

Hertie School of Governance, Berlin

MPP Thesis

Johannes Terwitte

May 2009

**Should proponents of basic income advocate basic income
social experiments in Germany?**

Advisor: Claus Offe

Word Count: 14.770

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Executive Summary

Unconditional basic income (BI) is a proposal to reform social welfare provision under which every member of society would be entitled to an income above subsistence level without means test or work requirement. The advantages of BI are that it effectively reduces poverty and increases the real freedom of citizens. However, by abolishing the necessity to work on the individual level BI policies are also inherently risky since they fundamentally change incentive structures. It is clearly *possible* that BI is fiscally infeasible in this sense that not enough people would engage in productive efforts on the basis of which a BI could then be distributed. Social science is to date unable to say how *likely* an outcome this is. From the perspective of BI supporters this state of affairs is suboptimal since the burden of proof on the feasibility of BI is widely perceived to fall on them.

Basic income social experiments (BISE) are a very useful tool for meeting this strategic challenge. This is, firstly, because they are the best available method for generating knowledge on the consequences of a radically new programme such as BI. However, despite all methodological sophistication the social sciences can reduce but never eliminate the uncertainty regarding the consequences of BI, including fiscal feasibility. Secondly, BISE are useful because they help to overcome the discursive impasse which results from the fundamental lack of knowledge. BISE would help to move the currently stuck debate and – most importantly – show great promise for shifting the burden of proof back to the defendants of the status quo. Lastly, this paper finds ethical objections to BISE to be insubstantial and ascertains the feasibility of BISE in the German context. It hence concludes that proponents of basic income should advocate basic income social experiments in Germany.

I. Introduction

The German welfare state, despite all the benefits it provides, has come under attack for its alleged failure to adequately deal with the issues of poverty and the working poor. Among the different ways of dealing with these problems, basic income (BI) proposals have gained academic and popular attention in the more recent past. Proponents argue that basic income schemes increase the real freedom of all members of society (especially its poorest ones) by paying everyone an unconditional income – i.e. without work requirement or means test (van Parijs, 2006). BI proposals therefore “stress the economic rights of citizens (rather than rights of workers, or of the poor)” (Offe, 2008). With an intellectual pedigree lasting back to Thomas Paine, the idea of economic rights of citizenship has been vigorously debated over the last 25 years. However, while the debates on the theoretical desirability of basic income have reached considerable levels of maturity, questions of feasibility have not received similar amounts of attention. Very little is known altogether about the possible consequences of the introduction of a basic income scheme, resulting in large uncertainties about the fiscal feasibility of BI. There is hence a disjunction between claims about the desirability of basic income on the one hand and the little knowledge on its actual consequences on the other hand. This state of affairs is regrettable from the perspective of basic income supporters because the large knowledge gaps will seriously impede gathering political support in Germany.

Two contradictory observations motivate this paper. The first is the fundamental lack of knowledge about the effects of basic income schemes. To a large extent this is because there is currently no full BI scheme in operation the consequences of which can be observed. Other methods of establishing the required knowledge are of questionable validity since basic income constitutes a complete system overhaul, for example undermining one traditional pillar of the German Sozialstaat, namely *Erwerbszentrierung* (Ehnis, 2002). Basic income, by giving an unconditional income to every citizen, intentionally undermines this focus on paid labour. BI can also be regarded as a substantial step towards further de-commodification, which “occurs when a service is rendered as a matter of right, and where a person can maintain a livelihood without reliance on the market” (Esping-

Andersen, 1990:21f). Crucially, these systemic changes strongly affect the incentive structures facing individuals: at the extreme, an individual could become the proverbial ‘surfer’, ceasing to contribute to the productive efforts of society. Now, it is obviously within the realm of the *possible* that so large a number of people become surfers that the productive efforts of society do not suffice to provide everyone with the basic income to which they are entitled.¹ Yet one conclusion this paper establishes is that it is simply not known with any certainty how *likely* such an outcome would be.

The second observation is that this fundamental lack of knowledge does not prevent most participants in the debate to make unfounded claims about the desirability and feasibility of basic income. This might explain that while most proponents of basic income tend to claim their cause’s fiscal feasibility, most opponents tend to decry it as fiscally infeasible. As an example of the sloppy argumentation underlying many such claims, consider the report of the Scientific Council at the Federal Ministry of Finance. To a large extent, the report bases its conclusion that BI is not manageable fiscally on the rather weak premise that if the state paid €600 to a single individual, “*dürfte es nicht wenige geben, die sich damit zufrieden geben und ihren Lebensstandard allenfalls durch gelegentliche Schwarzarbeit aufbessern*” (Wissenschaftlicher Beirat, 2008:4, *emphasis added*). This paper argues that thus relying on opinion rather than on facts disguises the gaps in knowledge and means that the debate on basic income cannot move forward.

One particular tool to overcome this impasse are social experiments; these are social scientific field experiments which randomly allocate participants into programme and control groups. The last decades have seen a steady growth in support for and use of this methodology (Heckman et al., 1995; Greenberg et al., 2004). This is one point of departure for this paper, the research question of which is *whether proponents of basic income should advocate basic income social experiments in Germany*. Notwithstanding a number of counterarguments, an affirmative answer is established following a simple line of argument. First, this paper discusses what BI supporters want: it is argued that they should be interested, firstly, in learning more about the consequences of BI introduction and, secondly and relatedly, in convincing

¹ Such a possibility is of course precisely why canonical views on the Sozialstaat hold that “[d]ie soziale Absicherung darf nur als Ergänzung wirken und keinesfalls die dem marktwirtschaftlichen System innewohnende Leistungsfähigkeit beeinträchtigen” (Thuy 1999:168).

people of the merits of the BI proposal. Then, this paper examines how well BI experiments are suited to deliver on these two objectives. It finds that they are useful on both counts. While they cannot alone prove or disprove feasibility or conclusively inform desirability, basic income social experiments (BISE) are the most useful tools available for generating the required knowledge. Social experiments are also found to help meet the second objective, in particular since they can bring the whole debate forward by substituting evidence for opinion.. Lastly, the feasibility of BI social experiments is examined: it is found not to present any significant obstacles to the overall argument that BI supporters should advocate BISE.

Two remaining preliminary issues to be discussed here concern the boundaries of this thesis as well as its methodology. In terms of the boundaries, I should like to make explicit the choices taken to arrive at a clearly circumscribed research question. One of them, namely the focus on Germany, resulted partly from the client institution and partly from the fact that the BI discourse is relatively far developed in Germany when compared with other OECD countries. Another choice, the exclusive focus on basic income (as opposed to basic capital), was made both to keep the discussion of evaluatory methodology within manageable bounds and to retain a focus on the main strand of contemporary German discourse. Lastly, the decision to adopt the perspective of BI proponents aims to make this paper as relevant as possible for the client institution and also justifies skipping an otherwise space-consuming discussion of the general merits of the BI proposal itself. Concerning methodology, this paper mainly relies on thoroughly reviewing all relevant strands of secondary literature. Since the issue of social experimentation on basic income cuts across a number of disciplines, the literature review is correspondingly comprehensive. In particular, this helps to determine the state of the art regarding social experiments and to use this as a basis from which to go further. The literature review is complemented with original research into the state of the German basic income discourse, although this research does not claim comprehensiveness. In addition, the early phase of research saw one semi-structured interview with Loek Groot, a main advocate of basic income social experiments in Europe.

To my knowledge this is the first paper dealing with the usefulness of social experiments for basic income research in the German context. In a nutshell, it combines elements from philosophy, economics and politics. It looks at basic income as a somewhat *revolutionary*, normatively driven policy proposal and argues that – through social experiments – we can subject it to the empirical analysis it deserves. This should make it more palatable to advocates of *evolutionary* piece-meal engineering – a key group to be convinced if basic income is to be politically successful.

