

I'm sure you think the Basic Income is a bad idea.

The thought is sympathetic for many reasons

It's in fashion, the Basic Income. This week I counted no less than five contributions on the opinion page. Raymond Gradus (professor at the VU, ex-boss of the scientific bureau of the CDA) pleaded against, and the next day he got his fall from Rutger Bregman (publicist, declared supporter) and Bart Nooteboom, professor of economics in Tilburg. This debate - with two more contributions in Friday's paper - follows a growing political interest in the idea, including, for example, that of D66.

What is it? My first suspicion is that the idea appeals to you. I can see it in my mailbox. The second assumption: in practice, this is the last thing you want.

What is it? According to the Dutch Basic Income Association, a Basic Income has four characteristics. One: it is an individual right for each person. Two: There are no conditions for granting it, such as an income or capital test. Three: The amount is high enough for a dignified existence. Four: There is no compulsion to work or consideration.

To put it more simply: it is 'free money' for everyone. Not really free, of course. The taxpayer pays the government, the government pays all inhabitants a basic income.

The idea is sympathetic for several reasons. It simplifies the welfare state. With a Basic Income, the labour market can be stripped of all kinds of rules, such as the minimum wage. The Basic Income gives individuals more choice.

So what is the (main) problem? The height. Two extreme examples illustrate this. Suppose the basic income is 5 thousand euros per month. The result is that many people (partly) withdraw from the labour market, and therefore no longer pay taxes, so that the system blows itself up. With 4 thousand a month, the effect is less strong, with 3 thousand even less, et cetera.

Now we start on the other side. Suppose that the individual basic income is 600 euros per month. This is approximately equal to the current Social Assistance benefit when four adults share a household (i.e. 160 percent of the minimum wage of 1500 euros). At 600 euros per month, you can't lead a 'dignified existence' in the Netherlands in 2015. But the four of us ($4 \times 600 = 2400$ euro) can. With such a low basic income, the withdrawal from the labour market will still occur, but may no longer be an insurmountable issue. With some fitting and measuring it is also affordable.

But then. Are we indeed going to give AOW pensioners five hundred euros less per month? After all, a single AOW pensioner now receives EUR 1100 per month. And are we going to have those who are fully incapacitated handed in hundreds of euros per month? Because they will now receive a percentage of their last-earned wages. Are we going to give the notary's househusband 600 euros per month free of charge? Because he is not getting anything now. As you can see, this is not possible just like that. The redistribution consequences are too great.

There are, in theory, two ways to try to solve this. One: on top of that low basic income come allowances, for example for pensioners and fully disabled people (and for x, y and z of course). With this, a large part of the charm of a basic income - simplicity, freedom - is gone again.

The other solution is to make the basic income a little higher. But with every euro that the basic income increases, the withdrawals on the labour market increase, and the costs for the treasury, too. If the counter were to stop at 1000 euros per month (with still large groups of current benefit recipients turning in), the economic suffering would already be incalculable.

In short, the Basic Income is a sympathetic thought. Free money sounds delicious. But if you try to make it concrete - along the lines of the definition of your own association - you will end up in an economic disaster area and/or a redistribution swamp in the Netherlands in 2015.

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