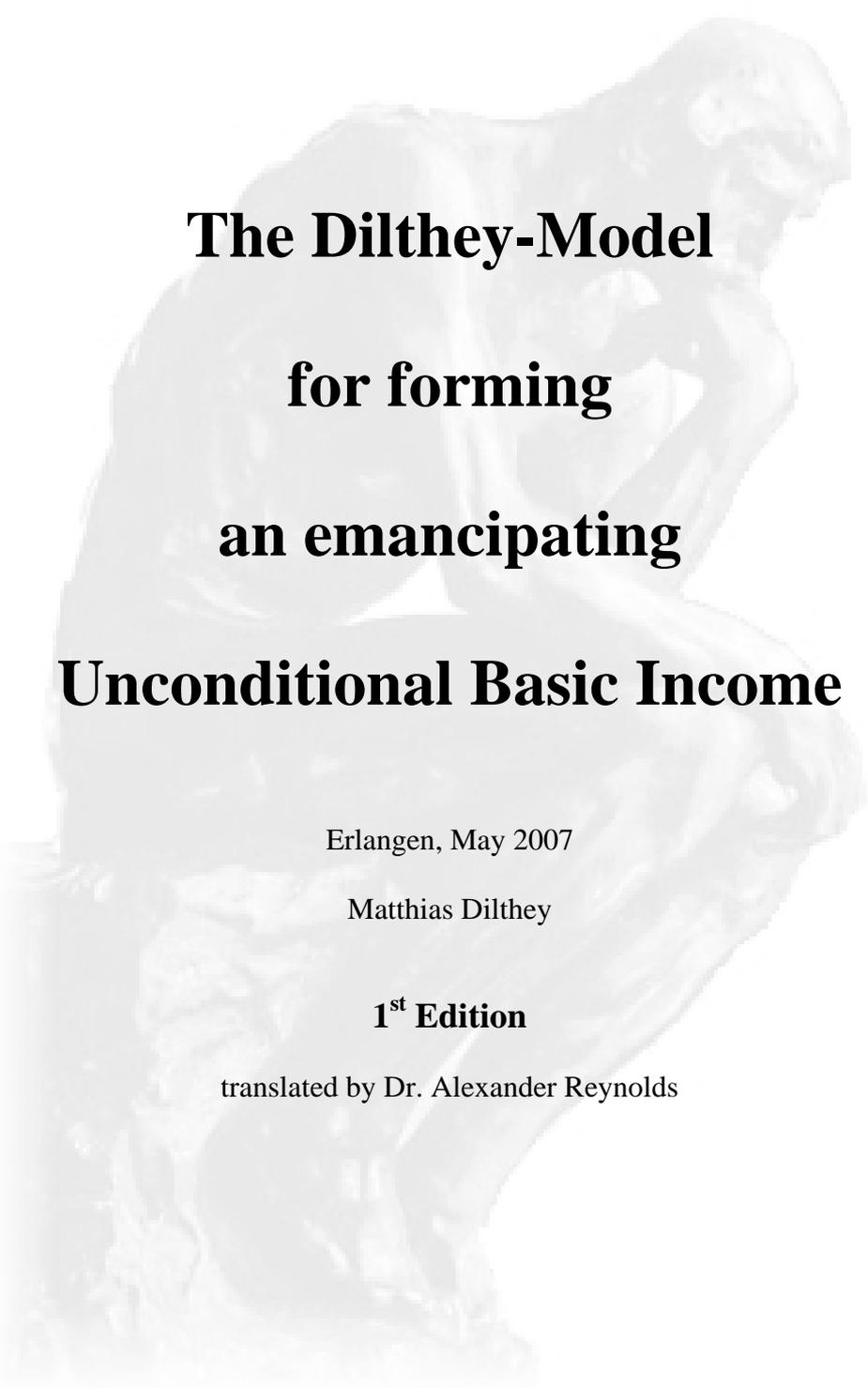


# Projekt **JOVIALISMUS**



## **The Dilthey-Model for forming an emancipating Unconditional Basic Income**

Erlangen, May 2007

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## Introduction

The model, described here, of an “Unconditional Basic Income” (UBI) is intended to fulfil the following four criteria: <sup>1</sup>

- it must serve to secure the economic existence of an individual, in the sense of securing for him or her a basic participation in shared social life
- it must represent a right claim-able by each individual
- it must be payable without recourse to “means-testing” or other testing of need
- it must involve no coercion to accept work

In addition, the model should:

- be one designed so as to tend to emancipate from the “Calvinist work-ethic”<sup>2</sup>, or, in other words, to challenge said ethic’s essential linkage of the satisfaction of human needs with “livelihood” in the narrower sense of remunerated employment.
- be such as not to hinder the acceptance by individuals of such remunerated employment, should such employment be offered them
- allow people to participate in equal measure in the general growth of prosperity
- represent an effective counter-measure against that pressure to reduce wages and other social costs to “dumping“ levels which has been among the side-effects of globalisation
- contribute to the sparing use of natural resources (protection of the environment)
- represent an effective counter-measure against possible concentration of capital
- simplify the tax system and make it harder to commit all forms of tax evasion.<sup>3</sup>
- promote and encourage entrepreneurial activity
- provide the greatest possible measure of social justice

The forms of taxation employed by the Dilthey Model consist essentially in the following:

- Value-Added Tax (net all-phase principle) <sup>4</sup>, corresponding in large measure to VAT as this exists at present.
- Social sales tax (gross all-phase principle) <sup>5</sup>
- Social tax on profits
- Social tax on transfer of capital, somewhat along the lines of the Tobin Tax <sup>6</sup>
- Certain special taxes, as, for example, additional resource taxes, motor vehicle tax, or dog licences

Eliminated without replacement, on the Dilthey Model, would be the following existing taxes and contributions:

- All social security contributions, including both those hitherto borne by the employee and those hitherto borne by the employer<sup>7</sup>
- Income tax/ tax on wages and salaries
- All other hitherto-existing taxes will be replaced by Value-Added Tax.

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1 Criteria used by the networks Grundeinkommen and BIEN: <http://www.Grundeinkommen.info>

2 Calvinist Work-Ethic: [http://de.wikipedia.org/wiki/Calvinismus#Calvinistische\\_Arbeitsethik](http://de.wikipedia.org/wiki/Calvinismus#Calvinistische_Arbeitsethik)

3 Tax evasion: general concept covering all forms of tax fraud, <http://de.wikipedia.org/wiki/Steuerverkürzung>

4 [http://www.fm.mv-regierung.de/pages/steuer\\_recht\\_umsatz.htm](http://www.fm.mv-regierung.de/pages/steuer_recht_umsatz.htm)

<http://www.bankstudent.de/downloads2/steuer6.htm>

5 [http://www.bommi2000.de/wirtkunde/wk07\\_222.pdf](http://www.bommi2000.de/wirtkunde/wk07_222.pdf)

6 <http://www.uni-kassel.de/fb5/frieden/themen/Globalisierung/tobin.html>

7 The question of health insurance will be discussed in Appendix 2



## **Taxes Considered in Detail:**

The Dilthey Model takes care to ensure, so as to attain an optimum level of transparency, a strict separation between the funding of the general tasks performed by the state (as, for example, infrastructure, security, administration) and the funding of social benefits and services (UBI, health insurance).

### **Value-Added Tax**

From the point of view purely of revenue accruing from taxes, there is nothing to be objected against that fusion, demanded by Prof. Götz Werner / Dr. Benediktus Hardorp<sup>8</sup>, of all existing taxes and contributions so as to form a single tax: today's VAT.

Such a combining together of existing taxes into one, however, would give rise to an "anarchistic" tax system, since it would deprive the state of every possibility of regulating the economy.

No one contests either that a further effect of the option to fund social and state services through VAT revenue alone would be that enterprises would thereby be, in the measure in which they exported their products, freed of all share in the bearing of the costs of such state services. This inasmuch as VAT is a tax borne exclusively by such products' end-users, being effectively imposed, then, in such a case, in the importing country alone and paid by the consumers in said country.<sup>9</sup>

It is precisely export-oriented companies which tend to be in great measure dependent on the existence of a sound infrastructure. Were the German economic infrastructure to be paid for exclusively by German consumers, this would constitute an indirect subsidizing of exports.

