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Universal Basic Income and the Reshaping of Democracy

Towards a Citizens' Stipend in a New Political Order



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Towards a Citizens' Stipend in a New Political
Order

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Chapter 1

Introduction



The discussion of universal basic income has come to a deadlock. So far, the questions whether, when, where, and how a universal basic income could eventually be put into political practice have played a minor role in this discussion. However, these questions belong not at the end, but at the beginning of the debate.

This line of inquiry brings the political logic of basic income into focus. This logic carries highly controversial political and scientific implications. It reveals that the politics of basic income must be discussed in a much wider context and over a much longer time horizon than hitherto done.

In the light of this logic, the institutions and rules of conventional democracy are shown to be insuperable barriers to universal basic income—barriers not only to concrete political implementation, but also to large-scale and nationwide basic income experiments.

In the context of present democracies, basic income would neither find sufficient support with voters, nor could it be implemented with the exceptional foresight and competence necessary for such a project.

This book outlines alternative political institutions, rules, and strategies that could eventually make universal basic income politically viable.

Chapter 2

Basic Income—A Project for Generations



2.1 Unconditional Basic Income—A Consensus-Building Term?

Unconditional basic income is difficult to discuss free from emotion and ideology. Controversies in this field result less from differences in economic calculations than from political and ideological prejudice. The discussion therefore cannot be objective and sober unless the political logic of unconditional basic income is fully revealed. This logic is the key to the question of whether, how, where, and when an unconditional basic income could be implemented.

From an economic point of view at least one thing should be uncontested: an unconditional basic income is affordable. But this is of course a trivial fact. There will be no denying that there is an amount greater than zero that the state can regularly pay its citizens as basic income. The dispute becomes acute, however, as higher amounts of basic income are discussed. Then—depending on ideological disposition—this basic income may be regarded as an outgrowth of economic ignorance, as a leftist utopia, or as a fig leaf of a neo-liberal system. The fact that unconditional basic income has been incorporated in European party programs and is increasingly discussed in print media and talk shows makes the debate even more diffuse. Ideological biases will not be overcome even if the social and economic implications of unconditional basic income are examined in ever more state-organized field trials. Such trials can provide only a vague indication of the impact of a particular variant and amount of the basic income in a particular welfare state and social environment. They will not and cannot reconcile current conceptual controversies about unconditional basic income.

This book is a largely extended version and in part a translation of Wehner (2018). It summarizes arguments from former publications of the author. For an overview see <http://www.reformforum-neopolis.de/reformforum/sozialstaat.html> or <http://www.reformforum-neopolis.de/reformforum/gesamtkatalog.html>.

In the past, many advocates of unconditional basic income have taken it for granted that this income must secure a sufficient livelihood by itself. The higher the basic income, however, the more difficult it becomes to prove that it could be financed in a way that is politically acceptable. Most defenders of basic income do not tend to be very specific regarding how it would be financed. It is often unclear which taxes and which tax rates are to be used for financing and how existing social security and social transfers should be reformed when the basic income is implemented. It is also often left unclear who should be entitled to receive basic income, and there are divergent notions about the disbursement mode, in particular the possible offset of the basic income with the income tax. Most challenging is the matter of designing a process of transition from the existing social security system. The present debate has failed to make clear the winners and losers under an unconditional basic income regime and in particular how these relative effects may develop over time. Such non-transparency induces anxiety among presumed losers, and it can make them receptive to populist agitation against basic income proposals. Moreover, many advocates of unconditional basic income seek the support of a particular ideological group but present ideas objectionable to other groups. This tension may also contribute to a general negativity toward unconditional basic income. Thereby, the overwhelming rejection of unconditional basic income in the 2016 Swiss referendum did not come as a surprise; only about 10% of the electorate voted in favor.

As clear as this outcome was, it remains unclear precisely what was rejected. The rejection was certainly not about unconditional basic income in any form and amount. Rather, the electorate rejected an order of magnitude of a basic income informally recommended by those who designed the referendum proposal.

Such a blatant failure of a referendum inevitably affects public consciousness. Losers include not merely individuals and organizations, but also terms and concepts. In this case, a possible loser may be the term “unconditional basic income” itself. Even if large parts or a majority of citizens sympathize with this term as an abstract concept, it has become apparent that the overwhelming majority distrusts its practicability.

Under such circumstances, it could be helpful to at least temporarily replace this term with a more neutral alternative. This reframing could at any rate help dissociate the basic income concept from the widespread assumption that it would alone ensure a decent livelihood preferably above the level guaranteed by the current welfare system. A basic income must by no means reach this level to instill its many positive effects.

The use of new terms for known concepts can, of course, also create new confusion. However, the term unconditional basic income can in the current discussion easily be replaced by a familiar alternative such as “citizens’ allowance” or “citizens’ stipend”.¹

¹The alternative German term introduced by the author is “Bürgergeld” (Wehner 1990).

Such terms also have turbulent histories. They have been associated with prejudices, have in some European countries been instrumentalized in party politics, and have been used ambiguously in public discourse. Nevertheless, their use dates sufficiently far back to carry alternative connotations. Moving forward, the term citizens' stipend can therefore be given preference to the more familiar terms unconditional and universal basic income. This reframing might help to explore the potential for political consensus on this matter without bias. In the following, basic income is used only as a more general term, whereas the term citizens' stipend mostly refers to the specific basic income scheme outlined in this essay.

2.2 The Transition to the Basic Income System—An Impossible Task?

Unconditional basic income is mostly discussed as if it were an ordinary political issue comparable to something like a tax reform. But this misses the point. The decision to introduce a basic income lacks political precedent. Its extremely long-term perspective would mark a groundbreaking process of change never previously accessed by conventional democracy. Political imagination in this matter is accordingly poorly developed.

In discussing such a seemingly radical concept as a citizens' stipend, two aspects must be strictly held apart: the long-term goal and the transitional processes preceding it. A citizens' stipend would be marked by long run, qualitative social change defined by whether or not the society will in the long run be more prosperous, dynamic, fair, free, lively, and creative. In contrast, a transition process would bring to the forefront the question of initial winners and losers. Losses and gains can be economic, but also ideological and political—i.e. gains and losses of interpretive sovereignty, electoral votes, influence, and power. Precisely the latter are—at least implicitly—the most controversial issues in the current public debate about unconditional basic income. The program's fiercest opponents, therefore, are to be found, for the most part, where loss of power, prominence, significance, and importance is most likely to be suffered during and as a result of a system change.

In contrast, a far-sighted discussion about the citizens' stipend pushes the arguments beyond such short-term disputes. Priority would instead be given to discussing the long-term social and political objective to foster the emergence of a new societal state.

One of the major objectives of the citizens' stipend system is to make the political dispute over the distribution of income and prosperity easier to understand and less divisive and thereby to foster social peace and consent. That advocates and opponents of unconditional basic income still oppose each other from seemingly irreconcilable positions is therefore evidence of a misunderstanding and shows that the concept was introduced into the public discourse with false premises.

One could argue that the introduction of a basic income would inevitably produce winners and losers, that the losers might be the majority, and that therefore a harsh political debate about the issue is inevitable and even necessary in a democracy. Citizens, stakeholders, politicians, opinion leaders, and experts would then rightly ask themselves whether their own interests and the interests of the institutions and organizations to which they feel attached are respected and which convictions, whether political, ideological, scientific or others, might erode in a basic income system. From this perspective, the introduction of a basic income with broad political consensus is illusory, and the political logic of the basic income can be nothing more than a logic of conflict of interests.

This claim would be appropriate if the decision about a basic income system were imagined as a common case of democratic politics and thereby as a matter of contest between parties and party coalitions for electoral votes. It would then be plausible that someday a coalition of parties favoring basic income would impulsively seize an opportunity to pass a basic income law with a parliamentary majority, however narrow. But such a law could equally easily be later abolished under different political conditions. Consequently, unconditional basic income could thereafter be politically discredited for generations. Advocates of basic income would therefore be well advised to beware of any short-term political success. Even in Switzerland, a referendum win in 2016 would at best have been a Pyrrhic victory.

Any attempt to rapidly introduce a basic income would inevitably result in complex overlaps with the non-transparent existing welfare system, further heightening confusion. This perceived threat to the existing welfare alone could be sufficient to reverse any initial euphoria. Anxieties and concerns about distribution of wealth and income could be fueled more easily than ever with populist and ideological slogans. A basic income that is not sustained by a wide and reliable political majority from the outset may therefore not be seen as dependable in terms of outlay and tax liability and level of complementary social security. If not embedded in a coherent concept for a long-term system transition, the basic income would make social policy even more complicated, less transparent, and more conflict-prone than before.

How else then could the transition from the existing system to a basic income be imagined? How could it be kept apart from the typical political quarrels with their populist simplifications? How could it be exempted from the banality of common democratic election campaigns and from the erratic effects of frequently changing parliamentary majorities?

The most obvious and, in fact, the most plausible answer to these questions is: basic income cannot work, at least not in the democracy we have. In other words, our democracy does not provide adequate conditions for the introduction of a basic income system.

Skeptics of basic income would easily accept this. They would argue that the basic income project is no reason to question existing democratic rules and procedures; that democracy should not adapt to a basic income system, but the welfare state must adapt to the existing democracy; and that the resulting restrictions on the

design of the welfare state must therefore be accepted—that is, if the basic income project is impracticable in democratic politics, this is the fault of basic income, not of democracy.

The emphasis on this direction of causality is the most convenient reaction. But a completely different conclusion could be drawn if the question were, for example, put in this way: could the political impracticability of basic income point to a fundamental shortcoming of the political order to handle great long-term reforms? If this were so, it must be asked whether and how the basic income project could be saved from the shortcomings of the existing parliamentary democracy; whether existing democracy could be further developed so that the basic income project would at least in the long run become politically feasible.

This may at the first glance seem to be an exaggerated, overly radical and, therefore, absurd question. Whether and how absurd it is, however, depends solely on the reforms to which democracy need be subjected for the benefit of the basic income project.

The assumption that a project such as the citizens' stipend could actually overstrain existing democracy draws upon political reality. The notion is illustrated by many abandoned, aborted, and failed political reforms that have placed far lesser demands on the far-sightedness, reason, and morality of policymakers. So why, one might ask, should democratic states, which have failed on so many lesser tasks, develop unprecedented foresight and creative power in, of all things, implementing basic income? To this there is no plausible answer.

That existing democratic procedures would not be adequate to basic income projects can be inferred from experience, but equally convincing from philosophical arguments. John Rawls, in *A Theory of Justice* (Rawls 1971), argued that decision makers on distributional justice should be disinterested persons for whom nothing personal is at stake. This aspect of the debate may at first sight seem purely theoretical, but it is a compelling argument. Rawls suggests that basic decisions about distributional justice should be made under a fictitious temporary “veil of ignorance” about ones' personal circumstances. In such a fictitious condition, current interests and conflicts of interest would not affect the outcome of the decision-making process.

Under the veil of ignorance, everyone would fear finding him- or herself among the least advantaged of a society after the veil of ignorance is lifted. Everyone would therefore want to make provisions that the least advantaged will be as well off as possible. In this theoretical condition, conflicts of interest and associated political phenomena such as party disputes, populist agitation, and ideological polemics are of no importance in social politics. Thus, a society based on solidarity rather than on conflict management would do whatever it could to optimize the well-being of its least advantaged citizens.

In real democratic decision-making processes, citizens and politicians are not inspired by such philosophical thinking, and accordingly, democratic practice is far from the scenario conceived by Rawls. Yet more pressing is the question of how political conditions could be molded to enable politicians to consider Rawlsian

Table 2.1 Constitutional amendment for a citizens' stipend

A basic income system is to be introduced
All citizens of all future birth years will be lifelong recipients of basic income
Claims of formerly born citizens to the existing social policy system will remain unaffected by the system change
Further details are to be regulated by legislation

criteria for matters as essential as the introduction of a basic income system, i.e. to make such decisions as unprejudiced and unselfish as possible.

This may seem utopian at first sight, but it is precisely in the context of the basic income issue that a viable solution to this problem presents itself. The influence of self-interest on eventual basic income legislation could be eliminated by a seemingly very simple artifice. To this end, the policy decision could refer to a basic income from which living generations are excluded. In that case, living generations would not decide on a basic income for themselves, but for their descendants.² In this scheme, no living citizen or politician would have cause to be anxious about material or other personal disadvantages resulting from the introduction of a basic income system.

Such a decision-making scheme would apply if a decision were to be made on a constitutional amendment stipulating the following in Table 2.1.

Such a decision-making situation would at least be close to the ideal of the philosophical thought experiment. No living citizen—and thus no party involved in the political decision-making—would be negatively affected by the system change or transition process. If citizens and policy makers showed some empathic interest in the well-being of the next-born, a decision in the Rawlsian spirit would ensue and the amendment would be passed.

With this decision, generations to come would grow into such a citizens' stipend system as matter of course, and the previous generations would remain entitled to the same social benefits and burdens as in the old system. In the transitional period, therefore, old and new welfare-state rules would stand side by side, one for the citizens of younger birth cohorts and the other for the citizens of the former. The living as well as the succeeding generations, the old and the new citizens, could look forward to the transition period equally at ease. The participants of the old system would gradually vanish, and this system would thus disappear gradually and without cause for conflict. In this way, opposition to the introduction of basic income would be reduced to a minimum, and accordingly the chances for political implementation would be maximized.

Even with such a delayed system change, there would of course be overlaps between the old and the new welfare rules. For example, if basic income were to be immediately effective for all newborn children, then former social transfers such as children's allowances and others would immediately cease. In that case, personal

²This concept was proposed in Wehner (1992, Chap. 6.3) and Wehner (1997, Chap. 6.3).

interests would be at stake at least for living prospective parents, who would then not be fully impartial in face of the system change.

This risk could be mitigated if the benefits to which parents are entitled under the old rules were continued and the basic income for the newborn were accordingly suspended for a period of two or three decades. Immediately after that period all citizens born in the years after the resolution on the citizens' stipend system would then simultaneously become basic income recipients.