The paper is structured as follows. Following this introduction, the second chapter reviews the literature, focusing on the *nature* of basic income and social experiments. The third chapter discusses the *desirability* of BI experiments; chapter four examines the *feasibility* of basic income experiments. Chapter five concludes.

II. Literature Review

The different strands literatures here reviewed, especially those on BI, evidence-based policy making and social experiments, are by now very substantial – it is the conjunction between them which has not received nearly as much attention. Drawing boundaries around topic and approach also means that not all possibly relevant research fields can be consulted. Examples of subfields which this thesis does not primarily draw on are the policy process, welfare reform, and strategic political communication literatures. The fields which are reviewed are those which the arguments in the subsequent chapters draw on explicitly. In section (a), different definitions of BI are discussed. Section (b) chronicles the development of evidence-based policy making, while section (c) places a particular emphasis on social experiments and evaluates the general case in their favour. Section (d) describes three arenas of experimental BI research.

a. Basic Income

Clarifying what it is meant by BI for the purposes of this paper is particularly important in the German context since competing proposals by the names of *Grundeinkommen*, *Grundsicherung*, *Bürgergeld* and the like have flourished in recent years, with some fundamental differences between them. A very useful and widely accepted definition of unconditional basic income (German: bedingungsloses Grundeinkommen) is the one put forward by Phillipe van Parijs: “A *basic income is an income paid by a political community to all its members on an individual basis, without means test or work requirement*” (van Parijs, 2006: 8). This definition has also been adopted by the Basic Income Earth Network (BIEN).² However, in some national contexts some of the main players in the debate have adopted slightly different definitions. For example, the definition offered by the German Basic Income Network further requires that BI be above subsistence level and enable a minimum of societal participation (Netzwerk Grundeinkommen, 2009). Such definitional differences do not only demonstrate differences in the levels of ambition. They also influence which policy proposals are given the status of conforming – or not – to BI

² The BIEN, founded in 1986 as the Basic Income European Network, serves as a world-wide platform which links a number of national BI networks and individuals.

standards. In particular, the Netzwerk Grundeinkommen definition excludes *partial* BI schemes (i.e. those paying out an income below subsistence)³. We shall here adopt the slightly narrower definition of the German BI network.

In the current German debate, there are a number of proposals which meet this definition of BI (Blaschke, 2008). However, this paper does not attach itself to any particular BI proposal. This is because the *basic logic* in favour or against BI experiments applies irrespective of the specificities of one or the other BI scheme: All schemes which provide citizens with an unconditional income guarantee at or above subsistence level feature the same fundamental unknowns on which BISE can possibly shed a light. Still, it is useful to sketch out some common features of BI proposals to the reader unfamiliar with the debate. The essence of many possible BI proposals is that BI replaces all of the following: *Sozialhilfe, Arbeitslosengeld II, Ausbildungsförderung, Kindergeld*, “as well as the tax exemption of the the minimum living wage in income taxation. It also replaces old-age pensions and unemployment benefits, albeit only at the level of basic income” (Kumpmann, 2009). In this conception, introducing BI necessarily requires higher taxes since in the static analysis expenditures unambiguously rise when no entitlements are threatened.

b. Evidence-Based Policy Making

Following an increasing sophistication in social scientific research methods over the course of the 20th century, there has been “a growing emphasis on evidence-based policy and practice (Maynard, 2006:1) around the world. A “central characteristic of the modern welfare state is a demand for ‘objective’ knowledge about the effects of various government tax and transfer programs” (Heckman et al., 1999:1867).

Two distinctions are important in this context. First, consider the difference between qualitative and quantitative approaches to data generation. Policy contexts often place a premium on *numbers* (e.g. in cost-benefit analyses, budgetary procedures) – and this demand influences the output of evaluation providers and

³ That this requirement raises the problem of how to define subsistence (e.g. Blaschke, 2008) shall not concern us here.

policy consultants. At the same time, the methodological debate within the social sciences has clearly rejected the superiority of one over the other approach. While for certain types of questions relevant for this paper (in particular: Is BI fiscally feasible?) quantitative analysis is indispensable, complementary insights may be gathered using qualitative approaches. The challenge is to combine both approaches in suitable and goal-oriented ways. Second, it is highly relevant and widely accepted to distinguish between econometric and experimental approaches to evidence generation (Heckman et al., 1995). While the experimental approach involves “researcher control of variables”, the econometric solution to the problem of bias is “to create logical control of comparisons based on observations of naturally occurring phenomena” (Sherman, 2003). This distinction is in fact more straightforward than it may sound: researchers can either collect and use data from existing programmes, or they may intervene in or set up programmes for data generation purposes. In any case, most modern evaluation projects will employ both approaches: multi-method evaluations are now state of the art (Müttnich et al., 2002).

On the role of policy experimentation in particular, the most prominent calls were those for “reforms as experiments” (Campbell, 1969). In the German context, Karl Eckel explained the lack of progress in the social sciences with the fact that the “empirical social scientist [...] cannot test his hypotheses thoroughly” (Eckel, 1978, 41). As a solution, he proposed integrating the use of social experimentation into the political sphere: every law should clearly state its policy goals and experimentation should be routinely used to test all programs. The purpose of laws is not just to distribute freedoms (by ensuring rights), but to increase freedoms (through rigorous policy evaluation and experimentation) (Eckel, 1978). The arguments this paper advances in favour of BI experiments are clearly closely related towards such calls for rational policy making through experimentation.

The reality of policy evaluation in Germany lags far behind any such abstract calls. What emerges from reviewing Germany’s policy evaluation is a picture highly diverse across time and issue areas. The reform politics in the late 1960s did show a readiness to collect experiences from policy experiments, particularly in the field of education. (i.e. the testing of *Gesamtschulen*) In labour market policy, however, the importance of evaluation was only formalized with the introduction of the Social

Code III in 1998 – consequently, research funding and activities of the Institut für Arbeitsmarkt und Berufsforschung strongly increased (Müntnich et al., 2002). While “evaluation culture in Germany lagged behind international standards in the 1990s”, this has now changed and major non-experimental evaluations of recent labour market reforms (Hartz legislation) have been commissioned (Spermann et al., 2005). While the reasons behind these changes are unclear, at least some parts of the German academic and political circles now recognise the need for rational, evidence-based policy making – even in issue areas as ideology-driven as labour market and social policy.

c. Social Experiments

A key challenge for scientific researchers is to design projects which enable them to make valid general causal inferences. An “inference is the process of understanding an unobserved phenomenon on the basis of a set of observations” (King et al. 1994, p. 55). The goal of this process in the present context would be to reach conclusions about what might happen when a BI is introduced (Marx et al., 2004). The aim of this section is to review the methodological case for social experiments. An experiment is “a research design in which an ‘independent’ variable is manipulated under controlled conditions. As such, an experiment consists of two essential elements, namely the manipulation of a causal factor and the control [...] of all factors that might plausibly affect the causal relationship of interest” (Marx et al., 2004). We speak of social experiments if and only if the control of all factors possibly influencing the dependent variable happens through randomized allocation of individual participants into treatment and control groups. Hence social experiments are defined as field experiments with random assignment (Heckman et al., 1995). In contrast to this, quasi experiments are defined as site randomized field experiments in which some sites function as the program group and comparable sites as the control group (Greenberg et al., 2004).

The most quoted modern proponent of social experiment is James Heckman, whose writings (especially Heckman et al, 1995) have profoundly influenced virtually

every German academic contribution on social experiments in the past decade.⁴ The key argument is that under certain conditions randomized social experiments can solve the fundamental evaluation problem, namely the difficulties with drawing valid inferences about the effect of a programme on a participant given that we cannot observe the counterfactual state.⁵ Social experiments solve the fundamental evaluation problem through random assignment, such that participants “are randomly assigned either to the programme or to a control group (the counterfactual) that does not receive any treatment. There will be no average differences in unobserved characteristics between the two randomly chosen groups, and, therefore, post-programme differences can be attributed solely to the programme” (Björklund et al., 1996). Social experiments score highly on the criteria of both internal validity (random assignment ensures unbiased inference about cause and effect) and external validity (natural settings ensure that the results will tell us something useful about the real world) (Green et al., 2003). Hence “the evidence from social experiments provides a benchmark for learning about the performance of alternative non-experimental methods” (Heckman et al., 1999:1869).