Such subsidizing, however, is expressly wished for by Werner/Hardorp.<sup>10</sup>

Since the Werner/Hardorp scheme eschews all taxation of profits, such subsidizing must tend to lead to an unmistakable increase in the concentration of capital and to a further widening of the income gap.<sup>11</sup>

Another cause for concern is that, where a tax system like the Werner/Hardorp system is adopted, access to outside capital and leverage finance might become more difficult, if not almost impossible, for small- to medium-sized firms.<sup>12</sup>

The measures contained in the Dilthey Model – namely, those providing for the taxation of profits to social ends and for the redesigning of the social sales tax (gross all-phase principle) and of VAT in such a way that they can be used to fund state finances – will serve at least to offset these effects.

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8 Werner, Götz W.; Presse, André (Hrsg.) Grundeinkommen und Konsumsteuer (2007), Universitätsverlag Karlsruhe, ISBN 978-3-86644-109-5 p. 100

[http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband\\_Grundeinkommen.pdf](http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband_Grundeinkommen.pdf) p. 100

9 [http://www.fm.mv-regierung.de/pages/steuer\\_recht\\_umsatz.htm](http://www.fm.mv-regierung.de/pages/steuer_recht_umsatz.htm) 2nd paragraph

10 [http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband\\_Grundeinkommen.pdf](http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband_Grundeinkommen.pdf) p. 101, point 6

11 This issue will be taken up again in the middle section of this paper and the reasons for this contention explained in more detail there.

12 See Appendix „The Need For A Tax on the Transfer of Capital“



## Social Sales Tax

The social sales tax foreseen by the Dilthey Model is an all-phase gross sales tax, analogous to the pre-1968 predecessor tax of Germany's current VAT.<sup>13</sup>

Whereas VAT (with its all-phase net principle) puts companies in a position to set off the VAT which they had paid for purchased goods earlier on in the commercial chain (so-called "input tax") against the VAT shown on their own invoices, in the case of the all-phase gross sales tax such a setting-off is not possible. Even where the fiscal revenue generated by both methods – net and gross – of levying sales tax/VAT is of an equal quantity, the fact remains that the two modes of taxation produce entirely different effects and consequences:

- Where the "net" principle characteristic of VAT taxation is applied, there remains untaxed any wastage of energy or resources as may occur. The company guilty of such wastage pays tax on the value of the commodity alone, but no additional tax on that energy or quantity of raw materials which (as a consequence of said wastage) is no longer at the disposal of the "value-chain". The social sales tax, on the other hand, is equivalent in effect to a tax on resources.
- The social sales tax, with its "all-phase gross" principle, exerts an influence on the proportion of vertical integration (or in-firm production of the different stages of a product) as opposed to outsourcing, within firms. It is common today in industrialized countries for "outsourcing" to be used as a means to wage-dumping. This becomes, where the social sales tax is applied, a much less attractive option, because this latter tax – in contradistinction to VAT – remains due in the same measure whether outsourcing is used or not.
- Where the Dilthey-Model social sales tax is applied, tax-evasion also becomes significantly less tempting. Whereas the firm purchasing goods and/or services via the "black economy" succeeds thereby, where a VAT system applies, in cutting out the total tax due thereon all the way along the "value-chain", this will be the case, under a (gross) social sales tax system, only in respect of taxes due on the final stage in said chain.
- Where VAT (net) and social sales tax (gross) are used in combination with one another, an end can largely be put to tax-evasion altogether. All that is required is that the deductible "input tax"-amount be permitted to be set off against the social sales tax, as opposed to (as has hitherto been the case) its being set off against the VAT due.<sup>14</sup>  
This would mean that the only way to set off, as deductible "input tax", a sum relating to goods or services purchased would be to set it off against taxable sums specified on an invoice relating to "output" goods or services, that is, goods or services sold; in other words: no deduction of "input tax" without presentation of an invoice relative to outgoing goods or services.<sup>15</sup>
- Within the context of a globalized economy, it is important that, instead of importing the extremely low levels of wages and social services prevalent in other regions of the world,

13 [http://www.tu-cottbus.de/ZfRV/Skript\\_FinanzUndSteuerrecht\\_SS2006.pdf](http://www.tu-cottbus.de/ZfRV/Skript_FinanzUndSteuerrecht_SS2006.pdf) p. 54 ff

14 For this to be possible, it would be required that the gross social sales tax be proven and continued. In the case of the pre-1968 "old sales tax" this was neither a realizable goal nor one in fact politically striven for. Politicians were afraid of the tax transparency which would thereby become possible. Wöhe, Die Steuern des Unternehmens, 5th. Edition, p. 265, Vahlen Publishers, ISBN 3 8006 0978 9

15 Where the balancing of accounts within a company is carried out in a proper manner, it is difficult to forge an invoice relative to outgoing goods or services, since the monies received for said goods or services must be cross-entered – that is to say, "monies received" and invoices for outgoing goods must match one another exactly. Any disparities existing here require a special treatment, as for example the writing-off of bad debts.



we rather export our own high standards. A UBI funded by VAT would raise, indeed, the prices of imported articles, but would not alter the basic price of the commodity imported. A social sales tax, on the other hand, which could be set off in both import and export dealings with a country to whom one's own country stood in the relation of trading partner, would create incentives also abroad for the introduction of such a social sales tax. In this way, the high social standards prevalent in Europe would tend to be exported.

This last point perhaps needs to be explained. Where the net-VAT variant (Werner/Hardorp) is opted for, German export goods are relieved of all taxes and other social contributions. The same applies to imports from abroad in the exporting country.<sup>16</sup>

All that counts is the price of manufacture alone. Whoever provides the lowest wage-rates and the shoddiest standards of environmental protection is able also to provide the lowest such price, and gets the delivery contract.

The downward spiral, the competition to see who can pay least and care least about the environment, has here already begun. Europe – or rather Germany – may indeed retain its position as top exporting nation due to our high level of automation; but this means only that less developed countries are obliged to lower still further their standards of environmental protection, their wage-levels, their social standards as a whole.

Where the social sales tax is opted for, the situation is different: In the case where we export goods to countries which have joined us in the social-sales-tax system, this tax can be calculated/set off as per the rates/percentages applying in each case.

Where we export goods to a country in which the rate of social sales tax is the same as that applying in Germany, the importer shall have, at the time of export, the tax refunded to him, on the condition, however, that he allow the social sales tax as applying in his own country to be imposed on the goods in question.

De facto, then (assuming similar social standards in both countries) we would have to do here with a purchase at net price.

In the case of our exporting goods to a country with low social standards or with no social sales tax at all, there would then be little or nothing to set off.

The social sales tax would thus remain partially or entirely in Germany.

In the case of our importing goods from a country which has no social sales tax, Germany would take, at the time of import, the social sales tax for itself, without there being any need to refund this to the foreign entrepreneur.

One way of thinking of it would be to conceive of the social sales tax, inasmuch as this tax is susceptible of being set off, as a sort of “protective duty imposed with specifically social intent”. For countries who opt to introduce their own social sales tax, such a tax would be cost-neutral; countries with low social standards, however, would feel the pressure of this “protective duty“.

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16 Werner, Götz W.; Presse, André (Hrsg.) Grundeinkommen und Konsumsteuer (2007), Universitätsverlag Karlsruhe, ISBN 978-3-86644-109-5 p. 111

[http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband\\_Grundeinkommen.pdf](http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband_Grundeinkommen.pdf) Seite 111



In this way, it is ensured that, rather than any form of “social dumping”’s being imported into Germany and Europe, it is rather our higher social standards which are exported to other regions of the globe!

As a matter of form, mention must also be made of the fact that the infrastructure is funded, on the Dilthey Model, via VAT in much the same way as it is on the Werner Model.

A superficial view would suggest that the Dilthey Model extends subsidies to companies exporting their goods. The Werner Model, however, relieves exported goods of **every** kind of tax and other social contribution and permits the profits accruing from such subsidization to remain entirely and completely in the hands of the owners of the enterprises in question.

