INTRODUCTION

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A basic income is an income granted unconditionally to all on an individual basis, without a means test or work requirement. It is a type of minimum income guarantee that differs from those that now exist in various European countries. Considered in its pure form, a basic income is paid (1) to individuals rather than households; (2) irrespective of wealth or any income from other sources; and (3) without requiring the performance of any work or the willingness to accept a job if offered. Its relevance to the problems of contemporary welfare states has long been recognized. From the 1970s onwards, forms of basic income have been regularly proposed for adapting the post-war institutions of social transfer to the conditions of a modern economy, in which lifetime security through earned income is no longer the norm. The guiding claim was that an unconditional floor of guaranteed income is justified as the *fairest* and the *most efficient* way of reconstructing basic security in the welfare state. Inevitably, the fairness part of this claim led to a principled debate concerning the unconditional features of basic income, in particular the absence of the requirement of willingness to work. The reason for this is obvious, for any moral justification of unconditional basic income has to deal with the objection that it is unfair to hand out transfers to able-bodied persons who are merely unwilling to earn a living. This theme has been explored in depth in *Arguing for Basic Income* (1992).

However, basic income is being increasingly discussed in a more pragmatic context. This discussion is mostly concerned with the efficiency part of the above claim. Here, basic income is proposed as the most viable way of reconciling two of the welfare state's central objectives - the alleviation of poverty and full employment – while at the same time allowing scope for making the labour market function in a more flexible and dynamic way. One of the reasons why basic income has attracted interest is that it seeks to reinterpret the compatibility of these two central objectives, reflecting the fact that social policy and economic policy can no longer be conceived separately. Thus, in recent years, basic income has appeared on the agenda of institutional reform as a proposal which combines adequate social protection with the demands of flexible labour markets, and may lead to a more equitable distribution of income, paid work, care work and free time among men and women. As such, it has to be pitted against the claims of (partly or fully) competing policy instruments in the welfare state: collective working time reduction, subsidized employment, paid parental care, early retirement, educational and sabbatical leave provisions, the minimum wage, and schemes of 'workfare'.

This book is divided in two distinct but interrelated parts, both of which reflect the main topics of the 1998 Congress of the *Basic Income European Network*.[1] The first part, 'Policy Objectives', analyzes the potential of basic income *vis-à-vis* other policy schemes to achieve the above-mentioned goals of welfare state reform. The second part, entitled 'Political Support', reviews the state of the debate on basic income in various European countries. Although the book can be seen as following up on *Arguing for Basic Income*, it has a different point of departure. *Arguing for Basic Income* concentrated on the ethical controversies around unconditional grants, which, as noted above, have been part of the general debate from the start. It attempted '... to spell out a plausible conception of the just or good society which could provide firm foundations for the legitimacy of an unconditional income' (p. 8) and '… to derive basic income from an explicit formulation of the ideal of a free, equal or good society' (p. 29). These controversies, which are concerned with rethinking the regulative principles of solidarity and justice in the welfare state, have not yet come to rest.[2] As customary in

applied political philosophy, the arguments are exchanged at a high level of abstraction. Most recently, the main question has been whether granting people a substantial, or even the maximally sustainable, basic income is an appropriate instrument of liberal-egalitarian justice. The answers seem to depend on how the *egalitarian* aim of compensating for unequal endowments can be combined with the *liberal* aim of holding people responsible for their personal choices. At the level of detailed policy implications in societies with developed welfare state institutions, competing interpretations of liberal-egalitarian justice then generate different positions regarding the desirability of either work-sensitive or unconditional compensation to the worst-endowed members of society: the working poor, and those who are more or less chronically excluded from the labour market, and hence depend on transfer income. In this debate, the proposal of introducing a basic income in the welfare state typically serves as a testing ground for exploring the relative attractiveness of abstract normative positions entertained on the political Left.[3]

While these *theory-driven* controversies still remain largely unsettled, the fact that they are being fought out in the international arena in the area of welfare-state policies to some extent explains why basic income has become a proposal of some interest in the *problem-driven* debate on social security reform. It is this debate which provides the perspective of the present book. Rather than trying to link the proposal of basic income to philosophical principles of justice, here, we want to focus on how it fares relative to other policy instruments which claim to promote politically salient objectives of welfare reform. There is widespread consensus among policymakers and other professionals that the welfare system has to be adjusted, but also disagreement about the direction of reform. Is it time to pare down the benefits of the welfare system, by making it 'meaner and leaner', allowing it to survive global market competition and more intense intra-European competition for advantageous tax regimes? Or do we instead have to find new ways to maintain the basic protective features of the European welfare state in the face of these challenges? To what extent is the debate on the form that welfare arrangements should take influenced by the problems of the inactivity traps besetting means-tested welfare arrangements, the persistence of (long-term) unemployment among the low-skilled, and the difficulty to get rid of poverty despite the affluence of European countries?[4] Last but not least, what requirements of re-design are being imposed by flexible work arrangements, the decline of breadwinner families along with increased female participation, and the greater difficulties of combining work and family responsibilities?

In addressing such questions, arguments for and against basic income figure at a far lower level of abstraction. They are more influenced by the concrete social problems in different welfare states than by general normative positions. Yet, as the contribution of Frank Vandenbroucke and Tom Van Puyenbroeck in this volume will show, it is important not to lose sight of the link between these two levels of debate. Though most of the contributors of basic income in this book are to some extent moved by egalitarian or solidaristic justice, such normative commitments often appear obliquely, against the background of what is often called the 'new social question'. This is the real threat of a permanent divide between on the one hand job holders with a strong labour market attachment (secure full-time employment with full entitlements to social insurance) and marginal groups with intermittent labour market careers (insecure access to benefits of social security, and old-age pensions) on the other.[5] In *Arguing for Basic Income*, the importance of basic income for addressing the new social question was described by Van Parijs (1992, 6-7) as follows:

> … it can no longer be assumed that an overwhelming majority of households can cover their basic needs thanks to the wages they owe to the job one of their members currently holds or to the benefits they owe to the job one of their members used to hold. Under this assumption, central to the conception of the modern welfare state, the safety net of social assistance could be confined to a marginal – and ideally, shrinking – set of cases. For various reasons, this is now very far - and even further – from being the case. Throughout Europe, an increasing number of households have had to rely on social assistance and have become caught in the net it provides. The joint impact of technical change and the internalization of markets is making it

> increasingly difficult for the economies of advanced capitalist countries to generate a sufficient number of jobs that can be profitable while providing those who hold them with a living wage. The outcome of this process is, increasingly, a 'dual economy', a 'two-thirds society', in which the most significant divide, as far as material welfare is concerned, is no longer the one that separates capitalists from workers, but the one that separates those who hold proper jobs from the rest of the population. There is no easy way of fighting this tendency. But the replacement of the safety net, in which the weakest and the unlucky get trapped, by a firm unconditional floor, on which they can securely stand – in other words, the replacement of a conditional minimum income scheme by a genuine basic income – is increasingly viewed as an indispensable ingredient in any such strategy.

The new social question thus basically turns around the failure of the existing labour market and social security institutions to ensure access to employment, while at the same time securely protecting people who are in or out of work from falling into poverty. In the same vein, Goodin (2000) made the case that the four pillars — the state, the market, the family and the community — on which social security rests are all crumbling. In the increasingly non-standardized world towards which we are moving, Goodin prefers some form of a basic-income type scheme above means tested and fine-tuned conditional social benefits: 'Any standard categories or conditions fit any given individual's actual experiences increasingly poorly, both occupationally (with the flexibilization of the labour market) and personally (with the flexibilization of the marriage market). So, if we want our social policy to cater to people's real needs and actual circumstances, we will have to abandon categorical and conditional modes of social-policy making' (*ibid*., 147). In capsule form, the main policy objective to be kept in view in assessing the indispensability claim Van Parijs made for basic income in the early 1990s, is 'full employment without poverty'.[6] However, compared to the early 1990s, the conditions for counteracting the 'dual economy' have become less favourable. On the political Centre-Left at least, this has considerably influenced the diagnosis of the new social question. It is now conceded that flexibility in the organization of labour, footloose factors of production, and processes of tax competition, shifts in the employment volume between exposed and sheltered sectors in the economy, as well as structural increases in the demand for health care and pension provisions of rapidly ageing populations, have worsened the chances of attaining 'full employment without poverty'. These developments have made it harder for national governments to pursue the goals of employment security and redistributive welfare that were formerly held to be viable, given sufficient political will. Yet at the same time, the Centre-Left is committed to showing that neither the 'blind forces of globalization', nor the adverse demographic shifts taking place in advanced welfare states, have robbed national governments of the policy space for pursuing broadly egalitarian strategies. In new and suitably adjusted ways, such strategies are still held to be within reach, depending on the development of the right kind of policies.[7]

At present there is a great variety of relatively novel policy instruments, amongst them forms of basic income, which may conceivably be put to use in counteracting the emergence of a dual economy, under the more restrictive conditions outlined above. But it should be noted that at present also, the proponents of basic income may have more of a rough ride to stay in the race, for two connected reasons. First, since basic income has to prove itself in an economically and politically more constrained environment, the tax cost of guaranteeing the 'firm unconditional floor' – if pitched at the level of subsistence needs - is now even more likely to be perceived as prohibitive than it was a decade ago. As a consequence, only partial and piecemeal movements toward unconditional entitlements of benefit are the ones that are going to figure seriously in the comparative exercise of optimal policy instruments for solving the new social question. Secondly, unlike before the early 1990s, basic income can no longer be presented as the only alternative to the status quo of work- and means-tested conditional benefits, with its large unemployment and poverty traps. For in the policy debate on the new social question, competing instruments have entered the field, such as Earned Income Tax Credit, and various kinds of wage subsidies to employees. These instruments, it is now

claimed, are able to remove these inactivity traps just as efficiently as a basic income would be able to, and moreover in ways that avoid the controversial feature of basic income: its loosening of the links between transfer income and the obligation to perform paid work.

