

Citizen's Income *newsletter*

2019, issue 1

Contents

Editorials: Means-testing; Green support for Citizen's Basic Income; Inequalities; Universal Basic Services; An agenda for welfare reform *page 1*

Main article: Citizen's Basic Income and Citizen's Basic Income schemes: definitions and details *page 4*

News *page 14*

Book reviews *page 15*

Annie Miller, *Basic Income Handbook*

International Labour Organization, *Universal Basic Income proposals in light of ILO standards*

David Fée and Anémone Kober-Smith (eds), *Inequalities in the UK*

Glenn W. Muschert et al, *Global Agenda for Social Justice*

A request for money *page 20*

Citizen's Income Newsletter

ISSN 1464-7354

Citizen's Basic Income Trust
286 Ivydale Road
London SE15 3DF

020 7635 7916

Email: info@citizensincome.org
Website: www.citizensincome.org

Registered charity no. 1171533

Director: Malcolm Torry

Disclaimer: Views expressed in this newsletter are not necessarily those of the Citizen's Basic Income Trust

Editorials

Means-testing is not inevitable

The Chancellor of the Exchequer's budget statement on the 29th October ¹ contained nearly thirty mentions of Universal Credit, the major change being a one thousand pound increase in the Work Allowance (the amount that someone can earn before Universal Credit begins to be withdrawn). The Chancellor has recognised that not withdrawing benefits as earned income rises increases the incentive to earn additional

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752202/Budget_2018_red_web.pdf. For further comment on changes made to Universal Credit in the budget, see Paul Spicker, 'The budget doesn't do much for benefits', <http://blog.spicker.uk/the-budget-doesnt-do-much-for-benefits/>

income. The change therefore recognises one of the serious problems with means-testing.

Opinion on Universal Credit is divided. The Centre for Social Justice continues to think Universal Credit to be a good idea, although it has recognised that changes need to be made in order to 'reduce the stress of transition for many claimants'. ² *The Economist*, too, thinks that 'Universal credit has a lot going for it. Streamlining benefits into one monthly payment will eventually make the system easier to administer'. ³ However, as Paul Spicker points out, 'streamlining' suggests that the same rules will apply to everyone, whereas in fact different groups – unemployed people, people who are ill, people who cannot afford their housing costs – are still subject to different complex sets of rules, causing the entire structure to be overcomplicated. 'The myth that Universal Credit was sound in principle refuses to lie down and die'. ⁴

If we assume that means-testing is the best basis for a society's income maintenance strategy, then at first sight Universal Credit looks better than the large number of different benefits that it is designed to replace. But what if the assumption is mistaken? The disincentives, poverty traps, stigma, social division, and bureaucratic complexity that are inevitable accompaniments of means-testing suggest that if another basis for an income maintenance strategy is available then a transition towards it could only be good for our society and our economy. Unconditional incomes would be that alternative basis. Today, about one third of households receive means-tested benefits of some kind. An easy to implement Citizen's Basic Income of £63 per week for working age adults (with different amounts for other age groups) would reduce that number by seven per cent, and would reduce every household's means-tested benefits, meaning that it would be easier for every household to come off them. ⁵ For the time being, it would not be

² Centre for Social Justice annual report for 2017/2018, p. 16, <https://www.centreforsocialjustice.org.uk/core/wp-content/uploads/2018/10/CSJ-Annual-Report.pdf>

³ <https://www.economist.com/britain/2018/10/27/if-universal-credit-is-to-succeed-the-government-must-act-now>

⁴ Paul Spicker, 'The *Economist* still likes the idea of Universal Credit', <http://blog.spicker.uk/the-economist-still-likes-the-idea-of-universal-credit/>

⁵ Malcolm Torry, *An Update, a Correction, and an Extension, of an Evaluation of an Illustrative Citizen's Basic Income Scheme – Addendum to EUROMOD Working Paper EM12/17*, EUROMOD Working Paper

possible to implement a revenue-neutral Citizen's Basic Income scheme that would remove all households from means-testing without imposing unacceptable losses on too many low income households,⁶ but that doesn't mean that we shouldn't begin to build an income maintenance strategy on an alternative basis.

Means-testing is not inevitable.

Green support for Citizen's Basic Income

Green Parties are often at the forefront of political support for Citizen's Basic Income:⁷ but is this rational? At the heart of the Green Party's range of policies is protection of the environment, which in today's context means reducing carbon dioxide emissions in order to control climate change. So the question to be asked is this: Is there a connection between Citizen's Basic Income and reducing carbon emissions?

The answer to that is not simple. A Citizen's Basic Income could have all manner of different effects depending on the details of the particular Citizen's Basic Income scheme: that is, the levels at which it would be paid, and the ways in which it would be funded. For instance, to implement any change that would reduce inequality might increase carbon emissions.

We have to say 'might' here because the effects of reducing inequality could be ambiguous. High inequality fuels status competition and therefore consumption, so to reduce inequality could reduce consumption and therefore reduce carbon emissions. However, poorer households have a greater propensity to consume products the production of which raises carbon emissions, whereas wealthier people have a greater propensity to consume cultural and other goods that produce lower carbon emissions. This means that if household incomes were to

EM12/17a, Colchester: Institute for Social and Economic Research, University of Essex, 2018, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em13-17a>.

⁶ Malcolm Torry, *Two feasible ways to implement a revenue neutral Citizen's Income scheme*, Institute for Social and Economic Research Working Paper EM6/15, Institute for Social and Economic Research, University of Essex, Colchester, April 2015, www.iser.essex.ac.uk/research/publications/working-papers/euromod/em6-15

⁷ *The Green Party for a Confident and Caring Britain*, the Green Party manifesto for the May 2017 General Election, <https://www.greenparty.org.uk/assets/files/gp2017/greenguaranteepdf.pdf>

become equal then carbon emissions could rise.⁸ Where the balance would fall between these two opposite tendencies will be difficult to say until inequality is reduced and we find out.

But of course it would not be the Citizen's Basic Income itself that would increase carbon emissions as inequality fell: it would be the inequality-reducing funding mechanism that would do so.

On the other hand, the Belgian Green Party proposes that a Citizen's Basic Income should be partially funded by 'higher taxes on consumption, cars, pollution, and financial revenues, and less on labour'.⁹ This would reduce carbon emissions. But again – it would not be the Citizen's Basic Income that would reduce carbon emissions: it would be the funding mechanism.

There are many good arguments for Citizen's Basic Income, but reducing carbon emissions is not one of them. The connection is different. The reduction of carbon emissions must be one of the tests for a Citizen's Basic Income scheme. It must function as a constraint, not as a reason.

Inequalities

'Inequality' is often taken to mean 'income inequality', or possibly 'wealth inequality'; and the claim is often made that a Citizen's Basic Income would help to solve that problem. To which the answer has to be: maybe. The particular Citizen's Basic Income published in the Citizen's Basic Income Trust's introductory booklet, and in the new student poster, would reduce the Gini coefficient, which is a measure of income inequality: but there would be schemes that would have the opposite effect. Revenue neutral schemes that abolished Working Tax Credits, Child Tax Credits, and Universal Credit, and charged higher Income Tax rates, would create sizeable net income losses for far too many houses, and could significantly increase inequality. The detail of the scheme matters.

But there are other kinds of inequality to which *any* Basic Income scheme would make a useful response.

⁸ Kate Raworth, *Doughnut Economics: Seven ways to think like a 21st-century economist*, London: Random House, 2017, p. 172; Lutz Sager, *Income Inequality and Carbon Consumption: Evidence from environmental Engel curves*, Grantham Research Institute on Climate Change and the Environment, 2017

⁹ Kim Fredericq Evangelista, 'Basic Income to boost social security in Belgium', *Green European Journal*, volume 17, Spring 2018, pp 107-109, <https://www.greeneuropeanjournal.eu/filling-in-the-cracks-visions-of-social-protection-that-works/#belgium>

For instance: Marginal deduction rates (- the rate at which taxes and other deductions are withdrawn from additional earned and other income) are currently much higher for households on means-tested benefits (including in-work benefits such as Working Tax Credits and Universal Credit) than they are for households not on means-tested benefits. A Citizen's Basic Income would help to address that inequity by reducing the marginal deduction rates experienced by households for which their Citizen's Basic Incomes took them off means-tested benefits.

If the wages of individuals on means-tested benefits fall, then those benefits rise, providing little incentive for employers to maintain the value of wages, and too little incentive for trades unions to organise employees to enable them to negotiate for higher wages. This is not a problem faced by individuals not on means-tested benefits. Citizen's Basic Incomes would not rise if wages fell, providing less of an incentive for employers to reduce wages, and more of an incentive for employees to organise to defend and raise wage levels.

Households on means-tested benefits face intrusive enquiries about their personal relationships, their savings and incomes, and their employment market behaviour, and evidence often has to be provided before they are believed. Households not on means-tested benefits face no intrusive enquiries about their personal relationships, incomes, assets, or employment market behaviours, and evidence is normally not required when tax returns are completed. In the Income Tax world, individuals are treated as individuals, and the administrative burdens that they face are minimal: but in relation to means-tested benefits, individuals are treated as members of households, and no longer as individuals, and the administrative burden can be substantial. The more households that can be taken off means-tested benefits by their Citizen's Basic Incomes, the more equal individuals will become.

