

Basic income: The Dutch Discussion

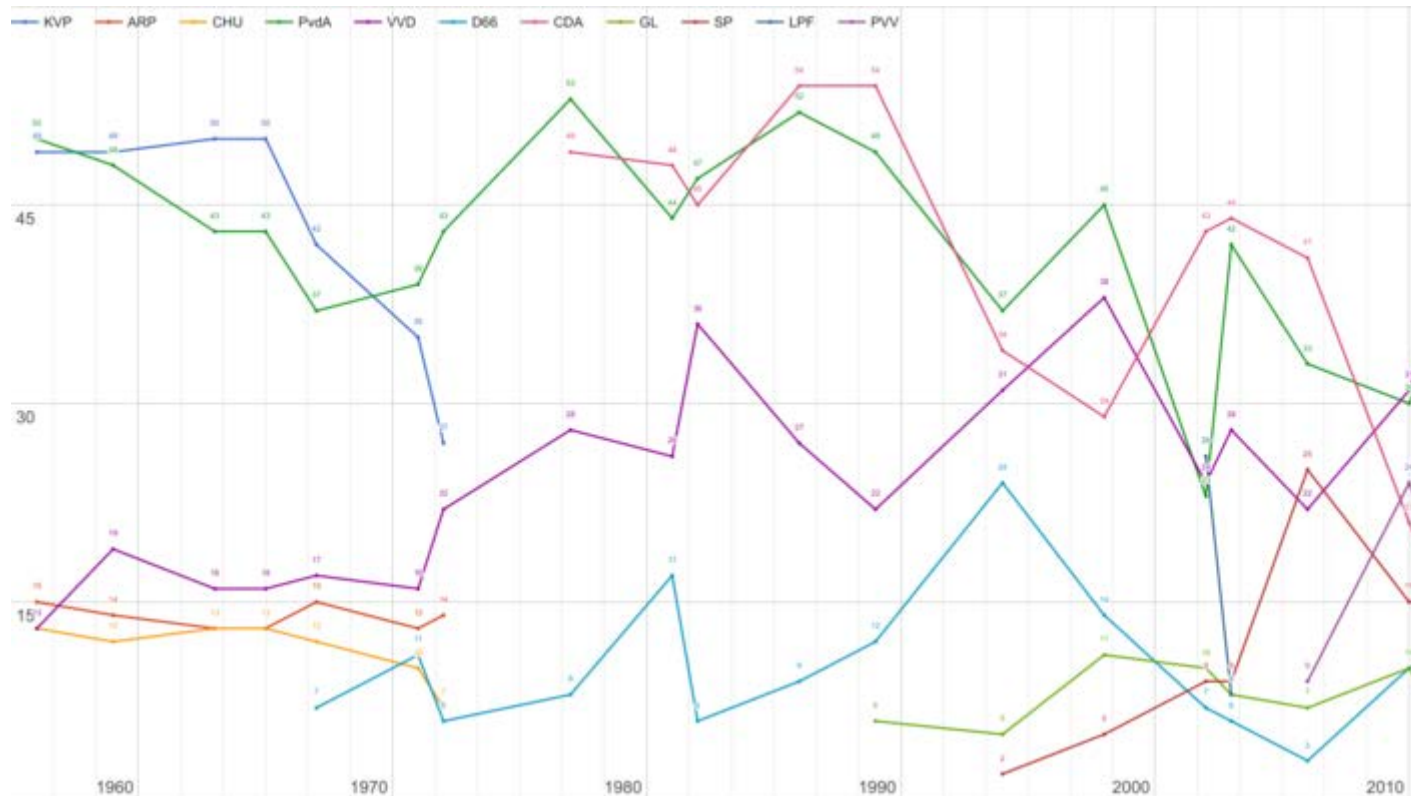
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Crisis social democratic model of the welfare state: The founders of the Dutch Welfare state reduced to 18 % of the votes

The 20th century was the century of social democracy in Western Europe. Today, the social democratic model of the welfare state is in deep crisis. This model - where paid work is central, full (male) employment is the norm, and social benefits are conditional - is no longer working, and no longer appealing to the voters. The strength of European social democracy is based on the strength of the union movement. The steady erosion of both the old model of work and of the power of unions over the last 40 years – membership of Dutch unions peaked in the late 1970s - has contributed to the decline of the social democratic movement, but also opened the way for basic income as the model for a new social contract in the 21st century. The social democratic party PvdA reached an all-time low with 5,8 % in the march 2017 national elections.

