

# **The Emancipatory Basic Income**

by Federal Association Basic Income (BAG) in and of the [German] party *DIE LINKE*

Two Versions of a Concept for an Unconditional Basic Income (UBI): As Income Tax Credit and As Negative Income Tax (NIT)

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This concept provides a proposal in how to restructure existing labour centred social security systems and its financing as well as the transformation of the society into a civilization that overcame forms of capitalistic and patriarchal domination. The concept for an unconditional basic income (UBI) will complement existing demands and resolutions of the German party *DIE LINKE*.

We understand that UBI is not a panacea. Nevertheless, from our point of view it has the potential to overturn a capitalist economy. The amount of the UBI will cause a strong de commodification.<sup>1</sup> Wage earners are no longer forced to sell their labour on the so-called labour market for almost any price. In general, this empowers individuals as well as wage earners. Unions and other advocacy groups for employees will gain strength to campaign for and to promote changes in the working world, ownership of means of production and organization of work.

This would free every human being from being compensated for their work according to market value. Instead labour would be paid according to its ideational value because almost nobody would accept unattractive, badly paid work. Wage levels would develop according to completely different standards as before meaning beyond the traditional logic of consumerism. A changed wage structure and work motivation would increase the pressure to eliminate unattractive jobs through technology and to create paid employment which offers personal fulfilment, enjoyment and is ecological valuable. Furthermore, no-one would need to depend economically on others and could engage into professional interests as desired. An UBI would liberate especially women and single parents.

## 1. The Emancipatory Basic Income as Income Tax Credit

What follows is the concept for an unconditional basic income: as an income tax credit and it was also calculated as a negative income tax (NIT). Both forms of an unconditional basic income vary only in minor points. Sections of the UBI as a Negative Tax Income which divert from the UBI as an Income Tax Credit will be shown in the following text in separate text boxes. The BAG Basic Income prefers the UBI in the form of an income tax credit, but provides also NIT as an alternative concept.

Every month the full amount of the basic income will be automatically deposited to everybody's account. It will be introduced combination with legal minimum wage (at least 10 €/hr., with a proposed increase to €12). Its goal is to promote the redistribution of income from the top to the bottom and to promote gender equality in employment and other essential activities. In general, it will strengthen a democratic welfare state.

The amount of the basic income is linked to the national income<sup>2</sup> and will guarantee that every human being has an income that covers the basic costs of living and provides participation in society. Every human being with primary residence in Germany has a legal right to the basic income. The status of illegal residents and the homeless will be eliminated.

Until the age of 16 children will be paid a child basic income in the amount of 50 percent of the basic income provided for people above the age of 16. In return the child benefit will be discontinued. Based on this calculation (50 percent of the national income as UBI) the entitlement to the 2011 basic income for people above the age of 16 would be €1076 and respectively a child basic income would be €538.<sup>3</sup>

Based on this concept the anticipated basic income for 2013 would be €1080 (above the age of 16) and of €540 (until 16).

It is possible to augment the UBI with other income (it will not be reduced by additional income) which means that the total net income of most people consists of UBI plus other income. Every human being who has other income apart from the UBI, is financially better off than those with only the UBI. Therefore, appropriate wage gaps will continue to exist. As a result it will not be as easy as today to play off unemployed people against people with low income and “Aufstocker” (e.g. people who supplement wage with Hartz IV welfare benefits) will be history.

Concerning the combining with other incomes there is a difference in the **“negative income tax” option**

The basic income will be guaranteed as a negative income tax (NIT) and can be combined (added) with other incomes but a tax will be imposed on the basic income (UBI tax) in the amount of 33,5 percent on all gross primary incomes <sup>1</sup> allocated directly with the basic income. The differential amount will be paid as basic income. By this means the paid basic income will be reduced with increasing income. The individually guaranteed basic income will no longer be paid if the monthly gross primary income exceeds €3224, as in this case the UBI-tax due is higher than the basic income.

<sup>1</sup> Gross primary incomes are all incomes before taxes and duties (wages, salaries, dividends payments, rental incomes, gains and so on) except the UBI, state or municipal social transfers as well as social security benefits (including the contributions paid by the employer for free lancers)

Moreover, the basic income eliminates causes of hidden poverty which are typical for all traditional verifications of eligibility <sup>4</sup> for guaranteed basic or minimum income. These procedures will be totally eliminated and a fundamental right for a sufficient economic security and social participation will be established.

All citizens should be provided with a free account and protected against garnishing wages. A basic income cannot be garnished.

A majority of people will have a higher net basic income than today. Only high incomes (€7000 per month and above) will be taxed at a higher rate. Thus a more equitable distribution of income and wealth will be created.

Apart from a basic income, where appropriate people are entitled to an individualized housing allowance the amount varies from municipality to municipality and is based on the amount for rent including utilities. Furthermore, people are entitled to a higher amount in certain living situations such as pregnancy, chronic diseases or disabilities. These benefits will be defined by corresponding (new) laws and will be granted upon submitting an application to the responsible government office.<sup>5</sup>

## 2. Financing Requirements

According to the author's calculation the UBI's annual cost will be approximately € 985 billion gross (about 70.2 million people from the age of 16 and above and 11.6 million basic income for children will be covered with a basic income.). At the same time many – especially tax- financed benefits and tax credits in the amount of about € 122 billion per year will become obsolete and can be discontinued upon the introduction of a basic income. These saved contributions can be used to finance a basic income. So, the net financing requirement for the UBI would be about €863 billion annually.

