

Wildcat Germany

**Reforming the Welfare
State for Saving
Capitalism:
The "Guaranteed
Income"[1] and New
Reformist Illusions**

Since the onset of the global crisis of the early 1990s political discussions about restructuring the welfare state, in which a broad range of leftists try to take part, have intensified. The capitalist state, bourgeois parties and left wing tendencies agree in that social benefits should not depend on life-long waged work anymore but be more in accordance with new and more flexible forms of employment. While the capitalist state wants to motivate more people to do badly paid and casual work, some groups from the left claim to campaign against capitalism by demanding a 'guaranteed income' ('existence money' in Germany or 'salaire garanti' in France).

Indeed the traditional welfare state is no longer consistent with the restructured class relations. But do the friends of the 'guaranteed income' really grasp what's going on? We will start by looking at the *debate so far* (1) and then take a look at the *real changes in class relations* (2) which provide the material base for the consensus around the *restructuring of the welfare state* (3). This will be followed by a critique of the *illusions regarding the welfare state* (4) which inform the left's interpretation of events and a critique of the *concept of politics* (5) which informs the left's new campaigns.

1. The state of the debate today

In (West) Germany the debate about a different welfare state and new class relations ('new poverty', 'the end of the work society') has been going on since the early 1980s. The first deep post war crisis of 1974-5 had driven unemployment up to 1 million. At first however this looked like a cyclical phenomenon. In the 1980-2 crisis official unemployment went up from 1 to 2 million. Apparently, full employment capitalism was over and talk of "structural unemployment" began. Radical leftists saw so-called 'post-industrial mass poverty' as a starting point for new revolutionary concepts. The number of people who were still being exploited by capital seemed to be free falling and the work society looked like it was going to be 'out of work' very soon. Unfortunately this turned out not to be the case. At the same time people said 'good-bye to the proletariat' (Andre Gorz, 1980) and tried to mould the 'unemployed', which had so far been a labour law category, into a new political actor. At the conferences for a West German unemployed movement in the early 1980s, leftists came up with the demand for a guaranteed income in order to break away from the "work for everyone" slogan and to express their criticism of capitalist waged work. However the 'good-bye to the proletariat' meant that they had lost the revolutionary

social subject. This left them with little choice but to make a demand to the state on behalf of the 'unemployed'. The unemployed movement which many had hoped for never came.

From the mid-1980s, employment boomed. Most unemployed groups were saved from extinction only by professionalising and institutionalising with money from the state and job creation jobs. Radical leftists and autonomists lost interest in questions of unemployment and exploitation while the state hoped to solve the crisis in a new economic boom. But the crisis of 1992-3 accelerated the changes in exploitation relations and in the composition of unemployment and casual forms of exploitation. It became more and more apparent that capitalism is a class society in which proletarians and capital owners confront each other. In 1993, Karl Heinz Roth's theses about a new worldwide proletarianization unifying the conditions of the working class across the planet sparked a debate about the new revolutionary opportunities which this situation offered. But the majority of the left bowed to capitalism's victorious smile, in their theoretical and practical efforts developing their own version of the 'end of history' and saying good-bye to the revolution in theories about 'post-fordism' and 'globalisation'.

Encouraged by movements in France and scared by neo-fascist mobilisations around the 'social question', the radical left rediscovered society's class character about one or two years ago. The return of West European social democracy to power is an indication that capital too is looking for new forms of mediation, turning away from 'neo-liberalism' and considering new forms of regulation (from the Tobin tax to new welfare state models). Sailing in their wake are some of those who originally wanted to criticise capitalism but, out of desperation or false realism, have begun to participate in the search for new regulations. But nothing is as important today as criticising this society radically enough to match existing proletarian anger. Then it would turn out that this world already possesses a dream of human life beyond state and capital.

2. The new class relations as a political challenge

Debates about 'unemployment' and 'employment' often assume these categories to be two groups of society: One group has a regular income and one group is 'excluded' from the labour market and has to be supported by the state. This image has little to do with real people and their biographies. A lot of people do not

work but are not 'unemployed' (pupils, retired people etc.), others are 'unemployed' and work (off the books), others are not 'employed' but still work (housework, raising children etc.), still others are available to be exploited by capital but wait abroad and therefore do not count as 'unemployed'. The statistics do not tell us how capital exploits living labour power. You should keep this in mind when you read the following sketch of class relations (in Germany). We will only understand the important changes if we get involved.

