2. Citizen’s Basic Income - is it feasible?  
Malcolm Torry

Introduction

A Citizen’s Basic Income is an unconditional income for every individual as a right of citizenship. It would offer many economic and social advantages, and in our fast-changing society it would be the ideal replacement for means-tested and other forms of social security benefit. Someone receiving means-tested benefits – whether in-work benefits, or out-of-work benefits – finds that, as earned income rises, their benefits income falls, making it less than worthwhile to seek employment or to look for a better job. A Citizen’s Basic Income would never be reduced, so anyone who had been on means-tested benefits, and now found themselves receiving a Citizen’s Basic Income and no longer receiving means-tested

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7 Much of the material in this chapter is based on Malcolm Torry, The Feasibility of Citizen’s Income (Palgrave Macmillan, 2016). Readers seeking further detail and references should refer to the book, information about which can be found at http://citizensincome.org/news/a-new-book-the-feasibility-of-citizens-income/

8 A Citizen’s Basic Income is sometimes called a Basic Income, a Citizen’s Basic Income, or a Universal Basic Income. I have generally preferred Citizen’s Income to Basic Income for two reasons: because in English (although not in American English) the word ‘basic’ contains somewhat derogatory undertones (if something is ‘basic’ then it isn’t very good); and, more positively, because Citizen’s Income states that the income is for every citizen, whereas ‘basic’ does not necessarily imply that. (A complication is that in many countries ‘citizen’ does not include everyone legally resident. As we might expect, given the evolutionary fashion in which law is made in the UK, the UK has something of a problem with the definition of citizen, and with the concept’s relationship to the different statuses that people resident in the UK possess.) In 1984 the UK’s Basic Income Research Group was founded, and in 1992 it became the Citizen’s Income trust (CIT). Because Scotland is now having its own debate about Citizen’s Basic Income, the CIT has encouraged the development of an independent Scottish organisation. The Scottish network has decided to employ the terminology ‘Citizen’s Basic Income’. Independently, the publisher of my most recent book, Citizen’s Basic Income: A Christian social policy, asked for the ‘Citizen’s Basic Income’ terminology. The CIT’s trustees are currently discussing the question as to which terminology might now be the most appropriate. In this paper I have chosen to employ the terminology ‘Citizen’s Basic Income’.

9 The Citizen’s Income Trust’s definition of a Citizen’s Basic Income is ‘an unconditional and nonwithdrawable income for every individual as a right of citizenship’ (www.citizensincome.org). Strictly speaking the ‘nonwithdrawable’ is not required because ‘unconditional’ covers the idea that the income is never withdrawn; but ‘nonwithdrawable’ usefully emphasises the fact that as earned income increases the amount of the Citizen’s Basic Income does not change. Generally understood, and occasionally stated, is the requirement that the Citizen’s Basic Income should be an automatic and regular payment, the assumption usually being that the payment will be weekly. This distinguishes a Citizen’s Basic Income from the Alaskan
benefits, would find it more worthwhile to seek paid employment or a better job. Households would be able to lift themselves out of poverty more easily. And there would be useful social effects: Citizen’s Basic Income would not interfere with personal relationships as means-tested benefits do; it would provide economic security in the midst of a more flexible employment market; it would deliver improved social cohesion; it would be simple and cheap to administer; and it would attract no stigma, errors, or fraud. 10

Outlining a Citizen’s Basic Income’s desirability is not irrelevant to a discussion of its feasibility because implementation will only be feasible if Citizen’s Basic Income has desirable characteristics and effects.

But however desirable a Citizen’s Basic Income might be, if it is not feasible then it is not worth discussing it: so the main purpose of this chapter must be to discuss Citizen’s Basic Income’s feasibility – or, rather, feasibilities, in the plural. There are seven of them: two different kinds of financial feasibility; psychological feasibility; administrative feasibility; behavioural feasibility; political feasibility; and policy process feasibility. Each of them can be framed as a question: Can we pay for it? Will anyone lose out? Would the idea be understood and acceptable? Could we administer it – and administer the transition? Would it have the expected effects? Could it gather appropriate political support? And could it navigate its way through the policy process from idea to implementation? At the end of the chapter I shall draw some conclusions, and also ask about the possibility of policy accidents.

