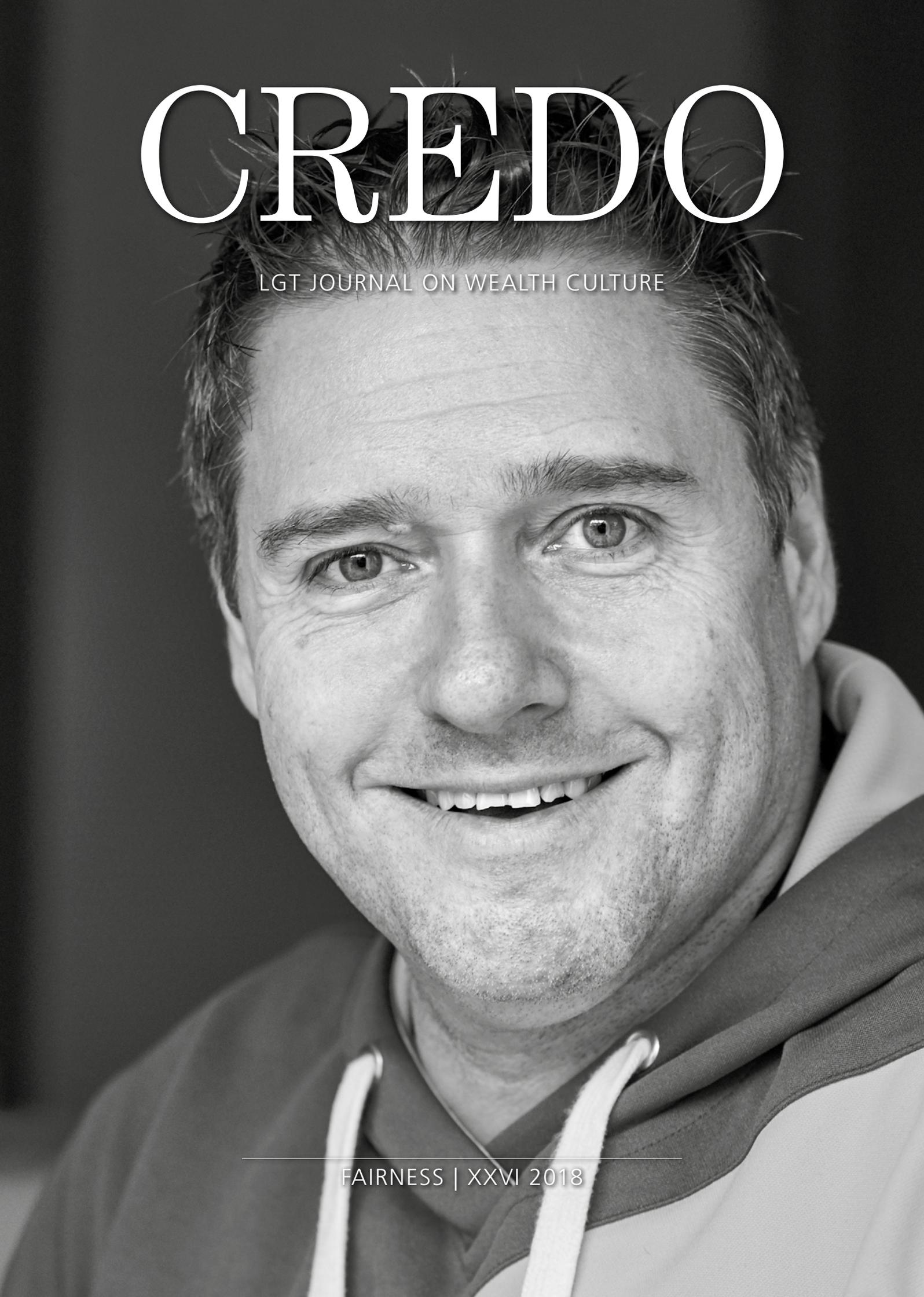


# CREDO



LGT JOURNAL ON WEALTH CULTURE

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FAIRNESS | XXVI 2018

# Fairness

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Justice and fairness should be daily maxims in our performance-oriented society, says Jochen Wollmert. This world-class table tennis player has received the highest international honors for his exemplary conduct.

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**Dear Readers,**

Justice has always been seen as an important prerequisite for a successful community. But what about “fairness”? Even in those countries where the local language has no direct expression for it – as is the case in German – most of us nevertheless have a firm feeling for what’s fair, and for what isn’t.

But how do we develop our sense of how to act fairly? And above all: when do we acquire it? Can we discern differences between countries, or between one culture and another? The psychologist Katherine McAuliffe has been investigating questions such as these. In our Interview, she tells us about fairness tests she has conducted with both children and capuchin monkeys. Meanwhile, the economist Herbert Lüthy reveals in our Carte Blanche how you can calculate fairness using a “fairness formula” he has developed that even takes cultural differences into account. It could help us to expand our notions of the free market economy if we include this extra dimension of “fairness” that is politically so significant.

In his Essay on the “capability approach,” Georg Cremer explains how state social policies only become fair when they ensure the participation of all citizens in society. One such experiment is currently running in Finland. For a year now, 2000 unemployed Finns have been given a basic monthly income with no strings attached. You can learn in our Report how it’s changing their lives.

It’s not just in competition with others that practicing fairness is a worthwhile endeavor, as our cover personality can testify. The table tennis player Jochen Wollmert was honored several times for his exemplary behavior at the 2012 Paralympics, and he tries to live by the rules of fair play every day.

I hope you find this issue of our journal inspiring and enjoyable to read.



H.S.H. Prince Philipp von und zu Liechtenstein  
Chairman LGT

# A question of attitude

The Pierre de Coubertin medal (top center) is awarded by the International Olympic Committee to athletes who have displayed exceptional fairness. Many athletes and fans regard the medal as the highest honor that a sportsman can be given. Since it was first awarded in 1964, only 17 athletes have received it.



Text: **Thomas David** | Photos: **Bernd Grundmann**

**Jochen Wollmert has received several honors for his exemplary behavior in competitions, and he was the first-ever disabled athlete to be awarded the Pierre de Coubertin medal of the International Olympic Committee. But this world-class table tennis player is insistent that fairness and justice should apply to more than just sports: they should be our daily maxims in today's performance-oriented society.**

It's just after half-past seven in the evening, and Jochen Wollmert is sitting on a chair outside the playing area. He looks like he's just lost a match. Behind him, two players from another team buoyantly give each other a high-five before leaving the hall with a spring in their step. The bleachers above the entrance doors are nearly empty – there's just nine or ten spectators who've made their way tonight to this sports hall in Herkenrath, a rural suburb of Bergisch Gladbach. It's Saturday evening, November 11, 2017, a day of carnival celebrations in Germany. So those present are presumably carnival haters or outsiders who've decided they'd rather see a table tennis match than go and join the rambunctious parties raging in the nearby city of Cologne. Jochen Wollmert doesn't look as though he's having much fun, either.

Along with Timo Boll, Wollmert is Germany's most successful table tennis player. He's won 50 German titles in disabled sports, and eleven European titles. Last summer, he celebrated his 53<sup>rd</sup> World Cup victory in Taiwan. Wollmert's next goals are the 2018 World Championships in Celje/Laško in Slovenia and the 2020 Summer Paralympics in Tokyo. Then he'll hold a big party to look back on all the successes he's enjoyed in his near-40-year career. And then it'll all be over. Jochen Wollmert is 53 years old today, and you can see he's put on some weight at the hips. In the trophy room of his house in Wuppertal you can see all the medals that he's garnered since a fellow student first took him to play table tennis in the early 1980s. Back then, Wollmert started for Borussia Wuppertal in the third tier of the district league. Besides the trophies of this seven-time Paralympics champion – he won gold in Atlanta, Sydney, Athens, Beijing and London – you can also see the awards that Wollmert has been given for fair play. The English writer George Orwell, by contrast, once remarked that “Serious sport has nothing to do with fair play. It is bound up with hatred, jealousy, boastfulness [and a] disregard of all rules.”

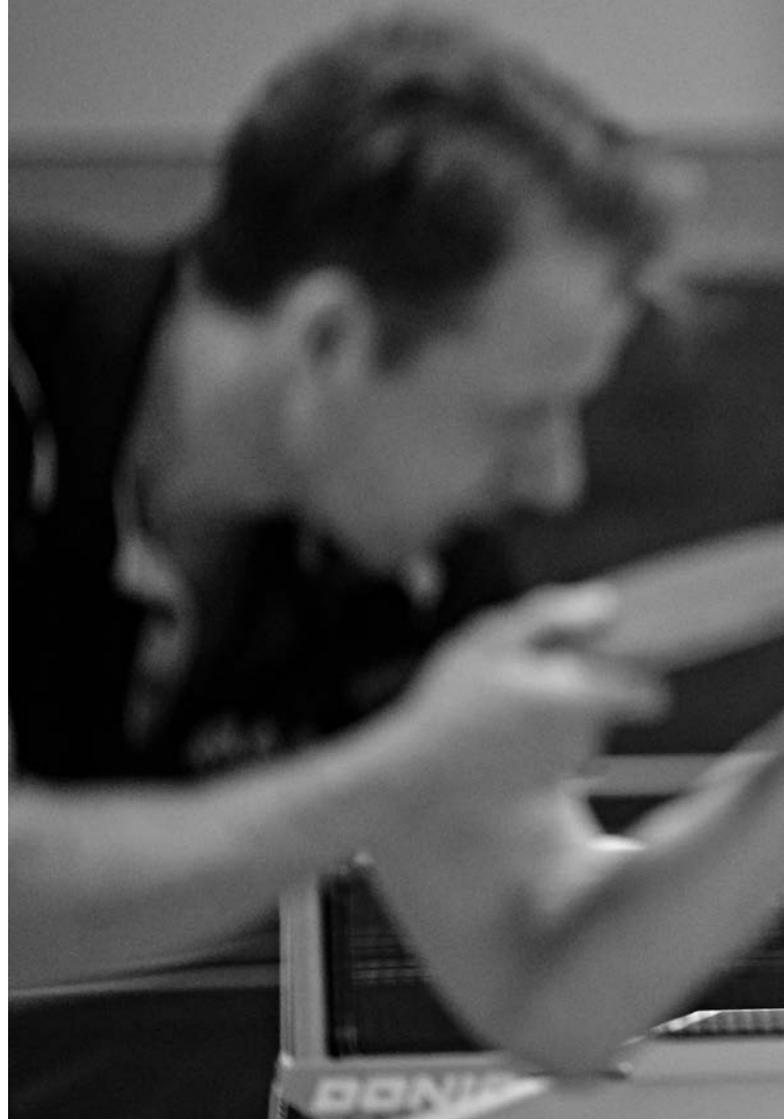
### Wrong decision

“Oh well,” says Jochen Wollmert with a smile. “Actually, I really try and live according to the rules of fair play. Not just in sports, but in my daily attitude to people.” 90 minutes before the match begins, he's sitting in the fitness room of the Herkenrath sports hall,

telling us about the semifinal at the 2012 London Paralympics, where his opponent was Mykhaylo Popov from Ukraine. Popov missed the ball when serving, but Wollmert gave back the point awarded to him by the umpire because he knew his opponent had suffered a sudden cramp in his spastic wrist. “However, I don’t think that fair play has much of a role in our society today. People love themselves more than their neighbor.” He’s sitting on a chair next to a weight station with all kinds of cable pulleys. Behind him there are windows with a view of the school complex to which the sports hall belongs. He then reminisces about the final at the London Paralympics, when he fell behind in his match against William Bayley from Britain in the second set. “Perhaps fairness is still something natural within your own family, but by the time you go to school you’ll soon notice how people start elbowing their way ahead.” He tells us about how he gave back a point he’d won thanks to a wrong decision by the umpire, just as he’d done in the semifinals – even though this time he was lagging behind and went on to lose the set. “As soon as you start your career, you repeatedly come up against people trying to maneuver themselves into a better position. In the process, they sometimes forget about fair play.” He goes on to tell us how he beat Bayley in the last two sets to win Paralympic gold. Bayley was in tears, so he put his arm around him to comfort him – a spontaneous gesture that was fêted in the British sports press.

