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Basic Income Proposals in Finland, Germany and Spain

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The idea of a basic income has a long history. First proposals for unconditional grants emerged over 200 years ago. Since the turn of the 21st century, the BI in its various forms has gained increasing interest among social philosophers, economists, social policy experts and policymakers.

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Introduction

In recent decades, the idea of a universal *basic income* (BI) has spread across Europe and worldwide. The first wave of interest emerged in the 1970s to 1990s in the context of the crisis in Keynesian policy and suddenly increasing unemployment. It brought up ideas of "dual economy", "job-sharing" and a "society of free activities" where the BI was often included. Since the turn of the 21st century, the BI in its various forms has gained increasing interest among social philosophers, economists, social policy experts and policymakers. A wide range of proposals of universal unconditional basic income, as well as its conditional or slightly targeted cognates, have appeared in all parts of the world.

The idea of a basic income has a long history. First proposals for unconditional grants emerged over 200 years ago in the US and Europe. The origin of the idea has often been traced back to social reformists such as Thomas Paine or Charles Fourier. The early visionaries often regarded the basic income (or basic capital) as an equal share of the original value of unimproved land that belongs to all humans as a birthright. In the early 20th century, the idea of universal "social credit" appeared in the UK and Canada as a widely discussed option for emerging welfare states (Cunliffe & Erreygers 2004). Eventually, all industrial welfare states were built according to the principles of full employment and insurance-based social security. The unconditional income-transfers were available only for those outside the labour force, that is, children and pensioners.

Basic income has always gathered support across the ideological field and it can be justified from many philosophical perspectives. The left libertarian perspective emphasizes individual freedom provided to all as the highest principle of a just society (Van Parijs 1995). The republican tradition speaks of economic independence as a prerequisite for bargaining power when signing contracts with others (be they labour, marital or any other contracts) (Casassas 2007). The justifications which draw from the Marxian foundation tend to focus on distribution of wealth and structural power relations (Wright 2006). The libertarian justification considers the BI (or negative income tax)[1] as part of a well-functioning free market economy (Friedman 1962). Finally, there are theorists who link the need for a basic income to the changes in production and labour market rather than to any philosophical theory (Standing 2009; Offe 2008; Morini & Fumagalli 2010).

In today's Europe, the call for a basic income appears in a highly contradictory environment. On the one hand, tightening budget restrictions and the increasing fragmentation of societies have led to continuous undermining of social protection and left a limited space for extension of social rights. On the other hand, massive protest movements against austerity policies and initiatives for building a more just and inclusive society, like the European Citizens' Initiative for an Unconditional Basic Income[2], have emerged across the continent.

The aim of this paper is to take the discussion on the basic income to a more concrete level by examining the practical initiatives and models in three European countries: Finland, Germany and Spain. The paper will provide information on technical features of the models, their relation to the existing social security systems, the political and macro-economic context(s) in which the proposals were made, as well as the outcomes they have produced. The selected countries represent different traditions of social and labour market policies. They have one thing common: in each of them there has been a large debate on basic income.

The understanding of basic income as presented in the paper is defined by the Basic Income Earth Network (BIEN): "A basic income is an income unconditionally granted to all on an individual basis, without means test or work requirement"[3].

However, there are also proposals which do not fit into that definition but still do have some similarities to basic income. Also these kinds of models are included into the analysis at hand. In addition, there is a distinction between a "full" (high enough to cover daily subsistence) and a "partial" (additional sources of income are needed) basic income.

The first section will shortly discuss the history and characteristics of social policies in Finland, Germany and Spain. The second section will draw an overview of the BI debate in those countries: when it has been discussed, what the content of discussion has been, and what kinds of actors have supported it. The third section will conduct an empirical analysis on the proposals for basic income and related initiatives (see the empirical material in appendix). The paper will examine BI proposals in the following dimensions: 1) author and time of publication, 2) content of the proposal, objectives and relation to the existing social security system, 3) macro-economic and political context, and 4) interpretations and outcomes. The last section will conclude and discuss the relevance and promises of the BI debate.

The empirical data has been collected from various sources. The Finnish proposals were studied as first-hand sources drawing on Anita Mattila's (2001) dissertation on BI models in Finland. The data about Germany originates from the table on "Overview Basic Income and Basic Security Models and Basic Approaches in Germany"[4] by Ronald Blaschke and various other sources of literature. Information on the Spanish BI proposals were collected from the website of the Spanish Basic Income Network (Red Renta Básica)[5] with the help of the researchers Borja Barragué and José Luis Rey; my greatest thanks to them. In addition, articles in local newspapers and BIEN newsletters were exploited. The statistical information was collected from Eurostat or national statistics.