But before we move on to discuss each of the feasibilities in turn, we need to have clear in our minds the distinction between a Citizen’s Basic Income (which is always an unconditional and nonwithdrawable income for each

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individual) and a Citizen’s Basic Income scheme (which specifies the levels of Citizen’s Basic Incomes for different age groups, and the ways in which they will be paid for). A Citizen’s Basic Income scheme has a Citizen’s Basic Income at its heart, but there will always be tax rates and thresholds and other benefits as well. It is a Citizen’s Basic Income scheme that might be implemented, and never simply a Citizen’s Basic Income: so for Citizen’s Basic Income to be feasible we need to show that at least one Citizen’s Basic Income scheme is feasible.

The first kind of financial feasibility: Fiscal feasibility

‘Could we pay for Citizen’s Basic Incomes?’
In this era of austerity we have to assume that if a Citizen’s Basic Income scheme is to be feasible in the short or medium term then we shall have to find a way of paying for it that does not cost additional public expenditure: that is, it will have to be funded by rearranging the existing tax and benefits system. Clearly there will always be a way of doing this: that is, for any level of Citizen’s Basic Income up to the total personal income tax revenue collected divided by the population, Citizen’s Basic Incomes can be funded by rearranging the current tax and benefits system. Unfortunately, this funding method might result in large losses for some households, and if it does then it will fail the next feasibility test. In the longer term, additional funding methods might be available: financial transaction taxes, carbon taxes, central government money creation, etc.: but in order to make discussion of Citizen’s Basic Income a practical possibility, it will be essential to keep the Citizen’s Basic Income debate separate from any other: and, in particular, to keep it away from discussion of hypothetical new taxes that might never materialise. So for the purposes of this chapter, we shall assume that funding for Citizen’s Basic Incomes will come from adjusting income tax and social insurance contributions levels and thresholds.

The second kind of financial feasibility: Household financial feasibility

‘Would anyone lose out if a Citizen’s Basic Income scheme were to be implemented?’
If there is no additional public revenue available, and Citizen’s Basic Incomes therefore need to be funded by adjusting the current tax and
benefits system, there are bound to be gainers and losers. If, at the point of implementation of a Citizen’s Basic Income scheme, low income households were to suffer losses in their disposable incomes, or any households were to suffer significant losses, then the Citizen’s Basic Income scheme would not be ‘household financially feasible’. With a Citizen’s Basic Income it would be easier to turn additional earnings into additional disposable income than with means-tested benefits, so in the longer term losses could be ameliorated: but initial losses would still be a problem. Research ¹¹ has shown that in the UK it would be impossible for a Citizen’s Basic Income scheme to pass a household financial feasibility test if means-tested benefits were simply abolished. Only Citizen’s Basic Income schemes that leave means-tested benefits in place, and take Citizen’s Basic Incomes into account when means-tested benefits are calculated, can pass this feasibility test.

Only a scheme that passes both the ‘fiscal feasibility’ and ‘household financial feasibility’ tests can be regarded as financially feasible. The appendix contains an illustrative Citizen’s Basic Income scheme that passes both of the tests and that would therefore be financially feasible.