One helpful distinction is between the evaluation of current programmes and those of proposed new programmes. In the latter case, non-experimental data might yield some insights while additional insights will have to be gathered in policy pilots (variously referred to as *Modellversuch* or *Modellprojekt* in German). However, only very few such Modellversuche have been carried out as social experiments and often have merely been evaluated using “evaluators” (Spermann et al., 2005). Of course it is possible to run a non-randomised BI policy pilots – this is in fact being done in Namibia at the moment (see next section). However, the only data which can be thus gathered is the effect of ‘treatment on the treated’. Such pilot projects exhibit the fundamental evaluation problem presented above: unable to construct counterfactuals, establishing reliable general causal inferences is nearly impossible. Pilot projects might, of course, have important effects beyond a scientific problem solving approach. For example, they might help to demonstrate the desirability of a normative principle.

⁴ Heckman was awarded the Nobel Prize in Economics for his contributions to evidence based research in 2000.

⁵ To take an example, it is very difficult to say with any certainty to what extent my participation in formal education has increased, say, my cognitive abilities. In order to know this one would have to be able to measure my cognitive abilities not only in this, but also in a logically impossible counterfactual state (i.e. not having received this education).

This argument can certainly be made regarding the testing of *Gesamtschulen*; it also potentially applies to BI. However, section (III.c) argues that focusing on this aspect of experiments is not a sustainable strategy.

In concluding this section, it must be noted how the *theoretical* supremacy of social experiments has not been reflected in evaluation *practice*. In particular, small US programmes have been assessed frequently using randomised social experiments, whereas large European programmes have hardly been evaluated in this way at all (Björklund et al., 1996). More generally, social experiments have been quite frequently used in the USA and still are the exception in Europe (Greenberg et al., 2004)⁶.

d. Basic Income Experiments

This section will serve as an overview to all experimental approaches with which BI has been studied. It is possible to identify three distinct BI policy research agendas: 1) the negative income tax experiments of the 1960s and 70s in the USA and Canada; 2) the cash transfer pilot projects used in less developed countries since around 2000; and 3) a small European research agenda on BI experiments, also in the last decade.

i. The Negative Income Tax Experiments

While there are important differences between BI and negative income tax (NIT) schemes with regard to, inter alia, payment modes, both can be designed so as to result in equivalent post-tax distributions of income as van Parijs (2006:28) illustrates. This equivalence means that the experimental approach to and results of testing NIT schemes are highly relevant to BI proposals. Five NIT experiments were conducted by the U.S. and Canadian governments between 1968 and 1980. These five NIT experiments were quite extraordinary and four key characteristics are listed in the following.

First, they were the “first large scale social science experiment ever conducted, and they have become a model for social experiments” (Levine et al., 2005:95). The

⁶ The few German cases are described in the section on feasibility.

NIT studies were innovative since they randomly assigned subjects to control and experimental group. As was discussed in the previous section, conducting social experiments of this sort has since become state of the art, but the researchers of the NIT experiments were among the pioneers. *Second*, the scale of the projects was enormous, with sample sizes ranging from 800 to 4800 and correspondingly large research budgets. This also allowed the testing of different levels of the guarantee level (G) and the marginal tax rate (t) (Widerquist, 2005). *Third*, their main goal was to “determine the labour supply response to an income guarantee” (Levine et al., 2005:95). This was driven by a similar logic that first attracted the author of this paper to the idea of BI experiments:

“[W]e believed that the basic political obstacle to anything like a negative income tax was the widespread belief that it would kill work incentives. We set out not to prove that it would not, but to find out whether it would.” (Levine et al., 2005:97)

Fourth, then, the labour-supply responses estimated across all experiments were in the expected direction (negative) but did surprise the researchers as being smaller than they had expected. The average reduction of working hours was around 5-8% for married men, and somewhat higher for married women (Widerquist, 2005:13). A further main lesson which the NIT experiments hold is that it is highly difficult to communicate the meaning of such results in highly politicized environments: Widerquist’s survey of the media and political responses to the studies shows an appallingly superficial portrayal of the results. Instead of highlighting the evidence that under NIT no segment of the experimental population withdrew from the labour force, media and politicians were quick to dismiss NIT plans on the basis that NIT demonstrably reduces work effort.

ii. Cash transfer pilot projects in developing countries

This paper is chiefly concerned with experimental approaches to BI provision within the context of social security in developed countries. Nonetheless, the last decade has seen a growth of BI-type experiments in the context of development assistance and foreign aid. In the last decade or so, a number of projects have dropped all conditional requirements and made cash transfers universally available in selected

communities – these have displayed a very favourable performance in terms of aid efficiency (Standing, 2008). Two issues are particularly noteworthy for the purposes of this paper:

First, the methodology chosen in all cash transfer projects reviewed has been that of pilot project schemes, where cash is transferred to individuals within a given geographical area. In no case were randomization or control groups used. The reason for this, however, is that all pilot projects were simultaneously aid policy experiments and actual efforts at poverty reduction. At such it would have been politically divisive and unethical to provide, say, half of a community with unconditional cash transfers while using the other half as a control group. Second, most of the pilot projects cannot be described as distributing BI as understood this paper. The reason is that more often than not, cash transfers were targeted at either household heads, or mothers, and almost always excluded children. Thus the provision was clearly not fulfilling the universality criterion. In contrast to this, consider the pilot project launched by the Namibian Basic Income Grant Coalition in the local community of Otjivero-Omitara: this project consciously fulfils all BI criteria. The first assessment report published in September of 2008 (Haarmann et al., 2008) is very positive on the effects observed so far. In particular, it should be noted that the Namibian pilot project has been included in most of the German press coverage of the BI issue. This could be conjectured to be the result of a certain demand for reliable information on the consequences of BI.

iii. The European Research Agenda on BI experiments

The last of the three research strands is a contemporary attempt by a number of European social scientists to rekindle some interest in experimental approaches to BI. The general characteristic of this third strand is its multifaceted nature. These facets were first brought together in a one day workshop preceding the BIEN conference in Barcelona 2004. As a direct offspring, the December 2006 issue of *Basic Income Studies* contains a special section “Toward a Basic Income Experiment?”

A considerable impulse for this Europe-based research activity seems to have come from a much-quoted passage by Tony Atkinson:

“The NIT experiments are generally considered to have reduced the range of uncertainty surrounding the response of hours of work to taxation (...) there is no necessary reason to expect the results to apply equally in a European context. Those interested in a [BI] scheme in Europe might like to consider launching such an experimental research project, which would serve both to throw light on the economic effects of the reform and to demonstrate how it would work in reality.” (Atkinson, 1995: 150)

The starting point of the research have thus been the design alternatives of NIT-type BI experiments, the specificities of which will be discussed further below (Groot, 2004, 2006; Widerquist, 2006).

There are two proposals, however, which go beyond the use of social experiments. The first is the “Plea for the Use of Laboratory Experiments in Basic Income Research” (Noguera et al., 2006). The authors are critical of the large-scale social experiments and instead propose to conduct laboratory experiments. While being cheaper and more easily repeatable and modifiable, the authors argue that “laboratory experiments have the capacity to uncover key behavioural insights that are notoriously difficult (and only indirectly) to obtain from field experiments” (Noguera et al., 2006:5). However, their argument remains unconvincing, in particular since they give no details regarding the possible design of such laboratory experiments. The second, altogether more convincing, is the proposed use of lottery games of the win for life (W4L) type as *natural experiments* to evaluate possible behavioural changes following a BI introduction (Peeters et al, 2006). The reasoning is simple and ingenious: the winners of the Belgium W4L scheme receive €1000 per month for the rest of their lives – giving them the possibility to stop working and, inter alia, become Parijsian “surfers”. A trial study of this sort shows little work reductions (Marx et al., 2004).