The other political party that has been crucial in the build-up of the Dutch welfare state - the Christen Democratic Party (CDA) is also in structural decline. The share of the vote taken by the CDA in general elections has fallen from an absolute majority in the 1950s to 12.4 % in 2017. In the general election in 2006 the Christian Democratic and Social Democratic parties together secured 46 % of the vote. In March 2017, their combined vote had fallen to 18 % and the election was won by Mark Rutte, the leader of the right-of-center People's Party for Freedom and Democracy, and who has been Prime Minister since October 2010

The picture below shows the dark green line for the Dutch Social Democrats (1955-2017) and the soft red line the Dutch Christen Democrats (1980-2017)

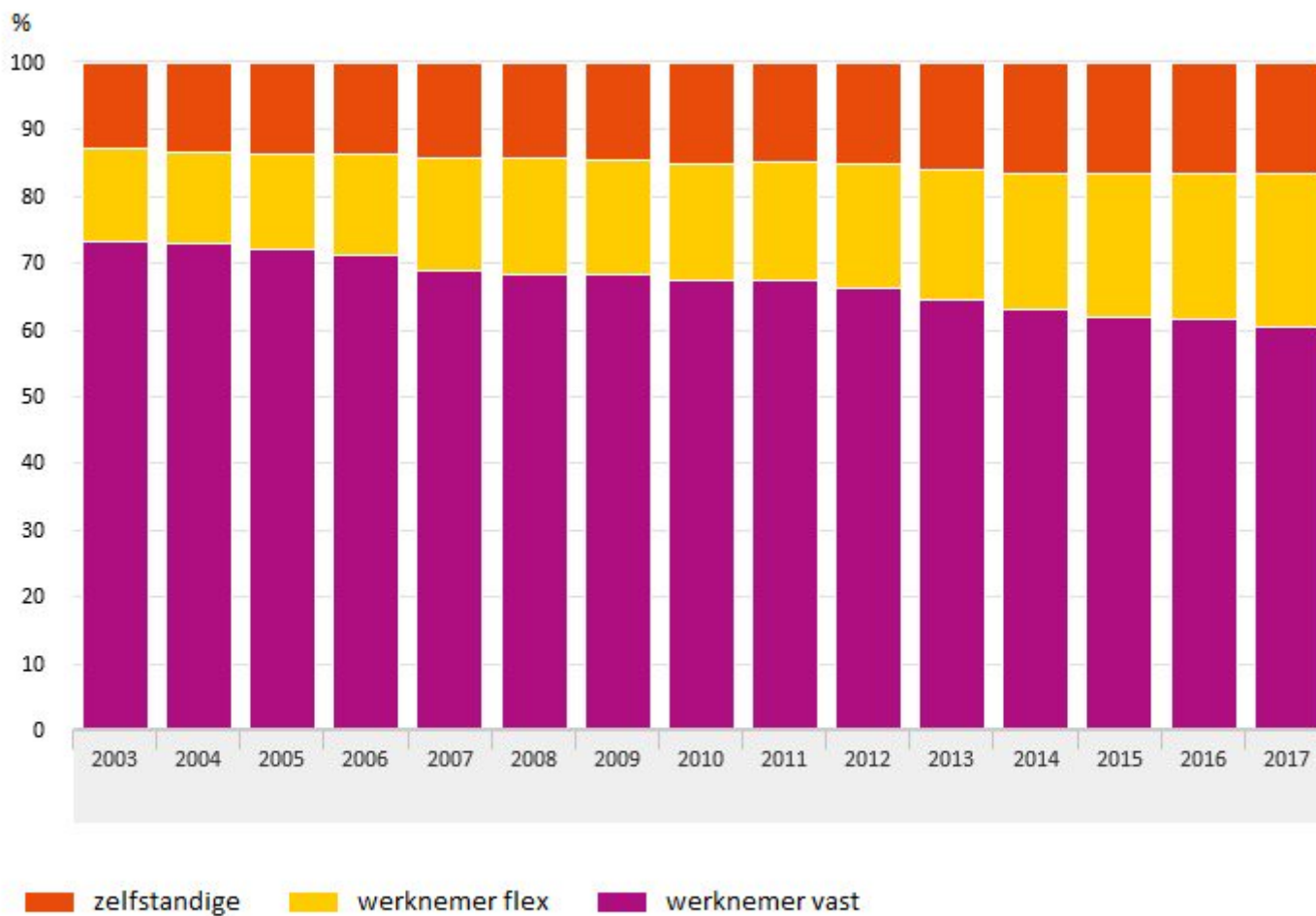


These profound political trends have been matched by powerful changes in the nature of work in the Netherlands. Today, a fifth of the Dutch workforce – that’s 2 million people - has a flexible contract, while, in addition, there are one million people self-employed. The nation, as across the European continent, is witnessing the growth of flexibility along with a decline in security and the regularity of work, trends that seem unstoppable. Because of these shifts, the size of the Dutch precariat has been estimated at 4 million (roughly 40 % of the population). The Unions are screaming to the politicians to repair this, to restore the old model of stable, permanent jobs through legislation. The right wing politicians are against and the left wing politicians do not have enough power to fulfill the

demands of the Unions. So the precariat is growing year after year even with the economy growing fast in 2017 in the Netherlands.

Workers in the Netherlands: **red**: self employed persons **yellow**: Flex employees **purple**: permanent job

Aandeel werknemers naar arbeidspositie, 2e kwartaal



Support for basic income grows from 19 % in 1993 to 51 % in 2017

The decline of the two old parties that built the Dutch welfare state and the rise of the precariat

opens the way for a post social democratic pathway. Basic income has the strongest card.

In contrast to the fierce debate about basic income in the Netherlands in the 1980s and 1990s, large parts of the Dutch population are now receptive to the basic income idea, because the present welfare system is – in the eyes of the population – no longer worth fighting for.

The Dutch branch of BIEN (the Basic Income Earth Network) - de Vereniging Basisinkomen - was founded in 1989. The Dutch Social Democratic party almost adopted basic income in its national election program in 1993, and in 1994 there was even a discussion in the national government where Hans Weijers the Economic Minister (D66, leftwing Liberals) and Gerrit Zalm Finance Minister (VVD, Rightwing Liberals) argued in favor of a basic income, but Prime minister Wim Kok (Social democrats) argued successfully that the idea was too early and would need to wait another 30 years. A public opinion survey by the Social and Cultural Planning Bureau in 1993 showed that only 19 % was in favor of a partial basic income and a majority in favor of workforce. (Sociaal en Cultureel Rapport, 1994 chapter 4). In the event, the economic upswing of the early years of the new century meant that the debate about basic income in the Netherlands faded away.

