

A critical view on basic income schemes and unconditional basic income

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I still remember the groundbreaking arguments of André Gorz in the 1980s. He predicted the end of the traditional working society and called for the transition to a free knowledge society. He also spoke out in favor of redistributing work and income. Later he justified the need for a basic income in his book "Labour between Misery and Utopia". But that was far from the beginning of the debate. Always in human history, there have been approaches to separate income and work. We can read about it in the meanwhile well-documented history of the idea.

The new debate on the idea of an unconditional basic income took off in the 1980s. The Basic Income Earth Network (BIEN) was founded in 1986, initially on a European level. Initiatives have been founded in many countries since the 1990s, and finally the European Citizens' Initiative Basic Income was launched in 2020 with participation from 23 countries.

There are now very intense discussions about basic income. It is the most important socio-political debate of our time.

The debate is very intense because of the different concrete concepts. It also forces us to think about the structure of the capitalist system and the compensatory function of social systems. It is not just a historical fact that capitalism is built on coercion and exploitation. This can be seen in the

capitalist centers not least in the regulations that apply to unemployment. Often there is no longer any question of freedom of choice and self-determination.

I would briefly like to discuss the different concepts of basic income. In literature, two large groups are named: the social utopian concepts and, differentiated from them, the neoliberal concepts.

The neoliberal concepts go back to the economist Milton Friedman, who formulated the concept of negative income tax in 1962. This means that a previously determined amount of money is offset against the tax liability. Anyone who earns less than this tax allowance should receive a government grant that fills the difference. The charm of this approach lies in the fact that it does

not require extensive social bureaucracy and that all citizens are entitled to the basic income.

However, the problem arises when taking a closer look at the newer concepts: On the other hand, the working conditions should also be individualized and, for example, collective wage agreements and protection against dismissal should be superfluous. The neoliberal approaches thus represent a direct attack on workers' rights. In addition, they can be used as combined wages and thus exert considerable wage pressure.

As an example of the neoliberal approach, which is linked to the idea of negative income tax, the concept of solidarity citizens' money by Hohenleitner and Straubhaar can be used, which the authors presented in 2007. (Sorry to quote authors from the debate in German-speaking countries, it's simply the one I know best). They

assume that social spending will rise steadily due to demographic developments in the German-speaking countries. That is why they draw the conclusion that constant repairs to the existing social system are not enough and that a system change must be carried out. They see the solution in a basic income with the following cornerstones:

The state grants all citizens a transfer payment equal to the subsistence level. This is financed from the state budget through taxes. The transfer payment is not tied to any conditions. All other social benefits financed by taxes and duties will be abolished. The socio-politically motivated regulation of the labor market will also be abolished: protection against dismissal, collective agreements and minimum wages. Employer contributions to social security would also be dropped. (1)

The social utopian concepts are different. Ronald Blaschke, who has been campaigning for an unconditional basic income for many years, says:

“Basic income is a monetary (monetary) form of unconditional access, guaranteed to all people individually, to means that secure livelihood and enable social participation, access that is not compulsory for work or for something in return and is not connected to a means test (socio-administrative income / asset test). Basic income concepts are - in connection with further political changes - emancipatory if they are used in a national as well as in a global context

a) for the liberation of all people from material blackmail by capital owners and women from material dependence on men,

b) for the aim for a redistribution of privately appropriated social wealth and the fair distribution of social power, i.e. at material redistribution and democracy, and if they do

c) are based on or promote production based on human needs and ecologically sustainability.

A key element of emancipatory basic income is the sufficient amount. A basic income that is too low is formal, but not really unconditional - because for economic reasons it forces you to work / wage work. "(2)

The social utopian concept presented by Attac is giving some concrete ideas how to finance the unconditional basic income. The basic income should therefore be financed as follows:

Elimination of tax-financed basic pensions,

Elimination of civil servants' pensions,
Elimination of unemployment benefits,
Elimination of family benefits.

At the same time, the following taxes are to be levied or increased:

Added value tax,
Inheritance and gift tax,
Property tax,
Tax on foundation profits,
Wage and income tax. (3)

The socially utopian concepts are like the neoliberal about a service that is open to all citizens. In contrast to the neoliberal concepts, however, the socially utopian concepts do not anticipate the dismantling of workers' rights, but rather make suggestions, for example, for the restructuring of the health insurance system in favor of general citizens' insurance, general

reduction of working-time and minimum living wages.

It is important to be clear on these differences and to look precisely into the details of what is offered as basic income. If not we may step into the trap of neoliberal aggressive politics - with best intentions.

The neoliberal concepts openly put existing workers' rights up to abolish them. This makes them highly questionable. Workers' rights have been fought for by the workers' movements for more than 150 years. It seems absurd to me to question this. And the implications of neoliberal concepts on workers' rights explain, why b.e. trade unions are very critical to all concepts of unconditional basic income.

I can enrich these facts with a personal experience: In 1994 I was coordinator for the concept of the Greens in Germany for a reform of basic social income. The concept had been developed together with welfare associations and initiatives. It included a living income and unbureaucratic access, so it was humanistic oriented. It was not an unconditional basic income for everyone, but a concept that could help people affected by poverty to live in dignity and to escape the poverty trap - without being forced to work. With this approach, the reform debate got momentum. In 2003 the red-green government decided on its reform concept. They called it Basic Income – but in reality it was Hartz IV - a massive deterioration in the rules on unemployment as a whole and for basic social security. It was the reduction of income to the absolute subsistence level plus massive compulsory work. This

experience may show that we always have to look to reality behind words when it comes to social standards.