The European research activity described above constituted a lively debate which resulted in a set of diverse suggestions for experimental BI research. One cannot, however, fail to notice that nothing has come of this as yet. Neither have any experiments been conducted, nor has the research activity been continued. This is

symptomatic of the whole state of the experimental BI research agenda, which appears to have been discontinued. There is hence a curious tension between the promises of conducting BI experiments on the one hand, and the at best mixed support for experimentation even from within the BI-supporting community on the other hand. Why is this the case?

III. Should proponents of basic income be in favour of BI experiments?

This chapter contains the main discussion of the desirability of BI experiments. A brief introductory section (a) deals with some important preliminary matters. The two main sections then deal with how well basic income experiments are suited to deliver on these two objectives: Section (b) on why BISE help judge the consequences of BI, Section (c) on why BISEs are useful tools of political communication. All discussions of the feasibility of BISE are postponed to a comprehensive treatment in Chapter IV.

In order to assess what BI supporters want, one first needs to define and understand the group of BI supporters. This turns out to be a highly heterogeneous crowd, including those from the right of political spectrum (e.g. Dieter Althaus, CDU) as well as those on the left (e.g. Katja Kipping, DIE LINKE), libertarians (Thomas Straubhaar) as well as church-based organisation (Katholischer Arbeitnehmerbund). However, proponents of BI do not present the majority in any major societal actors in Germany. Instead, supporters are organised in a loose network (Netzwerk Grundeinkommen). Thus while BI supporters may subscribe to a variety of normative *ends* (real freedom, equality of opportunity, less state intrusion, less poverty, etc) they are united by their belief in BI as a suitable *means* to their ends.

A suitable definition of BI supporters should not presume any knowledge about the consequences of BI introduction, and even allow for ignorance on this matter. This includes the possibility that supporters might not remain supporters once they receive new information on consequences which BI entails. Hence this paper defines BI supporters as those who are in favour of BI as an idea. This definition merely renders the common usage of the term more precise and hence provides for full applicability of the results of this paper to the current German debates. Following from the above, some BI supporters are in favour of BI *implementation* already while others would be if more knowledge on feasibility and consequences was available. This dividing line will be a recurrent theme in many parts in this paper. This is unsurprising since it likely originates in fundamentally different ethical views: Those subscribing to *Gesinnungsethik* might advocate BI on the basis of the normative values it embodies, while *Verantwortungsethik* requires knowledge of the

consequences of such a policy (Weber, 1919)⁷. Further, BI supporters tend support liberal democratic values. This means they understand that BI will not be introduced unless it garners majority support. A crucial argument of this thesis is that BI will only find majority support if the consequences are deemed desirable by a majority. One of the key variables of interest in this respect is a behavioural one: will people change their working behaviour under BI?

Based on this analysis, two interests follow from being in favour of BI as an idea. The first objective is to find out more about the consequences to be expected from the introduction of BI, the second is to convince the general public of BI. In contrast to this, present BI supporters (both in Germany and beyond) usually do not take the knowledge objective as seriously as proposed here. In the following sections I show why BISE help to meet both objectives. Not only are they the methodologically most advanced instrument to build knowledge on BI consequences. BISE are also a highly promising strategy to convince the public of BI.

a. **BI supporters should advocate BISE since Judgement needs Evidence**

i. **Analytical and normative discussion of BI**

A well-known and very useful distinction in the discussion of policy proposals of any kind is between normative arguments on the one hand and analytical (sometimes called positive) arguments on the other hand – the familiar *ought* versus *is*. In contemporary discussions of BI schemes these two dimensions are often conflated, such as in this imaginary statement: “I don’t want to finance the lazy (*normative*) – and anyways, BI would be fiscally infeasible since too many people would stop working (*analytical*)”. In order to discuss policy options such as BI or BI experiments in a constructive manner it is useful to disentangle the normative from the analytical arguments. This is because fundamentally different modes of reasoning and discourse apply to normative and analytical arguments. The *analytical* consequences of a BI

⁷ In a similar vein, the distinction between deontological and teleological approaches could also be invoked here.

introduction are open to scientific enquiry and – at least potentially – scientific consensus. However, on the basis of such knowledge the *normative* merit of BI will be judged differently by different observers. In this way, almost all normative statements on BI are crucially informed by analytical considerations. Hence support for BI experiments in part depends on the interest to supplement one’s normative convictions with evidence on the possible analytical consequences of a BI scheme.

ii. There is less knowledge than needed to judge BI consequences

This section spells out the knowledge required to judge BI consequences, compares this with the available knowledge and concludes that the current level of knowledge is insufficient in this respect. In particular, changes in working patterns should be regarded as a key variable in this respect. The Pauline dictum of “if any would not work, neither should he eat” (2 Thessalonians 3:10) expresses why many people condemn BI as a subsidy to the lazy. Also, one of the most profound philosophical arguments against BI is the “exploitation objection” (White, 2006), according to which lazy ‘surfers’ may unjustly live off the labour of others. At the same time, some observers praise the increase in real freedom which comes with the option of changing one’s pattern of work: BI enables meaningless and alienated work to be replaced by voluntary or family work, or indeed by not working at all (van Parijs, 1991). While these are important *principled* arguments in their own right, a large part of the normative evaluation will be driven by the *actual* behavioural consequences of BI. It might, after all, turn out that people will be much less ‘lazy’ (by whichever standard) when receiving BI. Similarly, even staunch proponents of BI might reconsider their views if it turned out that they were the only one in their wider community to continue working.

Clearly, knowledge on the consequences of BI is necessary for sound judgement. Of special importance, however, are the economic consequences of changes in working patterns. In particular, there is the possibility that BI undermines its own financial basis by reducing incentives to engage in paid (and, hence, taxable) work. The clearest exposition of this problematique is offered by Ingmar Kumpmann (2008, 2009). While proponents of BI may laud increased voluntary and family work, Kumpmann argues convincingly that the fiscal feasibility of BI depends on changes in

production, since this is where the state raises the required taxes to finance BI in the first place. Importantly, this argument does not require an exclusive focus on labour income taxation, which may indeed have direct repercussions on aggregate labour supply. Not only do similar fundamental unknowns exist regarding the consequences of proposals, such as financing BI through increased value-added, inheritance or capital taxation. In the long-run steady state, the basis of all indirect taxation is production – and production may be directly affected by BI.

