

TRADE UNIONS AND BASIC INCOME: SOME DANISH EXPERIENCES

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ABSTRACT: Theoretically, there are many good arguments that unions should support a proposal on basic income. The main reason for the Danish trade unions resistance to basic income reform is that it would go against the short-term interest of the unions in organisational self-maintenance. Trade unions will lose power in relation to their members with a basic income. Trade unions have control over individual members by virtue of the collective agreement system and the labour law system. If you have a basic income system, the individual worker will decide when he or she wants to leave his workplace and strike. Suppose a single worker or a group of workers leave their workplace because of dissatisfaction with the working condition. In that case, they will be punished financially according to the rules of labour law rely on any support from their trade union.

KEYWORDS: basic income, trade unions, Denmark, political struggles, labour market policy

BASIC INCOME DEBATE IN DENMARK

2016 was a turning point both in the international and the Danish debate on basic income. Neoliberal globalisation and world order faced major changes. In Denmark, the logic of the competition state was criticised by many groups. It looked like a window opening for the basic income issue coming on the political agenda.

For several years, the basic income concept was rarely mentioned in the Danish press. When it finally was, it was used as a negative stereotype, often rejected without arguments or as some form of communism. Now it was suddenly positively mentioned as something interesting that was worth discussing. Where *Borgerlønsbevægelsen*, BIEN Denmark had previously been despaired and ignored, there were now inquiries from newspapers and other media about interviews and articles.

It started shortly after New Year 2016 with a lengthy article in the newspaper Information entitled *Time is ripe for basic income* (<http://www.information.dk/556871>). In a short period of time, it was shared over 10,000 times and with 100 comments. This rarely happens to an article in Information. The direct outcome of this was that Information decided to host a public debate on February 9: “Basic income – Utopia or Necessity?”, with the participation of, among others, the English labour researcher and basic income theorist Guy Standing. Since then, the debate has continued in various broadcasts on Danish Radio.

Another reason for the new basic income debate was that the new party, the Alternative, surprisingly to most, was represented in the parliament in the election in June 2015, winning 11 seats. On the new party’s social agenda was *kontanthjælp uden modkrav* (cash benefit without requirements). The implication of this was the abolition of so-called activation or workfare.

Then, the Danish media discovered that the basic income issue had risen even higher on the international political agenda. By 2016, the Finnish government and several Dutch cities announced launching local basic income experiments. The greatest attention in all the world’s leading newspapers and magazines received a referendum on basic income in Switzerland on 5 June 2016.

In Denmark’s debate on basic income, some prominent unionists have shown interest in a basic income debate without directly entering as clear supporters of basic income. See post in the basic income conference by the Alternative March 2018 (https://www.youtube.com/watch?v=Y0JBmVArjj4&index=10&list=PLR9QHpzthn6yHjN9f-boZQqb_AI7DAIlbu).

In the last year, BIEN Denmark has attempted to debate with representatives of the Danish trade union movement on basic income because we consider it crucial for the basic income debate that more unionists become followers of the basic income case.

That is the background of this article. If you want to gain support for basic income in the trade union movement, you must analyse the interests of the trade union movement in supporting a basic income policy.

Therefore, in this paper, I will try more systematically to explain under what conditions an unconditional basic income would be beneficial for the trade union movement. And I will try to understand why some unionists think basic income can create

difficulties and be a disadvantage of the trade union movement (Christensen 2017).

WHAT IS A TRADE UNION?

A trade union is an association of wage earners whose goal is to reduce the mutual competition for collectively strengthening employers in negotiations on pay and working conditions. Without collective agreements, the workers would be subjected to mutual “wage pressure” (offer to sell themselves cheaper) and “morakkeri” (offer to work more than usual).

COMPETITION BETWEEN UNIONS

A trade union does not remove competition between workers. It only brings competition to another level by creating competition between different unions and groups of workers. There will always be border issues between unions. Who should organise which workers, and are there any types of workers that some unions do not want to organise, perhaps because employers are not so interested in hiring them?