European Social Policies

In his well-known classification, Gøsta Esping-Anderssen (1990) differentiates between three welfare regimes: the liberal, the conservative-corporatist and the social-democratic. The regimes have different emphases in their principles and logics of the welfare policies. They all make use of a range of techniques, including means-tested assistance benefits, universal flat-rate benefits or social services financed by taxation, and contributory benefits provided by social insurance systems (Palier 2012, 22-23). Of the countries examined in this paper, Germany and Spain[6] represent – with different emphases – the conservative-corporatist regime, leaning to the male breadwinner model and the aim of preserving the labour market status by social insurances rather than reducing inequality with income redistribution. Social protection is often provided on a family or household basis. Finland instead belongs to the Nordic social democratic family, which is designed to provide a truly universal system of social protection and pursue equality, cohesion and homogeneity of social groups. Social protection is provided on an individual rather than on a household basis.

However, in recent decades the principles and objectives of all welfare regimes have changed. Since the 1980s, market-oriented policies have taken a strong foothold in all European countries. This has often been described as a shift from 'income redistribution' to 'competitiveness', or from 'welfare' to 'workfare'. The change has manifested itself in the deregulation of labour markets, increasing conditionality of social security and gradual demolition of the welfare systems. As a consequence, the precariousness of the labour market has increased. At the same time unemployment, especially among youth, has grown in many countries. There is an increasing gap between those in permanent employment and the precarious labour force trying to earn their livelihood by various occasional jobs. Since the 2008 financial crisis the polarization has gone even further, and in some countries the living conditions of a significant part of the population have drastically declined.

The Finnish welfare state has always been less developed than its Scandinavian counterparts. Nevertheless, in the late 1980s, Finland had one of the world's most comprehensive welfare systems. The welfare policies were developed according to universalistic principles, which meant extensive public services and decent social protection. In addition to contributory social insurance schemes, tax-funded universal income transfers such as child-benefits or national minimum pensions, as well as discretionary

benefits for those not eligible to earnings-related benefits were developed. Child-care services were designed to promote equal opportunities for men and women to participate in the labour market. The deep recession of the early 1990s marked a different path in Finnish welfare policy. The direction shifted towards activation policies and retrenchment of social security. It has been argued that after the recession Finland took a departure from the Nordic welfare model. However, and although discourses have rapidly changed, the existing institutions have defended themselves against radical change (Julkunen 2001; Kantola 2002). In recent years, minor improvements have been made in some sectors of social security.

Right from the start in the 1880s, the social security system in Germany was based on the Bismarckian principles of status maintenance and the male-breadwinner model. Male wage labourers and social insurance schemes were placed at the centre of the system, whereas women's employment was limited (Hinrichs 2012, 61; Opielka 2008, 37). Since the turn of the 21st century, Germany has taken a large departure from the previous path. The principles of social policy have shifted especially concerning social insurance, and a series of large reforms were introduced in the areas of social and employment policies. Those meant changes in administration, financing and conditions of social security benefits. The "Hartz IV" reforms, which were introduced in 2003, fused unemployment and social assistance schemes into one institution, increased labour market flexibility and the conditionality of unemployment benefits and shifted the financing towards a higher share of tax-funding instead of social insurance contributions. Since 2005, people of employable age or rather who are 'able to work' (defined as at least three hours per day) have been obliged to seek employment (Hinrichs 2012, 45-47, 61-62; Opielka 2008, 79-81). As a result of the reforms, unemployment (both long-term and short-term) has dropped considerably, but at the same time a large class of "working poor" has been created; even a full-time job no longer insures against poverty (Hinrichs 2012, 67). However, there has also been a slight movement toward greater universalism in the coverage of the benefits, and a departure from the male breadwinner model (Hinrichs 2012, 64).

In Spain, there was a social protection system in place already under Franco's regime, but it was rather underdeveloped. Male full employment was the norm, unemployment protection was limited and women were assumed to stay at home taking care of the dependents. The labour market was rigid and overprotected. The welfare benefits were largely earnings-related and the system was financed entirely by social contributions paid by workers and employers. Since Franco's death in 1975, the Spanish political and economic systems experienced a dramatic transformation. Until 1982, the welfare programmes were expanded in terms of coverage and expenditure while their structures principally remained the same. From 1982 onwards, the Spanish economy was opened, the labour market was liberalized and active labour market measures were introduced. The role of taxation in the financing of social protection increased radically. In the late 1980s and the 1990s, new social programmes, such as minimum income schemes and non-contributory pensions were introduced. At the same time, further waves of labour market flexibilization took place (Guillén 2012, 184-196). However, the level of social security benefits, both means-tested and contributory, has always been low in Spain. In addition to the state, the Catholic Church and families have played an important role in welfare provision (Noguera 2001, 88-89). Since the financial crisis of 2008, the economic situation of Spain has been very unstable and the government has applied harsh austerity measures and cuts in social protection. As a result, there has been a radical increase in unemployment and poverty (Raventos & Wark 2012).