## The highest honors

“We live in a performance-driven society where you have to cope with increasing pressure, but still have to be able to function smoothly,” says Wollmert. He picks up the water flask next to his chair. “Many people are suffering more and more from an excess of stress, because they often have to do five different things at the same time. Perhaps it’s this mental pressure that makes them overstep the mark sometimes, leaving the rules of fair play behind them.” He puts the water flask to his mouth as if he wanted to swing it over his shoulder. It’s not just as a table tennis player that Wollmert has his own way of doing things. The fair play he showed at the 2012 Paralympics in London resulted in him getting the “Fair Play Prize of German Sports.” He was also honored as the “Disabled athlete of the year” and as a “Sportsman with a heart.” In 2013, he became the first-ever disabled sportsman to be awarded the exclusive Pierre de Coubertin medal by the International Olympic Committee, which is given in recognition of exemplary fair play. In Wollmert’s eyes,



it’s worth more than a gold medal. “Of course a place on the podium is fantastic,” he says, “but for me it’s not just about always winning gold. What’s more important is to play well and to be at peace with myself. You have to give it your all, but not at the cost of fairness. And I try to do this not just in sports and in my family, but also in my job,” he says. “Yet I believe that our society has a problem with it. We would be a much better community if we could live in greater harmony and with a greater sense of togetherness.”

Toward 6 p.m., Wollmert is at one of the table tennis tables and is warming up against Fabian Wilhelm, one of the other players in the first men’s team of TTC Bärbroich in the national league. Wollmert is wearing the club’s dark-blue jersey. It was founded in 1958, and with just under 200 members it is one of the biggest associations in the West-German Table Tennis Federation. He’s wearing sports glasses and his white orthopedic sports shoes that have firmer, somewhat smoother soles than normal indoor shoes. They are also the reason Wollmert occasionally spits on the floor during the match: “It’s to get a better grip.”



Fair play always gives an advantage, even when you're not ahead.

## Different from others

Wollmert was born in November 1964 with Arthrogryposis multiplex congenita – a pronounced stiffening of the ankle and wrist joints. But it never stopped him from being active in sports, even when he was young. He recalls the soccer goalposts that he and a few boys from the neighborhood erected on the meadow behind his parents' house in Wuppertal, and the floodlit badminton courts that he and his friends set up. And he remembers the bicycle polo they played in a cul-de-sac around the corner. Whoever watches Wollmert warming up with his able-bodied teammate will cease to notice his disability after just a few minutes. Wollmert's only handicap seems to be a really bad forehand, which is why he basically always plays backhand, though he also profits from a lot of excellent footwork.

Before the match, Wollmert and his doubles partner Frank Kasper shake hands warmly with their two opponents. "I really only noticed that something was different about me when I was a child, when we watched a Super 8 film my father had shot during our vacation." Wollmert serves; after a few minutes, he

and Kasper have fallen behind in the first set. "And then I saw – whoops, I was stumbling about a bit more than other people. Somehow I moved differently from everyone else." In the second set, Wollmert loses the first three points; after a few rallies, he and Kasper are down 0-8. "And my hands somehow looked different. I hadn't really been aware of it before that."

## Success, honestly earned

Their opponents are several years younger than them. After the first two sets, Wollmert and Kasper also lose the third, and thus the match, 0-3. "Then I thought: is that really me? But the surprise didn't last long," says Wollmert. "If you're born with a physical impairment and grow up with it, it's easier than if you have an accident, for example, and have to get used to a new situation." There's a brief handshake and good wishes to the winners, and a pat on the shoulder and words of consolation from the one or other team member or club colleague who are standing in the narrow passageway between the playing areas. They are watching one of the other two matches of TTC Bärbroich that are being held in parallel with the men's doubles for the first team.



"It was perhaps because people accepted me as I am that I also wanted to act as fairly as possible all the time."

"Of course, as a disabled kid in Wuppertal back in the late 1960s, you were looked at very differently than you would be today. People almost couldn't stop staring at you. Nevertheless, my parents sent me to perfectly normal schools where I was accepted. And actually, I was always treated fairly." The players' sports bags are lying on the gymnastics benches, lined up between the playing areas. Among the bags there's a large tin of gummy bears, but Wollmert walks past the candies without a second glance. "It was perhaps because people accepted me as I am that I also wanted to act as fairly as possible all the time. Success has to be earned," he says. "Perhaps you need a bit of luck too – maybe your opponent isn't in top shape, or maybe you're having a great day yourself. But if you're awarded points you haven't earned, that's got an unsavory taste I don't like."

### The team view

Wollmert is sitting on a chair outside the playing area. Meanwhile, he's also lost his first singles match. Behind him, two players from the second men's team are chatting animatedly before leaving the hall. There are a few spectators in the bleachers, of whom perhaps some have come to Herkenrath to see the

multiple Paralympics champion Jochen Wollmert. He sits with his hands folded in front of him, his gaze fixed. It's like he's deep in thought, as if he's beating himself up inside about the match he's just lost. For a few seconds, it's as if he doesn't even register what's happening in the hall around him. The to and fro of the balls, the squeaking of the shoes on the floor, the murmurings and whisperings of the other players. He looks up and watches the ball in play at one of the tables. "Come on, Flo!" he cries, spurring on his team colleague Florian Meyer, who survives several match balls from his opponent to win the match.

"I shouldn't have played today. That wasn't table tennis," says Michael Breidenbach after his match. We're in "TTreff," the clubhouse of TTC Bärbroich. He plays in the second men's team, but tonight he had to play as a substitute for Nikolay Kapitanov, the club's top player, who wasn't available. "Tomorrow's another day," says Frank Kasper, and picks up the bottle of beer in front of him. "I knew full well it was going to be a close-run thing tonight," says Jochen Wollmert. By 11 p.m., he's sitting with a few teammates and three others at a table in TTreff, waiting for a pizza.



“What’s important is to play well.”

## Team spirit and acceptance

“Of course I’m disappointed because I didn’t play today like I did in recent weeks,” says Wollmert, who also lost his second singles match. “But it’s not about winning your own match at all costs. It’s about the team.” He’s now wearing a light-colored tracksuit and has gelled his hair. He takes a sip of beer. He’s raving about the team spirit and sportsmanship at TTC Bärbroich – “an awesome group” – and it’s well worth driving for over half an hour from Wuppertal to Herkenrath to play with them. “For me it’s important that there’s a good mood in the team, that people support you and that you’re accepted. This sense of fairness with each other is essential for the success of any team, not just in sports.” He relaxes in his chair while two of the other players are back at the tables, testing a new bat in the small hall on the other side of the clubhouse foyer.

Wollmert smiles and looks like he’s already forgotten the defeats of this evening. He gazes at the trophies won by TTC Bärbroich over the course of its history, all lined up on a long shelf that stretches almost the whole length of the room. “My trophy room at home looks just like this, but if you play interna-

tionally for almost thirty years, it all adds up.” Someone brings a plate of sausages from the kitchen – the pizza is still in the oven. “I’m very proud of my first trophy,” says Wollmert, “because it dates from when I became German champion for the first time, back in 1989. But the trophies that I’ve won as part of a team are worth much, much more. Table tennis is a team sport, and if you haven’t got a team like mine that supports you when things don’t go so well, like today, you’d be up a creek without a paddle.” He reaches for his beer, waits for his pizza, and adds: “You only go hungry if you’re on your own.” ♦

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Thomas David studied English and art history in Hamburg and London. He has been writing for newspapers and magazines since the mid-1990s and has also authored numerous radio features. His most recent books are “Philip Roth” (2013) and “Nahaufnahme Luk Perceval” (2015). He lives with his family in Hamburg.

# Unfairness

**Most people find it normal to pay an appropriate amount in return for using a product or service. So when they travel by bus or train, for example, they buy the correct ticket. Unfortunately, however, not everyone keeps to the rules.**

Text: **Stephan Lehmann-Maldonado**



## Insurance profiteers

When the first-ever fire insurance policies came on offer, the insurance companies initially made a loss on them because they'd misjudged the behavior of certain clients. Having an insurance policy meant that there were suddenly fewer incentives to protect businesses and buildings from fire risks. So more fires occurred than had been expected. Economists describe such behavior as a "moral hazard." The victims in the long run aren't really the insurance companies, but all the people they insure – because premiums have to increase for everyone in order to cover the losses of the few. Insurance companies also have a simple, tried-and-tested solution to the problem: they simply stop offering full cover. But that regrettably affects everyone too, not just the profiteers.



## Passive investors

The financial markets are regarded as being efficient. Because stock market prices reflect all available information on a security, it's very difficult to make investment decisions that turn out better than the average. This is why many people engage in passive investments. They don't actively choose their financial securities – which would involve a lot of research – but keep a portfolio that simply reflects a stock market index such as the Dow Jones. This passive strategy only makes sense as long as there are enough active investors who spare no effort to calculate the correct net asset value of a security. Passive investors are thus the freeloaders of the financial markets. But if too much money flows into passive strategies, then the market indicators lose their informative value, and this opens up avenues for active investors to reap the benefits.



## Anti-vaxxers

If you Google "vaccination risks," you come across innumerable horror stories of possible side effects. But the World Health Organization regards vaccinations as almost as important as having access to clean water. Measles vaccinations alone are believed to have saved the lives of 17 million people since the turn of the millennium. The problem is that individuals who haven't been vaccinated start to feel safe too. As long as enough children are vaccinated, pathogens hardly have any opportunity to spread. Some parents profit from this "safety in numbers" and don't have their children vaccinated. Appealing to their social conscience can help, and sometimes the emergence of a regional measles epidemic can prompt a reversal of opinion. Italy, by contrast, wants to err on the side of caution and so introduced mandatory vaccination in 2017, with fines to be imposed on those who don't comply.



