

# Citizen's Income *newsletter*

2019, issue 4

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## Citizen's Income Newsletter

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

020 7635 7916

Email: [info@citizensincome.org](mailto:info@citizensincome.org)

Website: [www.citizensincome.org](http://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

## International Universal Basic Income Week 2019

16<sup>th</sup> to 22<sup>nd</sup> September is International Universal Basic Income Week.

For further information see  
<https://basicincomeweek.org/>

The publication of this edition of the *Citizen's Income Newsletter* is the Citizen's Basic Income Trust's contribution to the week's activities.

## Editorials

### Inequality and Brexit

The Citizen's Basic Income Trust is an educational charitable trust, so we cannot involve ourselves in the complex political debate about Brexit, and nor would we wish to do so. However, when public policy

issues impinge on the Citizen's Basic Income debate, the Trust clearly has an obligation to participate in debate on those issues. So, for instance, if there are clear connections between inequality and Brexit, and equally clear connections between Citizen's Basic Income and the tackling of inequality, then we cannot avoid joining in that complex debate.

As a 2017 publication from Social Europe, *Inequality in Europe*, makes clear:

'Inequality is the defining issue of our time.' This is what then US President Barack Obama said about inequality at the end of 2013. Almost half a decade later we unfortunately have to conclude that it still is one of the defining issues of our time and that we have seen the beginning of a political feedback loop. The unresolved inequality ... amongst other things contributed to the Brexit vote in the United Kingdom and the election of Donald Trump in the United States. It was not just the persistent patterns of huge inequalities between different parts of society but also the growing frustration that political systems have become unresponsive to the concerns of people suffering from the current state of affairs. When analysing the challenge of right-wing populism it is crucial not to do so at a superficial level only trying to dissect the communication techniques and understanding the current electoral appeal of populists – as important as this is. It is at least equally important to try to understand the socio-economic and political conditions that enabled those communication techniques to develop electoral appeal. Inequality is a huge part of this background story.<sup>1</sup>

The first and most obvious connection between the persistence of inequality and the Citizen's Basic Income debate is that the implementation of a Citizen's Basic Income would provide any society with a powerful equalisation mechanism: the same amount of money for every one of the same age; the same rules for everyone; the same secure financial platform for everyone; similar relationships between additional earned income and additional disposable income for everyone; and so on. The social cohesion effect could be similar to that of the NHS.

<sup>1</sup> *Inequality in Europe*, published by Social Europe in 2017: <https://www.socialeurope.eu/book/inequality-in-europe>

The second thing to say is that if ever a Citizen's Basic Income were to be implemented, then it would be essential that the scheme as a whole, including any associated changes to existing tax and benefit systems, should reduce rather than increase inequality. Unfortunately, it would be all too easy to implement a Citizen's Basic Income scheme that would increase rather than reduce income inequality: for instance, by abolishing current means-tested benefits rather than adapting them, or by increasing the basic rate of Income Tax and not the higher rates. There are perfectly feasible Citizen's Basic Income schemes available that would reduce rather than increase inequality, and it will be essential to implement one of those. It is therefore an absolute requirement that if ever a Citizen's Basic Income gets close to being implemented, the proposed scheme as a whole should be tested using microsimulation methods in order to ensure that the scheme reduces income inequality.

Third, and perhaps of most topical interest, is the correlation between communities that voted 'Leave' in the 2016 referendum and the high levels of poverty, low skills levels, and generally 'left behind' characteristics, of those communities.<sup>2</sup> Given that the UK's population is among the least knowledgeable about the European Union, and only half of the population believe that they know how the EU works,<sup>3</sup> a social scientist is obliged to come to the conclusion that, whatever might have been on the referendum ballot paper in June 2016, those voting 'Leave' might have been voting against inequality, low skills, and being left behind, and those voting 'Remain' might have been recognising the positive functions of the European Union. This means that what is required is a reduction in inequality, and greater encouragement and opportunity to train in new skills, and that what is not required is Brexit.

An income-inequality-reducing Citizen's Basic Income scheme would reduce income inequality. It

<sup>2</sup> Matthew Goodwin and Oliver Heath, 'Brexit vote explained: poverty, low skills and lack of opportunities', York: Joseph Rowntree Foundation, 2016, <https://www.jrf.org.uk/report/brexit-vote-explained-poverty-low-skills-and-lack-opportunities>; Michael Higgins, 'Rebalancing Europe: ecology, economics and ethics', Social Europe, 2019, <https://www.socialeurope.eu/rebalancing-ecology-economics>

<sup>3</sup> European Commission, *Public Opinion in the European Union*, 2015, <http://ec.europa.eu/COMMFrontOffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/STANDARD/surveyKy/2099>

would provide the same amount of Citizen's Basic Income for every one of the same age, thus binding us together as a society. It would ensure that the same rules relating to Citizen's Basic Income applied to everybody, rather than the population being divided between one set of rules for means-tested benefits and another for those not on means-tested benefits. It would provide the same secure financial platform for everyone, providing them with more choices as to how to balance different kinds of activity. It would move everyone towards similar relationships between additional earned income and additional disposable income, thus reducing the number of people facing high employment disincentives. It would provide increased encouragement and opportunity to train in new skills, thus reducing the inequality between those with skills and those without. And so on. The combination of these different increases in equality and skills would have a significant effect on the overall levels of equality and skills in our society. The extent to which that would affect the political process would be interesting to watch: although it would of course be too late to affect the result of the EU referendum.

## Digital by default

Philip Alston, UN special rapporteur on extreme poverty and human rights, and Christiaan van Veen, a special advisor on new technologies and human rights, have written an article for *The Guardian* dated the 27<sup>th</sup> June 2019 and titled 'How Britain's welfare state has been taken over by shadowy tech consultants'.

The pioneering postwar British welfare state is rapidly being replaced by what we term a "digital welfare state". This is presented by the government as an apolitical and technocratic fix aimed at making government more efficient and cost-effective. But in some respects, it is also a politicised effort to undermine the social rights of the poorest members of British society, while making it ever more difficult to legally challenge adverse decisions. ...

Universal Credit is the first major government service in the UK to become 'digital by default'. That means that the application and most subsequent communication with the authorities take place online. But this approach has been deeply problematic for many of the poorest and most vulnerable people in receipt of benefits. Only 47% of those living on a low income use broadband internet at home, making it much more difficult to maintain a claim online. In addition, one in five people in the UK is not

digitally literate, and nearly half of all universal credit claimants need assistance to apply for their benefits online. Universal Credit is building a digital barrier between some individuals and their social rights.

(<https://www.theguardian.com/commentisfree/2019/jun/27/britain-welfare-state-shadowy-tech-consultants-universal-credit>)

'Digital by default' is a problem because the Department for Work and Pensions needs to know a substantial amount of information about someone before any payment of benefit can be made, and asking people to provide the required information by digital methods that are either not available to them or are difficult to use is to discourage people from making a claim for benefits and so is to deepen their poverty.

Would any of this be a problem for a Citizen's Basic Income? No, it would not. Once a Citizen's Basic Income had been turned on, at whatever age was decided, it would keep on coming, automatically adjusted as the individual's age changes, until it was finally turned off when the recipient had died. The situation is of course not quite so simple. Active administration would be required if someone changed their contact details or bank account, left the country, arrived in the country, or went into prison: but such occasional administrative effort would constitute a very small proportion of the administration required to manage means-tested and household-based benefits systems. Families still on retained means tested benefits would not experience the wished-for administrative simplicity, but anyone taken off their means-tested benefits by their Citizen's Basic Income would find themselves facing radical administrative simplicity; and any household still on means-tested benefits would be more motivated to seek employment in order to be able to leave means-tested benefits behind.

If a Citizen's Basic Income were ever to be implemented, then it would matter little whether or not someone had a computer and WiFi access. Individuals might decide to become digital-literate, but there would be no compulsion to do so, and it would not matter very much if they did not. Their Citizen's Basic Income would simply keep on coming.

## Two events

Two informative events took place on Wednesday 19<sup>th</sup> June.

In the morning, the Institute for Fiscal Studies launched its annual report on *Living standards, poverty and inequality in the UK*, and a working paper, *Why has in-work poverty risen in Britain?* Presentations by IFS staff emphasised the following points from the report and the working paper:

- while median net household income growth in the UK since the economic crisis had been 1.6 per cent per annum on average, during the year 2017-18 it was zero;
- median earned incomes are falling in real terms;
- while the level of absolute poverty (households below 60 per cent of median equivalised income in 2010 adjusted for inflation) had been falling, there was no reduction during 2017-18;
- child absolute poverty had risen during 2017-18;
- the level of relative poverty (households below 60 per cent of current median equivalised income) has hardly changed for fifteen years;
- the proportion of households in poverty that contain at least one adult in employment had risen from 37 per cent in 1994-95 to 58 per cent in 2017-18;
- the entire change in in-work (after housing costs) poverty from 16 per cent of working households to 18 per cent of working households between 2010-11 and 2017-18 can be explained by changes to the benefits system;
- working households make up a rising share of households in severe poverty (households below 40 per cent or 50 per cent of median income).

And then at a lunchtime seminar at the London School of Economics, representatives of the Resolution Foundation discussed *Pay volatility and insecure work in the UK*.

The first presentation, by Lindsay Judge, explained that

- there are currently 900,000 agency workers in the UK;
- the most vulnerable are those with no other source of income, while workers with another source of income often found agency work preferable to traditional employment with a single employer; and
- the biggest problem faced by agency workers is pay volatility.

Daniel Tomlinson described the results of research on pay volatility carried out using bank account data. He had discovered that

- only 9 per cent of employees who remained with the same employer throughout 2016-17 had no months in which take-home pay neither increased nor decreased by more 5 per cent;
- 73 per cent of the sample had experienced at least one downward change of more than 5 per cent;
- the average downward monthly change for this proportion of workers was £286; and
- the low paid are more likely to suffer such falls in monthly pay than those with mid-range earned incomes.

Focus group research had found that

- the stability of Tax Credits payments was preferable to the volatility of Universal Credit payments;
- while Universal Credit is designed to smooth out changes in earned income, in practice it increases household income volatility, particularly for the 40 per cent of workers in the sample who were paid more frequently than monthly, and for whom the mismatch between the earned income cycle and the Universal Credit monthly payment cycle could result in radically different Universal Credit payments from month to month; and
- while Universal Credit is intended to incentivise employment, the fact that payments are reduced immediately an increase in earned income occurs discourages workers from seeking or accepting short-term increases in pay.

Lessons that we might draw from the two events are as follows:

- It is essential to test and ensure that any Citizen's Basic Income pilot project, and any nationwide implementation of a Citizen's Basic Income scheme, will not increase either poverty or inequality, and preferably that it will reduce both. Only microsimulation testing using a programme such as EUROMOD can ensure this, so that method must be applied before any scheme is considered for implementation.
- A Citizen's Basic Income of any size
  - would provide agency workers with a secure layer of income, and so could ensure that

agency work would become a positive experience for a lot more workers;

- would reduce income volatility for low paid workers; and
- would not disincentivise workers from seeking short-term increases in earned income.

