

## The Net Basic Income

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### An immediate scheme to support the public in the crisis.

The measures taken to contain the corona pandemic have resulted in loss of earnings and provokes an income crisis in large parts of the population. Despite the aid packages, too many people are still permanently insecure, which threatens their existence. The principle of need and means testing is proving to be insufficient. The unpredictability of a crisis due to unforeseen contingencies overtaxes the administrative apparatus and produces target inefficiency. Too many are not reached by the aid.

With a Universal Basic Income (UBI), society would be more stable and resistant and shows more solidarity in this crisis as in other crises. A crisis-proof basic purchasing power would be available in the population with the UBI. It would preserve the capacity to act of each individual and of society as a whole. Protracted needs assessments, applications and audits would no longer be necessary. The UBI is not a retroactive aid-package, which is time-consuming and cost-intensive and cannot be targeted in the unpredictable per se, but it ensures sufficient expenditures for everyone's living.

In the current crisis, it is primarily earned income that is affected by the measures taken. This leads to an asymmetric distribution of risks and burdens between performance-induced and so called "workless or unearned" income (rental, leasing, interest income), which promotes redistribution in favor of the latter factor owners.

The model of the Net Basic Income (NBI) shows a way of solving these problems, which also allows budgetary savings compared to current

public expenditures, depending on the amount of the Basic Income. (see the sheet on offsetting for financing NBI)

## The Net Basic Income Model

Every adult person in Germany will receive a monthly Unconditional Basic Income of between € 550 and € 700 during the crisis period. Minors receive half. This amount paid out is supplemented by the suspension of rent, lease, redemption and interest obligations during the crisis. The amount paid out to each person is the net share of the crisis basic income. By suspending the above-mentioned payment obligations, the disposable income of households increases to a gross basic income. Impacts on landlords and creditors are addressed in the elaboration of the model.

This brief description of NBI is intended to illustrate its principle. If it is implemented, numerous adjustments will have to be made. For example, it might be appropriate to contingent individually the cuts on rent and interest payments upon the rate of reduction in earned income or profits. Furthermore, one has to decide between the introduction of deferment and "crisis haircut" of redemption payments. Differentiations and adjustments are the subject of further elaboration and do not contradict the basic conceptual framework.

After the crisis, the NBI can be raised to a full participatory UBI of € 1,200 to € 1,500 as the economic dynamics increase. At the same time, rent, lease and capital services have to be provided in full contract amount again.

For more information, see:  
[www.fribis.uni-freiburg.de/research](http://www.fribis.uni-freiburg.de/research)

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