TOWARDS A BEVERIDGE WELFARE LANDMARKS IN SOCIAL WELFARE 1900 to 2008

1900 - 12 THE NEW LIBERALISM

1901 Seebohm Rowntree’s first study of poverty in York, Poverty: a study of town life
1902 Charles Booth’s study of poverty in London, Life and Labour of the People of London
1906 - 12 THE NEW LIBERALISM

1906 School Meals Act
1908 Old Age Pensions Act: means-tested pensions from 60 to 70
1909 The People's Budget: super tax introduced, child tax allowances introduced
1911 National Insurance: sickness insurance and limited provisions for unemployment

1913 - 41 CHANGE AND DEVELOPMENT

‘In all this change and development, each problem has been dealt with separately, with little or no reference to allied problems’ – Lloyd George

1920 Unemployment Insurance Act: non-workers manual workers included
1925 Widows’, Orphans’, and Old Age Contributory Pensions Act: first national scheme of contributory pensions
1930 J.M. Keynes’ The General Theory of Employment, Interest and Money
1935 Richard Titmuss’ Eleanor Rathbone Lecture on the Citizen’s Income
1940 Old Age and Widows’ Pensions Act: pension age for women reduced from 65 to 60
1943 Juliet Rhys Williams’ work - tested Citizen’s Income: pension age for men reduced from 70 to 65
1945 Family Allowances Act: paid to families with children
1946 National Insurance Act: flat-rate NI benefits
1947 Family Allowances Act: £0.25 a week for each child after the first
1948 National Insurance Act: flat-rate NI benefits
1949 National Assistance Act: Poor Law abolished
1950 Income Support introduced
1955 Richard Titmuss’ work on need and entitlement
1956 William Beveridge’s report - the Beveridge Plan
1960 Sixpence in the Pound
1966 Supplementary Benefit replaces National Assistance
1969 Family Credit introduced
1970 Supplementary benefit introduced
1975 Social Security Pensions Act: state earnings-related pension age for women reduced from 65 to 60
1976 One-parent benefit introduced
1978 The Poor Law Amendment Act abolishing outdoor relief
1979 Housing Benefit introduced
1980 Social Security Acts 1 and 2: pension age for women reduced from 65 to 60
1981 National insurance contribution increased to 8.75%.
1983 Additional assistance for lone parents
1984 DSS introduced
1985 Additional assistance for lone parents
1986 The Disability Rights Act
1987 Family Credit increased
1988 Disability Living Allowance introduced
1989 Bereavement Benefit introduced
1990 incapacity benefit introduced
1991 Disability Living Allowance
1992 Disability Living Allowance replaces mobility allowance and attendance allowance for the under-65s. Disability living allowance introduced. Additional minor reforms of disability benefits.
1993 Child Benefit introduced
1994 Disability Living Allowance
1995 Disability Living Allowance
1996 Disability Living Allowance
1997 Disability Living Allowance
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1999 Disability Living Allowance
2000 Disability Living Allowance
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2007 Disability Living Allowance
2008 Disability Living Allowance

1997 - 2008 NEW LABOUR

1997 in ‘future, welfare will be a hand-up not a hand-out’ – Tony Blair
1998 Tony Blair becomes Prime Minister. First Labour government
1999 Family Credit replaced by Working Families Tax Credit (WFTC) and Disabled Persons Tax Credit (DPTC)
2000 Disabled winter fuel payments of £100 per year for those aged 60 and over.
2001 Bereavement benefit for new asylum seekers ends.
2002 Child Tax Credit (CTC) and Working Tax Credit (WTC) introduced
2003 Abolition of sure start work and income support
2004 New system introduced: tax credits and jobseeker’s allowance
2005 Sure start work and income support
2006 Sure start work and income support
2007 Sure start work and income support
2008 Sure start work and income support

RESOURCES

THE CITIZEN’S INCOME TRUST’S PUBLICATIONS, BULLETINS AND NEWSLETTERS


Every edition is available on the ‘resources’ page of the Citizen’s Income Trust’s website, www.citizensincome.org

Recent highlights:

The results of our surveys of the House of Commons and the House of Lords (issue 2 for 2007)
An editorial on the Parliamentary Work and Pensions Committee’s report Benefits Simplification (issue 3 for 2007)
Eight challenges for Basic Income by Tony Fitzpatrick; and a research note on the utility – or otherwise – of being employed for a few hours a week (issue 1 for 2008)

And less recently:

Citizenship and a Citizen’s Income (issue 3 for 2003)
Anne Miller, Assumptions and calculations for a simple Citizen’s Income Scheme (issue 1 for 2006)
And also on the website are occasional papers and longer reports (such as Slumming Towards Basic Income, 2000)

A SHORT LIST OF TITLES FROM OTHER PUBLISHERS


Karl Widerquist, Michael Anthony Lewis and Steven Pressman, The Ethics and Economics of the Basic Income Guarantee, Ashgate, Aldershot, 2005

Reviews of numerous relevant books can be found on the ‘reviews’ page of the Citizen’s Income Trust’s website www.citizensincome.org

The international journal, Basic Income Studies, is available at www.bipress.com/bis

OTHER ORGANISATIONS

BIEN (the Basic Income Earth Network – formerly the Basic Income European Network) was established in 1986.
Links to this and to other organizations, such as CORI (Ireland) and USBIG (USA), can be found on our website
1 What is a Citizen's Income?
A Citizen’s Income (CI) is an unconditional, automatic and non-waivable payment to each individual as a right of citizenship.
(A Citizen’s Income is sometimes called a Basic Income (BI), a Universal Grant, or a Universal Benefit)

A Citizen’s Income scheme would phase out as many reliefs and allowances against personal income tax and as many existing forms of enhanced cash benefits as possible, and replace them with a Citizen’s Income paid automatically to every man, woman and child.