In the context of traditional democracy it may take an extraordinary effort to engage in long-term political thinking that refers to such distant periods. Even committed advocates of basic income may not easily come to terms with the prospect of such a long lead-time for their project. But any valid objections to the approach outlined here would also have to be based on concrete long-term transformation scenarios that could open long-term prospects for sustainable political majorities.

If a basic income system were introduced as a citizens' stipend system in the procedure outlined here, it would only be fully implemented after the death of the last citizen living at its start—perhaps a century. In addition, we should allow half a century of political lead time for the system to be agreed upon. Therefore, the complete process of system change would take at least a century and a half. This delay may sound sobering, but in the absence of realistic alternatives one can only engage in a hopeful struggle for such a long-term system transition or in a hopeless effort for a faster one.

Even with such an approach, the transition would require an extreme degree of political farsightedness. But this requirement is of course no longer a singular feature in politics. Likewise in other political areas, increasingly long-term decisions have to be made which have serious or even irreversible effects on the living conditions of future generations. Examples include climate policy, population policy, migration policy, resource policy, and peace policy.

The issue of political competence would be less concerning for basic income if the achievements of democratic policy in these areas were satisfactory. The opposite, however, is true, as climate and energy policy and a long list of mistaken, delayed, neglected, and failed reforms in other policy areas have illustrated. These examples alone suggest that conventional democratic politics is not up to the task of successfully introducing a basic income system. This task would put an additional highly complex burden on democratic policymakers, parties, parliaments, and governments, and predictably strain them far beyond capacity. Citizens should therefore beware of hoping for the competent implementation of a basic income scheme by conventional democratic governments. Even politicians acutely urged to take on a basic income project might have presentiments of an intellectual insufficiency, and they might therefore try to fend off such imposition by deliberate passivity.

Passivity would be the favored political attitude for yet another reason. In the case of a system change postponed so far into the future, personal interests would be widely eliminated, and thus a decision for a basic income system would be purely a matter of reason. For such decisions outside the realm of personal interest,

commitment and enthusiasm are difficult to inspire, and therefore the issue would likely encounter widespread political indifference. These motivations hold true for citizens, and in consequence also apply to politicians. The less personally committed citizens are to a political project, the fewer benefits parties and politicians can expect in terms of votes, prestige, influence, and power. Thus, as strong as the theoretical argument for a decision-making scheme as outlined above may be, this scheme might not be capable of creating the necessary political momentum in conventional democratic processes.

Conventional debates about democracy provide no answer to this dilemma. These debates are largely concerned with the question whether the procedures of representative democracy yield sufficiently high quality policy outcomes or whether the outcomes could be improved by procedures of direct democracy.

This debate, however, has no relevance to the question of how to decide on the introduction of a basic income system for future generations. No politician and no political party could claim to have a mandate by those who will be affected by such a decision. Correspondingly, no living citizen and consequently no voter could claim that his interests are at stake. Which persons or institutions could legitimately decide on a basic income for future generations is a question that must, therefore, be answered beyond the boundaries of current discourse about democracy.

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Chapter 3

A Long-Term Vision



3.1 Maximal Market Transparency

The basic income system is a distant goal, and all current discussions of design, financing, complementary social insurance, and the adequacy of established democratic decision-making procedures are at an early stage. Creating the necessary awareness will largely be a project for future generations. In order to decide whether such a system is really worth a long-term commitment one must, however, have a concrete vision in mind, and this vision should make it as obvious as possible that unconditional basic income would actually improve the quality of the welfare state.

That citizens' stipend systems should be implemented only for citizens of future birth cohorts is a first important concretion. This separation keeps citizens' stipend projects away from daily politics and party disputes, and it greatly facilitates a rational discourse. But this alone, of course, does not give rise to a long-term vision. Whether a citizens' stipend system will be politically and morally rewarding must be assessed from more detailed specifications—from specifications that show how fair, how liberal, how motivating, and how important for social peace and consensus building the system would be in practice.

Such further specifications, however, need not and should not make determinations on the amount of basic income. If combined with a social security system as proposed here, a future citizens' stipend would have a positive impact on society even if it fell significantly short of currently prevailing expectations. Demands regarding the amount of basic income should therefore be made at a much later stage of the discussion process. In contrast, the discussion of the novel tax and social security systems to be combined with basic income should come to preliminary conclusions much earlier. These conclusions would be of paramount importance for the moral quality of a basic income system.

One of the most important prerequisites for basic income to become persuasive is transparency. The less transparent a system, the more difficult it is to conduct

rational discourse. Lack of transparency breeds ideology and facilitates populist opposition. By contrast, transparency of a welfare system is a prerequisite for long-term sustainable social peace. A basic income system should therefore stand in the clearest possible contrast to the existing rules of the welfare state which have become ever less transparent and ever more rigid over the course of its long history.

A prerequisite for maximum transparency is the greatest possible simplicity, and basic income is the simplest possible instrument of the welfare state. Theoretically, a citizens' stipend could be defined by a single figure: the—in real terms—permanent fixed amount paid out by the welfare state to every citizen of every age and in every living situation from birth to death, independent of need. This simplicity could of course best be preserved if this stipend remained the only instrument of redistributive policy. Each additional instrument of redistribution makes the welfare state more complicated and makes a rational debate about reforms more difficult.

However, the transparency of a basic income system requires more than transparent payouts to the citizens. In addition, the distribution of personal income as generated by market processes should also be disclosed with the greatest possible clarity. The more apparent it becomes that the primary income distribution is morally intolerable, the more easily redistributive measures are accepted.

From the perspective of the existing system, such full disclosure of the distribution of market income may need getting used to and may even seem undesirable. Meanwhile, in most countries today, redistribution is largely effected indirectly, thus masking true levels and sources of inequality. Such redistribution is done, *inter alia*, in the social security system. For example, in statutory health insurance, where all insured persons have the same insurance coverage, they generally pay different amounts, as a function of income, while some individuals are entirely exempt from contributions. The sharing of social insurance contributions between employers and employees can also obscure the primary inequality.

Therefore, in the basic income system employees should initially be fully credited their "real" primary income, including the amounts that in the existing system are paid by employers directly to the social security institutions. In return, employees would then pay the full social security contributions by themselves.

Despite their lack of transparency, the existing social insurance schemes have proved themselves in many respects, but that does not mean they are the best possible schemes for a basic income system. The system would be much clearer and simpler, for example, if every citizen contributed equal amounts to the social security schemes, thereby gaining equal claims on pensions and on payouts in the case of, *inter alia*, illness and reduced earning capacity. This scheme would completely exempt the statutory social security system from tasks of redistribution.

Not all citizens and families would be able to pay the resulting insurance premiums from their primary income, but they could do it with the help of the basic income payouts. If the democratic decision-making process were sufficiently transparent, the political will to determine the amount of a citizens' stipend accordingly would certainly emerge. In such a system, the still widespread notion that redistribution is a necessary evil that is to be reduced to its indispensable minimum should lose any remaining plausibility.

3.2 Maximal Transparency in Redistribution

A rational discussion about redistribution requires clarity with respect to social benefits, but equally important would be clarity about the origin of the redistribution funds. In a basic income system, therefore, it should be quite clear how much everyone contributes to the basic income fund.

The current welfare and taxation system prevents such clarity. Therefore, in a basic income system only one type of tax should, if possible, be used for redistribution. Moreover, in order to maintain maximum transparency, the revenue from this tax should be used exclusively for redistribution.

In a transparent basic income system, there would thus be an appropriated solidarity tax, the proceeds of which would be used exclusively for the citizens' stipend. Well suited for such a role is the income tax. Only if this tax alone were insufficient and the resulting tax rates would have side effects contrary to the goals of the citizens' stipend, should a second tax type be added. For this purpose, the inheritance tax should preferably be considered.

3.3 Basic Income and Social Security

A basic income thus conceived should not be burdened with the expectation that it will secure a comfortable livelihood by itself. Such an expectation is both politically and economically misguided. This level of basic income would not be supported by a stable majority of citizens now nor foreseeably in the distant future. It is realistic, however, that a basic income equal for citizens of all ages could adequately cover the cost of living for children. A citizens' stipend equal for children and adults would thereby act as strong support for families and put some burden on childless singles and couples. This effect would certainly help to enhance the political acceptance of a citizens' stipend.

If a citizens' stipend does not provide sufficient livelihood by itself, then at least one other income component must always and reliably be available. This component can be a work income or a social insurance benefit. It must, in other words, always be possible for everyone to either find sufficient work income in addition to the citizens' stipend or to claim sufficient social security payouts. A basic income system would therefore have to be supplemented by a comprehensive statutory social insurance system, the benefits of which would supplement the citizens' stipend to a sufficient minimum income. The necessary components of such an insurance system would be pension insurance, health insurance, long-term care insurance, disability insurance, and, where appropriate, unemployment insurance.

In order to ensure beyond doubt that such a system provides the necessary social protection to everyone, citizens would have to be included in the insurance schemes upon birth. In this way, coming generations would grow into this insurance system

parallel to the citizens' stipend system, and from the outset, congenital impairments would also entitle them to lifelong insurance benefits.

Many of today's advocates of universal basic income might be suspicious of a citizens' stipend supplemented by a social security system in this way, but only with such a hybrid system could a citizens' stipend gain lasting political legitimacy. Advocates of a citizens' stipend system must acknowledge that the amount of the stipend will always be an uncertain political variable and that the social security system would always have to be adapted to changes of this variable. In the combined system outlined above, political adjustments of the citizens' stipend would—once a long-term political consensus on the minimum level of livelihood has emerged—always go along with compensating adjustments in social insurance benefits.

This interdependence between the citizens' stipend and social security benefits would apply from the moment a basic income system is introduced. Precisely for this reason, the initial amount of citizens' stipend would not be a crucial or even prohibitive criterion when deciding on a basic income system. Such a decision could therefore be morally well-founded even if political constraints allowed only a modest initial level of a citizens' stipend.

3.4 Basic Income, Minimum Wage and Full Employment Guarantee

If under a basic income scheme the citizens' stipend alone is not sufficient for an adequate livelihood, then all members of the work force—at least all those who cannot live on savings—will want to earn a work income. For all these individuals there must then be work opportunities on acceptable terms, so that the sum of work income and citizens' stipend ensures the minimum standard of living as stipulated. In this sense, full employment conditions must be fulfilled.

In the recent past, such full employment conditions have proved no longer attainable in most countries. In a society with a basic income system, the circumstances could be fundamentally different. A citizens' stipend would create conditions in the labor market that would make full employment objectives easier to achieve. Notably, no workers would any longer be under pressure to cover their livelihood solely from labor income. As basic income recipients, they could manage with lower work incomes than under the conventional social system. With these lower work incomes, the required minimum work performance would also be lower. Workers incapable of higher performance would not on that ground be excluded from the labor market. In this way, a citizens' stipend could generate full employment conditions.

Market processes alone, however, would not provide a guarantee that a sufficient minimum wage at this reduced level is actually paid. To ensure this, it may be necessary to establish a low statutory minimum wage at precisely this level.

In combination with such a statutory minimum wage, a citizens' stipend could reliably provide for the politically intended minimum standard of living for all employed.

On the other hand, even a low minimum wage is a potential obstacle to employment and to full employment in particular. Therefore, additional policy tools could be necessary to ensure that actually all members of the work force can find acceptable work. For this purpose, a state-funded or state-subsidized complementary labor market could be created. Such a 'second' labor market would, however, have to provide for a much lesser number of individuals than in the existing social system.

In such a "small" subsidized labor market, working conditions would have to mimic the normal labor market in the best possible way and provide for the broadest possible range of skills and specializations. To this end, the welfare state could act as an agency for temporary employment that pays its employees adequate and acceptable wages and, if necessary, subcontracts them into the normal labor market to special conditions sufficiently attractive for employers. Additionally, such a complementary second labor market would have to offer direct employment, and would also have to provide for a broad range of paid education and training. Compensation for these tasks should not be strictly based on measurable achievement or progress, but should alternatively be a function of attendance. This system would ensure that participation in such a second labor market would not in the least be perceived as forced.

If designed to their full potential, such subsidized employment opportunities could even make a compulsory unemployment insurance dispensable.

3.5 Optimization, Not Maximization

The combination of a citizens' stipend and a social security and tax system as indicated already evokes a concrete long-term vision. But no better than the level of a basic income could the design of social insurance, a second labor market, and minimum wage be determined far in advance. Pertinent proposals do no more than strengthen the imagination for the potential of social policy in such a system. But it is precisely this power of imagination that matters most in the political process. The willingness to set up a basic income system for future generations can only grow if citizens and political actors have at least vaguely grasped the potential of social vision associated with the system change.

A primary objective of the citizens' stipend system is arithmetic distributional justice. This follows from the simple operating principle of distributing income tax revenues equally to all citizens. A citizens' stipend is, however, not only a system of material redistribution, but affects social justice in a much broader moral sense. It does so particularly in its capacity as a full employment scheme. A distributional justice associated with full employment is morally superior to a purely arithmetic distributional justice, particularly because the unemployed can in part be assumed

to belong to the least advantaged of a society. Full employment therefore not only improves the overall perception of social conditions, but also benefits those who are the materially and immaterially most needy.

A citizens' stipend system would, however, be superior to a conventional system even if it neither raised the minimum income nor ensured full employment. The system would be superior because the payment of citizens' stipend is not subject to any preconditions. This absence of preconditions saves recipients the hassles and stigmatization that inevitably go along with means tests. Such tests are public interferences in private circumstances; they violate a widespread spontaneous so-called non-interference claim and are therefore taken by many as excessive and degrading.¹ A consistently solidary society would, in contrast, respect this claim to non-interference in the fullest possible way, especially so because this interference particularly affects the least advantaged.