There are many kinds of inequality, and, as we can see, a Citizen's Basic Income of any kind would begin to reduce several different inequalities; and the right levels of Citizen's Basic Incomes, and the right accompanying changes to the current tax and benefits systems, would take care of some of the rest.

Universal Basic Services

Under the title 'Forget the Universal Basic Income – here's an idea that would truly transform our society', Andrew Percy recommends Universal Basic Services':

Moving to establish or enhance a service necessarily involves the devolution of power and control from the centre to the point of delivery. At University College London's Institute for Global Prosperity we have been developing the concept of universal access to basic services as a concrete policy proposal.

Our first report has established that the costs of introducing a comprehensive programme that broadened access to social housing, provided free local transport and internet access and even established a basic community food programme are easily within practical reach.

At first blush an extra 1.5 million social housing units and free transport and internet for everyone might sound madly expensive. But we established that it would only require an extra £20 a week from the top half of tax payers. ...

... One of the great advantages of the UBS model is that it can be delivered incrementally, building on what we have already. An extra bus route, a community kitchen or a village public internet service would all make a difference to ordinary people's sense of security. ... (<https://leftfootforward.org/2018/10/forget-the-universal-basic-income-heres-an-idea-that-would-truly-transform-our-society/>)

Of course, public services are all very different, so each proposal for a service would need to be evaluated separately on its merits. For instance, free public transport for children in London has meant fewer children walking to school, and children filling the buses that adults need to get them to work, which suggests that any proposal for free public transport would need to be carefully evaluated in relation to all of its possible consequences. Free broadband would appear to have no such consequences and could only be an advantage. So yes, additional free public services should be discussed: but there is no logical connection between that and the suggestion in the article's title that we should forget about Citizen's Basic Income.

There is in fact no mention of Citizen's Basic Income in the article, so whether the author or the editor chose the title we cannot know: but either way, it is misleading. It would be perfectly possible to implement a Citizen's Basic Income at no net cost, without imposing any significant losses on low income households, and without imposing unmanageable losses on any households, so implementing a Citizen's Basic Income would not prevent the implementation of additional free services, and implementing additional services would

not prevent a Citizen's Basic Income from being implemented.

Universal Basic Services and Citizen's Basic Income is both/and, not either/or.

An agenda for welfare reform

In a recent article, 'Welfare Futures' (*IPPR Progressive Review*, vol. 25, no. 3, Winter 2018, pp. 320-29,

<https://onlinelibrary.wiley.com/doi/full/10.1111/newe.12114>), Ruth Patrick, begins with diagnosis:

The UK's social security system is in a poor state of repair. The ongoing debacle over Universal Credit's delayed rollout and the fallout from successive cuts to the social security safety net have left us with a benefits system that is failing to protect people from poverty. Instead, especially for those adversely affected by extended and intensified welfare conditionality and punitive sanctions, interactions with the benefits system can sometimes extend and entrench hardship – what has been described as 'destitution by design'. (p. 321)

She quotes Chris Goulden: 'There is a pressing need here to be bold and courageous in thinking through how we might build a social security system that is once again fit for purpose' (Chris Goulden (2018) 'Sanctions are going too far and causing destitution', Joseph Rowntree Foundation, <https://www.jrf.org.uk/blog/sanctions-going-too-far-causing-destitution>). Patrick characterises the situation as 'social *insecurity*, which makes future planning almost impossible, and all too often has a deleterious impact on mental health' (p. 322: Ruth Patrick's italics): a verdict that she backs up with detail and evidence. She asks for 'welfare reform' that would 'rebuild social security to make it fit for the Britain of today' (p. 323). An agenda follows:

First, there is a pressing need to return to first principles and rethink the purpose and beneficiaries of "welfare". ...

Second, in formulating social security policy ... we need ... a sustained listening and engagement with people with direct experiences of poverty. ...

Third, ... it is vital to embed principles of dignity and respect within a reimagined social security system. ...

Linked to this, policymakers need to focus corrective attention on how to stigma-proof the social security system ... Doing this will not be easy, but it perhaps calls for a reconsideration of

the value in universal forms of social security support ...

Fifth, and finally, it is time to reconsider the role of welfare conditionality in our social security system, and to explore whether there is a need to roll back from some of the most intensive and punitive forms of conditionality ... (pp. 323-26)

Ruth Patrick concludes:

We can all play a role in reimagining welfare by having conversations about what a different 'welfare future' might look like, talking through the constitutive elements required to build a social security system fit for the challenges of contemporary Britain. ... Delivering on all this would require a truly radical programme of welfare reform. But only with such bold reform, can we reclaim social security's original purpose and properly fix our broken social security system. (p.329)

Ruth Patrick has offered us a well-evidenced diagnosis and an important agenda. A Citizen's Basic Income would contribute significantly to fulfilling the agenda that she outlines. The Citizen's Basic Income Trust will be pleased to play its part in the conversation required.

Main article

Citizen's Basic Income and Citizen's Basic Income schemes: definitions and details¹⁰

By Malcolm Torry

This is an edited version of a paper presented at the BIEN Congress held in Tampere, Finland, in August 2018

Introduction

A Citizen's Basic Income is an unconditional, nonwithdrawable income paid to every individual as a right of citizenship. It is as simple as that. Citizen's Basic Income has a number of different names: Citizen's Income, Basic Income, Citizen's Basic Income, Universal Basic Income. They all mean exactly the same: an unconditional income paid to every individual.

The amount paid to an individual would not depend on their income, it would not depend on their wealth, it would not depend on their household structure, it would not depend on their employment status, and it would not depend on anything else. Every individual

¹⁰ This paper is based partly on Torry, 2017a; 2018a; 2018b; 2018c.

of the same age would receive exactly the same: the same amount, every week or every month, automatically.

Older people might receive more than working age adults, younger adults less, and less for children. Does adjusting the amount with someone's age compromise Citizen's Basic Income's unconditionality? No, it does not. What is unique about Citizen's Basic Income, what matters, and what makes it work, is that it can be turned on at someone's birth, and turned off at their death, that no active administration is required in between, and that nothing that anyone can influence, or that requires enquiry of any kind, can affect it. Once the computer knows someone's date of birth, it never needs to ask about their age: it can seamlessly adjust the amount that an individual is paid as their age changes. Everyone of the same age would receive exactly the same income, unconditionally.

Sometimes words are added, but they are not necessary. Citizen's Basic Income is unconditional, so within the jurisdiction in which it is paid everybody gets it, so it is universal. There is no need to say that it is. Citizen's Basic Income is unconditional, which means that it would not fall if other income rose, so it is nonwithdrawable. There is no need to say that it is. It is universal, and it is nonwithdrawable. But all we need to say is this: Every individual of the same age would receive exactly the same income, unconditionally.

The definition published by the Citizen's Basic Income Trust reads as follows:

A Citizen's Basic Income is an unconditional, automatic and nonwithdrawable income for each individual as a right of citizenship. (A Citizen's Basic Income (CBI) is sometimes called a Basic Income (BI) or a Citizen's Income (CI))

- 'Unconditional': A CBI would vary with age, but there would be no other conditions: so everyone of the same age would receive the same CBI, whatever their gender, employment status, family structure, contribution to society, housing costs, or anything else.
- 'Automatic': Someone's CBI would be paid weekly or monthly, automatically.
- 'Nonwithdrawable': CBIs would not be means-tested. Whether someone's earnings or wealth increase, decreased, or stayed the same, their Citizen's Basic Income would not change.

- 'Individual': CBIs would be paid on an individual basis, and not on the basis of a couple or household.
- 'As a right': Everybody legally resident in the UK would receive a CBI, subject to a minimum period of legal residency in the UK, and continuing residency for most of the year. (Citizen's Basic Income Trust, 2018)

According to the definition published on BIEN's website:

A basic income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.

That is, basic income has the following five characteristics:

- Periodic: it is paid at regular intervals (for example every month), not as a one-off grant.
- Cash payment: it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.
- Individual: it is paid on an individual basis—and not, for instance, to households.
- Universal: it is paid to all, without means test.
- Unconditional: it is paid without a requirement to work or to demonstrate willingness-to-work. (BIEN)

The different definitions exhibit different emphases, but, apart from the fact that the same term, 'unconditional', is used with two different meanings, they are almost consistent with each other and they represent a consensus – and, after all, consensus is what definitions are about.

Citizen's Basic Income, and Citizen's Basic Income schemes

A Citizen's Basic Income is always as defined above, and anything that conforms to those definitions is a Citizen's Basic Income. A Citizen's Basic Income *scheme* is different: It specifies the levels of Citizen's Basic Income to be paid to each age group, the frequency of the payments, and also the funding mechanism, which might be changes to the existing tax and benefits system, or maybe some other method. Consider two different Citizen's Basic Income schemes: both would pay working age adult Citizen's Basic Incomes somewhere around £70 per week, and different amounts for older and younger people; both would be largely funded by abolishing the Income Tax Personal Allowance and the National

Insurance Contribution Primary Earnings Threshold; but one would abolish means-tested benefits, while the other would leave them in place and recalculate them on the basis that every individual in a household would now be receiving a Citizen's Basic Income and that net earnings will have been changed by the abolition of the Income Tax Personal Allowance and the National Insurance Contribution Primary Earnings Threshold. The schemes would exhibit some very different effects. In particular, the scheme that abolished means-tested benefits would impose significant losses on low income households at the point of implementation, whereas the scheme that retained means-tested benefits would not. The latter would be politically feasible, whereas the former would not be (Torry, 2014; 2015a).

