
Guarenteed Basic Income

- some critical remarks

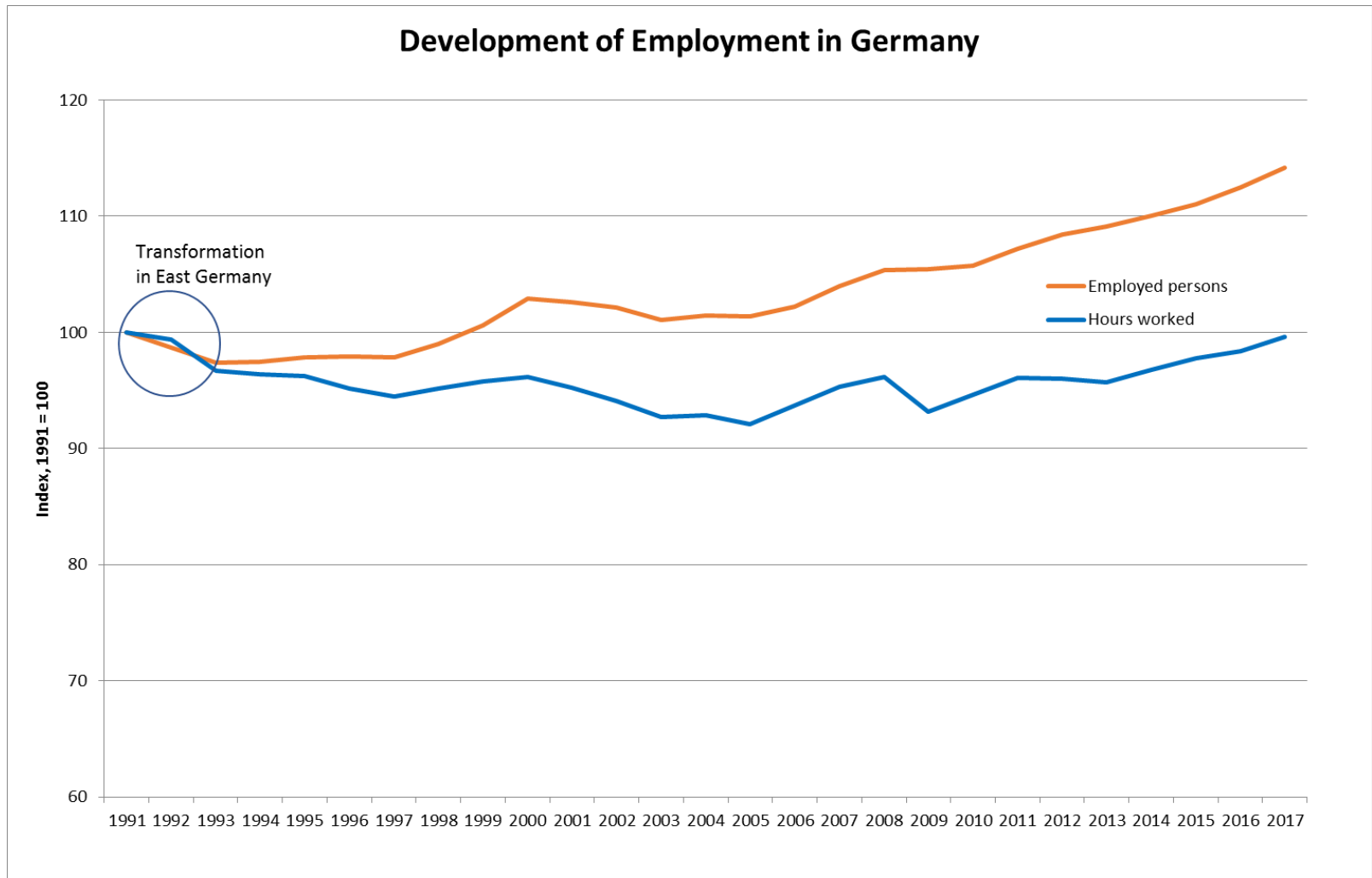
Karl Brenke

Berlin, February 2nd 2018