EXCLUSIVITY AND GROUP SELFISHNESS

This means that a trade union always gets its collective power by limiting itself to others, being exclusive and excluding potential members who may be too weak and may weaken them relative to employers. This is the reason why unions and large parts of the labour movement have been interested in maintaining a gap between workers prepared for the labour market in the unemployment insurance funds (labour market policy) and workers with problems with social assistance (social policy). All trade unions are particular interest associations that are potentially in competition and opposition to other unions. Only an association of trade unions like LO tries to defend the interests of all trade unions.

THE DIFFERENCE IN THE INTERESTS OF THE WORKERS AND THE INTERESTS OF THE TRADE UNIONS

In general, it is essential to distinguish between the interests of the workers and the interests of the trade unions. Trade unions often handle the claims of the workers, but in addition (like all organisations) develop an interest in maintaining themselves. Trade unions get a collective power in relation to employers and to the workers and members (by the collective agreements and in the formation of strike funds).

With a basic income, parts of the power are returned to the individual worker. It is now the individual worker who decides whether he or she still wishes to work or strike. This means, as previously said, not that unions become redundant, but only that a UBI would empower the individual works not only in relation to the employer but also in relation to the union as an organisation. With a basic income, the individual will not, in the same way, be forced to submit to the trade union organisation but could now join the trade union from a more personal assessment of whether the union actually

take care of his / her interests.

This may be a fundamental reason for unions' scepticism towards the basic income idea. But resistance must also be seen from a historical perspective.

THE TRADITION FOR THE SEPARATION OF ECONOMIC (TRADE UNIONS) AND POLITICAL (POLITICAL PARTIES) STRUGGLES

In the labour movement, there is a tradition of distinguishing clearly between economic and political struggles of the labour movement, practised through two different institutional systems. The economic struggle occurs in the labour market, where the trade union movement and employers have significant influence and autonomy. Here you focus on the unemployed who can immediately work in the labour market and have unemployment insurance funds. Outside the labour market and unemployment insurance system is the social assistance system. It is the field for social policy legislation in the parliament. In the labour movement, it is the job of their political parties, traditionally the Social Democratic Party and other socialist parties. Both trade unions and employers have been interested in not mixing labour market and social policy together because both partners have an immediate interest in keeping the weakest unemployed outside the unemployment funds for competitive reasons. For trade unions, it has been important to reduce competition between workers and employers to be able to get sufficient skilled labour.

FROM THE WELFARE STATE'S SEPARATION INTO THE COMPETITIVE STATE'S INTEGRATION OF LABOUR MARKET POLICY AND SOCIAL POLICY

In the last 15 years, step by step, a paradigm shift has taken place in the Danish labour market and social policy, where the role of the trade union movement and the unemployment insurance funds has been weakened. The welfare state's separation of the labour market and social policy has been slowly replaced by the integration of the two institutional fields by the competition state.

Previously, there was a municipal organised social assistance system and a state-organised unemployment insurance system. In the municipal reform in 2007, they were organizationally merged into an almost single municipal system. It was an attack on the social partners (trade unions and employers) great influence on labour market policy, which in particular meant a weakening of the trade union movement and the role of the unemployment insurance system.

At the same time, social policy has increasingly been subject to labour market policy. Symbolically, it started at the government's turn in 2001, where labour market policy changed its name to employment policy and where a new employment ministry was created. Several former social policy areas such as activation of social assistance recipients, rehabilitation, sickness and maternity benefits, and early retirement pensions, etc., moved now from the old Ministry of Social Affairs to the new Ministry of Employment.

This development has only been possible because the trade union movement's in-

fluence over the past many years has been weakened. The unemployment insurance funds have lost members because it has become harder to become a member, and the unemployment insurance funds seem less than previously to function as a recruitment channel for the trade unions.

Recognising that social and social policy is becoming increasingly integrated, it would be natural if the trade union movement set itself the goal of creating a new relationship between the unemployment insurance system and the social assistance system. This would remove the institutional gap between the upper class among the workers (in the unemployment system) and the underclass among the workers (in the social assistance system).

This could pave the way for a new unit system with unconditional basic income at the bottom. If the trade union movement and left-wing in the parliament were in the offensive in this area, they could help prevent such a system from being dictated by neoliberal premises (reduced benefits with stricter availability requirements and reduced influence for trade unions and unemployment insurance funds). They could create a new system with significant advantages over the current system, partly because it would build on an unconditional basic income element.

