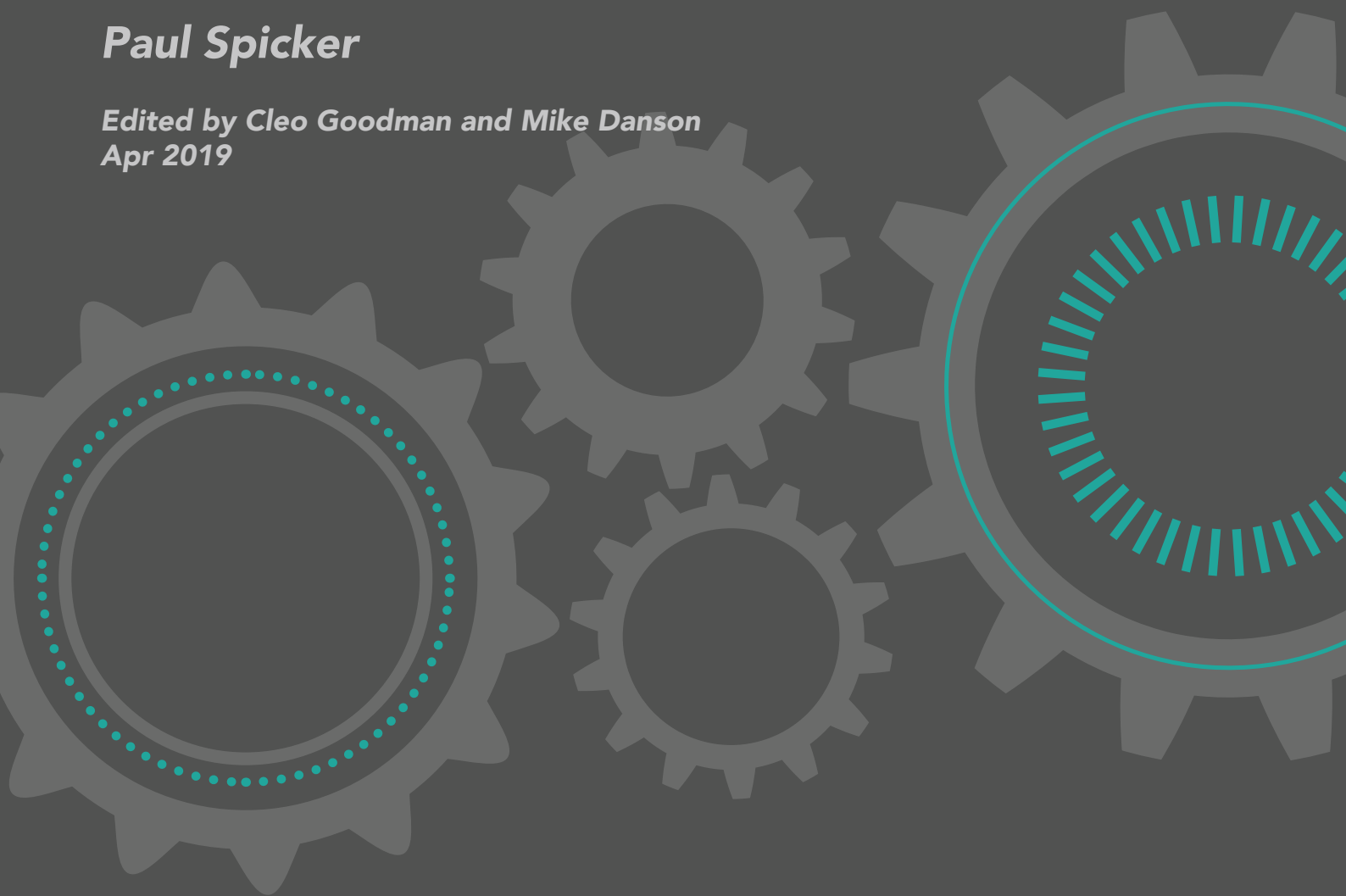


# Some reservations about Basic Income

*Paul Spicker*

*Edited by Cleo Goodman and Mike Danson  
Apr 2019*



**Citizen's Basic  
Income Network**  
Scotland



THE UNIVERSITY  
of EDINBURGH



**scottish universities  
insight institute**  
mobilising knowledge for a better Scotland

## SUMMARY

Even if we accept all the arguments for Basic Income in principle, there are serious issues to resolve relating to cost, distribution, adequacy and practical implementation.