### **Train hoppers**

Jumping onto a freight train and traveling as a stowaway – that’s part and parcel of the idealized image of itinerant laborers in the USA. At one time, there used to be two million such hobos traveling across the country – until the car usurped the train as the main means of transportation. But the tradition of train hopping has survived nonetheless. Modern train hoppers are drawn from the dropouts and daredevils who’re seeking the next adrenalin rush to post on their social media. It’s a trendy, but highly dangerous, illegal “sport” that can lead to people losing limbs. Fare evaders are also an everyday occurrence in our part of the world, though they don’t have the aura of the Wild West about them. In earlier times, ticket collectors were known to summarily eject fare evaders from moving trains, whereas these days they only impose fines. The end result of each method is painful, though in different ways.



### **Conscientious objectors**

“Free riders aggravate me,” complained US President Barack Obama in 2016. He meant the European countries that were demanding military solutions for conflicts but were unwilling to supply either their own troops or the money needed. Obama’s aggravation can be explained in economic terms. Security is a public good; both on a global level and within a country’s borders, everyone benefits from being protected by the military. No one can be excluded from this form of “security consumption.” Thus even conscientious objectors enjoy the protection of the very same army to which they are objecting. That’s why many countries have compulsory military service for young men – and in some cases even for women. Whoever is declared “unfit for service” in some countries often has to pay a hefty sum in order to be freed from military duties.



### **Overfishing**

More people are eating fish at home. To meet this growing demand, fishing trawlers catch over 90 million metric tons of fish a year from the sea. The World Wildlife Fund says this is four times more than 50 years ago. One third of all fish stocks is deemed to suffer from overfishing. And the numbers of fish caught in many areas are higher than the fishing quotas recommended by marine biologists. That was even the case with the EU until 2014. Fishermen are also easily tempted to ignore the rules, because bringing home more fish means higher, quicker earnings, and in any event they can assume that everyone else will take care not to over-exploit the stock of fish in the sea. Economists are now recommending fish farming instead of fishing in the wild. Fish farmers also have an incentive to cultivate sustainably, because it’s their own fish they’re catching. This solution does have a catch, however – many fish farmers fatten their stocks using fish caught in the wild. ♦



Katherine McAuliffe: "Fairness is essential for human cohabitation."

# “You have to be able to afford fairness”

Interview: **Sacha Batthyany** | Photos: **Cédric von Niederhäusern**

**Where does our sense of fairness come from? And why do we often still behave more selfishly in everyday life than we like to admit? A conversation with the psychologist and “fairness expert” Katherine McAuliffe.**

*CREDO: Katherine McAuliffe, we often describe things in everyday life as being especially fair or unfair – such as in sports or in the working world. We associate fairness with “justice” (or a lack of it). Is there anything like a scientific definition of it?*

Katherine McAuliffe: Fairness is a concept that we find in many areas of our lives together. Humans are different from animals, not least in the extent to which we cooperate with each other. We’re actually always building communities of some sort or other, and we enter into connections with third parties to whom we are not related. The principle of fairness plays a big role in this. Personally, I’ve always concentrated on so-called distributive fairness in my studies. I investigate how resources should be distributed among people, and what principles, expectations and norms play a role in this.

*Fair distribution – that sounds very simple. At a children’s party, every kid wants a slice of cake. Anything else would be unfair and would pretty much trigger a screaming match.* True. And yet the birthday boy or girl is allowed to get the biggest piece. Or maybe even two pieces, right? There are different forms of distribution. There’s meritocratic distribution in which

those who work harder get more. If we both work in a team and you’ve invested more time in a successful project, then it would be perfectly fair if you get more money and more recognition than me. Then there’s distribution according to need, which says that those in greatest need should get more. But of course the notion of equality, according to which everyone gets the same slice of the pie, is the founding principle of fairness. It’s a benchmark and a good starting point – also for my research. Even small children are offended when they get less than others. Anyone with kids has experienced situations like that. We’ve all heard the phrase “that’s not fair.” But interestingly, children are sometimes also offended when they get more than others. As a rule, not everything that seems unfair at first glance is in fact unfair. You have to study how resources are distributed in order to assess fairness properly.

*This means that fairness always depends on social interaction. When we decide whether something is fair or not, it’s always in comparison with others.*

That’s right. Fairness is something deeply rooted in social issues.

*Is our sense of fairness something that separates us from animals?*

No, I wouldn’t go that far. There have been studies of certain monkey species that prove they do react when some of them feel they’re being treated worse than others. In the famous grape-or-cucumber experiment with capuchin monkeys, one monkey

was given a cucumber in exchange for a small rock, while a second monkey was given a grape instead. You have to understand that these monkeys go bananas over grapes. Another monkey had watched what happened, and when he was given a cucumber too, he went off in a huff. He rightly regarded the exchange as unfair.

*When we look at it from an evolutionary perspective, where does fairness come from? How did it develop?*

In my opinion, fairness is essential for human cohabitation and for the many forms of collaboration that we practice together. Our system of cooperation has been decisive for the success of humankind. But at the same time it's also a very fragile system, because there will always be those who are tempted to get out of agreements they've entered into. And that's regarded as unfair. Social connections need mutual mechanisms of control, and the concept of fairness is very important for this. That's how we humans developed our pronounced sense for recognizing situations as unfair. We can practically smell unfairness if we feel that we're at a disadvantage or that someone is cheating us.

*We humans obviously have a lot of experience of fairness. But that doesn't mean that we place an especially high value on it. The opposite would actually seem to be the case. In our society, it's the strongest who will prevail, not the fairest. We look after ourselves before we tend to others.*

I'm not so pessimistic about that. Look at the protests by the Occupy movement just a few years ago. They were a reaction

“Our system of cooperation has been decisive for the success of humankind. But at the same time it's also a very fragile system.”

to the unfair distribution of wealth in society and a public signal that people are very concerned about fairness.

*But those protests fizzled out. You don't hear about the Occupy movement anymore.*

It proved difficult to get the protesters' demands implemented. Nevertheless, it was a sign that people regard fairness as important. And it was a wake-up call to company bosses that they should start thinking about what constitutes a fair wage.

*Is the world we live in getting ever fairer, or does it experience setbacks?*

It's difficult to say. And as a psychologist, I'm perhaps not the right person to ask. Basically, you can say that the concept of fairness always also entails some other factor that's decisive. Probably no one would ever reject fairness in principle. But we behave differently in everyday life and maximize situations to our own advantage – at the cost of others. This discrepancy between wishful thinking and reality is something I've encountered time and again in my research.

*Can you give us an example?*

We just spoke about wages. I don't know the state of things in Europe in any detail, but in the USA there is still a big gap between what men and women are paid. It's still the case that women earn less for doing the same job. All surveys prove that everyone thinks this is unfair. But nothing changes.

*Why do we tolerate this unfair situation?*

Because if you act fairly, it's often at your own expense. And we're not always prepared to accept that. If I want to force everyone to get the same wage, then I might well be giving up my own advantage. And people shy away from taking such a step. In our studies, we've observed that one's own interests are often at odds with our general concept of fairness. Fairness is an idea that we all support, but we don't always adhere to it. In other words: you first have to be able to afford fairness – and be willing to afford it. This struggle between fairness and self-interest is always there when we make decisions. You can already observe it in children. In my studies, I give them an opportunity to get more candy than the other children. Sometimes they turn it down because they think it's unfair. But sometimes they agree to the deal.

*Are women fairer than men?*

My studies have shown no difference between the sexes.



## The candy test

When Katherine McAuliffe isn't researching in her lab in Boston, like here, you can often find her these days on children's playgrounds, looking for children to try out her fairness test – not just in the USA, but all over the world. Her basic question is to find out how children in the USA and Canada and countries like India and Uganda react to an unfair distribution of candy. And it can provide us with information about precisely when children start to develop a sense of fairness – and how fairness varies across different cultures and countries.

*Would you agree that fair people are better people?*

I find that statement too moralistic.

*We often encounter unfair situations in everyday life that don't affect us directly, such as a colleague being harassed in the workplace. Our sense of fairness ought to prompt us to show solidarity with them. But we often remain silent instead.*

I've also done research into that. We've confronted children with an unfair situation that had nothing to do with them. It was usually about an unequal distribution of candy among other children. We gave them the choice of intervening or closing their eyes to it. In order to make it a bit more difficult, we stipulated that every intervention would "cost" something. Every time they intervened, they would have to give back candy we'd just handed out to them. But the test results showed that children as young as six would intervene, even if it meant losing out on candy themselves.

*That's remarkable, because intervening also takes courage.*

*By declaring that something or other is unfair, you're going out on a limb.*

I also think it's remarkable. This sense of fairness is already pronounced in children. They don't just expect others to be fair to them, but they'll also intervene if others are treated unfairly. In other words: even small children are interested in cooperating fairly.

*Let's come to your own studies. In your experiments, you bring together two children of the same age, and offer them a different number of candies. You're testing their degree of fairness.*

That's right. We're researching into how children react to offers that are either fair or unfair. In our model, there's always an active child that's allowed to decide whether to agree to what's offered, and then there's a passive child that just sits in. If I offer

“Children don’t just expect others to be fair to them, but they’ll also intervene if others are treated unfairly. In other words: even small children are interested in cooperating fairly.”

both children the same amount of candy, then the child that can decide generally finds the deal fair and accepts it. If the active child is given less, then even at the age of six it will shake its head – just like the capuchin monkeys react if they’re given a cucumber when another monkey is given a grape. Things get more interesting when I give the active child more. Let’s imagine it gets four candies, while the passive child gets only one.

*Surely it’ll take all four!*

That depends. At about eight years of age, our behavior changes. Children begin to reject the offer. They don’t want to get more candy than the others because they feel it’s unfair.

*They have a guilty conscience.*

You can see how they spend a long time pondering their decision. There’s an inner conflict.

*That means: the older you get, the more you develop an understanding for others?*

The older we get, the more we want to protect not just ourselves, but also others from unfair treatment. We develop a more or less universal view of fairness, and reject one-sided deals, regardless of whether they affect us or others.

*Are we born fair, or do we learn to become fair?*

It’s a combination of both. And it depends what kind of fairness you’re talking about. In my opinion, this very basic sense of fairness that emerges when we get less than others is in fact determined biologically. The other type of fairness – the fact that we don’t like getting more than others – tends to be culturally determined.

*You’ve carried out your experiments in different countries.*

*What were the results?*

We have tested children in the USA, in Canada, Mexico, Peru, Uganda, India and Senegal. In every country, children were dissatisfied when they got less than the others. But only the children in the USA, Canada and Uganda also found it unfair to be given more than the others.