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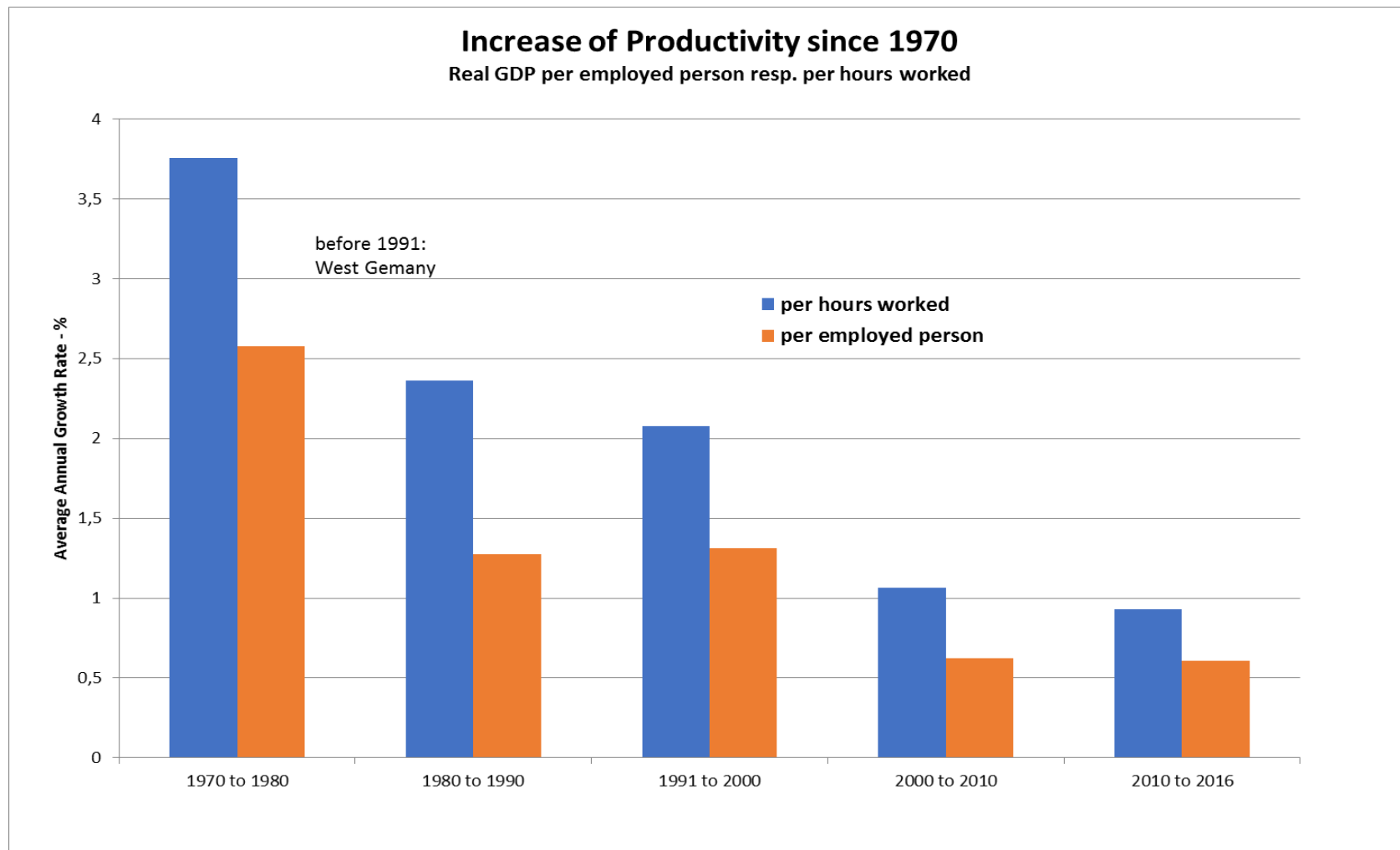
Does Society goes out of Work?