**Psychological feasibility**

‘*Would the idea of Citizen’s Basic Income be understood and acceptable?’* Feasibility tests based on such presuppositions as ‘the rich don’t need it’, ‘if people earn more then their benefits should be reduced’, and ‘people won’t work if you just give them the money’, are automatically failed by universal benefits. The fact that such existing UK universal benefits as Child Benefit, the Winter Fuel Allowance, and the National Health Service, are popular, does not affect the difficulty that Citizen’s Basic Income schemes would have in becoming psychologically acceptable to the UK’s public. Multiple individual conversions would be required to shift public opinion, and to shift policy makers’ mindsets. The problem could be circumvented by establishing Citizen’s Basic Incomes for one age group at a time, beginning with those thought to be more ‘deserving’, such as children, and elderly people, and then perhaps the pre-retired and young adults.

¹¹ See the appendix of this chapter for an example of recent research.
Administrative feasibility

‘Could we administer Citizen’s Basic Income – and administer the transition?’
This is perhaps the easiest feasibility test for Citizen’s Basic Income to pass. In the UK, such universal benefits as Child Benefit and the Winter Fuel Allowance are the easiest type of benefit to administer; and among health services the universal ‘free at the point of use’ National Health Service generates fewer administrative problems than any other kind. This suggests that administration of Citizen’s Basic Income would be easy to achieve. Alternatives to Citizen’s Basic Income, such as Negative Income Tax or a Participation Income, would be more difficult to administer than a Citizen’s Basic Income scheme. A further feasibility test relates to whether it would be possible to administer the transition to a Citizen’s Basic Income scheme. Different schemes and different implementation methods would lead to different answers: but a scheme that leaves in place all of the current tax and benefits system, and simply adjusts tax rates and thresholds and recalculates existing means-tested benefits, would have less legislative and regulatory work to do than one that abolishes means-tested benefits.

Behavioural feasibility

‘Would Citizen’s Basic Income have the expected effects?’
This feasibility test requires households’ situations to improve after implementation, which they would in relation to the secure financial floor that a Citizen’s Basic Income would create; the freedom from bureaucratic intrusion into intimate relationships and household activity that any family no longer receiving means-tested benefits would experience; many households’ greater ability to turn increased earned income into increased disposable income; an increasing range of options in the labour market; a reduction in administrative complexity; increased social cohesion; and so on. A problem is that this feasibility test can only be applied after a Citizen’s Basic Income scheme’s implementation. Evidence from natural and constructed experiments (such as pilot projects in Namibia and India, and Negative Income Tax experiments in Canada and the USA) suggests that the test would be passed. If implementation were to be one age group at a time, then a behavioural feasibility test successfully passed after one implementation could generate the psychological feasibility required for the next.
Political feasibility

‘Could Citizen’s Basic Income gather appropriate political support?’
Because in a democracy a Citizen’s Basic Income might take longer than a single parliament to legislate and implement, all-party support would be required. This means that the political ideologies of each mainstream party would need to be tested for their ability to generate arguments for and against Citizen’s Basic Income, and a survey would need to be undertaken to discover arguments actually generated from within political parties. Such research in the UK has shown that every mainstream ideology can and does generate arguments for a Citizen’s Basic Income, 12 and that the same arguments against a Citizen’s Basic Income can be found generated both in theory and in practice by most of the mainstream political ideologies. This suggests that while arguments for Citizen’s Basic Income can be ideology-specific, arguments against Citizen’s Basic Income are not closely related to parties’ political ideologies, and that they are psychological rather than political. This in turn suggests that a Citizen’s Basic Income could be politically feasible. Here a warning needs to be offered: Advocacy for Citizen’s Basic Income by a minority political party might make significant political feasibility relating to mainstream parties more difficult to achieve, because larger parties might feel obliged to oppose minority parties’ policy proposals, particularly if minority parties espousing those policies might compromise the electoral chances of larger parties.