„Bremst das Grundeinkommen die Wertschöpfung im Erwerbssektor der Volkswirtschaft, dann reduziert dies die besteuerbare Finanzierungsgrundlage des Grundeinkommens selbst. Im schlimmeren Fall kann dies die Finanzierung des Grundeinkommens gefährden. Die Finanzierungsfrage ist somit nicht die Frage, wie wir einen großen Geldbetrag aufbringen können, sondern wie sich das Grundeinkommen auf die Anreize zur Wertschöpfung im Erwerbssektor auswirkt.“ (Kumpmann, 2009)

It is possible that the introduction of BI has devastatingly negative effects on production and hence undermines its own financial basis. Intuitively, it is clear that this depends on the level of BI paid out to individuals: an unconditional €50 a month are unlikely to have much of an effect, whereas one might hypothesize that only few people would engage in taxable labour if they received an unconditional BI of €5000 per month. A true trade-off exists:

„Mögliche bremsende Effekte auf die Wertschöpfung am Markt müssen abgewogen werden gegenüber dem Erfolg bei der Armutsbekämpfung und der Absicherung individueller Freiheit, die ein Grundeinkommen den Menschen bringt. Grenzen der Leistungsbereitschaft im Erwerbsleben setzen jedoch für das Grundeinkommen eine materielle Obergrenze: Das Grundeinkommen kann maximal so hoch sein wie die Bereitschaft der Menschen, zur Wertschöpfung beizutragen, hoch genug bleibt, damit die Finanzierung gesichert ist.“ (Kumpmann, 2009)

The fiscal feasibility of BI is here argued to be contingent on behavioural consequences of BI introduction. This also means that BI does not conform to one possibly desirable yard-stick of modern policy making, namely *robustness*. A robust policy avoids making and relying on assumptions about people's behaviour (Le Grand, 2003). As Le Grand helpfully points out, Bob Goodin uses the term *robust* in two different senses, the first closer to *sustainability* (a policy “capable of adapting to new

situations”), the second requiring a “sensitivity to motivational complexity” (Goodin, 1996:40–41). This latter sense is the one in which BI could be argued to be a minimally presumptuous social welfare policy (Goodin, 1992). However, to the extent that decreases in production also undermine the financial basis for providing BI in the first place, BI can in fact not be regarded as robust. The very feasibility of BI relies on how people make use of the increase in freedom which BI provides them with.

The above knowledge desiderata stand in stark contrast to the available evidence on the consequences of BI introduction. There are a number of reasons for this. Firstly, no BI scheme exists from which lessons could be directly transferred to the German context⁸ – there is no basis for comparative methodology to be used. Secondly, it is doubtful whether the lessons of the North American NIT experiments can be transferred to the contemporary German context (limited external validity). Thirdly, all econometric approaches on the consequences of BI are ill-suited to this task since they are built to evaluate piece-meal changes to existing tax and benefit schemes, not fundamental changes in such systems. They further rely on the assumption that preferences regarding gainful activity do not change much with the introduction of BI. Econometric approaches are, consequently, unable to take into account the psychological and system dynamic effects which the introduction of BI might have.⁹

This view can be corroborated when looking at two prominent econometric studies on the (economic) consequences of BI in Germany (Straubhaar et al., 2008; Opielka et al., 2007). While both studies tentatively deem Althaus’ *Bürgergeld* proposal fiscally sound, they both point to the limited value of the econometric approach to BI research. „[K]onkrete Finanzvolumina unter Einbeziehung der dynamischen Effekte zuverlässig zu schätzen, ist generell bei einem Strukturbruch nicht möglich“ (Straubhaar et al.,2008:59). „Es ist [...] grundsätzlich fraglich, ob die

⁸ The only basic income scheme in currently in operation is the Alaska Permanent Fund (APF). However, since the dividends paid out are far below US\$2000 per annum, its effects on a number of key variables are generally regarded as limited. However, there have been no systematic studies on the economic and social effects of the APF introduction.

⁹ “It could be argued that this change in context might legitimise behaviour which is now regarded as politically and socially ‘unacceptable’ such as voluntary unemployment. The introduction of a Basic Income founded on clear normative principles for societal ordering and development supported by a clear political majority will imply a transformation of the concept of work and contribution to society which cannot be compared to any existing situation. As a consequence, empirical research is bound to be impossible.” (Marx et al., 2004)

dynamische Simulation eines so umfassenden Vorschlags wie des Solidarischen Bürgergeldes wissenschaftlich vertretbar ist, weil üblicherweise nur Verhaltensreaktionen auf Basis kleinerer Veränderungen geschätzt werden können“ (Opielka et al. 2007:22)¹⁰. The fact that the Opielka study nonetheless judges the Althaus proposal as fiscally feasible has rightly been criticized (Spermann, 2007). What follows from all of the above is that the available knowledge on the consequences of BI introduction clearly lags far behind what would be necessary to properly appraise the merits of the proposal.

iii. **Experimental approaches are necessary to gather such evidence**

This section argues that BISE are necessary to gather evidence on BI consequences since no other approach can do the job as well. Nonetheless, it shall be maintained that although BISE are the best data gathering tools available they still cannot *prove* or *disprove* the feasibility or conclusively inform the desirability of BI. In discussing the possibility of rational politics, Jon Elster holds that “no theories exist that allow us to predict the long-term equilibrium effects of large-scale social reforms”, and neither can “trial and error [...] substitute for theoretical prediction” (Elster, 1991:122). While agreeing with the former argument, this paper comes to a different assessment of the merits of experimental procedures.¹¹ It is granted that social experiments cannot establish the fiscal feasibility or other consequences of BI with anything like complete certainty, for example since they do not simulate general equilibrium conditions (Widerquist, 2006). Nonetheless, BISE are more promising on this count than any other methodology – hence they are of great practical relevance to actual policy making. While the science of governance can never eliminate uncertainty, its aim should still be to reduce uncertainty as far as possible. The art of

¹⁰ It is thus not surprising that econometric estimations come to very different results regarding consequences of BI for employment, inter alia (Kumpmann, 2008).

¹¹ “The very notion of ‘experimenting with reform’ borders on incoherence, since the agent’s knowledge that they are taking part in an experiment induces them to adopt a short term horizon that makes it less likely that the experiment will succeed” (Elster, 1991:116). However, Elster’s full-out denial of the usefulness of experiments should be understood in the context of the specific argument he advances: against the possibility of fully rational politics, and hence against consequentialism. On a practical note: the impact of the problem Elster notes can be minimized: in fact, BISE designs *are* conscious of the time factor and propose decade-long project durations.

governance then consists in taking bold decisions in the face the uncertainty which indisputably remains.

Philosophical approaches contemplate the issues of work, motivation, etc., from a holistic point of view. One often quoted example of this kind of scholarship is Erich Fromm's (1966) piece on "psychological aspects on the question of a guaranteed income for all". Fromm argues „dass der Mensch eben gerade nicht von Natur aus träge ist“ and that a possible misuse of the guaranteed income would disappear after a short while (Fromm, 1966:3). Since empirical psychology has to date not corroborated such claims, they do not bring us much closer to learning with any degree of certainty about the consequences of BI. A similar problem also exists with qualitative sociological research to this end (see Daniels et al., 2006, as an example). Generally, it examines people's current behaviour and tries to infer how they might behave following the introduction of BI, in a sense displaying the similar problems as econometric approach. Further, philosophical or qualitative approaches will not be of direct use in answering questions of financial feasibility, for which quantitative estimations of one sort or the other are needed.

The literature reviewed above suggests that experimental approaches are very useful in providing evidence on new policies in particular. We shall not rehearse these arguments again, yet it is recalled that social experiments were widely credited for being state of the art. Yet how exactly should BI experiments be designed? The size of the experimental and control groups clearly is determined by the financial resources available for the experiment – the larger the better. Also, at the 2004 Barcelona conference a consensus appeared to exist that the main groups to be included in the experiments were either the jobless or net beneficiaries of the new BI scheme. However, on one set of questions no conclusion had been reached: what exactly the experiments should aim to find out. Two positions were advanced. One argued that changes in the aggregate willingness to work are crucial to the economic feasibility of BI, and hence should be put at the centre of inquiry (Groot, 2006). Widerquist (2006), on the other hand, favours looking equally on all immediate effects of BI, namely its impacts on health, education, gender relations, poverty etc.