The 2008 financial crisis and the subsequent events have had different impacts on the economies and labour markets of Finland, Germany and Spain. Finland's unemployment has remained relatively stable: in 2007 the unemployment rate was 6.9 % whereas in 2012 it was 7.7 %. Youth unemployment in 2012 was 18.9 %[7]. In Germany, the unemployment rate has declined from 8.7 % in 2007 to 5.3 % in 2012. Among youth the rate was somewhat higher, 8.0 % in 2012. In Spain, instead, there was a dramatic increase from an unemployment rate of 8.3 % in 2007 to 26.1 % in 2012. Among youth it was extremely high: 55.5 % in 2012.

It has been shown, that centralized state pow-

er or a weak position of social partners increase the chances to reform the social security systems (Kangas 2006, 210-211). Of the countries examined in this paper, Finland has relatively centralized systems of decision making and administration of most tax-funded social transfers. On the other hand, the social partners traditionally hold a strong veto-power over social policy issues. There are 3-4 dominating political parties (the National Coalition Party, the Social Democratic Party, The Centre Party, and nowadays also the populist True Finns). Germany is a decentralized federal state with relatively strong interest groups, civil society and churches. The federal legislative power is vested in the parliament and the representative body of regional states. There is a multi-party system which has long been dominated by two large parties (the Christian Democratic Union, CDU, and the Social Democratic Party, SDP). Spain is a highly decentralized country, where the 17 autonomous regions hold a high degree of independence regarding their internal policies. Spain's political system is a multi-party system but dominated by two major parties (the Spanish Socialist Workers' Party, PSOE, and the People's Party, PP). Some of the regional parties have also played key roles in Spanish politics.

The Basic Income Debate

Trajectories of the basic income debate

In Finland and Germany, the idea of the BI was discussed already in the 1970s and started gaining more attention during the 1980s. The Finnish debate continued in the 1990s, whereas in Germany the BI was mostly off the agenda at that time. In Spain instead, only few people were aware of the BI in the 1980s and 1990s. After the turn of the 21st century, the BI has up till now been widely debated in all three countries.

In Finland, the idea of a BI (at that time the term "citizens' wage" was used) was introduced to a larger audience by the book *Finland in the 80s. The Road of Soft Development* authored by two politically active young researchers, Osmo Lampinen and Osmo Soininvaara[8]. The book was soon followed by some of more concrete BI proposals during the 1980s. During the 1980s and 1990s the interest in basic income spread rapidly and the idea was brought up by several academics, politicians and individual activists. Models were designed, reports and articles published and seminars organized. Even the Ministry of Social Affairs and Health showed some interest in the idea. In the mid 1990s, also political parties put the BI on their agendas (Andersson 2000, 227-233; Ikkala 2008, 3). Towards the turn of the 21st century the discussion on BI faded away for some years. In 2006/2007 the BI was brought back on the agenda by the youth movement against precarious employment (hereafter the precarity movement) and the new BI model launched by the Green League. Recently a new wave of debate has emerged through the citizens' initiative campaign of Finland's Basic Income Network[9] and activities of some youth and student organizations (especially the Left Youth), as well as some politicians and researchers (Koistinen & Perkiö 2013; Perkiö 2012).

In Germany, calls for a BI were made in 1982 by the associations of unemployed and receivers of social assistance who demanded a right to income in order to lead an independent life. Also some academics and the green movement were active in the discussion. In the 1990s, the BI was mostly off the agenda, since the German reunification process dominated the political debates. In 2003 it returned along with a media sensation following the poster campaign organized by groups "Freedom, not full employment". The campaign was organized as a reaction to the unpopular Harz IV reforms and their increasing pressure to work and seek employment. It started in Frankfurt and spread across German cities. The year 2005 can be seen as a turning point in the German BI debate; the BI was widely recognized as an important issue by all the biggest newspapers, TV and radio programmes. Since then, the BI debate has been firmly established in Germany and there is no day that passes without a public event or discussion at some place or the other. Neither political parties, nor the media or social welfare organizations can avoid dealing with the topic (Liebermann 2012, 83-90; Blaschke 2012, 5-8; Honkanen 2009).

In Spain, only few academics and activists discussed the BI before the turn of the 21st century. In 2000, there were some articles in the biggest newspapers and supporters of a BI appeared in some radio and TV programmes. The interest grew

larger after the first BI symposium that was held in Barcelona in June 2001. The left wing parties and politicians in Catalonia and on the national level were interested in the topic. Since then, the BI has become well-known and muchdiscussed. In the following years, several legislative bills were presented in autonomous regions and two in the Spanish parliament. After the financial crisis of 2008 the debate on BI virtually disappeared from the official agenda, whereas the interest in it grew in civil society. The Spanish Occupy (15-M) movement has taken basic income to the streets and squares as one of its key demands. An increasing number of activists from different social movements, as well as unionists and ordinary citizens have been involved in the debate (Raventos et al. 2012, 135-137; Raventos 2004).