These changes in the terms of the debate imply that forms of partial basic income and forms of work-oriented benefit and labour-market policies slide into a broad continuum of alternatives, each of which can claim to tackle the new social question in terms of its effects on promoting access to employment at the low end of the labour market, preventing poverty, and fighting social exclusion. The advantages and drawbacks of each of these alternatives thus have to be sorted out by a very careful comparative analysis, and in the course of such analysis, as the contributions of Paul de Beer and of Philippe Van Parijs, Laurence Jacquet and Claudio Salinas clearly show, it is difficult to claim a knock-down superiority for any particular policy alternative. Thus it is perhaps fair to say that basic income, after having won a certain kind of respectability as a normatively unorthodox way of addressing the deficiencies of existing welfare state arrangements, is now taken seriously enough to be put to the test under rather harsher conditions than its proponents may have anticipated. One object of this volume is to see if basic income can survive this test.

FOUR IDEAL TYPES OF BASIC SOCIAL SECURITY

Since the rise of unemployment in the mid 1970s, several measures have been taken to curb steadily increasing social expenditures (both absolutely and as a share of GDP) and to counteract the rising trend of unemployment which appeared after each successive recession. The ruling diagnosis was, and still is to a large extent, that the vested security entitlements of European welfare states are too permissive, and that their labour markets are ridden with structural rigidities.[8] Accordingly, the menu of social-economic policy recommendations has varied from tighter eligibility conditions, shorter durations and lower levels of social benefits, reduction of the level of minimum wages, and the relaxation of firing and dismissal procedures. Also, and in part independently of whether or not the overall unemployment figures in the European Union have improved (as they have in Denmark, Britain, Ireland and the Netherlands), the persistent problem of long-term unemployment at the lower end of the labour market has given rise to the introduction of wage subsidies, and a large variety of job, workfare and learnfare programs. Especially these last types of measures are held to mark the emergence of an 'active' welfare state, which tries to reduce 'passive' dependency on conditional social assistance benefits. In general, the stringency of the work-test is being raised, while at the same time efforts are undertaken to provide access to the labour market, either directly or indirectly.

The idea of the active welfare state attacks the perceived passivity of both recipients and government agencies. On the one hand, active welfare state policies are committed to destroy the 'legitimate expectation' of claimants to holding a social benefit, subject only to the ritual of turning up at a job centre and noting that no suitable work is forthcoming. On the other hand, the bureaucracy of welfare administration must be forced into taking an active interest in getting claimants prepared for permanent attachment to the labour market. The administration of social security legislation, as well as the legislation itself, must therefore be changed, by providing job-oriented offers that claimants are no longer in a position to refuse. Such offers involve mandatory participation, in (re)training, public service employment, or subsidized (private or public) employment programmes. The active welfare state approach thus tries to strike a new balance between social security rights and the correlative duties of both claimants and agencies. It claims that the maintenance of redistributive solidarity will be facilitated, in the hard times of mobile capital and high-quality labour assets. This would happen by making it clear that anyone who is 'on welfare' is also in the process of being redi-

rected and resocialized to a norm of a self-sufficient working life, and that a growing proportion of the taxes to be paid for implementing solidarity is thus being spent on programs achieving this active goal, rather than being spent on passive income support.

The active welfare state approach may culminate in a system of workfare, if the government steps in to provide nonmarket 'paid jobs of last resort'. These jobs would be expressly designed to permanently employ people whose attachment to the labour market remains weak, despite reasonable efforts. This is the extreme case of 'activation'. So far, workfare has only been a point of discussion in Europe, rather than a concrete proposal. In so far as it is a genuine response to the new social question, workfare could be motivated by the idea that even artificially created jobs can fulfil social demands which the labour market may not supply under minimum wage constraints; can serve as bridges to regular economic participation while maintaining discipline without loss of dignity; and finally, be a signal on the part of society that active welfare has replaced passive welfare across the board (WRR, 1997). Workfare schemes, provided that they are truly motivated in these solidaristic and participatory ways, constitute one extreme on a two-dimensional continuum of policies, of which a basic income at the ruling subsistence level is the other extreme.

Before going further into this, note that the arrangements on which the various possible solutions to the new social question focus are predominantly concerned with *universal minimum benefits*, rather than with *employee-related social insurance*, which covers risks of earnings losses from unemployment, sickness or disability. In what follows, we will concentrate on the treatment of those whose access to these last benefits is limited because they have an insufficiently secure link to the labour market.[9] Although there has been a spectacular expansion of social insurance and other earnings-related coverage after the second World War, a growing part of the labour force now has to rely on the transfer payments under a socially guaranteed minimum safety net. Let us call these payments 'basic security'. In most countries, means-tested social assistance benefits would be the usual form of basic security. Thus understood, the new social question revolves around the different forms which basic security — at a poverty-preventing ruling level of individual or household income for an individual — may take, and what types of labour market policy might best accompany these forms. Figure 1 gives a bird's eye view of four 'ideal types' of basic social security. Together, they define a policy space of alternatives for achieving 'full employment without poverty'. After having explicated the dimensions of this policy space, we will then use it to put into a common perspective the matters raised in the contributions which make up Part I of this volume.

Figure 1 here

The vantage point of Figure 1 is point A at the top-left corner, which defines basic security of the work- and means-tested type in most existing regimes. We call it Conditional Welfare. Conditional Welfare is the type which motivates our exercise, since its conditionalities set up various unemployment traps. These traps arise because *(a)* taking a part- or full-time job with a net wage close to the level of the net benefit causes the worker to lose the entire benefit and *(b)* the rules of implementation are lax enough to allow prospective workers to pass over a job that does not result in a significant improvement of income and non-income related advantages. Moreover, since means-testing is applied to the joint income of adult families, the conditionalities also discourage taking up part-time work by one or both household partners. In many cases also, Conditional Welfare (at least in its pure form) extends to wealth holdings, and does not allow benefit holders to undertake training, follow educational courses, or engage in setting up a business. It thus also discourages activities of human and financial capital formation.

From point A one can move along two dimensions, vertical and horizontal. Along the vertical axis, the conditions of entitlement and the conception of what counts as 'work', as

applied in the work-test, become progressively broader, until one ends up with a pure - non-work tested as well as non-means tested - Basic Income, at the ruling social minimum of a single earner. Several varieties of intermediate cases can be located along this dimension, for example a partial basic income at, say, one-half of the social minimum, topped up by conditional welfare, a non-means tested but work-conditional income, or a fully means-tested income with relaxed conditionalities of work, which reflect a broader conception of work entitlement.

Going back to point A, let us now consider moving along the horizontal dimension. This dimension is defined by gradations of increasingly stringent implementation of the entitlement conditions of Conditional Welfare, to some maximum at point B'. The notional move from A to B' would virtually remove the disincentive aspect of the unemployment trap, since in B' it would become impossible to refuse any part-time or full-time job which was actually being offered to someone on welfare. This move along the horizontal dimension is only notional, because it does not correspond to any existing or even proposed basic security policy. Yet in one way, the move from A to B' captures the logic of the active welfare state approach discussed above, in which benefits are to be discontinued as soon as paid work becomes a possibility. Of course, what the move from A to B' does not capture is the complementary feature of the active welfare state approach. As we have seen above, this consists in making available facilities of job search, training or occupational reorientation, as well as paid work in various kinds of government-sponsored kinds of job (ultimately including the workfare jobs of last resort) which are envisaged as the ultimate consequence of the active welfare state approach. Thus, the policy extreme that we identify as constituting the active welfare state's ideal type - here called Workfare - must be located further down along the vertical dimension than point B' in Figure 1, at point B. This is because 'activating' policies necessarily involve relaxing some of the conditions of entitlement, so as to include all activities which contribute to enhancing the 'employability' of the welfare recipient as legitimate grounds for the basic security transfer.