The Dilthey Model, however, does not subsidize the social charges weighing on enterprises and provides for society’s re-acquisition, by means of the social tax on profits, of half of any such profits as may in fact be gained by any subsidization of exports as may result from the Model.

### **Social Tax on Profits**

In principle, all forms of income can be classed into one or the other of two categories:

- Income from “the work of one’s own hands”
- Income derived from assets or property, or from the ancillary labour of others

The difference between these two types of income consists in the manner of the emergence and the generation of the income concerned.

The worker in, and the director of, an enterprise both have their work to do within said enterprise. The worker, however, participates directly in that value-adding or value-creating process which is ultimately the source out of which the enterprise’s wages and salaries are paid, while the director, for his part, participates only indirectly in this process.

The director does no more than decide how the various value-creating factors and elements are, from the economic point of view, most sensibly deployed.

The question here is not whether or not the exercising of such a function justifies the director’s receiving a higher remuneration for his work than the worker. We draw attention simply to the indisputable fact that the higher remuneration which the director receives is one which is a result only partially of the work of the director’s “own hands”, being owed in large part to that process of value-addition and value-creation for which not he, but rather the workers – both primary and ancillary – and the machines on which these workers do their work, are directly causally responsible.<sup>17</sup>

Insofar as this is the case, then, the higher income of the director represents, in part, a “hidden distribution of profits“ - one which needs, like any “normal“ profit take-out, to be made subject to taxation if it is seriously intended that no tax loopholes be allowed to emerge. The social tax on profits is levied, in the form of a tax “at source”,<sup>18</sup> everywhere where there occurs a “profit take-out”, be this either openly and directly or in the “hidden” form of a distribution of profit through salary.

The Dilthey Model rejects the imposing of taxes on wages paid for “the work of one’s own hands”. Tax contributions related directly to wages are extremely un-social inasmuch as:

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17 See Appendix 5

18 <http://de.wikipedia.org/wiki/Quellensteuer>



- The ability and the right to work should be recognized to constitute a basic human right.<sup>19</sup> Imposition of taxation on such basic human rights is to be avoided in principle.
- The taxation of gainful labour increases the pressure to achieve ever greater economic growth.
- The taxation of work performed “with one’s own hands“ constitutes the indirect subsidizing of hidden or non-hidden distribution of profits. This inasmuch as the contribution made by such profits to the funding of the state budget is thereby one reduced in the measure of the tax levied on wages. Primary and ancillary productive workers are thus made subject to a double burden: firstly, inasmuch as they do not receive remuneration for the whole of their part in the value-creation process; secondly, inasmuch as the fiscal contributions which are demanded of them in the form of the tax levied on their wages go to lighten the tax-burden borne by the profits achieved precisely through their (the productive workers’) inputs into the process of value-creation.
- The taxing of wages lying low on the general scale of wages tends to widen the income gap. This inasmuch as taxes make it harder for low-earners to set money aside as savings, so that escape from the “poverty trap” becomes almost impossible.
- The general principle that wages should remain higher than state-paid benefits (or that gainful labour should, on balance, financially reward the effort involved) is a principle which the taxing of wages tends to circumvent or undermine.<sup>20</sup>

Transfer Limit Models (TL-M’s) such as Pelzer’s<sup>21</sup> or Althaus’s<sup>22</sup> have their foundation in the idea of a relatively heavy taxation precisely of those lying lower on the general scale of wages.

The UBI is funded in large part by means of readjustments within the group of middle-range to low-earners.<sup>23</sup>

It is to be feared that, for this reason, the TL Models might lead to the emergence of a veritable “caste system” (a merely horizontal redistribution of burdens and resources); the Dilthey Model, on the other hand, undertakes a vertical redistribution of these burdens and resources: that is, their redistribution from “above” to “below”.<sup>24</sup>

A high allowance in respect of tax-free earnings ensures, where it is combined with a sufficiently high UBI, that the goal is achieved of the social tax on profits’ indeed running a progressive course, despite a “flat tax” and the regressive effect produced by an increased VAT.<sup>25</sup>

The Werner Model has the disadvantage of achieving a degressive tax-effect.<sup>26</sup>

Werner is aware that this is the case and argues that money is, in itself, valueless, acquiring effective value only in and through the act of consumption.<sup>27</sup>

19 Article 23 of the charter of universal human rights defines „the right to work“ as a basic right.

<http://www.unhchr.ch/udhr/lang/ger.htm>

20 [http://www.sachverstaendigenrat-wirtschaft.de/download/ziffer/z624\\_632j02.pdf](http://www.sachverstaendigenrat-wirtschaft.de/download/ziffer/z624_632j02.pdf)

21 [http://www.uni-ulm.de/uni/fak/zawiw/content/forschendes\\_lernen/gruppen/fl/Pelzer\\_Text.pdf](http://www.uni-ulm.de/uni/fak/zawiw/content/forschendes_lernen/gruppen/fl/Pelzer_Text.pdf)

22 <http://www.d-althaus.de/index.php?id=52>

23 <http://psgd.info/forum/thread.php?postid=1951#1951>

24 <http://psgd.info/forum/thread.php?threadid=123#post465>

25 <http://psgd.info/forum/thread.php?threadid=123#post2063>

26 <http://www.richcons.ch/Erweiterung.NZZ.pdf>



Given that, on the Werner Model, the transition “money“ >>> “means of production“ remains untaxed, it is inevitable that the Werner Model will lead to a marked concentration, in a few hands, of the ownership of said means of production. This inasmuch as it will tend to result from the high taxation imposed on consumption that he who is not already an owner of means of production will be unable to make the savings required in order for him to become one.<sup>28</sup>

In order to mitigate this effect, Werner has recently begun to raise the demand that hitherto regular employer/employee relations be transformed into “free-lancing relations”.<sup>29</sup>

He thereby gives to each individual who had hitherto enjoyed the status merely of “employee” the status of “entrepreneur” – with the consequence that “expenditures in respect of gainful labour”, at least, should thus be made exempt from sales tax.

Whether this suggestion is one which could in fact be managed and handled by the tax and revenue authorities – and how exactly they might go about doing this – are questions which we cannot deal with here. The fact remains, however, that said suggestion clearly does not suffice to set limits to the concentration of capital.

The measure envisaged by the Dilthey Model in order to contain this tendency to the concentration of capital within acceptable limits is a **social tax on the transfer of capital**.

This tax will be imposed in every case where money ceases to be a mere means of payment and becomes a form of investment having the nature of a commodity – as is, for example, the case where trade is carried on in stocks and shares.

It is the aim of the social tax on the transfer of capital to correct, among other disparities, the way in which unequal treatment is currently given, from a taxation point of view, to returns on equity achieved, on the one hand, by investment in production capacity and, on the other hand, by pure financial investment.<sup>30</sup>

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27 Werner, Götz W.; Presse, André (Hrsg.) Grundeinkommen und Konsumsteuer (2007), Universitätsverlag Karlsruhe, ISBN 978-3-86644-109-5 p. 107

[http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband\\_Grundeinkommen.pdf](http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband_Grundeinkommen.pdf) Seite 107

28 Werner/Hardorp take no account at all of the fact that the level and kind of taxation, and the time and place of the taxes’ actual levying, exert significance influence on those eligible to pay tax. Their model considers the sum total of the levied taxes alone, that is, the tax revenue.

29 [http://www.diedrei.org/Heft\\_4\\_07/04\\_Brennpunkt-Werner.pdf](http://www.diedrei.org/Heft_4_07/04_Brennpunkt-Werner.pdf)

30 Werner/Hardorp very cogently demonstrate the “bi-valent“ character of money: its character, on the one hand, of mere means of payment (in which quality it immediately vanishes into consumption), and, on the other hand, its character of being a commodity in its own right capable of being “lent or endowed“. Werner/Hardorp also for their part raise the demand that money in its quality as a commodity be treated, from the taxation point of view, in the same way as a commodity emerging from a material production process; they take no account, however, of the possible critical considerations which we point to in footnote 27, above.