Political Discourses

In Germany and Finland, basic income and related ideas were firstly brought up in relation to the discussion on the "crisis of the employment society" among sociologists in the 1980s and 1990s (Liebermann 2012, 89; Blaschke 2012, 7; Perkiö 2012, 2). It was assumed that as a result of automation, work will finally "end". At the same time the emerging environmental crisis provoked discussion on how to reduce material consumption and build a sustainable society. The BI was often combined with environmental tax reforms and models for reducing working time and job-sharing. In the 21st century, experiences of irregular and self-employment, as well as people's frustration with the bureaucracy and arbitrary conditions of the existing social protection schemes are reflected in the BI discussion.

In Finland, there are two major argumentation lines in favor of the BI, which both are strongly related to labour market policies. The first – mostly favored by the green and right-wing supporters – emphasizes the lack of work incentives and income traps of the prevailing welfare system. The BI is considered a mechanism to correct these failures and encourage people to work, as it would facilitate the combination of social security benefits with small income and thus, give people "a ladder to climb out of poverty". The second – mostly favored by precarity activists and left-wing supporters – regards the BI rather as a mechanism for income redistribution, as a means to enhance employees' bargaining power in the labour market and as an investment to autonomous production (Perkiö 2012, 7-11).

In Germany, there is a variety of justifications for the BI. More than in Finland, the BI discourse has come to question the entire idea of employment as the foundation of society. Contrary to Finland and Spain, the unemployment rates are very low in Germany, while at the same time the working poverty has increased. The demand of "freedom" against "full employment" has risen in civil society. It has yielded proposals for a high basic income, self-organized work and complete restructuration of society. However, there exist also neoliberal discourses promoting BI as a subsidy for low-wage employment. In addition, there are reflections on BI from the ecological point of view and as a fundamental part of democracy (Liebermann 2012; Blasche 2012).

In Spain, the BI has been discussed as a means to combat poverty, as well as a new right of citizenship which would allow autonomy in choosing employment. Among academics, there is a strong tradition of philosophical reflections, especially from republican-democratic and left-liberal perspectives. The Spanish Occupy (15-M) movement has discussed the BI as a means to foster bargaining power and effective freedom of all working populations. (Raventós 2004; Raventos et al. 2012) In addition, the autonomous left wing movement BALADRE has demanded a "basic income of equals" as a "strong" livelihood benefit in opposition to "bourgeois" concepts of BI (Blaschke 2012, 18-19).

Advocates of basic income

In each country, there are groups and individuals pushing the BI idea on each side of the political spectrum. In Finland and Spain, academics and policymakers have played an important role, whereas in Germany grassroot movements have been strong. At present, social movements are taking a foothold in Finland and Spain, too. In Germany, political parties have been cautious with adding the BI to their agendas, whereas in Spain and especially in Finland parties have been important players in the BI debate. In Spain, also human right organizations have been involved in the debate. All three countries have their own basic income networks which are affiliated to the Basic Income Earth Network (BIEN).

In Finland, during the 1980s and 1990s BI was mostly discussed by academics and policymakers. In the 1990s, it appeared on the agenda of the Left Alliance, the Green League, the Centre Party and the small neoliberal Young Finns. The Green League, the Left Alliance, and to some extent, also the Centre Party came to support the idea again in the 21st century. Few individual politicians from the right-wing National Coalition Party and the Social Democratic Party have also expressed their support. In 2005/2006 the BI was brought up by the precarity movement in their EuroMayDay demonstrations. A large media attention followed the demonstration in 2006 and brought the BI back to the agenda after a few silent years. In addition, many public figures have expressed their support for BI, including present and former ministers (also from the Social Democratic Party, which is the most hostile about the idea), John Vikström, the Archbishop of Finland in 1982-1998, and Björn Wahlroos, strict market liberal and one of the richest persons in Finland (Andersson 2000, 231-233; Ikkala 2008, 3-5; Perkiö 2012, 2-3). Finland's Basic Income Network (BIEN Finland - Suomen perustuloverkosto) was founded in 2011 and affiliated to BIEN in September 2012. It has over 120 individual members and eight member organizations. It has gained some media attention through its citizens' initiative campaign where 50,000 signatures in favor of the BI ought to be collected within 6 months. 21 organizations support the campaign, including student organizations of 6 universities and 4 political youth organizations. The campaign has taken demands regarding the BI onto the streets and into the social media.