Rothstein v. Torry

In November 2017, *Social Europe* published an article by Bo Rothstein entitled 'UBI: A bad idea for the welfare state' (Rothstein, 2017). The article sets out from a definition of 'Unconditional Universal Basic Income' (UUBI) as 'every citizen will be entitled to a basic income that frees them from the necessity of having a paid job'; and it adds the details that the level of UBI would be £800 per month, and that 'all means-tested programs for those who cannot support themselves through paid work can be abolished'. Rothstein correctly identifies as an advantage of such a reform that it 'would force employers to create more acceptable and less demeaning types of work because people would not take jobs they consider unsatisfactory. Releasing people from the compulsion to have a paid job would, according to the proponents, also mean strengthening the voluntary/civil society sector and cultural life'. He equally correctly identifies as disadvantages that it 'would be unsustainably expensive and would thereby jeopardize the state's ability to maintain quality in public services such as healthcare, education and care of the elderly', that it would lose political legitimacy, and that 'people who can work [would] choose not to work'. Rothstein's verdict is that 'the basic error with the idea of unconditional basic income is its unconditionality', because that threatens 'the principle of reciprocity ... Breaking with this principle is most likely to lead to the dismantling of the type of broad-based social solidarity that built [the] welfare state.'

Not so. The main problem with the Universal Basic Income that Rothstein discusses in his article is not its unconditionality: it is the flawed definition.

As we have seen, the definition of Citizen's Basic Income implies neither a particular amount, nor that

means-tested benefits would be abolished, and it does not imply that the UBI would necessarily free people from paid employment. Rothstein has confused his particular Citizen's Basic Income scheme with Citizen's Basic Income.

Instead of a Citizen's Basic Income scheme that pays £800 per month to every individual, and that abolishes means-tested benefits, we could pay £264 per month to every individual (with different amounts for children, young adults, and elderly people), and leave means-tested benefits in place and recalculate them on the basis that household members would be receiving Citizen's Basic Incomes. Instead of leaving undefined the funding method for Citizen's Basic Income, as Rothstein does, we could choose to fund it by abolishing the Income Tax Personal Allowance and the National Insurance Contribution Primary Earnings Threshold (so that Income Tax and NICs would be paid on all earned income), we could apply a flat rate of National Insurance Contribution of 12% to all earned income (rather than the current two-tier 12% and 2% structure), and we could increase Income Tax rates by just 3%. As research conducted at the Institute for Social and Economic Research shows (Torry, 2017b; 2018c), far from being 'unsustainably expensive', this scheme would require no additional public expenditure, and it would not affect expenditure on public services. Rothstein cannot show that his scheme would not impose significant losses on low income households. This alternative scheme would not impose significant losses on low income households, it would impose few losses on households in general, and it would still take a lot of households off means-tested benefits. Rothstein cannot tell us how his scheme would redistribute disposable income, or how it would affect poverty or inequality indices. This alternative scheme would redistribute from rich to poor, it would reduce every poverty index, and it would significantly reduce inequality. Rothstein tells us that his scheme would reduce the incentive to seek employment. This alternative scheme would reduce marginal deduction rates (- a marginal deduction rate is the rate at which additional earned income is reduced by taxation and the withdrawal of means-tested benefits) (Torry, 2018c), and would therefore be likely to incentivise employment, self-employment, and new small businesses. It certainly would not disincentivise them. Far from compromising the reciprocity on which our society is built, it would enhance it. And this alternative scheme would not lose the advantages that Rothstein mentions. Because everyone would have a secure financial platform on which to build, this Citizen's Basic Income scheme, like Rothstein's, would give to workers a greater ability to seek the

employment or self-employment that they wanted, and would therefore encourage employers to supply better jobs in order to attract workers; and because this Citizen's Basic Income scheme would give to each household more choice over its employment pattern, it would still encourage both caring and community activity. (Further details of this alternative scheme can be found in the appendix, and additional details in Torry, 2018c.)

Distinctions matter. A Citizen's Basic Income is always an unconditional income paid to every individual, without means test and without work test. A Citizen's Basic Income *scheme* specifies the rate at which the Citizen's Basic Income would be paid for each age group, and the funding mechanism. There are many possible Citizen's Basic Income schemes. As Rothstein correctly suggests, his chosen scheme would have many disadvantages. As I have shown, an alternative scheme might exhibit none of those disadvantages, and might offer many additional advantages. Both of the schemes contain genuine Citizen's Basic Incomes, but only one of them is desirable and feasible.

Citizen's Basic Income and Minimum Income Guarantee

A Citizen's Basic Income is an unconditional, automatic and nonwithdrawable income for each individual as a right of citizenship. A Minimum Income Guarantee is very different: it is a level of disposable income below which a household is not allowed to fall. The amount of money that a government will need to pay to the household will therefore depend on the household's income from other sources (earnings, pensions, interest on savings, other benefits, and so on) and on the composition of the household.

The 1970s Canadian and US experiments were Minimum Income Guarantee experiments rather than Citizen's Basic Income experiments. The fact that those experiments exhibited clear health benefits and very little employment market withdrawal suggests that a Citizen's Basic Income might have similar effects, but because a Minimum Income Guarantee and a Citizen's Basic Income are not the same, that cannot be assumed.

Pitts et al v. Torry

In the final edition of the journal *Renewal* for 2017, Frederick Pitts, Lorena Lombardozi and Neil Warner suggested that the experience of the Speenhamland reforms of 1795 were 'an experiment in a kind of basic income' (Pitts, Lombardozi and Warner, 2017: 150). They were not. They were an

extension of means-tested poor relief to the working poor. The supplements paid out of the rates were designed to fill the gap between the worker's earnings and a specified minimum income that was related to the size of the family and the price of bread (Speizman, 1966: 45). The scheme was a Minimum Income Guarantee, and the supplements paid were a means-tested benefit. They were definitely not a Citizen's Basic Income. The modern equivalents of the Speenhamland project are Working Tax Credits and so-called Universal Credit, and not Citizen's Basic Income.

Not only is a Minimum Income Guarantee different from a Citizen's Basic Income: the effects would be different. The Speenhamland payments fell if earnings rose, and rose if earnings fell. The Speenhamland supplement therefore functioned as a dynamic subsidy. Because it rose if wages fell, employers who cut wages knew that the supplement would make up for the wage cut. A Citizen's Basic Income would remain the same whatever the individual's earnings, so it would be a static subsidy: that is, it would not rise if wages fell, so both employers and employees would know that if wages fell then employees' families would be worse off. In the context of a Citizen's Basic Income, both collective bargaining and the National Minimum/Living Wage would be even more important than they are now, and the effort to maintain them would intensify.

Another difference relates to employment incentives. Within the communities that were paying the Speenhamland supplement, for breadwinners with large families there was no financial advantage to seeking increased wages, a better-paying job, or additional skills. Increased wages would mean a lower supplement. But because a Citizen's Basic Income would never change, anyone currently on means-tested benefits whose Citizen's Basic Income enabled them to come off them would immediately experience increased incentives to seek higher wages, or to seek additional skills in order to obtain a better-paying job. No longer would an increase in wages result in a loss of benefits, so an increase in earned income would result in a far greater increase in net income. (See the appendix for research results on the number of households that would be taken off means-tested benefits by a fairly modest Citizen's Basic Income scheme.)

Pitts, Lombardozi and Warner are quite right to make a variety of criticisms of the Speenhamland approach. Means-tested in-work benefits such as the Speenhamland supplements, Working Tax Credits, and Universal Credit, do, as they suggest, 'keep the

cost of labour competitive with machines so that employers keep workers hanging on for longer than otherwise would be the case'; they do restrict 'the freedom of workers to sell their capacity to labour to employers as equal parties to a contract'; and they do 'render impossible the commodification of labour in a world still organised on the basis of the commodification of everything else' (Pitts, Lombardozi and Warner, 2017: 149–50). A Citizen's Basic Income, on the other hand, would never compromise 'the bargaining power of labour', and so would not contribute to 'falling or stagnating wages and deteriorating employment prospects' (Pitts, Lombardozi and Warner, 2017: 151). Indeed, by providing a secure financial platform on which individuals and households could build, a Citizen's Basic Income would increase workers' ability to start their own businesses, to turn down badly-paid jobs, and to argue for wage increases.