After World War II the unemployment rate went down to less than 1 per cent only from 1961. 1975, with its annual average of 1 million unemployed, marks the end of the short dream of full employment. Modern unemployment is not forever for individual proletarians, but means changing jobs with interruptions. Statistically, 4.6 million workers were unemployed once in 1975, but unemployment lasted only an average of 12 weeks.

For the first time in capitalist history the state was forced to pay unemployed workers an income which covered their reproduction, in order to maintain industrial peace. Unemployment no longer functioned as a wage-depressing industrial reserve army. The proletariat quickly discovered the pleasant sides of unemployment.

Many used the dole or requalification schemes to get out of the factory which everyone hated. The revolutionary left talked of the 'happy unemployed'. After the defeat of the open struggles, unemployment became a reservoir especially for many of the conflictual workers. Real wages kept rising and the first experiments with reorganising production failed. The attempt to use immigrant workers from South Europe as a mobile reserve of labour power was a failure as well. There was a significant rise of the immigrant *resident* population after the official end to the employment of new immigrant workers in 1973.

During the next crisis, 1980-2, unemployment rose to over 2 million, speeding up turnover in the job market. Half of those who had found new jobs after being unemployed lost their new jobs again after a while. This indicated a rise of casual and insecure forms of exploitation. The 1985 Employment Promotion Act (*Beschäftigungsförderungsgesetz*) opened the door for an extended use of fixed-term contracts and temporary work agencies. The reduction of working time by trade union agreements became a Trojan horse for the flexibilisation and intensification of work. Benefit payments were subject to several policy changes. For instance when, in the mid-1980s, benefit cuts had led to

a sinking rate of eligibility for unemployment insurance benefits, the state raised payments for the older unemployed again.

Between 1985 and 1992, three million new jobs were created. Because of the immigration from Eastern Europe, which rapidly grew after 1987, manufacturing jobs and poorly paying jobs could be filled with immigrants. Still there was new shop floor conflict shortly before German 'reunification'. Employers in the metal industries tried to meet wage demands with one-off bonus payments; a workers' mobilisation in hospitals across West Germany led to improved working conditions and significant pay raises. In the euphoric political climate of 'reunification', the government was not able to uphold austerity and welfare cuts but resorted to giant public debts thereby further fuelling economic growth. The worldwide crisis which set in in 1990 was delayed by two years by this 'special boom' in Germany. The crisis came in 1992-3 and it was deeper than all the previous ones. Massive cuts in employment had already cut East German jobs from 10 to 6 million by 1992-raising all-German unemployment to 3 million. In the crisis it rose to over 4 million, and the cyclical upswing since has marked a sharp break with former trends:

Jobs: In spite of the recovery, unemployment rose continually until 1997 while the number of 'regular' jobs[2] sank correspondingly. Statistically, only 'irregular' new jobs were created: self-employment, work off the books, social insurance-free jobs[3] etc.

Wages: For the first time, real wages have sunk without rising again. They also sank in relation to productivity, i.e. wage per unit costs sank.

Benefits: Due to drastic benefit cuts more and more unemployed have lost their unemployment insurance entitlements and have had to claim social assistance. The separation between insurance and means-tested benefits is beginning to break down.

Unions: There has been a breakthrough for capital in big companies: Trade unions and factory councils pledged to assist in cost-cutting programmes, wage components were made dependent on the development of productivity and the sick-rate, factory councils[4] signed company agreements below valid collective agreements signed by the same unions.

East Germany: East German production has been completely restructured, serving as a testing ground for

new strategies of exploitation. Instead of raising wages to the West German level, as had been promised in 1990, collective agreements froze wages at a permanently lower level. At the same time, wages and conditions have been below existing collective agreements to an extent unknown in West Germany.