The Citizen’s Income attack on poverty is three pronged. Such a scheme would:
- end the poverty and unemployment traps, thus boosting employment
- provide a safety net from which no citizen would be excluded
- create a platform on which all citizens are free to build

A Citizen’s Income scheme would encourage individual freedom and responsibility and help to:
- bring about social cohesion. Everyone is entitled to a Citizen’s Income and everybody pays tax on all other income
- end perverse incentives that discourage work and savings.

2 How would it work?
A Citizen’s Income scheme would coordinate the income tax
A Citizen’s Income (CI) is an unconditional, automatic and non-waivable
Citizenship becomes the basis of entitlement

3 How would the benefits be funded?

The Citizen’s Income Trust

4 How would it work?

3. Fundsheet changes

1. Citizenship becomes the basis of entitlement, subject to a minimum period of legal residency in the UK. Every citizen would have a small independent income, whether or not they are in paid employment.

2. The individual would be the tax/benefits unit

5. Access to a Citizen’s Income would be easy and unconditional. Instead of the current maze of regulations, often resulting in perverse incentives, everybody would know their entitlement and their obligations. Take-up, as with child benefit (currently the only form of Citizen’s Income in the UK), would be nearly 100%.

6. Benefit levels would be indexed to earnings or to GDP per capita rather than to prices. To index the Citizen’s Income lower than this would merely store up problems for the future. Whilst all this would be borne from a monolith about paying tax, there would be an equal and opposite pressure against income tax rises to fund it. So two basic variables – the Citizen’s Income level and the income tax rate required to fund it – would be inherently linked and stable.

4. Integrating tax and social security

The current system
Putting housing-related benefits to one side, in 2006 the net income of a single person aged 25 or over after income tax, national insurance contributions, income support/jobseeker’s allowance and working tax credits was as follows:

The chart clearly reveals the benefit trap. As earned income rises, earnings are taxed and benefits are withdrawn. Someone working between 11 and 16 hours per week retains their additional net income up to £95 pn; but for every hour worked above 16 hours per week and become entitled to tax credits, their net income rises much more slowly. If someone earning the national minimum wage and non-taxable income (£5.35 in 2006) starts working 40 rather than 16 hours, his or her gross income increases by £128 per week, but his or her net income increases by only £35 per week – having suffered £34 in tax and national insurance contributions and lost £29 in working tax credits. The increase in net income is only 0.9% of gross income, so this is a ‘marginal deduction rate’ or ‘withdrawal rate’ of 49%. For many family types, withdrawal rates are 85% of earned income up to nearly £20,000 per year for some family types and some earnings the withdrawal rate is higher than 95%.

A Citizen’s Income proposal
The relatively uncontroversial Citizen’s Income scheme proposed here assumes the following rates of Citizen’s Income:

Cost

The total cost of the proposed scheme is as follows:

We assume that tax relief for pension contributions will be restricted to 22%, the same as the rate of income tax deducted from personal income tax. Running costs are estimated at one per cent, which is the approximate cost of administering child benefit (non-contributory, non-means-tested, non-taxable).

In the short term some of the £10bn saved will be needed to compensate those affected by transitional measures are required, as explained later. That the UK can afford a Citizen’s Income scheme is also illustrated by the fact that per capita GDP was £391 per week in 2005 (UK National Accounts 2006, Table 1.5, item lHKT).

For further details of these costings please request our introductory booklet, or download it from the front page of our website.

6. Transitional arrangements

There will be clear winners under the Citizen’s Income system proposed here, in particular:
- earners with low or fluctuating incomes
- students
- families (with children) on low to average earnings
- older people with small savings and pensioner couples

It is also clear that the Citizen’s Income scheme we have adopted outright then transitional measures will be required for:
- lone or widowed parents with no earned income who receive no maintenance from the absent or deceased parent
- women aged between 60 and 65 eligible for the state pension
- single earner households earning between £8,000 and £16,000 per annum, for whom the Citizen’s Income envisaged would not compensate for the withdrawal of both child tax credit and working tax credit
- civil servants at Her Majesty’s Revenue and Customs and the Department for Work and Pensions who have to be retrained or made redundant.

The Citizen’s Income scheme outlined here ignores the fact that some residents have not been in the UK long enough to qualify, and it also ignores pensioners living abroad who receive a state retirement pension. It is assumed that the two issues will cancel each other out so that a negligible overall cost or saving will be the result.

7. Housing-related benefits


We are aware that housing-related benefits need radical simplification and reform but we believe that to be a separate debate and not directly related to the implementation of a Citizen’s Income scheme. Such benefits are usually paid to households whereas it is fundamental to a Citizen’s Income that it is paid to individuals.

The Citizen’s Income Trust

The immediate reaction of most people when introduced to the idea of a Citizen’s Income is one of incredulity. It sounds too good to be true. The Basic Income Research Group was set up in 1984 to promote debate on the feasibility and desirability of a Citizen’s Income. (BIRG was renamed the Citizen’s Income Trust in 1992).

The Citizen’s Income Trust is not a pressure group, nor is it aligned to any political party. It publishes a regular Newsletter, maintains a website and a library, responds to requests for information, and undertakes research projects directly related to its aims. The Citizen’s Income Trust is a registered charity, no. 328198

How you can help

If you are interested in reform of the tax and benefits system, why not join our mailing list?

Email your contact details to info@citizensincome.org, or write to: Dr Malcolm Torr, Civic Trusts and BIRG, P.O. Box 26586, London SE3 7WY. Telephone: 020 8305 1222; fax: 020 8305 1802

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