The Citizen's Basic Income enthusiasts that Pitts, Lombardozi and Warner have in their sights are those who suggest that a Citizen's Basic Income would be a useful response to an automated economy in which fewer human workers would be required. It needs to be said that we cannot know the future of the employment market. Previous periods of technological change have seen new jobs created at the same time as existing jobs have been destroyed, and whether current and future technological change will have similar or different effects we cannot know. It is the fact that we cannot know the future shape of the employment market that is the argument for Citizen's Basic Income. The benefits system that we are running in the UK is still a combination of the Poor Law and Speenhamland – that is, means-tested benefits both in and out of work. It is a system designed for a 1940s employment market characterised by long-term full-time jobs. This is even more true of Universal Credit. But the world has changed, and it will continue to change in ways that we cannot now predict. What we shall need is an income maintenance strategy that makes no assumptions about the future structure of the employment market, that incentivises employment, that provides as much freedom as possible for workers to choose how to deploy their labour, and that does not depress wages. Today's benefits system is precisely what is not required. A Citizen's Basic Income might be the best option.

Conclusion

The Citizen's Basic Income debate is important, it is increasingly lively, and the number of organisations and individuals engaged with it is increasing rapidly. If the debate is to be rational then it is essential that

all of the players should agree on definitions, and that they should use them consistently.

Rothstein tells us that he is discussing Citizen's Basic Income, whereas in fact he is discussing a particular Citizen's Basic Income *scheme*. Pitts, Lombardozi and Warner tell us that the Speenhamland payments were a kind of Citizen's Basic Income, whereas in fact they constituted a Minimum Income Guarantee: something entirely different. Such confusions are not helpful. What the Citizen's Basic Income debate requires is not erroneous comparisons but high-quality research, careful logic, clear distinctions, and agreed definitions that everybody adheres to.

Appendix

A feasible Citizen's Basic Income scheme for the UK

This appendix is based on the EUROMOD working paper Torry, 2018c.¹¹ For further details, and for the calculations and results relating to marginal deduction rates, please see the working paper.

1. Introduction

This appendix evaluates the following illustrative Citizen's Basic Income scheme:

- A Citizen's Basic Income for every UK citizen, funded from within the current tax and benefits system.
- Current means-tested benefits would be left in place, and each household's means-tested benefits would be recalculated to take into account household members' Citizen's Basic Incomes in the same way as earned and other income is taken into account.

¹¹ I am most grateful to Alari Paulus of the Institute for Social and Economic Research for considerable assistance with the original working paper EM 12/17. The results presented here are based on EUROMOD version H1.0+. EUROMOD is maintained, developed and managed by the Institute for Social and Economic Research (ISER) at the University of Essex, in collaboration with national teams from the EU member states. We are indebted to the many people who have contributed to the development of EUROMOD. The process of extending and updating EUROMOD is financially supported by the European Union Programme for Employment and Social Innovation 'Easi' (2014–2020). The UK Family Resources Survey data was made available by the Department of Work and Pensions via the UK Data Archive. The results and their interpretation are the authors' responsibility. Opinions expressed in this paper are not necessarily those of the Citizen's Basic Income Trust.

As a previous working paper has shown (Torry, 2014), a Citizen's Basic Income scheme that abolished existing means-tested benefits, and that was funded purely by making adjustments to the current Income Tax system, would generate significant losses for low income households. A Citizen's Basic Income scheme that both abolished existing means-tested benefits and avoided losses for low income households would need additional funding from outside the current tax and benefits systems. In the foreseeable future such additional funding is unlikely to be forthcoming. In the longer term a Citizen's Basic Income large enough to enable current means-tested benefits to be abolished while avoiding losses for low income households might be possible, but Torry 2014 suggests that in the short term any feasible implementation of a Citizen's Basic Income will need to leave the current means-tested benefits system in place.

The research behind the working paper on which this appendix is based was guided by the same principle as previous working papers (Torry 2014; 2015a; 2016a; 2016b; 2017b): that is, as few changes as possible would be made to the current tax and benefits system, consistent with the other aims in view: revenue neutrality (Hirsch, 2015: 11, 25–28, 33), which I shall take to be a net cost or saving of no more than £2bn per annum; and the avoidance of significant losses, particularly for low income households. I shall also assume that raising Income Tax rates by more than 3 percentage points would be politically infeasible (Hirsch, 2015: 3–5, 25–28), but that equalising National Insurance Contributions at 12% across the whole earnings range would be just, sensible, and acceptable. The research discovers the levels at which Citizen's Basic Incomes could be paid under these conditions, and evaluates the scheme in relation to poverty and inequality indices, the numbers of households able to escape from means-tested benefits, and household disposable income gains and losses.

2. The illustrative Citizen's Basic Income scheme

The Citizen's Basic Income scheme to be tested is constructed as follows:

- Unconditional Child Benefit is increased by £20 per week for each child.
- National Insurance Contributions (NICs) above the Upper Earnings Limit are raised from 2% to 12%, and the Primary Earnings Threshold is reduced to zero. This has the effect of making NICs payable on all earned income at 12%. (This seems to me to be an entirely legitimate change to make. The ethos of a flat rate benefit such as

Citizen's Basic Income is consistent with both progressive tax systems and with flat rate tax systems, but not with a regressive tax system (Atkinson, 1995)).

- The Income Tax Personal Allowances are set to zero.
- Tax-free Citizen's Basic Income levels are set as follows: An Education Age Citizen's Basic Income (ECBI), for 16 to 19 year olds no longer in full-time education, is set at £40 per week; a Young Adult's Citizen's Basic Income (YCBI), for people aged 20 to 24, is set at £50 per week; a Working Age Adult Citizen's Basic Income (WACBI, or simply CBI), for people aged 25 to 64, is set at £63 per week;¹² and a Citizen's Pension, for everyone aged over 65, is set at £40 per week. The existing National Insurance Basic State Pension is left in place. (In this particular scheme the ECBI is not paid to someone still in full-time education, in recognition of the fact that their main carer is receiving Child Benefit on their behalf.)
- Income Tax rates are adjusted as required in order to achieve revenue neutrality.

It might be suggested that it would be better either to retain Child Benefit as it is and pay a separate small Child Citizen's Basic Income at the same rate for every child, or to abolish Child Benefit and to pay an equal Citizen's Basic Income, and that to pay an enhanced Child Benefit at different rates for the first and for the second and subsequent children would compromise the principle that everyone of the same age should receive the same level of income. This might be true in theory, but in practice the situation is more complex. This Citizen's Basic Income scheme envisages that Child Citizen's Basic Incomes will be paid to the main carer, as is Child Benefit. So what is happening in practice is that children receive no Citizen's Basic Incomes while their main carers receive varying amounts in relation to the number of children in their families. This means that to pay different amounts for the first and for the second and subsequent children would simply vary the already varying amounts paid to main carers of children. It would preserve sufficient of the unconditionality principle by ensuring that every main carer of the same number of children would receive the same total level of Citizen's Basic Income, made up of their own Citizen's Basic Incomes and those for their children. To enhance the level of Child Benefit is therefore legitimate in practice as well as conforming to our principle of making the smallest number of changes

¹² For the calculation, see the working paper Torry, 2018c.

possible. (A similar approach is taken by Painter and Thoung, 2015.)

Net cost, and household gains and losses

This part of the evaluation is based on the effects of the Citizen's Basic Income scheme on household disposable incomes rather than on individuals' disposable incomes. There are good arguments for both approaches. It is individuals who receive income, so gain or loss is an individual experience; and within a household income is not necessarily

equitably shared, so the amounts that individuals receive might be more relevant than the amount that the household receives. However, we can assume that in most cases income is pooled within households, at least to some extent, so if one member gains and another loses then the household might be better off, and that might be a more significant factor than that one member of the household has suffered a loss in disposable income. Because households are of different sizes, an absolute gain or loss is not particularly relevant. However, percentage gains and losses are relevant, so this is the measure that we use.

Table 1: An evaluation of an illustrative Citizen's Basic Income scheme with the working age adult

Citizen's Pension per week (existing state pensions remain in payment)	£40
Working age adult Citizen's Basic Income per week	£63
Young adult Citizen's Basic Income per week	£50
Education age Citizen's Basic Income per week	£40
(Child Benefit is increased by £20 per week)	(£20)
Income Tax rate increase required for strict revenue neutrality	3 %
Income Tax, basic rate (on £0 – 43,000) (plus NICs on earnings)	23 % (+12%)
Income Tax, higher rate (on £43,000 – 150,000) (plus NICs)	43 % (+12%)
Income Tax, top rate (on £150,000 –) (plus NICs)	48 % (+12%)
Proportion of households in the lowest original income quintile experiencing losses of over 10% at the point of implementation	1.62 %
Proportion of households in the lowest original income quintile experiencing losses of over 5% at the point of implementation	2.67 %
Proportion of all households experiencing losses of over 10% at the point of implementation	1.90 %
Proportion of all households experiencing losses of over 5% at the point of implementation	9.88 %
Net cost of scheme	£2bn p.a.

We can conclude that the scheme would be revenue neutral (that is, it could be funded from within the current income tax and benefits system); that the increase in Income Tax rates required would be feasible; and that the scheme would not impose significant numbers of significant losses on low income households. In theory there should be no losses for low income households because current means-tested benefits would still be in place and would be recalculated to take account of households' Citizen's Basic Incomes and changes in net incomes. Further research on the detail of the Family Resources Survey data would be required to discover

the particular household circumstances that generate losses. Losses for higher income households will be due to increased Income Tax and National Insurance Contribution rates on higher earnings.