Policy process feasibility

‘Could Citizen’s Basic Income navigate its way through the policy process from idea to implementation?’
The feasibility test here is whether Citizen’s Basic Income can negotiate the journey through the policy-making process from idea to implementation. In the UK, the policy process is constituted by policy networks and communities; think tanks and other institutional players; the Government, Parliament, the civil service, and trades unions; and such self-interested players as computer manufacturers and software writers. The policy process in any developed country will be similar to this. Policy processes can be regarded as both rational and chaotic; policy-making is usually both

12 Evidence for this and other statements in this chapter will be found in Money for Everyone: Why we need a Citizen’s Income (Bristol: Policy Press, 2013).
incremental and evolutionary; and policy development exhibits path dependency – that is, it continues to move in its current direction of travel unless a policy shock makes it change direction. In the midst of such complexity, it will be important never to compromise the characteristics of Citizen’s Basic Income. In the UK, given the importance of public opinion at various stages of a policy process journey, it might only be possible for Citizen’s Basic Income to find its way through the policy process if it were to be implemented for one age group at a time.

From feasibility to implementation

Do all of the different feasibility tests have to be met, or might it be possible to implement a Citizen’s Basic Income scheme by passing just some of them? Policy process feasibility is clearly crucial, and it might be necessary for the other feasibilities to be in place for a successful journey through the policy process to be possible: but it might not be. The policy process is not entirely rational, so new social policies that have not passed all of the listed feasibility tests have sometimes been implemented. In the UK, this includes Family Allowance, the precursor to Child Benefit. Accidents happen: and it is not inconceivable that implementation of a Citizen’s Basic Income could be via a policy accident. However, on the reasonable assumption that we cannot rely on a political accident giving birth to a Citizen’s Basic Income scheme, we can conclude that implementation of Citizen’s Basic Income one age group at a time might eventually enable Citizen’s Basic Incomes to be implemented for every citizen.

13 Material in this appendix is drawn from Malcolm Torry, An Evaluation of a Strictly Revenue Neutral Citizen’s Basic Income Scheme, Institute for Social and Economic Research Working Paper EM17/14, Colchester: Institute for Social and Economic Research, University of Essex, June 2016, https://www.iser.essex.ac.uk/research/publications/working-papers/euromod/em5-16. This paper should be consulted for references, for further detail on the material in this appendix, and particularly for details of how calculations have been made.

14 This working paper on which this appendix is based uses EUROMOD version G3.0. The contribution of all past and current members of the EUROMOD consortium is gratefully acknowledged. The process of extending and updating EUROMOD is financially supported by the Directorate General for Employment, Social Affairs and Inclusion of the European Commission [Progress grant no. VS/2011/0445.] The UK Family Resources Survey data was made available by the Department of Work and Pensions via the UK Data Archive. All remaining errors and interpretations are the author’s responsibility. Opinions expressed in this appendix are not necessarily those of the Institute for Social and Economic Research or those of the Citizen’s Income Trust.
Appendix 13 14

An illustrative Citizen’s Basic Income scheme for the UK

By using the EUROMOD microsimulation programme and Family Resources Survey data we can evaluate illustrative Citizen’s Basic Income schemes: in this case, a strictly revenue neutral 15 scheme that could be paid for by raising Income Tax rates by 3%, 16 by abolishing Income Tax Personal Allowances, and by making adjustments to National Insurance Contributions, and that would leave in place the existing social security structure and reduce households’ means-tested benefits by taking into account their Citizen’s Basic Incomes.

The levels of Citizen’s Basic Income are as listed in table 1.

The scheme raises National Insurance Contributions (NICs) above the Upper Earnings Threshold from 2% to 12% and reduces the Primary Threshold to zero. This has the effect of making NICs payable on all earned income at 12%. The Income Tax Personal Allowances are set at zero, and strict revenue neutrality is obtained with a 3% rise in Income Tax levels.

Table 1 summarises the results obtained from microsimulation of the scheme proposed.