In Germany, there is a wide range of NGOs promoting BI. Those include, for instance, unemployed organizations, various youth organizations (including the German Federal Youth Association), protestant and catholic churches and their organizations (including catholic workers' movement as one of the most important protagonists), and some groups within Attac and Friends of the Earth. In addition, there are groups like "Freedom, not Full Employment" (Freiheit statt Vollbeschäftigung) which have performed creative grass-root activities, such as the large poster campaign for which advertising space was rented and where 50 posters in several subway stations were put up in all big German cities. The campaign drew large media attention and brought the BI back to the discussion in 2003 after the silent decade of the 1990s. There have also been campaigns like the one conducted by the "Citizens' Group BI Berlin", which on April 1st, 2008 launched a website that looked like the one of the National Department of Work, but renamed it "National Department of Income". In the same year, Susanne Wiest, an independent child day care professional, submitted an online petition to the parliament proposing to introduce an unconditional BI of as high as 1,500 € for adults and 1,000 € for children per month. Accompanied by enormous media attention, nearly 53,000 people signed the petition within six weeks. After the large public debate, all political parties and interest groups have been forced to deal with the BI in their internal debates. However, the parties have been rather cautious about accepting the BI on their agendas. Though in the Left and Green parties there are strong internal groups of BI-advocates including Katja Kipping, one of two chairpersons of the Left Party (Die Linke), the parties have circulated only conditional models of guaranteed income or accepted unconditional BI "as an option that needs to be further discussed". The Pirates' Party is the only one that has included the call for a partial BI on its agenda. However, individual politicians and internal working groups of parties have designed their own BI models. Within trade unions, individual activists have placed motions in union congresses and hence kept the discussion going. Among the most well-known advocates of the BI are Dieter Althaus, the former prime minister of the Free State of Thuringia and member of the Christian Democratic Party and Götz Werner, a billionaire and owner of the drugstore chain dm-drogerie. The German Basic Income Network (Netzwerk Grundeinkommen) was founded in 2004. It has over 3,300 individual and about 100 organization members and a round table which consists of different organizations brought together in order to discuss the BI (Liebermann 2012, 84-89; Blaschke 2012, 10-13).

In Spain, the interest in the BI began to rise after the foundation of the Spanish Basic Income Network (Red Renta Básica) in 2001. In the following year, a legislative bill was presented in the Catalan parliament by two left-wing parties. It proposed a BI to be introduced which would exceed the poverty

threshold in order to end poverty, prevent stigmatization, rationalize the system of benefit payments, and increase a degree of real freedom and autonomy. In 2003, the BI was included in the programme of Catalonia's new left coalition government. Several legislative bills followed in different autonomous regions of Spain and two in the Spanish parliament. The first BI bill was presented to the Spanish parliament in April 2005 and the second in October 2007. As a result of the second bill, a parliamentary subcommittee was established in order to study the viability of introducing a BI in Spain as a whole. Since the economic crisis hit Spain in 2008, the subcommittee never began work and the BI disappeared from the agenda of political parties. A few years later, the Spanish Occupy (15-M) movement adopted the BI as one of its key demands, and a wide range of NGOs and social movements have joined the cause. As a result of the movements' activities, the support for BI is growing and some political parties have put it again on their agendas (Raventos et al. 2012, 135-141).

Analysis of Basic Income Proposals

Time and actors

The data contains models for unconditional basic income or related proposals, which have been published in Finland, Germany and Spain by academics, individual activists, interest groups or political parties (see the data in appendix). The data of Finland has been collected within the period between 1984-2012 (13 models, 8 of which represent unconditional BI), of Germany from 2003 to 2012[10] (21 models, 16 of which are unconditional), and of Spain from 2002-2005 (5 models, which all are unconditional, but 2 calculated on household basis). Most of the models represent either a partial basic income or a negative income tax (NIT) (see the definition of NIT in footnote 1). This means that some discretionary benefits would remain in place in addition to the BI. Only in Germany there are proposals for a "full" BI which means the amount of BI being high enough to suffice adequate livelihood without additional sources of income.

In Finland, the models have been designed by academics, individual activists and political parties. Except for one, all had some linkages to political parties. In Germany, actors range from academics, NGOs and social movements to business persons, individual politicians and working groups of political parties. Parties themselves have only made proposals for improvements in conditional basic social security. In Spain, all the proposals have been made by academics or activists with academic background. There are no models released by political parties or individual politicians. Common to the designers of the models is that they are groups or individuals in fairly powerful positions, but not on top of the political hierarchy.

Content and objectives of the proposals

All BI proposals reflect the preconditions and gaps in the prevailing social security systems. They are rather oriented to solving certain practical problems – such as unemployment or precarization – than introducing entirely new concepts of freedom or justice. However, some models include more far-reaching visions about future and criticism about the prevailing state of affairs, whereas others aim to prove that the BI is a pragmatic and viable solution that would not radically change society.

Most often BI models are meant to replace only a part of the existing social security schemes. This means that some conditional parts of the existing system would remain in place, or alternatively, they would be replaced by new conditional schemes. Discretionary benefits would be needed especially for housing and some special groups, such as the disabled. Most of the models would also preserve the earnings-related social insurance.