### Notes

The IFS report *Living standards, poverty and inequality in the UK*,

<https://www.ifs.org.uk/publications/14193>

The IFS working paper, *Why has in-work poverty risen in Britain?*

<https://www.ifs.org.uk/publications/14154>

Details of the IFS launch event can be found here:

<https://www.ifs.org.uk/events/1704>

A Resolution Foundation report on volatile pay:

<https://www.resolutionfoundation.org/app/uploads/2018/10/Irregular-payments-RF-REPORT.pdf>

A Resolution Foundation report about agency workers:

<https://www.resolutionfoundation.org/app/uploads/2018/11/The-good-the-bad-and-the-ugly.pdf>

## Research note

### Updated microsimulation research results and responses to questions

By Malcolm Torry

#### Introduction

This research note summarises parts of a recent working paper published by the Institute for Social and Economic Research, *Static microsimulation research on Citizen's Basic Income for the UK: a personal summary and further reflections*, EUROMOD working paper EM13/19 (Colchester: Institute for Social and Economic Research, 2019) <https://www.euromod.ac.uk/sites/default/files/working-papers/em13-19.pdf><sup>4</sup>

<sup>4</sup> I am most grateful to Holly Sutherland, Matteo Richiardi, Alari Paulus, Cara McGenn, Iva Tasseva, Paola De Agostini, and all those from the Institute for Social and Economic Research who have given me considerable assistance with research and papers during the past fifteen years. In relation to this paper, I am particularly grateful to Alari Paulus for the trouble that he has taken to review its content and to make many useful suggestions for its improvement. The results presented here are based on EUROMOD version 11.0+ and on previous versions. EUROMOD is maintained, developed and managed by the

## An up to date Citizen's Basic Income scheme

The new version of EUROMOD, I1.0+, along with updated Family Resources Survey (FRS) data, has enabled what has become a fairly consistent Citizen's Basic Income scheme in recent EUROMOD working papers to be brought thoroughly up to date and retested. Only minor changes have been required to ensure that the scheme continues to fit a normal list of criteria. The only caveats in relation to results being 'up to date' are that:

- the FRS data is collected via a rolling programme of interviews, so it is always to some extent out of date;
- neither the UK country system nor the FRS data enable us to take account of the roll-out of the UK Government's new means-tested benefit, Universal Credit; and
- because Council Tax Support is now localised, and each local authority can set its own regulations and taper rates, calculations relating to Council Tax Benefit might provide less of a useful picture than calculations relating to other means-tested benefits.

The scheme tested here is funded from within the current tax and benefits system by reducing to zero the Income Tax Personal Allowance and the National Insurance Contributions Primary Earnings Threshold, charging National Insurance Contributions (NICs) at 12% on all earned income, and increasing Income Tax rates slightly. 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 their earned income is taken into account. The list of requirements for financial feasibility is as follows:

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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 results and their interpretation are the author's responsibility. The UK Family Resources Survey data was made available by the Department for Work and Pensions via the UK Data Archive. The results and their interpretation are the author's responsibility. Opinions expressed in this paper are not necessarily those of the Citizen's Basic Income Trust.

- as few changes as possible are to be made to the current tax and benefits system, consistent with the other aims in view;
- revenue neutrality (Hirsch, 2015), which I shall take to be a net cost or saving of no more than £2bn;
- the avoidance of significant household net disposable income losses, particularly for low income households (with an aim of ensuring that no more than 2% of low income households should experience household net disposable income losses of more than 5%);
- Income Tax rates to rise by no more than 3 percentage points (Hirsch, 2015);
- reductions in inequality (measured by the Gini coefficient) and in all poverty indices.

The illustrative Citizen's Basic Income scheme that emerges is found to be as follows:

- Child Benefit is increased by £20 per week for each child.
- 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 £65 per week; 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.). Table 1 gives the detail of the scheme and the household net disposable income losses generated for all households and for the lowest original income quintile.

Table 1 shows the parameters of the scheme and the losses generated.

Table 1: The standard Citizen's Basic Income scheme and losses generated

<b>CBI levels, tax rates, numbers of losses over various limits for all households and lower quintile, and total net cost of scheme for fiscal year 2018-19.</b>	
Citizen's Pension per week (existing state pensions remain in payment)	£40
Working age adult Citizen's Basic Income per week <sup>5</sup>	£65
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 – 46,350)	23%
Income Tax, higher rate (on £46,350 – 150,000)	43%
Income Tax, top rate (on £150,000 – )	48%
Proportion of households in the lowest original income quintile experiencing losses of over 15% at the point of implementation	1.23%
Proportion of households in the lowest original income quintile experiencing losses of over 10% at the point of implementation	1.77%
Proportion of households in the lowest original income quintile experiencing losses of over 5% at the point of implementation	3.71%
Proportion of all households experiencing losses of over 15% at the point of implementation	0.41%
Proportion of all households experiencing losses of over 10% at the point of implementation	1.74%
Proportion of all households experiencing losses of over 5% at the point of implementation (losses over 6%: 7.11%)	12.54%
Net cost of scheme	£1.41bn p.a.

Source: own calculations with EUROMOD version I1.0+.

Table 2 shows the changes in the numbers of households receiving a variety of means-tested benefits, and also the numbers of households brought within striking distance of coming off them.

<sup>5</sup> The calculation is as follows: Income Tax Personal Tax Allowance in 2018-2019 is £11,850. Removing the allowance would mean additional Income Tax of  $11,850 \times 0.2 = £2,370$  being paid. The Primary Earnings Threshold for National Insurance Contributions is £162 per week. Reducing the threshold to zero would mean additional National Insurance Contributions of  $162 \times 52 \times 0.12 = £1,010.88$ . The total additional payment would be  $2,370 + 1,010.88 = 3,380.88$ , which translates as £65.02 per week: so a Citizen's Basic Income of £65 per week would compensate for the loss of the Income Tax Personal Allowance and the reduction of the Primary Earnings Threshold to zero. This calculation assumes that the Basic Rate of Income Tax will remain at 20%, which of course it does not. This means that there will be losses for every household earning an income, because as the Income Tax rate rises – in this scheme it rises by 3 percentage points – the value of additional Income Tax and National Insurance Contributions will be greater than the amount received as a Citizen's Basic Income. For families with children, this loss is more than compensated for by the increased Child Benefit that the scheme envisages. For households without children, the loss of £7 per week remains. Another scheme tested in this paper repairs most of this loss, but at the cost of a substantial drop in the increase in Child Benefit.

Table 2: Reductions in numbers claiming means-tested benefits or within striking distance of coming off them, and the reductions in the totals costs of the benefits and the average value of claims

<b>Reductions in numbers claiming means-tested benefits or within striking distance of coming off them</b>	<b>The existing scheme in 2018</b>	<b>The Citizens Basic Income scheme</b>	<b>% reduction</b>
Percentage of households claiming out-of-work benefits (Income Support, Income-related Jobseeker's Allowance, Income-related Employment Support Allowance)	13.28%	11.12%	16.23%
Percentage of households claiming more than £100 per month in out-of-work benefits (defined as above)	13.06%	5.50%	57.86%
Percentage of households claiming in-work benefits (Working Tax Credits and Child Tax Credits)	13.28%	10.77%	18.86%
Percentage of households claiming more than £100 per month in in-work benefits (defined as above)	12.08%	9.86%	18.45%
Percentage of households claiming Pension Credit	5.81%	5.39%	7.25%
Percentage of households claiming more than £50 per month in Pension Credit	4.95%	4.39%	11.36%
Percentage of households claiming Housing Benefit	15.76%	15.71%	0.33%
Percentage of households claiming more than £100 per month in Housing Benefit	14.68%	14.63%	0.32%
Percentage of households claiming Council Tax Benefit	21.19%	20.61%	2.76%
Percentage of households claiming more than £50 per month in Council Tax Benefit	16.38%	15.35%	6.31%
Percentage of households claiming any means-tested benefits	32.86%	30.45%	7.35%
Percentage of households claiming more than £100 per month in means-tested benefits	28.98%	24.31%	16.11%
Percentage of households claiming more than £200 per month in means-tested benefits	26.23%	20.67%	21.20%
<b>Reductions in total costs and average values of claims for means-tested benefits</b>	<b>Reduction in total cost</b>	<b>Reduction in average value of claim</b>	
Out-of-work benefits (Income Support, Income-related Jobseeker's Allowance, Income-related Employment Support Allowance)	70.95%	59.62%	
In-work benefits (Working Tax Credits and Child Tax Credits)	23.24%	3.75%	
Pension Credit	28.64%	22.87%	
Housing Benefit	2.40%	1.15%	
Council Tax Benefit	8.72%	2.41%	
All means-tested benefits	30.60%	22.00%	

Source: own calculations with EUROMOD version I.10+.

**Note:** EUROMOD microsimulation of both the 2018 tax and benefits system and the Citizen's Basic Income scheme generates information on the number of claims for each social security benefit for the two options, and also information on the total cost of those benefits and on the average values of benefits claims. To obtain the numbers claiming benefits the weights attached to the households in the survey that are claiming the relevant benefits are added together.

Table 3 shows reductions in inequality and in poverty rates.

Table 3: Inequality and poverty indices

<b>Inequality and poverty indices</b>	<b>The current tax and benefits scheme in 2018</b>	<b>The Citizen's Basic Income scheme</b>	<b>Percentage change in the indices</b>
<b>Inequality</b>			
Disposable income Gini coefficient	0.3087	0.2756	10.73%
<b>Poverty headcount rates</b>			
Total population in poverty	0.16	0.11	29.57%
Children in poverty	0.18	0.11	42.08%
Working age adults in poverty	0.15	0.11	28.17%
Economically active working age adults in poverty	0.06	0.04	37.48%
Elderly people in poverty	0.14	0.12	14.80%

Source: own calculations with EUROMOD version I.10+.

Table 4 shows the changes in mean household disposable income by decile groups, and also mean equivalised household disposable income by decile group, the latter taking account of the composition of the household.

Table 4: Mean (equivalised) income by decile groups

<b>Decile group</b>	<b>% change in mean household disposable income</b>	<b>% change in mean equivalised household disposable income</b>
1	31.21	32.54
2	9.7	10.66
3	5.98	6.81
4	4.21	4.96
5	2.38	3
6	0.95	1.4
7	-0.7	-0.47
8	-1.89	-1.76
9	-3.17	-3.18
10	-5.71	-5.82

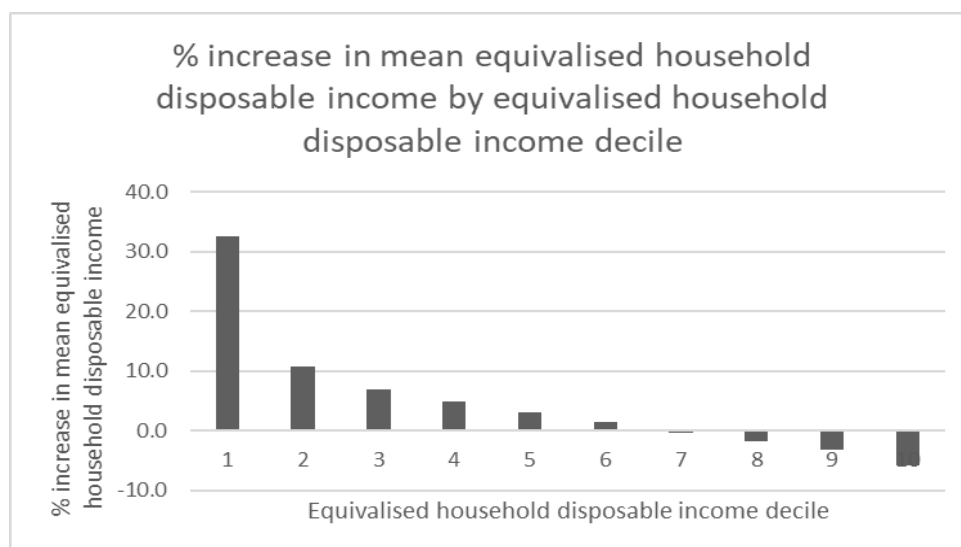
Source: own calculations with EUROMOD version I.10+.