In a similar way, one can envisage a notional move along the horizontal dimension, proceeding rightwards from Basic Income in Figure 1, to point C'. Obviously, this move is of only analytical significance, since the conditions of basic income – citizenship status or long-time residence – are relatively simple to monitor (which is not to say that they would always be simple to enforce in a given country). For the present purpose, however, the real interest of moving along the horizontal dimension to point C', is to locate our fourth ideal type of basic security, Participation Income, which is a special form of work-conditional citizen's income, originally proposed by Atkinson (1993). We arrive at this type by moving upwards along the vertical dimension, to point C. The move from C' to C signals the fact that a Participation Income, even though it is not means-tested, like basic income, is forthcoming only in return for the performance of 'socially useful activities', such as care work for the young, disabled or elderly, or community work of officially approved kinds, in contrast to basic income. These unpaid activities figure as grounds of entitlement to Participation Income, in addition to the entitlements generated by paid work, or generated by the activities of enhancing labour-market employability that the active welfare state defines.

It should be noted that Participation Income was envisaged by Atkinson as an independent and non-means tested alternative to Basic Income, with work-related conditions that would render it invulnerable to the powerful charge - traditionally directed at Basic Income - that it violates the notion of *reciprocity*. So understood, Participation Income is a form of basic security that must take the enforcement of its work conditionalities just as seriously as Workfare does, the difference with workfare being that the conditions for receiving a Participation Income are more inclusive. Note however, that the arrangements of Workfare, as described in Figure 1, are also subject to means-testing, while Participation Income is not meant to be means-tested. Thus one might envisage intermediate forms between Workfare and Par-

ticipation Income on the line BC, and of course one could also imagine laxer forms of Participation Income, which would start to resemble Basic Income, as one moved along the line CD in the policy space of basic security.

So far, our description of the policy space has concentrated on the possible legislative and implementation forms of basic security. In practice, these forms need to be complemented by policies of labour market regulation appropriate to each. Roughly speaking, one can locate policies aiming at enhancing the demand and supply of paid work at the top end of Figure 1, while policies that facilitate the transition of individuals between paid and unpaid work would be located at the bottom end. Policies of this first kind include wage subsidies and tax credits for workers, as well as various forms of training- and job-programmes. Policies of the second kind, by contrast, include provisions for parental leave, sabbaticals, subsidies on going from full-time to part-time work, or subsidized early retirement schemes. It should be noted, however, that these last policies have not yet been developed in the trajectory of minimum income guarantees, on which Figure 1 focuses. In so far as such policies exist at present, they are typically attached to a secure employee status offering social insurance benefits, a point to which we return later on.

It should be noted that moving from left to right in Figure 1 will ordinarily require the introduction of supporting labour market policies of one kind or the other. For instance, if one wants to transform Conditional Welfare into something close to Workfare (along line AB), then the corresponding increase in the stringency of benefit conditions will only be seen as reasonable, if the recipients of basic security transfers also get better chances to actually fulfil the tighter conditions. This, in turn, requires labour market policies, such as a wage subsidy for long-term unemployed, combined with a retraining programme. The more these supporting labour market policies succeed in expanding employment opportunities of their target groups, the more scope there will be to impose strict duties on welfare recipients to accept work, and penalize non-co-orperation. At the Workfare extreme, finally, these labour market programs would become an integral part of basic security legislation, since they would have to involve permanent jobs of last resort. In a similar manner, one can argue that moving from Basic Income in the direction of Participation Income (along line DC) will require supporting policies that actually enable the recipients to meet the broader conditions of work that this last form of basic security wishes to impose. In part, such policies are of the kind that are traditionally regarded as subsidized exemptions from paid work.

As a final note, basic social security in advanced capitalist countries is mainly situated along the line AB, with the U.S. more workfare-oriented, and Europe more welfare-oriented, but perhaps increasingly shifting rightwards. What happens on the line DC is strictly virtual, since neither a basic income nor a participation income actually exist anywhere in welfare states. One can at most detect elements of these pure types here and there. Admittedly, our characterization of existing arrangements does no justice to the great, mainly group-specific, variety in entitlement conditions (nor to the great variation in basic social provisions across European countries, e.g., in Italy conditional guaranteed minimum income is not universally granted). For instance, care law exemptions for single parent families might be taken to constitute a diluted form of a Participation Income. Mandatory job programs for youthful unemployed definitely belong to Workfare. Universal and non-means tested state pensions can be seen as a group-targeted form of Basic Income, if they are paid out regardless of whether persons have worked before age 65, as in the Netherlands.

A similar remark applies to the rather lumpy classification of labour market instruments in Figure 1. Although there is a vast array of different kinds of wage subsidies — varying in type, level, duration, target groups and administrative and regulatory details — the primary policy objective of wage subsidies is to raise the level of employment by impinging on either the labour demand function for low-productivity work, through employer subsidies, or on the labour supply function, through employee subsidies. Under the former, the wage subsidy re-

duces wage costs for the employer, while under the latter it acts as a stimulus to accept low-paid jobs. Although both types of wage subsidies are equivalent in a neo-classical framework with invariably clearing labour markets, there may be a definitive preference of one type of instrument above the other. As Anton Hemerijck remarks in his contribution below, the shortfall of low-paid jobs in Europe makes it most obvious to adopt employer wage subsidies (such as a reduction of social security contributions), whereas in the U.S., the great number of working poor calls for employee wage subsidies (like an Earned Income Tax Credit). Equally, although there are numerous public employment programs and (often unco-ordinated) constituency-based training programs in most European countries, these are predominantly temporary expedients, and they are targeted to the long-term employed at the far end of the labour queue. In other words, they fall short of a permanent and comprehensive workfare scheme, in which the government truly acts as an employer of last resort. This would call for a much larger task than any European government (except Sweden in the past, as paradigmatic case of European workfare) has started yet.

Despite the variety in the actual configuration of different welfare arrangements and instruments, then, the four ideal types of basic security, as linked to the most appropriate labour market instruments may be helpful to discuss the *pros* and *cons* of each type, in terms of achieving specified policy objectives.

FIGHTING POVERTY, UNEMPLOYMENT, AND GENDER INEQUALITY

With this overview in mind, we now ask which types of basic social security and labour market policies are recommended by the contributors of Part I, for reducing unemployment without increasing poverty or income inequality, and for enhancing a more equal gender division of paid and unpaid work. As we will see, some authors are in favour of 'packaging' schemes, that is, they choose positions in between the ideal types represented in Figure 1. The central question posed by Paul de Beer is which of the following instruments – an Earned Income Tax Credit, a general wage cost subsidy, direct job creation,[10] or a basic income – can be seen as a 'double edged sword', in terms of success in simultaneously reducing poverty and unemployment. In the short run, there is a definite winner, direct job creation. If the additional jobs are targeted on the long-term unemployed, then each job reduces unemployment, and ends poverty for the job-holders, provided the remuneration is above the poverty line. If the long-term unemployed are forced to take such jobs under threat of their social benefit being withheld, then this policy comes very close to the Workfare scheme of Figure 1. Crucial for the long-term impact is the extent to which targeted job creation helps the long-term unemployed to move on to regular (non-subsidized) jobs. If it does not help, then the policy amounts to an expansion of the public sector proportionally to the number of jobs created, with higher tax burdens than would have been the case without the job program. Now consider basic income. This policy is inferior to the job creation policy in the short run, but may become superior in the long run, provided two conditions are met. Firstly, a basic income should actually work as an incentive for the unemployed to take up part-time jobs (which will also be facilitated if many who would otherwise work full-time choose to work part-time under a basic income scheme, and so leave more jobs for the unemployed to fill). Secondly, the higher tax rates required to finance the basic income should not raise gross wage costs (and hence reduce labour demand), nor impair investment in human capital. Even if the reader agrees with de Beer that these two conditions are likely to be met in a liberalized market economy, then still his conclusion is rather sobering for those who think that the introduction of a substantial basic income is around the corner. For even if basic income would prove to be the sharpest double edged sword in the long run, the greater effectiveness of job creation, or the nearly equal per-

formance of an Earned Income Tax Credit in the short run, might be more attractive to politicians under the pressure of re-election.

What distinguishes Conditional Welfare and Workfare on the one hand from Participation Income and Basic Income on the other is not merely the conception of work, but also the presence or absence of means-testing. Both a Participation Income and a Basic Income are non-means-tested, whereas social assistance under welfare and workfare schemes are usually means-tested (including not only social assistance, but also other benefits such as rent subsidies, or subsidized day-care centres). Under the present arrangements, those who draw from basic security face a very high marginal tax rate on the income they could earn, up to the level of the means-tested benefits.[11] There are various ways to remedy this 'inactivity trap': through an Earned Income Tax Credit, or a reduction of social security contributions for low-paid work, or by means of a partial basic income. To compare these three policy alternatives in the unified framework of a common minimum guaranteed level of basic security, and a common minimum wage, is the aim of Van Parijs, Jacquet and Salinas.[12] Their starting point is that with the rise of the new social question, more and more people find themselves in the range of a 100 percent marginal rate of taxation. This fact makes it imperative to study available options for cutting back this prohibitively high rate.