According to the author's calculations and estimates based on of the results of the socio-economical panel (SOEP 2011) of the German Institute for Economic Research in Berlin, a basic income in form of a negative income tax (NES-BGE) would cost annually between € 569 and € 589 billion. This is the estimated amount of all basic incomes paid in total after the reduction of the offset UBI-taxes. At the same time many, especially, tax financed benefits and tax credits with a volume of about €122 billion annually will become redundant and can be terminated when the basic income is introduced. So, the net financing requirement for the UBI would be about € 447 to €467 billion annually.

### **Costs of the UBI as a negative income tax in detail:**

**UBI** for 11.638 million children until the age of 16: about €75 billion

**UBI** for retirees (about 20.5 million): about €260 billion **1**

**UBI** for 5 million people without income generated by paid work: about €65 billion **2**

**UBI** for 3 million unemployed: about €39 billion

**UBI** for the about 41.5 million of working population of, as estimated by the socio-economical panel (SOEP) in 2011: about €130 to €150 billion **3**

**1** We calculate cautiously that retirees receive a supplemental income (rental incomes, supplemental pensions, side jobs as retirees and so on) at an average of €60 per month in addition to state pensions. In this case the UBI paid will be about €1060 per month.

**2** People who don't appear in the official unemployment statistics, such as people in unpaid job training, incapacitated and people permanently unable to work and so on.

**3** Here, the estimate is based on the average income of the decile (10 percent steps) of the overall income distribution according to the SOEP.

Additionally, €60 to €80 billion can be saved by reforming the statutory pension insurance, federally paid subsidies to pension insurance would become obsolete. These freed-up resources will be used for financing of public services and for the consolidating the budget. A part of the savings could be used as a UBI-reserve fund for times of financial crisis (see chapter 5).

## No longer Necessary Social Benefits and Tax Credits

(datas from 2011, rounded)

- Basic insurance for job-seekers (who are not integrated in the labour market, without administrative expenditure of municipalities, without additional required benefits)	€35.5 billion
- Social welfare expenditures (assistance for basic needs and basic social security for seniors and in case of reduction in earning capacity, without administrative expenditure of the municipalities and special benefits, with expenditure on care and people with disabilities)	€ 20.5 billion
- Financial aid for students (BAFöG) and educational support	€ 2.5 billion
- Child benefits (including tax credits for minors)	€ 46.0 billion
- Tax relief (for married couples filing separate tax returns)	€18.0 billion
<b>In total</b>	<b>about € 122.0 billion</b>

## Financing Basic Income in the Amount of About € 863 Billion Net Annually

- by a UBI tax on all primary gross income<sup>6</sup> (33.5 percent): approx. € 560 billion
- duties on real capital (on capital assets and real estate) in the amount of 1.5 percent of the market value of real estate and other real capital (operating capital like machines and so on). The individual tax exemption for real estate will be €75,000 per person, in other words, a family with 2 children and a house with a market value of €320,000 only has to tax €20,000 of the amount and has to pay €300 per year. There is no tax on a house with a market value of €250,000. In total the duties on real capital provide approx. € 125 billion; **7, 8**
- a targeted taxation on primary energy of 2.50 cent/kWh: approx. € 95 billion; **9**
- a luxury commercial fee with a volume of €70 billion; **10**
- a transfer from the federal budget with a volume of €13 billion.

**For a basic income in form of a negative income tax we propose – corresponding to the different financial needs – the following financing in the amount of maximum €467 billion net annually:**

- By a UBI tax on gross primary incomes (33.5 percent) above the transfer limit<sup>1</sup>: approx. €190 to €200 billion;
- Duties on real capital (on capital assets and real estate) of 1.5 percent of the market value for real estate and other real capital (operating capital like machines and so on) (see social dividend), approx. €125 billion;
- A targeted taxation on primary energy of 2.50 cent/kWh: Approx... €95 billion;
- A luxury commercial fee with a volume of €60 billion;

Revenues in total: approx. € 470 to €480 billion. (Based on the maximum financial requirements of €467 billion) the surplus in the volume of approx. €3 to €13 billion should flow into a reserve fund (see chapter 5).

<sup>1</sup> The transfer limit is the income level after which a UBI is no longer paid because the duties on the income are higher than the UBI. In this concept the transfer limit will be €3224 monthly income (calculation: € 1080 UBI = 33.5 percent of €3224).