What are the main arguments for trade unions to support the struggle for unconditional basic income?

STRENGTHENING THE NEGOTIATING POSITION OF THE WORKERS

Suppose an employer is not interested in seriously negotiating wages and improvement of working conditions. In that case, an individual worker may terminate his contract and leave the workplace because he would always be guaranteed an unconditional subsistence minimum. In other words, employers would be harder to scare people to become and adapt to a poor working conditions. Basic income thus represents a negotiating power for the individual worker.

COLLECTIVE STRIKE FUND

At the same time, it can also be seen as security of collective power in the form of a secured collective strike fund for a group of workers (a trade union), but with the difference that it is now the group of workers who share the collective strike fund and not the union.

Finally, a basic income will give the workers greater individual opportunities to negotiate different types of part-time jobs with employers and share jobs between workers.

DECOMMODIFICATION OF LABOUR

Viewed from a more theoretical perspective, a basic income represents a form of de-commodification of labour. It ensures that you can live outside the labour market without being subject to a basic obligation to labour. For socialists, it has always represented an important goal. Therefore, it is surprising that many socialists don't

support a basic income.

The most significant benefit for the labour movement would be to ensure more flexibility and more solidarity between the different parts of the working class. These are those who rarely are unemployed (the core of the current members of unemployment insurance funds), those who are often unemployed and constantly live with the threat of being thrown out of the unemployment insurance funds and finally, those who are outside the unemployment insurance (on social assistance or parts of the precariat, vulnerable groups of part-time workers, and those who do informal work).

All these groups will have a common objective interest in a basic income. And the trade union movement has an interest in organising and creating collective agreements for new groups – people who have a basic income and who only want a few hours of labour or are particularly vulnerable to unemployment (the new precariat). Currently, these groups don't have the opportunity to become members of trade unions.

In addition, the trade union movement could be liberated from the disciplinary tasks it has been imposed by the legislation. The unemployment insurance system, which is formally a private insurance system, is currently financed – for about 66% – by the state, which means that the funds are actually semi-governmental organisations governed by the state. The funds are by legislation imposed on a number of disciplinary tasks that make them unable to take care of the interests of their members effectively.

UNDERSTANDING SCEPTICISM AND QUESTIONS FROM THE TRADE UNION MOVEMENT

In principle, a number of arguments can be presented that it is in the trade union's interest to work for unconditional basic income as I have tried.

At the same time, I will try to understand why trade unions express scepticism about the idea of basic income and often put some questions to which immediate answers can be difficult to give.

If the state guarantees a basic income for everyone in work, both public and private employees, it will, of course, result in a wage decline corresponding to basic income. How will it be utilised by employers? Yes, public employers save a portion of public employees' wages, and the state will be able to use it to fund basic income. But what about the private employers? Will they score a win, or will they also be subject to some form of tax? The latter would be natural.

NEW ROLES FOR UNEMPLOYMENT FUNDS AND TRADE UNIONS

And what will happen to the jobs and the collective agreements? Will there not be more short-term and vulnerable jobs not in favour of workers? With a basic income, there will still be a need for unions and unemployment insurance funds. They just have to adapt to the new conditions that the state ensures an unconditional basic income not only for workers and union members but for all citizens.

It will certainly mean a reduced role for the unemployment insurance funds. But one can imagine that they will continue as more private insurance funds and as a supplement to the basic income for those who want to insure themselves against unemployment. A basic income will undoubtedly also mean that part-time work will become more widespread, why the entire collective agreement system may be different with several types of collective agreements, for example, 6, 12, 18, 24, 30 and 37 hours collective agreements.

Therefore, trade unions are on a whole new task of collecting a wide range of new part-time positions and small jobs. For the new class, the precariat, which, for the most part, consists of people with insecure employment conditions, a basic income will be absolutely necessary because the existing safety net is insufficient for this group.

A NATURAL CONSERVATISM

At the practical level, it is understandable that the unions and the unemployment insurance funds as organisations are sceptical of basic income. Basic income as a new income distribution system will inevitably mean changes to the structure and function of these organisations, and most organisations have built-in conservatism.