It is here argued that this disagreement about the design and aims of BI experiments at least partly results from the failure of the earlier literature to

distinguish between the research and political communication aims of the experiments. Doing so reveals that the latter aim might favour placing the focus on the expected virtues of BI (e.g. poverty effects) rather than possibly problematic areas (i.e. work-time changes). In contrast to this, this paper argues that the research should, firstly, tackle the issues surrounded by most uncertainty first and, secondly, contribute to long-term knowledge accumulation. While the former “black box experimental designs” have been the main approach in the growth of experimental program evaluations in the US in the 1980s, they “contribute next to nothing to the cumulative social science knowledge regarding [...] earnings, wage and employment dynamics or program operation” (Heckman et al., 1995). This point is of particular relevance to BI experiments since single experiments will not yield reliable enough evidence on which political discussions and decisions can be solidly based. Hence from a research perspective ¹², BI proponents should advocate BI experiments which help to accumulate evidence on the most difficult questions, including labour supply responses. Only the accumulated findings of many BISE can “reduce the radical uncertainty with respect to the economic feasibility of a BI scheme” (Groot, 2006:3).

iv. **Ethical Counterargument**

One of the counterarguments against BI social experiments more often read than heard is that BISE are unethical. In Germany in particular, ethical concerns have usually been upheld as a reason against social experiments with randomized control groups (Spermann et al., 2005). The most common charge is that social experiments arbitrarily withhold from the control group a treatment which might be to the individuals’ benefit (Blustein, 2005). It is surely inadequate to take such general qualms as sufficient for dismissing social experiments without attempting to balance their virtues and vices – this is seen in Franz (2006: 438). Specifically on BISE, however, the main ethical criticism does not apply at all. This is because the treatment group receives an unconditional monthly income which leaves them in the better position than had they not participated – this is necessarily true since experiment participation must be voluntary. The control group receives exactly the treatment to which they are entitled by law, namely conditional income support. Thus the most

¹² The political communications perspective on this matter will be examined below.

common ethical concern about BI experiments can be dismissed. A far weaker criterion of German administrators, namely “dass individuelle Lebensverläufe nicht durch exogen herbeigeführte Zufallsentscheidungen beeinflusst werden sollten“ (Mütlich et al, 2002), will more easily be outweighed by the general advantages of BISE. My argument here is that the reflex of objecting to BI experiments on ethical grounds does not withstand critical scrutiny. “The problem varies from programme to programme, from country to country and from time to time” (Björklund et al., 1996). It certainly does not apply to BISE. Hence we can conclude this section with what we set out to show, namely that BI supporters should advocate BI experiments as a means to finding out more about the consequences of BI.

b. **BI supporters should advocate BISE since Discourse needs Evidence**

i. **The BI discourse in Germany**

The first discussions on BI type proposals took place in Germany in the 1980s, when BI also was for a while the official position of the Green party. After a rather dormant phase in the 1990s, the last few years have seen an unprecedented growth in popular and media interest in BI in Germany, partly leading to, partly caused by NGOs such as “Freiheit statt Vollbeschäftigung” and the German Basic Income Network. In the current discourse seems to display a strong positive correlation in people’s opinions on the desirability and the feasibility of BI which is rooted precisely in the question of behavioural consequences. Contrast the two following views. Katja Kipping, prominent BI proponent of DIE LINKE, holds that

„Das Bedürfnis sich einzubringen, irgendwas Sinnvolles zu machen, ist so ein zutiefst menschliches Bedürfnis, dass man sich eigentlich keine Sorgen machen muss, dass die Leute dann [under BI] alle nur vor sich hin sitzen und Bier trinken.“ (in Heizmann, 2007)

Gerald Weiß (CDU) is of a different opinion:

„Wenn ich Systeme schaffe, die die persönliche Versorgung vermeintlich leicht machen, können sie sich sicher sein, der Mensch wird immer den leichteren Weg auf diesem kalten Stern der Knappheit zu gehen versuchen“ (in Heizmann, 2007)

Of course the assumptions which underlie opinions on BI on are not always this implicit. Often, those who make them explicit are careful to point out their lack of knowledge on this issue. A cursory survey of responses of members of the federal parliament on the issue of BI shows, however, that the great unknown which keeps being alluded to is the question of whether people will continue to work. At the same time, many BI supporters tend not to publicly portray possible doubts as to the economic feasibility of BI. In writing and speech, their convictions are often carried by the implicit assumptions that BI is fiscally feasible. However, some BI supporters might argue that if the Hypo Real Estate can be supported with public money in excess of €50bn, the fiscal feasibility of any project seems to be principally determined by *political* feasibility. However true this may be, it will not be of much use in gathering political support for BI. In general, German BI supporters seem to

have no strategy on how to deal with the knowledge gap and to promote BI in Germany.¹³

ii. What if the experimental results are negative from the point of view of BI supporters?

One instructive preliminary point is that the outcomes of BI experiments may of course turn out to be negative from the perspective of BI supporters. In keeping with the previous approach, this might be the case if BISE provide evidence for BI's fiscal infeasibility. Two related but separate issues are noteworthy on this matter. The first is the obvious danger for the BI movement of advocating a policy which might actually turn out to have undesirable consequences or simply be infeasible. Consequently, rational BI supporters should advocate BI as a first best solution, yet openly speak about the possible need for alternatives such as participation income (Atkinson, 1996) or basic capital (Ackermann and Alstott, 1999; Grözinger et al, 2006). In the terminology of welfare economics, these might represent the second-best options to promote the underlying values, given a feasibility constraint on the first-best solution (Goodin, 1995; Goodhart, 2009).

The second issue is the worry often pronounced among BI advocates when discussing BI experiments that “positive” results cannot prove the feasibility of BI experiments while “negative” results can prove the infeasibility. From a scientific point of view, this worry is unjustified: experimental evidence can neither conclusively prove the economic feasibility of BI nor its infeasibility. It is true, however, that such an asymmetry might be caused by the media and political context. This was indeed the case for the NIT experiments in the US (Widerquist, 2005). However, it can be argued that NIT was an elite driven initiative (Moynihan, 1973; Steensland, 2008) which could be rather easily shot down by a generally hostile media coverage. However, in the German context today BI is mostly grassroots driven and features pockets of support within most societal actors. Hence the political and media dynamics here need not resemble those from US forty years ago. Nonetheless, the

13 This may be understandable since the past years have seen their views gain currency even without such a strategy.

memory of the NIT experiments being thus unsuccessful is likely to drive the intuition against BI experiments.

iii. **BI experiments as a tool to convince and to move the debate**

This section argues that unless BI supporters take empirical evidence requirements seriously their quest for BI is seriously hampered. Clearly, some people can be convinced without much evidence – all current BI supporters are testimony to this. However, those who do not feature a suitable combination of values and wishful thinking cannot be convinced without empirical evidence. Long before the finance ministry and the budget committee of the Bundestag will require evidence for their deliberations, a majority of BI opponents will have to be convinced. As a highly instructive example, consider the response of MdB Rix to the question of how many people would stop working under BI:

Mir sind keine Schätzungen bekannt (...). Ich muss die Frage aber auch nicht beantworten können, wie hoch der Anteil derjenigen sein wird, die vom Grundeinkommen leben und die sich nicht an seiner Erwirtschaftung beteiligen. Ein schlüssiges Finanzierungsmodell müssen diejenigen vorlegen, die dieses System propagieren. (Rix, 2007)

This quote shows that the burden of proof regarding the introduction of BI will most likely fall on its proponents. There are strong reasons why this is indeed a sorry state of affairs: rational policy making should not know a “*Vorrecht des Gegenwärtigen*” (Eckel, 1978), current welfare policies should be regarded as an experiment to as critically evaluated as other proposed policy solutions. Alas, this is not the case: the burden of proof will fall on those proposing BI. Of course, BI supporters should challenge this mode of discourse – and it is below argued that BISE may be a useful tool in this respect, too. The argument remains, however, that a public relations strategy which does not build on suitable evidence will fail to convince the majority.