- *Cost.* Basic Income schemes are all very expensive. The first question to ask is not whether we can afford BI, but whether we should – whether the money would not be better used in some other way.
- *Distribution.* All the Basic Income schemes which have been developed to date make some poor people worse off. That mainly happens because they try to pay for BI by cutting or reducing existing benefits. Any scheme which does that it is going to benefit some people on higher incomes more than it benefits people on lower ones.
- *Adequacy.* The treatment of existing benefits and of current tax allowances cannot work as intended. Basic Income cannot meet all the contingencies currently covered by social security benefits. It should not even try to do so.
- *Implementation.* BI will not be without its complications. It is time to address them.

Basic Income cannot be ‘adequate’, but it does not need to be; it only needs to be basic. A modest income could be provided without damage to poor people, so long as it does not affect the status of other benefits.

The Citizens Basic Income is intended to be a universal, unconditional cash payment made to everyone. For people in the UK, the obvious precedent is Child Benefit (or at least, Child Benefit as it was before the Coalition Government messed around with the tax rules): a regular, continuing payment in respect of every child. UBI would extend the same principle to adults.

There are strong moral and practical arguments for Universal Basic Income (UBI). UBI would represent a major step towards social justice: an egalitarian, inclusive method of distributing common resources. A regular payment would reinforce social cohesion and solidarity, and protect individual dignity. It is sound economically: unlike existing benefits, UBI would be economically neutral, and would not directly influence incentives in any direction. Finally, it is practical: it should be easier to administer than existing benefits. Child Benefit is a clear demonstration of its feasibility: universal distribution is relatively simple and, after a little time, Child Benefit gets to the vast majority of intended recipients.

There are those who reject these arguments outright. Robert Colville, of the Centre for Policy Studies, argues that most people in Britain believe that income should be related to work:<sup>1</sup> support for a ‘universal working income’ outweighs support for UBI by three to one.<sup>2</sup> David Piachaud thinks that benefits should be targeted to

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



be most effective, that the justice of general distribution depends on the national context, and that unconditional benefits would be unfair and politically unacceptable.<sup>3</sup> While it is important to acknowledge that there are alternative moral and political perspectives, I do not think these countervailing arguments are conclusive. Fairness depends on many other considerations besides the level of benefit. Targeting is imperfect; public opinion changes; acceptability itself depends on the social context. Support for universality in other fields, such as health and education, is extensive. There are good grounds to extend the principle of universality well beyond children, to ensure that everyone has a greater degree of financial security than our present system current allows, and to offer people a minimum income.

There are, of course, many other arguments around UBI. A goodly number of them are speculative or utopian. Commentators focus either on the society that UBI might eventually lead to, or on changes in a future society that UBI might respond to.<sup>4</sup> There is little point in discussing this; we cannot reasonably anticipate what the effects will be on work or family life, and we should know from the history of pensions provision that it will take decades to find out.<sup>5</sup> I am much more concerned with a different set of issues, concerning cost, the distributive impact, the impact on people's welfare and practical implementation. There are many reservations to overcome, and I have not yet seen a Basic Income scheme that succeeds in doing it.

## DEFINING UBI

The central concept of Universal Basic Income is that it should be universal, that it should be basic, and that it should be an income. None of those terms is without its ambiguities.

- A benefit is *universal* if it is delivered as a right, available to everyone in a given category and unconditional. There are shades of universality, and the term has been applied to some relatively narrow categories of people – for example, older people over the age of 80 or newly born children. When people argue for a “Citizens” Basic Income, they might mean a benefit for citizens, or for permanent residents, or for long term residents, or for taxpayers: the categories are not obvious.
- A benefit is *basic* possibly because it covers common basic needs or a ‘poverty line’; possibly because it is enough to live on;<sup>6</sup> possibly because it offers a ‘modest’ but secure foundational income.<sup>7</sup> Those are different things.
- A benefit provides an *income* if it is paid periodically, but that does not mean it has to be paid weekly or monthly: it could be paid quarterly, or annually, or even over longer periods. The income does not need to be at a fixed level (it can vary between periods, like the payments made by the Alaskan Permanent Fund).