NEED FOR A NEW ROLE FOR THE TRADE UNION MOVEMENT

With a basic income, competition between workers (between those with social assistance, those with unemployment insurance, migrant-workers from Eastern European countries in the EU and refugees/immigrants) and between trade unions could be reduced. A basic income reform will force significant organisational changes in the trade union movement and unemployment insurance system. It will force the trade union movement to reconsider its role in society.

FEAR OF EXCLUSION

Another argument against basic income is that it will reinforce the exclusion mechanisms in the labour market. The argument is that basic income will park large sections of the population outside the labour market. It will free society from offering jobs to the unemployed and could be a relatively easy and cheap way to pursue a social policy. Some groups will only have a basic income and be permanently excluded from the labour market.

The argument is somewhat peculiar in the way that one sets out a bogey that fits today's society. Today, you just park a large group outside the labour market and impose some rules on them, which means they are having difficulty entering the labour market. A basic income will both create greater flexibility and security so that it is easier both to enter and leave the labour market without losing the basic income.

The claim that the community with a basic income will fail the vulnerable groups need not become a reality if those who are particularly vulnerable, who cannot supplement their basic income with a part-time job (due to disability and illness) in addition to their basic income, are entitled to special benefits, as is the case today. In addition,

one might think that there was a form of guaranteed jobs in the public sector next to a guaranteed basic income.

30-HOURS WORKING WEEK

Part of the left-wing movement in the trade union movement has fought for a working-time reduction, a 30-hour working week. Some observers have seen it as an alternative to the implementation of unconditional basic income. It does not have to be perceived as an alternative. It should rather be seen as two proposals that complement and support each other.

What is the background for the desire to prioritise free time and informal work? Many in the labour market feel stressed and want reduced working hours to achieve a better balance between labour and family life. As we grow richer, more people want to prioritise leisure rather than material prosperity. In addition, a reduced labour time could reduce the environmental impact.

Some in the labour market feel that they have too much money and too little time, while some outside the labour market, conversely, think that they have too much time but lack money. In this perspective, it can be said today that there are two groups. On the one hand, money-rich and time-poor families are in the labour market, and, on the other hand, time-rich and money-poor families are outside the labour market.

Both groups seem locked in some bad circles. The money-rich ones who are time-poor have difficulty converting money into time without losing a lot of money because there is a rigid collective agreement system. On the other hand, the time-rich, who are money-poor, have difficulties converting their time to money because of rigid rules for unemployment benefits, rules for cash benefits and early retirement, and because large parts of the labour market require full-time employees.

FREEDOM OF CHOICE

Ideally, a collective reduction in working hours will contribute to resolving the opposition between these two groups by creating new jobs and giving the workers more leisure time. A key question, however, is whether a new common standard for working hours in the labour market will provide more real opportunities for all groups for a choice between working hours and leisure time. The labour market will still be rigid by having only one common norm for the working time that does not add to more individual choices.

At the same time, it is highly uncertain how many new jobs a working-time reduction could create and whether they would be of a kind that is attractive to those outside the labour market.

THE FLEXIBLE WORKING TIME REDUCTION: AN UNCONDITIONAL BASIC INCOME

However, there is another mechanism than a working-time reduction in the formal labour market, which can also convert money to time for the rich and make time for

money for the poor – and with greater individual flexibility. It is an unconditional basic income.

With unconditional basic income, all people will, for the first time, have the opportunity to choose freely whether they want to go for a job. The effect will be double. Some will, of course, choose to leave the labour market to get more time because they are now sure to have money. Others who have had a hard time finding a job will, conversely, enter the labour market because it is easier to get a job at, for example, part-time, as you now have a guaranteed income without rules of reductions in unemployment benefits and cash benefits.

Those who want to leave the labour market for some time will typically be groups who want leave for education, family care time, care for their own health or starting a new job or business. The advantage of unconditional basic income in relation to the previously known leave schemes and entrepreneurial support schemes is that they are not linked to a particular activity that has to be approved bureaucratically and that they are temporarily unlimited.

Those who wish to enter the labour market will, for example, be the recipients of transfer income, which has hitherto been difficult to get a part-time job. With unconditional basic income, it will always make work pay, no matter how modest the pay is.

CONCLUSION

In the previous analysis, I have listed a number of arguments that trade unions should be able to support a basic income policy, while I have also tried to understand some of the arguments most often presented by Danish trade unions against basic income.