There are, however, variants of unconditional basic income being discussed that would contribute little to this goal of non-interference. In negative income tax schemes, for example, a welfare state would, in order to keep the nominal volume of redistribution low, offset the basic income to be paid to a citizen with the solidarity tax that may be owed by him. In this scheme, the state would first determine the tax liability of the respective citizen, deduct it from the basic income and pay the surplus which might ensue. In this way, however, since a citizens' stipend payment is subjectively valued much higher than an equal reduction in tax liability, an essential purpose of the basic income is excluded.

With a "real"—i.e. truly unconditional—citizens' stipend the state would give the signal: you get a basic income that is reliable under any circumstance and for life; an income you do not have to fight for or argue for with fiscal authorities nor with pension, unemployment, or other insurance agencies. A citizens' stipend is, therefore, more than merely a matter of social and material security. One of its most prominent qualities is that of a risk premium capable of mitigating risk aversion. It is an anticipatory signal to all citizens that a certain material and social continuity is reliably ensured for life. It signals: you all are and remain secured on the common level that is politically feasible. The citizens' stipend is, thereby, an assurance of continuity in the face of the often discomforting discontinuity that market processes inflict on work and private life. This stipend has the power to compensate for inordinate mental or physical stress that the employed and self-employed may be exposed to. It also mitigates and restricts fear of social relegation, whether objectively justified or subjectively perceived. From another ideological point of view, the citizens' stipend could also be regarded as lifelong compensation for the impositions of a capitalist economy.

Continuity and risk-mitigation as affected by basic income have a direct positive effect on the quality of life, but they also have positive effects on employment. To a certain degree, employment is affected by the perception of risk and continuity on the part of economic agents. The positive effects of basic income on continuity and

¹For a theory of the non-interference-claim see Wehner (1992, 1997).

risk burden strengthen economic risk-taking and thereby the willingness and capacity for innovation. This altered risk profile applies to a vast majority of those active in the economy, especially those employed in small or medium-sized enterprises or self-employed as service providers, craftsmen, farmers, artists, and others. Wherever risk-taking, creativity and innovative spirit grow, the economy as a whole becomes more dynamic and creates more opportunities for all. This dynamism, in turn, increases employment and thus the general material prosperity.

In addition to these qualitative effects resulting from basic income, transparency would be yet another benefit. Particularly in matters of redistribution and social justice, transparency not only makes the system more efficient in a technocratic sense. Transparency as outlined above would also counteract distorted perceptions of social inequality, thereby also counteracting the ideological enticement, political prejudice, and political extremism frequently associated with these perceptions.

Such transparency certainly would not bring all distributional conflicts to an end but would tangibly protect the least advantaged. In a citizens' stipend system the dispute would primarily focus on the amount of basic income and would thus be a peaceful and compliant struggle for political majorities. This transparency would not only mitigate discontent with distributional policies but would also have a positive effect on the perception and experience of politics as a whole. The significance of a basic income system would thereby extend far beyond social, fiscal, and economic policy.

Requisite transparency can only be created if the welfare state overcomes all the dispensable complications built up over decades and centuries. This paradigm shift would be much more than a short-term, one-time measure with a singular one-time effect. If a non-transparent inflexible order is gradually replaced by an order of esteemed transparency, then this new order is thereby also lastingly protected against regression into non-transparency and inflexibility.

The transparency of a basic income scheme is thereby integral to a successful social system. Transparency strengthens political rationality, provides a more positive experience of politics, and ensures the future reformability of the political order.

This conclusion strongly suggests that the right to political transparency should be included as a fundamental right in future constitutions, national and supranational. If such a constitutional transparency clause existed, it could, widely interpreted, be considered an obligation to implement a basic income system. A constitutional right to system transparency could thus be a Trojan Horse that would inadvertently open the way for basic income into a formerly rigid political and social order.

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Chapter 4

Basic Income in Other Policy Areas



4.1 Basic Income and Business Cycle Policy

A citizens' stipend system of the type proposed here would thus bring about a broad spectrum of positive changes without risking serious transitional problems. Such a system would be administratively easy to handle, it would be transparent, it would be fair, it would make the economy and working life more creative and innovative, and it would lead to full employment by reshaping the wage structure and economic risk sharing. Combined with the associated statutory social security system, it would cover all special needs in aggravated conditions of life. In addition, it would offer the greatest possible transparency and simplicity in distribution issues, and it would thereby help secure social peace, contribute to a new, clearer, and more rational perception of politics, counteract disaffection with democracy, reduce the susceptibility to populist messages, raise the level of political discourse, and even pave the way for a higher level of political civilization. It is hard to imagine that this broad range of positive effects of the citizens' stipend system may in any way be outweighed by negative side effects.

All these positive effects result from the use of citizens' stipend in redistributive policy, but its possible applications would thereby be far from exhausted. For at least two other significant political purposes could the citizens' stipend be used very effectively: for economic stabilization (see Wehner 1992b, Chap. 6.1 or Wehner 1997, Chap. 6.1) and for population policy (see Wehner 2007). A further significant application would be foreign aid to nations in distress after wars, upheavals or natural disasters (see inter alia Wehner 1990, 1991, 1992c, 1999).

The use of basic income in business cycle policy and demographic policy would by comparison be rather simple and easy. In order to prevent and mitigate economic slowdowns, citizens could be paid an economic stabilization allowance in the form of a temporary supplement to the citizens' stipend. Such a stabilization allowance would increase the purchasing power in the most direct and effective way possible, thus increasing consumption promptly, ubiquitously, and in predictable quantity,

thereby also boosting investment. It would serve this purpose best if it was not financed by government debts, but rather by interest-free central bank loans to the welfare state.¹ Moreover, such a stabilization allowance would be beyond suspicion of leading to unwanted side effects on the distribution of income and wealth, as is the case with most conventional measures of business cycle policy. An economic stimulus by means of a supplement to the citizens' stipend would thus be far superior to conventional policy measures for this purpose.

As with all business cycle stimuli, such stabilizations allowances would also require provisions to ensure that the stimulus does not induce unsustainable claims against the welfare state. For this purpose, these allowances could be declared as advance payments of citizens' stipend. In the event of subsequent economic overheating, it would then be possible to offset formerly paid stabilization allowances from current citizens' stipend payouts in small installments. Also in this respect, such policy would be superior to conventional policies in terms of effectiveness and redistributive fairness.

Such an application of citizens' stipend to business cycle policy may, at first sight, seem easily comprehensible and easily manageable. Nonetheless, it is by no means obvious that democratic institutions would handle such new policy scheme with sufficient competence. This issue of competence is relevant both for governments of existing states and for central banks. Therefore, in connection with a citizens' stipend project, the competence of political institutions merits careful consideration also with regard to stabilization policy.

4.2 Basic Income and Demographic Policy

The other field of politics in which an application of the citizens' stipend seems almost mandatory is demographic policy. If the birth rates of a country deviate from those which are politically desirable—for instance if fertility is expected to lead to an unwanted population decline or population growth—then demographic policy could counteract with increases or decreases in the citizens' stipend for children. In this way, basic income could be used as a tool to influence population growth without undesirable distributional effects.

This application of the citizens' stipend would require exceptional political foresight and long-term determination. In order to influence the birth rate as precisely and directly as possible, increases and decreases in citizens' stipend would have to apply only to children yet to be born. Moreover, these measures would have to be reliably warranted not only for a legislative period, but at least until the

¹See also Wehner, Burkhard. *Die Logik der Geldpolitik*. In: Wehner (1995, Chap. 13). Revised version online in http://www.reformforum-neopolis.de/files/die_logik_der_geldpolitik_1.pdf. Supplementary: Wehner (2004).

intended recipients, i.e. children to be born, reach the age of majority. Only in this way can the desired effect on reproductive behavior be achieved.

Such use of the citizens' stipend would again give rise to the question whether existing democracies could live up to this task. Population policy is fundamentally different from almost all policy areas democracy was created for and is traditionally concerned with. Moreover, in democratic countries it has long been—and in part still is—considered illegitimate for politics to interfere with the reproductive behavior of citizens. Therefore, it is not surprising that democratic countries have shown little foresight, reason, or energy in demographic policy in the past, and it is not a matter of course that this poor performance would improve in a citizens' stipend system.

If conventional democratic institutions stipulated a rise in future children's basic income valid from birth to the age of majority, citizens could hardly take for granted that this decision will not sooner or later be revised by a different parliamentary majority. Insofar, implemented modifications of children's basic income could fail to induce their intended effects on the birth rate. Thus, as much as demographic policy could be enriched and simplified by this instrument, its potential in existing democracies remains uncertain.

4.3 Basic Income for Nations in Need

A citizens' stipend is an instrument of domestic redistribution. It is based on domestic solidarity, and it translates this solidarity into practical politics. Therefore, the geographical reach of a citizens' stipend system ends at existing state borders. But there are exceptional situations in which citizens are to some extent willing to share prosperity with citizens of other states. This solidarity finds expression in spontaneous private donations to internationally active aid organizations, but also in the political consent to foreign aid for states in need.

This international cross-border solidarity is, of course, far more variable and divergent than the national one. It depends on objective neediness, but also on such criteria as geographic proximity of beneficiaries and the topicality and media presentation of neediness. Cross-border solidarity mostly fails to develop where the need for help seems endless, and it fades away when it misses the hoped-for effect, e.g. due to corruption in the recipient countries or incompetence in the donor states. The prevalence and extent of such abuses has led to increasing doubt concerning the usefulness of traditional foreign aid. The most common and most important objection is that too small a portion of the citizens in the recipient countries profit from such aid.

Therefore, a promising alternative to traditional development aid could in many cases be a citizens' stipend aid. This aid would be paid as an unconditional basic income equal to all citizens in the recipient state.

With this kind of help, it would certainly not be possible to reach all the goals pursued by more targeted conventional development aid in all circumstances. Basic

income aid is particularly suitable as a transitional aid in state-wide emergencies as they may arise from wars and civil wars, from natural disasters and from the collapse of economic and political systems and as they can be caused by non-military coercive measures such as embargos or other trade sanctions.

Basic income aid could play a particularly significant role in cases where compensation is sought for morally questionable military interventions as they have in recent times been executed by the US, Russia, and European states in and near the Arab world. When intervening powers have provided compensation for such inflictions in the past, they have mostly done so by targeted reconstruction aid. There are good political and ethical reasons, however, to at least combine such reconstruction aid with basic income grants. Such grants could best serve the purpose to strengthen the citizens' support for constitutional regimes in beneficiary states and to reconstitute the moral standing of donor states.

Universal basic income aid to foreign countries could be planned and implemented quickly and unbureaucratically, it would place only manageable demands on the state administration, and it would be incontestably fair. In addition, its proper implementation could—and this alone can make it an unrivaled concept—be verified in the simplest possible way. The citizens themselves could provide the best possible assistance in this verification.

Universal basic income assistance could also play an important role in cases where aggravated economic sanctions are imposed because a political regime fails to meet elementary moral standards. In such cases, the sanctions are directed against political leaders, but the victims are ultimately the citizens. This dynamic may cause citizens to even develop hostility towards the sanctioning states, and it may even revitalize their loyalty to their own leaders, however much they lack political morality. A promising solution to this problem would be to combine sanctions against the regime with subsequent basic income assistance to the citizens. A people suffering under such sanctions could be given the promise that it will later be compensated for this suffering by adequate transitional basic income grants.

Such pledge for basic income grants could incite the citizens of a recipient state to contribute to a regime change for the better. If they did not collectively take advantage of this opportunity, they would run the risk of losing the promised basic income grants. In this way, the promise of basic income aid could act as a strong incentive for citizens to oust immoral and incompetent political leaders.

Such aid could replace traditional aid, the beneficiaries of which have mostly been a minority of the people and which has thereby failed to meet its moral objectives. That alone would be reason enough for donor states to give basic income aid preference in appropriate cases, but basic income aid could have a another highly significant positive effect. The aid could create familiarity with the concept and the practice of basic income in the recipient and also in the donor country, and successfully implemented, it could help to overcome the indifference of living generations towards domestic citizens' stipend projects. Basic income aid could thereby shorten the otherwise incalculably long path to first citizens' stipend projects by decades.

In donor countries, such assistance would have to assert itself mainly against the objection that it was too untargeted and too expensive, but this indeed depends on the circumstances of the case. The more populous the recipient state, the more difficult would it be to finance basic income aid, and the more divergent the needs were in the regions of a recipient state, the stronger would be the reservations against aid for all its citizens. But nonetheless there won't be a lack of cases in which a basic income aid for all would prove to be the best possible concept from the perspectives of both the donor and the recipient country. Under favorable circumstances it would even be conceivable that a small beneficiary state could gradually replace an expiring scheme of basic income aid by a basic income system of its own. The administration in the beneficiary state would be prepared for such a transition.

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Chapter 5

Common Objections to Basic Income



5.1 Tax Burden and Work Incentives

There are two fundamental objections to basic income that need a particularly well considered response. One of these objections refers to an expected tax increase and its economic consequences. The claim is that the aggravated tax burden would impair the incentives for work and the willingness to invest by so much that economic output—and thereby redistributable wealth—would substantially decline. Such decline of redistributable wealth could then be detrimental also to the least advantaged.

The other major objection points to more direct effects on the labor market. Recipients of basic income, it claims, could supposedly afford not to work or at least to work less than in the existing welfare system, and people would make widespread use of this option. This reduction in the supply of labor would also reduce the economic output and thus the redistributable wealth, which again would lead to lower levels of basic income and minimum livelihood. A basic income system would thus have the opposite effect it was meant to have and would impair rather than promote social justice.

These objections take for granted something highly implausible: that policy-makers would design the basic income system without regard to these unintended side effects. They assume that a basic income system would let economic and political reason fall far behind their level in the existing system. Obviously, this is an absurd supposition.

Equally far-fetched is, of course, the expectation that democratic governments would handle a future basic income nearly infallibly. However, there are indeed good reasons to expect substantially increased professional and moral competence. Since a basic income system would be simpler and more transparent than the conventional welfare state, it would be much easier to relate causes and effects of political decisions. Decisions on the design of basic income systems could therefore be made more rationally than comparable decisions in the conventional system.

Accordingly, negative effects of such decisions could be more easily anticipated and precluded in early stages of implementation.