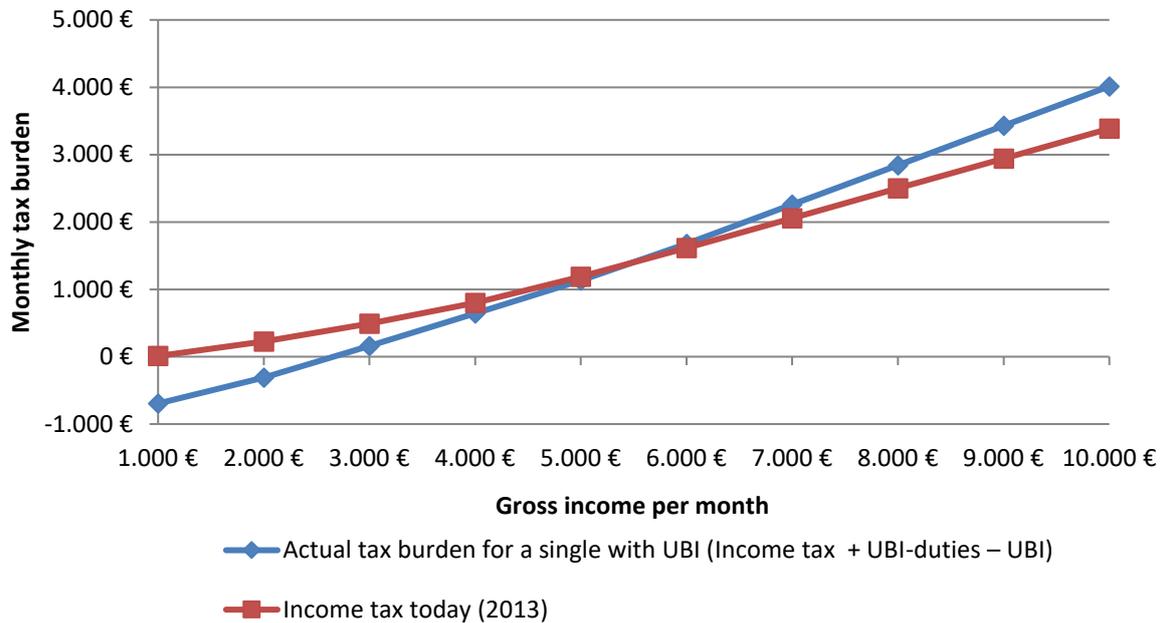
### **3. Fiscal Treatment of Income**

With the introduction of the UBI all tax allowances and options for tax deductibility including splitting the difference in spousal income and tax allowances for children will be withdrawn. Only the basic income, state and municipal social transfers as well as social insurance benefits (unemployment benefits, pensions and so on) will remain free of taxes and duties.

Three income tax rates will be introduced which are based on the UBI for adults. The first €2,160 of the primary gross y income per month and person (up to twice the amount of the UBI) will generally be taxed with 5 percent. From €2,161 to €5,400 per person and month (5 times of the UBI) there will be an income tax of 15 percent, for every Euro above it 25 percent will be charged.

Together with the UBI duties this will result in a progressive taxation of the incomes. Based on a single person the following chart shows the actual tax burden in comparison with today's level (2013) <sup>11</sup>. This means that de facto the UBI is a tax benefit where tax burden is negative for the lowest income segment and because of the UBI the net available income will be higher than the gross income for a lot of persons.

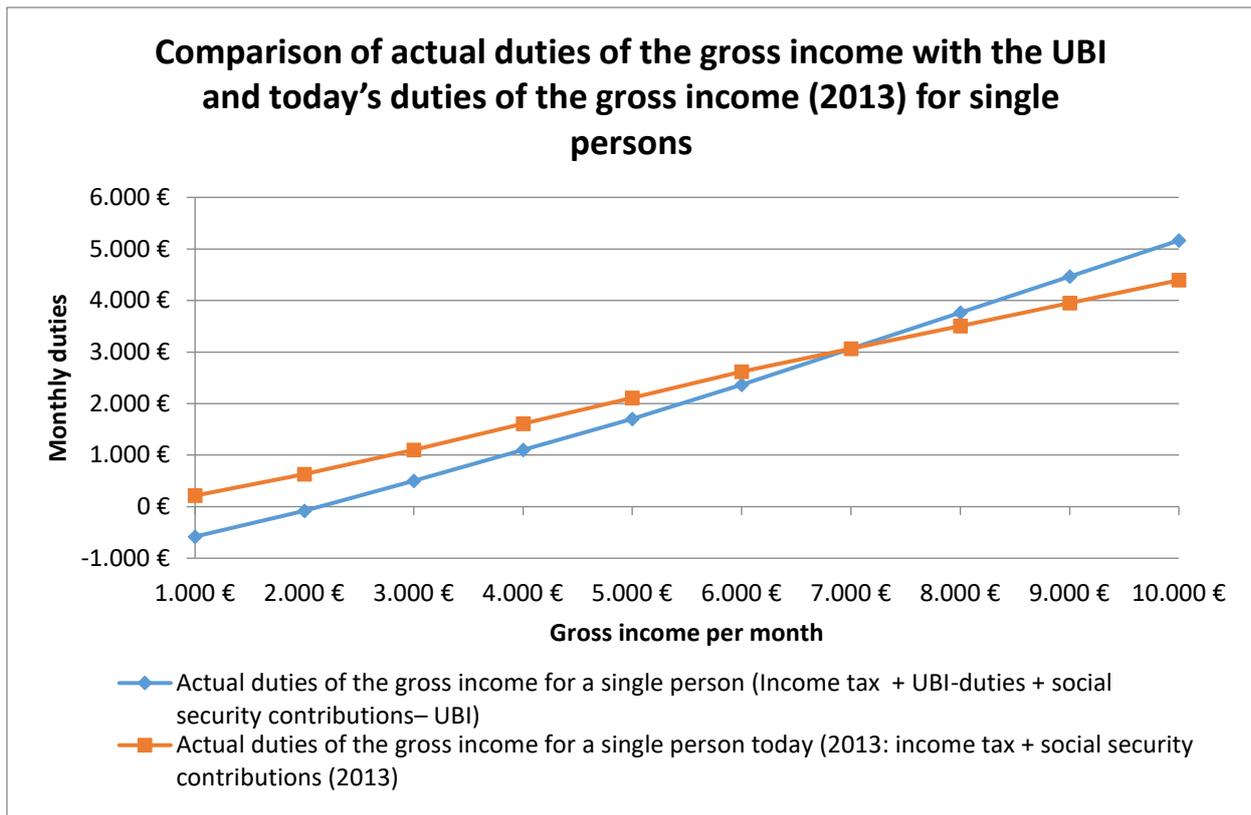
### Comparison of actual tax burden with the UBI and today's tax burden (2013) for single persons