We can conclude that the scheme would be strictly revenue neutral (– that is, it could be funded from within the current income tax and benefits system); that the increase in the Income Tax rate would be feasible; that the

15 A revenue neutral scheme is defined as a reform of the tax and benefits system that can be funded by making adjustments to tax and benefits rates and regulations. A strictly revenue neutral scheme is one that can be funded by making adjustments to rates and regulations related to the basic structure of personal income taxation and benefits. So a reform that could be funded by changing Personal Allowances and Income Tax rates would be strictly revenue neutral, whereas one that reduced a tax allowance related to private pension contributions might be revenue neutral rather than strictly revenue neutral (Donald Hirsch, Could a “Citizen’s Income” work? York: Joseph Rowntree Foundation, 4th March 2015, p. 33. www.jrf.org.uk/publications/could-citizens-income-work).

16 One criterion for a feasible Citizen’s Basic Income scheme has to be that Income Tax rates should not be raised by more than about 3%. While a large Citizen’s Basic Income could compensate for a substantial rise in income tax rates, income tax rates are a psychological as well as a financial issue, so substantial rate rises could be politically infeasible (Donald Hirsch, Could a “Citizen’s Basic Income” work? York: Joseph Rowntree Foundation, 4th March 2015, pp. 25–28. www.jrf.org.uk/publications/could-citizens-income-work).
scheme would generate a small but significant saving in public funds; that the scheme would not impose significant losses on low income households; and that no households would suffer unmanageable losses.

We can therefore conclude that the scheme would be financially feasible.

**Table 1: An evaluation of a Citizen’s Basic Income scheme with the working age adult Citizen’s Basic Income set at £60 per week.**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizen’s Pension per week (existing state pensions remain in payment)</td>
<td>£30</td>
</tr>
<tr>
<td>Working age CI per week</td>
<td>£60</td>
</tr>
<tr>
<td>Young adult CI per week</td>
<td>£50</td>
</tr>
<tr>
<td>(Child Benefit – already unconditional - is increased by £20 p.w.)</td>
<td>(£20)</td>
</tr>
<tr>
<td>Income Tax rate increase required for strict revenue neutrality</td>
<td>3%</td>
</tr>
<tr>
<td>Income Tax, basic rate (on £0 – 42,385)</td>
<td>23%</td>
</tr>
<tr>
<td>Income Tax, higher rate (on £42,385 – 150,000)</td>
<td>43%</td>
</tr>
<tr>
<td>Income Tax, top rate (on £150,000 – )</td>
<td>48%</td>
</tr>
<tr>
<td>Proportion of households in the lowest original income quintile experiencing losses of over 10% at the point of implementation</td>
<td>1.5%</td>
</tr>
<tr>
<td>Proportion of households in the lowest original income quintile experiencing losses of over 5% at the point of implementation</td>
<td>3.2%</td>
</tr>
<tr>
<td>Proportion of all households experiencing losses of over 10% at the point of implementation</td>
<td>1.4%</td>
</tr>
<tr>
<td>Proportion of all households experiencing losses of over 5% at the point of implementation</td>
<td>16.9%</td>
</tr>
<tr>
<td>Net cost of scheme</td>
<td>£2.8bn</td>
</tr>
</tbody>
</table>
Changes to means-tested benefits claims brought about by the scheme

Tables 2 and 3 give the results of calculations based on microsimulation of the current scheme and of the Citizen’s Basic Income scheme.

**Table 2: Percentage of households claiming means-tested social security benefits for the existing scheme in 2015 and for the Citizen's Basic Income scheme**

<table>
<thead>
<tr>
<th>Benefits Category</th>
<th>Percentage of Households Claiming Benefits in the Context of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Existing Scheme 2015</td>
</tr>
<tr>
<td>Out-of-work benefits (Income Support, Income-related Jobseeker’s Allowance, Income-related Employment Support Allowance)</td>
<td>15.4%</td>
</tr>
<tr>
<td>In-work benefits (Working Tax Credits and Child Tax Credits)</td>
<td>20.5%</td>
</tr>
<tr>
<td>Pension Credit</td>
<td>12.1%</td>
</tr>
<tr>
<td>Housing Benefit</td>
<td>21.9%</td>
</tr>
<tr>
<td>Council Tax Benefit</td>
<td>26.7%</td>
</tr>
</tbody>
</table>

17 The FRS data employed by Euromod G3.0 is uprated 2012 data, and so is based on data collected before Universal Credit began to be rolled out. Given the slow pace of the roll-out, it will be some years before the FRS data reflects changes brought about by the transition to Universal Credit.