We can conclude that the scheme would be financially feasible.

Changes to means-tested benefits claims brought about by the scheme

Tables 2 and 3 give the results of calculations based on microsimulation of the current Social Security scheme and of the Citizen's Basic Income scheme.

	The existing scheme in 2017	The Citizens Basic Income scheme	% reduction
Percentage of households claiming any means-tested benefits	33.2%	30.9%	6.9%
Percentage of households claiming more than £100 per month in means-tested benefits	29.2%	24.7%	15.3%
Percentage of households claiming more than £200 per month in means-tested benefits	26.6%	21.3%	20.2%

(For details for individual classes of benefits, see the working paper Torry, 2018c.)

Table 3: Percentage reductions in total costs of means-tested benefits, and percentage reductions in average value of household claims, on the implementation of the Citizen's Basic Income scheme

	Reduction in total cost	Reduction in average value of claim
All means-tested benefits	30.7%	25.5%

(For details for individual classes of benefits, see the working paper Torry, 2018c.)

These results show that the Citizen's Basic Income scheme would reduce

- by 6.9% the number of households receiving means-tested benefits;
- the total cost of these benefits by nearly a third;
- by a quarter the average amount of these benefits received by households claiming them;

- by 15.3% the number of households receiving more than £100 per month in these benefits; and
- by one fifth the number receiving more than £200.

A lot of households would find it far easier to come off means-tested benefits than they do now.

The poverty, inequality and redistributive effects of the Citizen's Basic Income scheme

Table 4 shows the changes that the illustrative Citizen's Basic Income scheme would bring about in relation to poverty and inequality.

Table 4: Changes in poverty and inequality indices brought about by the Citizen's Basic Income scheme

	The current tax and benefits scheme in 2017	The Citizen's Basic Income scheme	Percentage change in the indices
Inequality			
Disposable income Gini coefficient	0.30	0.27	9.2%
Poverty headcount rates			
Total population in poverty	12%	8%	33.3%
Children in poverty	14%	6%	56.3%
Working age adults in poverty	12%	9%	29.4%
Economically active working age adults in poverty	4%	2%	39.4%
Elderly people in poverty	11%	9%	11.6%

We can conclude that

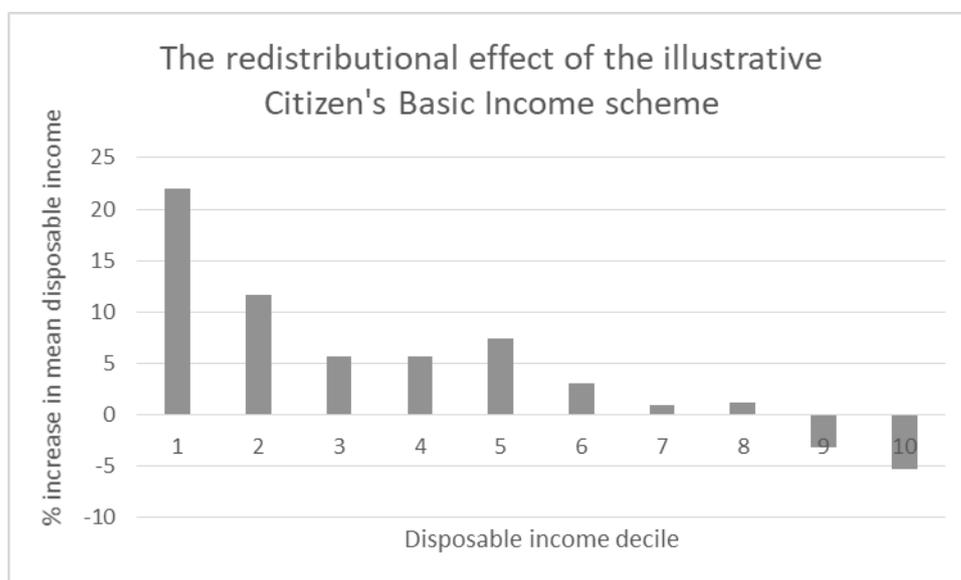
- the Citizen’s Basic Income scheme would deliver a significant reduction in inequality;
- even more significantly, child poverty would fall by a half, and working age poverty would also fall substantially.

Table 5 and figure 1 show the aggregate redistribution that would occur if the Citizen’s Basic Income scheme were to be implemented.

Table 5: The redistributive effect of the illustrative Citizen’s Basic Income scheme

Disposable income decile	1	2	3	4	5	6	7	8	9	10
% increase in mean disposable income	22.0	11.7	5.7	5.7	7.4	3.1	1.0	1.2	-3.2	-5.3

Figure 1: The redistributive effect of the illustrative Citizen’s Basic Income scheme



The table and graph show that the scheme would achieve manageable and useful redistribution from rich to poor, with those households often described as the ‘squeezed middle’ benefiting from the transition as well as the poorest households.

3. Conclusion

Because the only changes required in order to implement this illustrative Citizen’s Basic Income scheme would be

- payment of the Citizen’s Basic Incomes for every individual above the age of 16 (apart from those between 16 and 19 still in full-time education), calculated purely in relation to the age of each individual,

- increases in the rates of Child Benefit,
- changes to Income Tax and National Insurance Contribution rates and thresholds, and
- easy to achieve recalculations in existing means-tested benefits claims,

the entire scheme could be implemented very quickly.

This simple scheme would substantially reduce poverty and inequality; it would remove large numbers of households from a variety of means-tested benefits; it would reduce means-tested benefit claim values, and the total costs of means-tested benefits; particularly for the large number of households no longer on means-tested benefits, it would provide additional employment market

incentives to the extent that marginal deduction rates affect employment market behaviour; it would avoid imposing significant numbers of losses at the point of implementation; and it would require almost no additional public expenditure.

This simple illustrative scheme could be both feasible and useful.

Bibliography

Atkinson, A.B. (1995) *Public Economics in Action: The Basic Income / Flat Tax Proposal*, Clarendon Press, Oxford.

BIEN, <http://basicincome.org/basic-income/>

Citizen's Basic Income Trust, <http://citizensincome.org/>

Citizen's Basic Income Trust (2018) *Citizen's Basic Income: A brief introduction*, London: Citizen's Basic Income Trust

De Agostini, Paola (2017) *EUROMOD Country Report United Kingdom 2013–2016*, Colchester: Institute for Social and Economic Research, February 2017, https://www.euromod.ac.uk/sites/default/files/country-reports/year7/Y7_CR_UK_Final.pdf

Department for Work and Pensions (2003) *Tax Benefit Model Tables April 2003*, London: Department for Work and Pensions Information Centre, Information and Analysis Directorate.

Hirsch, Donald (2015) *Could a 'Citizen's Income' work?* York: Joseph Rowntree Foundation, www.jrf.org.uk/publications/could-citizens-income-work

Makovec, Mattia and Miko Tammik (2017) *Baseline results from the EU28 EUROMOD: 2011–2016*, EUROMOD Working Paper EM17/14, Colchester: Institute for Social and Economic Research, University of Essex, www.iser.essex.ac.uk/research/publications/working-papers/euromod/em6-17

OECD (2017) *Basic Income as a Policy Option: Can it add up?* Paris: OECD, www.oecd.org/employment/emp/Basic-Income-Policy-Option-2017.pdf

Painter, Anthony and Chris Thoung, (2015) *Report: Creative Citizen, Creative State – The principled and pragmatic case for a Universal Basic Income*, London: Royal Society of Arts, <https://www.thersa.org/discover/publications-and-articles/reports/basic-income>. (A review of of the report can be found in *Citizen's Income Newsletter*, issue 2 for 2016, London: Citizen's Income Trust, 2016, pp. 20–21, <http://citizensincome.org/research-analysis/the-royal-society-of-arts-report-on-citizens-income/> .)

Pitts, Frederick Harry, Lorena Lomardozi, and Neil Warner (2017) 'Speenhamland, automation and the basic income: A warning from history?' *Renewal*, 25 (3–4): 145–155

Rothstein, Bo (2017) 'UBI: A bad idea for the welfare state', *Social Europe*, 23 November 2017, <https://www.socialeurope.eu/ubi-bad-idea-welfare-state>

Speizman, Milton D. (1966) 'Speenhamland: An experiment in guaranteed income', *Social Service Review*, 40 (1): 44–55

Torry, Malcolm (2013) *Money for Everyone: Why we need a Citizen's Income*, Bristol: Policy Press.