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



Many of the advocates of Basic Income argue for much 'thicker', more elaborate, definitions, specifying the model in greater detail. The Basic Income Earth Network argues that a Basic Income must be paid in cash, and that it must be individual.<sup>8</sup> Annie Miller adds that it must be equal. Those are tenable positions, but there are alternative models which take different approaches. Negative Income Tax generally pays cash to some people while only crediting income to others.<sup>9</sup> Basic Income Plus, the model proposed by Simon Duffy, gives premiums to people with disabilities.<sup>10</sup> Individualisation could mean that every eligible person must have their own account to receive money, but it could mean something quite different. For example, BI could be paid to every child, but it is more likely that it will be paid for every child. The choices between these different approaches cannot be resolved by definition alone; decisions have to be made about when, how and to whom benefits are to be delivered.

There is a difference, Malcolm Torry has argued, between the principle of Basic Income and the nature of Basic Income schemes. Every idea for Basic Income has to be translated into a workable scheme, and different schemes have different effects on issues like taxation, employment or political acceptance. They might, he suggests, increase inequality or reduce it. They might reduce poverty or increase it. They might cost a great deal or relatively little. The advantages of Basic Income cannot be assumed; they have to be demonstrated.

## BASIC INCOME SCHEMES

In What's wrong with social security benefits, I reviewed several Basic Income schemes; table 1.1 is taken from that review, along with two further schemes considered in more depth during the seminar series.<sup>11</sup>

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



Table 1.1: Some proposals for Basic Income

	Citizens Income Trust - Scheme A	Compass scheme 2	Green Party	Reform Scotland	Malcolm Torry	Annie Miller
Level of benefit (date)	£71.70 adult £56.80 children £56.80 adult under 25 £145.40 pensioner (2013-14)	£71 adult £59 children £61 adult under 25 £51 pensioner (2015-16)	£80 adult £50 child £180 pensioner £310 pensioner couple (2015-16)	£100 adult £50 child Excludes pensioners (2014-15)	£61 adult £50 young adult £40 pensioner, additional to pension (2016-17)	£88 adult £88 child £44 premium first child £176 pension (2018-19)
Treatment of benefits	Abolition of State Pension, Pension Credit, Tax Credits, Child Benefit Transitional protection for pensioners	Abolition of Child Benefit Retention of other benefits UBI treated as income for means-tests	Abolition of State Pension, Pension Credit, Tax Credits, Child Benefit	Abolition of Tax Credits, Child Benefits, JSA, Income Support, Universal Credit and some smaller benefits	Retention of all other benefits Extra £20 on Child benefit UBI treated as income for means-tests	Retention of other benefits UBI treated as income for means-tests
Treatment of tax allowances	Abolition of personal tax allowance Removal of £10bn of reliefs on private pensions contributions	Abolition of personal tax allowance	Abolition of personal tax allowance Removal of 44% of reliefs on private pensions contributions	Abolition of personal allowance	Abolition of personal tax allowance	Closure of tax loopholes; personal allowance reduced to £3120
Treatment of National Insurance Contributions	Retention without benefits	Lower earnings limit reduced to zero; NICs levied on all earnings	Lower earnings limit reduced to zero; NICs levied on all earnings	Merger of NI contributions with tax system	Retention	Merger of NI contributions with tax system
Tax rate	No change	Basic 25% Higher 45% Top 50%	No change	Combined tax and NIC rates of 40%, 60% and 65%	Basic 23% Higher 43% Top 48%	Combined tax and NIC rates of 32% and 50%
Total gross cost	£278.5bn	£209.5bn	£331bn	£247bn	Not given	£371.2bn

All outputs from the project can be found at [www.cb.in.scot/resources/](http://www.cb.in.scot/resources/)



## COST AND OPPORTUNITY COST

The most obvious problem with these schemes is that they are expensive – five of them would come in at double the cost of the existing social security system. Malcolm Torry's scheme should cost less, because the rates are lower, but the low 'net cost' he claims (under £2 billion) refers to a deficit, not to the total cost. It is achieved in part by increasing tax rates and reducing tax allowances, at a cost in the region of £120bn. (Personal Tax Allowance is worth £101.3 billion,<sup>12</sup> and as every 1p on income tax should raise between £5.4 and £6.2 billion,<sup>13</sup> 3% income tax represents a cost that should be between £16.2 and £18.6 billion.) There are certainly inequities in the current system of tax reliefs, and some of the money raised could cover that. The upper limit on National Insurance Contributions current costs £28.2 billion; tax relief on private pensions; relief on private pension schemes comes to nearly £41bn, and none of that benefits existing pensioners. That does not mean they should not be counted as "costs"; the money that is being used for tax reliefs could indeed be used for UBI, but it could just as sensibly be used for other things.