Another group of skeptics expect that a basic income system would not be sufficiently redistributive. However, this objection is also based on unfounded assumptions. It takes for granted that in a basic income system a political majority of radical market-liberals could keep the citizens' stipend and the associated social security at insufficient levels. Precisely the opposite is to be expected. The basic income is per se an institutionalized admonition to maintain welfare policy at a morally sustainable level.

Such reservations would have attracted less attention had target values of basic income not been introduced prematurely and imprudently in recent discussions. Advocates of basic income can therefore escape these objections by simply abstaining from such premature quantifications. Supporters should instead focus their attention on the simplicity, transparency, and political manageability of basic income systems and on the new scope for action and innovation in social policy that would be created.

There is only one scenario in which the basic income concept could actually prove to be politically worthless or counterproductive. If it turned out that only with an obviously inadequate amount of citizens' stipend would the tax burden remain tolerable and the work incentives sufficient, then this citizens' stipend would not justify the effort of a system change. But this scenario is also highly implausible. Benefits of the basic income system would prevail even if the volume of redistribution was somewhat lower or no higher than in conventional systems. And keeping the volume of redistribution approximately at its previous level would be the most likely and most plausible initial outcome in the transition scenario described above.

In this context it is even debatable whether money given to a citizen as citizens' stipend and in return taken away as income tax is to be included in the volume of redistribution. This predicament exemplifies that in the context of basic income it remains necessary to discuss and clarify terms and definitions.

Moreover, there exist a large number of government services and subsidies which have indirect redistributive effects, and these services and subsidies would sooner or later have to be reevaluated before or during the transition to a basic income system. This re-evaluation would apply, *inter alia*, to free public and subsidized private child day care centers. Under a basic income system, the welfare state would have to decide to what extent such indirect redistribution is to be continued and to what extent the citizens' stipend is sufficient to take its place. As long as these and similar questions remain unresolved, there can be no rational discussion about the appropriate level of basic income.

The politically preferred level of basic income always depends on the volume of distributable income, while one determining factor of this volume is the volume of employment. If there is high unemployment in the initial state, the introduction of a citizens' stipend system can contribute significantly to an increase of labor force

participation.¹ As a result, distributable income would increase, and the citizens' stipend would, to some extent, be self-financing.² But of course the justification of a citizens' stipend cannot be based mainly on this. The extent of this self-financing effect depends largely on the previous rules of the welfare state and the initial state of the labor market.

In many countries, unemployment has declined significantly in recent decades. The expansion of, among other things, outsourcing, fixed-term employment contracts, low paid part-time jobs and freelance and platform labor, and global wage competition has considerably facilitated the adjustment of wages to comparatively low individual productivity, and thereby wage differentiation has increased. As a result, fewer workers are being excluded from the labor market. Employment opportunities have thereby improved also for workers with age-related and other deficits in earning capacity. Under these circumstances, a citizens' stipend system cannot be self-financing to the extent previously possible because there is less room to add jobs that reduce welfare payouts to the jobless. These circumstances, however, apply only to specific spatial and temporal settings. At least in the long term, therefore, the degree of self-financing of a citizens' stipend will always vary.

5.2 Further Objections

The presumed increase in the tax burden and weakening of the labor market are the most obvious and common objections to the basic income concept, but of course many other counterarguments are invoked. These are often the ideological issues mentioned: the incompatibility of basic income with left or right, liberal, neoliberal, conservative or other prejudices, and just as often objections are based on current interests of employers, trade unions and other organizations. By many, basic income is also blamed for contributing nothing or too little to the fulfillment of other policy objectives, such as emancipation and equal rights, preserving the environment, controlling migration, restricting excessive consumption in general (alcohol, drug and television consumption in particular), curbing undeclared work and avoiding urban ghettos. But the basic income concept is of course not a political panacea, and therefore it need not be seriously defended against such arguments. It is also common to all such objections that they do not oppose the basic income as such, but only an implicitly assumed specific variant. In many such cases, an excessive amount of basic income is assumed or the demarcation of its recipients is disputed. The really essential objections to basic income therefore remain those that address its affordability and its impact on the labor market.

¹In particular so if the unemployment is caused by a rigid wage structure. For a theoretical explanation see Wehner (1991, 1992).

²For a theory of this self-financing effect see Wehner (1992).

Most of the common objections to the basic income concept, however, have one thing in common: they are not relevant for the citizens' stipend as proposed here. Such objections neither refer to a basic income to which only future birth cohorts would be entitled, nor to a basic income that guarantees the morally required minimum income only in connection with a work income or insurance benefits, nor to a basic income system linked to a full employment guarantee. Another frequent but inapplicable criticism is that the proposed basic income for children is inadequately low, and even more frequent is the objection, that the financing of basic income would inevitably be overly complex. The latter argument falsely implies that the level of basic income would necessarily be far too high to be financed from just one tax type.

Of all the arguments put forward against basic income, therefore, only one appears to be relevant in the present context of a citizens' stipend: the argument that the introduction, the implementation, and the subsequent handling and development of basic income systems would exceed the capacities of democratic institutions. But this argument applies only as long as basic income schemes are not preceded by reforms of the political order as subsequently proposed.

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Chapter 6

The Role of Pilot Studies



6.1 Experiments to Date

The idea of basic income has intellectual charm, but however much this may inspire the intellectual discourse, it cannot overcome the political indifference. Much of the sympathy the idea has gained in the past is based on the frivolous expectation that it would bring the vast majority of citizens an increase in prosperity and an easier life. This assumption often goes along with the prediction that digitization will lead to an unprecedented upsurge in productivity and an unprecedented destruction of jobs, increasing both distributable income and the need for redistribution to an unprecedented extent. If such a state of the world were to emerge, the conditions for the implementation of a citizens' stipend would actually improve, but such expectations are highly exaggerated. Therefore, even the noteworthy increases in public attention the basic income idea has meanwhile triggered will not overcome the fundamental political indifference it normally encounters.

But if this indifference is inherent in the political system, and if democracies systematically neglect complex long-term reform projects such as the citizens' stipend, how could its proponents then engage politically in any meaningful way? Would it then make sense to struggle for the acceptance of the citizens' stipend without also turning against the existing form of democracy? And if not, would then all hopes for the implementation of citizens' stipend systems have to be abandoned?

It would, of course, be fatal if a concept as inspiring as the citizens' stipend foundered, simply because there were no remedies for the political indifference towards such projects. Therefore, no effort should be spared to overcome this indifference, however hopeless it may appear for the time being. But efforts should also be made to invalidate at least some of the most common objections to a citizens' stipend system through scientific experimentation. To this effect, field studies are conducted, in which a basic income is paid to particular groups of citizens and the attendant changes in behavior are observed and analyzed. The hope

is that at least some of the issues concerning adverse effects of basic income could be scientifically solved and that this would give a positive impetus to the pertinent political consciousness.

If people receive an effortless income, it will to a certain extent change their behavior, and therefore such behavioral change would also happen in a citizen's stipend system. Of course, this is a trivial statement. It is also obvious that these behavioral changes could affect many areas, including consumption, saving, leisure activities, drug abuse, solidarity, health care, education, and professional training, among others. But with regard to basic income, the behavior on the labor market would be of paramount importance.

The behavioral changes of the labor force would, of course, mainly depend on the level of basic income. Again, this is a trivial finding that would require no empirical exploration. Were all citizens, for example, comfortably provided for by basic income for life, many would, of course, work less, retire earlier or retire completely from the world of paid work. The interesting question is not whether this would happen, but at what level of basic income to what extent. A crucial point is at which level of basic income the negative behavioral effect would affect the income of a majority of citizens. In such a case, a citizens' stipend system could hardly be maintained in democratic processes. Particularly explosive would be the question of the threshold level of basic income that would lead to an ensuing decrease in distributable wealth and would leave even the most disadvantaged worse off. This would likely be the outcome if the basic income were set at the highest levels so far discussed. In such case, the basic income would fail not only economically, but also ethically.

Experiments serving such purposes have been carried out, albeit still in small number, since the 1970s, and further experiments are being planned. Among the most frequently mentioned are experiments in Canada, Namibia, Finland, India, and Kenya and ongoing and planned projects, *inter alia*, in Scotland, USA, and the Netherlands. Most of these experiments aimed to explore behavioral changes in the labor market, but findings also referred to effects on the risk of poverty, on physical and mental health, on voluntarism, on family life, and on other criteria. The results of these studies have, however, developed little if any political persuasiveness. Reasons are that these studies are too limited in time and space, that they have been and are being carried out under rather specific local and social conditions, and that their scientific objections were too divergent. It is hardly conceivable, therefore, that on the basis of such studies, conceptual issues of the basic income debate could be settled or that clear political pros and cons could ensue. Not surprisingly, none of these experiments were supported by governments clearly seeking evidence of the well-functioning of a basic income system.

An informative example is the basic income experiment conducted in Finland from 2016 to 2018. Originally planned as a comparatively large experiment with up to 100,000 test subjects and therefore accompanied by high expectations, the political process finally limited it to a group of 2000 unemployed, who for two years received an unconditional monthly payment of €560 (then appr. \$650.-). Here, the basic income was paid for a very short time to a very small number of

very atypical citizens. Regardless of its results, such a modest experiment does not allow conclusions to be drawn regarding the transition to a fully developed citizens' stipend system.

An important finding from this incident is, however, that the basic income concept was not taken seriously by democratic politics. This finding is indeed highly significant, given that Finland is one of the best developed and most flexible modern democracies, and therefore one of the most likely to be serious about innovations of the welfare state. If not even Finnish politics is willing to seriously promote and finance sufficiently large and long-term research in basic income matters, the prospects can hardly be better in the rest of the democratic world.

So far, there is only one case in which a really large number of citizens have received payments resembling unconditional basic income over a long period of time. Alaska has in 1982 created a system that distributes the profits of a state investment fund fed by oil revenues to all its citizens. This system could at least in duration have fulfilled the conditions necessary to gain important insights about the side effects of a citizens' stipend. But with payouts in the range of appr. 2–5% of average personal income it fell far short of the requirements of meaningful basic income schemes.

Moreover, the payouts in this scheme were not a basic income in the strict sense. They were atypical firstly because they were financed by windfall profits from oil production and not by tax revenues. Furthermore, the amounts distributed depended on the quantity and the price of the oil produced and were thus subjected to fluctuations. Such fluctuating income of course cannot effectively serve the purpose of warranting a fair distribution of income or even the highest possible minimum livelihood. Such a system also produces side effects differing from and partly in contrast to those in a citizens' stipend system. While a citizens' stipend redistributes risks and warrants a basic continuity in citizens' lives, fluctuating payments from a state investment fund can have opposite effects. Thus, observations on behavioral changes in the labor market gained in this system allow no conclusions regarding the functioning of a fully developed citizens' stipend system. Only if Alaska had at an early stage decided to transform the fluctuating profits of its investment fund into a continuous basic income for all citizens—thus burdening the state budget with the fluctuation risks—might some relevant insights have been gained from research on this scheme.

In Alaska, nonetheless, attempts were made to monitor some side effects of the payout system, but foreseeably this has not led to substantial findings. The finding, for example, that the fund's payouts have reduced the recipients' risk of poverty is hardly surprising. The same applies to the finding that in this system the supply of labor has not or at most insignificantly decreased. No other outcome was to be expected, given the scope of the payouts.

In one respect, however, Alaska's usage of the profits from oil production does have greater significance. It is worth noting that this was the first public scheme to realize an unconditional equal cash payment to all citizens with long term support by a majority of politicians and residents. That such a system exists bears witness to a political spirit that would not rule out a basic income for all from the outset.

This is a significant finding for the debate on basic income, but no less significant is the fact that Alaska is the first and only case of this kind. Theoretically, it would have been possible in many other regions or countries to distribute the profits from the exploitation of subsoil assets equally and unconditionally to all citizens, but nowhere else has this concept so far been seriously pursued. That only one such system emerged evokes the question why, i.e. due to which social, economic, cultural, or other peculiarities, such a system surfaced in Alaska and only there. Answers to such questions would be far more important to the basic income debate than the findings on labor market behavior, poverty risks, and the like. Such answers could yield first insights into where and in what social and political context citizens' stipend systems might be easiest and hardest to realize. A plausible assumption would be that the spontaneous sense of solidarity among citizens plays a prominent role in this context.

6.2 The Logic of Basic Income Studies

If pilot studies have provided little insight relevant to the politics of basic income, then the problem may lie with the method. This raises the question what, if any, further findings such studies may yield and whether or how better studies could be conceived. To this end, the general logic of such experiments should first be explored. Since many previous experiments centered on labor market behavior, the logic of such experiments should be given priority in this context.

In the Finnish basic income experiment, all test subjects were unemployed. This treatment group seemed appropriate because in the previous debate the behavior of the unemployed had played the most prominent role. Particular attention was therefore given to the questions of whether and how much the duration of individual unemployment would increase and whether and to what extent the labor supply would thereby be reduced. An implicit assumption apparently was that a percentage decline in labor supply would lead to a comparable percentage decline in economic output.

In such studies, the labor supply is usually measured in numbers of persons or in time units. This assumption, however, does not take into account how widely individual added value contributions of workers diverge. The potential added value contributions of the unemployed obviously generally lie substantially below the average. Thus, even if in a basic income system labor supply decreased to a certain extent, the percentage decrease in added value—and thereby in distributable income—would be significantly lower. Insofar, the question of how much and whether the basic income would affect labor supply—and in particular the duration of individual unemployment—is much less significant for the basic income debate than has been widely assumed in the past. The more relevant figure in this context would be changes in the supply of added value in the labor market. But such figures are of course much more difficult to determine by experiments.

It cannot be ruled out that the total added value would slightly decline in a basic income system, but it should be clear without results from pilot studies that such

decline would be very moderate as long as the basic income were held on a politically sustainable level as outlined above. A plausible guess is that it could amount to at most three percent, thus equaling the effect of an economic growth break of less than two years. Such an effect should be a subordinate issue in the fundamental debate about a citizens' stipend.

