

Talking Points

Here's how we respond to some of the questions that come up frequently during Basic Income Conversations. We suggest you give this a good read before your Conversation. If, when you're using the Toolkit, you find that there's something missing let us know info@basicincomeconversation.org.uk

What is the Basic Income Conversation?

The Basic Income Conversation is an organisation launched in 2020. We are dedicated to moving the UK towards a basic income that improves the circumstance of everyone receiving it. We work with individuals and organisations, a Research Network at the cutting edge of work on basic income and a growing network of cross-party politicians and activists.

A Basic Income Conversation is a structured discussion that helps you deepen your understanding of this policy and look at its potential impacts.

Why have Conversations?

Basic income is a big idea. It takes a bit of time to fully grasp it – both how it would work and how it might impact people. We still struggle to explain basic income in a short elevator pitch and realised that Conversations were the way to go!

A Conversation leaves space for learning, scepticism and ignorance. These Conversations provide a space to ask questions and to have a go at answering them yourself. Everyone would receive a basic income, so our gut feelings about how it would impact us and our communities contain vital information.

These Conversations bring more people into the movement. But they also help people discover the idea of basic income for the first time, to explore the intersections with various other social issues and share stories that help shape our work.

What is basic income?

Basic Income is a regular payment everyone receives. Forever. The right basic income would guarantee financial security for all. It has five core characteristics:

- Cash: it's money you can spend on whatever you want.
- Regular: so you know the next payment is coming.

- Individual: Each person gets their own basic income, paid to the individual not the household.
- Unconditional: You don't have to work or make any promises to get your basic income, there are no strings attached
- Universal: everyone gets it.

Everything else, well that's to be decided. Including how much it is and how it's paid for.

How much cash would it be?

This is one of the decisions that we need to make collectively. The amount a basic income is each month depends on how we pay for it. Modelling has shown that even a modest basic income of £60 a week would significantly reduce poverty in the UK¹. A full basic income would be enough to live on, it's usually suggested that this should be set at around £1000 a month.

Would everyone get it?

Yes! Everyone within the geographic area covered by a basic income policy would receive the same monthly payment. It might vary a bit by age, children would get a lower basic income, and this would be paid to their parents. Adults above retirement age would either get more or less than working age adults. This would depend on whether a basic income was paid instead of their pension or a well as. But other than that everyone would get the same.

Why should everyone get it?

Basic income is built around the core principles of equity and universality. Everyone should get it regardless of their circumstance. People tend to disagree with this for two main reasons:

- 1. They think people should have to make a contribution to deserve an income.**

People would still get paid for the work they do. A basic income is just that, basic. Even a very high basic income would only be enough to live on modestly. There would still be a financial incentive to work hard.

No one should go completely without, even if they don't do what you consider to be an appropriate amount of work. A basic income would ensure no one is

¹ Compass <https://www.compassonline.org.uk/publications/basic-income-for-all-from-desirability-to-feasibility/>

doomed to poverty and destitution. Basic income pilots have shown that a basic income actually helps people engage with the labour market and other useful work².

A basic income would acknowledge unpaid work. The unpaid work we do in our own homes has been valued at over £1 trillion a year in the UK³. Unpaid work keeps our country and our economy afloat. It is very hard to monitor these crucial contributions. A basic income would both recognise them and allow people the freedom of choice to continue making them. Although we consider people outside of paid work “economically inactive” they are still contributing to our economy through spending their money and their unpaid work. Retired people are a good example here – through working with retired people at the Basic Income Conversation we’ve seen what an incredibly productive group they are without any wage incentive.

2. They don’t think that we should waste money on paying a basic income to people who are already well off.

Almost every model of basic income includes changes to the income tax system that would mean people who earn the most end up paying more in tax than they receive as a basic income. This means the people on the low end of the income spectrum benefit the most financially.

Why doesn’t it go to the household?

