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BASIC INCOME

A RESEARCH REPORT

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Prepared for: Age Concern England

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1.1 BACKGROUND

Basic Income is a scheme whereby many reliefs and allowances against personal income tax and state financed cash benefits would be replaced with an income that would be paid automatically to every man, woman and child. Those who support the principle of a basic income argue that it is an easy to administer way of minimising poverty and unemployment traps, and attempting to create a less divided society. Under a *Partial Basic Income* scheme, there would be selective supplements, for example, for older people and those with disabilities. Considerable developmental work on the concept of Basic Income has been undertaken by the *Basic Income Research Group* (BIRG). In addition, various other groups, including Age Concern, are interested in the principle of Basic Income as a way of enhancing the position of those members of the community they seek to represent.

The research study reported on in this document was conducted for Age Concern. DVL Smith & Associates would like to acknowledge the assistance provided by the Basic Income Research group in conducting this project.

1.2 OBJECTIVES

Because current awareness of the Basic Income concept is fairly low, it was considered inappropriate to conduct research of an *opinion poll* variety, checking out whether people are in favour or not in favour of the concept. Clearly this type of appraisal should only take place once the concept has been put on the public agenda and has been more widely debated. However, we understand that interest is being shown in developing a public education programme such that the concept of Basic Income will begin to be put on the agenda. The BIRG Bulletin (no 12: January 1991) announces *the start of a three year program to make Citizens' Income and Basic Income as much a part of the English language - and of public debate - as the social security benefits they would replace.*

It seems likely that views on a concept such as Basic Income will, in many ways, be based on an ideological or philosophical stance about the kind of society individuals would like to see in place: a public education programme is perhaps unlikely to turn around those holding more trenchant positions. Nevertheless, there will be many for whom the Basic Income concept is new, and a potentially attractive concept, and clearly it is legitimate and reasonable for those who support the Basic Income concept to present the case for Basic Income in the best way possible, such that individuals can take up a position based on an informed understanding of the issues. The introduction of Basic Income would, of course, require campaigning, canvassing and the necessary political will; such activity lies outside the scope of this research study. This research is about identifying the most appropriate way of presenting and developing the concept of Basic Income, to help with the initial public education programme. The specific objectives of the research were as follows:

- * Establishing existing levels of knowledge about the pensions and benefits system in the UK, and also overseas;
- * Checking levels of current awareness about Basic Income and Partial Income;
- * Exploring overall reaction to the concept of Basic Income in the sense of identifying those areas which respondents found problematic or difficult to understand, both in terms of the way it is first explained and also in terms of how the concept might be executed and delivered;
- * Identifying the most appropriate ways in which the issues and concepts underpinning Basic Income might be presented and explained, specifically identifying barriers that need to be overcome in getting the concept across.

Although not a major objective, the research also provides initial feedback on those who claimed to be in favour of, or against, the concept, with reasons for these stances, identifying to what extent the opposition was ideologically based, as opposed to that which was more pragmatic and specific, or perhaps concerned with a particular issue which could be explained in future improved communications.

Decision outcomes

The end points of the research include helping to identify the most appropriate strategy in terms of communicating the Basic Income concept to the wider public, bearing in mind that some individuals will review the concept in a more conceptual way, at a higher level of abstraction, while others will review the concept in terms of what it means for them. It must also be taken into account that some will be viewing the concept from an informed position, having been involved in pensions, and so on, while others will not. There will also be people of different levels of intelligence and ability considering Basic Income, and it is important that any future communications strategy takes all these variables into account.

The research will also advise on how best to gain maximum awareness and impact for the Basic Income concept. The research will advise on the issues that need to be communicated more fully, and, related to this, highlight the areas where more thinking may be needed before further explanations are provided to the public.

1.3 RESEARCH METHOD

A decision was taken to meet the above research objectives through a small scale programme of qualitative research, consisting of four group discussions. Clearly it is not possible to carry out a complete evaluation of a concept like Basic Income through only four discussion groups. It was therefore important to try to include as many different armies and perspectives as possible within the groups. It must, however, be scino^ledgsd thai there are gaps in the research: for example, the vir^s of aimi- groaps are not included in this study.

Focr group discussions were conducted, two in Hampshire, one in Stonrbridge. near Birmingham, and the fourth in Newcastle-upon-Tyne. The structure of the groups was as follows:

Group 1 - Hampshire: 8 respondents

All male

5 in paid work, 3 retired

Age range: 51 - 70

Socio-economic groups represented: B; C1; C2; D; E

Group 2 - Hampshire: 8 respondents

Mixed, male and female

All in paid work

Age range: 25 - 45

Socio-economic groups represented: B; C1

Group 3 - Newcastle: 7 respondents

All female

3 currently in paid work, 2 home-makers, 2 retired

Age range: 52 - 66

Socio-economic groups represented: B; C1; C2; D

Group 4 - Stourbridge: 7 respondents

Mixed, male and female

6 in paid work, one retired

Age range: 54 - 65

Socio-economic groups represented: B; C1

The group discussions took place between 18th - 27th February 1991. A copy of the discussion guideline appears as Appendix A to this report, together with the concept cards shown to respondents during the discussions.

1.4 REPORT STRUCTURE

In the next section of this report we examine respondents' levels of awareness of the current pensions and benefits system. We then look at overall attitudes towards the Basic Income, and Partial Basic Income, concepts, while in section four we consider the barriers to understanding these concepts. Section five makes recommendations as to how the case for Basic Income may best be presented.

A starting point for the research was to establish the levels of understanding of different types of respondents about the pension and other benefit arrangements currently in place. In particular, it was important to establish respondents' levels of awareness of the fact that at present the UK system is based on contributions. (Throughout this report respondents' verbatim comments appear in italics, and in each case an indication is given of whether the speaker was male or female.)