That the impact of basic income on the supply of labor and added value is often exaggerated also follows from another intuitively plausible consideration. In a well-conceived citizens' stipend system, the great majority of people would want to earn the same net income as in the previous system. This claim should be beyond doubt without empirical proof. At least on average, in such a well-conceived citizens' stipend system people would have to work for this income about as much as in the conventional system. This, too, suggests that a system change to a citizens' stipend could affect the total supply of labor only minimally.

Therefore, when pilot study projects emphasize the issue of labor supply, this distracts from more important social and moral issues also demanding empirical evidence. These include the issue of whether the citizens' stipend helps raise the level of secured minimum livelihood. This, in turn, is closely linked to the question of whether the citizens' stipend system can eliminate involuntary exclusion from the labor market, thus bringing about a perception of full employment. Another big issue is how the change in risk distribution in the citizens' stipend system affects the disposition and behavior of workers and employers. Even more important is the issue of de-stigmatization of neediness, i.e. the significance attributed to the fact that a basic income is truly unconditional and not associated with any state interference in recipients' lives.

Another crucial question in connection with basic income is, whether and how the sense of solidarity among citizens would be affected by a citizens' stipend system. Of course, a well-functioning citizens' stipend system can in the long term do nothing other than transforming the spontaneous solidarity among citizens into practical policy. Nevertheless, it would be helpful to obtain early empirical insights concerning the influence of a citizens' stipend on spontaneous social solidarity.

No less and possibly far more significant would be empirical evidence concerning the implications of the simplicity and transparency of basic income for the experience and appreciation of democracy. Of particular interest would be whether this transparency could reduce the susceptibility to populist and extremist political messages.

6.3 The Case for Nationwide Experiments

Such examples show that the research needs in basic income issues clearly exceed the scope of conventional methods, and they suggest an urgent need for alternatives. For such alternatives to unfold, the logic of pertinent experiments must first be carefully explored. In this process, questions like these have to be asked and answered (Table 6.1).

Table 6.1 Research questions considering basic income

1. Which experimental findings would be relevant for which design of basic income?
2. Is the mere possibility of a basic income in question, or a specific magnitude of payouts?
3. Are the experiments about a basic income sufficient to secure an adequate livelihood, or also about more modest variants? Are they also about a basic income such as the negative income tax?
4. How can experiments explore the effects of the financing of basic income (i.e. effects of modified tax rates and tax systems)?
5. How can experiments explore the interaction of basic income with the social security system?
6. And in the present context: what kind of experiments could provide results specifically relevant to the citizens' stipend concept presented above? And how should such experiments be designed?

Experiments could of course help to answer the big questions best if they simulated a fully developed citizens' stipend system in the most realistic and encompassing way possible. It is not difficult to specify ideal-type requirements for such experiments. Ideally, they should fulfill at least the following criteria:

1. The number of test subjects should be as large as possible
2. The group of test subjects should be as heterogeneous as possible in their expected attitudes, behavior, employment status, profession, work ethic, education, family status, religion, income, wealth, residential environment, and many other criteria
3. The basic income should be granted to the test subjects for the longest time period possible, i.e. preferably for life. Young test subjects should grow up with the stipend and let their behavior be gradually shaped by it so as to represent effects on attitudes and behavior in all stages of life. This provision would apply to employed and unemployed test subjects alike
4. The attitudes and behavioral patterns of the test subjects should ideally be unaffected by the rules of and experience with the old social security system
5. The experiments should explore the effects of changes in the tax burden on citizens and businesses ensuing from the citizens' stipend. This exploration would of course be more important, the higher the citizens' stipend was set in the experiment
6. In a fully developed citizens' stipend system, the tax burden for businesses could be increased, while their risk burden would be reduced. The latter increases the willingness to invest and to employ, the former dampens it. Both effects should be observed over a long period in the experiment

To fulfill these criteria, basic income experiments would have to be of a scope and duration never even approximated by experiments hitherto considered, planned, or executed. In designing such experiments, the appropriate question would no longer be how many test subjects from which groups should be included in the study. The more appropriate question would be which and how many individuals could be excluded from the experiment without inordinately restricting its validity. The obvious answer to this is, in fact, that reasonable criteria for such exclusion can hardly be found. This methodological consideration leads to the conclusion that a meaningful basic income experiment should be organized nationwide and involve

all citizens. If this is so, however, there would in practice be no essential difference left between testing a basic income system and implementing it.

At first glance, this conclusion may seem radical, but it is no more radical than the citizens' stipend itself. It can come as a surprise only if the citizens' stipend system is interpreted as a reform of the welfare state comparable to those frequently executed in the past. If the citizens' stipend concept is, however, rightly interpreted as an encompassing system alternative, then it follows that experiments of the kind so far executed and planned promise very limited gain in knowledge. Reliable insights on the working of complex social systems can only be gained by experimenting with the system as a whole. The necessary framework for convincing basic income experiments is therefore society at large.

If this is so, however, it constitutes an enormous obstacle to the implementation of citizens' stipend systems. A society cannot—and would not want to—be made an object of scientific experimentation in a similar way as in the natural sciences. Such experimentation has indeed never occurred, at least not voluntarily. The disastrous experiments with the socialist economic and social order were the great, forcibly imposed exceptions, the reminiscence of which still shape attitudes in such matters. These collective memories extend to the attitude towards basic income systems as the fundamental—and indeed the only available—system alternative to the conventional welfare state. Given this attitude, it is tempting to falsely play down the citizens' stipend system as an ordinary social reform, thereby assuring that its effects could be conclusively predicted from short-term experiments with small groups of volunteers.

Another means to counter reservations against basic income systems and to keep the hurdles to system conversion low is the proposal to introduce the basic income incrementally, starting with a very low level of payouts to a limited category of citizens and gradually increasing both the payouts and the scope of recipients over decades. Such a procedure might temporarily reduce misgivings about implementing basic income systems, but it would also have severe drawbacks. Such an incremental scheme would postpone valid insights into the effects of a fully-fledged citizens' stipend system, meanwhile misleading the public and producing ambiguous or false expectations, and thereby increasing the objective risks of the system change. Additionally, this scheme would require the old social security and redistribution system to be continuously adjusted to the increments in basic income payouts. This continuous updating would make the system as a whole more complex, unsteady, and confusing than ever before, thereby belying the promise of transparency. Thus, by far the least risky and transparent procedure for introducing a citizens' stipend system remains the one described above, in which future birth cohorts become recipients of a regular basic income from the outset.

Historically, introductions of new political and societal systems have always been experiments with the entire people. This is true for hereditary monarchy, absolutism, colonialism, slavery and its abolition, Christian, Islamic, and other theocracies, restoration, Bismarck's social security system and the resulting modern welfare state, Leninism, Fascism, and China's market-economy communism, and is also true for the introduction of ancient direct and of modern representative

democracy. All these system changes were ultimately large-scale experiments with the people. Seen in retrospect, almost all of these large-scale experiments may have occurred by historical necessity, but it still seems difficult to imagine that the time for another such inevitable large-scale experiment may lie ahead.

Most system changes of the past, however different they were in their nature and purpose, had one thing in common: they resulted from preceding historical processes of societal change. They were formed in revolutionary moments of history, in which an old system had gradually outlived its purpose. Some of these upheavals were spontaneous political revolutions, while others were spurred to ward off such revolutions.

Such historical moments were usually not times of patient reflection, they were mostly shaped by objective or subjective needs for immediate action. System changes have therefore hardly ever proceeded smoothly, but mostly ominously. It would therefore be cynical to conclude that citizens' stipend systems should, if ever, be implemented in future revolutionary moments of history. The lesson of history suggests precisely the contrary: that major changes in the state, social, and economic order should be not only thoroughly deliberated, but also tested as long, as widely, and as thoroughly as possible before final implementation. This caution also applies to the introduction of a citizens' stipend system. If such a system were installed in the turbulences of moral, political, economic, or fiscal breakdown, this would greatly impair its prospects of success. Painful failures of basic income projects could therefore only be precluded by an antecedent voluntary trial in a pioneering state involving all of its citizens. If such a trial were eventually launched, a preliminary thorough evaluation could be made about two generations later. Other states could thereafter draw on a reliable basis of knowledge to decide on the introduction of a citizens' stipend. But even if—due to a collapse of political legitimacy—the need for a more immediate system change arose, earlier results from ongoing nationwide basic income experiments could provide invaluable orientation.

In order to assess the potential value of nationwide experiments with a citizens' stipend, one must only imagine how comparable experiments in the past could have changed the course of history. One must imagine, for example, what the world would have been spared, had Marx, Lenin, and their combatants and followers approached the socialist utopia with such caution; had, for example, Lenin, before imposing the socialist economic system on Russia, demanded some small state on the fringes of the Russian empire to adopt a centrally planned economy on an experimental basis. In such course, Lenin could, for example, have granted Finland or a Baltic state independence on the condition that it made itself available for some decades as a trial field for the socialist economy. Such a major nationwide experiment might have spared the world not only widespread immeasurable suffering from impoverishment and repression, but also a century of intellectual stagnation in matters of political and social order.

Of course, there are few similarities between a trial of the socialist economy and the testing of a citizens' stipend system, and one must not fear that a citizens' stipend would give birth to an authoritarian regime as in socialist countries.

However, intolerable damage would already be done if the citizens' stipend concept were further debated only in theory, and thus fruitlessly, for generations to come, and if thereby immense intellectual and political energies were wasted and the stagnation in matters of social and political order persisted. Even the sharpest critics of basic income could therefore hardly argue against major nationwide experiment as here proposed, provided the experiment took place in a foreign country. The more resolutely critics warn against a citizens' stipend in their own country, the more they should welcome it if experiments conducted elsewhere produced conclusive evidence in basic income matters. The significance of such experiments would even extend far beyond basic income issues and become model cases for the handling of fundamental reforms also in other areas, including reforms of the political order.

6.4 Candidates for Nationwide Experiments

That a citizens' stipend can be meaningfully tested only in long-term nationwide field trials is a significant finding, but it does not open options for action in itself. Initially, a nationwide experiment would not differ much from the introduction of a regular citizens' stipend system. For such an experiment, enthusiasm and commitment would hardly be easier to generate and political majorities hardly easier to achieve than for a regular, presumably indefinite citizens' stipend project. Moreover, the demands imposed by such a large-scale experiment could also prove to exceed the capacities of democratic parties and policymakers.

In a democracy, a large-scale trial with the citizens' stipend can normally not be imposed against the will of the citizens and not be carried out against the will of political parties and policymakers. If this is the case, chances for nationwide citizens' stipend experiments can emerge only in exceptional moments of history, in moments, that is, when the existing polity is irreparably discredited. Advocates of basic income would then have to settle for the modest goal of keeping the attention for their concept alive for later generations.

If the normal political process within a country does not open up opportunities for such an experiment, there might, however, at least in theory, be a chance that foreign parties influence the political process in favor of such a project. At least in theory, new forms of foreign assistance could create conditions under which the resistance to a nationwide citizens' stipend experiment is overcome. Such foreign assistance could, for example, be offered by foreign sponsors as a reward for providing insights in basic income matters that also other countries would later benefit from. Insofar, the question to be addressed is not whether a nationwide citizens' stipend experiment could be realized. The more appropriate question is: what kind and what extent of foreign assistance could pave a country's way to a nationwide citizens' stipend experiment.

The simplest and most effective assistance in this context would, of course, be financial support. It is obvious, then, that the effect of the assistance would largely

depend on the amount of money given. The more financial assistance were provided in proportion to a country's economic output, the more likely its citizens and policymakers are to agree to the experiment.

As the possible scope of such assistance would, of course, be limited, smaller states would be the preferable candidates for such projects. But this constriction does not in any way diminish the significance of such ventures. The value of the knowledge to be gained from such experiments does not—or at most insignificantly—depend on the size of the state in which they are conducted.

While possible candidates for such large-scale experiments would therefore be states with a relatively small population, other criteria would also play an important role. Even among smaller states, only few would be suitable for such experiments. In some, a citizens' stipend system would be impractical for economic, in some for political, and in others for cultural reasons. Moreover, in some states an idiosyncratic social structure would allow findings from a nationwide citizens' stipend experiment to be applied to other states only with great reservations.

In a state taking the lead with such a subsidized experiment, a certain cultural disposition to reforms should be prevalent that recent political practice has borne witness to. In addition, such a state should have a robust and stable economy, and it should have a well-developed tax and fiscal system, which could—especially from the income tax—generate the revenue necessary for a fully-fledged citizens' stipend system. Only if these and other criteria are met could a state be trusted to carry out a nationwide basic income experiment competently, to document its results with scientific precision, and thus to generate insights easily transferable to other states.

Thus, the pool of candidates for such externally co-funded basic income experiments is limited to economically, politically and culturally well-developed smaller states. An obvious further condition is that these states have to carry out all essential state functions on their own, hence being larger than mini-states such as Liechtenstein or Andorra. In consequence, then, all small, stable, and well-developed states with a population of at least a few hundred thousand citizens could be appropriate candidates for nationwide citizens' stipend experiments.

A small state which would almost perfectly meet these criteria is Iceland, and a state like Malta could also be well suited. At least in the longer term, however, sponsors could be willing and able to finance even much larger experiments with millions of participants. Even countries like New Zealand, Finland, Slovenia, Luxemburg, or the Baltic states could then become suitable candidates. With sufficient foreign assistance, any well-developed country of such size could in this way set an example and provide insights that otherwise might come about only generations or centuries later.

Ideally, of course, such long-term nationwide experiments would be carried out in two or even more small states simultaneously. The comparison of the results could then yield significant additional findings.

6.5 Principles of Sponsoring

Any country that contemplated a prospective basic income experiment would have its own ideas about the risks involved. Every eligible country would therefore have its own ideas about the magnitude of assistance it would need. In the most favorable case, the mere discussion about such assistance would enhance sympathies for the basic income concept and thereby reduce the amount of support requested. It could then even occur that candidates for nationwide citizens' stipend experiments underbid each other regarding the financial support requested. So there are multiple reasons to expect that the necessary foreign funding of such experiments would be affordable.