*What does this mean? Why these three countries?*

That’s a difficult question, and there’s no clear explanation for it. In general, one might perhaps say that feelings about injustice are better anchored in the culture of the USA and Canada. But why would children in Uganda also find it unfair to get more than others? Perhaps because we tested children in areas where a lot of Westerners work as teachers. They might have had an impact on the children’s behavior.

*So is fairness something that is characteristic of Western societies? Is our sense of fairness allied to the Christian precept of loving our neighbor?*

No, I wouldn’t say that at all. Children in other cultures will surely also find it unfair if they get more than others; it’s just that we’ve not come across them in our tests as yet. Just what role is played here by religion is an exciting question that we want to investigate in future tests. We still don’t have any data for that.

*You said before that we have to be able to afford fairness.*

*Could it be that children from wealthy countries are more willing to give up four candies because they’re getting candy all the time anyway? Whereas poor children would tend to seize the opportunity because they’ve got less in general? The German dramatist Bertolt Brecht once wrote: “First comes the belly, then morality.” In this sense, then, you could say: Fairness depends on having first eaten your fill.*

You are suggesting that taking the noble course and rejecting the candy could be allied to your status. But in fact, our findings show something different. We once conducted our tests in

India with brightly colored American candies, and another time with peanuts. If your assumption were correct, then we would have noticed a difference. The children would have reacted differently to the peanuts and the candies, rejecting the first and probably accepting the latter. But that didn't happen. Status had no impact on fairness. Instead, we should be asking where the children learned to behave in the way they do.

*From their parents perhaps? On playgrounds today, you can hear every five minutes how parents are desperately trying to train their children to act fairly, whenever they have to share a shovel in the sandbox.*

I have a little boy who's three years old and is only just getting used to social rules. I believe that our influence as parents is less than we would like it to be. And I say this as a mother myself. My son is certainly not thinking: "I will behave fairly now because my mother wants me to."

*So what is it?*

Here, too, it's probably a combination of things. Children do mimic the behavior of their parents, but mostly that of their peers. Kids tend to put themselves at the center of things. That's why it's so important to make sure they have contact with other kids from an early age. Their first social interactions are all about overcoming these rather self-absorbed tendencies. There's been a very interesting study about sharing. Kids were given the choice of whether to share their stickers or to keep them for themselves. Most of them pretended to share, but when it actually came to handing them over, they kept them after all. So they know that they are supposed to act fairly, long before they actually do it.

*Is the cliché true that children without siblings are worse at sharing because they don't learn it right from the start? Or, to put it another way: Are only children less fair?*

No. When such children come into contact with others at an early age, they're often more popular in groups because they are more willing to compromise. That's been proven in tests. It's easier to share when you don't have to do it all the time, but can decide to do it voluntarily. ♦

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Sacha Batthyany is a journalist and author for the "NZZ am Sonntag".



### Katherine McAuliffe

is an Assistant Professor in the Department of Psychology at Boston College. Early on in her academic career she began to investigate the development and evolution of cooperation in humans, and what expectations and norms play a role in it. Her research findings on fairness in children have been published in renowned journals. Besides her tests with children, McAuliffe has also worked a lot with animals and studied the behavior of dolphins, capuchin monkeys and dingoes.

# Still poor, but happier

Text: Clemens Bomsdorf | Photos: Raphael Zubler



Juha Järvinen with his children. He's taking part in an experiment to test the universal basic income.





The yard outside the window where the unemployed Juha Järvinen waited for the letter promising his basic income.

**Since early 2017, 2000 unemployed people chosen at random in Finland have been receiving 560 euros from the state each month. They don't have to do anything in return. They're the test subjects in an experiment to assess the impact of a universal basic income. Its goal is to bring about a greater degree of fairness, and a higher level of employment. If you pay a visit to the Finnish recipients, they'll tell you that the money motivates them more than the classical social transfers.**

The window through which Juha Järvinen saw his happiness arrive could hardly be more Finnish. It's a wooden, white, gridded window and is set in an outside wall clad in dark red wooden laths. It was here, on a late December morning in 2016, that this father of six stood looking out, waiting for the postman with a sense of excitement just like one of his kids when their birthday comes around.

He lives in what used to be an old village schoolhouse in Kurikka in western Finland. It looks out onto a wide stretch of ground, beyond which there is a meadow dotted with gymnastics equipment on one side, and an outbuilding and a street on the other sides. Back then, everything was covered in snow. "I knew that the letter from the social insurance institution Kela could arrive that day, so I came to the window to be able to see the postman straightaway," says Juha. As is usual in northern Europe, everyone here is on first-name terms. But Juha – a slim-built man in his late thirties – by no means fits the cliché of the reserved Finn. In fact, he's very chatty and forthcoming. Juha also knew that only 2000 out of a total of 200 000 unemployed people would get such a letter. It said that they'd been chosen for the basic income experiment and from now on would receive 560 euros every month, for the next two years. That's roughly the same as unemployment benefits, but the basic income comes with no strings attached. In other words, they can keep it all, even if they earn money on the side, or even if they get a



Juha (left) was lucky: he was chosen to receive the basic income, unlike his friend Mikki Paajanen (right). Mikki is a little envious, but he's happy for Juha.

full-time job. Unlike the classical forms of social welfare – such as unemployment benefits – it isn't offset by any other sources of income earned. In this sense, it's rather like child support allowances – which the recipient of the basic income can still continue to draw, along with any housing allowance.

When the postman finally came toward 9 a.m., it only took a few minutes for Juha to find out that he was one of the chosen 2000. "I ran to the mailbox and found an envelope from Kela," he says in English, speaking in the monotone pitch that's typical of the Finns and that robs his speech of any sense of heightened enthusiasm. Nevertheless, he searches for the right words and adds: "I felt very ... yes, I was very happy."

### **An opportunity for a much-discussed idea**

For Juha, the amount of the money wasn't and isn't really decisive; it's the principle of it. It would make it worth his while to work for even just a few days each month, and all nerve-

racking form-filling would be a thing of the past. According to Olli Rehn, the Minister of Economic Affairs in Finland, the basic income could reduce both unemployment and bureaucracy. It has supporters and opponents across the political spectrum. The former group includes economists such as Thomas Straubhaar and the Nobel Laureate Joseph Stiglitz. While liberals believe that the prime benefit lies in reducing bureaucracy and increasing the labor supply, left-wing adherents claim that the basic income is one of the few remaining opportunities to achieve fairness in society, given the ever-greater income disparities between rich and poor. Some supporters even insist that the basic income should be set considerably higher than the 560 euros offered in Finland. The opponents of the idea – such as the German philosopher Julian Nida-Rümelin and some Finnish labor union officials – have different reasons for their antipathy. These include doubts about the financial feasibility of the scheme, and fears that people might end up selling their labor cheaper than before.

Juha has looked at quite a number of these different arguments. After all, this state-financed basic income has become a big topic of debate in Finland. It was already a much-discussed idea on the international scene when the current coalition of liberals, conservatives and right-wing populists was formed in 2015 and decided to give it a chance. “I’ve always been interested in what motivates people,” says Juha.

In his case it was never money – that doesn’t interest him. But this isn’t a reason to misjudge him – even if outwardly he seems a cross between a hippie and an urban hipster. He is quite insistent: “I’m very liberal and I approve of capitalism. But it needs rules to protect the weakest.”

Juha certainly doesn’t belong among the weakest of the weak himself. He completed his training in the plastics industry, speaks pretty good English and managed to fund his own lifestyle and contribute to the family income for many years by doing various jobs ranging from postman to butcher. He even owned a company and produced historical wooden window frames. But it went bankrupt. It was probably because Juha is full of ideas and a good craftsman, but never liked the financial side of things and so let that slip. He tells us that he had mental health issues after that, felt trapped in the unemployment system. Luckily, he has his wife Mari, a nurse, who did the most to support the family financially.



Juha works with a digital camera and a drone, but still uses chalk on a blackboard to devise his business strategy.

## New business concepts

The experiment with the basic income brought him a ray of hope. The company bankruptcy, a failed property investment and almost six years of unemployment had left him pretty frustrated and depressed, says Juha. Today, just over a year later, he’s bubbling with ideas, and he comes across as extremely positive, without seeming overly euphoric. “The basic income gives me the freedom to be creative, to think out business ideas and to tackle them. Together with friends, I’m planning an ‘ArtBnB.’ We want to take in guests and offer them the opportunity to carry out artistic work for a while here in the Finnish countryside.” In the outbuilding hangs a board with a list of which friends are due to take on which marketing tasks. There’s already a website for [www.artbnb.me](http://www.artbnb.me), and the venue is also on hand – a near-empty, but light and airy building just a few miles from Juha’s house.

We drive there in his yellow van that has space enough for his family of eight. Until a few years ago, the building housed the local branch of the University of Seinäjoki, the next biggest town. “Now they hardly use it and it costs the local council a lot. Creative businesses could establish themselves here. I want to find a big company to sponsor it,” says Juha. There’s also space for ArtBnB studios there. Inside, the walls are wood paneled, and thanks to high ceilings and a lot of light, it comes across as a very generous space. But to get the support of a billion-dollar corporation will take a lot more – not least a good marketing campaign. The film for that is something Juha wants to produce himself. After all, filming is his passion – and another of his business ideas. To this end he’s brought a drone along today. The building is set amidst the wooded Finnish landscape, and he flies the drone over it to make an aerial video. At the beginning of the year he was in Senegal for a film assignment. He has earned most of the money for his technical equipment from yet another job – he uses wood and reindeer skins to make richly decorated, oval hand drums that he sells for several hundred euros a piece on the handicraft website “Etsy.” Thanks to the basic income, he can now do things with ease that would hardly have been worthwhile before now, because any extra money earned would quickly have led the state to cut his benefits. “With these drums and a few other jobs, I’ve recently been able to earn roughly an extra 1000 euros a month,” he says.

## The limits of the experiment

The 2000 Finnish recipients of the basic income were chosen from all over the country. Experts such as the social scientist Johanna Perkiö of the University of Tampere would have liked to see a bigger test group. “With the present model, we’ll only



Two parents, six kids who're as fun-loving as they are polite, three sheep and a dog live an unconventional life together in this former village school in Kurikka in western Finland.



Tuomas Muraja, who's getting the basic income, along with his wife Rosa Meriläinen and their lap dog in their apartment in Helsinki.

be able to draw very limited conclusions,” she says. “But other countries will still be able to learn from how it was designed.” The scientific assessment will only be made after the end of the test phase. At present, she says, its individual examples can only give an impression of how some people might change their behavior when they are given a basic income.

Juha knows of a woman in Vaasa who's getting the basic income – that's just over an hour away by car. Otherwise he knows no one nearby who had the same luck as him. But there are a few people here who are sincerely happy for him. Mikki Paajanen is a good friend of Juha's – they even dress alike. Mikki is a few years older and has been unemployed for a similar length of time. He taught at the local university here until it closed. He receives unemployment benefits, not the basic income. “Of course I'm a bit envious of Juha, but I'm happy for him.” If Mikki had his way, the experiment would become an everyday reality. If everyone were given money by the state, they could live and work in a more relaxed way. That would only be fair, he thinks. Those who already have enough money should rather pay back the amount to the state via higher taxes, he says – which is roughly what most scientists and politicians are also saying.

