

Money for nothing?

Unconditional Basic Income

Summary

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The conditions under which people live and work are changing rapidly, not just in emerging economies, but in Europe as well. In some places, industrialisation is only starting to pick up steam, but here we are facing some completely new challenges: competition from low-wage countries and swift advances in digitalisation are making millions of jobs superfluous. This is why a subsistence income, which would not require people to do anything in return, is needed for everybody.

From a liberal point of view, the idea of a basic income is fair. People can only be free and independent if they do not face a threat to their basic existence from an arbitrary benefactor – be it a lord, an employer or the state. A basic income also takes the place of low-quality, unproductive jobs, which in turn results in faster technological progress. But what would this look like in practice?

- A basic income could fully replace all current social security benefits – instead of unemployment benefit, a pension, family allowance, minimum income benefit, unemployment relief and the like, each individual would receive a lump sum.
- Replacing our welfare system with a basic income would make for significantly simpler and more cost-effective administration. Annual welfare spending is currently in the region of EUR 70 billion. With this amount flowing into the coffers, it would be possible to pay each adult EUR 800 per month and EUR 500 for every child under 15.
- The Austrian government would need about EUR 34 billion in additional revenue to finance universal payments in line with the current at-risk-of-poverty threshold (EUR 1,163 per month).
- However, introducing such a payment could have a series of negative economic effects that would damage Austria's competitiveness in the long run. Implementing a universal, unconditional basic income within the EU would also be difficult for legal reasons.