It goes to the individual so everyone has access to their own income. Benefits paid to the household often leave women at a disadvantage and can put them at risk of financial abuse. Also, calculating income support based on the make up of a household is often too simplistic to reflect the complexity of each individual’s circumstance.

Why is it a regular payment?

A basic income that is paid weekly or monthly provides significantly more financial security than a one off or less regular payment. This allows people to plan ahead and make big life decisions that will benefit them in the long run.

Why is it money?

² Stockton Economic Empowerment Demonstration
<https://www.stocktondemonstration.org/employment>

³ ONS
<https://www.ons.gov.uk/economy/nationalaccounts/satelliteaccounts/articles/householdsatelliteaccounts/2015and2016estimates>

A basic income is paid as cash that can be spent on anything, not as vouchers or in kind services. This is to provide a minimum, basic level of choice to everyone. Our lives are complicated and constantly changing, what you need money for differs from week to week. A basic income provides you with cash to address those changing needs yourself.

Other targeted programmes that address specific needs are valuable and can continue alongside this. But a basic income is designed to guarantee an income to everyone that they have the freedom to spend on whatever they choose.

What about Universal Basic Services?

Public services are an essential part of our lives. A basic income is not designed to replace these and it should not be funded through cuts to these services. A Universal Basic Services programme is made up of lots of different services, each with a specific purpose and complex design. A basic income is one programme designed to provide everyone with a guaranteed income. They are both necessary.

These ideas are often pitted against each other, but they are actually complementary. Both require significant public engagement on how we spend public money and are based on the principles of universality, sufficiency and security. But other than that, the routes to their implementation are rather different, so while we support comprehensive public services our work focuses on securing a basic income.

What about rent?

Rents vary so much from area to area it is usually suggested that rent is not included in a basic income. This would mean housing benefit would be kept and paid in addition to a basic income. If we wanted a basic income to cover rent, we would also need significant changes to housing policy that make rental costs more consistent across the country. Housing might be something that a Universal Basic Services programme covers for example.

What about other benefits?

Some people have additional needs or less access to paid work than the average person. The targeted benefits that support these people should be retained and paid in addition to a basic income.

What about people with disabilities?

People with disabilities have a higher cost of living than those without. Therefore, a basic income that financially supports someone without a disability might not be enough for someone who incurs extra costs due to their health. The world of work

is also not fit for purpose for many people with disabilities, this makes it harder for disabled people to access a sustainable income through paid work.

Disabled people would receive a basic income the same as everyone else. Disability benefits would be retained and paid in addition. There are many problems with the way disability benefits are currently paid and assessed. As part of the process of implementing a basic income these problems should be addressed. The systems should become more aligned with the principles of a basic income, minimising conditionality and ensuring the amounts paid are sufficient. The Basic Income Plus model outlines how a basic income could work for disabled people⁴.

How much will it cost?

This depends on how much the basic income is, and who the net beneficiaries and net contributors are. While everyone receives a basic income, many will in effect return it to government via the tax system. This is sometimes called the clawback or withdrawal rate. Only some people will hold on to all or part of their basic income once tax payments are taken into account: these are the net beneficiaries of the scheme.

This also resolves the “billionaire’s dilemma” – why give a billionaire a basic income? The answer is that a billionaire would simply return that basic income through her taxes – and with most funding schemes, also pay taxes to help fund basic income for others, thus becoming a net contributor. But if this billionaire becomes suddenly poor, she can depend on her basic income. And since her tax bill will drop she’ll become a net beneficiary.

When considering the cost of a basic income it is very important to understand the difference between the gross and net cost of the policy:

- **The gross cost** is the upfront cost of the basic income (essentially the number of people receiving it x the amount paid).
- **The net cost** is true cost of a basic income: that’s the cost when you only count the net beneficiaries that will end up with more income after all taxes and transfers.

Imagine this simple example: two people decide to set up their own basic income of £10 each. The wealthier person funds the UBI by paying a £20 tax. £20 is the gross cost. But because the wealthy person paid £20 but also received £10 via the basic income, the net cost – the amount the wealthier person loses and poorer one gains after all taxes and transfers - is £10.

