

**Wolfgang Müller**

**Does an unconditional basic income  
provide higher effectiveness and efficiency?**

**An Analysis of the social security systems  
of Germany, Sweden and the United Kingdom**



**Anchor Academic Publishing**

*disseminate knowledge*

**Müller, Wolfgang: Does an unconditional basic income provide higher effectiveness and efficiency? An Analysis of the social security systems of Germany, Sweden and the United Kingdom. Hamburg, Anchor Academic Publishing 2014**

Original title of the thesis: The Potential of an Unconditional Basic Income within Social Security Systems in Europe

Buch-ISBN: 978-3-95489-100-9

PDF-eBook-ISBN: 978-3-95489-600-4

Druck/Herstellung: Anchor Academic Publishing, Hamburg, 2014

Additionally: Lund University, Sweden, Master Thesis, 2012

**Bibliografische Information der Deutschen Nationalbibliothek:**

Die Deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über

<http://dnb.d-nb.de> abrufbar

**Bibliographical Information of the German National Library:**

The German National Library lists this publication in the German National Bibliography.

Detailed bibliographic data can be found at: <http://dnb.d-nb.de>

All rights reserved. This publication may not be reproduced, stored in a retrieval system or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publishers.

---

Das Werk einschließlich aller seiner Teile ist urheberrechtlich geschützt. Jede Verwertung außerhalb der Grenzen des Urheberrechtsgesetzes ist ohne Zustimmung des Verlages unzulässig und strafbar. Dies gilt insbesondere für Vervielfältigungen, Übersetzungen, Mikroverfilmungen und die Einspeicherung und Bearbeitung in elektronischen Systemen.

Die Wiedergabe von Gebrauchsnamen, Handelsnamen, Warenbezeichnungen usw. in diesem Werk berechtigt auch ohne besondere Kennzeichnung nicht zu der Annahme, dass solche Namen im Sinne der Warenzeichen- und Markenschutz-Gesetzgebung als frei zu betrachten wären und daher von jedermann benutzt werden dürften.

Die Informationen in diesem Werk wurden mit Sorgfalt erarbeitet. Dennoch können Fehler nicht vollständig ausgeschlossen werden und die Diplomica Verlag GmbH, die Autoren oder Übersetzer übernehmen keine juristische Verantwortung oder irgendeine Haftung für evtl. verbliebene fehlerhafte Angaben und deren Folgen.

Alle Rechte vorbehalten

© Anchor Academic Publishing, ein Imprint der Diplomica® Verlag GmbH

<http://www.diplom.de>, Hamburg 2014

Printed in Germany

## **ABSTRACT**

The current social security systems in Europe have not been able to deal with increased traditional and new risks such as unemployment or work-life balance. One suggested solution to this problem has gained more popular and academic support in recent years: the idea of a universal, unconditional basic income (UBI). This study, therefore, examines whether and how UBI could support social security systems in the UK, Germany and Sweden in order to achieve their aims and fulfil their functions, and thus to improve insufficient social security.

Since effectiveness and efficiency describe the functionality of social security systems, the study focuses on these two aspects. These aspects will be used to theoretically discuss expected effects of UBI along with the main aims and functions of key policies in each country in regard to their effectiveness and efficiency.

In comparison with current social security schemes in each country, the study demonstrates that UBI is able to deal better with several traditional and new risks, despite problems with higher expectations and living standards. UBI provides basic needs and will especially pull risk away from people in need. Additionally, it alleviates poverty and fosters social cohesion. These achievements help to improve the effectiveness and efficiency of the social security systems in the UK, Germany and Sweden.

Keywords: Basic income, Welfare, Social Security, Social Risk, Poverty, Social Cohesion.

Word Count: 19.928

## **ACKNOWLEDGEMENTS**

I am glad to count Benny Ekvall, Catharine Farestad, Josefin Meyer, Justin Chan and Nathan Paul among my friends and to have enjoyed their great and helpful support at any time. My special appreciation belongs to Anke Gollow, Becca Palmer and Norma and Thorsten Farestad for their hospitality during the last month of this study. I would also like to thank my family who made this achievement possible as well as Marcus Braeger who introduced me to the idea of basic income. Last but not least, I would like to mention my recognition to societies and their achievements, despite my often critical position. Without them, I would probably still try to hunt bears and mammoths barehanded.