This reasoning helps us put two other views into perspective. First, Werner and Hardorp share the view put forward above that not enough is known on the consequences of BI to introduce it at once. In dealing with this lack of knowledge they propose not to conduct comprehensive calculations on feasibility in order to

avoid what they call “Scheinpräzision”. This is certainly a viable strategy, in particular when linked with calling for a stepwise introduction BI (Werner, 2008), since it avoids unsustainable claims of fiscal feasibility where none are possible. However, since social experiments promise a complementary approach to gathering evidence, the argument of Werner and Hardorp is not a rebuttal of BISE. Even if BI is introduced at a lower level first, research into the consequences of yet higher monthly payments are likely to be desirable. Second, one needs to critically consider the argument that BI experiments should be promoted since they are great PR tools. “Morally, BI is a big step for mankind. I think a radical idea such as BI needs to be shown to work, in order to get it on the political agenda” (Groot, 2006:2). Hence, some might argue, BI supporter should push for BI experiments since it is easier to find political and public support for a BI experiment than for the actual full-blown policy. This focus on PR rather than evidence would further mean that pilot projects of the Namibian kind are preferable to BI experiments since for communication purposes it may be easier to portray the results arrived at within one geographic community. This short-term PR push may be considerable. Yet not only does the importance of long-run efforts to collect empirical evidence put into question the value of advocating BI pilots for PR reasons. A more fundamental reason is that *if* BI supporters cite nothing but their own desire to demonstrate BI feasible in support of pilots projects, BI opponents will cite their own normative positions as reasons against experiments. The debate then is stuck – an outcome which should avoided. This means that BI supporters should be very careful indeed to advocate BI experiments for reasons of advocacy. Calling for BI experiments in the name of science is a more humble and sustainable strategy.

In order to discuss these issues more thoroughly a discussion of the relevant campaign management and political communication literatures would be helpful, yet for space constraints this cannot be done here. Yet it seems a plausible enough observation that for a movement such as the BI network shaping the agenda is better than reacting to demands. Hence it is here speculated that addressing the issue of the knowledge gap proactively might be a useful strategy. While continuing to convince people of the normative desirability of BI, BI supporters should be very careful with we-are-surely-rich-enough-for-this claims that BI is feasible. They do not know, opponents do not know: no one knows whether BI is in fact feasible. Communicating

this openly makes it possible for BI supporters to brand themselves as proponents of modern, science-based, transparent progressive reform, helping to avoid perceptions of BI supporters as utopian oddballs. Once this perception is established, it will also be relatively easier for BI supporters to push the burden of proof towards the defenders of the current, conditional income-support status quo.

On a more general level, the current debate is unlikely to move forward if it remains on the level of implicit assumptions. In contrast, Advocating BI experiments – by making explicit the need for empirical evidence – is more likely to move the debate. Hirschman (1991) describes how every major change in policy will be met with a similar pattern of objections. However, Hirschman warns that this *rhetoric of reaction* is difficult to overcome if proponents of progressive policies commit the same discursive mistakes as their opponents. In order for a productive discourse to occur, it is not enough that opponents of BI give up their reluctance to face their assumptions. Proponents of BI must do the same. This is what Eckel has in mind when arguing for his vision of legally enshrined social experiments: “die *konstruktive* Verunsicherung schafft die Voraussetzung für die Verbesserung des status quo” (Eckel, 1978, emphasis in the original). In advocating BI experiments, supporters of BI would employ *uncertainty* as a means to *construct* an open space for true dialogue with their opponents.

In concluding this section on the political communication benefits of BI experiments, we shall briefly address one counterargument which has not been discussed so far. However counterintuitive at first sight, the argument could be made that BI as a political project might lose momentum if BISE *are* implemented during suitable windows of opportunity. The argument could be illustrated by asking what would have happened with the New Deal had Roosevelt opted to launch a test-balloon instead of creating the Tennessee Valley Authority in 1933. The same could be asked of other far-reaching reforms. The question is pertinent in the BI context since BI social experiments indeed take at least 3-5 years until firm conclusions can be drawn from the data. Where this is not respected, the quality of data and debate suffers (Widerquist, 2005). However, the counterargument loses some of its force when we consider that it is unlikely that – at least in the short to medium run – BI will appear

on the platforms of any party large enough to lead a government, in part because of the fundamental knowledge gap variously described above. It is much more likely that BI will be adopted by one of the smaller parties first, particularly the Greens. The first opportunity to implement BI experiments arises when such a small party becomes the junior partner in a coalition government. Instead of reducing momentum, BI experiments are then a highly suited instrument to institutionalize the BI issue, delivering on the twin objectives outlined at the beginning of this chapter: finding out more about the consequences of BI and convincing the public of its virtues.

IV. Feasibility

The three central themes of those objecting to randomized control trials such as BISE as those of *science, ethics and feasibility* (Oakley et al., 2003). Having dealt with the first two of these counterarguments above, this chapter focuses on feasibility. However, this is not a full-fledged feasibility study, chiefly because the current state of the debate does not justify giving the centre stage to future questions of implementation. Nonetheless, it is firstly important to the overall argument advanced in this paper that social experiments be in principle feasible in the German context. Secondly, it is also useful to consider what possible obstacles would have to be overcome before BI experiments can be conducted in Germany. To this end, this chapter first reviews the few social experiments which have been conducted in Germany. Second, it gives a perspective on the legal background relevant for conducting BI experiments. Lastly, it examines the political feasibility of BI experiments. The result is that BI experiments are in principle feasible, although they likely require a change in federal law.

a. Social Experiments in Germany

Further to the general findings of the literature review, this section seeks to give a brief overview of social experiments conducted in Germany to date. Up until the 1990s there were no social experiments conducted at all in Germany (Sperman, 2001; Mütlich et al., 2002). This paper finds only four social experiments which have taken place in this decade, one in the field of nursing care and the others in active labour market policy. However, it is possible that a few may have remained undetected, either since the common terminology has been avoided or because social experiments took place within larger research efforts. An example of the latter sort were social experiments taking place within the *Modellprojekt* “Förderung der Arbeitsaufnahme - integriert und regulär” (FAIR) conducted by the IAB (Schiel et al., 2006).

The most comprehensive and widely publicized social experiment has been the *Modellversuch Pflegebudget*, which conducted randomized policy pilots on personal budgets in nursing care in seven German cities between 2004 and 2008. It was

financed by the central association of nursing care insurers and conducted on the basis of § 8 Abs. 3 SGB XI. 874 people participated in the experiment, although due to a rather high attrition rate the treatment group was 350, the control group 130 strong. The final report also mentions sizable protests, which do not seem to have been directed against the methodology of the study, however, but rather against the content of reform (Klie et al., 2008).

The first social experiments in Germany were proposed by Alexander Spermann, who brought the methodology of social experiments to Germany. One of these was the pilot project on Einstiegsgehalt which was initiated by the ministry of social affairs of Baden-Württemberg. It tested to what extent the elimination of the social security trap could lead to positive employment effects (Dann, 2002). The other was a series of seven social experiments which took place between 1999 and 2002 as part of a larger experimental study on the targeted negative income tax (TNIT). However, mainly due to opposition from local administrators, the seven social experiments in Freiburg, Fulda, County and City of Kassel, Odenwald, Offenbach, Tuebingen attracted too few participants. The final report hence evaluates the quasi-experiment which took place in Mannheim (Spermann et al, 2005).

b. **Legal feasibility**

The key question concerning the legal feasibility of BI experiments is whether the current legal situation in Germany permits BISE to be conducted. The answer is negative. The reason for this lies in the legal background governing social and labour market policy. Article 74(12) of the German Basic Law stipulates that concurrent legislation shall extend to “[...] social security, including unemployment insurance.” Since the Federation has exercised its legislative powers by enacting laws in these areas (*Sozialgesetzbuch* (SGB) II-IV, XII) the Länder have no power to legislate on these matters. Although somewhat trivial, this means that no Land, region or municipality can pass laws or statutes introducing either BI or BI experiments. Hence in terms of social legislation, it is not the case in Germany that “a single courageous state may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country” (Brandeis,1932). This has obvious ramifications for the political feasibility of BI, which is discussed further below.