Werner, Götz W.; Presse, André (Hrsg.) Grundeinkommen und Konsumsteuer (2007), Universitätsverlag Karlsruhe, ISBN 978-3-86644-109-5 p. 107 ff

[http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband\\_Grundeinkommen.pdf](http://www.uvka.de/univerlag/volltexte/2007/186/pdf/Tagungsband_Grundeinkommen.pdf) p. 107 ff



## The Amount of the UBI on the Dilthey Model

In contradistinction to the other UBI models, the Dilthey Model proceeds *not* upon the idea of a fixed level of income determined by reference to need but rather upon that of the actual effective performance of the economy as a whole.

The underlying idea here is that it is only that which the economy shall have actually succeeded in producing that will be available, even in principle, for redistribution. The quantitative point of reference here, however, is not the GDP but rather the average per capita income of all natural persons living within the economic area in question.<sup>31</sup> The data applying here comprise all forms of income without exception, regardless of whether said income consists in income from labour, shares in enterprises, profits from investments or speculations, revenues from renting or leasing etc.

An average per capita income having once been calculated in the manner just described, an explicitly political decision is then taken to declare a specific percentual proportion of said per capita income as that which will determine the amount of the UBI. (The Dilthey Model proceeds here upon the assumption: 60%, a percentage which currently works out to approx. € 970,-- per person).

Should the effective performance of the economy as a whole improve, the amount of the UBI would correspondingly increase; should this general economic performance deteriorate, the amount of the UBI would also automatically become lower.

Opponents of the idea of a UBI often raise the objection that, were such a UBI really to come into effect, this would result in fewer and fewer people being prepared to continue to actually practice gainful labour in order to meet their basic needs, so that the economy as a whole would collapse.

This objection may hit home in respect of those UBI models which are committed to fixed “baskets of goods”. Not, however, in respect of the Dilthey Model. The specific version of a UBI proposed by Dilthey is one which, were it in fact to produce negative effects on the performance of the economy as a whole, would itself automatically react to this by becoming payable only in a lower amount; the hereby insufficient level of the UBI would thus come itself to act as a pressure obliging individuals to begin to engage, to a greater extent, in gainful labour – an automatic regulatory mechanism which is consciously intended as such by the Model’s developers.<sup>32</sup>

The same also applies, of course, in reverse. Where the economy begins to overheat – as, for example, through levels of consumption irrational from an ecological perspective – the UBI will rise correspondingly, which will in turn tend to have the effect of reducing the amount of additional and ancillary labour being performed in the areas concerned.

A UBI designed and developed along the lines suggested by Dilthey is one which regulates people’s ongoing needs by reference to the real and sustainable needs of the human community; in this respect, it is an idea which draws, at the deepest level, on the same source as inspired, from the beginning, the politics of the world’s “Green” movements and “Green” political parties: namely, the hope of bringing into harmony with one another ecological and

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31 [http://www.bpb.de/popup/popup\\_lemmata.html?guid=H1AK7M](http://www.bpb.de/popup/popup_lemmata.html?guid=H1AK7M)  
<http://de.wikipedia.org/wiki/Pro-Kopf-Einkommen>

32 <http://www.psgd.info/files/publications/extern/blaschke.pdf> p. 8 IV



economic considerations, and of breaking out of the pernicious spiral of “growth” for “growth”’s sake alone.

[Where livelihood and the meeting of basic human needs continue to be predominantly socially articulated with one another in the manner prescribed by the “Calvinist work-ethic”<sup>33</sup>, this pernicious “growth spiral” will only become steeper and faster as automation progresses. On the one hand, less and less human labour is required in order to produce more and more goods; on the other hand, it is assumed that everyone today should meet their basic material needs by means of engaging in gainful remunerated labour. Such an equation can only be made to balance out when, as today, the amount of goods being produced begins to surpass the limits of that which is actually necessary for genuine and sustained quality of human life.]

Götz Werner: “We live in Eden-like conditions“

## **Funding the UBI**

Since the UBI as Dilthey has designed it is an essentially “dynamic“ institution, financial arrangements in respect of it will need to be recalculated at regular, relatively short intervals: say, once a year.

As a first step, it will be determined what level of funding will actually be required. Subtracted from this will be the revenue acquired from the social tax on profits, so that the figure remaining will represent the sum which will need to be generated by the social sales tax and social tax on the transfer of capital.

The dividing-up of this burden between these two taxes must be effected in such a way that the average return on investment, both for investments in the capital market and for investments in enterprises producing and providing goods and services, turns out equally high..

It is on this basis that there will then be calculated the respective tax-rates for the social sales tax and the social tax on the transfer of capital.

The advantage of this option to design the UBI as a “dynamic“ institution consists in the fact that the amount of the UBI is thereby

- set largely outside the reach of any political intervention. All that political forces can do is determine the factor through which the redistribution effected by the UBI is to be divided (or, in other words, the percentual magnitude of the UBI as measured against the average per capita income).

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33 Even the churches are currently cautiously taking their distance from the Calvinist work-ethic: “It is a privilege when one’s profession or vocation and the activity through which one earns one’s livelihood happen to be one and the same; it is not, however, by any means the sole norm. And of those great themes which play a central role in maintaining the cohesion of any society we must quite decidedly say that they are not the responsibility of those alone who are granted jurisdiction over them as a part of their remunerated labour and livelihood. The Protestant work-ethic is one which bears, where it is grasped in its essence and fundament, as much on work in the household and in the family, and on voluntary work, as it does on remunerated labour.. ... While all those supposed key characteristics of a traditional work-ethic – diligence and persistence in activities which are in fact senseless; obedient integration in a collective project, even where the purpose of such integration is not understood; submission to rigid mechanisms of supervision and control – stand in fact in clear contradiction to the basic impulse behind, and the essential substance of, the Protestant work-ethic.“ <http://www.ekd.de/arbeit/huber-v1.html>



- adjusted automatically to the changing value of money, that is, the inflation rate.
- one which directly increases whenever companies or capital investors begin to make disproportionately high profits, since, where this occurs, the level of the social sales tax drops.
- One which is closely linked to the actual performance of the economy as a whole, so that the idea of social solidarity is here put better into practice.



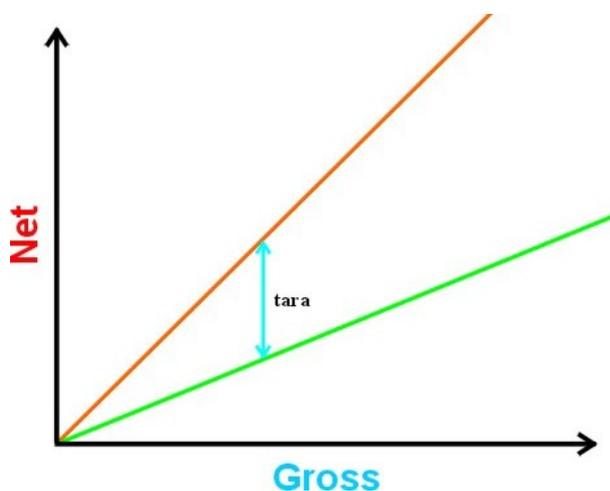
## Appendix 1:

### Comparison of the Models <sup>1</sup>

In order to present the divergent approaches favoured by the different models I employ here three types of value:

- 1.) Net
- 2.) Gross
- 3.) Tara (difference between net and gross)

In the diagram also employed in this connection the gross sum appears on the x-axis, while the net sum appears on the y-axis:



The orange line is the equation of gross with net sums and corresponds to the sum that a customer pays for goods or services, or to the sum of the income of an individual without deductions. The green line represents that which an individual actually receives through the selling of his goods, services or labour-power (after deductions). It is the difference between these that forms the “tara” (blue), and this is levied by the state in the form of taxes, in order to cover its expenditures.