*"Der Mensch ist noch sehr wenig, wenn er warm wohnt und satt gegessen hat. Aber er muss warm wohnen und satt zu essen haben, wenn sich die bessere Natur in ihm regen soll."<sup>1</sup>*

~ Friedrich Schiller, 1791 ~

---

<sup>1</sup> With a warm home and enough to eat a human being is not yet very much, but he must have that warm home and enough to eat if his better nature is to be activated.

## LIST OF CONTENTS

LIST OF FIGURES .....	V
<b>1. INTRODUCTION.....</b>	<b>1</b>
OBJECTIVE .....	1
OUTLINE .....	5
<b>2. METHOD AND SELECTION.....</b>	<b>7</b>
<b>3. UNCONDITIONAL BASIC INCOME.....</b>	<b>11</b>
DEFINITION.....	11
DESIRABILITY .....	15
<b>4. WELFARE TYPES.....</b>	<b>21</b>
WELFARE REGIMES .....	21
MIXED ECONOMY OF WELFARE .....	23
<b>5. SOCIAL SECURITY .....</b>	<b>26</b>
AIMS, OBJECTIVES AND FUNCTIONS .....	29
<b>6. EFFECTIVENESS.....</b>	<b>35</b>
POVERTY ALLEVIATION .....	35
INCOME REPLACEMENT.....	38
COMPENSATION .....	40
REDISTRIBUTION .....	41
RISK PROTECTION .....	42
SOCIAL COHESION.....	43
BEHAVIOURAL CHANGE .....	45
<b>7. EFFICIENCY.....</b>	<b>47</b>
TARGET EFFICIENCY.....	48
ECONOMIC EFFICIENCY .....	51
ADMINISTRATIVE EFFICIENCY .....	55
<b>8. CONCLUSION.....</b>	<b>58</b>
<b>EXECUTIVE SUMMARY.....</b>	<b>VI</b>
<b>REFERENCES.....</b>	<b>XII</b>

## **LIST OF FIGURES**

Figure 1. Dimensions of the mixed economy of welfare (Powel 2011: 19). .....	24
--	----





## 1. INTRODUCTION

### OBJECTIVE

In recent years, the idea of a universal, unconditional basic income (UBI) has been seen as a solution to the heavy critique about the incapacity of current social security systems to respond to increased social and economic risks for individuals in European societies and therefore for societies themselves. It has been argued that UBI would be able to deal with these risks better than current social security systems (Howard 2005, Jordan 2006, Standing 2002, Van Parijs 1995, 2001). These systems with their focus on the "protection against work incapacity" (Kemp 2008: 164) contradict current developments in demographic structures. They were designed on the analogy of a more homogenous lifestyle in the late nineteenth century (Walker 2005: 260). But nowadays, people live longer, enjoy longer retirement, have diverse careers and relationships, etc. (Giddens 1990; Goodin 2001: 92; Kemp 2008; Rowlingson 2003: 26; Seeleib-Kaiser 2008b: 1). This development creates an increased diversity of lifestyle. If current social security systems expect people to have only one single career and one everlasting relationship in order to enjoy security, then people are confronted with so-called 'new social risks'. These systems, therefore, are not able to protect people as they are supposed to help against risks (Walker 2005: 260).

Remedies to these problems have been seen in the neo-liberal approach. Unregulated free markets would be more efficient, provide higher flexibility and create more income than existing welfare systems (Bryson 2003). Despite increased economic growth in the last decades, problems of unprotected heterogeneous lifestyles, lack of adjustment to demographic changes, and increasing unemployment and insecurity still persist. The economic and social situation of those with disadvantages in the competition in unregulated free markets due to limited information, mobility and resources – who represent the majority of European societies – has become even worse (Jordan 2006). This, therefore, has not only been seen as a threat for affected individuals but for European societies themselves. New paths or at least additional components to the neo-liberal approach, which improve the potential competitiveness of disadvantaged people