As UBI-duties of 33.5 percent on all gross primary incomes will be introduced in order to finance the basic income, the overall burden of all gross primary incomes will be higher than today. This burden is made up as follows: UBI-duties + income tax + insurance contributions. The overall burden comes to 50 percent for small incomes and 70 percent from the 5401<sup>st</sup> Euro income per person and month. **12** Nevertheless most people (those with a monthly gross income under €7000, especially the lowest income levels) will have less real deductions of the gross income and net more than before when the basic income as a tax benefit is added. See the following chart. This way we also fulfill an aim of the election program of the party Die Linke.

#### For the NIT Version applies the following:

As UBI-duties of 33.5 percent on all gross primary incomes above the transfer limit will be introduced in order to finance the basic income, the overall burden of these incomes will be higher than today. This burden is made up as follows: UBI-duties above the transfer limit + income tax + insurance contributions. The overall burden comes to 60 percent starting with 3225 Euros and 70 percent from the 5401<sup>st</sup> Euro income per person and month. Nevertheless most people (those with a monthly gross primary income under € 7000, especially the lowest income levels) will have less real deductions of the gross income and net more than before when the basic income as a tax benefit is added. See the following chart. This way we also fulfill an aim of the election program of the party *Die Linke*.



#### 4. Statutory Insurance Schemes

##### 4.1. Statutory Pension Insurance

The new pension system consists of the basic pension (= UBI) plus the statutory, PAYG, solidarity supplementary insurance of all citizens with a volume of approx. € 116 billion currently. This amount will be financed from insurance contributions of 7 percent in total on all gross primary incomes. Concerning wage incomes, the contributions will be splitted equally between employers and employees (each 3.5 percent). Regarding self-employed persons, the part of the employer will be paid by the client. Is there no client, the national budget will finance this part.

People can choose the retirement age with completing of the 60<sup>th</sup> year of age. The pension increases with every month a person decides to retire later. Like nowadays a contributory point system will be the basis of the calculation of the pension. For all citizens applies that contributions paid will be weighted by the factor 2 for the first € 24,000 annual income, any additional contributions by the factor 1. Roughly estimated, this would mean that a pensioner who got an average annual gross income of € 30,000 for 35 years, received a statutory pension of 490 € plus the UBI (as basic pension) a net income of € 1570. Poverty in old age would be excluded. In 2011 the average paid pension of the statutory pension insurance was only €739.

Concerning the income situation of the pensioners the restructuring would imply that the pensioners over all receive in total approx. €398 billion per year (sum UBI + statutory supplementary pension insurance) instead of now €303 billion (2011) from the statutory pension systems including pensions for civil servants. The federal subsidy to the statutory pension is no longer necessary.

The citizens themselves will manage the statutory solidary citizens pension insurance. The assessment ceiling will be abolished.

For those who already receive a pension there has to be found a special solution for the transitional period, although it is clear that the acquired pension entitlements are not to be affected.

#### **4.2. Statutory Health and Nursing Care Insurance System**

The health and nursing care insurance will be converted into a statutory solidary citizens insurance and a uniform contribution of 14 percent will be introduced being paid by the employee and employer to same parts (each 7 percent). Thus a sum of € 232 billion per year will be available for this field including paid sick-leave. In 2011 the expenses of the statutory health insurance schemes were € 178 billion, of the private health insurance about €28 billion; the supplementary state benefits were about €12 billion (in total: €218 billion).

As all until now privately insured persons will be integrated into the new system with the introduction of the solidary health and nursing care insurance, its resources increase by about €14 billion per year.

For all people having no primary income but only the basic income and eventually other social transfers (pension, unemployment benefits, sickness benefits and so on) the health and nursing care insurance is free. Regarding self-employed persons, the part of the employer will be financed by the national budget, if there is no client.

The citizens themselves will manage the statutory solidary citizens health and nursing care insurance. The assessment ceiling will be abolished.

#### **4.3. Statutory Unemployment Insurance\***

\*(note of the translator: In Germany there is a difference between *Arbeitslosigkeit* (unemployment) and *Erwerbslosigkeit* (unemployment). Whereas “*Arbeitslosigkeit*” means all people without any work, “*Erwerbslosigkeit*” means people without work, but who seek work. In this text the author talks about “*Erwerbslosigkeit*”, only in the context of actual or past facts he mentions “*Arbeitslosigkeit*”).