Rosa Meriläinen was a politician herself until a few years ago. She was a member of parliament for the Finnish Green Party, which has long campaigned for the basic income. Even if there are still no official results from the experiment, Rosa has been able to experience at close quarters what 560 euros a month, no strings attached, can do for a jobseeker. Her husband, Tuomas Muraja, 44, is also one of the 2000. They live with their two children in an old apartment building in Helsinki, just around the corner from Parliament. As a former politician, Rosa's first concern is to look at the bigger picture. Just like Johanna Perkiö, she also thinks that “the experiment is meaningful, but the number of participants is too limited for us to draw really concrete conclusions from it.”

### Far less bureaucracy

Perhaps a lot more would change, thinks Rosa, if it weren't just a few individuals who were getting the money. She can see its impact on her own husband, now that he's no longer compelled to write job applications just to get a little money. “You feel more secure and prefer to take the initiative,” she says. Tuomas agrees. He used to be a journalist; some of the things he had to do as an unemployed person were absurd, but that changed with

the advent of his basic income. “There were compulsory courses to learn how to write a CV. And yet I used to teach that kind of thing myself,” he says. Tuomas is using his basic income to enable him to earn a little more money on the side, from lectures and the like, and he can now do this without losing out on his money from the state. Recipients of unemployment benefits in Finland only have limited possibilities for earning extra money. But what bothers him even more is the bureaucracy bound up with it. Before, he had to inform the authorities of every little bit of extra income that he earned. “If the state cuts back on red tape, then it can do more to help those who really need intensive support,” he says. And he’s been far from lazy in the little more than a year since he started getting his basic income. He has continued sending off job applications, even though the state no longer demands it. “I’ve written 50 applications, because I would prefer to have a proper job again,” says Tuomas.

Back in western Finland, Juha isn’t quite as eager to find something permanent again. He prefers being his own boss, he says, because it gives him more opportunities to be with his family. That’s more important to him than earning a very good wage. At present, his family of eight has roughly 3000 euros a month, after deductions. Besides his basic income, that includes what his wife Mari earns as a nurse, and the child support allowances that they get for Armi, 16, Akseli, 14, Elias, 13, Ruut, 11, Luukas, 10, and Aamos, 5. His unemployment benefits were a little more than the 560 euros he now gets. But he’s now earning on the side, and even after investing in his film business he still has roughly as much (or as little) as he did a year ago. “We’re poor, but happy,” he says.

It’s only since that letter from Kela back in December 2016 that Juha has felt so positive. Before that, jumping through all the bureaucratic hoops to get his unemployment benefits used to drain him of a lot of energy. He had to keep writing job applications, even though they were always unsuccessful, and then there were the forms he had to fill out if he earned anything on the side. “You were always doing things that made no sense. It was as if someone were to say to you: ‘You can only get money if you do something. So run around the house 50 times.’”

### A license for independence

Politicians and the authorities naturally have their grounds for hesitating to give money for nothing to the unemployed. But Juha doubts their reasoning. If you lose your job, you’ll want to take out a year at most, he feels. “But after that, you’ll want

### Finland and the basic income

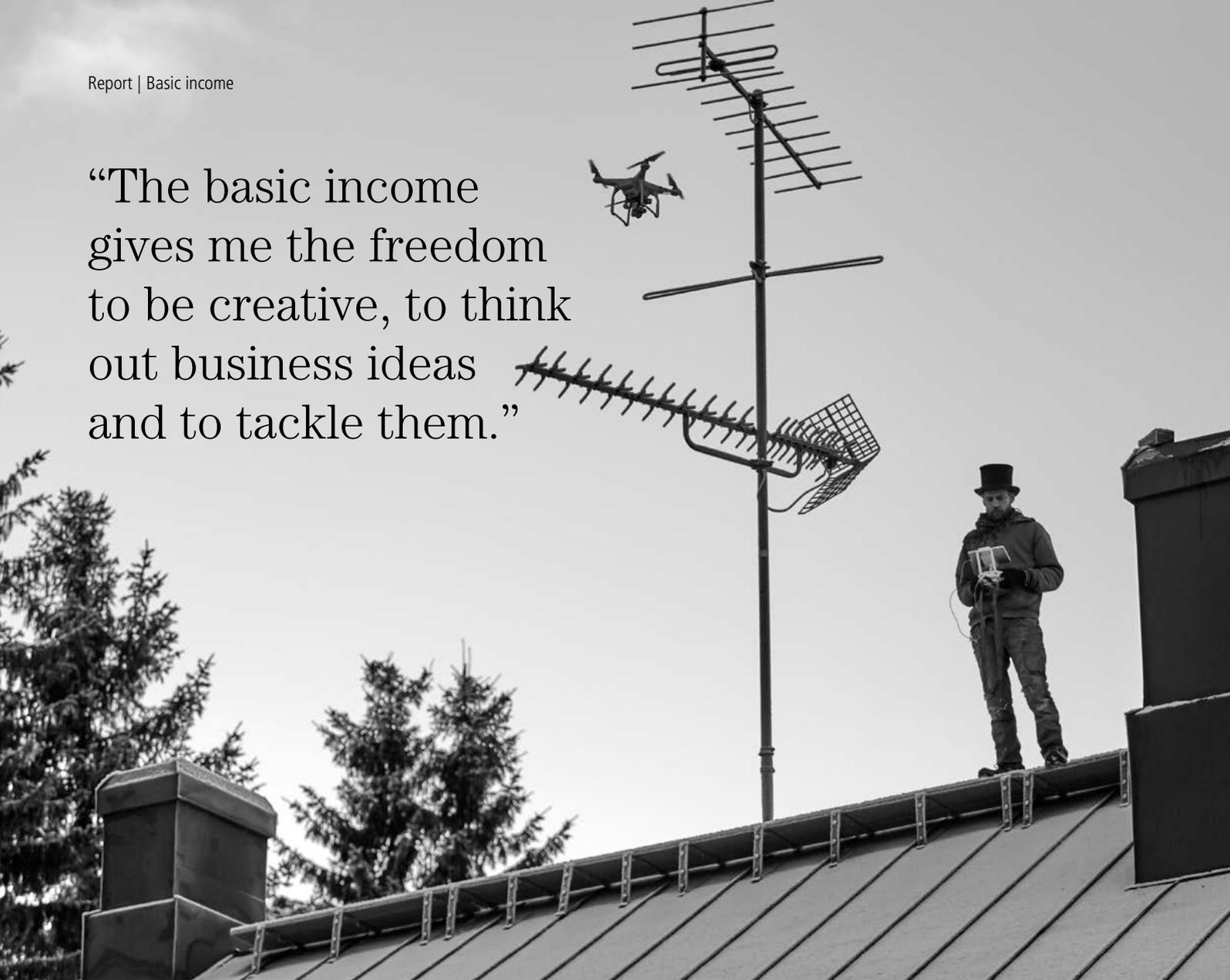
For decades, northern Europe has been a source of inspiration when it comes to organizing the welfare state. Until now, scientists and politicians alike have focused mostly on Denmark and Sweden. But since 2015, Finland has overtaken them both, at least to a certain degree. And it’s thanks to a single topic: the universal basic income.

When the newly elected prime minister Juha Sipilä – a successful businessman – announced that they were going to test the basic income among their population of 5.5 million, it generated a lot of interest. So much interest, in fact, that numerous foreign media outlets reported how Finland was about to introduce a basic income for everyone. But there can be no talk of that for a long time yet. What’s currently running is a test phase that will continue until the end of 2018. But it’s interesting all the same, not least because this much-discussed idea is being tested across a whole country.

Since the beginning of 2017, 2000 unemployed people have been paid 560 euros every month, with no strings attached. The idea is as simple as it sounds. Instead of engaging in laborious assessments to see who is entitled to receive unemployment benefits, housing allowance, welfare benefits or other state financial aid, each citizen is simply given the same amount every month. “So it’s completely irrelevant whether he or she is really in need,” says Olli Kangas, who set up the basic structures for the experiment at the social insurance institution Kela. He would gladly have involved more people. If they wanted to measure the impact of giving state money to every citizen, it would have been closer to reality to have a bigger test group, and especially one that was more heterogeneous. So the Finnish experiment cannot offer any examples of how people in low-paid work might change their behavior when they are certain of getting a few hundred euros a month. It is possible that there might be a wage-dumping effect. Furthermore, it’s unclear how it would be funded. The idea is to finance the basic income from higher taxes among those who don’t need it to get by.

But Finland has at least achieved one thing even before the two-year test phase is over and assessed: this universal basic income has become a matter of major international debate. Probably not since Nokia was the world’s biggest mobile phone company has the rest of the world been so focused on Finland.

“The basic income gives me the freedom to be creative, to think out business ideas and to tackle them.”



Juha Järvinen tops up his basic income by filming and doing other odd jobs.

to do something again. Some 95 percent of people who get the basic income want to work, and will work. They can achieve a lot. But instead, we're always debating the other 5 percent who are maybe just lounging on their sofa." Tuomas and Juha both believe that having fewer rules would train people to become independent, and lead to better results. Juha has demonstrated this fact using the example of his six children. The four boys spend a lot of their day on their mattresses – but not lounging around on them. No, they line them up as floor padding for their gymnastics exercises.