With commendable rigour, the authors demonstrate the following *equivalence theorem*. Assuming that all income is formal wage income, the three policies to alleviate the inactivity trap are equivalent. That is to say, given a suitable choice of parameters, Earned Income Tax Credit, reduction of social security contributions and partial basic income will result in exactly the same trajectories of post-tax-and-transfer income, given that the level of basic security and the minimum wage is the same in all three cases. Since Earned Income Tax Credit policies are used in Anglo-Saxon countries, while most continental European countries are trying out some form of reduction of social security contributions for low-paid work, this insight seriously challenges the strong preferences held by politicians in favour of either of these two policies, and their almost unanimous rejection of the (in principle, equivalent) partial basic income. If it became widely appreciated, this equivalence theorem might perhaps induce the more thoughtful policymakers to re-adjust their stance towards a partial basic income.

But this is only the first part of the story. Van Parijs, Jacquet and Salinas devote the remainder of their contribution to sorting out where the equivalence claim between the three different policies breaks down. Without giving a full overview of their argument, it turns out that a partial basic income is better than the other two policies for poor households with some unearned income (e.g. pensioners and divorcees with alimonies), for low-earning self-employed and for low-paid voluntary working-time reducers. Moreover, a partial basic income might have a strongly favourable impact on the bargaining power of low-paid workers towards employers. There is, however, one important drawback. Partial basic income requires higher marginal tax rates on intermediary-range and high-wage workers. Due to its unconditionality, partial basic income has greater tax costs, which are avoided by Earned Income Tax Credit and social security contribution exemptions, because these last policies are targeted at the low-wage employed.

This disadvantage may or may not be compensated by two types of behavioural effects of a partial basic income on welfare claimants and low-wage workers. First, fewer applications for supplementary social benefits, and secondly, the 'reshuffle effect' of increased work sharing. Regarding the first type of behavioural effect, the higher the partial basic income is, the higher the number of welfare recipients will be who can earn a small supplementary wage income which brings them above subsistence level, and hence takes them off welfare. Additionally, reduced applications for supplementary benefits can be expected because of 'the inconvenience to the claimant of claiming the full means-tested, willingness-to-work-tested guaranteed minimum income (intrusiveness, dole queues, job applications, risk of being

caught 'cheating', etc.)'. These effects will work more strongly to the extent that welfare recipients under present arrangements hesitate to take a job because of 'the fear of leaving the relative safety of a regular flow of benefits for the uncertainty of a job that may pay late or prove too demanding'.

The second behavioural effect of a partial basic income that may compensate its higher tax cost is the 'reshuffle effect'. Under a partial basic income, more full-time workers will choose to work part-time, freeing up jobs to the unemployed, while at the same time these unemployed have greater incentives to accept part-time jobs. As a result, both savings in social expenditures from fewer applications for supplementary benefits, and a more equal distribution of jobs among the workforce through work sharing (and hence, a smaller caseload of supplementary benefits) may be large enough to compensate for the higher fiscal costs of a partial basic income. To the extent that this holds good, a partial basic income would then compare favourably to the two other policy alternatives of Earned Income Tax Credit and reduction of social security contributions.

So, by a different route, Van Parijs, Jacquet, and Salinas arrive at a similar overall conclusion to De Beer. Taking into account its likely behavioural effects, a partial basic income may be superior to other alternatives on the table, once there is enough time to let those effects play their part in the complicated institutional environment of the labour market and social policy constraints. However, partial basic income is bound to be the politically least feasible policy option, not least because giving unconditional income to the rich, in the interests of the poor, is a message difficult to understand for the ordinary citizen.

Frank Vandenbroucke and Tom Van Puyenbroeck address the policy choice between proportional working hour employment subsidies and basic income from an entirely different perspective. This is the perspective of 'responsibility-sensitive egalitarianism', that is to say, a criterion of justice which seeks to compensate for low productivity, but holds people responsible for their own choices of income and leisure. They first explain why even a well-defined egalitarian yardstick of this type does not in itself dictate either of these two types of policy. The choice of employment subsidies or basic income (or some combination of the two) is shown to depend on the government's stance towards the non-pecuniary (dis)advantages of (un)paid work, leisure and labour market participation. This implies that under responsibility-sensitive egalitarian principles of distribution, the government's view on the work ethos is decisive for the choice of policy instruments. For example, if participation in paid work is highly valued by the government, because of its beneficial consequences for sustaining solidarity, the integration of immigrants, or the development of skills and social contacts, while it does not believe that these effects would result from participating in activities outside the domain of paid work, then the government may definitely favour employment subsidies and supplementary activation programs above the basic income solution. Conversely, if the general wisdom is that paid work imposes heavy burdens on workers (revealed in stress, burnouts, incidence of disabilities, etc.) whereas non-market activities (care and volunteer work) and leisure are experienced as highly valuable, then this would give a basic income a much better chance.[13] Vandenbroucke, who is currently the Minister of Social Affairs in the Belgian Labour-Liberal government, and one of the most progressive proponents of the active welfare state approach, thus makes the point that the choice of the most appropriate instruments of basic security policy depend both on principles of egalitarian justice and on democratic judgements concerning the good life of citizens.

Joachim Mitschke takes issue with the conditional welfare arrangements in Germany for their manifest inability to provide enough low-wage jobs. As he points out, this is partly caused by the wage bargaining policies of the unions, which set the lowest wages above the productivity of low skilled workers. The other cause of the German failure to induce employment at the low end of the labour market is that minimum social benefits are contribution- rather than tax-financed. This raises the non-wage labour costs of employers. Job crea-

tion and training programs are only of limited use, Mitschke argues, because 'qualifications can only be improved within narrow talent-, milieu-, and age-specific boundaries'. Mitschke is also pessimistic about the adoption of temporary wage subsidies (e.g. equal to half the pre-tax wage up to one year): 'To fetch an unsubsidized job at the same wage rate, after the subsidy ceases, the former social assistance recipient would have to double his productivity within (less than) one year'. These perversities of employment-unfriendly social security can be set right by introducing a negative income tax, or *Bürgergeld*, of which Mitschke has designed several variants that have been widely discussed in Germany from the late 1980s onwards. These proposals show the potential of a negative income tax for harmonizing a wide range of existing instruments of social policy directed at the low end of the labour market. A negative income tax would act as a uniform and permanent graded wage subsidy directed to the workers, without the behavioural drawbacks of temporary wage subsidies, or the administrative complexities of local wage subsidizing policies.

Having looked at several contributions that address the dual objectives of poverty alleviation and employment growth, we now turn to the issue of gender in the labour market. With reason, Ingrid Robeyns can claim that with minor exceptions, serious analyses of how basic income impacts on different policy objectives are gender blind. The same applies to other policy instruments. In this respect, it would be of interest to find out what a workfare scheme, with its narrow focus on the virtues of paid work, would mean for the position of women. Robeyns, however, is concerned to investigate the effects of basic income in her systematic overview of the literature. Among the female population, a precarious attachment to the labour market is much more common than among the male population. This fact justifies taking a critical look at the contention, dear to proponents of basic income, that basic income will act as an 'emancipation fee'. It will, so proponents say, improve the bargaining position of (especially poor) women against bosses and husbands, and also encourage men to start working work part-time, in order to take a larger share in care work. Robeyns compares the plausibility of this contention with the opposite view, which maintains that basic income, far from acting as a stimulus of emancipatory practices, is essentially a form of 'hush money'. In this view, basic income will act to serve as a housewives' wage, despite – or, for some, because of – the fact that a basic income recognizes the social value of unpaid work for both men and women, in a 'gender-neutral' way. As a result, so the hush money argument goes, men and women would sort themselves spontaneously into the traditional categories of breadwinners and housewives, and there would be hardly any way to complain about that, since it would be the consequence of 'free choices'. In between these two extremes is the view of Hermione Parker. She argues that a basic income is to the advantage of women, not because it is especially women-friendly, but because present social security arrangements are far more biased towards male breadwinners, given that these arrangements are still strongly based upon the presumptions of the postwar welfare state: the stable, long-term employment relationship of the male family provider. This gives men a large stake in preserving the structure of earnings- and work-history-related social insurance benefits of unemployment, disability and retirement. Against this background, a basic income, as well as a participation income, would be reforms that revalue the importance of non-market work for society at large, and reduce the stakes involved in building up social insurance rights through paid labour.