Here, this “gross/net/tara“ comparison is used to present the following four models:

- 1.) The “negative income tax”
- 2.) The “transfer-limit“ model
- 3.) The Werner Model
- 4.) The Dilthey Model

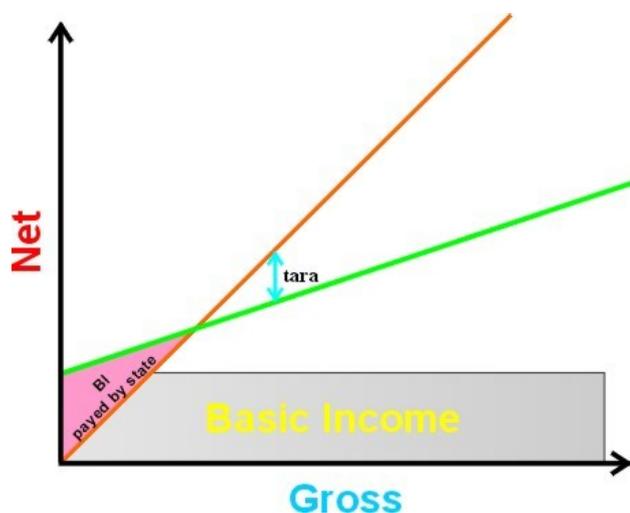
<sup>1</sup> Comparison of the models by Jörg Drescher; <http://www.iovialis.org>



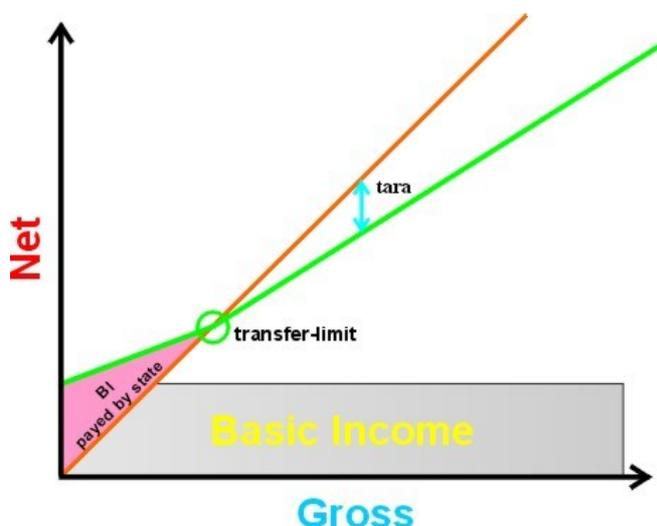
## 1. Negative Income Tax

The green line is the real net income in the case of negative income tax. The orange line is the equation of net with gross. One can see from this, that incomes extending up to a certain level, are “subsidized” (the field coloured pink).

It is only beyond a certain transfer limit (the point of the intersection of green and orange lines) that taxes (tara) become due which are used to fund the UBI.



## 2. The Transfer-Limit Model



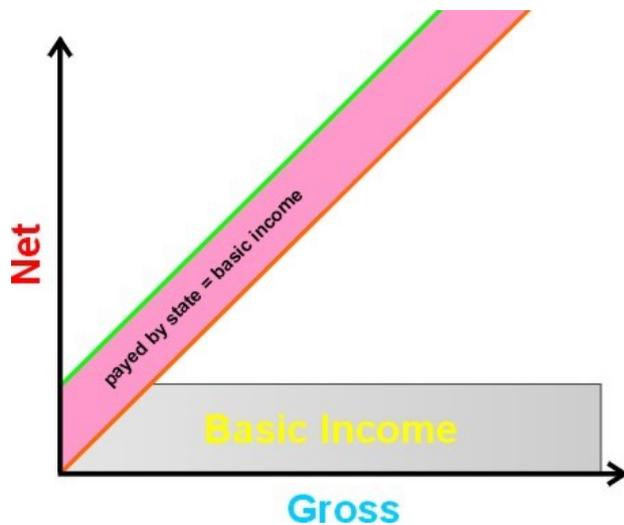
The transfer-limit model (TL-M) functions in a similar way to the negative income tax, with the difference that income beyond the transfer-limit is taxed differently (in fact, less). Income continues to be “subsidized” and a certain incentive is provided to raise one’s income above the transfer-limit, so that one has to pay less taxes.

The funding of the UBI is based, as in the case of the negative income-tax, on revenues achieved beyond the transfer-limit (tara).

The principle underlying both models (negative income tax and TL-M) is that basic income should be calculated together with income and that income should continue to be taxed. Funding is based here primarily on the taxation of income.



### 3. The Werner Model



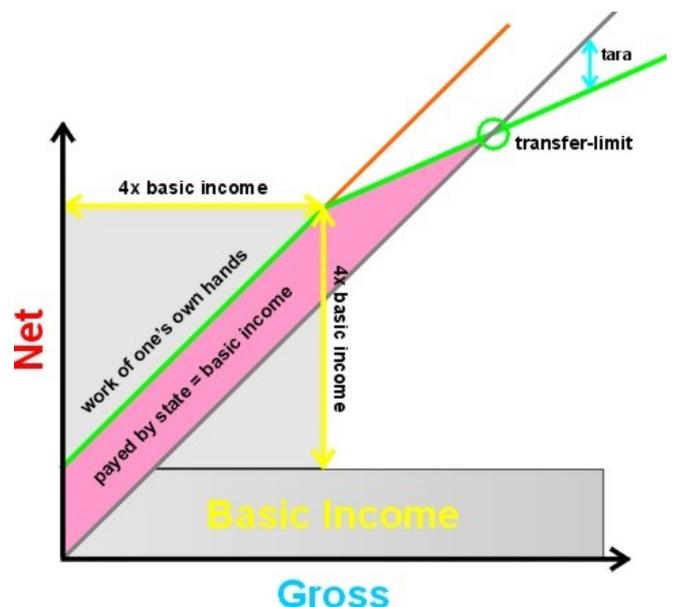
In the case of the Werner Model, income is not taxed at all, for which reason each gross income is paid out 1:1 as a net income (green line).

The Werner Model proposes, as a means of funding the UBI, the taxation of services and goods.

### 4. The Dilthey Model

The Dilthey Model equates with one another gross and net income up to the level of four times the UBI (“work of one’s own hands”)<sup>2</sup> and adds this to the UBI without deductions. Anything lying above this is taxed and employed as an additional source of funding for the UBI.

Since this funding is not sufficient in itself, the Dilthey Model proposes, like the Werner Model, a funding via taxation of goods and services.



Neither of the last two models mentioned (the Dilthey Model and the Werner Model) are financed via taxation of income. In this way, work itself is completely freed of all taxes. In exchange, a part of the added value existing in already-produced or already-provided products and services is drawn off for the purposes of social funding.

<sup>2</sup> <http://psgd.info/forum/thread.php?postid=465#post465>



## Appendix 2:

### Reform of the System of Health Insurance

A UBI can only achieve the emancipating effect it is intended to achieve if the present “paritative” system of social and health insurance<sup>1</sup> so closely linked to the existing form of “gainful labour“ and the wages and salaries derived from it, is removed. Were the present system to remain in place, those engaging in gainful labour would remain considerably better off even if a full UBI were being paid to those not doing so – a situation that would tend to undermine the emancipatory effect of the latter.

For this reason, only two possible systems of funding even come into consideration here:

- A so-called “capitation fee”, or, in other words, a flat-rate contribution regardless of income
- Systems the funding of which is governed by the principle of how the specific case of ill health in question was actually caused or occasioned

Part of the idea of “emancipation” in this context, however, is the idea that people ought to take responsibility for and, where necessary, bear the costs of, their own actions.

The model of health insurance which I outline below has the advantage of also being a good way of “easing into“ a full-scale UBI with emancipatory effect, inasmuch as said model is one which could easily be integrated into arrangements regarding work and insurance such as exist at the present time but also one which, were a UBI along the lines of the Dilthey Model actually to be generally introduced, would also slot smoothly into this latter.