They start their run-up right next to the window where their father waited so wistfully just over a year ago. Then they do handsprings and flips through their adjoining bedroom. A few hours later, they pull the mattresses onto a giant trampoline in the corner and lie down to sleep on them. "There's just one

rule for the kids: that there's no rules. Well, they have to go to sleep, but otherwise they're free," says Juha. He supports his children and allows them to show their weaknesses. That's probably why they're so self-assured, without becoming reckless. "If they go climbing, I tell them that the bravest one isn't the one who reaches the top of the tree, but the one who admits that he's scared," says their father. His family briefly achieved a little fame in Finland thanks to a YouTube video showing how unafraid his kids are. The clip is called "Ei saa!" ("Don't do it!"), and it shows how children become more independent when they aren't being held back. Perhaps it's the same with adults when they get a basic income. ♦

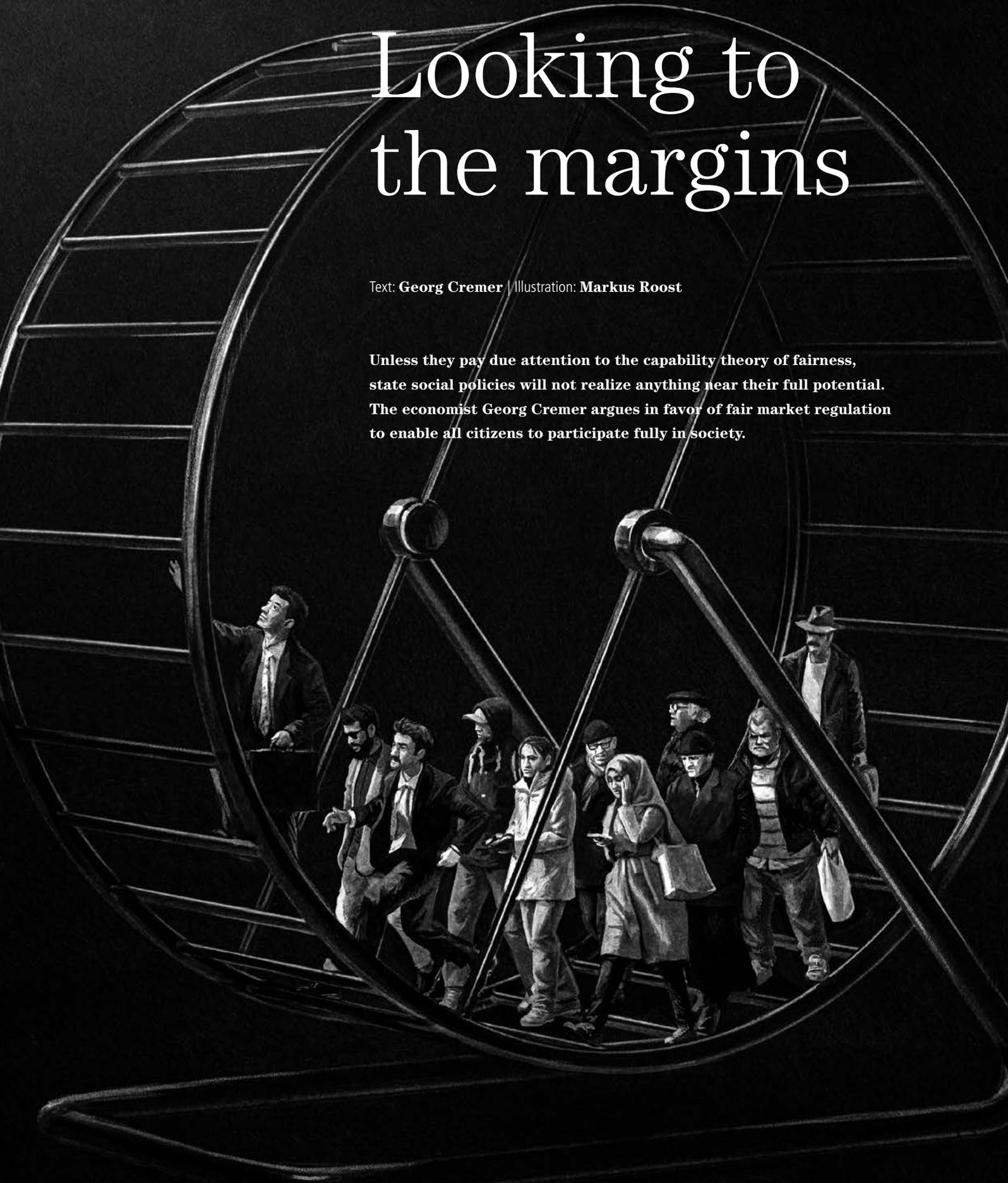
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Clemens Bomsdorf is the northern Europe correspondent of assorted publications, and a member of weltreporter.net.

# Looking to the margins

Text: **Georg Cremer** | Illustration: **Markus Roost**

**Unless they pay due attention to the capability theory of fairness, state social policies will not realize anything near their full potential. The economist Georg Cremer argues in favor of fair market regulation to enable all citizens to participate fully in society.**



“A policy that aims to ensure the efficiency and political acceptance of the social market economy has to ask how citizens might be supported where necessary, so that they can unfold their potential and lead a self-sufficient life.”

Everyone these days is talking about fairness. But people rarely say just what concept of fairness they're referring to in any particular situation: equal civil rights, transactional justice, meritocratic justice, equality of opportunity or distributive justice. And one dimension is often completely absent here: the capability approach.

This concept of “capability” essentially originated with the Indian-American Nobel Laureate in Economic Sciences, Amartya Sen. Sen sees development as a process of expanding real freedoms. Access to resources and income is a basis for giving people options for action, but above and beyond this, people need to be capable of realizing such options. Of particular importance are cognitive and social skills, the ability to engage in productive work and to cooperate with others, as well as being able to bring one's own interests into the democratic discourse. These capabilities are distributed in very different ways. The capability approach is focused on expanding people's opportunities for self-realization, and on providing spaces for freedom of choice and participation. It places every person's potential at

the center of things, emphasizing that in order for individuals to fulfill themselves and realize their abilities, they need certain basic conditions that they can't provide for themselves: a family that appreciates them, a stimulating social sphere, a healthy environment, a political system that ensures their rights, and an open, high-quality education system.

### **Inclusion through professional integration**

The capability approach to fairness helps us to formulate a criterion that we cannot omit when evaluating the efficiency of state social policies. The actions of the social state should be geared towards enabling the individual to lead an independent life in solidarity with others.

Why should those who defend the social market economy put a greater emphasis on the capability approach? Because a liberal societal order depends on the consent of its citizens. If a number of them are permanently excluded from participating in society and from enjoying its economic and cultural achievements, then this can undermine the legitimacy of that order.

One of the prerequisites of a market economy is the inclusion of citizens in its markets so that they might lead a self-determined life. For most citizens, this means having access to the labor market. This is why – wherever possible – they should be included or integrated (or reintegrated) into the market. For this to happen, the citizens are dependent on a market order that is free of discrimination. But this can be made more difficult, for example, if certain professional options are closed off to them because they lack the necessary connections or come from the “wrong” social background, even if they possess good qualifications. Naturally, the right of participation applies to all citizens, even if they cannot be productive according to the logic of the market.

Not even well-organized competition can guarantee the inclusion of all citizens – especially not their access to the labor market. If people lack the necessary prerequisites for this, it is not enough to argue that they nevertheless have access rights, if those rights are equal only in a formal sense. A policy that aims to ensure the efficiency and political acceptance of the social market economy has to ask how citizens might be supported where necessary, so that they can unfold their potential and lead a self-sufficient life.

## The courage to create a social labor market

Putting the capability approach in the driver's seat for social policies means translating it into a form of action that is suited to dealing with everyday issues. And this will imply undertaking tough reforms. We need to loosen considerably the close connections between social origins and educational success. It will also mean challenging labor market policies. Those who don't manage to get on the labor market ladder the first time must also have a right of participation. It would be good if we had enough courage to create a social labor market. While the safety net of the welfare state is in principle well developed, it often only takes effect after problems have become entrenched. The welfare state is often its own worst enemy, because it would be better if it were geared to preventing social hardship and to developing the capabilities of its citizens.

Whoever wants to defend the social market economy effectively must not fall back on the argument – however well-founded it might be – that this economic system helps to secure our prosperity. We also have to look to the margins, to those who fail in our education system. To those who, despite their hard work, are unable to find success in a growing service industry that is devoid of trade unions. And we must look to those who are officially deemed self-employed, but work for a number of companies with insufficient social protection. If we declare that none of this concerns us, then we're leaving the field open to those who would gladly proclaim such notions an "attack on capitalism" (though those same people remain very vague when asked to suggest alternatives). That would not be conducive to holding an enlightened debate about the foundations of our prosperity, or about the organization of our economy. The social market economy has to prove itself at the margins, too.

## Fairness instead of exploitation

I shall close here by telling a story from personal experience. I am in close contact with a family that emigrated to Germany. Through hard work in the cleaning business, the parents managed to achieve a modest degree of prosperity. All the children have successfully completed a vocational training. Theirs is one of many stories of successful integration. Meanwhile, their material wealth also includes owning their own home, thanks in part to a lot of hard work on their part, and to a loan from the local savings bank. The mortgage was taken out before the financial crisis at an interest rate of 4%. The agreement included a risk

premium for the right to pay off the debt outside the prescribed repayment schedule, during the period of the fixed interest rate. But the parents hadn't understood this. So they kept on paying their high interest rate long after a time when the bank – so one can presume – had refinanced the loan at cheaper terms on the capital market. But even when one of their daughters asked the bank at a late date whether the loan could be renegotiated, she was assured with honeyed words that the bank was prepared to offer her parents a fresh loan at a very cheap rate once the fixed-interest period had expired. I learned of this almost by chance. Only when I wrote a letter on behalf of the couple did the bank offer a replacement loan at a much lower rate. I fear that many people who are less well-informed or are marginalized have experienced similar things. The mainstream middle classes are generally spared such problems. So should we be surprised if those on the fringes come to believe that the disrespect and exploitation they endure are in fact innate characteristics of the market economy? Fairness has to become an essential aspect of the social market economy. ♦

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Georg Cremer was born in Aachen in 1952. After taking his postdoctoral "Habilitation" in economics, he worked for Caritas for 27 years: from 1990 to 1999 he was an advisor and head of division for disaster relief in Asia and for social programs in Eastern Europe, and from 2000 to 2017 he was General Secretary of the German Caritas Association. Cremer is an adjunct professor at the University of Freiburg im Breisgau, he writes for daily newspapers on topics of social justice, and in 2016 C.H.Beck published his polemical book "Armut in Deutschland" ("Poverty in Germany").



# A “golden bridge” for Liechtenstein

The encounters between Emperor Napoleon I of France and Prince Johann I of Liechtenstein were marked by recurrent, savage battles. Nevertheless, these two men were able to develop a relationship based on trust that had a decisive impact on the course of history. It is also thanks to them that the Principality of Liechtenstein will be able to celebrate its 300<sup>th</sup> anniversary in the year 2019.

Prince Johann I is of particular interest in this regard. He participated in the wars against France that were waged by the European Allies, and he also played a fundamental role in the peace negotiations. At the Battle of Austerlitz on December 2, 1805, Prince Johann was able to avert the worst, but was unable to turn the battle to the Allies' advantage. The victorious French later boasted how they melted down 180 cannon captured after the Allies' disorganized retreat, using them to cast the victory column for the Place Vendôme in Paris.

Given this hopeless situation for the Austrians, Emperor Franz was urged to meet with Napoleon. Prince Johann I was accordingly sent to the latter's headquarters on December 3. The monarchs themselves met the next day, at a mill situated between Uhřice and Násedlovice near Brno. “Our Emperor had a meeting with Bonaparte. You cannot imagine a more impressive moment. Bonaparte behaved very well, he was extremely polite and obliging; they parted in friendship ...,” wrote the eyewitness Prince Moritz von Liechtenstein to his brother. Only Prince Johann also took part in the negotiation. Napoleon offered an armistice without any territory to be ceded, but with several conditions attached. According to Oskar Criste, Prince Johann's biographer, the Prince seems to have made the best impression on the French Emperor. Criste quotes Napoleon as saying: “How can one let idiots and schemers conduct business when one has men as excellent as him?”

