The Worldwide March To Basic Income: Thank You Switzerland!

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June 5th, 2016 will be remembered as an important landmark in the worldwide march towards the implementation of unconditional basic income (UBI) schemes. All Swiss citizens were asked that day to express their approval of or opposition to the following proposal:

1. The Confederation introduces an unconditional basic income.
2. The basic income must enable the whole population to live a dignified life and to participate in public life.
3. The law will determine the funding and level of the basic income.

The proposal was rejected, with 76.9% of the voters against, 23.1% in favour. Why was this rejection predictable? And why is it such an important step forward?\(^1\)

**From 0 to 23%**

To answer these questions, a brief historical overview is in order. In 2008, the German film maker Enno Schmidt and the Swiss entrepreneur Daniel Häni, both based in Basle, produced *Grundeinkommen: ein Kulturimpuls* (Basic income: a cultural impulse) a “film essay” that gave a simple and attractive picture of basic income. The dissemination of this film through the internet helped prepare the ground for a popular initiative launched in April 2012 in favour of the above proposal. Another popular initiative proposing a UBI funded specifically by a tax on non-renewable energy was launched in May 2010 but failed to gather the required number of signatures.

The initiators of the 2012 initiative first thought of specifying that the basic income should be funded via VAT, as was suggested in the film, but they dropped the idea for fear of losing support for the proposal. They also chose not to stipulate a precise amount in the text itself. But their website did mention a monthly amount of Sfr2500 per adult and Sfr625 per child as the best interpretation of what was required, in Switzerland, “to live a dignified life and to participate in public life”. If an initiative gathers over 100,000 validated signatures in 18 months, the Federal Council, Switzerland’s national government, is obliged to organize a country-wide referendum within three years either on the exact text of the initiative or on a counter-proposal to be negotiated with the initiators.

\(^1\) Many thanks to Nenad Stojanovic (Zurich and Princeton) for reliable information and insightful comments.
On October 4 2013, the initiators handed in more than 125,000 valid signatures to the federal chancellery. On August 27 2014, after validation of the signatures and examination of the arguments, the Federal Council rejected the initiative without making a counter-proposal. In its view, “an unconditional basic income would have negative consequences on the economy, the social security system and the cohesion of Swiss society. In particular, the funding of such an income would imply a considerable increase of the fiscal burden”. The proposal was subsequently submitted to both Chambers of the Swiss Parliament. On May 29 2015, the Commission of Social Affairs of the National Council (Switzerland’s federal house of representatives) recommended by 19 votes to one with five abstentions that the proposal for a UBI should be rejected. After a thorough discussion at a plenary session on September 23 2015, the National Council proceeded to a preliminary vote and endorsed this negative recommendation by 146 votes against 14 with 12 abstentions.

On December 18 2015, the Council of States (the Swiss Senate, made up of representatives of the cantons) considered the initiative in turn and rejected it by 40 votes to one in favor with three abstentions. On the same day, the proposal was the object of a second and final vote in the National Council: 157 voted were against, 19 in favour and 16 abstained. In all cases, all the representatives from the far right, centre right and centre parties voted against the proposal. All pro votes and abstentions came from the socialist party and the green party, both of which were sharply divided. At the final vote in the National Council, 15 socialists voted in favor, 13 against and 13 abstained, while four greens voted in favor, five against and three abstained. The degree of support thus oscillated between 0% in the Federal Council, 2% in the Council of States and 4, 8 and 10% in the National Council (commission, preliminary and final vote).

For the popular vote on the June 5 2016, the national leaderships of nearly all parties, including the socialist party, recommended a no vote. The only exceptions were the green party and the (politically insignificant) pirate party, which recommended a yes, joined by a number of cantonal sections of the socialist party from all three linguistic areas. Against this background, it was entirely predictable that the no vote would win, and nearly one vote for the yes out of four — with peaks at 35% in the canton of Geneva, 36% in the canton of Basel-Stadt, 40% in the city of Bern and 54% in the central districts of Zürich — is far above what the figures quoted above would lead one to expect. And we must, moreover, bear in mind that Switzerland is perhaps the country in Europe in which support for a UBI should be considered least likely, not only because of the deeper penetration, in Calvin’s homeland, of a Calvinist work ethic, but above all because of the comparatively low levels of unemployment and poverty it currently experiences.
In Switzerland and beyond: broader and more mature

Everyone now realizes, however, that even if the initiative had not managed to gather more than the 2.5% of the Swiss citizens who had given their signatures at the initial stage, it would have been, thanks to the initiators’ stamina and their impressive communication skills, a stunning success. There is now no population in the world or in history that has given more thought to the advantages and disadvantages of the proposal than the Swiss have done over the last four years.

And the effect was by no means confined to Switzerland. In the last few days before the popular vote, the Economist, the Wall Street Journal, the Financial Times, the New York Times, the Guardian, and countless other newspapers around the world felt forced to publish substantive articles in order to explain at length — sometimes quite well, sometimes not so well — what a basic income is and what it is about. There has been no week in the history of the world in which the media have allocated so much time and space to a discussion of UBI.

Apart from giving a big boost to the spreading of the idea, the Swiss initiative has also greatly contributed to the maturing of the debate surrounding it. For one lesson to be drawn from the experience is that a proposal that stipulates a high amount but no precise way of funding it can easily gather the required number of signatures but is a long way from convincing a majority among the voters who bother to turn up on voting day (about 46% of the electorate in this case). A shining star that indicates the direction is enough for the former, but signposts on the ground marking a safe path are essential to achieve the latter.

Whenever I was invited to join the Swiss debate, I argued that introducing in one go an individual basic income of Sfr2500 (38% of Switzerland’s GDP per capita) would be politically irresponsible. True, no one can prove that such a level of UBI is not economically sustainable. But nor can anyone prove that it is. Nor will any local experiment performed or planned in Switzerland or elsewhere prove that it is. Moreover, it is not unreasonable to suppose that the economic sustainability of a UBI at that level will require a number of preconditions unmet so far, including the introduction of new forms of taxation — for example the micro-tax on electronic payments that played an interesting role in the Swiss debate — and effective international cooperation against tax evasion — not exactly Switzerland’s strongest point.

In the immediate future, however, it should now be clear that more modest but significant steps forward can and must be worked out and debated. They must involve an individual UBI at a lower level (say, 15 or 20% of GDP per capita) that would still need to be topped up by means-tested social assistance benefits or housing grants, certainly for urban single-adult households. It is not because in many cases the UBI would not suffice, on its own, to “enable the whole population to live a dignified life”, that it would not make a big difference
to the security, bargaining power and freedom of choice of many of the most vulnerable among us. Even in the short run, introducing such a UBI is definitely sustainable economically. It is up to us to make it politically achievable.

The unprecedented Swiss initiative has not only made many people, in Switzerland and far beyond, far more aware of the nature and size of the challenges we face in the 21st century and of how a UBI might help us address them. By triggering countless objections, some naive and some spot on, it has also helped the UBI advocates to sharpen their arguments and to recognise the need for realistic next steps. For both these reasons, the Swiss citizens who devoted a tremendous amount of time, energy and imagination to the yes campaign deserve the warm gratitude not only of the basic income movement worldwide, but of all those fighting for a free society and a sane economy.