The current unemployment insurance will be converted into a solidary unemployment insurance. Our suggestion for the insurance is as follows:

The unemployment benefits are equal to 60 percent of the last net income (to a maximum level of € 2,000 per month) and will be paid in addition to the basic income. To receive benefits a person has to pay contributions for at least 1 month. The period of receiving benefits corresponds to the last period of employment. People who worked one month receive the benefits one month, after two months it will be two months and so on. Starting with a year of employment the period of receiving benefits is 12 months plus one month for every additional year of employment. If the entitlements are not fully used because the unemployment ends before the period, the rest of entitlements are not lost, but will be saved and in case of a new unemployment taken into account. The entitlement expires with the reaching of the legal retirement age.

For those with a small or medium income the replacement rate as well as the decommodifying effect of the unemployment benefits will be higher in the new system, i.e. these people will be less exposed to the economic pressure to accept a maybe not suitable or badly paid work.

Like the other two legal social insurances the unemployment insurance will be financed through contributions – in this case two percent – on all gross primary incomes. Concerning wage incomes,

the contributions will be split equally between employers and employees (each 1 percent). Regarding self-employed persons, the part of the employer will be paid as a government subsidy to the unemployment insurance. The assessment ceiling is not envisaged. To keep the contributions stable, financial reserves should be formed to overcome times of higher unemployment.

In 2011 the contributions to the unemployment insurance produced a figure of about € 25.4 billion. It is not possible to foresee how the unemployment will develop with the introduction of the UBI, we, therefore, work with this figure in the model calculations for the sake of simplicity. According to the opinion of the author the level of unemployment should fall with the UBI due to the increase in purchasing power and additional voluntary and legal reduction in working hours. Furthermore unemployed people will be in a significantly better position as they also receive the basic income and would be able to follow a new career path with less pressure because of this financial security.

A labour market fund with a volume of € 20 billion will be introduced for the financing of the active labour market policy. The contributions will be paid by the employers only.

#### **4.4. Statutory Accident Insurance**

The statutory accident insurance continues to be financed exclusively by employers' contributions.

#### **5. The UBI in periods of recession**

As the unconditional basic income is linked to the macroeconomic development, the level of allowance would also fall with the shrinking of the national income. It is not our intention to use the UBI as anticyclical (versus the recession) leading corrective factor, but it should not contribute to the aggravation of the economic crisis by cutting the benefits of the basic income in case of crisis. To resolve the problem, it would make sense to transfer budget surpluses or monies freed up to a reserve fund up to a maximum of 10 percent of the national income. In case of a recession with a sinking social product these funds could be used to provide the payment of the UBI and would be able to contribute to the anticyclical crisis management. However, when the economy has been declining for a couple of years, other measures must be taken, as this reserve fund might not be sufficient.

#### **6. Expansion, Democratization and Partly Free of Charge Use of Common Goods, Public Infrastructures, Services**

Sense and purpose of the unconditional basic income is to guarantee all human beings an income that covers the basic costs of living and provides participation in society. The amount of the basic needs in form of money also depends on the fees for the use of infrastructures and services. Thus the UBI should take these costs into account. Providing the use of common goods (i.e. knowledge), public infrastructures and services diminishes the basic needs and as a consequence the amount of the basic income.

The below mentioned areas have to significantly be improved qualitatively and quantitatively, including to allow people with disabilities the equal access to common goods, public infrastructures and services in terms of quality. Quality also includes that the level and the concrete form of access, i.e. the introduction of exemption of charges, can be considered in a direct democratic way like the basic income itself:

1. We are fighting for free education offering the same opportunities to all – irrespective of origin, and making possible to every human being to follow the desired career goals and fully educate oneself. We are fighting crèche places, kindergarten places and after-school care spots, school attendance and study free of charge.
2. We are fighting for an expansion of the local public transport services with the aim to provide these services for all people free of charge.
3. We are fighting for an ecological directed public infrastructure, especially in the fields of long-distance traffic, energy, water, waste management, post and telecommunication.
4. We want a gradual introduction of free offers for the participation in politics, culture, social life and sports including the free use of the corresponding infrastructures and services.
5. We are fighting for free access to information, knowledge and the Internet to all.

We aim to reduce the private business and profit-oriented providers in the fields of traffic, water and waste management, energy, post and telecommunication. This doesn't automatically mean that these companies must be converted into classical state and municipal companies. Non-profit citizen-owned or corporate companies are equally imaginable and in some cases more reasonable. Apart from the aimed exemption of charges it is essential that the offerings will be organized democratically, thus establish these to the needs and wishes of the users. At the same time as the elaboration of public infrastructures and services we aim at democratization of the society in these fields. Infrastructures and services free of charge and their public and democratic organization are two sides of one coin.

As a general rule we can say that if the unconditional basic income is intended as a service to secure the existence and social participation and goods, infrastructures and services free of charge are regarded as part of these services, the 50 percent of the national income we considered for the UBI could be used to the financing with the progressive freedom of charges of the services.

