

Solidarity, who for whom

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I. Introduction

The topic of my presentation is embedded in the larger subject of new forms of social security. When talking about new forms of social security it is understandable that we ask ourselves what the starting points and the ideas and ideologies of the existing concepts of social securities are in order to identify where and whether there is need of new forms of social security. New forms generally spoken may be reflected in different aspects of our social security systems. First of all we could think about the scope of applicability of our social security regulations. Secondly we could think about new risks with which we could deal with social security instruments and whether it is still appropriate to organize social security protection along the definition of risks. Furthermore we could ask ourselves whether the benefits that our social security systems grant are still appropriate to cope with new challenges for our social security institutions. It is quite obvious that in the framework of this conference although being the key-note-speaker, it is impossible to present an in-depth research of all the possible questions linked to new forms of social security. In the contributions of the discussions we will see that there are far more aspects to be dealt with than I have just mentioned. The 4.0 societies may and will provoke the development of new perspectives on the traditional conceptions of social security and will dramatically show how these existing systems will come to their limits. I will profit of this rare chance to discuss basic questions of social security before the background of the dramatic changes that we might face in our economic systems.

- II. The first topic that I want to deal with and which seems to me very relevant is the question of solidarity and solidarity who for whom. Our traditional concepts of social security both Bismarckian our Beveridge systems link social security protection with the belonging to a certain group be it employees, be it self-employed in commerce or in agriculture (so in Bismarckian systems) or to a given community be it city, region, province or state. This connection between the integration in a given social group and the social protection is reflected by the contribution which one member of the group gives to the whole society and awaits protection from that given society because of the fact that he has contributed to the protection system. In that sense there is no difference between social security systems based on taxes or on contributions. The reason for protection is the contribution to a system of common risk sharing which in the case of the manifestation of a social risk protects its members. Of course there are important technical legal differences between tax finance

systems or systems based on contributions. However in the prospect of solidarity, solidarity only exists amongst the members of a given group, be it tax payers or payers of contributions. Only the boundaries of risk sharing are narrower in Bismarckian systems because the belonging to the group is defined by the similar execution of an economic activity, whereas in a Beveridge system it is the group of all citizens.

But is that really solidarity? Of course it is when thinking about a common risk sharing of a group of employed or citizens who don't receive benefits as a mathematically defined result of their contribution to the system regarding their social situation, but the principle is still the same. Mutual protection of the taxpayers or the contributors or the residents. Such a system with all its historical and present merits and advantages has difficulties to cope with new challenges arising from the social needs of people, who did not contribute and have not being covered by a social programme which demands whatever kind of previous participation. That is why we can hear the phrases in public discussions postulating the principle of benefits only for those who contributed. This is clear and even consequent in a logic of common risk sharing. Those who did not contribute to the risk sharing system should not profit out of it. And when the risk sharers are defined as citizens or residents one has at least to belong to the residing population. It is the logic of our traditional systems which exclude non-residents, non-taxpayers, non-contributors from social protection. And it is quite obvious what I am talking about is the limits of the capabilities of our social security systems to deal with the social situations of migrants and refugees, but not only. The jurisdiction of the Court of the European Union especially in the often discussed cases of Brey, Dano and Alimanovic made it visible that in the case of non-economic active migrants we are still in search for the necessary link between the adherence to a community and the right to social protection. Free movement regulations chose time limits in order to constitute the relation between belonging and receiving. It also sets limits to the financial capabilities of the states of residence to grant benefits to the non-economic active new joiners. What we can see is that even in an integrated economic and political system as the European Union it is difficult to manage the social protection of people who do not belong to the group of risk sharers. Most of this discussions be it in literature or be it in politics tour around this genuine link, a link which we try and have to define because the existing concepts of solidarity focus on the protection of the group members and not on people coming from outside. And it is not only the non-economic-active migrants and the refugees who are affected by this concept. It is also the young people who for labour market reasons are unable to get access to the protection schemes. But how – in social security dimensions rather than mere police actions – can we deal with these situations. Can we find new forms of social security which can contribute to an improve of that situation. Here we have to deal with another taboo.

