

The universal basic income – option or utopia for the future of the German social state?

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Objections to the introduction of a UBI

- I. The background of the present debate
- II. Implicit assumptions in the debate
- III. Objections to the arguments of UBI advocats
 1. A UBI does not improve precarious life situations
 2. ..it does *not* reduce social inequality..
 3. A UBI conflicts with the basic principles of the German social contract
 4. ..it undermines the German system of collective bargaining
- IV. Conclusion
 - Do we really need a *new welfare state* (or should we better adjust the existing systems to the new social needs and risks)?

I. The background of the new debate on the UBI in Germany

1. Reminder: Germany - a ‚continental‘ welfare state type with highly developed labour relations, collective bargaining and a status-centered social security system
2. Basic allowance as a complement to social insurance schemes
3. Critics to the ‚old‘ welfare state as driving forces for policy alternatives
 - Growing income inequality and growing share of low wage and atypical work
 - Deficits in social security (coverage and access, low level of benefits)
 - Dissatisfaction with conditionality rules in the basic allowance scheme
 - Growing general dissatisfaction and insecurity as a result of social policy reforms of the last two decades (activation)
4. Digitalisation and fear of massive job loss

II. The variety of different models of UBI

1. The common feature of all models is a social benefit which is paid unconditionally (irrespective of work income or readiness to work) to every (adult) citizen living in Germany, but...
 2. Different models of a UBI have different focuses, ranging from..
 - Ordo-/ neoliberal models aiming at the dismantling of labour market institutions to make the market more fluid and flexible and reduce labour cost, to...
 - ‚emancipatory‘ models that suggest a decent benefit level and complement existing insurance schemes as well as labour market regulation
- Normative assumptions and aims differ between the models

II. The role of paid work in the near future

1. In a capitalist market economy paid work will persist as source of societal wealth and added value
 2. For the individual in a modern society paid work remains the main source of income and social identity
 3. Paid work represents the main source of social recognition - other activities will probably not be equally acknowledged (at least not for the majority of people)
 4. The digitalisation of production and services will lead to the need of new qualifications but probably not to a dramatic loss of jobs
- Therefore:
- How to regulate the labour market?
 - What kind of social security has to be provided?

III. 1. A UBI does *not* improve precarious life situations in a sustainable way...

...because it needs more than a minimum income for participation and integration (*Teilhabe*)

- a) Improving the income situations of poor households requires
 - Enhancement of the primary redistribution through an effective wage policy (through collective bargaining and a decent minimum wage regulation)
 - Provide social transfers aiming at an *average* life standard
- b) Combating poverty and exclusion and avoiding the intergenerational transmission of poverty
 - Education and compensating support for the very young children
 - Support for long-term unemployed through services and counselling in their local neighborhoods
 - Provision of work opportunities to reintegrate into (a secondary) labour market

III. 2. A UBI increases social inequality instead of reducing it...



...because a UBI does not tackle the causes and mechanisms of social inequality

a) The take-up of a UBI instead of paid work is not an option for all workers equally

- Workers in a strong market position (and a high level of social and cultural capital) may use the UBI as a threat to their employers or just as a sabbatical
- For workers in a ,weak‘ market position the UBI is not an exit-option as they cannot afford to renounce their work income

b) If the UBI becomes a norm equal to that of being employed, it might be an instrument of repression against the employees

- Employers may more easily decline trade unions revendications in the collective bargaining
- Dismissal protection loses its legitimacy

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III. 3. The UBI's egalitarian approach conflicts with the German social policy norms



...because the German social contract relies on a combination of two normative principles: need and equivalence

a) need is covered by tax-financed social transfers

- Benefit reception requires the compliance of access conditions (financial strain, readiness to take up ,acceptable‘ employment)
- The requirement of ,good reasons‘ shall not overstrain recipients‘ autonomy
- The rule to give ,good reasons‘ ensures that solidarity is not misused

b) the principle of equivalence is realised through the mechanism of social insurance

- Contains promise of status protection in the situation of need to all members
- a decent benefit level and a wide coverage solidifies the readiness of the ,strong‘ to contribute
- The combination of both schemes form the supporting pillars of social cohesion and solidarity as basis of the German social contract

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III. 4. A UBI would not strengthen the German system of collective bargaining

... because it would weaken the legitimacy of collective agreements.

- a) The unconditional benefit reception would become functional equivalent and alternative norm to collectively agreed good working conditions
 - Weak branches could achieve only low wages and less favorable working conditions
 - Dismissal protection would also be put into question
- b) Wage polarisation would be enhanced – and solidarity weakened
 - ...as privileged workers with a good market position could better negotiate if a UBI is considered as an (temporary) exit-option and threat to the employers
 - ...as workers with a weak market position would be offered only low wages that would have to be complemented by benefit reception

IV. Conclusions

1. Do the shortcomings of the existing system justify a *tabula rasa* solution?
 - A UBI causes more problems than resolving them
 - A UBI undermines the very basic institutions that organise the redistribution of aggregated income
2. What to do? What are the alternative options to the UBI?
 - Is it realistic to take efforts to reinforce the system of collective bargaining?
 - (How) Can social policy enhance individual autonomy (if not through a UBI)? Or is it necessarily paternalistic and constraining?
 - How can social insurance and basic allowance schemes be adjusted if we want to maintain them?
 - Do we need a different tax policy to ensure a fair redistribution of wealth?

IV. Literature

The arguments of this presentation are taken from:
Silke Bothfeld (2018) Das bedingungslose Grundeinkommen zwischen Utopie und sozialstaatlicher Wirklichkeit, Leviathan, Vol. 44, No. 1 (forthcoming in March 2018)

English title: *The universal basic income – option or utopia for the future of the German social state?*

Abstract:

Many people claim that a universal basic income would be a suitable answer to the growing social insecurity. An institutional analysis of the UBI illustrates the ambivalence of such a radical reform step: A UBI would rather contribute to the erosion of the existing social security systems and impair the labour movement's societal power. Therefore, inbuilt changes that social associations and unions suggest appear to be a politically realistic and normatively adequate option.

Comments are welcome, please e-mail me: silke.bothfeld@berlin.de!