Increase of Employment



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

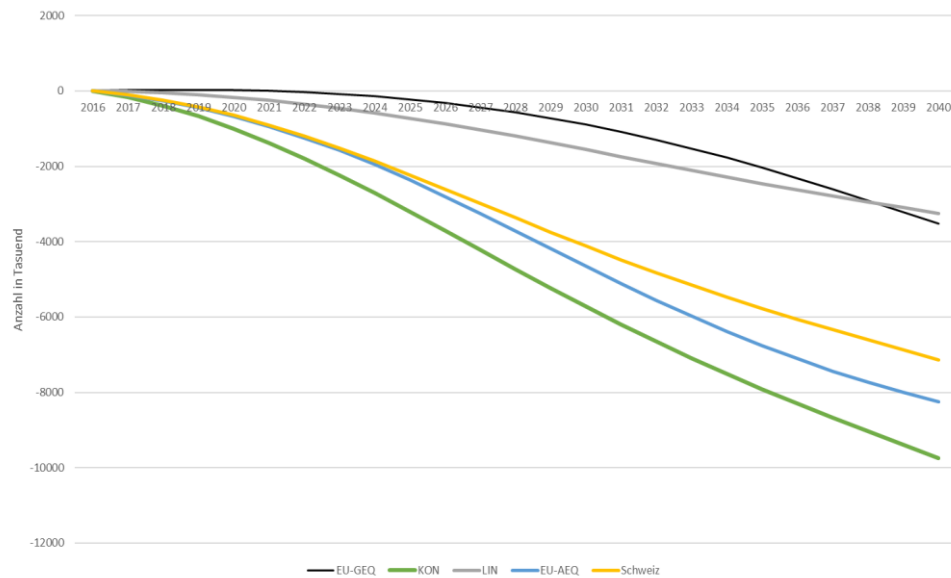
Productivity growth slows down



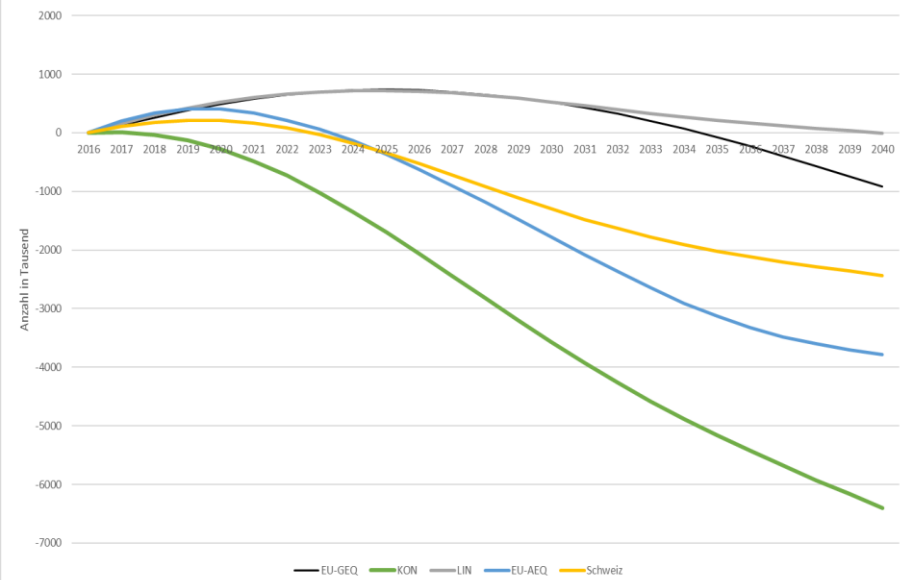
Source: Statistisches Bundesamt (National Accounts); own calculations.