The high potential cost of BI is not a knock-down argument against it. Most of the money going into BI is being recycled, as a 'transfer payment' – the real issue is redistribution, not expenditure. Guy Standing is confident that we can afford it, and he is probably right: if we can afford quantitative easing to support the banks, we can afford similar sums to support people on low incomes. But should we afford it? There is an obvious question to ask about the 'opportunity cost': what else we could do with the same money? The case has to be made that the money that is proposed for BI is the best use of resources, and it is always appropriate to ask whether the money would not be better used in some other way – health, education, infrastructure, communications, transport, or something else. That is a matter of priorities.

Nor is it obvious that even if money is the best way to distribute resources, the process should be done by a UBI. It might be appropriate, for example, to offer a minimum pension guarantee – changing the contribution rules so that no-one gets less than 80% of the full pension. (Individual pension calculations are based on how many years of contributions a person is made, subject to a 'contracted out pension equivalent' or COPE; anyone with a National Insurance number can check their entitlement online. All it would take to change the value of a minimum entitlement is a tweak in the rules.) That would not require a means test, but it would not be universal or unconditional. Some of the schemes for Basic Income propose an increase in Child Benefit, and there is a good case for doing that regardless: it would have a marked and immediate impact on family poverty, it would be easy to introduce because the system is already in place, and it would not have further implications for other benefits. Increasing the basic rates of low income benefits would have an immediate effect for the majority of poor people.

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



## THE DISTRIBUTIVE IMPLICATIONS

All the Basic Income schemes which have been developed to date make some poor people worse off. Malcolm Torry has done a lot of careful work to minimise those losses, but he faces the problem squarely: changing the rules means that people cannot rely on the benefits they previously received. Some losses seem inevitable. "In the first instance it might be necessary to retain the means-tested benefits structure in order to ensure that no household would be worse off."<sup>14</sup>

Dealing with this problem has two immediate implications. The first is that poorer people can only be protected in schemes which are more generous (or more costly). Reed and Lansley write: "it is not possible to design a scheme that is revenue neutral, pays a decent sum and withdraws most means-tested benefits without significant numbers of losers."<sup>15</sup>

The second implication is more disturbing. For the most part, the money that is being devoted to BI is not money for poor people. If poor people are being restored to the levels of income that they would otherwise have, their final income is not increased; they are no better off. Any financial gain is confined to people who are not currently in receipt of benefits. In some cases, that is desirable – some of the people who are not currently receiving benefits ought to get them. But in most circumstances, it means that the money being spent on BI must go to people on incomes that are higher than the incomes of people currently in receipt of benefit. If the level of BI is high enough to go above existing benefit levels, it will still be true that the vast majority of the expenditure on the scheme will be used to help people who are better off. Part of that can be ironed out through the tax system, but only part of it. Any scheme which depends on paying for BI by removing some benefits from people on low income is going to be regressive: it is going to benefit some people on middling and higher incomes substantially more than it benefits people on lower ones.

## THE RELATIONSHIP OF BI TO EXISTING BENEFITS

Many BI schemes – and virtually all of the schemes applied to Britain - depend on the assumption that BI will be paid for in large part by abolishing or removing existing benefits. That is partly because they want to explain where the money for BI is coming from, and if benefits shrink to make room for BI, that makes a substantial contribution to the cost. If that was the only explanation, however, the money could come from somewhere else. Most advocates of a basic income want to reduce dependence on the existing benefits system, as an objective in its own right. BI is expected to replace existing benefits to the greatest extent possible, and BI is seen as a better way to organise distribution of resources than the benefits system does. For those who want to support the poor, BI avoids some of the key disadvantages of benefits, and of low-income benefits in particular: the complexity, the low takeup, the intrusion into personal affairs, the penalties imposed if income or earnings increase,

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



and the imposition of conditions on people's behaviour. For those who do not want to support the poor, or who want poor people to depend on market provision rather than state provision, BI offers a way to minimise society's commitment to social support. Charles Murray writes:

*"the importance of the Guaranteed Income ... is not that each adult has US\$10,000 a year, but that government has withdrawn all the ways in which the apparatus of the welfare state tries to take the trouble out of people's lives,"<sup>16</sup>*