18 The FRS data employed by Euromod G3.0 is uprated 2012 data, and so is based on data collected before Council Tax Benefit became locally regulated Council Tax Support.
Table 3: Percentage reductions in total costs of means-tested benefits, and percentage reductions in average value of household claims, on the implementation of the Citizen’s Basic Income scheme

<table>
<thead>
<tr>
<th>Benefits Category</th>
<th>Reduction in total cost</th>
<th>Reduction in average value of claim</th>
</tr>
</thead>
<tbody>
<tr>
<td>Out-of-work benefits (Income Support, Income-related Jobseeker’s Allowance,</td>
<td>70%</td>
<td>64%</td>
</tr>
<tr>
<td>Income-related Employment Support Allowance)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-work benefits (Working Tax Credits and Child Tax Credits)</td>
<td>27%</td>
<td>3%</td>
</tr>
<tr>
<td>Pension Credit</td>
<td>22%</td>
<td>23%</td>
</tr>
<tr>
<td>Housing Benefit</td>
<td>2.3%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Council Tax Benefit</td>
<td>6.6%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

These results show that the Citizen’s Basic Income scheme

- would reduce by 15% the number of households claiming the out-of-work benefits Income Support, Income-related Jobseekers’ Allowance, and Income-related Employment Support Allowance; would reduce the total cost of these benefits by 70%; and would reduce by 64% the average value of these benefits received by households;

- would reduce by one quarter the number of households claiming in-work benefits Working Tax Credits and Child Tax Credits; and would reduce by one quarter the total cost. (Average claim value does not change, so the reduction in cost is due entirely to the reduction in the number of households in receipt of these benefits.)

- would reduce by nearly one quarter the total cost of the means-tested Pension Credit. The average value of household claims would also fall by about one quarter. The number of claims for Pension Credit would not change much, so the reduction in total cost is due entirely to the reduction in the average value of claims. (The current transition from Basic State Pension to a Single Tier State Pension will change this picture by removing most elderly households from Pension Credit.)
would not alter the number of claims for Housing Benefit, nor their average value, and so would not alter the total cost of Housing Benefit. This suggests that a Citizen’s Basic Income scheme of this type – i.e., that was strictly revenue neutral, and did not impose appreciable losses on low income households at the point of implementation – would not help to solve the problem of housing costs. A solution based on housing supply will need to be found.

(The small reduction in the number of claims for Council Tax Benefit is irrelevant. The locally regulated Council Tax Support has now replaced nationally regulated Council Tax Benefit, so whether a household’s Citizen’s Basic Incomes would reduce to zero the household’s entitlement to Council Tax Support will now depend on the character of the regulations established by their Local Authority.)

The poverty reduction and redistributinal effects of the Citizen’s Basic Income scheme

Table 4 shows the changes that the Citizen’s Basic Income scheme would bring about in a number of indicators:

<table>
<thead>
<tr>
<th></th>
<th>The current tax and benefits scheme in 2015/16</th>
<th>The Citizen’s Basic Income scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inequality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposable income Gini coefficient</td>
<td>0.292</td>
<td>0.267</td>
</tr>
<tr>
<td>Poverty indices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Children in poverty</td>
<td>10.88%</td>
<td>6.99%</td>
</tr>
<tr>
<td>Working age adults in poverty</td>
<td>12.45%</td>
<td>10.20%</td>
</tr>
<tr>
<td>Economically active working age adults in poverty</td>
<td>3.81%</td>
<td>3.02%</td>
</tr>
<tr>
<td>Elderly</td>
<td>10.63%</td>
<td>13.34%</td>
</tr>
</tbody>
</table>

We can conclude that

- the Citizen’s Basic Income scheme would deliver a small reduction in inequality;

- more significantly, child poverty would fall by a third, and working age poverty would also fall. An increase in elderly poverty is a function of the Citizen’s Basic Income scheme that requires further research.