Decreasing Labour Force

Change of the Labour Force from 2016 to 2040
Without Migration



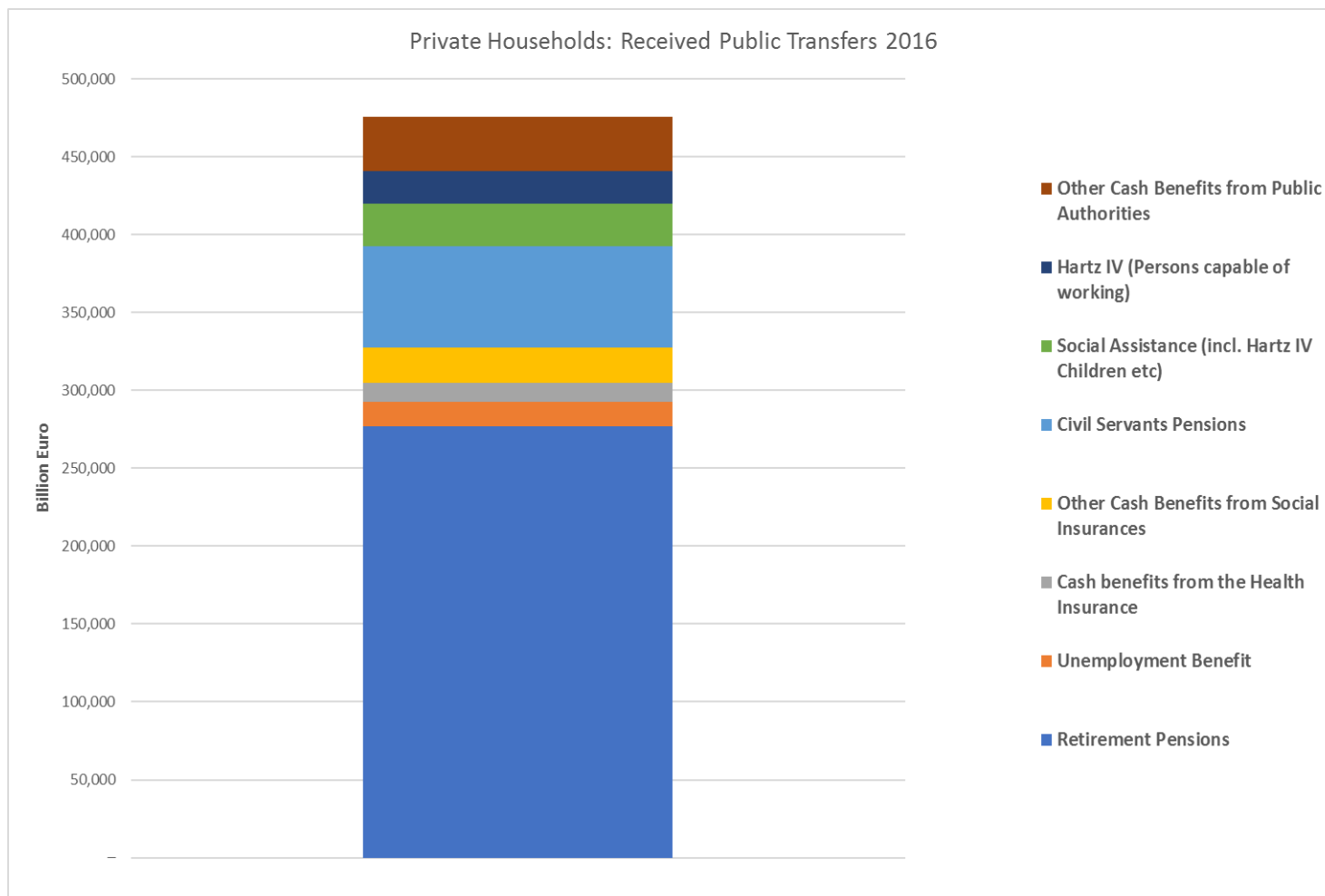
Change of the Labour Force from 2016 to 2040
Net Migration: +200,000 per year



Source: K. Brenke, M. Clemens (2017): Steigende Erwerbsbeteiligung wird künftig kaum ausreichen, um den demografischen Wandel in Deutschland zu meistern. DIW-Wochenbericht No. 35.

Overview: Social Transfers to Private Households and Taxes

Monetary Social Transfers



Source: Statistisches Bundesamt (National Accounts).

Fiscal Revenues 2016

Bn. Euros

Selected Taxes:

Tax on Wages	184,8
Value Added Tax	165,9
Assessed Income Tax	53,8
Import Turnover Tax	51,2
Energy Tax	40,1
Corporate Tax	27,4
Not Assessed Income Tax	19,5
Solidarity Tax ("Soli")	16,9
Tobacco Tax	14,2
Insurance Tax	12,8
Vehicle Tax	9,0
Tax on Electricity	6,6
Total Taxes	705,8

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.