The crisis of 1992-3 marked a turning point in the discussion about the crisis and reform of the welfare state. More than 20 years of unemployment were finally to act as a pressure to radically intensify exploitation. At the same time, the working class too has left the ideal of life-long full-time employment behind. Workers are looking for individual ways out. Self-employment and work off the books are a result not only of unemployment but also of many proletarians' illusionary hopes to get away from the drudgery of work. When Kohl's government was re-elected in 1994 it was not able to take this mixture of fear and hope and turn it into the legitimation for a radical restructuring of the welfare state. It was too obvious that the government was serving the interests of the employers, so the 'reforms' ran up against a brick wall. In contrast, the restructuring plans of the new red/green government, which were immediately announced in the name of the 'unemployed' and 'economic prosperity', are much more dramatic.

3. Restructuring the welfare state: shoring up the new class relations

Today the programmes of all political parties in Germany demand some kind of guaranteed minimum income (ranging from 'negative income tax' models to a 'civil right' for income). This is a response to the fact that more and more people in new forms of employment are no longer covered by the traditional safety nets of the welfare state. On the other hand, they all agree that the only way of increasing employment is the creation of more of these new jobs because they mean lower wage costs and more worker flexibility. The debate is not about the absolute costs of the welfare state but about its effectiveness in securing exploitation. In capital's logic, higher costs in some fields (like early retirement schemes or a guaranteed income) may be okay because they lead to a growth of the total mass of labour and surplus value. Even long-term payments to a few troublemakers may result in higher productivity of society as a whole. The chancellor's chief adviser Hombach says what the restructuring plans are all about: So far politicians have tried to adjust employment relations to the welfare system. Now the welfare system will have to adjust to the labour market's new realities: *"All attempts at productively using flexibilisation at the bottom end of the*

labour market will be in vain if we cannot disconnect the social security system from the assumption that normality means life-long full-time employment and the 'normal family', with a working father, a house wife and children. (...) And we will only be able to use 'irregular' employment to build bridges into the labour market if we do not punish social assistance claimants for working. Instead of taking away every penny they earn we should turn additional earnings into incentives."

Another, often underestimated, reason for the restructuring of the welfare state is the development of paid non-work by older people. The pension insurance budget is twice as high as the unemployment insurance and social assistance budgets added together. With life expectancy rising and contributions to social insurance sinking, it will mean either lower pensions or higher contributions. This is why more and more experts advocate a tax-funded minimum pension. In the framework of a guaranteed income this would be much easier to introduce.

But why should the red/green government be more successful than its predecessor in realizing such a far-reaching restructuring of the welfare state? While the Christian Democrats were always suspected of being

'neo-liberals', the new government can use the widespread criticism of 'neo-liberalism' to present its policies as a 'third way', avoiding USA conditions. While the modernisation of the economy is inevitable, proletarians should be protected by a minimum guarantee. Social peace, guaranteed by social security and trade union mediation, is a productive advantage of the German export-orientated economy, and the capitalists do not want to give it up. However the division of work between state social security and private precaution is to be rearranged.

This policy promises to create the basis for a new 'social contract' by saving us from the horrors of neo-liberalism. The "Alliance for Jobs" is one way of bringing about this consensus (there are others like former critiques of work turned into new pro-work ideologies of 'subsistence economy' or 'self-managed enterprises'). The unions participate in this Alliance. While they said no to state subsidies for low-wage work under the previous government they co-operate in such experiments now. In the same context, the boss of the metal workers' union IGM declared that young people should be forced to work: *"In the long run, there can be no freedom of choice between turning down an apprenticeship placement and collecting benefits if there are enough placements*

available. We (!) will have to cut benefits for kids who refuse this offer." If the 'social contract' is a contract, both sides will have to give something - after all it's for jobs.

At this moment nobody can make exact predictions which changes to the social security laws will lead to which behaviours by capitalists and by proletarians. Even the world's chief economists admit that they do not understand the current crisis of global capitalism any more. Then how should welfare state experts know what is to be done? This openness of the situation creates an opportunity for radical leftist groups to make their own 'realistic' demands to the welfare state.

4. Illusions regarding the welfare state and class society

The assumptions about the welfare state in the debate about the guaranteed income derive first of all from personal experience with using welfare benefits. The welfare state is not judged by its relation to the class relationship and class struggle-neither historically nor in daily political activities-but by personal opportunities to live with as little work as possible. After the failure of the proletarian struggles of the 1970s, the tendency of

collective *struggles against work* was replaced by the individual behaviour and lifestyle of the *refusal of work*. Collecting welfare benefits gave the subjects of the 'new social movements' enough free time for their political activities. But connections to the struggle against work in the production process became severed.