The main categories of cases in which health insurance is called upon to bear cost-burdens are:

1. Sickneses and complaints which have their basis in certain personal/biological dispositions
2. Sickneses and complaints arising as a result of the use of alcohol, tobacco and other similar substances, or as a result of noxious influences in an individual’s personal environment
3. Accidents occurring without the involvement of such artificial elements as ladders, machines, sporting apparatuses, motorized or non-motorized vehicles
4. Accidents occurring in circumstances such that the above-named elements were indeed involved
5. Provisions made against possible future sickness or ill health

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1 With the term “paritative system of social and health insurance“ I refer to that system, the rudiments of which go back to Bismarck, of the institutional co-ordination of state health insurance funds with wages and salaries accruing from gainful labour  
[http://de.wikipedia.org/wiki/Sozialversicherung\\_\(Deutschland\)](http://de.wikipedia.org/wiki/Sozialversicherung_(Deutschland))



## **Funding of Health Insurance**

Where there is adopted, for the funding of health insurance (HI), a system partaking both of the principle of social solidarity and of the principle of specific causation of specific illnesses, the principle of purely “solidary“ funding of health-care costs would find application in cases of type 1 (personal/biological disposition), type 3 (accidents occurring without the involvement of artificial elements) and type 5 (provisions made against possible future illness); the principle of specific causation, on the other hand, would apply in respect of cases of type 2 (use of alcohol, tobacco etc.) and point 4 (accidents with involvement of artificial elements).

That part of the health insurance system which is to be funded on a purely “solidary“ basis will draw its funding from a portion of general tax revenue set aside for the purpose specifically of health insurance funding.

That part of it which is to be funded rather according to the principle of the specific causation of illnesses and injuries will draw its funding from a surcharge added, with a view specifically to the financing of this part of the health insurance system, to the VAT due on individual products.

Example: the costs accruing to the social health funds as a consequence of the smoking of cigarettes are to be calculated and distributed across the prices charged for each individual packet of same.

This tax-contribution to general health-care costs will be re-calculated and re-set, or re-distributed, at intervals which appear appropriate (e.g. every two years).

The most sensible procedure would be to integrate into this same system of funding that form of health insurance which is currently classified as “nursing care insurance”.

The hitherto-applying separation of “nursing care insurance” on the one hand and health insurance “proper” on the other is not a rational separation and tends to lead to costs being pushed back and forth between the different parts of the health insurance system in a manner which makes no sense either for the insured persons or for the social health funds themselves.

This solution need not lead inevitably to the emergence of a single unified (state) social health fund.

One conceivable possibility, for example, would be that of the state’s offering health provisions which would indeed be comprehensive but would not extend beyond the limits of the basically and fundamentally necessary<sup>2</sup>. Whoever decides that they want more extensive insurance cover than this (private rooms in hospital, or daily payments for time spent hospitalized) has the choice of taking out additional private insurance.

It should also be noted in this connection that the concept “health *insurance*“ is in fact a misleading one. What occurs in a case of illness is in no sense the operation of an “insurance”; it is rather a matter of the performing of an act of solidarity. That is to say, of a task belonging typically to the tasks of the state.

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2 To call this envisaged state provision „no more than is basically and fundamentally necessary“ is not, however, to say that it would not extend well beyond that measure of the „necessary“ which applies in the present day. It is, for example, not to be reconciled with the idea of a state oriented to an ideal of human solidarity that older people should be deprived of proper nourishment because they cannot afford the false teeth that they need.



In most cases of insurance, the insured person can influence the “insurance risk” concerned. Only the person who drives a car needs liability insurance against car accidents. No car – no insurance. The risk of falling ill is different – no freedom of choice is involved.

If we really wish to give political support and promotion to the idea of social solidarity, we must be very careful to maintain and emphasize the difference between “insurance“ and a “health fund inspired and guided by the ideal of solidarity“.

Health must never be allowed to become a “market”, neither in the sphere of drug and medicine manufacture nor in that of doctors and hospitals.



## Appendix 3:

### The Problem of Pensions

The Dilthey Model looks upon the UBI as a basic pension-like allowance for all, that is to say, it envisages the UBI's completely replacing, after a period of transition, also the state old-age pension.

The introduction of the UBI, however, will involve considerable problems in this regard. A judgement of the German Federal Constitutional Court<sup>1</sup> has already declared that the expectation of receiving a state old-age pension is one which should be considered a right of the citizen analogous to his/her right over his/her own property, and cannot, for this reason, be thus so easily given up in exchange for the right to a basic pension-like provision for all.

The report of the Rürup Commission on State Pensions already goes in sufficient detail into the problems connected with the establishment of a basic state pension funded by taxes<sup>2</sup>, so we have no need to discuss these details here ourselves.

The tax-funded UBI can indeed be considered, in this connection, as such a "basic pension funded by taxes".

One possible way would be to arrange things so that the receipt of UBI would end, at least during the introduction and transition phase, at the point where the receipt of old-age pension begins.

Those drawing smaller pensions could be given the choice of giving up, if they so wished, their right to state pensions and drawing instead (or continuing to draw) UBI. In this way, it would be ensured that no one's income would sink, in old age, below the general UBI level, thus effectively ending poverty among senior citizens.

Whether it will be possible to integrate into this system also those who are drawing or will draw private old-age pensions is a question which needs still to be legally examined and explored.

There remains the question of the funding of those rights to a future pension already accrued and not given up, since, with the introduction of a Dilthey UBI, the payment of contributions to such schemes would have to cease.

One way in which this might conceivably be funded would be through offering, via the bodies already providing the pension plans, an attractive, voluntary, state-funded plan for supplementary insurance. In this way, the problem of closing the gap in the funding of

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1 *Sustainability in the Financing of the Various Social Security Systems*, German Federal Ministry for Health and Social Security, p. 113, <http://www.bmas.bund.de/BMAS/Redaktion/Pdf/Publikationen/Ruerup-Bericht/deutsch-fassung,property=pdf,bereich=bmas,sprache=de,rwb=true.pdf>

2 Rürup-Bericht Seite 109ff <http://www.bmas.bund.de/BMAS/Redaktion/Pdf/Publikationen/Ruerup-Bericht/deutsch-fassung,property=pdf,bereich=bmas,sprache=de,rwb=true.pdf>



pensions can be stretched out over time and the burden placed on society as a whole kept within acceptable limits.

The problems regarding pensions discussed above in no way constitute problems, or weaknesses, inherent to the UBI. Rather, it can be recognized from today's viewpoint that these are problems connected with shortcomings in respect of "the pact between the generations".<sup>3</sup>

A large part of responsibility for the problem is also, of course, borne by the political system as currently established. This inasmuch as this political system neglected, in full knowledge of the consequences, to take steps, during the years of economic prosperity, to shift the foundations of this (credit-financed) "pact between the generations" onto a state-funded system of insurance.

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3 <http://de.wikipedia.org/wiki/Generationenvertrag>



## Appendix 4

### The Necessity for a Tax on the Transfer of Capital

It will not be possible to describe and discuss here in detail all the connections existing between the movement of capital and taxation, the connections in question being extremely complex. In any case, what is important here is not so much scientific exactitude as making these connections generally comprehensible.

The following considerations, take, however, as their starting point the following basic propositions:

- If the market in goods and services has a limit, this is a limit determined by demand rather than supply; that is to say, supply exceeds demand.
- This demand-dictated limitation is a function on the one hand of lacking purchasing power, on the other hand of market saturation. This latter state of affairs means that he or she who has purchasing power also presently has all that they wish to acquire. Any such excess capital as they may have at their disposal is invested.
- Capital is available in sufficient quantities. If the market in capital has a limit, this is a limit dictated by the demand for credit, or rather by the credit-worthiness of those who seek such credit.
- The owner of capital will, assuming an equal degree of risk, always choose to invest his or her capital there where he/she can expect the highest return on this capital.
- The market in shares develops independently of the value, in terms of actual company balance-sheets, of the shares and dividends involved.

By way of explanation:

The secured “value“ of a share can be calculated by dividing the invested capital, once provisioned or “written down“<sup>1</sup>, through the number of the shares issued.

The actual return on capital can be calculated with reference to the price paid when buying the share and the dividend paid out on it.

The return on capital on the stock and shares market, however, is determined predominantly by the difference between buying and selling price, the key point of reference being the buying price<sup>2</sup>; the dividend paid out plays no role worth mentioning. The prices at which stocks and shares are traded are affected (almost) exclusively by expectations in respect of the future developments re their trading prices; the invested capital of the enterprises in question as this appears on their company balance-sheets has little or no influence on said developments.