In this way the social utopian concepts remain as hope. However, I have a few points of criticism here as well. Wherever practical experiments with the unconditional basic income have been carried out up to now, they have either been short-term projects for young people or they have been carried out with precariously employed people and people affected by unemployment.

One of the short-term projects is the crowd-funded one-year scholarship that is being implemented in Berlin. This is where young people use this time mainly to sort out their perspectives and to develop creative new ideas for their future.

One of the longer-term projects is the Finnish 2-year basic income project, which has now been completed. 2000 randomly selected unemployed Finns had received 560 euros every month for two years, tax-free and unconditional, instead of the normal unemployment benefit - it was an unconditional basic income. In some cases, that wasn't even more money than the unemployment benefit previously paid. The biggest differences: They received the unconditional basic income just like that. No applications, no forms, no bureaucracy. And they were allowed to earn as much as they wanted in addition to the 560 euros.

The project was examined in a study and compared with a control group that did not receive a basic income. The main aim was to find

out to what extent the participants in the project could find work opportunities.

The study states that in the first year there was hardly any increase in employment, while in the second year there were definitely positive effects, which, however, were difficult to assess because there was another general employment promotion program at the same time and asymmetrically to the project.

The following are considered positive results:

According to the study, the participants felt better psychologically because of the basic income. They were happier and more confident in their fellow human beings.

It takes a longer period of time to develop positive effects on job search.

In a survey of the Finnish population on the pilot project, 46% of those questioned were in favor of the introduction of an unconditional basic income.
(4)

However, there is also the question of whether the focus on work in evaluating the experiment should be the main approach.

My preliminary conclusion on the unconditional basic income is therefore: we need a lot more practical experiments. We still have a lot of reliable information. New projects may take place on a local, regional or national level and, like the Finnish project, they must be accompanied

scientifically. But Finland also shows that it takes more than two years for such projects.

My last example took place far away from Europe in Namibia, where an unconditional basic income financed with donations from the churches was realized in 2008-2009.

Otjivero-Omitara, a village with 930 beneficiaries in the middle of the desert, was selected as location. Then some kind of pension should be paid. The very small sum of money per month (9 \$) was paid to the women of the village.

In the run-up, the model project was sometimes heavily criticized. The basic idea of eradicating poverty was endorsed, but two main points of criticism were identified

- Poor people cannot use money responsibly

- Paying cash without consideration gives people rights without responsibility.

However, based on the empirical data, it can be shown that the number of malnourished children has decreased. The number of school attendances has increased and the number of medical consultations, which was measured by the paid clinic fees, has also increased. (In addition, I can say from my own observations in projects in the Global South that whenever women get the chance to overcome extreme poverty, they invest with great intensity in the education of their children and in health).

In addition, the cash payments have led to a decline in begging activities and thus to a gain in human dignity. Social relationships have improved and the community has been strengthened.

For a long time there was a struggle to implement the model in all of Namibia. In 2013, however, the supporters had to realize that the resistance was too great. (5)

It might seem a little strange to introduce this example from the Global South into the discussion in Europe. In this discussion, however, it is particularly important to look beyond the highly industrialized countries – we are not living on an island. Climate change, desertification of large areas and the merciless privatization of land are forcing people to seek refuge in mega-cities - and this development will even increase in the future. More and more people are forced to live in extreme poverty, often without any shelter. The question of a minimum livelihood is an urgent question in the Global South too. By the way, the context is mentioned in the Attac-concept too.

Back to Europe - to the EU and to reality: There are state minimum income systems in 22 countries, in 5 countries these are implemented through collective agreements. They should all serve to fight poverty. Some authors say that these systems can be used as starting points for the introduction of an unconditional basic income. Since the social prejudice still prevails that many unemployed people are not willing to work and settle down comfortably with state benefits, the regulations on minimum income are usually associated with coercive measures if those affected do not accept work – at any conditions.

In most of the regulations, as in Austria, there is as principle the obligation to provide consideration in order to receive social benefits. (See also in Great Britain (Working Families Tax Credit),

France (Prime pour l'emploi) and the USA (Earned Income Tax Credit) the right to social transfers only grows with the income.

This compulsion to work is high in Germany, Hartz IV in Germany led to an increase of low-paid wages in this country. Hartz IV is putting not only those depending on it under pressure: it pushes wages down. Around 9 million people work in Germany in the low-wage sector (6). That's a quarter of the workforce. People depending on Hartz IV are forced by bureaucracy and often work at the social welfare rate or do unpaid internships or follow mostly less meaningful further training.

Concerning the level of benefits in the EU we see: Except in Ireland and the Netherlands, the minimum income in the EU countries only

guarantees a subsistence level, well below the poverty line recognized by the EU of less than 60 percent of the national average income.

Finally, I would like to point out that it is absolutely imperative that rules and regulations for combating poverty no longer contain any compulsory work and that they have a livelihood security level. The dignity and freedom of choice of people affected by poverty is a greater good than the short-term budget interests of countries or the joy of capitalists over unpaid work and cheap wages. And at this point we learn from the debate on unconditional basic income.