Guareanteed Basic Income

- some critical remarks

Karl Brenke
Berlin, February 2nd 2018
1. Does society go out of work?

2. Overview: Social transfers to private households and taxes

3. Models of Guaranteed Basic Income
   3.1. FDP: Bürgergeld etc
   3.2. Financed by VAT
   3.3. Left Party

4. Conclusions
Does Society go out of Work?
Increase of Employment

Source: Statistisches Bundesamt (National Accounts); own calculations.
Productivity growth slows down

**Increase of Productivity since 1970**
Real GDP per employed person resp. per hours worked

Source: Statistisches Bundesamt (National Accounts); own calculations.
Decreasing Labour Force

Overview: Social Transfers to Private Households and Taxes
Monetary Social Transfers

Private Households: Received Public Transfers 2016

Source: Statistisches Bundesamt (National Accounts).
### Fiscal Revenues 2016

<table>
<thead>
<tr>
<th>Tax Description</th>
<th>Amount (Bn. Euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax on Wages</td>
<td>184.8</td>
</tr>
<tr>
<td>Value Added Tax</td>
<td>165.9</td>
</tr>
<tr>
<td>Assessed Income Tax</td>
<td>53.8</td>
</tr>
<tr>
<td>Import Turnover Tax</td>
<td>51.2</td>
</tr>
<tr>
<td>Energy Tax</td>
<td>40.1</td>
</tr>
<tr>
<td>Corporate Tax</td>
<td>27.4</td>
</tr>
<tr>
<td>Not Assessed Income Tax</td>
<td>19.5</td>
</tr>
<tr>
<td>Solidarity Tax (&quot;Soli&quot;)</td>
<td>16.9</td>
</tr>
<tr>
<td>Tobacco Tax</td>
<td>14.2</td>
</tr>
<tr>
<td>Insurance Tax</td>
<td>12.8</td>
</tr>
<tr>
<td>Vehicle Tax</td>
<td>9.0</td>
</tr>
<tr>
<td>Tax on Electricity</td>
<td>6.6</td>
</tr>
<tr>
<td><strong>Total Taxes</strong></td>
<td><strong>705.8</strong></td>
</tr>
</tbody>
</table>

Source: Statistisches Bundesamt.
Models of Guaranteed Basic Income
1st Modell of FDP (Bürgergeld), Althaus etc.

- 500 Euro for everyone

Unconstitutional: The need of welfare income recipients (Hartz IV) is higher.

Source: http://insa.news/das-neue-solidarische-buergergeld/
- About 1000 Euro for everyone.

- No price effects: GBI will reduce wages and self-employed income.

- Financing: VAT and exchange with social transfers.

Source: http://www.unternimm-die-zukunft.de/de/zum-grundeinkommen/kurz-gefasst/
2nd Götz Werner etc: The real consequences

Source: Statistisches Bundesamt; own calculations.
• 1100 Euro for all adults, 550 Euro for children.

• Social security insurances (retirement pensions, health insurance, unemployment insurance) will essentially continue to function.

• Price or wage effects: ???
  But higher income will push consumption.

• Financing: Tax on financial transactions, Tax on investment goods, property tax.
  - No detailed financing concept.

Source: https://www.die-linke-grundeinkommen.de/fileadmin/lcmsbaggrundeinkommen/PDF/BAG_Brosch2016.pdf
2nd the Left Party: The real consequences

Model of the Left Party and the Disposable Income in Germany

- 83% of the total disposable income

- Other Social Transfers (Retirement pensions, health insurance, unemployment insurance etc)

- GBI

Bn Euros

Modell of the Left Party

Total Disposable Income 2016
• No need for the GBI. We do not run out of work – more probably: we will run out of workers.
• In the case of the VAT-Model and the Model of the Left Party: a massive expansion of social transfers. Rather sure: price and wage effects to financing the models.
• Who will do the bad jobs – and to which salary.
• GBI will create an overwhelming state.
Vielen Dank für Ihre Aufmerksamkeit.

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