It follows necessarily from the fact of this market’s being limited above all by demand that the maximum turnover (from the national-economic viewpoint) that can be achieved is also, for its part, limited not only in terms of units produced but also in monetary terms.

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1 <http://de.wikipedia.org/wiki/Wertberichtigung>

2 <http://de.wikipedia.org/wiki/Kapitalrendite>



In respect of the question of how high a return on capital can be achieved by all enterprises (considered in their entirety) this means that an increase in said return on capital cannot be brought about by means either of an expansion of turnover or of a raising of prices, but rather exclusively by means of a lowering of costs.

There can indeed occur shifts and changes in this respect between individual companies or individual industries; these, however, tend to balance each other out. Wherever one company or sector earns more, another earns correspondently less. This is proven by the consumer spending figures for private households, which have shifted up and down, over the period of the last 5 years, within a very narrow band of approx. 20 billion Euros (as compared to the total volume of over 1000 billion Euros)<sup>3</sup>.

We thus arrive (considering things, once again, specifically from the national-economic viewpoint) at the following formula for yield on capital for companies engaged in production or in the provision of services:

(I) Yield on capital (A) = profit (A) / capital expenditure (A)

(II) Profit (A) = purchasing power ./ taxes on consumption ./ costs

In the case of capital investments the situation is somewhat different:

(III) Yield on capital (B) = profit (B) / capital expenditure (B)

(IV) Profit (B) = Selling price ./ purchasing price ./ taxes on capital

In order to achieve in both these cases – that is to say, in the case of investment in means of production (A) and in the case of pure capital investment (B) – the same return on capital, there must (assuming that the capital expended remains the same) apply the following:

(II) = (IV):

Purchasing power (A) ./ taxes on consumption ./ costs = selling price ./ purchasing price ./ taxes on capital

and (I) = (III):

Profit (A) = profit (B)

Given that profit (A) finds itself limited by purchasing power, it is not permissible that profit from capital investment (B) (plus taxes on consumption and costs) should come to exceed purchasing power if both these forms of investment, (A) and (B), are to remain equally attractive:

Purchasing power = profit (B) + taxes on consumption + costs

from which there follows:

Purchasing power ./ profit (B) = taxes on consumption + costs

Given also, however, that

Profit (B) = (selling price ./ purchasing price) ./ taxes on capital,

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3 <http://www.bundesbank.de/download/statistik/mbwerte/ix1.pdf>



We arrive at the result that, where profit (B)'s gross profit (selling price/purchasing price) remains constant and so does purchasing power, the taxes on capital must be proportional to the sum of taxes on consumption together with costs if both forms of investment are to allow the achievement of the same return on capital.

Where this proportionality is disrupted, as for example through a sharp increase in taxation of consumption combined with a lowering of tax on capital, this results in an improvement in the return on capital for those making pure capital investments and a correspondent deterioration in said return on capital for those investing their capital in actual companies and enterprises.

This in turn leads to a flowing of capital away from investment in companies and enterprises and toward pure capital investments.

Now, if it were the case that the market in stocks and shares were a market which followed the laws applying in markets where other goods and services are traded, the increasing demand here would cause the purchasing price of the shares in question to rise, thus making the margin between purchasing and selling price a narrower one. The consequence of this would be a fall in the returns on this type of capital investment, so that return on pure capital investment and return on investment in actual productive enterprises would then once again settle down at a more or less equal level.

Since, however, the prices at which stocks and shares are actually traded is above all dependent upon the mass of capital "investment-free" at any given time, any disequilibrium between taxes on consumption and taxes on capital will tend to lead, in terms of capital, to a "bleeding dry" of those enterprises not listed on the Stock Exchange which depend on outside capital for their existence.

The position of Stock\_Exchange-listed companies in this respect is quite different: they can always secure new capital for themselves by issuing new shares, since, as we have said, the selling value of such shares tends to correspond not to the value of the company in question considered in terms of its current company balance but rather to the projected or expected future value of such shares on the Stock Market.

The model of a UBI proposed by Werner opts to get by entirely without taxation of capital investments and redistributes the burden of the tax revenues thereby foregone completely onto taxes levied on consumption. The consequence of this must be that those companies which are not listed on the Stock Exchange will no longer be able to procure for themselves the outside capital that they need to survive – or will be able to procure such capital only at prohibitive costs.



## Appendix 5

### Essay: “On Work“

There is not a lot that one can write about this that has not already been written.

I need to work, in order to make something of my life.

I need to work, in order to gain the recognition of my fellow citizens.

I need to work, in order to feed my nearest and dearest.

I need to work, in order not to be a burden on the public purse.

I need to work, for these and many more reasons ...

I want to work, in order to make something of my life.

I want to work, in order to gain the recognition of my fellow citizens.

I want to work, in order to feed my nearest and dearest.

I want to work, in order not to be a burden on the public purse.

I want to work, for these and many other reasons...

Is it that I *want* to work – or do I only *need* to do so? And what does “work” mean anyway?

There is hardly another concept in the world which is so vaguely defined as the concept “work”.

Let us take the example of a gardener. For a gardener, caring for a garden, designing it and laying it out is “work”. Many other people, however, go out of their way to lease themselves a little garden in which they can carry out these very same activities in their spare time. That is to say, their gardens serve them as spare-time recreation, as a hobby.

This would suggest that one might be able to argue so: the gardener doesn’t really do any work at all; he just spends his time pursuing a hobby.

But this line of argument doesn’t work. Were the gardener to become unemployed, he would always have the opportunity to lease himself a little allotment and thus pursue his hobby. And, on the terms of the argument proposed, all would then be in order. But, in fact, the unemployed gardener would certainly say: “I want work”.

We attempt to get around this contradiction with the help of the term “gainful labour“. We describe as “gainful labour” every activity for which we receive monetary remuneration.

But this definition also leads nowhere: a painter paints a picture for which, during his lifetime, no buyer is to be found. He dies in poverty. That is to say, he has not, in his lifetime, practiced any labour that could be described as “gainful“. After his death, however, this picture fetches an enormous price. Must we say that the financially unrewarding hobby he had been practicing hereby suddenly became “gainful labour“ after all?



It is true that one can solve this problem by amending the definition slightly and saying rather that “gainful labour” is an activity for which one receives monetary remuneration *at a point in time more or less coincident with the performance of said labour*.

In so amending the definition, however, one establishes a complete disjunction between the actual performance of work, on the one hand, and “gainful labour“ on the other. For then we would have to say – to hold to the original example of the painter and his picture – that the individual who actually performed the work had not, in doing so, engaged in any “gainful labour”, this “gainful labour” having to be ascribed here rather to the individual inheriting the picture. And this despite the fact that this heir to the painter’s production has hereby engaged in a “gainful labour“ which has plainly involved no effort, on his part, at all – an activity, as it were, without activity.

This implies, however, that the painter of the picture must have engaged, for his part, in what we would have to call “gainful labour without gain“, since the picture constitutes the object of the “activity without activity“ of the person inheriting it.

Clearly, however, there can, *per definitionem*, be no such thing as “gainful labour without gain“, so that the concept “gainful labour“ seems also to lead us into an argumentational cul-de-sac.

The Calvinist work-ethic attempts to get around the question “what is work?” and focuses rather on the basic dogmatic claim that the justification for Man’s whole existence inheres exclusively in his vocation to work.

Calvin favours here a definition of “work“ which (measured by today’s standards) is a very broad and inclusive one. Thus both the activities of a housewife and those of a “hobby” gardener tending his garden count, for example, on Calvin’s terms, as forms of “work”.

In the modern world, with its highly developed division of labour, in which all of us tend to work (in the sense of manufacture or produce) exclusively for others and to hardly any degree for ourselves, gainful labour is no longer a matter of an activity giving sense and meaning to our lives but rather one of how we “get by“ materially, that is, how we gain our “livelihood”.

Where one establishes a fixed linkage between “getting by”, or “livelihood”, on the one hand and gainful labour on the other, however, it follows that there will surely be such things as people “earning their livelihood” without actually performing any labour and, conversely, people performing labour without this sufficing to a livelihood.