III. Limits to equal treatment

The idea of common risk sharing of course leads to equal treatment. People who join themselves together or are forced by law to join have of course to be treated equally, otherwise the compulsory social security systems would not have any political and juridical legitimacy. If I belong or if I am forced to belong to a social security system I at least have to expect that I'm treated in the same way as all the others risk sharers. The principle of equal treatment therefore is a result of the homogeneity of the risk-sharing group. Therefore it is already questionable, whether it is appropriate to extend the principle of equal treatment to persons who – at least initially – did not belong to the group of risk sharers. I don't want to go

into details in that connection but it is obvious that there is a certain tension between the limited social protection of non-economically-active European citizens and recognized refugees. Whereas the first group can be excluded from social security systems, the second one has to be treated equally. One more time the question of the genuine link is at hand. Generally spoken in most of the cases the principle of equal treatment is not even appropriate regarding the benefits given. In many cases especially refugees and asylum seekers rely on benefits in kind because they are unable at least for the first weeks or months to organize their living out of financial benefits. As the principle of equal treatment obliges the member states to provide the benefits foreseen in the national laws, these are to a large extent financial benefits which are of less use for recognized refugees and asylum seekers. Furthermore the principle of equal treatment could be easily introduced while the numbers of refugees and asylum seekers were rather small compared to what we have seen in the year 2015. And this raises another question of solidarity who for whom. Will the European citizens accept that because of the principle of equal treatment migrating European citizens suffer disadvantages compared to the situation of refugees and asylum seekers? There are many taboos in that discussion but I think from a social security perspective we can't avoid to deal with these problems in order to maintain cohesion in the population. But let us turn to another topic of solidarity who for whom.

Solidarity of the economic active with the economic non-active persons

A new social security benefit appears on the horizon: the unconditional basic income.

The idea of this provision is to grant a certain amount of money to people residing in one country regardless whether they are or intent to be economically active. Whereas traditional social security benefits are granted to substitute the loss of income due to illness, disabilities, old age or dependence for care (for example) the unconditional basic income tries to disconnect social security from the risks of labour market and grant social security benefits regardless whether the beneficiary works or is willing to work. There are different concepts of unconditional basic income. The fundamental question to be answered is whether it is granted in addition to other social benefits or to replace other social benefits. This simple difference is dramatic. In a study of the Vienna University for Economics and Business, Judith Derndorfer found out that a non-conditional basic income of 800 Euros granted in addition to other social benefits would – for Austria – result in a state quota of 70 % of the National GP.

For the time being a percentage of public expenditures on the economic performance is 20 % lower. In other words, this quota would rise by 20 points. We don't know whether these considerations led to the defeat of a peoples initiative for the introduction of an unconditional basic income in Switzerland. But it is very probable that an unconditional basic income would overload the capacity and the willingness of the economic active population to share these burden. Finland is actually testing this model in some selected regions. It will be interesting to see the outcomes of these experiments. However the idea of an unconditional basic income is not very new. Already in 1955 Erich Fromm in his book on the Sane Society argued in favour of

an unconditional basic income. Supposed that human beings suffering from inactivity and are not lazy by nature an unconditional basic income would not – according to Fromm - endanger the economic system. There are however other questions to be answered in connection with an unconditional basic income. Would it withdraw women from the labour market while staying at home is being paid? Will it rise in equality if an unconditional basic income replaces all the other social security financial benefits. If it does so the gap between rich and poor would grow because economically disadvantaged groups do profit more from social benefits which at the end would be replaced by the unconditional basic income. How would an unconditional basic income effect consumption and which part of the population would really refrain from working if such an incentive as an unconditional basic income exists. There is no empirical evidence for any of these assumptions. We can calculate the costs of an unconditional basic income. But we have huge difficulties to estimate the consequences of it. Furthermore an unconditional basic income would be contrary to the concept of social security contributing to the activation of people and reintegration in to the labour market.

