

There are many convincing arguments in favour of a Citizen's Income

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Malcolm Torry discusses a new book that argues for a Universal Basic Income, or as it is termed here, a *Citizen's Income*. He discusses the different approaches the book uses in arguing for the policy, concluding that every mainstream political ideology generates arguments for a *Citizen's Income*.



A Citizen's Income is an unconditional, nonwithdrawable income paid to every individual as a right of citizenship. It is unconditional in the sense that the same amount would be paid to everyone of the same age: the same amount for every child, the same amount for every working age adult, and the same amount for every pensioner, whatever the individual's income, household structure, marital status, or employment status. It is nonwithdrawable: so if someone earns additional income then their Citizen's Income does not change. It is paid to the individual: so two people living together would each receive the same amount as if they were living separately.

[Money for Everyone: Why we need a Citizen's Income](#), of which I am the author, is the first general book on the subject for over a decade and offers a variety of arguments for a Citizen's Income. But perhaps more importantly in relation to this blog, it offers a number of different ways of arguing for a social policy: a thought experiment, a historical method, a pilot project, comparison against criteria, and arguments from political ideology.

1. A thought experiment: This method asks what kind of social policy we might implement if we were starting from scratch. If we imagine ourselves constructing a tax and benefits system for a country that does not have one then we might decide to calculate how much each person should give to the government on the basis of their earned income. Would we then undertake a similar calculation to decide how much the government should give to each individual? This thought experiment shows how unnecessary and wasteful means-testing is, and that we only do it because our tax and benefits systems evolved separately rather than together.

2. A historical method: This method asks what we might learn about the political feasibility of a proposed reform from the history of similar reforms. If we study the history of the UK's benefits system, and of attempts to reform it, then we can draw the following conclusions: a) that those reforms that have succeeded have generally been for defined demographic groups, and b) that they have not reduced the number of civil servants. Those proposed reforms that have failed would have been for the population as a whole and would have reduced the number of civil servants. The politics of the benefits and tax system would appear to be as much about the internal politics of Whitehall as about the ideas and strategies of political parties.

Someone wishing to argue for the implementation of a Citizen's Income (which is for everyone, and would reduce the number of civil servants), would need to take the conclusions of this argument into account. Two implementation methods remain practical possibilities. The first would be a Citizen's Income for one demographic group at a time: starting with an enhanced Child Benefit, then turning the proposed Single Tier State Pension into a Citizen's Income; next establishing a young adult's unconditional income (to incentivise education and training); then an older worker's unconditional income (to ease the transition into part-time employment and retirement); and finally a working adult's unconditional income. A second method would be to start with a small Citizen's Income for everyone and then let it grow. The latter method would not greatly reduce the number of civil servants at the beginning of its implementation, but it would be a reform related to the whole of the population, so it might be less viable politically. Also, it would be less likely to generate the benefits of a Citizen's Income in a sufficiently obvious fashion to facilitate public understanding of those benefits. The former method would be for one demographic group at a time, and it would reduce the number of civil servants only gradually; and because each demographic group would receive a

Citizen's Income of a reasonable size, its benefits would be more easily understood and appreciated. It is therefore the latter option that would be more likely to succeed.

3. *A pilot project*: A useful way of arguing for a social policy reform is to study examples of similar reforms in other contexts. The Alaska Permanent Fund pays an annual dividend equally to every citizen of Alaska. From being the least equal state in the USA in terms of disposable income, it is now the most equal. The payment of a small Citizen's Income in two Namibian communities and in several Indian ones (both urban and rural) has shown substantial improvements in wellbeing indicators and in economic activity, particularly amongst the lowest earnings deciles. A household-based universal benefit in Iran would be interesting to watch if close study of its effects was more of a possibility.

4. *Comparison against criteria*: This method constructs a list of criteria for an ideal social policy and measures both current and proposed policies against the criteria. A list of criteria against which to evaluate benefits systems could look like this:

1. Our tax and benefits system should be coherent: that is, its different parts should fit together;
2. Our tax and benefits system should be simple to administer: to reduce employment disincentives, for cost reasons, and because democratic accountability requires comprehensibility;
3. Our tax and benefits system should reflect today's family and household patterns, and should remain serviceable as household and family patterns continue to change.
4. Our tax and benefits system should not disincentivise public goods such as enterprise, training, long-term relationships between parents of children, and providing financially for oneself and one's dependents.
5. Our tax and benefits system should incentivise the efficient allocation of resources and so contribute to an efficient economy.
6. Our tax and benefits system should treat people with dignity and not stigmatize individuals involved in any part of the system.
7. Our tax and benefits system should reflect the labour market of today, and should remain serviceable as the labour market changes in the future;
8. Our tax and benefits system should reduce poverty and injustice, and it should redistribute from rich to poor.