(It might be of interest that the figures look very similar whether or not equivalised household incomes are employed. This suggests that all of the deciles contain similar spreads of household sizes.)

Figure 1 is a graphical representation of the redistribution pattern.



Figure 1



Source: own calculations with EUROMOD version I.10+.

We can conclude that this updated version of what has become a standard feasible Citizen's Basic Income scheme in EUROMOD working papers would be revenue neutral (that is, it could be funded from within the current income tax and benefits system); and that the increase in Income Tax rates required would be feasible. The 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; it would provide additional employment market incentives for the large number of households no longer on means-tested benefits to the extent that marginal deduction rates affect employment market behaviour; and it would avoid imposing significant numbers of losses at the point of implementation.

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,<sup>6</sup> and

<sup>6</sup> A recent complexity is the fact that Scotland can now vary its Income Tax rates slightly, and it can also vary and

- easy to achieve recalculations in existing means-tested benefits claims,

the entire scheme could be implemented very quickly.

This simple illustrative scheme could be both feasible and useful.

### Responses to recent questions

During the past year I have collected up the following questions, which I shall tackle in turn:

- What would be the effect of raising the working age Citizen's Basic Income from £63 per week (the 2018 level for working age adults) to £70 per week?
- How much would it cost to run a pilot project for a whole community for a genuine Citizen's Basic Income of £70 per week for working age adults?
- Would it be possible to construct a financially feasible Citizen's Basic Income scheme that retained a small Income Tax Personal Allowance rather than reducing it to zero?

add Income Tax thresholds – and it does. For the purposes of this exercise, and for the sake of simplicity, Income Tax rates have been harmonised across the UK at 23%, 43%, and 48%, and the thresholds have been harmonised, even though for narrow bands of earnings this requires a change of 4% rather than 3%. It should not be assumed that this is what would happen if a Citizen's Basic Income scheme were to be implemented.

- d) Would it be possible to reduce the Income Tax rates required to fund a Citizen's Basic Income scheme if the top rate of tax was raised to 70%?
- e) What's causing the losses for low income households, and is it possible to reduce them?

**a. What would be the effect of raising the working age Citizen's Basic Income to £70 per week?**

For this exercise, the usual set of requirements for financial feasibility was employed. A financially feasible Citizen's Basic Income scheme was discovered as follows:

Table 5: The £70 per week Citizen's Basic Income scheme and losses generated

Citizen's Pension per week (existing state pensions remain in payment)	£40
Working age adult Citizen's Basic Income per week	£70
Young adult Citizen's Basic Income per week	£60
Education age Citizen's Basic Income per week	£25
(Child Benefit is increased by £5 per week)	[£5]
Income Tax rate increase required for strict revenue neutrality	3%
Income Tax, basic rate (on £0 – 46,350)	23%
Income Tax, higher rate (on £46,350 – 150,000)	43%
Income Tax, top rate (on £150,000 – )	48%
Proportion of households in the lowest original income quintile experiencing losses of over 15% at the point of implementation	1.59%
Proportion of households in the lowest original income quintile experiencing losses of over 10% at the point of implementation	2.29%
Proportion of households in the lowest original income quintile experiencing losses of over 5% at the point of implementation	4.19%
Proportion of all households experiencing losses of over 15% at the point of implementation	0.48%
Proportion of all households experiencing losses of over 10% at the point of implementation	1.52%
Proportion of all households experiencing losses of over 5% at the point of implementation (losses over 6%: 6.22%)	11.59%
Net cost of scheme	£1.14bn p.a.

Source: own calculations with EUROMOD version I.10+.

Table 6 shows the changes in the numbers of households receiving a variety of means-tested benefits, and also the numbers of households brought within striking distance of coming off them.

Table 6: Reductions in numbers claiming means-tested benefits or within striking distance of coming off them, and the reductions in the totals costs of the benefits and the average value of claims

<b>Reductions in numbers claiming means-tested benefits or within striking distance of coming off them</b>	<b>The existing scheme in 2018</b>	<b>The Citizens Basic Income scheme</b>	<b>% reduction</b>
Percentage of households claiming out-of-work benefits (Income Support, Income-related Jobseeker's Allowance, Income-related Employment Support Allowance)	13.28%	9.56%	28.05%
Percentage of households claiming more than £100 per month in out-of-work benefits (defined as above)	13.06%	5.46%	58.18%
Percentage of households claiming in-work benefits (Working Tax Credits and Child Tax Credits)	13.28%	10.59%	20.25%
Percentage of households claiming more than £100 per month in in-work benefits (defined as above)	13.06%	9.71%	19.66%
Percentage of households claiming Pension Credit	5.81%	5.38%	7.48%
Percentage of households claiming more than £50 per month in Pension Credit	4.95%	4.38%	11.55%
Percentage of households claiming Housing Benefit	15.76%	15.56%	1.27%
Percentage of households claiming more than £100 per month in Housing Benefit	14.68%	14.47%	1.42%
Percentage of households claiming Council Tax Benefit	21.19%	20.25%	4.42%
Percentage of households claiming more than £50 per month in Council Tax Benefit	16.38%	15.05%	8.12%
Percentage of households claiming any means-tested benefits	32.86%	29.24%	11.02%
Percentage of households claiming more than £100 per month in means-tested benefits	28.98%	24.38%	15.86%
Percentage of households claiming more than £200 per month in means-tested benefits	26.23%	20.39%	22.26%
<b>Reductions in total costs and average values of claims for means-tested benefits</b>	<b>Reduction in total cost</b>	<b>Reduction in average value of claim</b>	
Out-of-work benefits (Income Support, Income-related Jobseeker's Allowance, Income-related Employment Support Allowance)	75.07%	65.35%	
In-work benefits (Working Tax Credits and Child Tax Credits)	24.83%	5.75%	
Pension Credit	29.10%	23.37%	
Housing Benefit	3.61%	2.37%	
Council Tax Benefit	8.47%	4.24%	
All means-tested benefits	32.10%	23.69%	

Source: own calculations with EUROMOD version I.10+.

Table 7 shows reductions in inequality and in poverty rates.

Table 7: Inequality and poverty indices

Inequality and poverty indices	The current tax and benefits scheme in 2018	The Citizen's Basic Income scheme	Percentage change in the indices
<b>Inequality</b>			
Disposable income Gini coefficient	0.3087	0.2811	8.95%
<b>Poverty headcount rates</b>			
Total population in poverty	0.16	0.12	23.46%
Children in poverty	0.18	0.14	25.26%
Working age adults in poverty	0.15	0.12	24.78%
Economically active working age adults in poverty	0.06	0.04	32.01%
Elderly people in poverty	0.14	0.12	15.75%

Source: own calculations with EUROMOD version I.10+.

Table 8 shows the changes in mean household disposable income by decile groups, and also mean equivalised household disposable income by decile group, the latter taking account of the composition of the household.

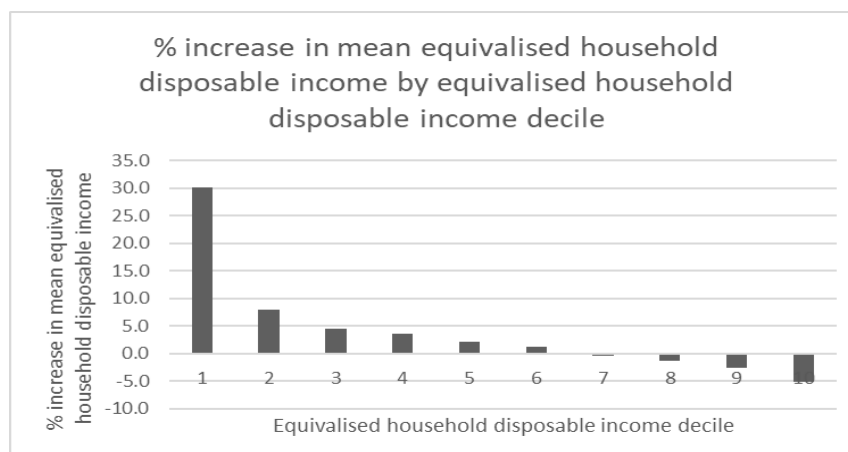
Table 8: Mean (equivalised) income by decile groups

Decile group	% change in mean household disposable income	% change in mean equivalised household disposable income
1	29.95	30.11
2	7.69	7.97
3	4.2	4.45
4	3.25	3.58
5	1.87	2.14
6	0.91	1.13
7	-0.48	-0.42
8	-1.43	-1.4
9	-2.51	-2.55
10	-5.14	-5.25

Source: own calculations with EUROMOD version I.10+.

Figure 2 is a graphical representation of the redistribution pattern for equivalised household disposable incomes.

Figure 2



Source: own calculations with EUROMOD version I.10+.

We can see from table 5 that financial feasibility can be achieved, although at the cost of a far smaller increase in Child Benefit than for previous schemes: £5 rather than £20. Predictably, this means that the reduction in child poverty achieved by the £70 per week scheme is lower than for the £65 per week scheme. Other indicators look fairly similar, except that there are generally higher numbers of household net disposable income losses in most of the loss categories.

We can conclude that if for whatever reason a £70 per week Citizen's Basic Income for working age adults was to be required, then a financially feasible scheme could be implemented.

**b. How much would it cost to run a pilot project for a whole community for a genuine Citizen's Basic Income of £70 per week for working age adults?**

In a less developed country there is likely to be only a rudimentary existing benefits system, if any, and a rudimentary income tax system, if any. Establishing a Citizen's Basic Income pilot project in such a context requires that the unconditional payments should be made to everyone in the chosen community or communities for the prescribed time period, and that the effects should then be evaluated, preferably in relation to control communities that have not received the Citizen's Basic Incomes. In a more developed country, existing benefits and tax systems would need to be adjusted for the pilot community, because that is what would have to happen if a nationwide scheme were to be implemented. If that is not done, then the experiment will not be a genuine pilot project. The problem is that it is exceedingly difficult to alter complex tax and benefits systems just for pilot communities.

One possible solution (Torry, 2016) entails a roll-out to young adults entering the employment market at age 16 or thereabouts: in practice, providing Citizen's Basic Incomes to a one-year or a three-year age cohort (or possibly to a six-year cohort). A further suggestion might be a pilot project for such a pilot project, because it would not be too difficult to establish a Citizen's Basic Income for a one- or three-year age cohort of young adults in a single community, mainly because major changes to the existing tax and benefits systems could be avoided.