2.1 AWARENESS AND KNOWLEDGE OF THE CURRENT PENSIONS AND BENEFITS SYSTEM

Overall this research showed that few respondents had a clear understanding of the UK system of pensions and benefits. Some quickly claimed to be *Don't Knows*:

*I don't know much about it. I don't keep on top of it at all.
[Male]*

*I find the whole business quite complicated actually. You need
someone to sit down with you and explain it in layman's terms.
[Female]*

*I don't know what I will get from the State. I have just written
to them to get a form. [Male]*

*I'm afraid I haven't got a clue, and I rather gather that even
the DHSS don't know what they are doing, because apparently
they have underpaid this year. Or is it overpaid? [Male]*

Several respondents suggested that they did not understand the system fully because the Government kept *moving the goalposts*:

The regulations do change frequently, in particular with this Government. They have changed the regulations so often that even the staff find it difficult to keep up to date with it. [Male]

They keep changing it, so therefore when I am going to sort it out it gets put off because they change it again. [Male]

Certain respondents felt that it was unnecessary for them to know about the system in detail, because others looked after their interests:

I never had time to delve into the whole situation, because we had people working for us so we tended to pass the buck to them. [Male]

When I started my business it was something they advised me to do I don't really understand it. My wife is a book keeper and does the books for me, and at the end of the year I see the accountant. [Male]

The most frequent complaint from respondents was that the present system is confusing:

I think the system is confusing because there are two systems basically, there is the State pension scheme, and there is the private pension scheme. [Male]

There's a lot of different variations as to what you're entitled to - if you're entitled to it. I think there's a lot of things that you're not aware of, until it's too late in some cases. [Male]

I was never very sure about what it means to be contracted out. What happens then? [Female]

Perhaps not surprisingly, there was a certain amount of mis-information within the groups. The following interview extracts demonstrate the kind of factual inaccuracies which emerged:

/ understand that you're entitled to the State pension when you become 60, and you're entitled to it there and then. [Male]

The pension comes out of the tax you pay. [Female]

To get the state pension I think you have to be employed and pay the stamp for 40 years. [Male]

There was something about taking the best year out of the last three years of your working life, or was it the last five? [Male]

I know that you have to pay 39 years to get a full state pension. So if you go to university and you haven't applied to have your stamp paid during that time, you are never going to get a full state pension. [Male]

I think 46 years is the standard number. [Male] I

thought everybody got a pension. [Male]

Although most respondents were confused about pensions and benefits, one or two individuals demonstrated a reasonably good knowledge of the system. This was generally because of recent experience:

The pension comes out of the insurance stamp. You pay an insurance stamp, and for a woman you've got to have about 39 years' full contributions to enable you to get a full pension. And a man has to pay about 44 years. And I know that only because I've just had to fight to get one. [Female]

I have a very elderly mother for whom I have to do all the paperwork. So I've learned via my mother. She worked until she was 60, so she got a state pension in her own right. Then when my father died his occupational pension and his government pension were reduced. Then we found out what

other benefits we could get for my mother, once her income had been reduced. We were forced into finding out about it. [Female]

After these unprompted remarks, respondents were shown Card 1 (see Appendix A), which provides a very brief explanation of the UK benefit and pension system.

Some respondents were surprised to discover that the retirement pension was based on a system of National Insurance contributions.

What happens if you have never worked? If you have never paid a stamp, are you saying that you don't get anything? [Female]

But women get a State pension at 60, don't they? Or when their husband is 65, they get it whether they've paid the full stamp or not. [Male]

Few respondents had been aware of the different classes of contribution:

/ didn't appreciate there were four classes of contribution. [Male]

It says there are four classes of contribution. I didn't know that. [Male]

Furthermore, not all respondents had been aware that the retirement pension was a taxable benefit.

/ thought you didn't pay income tax after you retired. [Female]

I don't think a pension should be taxed. [Female]

I think it is very wrong when you have paid in for your pension and when you become pensionable age you are taxed on that. I think that is terribly wrong. [Female]

2.2 ATTITUDES TOWARDS THE CURRENT PENSIONS AND BENEFITS SYSTEM

Respondents were invited to offer a view on the current pensions and benefits system, particularly in terms of whether or not they thought the system was *fair*. Interestingly, very few respondents felt able to offer a wholehearted endorsement of the present system. The following comment was unusual:

/ think as a basic system the State system is quite good. Basically everybody, at 65, gets some form of pension, they can live. They may be fairly poor, but they have got some money. [Male]

The overwhelming majority of respondents believed that there are problems with the present system, particularly in terms of the way women are treated. As can be seen from the extracts quoted below, both men and women pointed out that women can be particularly vulnerable under the present system:

My husband gets £55. / get £28. Why should I get £28? And yet I've worked all my life. But I didn't pay the full stamp, because I hadn't the money. I don't think that was fair. Now it's all coming out. [Female]

Women have done very badly on this. They left school, went into a job, paid the full stamp, then got married. When they got married, they paid a reduced stamp, a woman's stamp, had their families, then went back to work, only to find there was no chance of making up the stamp payments to get a pension at 60. [Female]

Women just don't get anything. I have one friend in her 60s, and she gets 90p per month pension from the State. [Female]

A/y wife got 6p a week pension because she hadn't worked. [Male]

I think there is a certain amount of secrecy, particularly with women who have worked for a period of time. I know about ten women, half of whom don't get any pension, some get £12 a week, some get more. [Male]

The other major cause of dissatisfaction with the current system centred on the actual levels of payment. Almost all respondents believed that these are currently too low.

I think the system we have got is a pretty poor system. I don't believe a pensioner gets a living wage. [Male]

I don't think it is very fair at all, the basic pension. For those who can't afford to pay into private schemes, they have got nothing except the basic pension. I think it is dreadful for them. [Female]

23 AWARENESS OF ALTERNATIVE SYSTEMS

Respondents were asked if they were aware of any alternative systems of pensions or benefits in other parts of the world. Perhaps not surprisingly, most had only a vague awareness of other systems, and comments tended to be based on relative levels of payment, rather than the system itself:

It seems to me that in some European countries, like Germany and the Scandinavian countries, they look after their old age pensioners a lot better than we do [Female]

I think they pay better in France. [Male]

I hear in Australia they fare a lot better than we do [Male]

I've heard Germany is very good, but I don't know any details. [Female]

In France and Germany they have two of their wages, whereas here we have a fraction of that. The benefits systems abroad now are far superior to ours. I think they are more welfare minded towards the older people than we are in this country. [Male]

Family allowance in France is tremendously higher. [Male]

The son of a friend of mine lives in Germany. He has lived there for eleven years, and each child gets £20 a week. [Female]

2.4 THE "DEMOGRAPHIC TIMEBOMB"

In all four groups there was an awareness that the birth rate in the UK is dropping, while the population is living longer, such that in the future there will be fewer wage earners and more people of pensionable age. Several respondents made the point that this would eventually lead to a smaller amount of money being available for redistribution:

Everyone seems to think that because you pay your pension every week it is all stuck in a kitty, but basically it's only this year's taxes, so if there are no taxes coming in this year, you are not going to get any pension. [Male]

As the population drops there will be less and less paid in, so there will be less and less paid out. [Male]

The following exchange demonstrates that, in at least one group, the *demographic timebomb* was believed to be the cause of the introduction of private pension schemes:

* *// that's the case, and it's an ageing population, as we all get older they 're going to have to pay more and more pensions out, with fewer people working. [Female]*

" *But isn't that why they're encouraging people to take out private pensions? [Female]*

* *But many people can't afford private pensions. [Female]*

A respondent in a different group made a similar point:

The main problem at the moment is there will be more old people in the population being paid, than young people contributing. This is why the government changed the benefits related to pensions to encourage people to opt out, because the financial returns of a private pension fund are far better than a State pension fund. [Male]

2.5 WINNERS AND LOSERS

Those taking part in this research study were asked who they believed gained most from the current system, and whether there were any groups or individuals who lost out.

Some respondents believed that many ordinary people did not claim all they were entitled to because of the complexity of the system:

People are ignorant of a lot of facts. People coming up to retirement start to think about it, whereas in fact they should have thought about it before. [Male]

I don't know what your feelings are about forms . . . I think so many people think "Well, I'll never get anything", so they don't ask. Because it is not spelled out very clearly. I don't think these systems tell you what people are entitled to. [Male]

When considering who gained, most respondents were agreed that there are individuals prepared to *milk the system*, although few thought such people were in the majority:

I think there are the professional punters, people who are getting money out of the government, which probably, in terms of the system, they are not entitled to. [Male]

I wouldn't say they were not entitled to it, but they work the system for every pound they can get, whereas most of us think, you have got to go there, take your bank book, tell

them how much money you've got, so you really tend to back off. Whereas these people just push on and open the doors. [Male]

I think there are some people who can milk the system to the last drop. [Female]

Respondents were asked if they believed the current system needed to be changed. Several respondents commented again that they did not believe that pensions should be taxable, and there were also comments about the current system penalising those who had been *thrifty*:

I don't think you should be penalised if you've saved. You get two people with the same amount coming in. One's a saver, the other one spends it. At the end of the day, the one who spends is better off in a sense, because they're able to get all the benefits. [Female]

One respondent summed up a fairly general view among those taking part in the group discussions:

I'm sure there could be a better system. How, I don't know. It's a huge bumbling thing. I don't know how you'd make it any better, but I'm sure it could be improved. [Female]

2.6 SECTION SUMMARY

The research showed that few respondents had a clear understanding of the current UK system of pensions and benefits. Respondents found the system confusing and unclear, and in many cases offered a certain amount of misinformation about it. The one or two respondents who had a better knowledge of the system were those who had had recent experiences of claiming, usually on behalf of a relative. Few respondents felt able to offer a wholehearted endorsement of the present system, particularly in terms of the way they perceived that women and older people are treated. There was only a vague awareness within the groups of alternative systems in other countries. Respondents believed that there must be a better system, but felt the whole subject was too large for them to be able to offer suggestions as to how to improve it. Importantly, there was little evidence that people drawn from particular socio-economic groups were

more knowledgeable than others. The lack of knowledge about the current system of pensions and benefits was a general problem that ran across all the groups included in the research.

3. OVERALL ATTITUDES TOWARDS THE CONCEPT OF BASIC INCOME AND PARTIAL BASIC INCOME

Having considered respondents' levels of awareness and knowledge of the current pension and benefits system, we now turn to respondents' attitudes towards the concept of, first, Basic Income, and then Partial Basic Income.

In the discussion groups, the Basic Income model was unfolded first, in order to allow people to become familiar with the concept (see Card 2, Appendix A). The discussion then moved on to Partial Basic Income, the more likely option to be introduced (see Card 3, Appendix A).

3.1 OVERALL REACTION TO BASIC INCOME

It is important to note that the concept of Basic Income was new to all the respondents taking part in the group discussions. Inevitably, the concept was not always fully understood, and one or two respondents made incorrect assumptions about how the system might work. The most prominent immediate reaction when the concept was first introduced was to query the funding - in three of the four groups this question was raised almost immediately. (It is interesting to note that the group which did not turn to this question first was the group composed entirely of women.) A second concern raised at this point was that such a system might discourage people from working, while several respondents expressed surprise at the idea of giving, for example, a young child and an elderly person the same amount of money. Respondents also admitted to being confused about what was actually being suggested. However in the group composed of women, the immediate reaction was that such a system might well be simpler than the current arrangements, and that it would also be fairer. The issues raised by the groups are discussed in detail below.

3.2 FUNDING

In three of the four groups, the question *Who pays for this?* was most prominent. As indicated above, only the group composed entirely of women did not turn to this question first. The following interview extracts demonstrate the kinds of comments being made about the funding of Basic Income:

My immediate reaction is, very nice, but who pays for it? [Male]

Where are they going to get the money from? [Male]

The stumbling block is the funding. [Male]

If everybody is getting the same amount of money, where is this money coming from? At the moment all the people working pay their contributions. [Male]

I don't really understand it. I just don't see how it would work. Somebody has got to pay a hell of a lot. [Male]

I can't see anything like that working, because it has got to be paid for somehow. [Male]

How do you pay for this? [Male]

For many respondents the figures involved in the calculations were too huge for them to be able to see Basic Income as a serious suggestion:

At the moment there's a population of 50 million. Now if the figure was £50, and that's too small anyway, you have got 50 million times £50 to pay out each week, and then you have got to get that money back from income tax. Now, children won't pay any income tax, and women who don't work, and pensioners. The only people who would pay would be those at work. [Female]

It will be seen from the above immediate reactions that respondents found it difficult to grasp that it would be possible for such a scheme to be funded. Respondents tended to think in terms of vast sums of money being paid out, with relatively small amounts being paid in. They were unable to see how the books might be balanced.