Our current income maintenance structure is made up of tax and benefits systems that are incoherent, are complex and expensive to administer, assume a stable family headed by a breadwinner with full-time stable employment, disincentivise enterprise and training, provide no incentive for people to live together (because means-tested benefits pay less to two people living together than they pay in total to the two individuals if they are living apart), are inefficient in relation to the market in labour, stigmatize recipients, assume that each worker has stable full-time employment and rarely changes their employment, and prevent people from climbing out of poverty.

A Citizen's Income, on the other hand, would be coherent with any tax system or continuing contributory, means-tested or universal benefits, would be simple and cheap to administer, would suit any current or future household or family structure, would incentivise training and enterprise, would enable people who live together to retain economies of scale, would contribute to labour market efficiency, would stigmatise nobody (because everybody would be a recipient), would suit any current or future labour market and any household employment pattern, and would make it far easier for individuals and households to climb out of poverty.

How we word the evaluation tests matters, particularly in relation to a benefits system's impact on poverty. For instance: Does the benefits system redistribute from rich to poor? The current system passes this test, and a Citizen's Income does not in absolute terms, by definition, but does in terms of percentage of disposable income. Both systems unambiguously pass a differently worded test: Does the tax and benefits structure as a whole redistribute from rich to poor? This is surely a more relevant test. A similar question is this: Does a benefits system

reduce poverty? Both a means-tested system and a Citizen's Income do reduce poverty if we are looking at the cash sums received by the poor. However, a Citizen's Income would be more effective at enabling people to climb out of poverty, because marginal deduction rates would be lower, and the secure income floor provided by the Citizen's Income would be much larger as a percentage of disposable income for people in the lowest earnings decile than for people in the highest.

5. *Arguments from political ideology*: We can ask the questions: what arguments does a political ideology generate for and against a policy option? And what arguments have people who have espoused the ideology offered for and against a Citizen's Income?

In relation to a Citizen's Income: the New Right values the fact that a Citizen's Income does not disincentivise enterprise in the way that means-tested benefits do; One Nation conservatives valued the combination of social cohesion and more efficient labour market offered by a Citizen's Income; liberals value the freedom that a Citizen's Income would give to people to make choices about their employment patterns and relationships; social democracy values the combination of economic efficiency and redistribution offered by a Citizen's Income; and the Third Way could value a Citizen's Income as a means of reducing poverty in a globalizing economy. A secure income floor could provide people with a greater desire and a greater ability to consume more responsibly and to undertake work that preserves scarce resources and does not pollute our environment, thus making a Citizen's Income coherent with green concerns.

As for the arguments against: These tend to be more generic, and not related closely to particular political ideologies: *The rich don't need it.* (There is no reason why the rich should not receive a Citizen's Income if they are paying more than that in tax.) *We should not give people something for nothing.* (We are doing already that, and we are doing it badly. A Citizen's Income would not disincentivise employment, as means-tested benefits do.) *A Citizen's Income would be too expensive.* (How much the Citizen's Income would cost depends on the details of the scheme. If a Citizen's Income were to be paid for by reducing tax allowances and means-tested and contributory benefits, then revenue neutrality would be possible.) *People would no longer work.* (People would be more likely to seek to increase their earned income if they were receiving a Citizen's Income than they would be today if they were in receipt of in-work or out-of-work means-tested benefits.)

Our conclusion has to be that every mainstream political ideology generates arguments for a Citizen's Income, and that arguments against are more generic, are not generated by the political ideologies themselves, and are easily answered.

All of these different ways of arguing and more can be found in [Money for Everyone: Why we need a Citizen's Income](#), which offers both a wide-ranging study of a Citizen's Income and an education in the politics of the policy process, available from the Policy Press. One of the book's unusual features is that the appendices are on a related [website](#), both because there is not room in the book for the appendices, and because detailed costings material will need to be updated more regularly than the content of the book itself. To take an example: one of the appendices doubles as the Citizen's Income Trust's new introductory booklet, and offers detailed costings of the following revenue neutral Citizen's Income funded by reducing tax allowances and existing means-tested and contributory benefits:

Age	Weekly rates for 2012-13:	
0 to 15	£56.25	Current Income Support rates for 16 to 24 year olds
16 to 24	£56.25	
25 to 64	£71.00	Current IS rate 25 plus
65 plus	£142.70	Pensions Credit rate

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

About the Author

Dr. Malcolm Torry is honorary Director of the Citizen's Income Trust. He has first degrees in mathematics, theology, philosophy, and economics and management, and higher degrees in social policy and in theology. From May 2011 to April 2012 he was an hon. Visiting Research Fellow at the London School of Economics. He is Vicar of Holy Trinity, Greenwich Peninsula.