In the changed economic and political landscape from 2008, the issue of basic income made a strong comeback with the current debate much more intense and much more pragmatic than 25 years ago. With the rise of economic insecurity, there is also a growing realization of the urgent need for a new approach to social security. The general public feels this.

In a 2016 national poll, 40% of the Dutch population voted in favor of a basic income, with 45% against and 15% ‘don’t knows’ (Poll done by national pollster Maurice de Hond, see website basisinkomen.nl). A majority of voters for the left-

of-centre parties were in favor: 60% of Greens, and 53% of social democrats. Leftwing liberals were divided: 44 % in favor and 45 % against. Supporters of the populist rightwing Freedom party of Geert Wilders were also divided. The followers of the right parties were against. A 2017 poll by pollster Maurice de Hond gives 51 % in favor and 49 % against (28.3.2017 TV program WNL-Nieuwsmakers Annemarie van Gaal)

When we hand out our basic income leaflets to the general public, half the people take them and reacts positively, while the other half tends to ignore you. On one occasion, a young couple arm in arm passed by me. The young male indicated that he was not interested, but the young female left her boyfriend and walked back to take a leaflet! We have lively discussions with the general public. Even the young people who were not born 25 years ago have a very good idea what a basic income is.

The return of the basic income idea in the Dutch debate has been boosted by a book from the young historian Rutger Bregman *Gratis geld voor iedereen* (*Free money for everyone*) published in September 2014, and a couple of national television documentaries. Bregman's influential book was published in English: *Utopia for Realists* – in 2017. The question of a basic income is regularly covered on television, radio, the internet and in newspapers.

The Dutch pilots are finally starting

The debate about launching a series of local Dutch began in 2015. In 2016, municipalities were empowered in principle to experiment with innovative social policies, and nineteen municipalities declared their willingness to undertake a basic income pilot. Utrecht, Groningen, Tilburg and Wageningen were the first in the ring, and with others, have been in conversations with the state Secretary of Social Affairs and Employment in order to establish the exact rules. It was hoped that,

with the right sort of design, the pilots would answer several questions. They include:

- Will people become more active in the labour market if they are free of conditions, compared to the present situation where they have to apply for jobs and are closely monitored?
- Will people become more autonomous?
- Will people become healthier?
- Will people participate faster in paid work if they are allowed to earn some extra money on top of their allowance?