⁴ Centre for Welfare Reform <https://www.centreforwelfarereform.org/library/basic-income-plus.html#:~:text=What%20does%20basic%20income%20mean,be%20on%20top%20of%20that.>

It's up to the design of each particular scheme to decide the income level at which people start returning their basic income through the tax system. But the difference between net and gross cost is usually large.

There are many revenue neutral models of basic income that have been proposed. A revenue neutral model does not increase net public spending – it moves money from one place (for example, the tax and benefit systems) to another (the basic income). However, for some basic income advocates, one of the key possible benefits of basic income is reducing inequality – which means raising net taxes on the rich, so as to redistribute some of their wealth to lower earners via a basic income.

There will also be hidden savings that are much more complicated to model. Things like savings on running the Department of Work and Pensions when the system is made significantly less complicated or reducing the cost of the health impacts of poverty to the NHS. Finally, there are also dynamic effects of basic income that are hard to predict: for instance, many studies have shown that a basic income leads to greater entrepreneurial activity, which would contribute to economic growth and thus more tax revenue.

But a basic income policy is always going to deal with very large numbers. There are nearly 70 million of us in the UK who would all receive it! Understanding the context of these numbers is very important, referring to the net cost (rather than the gross cost) is one part of that.

The other side to consider is the purpose of the policy. What price seems fair for drastically reducing poverty and eliminating destitution? For guaranteeing financial security to every citizen? We cannot expect to do these things on a meagre budget so this cost should not hold us back from seriously considering this policy.

No but really, how much will it cost?

If you feel it's necessary to quote numbers about the cost of a basic income then you will need to find a scheme to refer to. Many basic income models have been proposed so we suggest you have a look around until you find one that looks right to you. Remember, basic income schemes can be designed in many different ways and they will each cost a different amount. When you are selecting a basic income scheme to refer to see if it has any modelling or microsimulation that accompanies it. This will show you some projected impacts of this particular basic income and you can use this to decide if you support the scheme.

Here are some resources on basic income schemes and modelling of their impacts:

- Compass' report [Basic Income for All: From Desirability to Feasibility](#) by Howard Reed and Stewart Lansley
- [Economic modelling of the potential impacts of a Scotland-wide basic income](#) by the Fraser of Allander Institute at the University of Strathclyde in collaboration with the Institute for Public Policy Research (IPPR) Scotland

and Manchester Metropolitan University. This work was commissioned as part of the Scottish basic income experiment feasibility study.

- This paper on [modelling basic income](#) from the Centre for Microsimulation and Policy Analysis
- The work of our friend Malcolm Torry. He has done extensive work on how to pay for and the microsimulation of a basic income that he often publishes on the [Citizens' Basic Income Trust website](#).

You will notice the first three reports present two models, a high and a low level of payment. This is to show the two extremes of approach to designing a basic income scheme. The low level requires no changes in public spending, they are revenue neutral. The high level is set around the Minimum Income Standard. This is a calculation done by the Joseph Rowntree Foundation to present the level of income various households need to have socially acceptable standard of living.

The low level in each of these papers has less of an impact on poverty. The high level profoundly reduces poverty but costs a great deal to implement. There are countless basic income schemes that could be modelled between these two ends of the spectrum, each one making different design choices, costing different amounts and resulting in different effects.

This is why we suggest that we quote numbers with care. It is very easy to mistakenly dismiss basic income entirely because you have seen the cost quoted as very large or the payment proposed at a very low rate. We hope that, in part through the Basic Income Conversation, we can settle on a set of principles with which to design a basic income scheme that are widely agreed and then produce a costed model of this basic income. To get to that point we all need to understand the trade-offs involved in designing a basic income scheme when talking about these costings.

How do we pay for it?