It is nonetheless relevant to discuss whether the legal prerogatives of federal level in principle enable BISE. The federal laws pertaining to the relevant areas are SGB II (Grundsicherung für Arbeitssuchende) and SGB III (Arbeitsförderung). Both laws are considered in turn. The SGB II contains the core of what is commonly known as the Hartz-IV laws and has been in force since 2005. According to §2 (Grundsatz des Forderns) „Erwerbsfähige Hilfebedürftige müssen ihre Arbeitskraft zur Beschaffung des Lebensunterhalts für sich und die mit ihnen in einer Bedarfsgemeinschaft lebenden Personen einsetzen“ (§2(2)SGB II). This „principle of demanding“ „unmistakably demonstrates the *intent* of the law not to tolerate idleness. Now, §6a actually is an experimental clause which details the conditions to be met for a municipal agency to test alternative approaches to the *Grundsicherung für Arbeitssuchende*. Applications from municipalities have to be allowed by the Federal Ministry for Labour and Social Affairs (BMAS) and by the responsible highest Land agency. Proponents of BI experiments might interpret §6a SGB II as allowing BI experiments at least in principle. However, the very unconditionality of BI contradicts the principles of granting benefits as specified by the law¹⁴. It would be too far a stretch – even for well-meaning administrators – to allow applications of BI experiments on the grounds of §6a.

SGB III – dealing as it does with employment promotion – is by its very subject matter not a natural candidate for enabling BI experiments. Nonetheless, consider Loek Groot’s argument that BI experiments are useful since they test the efficiency of conventional approaches to labour market policy (Groot, 2006). In this sense, §282 SGB III (which explicitly requires that the Federal Agency of Labour test the efficiency of active labour market measures in relation to their costs) could be read as in principle allowing for BISE. Also, §421h allows tests of innovative approaches to active employment promotion. However, not only would the 24 months to which §421h restricts the pilot period not suffice for suitable BISE. More importantly, since BI cannot be considered as active employment promotion in the conventional sense of the term, there is no scope within SGB III for BISE.

¹⁴ „Leistungen zur Eingliederung in Arbeit können erbracht werden, soweit sie zur Vermeidung oder Beseitigung, Verkürzung oder Verminderung der Hilfebedürftigkeit für die Eingliederung erforderlich sind“ (§3(1) SGB II)

c. Political and administrative feasibility

The legal environment is the basis for gauging the political feasibility of BI experiments. From the above arguments it follows that a change in federal law would be necessary to conduct such experiments. It has also been argued already that the issue of BI in Germany is most likely to enter the federal parliamentary realm through a junior partner of a coalition government. Since experiments come at an early stage in the policy cycle, it is conceivable that they be promoted as test balloons. They are very well suited for testing a policy which is risky to implement on a larger scale, gathering evidence on its consequences along the way. While thus presenting the government as solution-oriented, BI experiments at the same time imply little commitment regarding an eventual implementation. Add to these the argument that experiments postpone possibly conflictual political struggles on BI itself by a few years, and the idea of BI social experiments might indeed be agreeable to the other coalition partners.

The above presents the most conceivable route toward the political feasibility of BI experiments in the medium term. A more technical view on the actual changes requires emerges when examining the patterns by which the other social experiments were brought underway. For example, the TNIT experiments were sanctioned by a “waiver of § 18/5 Federal Public Assistance Act. It was exclusively designed by policymakers in 1999 after having been informed about TNIT in previous years” (Spermann et al, 2005). The waiver details that for experimental purposes the restrictions on the benefit level may be lifted. Similarly, the personal budgets in nursing care had actually been a recommendation of a number of federal commissions. The experimental clause §8(3) SGB XI was inserted at the last minute following a parliamentary initiative led by the head of the health committee of the Bundestag (Klie, 2008). This suggests that it may be possible to insert similar experimental clauses into SGB II. Following from the legal discussion above, however, these would have to specify that BI experiments are permissible despite contradicting the otherwise intent of the law.

In terms of administrative feasibility, two problems are most commonly cited. The first is the challenge of convening enough participants. However, this problem usually

appears when the experimental treatment is not obviously attractive and uncertainty avoidance might make people refrain from participating in random assignment experiments. “The best situation for random assignment is when the demand for the treatment under evaluation exceeds the supply. The treatment then has to be rationed and can be allocated at random” (Cook and Shadish, 1994:557). It should be expected that the unconditionality of BI, coupled with the fact that the treatment group cannot be worse off than the control group receiving conditional income support, mean that an excess demand for participation in the scheme should be given.

The second commonly observed problem is bureaucratic resistance to social experimentation, both on the street level and amongst senior administrators. Successful experiment implementation “requires cooperative administrators at both the central and local level” (Björklund et al., 1996). These conclusions are indeed corroborated by the few German experiences in with social experiments (Spermann et al, 2005). In all municipalities in which TNIT social experiments were approved by senior administrators, the eventual numbers of participants were very low indeed. In others, only quasi-experiments (site randomization) were deemed feasible by administrators. In the case of the *Pflegebudget* experiments, the final report gives evidence of exemplary cooperation of local administrators as well as of outright refusals to cooperate (Klie, 2008). What these examples indicate is that there is a real lack of both experience with and administrative willingness to conduct social experiments in Germany.

It is likely that some of these problems can be overcome with clever design and efficient administration (Björklund et al., 1996). However, the fact that the movement for social experiments is as yet very young in Germany should inject a dose of realism with respect to the promise of experiments. On the positive side, however, the federal level political support which is necessary for BI experiments might ensure that bureaucratic willingness is in fact enhanced. On a more general note, players in the policy process may often resist a given method simply because they do not know enough about its virtues and problems. For this and other reasons, “[p]ractical examples of how evaluations using random allocation can be done in a real-world policy and practice context may be useful in contesting the opposition to this method prevailing in many government and academic circles today” (Oakley, 2003:186). By

giving account of the experiences with social experiments in Germany, this paper should contribute to this aim. As the above discussion has shown, the feasibility of BISE hinges primarily on the question of political majorities, although the legal and administrative hurdles are not negligible. Within the overall argument of this paper, this means that considerations of feasibility do not impair the argument that proponents of BI should in fact advocate BISE in Germany.

V. Conclusion

This paper comes to an affirmative answer of the research question whether proponents of basic income should advocate basic income social experiments in Germany. The overall strategy chosen to gain knowledge on this question has been to adopt simple and transparent structures of argument. On a general level, the *desirability* of BISE has clearly been at the centre of inquiry. This analysis relied on a literature review of the nature of BISE and related subfields and was followed by an examination of the feasibility of BISE (chapter IV). Clearly separating the different arguments is also expected to facilitate the discourse within the Germany BI community about the positions here advanced.

On the question of desirability more specifically, a similarly structured approach is followed. Since this paper is written for the Netzwerk Grundeinkommen, the research question requires getting some traction on what BI supporters want. It is argued that they should be interested both in learning more about the consequences of BI and in convincing the public of the merits of the BI proposal. BISE are then shown to deliver on both of these counts. Not only are they the most useful methodology for generating evidence, they also hold the promise of bringing the whole public discourse on BI forward by replacing unfounded opinion by this evidence. Calling for BISE clearly requires courage on the part of BI supporters since the results are, of course, unknown *ex ante*. However, BI supporters advocating BISE contribute to overcoming the paralysing rhetoric of reaction in precisely the way which Albert Hirschman envisages, namely by not committing themselves the discursive mistakes of their opponents. All in all, this paper calls on BI supporters to appreciate the fundamental knowledge gap on the consequences of BI introduction and to advocate BISE as a very suitable strategy for dealing with it.

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Finanzen.

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I hereby certify that this Student Project has been composed by myself and describes my own work, unless otherwise acknowledged in the text. All references and verbatim extracts have been properly quoted and all sources of information have been specifically and clearly acknowledged.

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