

The Net Basic Income – An immediate measure to protect the population in the crises

Team Bundestagspetition Nr. 108191 Crisis Basic Income

The economic lockdown during the Corona Crisis brought about loss of earnings in an unprecedented amount, as well as extreme social consequences. There are fears of a considerable increase in private insolvencies, primarily due to state-imposed production stoppages and rental and credit obligations; existential uncertainty remains a permanent threat to too many.

The model of a Net Basic Income (NBI) illustrates a possible solution to these problems. It is adequate, solidary and fair in amount and form and can be quickly implemented due to its financial viability.

(1) Adequate Form of the NBI

Every adult person in Germany will receive a monthly Unconditional Basic Income of at least € 550¹; children and adolescents receive € 257. This amount is supplemented by the suspension of rent, lease, redemption and interest obligations during the crisis period. The amount paid out to each person is the net share of the crisis basic income. Added to this are the savings made by households through the suspension of rent, leases and debt service. Together, these two elements add up to a total amount of approximately € 1200.

Solidary and fair

The measures taken to date to counter the crisis hardly affect income from rent, lease and interest. This leads to an asymmetric distribution of risks and burdens between performance-related and so called “workless or unearned” income (rental, leasing, interest income).

The suspension of the latter counteracts this asymmetry and balances the different kinds of income in solidarity and fairness. Without it, a purely crisis-related distributional advantage in terms of income from property can be expected.

(2) Implementability

A set-off of the costs of a NBI against the current governmental aid packages shows the financial viability of the NBI:

With a population of 83 million (2018) and a monthly payment of € 550 for adults and € 275 for minors, the total cost of the NBI in Germany amounts to € 503 billion per year.

The budget for social services for 2018 was € 1.026 billion. If we subtract all payments which couldn't be replaced by a Universal Basic Income, an amount of € 467 billion remains that can be set off against the cost of the NBI. On first glance there seems to be a funding deficit of about € 40 billion (503 minus 467 billion). But this year Corona aid packages of an additional € 150.5 billion were enacted.

This rough calculation shows that the Net Basic Income can be financed without additional deficits - even savings compared to current aid measures are feasible.

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1. The amount is based on the average expenses of private households according to the Federal Statistical Office.