But in what form could such help be meaningfully granted? If a nationwide experiment were to be carried out in the generation-spanning procedure described above, then the financial support would also have to be similarly long-term and continuous. It could not, in any case, be granted as unconditional advance payment without a guarantee that the experiment will actually be maintained for the envisaged period. Moreover, the assistance would have to be granted in a way that does not distort the outcome compared to conditions without foreign support. If, for example, the citizens' stipend itself were directly funded from foreign sources, fiscal effects and associated social, economic, and political side effects could not be studied. This kind of external funding would severely diminish the possible scientific benefit from such an experiment.

Therefore, no more than a small share of the payouts in a nationwide basic income experiment should be funded by foreign sponsors. But other forms of external assistance can be imagined that would influence the behavior of citizens and economic agents at most slightly. States that conduct a nationwide basic income experiment could, for example, be given financial collateral covering the risk of unexpected negative effects on their budget. In such case, a beneficiary state could terminate a seemingly failing citizens' stipend experiment and restore the previous system fully at the expense of the guarantors. In that way, at least an increase in public debt would not be a concern.

Irrespective of this, all direct and indirect costs of planning, executing, and evaluating such a nationwide experiment could be reimbursed to the state conducting it without diminishing the possible gain in knowledge.

6.6 Potential Sponsors

Foreign funding and risk taking for nationwide basic income experiments could of course best be afforded by large prosperous states. However, since the entire international community could benefit from free-riding on insights gained from such experiments, even large wealthy states could ask themselves whether and why they should provide such assistance alone, and they may view this as a task for

organizations such as the EU or even the UN. On an inter- or supranational level, however, a political decision making-process toward such funding is least imaginable.

In principle, such funding would be politically the more viable, the smaller the beneficiary state and the larger and wealthier the donor state. If, for example, the economy of a donor state were a hundred times stronger than that of the beneficiary state, then the citizens of the donor state would not be tangibly affected if their government funded a citizens' stipend project elsewhere. This opportunity would apply, for example, if the US, leading European countries, or China bore the costs and risks of a citizens' stipend project in a country like Iceland. In gain of knowledge for the donor countries, such assisted foreign experiments would not differ much from self-administered domestic experiments, while the domestic cost and risk would be negligible.

It would be easy for large countries to grant such funding, but another question is whether they would want this. The pertinent political will could only emerge if the donor state hoped to make use of the findings from such experiments for itself in the future. This line of thinking presupposes open-mindedness as well as some concrete interest in the citizens' stipend concept in the donor country. Such interest, however, arises only where the thinking and planning of political decision-makers extends over decades and generations. It also requires an innovative spirit, a spirit of risk-taking and strong political determination. It seems highly unlikely that all these conditions will be met in the political processes of existing democracies. Insofar, precisely the criteria that stand in the way of citizens' stipend projects also stand in the way of nationwide experiments made possible by foreign funding.

A more realistic vision seems to be, therefore, that a nationwide citizens' stipend experiment will eventually be realized with the funding by non-governmental institutions or private individuals. The budgets of such non-governmental sponsors would of course be much tighter, but at least some of them would certainly be willing to donate generously for such purpose. In addition, private individuals and institutions are in general far superior to states in their innovative spirit, determination, and willingness to take risks. These qualities apply at least in part to super-rich entrepreneurs, a group that has an obvious personal motive for commitments to political projects as significant as a nationwide citizens' stipend experiment. Their entrepreneurial fame fades rapidly, and many of them could therefore be tempted to secure a place in history by political audacity. For the world's wealthiest individuals, a minor part of their financial assets could suffice to make such a nationwide basic income experiment feasible in a small state. Such funding may not seem supportive of the image of the citizens' stipend concept, and it might even raise suspicions that a citizens' stipend system will serve the interests of the wealthy rather than of the needy. Nevertheless, on all conceivable paths to nationwide citizens' stipend experiments in small states, the commitment of super-rich non-governmental patrons could play a decisive role. Not in the presently active generation, but conceivably in the next.

6.7 Epistemic Objectives

The kind and scope of insights a basic income experiment can yield depends on its extent and its duration. A nationwide experiment of the type proposed here, i.e. the testing of a fully-fledged citizens' stipend system for all citizens born later, would be the most extensive and lengthiest experiment possible. It is therefore also the experiment that would provide the greatest conceivable gain in knowledge.

Therefore, the knowledge goals in such an experiment could and should extend much further than in basic income experiments so far executed and planned. Of course, nation-wide experiments could also provide insights in such matters as the effect on labor supply. However, as these effects could be expected to be marginal in the test design here proposed, other knowledge goals should play more prominent roles. Priority could for instance be given to the questions of which social, cultural, and economic conditions are conducive or obstructive to the acceptance of basic income systems, as well as to what extent this acceptance depends on individual social and economic status. Effects on risk perception and the spirit of risk-taking and related behavior among economic agents could also be explored with priority. A related question to be carefully explored would be, to what extent an unfolding citizens' stipend system meets the political claims to social fairness, and whether mitigating effects ensue on related claims in the world of work, namely the claim to equal treatment and equal pay.¹

Another research field of eminent importance would be the implications of a citizens' stipend system on political ideology. If in a nationwide citizens' stipend experiment only those born later became recipients, long-term studies could explore the resulting differences in political ideology and inclination between those born later and the ageing clients of the old welfare state.

From such studies, other countries could draw valuable conclusions as to where and to what extent future citizens' stipend systems would promise political, social, and economic success. Of course, the possible gain in knowledge would be even greater if such nationwide experiments were carried out simultaneously in two or more states with widely different characteristics. The evidence thereby gained would then allow crucial conclusions concerning how differences between states in, *inter alia*, size, wealth, tradition, and social, economic, and cultural heterogeneity affect the promise of success of the citizens' stipend.

¹For a theory on the effects of this claim on employment and wages see Wehner (1991, 1992).

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Chapter 7

Basic Income, Demographic Structure and the Size of the State



The basic income system would make the welfare state simpler, more transparent, and politically more manageable, thus improving the conditions for solidarity and social fairness. However, the more deeply the political logic of this concept is analyzed, the more fundamental questions arise, even beyond matters of the political order. Concerns include questions that need urgent discussion independent of the basic income issue. One of these questions is so fundamental that it should have far anteceded any discussion of the basic income system: the question if and how the well-functioning of a solidary system such as basic income depends on geographic and demographic demarcation and social context.

Although the same question applies, of course, to conventional welfare systems, those factors have hardly ever been a subject of political discussions in the past. The basic income debate could therefore give belated rise to a thorough public discussion of this issue. If this issue were further ignored, basic income could eventually be implemented under false premises with unexpected negative outcomes.

It should be true that—at least in a well-functioning democracy—the welfare state forms social and distributional policy out of the solidary sentiments and will of its citizens. At least in the long run it can hardly otherwise be imagined. This accountability means that a democratic welfare state cannot—at least in the long run—practice social policies which are not supported by the solidary will and sentiments of its citizens. Thus, the prospects for the success of welfare policy are better with stronger spontaneous solidary sentiments among citizens. Conversely, the weaker the spontaneous solidarity, the more difficult it is to implement effective solidary policy. Thus, weaker spontaneous solidarity results in lower levels of basic income, and it lowers the minimum livelihood for the least advantaged.

A state can, of course, try to influence the solidary will and sentiments of its citizens and thereby improve the conditions for solidary policy. But historical evidence is difficult to find that this could be successful in the long run. Political attempts to influence citizens' spontaneous solidarity may even have a negative impact. Where a state overstrains the spontaneous solidarity, citizens become more receptive to claims to curb the welfare state or to exclude parts of the citizenship

from it. Therefore, a basic income system cannot attain sufficient strength and stability unless the spontaneous solidarity among citizens is well developed on its territory.

Two further fundamental variables are at work here, which even a strongly determined social policy cannot override. Firstly, solidarity depends to a certain extent on the size of the community, i.e. of the population of the welfare state. The smaller this community, the easier it is for a strong solidary policy to be implemented.

Secondly, there is an at least loose causality between spontaneous solidarity and the homogeneity of the community. This applies in particular to social, cultural, linguistic, and ethnic homogeneity. The appropriate geographic scope and the political potential of solidary policy therefore to a certain extent depend on the homogeneity of the solidary community. Accordingly, the smaller and the more homogeneous a basic income community, the better the chance for success of a basic income system.

The consideration of diversity gives rise to a highly controversial political conclusion. Where solidarity is too weak to sustain a strong social policy, sooner or later political inclinations may grow to revise the geographic borders of the social state. Such revision could increase the homogeneity of the solidary community and thereby strengthen solidarity. From this perspective, even a basic income system could only be successful in the long term if it allowed for restrictions on the size and heterogeneity of its population. Insofar, any policy aiming at increased demographic heterogeneity or a widening of national borders might eventually risk failure or the dismantling of the welfare state. The discussion of basic income must therefore be aware also of this consequence: immigration can, beyond a critical level of demographic heterogeneity, undermine the conditions for a functioning welfare system.

In consequence, even in basic income communities, the sustainable scope of membership would only in rare cases extend over the borders of existing nation states. An entity like the European Union is certainly far too large and too inhomogeneous to operate a functioning basic income system with a uniform citizens' stipend on its territory. This challenge most likely applies even to some existing nation states within the European Union.

This interdependence between solidarity and the borders of the welfare state applies, of course, to any region of the world. Therefore, any such examples ultimately refer to a general global principle that can be formulated as follows.

A welfare state can in the very long run be strong and sustainable only if it is perceived by its citizens as a voluntary community, i.e. if individual membership in the welfare state is perceived as voluntary. Citizens should therefore be allowed to decide as freely as possible with whom they share the membership in their welfare system.

This freedom is part of a more comprehensive category of civil liberties also called *freedom of political association*.¹ The further this freedom were developed, the easier it would be to realize an ambitious minimum level of livelihood, and, where appropriate, an ambitious level of citizen's stipend, thereby strengthening social peace.

This dimension of political liberty has so far not been widely debated, and even if a concrete basic income project came to the agenda within decades, the issue might continue to be ignored. It would be highly imprudent, however, to assume that existing national borders will everywhere and forever prove themselves as geographic borders of well-functioning welfare states. At least in the very long run citizens in many regions of the world might want their welfare states to revise their geographic demarcation, and this may become all the more acute when the rules of the welfare state are to be fundamentally revised.

For countries such as Germany, Portugal, Finland, and many others, this may be difficult to imagine, but even in such countries spontaneous solidarity must not be the same forever. For instance, the citizens of a single federal state such as Bavaria might in a distant future believe that a welfare state of their own would be best suited to their spontaneous solidarity. From today's point of view, this may be little more than amusing intellectual speculation. Such speculations could, however, help to raise the awareness that the citizens of an existing nation are not necessarily a community best suited to form a common welfare system.

The more transparent a welfare state, the more likely its citizens will ask themselves this question: are we, as citizens of the welfare state, really a voluntary and well-functioning community? Since a basic income system is the most transparent of all welfare state systems, this question would be asked more readily, frequently, and emphatically in a basic income system than in any others.

Since the implementation of a basic income system still lies in the distant future, it is not yet foreseeable how the political consciousness and political problems will develop in the meantime. Implementation could therefore come at a time when the issues of the reach of spontaneous solidarity and voluntary membership in the welfare state have gained much more attention than at present. If the basic income concept will by that time not have been thoroughly discussed in this respect, its prospect for success could be strongly impaired.

The current political discourse tends to eschew such questions or dismiss them as politically incorrect. If citizens are free to decide on the demarcation of their welfare state, then involuntary exclusions from that state could occur, and such exclusions could be perceived as immoral denials of solidarity. But this perception does not stand up to an objective analysis. Redefinitions of the borders of a welfare state would, wherever they emerge from the will of the citizens, strengthen spontaneous solidarity within the new demarcations, especially benefitting the least advantaged. The exclusion of a poorer region from a richer welfare state can,

¹The German term *Politische Assoziationsfreiheit* was introduced in Wehner (2006, p. 63), and Wehner (2002, p. 89ff.).

therefore, objectively improve the lot of the poorest in this poorer region and will at least improve the subjective experience of solidarity. Therefore it would be misguided to dismiss any such exclusions as unfair and immoral. If, for example, Britain excluded Scotland from her social state or vice versa, two smaller, but stronger solidary communities could emerge from a previously larger, but substantially weaker one. At least in the long run, a similar effect could arise if the North of Italy decided to establish its own social state, thereby excluding the South.

For most countries, such considerations will not become relevant in the foreseeable future—at least not for long established nation states of manageable size and with a comparatively homogeneous population. But the basic income concept is, of course, not a concept for this category of states only. At least in the very long run it is a universal concept, whose chances and risks should therefore be explored for states of all conceivable sizes and characteristics.

The basic income concept can only become truly universal if it offers a universal solution to the question how citizens can form voluntary welfare state communities. This solution can only be based on a truly comprehensive right to self-determination—i.e. on the right of citizens to decide on the scope of a basic income state through a direct vote. This question in turn leads back to fundamental issues of the political order, for such a right to self-determination would require new iterative voting procedures for which existing constitutions and existing electoral laws do not provide a proper basis. Such a right could therefore not be realized without fundamental reforms of the national and international political order, including a fundamental reform of existing democracy.

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Chapter 8

Basic Income and the Reshaping of Democracy



8.1 Intellectual Overburdening of Policymakers

That the prospects of success for a citizens' stipend project depend not only on economic and political conditions, but also on criteria such as the size and homogeneity of the population, illustrates the wide spectrum of political risks involved. The more thoroughly the conditions of success of citizens' stipend projects are analyzed, the more risks of failure become apparent, in cases, for example, where the recipients of the stipend do not perceive themselves as a voluntary solidary community.

