avenir suisse essentials
The Facts of the Matter Distilled

Income Without a Base

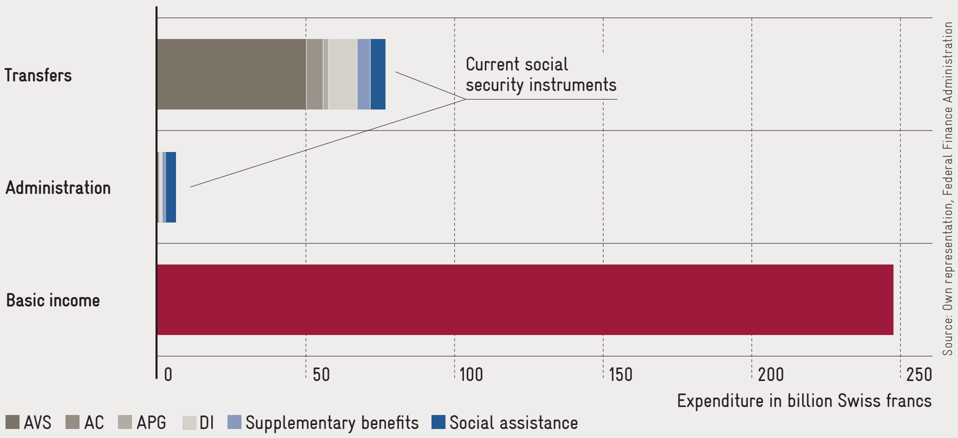
The unconditional basic income (UBI) is illiberal, antisocial and inequitable. It would precisely foster the social division that its supporters warn against.

Situation

The UBI continues to be debated, even though the Swiss population approved its introduction in 2016. At the time, its initiators planned to pay 2,500 Swiss francs per month to all adults. Adjusted for nominal wage trends, this would correspond today to 2,650 Swiss francs, representing a commitment of 248 billion francs a year. But why bother?

Switzerland already has a basic income in the form of social assistance. Except that it must meet certain conditions, for a good reason. Indeed, every social security measure faces a trilemma: financing, minimum coverage and incentives to work. Without conditions, it is not possible to find an optimum in this trilemma.

Social security spending triples



Liberal supporters of the UBI argue that it would reduce administrative costs. But implementation costs (6 billion Swiss francs) for current instruments (77 billion Swiss francs) pale into insignificance when compared with a UBI costing 248 billion Swiss francs a year.

Facts

52%

The UBI would correspond to more than half of the total volume of current salaries (474 billion Swiss francs). This money would no longer be linked to work performance, but would be paid out to the population no matter what.

■ **Financing by value-added tax:** If a UBI paid out no matter the earned income were to be financed by VAT, the normal VAT rate would have to be increased to 61%. The resulting inflation would immediately devalue the UBI.

■ **Financing through employee contributions:** If such a UBI were to be financed through payroll deductions, an additional 37 cents would have to be paid into the basic income fund for every franc earned, even if current social charges and taxes were transferred to the UBI.

■ **Financing through a tax on microtransactions:** It is totally delusional to think that such a tax would generate 248 billion Swiss francs (or even a fraction of it), given that the added value of the entire financial sector amounts to only 71 billion Swiss francs.

■ **No addition, but a supplement:** If the UBI were only paid as a supplement – "what is needed to reach 2,650 CHF a month?" – it would certainly be financeable at first, but it would have a disastrous incentive effect on part-time work and all low-wage jobs.

In summary

The UBI is **illiberal** because it shifts responsibility for providing for oneself onto the community. It is also **anti-social and inequitable,** because it does not distinguish between those who are unable to work and those who do not wish to do so. As a result, more and more people are likely to withdraw from working life in the longer or shorter term. **The creation of added value would diminish,** so there would be **less money available to finance the UBI.** This would **not lead to a stable social state.** The challenge of our time is precisely to continue to allow as many people on the labor market.

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