## **7. Revenue and Expenditure of the Government and of the Social Security Systems in Total**

With the new income tax the revenues of this tax decrease, but only by approx. € 10 billion (estimated by the author), as the tax exemptions and deductibilities will be abolished at the same time. With the basic income the domestic consumption will accelerate, and as a consequence the VAT revenue will increase significantly. Thus, the shortfall in income taxes is more than compensated. The surplus has to be applied to repay gradually the national debt leading to less expenses for debt interest.

In total a significantly changed net of social security systems will arise. The most extensive social benefits would be the UBI financed by a budget independent of the general state budget. All taxation introduced to targeting the financing of the UBI go into a democratically self-administrated UBI-fund. As a result of the elimination of the above mentioned tax-financed social benefits and tax exemptions money of the Federal Government, or the Länder or the local authorities is saved and should be used to finance the UBI as well.

The no longer required grant from the federal budget to the statutory pension insurance in the amount of € 60 to 80 billion per year can be used as follows: € 13 billion for the UBI (compare financing chapter 2), € 20 to 25 billion to cover the employer contributions to the statutory social

insurances for those self-employed persons not having a client (compare chapter 4.1 to 4.3). The remaining € 22 to 47 billion per year can partly go to the UBI reserve fund (at least € 10 billion) and in addition contribute to the reduction of the national debt – with the positive side-effect that the expenses for the debt interest will be diminished.

Concerning the NIT the no-longer required grant from the federal budget to the statutory pension insurance in the amount of € 60 to 80 billion per year can be used as follows: € 20 to 25 billion to cover the employer contributions to the statutory social insurances for those self-employed persons not having a client (compare chapter 4.1 to 4.3). The remaining € 35 to 60 billion per year can partly go to the UBI reserve fund (at least € 10 billion) and in addition contribute to the reduction of the national debt – with the positive side-effect that the expenses for the debt interest will be diminished.

In addition to the duties on real capital required by us the BAG Basic Income supports the introduction of a European wide finance transaction tax as well as a higher inheritance tax and the reintroduction of the wealth tax also required by the party DIE LINKE. We still haven't worked out or taken decisions to these themes as these taxes are not to be used to the financing of the UBI and as a consequence would go beyond the scope of this UBI-concepts. Instead these revenues should finance in particular the public infrastructures, services and education. In the following summary of the state social benefits € 30 billion are stated even if the supplementary investments should be higher. The different free of charge used infrastructures and services, however, would result in a deduction in the necessary amount of basic income and the costs therefore (see chapter 6). The money should only be spent once: as a basic income or as the financing of the free public transport , the Internet and so on.

The sum of social benefits would now look as follows:

	In billion Euros
Unconditional basic income	985
Statutory pension insurance	116
Statutory health and nursing care insurance	232
Statutory unemployment insurance	25
Labour market fund	20
Social insurance contributions for self-employed people	20 – 25
Statutory accident insurance	11
Parental allowance	5
Suppl. Expenditure infrastructures/services/education	30
Remaining social benefits of Federal Government/Länder/local authorities	55
<b>In total</b>	<b>Approx. 1499 – 1504</b>

The social expenditures increase in comparison to today from approx. 31 percent (2012) to approx. 58 percent of the gross national income. **13**

As for the NIT the sum of social benefits would now look as follows:

	In billion euros
Unconditional basic income	569 - 589
Statutory pension insurance	116
Statutory health and nursing care insurance	232
Statutory unemployment insurance	25
Labour market fund	20
Social insurance contributions for self-employed people	20 – 25
Statutory accident insurance	11
Parental allowance	5
Suppl. Expenditure infrastructures/services/education	30
Remaining social benefits of Federal Government/Länder/local authorities	Approx. 55
<b>In total</b>	<b>Approx. 1083 – 1108</b>

The social expenditures increase in comparison to today from approx. 31 percent (2012) to approx. 42 to 42 percent of the gross national income.

But we have to take into account that the basic income is – strictly speaking – not a social benefit, but a basic benefit for everybody, a new kind of primary income, upstream of the market and capital income. Without the basic income the social benefits ratio would be approx. 20 percent.

In total the national quota with the UBI will be approx. 72 percent (today approx. 45 percent), without UBI 34 percent. This percentage is not unusual. In the mid-1990s Denmark and Sweden had a national quota of approx. 60 percent. In 2012 the national quota in Denmark was 58 percent, in France 57 percent. Furthermore, funds to reduce the debts and to pay the debt interests will be free after a couple of years so that the national quota can be reduced.

As for the NIT there will be national quota with the UBI of approx. 56 percent (today approx. 45 percent), without UBI 34 percent.

## 8. Who will Benefit from the UBI, who will pay the UBI?

Here some examples for the changes in net incomes with the UBI 14 15 in comparison to today. The actual net income used in the comparison is based on the income tax rates and social contributions valid in 2013 (comments see footnote 11).