As Robeyns shows, considerable clarity in this controversy can be attained by distinguishing three dimensions: (i) the short-term and long-term effects of basic income, according to whether (ii) women are highly skilled or low skilled, and whether (iii) women have a weak or a strong labour market attachment. In the short run, a substantial basic income will probably decrease women's overall labour supply. This might be taken to support the hush money thesis. In the long run, however, when new generations enter the labour market, among which it is more commonplace for men to work part-time, and take a greater share in domestic work, it is far less obvious that hush money effects will dominate the emancipation effects of a basic

income. Robeyns' distinction by groups then indicates that the real winners from a substantial basic income will be low-skilled women with a weak labour market attachment: greater economic independence, more bargaining power, and no loss of non-pecuniary advantages of paid work, given their already low participation rate. On the other hand, it is unlikely that career women, being high-skilled, and having paid-work as a central life interest, will give up their jobs to live from a basic income only. The evidence is mixed for the other two groups of women in Robeyns' classification.

Perhaps it is fair to say that the final evaluation of a basic income, from the standpoint of women's emancipation, depends as much on the expected effects as on one's view of what emancipation is all about. Does gender equality require no educational and occupational segregation, as well as no gender division of labour, or can some of this be tolerated, if equality of opportunities still results in different choices reflecting different preferences between men and women? These questions clearly emerge from Robeyns' thorough treatment of the empirical issues. As a final note, we would like to point to an idea only casually mentioned by Robeyns. This is a basic income targeted at children, which would cover the material costs of upbringing, as well as some of the opportunity costs of child care. Of course, even though such a basic income would replace all present child allowances as well as existing subsidies for child care and family tax allowances, it will still be a very expensive measure. But it would offer each parent – especially mothers, as long as they are the ones predominantly taking care of the children – much more of a real opportunity to choose freely between full-time work, full-time care work, or any mix of these.

The essays discussed above suggest that participation income or basic income are promising ways to address the problems posed by the new social question, or to empowering low-skilled women. However, as Anton Hemerijck's essay makes clear, experience in the Netherlands has shown that less radical measures in between basic income and workfare can serve to address the new social question as well. In particular, the Dutch policy of sustained wage moderation has proved to be successful in terms of employment growth. This policy has recently been flanked by targeted wage cost subsidies for long-term unemployed and low-wage workers, the introduction of modest schemes for educational, parental and sabbatical leaves, and a central agreement between unions, employers and government which traded a relaxation of firing and dismissal procedures for full-time core workers against greater job and social security rights for flexible and part-time workers. Despite the apparent ability to accommodate the trend towards more flexible labour markets – the Netherlands has an unparalleled high share of part-time workers - the Dutch miracle has not yet succeeded in overcoming structural inactivity, nor the precarious position of specific groups on the labour market. As Hemerijck points out, structural inactivity has remained more or less constant at about 20 percent of the labour force, and it is concentrated among the low skilled, older workers, immigrants and women. The majority of the older, predominantly low-skilled, workers are either on early retirement or on disability insurance. Finally, the problem of long-term unemployment, still about half of total unemployment, persists as long as the 'baby boom' cohorts of younger and better skilled workers, along with increased participation of women, absorb employment growth. For the near future Hemerijck is in favour of embracing wage subsidies following a 'negative income tax logic', as the most effective and feasible route to increase participation of the most vulnerable groups.

Hemerijck is right in stressing that in a corporatist climate, with the commitment of all parties (unions, employers' associations, and government) much can be achieved by piecemeal engineering. However, it may be doubted that the Dutch case can serve as the benchmark of a 'best practice policy mix' for other European countries. For one, wage moderation can be expected to have less favourable results on labour demand when adopted Europe-wide than when it is practised in one country (the 'begging-thy-neighbour' argument). Secondly, shared commitments and collective agreements on wage moderation may be more difficult to

achieve in countries like Germany, France and Britain, with their more militant trade unions, than in the consensus-oriented society of the Netherlands. This raises the question of the next section, whether European countries would at all be able to find new ways of co-operating in the search for full employment without poverty.

A PARTICIPATION-BASED EURODIVIDEND: THE KEY TO A SOCIAL EUROPE?

To introduce the European dimension, consider the following statement, in which Atkinson (1998: 148-9) reiterated his earlier plea (1993) for a European Participation Income:

> It is noteworthy that, despite the attention which basic income has been given, and despite finding supporters in all political parties, the scheme has not got close to being introduced. If one asks why, then, in my judgement a major reason for opposition to basic income lies in its lack of conditionality. There are concerns that it will lead to dependency, or state-induced social exclusion. I believe therefore that, in order to secure political support, it may be necessary for the proponents of basic income to compromise – not on the principle of no test of means, nor on the principle of independence, but on the unconditional payment… I believe that such a Participation Income offers a realistic way in which European governments may be persuaded that a basic income offers a better route forward than the dead end of means-tested assistance. New ideas in this field are needed, and this one combines the twin concerns with poverty and with social exclusion.

As this passage makes clear, Atkinson is in favour of reforming the present means-tested basic social security arrangements (in terms of Figure 1, Conditional Welfare) into non-means tested basic provisions, preferably conditioned on a broadly applied work-test. Atkinson's preference for non-means tested social benefits is motivated by the problems of the new social question, in particular the fact that a two-tier structure of (non-means tested) social insurance and (means tested) social assistance strongly discriminates against the most vulnerable in the labour market. This focus on the detrimental effects of means-testing explains why Atkinson prefers a participation income to a basic income, on the assumption that the work test of the former would be capable of securing the required political support for doing away with means tests in basic security. This view is attractive, even though a more relaxed work test would have to be enforced seriously, as we have pointed out in our discussion of Participation Income as an ideal type of basic security (see Figure 1). This may well prove to be no easy task, in view of the reasonable disagreement of what counts as 'participation'. In any case, the proposal for implementing some kind of participation income at the European level, here stated in guarded terms by Atkinson,[14] is essentially favoured by Steve Quilley, as we will discuss below. But before turning to Quilley's argument, we want to introduce the exchange of views between Fritz Scharpf and Philippe Van Parijs on the importance of European co-ordination.

As Scharpf argues powerfully, the hope that any form of 'Social Europe' will come about without concerted decision-making at the European level is entirely unrealistic. Competitive pressures resulting from the single economic market (shortly to include several Eastern European countries), and from a single currency, would continue to have an adverse impact on the national social and economic policies of the Member States. According to Scharpf, economic integration constrains national welfare arrangements in two important ways. First, in a relentlessly competitive market without borders, governments are forced to shape social policies with an eye to the establishment of a *competitive* welfare state. Secondly, even if one country could manage to provide generous welfare arrangements, while preserving its international competitiveness, sooner or later it would become vulnerable to welfare migration, particularly of low-skilled workers from other countries in or outside the European union. In the longer run, this would undermine the viability of the generous policies.

Tax competition between European countries, and unco-ordinated reshaping of welfare arrangements is likely to lead everywhere to a separation between 'individualistic' social insurance and 'solidaristic' redistributive programs. If so, the new social question would be reinforced. That is, the gap in lifetime prospects between a core of medium- and high-skilled workers with stable job and income security assets, and a marginalized workforce which has to rely on basic security, would widen. Why? According to Scharpf, workers would tend to regard social insurance entitlement as a form of delayed earnings (because of the actuarial fairness between contributions paid and coverage provided). Therefore, social insurance would be less vulnerable to tax resistance everywhere, and it thus would not create competitive disadvantages. By contrast, generous tax-financed redistributive programs would be likely to run into far more resistance, on the part of the net contributors. As a result, keeping such programs at a high level would be electorally unpopular, hence far more vulnerable to being eroded by tax competition. Countries that decide to maintain generosity in basic security would have to pay the price of reduced international competitiveness, while at the same time attracting welfare migration. As long as social policy remains a national prerogative, the institutional separation of social insurance and basic security will continue to induce new rounds of competitive pressure on basic security. In the absence of European policy co-ordination, this may lead to a 'race to the bottom'. Under such conditions, it seems obvious that national states would want to avoid introducing a tax-financed and highly redistributive basic income scheme, or a participation income. So in Scharpf's view, the only hope for the disadvantaged is that competing redistributive alternatives of basic income, like the Earned Income Tax Credit and reductions in wage costs, can still command sufficient political support.

But is this all one can say? Not entirely. For Scharpf's realistic assessment is logically compatible with some kind of a European basic income. This, however, would require a prior effort at co-ordination of social policy. For example, if Member States can somehow first agree to guarantee a system of Europe-wide minimum income standards (for example, related to the per capita income of Member States), and if, moreover, the rich Member States were willing to fund the required additional expenditures, then this would check the tendency of levelling down basic security provisions. Against this more optimistic background, Scharpf says: 'if such support were forthcoming - perhaps through a redirection of the cohesion funds - it might be necessary and possible to avoid the work disincentives inherent in the present social assistance programs of the richer Member States. In that case, basic income programs, most likely in the form of the negative income tax, might indeed provide the most effective and efficient solution to the twin problems of poverty and unemployment, and European policymakers might well be persuaded to promote this strategy'.