The original plan was for the pilots to begin in early 2017. But, as of mid-2017, because the government has been lukewarm and very slow to give the green light. Before the election in March 2017, 15 of the 17 political groupings in Parliament were in favor of giving the go-ahead for the experiments, but the senior partner in the coalition government – the Rightwing Liberal Party (VVD) – was opposed. This split has built in long delays with the government demanding very stringent conditions in the design of the pilots before allowing them to proceed.

In the beginning of July 2017 after two years of discussion five municipalities (Groningen, Tilburg, Deventer, Nijmegen and Wageningen) finally got the green light and will start their two year experiments in the fall of 2017. Amsterdam and Utrecht were told by the government to change their local regulations to add an element of workfare, before their pilots can start. Amsterdam decided to ignore the government and to start their pilot in September without government approval. The council of Utrecht will decide in September whether to follow the Amsterdam example.

As social science critics of the proposed schemes have emphasized, the pilots have not been designed to test a universal and fully unconditional basic income. First, the population of the experiment is not “universal”; participants are to be selected from current welfare recipients (as is also the case in Finland’s experiment, launched on January 1, 2017, which has also been designed to test

the labor market effects of the removal of conditions on welfare benefits for the unemployed, see chapter X). Secondly, the benefit will remain means-tested and household-based (rather than individual-based), in both respects unlike how a model universal basic income would work.

Indeed, proponents of the Dutch experiments have avoided the use of the term 'basic income' ('basisinkomen' in Dutch), with researchers in Utrecht calling their proposed experiment by the name 'Weten Wat Werkt' ('Know What Works'). Despite the sharp differences of view about the merits of their design, there is still hope that the Dutch experiments may turn out to be a step toward a fully-fledged basic income. At least basic income will remain in the public discussion because of these experiments.

The political discussion in the 2017 national election campaign

In the 2017 national election campaign the basic income advocates managed to change the position of the Leftwing liberal party (D66) and the Green party to take a more positive stand on basic income in their manifesto. The small Animal rights party is in favor of a basic income. The other political parties oppose basic income, by principle rightwing liberals VVD and far left SP, or because it is too expensive in the view of the Social- and Christen democrats. The elderly party 50 plus started a study group on basic income. Parties representing 30 % of the electorate said positive things about basic income in their manifesto's. Up from virtually zero in the 2012 election. However basic income was not one of the main discussion items in the 2017 election campaign.

Two political Hot Potatoes in the way of a basic income society

There are two main political objections against a basic income which we have to confront. *The first is that not enough people will be willing to do a paid job.*

Here the national election of 2017 was instructive. The small Libertarian party (Vrijzinnige Partij van Norbert Klein) proposed a basic income of 800 €. The Central Planning Bureau calculated that this would lead to 5 % less paid work. The fact that the marginal taxes would go down for people in the lower strata of the labor market and that this would lead to a higher participation in paid work from these groups was acknowledged by the CPB, but since they do not have experimental figures this effect was simply ignored. It is difficult to calculate the revolution said the head of the CPB Laura van der Geest... The Dutch pilots (and pilots in Finland and Canada) hopefully will dispel the myth that people will sit on their couches and watch TV all the time when they receive a basic income.

The second is that basic income is not affordable.

To counter this argument the Dutch Branch of BIEN has developed a new website and app where everybody can calculate how to cost for a basic income. Four variants are chosen: 400 €, 1000 €, 1.400 € and a variant where adults will

receive 600 € children 300 € and per household 650 € This last variant means the a single person without children will start at 1.250 € and a couple with 1.850 € This is more in line with the basic income for pensioners in the Netherlands. The income effects of this last variant and the 1.000 € variant have also been modeled for typical income groups with the introduction of a 50 % income tax for everybody except the top tier which will pay 60 % (52 % now). Plus the abolishing of tax benefits for workers. 80 % of the population will have more money in the pocket and the highest 20 % will lose some money.

On September 18 this new tool has been presented to the Dutch audience in Den Haag. Reactions... If you are able to follow Dutch look at this preview website <http://178.18.89.251:8085/>

With this new tool one of the most important arguments against basic income (Not affordable) will be effectively challenged, so that the political discussions in the Netherlands will go to a new level.