Work is much discussed in the models. Some of them want to improve work incentives and the attractiveness of low paid jobs by providing a low BI, whereas others seek for solutions outside the labour market in the sphere of civil society and autonomous activities. Especially in Germany, also the statutory minimum wages are discussed in some BI models: some of them want to preserve it, while others attempt to abolish all employment protection and collective bargaining, and even use the BI as a wage substitution. Tax reform is an integral part of the BI proposals: income taxation above BI would be changed in any model (the BI itself is normally tax-free). Some of the models include flat-rate income taxation on top of the BI, while others favor higher

redistribution by progressive income taxation (note that in any BI system the non-taxable income-transfer would make the taxation progressive, even when a flat-rate income tax is included). Many models include increases in existing environmental, heritage, energy, consumption or capital taxation, or introduction of new taxes in those areas. In addition, removal of tax reliefs and deductions is proposed in some models. Some models also take a stance regarding such issues as health insurance or public infrastructure and services. In most models the recipients of the BI are citizens (supplemented by some categories of foreigners), or all permanent residents. Some models include only adult persons, others also children with a reduced amount of BI. In some models the amount of BI is higher for the elderly.

General objectives of the BI models are to guarantee economic independence as a civil right, avoid stigmatization, control and humiliation of welfare recipients, simplify administration and reduce bureaucracy, combat poverty and precarization, and increase individual freedom. Some models also discuss issues like gender equality, ecological restructuring or democratic participation. Some models aim at top-down income redistribution while others would leave income distribution as it is (or even change it in favor of the well-off). In most cases, the need for a BI is justified by freedom of choice, flexibility in working time and investments in creativity and new forms of work.

In addition to a universal unconditional basic income or negative income tax, there are models that propose a basic-income-like social security that would either be conditional or targeted at some particular groups or specific situations. For instance, in Finland there was a model of sabbatical leave combined with citizens' wage available to all citizens in every ten years, proposed by professors Jaakko Outila and Paavo Uusitalo in 1984, and a model of "ground income and civil work" proposed by left-wing politician and social policy expert Kati Peltola in 1997. In Germany the Left and the Green parties (2009) have circulated concepts that would provide BI for children whereas adults' benefits would remain conditional with mitigated obligation to work.

In Finland, a BI model has been released, for instance, by Pekka Korpinen (1989), one of the leading social democratic economists of the time. He did not mention the exact amount, but desired BI to be rather high and funded by 30 % income taxation and highly progressive property taxation. The BI would enable citizens to pay for public services, reduce their working time and build new models of production based on workers' ownership. Another interesting model is the one published by Ilpo Lahtinen (1992), who was at that time the secretary of the National Union of University Students. The model was based on the work of the "Basic Income Working Group" which included representatives of almost all political parties. It proposed a partial BI of 2,000 mk (~330 €) financed by 40 % flat-rate income tax. The newest BI models were released by the Green League (2007) and the Left Alliance (2011). The Green model proposed a BI of 440 € to be granted to all citizens permanently residing in Finland. It would be funded by a two-layer income taxation (39 % on monthly incomes less than 5,000 €, 49 % for the exceeding part), and an increase in environmental and capital income taxation. In 2011, the level of the BI was raised to 540 €. The BI is aimed at replacing all existing benefits apart from housing subsidies, occasional social assistance and earnings-related benefits. The model is claimed to be neutral for public financing. The Left Alliance's model[11] contains an unconditional BI of 620 € to be paid to all permanent residents of Finland and a conditional 130 € basic social security (to be paid in the cases of unemployment, illness, children's homecare etc). The BI is aimed to replace social benefits up to its amount. The model is similar to the Green model in many regards, but the wage and capital incomes are taxed progressively on the scale of 30-57 %, which makes the model fairly redistributive. Both these models contain microsimulation analyses with real data on their effects on public economy and households.

In Germany, among the best known models is the one of Dieter Althaus (2006/2010), a Christian Democrat and former prime minister of the German state of Thuringia, which proposes a BI of 600 € for adults and 300 € for children. The BI is coupled with a basic health insurance voucher of 200 €. All incomes above the BI are taxed by a 50 % flat rate tax. What is curious about the model is that the full amount of BI is paid only to those with a monthly income of less than 1,600 €. Those with

higher incomes receive half of the amount of the BI and their tax-rate is 25 %. The BI is intended to replace all basic social security provisions. Another much debated model is the one of Benedikt Hardorp (tax specialist) and Götz Werner (owner of the drugstore chain dm-drogerie markt, billionaire, employer of over 20,000 people, and a well-known media person) of 2006, which proposes the amount of BI to be gradually increased (e.g. from 600 € to 1,000 €, or even 1,500 €). The peculiar feature of the model is that it aims to finance the BI only from consumption taxes (VAT) and eliminate corporate and income taxation. According to this model, the BI is meant to be used as wage substitution. In 2009, the working group of the Left Party (Die Linke) proposed a BI of 1,000 € for everyone over 16 years old and 500 € for children. All income other than the BI would be taxed by 35 %. That would be accompanied by taxes on stock exchange, non- monetary capital, primary energy, financial transactions and the consumption of luxury goods. A modified housing benefit and benefits meeting special demands, as well as restructured social insurance would be granted in addition to the BI.