Van Parijs's reply to Scharpf seizes on this possibility of prior co-ordination in a 'Social Europe'. His assessment is that a European participation income along the lines suggested by Atkinson, would then be the way forward in an attempt to reduce the danger of fiscal and social competition between Member States still further. As we explained in the previous section, while a participation income avoids means-testing and the ensuing inactivity traps, it is politically more viable because its broad participation conditions signal a concern for tying the receipt of transfer income to the reciprocal performance of 'socially useful activity'. It is thus a good candidate for counteracting the divisive effects of the separation between social insurance and basic security. For these reasons, Van Parijs proposes to recast the term 'participation income' as a 'Euro-dividend for all active European citizens'. He sees two further advantages. First, if the Euro-dividend were to be set at a uniform level – which would probably be close to the level of the minimum income guarantee of the poorest countries in the EU –this would provide a universal floor, on top of which each more affluent Member State could then maintain its own favourite mix of welfare arrangements. Secondly, a uniform Euro-dividend, even if it were low in comparison to the average European level of basic security, would con-

siderably increase inter-European solidarity. For, irrespective of its tax base, a uniform Euro-dividend would raise redistribution from rich to poor countries, or from booming to depressed areas, far beyond the present redistributive effect of the structural funds.[15]

Steve Quilley's political reflections chime in with Scharpf's assessment as well. Since there is hardly a chance that any full-fledged basic income scheme will get off the ground at the national level under increased intra-European competition, a framework of co-ordination is imperative for getting politicians 'to think the unthinkable'. In a way, taking this as a starting point is to admit that the project of basic income depends on a degree of institutional co-orperation that may seem rather utopian, given that social harmonization is at the tail end of the agenda of European integration at present. Quilley's main concern is to address this problem. He argues that while the debate on basic income has become more mature in clarifying the ethical desirability of unconditional grants, as well as the feasibility of (revenue-neutral) schemes of basic income, '…such intellectual clarity does not flow naturally into a plausible political project'. The debate, so far, 'has offered few clues as to possible points of departure and the politics of transition'. It is necessary, therefore, to reflect on why it makes good political sense, in the longer run, to regard a small Euro-dividend of the type envisaged by Van Parijs (see above) as the nub of a 'basic income trajectory', that is to say, as a strategic measure that could create the conditions for its own 'metamorphosis into a more substantive redistributive mechanism'. The merit of Quilley's contribution to Part I is that he seeks to locate the political opportunities that exist, at present, for discussing the new social question at the European level, in ways that would move likely solutions away from Conditional Welfare and Workfare, and towards Basic Income or Participation Income - that is to say, downwards along the vertical dimension in the policy space of Figure 1.

According to Quilley, there are several reasons for expecting a more favourable political constellation over time. First (and especially looking at the problem from the British point of view), the operation of the European single market under conditions of increasing flexibilization is creating pressures to introduce an element of fairness and even-handedness in the process of corporate restructuring and relocation. Secondly, the inter-regional and national inequalities resulting from the single market can be sustained only if they are partially legitimated by a sense of European citizenship. But while both of these features show that the logic of competition that has driven European integration so far is creating a political need for redistributive social cohesion, this in itself does not imply a policy preference in favour of basic income. As Quilley admits, the redistribution involved in basic security seems to be tied more closely everywhere to the work ethic, targeting, and means testing. If anything, then, European basic security is moving from Conditional Welfare to Workfare, along the horizontal dimension in the policy space of Figure 1. There is no straightforward way to achieve a 'ninety-degree change of direction'. What one can envisage, however, is a possibility to attract political forces toward Participation Income, by appealing to the ideology of a broadened and civic work ethic, which would be compatible both with the Anglo-Saxon rhetoric of communitarianism and self-help that underlies at least some of British New Labour's work-to-welfare policies, and some of the more enlightened forms of the 'active welfare state' on the continent. Thirdly, Quilley strongly endorses the funding of the Euro-dividend through a combination of eco-taxes, because taxing 'environmental bads' (rather than productive activities) may seem a more acceptable ethical basis for the distribution of universal benefits, and also because linking basic income to the Green movement is politically opportune: 'The emergence of a space for a green and socially responsible capitalism, is perhaps the nearest thing to the 'big economic idea' for the left since Keynesianism'. As Quilley emphasizes, these features of the political landscape create no more than windows of opportunity, which can be utilized in the development of a 'basic income trajectory'. But it should be understood that the effectiveness of such a trajectory will require dropping the idea that basic income, in whatever form, is a self-contained blueprint to be put up on the political agenda as a straight-

forward choice. Thus, any realistic attempt to move the politics of European redistribution in the direction of more universality and less conditionality will have to be a 'war of position', of institutional and political jockeying, in which proponents must seek to link these objectives with other political agendas, emphasizing similarities of purpose, rather than focusing on programmatic contrasts. While there is certainly a lot to be said in favour of Quilley's realist utopianism, it does of course presuppose that the idea of basic income has gained sufficient foothold in the European Member States. We now want to examine to what extent this can be said to be the case.

BASIC INCOME IN EUROPEAN COUNTRIES

The second part of this volume is entitled 'Political Chances'. It offers seven papers, each of which illustrates major aspects of the political fortunes and failures of the basic income proposal in European countries, without necessarily attempting to cover every relevant development. In order of population size: Germany (Stephan Lessenich), France (Chantal Euzeby), Finland and Sweden (Jan-Otto Andersson), the Netherlands (Loek Groot and Robert van der Veen), Belgium (Yannick Vanderborght), Ireland (Sean Healy and Brigid Reynolds) and Denmark (Erik Christensen and Jørn Loftager).[16] These papers enable one to assess the claim with which we started: that basic income has evolved to the stage where it has entered the political agenda, that is, has become a recognized political possibility. But it is important at the outset to see what it means to say that basic income is 'on the political agenda'. Does it just mean that it is regularly discussed in the broad forum of public opinion (the popular media, position papers of policymakers, academic conferences) or does it mean that properly costed reform proposals involving a full or partial basic income, participation income, or negative income tax, have been, or are about to be, put up for decision on the legislative agenda of a ruling government? Obviously, the answer must be varied: everything that goes on in between these two definitions should be counted.

Then there is the separate question of judging the results of these discussions and decisions. Since at present the policy space of basic security is really only inhabited at the top half of Figure 1, if basic income has at all been on the agenda of a particular country for a certain length of time, this has not yet had much of a definitive policy impact. So far, then, the 'agenda status' of the proposal must signify that basic income has been considered and then rejected, only to resurface at a later date, perhaps in a different form, and with different arguments, for a new round of consideration and rejection, or hopeful postponement, as the case may be. At the end of the period considered - roughly from the late 1970s up into the first months of the new millennium - the commentator may be in the downswing of facing up to the latest rejection ('basic income is now nearly dead'), or be able to give a more upbeat report to the effect that 'finally', the idea has been taken up by a social movement, is being ardently discussed in the media, is being seriously debated in parliament, or is at least being singled out for further study, by some prestigious commission, or governmental advisory board. As the papers of Part II show, moreover, the agenda status of basic income between different countries must be considered against the background of the widely varying social security systems that have been in existence in each of them in the last two decades, as well as the country-specific major events that induce changes in the climate of policy, such as the reunification process in Germany.

In some cases, the institutional *status quo* has effectively prevented basic income from being admitted at all into the arena of discussion. This is the case most notably in Sweden. As Andersson shows, the reason is the highly developed Swedish welfare state, with its wide and effective coverage of social insurance, its long history of active labour market policy, and the firm hegemony of a social-democratic work ethic. In this setting, basic income does not seem

much of an issue, primarily because the area of basic security itself does not yet stand out as being particularly problematic. Even where basic security certainly is seen to be problematic, as in Germany, the predominance of social insurance, the sheer complexity of the patchwork of social assistance, and the tradition of corporatist wage bargaining practices present conditions under which a basic income solution, such as Mitschke's *Bürgergeld*, may in the end be rather far removed from what are perceived to be politically viable deviations from the *status quo*, as Lessenich notes in his instructive discussion of the policy stance of the social-democratic Friedrich Ebert Stiftung.

However, in France, basic income is largely confined to the margins of academic discussion, precisely because it seems to be more of a pressing problem to get a universal system of basic security - one which covers all age groups - off the ground in the first place, following up from the 1998 Revenue Minimum d'Insertion (RMI). In such a political context, as Euzéby puts it politely, basic income is an 'interesting but uncertain idea'. The reason is that policymakers with solidaristic goals find it more rewarding to start working on a basic pension system, and to take steps in the direction of including the young, the intermittent workers in the service sector, and the self-employed, in one integrated national safety net. From that point of view, rightly or wrongly, further questions about the conditionalities of social assistance are ones that have to be decided along the way, in order to advance at all. In addition, policymakers in France are strongly concerned to improve the employability conditions of the RMI, which has up to now largely failed to connect its clients to the labour market. In view of this goal, as Euzéby notes, it again stands to reason that a move to basic income should be preceded by intermediate and far less radical measures.