The prospect that small states could engage in nationwide citizens' stipend experiments supported by foreign aid may make the path to success look shorter and less risky, but again, expectations should not be high. Even an experimental conversion to a citizens' stipend system would be the most fundamental and long-term reform a democratic state had ever ventured, and the questions of whether, when, where, and to what extent democracy could live up to the demands of the project would in such case be similarly pressing. A democratic state that eschews the introduction of a citizens' stipend system would have the same reservations about a nationwide citizens' stipend experiment, and in a state which could not cope with a regular citizens' stipend system, chances of success would not be much better for a nationwide citizens' stipend experiment.

The concept of the citizens' stipend is new and unfamiliar, and that alone is a political hindrance. But more fundamental doubts about its feasibility in democratic politics arise from its complexity and its long-term nature. Democracy in its existing form is designed to carry out reforms piecemeal, in successive small steps, each of which seemingly manageable, and in such piecemeal reform processes democracy has for the most part proven itself. But this does not allow conclusions as to whether democracy could successfully cope with a system change towards the citizens' stipend.

A basic income system would simplify the welfare state and simplify social policy in general. This simplification may seem to suggest that one need not be seriously concerned about the political performance under a citizens' stipend system, but the opposite is true. A citizens' stipend system would reduce technical and administrative demands on politics and politicians, while introducing new and unfamiliar demands of a different kind. It is not self-evident that these new demands can be met by politicians, parties, and government institutions of the conventional types and in particular by persons and organizations that are responsible for all policy fields at once.

It should also not be taken for granted that these very politicians, parties, and state organs could cope with the problems of the conversion to a citizens' stipend system. Democratic institutions have not been created for a conversion process of the kind described above, i.e. such a drastic and long-term transformation of the social system to be planned for and executed by future generations. Democratic institutions are designed to serve the interests of living citizens, but not to make decisions solely for the sake of those born later as necessary for the conversion to a citizens' stipend system.

The nature of existing democracies leads political parties and policymakers to focus their efforts on electoral success in impending elections. For a project such as introducing a citizens' stipend system for future generations, therefore, little attention, understanding, or enthusiasm could be generated in conventional democratic processes. Thus, a project of this kind cannot assume high priority in ordinary competition for electoral votes. Without such priority, however, such a project cannot prevail. In existing democracies, not even the current tasks of highest priority are pursued with the vigor, passion, and conviction that such a project would require.

It should therefore be no surprise if parties and politicians systematically eschew such an ambitious, century spanning venture. Citizens will, however, also show at best cautious commitment to such a project. It is certainly beyond imagination that a civil mass movement could rise to fight for a basic income system for future generations with the necessary passion and perseverance.

All of these challenges are no surprise. When modern democracy as it still exists today was conceived, no one could foresee, of course, that at some point governments would have to make decisions on projects like the citizens' stipend system. Therefore, it would be just a fortunate coincidence if existing democracies were up to such a task, and the conversion to a citizens' stipend system could become a success only by chance.

The relationship between the citizens' stipend system and democracy is easier to understand if both are perceived as nationwide experiments. Likewise, democracy itself could be interpreted as a great historical experiment first tested two and a half millennia ago in Athens and other small Hellenic city states. Athenian democracy was a form of direct democracy tailored to politics in easily manageable city-states. This experiment was admirably successful for a long time, but it ultimately failed due to a lack of capacity for reform. It failed when small city-states like Athens could no longer assert themselves under changed conditions in a changed

environment of power. These city-states had not established procedures for fundamental reforms of their political order, and therefore they were unable to evolve to larger, more powerful, and thus more resilient states fit for longer survival. Under changed survival conditions, the classical Hellenic democracy was therefore doomed. It was not until about two millennia later that a new concept of democracy was successfully launched which proved itself also in large and thereby sufficiently powerful states. This concept is the present, so-called modern, representative democracy.

The experiment of modern democracy has meanwhile survived long enough to be widely perceived as a political matter of course. Similar to classical democracy, though, modern democracy has also made no provision for its own reformability. It was conceived to cope with the political tasks anticipated at the time of its creation in the 18th century, but it hardly offers perspectives for further development. Even modern democracy has not established the procedures necessary to adapt its structures to fundamental changes in political tasks and survival conditions. Therefore, present democracies cannot empower themselves to master fundamental challenges not yet imaginable in the 18th century. With the continual change and growth of their tasks, modern democracies face a continually growing risk of failing as irretrievably as their classical Athenian predecessor.

In the present, there are manifold symptoms that raise doubts about the sustainability of the existing democracy, and some of these symptoms clearly have their origin in the social system. So it seems safe to assume that democracy in its existing form will not assert itself for very long without a fundamental reform of the welfare state. To this end, basic income is so far an unrivaled, if not the only conceivable fundamental alternative. The introduction of a citizens' stipend system could thereby be indispensable in efforts to prevent a relapse into pre-democratic conditions.

As, on the other hand, a fundamental reform of democracy seems necessary to facilitate the introduction of a citizens' stipend, a reformist dilemma will arise here: a citizens' stipend system may be necessary to stabilize democracy, but only a stable new democracy could implement a citizens' stipend system. This dilemma could only be overcome if the reform of democracy and the reform of the welfare state went hand in hand both in the process of awareness and of implementation. Otherwise democracy and the citizens' stipend could eventually fail together.

This is not just a gloomy fantasy, but it follows from properties of the existing democracy that have long been regarded as incontestable. Like classical democracy, the existing democracy is also incapable of questioning its basic institutional structures. Modern democracy cannot question, revise, or overthrow these structures without bias. The basic democratic decision-making bodies owe their prominent role, importance, and power and their resources to the basic rules and structures of the state. If these bodies fundamentally changed these structures, they would risk to diminish their own power, relevance, and resources. This concern is especially valid for political parties, parliaments, governments, and the so-called political class. Current democracies also lack political decision-making bodies that would have an interest in fundamental reforms of the political order. This

shortsightedness will remain even while the demands on politics continue to rise and thereby the structural deficits of democracy become even more apparent.

Thus, in order to achieve the mutability necessary in times of new and growing political challenges, democracy would have to create a new decision-making body unhindered by self-interest in reforming the constitutional order. Such an authority should have spontaneous positive incentives to develop the structures and skills necessary for such reforms and to implement these reforms in practice.

These conditions would best be fulfilled, if this authority:

- were installed perpetually (i.e. for permanent monitoring of the political order),
- were politically fully independent,
- and were responsible solely for legislation on the political order.

A constitutional body that would meet precisely these criteria is a so-called *Permanent Constitutional Council*.¹ This logic suggests, then, that the establishment of a Permanent Constitutional Council would also be crucial for the implementation of a citizens' stipend system.

That the demands imposed by the introduction of a citizens' stipend would overburden the existing democracy is all the more obvious, the more such overburdening has already become apparent in other policy areas. Irrespective of this, however, a high risk of overburdening is immanent to the basic structures of existing democracies. This risk arises from the widespread *universal responsibility* of political parties, politicians, and democratic decision-making bodies for the entirety of politics. As the entirety of political tasks becomes ever more complex and, moreover, changes ever faster, they become ever more difficult to cope with for decision-makers and decision-making bodies.

This finding is obvious, but it has not yet become a dominant topic in political debates. For this to happen, politicians are still too successful in hiding their overburdening from the public and from themselves, though of course this cannot continue forever. Sooner or later, therefore, at least in the very long term, conventional politics based on universal responsibility will create growing discomfort not only among politicians, but even more so among citizens. An early symptom of such discomfort is the collapse of formerly robust party constellations in many democratic states. Where citizens lose the belief that universally responsible parties and politicians will be equal to their tasks, their voting behavior becomes more erratic and thus more difficult to predict. Voters turn away from old political parties and leaders but are increasingly disoriented in the search for alternatives.

For the time being, though, charismatic demagogues and new populist parties still succeed in overlaying this discomfort and in creating new illusions of universal political competence in large parts of the electorate. But this is not to be taken as evidence that systems of universal political responsibility will remain viable indefinitely. Where voters support backward-looking populists, this arises from the nostalgic want to perceive politics as simple as in much earlier times, in times, for

¹For the concept of the Permanent Constitutional Council see Wehner (1993).

example, when political problems other than defense and homeland security had appeared marginal.

To the overburdening by universal political responsibility, only one remedy promises lasting success: the political order has to be redesigned in such a way that universal responsibilities are precluded. To this end, the responsibility of politicians, political parties, and state organs would have to be limited to policy sectors small enough to prevent intellectual overburdening. Politicians, parties, and parliaments would then specialize in such sectors, undistracted by the challenges in other fields of politics. The responsibilities of these subsectors would then be delimited in such a way that ordinary political actors could obtain the level of competence necessary to cope with the respective tasks.

A concept of the state aimed precisely at preventing such systemic political overburdening is the so-called *neocratic sector state*.² In this political order, largely autonomous state sectors would be set up, each of which would be responsible for a single branch of politics. Such splitting of the state into autonomous sectors would put an end to universal political responsibility. There would be no more parliaments, parties, heads of state, and governments—and thus no more so-called political class—that was or felt responsible for all policy areas at once.³ There would be only one political institution left whose jurisdiction would span all branches of politics. This singular authority would be a constitutional council responsible for creating the conditions necessary for an adequate coordination among the autonomous state sectors.

With this institutional arrangement, neocratic political orders would reduce the overburdening of political decision makers to the greatest extent possible. This benefit would, of course, also apply to the sector of social and redistributive policy. Thus, in a neocratic sector state the responsibility for a citizens' stipend system would not lie with universally responsible political generalists. It would be in the hands of decision-making bodies and decision-makers who could develop highly specialized competence in all issues related to the citizens' stipend.

A possible—and plausible—conclusion to be drawn from this is that basic income concepts should be conceived and ultimately be realized only in conjunction with a neocratic political order. Awaiting such a fundamental change could of course be a long-lasting hindrance to the acceptance of the citizens' stipend concept and would therefore disappoint those expecting that this or another basic income system will be fully implemented in a foreseeable future. But denying the close interdependence between the basic income concept and the issues of political order could be the greatest possible disservice to basic income activism. Basic income

²This concept (the German term is “Spartenstaat”) was developed in Wehner (1991, 1992a, 1993, 1995, 2002, 2006, 2018). For a general concept of neocracy see also the “Gesamtkatalog” in <http://www.reformforum-neopolis.de/reformforum/gesamtkatalog/-demokratie.html>.

³For further more conventional concepts of specialization of political decision-makers see www.reformforum-neopolis.de/files/abgeordnetenspezialisierung.pdf.

activists should be particularly wary of the risk that, if prematurely implemented in a wrong—i.e. conventional—political order, basic income systems could end in spectacular political failure.

8.2 Basic Income States—Involuntary Associations?

The larger the state, the more questionable it is whether its territorial borders can also be the borders of a truly voluntary solidary community operating a successful welfare state. Likewise it is therefore more questionable whether within these borders the citizens could agree on the concept and the implementation of a citizens' stipend system. Existing borders were not purposefully drawn to meet the criterion of voluntary solidarity among citizens. The territorial borders of a solidary community developing a strong will to install a common citizens' stipend system could therefore only coincidentally be identical with the borders of an existing state. Moreover, the borders in which citizens share a common sense of solidarity are not the same forever. They can change in the course of history, depending on specific solidarity-related criteria including, *inter alia*, migration.

These criteria are fundamentally different from those relevant to the will of citizens to unite for other political purposes, e.g. for common national defense or monetary policy. It is possible, therefore, that the political will of citizens could only be adequately complied with if, for example, the area of common defense, the area of common social policy and the common monetary area differed from each other.

At first sight, it may seem difficult to imagine that a social state operating a citizens' stipend system would have territorial borders of its own, i.e. borders deviating from those of an existing nation state. But such deviating borders could be established if the social state were detached from an existing universally responsible state and newly established as a fully autonomous sector. Bestowed with such autonomy, a social state may want to renegotiate its territorial borders so as to comply with the spontaneous solidarity of its citizens.

One of the numerous possible outcomes would then be that two smaller independent social states emerge on the territory of a former conventional, i.e. universally responsible state. The resulting new borders of a social state could then be, for example, adjusted to the borders of settlement areas of different linguistic or ethnic communities. It is imaginable, therefore, that regions such as Scotland or Catalonia, if they were unable or unwilling to obtain full independence, would seek to establish an independent social state of their own within their existing regional borders.

Such suggestion may at first sight seem unrealistic, but the neocratic political order offers obvious solutions in this respect as well. In a neocratic system, autonomous specialized state sectors would primarily be created for the purpose of reducing political overburdening and incompetence. However, once such truly autonomous sectors were established, they could negotiate and decide independently on their political boundaries. Then state territories would no longer have to be identically delimited for all policy branches. Borders of state territories could then be revised

individually, e.g. for the state sectors of redistribution, currency, and defense. An existing state territory could for example be split into two smaller territories in the redistribution sector, but merge with one or more other states in the sectors of currency or defense. In this way, the territory of an existing conventional, universally responsible state could in one policy branch be split into two or more smaller territories, while in another branch it could merge into a much larger territory.

In such a system, therefore, there would no longer be a single political map depicting the geographic structure of states. Instead, there would be different political maps for different policy branches showing the territorial boundaries of the respective state sectors. Thus, separate political maps could emerge e.g. for social states, currency states, and defense states. Together, these sector-specific maps would then form a multi-layered map of the world of states in total.⁴

The concept of autonomous state sectors allowing for such developments would require institutional arrangements of a new kind scarcely compatible with conventional conceptions of statehood and politics. The ensuing new arrangements would include, *inter alia*, a novel arrangement of public finances. An essential and necessary feature of this arrangement would be that independent state sectors were largely autonomous in their respective tax legislation, thereby creating their own tax revenues. Such autonomy would be easiest to realize if each independent state sector were financed from only one tax type.⁵

However, details of such novel arrangements are not to be discussed in the present context, particularly because their realization lies in an even more distant future than nationwide citizens' stipend experiments or projects. The crucial point in the present context is that in a neocratic order, so far unimagined perspectives would open up for demarcating social states in a way favorable to citizens' stipend projects. The territorial boundaries of citizens' stipend systems could thereby be much better reconciled with the spontaneous solidarity of citizens than in the traditional system of rigid borders uniform for all policy branches. This reconsideration of boundaries would minimize the risk that citizens perceive their membership in a citizens' stipend system as being involuntary and their social state as an imposed artificial community.⁶

8.3 Intellectual Overburdening of Citizens

The introduction of a citizens' stipend system would overburden the traditional, i.e. universally responsible institutions of democratic politics, but a very similar overburdening would apply to the citizens. In the procedures of representative

⁴For the concept of multi-layered political maps see *inter alia* Wehner (1992b) and Wehner (2018).