But having been asked whether it would be possible to run a pilot project for a genuine nationwide Citizen's Basic Income scheme like the illustrative schemes researched in this paper, the question has to

be answered. In an important sense, the answer has to be 'no', because to establish either the £65 per week or £70 per week illustrative schemes reported above would require major changes to the existing tax and benefits systems. This would not be feasible in a single community. However, something similar to a pilot project would be possible if it was conducted along similar lines to the pilot project for the single year age cohort project by operationalising those changes that it would be possible to operationalise and not those that would not be.

The plan would therefore be to provide Citizen's Basic Incomes for all adults over the age of 16 at the same levels as in the £70 per week project reported above. Everyone in employment would then be allocated a BR (Basic Rate) tax code.<sup>7</sup> Child Benefit would not be altered, Income Tax rates would not be altered, and the thresholds and rates for National Insurance Contributions would not be amended, as all of those changes would be too difficult to achieve for a single community. Every household on means-tested benefits would have their Citizen's Basic Incomes added to the means employed in calculating benefit claims, so everyone's means-tested benefit claims would be reduced in value.

Microsimulation of the scheme generates the results found in table 9:

<sup>7</sup> A variety of possible consequences of doing this would need to be studied. For instance, in the normal course of events, if a BR tax code is applied throughout a tax year, then the Income Tax system will still assume that an Income Tax Personal Allowance should have been in place, and a tax refund will be issued. This would have to be prevented for the tax years relating to the pilot project. Similarly, how to handle earnings above the higher rate threshold and the top rate threshold would have to be discussed.

Table 9: The £70 per week Citizen's Basic Income pilot project

<b>CBI levels, tax rates, numbers of losses over various limits for all households and lower quintile, and total net cost of scheme</b>	
Citizen's Pension per week (existing state pensions remain in payment)	£40
Working age adult Citizen's Basic Income per week	£70
Young adult Citizen's Basic Income per week	£60
Education age Citizen's Basic Income per week	£25
(Child Benefit is not increased)	[£0]
Income Tax rate increase required for strict revenue neutrality	0%
Income Tax, basic rate (on £0 – 46,350)	20%
Income Tax, higher rate (on £46,350 – 150,000)	40%
Income Tax, top rate (on £150,000 – )	45%
Proportion of households in the lowest original income quintile experiencing losses of over 15% at the point of implementation	0.90%
Proportion of households in the lowest original income quintile experiencing losses of over 10% at the point of implementation	1.16%
Proportion of households in the lowest original income quintile experiencing losses of over 5% at the point of implementation	1.56%
Proportion of all households experiencing losses of over 15% at the point of implementation	0.43%
Proportion of all households experiencing losses of over 10% at the point of implementation	0.54%
Proportion of all households experiencing losses of over 5% at the point of implementation (losses over 6%: 0.70%)	0.74%
Net cost of scheme	£56.56bn p.a.

Source: own calculations with EUROMOD version I.10+.

Table 10 shows the changes in the numbers of households receiving a variety of means-tested benefits, and also the numbers of households brought within striking distance of coming off them.

Table 10: Reductions in numbers claiming means-tested benefits or within striking distance of coming off them, and the reductions in the totals costs of the benefits and the average value of claims

<b>Reductions in numbers claiming means-tested benefits or within striking distance of coming off them</b>	<b>The existing scheme in 2018</b>	<b>The Citizens Basic Income scheme</b>	<b>% reduction</b>
Percentage of households claiming out-of-work benefits (Income Support, Income-related Jobseeker's Allowance, Income-related Employment Support Allowance)	13.06%	5.30%	59.45%
Percentage of households claiming more than £100 per month in out-of-work benefits (defined as above)	13.28%	10.59%	20.25%
Percentage of households claiming in-work benefits (Working Tax Credits and Child Tax Credits)	13.06%	9.71%	19.66%
Percentage of households claiming more than £100 per month in in-work benefits (defined as above)	5.81%	5.09%	12.41%
Percentage of households claiming Pension Credit	4.95%	3.95%	20.11%
Percentage of households claiming more than £50 per month in Pension Credit	15.76%	15.00%	5.05%
Percentage of households claiming Housing Benefit	14.68%	13.82%	5.85%
Percentage of households claiming more than £100 per month in Housing Benefit	21.19%	18.97%	10.48%
Percentage of households claiming Council Tax Benefit	16.38%	14.41%	11.84%
Percentage of households claiming more than £50 per month in Council Tax Benefit	32.86%	28.52%	13.22%
Percentage of households claiming any means-tested benefits	28.98%	23.77%	17.96%
Percentage of households claiming more than £100 per month in means-tested benefits	26.23%	19.97%	23.87%
Percentage of households claiming more than £200 per month in means-tested benefits	13.06%	5.30%	59.45%
<b>Reductions in total costs and average values of claims for means-tested benefits</b>	<b>Reduction in total cost</b>	<b>Reduction in average value of claim</b>	
Out-of-work benefits (Income Support, Income-related Jobseeker's Allowance, Income-related Employment Support Allowance)	75.32%	65.35%	
In-work benefits (Working Tax Credits and Child Tax Credits)	24.80%	5.71%	
Pension Credit	34.12%	28.80%	
Housing Benefit	7.46%	6.27%	
Council Tax Benefit	13.31%	9.30%	
All means-tested benefits	33.74%	25.53%	

Source: own calculations with EUROMOD version I.10+.

Table 11 shows reductions in inequality and in poverty rates.

Table 11: Inequality and poverty indices

Inequality and poverty indices	The current tax and benefits scheme in 2018	The Citizen's Basic Income scheme	Percentage change in the indices
<b>Inequality</b>			
Disposable income Gini coefficient	0.3087	0.2942	4.70%
<b>Poverty headcount rates</b>			
Total population in poverty	0.16	0.11	27.77%
Children in poverty	0.18	0.13	25.85%
Working age adults in poverty	0.15	0.11	29.66%
Economically active working age adults in poverty	0.06	0.03	46.16%
Elderly people in poverty	0.14	0.11	23.86%

Source: own calculations with EUROMOD version I.10+.

Table 12 shows the changes in mean household disposable income by decile groups, and also mean equivalised household disposable income by decile group, the latter taking account of the composition of the household.

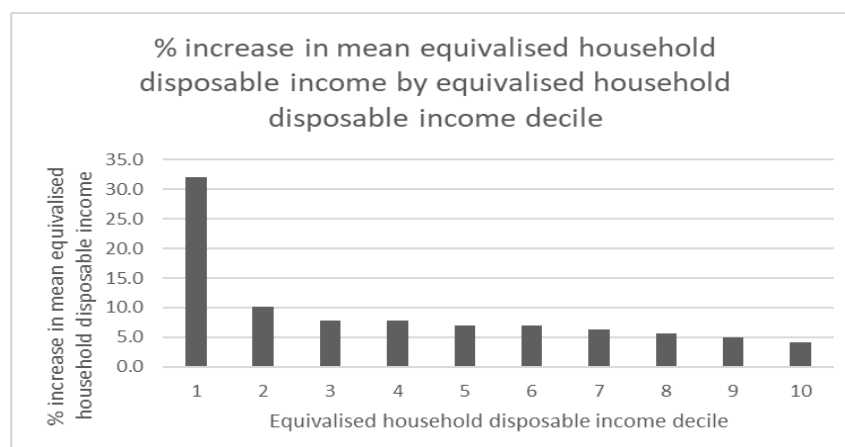
Table 12: Mean (equivalised) income by decile groups

Decile group	% change in mean household disposable income	% change in mean equivalised household disposable income
1	32.17	32.02
2	10.01	10.1
3	7.71	7.79
4	7.48	7.84
5	6.68	6.96
6	6.7	7.01
7	6.02	6.23
8	5.46	5.62
9	4.83	4.94
10	4.04	4.13

Source: own calculations with EUROMOD version I.10+.

Figure 3 is a graphical representation of the redistribution pattern for equivalised household disposable incomes.

Figure 3



Source: own calculations with EUROMOD version I.10+.



From table 9 we can see that if this scheme were to be rolled out across the whole of the UK then the net cost would be £56.56bn per annum. If the pilot project community population were to be 100,000, then the net cost would be £88m; and if the pilot community population were to be 10,000, then the net cost would be £8.8m. (The significant assumption made in this calculation is that the financial profile of the pilot community matches in all respects the financial profile of the country as a whole.)

The reason for the entire graph in figure 3 being above the horizontal, and there being a negligible number of household net disposable income losses reported in table 9, is because no household would be worse off with this scheme, because no National Insurance Contribution rates or Income Tax rates will have been increased. Hence the huge net cost if the scheme were to be rolled out nationwide. In that sense, the scheme is not financially feasible, so any pilot project of this nature would need to be evaluated in the knowledge that if the scheme were to be rolled out nationwide then Income Tax and National Insurance Contribution rates would have to change, imposing losses on some households.

All one can say about this project is that it is probably as close as it possible to get to a genuine Citizen's Basic Income pilot project in the UK, and that although rolling out the scheme nationwide would not be financially feasible, the pilot project would be.

**c. Would it be possible to construct a financially feasible Citizen's Basic Income scheme that retained a small Income Tax Personal Allowance rather than reducing it to zero?**

Rather than beginning with an arbitrary continuing Income Tax Personal Allowance, it seemed sensible to begin this exercise with a level of Citizen's Basic Income in mind for working age adults. A reasonable assumption might be that a Citizen's Basic Income of below £50 per week for working age adults might not be worth paying, might be difficult to argue for, and might not generate sufficiently robust effects if it were to be paid.

This leaves the question as to whether the National Insurance Contribution Primary Earnings Threshold should be positive, or reduced to zero as in the £65 and £70 nationwide schemes reported in this paper. There would be an argument for aligning it with the new positive Income Tax Personal Allowance, so that neither Income Tax nor National Insurance Contributions would be collected on earnings below a specified level. There would also be an argument for

reducing the threshold to zero so that everyone earning an income was paying National Insurance Contributions, even if they were not paying Income Tax. The argument is that it would be useful to give to everyone earning an income a sense of ownership of the National Insurance system, and that it would enable them to build a genuine contribution record rather than have contributions credited. It is therefore the latter option – to reduce the Primary Earnings Threshold to zero – that this project chooses.

With the National Insurance Contributions Primary Earnings Threshold reduced to zero, a Citizen's Basic Income of £50 per week for working age adults suggests a continuing Income Tax Personal Allowance of £4,000 per annum.<sup>8</sup>

For this exercise, the usual set of requirements for financial feasibility was employed. A financially feasible Citizen's Basic Income scheme was discovered as described in table 18:

<sup>8</sup> The calculation is as follows: Reducing the NIC Primary Earnings Threshold (PET) to zero pays for a Citizen's Basic Income of £162 (the PET) x 0.12 (the NIC rate) = £19.44 per week. A reduction in the Income Tax Personal Allowance (ITPA) therefore needs to pay for a Citizen's Basic Income of £30.56 per week. Therefore the ITPA reduction x 0.2 (the Basic Rate of Income Tax) = 30.56 x 52 = 1589.12. Rearranging: the ITPA reduction = 5 x 30.56 x 52 = 7945.60. The continuing ITPA therefore needs to be 11,850 – 7,945.60 = 3904.40. For the sake of simplicity, the continuing Income Tax Personal Allowance is set at £4,000 per annum.

Table 13: A £50 per week Citizen's Basic Income scheme with a continuing Income Tax Personal Allowance of £4,000 per annum.