'Autonomous' became an expression of the separation from conflicts in the workplace. Apart from the hassle in the benefits offices, the welfare state was seen as quite an agreeable institution.

This corresponds to two familiar ideas: welfare benefits are income without work, and this is possible because the welfare state is an 'achievement' of the workers' movement. These ideas reproduce the exact same illusions with which the welfare state veils the fundamental class relationship.

Historically, the welfare state was first of all a bulwark against the threat of revolution. Since the early 19th century, when the 'dangerous classes' threatened the social order, the bourgeoisie talked about the 'social question'. This term theoretically defused the class antagonism and assumed that it could in principle be solved by social reform. State-run social security was to guarantee that proletarians would permanently offer

their labour power to capital-without revolting and without starving to death.

On the other hand the workers' movement also established its own social security funds to help solidarity among workers. They criticised the introduction of social insurance schemes by the state as a kind of *expropriation* of their self-organised funds. While Bismarck in Germany established a purely statal social insurance system which was aimed openly against the workers' movement, in other countries the state subsidized the self-organised funds of the trade unions. That move also served to integrate the workers' movement into the bourgeois state; but the consciousness of the opposition between the working class and state-regulated reproduction was still alive, because the workers' movement maintained control over its own funds.

The introduction of any social benefit has always meant more **control** and surveillance of individual proletarians: People asking for social benefits must be registered nation-state citizens, disclose their employment and education history, etc.

The 'achievements' of the welfare state are meant to suppress awareness of our own strength and collective struggles. Our own self-activity is replaced by the state, we are atomised by bourgeois law and individual monetary payments. Capitalism is based on the fact that we are constantly being separated from the wealth we have produced by our own social co-operation. The welfare state makes sure we accept this fact and behave as individuals.

The welfare state has completed the project of the *nation*. At first, proletarians did not have a 'fatherland' indeed-then the claim to social benefits from 'their' state turned them into national 'citizens'. German trade unions were finally fully recognised by the state in World War I when they were involved in the administration of the national economy and took on the responsibility of disciplining the workers. Where self-organised funds of the workers' movement still existed in other European countries they were handed over to the state under Nazi occupation. Anyone making appeals to the welfare state today cannot avoid an affirmative approach to the nation state.

The claim that the guaranteed income has an anti-capitalist dimension because it is disconnected from

waged work is based on the second illusion of the welfare state: that its benefits are income without work. For capitalist class relations, it is not so important that each and every individual is forced to work all their lives but that capital can mobilise enough work in society as a whole to meet its needs for valorisation. This societal coercion to work has always depended on the welfare state as a means of dividing the working class and establishing hierarchical differences among workers. The guaranteed income does not contradict this logic because it does not stop the alienation of our wealth but only serves as an income bottom line: *"a factual minimum wage below which nobody has to work"* (as the Co-ordination of Unemployed Groups put it in January 1999). Anyone who is not satisfied with a mere subsistence guarantee has only one choice: work!

The development of the welfare state has been based on the opposition of two different principles: insurance and alms. This drew a clear line between 'workers' and 'paupers'. The first have been offered the illusion of living off their own personal savings in times of unemployment or old age while the latter have been dependent on (state funded) alms. This insurance fetishism is tied to the wage fetishism, and like the wage fetishism it veils the fact of exploitation. In the wage, the appropriation of

other people's work by capital appears as a fair exchange of work and money.[5]

In the face of mass unemployment, high job turnover and continuing hatred of life-long work this dual model of state controlled insurance and state alms has gone into crisis. Those who have enough money join private insurance schemes, while at the same time more and more proletarians are no longer entitled to state social insurance and have to claim social assistance. German social insurance was designed for times of full employment with only cyclical peaks of unemployment. Social assistance was supposed to be extremely stigmatising and was not designed to pay for massive unemployment. Politicians see the crisis of the welfare state as a problem of weak 'incentives to work' and of a 'loss of legitimation'.