This is a situation which those performing labour without being able to “get by” on its financial results will naturally feel to be deeply unjust, and also one, of course, which those earning a livelihood and even a good livelihood without having to perform any sort of labour will want to maintain as long as possible.

This tends to lead inevitably, at least in the short term, to a gaining of the upper hand by those “earning a livelihood” without actually having to perform any sort of labour. This inasmuch as, in the first place, a person in this position will certainly be ready to take almost any step in order to ensure that those actually performing some sort of labour do not come to acquire their share in the wherewithal required to “get by”; the fact of some people’s actually performing



work in order to gain their livelihood would sooner or later, whether the working individuals intended it to do so or not, tend to put into question the legitimacy of “earning a livelihood” without work being performed.

In the second place, much less time and effort is involved in the mere marketing of products in which one has invested no labour than in the innovative creation of products which are actually the results of some work. One might give here as examples such businesses as the “ring-tone” industry or the positive cult that has grown up around certain brand-names.

One might, indeed, speak of a ring-tone as itself innovative were it, for example, activated in a manner attuned to surrounding noises, so as to be better audible in real environments. Similarly innovative would be a piece of clothing that automatically adjusted to changing weather conditions. But there is simply no innovative or productive effort involved in the marketing of music-samples as ring-tones or in the printing of famous brand-symbols on clothing.

Sooner or later, “earning a livelihood“ without actually performing any work in order to do so will be a mode of existence which will bring about its own elimination. Either because those who perform some work without being able to “get by“ on its financial results will no longer put up with the situation, or because “earning a livelihood“ without performing work will prove to be no longer financially sustainable.

## **Automation and “Work“**

Whereas it was still possible up until a few years ago to define gainful labour with the aid of one or another type of “measurement of performance“ (bonuses, definitions of minimum requisites for particular jobs, indispensable training requirements etc.) the increasing trend to automation is making the weak points and errors in this system more and more clear.

In the car industry, for example, we have seen more and more welders being replaced by robots. This raises the decisive question:

Is a robot now working where a human being once worked?

If one answers this question with “yes”, the effects on the concept of “work” are extremely far-reaching. Because, then, one would have to define “work“, at least in large sections of the area covered by this term, in terms of value-creation or of expenditure of energy.

But if one answers it with “no”, then one implicitly denies thereby the essential relatedness of work to performance, with the consequent self-contradictions which we outlined above.

It was the view of Karl Marx that human beings alone are capable of “work“ in the true sense. So long as one were to assign to the robot in the car factory, as supervisor or mechanical operator, the very same human being who had once occupied the job it now occupies (that is to say, the welder himself) then one would at least have satisfied the conditions Marx believed are necessary in order for us to be able to speak at all of “work”'s being done.

Once things, however, had progressed to the point where the robot no longer required either supervision nor the services of any sort of operator, then the worker placed in such positions would be acquiring a “livelihood“ which would no longer involve any actual performance of



work – but would, for just this reason, certainly involve all the internal self-contradictions which we have outlined above.

Marx, however, has nothing at all to say about the possible solution to the problem which would consist in continuing to extend to the welder that “livelihood“ which he has now reached the point of acquiring without actually having to perform any work while relieving him from the obligation to be actually physically present at the place of production (this physical presence having become, in any case, something without use or relevance to the production process).

Where one chooses to pursue this thought to its conclusion, however, one has in the end no choice but to recognize the robot and his “operator“ as forming a team. And such being the case, the question must also be raised of how the wages for the task performed by this team are to be divided up between robot and man.

Here, the wage received by the robot has a precisely defined limit below which it may not fall. In the case where it no longer receives enough energy to do its work (and in talking about a “wage“ here it is really an amount of energy that we are talking about) the robot will not moan or complain, but simply cease then and there to execute its activities. At the moment in which this “wage“ is once again raised to a tolerable level, the robot will waste equally few words or time in beginning once again to carry out its assigned operations.

Given, then, that “bargaining“ and “negotiating“ with the robot about the part of the wages that it is to receive is out of the question, the worker clearly has no choice - when it comes to the question of the amount of the wherewithal to a “livelihood“ which he is to receive without having actually provided any work in exchange for it - but to content himself with what the robot leaves over for its “partner“ after it has extracted all that it needs to cover its energy requirements.

The corollary of this, however, is that, the lower the cost of covering these energy requirements, the more there will remain left over to make up the wherewithal for a “livelihood“ that can be accorded to human beings without their having to perform work in exchange for it – assuming, that is, that prices and profits remain constant.

This whole consideration leads finally to **the definition that “gainful labour“ (be it of human or of mechanical origin) cannot possibly be anything else but that part of production which consists in energy and which is employed to economic ends.**

From this definition there logically follows the recognition that every type of work is, in principle, of equal value with every other type, since, in purely biological terms, the energy invested by a day-labourer cannot be said to be essentially distinct from that invested by a university professor. And in neither case is it possible that the economic orientation of this energy exceed a maximum no different for the professor than for the labourer.



Another recognition that must follow from the above is that work itself is in the first instance without value. Because it is impossible to speak of monetary “value-creation“ at any point before the product has been completely manufactured, sold and paid for.

Any differentiated monetary remuneration for a contribution to the production process (namely, work) which is itself monetarily value-less must inevitably lead to the emergence of inconsistencies in the system.

Now, a possibility here would apparently be to compensate all those involved in any part of that process of monetary value-creation which gives rise to the final product to a degree proportional to the amount of work which they actually contribute thereto. But this possibility would only be a real possibility if the process of value-creation giving rise to the final product were one which could be clearly and cleanly isolated and distinguished from all other social processes.

Such, however, is simply not the case, as we can see from the example of the car industry:

It is one thing to manufacture cars; it is quite another thing to have to hand a market on which such cars can be sold.

Not much is required in order to actually build a car: a little metal, some plastic, a degree of know-how, silicium (sand) for chips, and glass – and there you have your car.

In order to make a car run, though, somewhat more time and effort is required. One needs oil refineries, to manufacture petrol. Indeed, if the petrol is to have the quality required, a whole petro-chemical industry is needed. The same is true of lubricants and other materials.

Now the car is actually up and running; in principle, one could drive. But where is the road that one needs to drive on? Where are the petrol stations which enable one to get back when one has driven far from home? Where are the traffic lights that organize traffic?

Cars are easily built; they become bearers of monetary value, however, only once they have been sold and paid for. But who would ever buy a car if there were no roads to drive it on, no petrol stations at which to refuel it?

For this reason, we may say that those involved in the building of roads also make their contribution to the monetary value-creation process of the car industry. Were there no road-builders, there would be no value-creation in the form of car manufacture; conversely, however, were there no cars there would likewise be no value-creation in the form of the construction of roads.

Our modern society, characterized as it is by a very highly developed division of labour, is one that displays a kind of dependence even on that most notorious example of the individual contributing no “gainful labour”: the “TV junky”. Were there not people who are constantly “working“ in this way in front of their television sets, it would be impossible for the TV stations to generate that income from advertising which contributes so much to their own monetary value-creation process.



The more developed the division of labour becomes in our society and economy, the less it is possible to ascribe processes of monetary value-creation to individuals or to individual groups.

If we wish to see the social peace and harmony of our society maintained (some might say that it is a question of restoring a social peace and harmony already lost) it is imperative that we guarantee the basic livelihood of all the people forming this society, and do so by seeing to it that each of these people receives his or her equal share in the social process of monetary value-creation in the form of a “citizen’s allowance”, or an Unconditional Basic Income (UBI).

Such an Unconditional Basic Income should not be confused with any type of “social security“ or “welfare“ benefit in the hitherto current connotation of these terms. Rather, it is a matter of a basic right which can be claimed by each individual citizen and which can be convincingly logically justified on the basis of the new “work ethic“ promoted by Jovialism.

Under conditions in which it is no longer possible to distinguish clearly and unambiguously – and thus no longer possible to distinguish fairly and justly – between one individual’s apparent participation in the process of monetary value-creation and another’s apparent non-participation, and between the different degrees of said participation, the only possible fair and just solution to the problem is that consisting in an equal distribution – at least of parts of the value generated by the socio-economic process.