Figure 1 shows the aggregate redistribution that would occur if the Citizen’s Basic Income scheme were to be implemented.

**Figure 1**

![Graph showing redistribution](image)

The graph shows that the Citizen’s Basic Income scheme would achieve manageable and useful redistribution from rich to poor, with those households often described as the ‘squeezed middle’ particularly benefiting from the transition.
A feasible transition

Because the only changes required in order to implement the Citizen’s Basic Income scheme would be

- payment of the Citizen’s Basic Incomes for every individual above the age of 16 (calculated purely in relation to the age of each individual)
- increases in the rates of Child Benefit
- changes to Income Tax and National Insurance Contribution rates and thresholds
- easy to achieve recalculation in existing means-tested benefits claims

the entire scheme could be implemented very quickly.

A feasible first step

If it were to be thought advisable to make the transition to a Citizen’s Basic Income scheme rather more slowly than the ‘all at once’ method assumed above, then one option would be to introduce a Citizen’s Basic Income one age group at a time. Because the cost of the first step in any multi-stage transition is understandably of particular interest, I here calculate the cost of a Citizen’s Basic Income payable just to 16 year olds. (For this purpose I assume that Child Benefit is no longer paid for 16 year olds still in full-time education, and that every 16 year old is paid a Citizen’s Basic Income of £50 per week.) The net cost would be £1.33 bn per annum. Either this could be provided by raising National Insurance Contributions above the Upper Earnings Threshold, or for the first year the funds required could be found from other government revenue.

By the time every single working age adult has a Citizen’s Basic Income, the fact that each new single year cohort will have had its Personal Allowances and NIC Primary Thresholds set to zero from the age of 16, and that they will be paying Income Tax rates at 3% above current rates, will mean that these methods of paying for everyone’s Citizen’s Basic Incomes will automatically be in place. We know from the calculations above that the entire scheme would be strictly revenue neutral with National Insurance
Contributions collected at 12% on all earned income: so we also know that slowly raising NICs above the Upper Earnings Threshold to 12%, along with the changes that would automatically be generated as each single year cohort became economically active, would cover the cost of each new single year cohort of 16 year olds.

So if a long transition were to be required, then giving a Citizen’s Basic Income to every new single year cohort of 16 year olds would be a useful way of slowly delivering an entire Citizen’s Basic Income scheme.

I suspect that once the first few single year cohorts had received their Citizen’s Basic Incomes, so many people would know individuals for whom their Citizen’s Basic Incomes were an entirely positive experience that there would be a widespread call for the whole of the scheme to be rolled out: which could of course be done very quickly.

**Conclusion**

If the whole of the scheme envisaged in this appendix had been introduced in 2015 then no additional public expenditure would have been required (– in fact, a small saving would have been generated), low income households would have experienced very few losses, few households would have experienced unmanageable losses, and Income Tax rates would have increased by only 3%. The costs and average claim values for most means-tested benefits would have been reduced, and the number of households claiming in-work benefits would have dropped dramatically. Child poverty would have been reduced significantly, inequality would have been reduced, and manageable and useful redistribution would have been achieved.

The impact of this quite conservative and easy to achieve Citizen’s Basic Income scheme on both employment incentives and poverty would have been both positive and considerable.

If political anxieties necessitate a gradual transition then a viable slow transition is available that would eventually deliver the scheme along with its advantages.
References


Malcolm Torry, ‘Evaluation of a Citizen’s Income scheme that retains and recalculates means-tested benefits and that sets the working age adult