Given what we have said up to now, the natural home of basic income policies would seem to be countries with highly developed (and cost-of-living or wage indexed) universal basic security provisions with high rates of take-up. Roughly, these are represented by the smaller Nordic welfare states of Belgium, Denmark, and the Netherlands. Here, it would at least seem that insofar as the ideological constraints (the recent activism of the work ethic) and financial restrictions (budget neutrality, the EMU-norms) allow, there is some scope for a gradual erosion in the conditionalities of a social minimum framework which is already securely in place. However, judging from the contributions from these countries, the current political prospects of promoting a basic income with open vizier are not favourable.

This message is conveyed in different ways. In the Danish case, as Christensen and Loftager show, basic income was effectively removed from the political agenda in the 1990s by a decisive 'top down' ministerial intervention, silencing the Radical Liberal, Green, and generally the 'alternative' voices in favour of the idea. In Belgium, the sudden advent of a political party (VIVANT), which was committed to a clear and unambiguous form of basic income head on, has not seriously affected even the state of the public debate, according to Yannick Vanderborght. Significantly also, the efforts of this party have hardly been supported by the two Green parties, both of which have been consistently in favour of basic income since the late 1970s. And while in the Netherlands, after twenty years of dramatic ups and downs, a small – though analytically significant – element of negative income tax has been built into the recent tax reform, the political understanding shared by policymakers and politicians alike is that this, surely, has nothing at all to do with the concept of basic income. If one believes that these countries can resist the grim process of convergence to the 'competitive welfare state' (as described by Scharpf) long enough, however, it would be natural to think that astute 'institutional jockeying' (as advocated by Quilley) may go some way to achieve slow shifts towards forms of negative income tax or participation income

Finally, there are two countries that might be regarded as the 'jokers in the pack' – Ireland and Finland. Both of these seem to have in common a climate and history of social policy which is more conducive to sudden changes, and is more receptive to the central intuitive argument of fairness, efficiency and simplicity, which is associated with basic income. Sus-

tained economic growth from a relatively backward starting position (Ireland), and the combined impact of high unemployment and exposure to the electronic age in the 1990s (Finland) may have something to do with this apparent volatility in the policy space of basic security. Cultural variables may also matter, in the case of Finland. If it is true, as Andersson argues in his survey, that as compared to Swedes, Finnish workers and citizens are more disposed to go for innovative and radical solutions, then some of the many concrete proposals that have been circulating in Finland since the 80s involving basic income or negative income tax may be actually implemented. The more so, since Osmo Soininvaara, one of the main players in this field, has taken office as Minister of Social Affairs in a coalition including the Finnish Greens (*see* his Preface to this volume).

We resist the temptation to speculate at length on these cases. There is not enough information to go on, as yet, to decide whether the impression that basic income is on the fast track in either Ireland, Finland or both, is justified. One small remark about Ireland, though. The sudden popularity of basic income can partly be explained by the fact that although the Irish economy is booming, the incidence of poverty remains high. The former gives some leeway to increase social expenditures (Healy and Reynolds use the wonderfully optimistic expression of 'revenue buoyancy'), while the latter forces politicians who want the poor to share in the fruits of growth to seriously consider radical solutions. The case also illustrates how a relatively small but excellently well-organized community group (the Conference of the Religious of Ireland CORI) can have a major impact on the political agenda. Yet the outcome of CORI's costed proposal for a full basic income is extremely uncertain, until the Irish government has actually taken an official stand on the substance of the proposal — which it has not yet done, despite its promises. The Dutch experience, meanwhile, has shown that as soon as the political establishment takes basic income reform proposals seriously, such proposals are subjected to extremely harsh tests, and moreover, that actual decisions on them tend to be shifted forwards in time, when an outright rejection is inopportune. It is to be hoped that the Irish *elan* will be kept alive if the window of opportunity were to narrow to the point of piecemeal implementation, and the long march through the institutions start to take its toll.

SOME COMMON THEMES

The surveys of Part II speak eloquently for themselves. By way of concluding this introduction, however, we want to look at some common themes. First, the initial attempts to launch basic income on the agenda in the 1970s (at least in countries with long histories of the idea) came from relative outsiders, whose interest was to promote a critical politics of free time, as opposed to the mainstream productivist politics of full employment. Secondly, what helped these ideas to gain wider currency in politics has invariably been sudden rises of unemployment, together with the idea of jobless growth, or - later in time - the fear that economic growth is permanently linked to insufficient demand for low-skilled labour.

Thirdly, the radical unconditionality with respect to the willingness to work has invariably proved to be a stumbling block for basic income to become part of the mainstream alternatives, despite its heightened salience under conditions of high unemployment. Apart from the popular spectre of 'able-bodied scroungers', the objection to the no-work feature of basic income translates naturally into the recurrent (and highly damaging) images of 'generalized state dependency' and of 'legitimizing the ongoing process of social marginalization' (*see* Christensen and Loftager, below). In part, the intellectual state of the debate on basic income may be measured by the frequency with which convincing answers to these standard points are brought into play. As the account of Healy and Reynolds suggests, at least some of the success of moving basic income closer to the Irish legislative agenda must have depended on

the sheer didactic effort of the proponents (notably, but not exclusively, CORI) in patiently countering a host of popular objections.

Many commentators to Part II note the unmistakable shift of European social policy towards the active welfare approach, since the early 1990s. As Lessenich observes for the German case, this has put basic income advocates in the difficult position of having to argue that their proposals are the most cost-effective method of *how to make them all work,* which he rightly considers to be 'utterly sobering for any apologist of basic income in its purist sense'. But, as the histories of the Dutch, Danish and Finnish cases show quite clearly, the no-work objection predates the shift to active welfare policies. It has always been quite powerful, and there is reason to think it will remain powerful - not merely as a policy conception, but mainly as an electoral constraint on feasible policies - as long as the no-work objection seems to be widely shared by net contributors to basic security and net beneficiaries alike. Note, however, that the extent of this presumed sharing is far from being a well-researched fact. It is not known exactly what 'the electorate', or 'the ordinary people' actually think about issues of income conditionality, since nowhere are citizens being asked to give their opinion on those issues in any systematic way, apart from the occasional survey question.

Fourthly, even though it is difficult to generalize across the European ideological landscape, the social-democratic parties have always been highly critical of basic income, whereas the radical Left (early on, in the 1970s) and the Greens (in the 1980s and 1990s) were basic income's most loyal allies. This is so, at least, if they do not come to power all of a sudden. *See* below, where Lessenich acidly remarks on how the German Greens silently dropped their advocacy of a more or less basic-income-friendly proposal, on entering the Red-Green government coalition.

Social democracy has its roots in the trade union movement, and to some extent it remains stamped by the old social question of capital against labour. Unsurprisingly, therefore, the social policy of much of modernized Labour is strongly oriented to the activity of paid work, though predominantly in the form of employability and of disciplining transfer recipients in acquiring work skills, as the developments in the United Kingdom reported by Quilley also show. Outside of Sweden, where an enlightened attitude to paid work has always been a marked feature of the welfare state, there are recent signs of an increased willingness to engage in the discourse of integrating unpaid work and leisure. A good example is the Dutch Labour Party's 1994 election slogan of a 'relaxed organization of work', which refers to a kind of lifetime 'employability' in both paid and unpaid activities, with flexibility of choice to move in between the two.

But just as in Sweden, this more relaxed attitude is at present largely confined to the sphere of work-related social insurance. With respect to basic security, social-democrats generally still tend to insist on the centrality of paid work, perhaps driven by a vaguely Victorian logic of the need to discipline the poor. This explains why the enlightened stance of 'unpaid work counts as well' can nicely go together with branding basic income as a defeatist policy, which is bent on trading away the 'right to work' for those 'who need it the most', against a politically insecure 'right to income'. The same may be said for Denmark, on Loftager and Christensen's account. There, as in the Netherlands, basic security is moving towards the activation of welfare clients, in tailor-made instatement contracts with administrative caseworkers. In the Danish case, this goes together with the further expansion, and the great popularity among workers, of comprehensive schemes of paid leave. In terms of Figure 1, one might be tempted to see this last development as a vertical movement, in the direction of the ideal type of Participation Income. But as we stressed, that would be a mistake. For Figure 1 exclusively depicts the policy space of basic security, not that of work-related social insurance. Paid leave, obviously, is the privilege of those performing paid work in collective (or in semi-private) arrangements, from which an increasing number of people are excluded. The

distinctive hallmark of a basic income, and similarly of a participation income, is to extend such privileges universally, at the level of basic security.