The oil sketch by the French painter Pierre Paul Prud'hon shows this meeting (the Princely Collections also hold one of the preliminary pencil sketches). The work was originally intended for the Galerie de Diane in the Tuileries, but the competition for

the commission was won instead by Antoine-Jean Gros. In 1809, Prud'hon was commissioned to paint the scene for Napoleon's salon in the Palais du Luxembourg, and our picture is a smaller version of that work.

In Brno on December 10, 1805, Johann I and Napoleon had an initial conversation about a peace agreement, and the Peace of Pressburg was signed 16 days later. This meant that Austria lost some of its territory. In early 1806, Emperor Franz honored Prince Johann's services by awarding him the Habsburg family Order: “Receive herewith the Order of the Golden Fleece, which I award to you as a well-deserved mark of my gratitude and my special esteem for you,” wrote the Emperor.

Nor did subsequent events on the battlefield undo the basis of trust that had been established between Prince Johann and Napoleon. According to Archduke Karl, it was Prince Johann who was responsible for winning the Battle of Aspern for the Austrians in 1809 – despite losing several horses, and even receiving a sabre blow on the rim of his helmet. But this victory was illusory, for Napoleon beat the Austrian Army at Wagram in early June, and on October 14, 1809, he compelled the Austrian Empire to accept the Treaty of Schönbrunn.

The events that were so significant for the House of Liechtenstein in fact occurred far from the battlefield, however. On March 24, 1805, after the death of his elder brother, the right of succession to the House of Liechtenstein fell to Johann, which made him sovereign of this little principality on the banks of the Rhine. At the time, it was just one of numerous small states in the Holy Roman Empire of the German Nation. One year later, that Empire was annulled by Napoleon and many of the smaller principalities were handed over to their larger neighbors. This was to consolidate the hegemony that France had meanwhile attained in Germany as a result of Napoleon's victories. In July 1806, 15 delegates of the German princes signed the Treaty of the Confederation of the Rhine and declared their withdrawal from the Holy Roman Empire.

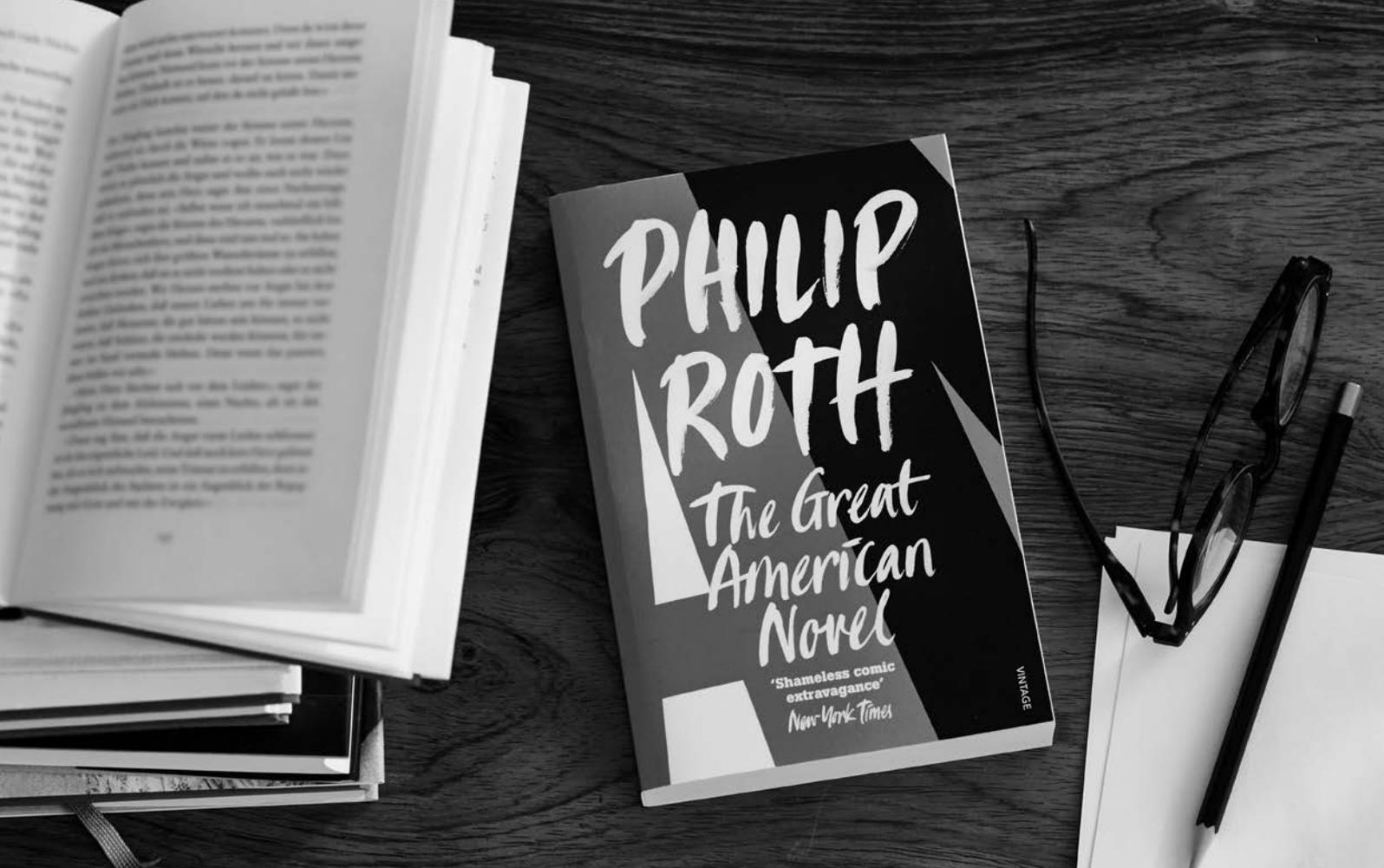


Napoleon only allowed one of the smaller states to survive, accepting it as a sovereign country in the Confederation of the Rhine: the Principality of Liechtenstein. It was not least a gesture of fairness toward Prince Johann I, whom Napoleon admired for his military abilities. Interestingly, Johann I neither left the Empire nor signed the Confederation Treaty. Napoleon had constructed for him a metaphorical “golden bridge” out of a tricky situation. He knew of Liechtenstein’s fidelity to the house of Habsburg, so he included a clause that allowed all those who had been in the service of others to abdicate in favor of one of their children. Thus Karl Johann, born on June 14, 1803, was

appointed the nominal regent. As his legal guardian, his father was able to declare his country’s entry into the Confederation of the Rhine without actually signing the Treaty. The Principality thus became the 16<sup>th</sup> member of the Confederation, but retained its independence as a sovereign nation, as was later confirmed at the Congress of Vienna in 1815. ♦

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Dr. Johann Kräftner is the director of the Princely Collections of the House of Liechtenstein and from 2002 to 2011 was director of the LIECHTENSTEIN MUSEUM, Vienna. He is the author of numerous monographs on the history and theory of architecture.



# A sporting embodiment of civilization

**T**he *Great American Novel* is a well-nigh magic slogan signifying a novel that somehow encapsulates everything about the USA. A kind of modern national epic. Granted, it is a myth, an ideal, something that no living author made of flesh and blood could possibly write. It's only a notion in people's heads, nothing concrete or real on paper. Unless, of course, there's an author so cheeky that he would dare to make it the title of an all-too-human novel of his own. And indeed, there is just such an author: Philip Roth. And since his *Great American Novel*, no one can deny that this is precisely what he wrote (though we should note that he by no means had first rights on that title; the first-ever novel named thus appeared back in 1923; there was another 15 years after that; and in the year 2000 it was even the title of an autobiography).

But if a novel calls itself "The Great American Novel," then it should surely have something quintessentially American about it. And that is indeed the case with Roth, whose novel from 1973 is all about baseball – the national sport of the USA. But as is already hinted in the title, the whole book is actually something of a travesty. And this is why baseball in Roth is more

a product of his imagination than something that we could read about in the history books.

## The end of fair play

"The Great American Novel" tells of a baseball team that no one wants to know about anymore. It's as if it had never existed. So is this book simply a large-scale historical forgery? That's what the highly unreliable narrator of the book himself claims – a man with the eloquently appropriate name of Word Smith. In his best years he was the chronicler of the legendary Patriot League, the third of the great American baseball leagues. What, you've never heard of the Patriot League? Nor of the Ruppert Mundys, the legendary baseball team? Word Smith would declare that it's a scandal you haven't, and that it merely proves how all trace of one of the noblest baseball teams of all time has been systematically expunged by slanderous posterity.

Luckily, Word Smith won't be silenced so easily, and so in "The Great American Novel" he tells us of the Ruppert Mundys' fate – a baseball team deprived of its home stadium in 1943. The reasons for this were perfectly patriotic; it was needed as an

embarkation point for the young draftees about to set off and liberate Europe from fascism. From that day on, the Ruppert Mundys could only play away games. This was a great injustice that weighed heavily on General Oakhart, the president of the Patriot League. “By sanctioning an arrangement wherein twenty-three major league teams played at least half of their games at home, while the Mundys alone played all one hundred and fifty-four games on the road, Organized Baseball had compromised the very principles of Fair Play in which the sport was grounded; they had consented to tamper with what was dearer even to General Oakhart than the survival of his league: the Rules and the Regulations.”

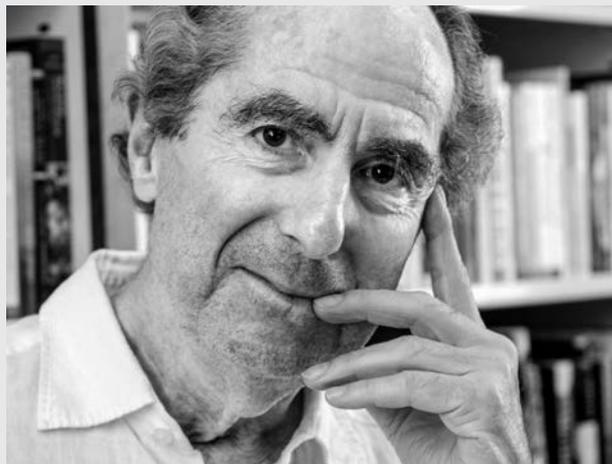
### Baseball as religion

And yet the Ruppert Mundys embody everything that Americans love about baseball, even to the point of worship. Word Smith repeatedly tells us how baseball is the religion of the USA. This religion is about winning and losing, but also about fairness. Without fair rules, every victory would taste stale and dull. It's the rules that make baseball an embodiment of civilization. This is why General Oakhart's public speeches return to them time and again: “Boys and girls, take away the Rules and the Regulations, and you don't have civilized life as we know and revere it. If I have any advice for you today, it's this – don't try to shorten the base paths in order to reach home plate faster and score. All you will have accomplished by that technique is to cheapen the value of a run.” “Justice ain't shit!” cries one of the Ruppert Mundys: “What they are doin' to us ain't fair!”