In Spain, the political system based on the autonomous regions and their different living standards are reflected in the BI proposals. The most active developers of BI models have been Rafael Pinilla-Pallejà, an economist and physician, and Luis Sanzo-Gonzáles, a sociologist and statistician working for the Basque government. They have designed and calculated various alternatives for implementing a BI, both individually and together. On their models, BI would be granted on a household basis. Their joint model from 2004 would grant a BI of 360 € to single adults, 540 € to couples and 110 € to dependent under 25-year-olds. Peculiar to the model is that the existing welfare schemes would not be replaced, but complemented by the BI. The model includes 38 % flat-rate income taxation and its components can be varied by the autonomous regions. The Catalonian based research group which included academics from different fields (Jordi Arcarons, professor of econometrics, Alex Boso, sociologist, José Antonio Noguera, professor of sociology and Daniel Raventós, economist and professor of sociology) made a proposal for a BI to be implemented in Catalonia on the basis of the research project in 2003/2004. Though the model was designed only for Catalonia, it was argued to be applicable to the whole Kingdom of Spain with some modification. The monthly amount of BI would be 451 € for adults and half this amount for minors. The model would be financed by a nominal tax rate of 57 % on all incomes above the BI (the effective tax-rate would differ between -269 % for the lowest decile and 45 % for the highest decile) and possibly combined with other taxes. It was proved to be economically feasible and self-financing by a real data-microsimulation analysis. The final report of the research project was published in 2005.

Macro-economic and political context

BI proposals have been made at different stages of the economic cycle and in different political contexts. However, all of them are somewhat related to economic and labour market restructuring.

In Finland, the first wave of BI proposals emerged in the 1980s in the context of restructuring the economy, liberalization of capital and labour markets. Suddenly increasing unemployment (after decades of almost full employment) generated concerns about the future of "employment society". Unemployment was at the centre of government platforms and political debates. Alternative solutions, including ideas like reducing working hours or job-sharing were widely discussed. The 1980s also marked the end of the expansion of the welfare state and a growing criticism for a large public sector among political elites. In the early 1990s, Finland experienced a deep economic recession which resulted in skyrocketing unemployment. After the highest peak of the recession, unemployment still remained high and generated a new wave of BI proposals in the mid and late 1990s. Problems of structural unemployment and incentive traps arrived as central issues on the government agenda. The 1990s were also the arrival time of public sector retrenchment and active labour market policies, as well as the discursive shift from "equality" to "competitiveness". The new BI proposals of 2007 and 2011 were made in a slightly different context: structural unemployment and a high amount of 'irregular' jobs were already established. Expanding budget deficits made the atmosphere rather unfavorable for any proposal that would increase public expenditure.

On the other hand, poverty traps and inadequate basic social security were widely discussed.

In Germany, BI proposals began to boom in 2003 at the same time when the unpopular Hartz IV programme was launched. Since then, they have been released continuously. Especially in the years of 2006, 2008 and 2009 many proposals for a BI or other reforms in that direction were made. Germany's unemployment increased from 2003 to 2005, but since then the unemployment rate has radically declined being only 5.3 % in 2012. The financial crisis of 2008 did not hit Germany badly and its economy recovered soon after a short period of decline in 2009. Thus, the problem addressed by the BI proposals is not one of high unemployment but rather one of increasing pressure to work and a growing group of "working poor". During this period, the government compositions changed from the Social Democratic Party (SPD) and the Greens from 2002 to 2005 to the Christian Democratic Union (CDU), the Social Democratic Party (SPD), and the Christian Social Union in Bavaria (CSU) from 2005 to 2009, and the Christian Democratic Union (CDU), the Free Democratic Party (FDP), and the Christian Social Union in Bavaria (CSU) from 2009 onwards. In the federal elections of 2009 more than a hundred candidates supported the idea of a BI. Thirty BI supporters got elected (15 from the Greens, nine conservatives, five from the Left Party and one from the Social Democratic Party).

In Spain, BI proposals were released only during the short period of 2002-2005. The relatively high unemployment rate and other macroeconomic indicators remained stable during that period. In 2004, the socialist government replaced the conservatives, but no significant change occurred in the objectives of the government. Between 2005-2007 and again in 2009 it seemed that the BI was gaining momentum in Spanish politics, but the proposal was drowned by the post 2008 financial crisis. However, though no new models have been released in recent years, the BI has still been widely discussed in theoretical and pragmatic terms. For instance, in 2010 Centro de Estudios Andaluces published a policy paper authored by José Antonio Noguera[12], which discussed intertwining the BI and existing tax and benefit systems, and explored strategies for the implementation of a BI in the framework of prevailing income guarantee programmes.