Why should the trade union movement support a basic income policy? Firstly, because it is clearly for the benefit of the workers. Ideally, trade unions must defend the interests of the workers and not just their own organisational interests in maintaining themselves.

The other thing that speaks for a basic income is a suitable policy for the trade union movement is that the basic income side is directly in line with the basic features of the Danish welfare model. A strength of the Danish welfare model is that it is universal and tax-financed. This means that everyone has equal access to health and education. There is a universal Danish population pension model, and childcare benefits have been universally up to a few years ago. But there is no universality in the transfer payment. In practice, the Danish model approached a pure basic income model in the 1970s with the social reform in 1974 and practice in the late 1980s by the generous coverage of unemployment benefit and the smooth management of the social assistance system.

Another feature of Danish society is the so-called flexicurity model in the labour market. This model contains three elements: (i) flexibility, (ii) economic security and (iii) an active labour market policy. This model can also be seen to fit well into a basic income scheme.

In recent years the model has been weakened: the economic security has been cut. It has also meant that flexibility has been reduced and that active labour market policy

in the form of training opportunities has been neglected.

In relation to this, a basic income could renew and revitalise the Danish flexicurity model. It would create guaranteed economic security for all. This would enhance both the flexibility and the potential for a better labour market policy, as it would provide the opportunity for lifelong learning, including continuing education to the labour market with a basic income. With a basic income, it would be voluntary to receive education and not forced by the needs of the labour market.

A new feature that might speak for the possibility that the trade union movement in the future would be more positive towards the basic income idea is that the Danish trade union movement has recently decided an association process, when the LO, the central organisation for manual workers, has decided to merge with the main organisation of the white-collar workers (FTF). One can expect that this merging process will in the future also lead to the merging of a number of unemployment funds. In this connection, one could imagine that the trade union movement at the same time began to look at the relationship between the social assistance system and the unemployment insurance system.

Even though it would be a clear benefit from the perspective of individual workers with a basic income reform, the likelihood that the trade union movement – like the situation at the moment – will move towards a basic income policy is not particularly remarkable.

The main reason for the Danish trade unions resistance to basic income reform is that it would go against the short-term interest of the unions in organisational self-maintenance. Trade unions will lose power in relation to their members with a basic income. Trade unions have power over individual members by virtue of the collective agreement system and the labour law system. If you have a basic income system, the individual worker will decide when he or she wants to leave his workplace and strike. Suppose a single worker or a group of workers leave their workplace because of dissatisfaction with the working condition. In that case, they will be banned (be punished financially) according to the rules of labour law relying on any support from their trade union.

Denmark's current economic policy situation is also against that trade unions should face a new basic income policy. Internationally, the Danish (and Norwegian, Swedish) trade union movement is relatively strong with high organisational percentages. In recent years, the inequality in Denmark has risen relatively sharply but is still limited from the international perspective. The precariat is also growing in Denmark but in this area less than in many other countries. In addition, the Danish trade union movement is trying to develop a policy for digital platforms. And at the very least, Denmark is in a boom where unemployment is relatively low. At the same time, despite the deterioration of social security, it remains relatively high in the European context.

If the trade union movement in the future takes the basic income idea into its reform program, it would probably happen with some form of cooperation with the Social Democratic party. Although it is a long time since the organisational ties between the trade union movement and the Social Democratic party have been cut, it is still the

case that many the trade union bureaucrats are social democrats, and there is close cooperation between parts of the trade union movement and the Social Democratic party. And in Denmark, the Social Democratic party has always been opposed to basic income.

Surprisingly, it may seem that it would be easy to introduce basic income in Denmark. In short, it is only about replacing the current cash benefit system with unconditional basic income and transforming the unemployment insurance system on top of the basic income element.

The current system, however, is based on a very dominant work ethic and self-sufficiency ideology. Moreover, in Denmark, there is a highly organised labour market system with strong social-democratically oriented unions which have great interests in maintaining the current system.

Therefore, my conclusion is that only when the Danish welfare model is exposed to stronger deterioration and greater shocks (economic crises) will be opportunities for a broader debate on basic income in more significant parts of the trade union movement.

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BIOGRAPHICAL NOTE

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