 600 billion, which results in a per capita monthly income of around CHF 6250 for every resident of Switzerland. Hence, the existent share of social benefits amounts to a little more than monthly CHF 1500, which could be

used as a basic income if the shift to basic income is ideal typically complete.

However, those citizens who without basic income own a rich income from wages and/or capital, can and should return their basic income, partially or entirely, in form of higher taxes or – in the case of a more transparent mutual funds solution to fund and distribute basic income – in form of a special payoff, in analogy to the AHV funds (a Swiss social security funds). What is left to the diverse income layers as a net value depends on the form of tax tariffs or the special payoffs, which of course have to be adapted to the amount of basic income. The gross income can be assessed to be correspondingly higher. For example, if in the net calculation half of the population return the basic income entirely and a quarter return it partially (half of it on the average), then according to the guidelines of the Swiss Conference for Social Benefits (SKOS) a basic income that secures livelihood of around CHF 2300 to 2500 can be granted, as has been calculated by Jörimann (2010). A more modest basic income requires less “steep” tax compensations. It is up to democratic politics to decide on this question, of course with due regard to the economic side effects.

## 7. Basic income as a dynamic generation project

Due to the fact that the complex dynamics of the cultural, social and economic effects of basic income are hardly predictable in detail, there are some reasons to plan its introduction as a dynamic generation project and to start with a *partial basic income* that at first cannot yet secure subsistence but nonetheless liberates to some extent from the inherent necessities of self-assertion on the (labor or entrepreneur) market. It is here appropriate to remember Van Parijs (1995: 38ff.), who always has pleaded for an economically “sustainable” basic income. For some decades, such a basic income may be less than the cultural existence minimum, measured by the usual standards. However, the further *progress of productivity* would win back a *horizon of meaning* serving life and society. Rather than being felt as causing unemployment it would be felt to allow successive increases of the unconditional basic income.

Thus, experiences with the complex impacts on the economy and on the life projects of the citizens could be made and taken into account step by step. In contrast, abrupt changes of the system might be disastrous in particular for the weaker people, especially if strong “bandwagon effects” on the wage level or massive financial gaps occurred.

A partial basic income does provide a partial liberation from the coercion of finding an employment after all and still might avoid abrupt and possibly uncontrollable, macro-economic crisis effects and cautiously

start socio-cultural and politico-economic “learning curves.” Within a period of experience and testing, whose length would be democratically specified, basic income, if experience is positive, could successively be built up to an amount sufficient for subsistence. In return, the present need-based compensatory benefit systems could successively be reduced to zero, except for special benefits in cases such as invalidity that require higher expenses and have arisen through no fault of one’s own.

### 8. A Swiss path to the basic income for all

Let’s finally return once more to the special qualitative perspective in the Swiss context. Perhaps in no other country can the idea of an economic citizenship right to basic income connect to existing civic traditions as immediately as in Switzerland. The distinct republican spirit and the direct democratic procedures of decision-making have produced numerous institutions that express the principles of civic autonomy and equality as well as of the cooperation and solidarity of civil society. They can be built on; indeed, they shape the elements of citizens’ rights already existing in the Swiss welfare state (Patry 2010). In particular, the *Alters- und Hinterlassenen-Versicherung (AHV)*, the insurance for old-aged and the bereaved, comes fairly close to the idea of a basic income for no longer employed seniors, since all economic citizens (not only Swiss nationals but also foreigners who are or have been residents in Switzerland) receive the minimal pension in the amount of no less than half the maximal pension if during the necessary years of contribution they have regularly paid their modest, nearly just symbolic premiums. This strong element of solidarity of an old age insurance for all citizens (rather than just an insurance against loss of income) is financed by those members of society who pay in the full shares of their high labor incomes, whether they earn them as self-employed or as employed persons. Because of this universalistic aspect of an insurance including all economic citizens (even though it is limited to their old age for now), this first tier of the Swiss old-age insurance increasingly attracts interest also in foreign countries as a model of a “soft garantism” (Opielka 2005).

Thus, for Switzerland, the proven and highly efficiently administered AHV might well become the *nucleus* of a future basic income system (cp. Ulrich 2007). The minimal pension of the present AHV might serve as a basic income for all adults before their retirement age, an income that admittedly does not yet secure subsistence, hence is only a partial basic income. It could be gradually introduced by successive extension of the entitled age cohorts from the present AHV-age down to the younger cohorts and at the same time by successive extension, from the young to the older, of a child- and education pension, still to be introduced (for

instance at the amount of a quarter or half of the basic income for adults). In this way, those hardest threatened by poverty and unemployment (people beyond the age of fifty, job starters, and children from financially weak partnerships) would become relatively soon entitled to basic income. Only after universalizing over all cohorts in a next pragmatic step the gradual increase of the universal basic income would be put up for debate.

If in addition the Swiss system of blanket supplementary benefits, also reliable because it is oriented towards basic rights, is in advance extended to all cohorts, this will contribute to a faster reduction and supersession of all other social transfers based on proofs of need. Such blanket needs-based minimum benefits can be conceived as equilibrium between an unconditional citizenship claim right on one extreme and forms of benefits dependent on case, problem area and discretion on the other extreme. The base income paid to everyone is to be assessed so as to allow the vast majority of the citizens to get along without problems and only a small minority, continually shrinking with the successive increase of the basic income, has to apply for additional support. The claim right to such a “civic income supplement” (“Bürgergeldzuschlag,” see, e.g., Opielka and Strengmann-Kuhn 2007: 111) is to result from a limited number of more or less blanket, non-stigmatizing criteria (in particular taxable income and family situation). Such a two-tiered approach will be expedient at least for a transitional phase.

Following the outlined path, the specifically Swiss form of civil society may open up the chance for this country to belong once more to the vanguard of an epochal sociopolitical innovation – a country that was a beacon of Enlightenment and the progress of civilization because of its successful liberal citizens’ revolution, when establishing Switzerland’s federal constitution in 1848. Actually, a *popular initiative* for a constitutional amendment in favor of an unconditional basic income, though in a rather abstract formulation, has come about in fall 2013 by more than the necessary one hundred thousand signatures and will likely be balloted in 2015. Even though, considering the massive resistance to be expected from those who still think in both capitalist and laborist terms and cling to the model of an industrial society, the chances of acceptance are rather small, yet the initiative already now has triggered a broad public debate. Perhaps, in a first step, in the debate the epochal political will to democratically implement the option of a civil society of the 21<sup>st</sup> century will unfold. Without doubt, in this initiative, a dynamic approach to basic income rather than a dogmatic one has a better chance to pragmatically convince a majority, at least in a country like Switzerland where the people have the final say.

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