<b>CBI levels, tax rates, numbers of losses over various limits for all households and lower quintile, and total net cost of scheme</b>	
Citizen's Pension per week (existing state pensions remain in payment)	£35
Working age adult Citizen's Basic Income per week	£50
Young adult Citizen's Basic Income per week	£40
Education age Citizen's Basic Income per week	£30
(Child Benefit is increased by £10 per week)	[£10]
Income Tax rate increase required for strict revenue neutrality	3%
Income Tax, basic rate (on £4,000 – 46,350)	23%
Income Tax, higher rate (on £46,350 – 150,000)	43%
Income Tax, top rate (on £150,000 – )	48%
Proportion of households in the lowest original income quintile experiencing losses of over 15% at the point of implementation	0.38%
Proportion of households in the lowest original income quintile experiencing losses of over 10% at the point of implementation	0.60%
Proportion of households in the lowest original income quintile experiencing losses of over 5% at the point of implementation	0.73%
Proportion of all households experiencing losses of over 15% at the point of implementation	0.35%
Proportion of all households experiencing losses of over 10% at the point of implementation	2.27%
Proportion of all households experiencing losses of over 5% at the point of implementation (losses over 6%: 6.58%)	8.38%
Net cost of scheme	£0.21bn p.a.

Source: own calculations with EUROMOD version I.10+.

Table 14 shows the changes in the numbers of households receiving a variety of means-tested benefits, and also the numbers of households brought within striking distance of coming off them.

Table 14: Reductions in numbers claiming means-tested benefits or within striking distance of coming off them, and the reductions in the totals costs of the benefits and the average value of claims

<b>Reductions in numbers claiming means-tested benefits or within striking distance of coming off them</b>	<b>The existing scheme in 2018</b>	<b>The Citizens Basic Income scheme</b>	<b>% reduction</b>
Percentage of households claiming out-of-work benefits (Income Support, Income-related Jobseeker's Allowance, Income-related Employment Support Allowance)	13.06%	10.19%	21.95%
Percentage of households claiming more than £100 per month in out-of-work benefits (defined as above)	13.28%	11.34%	14.56%
Percentage of households claiming in-work benefits (Working Tax Credits and Child Tax Credits)	12.08%	10.51%	13.09%
Percentage of households claiming more than £100 per month in in-work benefits (defined as above)	5.81%	4.72%	18.82%
Percentage of households claiming Pension Credit	4.95%	3.55%	28.25%
Percentage of households claiming more than £50 per month in Pension Credit	15.76%	15.57%	1.26%
Percentage of households claiming Housing Benefit	14.68%	14.36%	2.18%
Percentage of households claiming more than £100 per month in Housing Benefit	21.19%	19.90%	6.11%
Percentage of households claiming Council Tax Benefit	16.38%	14.76%	9.87%
Percentage of households claiming more than £50 per month in Council Tax Benefit	32.86%	30.32%	7.73%
Percentage of households claiming any means-tested benefits	28.98%	25.56%	11.79%
Percentage of households claiming more than £100 per month in means-tested benefits	26.23%	21.21%	19.15%
Percentage of households claiming more than £200 per month in means-tested benefits	13.06%	10.19%	21.95%
<b>Reductions in total costs and average values of claims for means-tested benefits</b>	<b>Reduction in total cost</b>	<b>Reduction in average value of claim</b>	
Out-of-work benefits (Income Support, Income-related Jobseeker's Allowance, Income-related Employment Support Allowance)	56.84%	40.01%	
In-work benefits (Working Tax Credits and Child Tax Credits)	17.60%	3.32%	
Pension Credit	41.20%	36.45%	
Housing Benefit	3.97%	2.73%	
Council Tax Benefit	10.00%	5.83%	
All means-tested benefits	26.00%	16.84%	

Source: own calculations with EUROMOD version I.10+.

Table 15 shows reductions in inequality and in poverty rates.

Table 15: Inequality and poverty indices

Inequality and poverty indices	The current tax and benefits scheme in 2018	The Citizen's Basic Income scheme	Percentage change in the indices
<b>Inequality</b>			
Disposable income Gini coefficient	0.3087	0.2776	10.09%
<b>Poverty headcount rates</b>			
Total population in poverty	0.16	0.12	26.17%
Children in poverty	0.18	0.13	28.36%
Working age adults in poverty	0.15	0.12	22.72%
Economically active working age adults in poverty	0.06	0.04	31.75%
Elderly people in poverty	0.14	0.09	35.30%

Source: own calculations with EUROMOD version I.10+.

Table 16 shows the changes in mean household disposable income by decile groups, and also mean equivalised household disposable income by decile group, the latter taking account of the composition of the household.

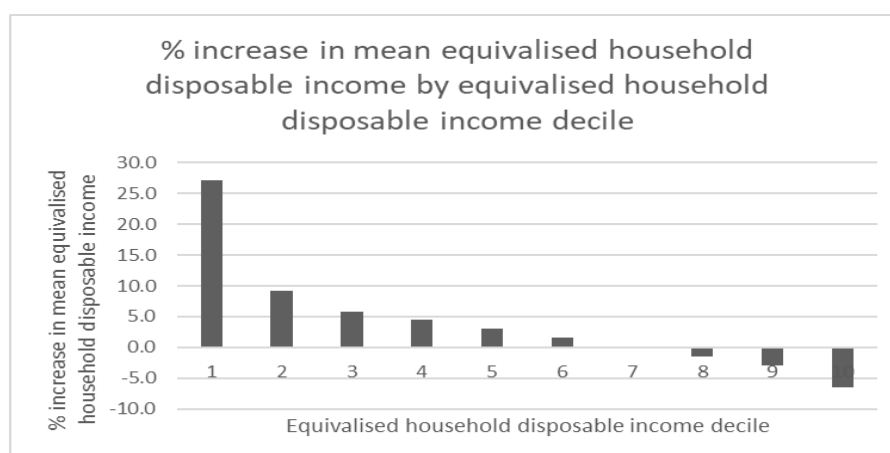
Table 16: Mean (equivalised) income by decile groups

Decile group	% change in mean household disposable income	% change in mean equivalised household disposable income
1	26.84	27.1
2	8.87	9.13
3	5.52	5.73
4	4.17	4.42
5	2.74	2.96
6	1.42	1.56
7	-0.27	-0.26
8	-1.46	-1.5
9	-2.90	-3.02
10	-6.33	-6.46

Source: own calculations with EUROMOD version I.10+.

Figure 4 is a graphical representation of the redistribution pattern for equivalised household disposable incomes.

Figure 4



Source: own calculations with EUROMOD version I.10+.

We can see from the tables and graphs that an entirely feasible scheme has emerged that brings household net income losses below the levels found for other schemes researched here. If a £50 per week Citizen's Basic Income for working age adults was felt to be a worthwhile starting point, then this feasible scheme could be rolled out fairly easily and would have useful effects.

**d. Would it be possible to reduce the Income Tax rates required to fund a Citizen's Basic Income scheme if the top rate of tax was raised to 70%?**

The highest rate of Income Tax in the UK is currently 45% above a £150,000 per annum income threshold. At that point in the earnings range, National Insurance Contributions on additional earned income are paid at a rate of 2%, making a total tax rate of 47%. The Citizen's Basic Income schemes researched for this paper assume that National Insurance Contribution rates will be at 12% across the entire earned income range: so in order for the total tax rate to reach 70%, Income Tax would have to be charged at 58% rather than 45%. If the other Income Tax rates were to be increased by 3 percentage points, as in the schemes researched for this paper, then instead of the net cost being £1.14bn per annum, there would be a net gain to the Treasury of £0.78bn per annum. This still coheres with our definition of strict revenue neutrality. If the other Income Tax rates were to be increased by 2 percentage points rather than by 3 percentage points, then there would be a net cost £8.3bn, which would be well outside our definition of strict revenue neutrality, and the scheme would no

longer be financially feasible. We therefore have to conclude that raising the total tax rate for the highest earners to 70% would not enable the other Income Tax rates to be reduced, and so would not change the general patterns of results for the schemes researched for this article. Raising the top total tax rate to 70% would unfortunately make almost no difference to the kind of Citizen's Basic Income scheme that could be implemented.

**e. What is causing the losses for low income households, and is it possible to reduce them?**

We can hypothesise that one cause might be the fact that a household's Citizen's Basic Incomes have added to the means used to assess means-tested benefits claims, and if the household is on a number of different means-tested benefits, then several benefits might be being withdrawn at the same time, which means that the value of the Citizen's Basic Income might be being withdrawn more than once at the same time. To test whether this might be at least part of the problem, a project that added only half of a household's Citizen's Basic Incomes to the means used to calculate Housing Benefit is reported on here.

Again, the usual set of requirements for financial feasibility was employed. A financially feasible Citizen's Basic Income scheme was discovered as follows:

Table 17: The £70 per week Citizen's Basic Income scheme and losses generated

<b>CBI levels, tax rates, numbers of losses over various limits for all households and lower quintile, and total net cost of scheme</b>	<b>0.5 of Housing Benefit added to means</b>	<b>Housing Benefit added to means</b>
Citizen's Pension per week (existing state pensions remain in payment)	£40	£40
Working age adult Citizen's Basic Income per week	£65	£65
Young adult Citizen's Basic Income per week	£50	£50
Education age Citizen's Basic Income per week	£40	£40
(Child Benefit is increased by £20 per week)	[£20]	[£20]
Income Tax rate increase required for strict revenue neutrality	3%	3%
Income Tax, basic rate (on £0 – 46,350)	23%	23%
Income Tax, higher rate (on £46,350 – 150,000)	43%	43%
Income Tax, top rate (on £150,000 – )	48%	48%
Proportion of households in the lowest original income quintile experiencing losses of over 15% at the point of implementation	1.02%	1.23%
Proportion of households in the lowest original income quintile experiencing losses of over 10% at the point of implementation	1.57%	1.77%
Proportion of households in the lowest original income quintile experiencing losses of over 5% at the point of implementation	3.49%	3.71%
Proportion of all households experiencing losses of over 15% at the point of implementation	0.36%	0.41%
Proportion of all households experiencing losses of over 10% at the point of implementation	1.66%	1.74%
Proportion of all households experiencing losses of over 5% at the point of implementation (losses over 6%: 7.01% rather than 7.11%)	12.20%	12.54%
Net cost of scheme	£4.32bn p.a.	£1.41bn p.a.

Source: own calculations with EUROMOD version I.10+.

As we can see, the household net disposable income losses are lower. However, as we would also expect, the total net cost of the scheme is higher, and the scheme is no longer strictly revenue neutral.

Whatever the problems that the UK Government's new Universal Credit has encountered, one of its aims was laudable: to bring means-tested benefits together into a single benefit so that individuals would suffer a single taper rate rather than risk facing more than one at the same time. It is unfortunate that the localisation of Council Tax Support has meant that households can suffer the withdrawal of Council Tax Support at the same time as Universal Credit is withdrawn, but it is still likely that for many households a single taper rate might apply, which would make it easier to avoid

household net income losses on the implementation of a Citizen's Basic Income.

Other results for this scheme – such as the numbers leaving means-tested benefits – are not very different from those for the scheme tested at the beginning of this article, and so are not reported here.