## 1. Single

Gross income per month	Net income with UBI	Actual net income	Balance
€ 1,000.00	€ 1,580.00	€ 280.00 +€ 660.00 unemployment benefits	€ 640.00
€ 1,500.00	€ 1,830.00	€ 1,075.00	€ 755.00
€ 2,000.00	€ 2,080.00	€ 1,339.00	€ 741.00
€ 2,500.00	€ 2,296.00	€ 1,598.00	€ 698.00
€ 3,000.00	€ 2,496.00	€ 1,897.00	€ 599.00
€ 4,000.00	€ 2,896.00	€ 2,390.00	€ 506.00
€ 5,000.00	€ 3,296.00	€ 2,890.00	€ 406.00
€ 6,000.00	€ 3,636.00	€ 3,378.00	€ 258.00
€ 7,000.00	€ 3,936.00	€ 3,935.00	€ 1.00
€ 8,000.00	€ 4,236.00	€ 4,492.00	- € 256.00
€ 10,000.00	€ 4,836.00	€ 5,606.00	- € 770.00
€ 20,000.00	€ 7,836.00	€ 11.18	- € 3,339.00
€ 85,000.00	€ 27,336.00	€ 4,537.00	- € 18,034.00

## 2. Single with 1 child

Gross income per month	Net income with UBI	Actual net income	Balance
€ 1,500.00	€ 2,370.00	€ 1,308.00	€ 1,062.00
€ 2,500.00	€ 2,836.00	€ 1,867.00	€ 969.00
€ 3,000.00	€ 3,036.00	€ 2,132.00	€ 904.00
€ 4,000.00	€ 3,436.00	€ 2,633.00	€ 803.00
€ 5,000.00	€ 3,836.00	€ 3,141.00	€ 695.00
€ 6,000.00	€ 4,176.00 €	€ 3,629.00	€ 547.00
€ 10,000.00	€ 5,376.00 €	€ 5,857.00	- € 481.00

### 3. single with 2 children

Gross income per month	Net income with UBI	Actual net income	balance
1,500.00 €	2,910.00 €	1,492.00 €	€ 1,418.00
2,500.00 €	3,376.00 €	2,059.00 €	€ 1,317.00
3,000.00 €	3,576.00 €	2,352.00 €	€ 1,251.00
4,000.00 €	3,976.00 €	2,827.00 €	€ 1,149.00
6,000.00 €	4,716.00 €	3,827.00 €	€ 889.00
10,000.00 €	5,916.00 €	6,054.00 €	- € 138.00

### 4. couple with 2 children (in brackets the income of the partner)

Gross income per month	Net income with UBI	Actual net income	balance
2,500.00 € (+ 0.00 €)	4,456.00 €	2,240.00 € <sup>16</sup>	€ 2,216.00
2,500.00 € (+ 1,500.00 €)	5,206.00 €	3,150.00 €	€ 2,056.00
2,500.00 € (+ 2,500.00 €)	5,672.00 €	3,700.00 €	€ 1,972.00
4,000.00 € (+ 3,000.00 €)	6,472.00 €	4,700.00 €	€ 1,772.00
7,000.00 € (+ 0.00 €)	6,096.00 €	4,960.00 €	€ 1,136.00
10,000.00 € (+ 5,000.00 €)	9,212.00 €	8,900.00 €	€ 312.00

### 5. couple without children (in brackets the income of the partner)

Gross income per month	Net income with UBI	Actual net income	balance
2,500.00 € (+ 0.00 €)	3,376.00 €	1,876.00 €	€ 1,500.00
2,500.00 € (+ 2,500.00 €)	4,592.00 €	3,276.00 €	€ 1,316.00
7,000.00 € (+ 0.00 €)	5,016.00 €	4,565.00 €	€ 451.00
10,000.00 € (+ 5,000.00 €)	8,132.00 €	8,550.00 €	- € 418.00

## 9. Labour Market Policy Measures

All forms of forced labour – also for prisoners – have to be abolished.

### a) Labour-law Improvements – Working Time Reduction – Minimum Wage

Labour-law improvements including a radical working time reduction and redistribution as well as a statutory minimum wage of at least € 10 per hour, in perspective € 12, should be implemented.

### b) Redesigning the Active Labour-Market Policy

We intend to create publicly supported jobs (publicly supported employment sector) developed and voluntarily occupied by jobseekers. These jobs should be remunerated according to the tariff, but at least amounting to the statutory minimum wage. The financing of these publicly supported jobs is implemented with the newly created labour market fund (20 billion €) mentioned in chapter 4.3. To enforce the right to work for people with disabilities their jobs must be encouraged by government, the special status of the workshop workforce has to be established. Worker rights have to be enforced as well as equal pay for work of equal value. **18**

### **c) Ban on Temporary Agency Work, Equal Pay**

We demand a ban on temporary agency work. Until the realisation the same pay for contract agency workers and employees of the permanent staff must be enforced immediately. The time span has to be limited to a couple of months and a flexibility payment of 10 percent of the wage for contract agency workers has to be introduced. In principal they have to be permanently employed by the contract agency; time limits with the aim to synchronize these times with the times of contract are prohibited. The use of contract agency workers is only allowed on the approval of the works council. 19

### **d) Ideological Enterprises**

All exemption clauses of the so-called "Ideological Enterprise" (Tendenzbetrieb) (i.e. churches, political parties) must be re-examined.