3.3 A DISINCENTIVE TO WORK?

The second issue of importance raised by respondents concerned the apparent disincentive to work which they perceived to be built into the new system. Some respondents believed that providing everybody with an income sufficient to meet everyday living needs would mean that some people would no longer work. The following comments were typical of those who held this view:

As far as I am concerned any system should encourage people to go out to work and not decide it is easy to sit at home. So if this Basic Income system is going to allow a person to pack in and get their basic income, tighten their belt a bit, and not need to do anything, to me, that's a non-starter. [Male]

It is going to encourage a lot of people not to work, so you are not going to get that income. That means the income tax for other people will be so high that it will just knock everybody. [Male]

One of our problems at the moment, it's reported, is that many youngsters won't go to work when they can get equal amounts of money from unemployment benefit. Now, right away, you are going to give everybody money, so they will say, " What do I want to go to work for, I might as well stop home. Let some other mug pay it." [Male]

There will be people taking advantage of this and not working. [Male]

There is no incentive for anybody to go to work. [Male]

/ don't mind helping people if they are in a situation where they are unable to work, or old, but I don't like helping people who are not prepared to help themselves. Why should I struggle when they have got an easy life? [Male]

However, not all respondents took this view. A number of participants believed that most people would continue to wish to work:

I think the majority of people want to work. I think the percentage of people getting as much as they can out of the system is very small. [Male]

People are still going to want to be doctors and lawyers. [Female]

There are some pensioners who would like to work. [Female]

Surely the more you work the more you earn, and that is what most people want to do. Some people are workaholics, whereas others will think they will get the money anyway, so why work? [Female]

3.4 AN AUTOMATIC PAYMENT

Certain respondents were unhappy about the idea of an automatic entitlement to a sum of money, regardless of need. For these respondents this was almost an insuperable obstacle:

We are going to start a new system and under this new system every man, woman and child is going to be given, by the government, say £40 a week, and anything you earn on top of that you are going to pay tax on. Whether you need the £40 a week or not, is neither here nor there, that's what you are going to get. I can't even grasp that bit. [Male]

Everybody should get paid according to their worth, surely. [Male]

The basic concept of the government really making a payment of money to every man, woman and child in this country, whether he requires it or not - the administrative nonsense and cost of that is absolutely pointless. [Male]

You can't give everybody the same amount of money. One person needs more money. [Male]

I find it very difficult to understand why, basically, you would need to give everybody money in the first place. [Male]

It is not a fair system, because you are giving it to everybody, and half of the population at any one time won't need it. [Male]

If someone asked me what I thought about this system I would say "eyewash". It doesn't appeal to me at all. There is going to be an enormous amount of work giving people money, whether they need it or not. [Male]

Once again, a small number of respondents took a different view, and saw the idea of giving everybody the same amount as a positive advantage:

I instinctively feel it is fair, without going very deeply into it. [Female]

On the face of it I think it will be simpler. [Female]

It is fairer, but I don't think you would ever get it through. [Male]

3.5 A PAYMENT TO CHILDREN

Some respondents found it difficult to accept the idea that children should automatically receive an income of their own. Practical difficulties were raised:

// the money was paid to a child, I assume the people would be sensible and not just squander that money away, but use it for chances to go to college, or put the money away to help them. But there will be people who think they have got that money coming in so they might as well spend it. [Female]

If a child gets paid, who handles it? If you give children X amount of money, where does it go, and where does it get handled? [Male]

One or two respondents anticipated an end to the system of education grants:

At the moment there are grants. I admit they are not huge but nevertheless there are grants. One assumes that under this system they are going to have an income, so they would pay their own way from the word go. So university students are going to have to borrow money to go to university. [Male]

If indeed there is a basic income being paid to people who at the moment are getting nothing, then any grants they are getting now would presumably be either reduced, or would disappear. [Male]

Some respondents suggested that the introduction of a Basic Income system might lead to larger families:

It would help those who want large families and can't afford them at the moment. [Female]

* *Everyone would be having large families. [Female]*

* *I would think about adopting a couple! [Female]*

3.6 THE PERSONAL POSITION

Inevitably, some respondents looked at the concept in terms of their own personal position, trying to judge whether they would be winners or losers under the proposed new arrangements. One category of respondents felt that they would be worse off, although they often phrased their comments in terms of other people:

What if you are getting 40% tax relief on a £90,000 mortgage? You will not be too happy just to get, say £38 a week back. It is not quite the same really. I admit it is a lot fairer - but I don't think it will be tolerated. [Male]

With the current system people get income tax relief, mortgage allowances, personal allowances, etc. You can't just stop that. Those people obviously are going to be far worse off than they have ever been. [Male]

I certainly wouldn't be very much in favour. I pay all my tax relief back into my pension fund. [Male]

It was suggested to respondents that the income tax rate might be set at 70% in order to bring in a system of full Basic Income. Not surprisingly, many respondents considered this figure to be very high:

/ don't think people would stand for that. You'd never get it. [Female]

70p in the pound? Heavens above! [Female] Hearing that

70% takes your breath away. [Female]

3.7 WHO QUALIFIES?

A number of respondents referred to the words on Card 2 (the brief description of Basic Income shown to all respondents - see Appendix A) *every legal resident*, querying who exactly might be included in that term. The question was directed back to respondents, who were invited to comment on who they thought should be included, and who should not qualify for Basic Income.

This question caused respondents some difficulty. There was the problem of working out what the term *legal resident* might mean:

British Passport holders I would have thought. [Female]

Anyone they allow in becomes a legal resident. [Male]

A legal resident can be a member of the EEC, so therefore they would be entitled to receive the benefit. Perhaps we could have a reciprocal arrangement with all the EEC countries. [Male]

Some respondents felt that there might be grey areas in terms of who would qualify and who would not:

My daughter was born two days after my return from Denmark and she has a Danish passport, even though she has lived here all her life. She wouldn't get it. [Female]

What about people in prison? [Female]

Would all the foreign students be entitled to it? [Male]

I have an Australian neighbour who has lived in England now longer than he lived in Australia, because he never went back after the war. He's worked in England, and paid his taxes here, so why shouldn't he qualify? [Female]

We have to read into that word resident they mean somebody who is not passing through, and at the time of the enquiry intends to be permanent. [Male]

Some respondents were concerned that the system might be open to what they perceived as abuse:

*You say here every legal resident. If you pitch it at £100, it might be very unfair to Eire. It might empty Eire. Would it stop Scottish Nationalists wanting to be independent?
[Male]*

// you take the last 20 years, that is about two and a half million people that have come to live in this country. I think there could be complications. [Male]

Would an old lady from any of the ethnic groups, who has not lived in this country and paid any stamps, would she be entitled to this money? [Female]

3.8 OVERALL REACTION TOWARDS PARTIAL BASIC INCOME

Having considered the concept of Basic Income in some detail, the groups then moved on to consider the idea of Partial Basic Income. Respondents were shown Card 3 (see Appendix A) which provides a brief description of how such a system might work, and were asked for their immediate reaction.