What we can say is that the arguments for introducing an unconditional basic income mostly rely on unproven and unprovable assumptions. Therefore Philip Kovce, economist and philosopher who is working at the Philosophicum of Basel in Switzerland strongly opposes the idea of experimentally testing the unconditional basic income. His most important argument is that basic income can not be tested such as democracy, human rights, and the rule of law can't be experimentally tested. This introduces a human rights aspect in the discussion around the unconditional basic income. However, we have to be aware, that certain aspects of an unconditional basic income are strongly supported by a neoliberal approach to social security. If the unconditional basic income replaces all the social security benefits that we know and leaves it to the beneficiary to organize his social protection out of the unconditional basic income. It would of course reduce bureaucracy but also the standard of social protection in our societies. To me it seems impossible that the traditional social risks could be covered out of an unconditional basic income, at least in the dimensions of a basic income that we actually discuss between 800 and 1.000 euros in rather rich economies. 22 % of the Swiss voters have been in favour of an unconditional basic income. We will see whether this percentage rises if unemployment due to technological changes will rise. Whatever the prophecies are, we can be sure that there will be a long transition period in which traditional work patterns will still be dominant and we have to be very cautious not to destroy work related social security by assumption based theories of the end of work. Wasn't that a famous title of a wide spread book in the late eighties?

Solidarity of beneficiaries towards the community

I want to highlight another aspect of the interaction of solidarity between communities and beneficiaries. Within the framework of new forms of social security a new tendency can be recognized, the solidarity of the beneficiaries with the community. In the recent years we could observe a tendency in social security legislation to rise the standards put on the beneficiaries for the fulfilment of given social rights. It is due to the aging population and fiscal constraints that pension systems across Europe experience to shift towards longer working periods and later retirement. Furthermore less and less workers are recognized as working in

arduous and hazardous jobs and therefore would have the right to an earlier retirement. A recent study of the European social policy network, drafted by David Natali, Slavina Spasova and Bart Vanhercke analysed pre-retirement systems in 35 European countries has found out, that many early retirement routes have been closed or more strictly conditioned. We can observe the same situation in unemployment benefits and invalidity pensions. The conditions for these rights have become more and more strict, the beneficiaries are expected to have longer waiting periods for the different entitlements or have to accept jobs with lower qualification or in case of a handicap have to accept jobs that still fit to the conditions of their health. All these conditions are getting more and more severe and strict. The key-word to legitimate these measures very often is responsibility. The potential beneficiaries are held responsible for reducing the burden which is laid to the community. But you could also understand this tendency as a solidarity given from the beneficiaries to the community. The beneficiary should firstly try to remain in the labour market and the community should give him adequate assistance to remain in the labour market instead of having an early labour market exit at the expense of the community. If you think back to the seventies and eighties of the last century where in many member states social security schemes were the tool to reduce pressure on the labour market, the concepts have dramatically and completely changed. Social security benefits are still and again used as a labour market instrument, not to finance the exit out of the labour market but to contribute to the activation of the people to at least partly remain in the labour market. Therefore the distinction between social security benefits and labour market instruments somehow vanishes. In many states we can identify social security provisions - especially in retirement schemes and in unemployment schemes - where one can not state where labour market policy ends and where social security schemes intervene. This is true for part-time retirement regulations or the shift from disability pensions to health insurance financed rehabilitation programs. The general idea behind these programs is the activation of the beneficiaries' remaining capacity to work. I can give you a number of other examples in the field of unemployment, where we can not distinguish any more what is social security and what is labour market policy. If you subsidise professional training in the framework of an existing and valid employment relationship with financial means deriving from unemployment insurance, in order to avoid unemployment can you tell me what that is, labour market policy or unemployment prevention? At the end it doesn't matter and we should be aware of the increasing links between social security and labour market which – what I have already mentioned – are not new at all but have a very different direction. Social security does not - to a growing extend - finance unemployment by pre-retirement programs or generous unemployment benefits but contributes to activation of the beneficiaries with the aim of keeping them in the labour market. If I have understood the recent Italian labour market reforms correctly we can also identify a contribution of social security measures in favour of more flexibility in the labour market. Contrary to what we have seen at the end of the last century, workers are no more sourced out to social security systems but social security systems try to activate or to reactivate employees who are at risk. To combine it with the previously discussed unconditional basic income this is a completely different approach which I think is much more promising than investing in to unconditional basic income schemes. Social security more and more is becoming an instrument of active labour market policy and we have not talked yet about combined salaries.

To sum up talking about new forms of social security makes it worthwhile to look at the ancient principles of social security, therefore I thank you for your company while revisiting solidarity.