### With spears against the rules

Their manager bears this even in his name: Ulysses S. Fairsmith. He introduced baseball to Japan and to Africa. But during his baseball mission to Africa, he had to watch how the Africans loved to reach first base with a dramatic slide, even when it wasn't at all necessary. These senseless slides angered him so much that he promptly forbade them. But he didn't know his newly converted young baseball disciples well enough, who came at him with their spears. “They were going to eat him because he had decided to add to baseball a rule of his own devising, a rule that did not really exist.” Baseball was “a sacred institution. And who was he, who was anyone, to forbid sliding into first when not even the Official Playing Rules Committee of the three leagues forbade it? The natives were right and he was wrong, and being the man he was, Sam Fairsmith told them so.”

With the obsessive ardor of a true fan, Philip Roth's highly playful, often almost goofy novel tells us about the world as if it comprised only baseball. ♦



### Philip Roth

Philip Roth was born in New Jersey in 1933. He will probably go down in history as the writer who never won the Nobel Prize – despite having earned it perhaps more than any other author. His sarcastic insights into human nature, his verbal wit and frequent autobiographical masquerades are what mark out this born storyteller. Philip Roth is to the novel what Woody Allen is to the movies. Roth has turned the East Coast Jewish intellectual, obsessed with his own sexual neuroses, into a classic character. Roth became famous in 1969 with “Portnoy's Complaint.” It became a bestseller, but at the same time it triggered a fierce debate as to whether it should be classed as pornography. Roth stayed true to his chosen subject, but at the same time he mapped out a broad panorama of American society and history, culminating in his masterpiece “The Human Stain” in 2000.

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Ijoma Mangold is in charge of literature in the arts section of the weekly newspaper “Die Zeit” and has won the Berlin Prize for Literary Criticism. He has co-hosted the literary program “Die Vorleser” with Amelie Fried on ZDF (the second German TV channel) and is a member of the quartet of critics featured in the TV program “lesenswert quartett” on SWR TV in Germany. In August 2017, Mangold's debut novel was published, “Das deutsche Krokodil. Meine Geschichte” (“The German crocodile. My story”).

# “The free market should also be fair”

Recorded by: **Adrian Roost** | Photo: **Julian Salinas**

**Herbert Lüthy made his career as a top executive in both business and the public sector. Now he wants to use his “fairness formula” to get rid of the biggest flaw in the free market economy.**

“Economic freedom and economic justice exist in a charged relationship with each other. In many countries, the income gap between rich and poor is getting bigger and bigger, and the middle classes are increasingly under pressure. That’s why, in discussions about politics and business, people are asking more and more questions such as ‘Doesn’t the free market automatically lead to injustice?’ ‘Do politics have to tame the markets?’ or ‘Was Karl Marx right after all?’

Philosophy, politics and economics have always interested me. When I was still at high school in Bern, I chose the relationship between freedom and security as the topic of my final written project. I experienced the 1968 student movement at first hand when I was at university in Zurich and Bern. I was sympathetic to certain of their concerns, but in the debates between right and left I always found myself caught in the middle. I was utterly convinced – and still am – that a market economy is superior to a planned economy. But it’s equally clear that the free market doesn’t automatically lead to a more equitable distribution of income and assets.

After graduating, I decided against an academic career, because business practice interested me even more than research. So I initially joined the insurance company Basler Versicherungen. Then in 1988 I was given the opportunity to manage Life & Health Reinsurance at Swiss Re. I was based at its headquarters and was responsible for more than 60 markets across the world; I was able to travel a lot, and was fascinated by our international clients and the high caliber of the employees at Swiss Re.

In 2002, I was offered the job of reorganizing the state oversight of the private insurance companies. The job was incredibly exciting, and my team and I were able to bring about a fundamental shift in its perspective. Up to then, people had believed that the biggest risks in private insurance arose when insurance companies demanded excessive premiums. But in fact, competition can actually lead them to charge cut-rate premiums, making them unable to cover their costs in the long term. So the most important task was to reduce the risk of insolvency on the part of the insurance companies.

After my success with this government mandate, and toward the end of my time as a member of the board of directors of AXA Winterthur, I returned to my former passion for philosophy and politics – to be more precise, I wanted to find out how we might achieve an optimal balance between economic freedom *and* economic justice. In 2012, I finally came upon a simple formula. We have to be able to describe economic fairness (F) as the product of economic output (B) and uniformity in economic distribution (h). The solution of this problem proved to be a tricky mathematical exercise, but it led to the fairness formula in its current form:  $F = B \times h^\lambda$ .

B stands for gross domestic product (GDP). h is a factor for the uniformity of income distribution, and fluctuates between 0 and 1. Where there is extreme inequality  $h = 0$ , and in cases of extreme uniformity  $h = 1$ . But the optimum is not 1. Experience has shown that economic output sinks again when there is too much uniformity, because there are then inadequate performance incentives. Sweden offers us an example of this. Lambda ( $\lambda$ ) is a value for weighting output and uniformity of distribution. It can be determined through experiments in behavioral economics, and assumes the value of roughly  $\lambda = 2$ .



I initially thought that something as simple as this fairness formula must surely already exist. I read the most important writings on political philosophy and political economics – only to find that no one before had ever undertaken any mathematical definition of fairness. So I decided to write a book to explain how I came upon the formula, how it might be used, and what effect it could have. The result was ‘Die Fairness-Formel’ (‘The fairness formula’).

The fairness formula is a definition that illustrates with a few postulates how classical economic theory can be expanded using the concept of a fair distribution of wealth. And such an overarching concept of economic fairness can be applied in a perfectly practical manner.

Let’s tackle the question of how much the growth of a country or a smaller economic unit can be justified when it is distributed unfairly. Both classical and neoclassical economic theories prefer the biggest possible GDP growth because it leaves aside issues of distribution. In purely intuitive terms, that’s unsatisfactory. But the fairness formula also takes distribution effects into consideration, so we can determine clearly whether additional growth is actually fair. This in turn yields the possibility of concrete applications, such as in assessing large-scale investments, trade agreements, debt burdens and fiscal policy.

I would like the fairness formula to increase an awareness of the sociopolitical significance of fairness issues, both among specialists in economics and politics and among interested lay-

persons. The feedback on my book has up to now been largely positive, and this gives me a sense of confidence. I’m convinced that the fairness formula will help to de-emotionalize discussions about economic measures and lead to consensual solutions. The free market has been proven to be the most efficient production and distribution system known to us. It’s high time that we broaden it to encompass the dimension of fairness that is politically so important.” ♦

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Herbert Lüthy (74) grew up in Bern. After studying math and physics at ETH Zurich, and law and economics at the universities of Zurich and Basel, he worked for Basler Versicherungen, rapidly rising up to the rank of director. In 1988, he moved to Swiss Re, where he joined group management and ran the Life & Health Reinsurance division. After his retirement, he was appointed the director of the Swiss government’s supervisory body for private insurance, which he radically reorganized. Lüthy was also a part-time professor for insurance and financial theory at the University of Basel, and a member of the board of directors at AXA Winterthur Versicherungen and elsewhere. Herbert Lüthy’s interests include music, traveling, foreign cultures and religions. He is married and has two adult children.

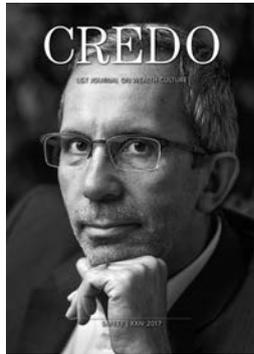
Herbert Lüthy, “Die Fairness-Formel – Freiheit und Gerechtigkeit in der Wirtschaft der Zukunft” (“The fairness formula – freedom and justice in the economics of the future”). 383 pages, Springer Verlag 2016. For more information (in German) on the book and its author, go to: [www.die-fairness-formel.ch](http://www.die-fairness-formel.ch)

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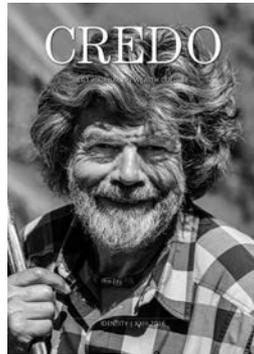
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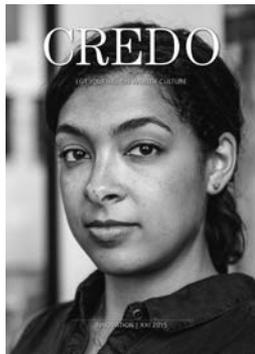
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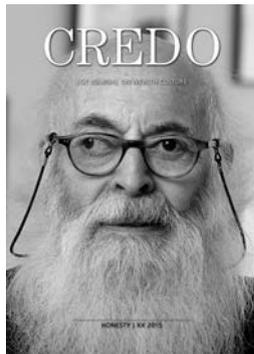
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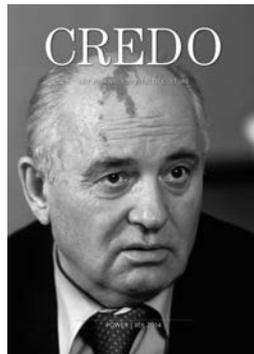
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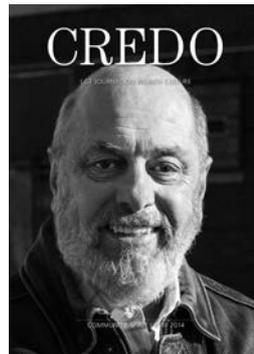
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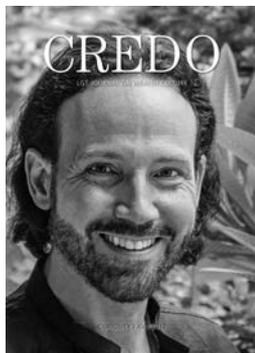
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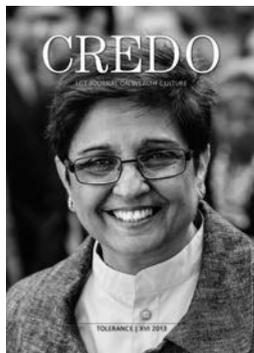
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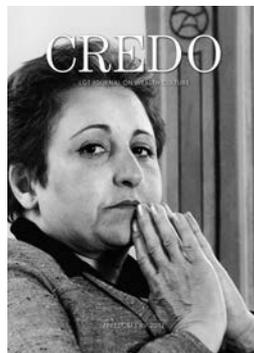
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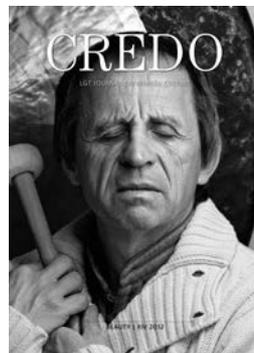
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