Several respondents could see little difference between the current system of pensions and benefits and the proposed Partial Basic Income system. There were comments that any advantages the full Basic Income system might have had in terms of simplicity would be lost in a Partial Basic Income system, and once again, certain respondents believed that this system would mean that they personally would have to pay more in tax. Some respondents, however, did see a Partial Basic Income as more of a possibility than full Basic Income, and acknowledged that it might have many advantages for some groups in society, particularly pensioners and women. The issues raised are discussed below.

3.9 NO CHANGE?

At first glance, some respondents believed that the new system of Partial Basic Income was more or less equivalent to the current pensions and benefits arrangements. The following comments were typical of this group:

This is what we have got now. The average person, after you have paid income tax, national insurance and VAT, and all the other bits, you finish up by paying 35% anyway. Then having various allowances come out - this will be just a form of tinkering with the existing system. [Male]

*This is more or less the same as what we have got now, isn't it?
You are still going to get supplements. [Female]*

*This is going back to what we have got now, except for the
35%basic tax. [Male]*

3.10 NO LONGER SIMPLE?

Several respondents believed that the possible advantage of simplicity, which had been suggested for full Basic Income, would be lost in the case of Partial Basic Income. Indeed, some respondents were of the opinion that Partial Basic Income would be more complicated than the present system:

*I still prefer the dd system compared to this. I think this is far
too complicated to work. [Male]*

*I feel there is so much tinkering going on, I think this is even
worse than we have got now. I think the more simple the thing
is, the better. [Male]*

*You have lost the simplicity of it now, brought it back to the
complicated present system. [Female]*

However, this was not a universal view. Some respondents argued that Partial Basic Income would be an improvement on the current system:

/ think this is quite reasonable. [Male]

*This is more approaching what we have got already, but it is
simpler. You are basically paying one tax and all these benefits
are coming out of that one tax. [Male]*

*One thing that would be a plus factor for this idea is you would
have just one tax department, capable of running this system for
the whole country. I think once you start to centralise an idea,
start working at it, I think it comes to fruition quicker than
having two or three departments all fiddling round the edges.
[Male]*

3.11 AN INCREASE IN TAXES?

Certain respondents believed that they, personally, would fare worse under a Partial Basic Income system, and that they would be paying for others who, in their view, did not necessarily *deserve* support:

This sort of system - the poll tax was mentioned earlier -it just strikes me that they are going to fall into the same trap again and it is going to cost us a lot of money, whereas the system we have got now is controllable. [Male]

*At the moment I am a bit sceptical, because I think it is those who are working who are paying for those who are not.
[Male]*

If we are bringing this in, are we saying to people we will give you so much a week, and if you don't want to work and can live on it, live on it? [Male]

The "live now, pay later" is great, but when somebody says "I wish I'd done this", it is too late and people have to bale them out. I know that sounds very hard, but that is what gets up people's noses, that the handouts sometimes appear to be very easily obtainable. [Male]

*There are a lot of people living now sponging off other people. Able people. I work hard and pay a lot of tax, but I know people, even in my union, who don't want to work. They get union benefits, they claim unemployment, they claim everything.
[Male]*

3.12 WHO GAINS?

Few of those taking part in this small scale research study could immediately see the benefits of the full Basic Income concept. However, some respondents were prepared to acknowledge that the Partial Basic Income concept might indeed have possibilities. The point was made that there would need to be a transitional period:

*This is more realistic than the other one [full Basic Income].
[Male]*

There would have to be a transition stage. You couldn't just stop one day, and start the other the next. [Female]

It is going to take a while to work it in. You have to phase it out slowly. [Female]

It would have to go through something to get from where we are now to here. [Female]

Respondents believed that certain groups, particularly pensioners and women, would gain from the Partial Basic Income concept they were being shown:

Obviously the pensioners would gain. [Female]

Women would gain. [Female]

It is interesting to note that almost all respondents believed that pensioners currently receive too small an income, and were prepared to pay more in taxes to ensure that this group received more money:

I would rather see a higher pension than the system we have at the moment. [Female]

I must admit, I sort of see it quite simply that when you retire you should have enough to live on. And I don't think the standard state pension is. It should be higher than it is. Somehow you have got to provide old age pensioners with basic salaries. [Male]

I would be happy to go down that road [Partial Basic Income]. You would have people paid a basic income, everybody, and one tax to be paid, coming in. And I think it would do away with a lot of things. The people who would gain most out of this are pensioners, they would have a basic income. [Male]

/ really feel that, however, it is administered, if someone has a basic income to live on and they haven't got to go scrounging, I think that's great. [Female]

However, as the following exchange in one of the groups demonstrates, the cynical doubted that the money raised would actually reach this target:

** / think people's hearts go out to these old folks, who through no fault of their own are in this situation, and if somebody said "Are you prepared to pay an extra 2% on your basic rate, and that money will go to old age pensioners", then I think people would accept it. But if you are going to slap 2% or 3% on income tax and that is going to go on a national handout, I think people will resist it. [Male]*

** / think he is probably right there. If it was going to be absolutely clear, if we were going to be assured this was going to go to old age pensioners, then we would be much more for it. [Female]*

However, once again, respondents raised queries about the funding of a Partial Basic Income:

Well, there are two things there I don't like, mortgage relief and superannuation relief. I would rather have those in the system. Superannuation gives you some sort of incentive to top it up, and mortgages, I am being a little selfish there. [Male]

3.13 SECTION SUMMARY

The concept of Basic Income (and Partial Basic Income) was new to all the respondents taking part in the group discussions. In reviewing the concept the following issues were put on the agenda: the funding of such a system; the fact that the system might discourage people from working; and the fact that the system would involve giving everybody, young and old, needy or not, an automatic payment. Concerns were expressed about respondents' personal position, with many fearing they would be worse

off under such a system. There were also questions raised about who might qualify, and anxieties that the system might be open to abuse. Some respondents believed that a system of Partial Basic Income would not be very different to the system currently in place, while any advantages of simplicity the full Basic Income system might have enjoyed would be lost. However, there was acknowledgement that the system might improve the position of some groups in society, particularly women and older people. It was possible to identify a more positive view towards the concept among women, but looking across the other groups taking part in the research there was no clear cut pattern, even among potential gainers from the new system.