— (2014) *Research note: A feasible way to implement a Citizen's Income*, EUROMOD Working Paper EM17/14, Colchester: Institute for Social and Economic Research, University of Essex, www.iser.essex.ac.uk/research/publications/working-papers/euromod/em17-14

— (2015a) *Two feasible ways to implement a revenue neutral Citizen's Income scheme*, EUROMOD Working Paper EM6/15, Colchester: Institute for Social and Economic Research, University of Essex, www.iser.essex.ac.uk/research/publications/working-papers/euromod/em6-15

— (2015b) *101 Reasons for a Citizen's Income: Arguments for giving everyone some money*, Bristol: Policy Press

— (2016a) *An evaluation of a strictly revenue neutral Citizen's Income scheme*, EUROMOD Working Paper EM5/16, Colchester: Institute for Social and Economic Research, University of Essex, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em5-16>

— (2016b) *Citizen's Income schemes: an amendment, and a pilot project – addendum to EUROMOD Working Paper EM5/16*, EUROMOD Working Paper EM5/16a, Colchester: Institute for Social and Economic Research, University of Essex, <https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em5-16a>

— (2016c) *The Feasibility of Citizen's Income*, New York: Palgrave Macmillan

— (2016d) *Citizen's Basic Income: A Christian social policy*, London: Darton, Longman and Todd

— (2016e) *How might we implement a Citizen's Income*, London: ICAEW, www.icaew.com/-/media/corporate/files/technical/sustainability/outside-insights/citizens-income-web---final.ashx?la=en; for a report on the consultation, see <http://citizensincome.org/news/icaew-report-on-implementing-citizens-income/>.

— (2017a) 'Universal Basic Income: Definitions and details', *Social Europe*, 11 December 2017,

<https://www.socialeurope.eu/universal-basic-income-definitions-details>

— (2017b) *A variety of indicators evaluated for two implementation methods for a Citizen's Basic Income*, Institute for Social and Economic Research, Colchester, Euromod Working Paper EM 12/17, www.iser.essex.ac.uk/research/publications/working-papers/euromod/em12-17

— (2018a) 'Speenhamland, automation, and Basic Income: A response', *Renewal*, 26 (1): 32–35

— (2018b) A presentation given at event held at the London School of Economics, 20 February 2018, <http://www.lse.ac.uk/Events/LSE-Festival/Events/20180220/beveridge-rebooted>

— (2018c) *An update, a correction, and an extension, of an evaluation of an illustrative Citizen's Basic Income scheme – addendum to EUROMOD working paper EM12/17*, Institute for Social and Economic Research, Colchester, Euromod Working Paper EM 12/17, www.iser.essex.ac.uk/research/publications/working-papers/euromod/em12-17a

— (2018d) *Why we need a Citizen's Basic Income: The desirability, feasibility and implementation of an unconditional income*, Bristol: Policy Press

News

In September the **Institute for Public Policy Research** published the final report of its Commission on Economic Justice, *Prosperity and Justice: A plan for a new economy* (<https://www.ippr.org/research/publications/prosperity-and-justice>). The report was clear that the Commission had not regarded the social security system as belonging to its remit:

Reform of the welfare state was outside the scope of this Commission. We acknowledge, of course, its vital importance to working life. A comprehensive safety net is vital to ensure that people are properly protected and supported when disruptive life events occur, such as unemployment, insecure work, health problems, ageing and caring responsibilities. Welfare payments will always be essential to redistribute from those with the most to those with the least, even in an economy that is hard-wired for justice. Welfare payments are important for reducing child poverty and equalising living standards between men and women. The welfare system also plays a crucial role in shaping the labour market. It sets a minimum bar ... for employers to meet to make work worthwhile. And it can

play a crucial role in job-matching and helping people into the right kind of work.

In recent times, changes in the labour market and the rise of automation have triggered a debate about the desirability and feasibility of a 'universal basic income', a system in which all citizens receive an unconditional income payment from the state. Though interesting and important, neither this nor other potential reforms to the welfare system have been within the scope of our work. (p. 125)

The journal *Renewal* has now published interviews with Carys Roberts, one of the commissioners (<http://renewal.org.uk/articles/power-brexitech/P1>), and with Michael Jacobs, the Chair of the Commission (<http://www.renewal.org.uk/blog/ippr-commission-on-economic-justice>):

Lise Butler: The aim of the IPPR's Commission is 'Economic Justice'. But the report makes clear that it is not concerned with the welfare system, including more radical proposals like Universal Basic Income. Can the Commission on Economic Justice (CEJ) really live up to its aims without discussing the welfare system?

Carys Roberts: At the beginning of the project the CEJ had to define the scope of its investigation. It became apparent quite quickly that economic justice could become quite an imperial ambition across all policy areas, so early on we decided that welfare would be beyond the scope of the Commission. This was also a political decision. Faced with the question of whether we could get a group of more than twenty diverse commissioners to agree on something radical, we felt confident that we could get broad support for a radical economic agenda, but not for a radical welfare agenda. That's partly where that came from. ...

... **Florence Sutcliffe-Braithwaite:** This links to the Universal Basic Income debate, because I think one of the powerful things about the idea of UBI is that it prompts us to think about what makes life meaningful – though it would be difficult to raise the money to implement a UBI.

Michael Jacobs: Yes. The practicalities of UBI are very difficult, but I agree that it raises some fundamental questions, and in that sense it's been very useful. I think the issue of working time is central, particularly as we have an economy where working hours are increasing and people are under massive stress from working so much.

Time is a collective action problem; only the rich can reduce their working hours because we live under competitive consumption conditions. We can all live happily at lower standards of living – as long as everybody around us is also doing so. So we have to solve the time problem through collective action, which is why we recommend in the report increasing bank holidays, because that's a collective solution. And eventually if you increase the number of bank holidays enough you'd get a four day week, which is the kind of long-run strategy some of us see as underpinning the report. ...

The **World Bank** has published a new report, *Toward a New Social Contract: Taking on distributional tensions in Europe and Central Asia* (<https://openknowledge.worldbank.org/bitstream/handle/10986/30393/9781464813535.pdf?sequence=10&isAllowed=y&deliveryName=DM6426>)

The nature of the initiatives implemented to realize the objective of providing guaranteed minimum protection among the population will vary by country. Fiscal and political considerations are crucial. There are advantages and disadvantages to means testing and to universal approaches. Income-based targeted schemes, well established in many countries in the region, can be used to supply generous transfers by assisting the people most in need. However, that may leave many people unprotected, including the many nonpoor who are vulnerable. Complex eligibility rules, stigma effects, a lack of knowledge among potential beneficiaries, and the administrative burden of delivering and receiving the benefits are some of the obstacles. Universal approaches to social assistance may address some of these challenges.

The universal basic income (UBI) being discussed in many forums could provide broader protection and security to the population through greater coverage and take-up, and it would reduce disincentives to work. Yet, a UBI may be associated with other challenges. Depending on the design, it might entail a substantial fiscal burden, and the feasibility and equity impacts of implementing a UBI relative to other approaches must be weighed. A pure UBI—a minimum income transfer to all individuals—does not exist in the region, but categorical unconditional cash transfers are being provided as a benefit among population groups such as children and the elderly.

The emergence of distributional tensions represents a clear message: the growing economic insecurity affecting nonpoor households is a call for a review of the design and coverage of social assistance. ...

... There is no single solution to all the ills in every country, and the response to these problems varies considerably across the region. However, this report proposes three broad policy principles:

- Promote labor market flexibility, while maintaining protection for all types of labor contracts.
- Seek universality in the provision of social assistance, social insurance, and basic quality services.
- Expand the tax base by complementing progressive labor income taxation with the taxation of capital.

The Citizen's Basic Income Trust has submitted evidence to the House of Commons Work and Pensions Committee Inquiry. Details of the inquiry can be found on the committee's website at <https://www.parliament.uk/business/committees/committees-a-z/commons-select/work-and-pensions-committee/inquiries/parliament-2017/inquiry12/>. To read our evidence go to the 'Latest evidence' section of the page and click on the link that says 'All welfare safety net inquiry publications'.

Book reviews

Annie Miller, *A Basic Income Handbook*, Luath Press, 2017, 303 pp, 1 910 745786, pbk £12.99

Annie Miller's *Basic Income Handbook* is an ambitious book which aims to provide nothing less than a complete rationale, justification and blueprint for the introduction of a Basic Income (BI) in the UK (with specific calculations also provided for Scotland by itself, which should prove particularly useful in the event of a second independence referendum being won). Such a wide breadth of focus is unusual in the BI literature; most publications on BI tend either to concern themselves with the broad-brush arguments for a Basic Income (e.g. Malcolm Torry's *Money for Everyone: Why We Need a Citizens Income*) or detailed examples of how a BI scheme might be structured (e.g. my report for Compass with Stewart Lansley *Universal Basic Income: An Idea Whose Time Has Come?*). Annie Miller's book covers both

of these areas and more; the final part of the book discusses the practicalities of building political support across the UK for the introduction of a BI scheme. Annie Miller should be commended for attempting such an all-encompassing approach. The rest of this review discusses whether the content of *A Basic Income Handbook* lives up to the ambitions the author has set for it; in general, it certainly does, albeit with a few riders and qualifications.