### Conclusions

We can conclude that nationwide UK schemes with the working age adult Citizen's Basic Income set at either £65 or £70 would be feasible; that a pilot project with characteristics not entirely dissimilar to those schemes would be feasible; that it would be possible to maintain a positive Income Tax Personal Allowance of £4,000 per annum if a £50 per week working age adult Citizen's Basic Income were to be

paid; that there would no appreciable advantage to raising the total income tax rate to 70%; and that the replacement of legacy benefits by Universal Credit is likely to reduce the number of household net disposable income losses.

## References

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## Conference report

### The 2019 BIEN Congress held in Hyderabad, India

The congress took place at the NALSAR University of Law in Hyderabad, and was organized by the Indian Basic Income Network (INBI).

The first day was an India Day. Sarath Davala, Chair of INBI and Vice chair of BIEN, and Renana Jhabvala, President of the Self-Employed Women's Association, welcomed participants with a traditional lamp-lighting. An inaugural address was given by Prem Das Rai, a former Member of Parliament for Sikkim State, who when he was a Member of Parliament had proposed that a Basic Income should be established for the State. The address was followed by a session on India's economic and social situation, on its complex social protection systems, and on its current and possible future debates about Basic Income. After lunch, there was a panel discussion about regional Basic Income and similar initiatives in India.

The second day saw the opening of the main congress. As with most of the India Day, all of the plenary sessions were panel discussions rather than single-presenter addresses. The first panel discussion was about religious and secular worldviews and their relationships with Basic Income. Then followed parallel sessions on a wide diversity of topics. After lunch, following a film about the Indian pilot project, two plenary sessions took place: one on pilot projects in Finland, Kenya, India and Korea, and an

experiment in Ontario, and another on methods of financing Basic Incomes.

The third day began with a plenary session on political action in South Africa, the Netherlands, Brazil, Korea, and the United States. This was followed by parallel sessions, and then a plenary session on Basic Income as the foundation of a caring society. After lunch, there were more parallel sessions, and then a plenary session to enable us to listen to those who had received Basic Incomes, or were receiving them, during pilot projects in Kenya, India, and Germany, and the short-lived income-tested income experiment in Ontario. A final plenary session studied the commons and sovereign wealth funds. The conference dinner was a splendid outdoor event at one of the accommodation locations, and was accompanied by a cat-walk during which participants clad in Indian attire had to explain what Basic Income meant to them.

The fourth day started with short films from Korea and Germany. Three plenary sessions took place: the first on blockchain and Basic Income; the second about the emancipatory potential of Basic Income; and the third about Basic Income and women. Before the third session the congress thanked Sarath and all who had helped him to organize such a good congress, and four Indians (including the honorary Indian Guy Standing) were honoured for their contributions to the Indian pilot projects and the Indian debate on Basic Income. Following lunch, BIEN's annual General Assembly took place.

The congress was well attended and well organized, and the accommodation and refreshments were of a high standard. Sessions ran late because the content was so interesting, and there were occasional logistical and technological problems, but nobody seemed to mind. The panel discussions worked really well, and there was plenty of opportunity for participation in debate. A strong impression left with participants was that the Basic Income debate is now truly global, and that it has finally escaped from its former Eurocentrism, and also that BIEN is beginning to make the same transition and now needs to complete it.

Sarath Davala did a brilliant job of planning the event and holding it all together, and he well deserved the praise that he received at the end of the congress.

## News

*The Guardian* has reported that criminals are using Universal Credit claimants' identities to claim the loans designed to tide people over the wait before Universal Credit payments begin. 'Tens of millions of pounds have reportedly been stolen by fraudsters as a result of a universal credit scam that has left affected claimants up to £1,500 out of pocket. The Department for Work and Pensions (DWP) is under to pressure to explain what it intends to do to counter a scam in which criminals obtain claimants' personal details, often by posing as DWP staff, to make bogus online applications for universal credit. Once the claim is established the scammers can apply for, and take a cut of, an advance loan of hundreds of pounds routinely offered to new claimants to get them through the minimum five-week wait for a first payment. In other cases in which claimants' details are obtained without consent, the first the claimant becomes aware of the scam is when they receive a letter from the DWP telling them their existing benefits have been cancelled, their universal credit claim has opened and they must repay the advance loan.'

(<https://www.theguardian.com/society/2019/jul/09/universal-credit-scam-leaves-claimants-pounds-hundreds-out-of-pocket>)

**Paul Spicker** has commented on this in an article, 'Universal Credit and a pattern of fraud': 'It should have been obvious from the outset that computer-based identification wouldn't be sufficiently secure for the purposes of the DWP. There was something close to an admission of this more than three years ago, when Verify, the successor to the failed "Identity Assurance", was cut adrift. But the problem is not only down to poor tech. The situation has been produced by a system that relied on online verification, rather than claims in person; that left claimants without resources for well over a month; and replaced a system capable of processing the vast majority of claims within 14 days with one that struggled to do it in six weeks, and sometimes could take as long as three months. Universal Credit is error-prone by design. Its vulnerability to deception is only a part of that. An interesting question is the extent to which Citizen's Basic Income would be open to such fraud. There would be no waiting periods, no short-term loans, and no variations in payments (apart from annual upratings, and age-related changes to the amounts paid). So all that would be required to prevent fraud would be to ensure that each person should receive only one Citizen's Basic Income, and that their age should be

accurately recorded. If receipt of Citizen's Basic Income were to be triggered by Child Benefit ceasing, then fraud would only be possible if someone were to receive two identifies at birth.' (<http://blog.spicker.uk/universal-credit-and-a-pattern-of-fraud/>)

A recent event organised by the **Royal Society of Arts** discussed how Citizen's Basic Income might work in Wales: 'With prominent business and government leaders backing calls to implement Universal Basic Income (UBI), the idea is receiving high levels of coverage and interest in Wales. But what is UBI? How might it work, what might be the benefits, and is this something that could work in Wales? All these questions and many more were examined at the recent joint RSA Wales/Cymru, RSA Scotland and Indycube event..' (<https://www.thersa.org/discover/publications-and-articles/rsa-blogs/2019/06/basic-income-in-wales>)

The **British Medical Journal** has published an article about the effects of Universal Credit, 'Impact of Universal Credit in North East England: a qualitative study of claimants and support staff'. 'Results: Participants' accounts of the UC claims process and the consequences of managing on UC are reported; UC negatively impacts on material wellbeing, physical and mental health, social and family lives. UC claimants described the digital claims process as complicated, disorientating, impersonal, hostile and demeaning. Claimants reported being pushed into debt, rent arrears, housing insecurity, fuel and food poverty through UC. System failures, indifference and delays in receipt of UC entitlements exacerbated the difficulties of managing on a low income. The threat of punitive sanctions for failing to meet the enhanced conditionality requirements under UC added to claimant's vulnerabilities and distress. Staff reported concerns for claimants and additional pressures on health services, local government and voluntary and community sector organisations as a result of UC. Conclusions. The findings add considerable detail to emerging evidence of the deleterious effects of UC on vulnerable claimants' health and wellbeing. Our evidence suggests that UC is undermining vulnerable claimants' mental health, increasing the risk of poverty, hardship, destitution and suicidality. Major, evidence-informed revisions are required to improve the design and implementation of UC to prevent further adverse effects before large numbers of people move on to UC, as planned by the UK government.' (<https://bmjopen.bmj.com/content/9/7/e029611>)



The All Party Parliamentary Group on Universal Credit has issued a report, *What needs to change in Universal Credit?* 'Universal Credit was designed to enable people to get by in a world of insecure work, so they could move in and out of employment without having to make different claims, and to adapt to a fluctuating income by providing a stable income floor. In general, if your income increases one month, your Universal Credit reduces by 63% of that increase the next month. If your income falls, your UC payment rises next month. This is a sound principle, but in practice, many claimants say they cannot understand how their UC is worked out, and it is subject to so many variations that it is far harder to budget on UC than it was on tax credits, which provided a flat level of 4-weekly payments for a year. Key changes to the design of Universal Credit could significantly improve the overall experience of claimants to protect them from hardship, and enable them to achieve a more stable income, to budget better, and to avoid debts or arrears.' (<http://citizensincome.org/wp-content/uploads/2019/07/APPG-UC-REPORT-FINAL-v2-2019.pdf>)

## Review article

**Philippe Van Parijs (ed.) *Basic Income and the Left: A European debate*, Social Europe, 2018, viii + 116 pp, 1 9997151 5 1, pbk, £12.99, <https://www.socialeurope.eu/book/basic-income-and-the-left-a-european-debate>**

This volume of essays brings together progressive justifications and critiques of Basic Income, providing serious food for thought for advocates and opponents alike. It dispenses with some of the more superficial objections to – and misunderstandings of – the arguments of some Basic Income's left-wing advocates. At the same time, it documents a number of profound ethical and practical concerns with the policy from the left, and in doing so helps to illuminate the most pertinent and persistent aspects of debate. Indeed, there remain some intractable normative differences in the stances of opponents and proponents, while other differences come down to divergent judgements about Basic Income's likely effects in the context of a dearth of empirical evidence, and others still to strategic concerns about how to most effectively galvanise the left in the face of reactionary political forces.

As Van Parijs observes in the introductory chapter, the volume serves to illustrate that the debate on the left can be characterised by the oppositional

perspectives of the labourist and libertarian left: by divisions between 'traditional' social democratic principles and those of the emergent 'new' left (and indeed by the divergent interests of these actors' core constituencies). The chapters are arranged chronologically, in order of their original publication in *Social Europe*. This enables the reader to trace the contours of the debate, in relation to significant contemporaneous events – such as the Swiss referendum (2015) and the Brexit vote (2016) and as responses to previous arguments. My review will follow the same structure.

The arguments in favour of Basic Income are well-known, relating to the alleviation of poverty and inequality, the dissolution of poverty and unemployment traps, the empowerment of women, the strengthening of workers' bargaining power, and the provision of an institutional underpinning that can cope with systemic labour market failure but also facilitate positive social change. These arguments are made, and common objections are countered, in the opening chapters of the volume.

Standing (chapter 2) suggests that the current phase of capitalist development, with growing inequality and the accompanying emergence of the precariat class, warrants a new form of social contract: the financial security that Basic Income would offer to those excluded from the bargain struck between capital and labour in the 'golden years' of the welfare state. This is necessary, Standing argues, because of the new forms of profound inequality and insecurity to which globalisation and technological change give rise (p. 8).

In the third chapter, Van Parijs dispatches the most common objections of the social democratic left: that Basic Income benefits the rich, that it 'devalues' the concept of work, and that it will undermine the welfare state. On the contrary, he argues: the lack of a means test is most advantageous to the poor (and the rich will anyway pay through the tax system); Basic Income actually *encourages* work while at the same time ensuring it is (more) desirable (because freely chosen); and that Basic Income is properly conceived of as an unconditional floor fitted under "duly readjusted social insurance and social assistance schemes" (p. 17) rather than a replacement for them. The last comment is a welcome acknowledgment, echoed throughout the advocates' chapters of the volume, that partial schemes are a more feasible vision of Basic Income (at least in the short term, even if for strategic rather than more substantive reasons). More generally, a concern with practical realities and political feasibility is a welcome contribution of the volume, and does much to assuage

the concerns of progressive Basic Income opponents that the policy is an unaffordable 'pipedream'. Van Parijs also makes the important claim that Basic Income is required if the left is to move beyond the narrow confines of a 'labourist' perspective that restricts the distribution of a 'gift from nature' to those in "well-protected, full-time employment" (p. 19).