Reception and outcomes

In spite of several initiatives, the BI has not been implemented or even seriously investigated by the government of any country. Regardless of it being actively promoted by some parties or individual politicians, it has not reached government agendas as a plausible alternative. In all countries, the BI has its own strong opponents. By many others, it is still considered unrealistic. However, some minor outcomes of the BI debate can be discovered.

Many proposals have been noticed by the media and have yielded some public debate. Some models have been institutionalized in the programmes of political parties or interest groups, and remained alive in further discussions. For instance, in Finland Jan Otto Andersson's proposal (1988) and activism played an important role in the fact that the BI was accepted in the first programme of the Left Alliance in 1990, and Osmo Soininvaara's model (1994) was adopted with some variation by the Green League. In Germany, Dieter Althaus's model (2006/2010) has attracted many Christian Democrats to support the BI. Some proposals have led to minor reforms, legislative bills or establishment of government committees. In Finland, the sabbatical leave proposal (1984) found its realization in the government platforms and legislation as the job alternation leave and the launch of the Green BI model (2007) was an important factor behind the government's decision to establish a committee for reforming social protection (however, the committee's mandate did not include the BI). The BI discourse has also played a role in the implementation of some minor improvements like guaranteed minimum pension (2011) and removal of means-tests from the labour market subsidy (2013) in Finland. In Spain, BI models have played a role in the legislative bills presented in various autonomous regions and in the Spanish parliament.

In general, the advocates have succeeded in keeping the discussion alive year after year, and bringing alternatives to the current development on the agenda. This is especially true in Germany, where BI proponents have somewhat managed to challenge the aims of prevailing full (low-wage) employment policy and forcing all parties and interest groups to take the issue seriously.

Conclusions

Basic income is an idea that gathers support from all ends of the political spectrum. Many of the BI models cannot unambiguously be classified as rightist or leftist, but they combine elements of both. However, many of them have mutually incompatible aims and visions of the future. The eventual effects of a certain BI model would depend not only on the amount of the BI, but on the overall combination of taxation, labour market policies and public services.

BI models have different orientations to work. However, any model of unconditional basic income would place the relationship of individual and society on a new foundation. The interdependency between labour market participation and entitlement to income would become weaker, and the labour market (including the conditional and earnings-related social security) could no longer be regarded as the only valid institution of income distribution. Distributing the national income by other mechanisms than work would open new alternatives for restructuring the economy and the labour market, as well as building policies according to principles of individual autonomy and social inclusion. Though BI alone would by no means solve all problems, it is increasingly seen as an integral part of any socially just and ecologically sustainable package of future policy solutions. However, it remains clear that the actual outcomes depend on what form the reform would take.

The intensifying debate around the BI in many countries, as well as the growing movement around the European Citizens' Initiative for an Unconditional Basic Income, indicate that the BI as a new civil right is gaining momentum. Examining the national models and initiatives in their political and institutional context provides us with an overview of prospects and preconditions for its implementation. The idea of a universal basic income has a potential to provide a simple and powerful mechanism for more equal distribution of national wealth and to update the social security systems to the 21st century.

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Endnotes

1 Negative income tax (NIT) is a model for implementing a BI or a guaranteed minimum income system where people earning below a certain amount receive supplemental pay from the government instead of paying taxes. It produces similar outcomes as the BI.

2 See more: http://basicincome2013.eu/

3 http://www.basicincome.org/bien/aboutbasicincome.html

4 https://www.grundeinkommen.de/content/uploads/2013/01/overview-basic-income-and-basic-security-models-and-basic-approaches-in-germany-august-2012.pdf

5 http://www.redrentabasica.org/

6 It remains disputed whether the Southern European countries belong to the conservative-corporatist family or form their own regime.

7 Because of statistical treatment, the Finnish youth unemployment rate is not fully comparable.

8 Osmo Soininvaara later became the chairman of the Green League from 2001-2005 and the Minister of Social Affairs and Health from 2000-2002. He has continued to develop the idea of the BI in several books and reports.

9 The Finnish citizens' initiative for a basic income in English: http://perustulo.org/kansalaisaloite-perustulosta/aloiteteksti/#en

10 The data does not include information on possible BI-models published in Germany before 2003. Also some data is missing regarding the reception of the proposals and their outcomes.

11 More about the Left Alliance's model: Kajanoja, Jouko & Honkanen, Pertti (2012) "Steps Towards Basic Income – Case Finland. A paper presented in the 14th BIEN Congress in Munich (http://www.bien2012.de/sites/default/files/paper_108_en.pdf).

12 José A. Noguera: La renta básica universal: razones y estrategias (http://www.centrodeestudiosandaluces.es/datos/factoriaideas/policypaper_5.pdf).

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