

BRIEFING LEAFLET No 1.

THE GENERIC BASIC INCOME: AN INTRODUCTION

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“A basic income is a periodic, *uniform (except by age), unconditional* cash payment delivered to all on an individual basis, without means-test or *behavioural* requirement.” This is a slight variation on the definition on the website of the Basic Income Earth Network (BIEN), (www.basicincome.org/about-basic-income/)

WHAT SORT OF SOCIETY DO WE WANT TO CREATE FOR OURSELVES AND FOR FUTURE GENERATIONS?

Engraved on the Scottish Mace, are the words: wisdom, justice, compassion and integrity. These are the ideals to which the people in Scotland aspire for their Members of the Scottish Parliament. A BI based on these values would provide a good foundation for a replacement income maintenance system. It would transform our society from one of fear and despair to one of compassion, justice, trust and hope.

Freedom, fairness and fellowship, (expressing the familiar concepts of *liberté*, *égalité*, and *fraternité* in a different way), are the outcomes that many people would like to enjoy in society.

The first duty of government should be the security of its people – that is, their **income security**. It might even be claimed that its first duty is to provide the means for all individuals to meet their basic needs for a dignified, if modest, standard of living, enabling them to participate in public and social life, and to develop and flourish to their full potential in a sustainable economy. One might hope that this would help to create a society very different from the self-pre-occupied, materialistic and cruel one that the UK has become.

A BI would be a radical transformation designed for the 21st century, eventually replacing much of the current Social Security system, (but not our public welfare services). BI represents a new relationship between society, state and its citizens.

A BI is not a panacea and should not be claimed as a cure for all society's ills. It is a necessary, though not sufficient, condition for a better society.

A BI scheme is a set of instruments rather than a program of policy objectives, ie. a means to end(s), depending on the other instruments with which it is coupled.

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2. JUSTIFICATION FOR A BASIC INCOME

“Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.” Universal Declaration of Human Rights, Article 25 (1), adopted by the General Assembly of the United Nations on 10 December 1945. This right is granted only *in circumstances beyond a person’s control*. Thus, while on the right path, it only takes us part way towards a BI, which is granted without that qualification.

Thomas Paine, 1796, argued that the land and natural resources belong to the people. Since land has been appropriated for private use, the owners owe a rent to the whole excluded population.

Our economies are built on the infrastructure and material heritage of previous generations, and who is to say whose forebears they were? A BI can be regarded as a dividend from the economy underpinned by this common heritage.

“A 2005 World Bank study concluded that most of a nation’s wealth derives from intangible capital; that is, from human capital and the quality of institutions, especially the rule of law. The wealthier the nation, the more this is so.” Thus, a BI can also be regarded as a dividend from this common good.

In 1624, John Donne said “No man is an island.” In other words, we all are dependent on many others. Our decisions and actions affect other people. Thus, we are interdependent and therefore mutually responsible for each other.

The most compelling justification for a BI is that the current UK Social Security ‘safety net’ is complex, unjust, unwieldy, inefficient and not fit for purpose. The Covid-19 pandemic has exposed its enormous holes. It fails to protect many of the most vulnerable members of our society. It was designed for the very different economy and society of seventy years ago, and is now well past its sell-by date.

Recent estimates indicate that 20% of people in the UK live below the official poverty benchmark, including 20% of children, which affects their life chances. Poverty undermines health and shortens life by as much as 12 years between the life expectancy of the bottom 10% and the top 10% of the income distribution. On average, two rough sleepers die on the streets each week in the UK. The right to life is a matter of ethics and should take precedence over financial considerations.

The characteristics of the generic basic income (on p.3) define a **class** of income maintenance systems, within which a wide variety of schemes/models is possible.

WHAT IS A BASIC INCOME?

3.

BIEN continues...

(Words in italics have been changed or added).