⁵For a detailed description of such fiscal systems see *inter alia* Wehner (1992a).

⁶The procedures in which the territories of social states and other state sectors could be demarcated in compliance with the will of the citizens are described in Wehner (1995, Chap. 6), and Wehner (2018).

democracy, citizens exert their political influence in elections in which politics as a whole is at stake. In order to launch a citizens' stipend system in these proceedings, citizens would have to give their votes to parties seemingly inclined towards the citizens' stipend system. However, since regular electoral decisions never refer to just one policy area, their outcome could never be interpreted as an unconditional instruction to implement a citizens' stipend system. Likewise, of course, votes for parties disinclined towards the citizens' stipend would not necessarily be votes against it. Because of this ambiguity, deciding on a citizens' stipend project in conventional elections would not do justice to the importance of the issue.

This may suggest that citizens' stipend projects should be decided on exclusively in referendums, but that too would be questionable in many ways. Taking the snapshot of a referendum as binding for such a momentous and long-term decision would deny the complexity of the task. With their referendum ballot citizens would not only decide on whether to implement such a system, but they would at least indirectly also decide on how, when, and in what amount a citizens' stipend would be implemented, and they would also decide on the procedure and duration of the system change. Even if such a decision were made in a succession of several referendums, the overburdening would hardly be alleviated. It would therefore be morally questionable to let the citizens make such a decision completely on their own, left alone by professional political authorities.

At first sight, these findings may seem highly disturbing. They lead to the conclusion that decisions on a citizens' stipend system should be entrusted neither to conventional politicians and political parties, nor to the citizens themselves. This conclusion would apply to traditional approaches to the introduction of basic income schemes and even more so to the generation-spanning approach outlined above. Consequently, the latter approach should likewise be decided on neither in parliamentary decisions, nor in referendums of a conventional kind, but through other decision-making procedures not provided for in existing democracy.

This argument allows for no other conclusion than that decisions on the introduction of a citizens' stipend system would have to be made using procedures yet to be created. Only such new procedures could increase the likelihood of unprejudiced, competent, and far-sighted decisions on basic income issues.

Decision-making procedures that serve precisely this purpose would be provided for in neocratic state orders. One of the major features of neocratic decision-making is a bicameral legislative system consisting of an expert parliament and a lay parliament for each state sector. In this system, the members of both legislative chambers, i.e. of the lay parliaments and of the expert parliaments, would be determined in a novel combination of voting and random selection.⁷

The lay parliaments would provide for a highly increased democratic legitimacy of political decisions as could otherwise only be achieved by referendums. But this increased legitimacy would be achieved without—as in the procedures of direct

⁷For the concept of lay parliaments and the role of random selection see *inter alia* Wehner (1995, Chap. 6).

democracy—abandoning the procedural advantages and higher expertise of parliamentary processes. In this neocratic bicameral system, the expert parliaments of the state sectors would, taken together, take on the role of the traditional universally responsible parliaments. They would, however, be far less overburdened, and thus the risk of political misjudgment and failure would be greatly reduced. Moreover, members of such specialized parliaments could be elected and appointed for terms as long as may be necessary for adequate decision making in the respective policy sectors.

Thereby, such a neocratic system would combine the advantages of conventional representative and of direct democracy, while at the same time eliminating their major shortcomings. Said system would raise the expertise and foresight of political decisions in all sectors, while ensuring a high level of political legitimacy.

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Chapter 9

A Project for the 22nd Century?



9.1 Two Basic Errors

Thanks to widespread international activism, the idea of basic income has attained remarkable publicity and prominence in the past three decades. But in spite of that, the discussion on basic income to this point cannot be considered a success story, and it cannot be one if continued with the same arguments. In order to improve the odds of success at least for a distant future, basic income would, as explained above, have to be discussed in a much broader political context and with a much wider time horizon than in the past.

An important step forward would be in reach if the basic income discussion dispelled two of its most obvious and most widespread errors. On the one hand the misconception persists that basic income undermines work and performance incentives and thereby reduces general prosperity, making the program unaffordable. This objection applies solely to a hypothetic excessive citizens' stipend as would never be realized in actual political processes, relegating further debate on this issue unnecessary.

The other widespread—and even more misleading—misconception is that the implementation of a basic income system would be a routine political act like many others and can be accomplished by routine majority decisions of common democratic parliaments. This misconception underestimates the problems of system transformation and it overestimates the problem-solving capacity of existing democratic institutions.

Overcoming these two misconceptions could clear the way for an elementary consensus that would open the discussion in many new directions—namely the consensus that basic income is affordable and enriching in many respects, but that its implementation would have to be preceded by profound reforms of the political order.

Existing democracies could be overburdened not only during the implementation of a basic income system. Once implemented, the system would be highly challenging to manage, even more so if problems of involuntary membership in the

welfare state arose and if basic income were to be used for demographic and economic stabilization.

In a basic income system, the responsibility for the social state should be in the hands of a decision-making body which is tailored as precisely as possible to the needs of social politics. Advisory bodies, as they already exist or are planned to exist in some democratic states under terms such as the “Future Council”, would not meet these demands. In order to open the way for such novel political decision-making bodies, democracy as a whole must ultimately be put to the test. Nothing short of fundamental institutional change can create prospects for an innovative and more capable ‘post-democratic’ or ‘neocratic’ political order that could successfully cope with the demands of a citizens’ stipend project.

Such arguments may defer citizens’ stipend projects to a seemingly utopian future, in particular because the system change would have to be preceded by a broad transformation of political consciousness. Only decades later could the long process begin, in which, as proposed here, the number of recipients of citizens’ stipend is to grow year by year while the beneficiaries of the old system gradually disappeared.

But that does not mean that the basic income project is not yet a highly topical issue. Precisely because it requires such a long lead-time in political practice, it should unabatedly be argued and fought for in a committed manner. The long-term nature of this process may be both challenging and discouraging, but it is only when this long-term nature is accepted that political progress towards a basic income becomes realistic.

In the face of the long-term nature of the task, discouragement may prevail, but a simple mental exercise can reassure the political and moral priorities of the citizens’ stipend project. For this purpose, one must only adopt the perspective of later generations living in a basic income system and ask whether they might opt for a reversion to the welfare state of the present.

Such revision is not plausible. A dismantling of a future citizens’ stipend system would happen in spite of previous political will that has formed the citizens’ stipend as well as the associated social security system. If future citizens abandoned this previously adopted system, they would lose its above-mentioned positive effects such as enhanced solidarity and social justice, safer social peace, enhanced creativity, and potentially higher employment and prosperity. Against this backdrop, a voluntary, politically legitimate return to the rigid, non-transparent social system of earlier generations would hardly be conceivable. Future generations would least of all want to give up the transparency, simplicity, and comprehensibility, the political leeway, and the openness for reforms that the basic income system would have created.

9.2 Formation of Consciousness

As a term, unconditional basic income has, in a few decades of scientific and public debate, gained not only considerable attention, but also remarkable sympathies. But so far, the formation of consciousness in basic income matters is still at a very early stage, and the path to political realization has not become much shorter. Much of the attention for the basic income concept is still owed to its widespread vagueness and to the heterogeneous—and thereby in part contradictory—expectations linked to it. For example, many basic income advocates still expect that to achieve a given income, in a basic income system a large majority would have to do substantially less or less strenuous work than in present systems. At such a state of consciousness, basic income systems would inevitably disappoint many of the expectations associated with it.

If, on the other hand, the debate were limited only to viable variants of basic income, a significant decline of support and sympathies could thereby ensue. And support and sympathies would decline even more if the political prerequisites for the implementation of basic income systems were also thoroughly discussed—and if it were then accepted that such systems would only be sustainable if preceded by a fundamental reform of democracy. But it is only after such clarifications that the formation of consciousness in basic income matters could take a clearly purposeful course.

9.3 The Political Detour as a Shortcut

To get a citizens' stipend system off the ground, a stable constituent majority would be necessary. In conventional democratic procedures, this majority will be difficult to achieve, if only because economically sound basic income models promise little to no economic advantage for the majority of the living. It is true that basic income models can be contrived so as to show at least some economic benefits for a large majority and substantial disadvantages for a small minority, but such theoretical models have little political persuasiveness. Besides, they become less transparent the more tax types other than income tax are relied on for the financing of basic income. Alleged individual benefits from a basic income system could therefore be more than offset by subjectively perceived uncertainties.

For large groups of the citizenry, promises of economic benefits from a basic income scheme would not be plausible from the outset. These groups include the vast majority of the retired and the professionally well established with their families. This circumstance alone makes it unlikely that traditional democratic processes would yield the necessary wide majority support for the transition to a citizens' stipend system. Therefore, to make a citizens' stipend system come true, the political decision should not be based on actual individual expectations of economic benefits or losses. The chances for sustained political majorities would be far greater if the political decisions were to be made on behalf of subsequent generations.

This too, however, does not change the fact that the transition to a citizens' stipend system would be a major system change which in conventional democratic processes could be effectuated only by exceptional political or economic crises. Nor does it change the fact that a citizens' stipend system makes demands on the political system which conventional democracy does not seem capable of complying with. This logic again allows no other conclusion than that the path to future citizens' stipend systems must begin with nationwide citizens' stipend experiments in small pioneer states with foreign support, and that such experiments should be linked to or preceded by neocratic reforms of the political order.

In most countries of the world, a citizens' stipend system will remain a distant utopia for many generations. The main reasons for this are poorly developed economies with inadequate tax yields, poorly developed political consciousness, and insufficient spontaneous solidarity among citizens. But even most states with preconditions much more favorable to a citizens' stipend system would do well to let another state go ahead with a nationwide citizens' stipend experiment and related reforms of the political order.

The global commitment to basic income concepts would be more promising the more it focused on this path. In such course of action, the most urgent question is in which states the preconditions for successful nationwide citizens' stipend experiments would be best fulfilled and how these states could be best induced to engage in such experiments. It must also be asked, then, which and how much external help would be required for such an experiment and where this help could come from.

The fact that citizens' stipend projects will have to take such long detour to realization does not in the least lessen their fascination. In the process outlined here, the citizens' stipend could become the first major social and political experiment in history which would take its course without previous political and economic crises and revolutionary turmoil. Therefore, a small pioneer state undertaking a nationwide citizens' stipend experiment would do an invaluable service to the rest of the world, whatever the outcome of the experiment might be.

One must, however, also be aware that in a foreseeable future at best one such nationwide experiment can be expected to begin and therefore only one variant of basic income can be put to the test. Any such system variant will fail to find consent with a large part of living basic income advocates, thereby potentially weakening the basic income movement. But this will be a transient phenomenon. When basic income is put to a nationwide test, a consolidation of basic income ideology will sooner or later ensue, whatever the design and the outcome of the test may be.

Such consolidation may eventually strengthen the basic income movement, but if the outcome of the experiment failed to meet the prevailing expectations, the confidence in the basic income concept as such could be eroded for generations. This setback would inevitably occur if a nationwide basic income experiment were carried out in a wrong state at a wrong time with a wrong design. Supporters of basic income should therefore always be aware that, however fascinating their ideas may appear, the political pitfalls are manifold. The greatest threat to the basic income concept comes from the appealing, but unreflective idealism of many of its advocates.

9.4 The Future of Basic Income Activism

The prospects of the basic income movement cannot be assessed realistically without a realistic evaluation of the progress so far achieved. The progress of recent decades lies mainly in the fact that in a number of countries the basic income concept has gained increasing publicity and largely even a positive connotation. This attention has also raised interest in basic income experiments, modest as they were. The media have taken on the notion, numerous opinion polls on basic income have been conducted and political parties have at least internally, although mostly not in depth, discussed basic income concepts. At first glance, this might suggest that a large, if not the largest part of the way toward implementing basic income systems has already been covered. In fact, there are numerous advocates of basic income, to whom any divergent supposition seems downright infamous.

Such optimism is based on a misinterpretation of past progress. So far, the only substantive progress is the progress in publicity. It is clear, at least, that basic income experiments have produced very little politically relevant empirical evidence and that they will scarcely do so in the future if continued in similar ways. In addition, the numerous opinion polls on basic income have produced ambiguous and inconclusive evidence. They do not show a clear trend of growing approval, and there is no evidence which new facts could trigger such a trend in a foreseeable future. It must also be borne in mind that the phrasing of opinion polls can evoke only highly diffuse notions of basic income, as long as the debate is not focused on a concrete concept like the citizens' stipend proposed above.

As far as publicity of the term is concerned, the basic income movement may in some countries be more than halfway toward reaching its goal, but this does not allow conclusions as to the portion of the path to political implementation already covered. It is even questionable whether significant progress towards implementation can be achieved with the methods so far adopted. There is already some evidence to the question of where and in which way politicians and political parties deal with the basic income issue, and this evidence suggests that the term and the concept of basic income easily find false and dangerous friends in politics. It would be an extremely optimistic guess that the progress made in the last three decades has made up more than one tenth of the path to successful political implementation. This estimate suggests—although this path will of course not be linear—that centuries of conventional basic income activism would lie ahead before an implementation could come near, even if basic income systems were compatible with traditional democracy.

Such a realistic assessment is of paramount importance for the future agenda of basic income activism. This initial assessment makes clear that linking the basic income issue with the issue of political order does not postpone the implementation of basic income unnecessarily far into the future. Quite on the contrary: The procedure "*first a new democracy, thereafter the basic income*" would be a shortcut.