4. EXPLAINING AND COMMUNICATING THE BASIC/PARTIAL BASIC INCOME CONCEPT

In this section of the report we identify the barriers that could stand in the way of communicating the Basic/ Partial Basic Income concept to the general public.

4.1 THE INTELLECTUAL DIFFICULTY

Perhaps inevitably, some of those taking part in this research project found it difficult to comprehend the Basic Income concept. For some, the intricacies of how the system would work presented a problem, while others were unable to imagine how radical change on such a major scale could be brought about. Some individuals tended to dismiss the notion altogether because they themselves could not easily grasp how it might work. The following comments are typical of these respondents:

£90 is far better than what I get now, a lot better. But I still can't see it working. [Male]

They would have to set it out so the ordinary person could understand exactly what they meant, who was going to have it, and where they were going to get the money from. [Male]

It would need carefully explaining. [Female]

There should be simple clear explanations to everybody. [Female]

If they are serious they will have to start throwing the ideas around in public, let people get a little taste of it, and a little used to it. [Female]

One particular problem centres on communicating the concept with adequate supporting evidence on funding, while at the same time not over complicating the issue for those new to the notion with too many facts and figures.

/ think, generally, my type of brain would work on it if I could see some more facts and figures. The present system, whether it is fair or unfair, runs quite well, as well as it can, and it just strikes me that until you know exactly what sort of funding they are talking about, it is very difficult to comment on it. [Male]

4.2 HOW MUCH WILL IT COST ME?

A number of respondents were not prepared to offer a view on the idea of Basic Income until they could be reassured as to their own likely position under the new system. Although this attitude was often couched in terms of *other people*, it was evident that, not unnaturally, a certain amount of self-interest was involved:

/ would like to see the figures, what I earn, what I will be paying, whether I would be better off, or worse off. This is a little bit too open. [Male]

Looking at this I can't tell whether I am going to be substantially out of pocket. [Male]

I have a soft spot for the pensioners, without a doubt, but not if the actual system is going to cost so much more than the present system. You have got to take all the economics into account. We can't really afford to be spending out a lot of money all of a sudden, because we haven't got the money to do it with. [Male]

It would have to be very carefully explained, and most people would have to finish up more or less the same. [Female]

4.3 THE IDEOLOGICAL POSITION

As already indicated in this report, some respondents were opposed to the concept of a Basic Income on ideological grounds. This opposition was expressed in various ways, and usually quite forcefully. It is doubtful whether the most careful explanation of the concept would change many

opinions, although those supporting Basic Income would of course look to the proposed public education programme as a way of gaining support. The following interview extracts are typical of this category of respondent:

I think if you are able bodied, you should be working. [Male]

I don't think anybody is entitled to anything for nothing. If you are going to give somebody something there should be a very good reason for it. And this is what I am saying, I think people can relate to pensioners, but for someone to get something because it is basic income, just doesn't ring with me at all. [Male]

4.4 THE POLITICAL CONNECTION

Another possible barrier to the concept of a Basic Income is the fact that many respondents did not believe there could be any progress with such an idea until it was taken up by one of the two major political parties. Even those respondents who favoured the introduction of a Basic Income saw this as a long term process, probably extending over 20 years:

The thing against this is, it will be defeated by politics. I am sure the present government would not be in favour of it. [Male]

Things happen slowly. If we are talking about the government changing it - to me it always seems to take a long time to get things moving, changing. [Female]

I think one party might try and get on the bandwagon and say "We can do a lot better than you". [Female]

4.5 AGE CONCERN

In this subsection of the report we look at explaining and communicating the Basic Income in relation to older people, insofar as the most positive comments about the Basic Income concept were those relating to the position of older people. Those who were otherwise opposed to the idea, acknowledged that the introduction of such a system would improve

the position of pensioners in particular. Respondents believed that it would be an appropriate step for Age Concern to develop awareness of the concept of Basic Income, given their perceived role helping to improve the position of older people.

4.6 SECTION SUMMARY

Some of those taking part in this research study found it difficult to comprehend the Basic Income concept. This was not just a problem for those of lower intellectual ability: some respondents of considerable intellectual ability also had difficulty with the concept. There were concerns about the personal position of respondents under such a system, with many fearing that they would be worse off financially. And certain respondents objected to the concept of Basic Income on ideological grounds, claiming that nobody is entitled to *something for nothing*. Many respondents believed that a substantial barrier to the implementation of such a system would be the lack of a major political *champion*, in terms of one of the two main political parties.

In this section of the report we look at the way in which the concept of Basic Income might best be communicated to a wider audience. Clearly a small scale study of only four group discussions cannot provide the complete answer, and there will be certain categories, for example, as already mentioned, the ethnic groups, who were not included in the research. Nevertheless, the study has provided a spread of respondents drawn from different socio-economic backgrounds, and has provided a fairly robust base upon which to shape a public education programme. We feel that the following six point plan would be helpful in beginning to communicate the concept of Basic Income to a wider audience.

5.1 ADAPTING THE MESSAGE FOR THE GENERAL AUDIENCE

Until now, the various communications and discussions produced by the Basic Income Research Group appear to have been written essentially for a professional audience. Thus many of the communications start well down the road in advancing various detailed points, with comparatively little debate and discussion of wider principles and concepts. The research study has shown that among the more general audience awareness of the basic principle is low, notwithstanding the point the debate may have reached among professionals in different countries. In addition, awareness was low even among otherwise quite knowledgeable, higher socio-economic group respondents. There is obviously still work to be done in explaining the concept of Basic Income. Clearly, in introducing the Basic Income concept the problem then becomes into what degree of detail the communications should go in underpinning the concept by providing specifics on how the scheme would be funded, and so on. This represents the first challenge to a public education programme - getting the balance right between explaining the concept and the detail. In the view of DVL Smith & Associates, at the moment much of the professional level explanation in the current publications on the concept, takes the debate to a level of detail that presupposes an understanding of the underlying concepts and issues. This is the first problem that must be tackled in any more public orientated communications and publications.