As noted, the counterpoints from the left provide a combination of ethical, practical and political objections. While some appear misguided, others are highly valid. For example, in chapter 4, Francine Mestrum suggests that a Basic Income would cost many times more than the cost of eradicating poverty using a means-tested equivalent. How she arrives at her figures is unclear, but surely the use of gross cost in this context is misleading. At the same time, criticism regarding people's willingness to pay for a Basic Income – a political rather than economic concern – appears more justified. Similarly, the possibility that a low-value Basic Income would simply become a wage subsidy for employers and encourage 'mini jobs' has not been adequately addressed by Basic Income advocates. Mestrum also makes the charge that Basic Income 'depoliticises' social protection (p. 26), and thus runs counter to previous progressive gains, for which workers have had to actively organise. In this view, Basic Income is a form of capitulation to the neoliberal dismantlement of social and economic rights and the erosion of working pay and conditions.

The next chapters move from abstract concerns to consider implementation. In chapter 5, Van Parijs makes a concrete proposal for a Basic Income at the European level – a "Euro dividend" – and in chapter 6 Standing elaborates on the idea, suggesting a geographically limited pilot as a first stage. These chapters also touch on Basic Income's functions in relation to the challenges of European migration and macroeconomic instability.

Vicente Navarro (chapter 7) comes from a similar perspective to Mestrum. He rightly notes that employment levels and working patterns are caused by "political variables (the power of labour) rather than economic variables (productivity or technological innovation)" (p. 47) and that Basic Income appears to do little in tackling entrenched labour market dysfunction and marginalisation. He repeats the charge that Basic Income is unaffordable, without acknowledging that the cost would vary depending upon the policy design features of a specific scheme. He acknowledges that poverty is "more than lack of money" (p. 49), thus making a case for Nordic style public services – but again, the

gap between this and the vision of progressive Basic Income advocates is exaggerated.

In chapter 8, Van Parijs discusses the significance of and the strategic lessons arising from the Swiss referendum. The chapter is optimistic that the consequences of more open and accurate dialogue, of which this volume is part, should enhance the political prospects of Basic Income.

Like Mestrum and Navarro, Robin Wilson (chapter 9) also conveys the notion that Basic Income directs attention away from the ultimate causes of poverty and inequality – an imbalance between labour and capital. He also acknowledges that "it is highly desirable that routine forms of employment which provide little enrichment... should be eliminated" in favour of more socially useful activities and that "the part-time/full-time distinction, often condemning women to the former position, be replaced by everyone working (say) 21 hours per week" (p. 62). Given this, it is notable that he does not explicitly tackle the contentions of advocates that a Basic Income would facilitate precisely such a transition. Wilson also makes the argument that Basic Income would lead to idleness – not an especially progressive notion, and one that is rather effectively countered by the advocates' chapters: by the idea that individuals would be more motivated to work if not so compelled by threat of penury, and also by reassurances that a Basic Income need not cover more than barest subsistence. Wilson closes with the familiar point that high quality public services (childcare and ALMPs) are also crucial. This erroneously assumes that Basic Income is an alternative to the universal welfare state, but usefully reminds us of the possible advantages of universal services over cash handouts in terms of public support.

Anke Hassel's contribution (chapter 10) covers many of the same themes. One original argument is that Basic Income would benefit the poor at the expense of the middle class, while "it won't cost the rich any more than before" (p. 68). While this argument rests on a number of unjustified assumptions about the specific mode of implementation, it appears revealing of a more general concern of the labourist left – that Basic Income's uniform structure threatens the earnings-related social insurance systems of continental Europe which have so successfully incorporated the middle classes into pro-welfare coalitions. Hassel reprises the concern that those at the margins of society would do nothing, if not compelled by the state into work or training – an ethical and practical matter which most profoundly characterises the rift between progressive advocates and critiques. Perceptions of this concern impinge

heavily upon Basic Income's public legitimacy, an issue which Hassel is correct to raise.

In chapter 11, Ulrich Schachtschneider responds directly to Hassel. He questions her arguments on an empirical basis – pointing out that we simply don't know how people will respond in the labour market to the financial security that Basic Income would offer – and reminds us that Basic Income would also encourage “various forms of self-organised and communal work” (p. 75), rather than idleness: “more authentic work” alongside “an overall decline in labour” (p. 76). He also correctly argues that costed Basic Income schemes are usually highly progressive.

Louise Haagh (chapter 12) reaffirms the progressive vision of Basic Income as one component of a broader package of progressive measures – not a ‘silver bullet’. For example, on the subject of gender, she explicitly acknowledges that Basic Income does not eradicate the need for subsidised childcare and other measures. The chapter effectively rescues Basic Income from the charge that it is an alternative to a comprehensive welfare state as a ‘crisis response’ to growing precarity. While Basic Income is often viewed by the left as ‘passive’, Haagh emphasises more active aspects – the ways in which Basic Income enables individuals to take control of time, promotes education and enhances meaningful democratic participation.

Returning to critique, Henning Meyer (chapter 13) argues that Basic Income is not an effective solution to technological unemployment, as commonly suggested. He reiterates arguments that Basic Income is not an alternative to the social aspects of work (an argument countered elsewhere) and points out other limitations regarding scarring effects and labour market inequality. Ultimately, Basic Income's performance in these matters – whether it would promote more egalitarian job sharing and useful forms of unpaid and communal work, or simply encourage idleness – is largely an empirical matter. The chapter also talks about alternatives to Basic Income. Of these, some are sensible but hardly ‘alternatives’ (more adaptive education systems) while others are problematic (job guarantees). The three others (reduced working hours, broadening of the tax base and the democratisation of capital ownership) are arguably distinctly complementary to Basic Income, arguments of which Meyer seems unaware.

In chapter 14, Malcolm Torry rehearses arguments in favour of a *partial* Basic Income: that it would alleviate poverty and inequality and reduce the number of households reliant on means-testing while

remaining within the boundaries of fiscal feasibility. The explicit acknowledgement that full schemes are variously unaffordable or have undesirable distributional implications is useful and welcome.

Bo Rothstein (chapter 15) provides the final critique of Basic Income. He reaffirms that Basic Income would detract from other spending priorities, and would be prohibitively expensive. He makes the further point that this would have unintentional side-effects, eroding support for the provision of high-quality public services. Another charge is that Basic Income would lack legitimacy due to the perceptions of criminality among recipients, although it is hard to see how this would differ from any form of welfare payment. A third concern regards labour market exodus. Rothstein argues that in combination, these concerns preclude Basic Income political tractability.

In the final chapter, Torry claims that the adverse effects enumerated by Rothstein only arise in the case of the (excessively) large payment he arbitrarily assumes to be characteristic of a Basic Income.

At its centre, this volume interrogates existential dilemmas facing the modern left: Should there be a return to ‘labourist’ values, or a forward march to a ‘post-productivist’ future? For whom and for what principles does the left really stand? What form should its decommodification of labour take, and to what extent are the principles of need and reciprocity requisite components of a leftist welfare programme? Can or should labour be *coerced* in a truly socialist perspective? And should inadequate earnings be bolstered by the state, or should the payment of decent wages be mandated?

A key difference in the perspectives of advocates and opponents lies in how each views the incoming systemic challenges to capitalism vis-à-vis the traditional principles and policies of the left, and whether the former warrant a more spirited defence of the latter or an entirely new approach. In the end, the contributions to this volume – from both sides – suggest that the reality may not be so stark. The core message of the Basic Income critiques is that the policy should not override the compulsion to struggle for a fair deal for those engaged in productive and reproductive work alike – a message with which Basic Income's left-wing proponents would surely agree. One of the most important contributions of the volume is to affirm that indeed, the extent to which Basic Income should be seen as a radical alternative to comprehensive welfare provisions and expansive public services is based largely on a misconception / straw man that is not borne out by genuine scrutiny of the views of Basic Income's left-wing supporters. It

is unfair to paint the latter with the same brush as the likes of Charles Murray and other conservative thinkers who view Basic Income as a replacement for the welfare state.

Advocates accept the limits of their preferred policy option and the need to integrate Basic Income within prevailing socio-economic structures and institutional frameworks. Most advocates propose some form of partial Basic Income underpinning additional provisions; they do not want to eliminate labour rights and dismantle the welfare state. At the same time, opponents acknowledge some of the core concerns of the Basic Income movements. There is some acceptance that social democracy needs to reflect on its implicit prioritisation of labour market insiders, to better acknowledge unpaid care and other socially valuable activities, and the growing numbers of precarious workers. Similarly, contributions acknowledge the pitfalls of punitive conditionality. Nevertheless, the divisions between left-libertarian advocates and labourist opponents of Basic Income remain considerable, with fundamentally different understandings of the roles of labour power and state intervention in challenging the primacy of capital, and thereby combatting poverty and social exclusion. Ironically, considering their charge that Basic Income has a 'liberal' character, the critical chapters actually come across as more conservative in outlook, offering pragmatic objections to Basic Income's fiscal implications and lack of behavioural conditions in relation to prevailing societal norms. Yet one of the important tenets of the left is that radical societal and institutional change are possible. Surely, in this context, Basic Income deserves serious consideration as part of a truly progressive package of policies.

Luke Martinelli, Institute for Policy Research, University of Bath.

## Reviews

**Timothée Duverger, *L'Invention du Revenu de Ba\$€: La fabrique d'une utopie démocratique*, Le Bord de L'eau, 2018, 144 pp, 2 35678 614 0, hbk, 14€**

We normally only review books in English, but an exception must here be made, because this is an important book. As far as we know, it is the first book-length history of Citizen's Basic Income.

But is it in fact a history of Citizen's Basic Income? In some places 'revenu de base' is correctly defined, but in others a Minimum Income Guarantee, a Negative Income Tax, or a means-tested benefit, is

called a 'revenue de base'. A typical case is Ontario's recent experiment, which was a pilot project for a household-based and income-tested income. Duverger appears to have taken the word of the Ontario government and of substantial amounts of literature that Ontario was testing a Citizen's Basic Income. It was not. A mistake in the opposite direction is that Juliet Rhys Williams is credited with proposing a Negative Income Tax, whereas in fact her proposal would have been for a Citizen's Basic Income if it had not been work-tested. These mistakes appear to be a consequence of the approach that the author has taken to history-writing. Apart from sections relating to the history of Citizen's Basic Income in France, the author has relied mainly on secondary literature. This has resulted in a significantly patchy history. For instance, there is no mention of the significant role that Guy Standing and his books have played in the global debate; no mention of the Basic Income Research Group (now the Citizen's Basic Income Trust), the first organisation founded in the modern period to promote debate on Citizen's Basic Income; and nothing about BIEN beyond its foundation in 1986.

The sections of the book about the history of Citizen's Basic Income in France are very different. They are based on primary literature and on the author's own experience of that history, so these sections will be most useful to any future historian of the Citizen's Basic Income movement. The title of the book should have been *Le Revenu de Ba\$€ en France*.