The book is divided into four main sections: firstly, the philosophical and political arguments for a UBI; secondly, theory and evidence on basic income systems (incorporating evidence from a number of jurisdictions where UBI schemes have been introduced or trialled); thirdly, economic modelling of the implementation of a proposed UBI scheme for the UK (and a Scotland-only version); and finally, the practical challenges of securing political support and consensus for the introduction of BI. Sections 1 and 2 are very strong and clear, covering a lot of ground in a coherent fashion. Miller accurately describes the problems with the current social security system, in particular its complexity and the cruel and callous system of sanctions which leaves many claimants and their families falling through what is in any case an inadequate safety net. Miller is successful in making a strong case for BI as an alternative to the current system. Chapter 2, on "Values and Vision", is a good philosophical framework for evaluating social security systems in general (not just UBI). I was particularly impressed by the way in which evidence from other countries was integrated into the main argument via case studies. Emancipation of the individual (discussed in chapter 4 of the book) is a particularly powerful argument for a basic income scheme, and one which Annie Miller expresses very well. And it is welcome that the treatment of migration status for UBI purposes is included in the discussion (Chapter 5) as it is a difficult topic. The final section of the book on the political process of securing a BI is an excellent treatment of an often overlooked aspect of the campaigning process, bridging the gap between an abstract theoretical specification of an ideal BI scheme and the political realities of introduction.

Section 3, which discusses the economic viability of a BI scheme and includes calculations of the costs of a number of sample BI schemes, is the most technically complex part of the book, and contains the crucial economic modelling results. Although the results presented are very interesting, this was the most problematic section of the book for me, for three reasons.

Firstly, there are some questionable assumptions underpinning the economic analysis. The maximum income per head available for a UBI is defined as "y-bar" which is defined as "the gross personal income that passes through wallets and purses of UK inhabitants each year" - about 74 per cent of UK GDP - divided by the UK population. This is a somewhat strange definition as it excludes taxes on production but not taxes on consumption (such as VAT) or taxes on personal incomes (such as income tax or National Insurance Contributions), a somewhat arbitrary distinction. Furthermore, using a *gross* income measure is inappropriate for this purpose as it ignores the fact that approximately 40% of UK GDP is already spent on public services - some of this is social security spending, much of which could be replaced by a Basic Income, but most of it isn't, and unless we want to find ourselves without publicly funded healthcare, schools, police and so on, this funding isn't available for a BI. A better measure of 'maximum citizens income payment' is the mean disposable income per person in the UK as this is net of all taxes but includes money redistributed from taxation to households through the current social security system.

Secondly, the decisions over which funding mechanisms to look at in order to fund a BI scheme looks somewhat arbitrary. Annie Miller only considers income tax, arguing that other funding mechanisms - for example, wealth taxes, indirect taxes or social wealth funds - are outside the scope of the book. The option of funding a BI through income tax is analysed in detail, but the failure to examine other options, even in outline, mean that the book falls short of a truly comprehensive treatment of BI. The decision to hypothecate income tax revenue to paying for a BI, while expenditure taxes fund other public spending, also looks arbitrary, and has no obvious economic justification. Annie Miller admits on p170 that "it would be possible and viable to finance a BI scheme from a combination of taxes, including wealth taxes, but it loses the discipline of paying for the cash transfer programme out of Income Tax revenue." This 'discipline' is an artificial construct with no grounding in economic theory - there is no reason whatsoever why transfer payments have to be paid solely out of direct tax revenues, and it would have been good for the book to take a more holistic view of the tax system than this. On the positive side, the discussion on p174 of the costs of the reliefs and allowances in the current tax system, many of which could be eliminated to help fund a BI scheme, is very welcome.

Finally, the book presents detailed costings of illustrative BI schemes in the UK and Scotland, but is noticeably light on distributional analysis of the impacts of the schemes. This is because Annie Miller did not have access to a tax-benefit microsimulation model of the type used in previous research on the impacts of example BI schemes in papers by Malcolm Torry (who used Euromod) and Stewart Lansley and myself (who used the Landman Economics Tax-Transfer Model). Without a microsimulation model it is impossible to discuss the distributional impacts of a BI scheme (alongside the taxation or other funding mechanisms used to pay for it) by household decile, family type or other variables. It is also difficult to discuss the impact on summary distributional measures such as inequality and relative poverty. Without a full distributional analysis, the empirical part of the book feels incomplete.

Yet despite some shortcomings and omissions in Section 3, overall I would still argue that the *Basic Income Handbook* is a very powerful and welcome contribution to the debate over BI. I can warmly recommend this book for both newcomers and seasoned veterans of the Basic Income movement.

Howard Reed, Landman Economics

Isabel Ortiz, Christina Behrendt, Andrés Acuña-Ulate, and Quynh Anh Nguyen, *Universal Basic Income proposals in light of ILO standards: Key issues and global costing*, Social Protection Department, International Labour Organization, Geneva, 2018, ISSN 1020-9581 ; 1020-959X, free to download from <https://www.social-protection.org/gimi/RessourcePDF.action?id=55171>

This long and detailed paper published by the International Labour Organization (ILO) is a useful attempt to connect two debates: one about the 'social protection floors' (an invitation by the ILO in 2011 to each country's government to develop minimum levels for income security and the provision of healthcare, published as an ILO recommendation in 2012); and the other about Citizen's Basic Income.

The first section of the paper provides good definitions of terms, discusses the many advantages that Citizen's Basic Income would offer, and notes that while one Citizen's Basic Income scheme might enhance social justice, another might cause net income losses for low income households and be accompanied by a reduction in public services and so might increase poverty.

The paper says that it will discuss Citizen's Basic Income in the light of a number of requirements arising from the social protection floors, which it lists as follows:

adequacy and predictability of UBI benefits to ensure income security, set at least at the national poverty line; social inclusion, including of persons in the informal economy; social dialogue and consultation with stakeholders; enactment of national laws regulating UBI entitlements, including indexation of benefits; coherence with other social, economic and employment policies, and sustainable and equitable financing. (p. x).

While the paper does to some extent do that, most of the paper, starting with the second section, concentrates on the financial adequacy of Citizen's Basic Income proposals.

The authors have done us a service by putting together a fairly comprehensive list of proposals, pilot projects, and experiments, and by calculating the proportions of national poverty lines that their Citizen's Basic Incomes represent. The authors recognise that

the adequacy of a UBI depends not only on its level, but also on the other benefits and services which would be available alongside the UBI ... These considerations point to the complexity of integrating a seemingly simple UBI into the existing system and call for further research on its impacts on the prospective recipients. Moreover, such considerations also raise serious concerns regarding UBI proposals that assume that all or most existing social protection benefits could be replaced by a UBI without significant welfare losses. (pp. 7-8)

Quite so: which is why it is rather odd that so much attention is then paid, both in the main text and in the mathematically expressed funding method in an appendix, to proposals and experiments that abolish all or most current benefits; and that so little attention is paid to schemes that retain and recalculate existing benefits. It is also somewhat strange that in the third section of the paper the authors research the *gross* costs of Citizen's Basic Incomes set at national poverty line levels in terms of proportion of GDP. It might have been more useful to have specified a funding mechanism and then offered us net costs, because that's what would matter in the real world.

But perhaps we are asking too much. What the researchers have done – along with OECD researchers who undertook a similar piece of work – is to have chosen the simplest possible type of

Citizen's Basic Income scheme that can be replicated across a wide variety of countries, which turns out to be a Citizen's Basic Income paid at the level of the national poverty line, with funding methods being left to one side. And they have also chosen the easiest cost to calculate: the gross cost – which again enables the question of funding mechanisms to be sidestepped. The graphs are interesting, and the verdict predictable – ‘many UBI proposals do not come close to guaranteeing the minimum level of consumption set by national poverty lines’ (p. 8) - but unfortunately none of this tells us anything about the kinds of Citizen's Basic Income schemes that would ever be implemented, or about their effects.

If ever a real Citizen's Basic Income scheme were to be implemented, then the funding would have to come from somewhere, and the scheme would need to ensure that the combination of the Citizen's Basic Income and the funding method did not cause net income losses for poorer families, did not increase poverty, and did not increase inequality. In more developed countries, this would be unlikely to be achieved with schemes that abolished current benefits systems. This means that existing benefits would need to be retained and recalculated. The only research method able to handle that eventuality is microsimulation: a computer programme containing the regulations of a particular tax and benefits system, along with financial and other survey data for a statistically significant sample of the population.

The bibliography shows that the authors are aware of the method: but to undertake a microsimulation research exercise separately for every country in order to discover a Citizen's Basic Income scheme that would fit the required list of criteria would be a massive piece of work, and it is perfectly understandable that the authors of this paper have decided not to embark on such a large task. However, such an exercise would be enormously valuable if they or other researchers could find the resources for it. To set a number of criteria for a successful Citizen's Basic Income scheme (unconditional incomes of a meaningful but not necessarily poverty-line level; reductions in poverty and inequality; fewer households on means-tested benefits; no net losses for low income households; only manageable losses for any household; and maybe budget neutrality), and then to see if a Citizen's Basic Income scheme (with levels of Citizen's Basic Incomes specified for different age groups, and changes to existing tax and benefits systems specified) exists that meets the criteria, would be to do the international social policy world a huge favour. This exercise has already been done for the United Kingdom

(<https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em12-17a>). It now needs to be done for every country in the authors' extensive list.