5.2 MODES OF THINKING

The second consideration to take into account in shaping a public communications programme centres on the fact that the research showed that certain individuals were quicker to understand the Basic and Partial Basic Income concepts than others. The reasons for this are quite complex. In some cases there was a straightforward comprehension problem, with some individuals being more able to understand and quickly assimilate new ideas than others. In other cases, the problem was more because people found it difficult to take on board the principles of Basic or Partial Basic Income because they were trying to understand it in the context of how it might work in practice, and some of these practical considerations got in the way of their initial absorption of the concept. However, the problems do not end here. It was clear from the research that, irrespective of different intellectual levels, there are in the population two fundamental modes of thinking that impact on the way in which the Basic Income concept might be disseminated. First, there are what we might term *binary* thinkers: these individuals tend to review issues in fairly black/white, win/lose terms, and in attempting to absorb information about Basic Income immediately try to understand the concept in terms of *what's in it for me?, will I gain, will I lose?*, and so on. In contrast, there are *ternary* thinkers: these individuals, in assimilating new concepts, are more able to look at an issue from different angles and perspectives, rather than thinking only of the way the issue impinges directly on them. These individuals do not just translate issues into their own world, but are quick to review what issues, such as Basic or Partial Basic Income, might mean for the community at large. To some extent binary and ternary modes of thinking are related to intellectual level, but it is not a simple relationship. On balance ternary thinkers will be intellectually able, but there will be plenty of examples of binary thinking among those from the higher intellectual echelons.

?, e.ared to the above point, and as shown in the report, certain individuals will take up an ideological position for or against Basic or Partial Income without closely inspecting the merits of the case. Of course, blind prejudice will be a difficult hurdle to overcome in taking the case for Basic Income to the community. However, there are opportunities, through appropriately worded and structured communications, to win the day amongst the more *ternary* orientated

individuals who are more susceptible to a well presented argument. Presumably this group will be the target of any initial communications campaign.

5.3 OVERCOMING SPECIFIC OBJECTIONS

It is clear from the research that there are a number of issues on which efforts should be concentrated in order to overcome perceived objections in the community. Clearly this needs to be tackled at two levels. First there is the question of the substantive points being made, and whether in operational and practical terms anything can be done to accommodate the comments being made. And second, and this is more the focus of this report, there is the question of how these objections may be addressed in different communications. In this research the following issues attracted fairly widespread comment from across the spectrum of different individuals drawn from different socio-economic groups. It seems clear that these must be closely reviewed in the preparation of future communications:

How will Basic Income be paid for? *

Will people be motivated to work?

Why should everybody receive a payment?

Who will qualify?

Will I be worse off? (for *binary* thinkers)

How will the community benefit? (for *ternary* thinkers)

5.4 KNOW YOUR AUDIENCE

One of the golden rules of communication is, of course, know your audience. In the case of Basic Income this is slightly problematic because of the particular needs and requirements of niches within the population. In this small scale group discussion based research it has been difficult to pick up any fine differences between the groups included, beyond highlighting the differences between men and women. For instance, in the research we picked up comparatively little variation by

socio-economic group on some of the issues and concepts addressed in the research. However, as the Basic Income programme is developed, then being able to tailor messages to particular groups to overcome their own objections and difficulties will become important. This is a stage that Age Concern may wish to address in the development of further research aimed at particular groups. For example, we have already mentioned the fact that the ethnic groups are not included in this research. However, in tailoring the message to different audiences, the approach should not fall foul of the point raised above at 5.1, namely the importance of recognising that current awareness of the Basic Income concept and the fundamental issues related to it are low. Without question, the emphasis in the early stages of the public education campaign should focus on concept and principle, with the minimum detail necessary in order to communicate the concept and give the issues credibility. Too much detail will tend to confuse and overwhelm at this stage, but as the public communications programme develops, then more and more detail can be added to cater to particular needs and niches, including the best way of developing a dialogue with opinion formers in the community.

5.5 MANAGING CHANGE

In this report we have pointed out that some of the resistance to the Basic/Partial Basic Income concept is based on a certain uncomfortableness, in some cases, resistance, that people feel towards any change to the status quo, even though they may vaguely support the concept, or even stand to gain from its introduction. Given this, the public communications programme would do well to be advised by some of the basic tenets of the management of change. First, in presenting a system that would mean a change from the existing procedures, it is helpful to stress the idea of a transitional period, so that individuals will feel reassured that they will not be jumping out of the frying pan into the fire, but that there will be a controlled movement across to a new system. This needs highlighting in communications. And related to this, it is often helpful to think in terms of *connections and alternatives*: the ideal communication would provide for the more conservative individuals, who do not want change, *connections* with the past, so that they can see how the linkages from the past follow through into the future, while at the same time offering *alternatives* for the future for the more radical, and those keener on change and development.

5.6 FINDING A CHAMPION

Another concern registered by respondents taking part in the research was the fact that, given their level of awareness at the moment, the Basic Income concept did not seem to have a *champion*, that is, they could not see who was driving the idea, or if there was someone who would *make it happen*. Respondents, of course, did not use this terminology: they tended to address this issue by raising the question of which political parties supported the Basic Income concept. Nevertheless, the points we are making about the need for new ideas to have a visible, credible, champion hold. In sum, it would seem important in communications terms for the Basic Income concept to be endorsed and supported by a body -whether a political party, a voluntary agency, or another credible organisation. Clearly this would underpin any communications campaign, give it instant credibility, and send out a message that this is not a *fringe* idea, but one that is in the mainstream of community planning and professional political thinking.

DVL Smith & Associates believe that if a communications strategy was shaped adhering to the above principles, then this would help begin to achieve a *critical mass* of support for the concept of Basic Income, that once rolling would start to attract interest and support from a wider group. Clearly, at this stage a critical mass at least in the general audience does not exist, although the concept is stronger in the professional audience. For this reason, in developing the concept, we would *not* recommend widespread opinion polling to produce percentages in favour of, or against, the concept. We believe that this type of research would be inappropriate at this stage because of the low levels of awareness of the concept: such research would not give a *true* reading of attitudes towards the *potential* of the concept, it would simply play back the fact that there is currently much confusion about the proposals.

We believe that the next stage should be the development of improvements and enhancements to the literature currently available on Basic Income. For example, literature *introducing* the Basic Income concept to a new audience could be written to accommodate the various comments made above.