There is a chilling naivety in such proposals. The benefits we have are not always good benefits, but they are there for good reasons. Jobseekers Allowance and ESA are there, not just to meet basic needs, but because we need to have some system for smoothing people's income during periods when they are unable to work. Tax Credits were introduced mainly to supplement incomes that otherwise would be too low, but also partly to compensate people with disabilities for long-term disadvantage in income, and partly to offer support to meet child care expenses. Pensions were meant to give pensioners the opportunity to withdraw from the labour market, which is one reason why they are higher than other benefits. Housing Benefit was introduced as a political choice as housing subsidies were withdrawn; people on low incomes could not afford rent otherwise, but housing providers could not pay for the housing without it. We sometimes hear foolish generalisations about benefits, such as the suggestion that they are there to provide "work for those who can and support for those who can't." They do far more than that: social protection, insurance, meeting need, relieving poverty, managing the economy, redistribution, financing key activities and much more besides.<sup>17</sup>

The issue is not just that people are in need, and that cutting their benefits will mean their needs are not met. That matters, of course, but it is far from being the whole story. There are many elements of the existing benefit system that BI could not, and should not, be taken to replace. BI cannot sensibly be adapted to meet people's housing expenses. It is possible in principle to supplant Housing Benefit with different policies, but there has to be some system of housing finance that can support the provision of affordable housing. BI cannot easily be adapted to cover the circumstances of people with disabilities; disability benefits have to have some kind of test, not necessarily the kind of assessment taking place at present, but something which can identify the nature of a person's disability for benefit purposes. Treating BI as income for carers would mean that there is no special value being placed on caring responsibilities. Bereavement benefits are there because people want to have added security for their families. Over the years, benefits have become increasingly complicated, because the circumstances they deal with are complicated. One of the central appeals of advocates for BI is that the system will be simpler and more rational. Simplicity and rationality can have bad effects, and we do a major disservice to people in need if we forget that.



## THE MAINTENANCE OF MEANS TESTING

The structure of benefits defines the framework which exists to support people through key 'states of dependency' – the term is Titmuss's.<sup>18</sup> Changing that framework means inevitably that there will be winners and losers; some of the losers are among the most vulnerable people in society. And that applies to Basic Income, too.

In general terms, BI will reduce dependency on means-testing, for a simple reason: if part of a person's income is not means tested, the proportion of means-tested income will reduce. Wherever Basic Income is taken into account for the calculation of means-tested benefits, the structure of people's 'income packages' will change. If means-tested benefits are relieved only partially, that will still mean that a proportion of people on low income will be 'floated off' those benefits or will have at least a secure, unconditional part of their income provided by BI. But it would not be possible to remove reliance on means tested benefits altogether; that would depend on the level of BI, and I agree with Malcolm Torry that there is no conceivable level of BI that would be high enough to cover all the contingencies.

That way of expressing things points, however indirectly, to a fundamental problem. The reason why other benefits will continue to exist is not that means-testing itself is unavoidable; it is that a Basic Income cannot be enough to meet people's needs. Martinelli writes: "an affordable UBI would be inadequate, and an adequate UBI would be unaffordable."<sup>19</sup> If BI cannot be 'adequate', it is not just because it would be expensive, but because adequacy itself is a complex, shifting target. It is probably true that most advocates of BI would like it to be minimally adequate, at least as good as existing benefit levels. Five of the six schemes in Table 1.1 work to that principle. Some would like it to end poverty, which for two people implies a level that is at least 60% of the median household income.<sup>20</sup> Even at that level, it would still not be enough to meet people's needs. The work on minimum income standards has suggested that people need levels of income that are considerably greater than current benefit levels: excluding rent and child care, the MIS recommendations are £213.59 for a single person, and nearly £480 for a couple with two children.<sup>21</sup> Beyond that, it is in the nature of BI that the payment cannot be 'personalised', or sensitively adapted to personal circumstances. Within the limits of what is politically and economically possible, there will always be some people for whom the payment is less than their needs.

## ASSUMPTIONS ABOUT THE TAX SYSTEM

Financing BI generally depends on a substantial increase in taxation, combining high rates of income tax combined with increased National Insurance contributions across a very wide range of income. It is certainly fair to say that some finance might be raised through addressing anomalies in the tax system - especially private pension relief, the artificial limitation of council tax bands, and the upper limit on assessment for NICs. After that, however, there are likely to be problems. Most Basic Income

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



schemes suggest that personal tax allowances can simply be abolished (Annie Miller's work is a welcome exception), which means that all income will be subject to tax and possibly National Insurance contributions as well. Even if standard income tax rates are left alone, that implies a marginal deduction rate of 32% of all income, rising to 62% or 65% in these schemes. That would be difficult politically, but that is not the main problem with the idea. The problem is that all income from work - everything done cash in hand, casual labour, try-outs, newspaper rounds and pin money - would have to be declared, and it would be fraudulent not to do so. The problems of means-testing may be avoided, but they are simply passed on to the tax authority, which is after all just another type of means test. The approach seems to be at odds with the stress on paying UBI as a way of recognising the precarious, uncertain status of work in general and low paid work in particular. Bluntly put, UBI was supposed to stop this sort of nonsense, not to make it worse.