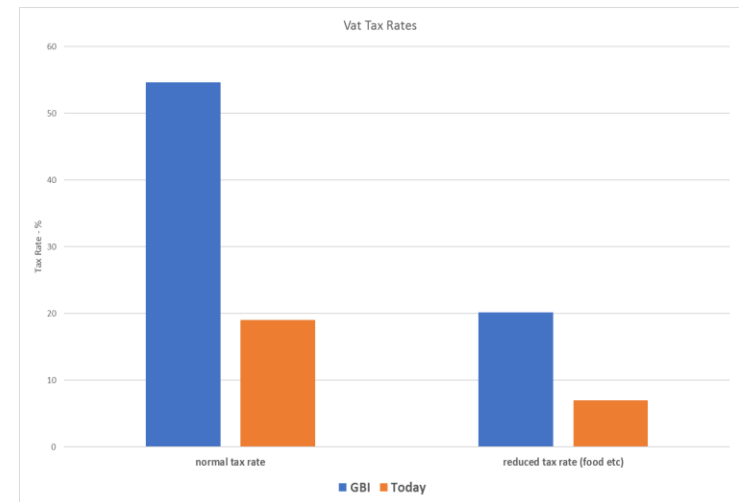
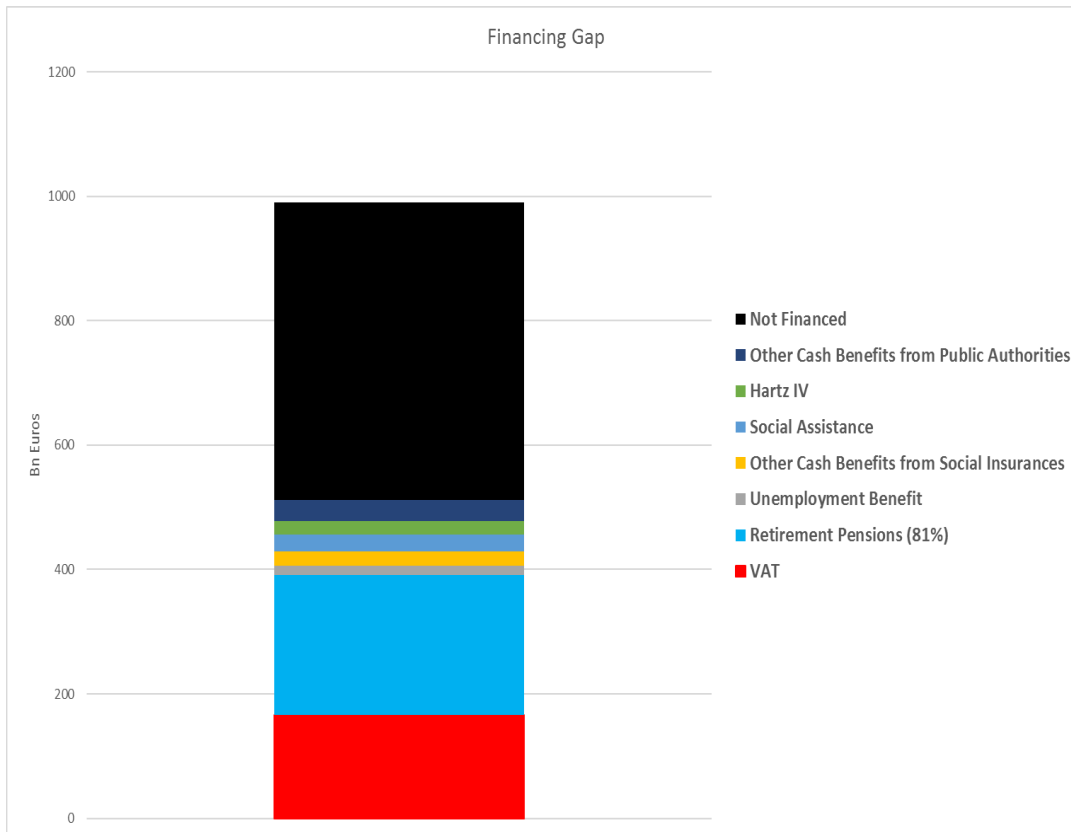
Source: <http://insa.news/das-neue-solidarische-buergergeld/>