We have to put both into context:

- 1) In order to increase the 'incentive' to work, social benefits will have to be rearranged so that even badly paid work will notably increase one's income. Of course this carrot is combined with a stick: workfare programmes against youth and other people who refuse to work.

2) Claiming social assistance for a short while is to be less stigmatising so that people will be encouraged to risk self-employment or other insecure jobs. To that end, the minimum income is to be designed as a 'civil right'. In exchange for that, existing social insurance benefits like old age pensions could be cut because people are already using private insurance schemes anyway.

The leftist demand for a guaranteed income appears politically realistic because it is in line with the second argument ('civil right') - and simply ignores the first ('work incentives').

5. From the 'political wage' to the guaranteed income

Some groups ignore the criticism of the guaranteed income, arguing that it only serves as a demand for mobilizations. According to them, the mere fact that a guaranteed income would be utopian in a capitalist society could bring people out into the streets for anti-capitalist politics. According to them, the guaranteed income should not actually be seen as a demand but as a strategy of direct appropriation-like the concept of the 'political wage' which was formulated in Italy in the 1970s. As the 'political wage' emerged around militant mass worker struggles and broad movements of direct

appropriation it does look like the most radical concept. Then just as now the real question is how we understand politics: how do we see the role of political organization? In the late 1960s, class struggles in Italy had broken free from the chains of trade union control. Struggles and wage demands had detached themselves from the business cycle. That was the material basis of workers' *autonomy*. The mass workers' struggles were the basis of proletarian power against the factory society, radiating out into the territory: refusal to pay rent or energy bills, squatting, free shopping in supermarkets etc. The 'political wage' was supposed to unite and homogenise all those struggles. "*A guaranteed wage outside of the factory means making the transition to taking the commodities, it means appropriating them.*"[6]

While Potere Operaio's theoreticians argued that this strategy meant the extension of the struggle from the factory to the entire society, in reality it already marked a reaction to the limits of the wage struggles as well as the retreat from the factory. With a clever theoretical move, Toni Negri reinterpreted the loss of proletarian power inside production into a new form of strength. In his *Crisis of the Planner-State* (1971) - published as a supplement to *Potere Operaio* - he proclaimed the end of

the law of value and thus the end of all material foundations of capitalist domination.[7] According to Negri, communism was imminent so that *"each intermediary step has to be shortcircuited"*. He said that the new movements in the territory (i.e., outside work) already expressed this: *"Appropriation is the particular qualification of class behaviour towards the state of the defunct law of value."* Therefore he claimed that the revolutionary movement had to clear away the political power structure which had remained without a material base, meaning that *"insurrection is on the agenda"*.

Later, Negri was to call the new subject of this attack the 'social worker', as opposed to the 'mass worker' of factory production,[8] addressing the subjects of the new youth movements that exploded in Italy in the 1977 revolt. The isolation of social revolt from class struggle, from the mass of producers of surplus value, which Negri had expressed and legitimated in his theory, was the birth of 'organised autonomy'. It is the content of all currents that have called themselves 'autonomous' ever since. Today Negri's theory of the 'social worker' and the productivity of "immaterial labour" already acting outside of capital is used by 'Autonomists' in France and Italy to support their campaigns for a guaranteed income.

Thus, the slogan of a 'political wage' was not a generalisation of the struggle of all the exploited, but a programme of separation from and stepping out of the conflict over exploitation. The only way the 'political wage' could be presented as a general strategy was in a vanguardist and leninist sense. In the above mentioned supplement to *Potere Operaio*, Ferruccio Gambino assigns the demand a central, homogenising role: *"Talking about the political wage means that all these offensive, defensive and also reactionary forces are withdrawn from the capitalist system and transformed into elements of political class organisation. The political wage must make it possible to transcend those forms of resistance."* This shows a vanguardist understanding: the class may lead a multiplicity of struggles but it does not learn by itself. Homogenisation and political development can only be brought about by a political organisation. That is why it is so important to have a central *demand*: the 'political wage' is a substitute for processes of learning and homogenisation which do not happen.