That is, basic income has the following **six characteristics**:

1. **Periodic**: it is paid *at the beginning of the period to which it relates* at regular intervals (for example every month) not as a one-off grant.
2. **Cash payment**: it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use. *It is paid gross, that is, without any personal tax or other deductions.*
3. **Individual**: it is *delivered* on an individual basis – and not, for instance, *on the basis of a couple or household.*
4. **Universal**: *this indicates who is eligible.* It is paid to all, *including to a child to be administered on her/his behalf by the primary care-giving parent or another registered responsible person. It is not targeted at a particular section of the population according to specific categories or circumstances, such as an occupation group or low-income people*
5. **Uniform**: the **amount** of the basic income is **the same/equal** for everyone within a given jurisdiction at a given time, *except that it could vary by age, but not according to categories or circumstances such as personal attributes, household living arrangements, employment status, insurance contribution record, income, wealth or worth.*
6. **Unconditional**: *a basic income is not conditional on the recipient having to fulfil behavioural requirements such as participating in authorised activities. It is paid without a requirement to work or to demonstrate willingness-to-work, or to undertake volunteer work, or to behave according to traditional gender roles. In other words, it is **obligation-free.***

This definition helps to distinguish between the genuine BI and other related systems, such as a Negative Income Tax, a targeted income, a means-tested benefit (MTB), a Minimum Income Guarantee which is a MTB with a 100% withdrawal rate over the lowest incomes, and a Participation Income.

Tax-exempt **disability benefits** to cover the extra costs incurred by people with disabilities would be paid in addition to basic income, in a separate system.

In the UK, where house prices and rents are very variable across the country, a separate, individualised **Housing Benefit** system would have to be retained.

A **full BI** would be high enough for a dignified, if modest, standard of living for a single person, enabling participation in society: a **partial BI** would need to be topped up by other income, usually earnings.

WHAT BROAD OBJECTIVES CAN A BASIC INCOME HELP TO FULFILL?

Each characteristic of a BI could help to achieve several related short-run and long-term objectives for welfare reform. Even a partial BI can contribute to the objectives, but the effects increase with the generosity of the scheme.

* Each person is respected and valued for her/his own sake. A BI bestows dignity, privacy and financial autonomy. By *trusting adults with more control over the use of their own time*, a BI can emancipate and empower them.

* A BI can help to prevent, or at least reduce, income poverty and provide *financial security*. It could increase wellbeing in terms of living standards, health and educational opportunities, helping people to develop to their full potentials.

* A BI could help to redistribute income from rich to poor, men to women and geographically. It could heal our divided society and eventually help to create a more just, united and inclusive society. But *income* inequalities could be reduced more effectively, if the BIs were financed by a progressive *income tax* system.

* Non-means-testing of benefits restores the incentive to work-for-pay inherent in the net wage rate, reducing the current high marginal deductions from potential earnings by removing the aggregated benefit tapers (withdrawal rates) facing unemployed and low-paid workers. Financial security would help self-employed people, small companies and workers co-operatives to thrive and grow, releasing creative enterprise. A BI could reduce the inequality of power relationships in the workplace, and help workers and their representatives to negotiate for fair pay, flexibility and better working conditions. The system would work well for either a full employment economy or one affected by loss of jobs via automation. Labour markets could become more efficient & flexible both for employees & employers.

* A BI scheme can help to simplify the administration of a social security system, reducing the risk of fraud or error by either recipient or staff. It should also reduce the current time-consuming personal effort and stress required to apply for benefits. Eventually it could lead to a more transparent and accountable system.

The combination of choice, equity and efficiency goals appeals to both left & right.

Further information can be accessed via the following websites:

Citizen's Basic Income Network Scotland, re BI in Scotland. www.cbin.scot

Citizen's Basic Income Trust, UK-wide implementation. www.citizensincome.org

Basic Income UK, a grass-roots organisation. www.basicincome.org.uk

Basic Income Earth Network of national organisations. www.basicincome.org

This material has been abstracted from Annie Miller's (Edinburgh: Luath Press), *Essentials of Basic Income*, 2020, £4.99, ISBN: 978-1-913025-58-8, and *A Basic Income Pocketbook*, 2020, £9.99, ISBN: 978-1-912147-62-5.