Five of the six schemes in Table 1.1 treat National Insurance Contributions as if it they meant much the same as payment of Income Tax. The general view seems to be that contributions do not matter, that it is all a fiction anyway, that NICs are simply another form of tax. It is difficult to say whether people think this is true, but there are still those (notably Frank Field) who argue that the contributory principle needs to be reinforced, not abandoned. It would certainly be difficult to justify the retention of contributions if they do not deliver any benefits. While there is some argument for redistributing resources and funding between pensioners, the idea of reneging on contributory pensions to fund basic allowances for working people would be a fundamental breach of the social compact that underlies the welfare state.

## RESOLVING THE PROBLEMS

There are some bitter pills to swallow here. BI can be hugely expensive. It is potentially disruptive. The treatment of existing benefits and of current tax allowances cannot work as intended. BI cannot replace existing benefits. It cannot be introduced at a level which is high enough to end reliance on means testing. It puts people who are vulnerable and needy at risk.

These problems are not easy to resolve, but they can be minimised. The place to start is with the concept of BI itself – a cash benefit that is universal, inclusive and unconditional. Basic Income is meant to be 'basic', not a replacement for every other income source. It will be delivered along with other benefits. It does not determine final income in itself. Basic Income cannot be 'adequate', but it does not need to be; it only needs to be basic. Necessarily and inevitably, BI will mix with other income. Distributing cash is not like providing a house or a school. The nature of cash means that it can be mixed with other cash, and it is no longer possible to tell which is which. BI will make a useful contribution because it provides part of a person's income – a part that is secure, that is not stigmatized, that adds to social cohesion. It would be good if it could provide a larger part rather than a smaller one, but that is not crucial to the concept.

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



HERIOT  
WATT  
UNIVERSITY



THE UNIVERSITY  
of EDINBURGH



scottish universities  
insight institute  
making knowledge for a better Scotland

All the schemes reviewed here have supposed that BI will replace or reduce other benefits, but it does not have to work that way. Let's get back to the model of Child Benefit. Child Benefit sits alongside other benefits. For the most part, Child Benefit is disregarded as income. In the past, Child Benefit did interact with other benefits – it was deducted, pound for pound, from Supplementary Benefit. That stopped in 2004, and when it stopped, Child Benefit had a greatly enhanced power to improve the situation of people on low incomes. BI could do that, too. The only way to make sure that poor people benefit is to make sure that they do not lose income as a consequence of receiving BI. It follows that BI should not interact with other benefits. It should not be deducted from them. It should be disregarded completely for administrative purposes.

Imagine that we want to extend something like Child Benefit to everyone. To keep things simple, let us suppose that every man, woman and child gets £100 per month. That would be treated as wholly and completely additional to existing benefits, with only one exception – because I have included children, this would also replace Child Benefit. This is much more limited than the schemes that the seminar series has been discussing, but it does respect all the principles identified with CBI schemes, being individual, universal, unconditional and undifferentiated. The example is, quite deliberately, stripped down to the core. It does not offer premiums, or extra categories, or differentials between age groups. (I have not tried to mirror current arrangements for Child Benefit, because they would complicate things. Child Benefit pays more for the first child, but there is an assumption built into that about domestic arrangements. If BI is paid individually, then two parents could legitimately claim as individuals for first and the second child, and a lone parent could not. I can see no way of resolving that without applying a household test, and for the purposes of the example I have taken it that it is more desirable to avoid such a test than it is to provide a premium for one child within a Basic Income scheme. This illustrates a general principle: any attempt to respond to need or to household circumstances is liable to complicate things.)

This is a very limited, modest proposal, but it would still be expensive. Extending the equivalent of Child Benefit to everyone would cost somewhere in the region of £68 billion – that is additional to the £12 billion that Child Benefit already costs. (The cost could largely be met by straightening out some of the kinks in tax reliefs – but of course, like all costs, the same measures could be used to fund other activity instead.) The level of benefit is set at a much lower level than many BI schemes imagine, but if it is not possible to justify benefits at that level, it is very unlikely that a justification can be found for a scheme that offers – and costs - three or four times as much.