Conclusion: Self-emancipation vs. Politics

Today's proposal to organize around a central demand is informed by the same understanding of the relation

between proletarian movement and political organization. *"But we know that new movements will hardly emerge on the (casual and flexibilised) shop floor. The only place where they can still really constitute themselves is concrete political struggles where solidarity is experienced in the common project (and not on the shop floor as in earlier days)".* [9] It starts from the certainty that, in the face of 'post-fordism' and the 'diffuse factory', autonomous struggles can no longer exist. Instead of questioning the theories of post-fordism and criticising their affirmative stance towards capitalist development, they are used as a theoretical cliché in order to justify the necessity of mobilizing and uniting the atomised subjects from above. The demands do not start from real struggles but are deduced from an abstract consideration about state and income. Therefore they can only see themselves as representatives and politicians.

Interventions starting from the assumption that the proletariat can emancipate itself have always been met with the objection that the proletariat is so extremely fragmented that only a central political project from the outside could overcome that fragmentation. In 1973, the group *Arbeitersache München* wrote about its political work with immigrant workers: *"Many comrades have*

objections to this approach because the foreign workers often change their jobs and do not remain steadily in one place. We say: this is not a disadvantage but an advantage. If we think that the workers will be able to develop patterns of struggle and behaviour then we also think that any spreading of these experiences through mobility will push ahead the class struggle. And we are convinced that all these contradictions will produce more and more struggles in which our task will be one of generalisation and 'synthesis'. Thinking that the readiness to fight must be the result of doing subversive work in one department of a factory for ten years completely ignores the reality of today's large plants. Moreover it implies that the proletariat does not have a knowledge of forms of struggle but has to be taught these in a long process. This is not true - this knowledge exists but it is covered by many veils. And we are contributing to uncovering them."[10]

That is pretty much how we might describe our own tasks today. Ironically, the same 'autonomous' groups who were always critical of the unions reproduce traditional trade unionist conceptions about the evolutionary development of struggles (e.g. long education of workers in one factory department) as evidence that in 'post-fordist' structures of production

proletarians can no longer struggle. Today's changes in the labour market are usually called "casualisation" as if this explained anything. Most talk about 'casualisation' only refers to a departure from 'normal' employment as defined by labour law regulations, but does not start from the role of living labour and its co-operation inside the process of production. Therefore this point of view misses completely how the process of casualisation has expanded social co-operation-a development which politically appears as the atomization of workers. However, workers' struggles and power are not based on legal regulations but on workers collectively appropriating their own co-operation by fighting against capital.

Communism as a real movement exists in proletarian struggles which today are based on a much greater societalisation of production on a global scale. Ironically, the debates about a guaranteed income quite rightly assume that communism, i.e. life without coercion to work, is possible today, but draw the worst conceivable conclusion from that assumption: instead of tearing down the crumbling walls of the global workhouse they propose to repair them!

[1] In English, the most appropriate equivalent term might be 'basic income'.

[2] 'Regular jobs' in Germany refers to jobs in which workers hold a dependent employee status and for which workers as well as employers pay 4 basic social insurance contributions, i.e. unemployment insurance, health insurance, old age pension insurance and disability care insurance.

[3] Part-time jobs with a working week of less than 15 hours and paying less than 630 DM per month have been contribution-free. Since last autumn, there has been intensive debate about a reform of these jobs.

[4] *Betriebsrat*: representative body elected by the workforce of a company; has some say in company affairs and is legally obliged to uphold productive peace.

[5] The term '*exclusion*' reinforces this illusion. While the 'excluded' are seen as being unable to reproduce themselves by waged work, a job where one is exploited is seen as an opportunity "to participate in the wealth of society". The conceptual pair exclusion/inclusion makes the class relationship disappear.

[6] *Wir wollen Alles*, No. 19.

[7] English version in: *Revolution Retrieved* (Red Notes, 1988).

[8] For a critique of that term cf. Roberto Battaglia: 'Operaio Massa e Operaio Sociale: Alcune Considerazioni sulla "Nuova Composizione di Classe"', in *Primo Maggio*, 14, Winter 1980/81.

[9] 'Der Schwierige Weg zu Einem Europäischen Kampf gegen das Kapital' [The difficult road towards a European struggle against capital] (invitation to the conference), in *Arranca*, No. 14.

[10] Arbeitersache München, *Was wir Brauchen, Müssen wir uns Nehmen* [We have to take what we need], Munich 1973, p. 35.