Perhaps the problem is that Duverger has been disconnected from the global Citizen's Basic Income debate. Attending BIEN congresses would begin to solve that problem; and it might have been helpful to all of us if he had attended the international conference about the history of Citizen's Basic Income held in Cambridge earlier this year. But perhaps he isn't signed up to either the BIEN or CBIT monthly updates, and so didn't know about it.

There is no index, and there are no references. These are serious omissions in a book that intends to be a history of Citizen's Basic Income. And the bibliography is extremely thin.

But having said all of that, congratulations are due both to the author and to the publisher for publishing the first book that intends to be a history of Citizen's Basic Income. There have been plenty of articles and book chapters about aspects of the history, but this is probably the first book intended by its author to be a comprehensive history of the idea. Duverger might legitimately say to anyone who criticises the attempt,

including the author of this review: 'You do better'. Quite so.

This book will be most useful if it inspires the kind of history of Citizen's Basic Income that is now required: an accurate and comprehensive history of Citizen's Basic Income that is based on primary research and is clear about what a Citizen's Basic Income is and what it is not.

**Note:** Malcolm Torry has been granted a contract by the publisher Edward Elgar to write the comprehensive history envisaged by the final paragraph of the above review.

**Robert Stayton, *Solar Dividends: How solar energy can generate a Basic Income for everyone on earth*, Santa Cruz, CA: Sandstone Publishing, 2019, 0 9904792 3 9, pbk, viii + 116 pp, \$12.95**

The author offers a simple message: that everyone should install solar panels which would provide them with an income, which would first of all pay off the cost of the installation and then provide them with an unconditional income for life. And the large amount of clean electricity generated would help the world to tackle global warming.

It isn't always entirely clear whether everyone would be 'eligible' (p. vii) to install the panels, or whether everyone would have an obligation to do so; and neither is it always clear whether the money is earned by institutions and then distributed, or whether each individual would reap a separate income from their own solar panels and pay off the installation loan themselves ( - only the first option could be regarded as a Citizen's Basic Income, although the second could be close to one). But whatever the detail, this is an interesting idea.

Following the introduction, the book offers a fictionalised vision, and financial detail, of a future in which poverty is eliminated, waste is recycled, and carbon emissions are under control. Both here and later in the book Stayton recognises that in order to provide a Citizen's Basic Income of a useful value, energy prices would have to rise: and he pays considerable attention to the positive and negative consequences of this: and as he points out, fossil fuels would cost a lot more than they do now if the price were to take into account the costs imposed by global warming. A carbon tax would both internalise the externalities, and make solar energy competitive.

The second part of the book begins with a chapter that relates the history and advantages of Citizen's

Basic Income. This is a generally good summary of the issues, although unfortunately it relies on flawed OECD research into Citizen's Basic Income schemes that require high tax rates and, by abolishing means-tested benefits, impose net income losses on low income households, rather than on research into schemes that maintain means-tested benefits, avoid significant losses, and pay Citizen's Basic Incomes of a reasonable size while restricting income tax rate rises.

Having decided that tax-funded Citizen's Basic Incomes would not be fair, the author turns to funding Citizen's Basic Incomes - 'solar dividends' - through the proceeds of solar energy production. As he recognises, this is a similar mechanism to the Alaska Permanent Fund Dividend.

Advantages that Stayton lists for his proposal are that it would include everyone; each person would be contributing to the economy; each person would be supported by the economy; national boundaries would no longer separate us; and quality of life would improve. Final chapters discuss the institutions that would be required for the scheme to work, and also the possibility of a pilot project. A concluding chapter is a call for action.

In a short book it is not possible to discuss every aspect of such a complex idea, but perhaps if Stayton continues his research on his plan then he might ask himself why it hasn't happened already. He is likely to find the reason in the policy process, which finds it difficult to process a single new idea, let alone two new ideas at the same time, in this case a massive roll-out of solar panels and a Citizen's Basic Income. In the UK, solar panel installations frequently run into planning regulations and enquiries, and the volatility of government policy in relation to feed-in tariffs and other economic factors has imposed a significant brake on the development of solar energy. To expect a long-term plan for solar energy to make its way through the policy process, at the same time as a Citizen's Basic Income scheme was navigating its way through it, would be asking rather a lot. However, a staged process might be feasible. If a Citizen's Basic Income scheme paid for by adjusting tax allowances and rates were to be established, then a carbon tax and solar energy dividends would enable the Citizen's Basic Income to be increased; and if a carbon tax and solar energy dividends were to be established, then the money could be used to pay a Citizen's Basic Income. We might yet see implemented a Citizen's Basic Income funded by the proceeds from solar energy.

**Mies Westerveld and Marius Olivier (eds), *Social Security Outside the Realm of the Employment Contract: Informal Work and Employee-like Workers*, Edward Elgar, 2019, x + 230 pp, 1 78811 339 7, hbk, £95**

*The eBook version is priced from £22 from Google Play, ebooks.com and other eBook vendors, while in print the book can be ordered from the Edward Elgar Publishing website*

The preface of this thoroughly researched book sets out from the recognition that social insurance and other kinds of social security based on either traditional employment or residence is struggling to provide secure incomes because both employment and residence have become fluid; and it explores global and regional attempts to set standards for social security.

The first two chapters study social security protection for informal economy workers in developing countries, and workers in less formal employment markets in more developed countries, and ask why there might be problematic relationships between employment and social security provision. Chapter 2 discusses a Citizen's Basic Income as a way of providing the kind of financial security that employment-based social security now cannot. The third chapter studies how gender and race influence social security provision; and the fourth asks how gender and race equality law in the EU influences the relationship between the self-employed and the welfare state.

Chapter 5 asks how labour relations and labour law function in the 'shared economy': that is, an economy in which the internet connects existing factors of production; and chapter 6 finds social protection to be problematic for vulnerable workers in South Africa. The following chapters study a variety of different regions: Latin America (where conditional cash transfer developments have benefited informal workers); Hungary; and East Africa: and country case studies: Sweden, the Netherlands, and Canada (in which the recent 'Basic Income' experiment is correctly described as a Negative Income Tax income supplement).

In the final chapter, Westerveld concludes that 'in countries with a large informal economy ... social risks have been effectively shifted onto such workers and their families' (p. 259); that in some places social security arrangements *have* adapted to provide greater financial security (for instance, in Latin America), whereas in the global north such adaptation has been more patchy; that women and ethnic minorities are

disproportionately disadvantaged by employment market changes; and that solutions in one country or region might not be useful in others, although the global south and global north might have quite a lot that they could learn from each other.

This final point is surely crucial, and could easily be generalised. Other countries might have something to learn from the highly efficient unconditional provision represented by the UK's Child Benefit and National Health Service, and the UK might learn from Namibia (—its unconditional pensions are mentioned, and also from its unmentioned Citizen's Basic Income pilot project) and from India (which has also experienced a Citizen's Basic Income pilot project, again unmentioned).

This edited collection tackles an important subject, and its well-evidenced discussion should be regarded as an important contribution to a debate that will be increasingly important as employment markets continue to diversify.

**Mary Mellor, *Money: Myths, truth and alternatives*, Policy Press, 2019, ix + 177 pp, 1 4473 4627 2, pbk, £14.99**

Money is a social institution: that is, it is a set of rule-based human behaviours, and it is up to us how it behaves. Mary Mellor doesn't put it quite like that, but that is what the message of this clear and accessible book comes down to.

In her introductory chapter, in much the same way as J.K. Galbraith's *Money*, Mellor explores the history and current characteristics of money, which is mostly now constituted by debt - that is, banks adding numbers to bank accounts - with the whole structure based on public trust that a nation state's money will continue to be exchangeable for goods. She also declares her aim in writing the book: to expose 'myths' about money, and in particular the myth that money is in short supply.

Chapter 1 questions a history that suggests that the money economy emerged from a barter economy in the context of markets, because there is little evidence barter markets, and forms of money existed in societies without markets. Other myths demolished are that money has an intrinsic value, and that there was ever a fixed stock of money based on stocks of precious metals. There have always been credits and debts not so connected: and money with a value determined by the value of precious metal is in fact far less stable than fiat money, that is, government issued money, because precious metals are as subject to market valuation as is anything else. At the end of

the chapter, Mellor offers her own understanding of money as a means of transfer, rather than as a means of exchange, because money can be transferred as gifts and taxes and not only in the market. Money is therefore best understood as social: as 'a trust based on a common recognition of the money symbol' (p. 35).

Chapter 2 contains a history of money that shows that money existed long before either states or markets, and that its uses have always been social and political, as they still are. Chapter 3 continues the history by showing the important role of the state in the early history of money, and by charting the shifting balance between basing the value of money on the value of precious metals (particularly in relation to coinage made of gold and silver), and basing its value on the state's ability to tax a country's population and institutions. As Mellor suggests, 'rulers could authorise or issue only as much money as the economy could bear and the taxation system could reclaim' (p. 73). Chapter 4 understands banks as loan-makers and account-keepers, and shows that, within limits, to expand the stock of money can expand the economy. Chapter 5 recounts the recent history of bank failures, hedge funds, banks too large to fail, sub-prime mortgages, and financial crisis, and of states stepping in to rescue the financial structure and then blaming the problem on the state rather than on financial institutions and instigating austerity measures. Chapter 6 explores the challenges faced by money not backed by states: the Euro, which had to be rescued by state and central bank action; cryptocurrencies, plagued by volatility; and local currencies such as babysitting circle tokens. The message is that all money is social and trust-based.

Chapter 7 summarises the case made in the book – that money is an active social institution resting on public authority, and that money is as much created by state spending as by bank lending. Mellor then offers a useful discussion of the history and advantages of Citizen's Basic Income. Two challenges are discussed: that if means-tested benefits are rolled up into the Citizen's Basic Income, then people with the most needs might be worse off; and that it might be difficult to decide who should receive the Citizen's Basic Income. We might respond that there are perfectly feasible Citizen's Basic Income schemes that would not leave low income households worse off; and that who should receive incomes from the state is not an issue unique to Citizen's Basic Income. Two minor errors: the recent experiment in Canada was not a Citizen's Basic Income experiment, even though it said it was; and it was never the state's

intention to extend the recent Finnish experiment: that was a hope expressed by academics.

Mellor closes chapter 7, and the book, by calling for the democratisation of money, by which she means that the state should take back control of money creation, and should deprive private banks of the ability to create money by issuing loans. She also makes the same point that Geoff Crocker has often made: that it is the 'finite real capacity' (p. 149) of the economy that should determine how much money the state should issue. The balance that is required is 'between public expenditure and economic capacity', with taxation as 'an instrument of that balance' (p. 150).

Whether the language of 'myths' and 'magic' is helpful or not will be a matter of opinion. The problem with it is that it entails clear distinctions between myth and truth, and between reality and magic, and that it leads Mellor into either/or statements when both/and ones might have been more useful. For instance, there is no need to minimise the role of markets in the history of money in order to emphasise the role of the state; and, as she recognises, there is some truth in understanding the origin of banking in individuals depositing precious metal coinage with bankers, as well as banks originating in the making of loans.

In one sense there is nothing here that could not be gleaned from a reading of Galbraith's *Money*, Graeber's *Debt*, and Jackson and Dyson's *Modernising Money*, all recognised in the useful annotated bibliography at the end of the book: but we are in Mellor's debt for putting together an accessible and coherent account of the nature of money and of how it might be better organised.