

# Basic Income Research Group

AUTUMN 1984 NEWS SHEET

## BETTER THAN BEVERIDGE

**In 1942, the Beveridge Plan assumed that society would be able to provide full employment. Today's social security system is based on that assumption. But it is wrong.**

**School-leavers unable to find work and long-term unemployed people are effectively disenfranchised by the Beveridge system. Instead of a system based on work tests, we need a system independent of one's status as an earner or non-earner. We also need a system that provides for men and women equally.**

**The BASIC INCOME RESEARCH GROUP believe that a long-term objective of social security policies should be to guarantee an adequate Basic Income for all U.K. residents, irrespective of their work status and marital status.**

**Such a system would take years to introduce. It would provide the basis for social security policies in the 21st Century. And it would be better than Beveridge.**

## Taxation – part of the debate

Everybody knows that claimants get benefits. Most people in work are non-claimants. So they don't get benefits.

Not true. They do. The vast majority of people receive their benefits through the tax system, in the form of tax reliefs and allowances.

Instead of social security and taxation being considered separately, they should be considered together. Instead of two separate systems, there should be one integrated system.

## Social Security – the system can't cope

The number of claimants has increased by more than 400 per cent over the last 40 years. Today there are more than 12 million. The range of means-tested benefits has increased as well. Today there are about 45.

It is virtually impossible for many claimants to understand their rights. No wonder that in 1981, nearly 1.4 million people eligible to claim supplementary benefit did not do so.

And among those who claim, there is widespread fear of harassment at the hands of Social Security Fraud Squads and Specialist Claims Control Units.

### Poverty Trap:

Means-testing has helped to create the poverty trap: when benefits are withdrawn at a faster rate than increases in income. For every extra £1 many low-income families earn each week, they lose 39p in income tax and national insurance, 17p in housing benefit taper and 50p from the withdrawal of Family Income Supplement. In other words, they lose an extra 6p for every extra £1 earned.

## Scrap the earnings rules!

People who claim Supplementary Benefit can only earn up to £4 each week before they lose their benefit pound for pound. Claimants of unemployment benefit can earn up to £2 per day before their benefit starts to be withdrawn. Earnings rules are a disincentive to unemployed people edging their way back into employment. It often is not worth their while to take up part-time jobs in the few areas where they are available.

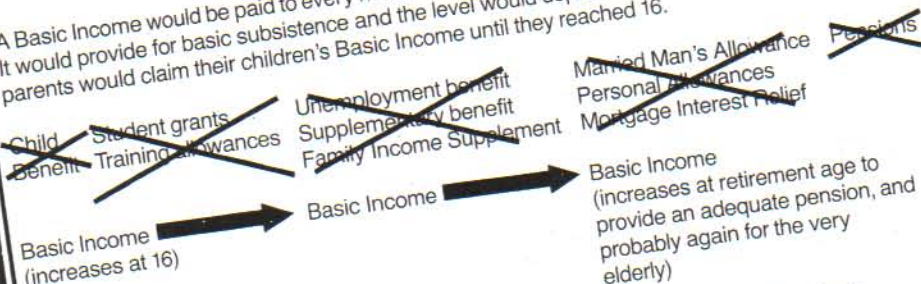
A major advantage of a Basic Income scheme is that it would abolish all earnings rules. However much you earn, you keep your Basic Income.

### Basic Income Research Group

An independent Group currently being established with the assistance of the National Council for Voluntary Organisations.

## A Basic Income Scheme – how it would work

A Basic Income would be paid to every man, woman and child resident in the United Kingdom. It would provide for basic subsistence and the level would depend mainly on age. Usually parents would claim their children's Basic Income until they reached 16.



Additional benefits would be paid in respect of sickness and invalidity. There would be a means-tested housing benefit, and special provision for cases of exceptional need. Basic Income is not taxed. All additional income earned from employment is taxable.

# BASIC INCOMES WOULD HELP ACHIEVE

## greater equality for women

Women who do not work would no longer be in a position where they might have to depend totally upon a man for their income. Every member of a family would receive her/his own basic income. All women would therefore have a measure of financial independence – which is vital to equality.

## more flexible patterns of employment

Basic Incomes would make it easier for unemployed people to get back into part-time work. And it would be easier for full-time workers to consider more flexible patterns of work more suitable, for example, for parents sharing child-care responsibilities.

## free collective bargaining

Under a Basic Income scheme, workers would have two incomes: their untaxed Basic Income from the State, and their taxable earned income from their employer. The effect on wage levels would be determined by unions and employers through collective bargaining.

A national minimum income should be supported by trade unionists who back the call for a national minimum wage. Whereas a national minimum wage would probably lead to statutory wage controls, a Basic Income scheme should provide a more secure basis for strengthening free collective bargaining.

## a benefit system that could be understood by claimants

The present social security system is not understood by the overwhelming majority of citizens. One great advantage of a Basic Income scheme would be its simplicity. It would be possible for ordinary people to understand the benefit system.

## civil liberties

Basic Incomes could restore claimants' civil liberties. There would be no more humiliating investigations into every aspect of their private lives. But safeguards would be necessary to ensure that governments could not abuse the mechanism for payment of Basic Incomes by requiring more information about people's circumstances than was absolutely necessary.

## attack on poverty

Voluntary organisations would overwhelmingly favour a Basic Income scheme that was *redistributive*, and formed part of a wider anti-poverty strategy by the Government. But you do not have to support redistribution to support Basic Incomes. You do, however, need to support the principles of equality and non-discrimination on which they are founded.

## fewer divisions between the employed and unemployed

There would be no rigid division between the 'unemployed' and the 'employed', between 'them' and 'us', between 'claimants' and 'non-claimants'. Basic Incomes would help to remove the stigma from unemployment. There would be no more separate queues for the unemployed outside unemployment benefit offices.

## more part-time education and training

Under a Basic Income scheme, it should be easier to combine part-time education and training with part-time employment. Basic Incomes would help to protect part-time students against the considerable hardship they often face at present.

## Basic Income Research Group

A Basic Income scheme would be no panacea. And there are many unknowns. That is why considerable work needs to be done to explore the implications and test the feasibility of a Basic Income scheme. How would it affect collective bargaining? How would it affect job creation and the distribution of employment? Would it require a greater emphasis on indirect rather than direct taxation? What would be the effects of phasing out mortgage tax relief? What would be the costs of each particular scheme? These issues – and others – will be explored by the Basic Income Research Group throughout 1985 and 1986.

IF THE FIGURES DO NOT STAND UP,  
WE WILL BE THE FIRST TO SAY SO.

## FURTHER DETAILS...

**If you would like further details about the Basic Income Research Group, and to know more about how you might become involved with the work of the group, please complete the form below and return it to Peter Ashby, Secretary, Basic Income Research Group, 26 Bedford Square, WC1B 3HU. Telephone: 01-636 4066.**

**I would like further details about the Basic Income Research Group.**

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