As far as the paper in general is concerned: One or two details might have been more thoroughly researched. For instance: the figure of 2,500 Swiss francs was mentioned in an independently published book, and not by the promoters of the Swiss referendum. But on the whole this book is a most useful fund of accurate information. However, the majority of the paper is about the adequacy of particular Citizen's Basic Income schemes, and it can only be said that the methods employed are understandable but disappointing. So perhaps the best use to be made of this paper is as a source of unanswered questions, particularly in relation to Citizen's Basic Income schemes that retain and recalculate existing benefits, and as a spur to additional and perhaps more relevant research.

David Fée and Anémone Kober-Smith (eds), *Inequalities in the UK: New discourses, evolutions and actions*, Emerald Publishing, 2018, xx + 369 pp, 1 78714 480 4, hbk, £70

While prediction is always dangerous, the editors' claim that ‘the inequality question is back and is here to stay’ (p. 1) is supported by the evidence that they gather in their introduction. The eighteen chapters that follow, written by thirty-two UK and French scholars, explore a wide variety of aspects of inequality in the UK, and between them offer diagnosis, occasional prescriptions, and occasional prognosis.

The brief first chapter discusses definitions of poverty and inequality, and offers a complex picture of income and wealth inequalities in the UK. Chapter 2 discusses the thesis that growing inequality generates lower economic growth and higher economic turbulence, and suggests that tackling inequality is an economic as well as a social imperative. Chapter 3 discusses the relevance of a ‘north/side divide’ in the UK, and finds political and identity divides as relevant as an economic one; chapter 4 broadens the agenda and shows how the patterns of social and cultural inequalities mirror those of economic inequalities; and chapter 5 finds that an increasing number of household incomes is falling below the Joseph Rowntree Foundation Minimum Income Standards. Chapter 6 finds that in the UK market income inequality is high by European standards, but

that an effective progressive tax system means that disposable income inequality is not as serious.

The first six chapters are mainly diagnosis. The second part of the book, about 'political debates, public policies and outcomes', begins with a chapter that traces the Labour Party's changing understanding of inequality from 1997 to the present day: a shift towards meritocracy and social mobility at the beginning of this period (although accompanied by a much less recognised reduction in disposable income inequality), followed by a desire for 'responsible capitalism' and 'predistribution', and now a return to redistribution as the solution. Authors should never confidently predict. The final sentence of this chapter reads 'Labour under Corbyn is making absolute no headway ...' (p. 163).

Chapter 8 finds that the Department for Work and Pensions needs to collect better data if it is to fulfil its Public Sector Equality Duty obligation to report on the effects of policy change on vulnerable groups (- this is of course a somewhat limited 'equality duty'). Chapter 9 studies housing inequality; chapter 10 concludes that policies designed to increase income equality are needed if educational equality is to be improved; and in relation to health inequalities chapter 11 finds that universal policies benefit the poor more than policies targeted at the poor. Chapter 12 studies gender inequalities; and chapter 13 suggests that privileging Syrian disabled asylum seekers over other disabled asylum seekers constitutes an unwarranted inequality.

The third part of the book has its own title, 'the governance of inequality: local initiatives and responses in a multi-level polity', but in fact it continues the two previous themes of 'diagnosis' and 'debates, policies and outcomes'. Chapter 14 reports on the experiences of unemployed young people in a small seaside town, and on local initiatives designed to assist them; and chapter 15 finds differences between approaches to ethnic diversity in London and Paris, but also finds that positive outcomes require city authorities to tackle 'inequalities as a whole across all sectors of the population' (p. 301). Chapter 16 finds the Scottish Government employing the powers that it possesses in relation to health and education as a means to tackling the income inequality that it has little ability to address directly. Chapter 17 finds that in Wales, policy on the reduction of inequality, and policy on the reduction of poverty, would need to be rather better integrated if inequality is to be tackled; and chapter 18 finds that the various peace accords in Northern Ireland since 1998 have made it possible to tackle inequality more effectively.

This is a wide-ranging book and a valuable introduction to the complexity of inequality in the UK. It might have been helpful to have been offered more detailed suggestions as to how policy should be shaped in order to tackle inequality, but where in various places the authors do discuss policy change we find a constant tension between an understanding of the value of universal services and a desire to provide additional resources for the poor in a context of constrained budgets. There is no concluding chapter. Perhaps this tension, which at the moment is at its clearest in chapter 16, should have been the theme of a final chapter by the editors.

It's a pity that the country names have been printed upside down in the tables on pages 122-3.

Glenn W. Muschert, Kristen M. Budd, Michelle Christian, Brian V. Klofner, Jon Shefner and Robert Perrucci (eds), *Global Agenda for Social Justice*, Policy Press, 2018, xxii + 174 pp, 1 4473 4912 9, pbk, £14.99

The Society for the Study of Social Problems exists to 'disseminate sociological knowledge as accessibly and widely as possible, with the intention that such efforts will increase the likelihood that reliable knowledge will be applied in the world of policy' (p. viii). Until now, its focus has been social problems in the United States, to which end it publishes regular editions of its *Agenda for Social Justice* in the United States: but now the society is looking wider, and for first time in its sixty-eight year history it has published a *Global Agenda for Social Justice*, constituted by seventeen chapters tackling a wide variety of global social problems. The subject-matter ranges across criminal justice, environmental issues, gender and sexuality, violence against vulnerable groups, and inequalities. Each of the first sixteen chapters defines a social problem, summarises research about it, and offers practical policy responses that would mitigate or abolish the problem; and the final chapter briefly discusses three social problems – changing labour markets, environmental degradation, and global governance – and offers brief policy suggestions.

The book fulfils its brief. The summaries of the social problems are clear; the research summarised is relevant; and the policy recommendations are comprehensive, and often related to long-distance causes (such as the legacy of slavery) as well as to more immediate causal factors. Community engagement, social movements, and citizen organising, are frequent themes among the solutions offered.

Citizen's Basic Income is mentioned as a policy response to labour market insecurity, and universal pensions are recommended as a solution to income inadequacy among older people, but neither unconditional cash transfers nor successful Basic Income pilot projects in Namibia and India are mentioned in relation to the problem of food insecurity.

Presumably in an attempt to appear accessible, each chapter author has summarised research results but has not referenced them, instead adding at the end of their chapter a list of 'key resources'. This leaves the reader who wishes to study the original source of a research result guessing as to which of the resources the result might be in. This really is not good enough in a book intended to be both academically rigorous and policy-focused, because policymakers as well as academics want to know where the evidence can be found. And there is no index, which is a pity.

But having said that, this is an inspiring book. The authors have set themselves a vast agenda, they have carefully described some important social problems, and on the basis of relevant research they have proposed solutions, thus relating the academy to policy activity.

The Citizen's Basic Income debate has much to learn from this approach. Here, too, there is a constant need for relationships between the academy and policy activity, and relevant research is essential if we are to ensure the intelligence of the debate. However, there is a difference. In relation to the Citizen's Basic Income debate, Citizen's Basic Income – the solution – is often the starting point rather than the outcome of a process that defines a social problem and then seeks useful research results in the cause of discovering solutions. It might sometimes be helpful for those involved in the Citizen's Basic Income debate to choose the route taken by the authors of this volume: defining global social problems; seeking useful research – including research that relates to both Citizen's Basic Income to the social problems; and then testing a number of possible solutions, including Citizen's Basic Income. This approach would constitute a useful new aspect of the already deep and widespread debate on Citizen's Basic Income.

A request for money

The rapid increase in the extent of the Citizen's Basic Income debate has made some significant demands on our slender funds this year. Demand for our publications has required us to update and reprint both the introductory booklet and the student poster,

and this year as well as last the amount of material available has enabled us to publish four rather than three editions of the *Citizen's Income Newsletter*. We are of course extremely pleased that debate around the desirability and feasibility of Citizen's Basic Income is receiving such increased attention: however, the booklet cost £1,025 to print, the posters £580, and each edition of the *Newsletter* costs about £100. The result is that by the end of this year our expenditure will have exceeded our income by about £2,000, and our reserves will be below £3,000.

We are enormously grateful to those of our readers who already help us financially. If others of you are able to do so, either with a single donation, or with a regular standing order, then that would be much appreciated. We've tried to make this as easy as possible: just visit the donation page on our website at <https://citizensincome.org/donate/>.

A second and somewhat different request

CBIT's trustees are increasingly aware of the opportunities presented by the current state of the Citizen's Basic Income debate, and of our inability to meet those opportunities because of a lack of resources. Until five years ago Citizen's Basic Income was a minority interest, and running CBIT on a shoestring budget and the time that a volunteer director and occasional other volunteers could offer was entirely appropriate. The debate is now very different - but our income this year will still be about £3,000, and we continue to operate on small amounts of voluntary labour, so the resources that we have available nowhere near match the opportunities. We have lots of ideas for new ways to contribute to discussion on the desirability and feasibility of Citizen's Basic Income. Money to employ staff, and a budget for events and research, are now essential. The problem is that there is no grant-making foundation with the promotion of debate on the reform of the benefits system as a grant-making criterion. We've tried.

If any of you know anyone who might be able to provide the Trust with sufficient money for paid staff, for events, and for research, then both the trustees and the director would be grateful to be put in touch with them, and would be eternally grateful if their interest were to turn into the regular substantial donation required.