## **10. The UBI as Part of an Overall Strategy**

We don't consider the unconditional basic income as a panacea for economic and social problems nor as a standing-alone project. In fact we regard the UBI as a part of an emancipatory and society-changing overall strategy that particularly takes into account the following aspects:

- Improvements in labour law including a radical working time reduction and redistribution as well as a statutory minimum wage of € 10 per hour, in perspective € 12.
- A massive redistribution of wealth, from the top to the bottom by means of the UBI and taxation especially a greater burden on capital, property and high incomes.
- Expansion and democratization of the social security systems.
- Expansion of free access to common services (i.e. knowledge), to public infrastructures and services and their democratization.
- A radical redistribution of the work necessary for the society (paid as well as unpaid) between the genders. Further means are necessary to establish gender equality, i.e. equal pay for work of equal value, equal access to education, civil engagement, political and professional positions.
- Development of a concept of society and economy that relies on a large extent on socio-ecological sustainability (common wealth economy).
- Creation of a solidary, participative and cooperative society based on the democratization of all areas of life and freedom of individuals.
- Extensive redistribution of property including the transmission of the real displacement of the axis of power over the means of production to the employees and citizens.
- The basic income is a human right – in Europe and worldwide. Every human being has the right on unconditional security of his existence and social participation wherever she/he lives and resides.

## **11. Introduction of the Basic Income in Germany**

### **concepts of life phases and life situations**

The basic income can gradually be introduced. Possible steps could be an independent basic provision for all children and young people in the amount of € 540, a financial security for pupils and students including trainees in a non-paid training starting with the age of 16 in the amount of € 1080 per month (education money or study fee). This financial security will be independent of the parents and must not be paid back. Other steps

are an unconditional basic security as a wage-based compensation of at least € 1080 and of a maximum of € 1800 for those who take a career break as well as an unconditional basic pension for all retired people in the amount of € 1080. These demands are partly in line with the decisions to the election program 2013 taken by the party DIE LINKE and go beyond them in some cases. Later on the named transfers can be combined to a basic income.

**The concept was decided on the general meeting of the BAG basic income in and at the party DIE LINKE on October 26, 2013 in Erfurt.**

**Notes:**

**1** By decommodification we understand the disassociation of social security from the labour market respectively the reduction of market dependence of people offering work (self-employed workers, 'false' freelancers, employees, volunteers and recipients of social benefits), meaning interventions in the world of work removing the character of a commodity from work.

**2** 50 percent of the national income should be granted as a basic income. The national income is the sum of all income of residents derived at home and abroad (wages, salaries, interests, rents, company profits). According to the Federal Statistical Office the national income was € 1963 billion in 2011. The total amount of the basic income is approx. € 981.5 billion for all people having their primary residence in Germany.

**3** According to the Federal Statistical Office 81.84 million people lived in Germany on December 31<sup>st</sup>, 2011, 11.64 million under the age of 16.

**4** Poverty verified means the verification of all incomes and capital of those claiming for social security assistance by the competent social administration.

**5** E.G. In the framework of a law for a citizen's insurance (modified health and nursing care insurance according to the resolution decision of the party DIE LINKE) and a law securing active participation in society (see election program 2013 of the party DIE LINKE and request of the group DIE LINKE 17/789), both controlling the benefits for ill and people in need of care and people with disabilities without any verification of income and capital.

**6** Gross primary incomes are all incomes before taxes and duties (wages, salaries, dividend payments, rents, profits and so on) with the exception of the UBI, state and municipal social transfers as well as social insurance benefits (including the employer's contribution for self-employed people financed by the national budget)

**7** Assumption: the gross fixed assets in total approx. € 13 trillion, free allowances all together to a maximum of € 4.5 trillion.

**8** Some financial and structural problems linked to the taxes on holdings of property, land or real estate are based on society and have not been solved in this concept.

**9** In 2011 primary energy consumption was approx. 3743 billion kWh (source: Arbeitsgemeinschaft Energiebilanzen e.V.). E.G. a household with 4 persons and a current consumption of 6000 kWh per year including hot water use: This household would pay approx. 405 € (approx. 101 € per person and year) tax on primary energy at an average energy efficiency of the used current of 37 percent (primary energy consumption = factor 2.7).

**10** Besides classical luxury goods such as yachts, diamond rings and so on also polluting goods and services, e.g. travels by air are underlying the taxation of goods and services.

**11** Income tax without church tax in Bavaria, annual basic tax-free amount 8130 €, contribution rate health insurance 15.5 percent (8.2 percent employee contribution), contribution rate nursing care

insurance 2.05 percent (1.025 percent employee contribution plus if necessary 0.25 percent surcharge paid by the childless), contribution rate pension insurance 18.9 percent (9.45 percent employee contribution), contribution rate unemployment insurance 3 percent (1.5 percent employee contribution).

**12** The overall burden is not so unusual: In France for example the top taxation rate together with the employee contribution are over 70 percent. Belgium also has similar tax and duty rates.

**13** According to the Federal Statistical Office in 2011 the gross domestic product (GDP) amounted to € 2570 billion.

**14** The real purchasing power of the new net income would probably be only some few percent under the actual level. A small loss of purchasing power is due to the primary energy duty. Furthermore losses of purchasing power arise for buyers of luxury goods because of the luxury commercial fee and for owners of physical capital because of the real capital tax.

**15** Without church tax.

**16** The data with "approx." result from the different fiscal possibilities for spouses.

**17** Under the convention of the International Labour Organisation on forced labour (number 29) of 1930 ***forced or compulsory labour*** means under public international law all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

**18** compare election program 2013 of the party DIE LINKE

**19** compare election program 2013 of the party DIE LINKE