Would it be worth doing? It would not fulfil all the promise of Citizens' Basic Income. It would not lead to radical simplification of the benefit system. It would not give people the chance of a life of sybaritic luxury, such as van Parijs's example of surfing, which sounds a bit too much like physical effort for my taste. It would not transform the labour market. Maybe there is somewhere a much higher level of benefit that would have a transformational effect on labour and society, but that is speculative; if

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



scottish universities  
insight institute  
making knowledge for a better Scotland

there is a tipping point, a level of benefit which will lead everyone to act differently, we do not know where it lies. But a scheme like this would do other things. It would provide people with a limited secure, predictable income. It would help people who are destitute. It should be markedly progressive - the sums at issue are worth far more to poorer people than they are to richer ones. (It can be more progressive still if the mechanism for finance comes substantially from people on higher incomes.) It would have quite a substantial impact on poverty. Those outcomes are not negligible.

The arguments for better benefits do not stop with Basic Income. The central concept in assessments of the relative merits of different income schemes is the 'income package'.<sup>22</sup> Income from different sources mixes together; it is only when the package as a whole is considered that the effectiveness of a particular benefit becomes comprehensible. One of the curses of British social security policy has been the misconception that things would be simpler if only we could combine little benefits into one big benefit. That philosophy gave us 'scientific charity' under the Poor Law, Supplementary Benefit, Unified Housing Benefit and Universal Credit. No-one should be looking to add Basic Income to that list. The central disadvantage of 'portmanteau' benefits is not that they are complex, though that does not help; it is that when something goes wrong, it goes wrong with everything. If we want to make further provision for, say, childbirth, disability, sickness, caring or transport needs, we should do it separately, making sure that what happens in relation to one benefit does not infect all the others. The key to making this work is to make sure, as it happens with family allowances in France, that all the benefits get paid to the same destination on the same day. It is not Basic Income alone that matters. What matters most is the income that people finish with.

Once it is accepted that BI is an income received along with other benefits, there is scope for considerable flexibility. I think there is a reasonable case for the RSA proposal to pay more for children aged 0-4,<sup>23</sup> there is a separate case for paying more for the first child, and I have already mentioned an argument for topping up State Pension; apart from that, there is also an argument for a Universal Housing Allowance, which could be paid for from a review of local property taxes. There could be a 'participation income', recognizing contributions.<sup>24</sup> There could be a convertible tax allowance, so that people can opt to receive the value of their allowance in place of their tax code. And, because cash is fungible, those things could all happen at the same time. People will receive varying amounts of income according to their circumstances, without compromising the universal character of Basic Income.

## OPERATIONAL ISSUES

Because Basic Income is intended to be simple, inclusive and as close to automatic as possible, there has been a tendency to assume that the administration will sort itself out. It won't. Here are a few examples of the sort of issue which need to be considered.

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



1. Who is entitled: citizens, permanent residents, non-resident taxpayers? Will the benefit be payable to citizens abroad, or guest workers? What will happen when people spend time abroad, or when citizens return to Britain?
2. Will people have to claim?
3. How will applications be verified?
4. How will the benefit be paid? If it is going to be paid to a bank account, will there be a universal service obligation on the banks to ensure that everyone can receive the benefit?
5. When will the benefit be paid? What period should be covered? Will there be a uniform pay day?
6. How will payments be made for children? Will they need their own bank accounts?
7. How will payments be made for people lacking capacity? What will be the position of people in hospital or residential care who are unable to engage in financial decisions (formerly a problem with the Non Contributory Invalidity Pension)?
8. What can be done to protect the individualization of benefits, so that women are empowered in the household?
9. What happens when someone dies? When will benefits stop?
10. What will happen in the event of fraud, error or overpayment?
11. If benefits are age related, are they going to be altered from that person's birthday, or from the next due payment?
12. What can be done to make sure benefits are inalienable, and cannot be sequestered by creditors, courts or administrators?

Those may look like details, but they are details that weigh on people's lives. Any experiments with Basic Income will have to make decisions about how these issues are to be settled, and they will have to do so from the outset. As the saying goes, the devil is in the detail.