APPENDIX A

GROUP DISCUSSION GUIDE

AND SHOW CARDS

DVL SMITH & ASSOCIATES

AGE CONCERN - BASIC INCOME RESEARCH

GROUP DISCUSSION GUIDELINE

BACKGROUND

Introduce DVL Smith & Associates and explain objectives of study:

You probably recognise Age Concern as a group concerned with older people. Age Concern is conducting this research to look at the pensions and benefits system we have in this country, not just for those who are already retired, but for those in the 50 + age group.

Explain Market Research Society Code of Conduct: all information collected is confidential, and the report on the research will make no reference to individuals.

Explain role of tape recorder.

INTRODUCTIONS

- * I'd like to start by going round the group and asking each of you to introduce yourself and say a few words about yourself. Could you include your working history?

- * Could I now ask you to describe in broad terms any pension arrangements you may have, either state pension or private arrangements?

ATTITUDES TOWARDS PENSIONS AND BENEFITS

- * I'd now like to move on to the pensions/ benefits system we have in the UK.
What do you know about how this works?

(Probe to establish levels of knowledge of present system) (Then

show Card 1, offering brief summary of UK system)

- * In general, what do you think of this system?

AWARENESS OF, AND ATTITUDES TOWARDS, ALTERNATIVE SYSTEMS

- * Are you aware of any alternative systems of pensions/ benefits in other parts of the world?
- * Do you think any change is needed in the present system in this country, or is it satisfactory?
- * How good do you think the present system is? Who do you think gains most from the system? And who do you think does worst out of it?

INTRODUCE BASIC INCOME CONCEPT - SPONTANEOUS REACTION

(Show Card 2, providing brief, simple description, of Basic Income concept.)

What is your overall reaction to the system described on this card? *

Had you heard of the Basic Income concept before?

What do you think would be the main advantages of such a system? And do you see any disadvantages or limitations?

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PROMPTED REACTION TO BASIC INCOME CONCEPT

- * Some people have suggested that a system of Basic Income would *be, fairer* than the system we have at present. Every man, woman and child resident in this country would receive it.

Do you think this system would be fairer, or not?

- * It is also suggested that Basic Income would be a much *simpler* system. Instead of the present rules and regulations, everyone would know their entitlement, and take-up should be nearly 100%.

Do you think this system would be simpler, or not?

- * Some people have suggested that a drawback to the system might be a lack of motivation to work. A full Basic Income should be enough to provide for everyday needs.

Do you think a Basic Income would lead to people working less, more, or the same as under the present system?

- * Every legal resident would be entitled to receive Basic Income. Who

do you think is included in the term *legal resident!* Is there anybody

you think would be, or should be, excluded?

- * Basic Income would be paid to individuals, not to families or households. Husbands and wives would be taxed independently. Marriage would be neither subsidised nor penalised.

What is your reaction to this change?

Under the present law, young people who stay on at school receive nothing. With Basic Income everyone would get the same amount.

Do you think this would encourage young people and others to continue with education and training, or not?

- * It is suggested that Basic Income would be funded by a new comprehensive income tax, which would replace existing income tax and national insurance contributions. To introduce a full Basic Income, the income tax rate might be 70%.

What do you think of this change?

PARTIAL BASIC INCOME - SPONTANEOUS REACTION

(Provide brief explanation of Partial Basic Income - see Card 3)

- * What is your overall reaction to the idea of Partial Basic Income?
- * What do you think would be the main advantages of such a system?
- * And do you see any disadvantages or limitations?

PROMPTED REACTION TO PARTIAL BASIC INCOME CONCEPT

- * Ideally, the Partial Basic Income plus supplement for older people would come to about one third of average earnings (about £90 per older person per week). To reach this amount mortgage interest tax relief and superannuation tax relief would be abolished and the starting rate for income tax would be about 35%.

Do you think a pension of £90 per person is feasible and/or desirable?

Which do you think is more important - a high basic pension for all, or a low basic pension for most, plus SERPS and private pensions for some?

How do you think pensioners would react to an income tax rate of 35%?

The higher the age at which the older person's supplement was payable, the easier it would be to finance.

What age do you think is most appropriate? For men? For women?

CONCLUSION

- * Now that we have looked at the idea of Basic Income in some detail, how do you feel it would compare with the present system we have?
- * Now, just thinking about your own situation, do you think Basic Income would be better or worse for you than the system the UK has now? How would it be better/worse?
- * And thinking now about other people, what do you think their view on Basic Income would be? Who would gain most? Who would lose out?
- * What do you think would be the main advantages/disadvantages?
- * Would you like to see Basic Income introduced in this country? Why do you say this?
- * Do you see any possibility of this system being introduced:
 - in the next five years?
 - in the next ten years?
 - at some time in the future?
- * What, if any, do you see as the main barriers?
- * And is there anything you think would encourage the setting up of such a system?

COMMUNICATING THE IDEA OF BASIC INCOME

- * What do you think would be the best way to let people know about the idea of Basic Income?
- * If you wanted to know more about the idea, where would you expect to find information?

How do you think the idea should be developed?

What would you say Age Concern's role should be in terms of the Basic Income concept?

Are there any other comments you would like to add?

THANK YOU FOR YOUR CO-OPERATION

CARD 1

THE UK BENEFIT AND PENSION SYSTEM

Most working people between 16 and pension age (60 for women and 65 for men) must pay National Insurance contributions. These enable people to receive benefits like Unemployment Benefit and Retirement Pension. You qualify only if you have already paid, or sometimes, been credited with, enough of the right class of contributions at the right time. There are four classes of contributions. The class you pay depends on whether you are employed or self-employed.

Retirement Pension is a taxable weekly benefit for women on reaching 60 and men on reaching 65. The current basic pension rate, based on your own or your late spouse's contributions, is £46.90 weekly.

CARD 2

BASIC INCOME

Basic Income is a tax-free income credited automatically (in cash or through the banking system) to every man, woman and child. The amount would be enough to meet everyday living needs.

Every legal resident would be automatically entitled to receive Basic Income. It would not depend on contributions being paid.

Income tax allowances and reliefs would be abolished.

National insurance contributions would be amalgamated into a new income tax.

CARD 3

PARTIAL BASIC INCOME

Partial Basic Income would not be enough to live on, and would require an income tax of about 35% (rather than 70% for a full Basic Income).

Under a Partial Basic Income system, there would be selective supplements, for example, for older people and those with disabilities.

Some existing benefits would remain, for example, housing benefit.