The sympathy and occasional support for basic income of Green parties across Europe can be traced to the progressive middle-class intuition that the productivist stress on employment sits uneasily with promoting environmentally-friendly ways of life. Nevertheless, as the Greens have moved to the centre of politics in Europe, they tend to be more in favour of a moderate partial basic income strategy (Germany and the Netherlands), or for shortening the standard working week, as in France. As Quilley notes, this might be explained by the fact that social policy is only one item, and not necessarily the main one, on Green platforms of ecological modernization. Taxing 'environmental bads' instead of labour may be a way of creating a new, and more generous, foundation for basic security. But it may equally be used to simply shift the tax base (as in the recent tax reform in the Netherlands), or to create the fiscal means for assisting investment in renewable energy sources. In any case, up to now, Green parties have not yet actively engaged in bringing forward the national or European eco-dividend, as envisaged by Van Parijs and Quilley.

Fifthly and finally, moral intuitions and efficiency concerns are connected in politics. This can be seen from another recurrent theme. Understandably, those who regard basic income reforms as morally suspect attempts to provide 'handouts to everyone' will also tend to regard such reforms as fiscally and economically unsound. There is no need to illustrate this standard point by reference to the surveys of Part II. But as the debate on basic income has matured over the years, a host of more sophisticated efficiency arguments have emerged from the heart of political exchanges. One of these is the impossibility theorem, as we have called it in our report on the Dutch debate. The impossibility theorem asserts an inescapable dilemma: in its economically or politically feasible range, a basic income will be too low to be socially acceptable, while in its socially acceptable range - which must be close to the ruling level of conditional basic security - basic income is too expensive for it to be either economically sustainable at all, or too expensive, given political constraints on marginal taxation levels.

This line of reasoning has been used both in Denmark and the Netherlands to great effect. It obviates the need to argue the moral issue directly, granting for the sake of argument that unconditional incomes would be 'socially acceptable', if they could feasibly be pitched at the level of the ruling social minimum. Now, if a sensible proponent of basic income grants that this, indeed, is not economically feasible at present, then she is forced to admit that a partial basic income is the only possibility, and that in order to be socially acceptable, the partial basic income will need to be supplemented with conditional benefits. The next move of the opponent is now to grant that a full basic income could combine adequate social protection with the demands of flexible labour markets; that it could lead to a more equitable distribution of income, of paid work, of care work and of free time between men and women; to less involuntary unemployment; to better working conditions for low wage workers; to a removal or shortening of poverty traps; and to a reduction in the administrative costs of providing social security. However, the opponent then goes on to say that while all of this might all be true, these beneficial effects would surely not be significant enough to make the reform worth the trouble, since the feasible level of basic income is admitted to be significantly below the level of the social minimum. The opponent finishes by concluding that the modified basic income reform will not make good on its initial promises, and would still be more expensive than a streamlined and more employment-oriented scheme of basic security would be. Even though this argument has often been put forward by opponents who also resist basic income on moral grounds, it is by no means an easy one to answer. In fact, as we show below, the argument has contributed to the development of costed basic income models in the Netherlands, which attempt to track the dynamic behavioural effects of specified changes in tax rates and benefit levels under various conditionalities of the benefits. In view of the uncertain validity of such

models, however, arguments of the type of the impossibility theorem also point to the need for generating more reliable knowledge by promoting local experiments with basic income schemes.[17]

With this last point, we are back where we started in this Introduction: the undisputable success of the basic income discussion of the last two decades has been to set higher standards of expectation. We now invite our readers to judge to what extent these standards are being met in the contributions that follow.

Notes

[1] Founded in 1986, the Basic Income European Network (BIEN) aims is to serve as a link between individuals and groups committed to, or interested in, basic income, and to foster informed discussion on this topic throughout Europe. The name has turned out to be somewhat mistaken by now, as not only European, but also politicians and scholars from North and South America have joined the network. BIEN publishes a Newsletter which provides an up-to-date and comprehensive international overview on current ideas and publications, organizes bi-annual BIEN-congresses where people from more than twenty countries meet to report and discuss on all aspects of basic income and related proposals, including its moral, economic, political, social, and fiscal justifications, feasibilities, alternatives, objections, premises, experiments and outcomes. More information, as well as the previous BIEN Newsletter issues, can be found at BIEN's Web-site: http://www.etes.ucl.ac.be/BIEN/bien.html.

[2] *See* White, 1997; Van Parijs, 1995; Van Donselaar, 1997; Vandenbroucke, 1999; and Van der Veen, 1998.

[3] In the normative discussion, moreover, the debate around basic income is also concerned with exploring the consequences that work-sensitive or unconditional forms of redistribution may have for the self-respect of claimants (Wolff, 1998) and for the extent to which the labour market will work so as to compensate for the disutility of lowly productive jobs (Groot, 1999, Ch. 4).

[4] The contributions of Van Parijs et al. and de Beer in this volume revolve centrally around this hard exercise. It may be said, perhaps, that the proponents of basic income in the traditional sense of full unconditional grants at social minimum level will not receive maximum reassurance from what is said. A response which is invited by the exercises of examinations of 'unheeded differences' by Van Parijs *et al*., and de Beer's cautious assessment of short- and long-term advantages, is to revert to the well-tested strategy of pointing out that if basic income cannot win out on any one or two policy objectives, then surely it may still prove superior on a more inclusive set of objectives. We shall not be offering examples of this seductive reasoning here, but point out the connection between the themes of Robeyns (gender equality) and Hemerijck (citizenship) in Part I and to the 'middle range effect', described by Fitzpatrick (1999: 44-45) as follows: '... in terms of each policy objective taken individually basic income would be trumped by the other proposals..., but scores rather well when the entire range of objectives is taken into account... the reason why basic income has been ignored is because of the tendency of politicians and policy-makers to examine social objectives in isolation'.

[5] *See* Van Parijs *et al*. in this volume; Offe and de Deken, 1999; and Standing, 1999.

[6] This was one of the main themes of the Basic Income European Network Congress in Amsterdam, 1998.

[7] For similar assessments of the present situation, *see* e.g. Van Parijs, 1993: 134-39; Scharpf, 1999; Standing 1999; and Vandenbroucke, 1999.

[8] Poverty and unemployment traps (giving rise to hysterisis among long term unemployed), binding minimum wages restricting the number of low paid, labour intensive service jobs at the bottom end of the labour market, restrictive firing and dismissal procedures, and extensive collective labour agreements (*see* e.g. de Neubourg, 1995).

[9] We do not want to suggest, of course, that present arrangements of earnings-related social insurance or tax-financed benefits are immune to the call for reform.

[10] Direct job creation occurs through generous marginal wage subsidies for aditional jobs open to long-term unemployed workers only.

[11] This is due to the high withdrawal rate on all net labour income up to the social security benefit, and because working may engender additional costs (e.g. travelling expenses, costs of day-care centres, etc.). It is no exception that welfare recipients face a marginal tax rate of 100 percent or more. Those caught in these poverty and employment traps therefore experience a strong disincentive to work: they can only escape the poverty trap when they succeed in finding a job with pre-tax earnings considerably higher than the level of their benefits. All (part-time) work with pre-tax earnings below a certain threshold will not yield any financial reward for those on welfare. This may partly explain why part-time work is mainly undertaken by women. Women with a working partner are not entitled to any benefit and therefore they do not face the poverty trap. For them, any part-time work will raise family income.

[12] Note that the authors do not include stringent workfare policies among the alternatives to be considered. Their comparison does not cover the whole of the horizontal dimension in Figure 1.
[13] Even in that case, it still has to be shown that a basic income policy is better than, say, a comprehensive scheme of paid - sabbatical, parental, educational – leaves.
[14] In the concluding chapter, Atkinson (*ibid*., 152) writes in less guarded terms: 'As we have seen, the popular recommendation of greater targeting is less promising than appears at first sight. We have to search for new approaches, particularly at the European level. The way forward, in my view, is in (reformed) social insurance at the national level, coupled with a Participation Income to provide a European minimum'.
[15] *See* Genet and Van Parijs (1992) for a clear exposition.
[16] We regret not having been able to include a contribution from the United Kingdom, in which basic income has been promoted actively for many years by the broadly based Citizens' Income Trust. However, for a comprehensive survey of the debate in the United Kingdom, *see* Fitzpatrick (1999).
[17] Comparing basic income and workfare (or the shift towards activating labour policies replacing passive welfare), it is interesting to note that a basic income experiment may serve as the right counter-experiment for all kinds of workfare-oriented experiments. As argued by Peck and Theodore (2000, 124-5), the recent popularity of workfarism in the US and the UK can to a large extent be attributed to the positive results of local workfare experiments in the early 1990s. Workfare experiments show the effects of mandatory welfare-to-work programs compared to the normal treatment (e.g. the duty to apply for jobs, the duty to resume work as soon as possible) of a control group of welfare beneficiaries. Running a workfare and basic income experiment simultaneously might show what a difference it makes when recipients must participate, as a condition of income support, in programs designed to improve their insertion in paid work as under workfare, or when they can freely choose themselves what to do as under basic income. Because there are no basic income experiments going on, we can only guess what the differences would be.