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH



## REFERENCES

1. R Colville, 2018, Universal Basic Income – as unpopular as it is impractical, Prospect, <https://www.prospectmagazine.co.uk/economics-and-finance/universal-basic-income-as-unpopular-as-it-is-impractical-%E2%80%A8>
2. T Clougherty, 2018, Make work pay, Centre for Policy Studies, pp 9 and 56, <https://www.cps.org.uk/publications/make-work-pay/>
3. D Piachaud, 2018, Basic Income: confusion, claims and choices, Journal of Poverty and Social Justice 26(3) 299-314
4. See e.g. K Widerquist, J Noguera, Y Vandeborghht, J Wispelaere (eds), 2013, Basic Income, Chichester: Wiley; A Downes, S Lansley (eds) 2018, It's Basic Income, Bristol: Policy Press
5. See e.g. P Johnson, Parallel histories of retirement in modern Britain, in P Johnson, P Thane (eds), Old age from antiquity to post-modernity, London: Routledge 2002, p 217.
6. P Van Parijs, 1991, Why surfers should be fed: the liberal case for an unconditional Basic Income, Philosophy and Public Affairs 20(2) 101–131
7. G Standing, 2017, Basic income, London: Penguin
8. Basic Income Earth Network, n.d., About Basic Income, <https://basicincome.org/basic-income/>
9. e.g. A Dilnot, J Kay, C Morris, 1984, The reform of social security, Oxford: Clarendon Press
10. S Duffy, 2018, Basic Income Plus, Centre for Welfare Reform, <https://www.centreforwelfarereform.org/library/by-az/basic-income-plus.html>
11. Sources: Citizens Income Trust, 2015, Citizens Income: a brief introduction, <http://www.citizensincome.org/wp-content/uploads/2016/03/Booklet2015.pdf>; H Reed, S Lansley, 2016, Universal Basic Income: an idea whose time has come?, Compass, <http://www.compassonline.org.uk/wp-content/uploads/2016/05/UniversalBasicIncomeByCompass-Spreads.pdf>; Compass, Green Party, 2015, Basic income: a detailed proposal, <https://policy.greenparty.org.uk/assets/files/Policy%20files/Basic%20Income%20Consultation%20Paper.pdf>; Reform Scotland, 2016, The Basic Income Guarantee, <https://reformscotland.com/wp-content/uploads/2016/02/The-Basic-Income-Guarantee-1.pdf>; M Torry, 2018, Why we need a Citizen's Basic Income, Bristol: Policy Press; A Miller, 2017, A Basic Income handbook, Edinburgh: Luath Press, and personal communications.

---

All outputs from the project can be found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



12. HM Treasury, 2018, Estimated cost of principal tax reliefs, [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/737597/Dec\\_17\\_Main\\_Reliefs\\_Final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/737597/Dec_17_Main_Reliefs_Final.pdf)
13. Ifs Green Budget, 2108, <https://www.ifs.org.uk/publications/13495>
14. Torry, 2018, p 5.
15. Reed, Lansley, 2016, p 22.
16. C Murray, 2006, Guaranteed income as a replacement for the welfare state, Oxford: Foundation for Law, Justice and Society
17. See P Spicker, 2011, How social security works, Bristol: Policy Press, especially ch 1.
18. R Titmuss, 1955, The social division of welfare, in Essays on the 'Welfare State', London: Allen and Unwin 1963, pp 42-3.
19. L Martinelli, 2017, Assessing the Case for a Universal Basic Income in the UK, Bath: IPPR, p 43.
20. See P Spicker, 2012, Why refer to poverty as a proportion of median income?, Journal of Poverty and Social Justice 20(2) 163-175.
21. A Davis, D Hirsch, M Padley, C Shepherd, 2018, A Minimum Income Standard for the UK 2008-2018, York: Joseph Rowntree Foundation, <https://www.jrf.org.uk/file/51448/download?token=YX4asoAn&filetype=full-report>
22. T M Smeeding, M O'Higgins, L Rainwater (eds) 1990, Poverty, inequality and income distribution in comparative perspective, New York: Harvester Wheatsheaf.
23. A Painter, C Thoun, 2015, Creative citizen, creative state, Royal Society of Arts <https://www.thersa.org/discover/publications-and-articles/reports/basic-income/Download>
24. A B Atkinson, 1996, The Case for a Participation Income. Political Quarterly, 27 (1), 67-70.



# Some reservations about Basic Income

All outputs from the project can be  
found at [www.cbin.scot/resources/](http://www.cbin.scot/resources/)



Citizen's Basic  
Income Network  
Scotland



THE UNIVERSITY  
of EDINBURGH