There are many ways of funding a basic income. Most basic income models propose one or a combination of the following:

- **The introduction of new progressive taxes** – Additional taxes for higher earners, including higher income tax rates for very highest levels of income, or taxes on land, financial transactions, corporate profits, carbon and wealth.
- **Changes to the tax system** – Usually this starts by reducing or removing the tax free allowance so this is paid as a regular cash payment to lower earners instead of a reduced income tax bill. The other common tax proposal is increasing taxes for higher earners.
- **Changes to the benefits system** – Some of the piece-meal benefits to lower earners can be more effectively provided by a basic income. Removing and

reducing existing benefits creates money that can be reallocated to a basic income.

- **Sovereign money** – The state creates more money and allocates this to a basic income.
- **Citizen's wealth fund** – A fund owned by the people of the UK that is managed and invested democratically and then paid out as a basic income. The fund could be built in various ways including through the profits generated from state owned assets and enterprises and corporate taxes.

Where has a basic income happened before?

There isn't a national, full basic income anywhere in the world. Yet. The Alaska Permanent Fund is as close as it gets. Each year every citizen receives a sum of money generated by their wealth fund. This has ranged from \$331.29 in 1984 to \$2,072.00 in 2015⁵.

When you hear people talk about a basic income it is usually a pilot or an experiment. These are programmes designed by social scientists to test the real-world impacts of a specific basic income.

There are an increasing number of demonstrations of basic income happening around the world. These are locally organised, privately funded basic income pilots that are designed to show the impacts a basic income has. They also produce data, this is less robust than the data from the scientific pilots, but most importantly they produce stories. People can tell us first hand the impact a basic income had on them.

There are also other interventions that are very close to a basic income. They might not fulfil all 5 criteria of the definition of a basic income, but they fulfil most of them. These produce data that helps us understand the potential impacts of a basic income.

The places that policies similar to basic income, pilots and demonstrations have been implemented include: United States, Canada, Spain, Finland, Netherlands, Iran, India, Namibia and Kenya. You can find a map of basic income experiments here on the [Stanford Basic Income Lab website](#).

What happened during the basic income pilots?

Lots! These pilots and interventions were all done in very different ways. They tested different levels of basic income, with different types of people in very

⁵ Alaska Permanent Fund Corporation
<https://web.archive.org/web/20141006103714/http://www.apfc.org/home/Content/dividend/dividendamounts.cfm>

different circumstances. So, while we have a lot of evidence on basic income, much of it showing positive things, it is not possible to conclusively say what a basic income does and how.

But there are a few things that have happened fairly consistently across different pilots and interventions. Including:

- People staying in paid work
- Improvements in health and mental health
- Increased financial stability
- Increased engagement with education
- Increased trust in the social security system

Will politicians and political parties support it?

Basic income enjoys support right across the political spectrum. People on both the left and right of politics have supported basic income for centuries. There is therefore a unique opportunity for cross-party support for a basic income.

Many parties in the UK already support a basic income, and there is a growing group of politicians advocating for a basic income. The Green Party have long supported basic income with the Liberal Democrats joining them in putting it into official party policy in 2020. The Labour Party supported basic income pilots at the last election and both the Labour-led Welsh Senedd and the Labour Mayor of Greater Manchester Andy Burnham back pilots. It's pilots that the governing Scottish National Party (SNP) supported when it funded a Feasibility Study into how basic income could work in four Scottish local authorities. First Minister Nicola Sturgeon has since said basic income is "an idea whose time has come". There are now scores of local authorities who are exploring basic income pilots in all four nations of the UK, with Plaid Cymru in Wales and Alliance in Northern Ireland being other prominent parties who support basic income. The Conservative Party in the UK have yet to support a basic income.

The Basic Income Conversation work with the UBI Lab Network to support the Cross-Party Parliamentary and Local Government Working Group on UBI. This group of politicians work cross-party to put basic income on the political agenda at all levels of governance in the UK.

Is it ever going to happen?

We hope so! Some have even said some form of basic income is inevitable one day. The biggest barrier to a basic income is political. It is up to us to overcome that barrier through Conversations, campaigning and making the case for a basic income for all.