2nd Götz Werner etc: The Idea

- 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



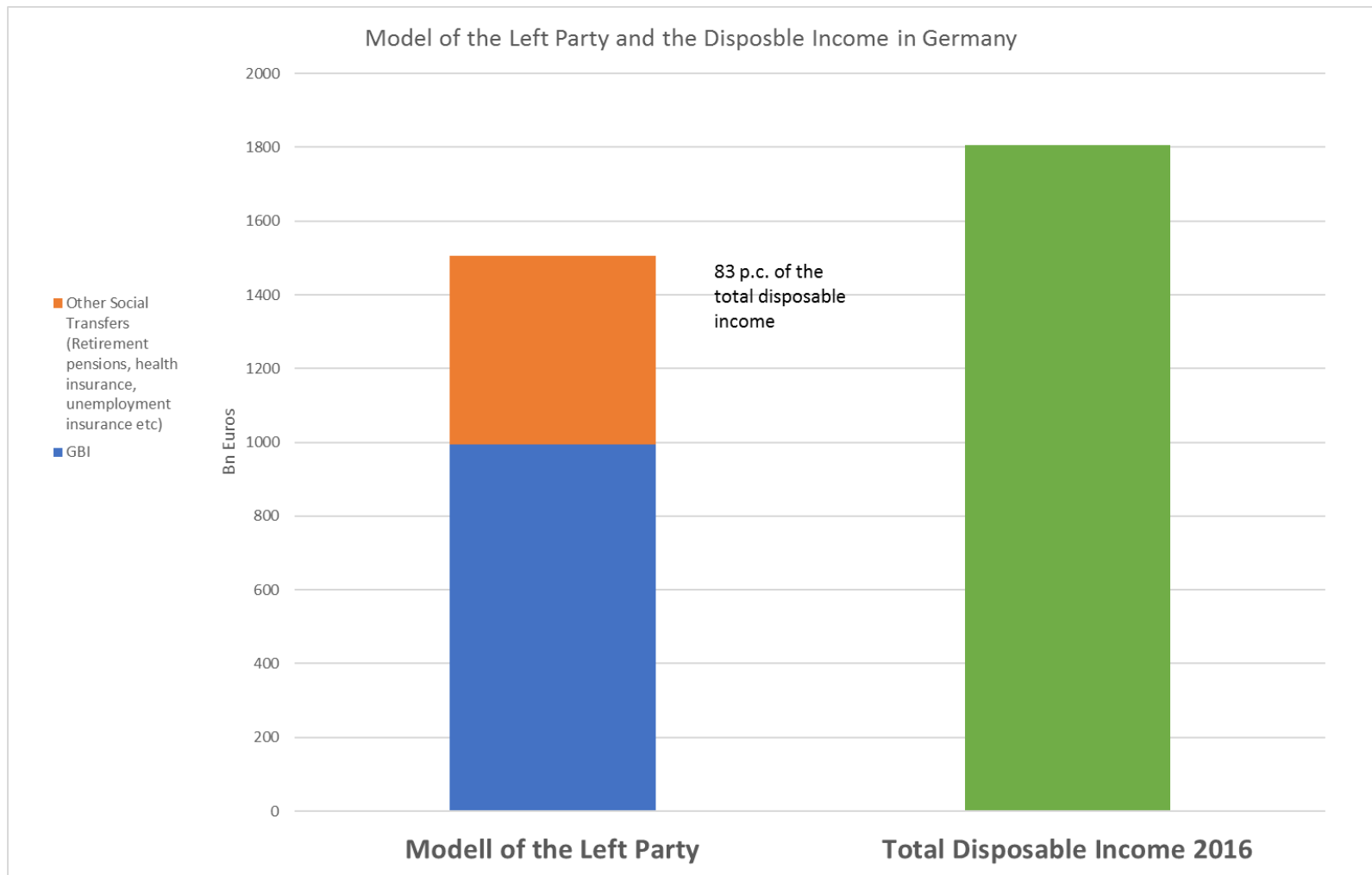
Source: Statistisches Bundesamt; own calculations.

3rd The Left Party (Die Linke)

- 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



- 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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